Friday, 31 October 2025]

No 189—2025] SECOND SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 31 OCTOBER 2025

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of papers tabled

(1) The following paper is referred to the **Standing Committee on Finance** for consideration:

(a) Report on contingent liability exposure of government for the quarter ended 30 June 2025.

(2) The following paper is referred to the **Standing Committee on Finance** and **Standing Committee on Public Accounts** for consideration:

(a) Letter from the Minister of Finance, dated 27 October 2025, to the Speaker of the National Assembly, explaining the reasons for the delay in the submission of the Consolidated Financial Statements including the National Revenue Fund for 2024/25.

2. Membership of Committees

(1) Mr Mzwandile Masina has been elected as the Chairperson of the ***Ad Hoc Committee to review and amend the Parliamentary Villages Management Board Act***, with effect from 31 October 2025.

National Council of Provinces

The Chairperson

1. Referral to Committees of papers tabled

(1) The following Executive Undertakings are referred to the **Select Committee on Public Petitions and Executive Undertakings** for consideration and report.

(a) **Minister of Electricity: During the Sitting of 9 July 2025**, the Minister made the following undertakings:

(i) "*Six poor performing plants namely, Thuthuka, Majuba, Kusile, Kendal, Matla and Duvha, had been prioritised for capacity recovery over a two-year period".*

(ii) *"To respond to this, the department has initiated a comprehensive programme to modernise and expand the national grid anchored by the Transmission Development Plan, which outlines over 14 000 kilometres of new lines to be developed by 2032".*

(iii) *"Working in close partnership with the Development Finance Institutions and the National Treasury, the department is developing an infrastructure finance facility that will enable the frontloading of capital requirements through debt market instruments".*

(iv) *"The R1,2 billion investment in the multi-purpose research reactor at Pelindaba will extend and expand our capability in nuclear fuel cycle research, isotope production, advanced materials development and high-precision manufacturing".*

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Justice and Constitutional Development

(a) Rules of Procedure made in terms of section 79(1) of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000), submitted to Parliament for approval.

(b) Proclamation No. R.295 published in *Government Gazette* No. 53600 dated 31 October 2025: Siyathemba Local Municipality (Northern Cape Province), in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).

National Assembly

1. The Speaker

(a) Report on the appointment of the SA Council for Natural Scientific Professions Council, in terms of the Natural Scientific Professions Act, 2003 (Act No. 27 of 2003).

Referred to the **Portfolio Committee on Science, Technology and Innovation** for consideration.

(b) Reply from the Acting Minister of Water and Sanitation to the *Report of the Portfolio Committee on Water and Sanitation on oversight visit to Vhembe District Municipality,* as adopted by the House on 5 June 2025.

Referred to the **Portfolio Committee on Water and Sanitation** for consideration.

COMMITTEE REPORTS

National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON MINERAL AND PETROLEUM RESOURCES ON THE OVERSIGHT VISIT TO NORTHERN CAPE PROVINCE FROM 6 TO 10 OCTOBER 2025, DATED 28 OCTOBER 2025

1. INTRODUCTION

In line with the 7th Parliament Strategic Plan and the adopted Strategic Plan of the Portfolio Committee on Mineral and Petroleum Resources (PCMPR), the Committee resolved to conduct an oversight visit to the Northern Cape Province from 06 – 10 October 2025. The visit focused on issues of illegal mining, artisanal and small-scale mining, the mining of sugilite gemstones (a by-product of manganese), as well as the implementation of Social and Labour Plans (SLPs) by selected mining houses.

As part of strengthening public engagement and participation, the Committee also met with mine-affected communities in Vredesvallei, Riemvasmaak, and Hotazel, as well as traditional leaders, organised labour, and mining forums. These engagements provided a platform for stakeholders to share their perspectives on the impacts of mining, while also identifying opportunities available to them and to the Northern Cape Province more broadly.

This report provides a detailed synopsis of the Committees oversight visit.

2. COMPOSITION OF DELEGATION

2.1 Members of Parliament

Name of Member	Political Party
Hon. M G Mahlaule	African National Congress (ANC)
Hon. MM Senne	African National Congress (ANC)
Hon. ML Mofokeng	African National Congress (ANC)
Hon. S Zondi	Democratic Alliance (DA)
Hon. DL Selepe	uMkhonto weSizwe Paty (MKP)

Hon. M Manyi	uMkhonto weSizwe Paty (MKP)
Hon. Mhlongo	Inkatha Freedom Party (IFP)

*** Alternate**

2.2 Parliamentary Staff

Name	Designation
Ms. A Boss	Committee Secretary
Ms. M Masutha	Researcher
Mr. S Maboda	Content Advisor
Ms. N Mnyovu	Committee Assistant
Mr. J Molafo	Communications

NB: attendance registers are available from the Secretariat on request.

3. REPORT ON THE OVERSIGHT VISIT

This section provides a synopsis of the five (5) days of the oversight visit.

3.1 Day 1: Meeting with the Department of Mineral and Petroleum Resources and Organised Labour

On Monday, 6 October 2025, the Committee conducted two meetings. Firstly, it met with the Department of Mineral and Petroleum Resources. Secondly, the Committee met with organised labour, specifically the National Union of Mineworkers (NUM), and the United Association of South Africa (UASA).

The following section provides a detailed discussion of the two meetings.

3.1.1 Meeting with Department

The Department of Mineral and Petroleum Resources (DMPR) briefed the Committee on the key focus areas identified for the oversight visit. The briefing included an overview of the four mines identified for visitation, namely South32, Ekapa Mining, Assmang, and PP Gemstones. The Department's presentation focused on the core operations of these mines, with particular emphasis on their compliance with Social and Labour Plans (SLPs) and other legislative and regulatory obligations. Furthermore, the Department apprised the Committee on matters relating to artisanal and small-scale mining in the province, as well as challenges pertaining to illegal mining activities.

The Acting Regional Manager for Northern Cape, Mr. Kevin Mutheiwana, presented on the above-mentioned matters. The section below summarises the presentations as well engagements of the Committee Members on the issues emanating from the presentation.

Mr Kevin Mutheiwana provided an overview of mining in the Northern Cape and reported on specific mining operations that were to be visited by the Committee. The Department indicated that the province remains one of the most mineral-rich regions in the country, hosting a wide range of commodities including diamonds, manganese, iron ore, lithium, rare earths, fluorspar, zinc, copper, lead and molybdenum ore. Moreover, that mining activities are widespread across all districts and have continued to grow steadily.

It was stated that since the introduction of the South African Mineral Resources Administration System (SAMRAD) licensing system in 2011, the Northern Cape office has received 271 applications for mining rights, 4,633 applications for prospecting rights and 1,302 applications for mining permits. There are currently 209 active mining rights across the province's five districts, distributed as follows: John Taolo Gaetsewe (38), Frances Baard (40), Namakwa (59), ZF Mgcawu (22) and Pixley ka Seme (50).

The Committee also received updates on four key mining companies that it was due to visit, namely Assmang (Pty) Ltd – Black Rock Mine, Hotazel Manganese Mines (Pty) Ltd – South32, Ekapa Minerals (Pty) Ltd and PP Gemstones, as well as a briefing on artisanal and small-scale mining initiatives.

Assmang (Pty) Ltd – Black Rock Mine

Assmang (Pty) Ltd holds a converted mining right (NC 30/5/1/2/2/203 MR) to mine manganese ore in the Kuruman area. The right is valid for 30 years, expiring in July 2041. The mine is jointly owned by Assore Limited (50%) and African Rainbow Minerals Limited (50%).

The Committee noted that the company's Social and Labour Plan (SLP) has been largely implemented, with most community development projects completed successfully. These projects include the refurbishment of wastewater treatment facilities, construction of bridges and water supply projects, provision of municipal fleet vehicles, and enterprise development initiatives such as the Transport Consortium Project, etc.

The only outstanding initiative is the Farming Consortium Project, which has been delayed due to challenges in identifying suitable beneficiaries. The Department confirmed that the company remains compliant with its environmental and financial obligations. The most recent inspection, conducted in February 2025, revealed no environmental non-compliance. The company's financial provision for mine rehabilitation amounts to R571 million, secured through a bank guarantee and trust fund, with no identified shortfall.

Hotazel Manganese Mines (Pty) Ltd – South32

Hotazel Manganese Mines (Pty) Ltd holds three mining rights (NC 252 MR, NC 253 MR, and NC 10017 MR) to mine manganese ore in Kuruman. Two of the rights are valid until 2035, and the third until 2051. The company's ownership structure comprises South32 Limited (44.4%), Anglo American Plc (29.6%), Ntsimbintle Mining (9%), Iziko Mining (5%), the HMM Education Trust (5%), and NCAB Resources (7%).

The Committee was informed that several community development projects under SLP 3 (2019–2023) had been completed, including infrastructure upgrades to hospitals, bridges, roads, and schools, as well as bursary and educational support initiatives. The company was issued with a Section 93 order for non-compliance in certain areas of Human Resource Development and Mine Community Development but has since submitted a catch-up plan to address the deficiencies.

Approval of SLP 4 (2024–2028) experienced some delays due to pending correspondence from relevant stakeholders, but implementation has commenced. New projects include the construction of a community health centre, a bridge in Bathlaros, water supply infrastructure, high-mast lighting, early childhood development centres, and agricultural support programmes. Environmental inspections conducted in August 2024 found no non-compliance, and the company's financial provisions exceed R1.5 billion, with no shortfalls recorded.

The company is also mining Sugilite based on clause 16 of its mining rights which is titles "*Preserved terms and condition of old order mining right*"). The clause, according to Acting Regional Manager states that: Notwithstanding the cessation of the old order mining in terms of Item 7 of Schedule II of the Act, the following terms and conditions of the said old order mining right have been preserved, namely:

- The provisions of Minerals Act, 1991, applicable thereto, including but not limited to:
  - ✓ The provisions of section 5(3) of the Minerals Act, 1991 whereby the holder may, while mining minerals, also mine and dispose of any other minerals in respect whereof the holder is not the holder of the right thereto, but which must of necessity be mined together with minerals, subject to the proviso of the said section 5(3);
  - ✓ The provisions thereof read with common law whereby temporary mining authorization T52/93 also extends to Minerals mines by virtue of the said temporary mining authorization T52/93 and stockpiled or otherwise retained by the holder.
- The provisions of Mining Leases No 1/1975, 6/1980 and 7/1983. provided that no terms and conditions remain in force if they are contrary to the provisions of the Constitution of the Republic of South Africa, 1996 or the Act.

Unlike Assmang, the provisions applicable to South32 essentially entitle the company to mine associated minerals such as sugilite. Assmang's mining right, however, does not contain a similar condition. This distinction lies at the centre of the dispute over sugilite between Assmang and PP Gemstone Mining and Exporting (Pty) Ltd, as discussed below.

PP Gemstone Mining and Export (PTY) LTD

PP Gemstone Mining and Export (Pty) Ltd is the holder of a mining permit, reference number NC 30/5/1/3/21089 MP, authorizing the mining of gemstones (excluding diamonds) on a portion of portion 9 (remaining extent) of the farm Nchwaning No. 267, located within the administrative district of Kuruman.

The permit was issued for a period of two (2) years, expiring on 9 November 2025. Assmang (Pty) Ltd subsequently approached the court to review the Environmental Authorisation issued in connection with this permit. The court ruled in Assmang's favour, reviewing and setting aside the Environmental Authorisation. An appeal against this judgment was lodged but was unsuccessful.

Ekapa Minerals (Pty) Ltd and Ekapa Resources (Pty) Ltd

Ekapa Minerals (Pty) Ltd and Ekapa Resources (Pty) Ltd hold mining rights NC 142(A) MRC and NC 142(B) MRC for diamond mining in Kimberley, both valid until May 2040. The companies acquired the rights from De Beers through a Section 11 transfer. Ekapa

Mining (Pty) Ltd owns 100% of the operations, with a diversified shareholding that includes Jewelside Investments, Cape Star Investments, Di Dintle Mining, Barkly West Small Miners Association, and the Hohne family trusts.

Ongoing SLP projects include the Riverton Water Works Treatment Plant and road upgrades in Kimberley. During an inspection in January 2025, the company was found non-compliant on Human Resource Development, Enterprise Development, and Housing elements. A Section 93 order was issued and a corrective implementation plan was submitted. The Department indicated that the company's financial provision of R342 million, secured by a bank guarantee, remains adequate and compliant.

Artisanal and Small-Scale Mining

The Department reported on ongoing artisanal and illegal mining activities across various parts of the province. Identified hotspots include Kimberley (diamonds), Prieska (tiger's eye), and Kleinzee (diamonds).

According to the Department, the situation in Kimberley has improved significantly following the formalisation of operations by the Batho-Pele Mining Primary Cooperative, which now operates legally under a mining permit. The cooperative is a community-based artisanal and small-scale mining (ASM) entity, primarily engaged in diamond mining in the Kimberley and Koffiefontein areas.

In Prieska, the Department has conducted capacity-building workshops and received several applications for small-scale mining permits from local miners seeking to operate legally. In Kleinzee, illegal mining activity has been largely contained following the transfer of mining rights from De Beers to Kleinzee Holdings (Pty) Ltd.

3.1.2 Meeting with Organised Labour

Mpho Makatong, delivered a presentation supported by his NUM colleagues. Mr. Makatong stated that the Northern Cape is South Africa's key mining region, hosting nearly 80% of the world's high-grade manganese and providing over 15,000 direct mining jobs. Major operators such as Assmang, Anglo American, and South32 play a vital role in both local livelihoods and national exports.

However, the sector faces serious challenges, particularly in the implementation of Social and Labour Plans (SLPs), where weak monitoring, unreliable reporting, and missed commitments have limited community development benefits. NUM called for independent verification, transparent reporting, and clear targets for local employment and procurement.

In terms of health and safety, while Assmang achieved a 10-year zero-fatality record, it was stated that many mines still experience poor Personal Protective Equipment (PPE) use, delayed corrective actions, and weak hazard reporting. NUM urges quicker audits, more training, and stronger accountability for supervisors.

It was reported that the sector also grapples with illegal mining, which undermines lawful operations and creates unsafe conditions. NUM recommends joint enforcement actions, digital tracking systems, and faster, transparent licensing processes to support legitimate small-scale miners.

Industry-wide, limited beneficiation remains a major constraint. Most minerals are exported raw, curbing skilled job creation and regional industrial growth. Likewise, the lack of clear regulation on historic mine dumps hampers environmental rehabilitation and employment potential.

NUM's key recommendations included:

- Verified and transparent SLP implementation.
- Stronger safety culture and faster audits.
- Coordinated enforcement against illegal mining.
- Policy incentives for local beneficiation and job creation.

NUM further proposed quarterly multi-stakeholder forums, standardized SLP reporting, and targeted safety campaigns.

3.2 Day 2: Tuesday 07 October 2025. Meeting Communities

It was reported that certain communities in the Northern Cape province, engage in the informal mining of quartzite due to challenges in obtaining the requisite mining licences. These communities have expressed the need for support and intervention aimed at facilitating the formalisation of their mining activities. The formalisation and development of the artisanal and small-scale mining sector remain a key priority of the Committee for the 7th Administration, in line with its mandate to promote inclusive participation and sustainable growth within the mining industry.

The Committee engaged with two communities — Riemvasmaak and Vredesvallei — located within the ZF Mgcawu District Municipality, as outlined in the discussions below.

3.2.1 Engagement with Riemvasmaak and Vredesvallei Communities

As part of its week-long oversight visit, the Committee held separate public meetings with the communities of Riemvasmaak and Vredesvallei, both located within the ZF Mgcawu District Municipality. The engagements focused largely on the challenges surrounding illegal mining and the development of artisanal and small-scale mining in the area.

During the meetings, community members expressed a number of serious concerns. These included the illegal mining of green fluorite and rose quartz gemstones, the lack of transparency and consultation in the processing of applications for artisanal and small-scale mining permits, and the high costs associated with obtaining such permits.
The Committee was informed that the application process for artisanal and small-scale mining permits involves three distinct phases, each carrying financial implications beyond the initial R100 application fee paid through the South African Mineral Resources Administration System (SAMRAD). In the first phase, applicants are required to appoint a qualified environmental impact practitioner at an estimated cost of about R25 000. The second phase involves community consultations, which may cost up to R40 000. The final phase requires applicants to provide a financial provision of approximately R50 000 for rehabilitation and environmental management, as stipulated under Section 41 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

Community representatives further raised frustrations over prolonged delays in the processing of applications. Some reported having submitted applications as far back as 2008, without receiving any feedback from the Department's regional office. In response, the Acting Regional Manager, Mr Kelvin Mutheiwana, explained that applications are sometimes delayed allowing applicants time to secure the required financial provision.

Community Members also reported on a dispute in Riemvasmaak, where certain community members alleged that the land on which a small-scale mining permit was issued belongs to a Riemvasmaak Community Development Trust that has since been dissolved. According to the community, the Department should not have issued the mining permit without the consent of the Trust, rendering the operation potentially illegal in their view.

Community members further raised concerns regarding the perceived preferential treatment of foreign nationals, particularly Chinese applicants, who, according to them, appear to obtain mining permits more quickly than local applicants. They argued that this suggests a bias or favouritism by the Department.

In his closing remarks, Committee Chairperson, Mr Mikateko Mahlaule, noted that the existing requirements for obtaining artisanal and small-scale mining permits warrant a thorough review. He emphasised that the high financial barriers involved in the application process remain a significant obstacle for many historically disadvantaged individuals. Mr Mahlaule further encouraged those who had made allegations of corruption within the Department to formally report these matters to the South African Police Service for proper investigation and potential prosecution.

Figure 1 below depicts a community meeting as well as a formalised small-scale mining site visited by the Committee.

Figure 1: Community meeting in Riemvasmaak on the legal mining of rose quartz gemstones

3.3 Day 3: Wednesday 08 October 2025. Meeting with mines: Assmang Black Rock Mine, South32, PP Gemstone and SANCO

3.3.1 Asssmang Black Rock Mine

Assmang Black Rock Mine Operations (BRMO) briefed the Committee on its manganese mining activities, legal challenges, and community development commitments.

BRMO reaffirmed its vision of responsible and sustainable mining, emphasizing world-class safety, health, and ESG (Environmental, Social, and Governance) standards. The operation employs 2,400 permanent staff and 1,600 contractors, with three underground mines—Nchwaning 2, Nchwaning 3, and Gloria—and an estimated 226 million tonnes of ore reserves, supporting a 42-year life of mine.

Updated figures as of July 2025 indicate strong resource stability, with manganese grades between 36.9% and 44%. BRMO continues exploration drilling at both Nchwaning and Gloria. The company's Social and Labour Plan (2021–2026), valued at R135 million, focuses on infrastructure, water, and road projects benefiting the Ga-Segonyana and Joe Morolong municipalities. Overall, BRMO's five-year financial commitment totals R1.73 billion, covering human resource development, mine community projects, and mine closure management.

Through its Enterprise and Supplier Development Programme, BRMO supports 35 small enterprises, including 22 women-owned and 17 youth-owned businesses. The New Gola Programme aims to create sustainable ventures beyond mining.

BRMO highlighted its skills development investment of R285 million, funding training, learnerships, and internships to improve employability in local communities. BRMO reaffirmed its commitment to responsible mining, socio-economic upliftment, and alignment with national development priorities.

A key concern discussed was the illegal extraction of Sugilite, a rare manganese silicate mineral of high value. BRMO reported that it is working with authorities to combat theft and illicit trade of this material.

BRMO reported that it had applied to the Minister of Mineral Resources and Energy, Mr G. Mantashe, in 2019, requesting an amendment to its mining right to include associated minerals, such as sugilite. According to BRMO, no response has been received from the Department to date. In contrast, PP Gemstone Mining and Export (Pty) Ltd applied in 2022, and its application was accepted.

BRMO expressed concern that another company was granted rights to mine sugilite, a mineral located within its existing mining area and stated its preference to be granted the rights itself rather than having an external company operate in the same area. However, the Acting Regional Manager clarified that the Department had requested proof of BRMO's application, specifically the transaction number, which serves as evidence of submission. To date, no such proof has been provided by BRMO.
BRMO also submitted that it had challenged PP Gemstone on the environmental authorisation that was granted on the basis that the company was not consulted. The Department clarified that the processing the application it followed a correct legal process and that environmental authorisation would not have been issued if consultation was not done. Members were concerned that Assmang was sending money in courts instead of using the opportunity to promote small scale miners. When Assmang what does with the sugilite, they stated that they do not trade it, they stockpile it.

3.3.2 South32

South32 Hotazel Manganese Mines (HMM) engaged with the Committee to discuss strategies for ensuring that mining operations contribute meaningfully to the John Taolo Gaetsewe District.

HMM emphasized its commitment to being a trusted partner in the district, prioritizing community benefits, operational safety, and inclusive growth. The meeting covered the company's community benefit project plan, which outlines a three-phase co-creation process for distributing benefits from sugilite mining, aiming to engage approximately 3,000 community members.

HMM highlighted its employment equity initiatives, focusing on inclusive recruitment and development opportunities for women and persons with disabilities, and maintaining monthly monitoring of progress against equity targets. The Women Procedure Booklet and related programs reinforce workplace safety, dignity, and equal opportunity, while gender-based violence policies and awareness campaigns reflect a zero-tolerance approach to harassment and violence. The company also ensures gender-appropriate personal protective equipment, including special provisions for pregnant employees.

Infrastructure projects under HMM's SLP3 programme were reviewed, with detailed engagement of contractors and subcontractors for roads, bridges, schools, and healthcare facilities across the district. Operational updates included the Wessels Mine water management strategy, which ensures sustainable water use, wastewater treatment, and biodiversity protection. Finally, HMM presented the broader economic impact of the Hillside Aluminium Smelter, highlighting thousands of direct and indirect jobs, substantial community investment, support for SMMEs, and significant tax contributions, alongside a role in stabilizing the national electricity grid.

The meeting reinforced HMM's dedication to community development, equity, safety, and sustainable operations, and outlined concrete plans for ongoing collaboration with stakeholders in the JTG District.

Regarding the issue of sugilite, South32's mining right allows it to mine this mineral. It was explained that Kuno Tsaetsho Mining and Projects had applied to mine gemstones (sugilite) at both South32's Wessels Mine (Farm Wessels 227) and Assmang Limited's Black Rock Mine (Farm Ncwaning 267, DMRE Ref 13088 PR).

Both South32 and Assmang lodged appeals to the Director-General (DG) of the Department. The DG dismissed South32's appeal, prompting South32 to lodge a subsequent appeal to the Minister of Mineral Resources and Energy, who upheld South32's appeal on 13 December 2024, on the basis that its mining right includes the mining of associated minerals.

Kuno Tsaetsho Mining and Projects subsequently took the matter to court. The case is yet to be heard at the Pretoria High Court, seeking a review and set-aside of the Minister's decision. South32 highlighted the potential hazards of sugilite mining if conducted by an external company and argued that it is preferable for South32 to mine the sugilite, ensuring that proceeds benefit the local communities. South32 further stated that it has a co-creation project that could assist Kuno Tsaetsho Mining and Projects. The Committee requested that details of the co-creation project, including timeframes, be provided.

3.3.3 PP Gemstones, SANCO and Sugilite

The mining of sugilite in the Northern Cape's John Taolo Gaetsewe District has led to a significant dispute involving two major manganese mining companies, local communities, and the small-scale miner PP Gemstone Mining and Exporting (Pty) Ltd. The conflict prompted intervention by the Committee during a meeting convened to engage all relevant stakeholders.

Local communities, represented by the South African National Civic Organisation (SANCO), argued that sugilite mined by Assmang Manganese (Black Rock Operation) and South32 should directly benefit the local population. SANCO also raised concerns about a lack of consultation and transparency regarding social labour plans. In response, SANCO and PP Gemstone submitted a joint appeal requesting high-level intervention to clarify who should benefit from the mined sugilite. PP Gemstone additionally expressed frustration over a recent court ruling that invalidated its two-year mining permit at Assmang's site.

Following discussions, the committee proposed a way forward, urging all parties to agree on specific actions and timelines. Mr Mahlaule emphasized that while the agreement might not resolve the conflict immediately, progress is possible if all stakeholders fullfill their responsibilities.

South 32 committed to providing a project plan showing how it would collaborate with local communities to ensure benefits from sugilite mining. Assmang agreed to consult with its board to explore cooperation with PP Gemstone toward a mutually agreeable solution. The Northern Cape regional office of the Department of Mineral and Petroleum Resources was tasked with submitting a written explanation regarding the frequent double-granting of mining permits over the same land.

Mr Mahlaule reiterated the committee's commitment to facilitating a peaceful and equitable resolution for all parties involved, highlighting the importance of collaboration, accountability, and transparency in resolving mining-related disputes.

3.4 Day 4: Thursday 09 October 2025. Meeting with Traditional Leaders , Communities and mining forums

The Committee held separate engagements with traditional leaders and mining forums on Thursday to gain a comprehensive understanding of mining-related challenges affecting local communities.

Participants highlighted persistent issues, including insufficient consultation during the identification of Social and Labour Plan (SLP) projects, limited community participation in sugilite mining, exclusion of local youth from employment opportunities, inadequate skills development programmes, and non-recognition of certain traditional houses. The discretionary selection of SLP projects by mining companies and matters related to sugilite mining and beneficiation featured prominently in discussions.

Tensions between traditional leaders and mining forums were also evident. Traditional leaders expressed concern that some forums foster divisions within communities, while forums contended that certain leaders collaborate with mining companies to the detriment of the broader community interest.

In response, the Committee instructed the Northern Cape regional office of the Department of Mineral and Petroleum Resources to convene a workshop to assist traditional leaders in acquiring mining permits, emphasizing their role as key stakeholders given the custodianship of mining land. Traditional leaders further proposed that the Mining Charter be amended to allocate 10% of sugilite proceeds from their land to affected authorities and suggested that each mine adopt a traditional house as a gesture of partnership.

Mining forums recommended the institutionalisation of an annual provincial indaba, providing communities with a formal platform to engage in policy dialogue on mining matters. Some of the specific issues and requests by the stakeholders included the following**:**

- **Compensation for Ex-Asbestos Mine Workers:** Stakeholders requested assistance for former workers of the closed Jefco and Glenco asbestos mines to recover funds previously claimed overseas by Richard Spoor in 2002.
- **Truck Companies and Road Infrastructure:** Many trucking companies transporting minerals from Kuruman mines to City Deep and harbours are not registered in the Northern Cape. As a result, they pay vehicle licensing fees elsewhere, despite operating on local roads daily. Stakeholders requested that the Portfolio Committee investigate this matter, to ensure contributions from these trucks support road maintenance and infrastructure in the Kuruman region.
- **Local Content in Mining Contracts:** Stakeholders proposed that the Committee develop and enforce a strict policy requiring a 30% set-aside for local businesses in all mining contract opportunities.
- **Customs and Revenue Collection:** Concerns were raised regarding the location of customs processing, with commodities being cleared at places distant from the source, such as City Deep and harbours. Stakeholders suggested that customs should be processed at the mine gate, ensuring that local communities can claim their rightful revenues.
- **Head Office Locations and Revenue Recording:** Most mining company head offices are located in Gauteng, which stakeholders argued does not reflect the impact on mining communities.

3.5 Friday 10 October 2025. Ekapa Minerals and Artisanal and Scale Miners.

3.5.1 Ekapa Mine

On 10 October 2025, the Portfolio Committee on Mineral and Petroleum Resources conducted Day 5 of its oversight visit at Ekapa Mine in Kimberley. The visit included a company briefing, a session with artisanal small-scale miners, and concluding remarks by Committee Chairperson Hon. Mahlaule.

Ekapa Mine provided a detailed overview of its company structure, operations, and challenges. Ownership comprises JBL Hohne (23.5%), Jahn Hohne Trust (78%), and Ekapa Mining Pty Ltd (100%), with subsidiaries including Ekapa Energy, Super Stone Mining, and the Kimberley Miners Forum. The company's operations are guided by the Ekapa Way of Life, emphasizing corporate values and a strong safety and environmental culture, with ISO14001 recertification achieved. Mining rights held by Ekapa Resources and Ekapa Minerals extend to 2040.

Ekapa highlighted its operations in tailings mineral reclamation and underground mining, including large-scale caving methods. The company has an estimated 14 million carats of diamond reserves remaining, though diamond prices have declined significantly, impacting market value and operations. Key sites include the Joint Shaft, Wesselton, and Bultfontein, with the Joint Shaft having the greatest production potential.

The mine faces ongoing challenges including illegal strikes, mud rushes, floods, labour unrest, and NUMSA strikes. Safety concerns stem from aging infrastructure, absenteeism, and alcohol-related incidents, addressed through enhanced training, recognition programs, and monthly safety campaigns. Technical and operational difficulties include water and mud management, power supply issues, and market volatility, while rehabilitation liabilities total R314 million, with significant progress made in reclaiming mining areas. Illegal mining (Zama Zama) remains a serious issue, linked to organized crime, causing damages exceeding R100 million since 2017.

Ekapa presented its Social and Labour Plan (SLP) projects, including road upgrades, community training, and skill development initiatives, with a total SLP budget of over R61 million for 2010–2027. The mine has achieved 53% historically disadvantaged ownership, full compliance in housing and living conditions, and partial compliance in employment equity across management levels. Objections to mining rights at Rooifontein were noted due to concerns about heritage and ecological sustainability.

The visit provided the Committee with a comprehensive understanding of Ekapa Mine's operations, socio-economic contributions, and the complex challenges facing the diamond mining sector, highlighting the balance between economic output, community engagement, and safety and environmental responsibilities.

During the discussions, the company highlighted several challenges it is currently experiencing:

- Unlicensed Plant Operations: An unlicensed plant is operating adjacent to the company's site, posing potential operational and regulatory risks.
- Solar Plant Approval: A solar plant proposed by the company was not approved by Eskom. The company expressed concern that the technical reasoning provided by Eskom was unclear and not technically sound from their perspective.
- Support for Operation Vala Umgodi: The company recommended that Operation Vala Umgodi continue, as it has been instrumental in curbing illegal mining activities in the Northern Cape.

3.5.2 Artisanal and Small-Scale Miners

The Committee held its last meeting in Northern Cape with recognised artisanal and small-scale miners operating in the region. Notably, two formalised co-operatives—Batho-Pele Primary Co-operative Limited and Goedemoend Co-operative Limited—have successfully begun operating independently, selling their diamonds through the tender house. While these groups are now formally structured, they continue to experience internal governance challenges. The Department argued that it remains actively involved, providing regulatory guidance and oversight to support their effective operation. Beyond these co-operatives, the Department has also issued multiple permits to other small-scale miners in the province, ensuring continued formalisation and monitoring of the sector through its regional Small-Scale Mining office.

During the engagement, artisanal and small-scale miners raised several challenges affecting their operations in the Northern Cape:

Human Resources Capacity: It was reported that there is only one official responsible for artisanal and small-scale mining (ASM) in the province. This individual is tasked with identifying five-hectare sites, preparing sketches, and providing other forms of technical support. The same official is allegedly also assisting in other provinces, such as the Free State, which leaves miners in the Northern Cape without adequate on-the-ground support. This is particularly concerning given that the province is vast and sparsely populated, requiring greater administrative capacity.

Environmental Support: Stakeholders noted that the Minister has not appointed an environmental practitioner to assist artisanal and small-scale miners. The current official lacks the necessary environmental expertise, leaving miners without proper guidance on environmental compliance and authorisation processes.

Access to Land – Section 54 of the MPRDA: Limited access to land continues to hinder the growth of the ASM sector. Farmers often refuse access, despite the State's custodianship of mineral resources as provided for in the Mineral and Petroleum Resources Development Act (MPRDA). It was recommended that the Department educate landowners, particularly farmers, about mineral rights and access provisions, and that artisanal and small-scale miners receive institutional support when negotiating access to land.

Funding Support: A persistent lack of funding was highlighted as a major constraint to ASM operations. Miners requested that, whenever funding opportunities or calls for applications are issued, the Department should ensure that ASM operators in the Northern Cape are informed, supported, and prioritised in the process.

4. COMMITTEE OBSERVATIONS

This section provides a synopsis of the key issues observed by the Committee, particularly emanating from the presentations, discussions, and the sites visit.

- Mining activities in the Northern Cape are extensive and continue to contribute significantly to the provincial and national economies.
- Major mining entities have generally complied with environmental and social obligations, though some administrative and beneficiary identification delays persist.
- Financial provisions for mine rehabilitation appear adequate across all inspected operations.

- While the Committee acknowledged progress made in the implementation of SLPs, instances of non-compliance with Human Resource Development and Mine Community Development obligations were observed. The Committee emphasised the need for continuous monitoring to ensure that SLP commitments translate into tangible benefits for host communities.
- The formalisation of artisanal miners has yielded positive results in reducing illegal mining in certain regions.
- The Committee observed that both the Riemvasmaak and Vredesvallei communities are significantly affected by illegal mining activities, particularly the unlawful extraction of green fluorite and rose quartz gemstones.
- It was noted that there is a lack of transparency and meaningful consultation in the processing of applications for artisanal and small-scale mining (ASM) permits, which has contributed to mistrust between communities and the Department.
- The cost of compliance associated with the ASM permit process — including fees for environmental practitioners, community consultations, and financial provisions for rehabilitation — remains prohibitively high for most community members.
- The Committee found that delays in processing ASM applications are widespread, with some applicants reportedly waiting for more than a decade without feedback from the Department's regional office.
- The financial provision requirement, as stipulated under Section 41 of the Mineral and Petroleum Resources Development Act, poses a particular challenge for historically disadvantaged individuals seeking to participate in small-scale mining.
- The Acting Regional Manager's explanation that delays occur to allow applicants time to secure financial provisions indicates possible systemic inefficiencies in the application process.
- The Committee further observed that allegations of corruption within the Department have eroded community confidence, underscoring the need for formal reporting and investigation of such claims.
- The Committee concluded that the current regulatory framework and administrative processes for ASM are not conducive to inclusivity or empowerment and require urgent review to support equitable participation in the mining sector.
- The Committee observed tensions between mining companies, traditional leaders, and community forums, particularly concerning benefit distribution, consultation, and

representation. It stressed the need for transparent engagement processes and inclusive decision-making structures that reflect community priorities.

- Assmang's executives agreed to consult with the company's board to seek guidance on how they could cooperate with PP Gemstones to reach a mutually agreeable solution, and report back to the Committee by the end of October 2025.
- The regional office of the Department of Mineral and Petroleum Resources in the Northern Cape was tasked with providing a written explanation to the committee regarding the frequent occurrence of double-granted mining permits and rights over the same land.

5. COMMITTEE RECOMMENDATIONS

Having conducted the oversight visit, the Portfolio Committee on Mineral and Petroleum Resources recommends that the House requests the Minister of Mineral and Petroleum Resources to:

5.1 Strengthen institutional support for artisanal and small-scale mining by increasing staff capacity in the Northern Cape, providing targeted training, and ensuring dedicated provincial resources for compliance guidance, technical assistance, and environmental management.

5.2 Undertake a comprehensive review of the artisanal and small-scale mining (ASM) permit process, with a view to simplifying procedures and reducing financial barriers for applicants.

5.3 Intensify efforts to educate landowners and farmers on the legal framework governing mineral rights and access, while providing mediation support to artisanal and small-scale miners during land access negotiations, in line with enforcement of Section 54 of the MPRDA.

5.4 Ensure that all allegations of corruption and preferential treatment raised by community members are formally investigated and referred to the South African Police Service (SAPS) or other competent law enforcement agencies for appropriate action.

5.5 Linked to the above, ensure that a forensic and lifestyle audit is conducted for the Regional Manager and regional staff considering allegations that ASM applicants paid application fees into the personal accounts of officials.

5.6 Facilitate and collaborate with institutions such as the Industrial Development Corporation (IDC) and the Small Enterprise Finance Agency (SEFA) to develop funding support mechanisms enabling small-scale miners to meet financial and operational obligations.

5.7 Ensure that CGS and Mintek provide support to artisanal and small-scale miners (ASM) to help offset some of the environmental financial provisions that ASM operators cannot afford.

5.8 Develop and implement a community outreach and awareness programme to educate local miners and residents on the legal requirements, environmental responsibilities, and opportunities available within the ASM framework.

5.9 Obtain and submit to the Committee, before the end of the current financial year, a detailed statement of account from Assmang and South32 indicating the quantities of manganese mining by-products (sugilite) produced over the years, as well as the locations where they are stored.

5.10 Finalise the investigation and resolution of the sugilite mining rights dispute involving Assmang, South32, and PP Gemstone Mining and Exporting (Pty) Ltd.

5.11 Linked to the above, clarify and standardise the interpretation of "associated minerals" under the Mineral and Petroleum Resources Development Act (MPRDA) to prevent similar conflicts in future.

Report to be considered.

2. BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON THE 2024/25 ANNUAL REPORT OF THE DEPARTMENT OF MILITARY VETERANS (DMV), DATED 30 OCTOBER 2025

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered the financial and service delivery performance of the Department of Military Veterans (DMV) for the 2023/24 financial year on 28 October 2025, reports as follows:

1. INTRODUCTION

1.1 Description of core functions of the Department

The DMV derives its mandate from the Military Veterans Act (No 18 of 2011), which requires it to provide national policy and standards for socio-economic support to military veterans and to their dependents, including benefits and entitlements to help realise a dignified, unified, empowered and self-sufficient military veterans' community.

1.2 Mandate of Committee

The Portfolio Committee on Defence and Military Veterans (PCDMV) is mandated to oversee the DMV to ensure that the Department fulfils its mandate through the monitoring of the implementation of legislation and adherence to policies, such as the Military Veterans Act (No 18 of 2011), the Military Veterans Benefits Regulations and other related legislation. It must scrutinise legislation which supports the mission statement of Government; the budget and functioning of DMV.

1.3 Purpose of the BRR Report

Section 5 (2) of the Money Bills Procedures and Related Matters Amendment Act (Act 9 of 2009) allows for each Committee to compile a Budgetary Review and Recommendation Report (BRRR) which must be tabled in the National Assembly. Section 5(3) provides for a BRRR to contain the following:

- an assessment of the department's service delivery performance given available resources;
- an assessment on the effectiveness and efficiency of departments use and forward allocation of available resource; and
- recommendations on the forward use of resources.

In October of each year, parliamentary portfolio committees compile a BRRR that assess performance given available resources; evaluates the effective and efficient use and forward allocation of resources; and makes recommendations on the forward use of resources. The BRRRs are also source documents for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process.

1.4 Structure of the Report

This Report comprises the following sections:

- Section 1: An introduction which sets out the mandate of the Committee, the purpose of this report.
- Section 2: An overview of the key relevant policy focus areas.
- Section 3: An overview and summary of previous key financial and performance recommendations of Committee.
- Section 4: A broad overview and assessment of financial performance of the Department and an overview of service delivery and performance.
- Section 5: Key financial management findings and the report of the Auditor-General of South Africa.
- Section 6: Human Resources matters.
- Section 7: Key Committee findings.
- Section 8: Key recommendations.

2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

2.1 State of the Nation Address (SONA) 2024

President Cyril Ramaphosa delivered his SONA on 8 February 2024 and although the DMV was not specifically referred to, there was overlapping reference to the matters related to the DMV. First**,** the President stated that one of the most visible achievements in the first three decades of freedom has been the provision of homes to people. The DM) is responsible for the provision of houses to qualifying military veterans in conjunction with provincial housing departments. The Department is expected to deliver 1 440 houses to military veterans over the Medium-term Expenditure Framework (MTEF) period. However, the DMV has consistently underperformed in this area with, for example, only 115 houses delivered in 2024/25. Second, the SONA referred to extensive support to this in society who need it most, including reference to several existing grants. In July 2023, the Minister of Defence and Military Veterans signed the relevant regulations and the roll-out of pensions to qualifying military veterans commenced at the end of 2023.

2.2. DMV contributions towards the National Development Plan (NDP) and Medium-Term Strategic Framework (MTSF)

The 2024/25 Annual Report states that six (6) Executive Authority priorities have formed the basis for the Departmental deliverables and that these support the National Development Plan (NDP ‘Vision 2030’) and Medium Term Strategic Framework (MTSF) goals.

- **Priority 1: Strengthening governance and oversight protocols to give effect to the Act.**
  This priority embraces the NDP Chapters 13 and 14 and MTSF Priority 1. The Military Veterans Act and delegated legislation have created governance bodies: the Advisory Council on Military Veterans, and the Appeal Board. The 2023/24 Report explained that governance and oversight protocols had not been effective due to delays in appointing new members to the Advisory Council Committee and Appeal

Board but that they had subsequently been appointed. The 2024/25 Report does not follow up on this. Under "Remuneration of members" (p147) there appears no figure next to Appeal Board, while the remuneration for the Advisory Council is down 34% compared to the previous Financial Year.

- **Priority 2: To provide comprehensive support services to military veterans and, where applicable, to their dependents.**
  This priority embraces NDP Chapters 3, 14 and 15 and MTSF Priorities 2 and 4 and focuses on various support benefits, including:
  - *Education, training and development:* During 2024/25, the Department provided a total of 2 711 bursaries (1 821 for Basic Education and 890 for Tertiary Education) to military veterans and their dependents. This was far off the annual target of providing 4 200 bursaries, which the Report attributes to financial constraints. Bursary allocations were limited to continuing beneficiaries rather than accommodating new applicants. Skills and development programmes approvals fared better with a total of 971 military veterans and dependents approved against a target of 1 000.

    Access to health support: During 2024/25 a total number of 252 Military Veterans were authorised to access healthcare services through the SA Military Health Service. This was down 31% compared to the previous year. The Department also provided a total of 607 Military Veterans and their dependents with counselling services and treatment.

    Facilitation of employment placement: During 2024/25, the DMV improved in comparison to 2023/24 and 2022/23 when no employment opportunities were created. The total number of facilitations of employment placement opportunities is "about 9".

    Facilitation of or advice on business opportunities: During 2024/25, 110 companies owned by Military Veterans were provided with business facilitation services. This is down 34% from the preceding year.

    Subsidisation or provision of Public Transport: The Department has a legislative mandate but could not make progress. This benefit has therefore not been implemented since the establishment of the DMV.

    Housing: During 2024/25, 115 newly built houses were provided to Military Veterans, compared to 133 in the preceding year, and is far short (51%) of the annual target of 225 houses.

    Compensation: During 2024/25, only 153 Military Veterans were approved for the compensation benefit, a significant drop (64%) from the 424 total in the preceding year.

    Burial support: Burial support was not included among the annual performance targets for the period under review. However, a total of 408 bereaved families were supported with burial assistance, while 206 tombstone claims were approved and paid. The payments of Burial Support were above the threshold of the regulated amount of R5.2 million resulting in irregular expenditure.

Pension: During 2024/25, 4 378 Military Veterans and their dependents received pension benefit. The backlog that developed after the finalisation of the Pension Benefits Regulations in October 2023 was cleared.

- **Priority 3: Promoting empowerment programmes for and of Military Veterans**
  The priority embraces NDP Chapters 3, 14 and 15 and MTSF Priorities 2 and 4. During 2024/25 a total of 110 Military Veterans businesses were provided with access to business facilitation by the Department. However, as the AGSA reports some supporting evidence was not provided for auditing; or, where it was, AGSA identified material differences between the actual and reported achievements

- **Priority 4: Promotion of Military Veterans' heritage as well as memorialisation and honouring.**
  This priority embraces NDP Chapters 14 and 15 and MTSF Priority 6. During 2024/25, four memorial lectures were coordinated for Military Veterans. The Department facilitated one memorial site which is to be erected in Limpopo Province.

- **Priority 5: Maintain the credibility and security of the national military veteran database.**
  This priority embraces NDP Chapters 13 and MTSF Priorities 1 and 6. During 2024/25, a total of 1 678 Military veterans were registered on the National Military Veterans' Database. However, the AGSA could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. The Department partnered with the State Information Technology Agency (SITA) to implement Integrated Database Management Systems (IDMS), but challenges mean that a new procurement process for the new systems will be finalised during the first quarter of the 2025/26 financial year.

- **Priority 6: Implementation of the high impact communication and marketing strategy and plan.**
  The priority embraces NDP Chapter 13 and MTSF Priorities 1 and 6. During 2024/25, the partnership with the Government Communication and Information System (GCIS) continued. A draft Communication Strategy and Marketing Plan was in place by the end of 2024/25.

2.3 Strategic Overview of DMV Strategic Plan

The DMV's vision is "a dignified, unified, empowered and self-sufficient military veterans' community, while its mission is 'to facilitate delivery of benefits and coordinate all activities that recognise and entrench the restoration of dignity and appreciation of military veterans to our freedom and nation building."
The values are listed as:
- Integrity
- Compassion
- Honesty
- Professionalism
- Commitment and accountability

The Department's Strategic Plan (2020 - 2025) outlines its Vision namely "*A dignified, empowered and self-sufficient Military Veteran's community,"* while its Mission is "*to facilitate delivery and coordinate all activities that recognise and entrench the restoration of dignity and appreciation of the contribution of Military Veterans to our freedom and nation building.*" It further outlines the Service Charter that underpins the delivery of service to military veterans, which emphasises *inter alia* service standards, teamwork, discipline, excellence, ethics, openness and transparency. It lists the legislative and other mandates with the primary source being the Military Veterans Act (No. 18 of 2011). The various planned policy initiatives are also recorded which are in the process of being finalised and/or approved.

3. SUMMARY OF PREVIOUS RECOMMENDATIONS OF THE COMMITTEE

Based on its analysis and overview of the 2023/24 DMV Annual Report, the Committee made the following recommendations:

a) The Minister should resubmit the Annual Report to Parliament with the inclusion of the signature of the head of the Audit Committee, which was not included in the original submission to Parliament.
b) The DMV must submit a proper audit remedial action plan with timelines to the Committee. *This should be submitted to the Committee in writing by 30 November 2024.*
c) The Committee requested the Deputy Minister, Mr R Mkhungo to update the Committee on the planned provincial roadshows he will embark on. *This should be submitted to the Committee in writing by 31 October 2024.*
d) The Committee recommends more regular engagement between the DMV Audit Committee and senior management to ensure that the audit outcome of the Department improves.
e) Committee urged the DMV to collaborate and sign MOUs with the respective departments whose core mandates are related to benefit delivery to veterans.
f) The DMV must submit a report on its Human Resources management, plans to address employment equity and the status of vacancies to the Committee. *This should be submitted to the Committee in writing by 30 November 2024.*
g) The DMV must submit a report on the status of disciplinary cases in the Department to the Committee. *This should be submitted to the Committee in writing by 30 November 2024.*
h) The DMV must submit a list of functional contact numbers and email addresses whereby military veterans as well as Members of the PCDMV can reach the Department and receive responses. The Committee undertook to request this information in a separate letter to the Minister of Defence and Military Veterans. The Department must also provide the PCDMV with a procedure manual in terms of dealing with veterans' inquiries as well as the relevant contact details of the Military Veterans Appeal Board.
i) The Committee recommends immediate and thorough engagement with SITA on the finalisation of the digitisation of the Military Veterans Database.
j) Should the Minister not be able to stabilise the functionality of the DMV by the end of the first quarter of 2025, placing the Department under administration should be considered.

In addition to the 2024 BRRR recommendations, the PCDMV also conducted an *oversight visit to the DMV Headquarters in March 2025*. During this visit, the Committee expressed grave concern over the ongoing instability in the top management of the DMV, with key positions still filled in an acting capacity and permanent appointments delayed. They noted the poor condition of the DMV offices, describing them as a potential fire hazard and non-compliant with occupational health and safety requirements. The Committee further highlighted the absence of a proper filing system and the manual processing of applications, which not only contravenes the National Archives and Records Service of South Africa Act but also exposes the Department to data loss and irregularities. The call centre was found to be severely under-resourced, operating on a mobile phone system that can only manage a few calls at a time and requiring staff to leave their posts to retrieve information from benefit offices. This results in significant inefficiencies despite the high call volume handled daily. The Committee also noted weaknesses in the integrity of the DMV's database and reiterated the urgent need for a digitised, integrated information management system. Furthermore, concerns were raised regarding the education benefit programme, particularly the suspension of new applications for two consecutive financial years, the exclusion of private schools from future support, and the lack of a means test for beneficiaries. Overall, the Committee concluded that the DMV's administrative, technological, and operational systems require urgent reform to ensure effective service delivery to military veterans and their dependants.

Based on these observations, the Committee made the following recommendations in May 2025:

a) The Committees recommend the urgent upgrading of the DMV Call Centre to improve service delivery to military veterans. This intervention should be prioritised for implementation in the early part of the 2025/26 financial year.
b) The Minister of Defence is requested to provide clarity on the expected timeframe for the finalisation and publication of the revised Regulations governing the administration of DMV benefits, including but not limited to the education support benefit.
c) The Committees will formally request the Auditor-General of South Africa (AGSA) to conduct a comprehensive audit of the existing DMV beneficiary database and the benefits administered. This audit should be conducted in parallel with the digitisation process to ensure that only verified and eligible individuals are captured on the new digital system.
d) The Committees urge the Minister of Defence to expedite the appointment of a permanent Director-General for the DMV, as well as other key senior management positions, to ensure stability and effective administration within the department.

4. OVERVIEW AND ASSESSMENT OF THE 2024/25 DMV FINANCIAL PERFORMANCE

4.1 Budget Allocation and Expenditure

During the 2024/25 financial year, the Allocation Vote 26: Department of Military Veterans in the Estimates of National Expenditure was R812.4 million. The Department spent R757.8 million or 93.3%. In terms of economic classifications, the DMV spent R120.35 million on Compensation of Employees (15.9% of total expenditure), an under-expenditure of R20.0

million from the final budget as a result of the high vacancy rate in the Department. Other noteworthy expenditure items include the following:

- The DMV significantly overspent on Operating Leases, with actual expenditure reaching R29.94 million against a final budget of R19.26 million—an over-expenditure of R10.677 million (155.4%).
- The Communication budget increased by R1.74 million (a 136.8% rise) to R3.003 million in 2024/25. Yet actual expenditure was R5.68 million, almost double the allocation and a overspend of R2.67m (or 189.1%). This should be seen in the context of the Context of the Communication Strategy still being in draft form.
- The Advertising budget increased by R4.74 million, almost tripling from R2.55 million in 2023/24 to R7.3 million in 2024/25 (a 186.2% rise). Yet expenditure was only R599 000 in 2023/24 and R1.54 million in 2024/25. As only 21.2% of the advertising budget was used this may negatively impact on the reach of the DMV to veterans.
- The DMV spent R18.18 million on Computer Services, exceeding the final budget of R13.64 million by R4.54 million (133.2%).
- The DMV spent R2.61 million on Consultants (a 139% increase from R1.09 million in the preceding year).
- The DMV spent R426 000 on bursaries for employees in 2024/25, down from R752 000 in 2023/24.

Programme	**2023/2024 R’000**		**2024/2025 R’000**		
	Final Appropriation	**Actual Expenditure**	**Final Appropriation**	**Actual Expenditure**	**Variance**
Administration	163 150	148 767	153 422	149 164	4 258
Socio-Economic Support	450 718	232 087	413 824	413 201	623
Empowerment & Stakeholder Management	232 417	202 079	245 160	195 440	49 720
Total	**846 285**	**585 933**	**812 406**	**757 805**	**54 601**

Table 1: Overview of Budget Allocation and Expenditure for 2024/25

4.2 DMV Annual Performance per programme

4.2.1 Programme 1: Administration

The main purpose of the programme is to provide management and strategic administration support to the Ministry, and overall management of the Department. The Administration programme is divided into six sub-programmes.

Programme 1 spent 97.2% of its total final budget (R149.16m of R153.42m). In terms of expenditure, marginal under-expenditure was reported in all subprogrammes as most sub-programmes spent between 88% and 99% Corporate Services overspent by R1.3 million (101.9%), the only sub-programme with an overspend.

In terms of ***economic classifications***, Compensation of Employees saw nearly full budget utilisation (99.9%). However, Salaries and Wages came in R3.57 million under budget, spending only 94.2%. This underspending was offset by a massive overspend in Social Contributions, which reached 203.9% of the allocated budget.

Higher than planned spending was recorded on Operating Leases (156%), and as the largest deviation, requires further explanation. Higher than planned spending was recorded also on Computer Services, overspent by R4.53 million (133.2%).

In total for the Administration Programme, under-expenditure reduced from R14.38 million (2023/24) to just R4.26 million (2024/25). However, recurring underspending is evident in the sub programmes Management by ~11% (2023/24) and ~10% (2024/25) and in Office Accommodation by ~11% (2023/24) and ~12% (2024/25), which suggests persistent issues such as delays in hiring and in leases.

ADMINISTRATION SUB PROGRAMMES	**2024/25**			**2023/24**
	Final Appropriation	***Actual expenditure***	**Variance**	***Actual expenditure***
Management	10 204	9 169	1 035	11 112
Corporate Service	70 177	71 511	(1 334)	64 934
Financial Administration	23 155	22 835	320	22 248
Internal Audit	14 434	13 136	1 298	11 773
Strategic Planning, Policy development and M&E	12 332	12 089	243	13 298
Office Accommodation	23 120	20 424	2 696	25 402
Total: Sub-programmes	**153 422**	**149 164**	**4 258**	**148 767**

Table 2: Programme 1 expenditure for 2024/25

In terms of performance in Programme 1, the DMV set itself six (6) performance indicators to achieve of which it achieved three (50% performance rate). Non-achieved targets included the following:

- *The DMV paid only 93% of legitimate invoices within 30 days, compared to a target of 100%.* This is an improvement on the 66% achieved in the preceding year. The DMV notes the reason for non-compliance as mainly related to the manual systems in the Department.
- *The DMV aimed to have a 2% representation of persons with disabilities, but achieved only 1.*7%, citing a moratorium on recruitment.
- *The DMV aimed to have three (3) new IDMS Modules implemented but achieved 1.5.* The DMV noted that there were problems with the contractor that SITA assigned to develop the solution. This is the third consecutive year where this target was not met with the DMV claiming that SITA did not deliver.

4.2.2 Programme 2: Socio-economic support

Programme 2 is aimed to develop and monitor the implementation of legislation, policy frameworks and service delivery cooperation agreements on compensation for injury in military service, counselling, education, healthcare, public transport, pension and housing benefits to military veterans eligible for such support.

In terms of expenditure for 2024/25, the programme spent 99.8% of its final budget, a significant improvement from 52.2% in 2023/24 when all subprogrammes recorded underspending. This is likely related to the further roll-out of the pension benefit in 2024/25. The Database and Benefit Management subprogramme spent 65.1% in 2024/25 compared to 32.1% in 2023/24, but its budget was also reduced from R30.9 million to R12.8 million and still underperformed, with R4.5 million unspent. The most improved was the Socio-economic Support Management subprogramme going from spending only 12.5% of its R219.9 million budget to 103% in 2024/25.

In terms of economic classifications, underspending was largest in terms of Compensation of Employees (R14.6 million underspending). High underspending was further recorded in terms of Rand value under Contractors (R4.5 million) but it was over 97% of their budget. Administrative Fees were severely overspent, by R247,000 (almost double the budget), and despite a virement reduction of R76 000 during the year (from R338 000 to R262 000), actual spending still far exceeded the revised amount.

Socio- Economic Support SUB PROGRAMMES	***2024/25***			*2023/24*
	Final Appropriation	***Actual expenditure***	***Variance***	*Actual expenditure*
Database and Benefits Management	12 842	8 364	4 478	9 920
Health care and wellness support	187 396	184 880	2 516	197 733
Socio economic support management	213 586	219 957	(6 371)	27 434
Total For Subprogrammes	**413 824**	**413 201**	**623**	**235 087**

Table 3: Programme 2 expenditure for 2024/25

In terms of performance in Programme 2, the DMV set itself seven (7) planned annual targets, of which 5 were achieved (71% performance rate). In the preceding year, there were 8 targets, and the subsidised public transport benefit no longer appears. Non-achieved targets included the following:

- *115 Veterans were approved for access to newly built houses against a target of 225.* The DMV claims there were a variety of problems in provinces leading to slow delivery, including the lack of sites and lack of electricity, water and sanitation services.
- *27 Military Veterans were approved for mortgage bond subsidy against a target of 30 per year.*

4.2.3 Programme 3: Empowerment and stakeholder management

Programme 3 is aimed at managing and facilitating the implementation of Military Veterans' empowerment and stakeholder management programmes.

Overall, Programme 3 underspent by R49.72 million, or 20.3% of its total final budget. In terms of expenditure there was under-expenditure on all subprogrammes. The Empowerment and Skills Development sub-programme received the largest share of the Programme 3 budget, with an adjusted allocation of R176.6 million which was further reduced through a virement of R19.5 million to a final allocation of R157.09 million. Of this, R138.21 million was spent, resulting in an underspending of R18.89 million or 12% against the final budget. The Provincial

Offices and Stakeholder Relations subprogramme underspent R12.81 million, or 31.7% of the allocated budget. The Heritage and Memorials subprogramme also underspent with only 62.2% of the allocation utilised.

In terms of economic classifications, under-expenditure was recorded in, travel and subsistence (28%) and venues and facilities (13.3%) possibly suggesting limited stakeholder engagement, inter-provincial coordination, or event hosting. For travel and subsistence only R7.04 million of the budgeted R25.16 million was spent. A total of R 0 was spent an Advertising out of a total of R1.71 million. Conversely, under Communication (G&S) the total unbudgeted overspending was R4.78 million. Training and Development was the only category overspent at 117.6%. This was the case even though the Training and Development budget increased by R16.32 million in 2024/25 (a 119% rise) compared to 2023/24. Despite this significant increase, the programme still overspent the budget by R5.27 million in 2024/25.

Empowerment and Stakeholder Management **SUB PROGRAMMES**	***2024/25***			*2023/24*
	Final Appropriation	***Actual expenditure***	***Variance***	*Actual expenditure*
Provincial Office and Stakeholders Relation	40 430	27 620	12 810	26 030
Empowerment and Skills Development	157 092	138 206	18 886	154 693
Heritage, Memorial, Burial and Honours	47 638	29 614	18 024	21 356
Total For Subprogrammes	**245 160**	**195 440**	**49 720**	**202 079**

Table 4: Programme 3 expenditure for 2024/25

In terms of performance in Programme 3, the DMV set itself seven (7) annual targets, of which only 2 were achieved (28.6% performance rate). Non-achieved targets included the following:

- The Department narrowly missed its skills development target by just 29 veterans out of a planned target of 1000 (97.1% achieved).
- A figure of 1,489 bursaries approved was recorded, indicating only 64.5% achievement. The DMV reason for the deviation is that "no new intakes were made during the financial year due to limited financial resources allocated".
- Only 9 out of 30 targeted employment placements were achieved (30% success). This is a critical underperformance. The DMV reason for the deviation is human resource inadequacy in that, "there are no officials allocated directly to this".

- Only three of the four planned public-private partnership agreements were concluded. The DMV notes that delays were experienced with securing signatures.
- Only 1 Military Veterans memorial site was facilitated. The DMV states that it relies on decisions of external stakeholders, of municipalities and of South African Heritage Resource Agency. This target has not been achieved for several years.

5. FINANCIAL MANAGEMENT AND THE AUDITOR-GENERAL'S REPORT

5.1 Unauthorised, fruitless and wasteful, and irregular expenditure

Irregular expenditure, according to the DMV, amounted to R10.4 million for 2024/25. Irregular expenditure related mainly to the payments of Burial Support where the threshold was above the regulated amount. Also included as Irregular Expenditure was R820 000.00 for a telephone system expenses used without a valid contract; travel expenses paid without a valid contract (R446 000.00) and R72 000.00 worth of overpayment for bond assistance. Added to the opening balance was R8.7 million related to skills training done through SITA and NEMISA, bringing the *closing balance for 2024/25 to R 256.7 million.*

In the report of the Auditor-General to Parliament, the AGSA notes "Effective and appropriate steps were not taken to prevent irregular expenditure…as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1." that there was not "sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure" and that this was because investigations into irregular expenditure were *not* performed."

Fruitless and wasteful expenditure to the value of R124 000 was recorded for 2024/25. R101 000 of the total amount of fruitless and wasteful expenditure was because of payment to a service provider for internal audit services where no tangible services were rendered. The remainder related to Microsoft payment Azure and BI Portal not yet implemented by the Department. The *closing balance for 2024/25 for* fruitless and wasteful expenditure totals R 6.869 million. The AGSA concluded that investigations into fruitless and wasteful expenditure were *not* performed There was no unauthorised expenditure to report during the 2023/24 financial year.

There was no unauthorised expenditure to report during the 2024/25 financial year.

5.2 Auditor-General of South Africa (AGSA) Report

The DMV received an *unqualified audit opinion* from the Auditor-General for 2024/25. The basis for the unqualified audit opinion and other findings by the AGSA include the following:

- *Irregular expenditure.* The department did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA, and investigations into irregular expenditure were not performed, as required by section 38(1)(h)(iii) of the PFMA.

- *Fruitless and wasteful expenditure.* The department did not perform investigations into fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA.

Further material findings by the AGSA regarding the DMV performance include:

- *Number of confirmed military veterans registered in the database per year.* An achievement of 1 678 (cumulative 87 518) was reported against a target of 1 500 (cumulative 84 792). The AGSA could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

- *Number of military veterans provided with access to business facilitation programmes.* An achievement of 110 was reported against a target of 110. However, some supporting evidence was not provided for auditing.

- *Subsidisation or provision of public transport.* The achievement of this legislative mandate was not planned or accounted for, which the AGSA considers likely to result in it not being delivered and undermines transparency and accountability for delivery on the mandate.

- *Military Veterans and their dependents approved for skills development programs*. An achievement of 971 was reported against a target of 1 000. However, adequate supporting evidence was not provided for auditing.

Other matters:

- *Expenditure management.* Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 22 to the annual financial statements.

- *Strategic planning and performance management.* Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets, core objectives and service delivery.

- *Consequence management.* The AGSA was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as well as fruitless and wasteful expenditure.

- *Internal control deficiencies.* Leadership did not exercise sufficient oversight over the financial and performance reporting, compliance with laws and regulation and related internal controls. The action plans that were developed to address prior year internal control deficiencies were not effectively implemented and monitored, resulting in recurring audit findings.

6. HUMAN RESOURCES

The number of posts on the establishment of the DMV is 169. The total number of posts filled by 31 March 2025 was 117, which is lower than the 123 at the end of the previous financial year. A total number of 41 posts were additional to the fixed establishment by 31 March 2025. The Department has maintained a vacancy rate of 24.5% by the end of the reporting period (compared to 27% at the end of the previous financial year).

Programme	No of posts approved	No of posts filled	Vacancy rate	No of additional employees to establishment
Administration	103	68	34%	26
Socio-economic Support	20	15	25%	12
Empowerment and Stakeholder management	46	34	26%	3
Total	169	117	31%	41

Table 5: DMV Human Resources per programme

Additional matters of interest in terms of Human Resources in 2024/25:

- *Vacant senior posts.* In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of Senior Management Service (SMS) posts within the prescribed timeframes. As on 31 March 2025 there are 9 vacant posts in the SMS levels, including that of Director-General/ Head of Department, and only one of three posts are filled at Salary Level 15. At the SMS levels 13, 14, and 15, the:
    - Number of vacancies per level advertised in 6 months of becoming vacant is 0.
    - Number of vacancies per level filled in 6 months of becoming vacant is 0.
    - Number of vacancies per level filled in 12 months of becoming vacant is 0.

- *Signing of a Performance Agreements.* All members of the SMS must conclude and sign Performance Agreements (PAs). During the period under review, eight (8) out of twenty-three (23) SMS members did not conclude their PAs.
    - three (3) failed to submit their PAs, with no reasons provided for their non-compliance.
    - three (3) were on precautionary suspension
    - two (2) submitted partially completed agreements that were not signed by their supervisor
    - *No disciplinary steps have been taken* against SMS members for not having concluded Performance agreements as on 31 March 2025.

- *Employment equity.* Of the 117 personnel members active at the DMV, 95% are African, thus making the Department not broadly representative of the South African populace. The Department includes two employees with disabilities.
- *Promotions.* Four promotions to another salary level were made, while 36% received a salary progression to the next salary notch.
- *Disciplinary action.* Three dismissals were made during 2024/25**.** Two written warnings were issued during the year. Five cases were withdrawn.

- *Precautionary suspensions.* During 2024/25 there were six (6) staff members on suspension who has been suspended for more than 30 days. The average number of days suspended is 348 and the cost to the Department currently is R7.78 million.

7. COMMITTEE OBSERVATIONS: DEPARTMENT OF MILITARY VETERANS

During deliberations on the 2024/25 DMV Annual Report, the Committee made the following observations:

a) The Committee again noted the ongoing delays in appointing a permanent Director-General at the Department.
b) The Committee noted the high level of irregular expenditure still under consideration and, in particular, the lack of action taken to address it. This, the Committee observed, points to a lack of accountability within the DMV.
c) The Empowerment and Stakeholder Management programme continues to experience significant underspending, which negatively impacts service delivery to military veterans.
d) The Committee again noted that only a limited number of houses were constructed and lamented the Department’s poor performance in this regard over several years. The Committee took note of the response that several factors, including partnerships with other departments, have an impact on housing delivery.
e) The Committee welcomed the statement that the database has now been digitised but urged the DMV to ensure that it becomes an incorruptible and fully secure digital system. The Committee also noted the need for this system to be linked to other relevant databases to ensure accuracy and integrity.
f) The Committee welcomed the improved audit performance of the DMV but noted with concern several repeat findings, particularly those related to material irregularities and consequence management.
g) The Committee questioned the application of the means test and noted that seems that it is not implemented effectively, thereby leaving the system open to abuse.
h) The Committee observed that a significant number of approved veterans are not receiving their military veterans’ pension due to insufficient funding.
i) The Committee emphasised the need for accurate and comprehensive statistics on benefit distribution, including a provincial breakdown.
j) The Committee noted that several military veterans’ associations are preparing to hold conferences in advance of the long-overdue SANMVA conference. However, it also noted that an existing court order relating to SANMVA may affect the way forward for the conference.
k) The Committee requested additional information on the composition and terms of reference of the DMV Transversal Team. The Committee noted feedback that the Team is currently functional.
l) The Committee questioned the current status of the Department’s internal audit capacity, which was previously outsourced.
m) The Committee noted with concern that the DMV does not have sufficient funds for the 2025/26 financial year.

8. COMMITTEE RECOMMENDATIONS

Based on its analysis and overview of the 2024/25 DMV Annual Report, the Committee makes the following recommendations:

a) The Committee reiterates the need for the Executive Authority to finalise the appointment of a permanent Director-General. The Committee again emphasises that this matter has repeatedly been brought to the attention of the Executive Authority without being resolved. The Minister should submit a detailed timeline of previous advertisements for the post, interviews held, and the expected date of appointment. The Minister should also indicate to the Committee by when the current contract of the Acting DG will come to an end. This should be provided in writing to the Committee by **15 November 2025.**
b) The Executive Authority should submit to the Committee, in writing by **15 November**, a roadmap for finalising the interim structure of the DMV, including clear timelines. This is essential to enable the Department to fill its other senior vacancies.
c) The Department must submit further information on the composition and terms of reference of the DMV Transversal Team to the Committee by **15 November 2025**, including the Department's understanding of under which legal authority it is created.
d) The DMV must submit, in writing, a roadmap for the SANMVA conference, including all associations' planned conferences, with clear target dates and a plan to mitigate the potential impact of ongoing legal action in this regard. The roadmap should be submitted to the Committee no later than **15 November 2025**.
e) The DMV must submit a provincial breakdown of benefits delivered in 2024/25 by **15 November 2025**.
f) The DMV should submit a detailed action plan addressing Irregular, Fruitless and Wasteful Expenditure. This plan must include recovery measures for funds lost and consequence management being implemented and should be submitted to the Committee in writing by **30 January 2026**.
g) Going forward, the DMV must provide updates on Irregular, Fruitless and Wasteful Expenditure in all quarterly expenditure and performance reports to the Committee.
h) The DMV should provide the Committee with a written plan, including timelines, for the development of an incorruptible, integrated, digital database system for military veterans. The plan should also include the role of the Database Verification Panel and should be submitted in writing by **30 January 2026**.
i) The Executive Authority should provide the Committee, in writing, with the timelines for the finalisation of updated regulations currently being developed. The Executive Authority should also indicate whether legislative amendments are required to prevent the exploitation of benefits and, if so, when such legislation is expected to be introduced. This should be submitted in writing by **30 January 2026**.
j) The Committee will request the Auditor-General of South Africa to conduct a specific forensic audit on (a) recipients of benefits from the DMV, (b) the application of the means test, and (c) allegations that non-qualifying individuals, including state employees, have received or are receiving such benefits.

Political Parties reserving their rights on the report:

- The Economic Freedom Fighters (EFF) reserve their right on the Report.

Report to be considered.

3. BUDGETARY REVIEW AND RECOMMENDATIONS REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON THE 2024/25 ANNUAL REPORT OF THE DEPARTMENT OF DEFENCE (DOD), DATED 30 OCTOBER 2025

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered the financial and service delivery performance of the Department of Defence (DOD) for the 2024/25 financial year, on 29 October 2025, reports as follows:

1. INTRODUCTION

1.1. Description of core functions of the Department

Section 200 of the 1996 Constitution sets out the mandate of the South African National Defence Force (SANDF), while Section 204 establishes a civilian secretariat for the Department. The mandate of the SANDF is to "*defend and protect the Republic, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force*". In pursuance of this mandate, the Department of Defence (DOD) provides, manages, prepares and employs defence capabilities commensurate with the needs of South Africa, guided by the Constitution, relevant legislation and Executive direction.

1.2 Mandate of the Committee

The PCDMV is mandated to oversee the Department of Defence to ensure that the Department fulfils its mandate through the monitoring of the implementation of legislation and adherence to policies, such as the Defence Act (No. 42 of 2002), the White Paper on Defence (1996) and the 1998 Defence Review and the 2015 Defence Review. These policy guidelines assist the Committee in its oversight activities. The Committee scrutinises legislation that supports the mission statement of Government, the budget and functioning of the Department, and the employment of the SANDF.

1.3 Purpose of the BRR Report

Section 5 (2) of the Money Bills Procedures and Related Matters Amendment Act (Act 9 of 2009) allows for each Committee to compile a Budgetary Review and Recommendation Report (BRRR) which must be tabled in the National Assembly. Section 5(3) provides for a BRRR to contain the following:

a) an assessment of the department's service delivery performance given available resources;
b) an assessment on the effectiveness and efficiency of departments use and forward allocation of available resource; and
c) recommendations on the forward use of resources.

In October of each year, parliamentary portfolio committees compile a BRRR that assess performance given available resources; evaluates the effective and efficient use and forward allocation of resources; and makes recommendations on the forward use of resources. The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process. The BRRRs are also source documents for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process.

1.4 Methodology in compiling the report

The Report is compiled from the various activities of the Committee throughout the year. It is inclusive of the Committee's meetings, oversight visits, reports on budget votes, strategic plans, annual performance plans (APP), quarterly reports and the relevant annual report, as well as previously published Committee reports.

1.5 Information used to compile the Report

Other information used in the assessment of the service delivery and financial performance include:

- Committee reports on the 2024/25 budget hearings, strategic plans and annual performance plans;
- The National Development Plan 2030 (NDP);
- The 2023 Estimates of National Expenditure (ENE);
- The 2023 State of the Nation Address (SONA); and
- The Auditor-General of South Africa (AGSA) Report on the DOD.

1.6 Structure of the Report

This report comprises seven sections:

- An introduction which sets out the mandate of the Committee, the purpose of this report (the BRRR).
- An overview of the key relevant policy focus areas.
- An overview and summary of previous key financial and performance recommendations of Committee
- A broad overview and assessment of financial performance of the DOD for 2024/25.
- An overview of service delivery and performance of the DOD for 2024/25.
- Key Committee observations.
- Key Committee recommendations.

2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

2.1 State of the Nation Address

It is relevant to consider the 2024 State of the Nation Address (SONA) to reflect on whether these aspects were addressed during the year. President Ramaphosa delivered his SONA on 8 February 2024. There was little emphasis on matters pertaining to the DOD. However, some aspects noted by the President have an impact on the broader defence sector.

Domestic Security:

- *SONA Reference:* The President referred to the need to address crime and insecurity in South Africa and, as was the case in the 2023 SONA, the July 2021 public violence in KwaZulu-Natal and Gauteng was noted as key examples. The SANDF is increasingly being utilised for a number of domestic roles, notably in support of the Police.
  Annual Report: The deployment of SANDF personnel to render safety and security support services in cooperation with the South African Police Services (SAPS) to deter possible threats to critical infrastructure (ESKOM) and to combat illegal mining activities under Op PROSPER resulted in unexpected costs.

International peacekeeping:

- *SONA Reference:* The SONA referred to South Africa extending a hand of peace to all countries and nations. The utilisation of the South African National Defence Force (SANDF) offers the country a useful foreign policy tool to contribute to regional security.
  Annual Report: The DOD continued to support the UN Peace Support Operation in the DRC – Operation MISTRAL, as part of the Force Intervention Brigade. South Africa's SADC Pledge was operationalised through:
    - SAMIDRC: Operation THIBA, to assist with the fight against illegal armed groups in the Eastern parts of the DRC.
    - SAMIM: Operation VIKELA, to assist with the insurgency in the Cabo Delgado Province in the Republic of Mozambique.
    - But, no Operation COPPER long-range maritime patrols could be conducted during the reporting period due to the unavailability of Naval platforms at the Directed Level of Capability.

2.2 The National Development Plan 2030

The National Development Plan (NDP) presents a number of recommendations, actions and indicators that relate to the DOD. The following represent some of the key aspects with relevance to the DOD:

- Chapter 7: Positioning South Africa in the World. The NDP proposes the convening of a high-level, high-impact task team to investigate South Africa's foreign relations. The study should outline an implementation programme to reach these objectives, focusing on, *inter alia*, national defence. The DOD contributes to this focus point of the NDP through peacekeeping operations and the presence of defence *attaches* around the world. Chapter 7 of the NDP also recommends that South Africa should extend the current agreement that allows the South African Navy to undertake anti-piracy operations in Mozambican and Tanzanian waters, to include Kenya. South Africa's anti-piracy operation, which involves the South African Air Force, Special Forces and South African Military Health Services as well as the South African Navy, must be strengthened in order for operations to be sustained.

- Chapter 7 of the NDP also recommends the strengthening of border-enforcement to curb cross-border smuggling of counterfeit goods.

- Chapter 9: Promoting health. The NDP notes the aim of Universal Health Care coverage and that everyone must have access to an equal standard of care, regardless of their income. The DOD provides health services to all members of the SANDF through the SA Military Health Services (SAMHS), as well as assisting mil veterans with medical care.

- Chapter 14: Fighting corruption. The NDP aims for corruption-free society, a high adherence to ethics throughout society and a government that is accountable to its people. The DOD furthers this goal through a number of initiatives, including the national anti-corruption hotline, Corruption and Fraud awareness campaigns as well as implementing and monitoring the DOD Procurement Policy.

The envisaged contributions are further expanded on in the Medium-Term Strategic Framework (MTSF).

2.3 The Medium Term Strategic Framework (2019 - 2024)

The 2019-2024 Medium Term Strategic Framework (MTSF) of Government identifies a number of priorities that are based on the electoral mandate. The 2024/25 reporting period is the last to fall under the mentioned MTSF before the Medium Term Development Plan was adopted. The MTSF identifies 7 priorities of Government and the DOD plays an important role in Priority 6 (Social cohesion and safer communities) and Priority 7 (A better Africa and world). Contributions to these outcomes are summarised in the table below.

DOD contributions to strategic outputs

MTSF Priority	Performance indicator	Achievement 2023/24	Target 2024/25	Achievement 2024/25
Priority 6	Number of Reserve Force man days	3 257 162 (164%)	1 989 953	3 664 429 (184%)
Priority 7	Percentage compliance with the Southern African Development Community Standby Force Pledge	79%	100%	85%
Priority 7	Percentage compliance with number of ordered commitments (external operations)	75%	100%	75%
Priority 6	Percentage compliance with number of ordered	100%	100%	100%

MTSF Priority	Performance indicator	Achievement 2023/24	Target 2024/25	Achievement 2024/25
	commitments (internal operations)			
Priority 6	Number of Joint, Interdepartmental, Interagency and Multinational military exercises conducted	1	2	1
Priority 6	Number of landward subunits deployed on border safeguarding	15	15	15
Priority 6	Number of hours flown per year	6 904 (58%)	12 000	6 209 (52%)
Priority 6	Number of hours at sea per year	2 641 (33%)	8 000	3 717 (46%)
Priority 6	Number of coastal patrols	3	4	4

3. SUMMARY OF PREVIOUS (2023/24) KEY FINANCIAL AND PERFORMANCE RECOMMENDATIONS OF THE COMMITTEE

Based on its analysis and overview of the 2023/24 Annual Report of the DOD, the Committee made the following recommendations:

Recommendations to the Minister of Finance:

a) As in previous years, it remains evident that there is limited progress in addressing CoE over-expenditure in the DOD. The Committee therefore reiterates the recommendation by the PCDMV of the 6th Parliament that a long-term, permanent solution is based on the development of a new Human Resources management strategy or adjust the current strategy to ensure long-term stability in the SANDF's personnel contingent by focusing specifically on force rejuvenation. It is recommended that this plan be developed *in consultation with National Treasury and that the plan be fully funded* to achieve the desired outcomes. Of specific importance to this recommendation is that the Strategy should create a permanent exist mechanism for older soldiers who will not advance in their military careers and that such an exit mechanism ensures a smooth transition to civilian life through, for example, vocational training, job placement and/or monetary assistance. The Strategy should be adapted for the unique socio-economic conditions in South Africa on the one hand and be fully aimed at creating long-term force rejuvenation and CoE stability in the DOD. The Committee noted previous indications that the National Treasury is open to engaging with the DOD on the matter and therefore request feedback from National Treasury once engagements on the plan starts.

b) Dependent on the development of and agreement on a long-term stabilisation and rejuvenation plan as noted above, the Committee recommends that National Treasury considers the allocation of additional funds to the DOD to fund the CoE shortfall while the rejuvenation plan is implemented.
c) Adverse findings by the AGSA related to the DOD's procurement systems and its logistics management systems are often related to outdated ICT systems and infrastructure in the DOD. Previously, Parliament recommended that National Treasury provides the DOD with an additional ring-fenced allocation for the upgrading of ICT systems in the procurement and logistics management environments. During the 2024 MTEF budget process, the National Treasury advised departments and entities to reprioritise funds towards emerging priorities. The Committee recommends that a ring-fenced allocation in 2025/26 be reconsidered in an effort to boost the ICT systems and infrastructure in the DOD with the aim to limit irregular expenditure.
d) National Treasury should indicate to the Committee its view on whether the utilisation of the SANDF to guard selected Critical Infrastructure can serve cost-saving measure and the scope for implementation thereof.

Recommendations to the Minister of Defence:

a) The Committee resolved that, due to time constraints, the Department could not respond adequately to all input from Members of the Committee. As such, the Department agreed to provide written replies to all observations noted above by 30 October 2024.
b) As noted in the recommendations to the Minister of Finance, the Committee remains concerned about the continued CoE over-expenditure and notes that there is a need for a long-term, permanent solution. As such, the Committee again recommends that the Department develops a long-term stabilisation and rejuvenation plan in line with the recommendations of the PCDMV of the 6^{th} Parliament. Feedback on the plan and the outcome of engagements with National Treasury should be provided to the Committee during its quarterly reports to Parliament.
c) Given current fiscal constraints, the Committee recommends the optimal usage of funds allocated to the DOD and for the Department to limit discretionary spending, such as on Allowances and Travel and Subsistence. To this extent, the DOD is required to submit quarterly reports to the Committee, during its quarterly report briefings, that tracks spending on Allowances and Travel and Subsistence.
d) The DOD should submit to the Committee a copy of the cost recovery model for services rendered to other departments. The Department should include in its quarterly reporting to Parliament the progress in relation to cost recovery and outstanding amounts from other departments. *A copy of the Model should be submitted to the Committee by 30 November 2024.*
e) The Department should provide the Committee, in writing, with its plans to partake in the in the National Treasury/DPSA-led early retirement without penalisation of pension benefits initiative in an effort to reduce the pressure on CoE. If the Department does not intend on taking part in this initiative, reasons to that effect should be provided to the Committee. *The written response should be submitted to the Committee by 30 November 2024.*

f) The Committee recommends that the Department strengthens financial controls and improve internal oversight mechanisms to curb irregular expenditure.

g) The Committee strongly recommends to both the Accounting Officer and the Chief of the SANDF to ensure that consequence management is implemented more stringently to address irregular, fruitless and wasteful expenditure.

h) The Committee strongly recommends that the DOD enhances the sweating of assets under its control in an effort to raise funds, including the disposal of assets no longer of use to the SANDF.

i) The Committee recommends more frequent engagements between the DOD and Armscor on the status of the Armscor Dockyard to ensure that it functions optimally and provides the required services to the SA Navy.

j) The Committee recommends increased strategic meetings between the DOD, Armscor and Denel regarding Denel's service delivery to the SANDF and for more urgent executive decisions to be taken on the way forward in cases where Denel does not have the capacity to deliver on SANDF requirements.

k) The Committee emphasises the need for the acquisition of border safeguarding vehicles and technology. *The DOD should provide an acquisition and expenditure schedule to the Committee by 30 November 2024.*

l) The Committee recommends regular engagement between the DOD and National Treasury on the current Assessment of the 2015 Defence Review to ensure that a newly crafted defence ambition can be funded. *The DOD should provide the Committee with a list of engagements held with National Treasury since the assessment process started by 30 November 2024.*

m) The DOD should indicate to the Committee in writing by 30 November 2024 the expected timelines for the introduction of the Assessment of the 2015 Defence Review to Parliament.

4. OVERVIEW AND ASSESSMENT OF PERFORMANCE FOR 2024/25

The DOD has eight programmes through which it executes its various tasks. The financial performance and performance against set targets of the various programmes and subprogrammes for 2024/25 are contained in the sections to follow.

4.1 Programme 1: Defence Administration

Programme	**Adjusted Appropriation**	**Virement R'000**	**Final Appropriation**	**Actual Expenditure**	**Variance**	
					R'000	**%**
Administration	5 586 288	258 599	5 844 887	5 836 545	8 342	0.1 %

The Administration programme's total expenditure for 2024/25 came to R5.836 billion, following virements of R258.6 million to the programme. While most subprogrammes saw their adjusted appropriation diminished through virements, the following programmes saw allocation increase significantly through virements:

- Human Resources Support Services (an increase of R59.7 million)
- Office accommodation (an increase of R429.6 million)

The subprogrammes most negatively affected by virements include the following:
- Ministry (a reduction of R74.2 million, with final expenditure of R61.3 million)
- Financial services (a reduction of R71.0 million)
- Communication Services (a reduction of R60.5 million).

In terms of expenditure per economic classifications, the following may also be noted:
- *Compensation of Employees:* Underspending of R8.3 million.
- *Food and food supplies.* Spending nearly doubled from R24.0 million in 2022/23 to R44.7 million in 2024/25, although only R20 million was allocated in the adjusted budget.
- *Training and development:* Spending increased from R22.4 million in 2023/24 to R35.1 million in 2024/25.
- *Social benefits:* While only R19.8 million was allocated to social benefits in the adjusted budget, final expenditure came to R76.4 million for 2024/25.
- *Travel and subsistence:* Spending on Travel and subsistence increased from R827 million in 2022/23 to R111.7 million in 2023/24 and further to R137.8 million in 2024/25.

The Administration programme set seven (7) targets for 2024/25. This is one target more than in the previous financial year. The new target related the percentage compliance to the DOD Interim Policy on Preferential Procurement. A summary of selected targets for 2024/25 is noted below.

Administration programme: Selected performance against set targets

Subprogramme	Target description	2023/24 Target	2024/25 Achievement	Comments
Defence effectively administered	% adherence to DOD index for policies	60% (target was 80% in 2020/21, but has	71.6%	11 DOD Policies promulgated[1] **Achieved**

[1] Policy on Processes and Procedures for Budget Control in the DOD; Policy on Information and Communication Systems Security in the DOD; Processes and Procedures for Information and Communication Systems Security in the DOD; Policy on Inventory Stocktaking and Asset Verification in the DOD; Policy on Job Description and Job Evaluation in the DOD; Policy on the Development, Promulgation and Maintenance of Joint Doctrine in the SANDF; Process and Procedures for Research, Development, Establishment, Approval, Promulgation, Maintenance and Management of Joint Doctrine in the SANDF; Policy on Cryptographic Security in the DOD; Policy on Physical Training in the DOD; Policy on Leave of Absence for SANDF Members; Policy on Management of Public Service Act Personnel on Probation
in the DOD.

Subprogramme	Target description	2023/24 Target	2024/25 Achievement	Comments
		been lowered since)		
	% Payments in 30 days	75%	78.2%	**Achieved**
	% adherence to DOD index for plans	100% (41)	87.8% (36)	36 of 41 Planning Instruments finalised **Not achieved**
	Number of Reserve Force man days	1 997 872	3 664 429	Increased utilisation of Reserve Forces to augment HR capacity (costing R1.407 billion) **Not Achieved**
	Audits completed in terms of the approved Internal Audit Plan	100%	100%	37 of 37 internal audits completed (compared to 41 in the previous year) **Achieved**
	% compliance to the DOD Interim Policy on Preferential Procurement	100%	100%	The awarding of tenders complied with the policy outputs of the DOD Interim Policy on Preferential Procurement. **Achieved**
	Evaluation of the SA Defence Review 2015 completed	2 Submission by 31 Oct2024		Evaluation of the SA Defence Review 2015 and action plan completed by 31 Oct 2024. **Achieved**

4.2 Programme 2: Force Employment

Programme	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Variance	
					R'000	%
Force Employment	7 421 970	(235 800)	7 186 170	7 279 075	(92 905)	(1.3%)

The purpose of this programme is to provide and employ defence capabilities. The programme received an original allocation of R3.988 billion for 2024/25. However, it received an additional R3.434 billion in 2024/25 during the adjustments period for Operation Thiba in the DRC, leading to a final adjusted allocation of R7.422 billion.

Following the adjusted appropriation, a virement of R235.8 million was made away from the programme. Yet, by the end of the financial year, the programme overspent by R92.9 million (1.3%). The Subprogramme 4 (Regional Security) was most affected as it saw its allocation decreased from an adjusted allocation of R4.276 billion to R3.704 billion. Subprogramme 5 (Support to the People) saw its allocation increase through a virement of R407.7 million, however, it was on this subprogramme that overspending occurred, with the subprogramme spending R92.9 million more than its final allocation. This shows the financial impact of the increasing number of domestic deployments of the SANDF in South Africa.

In terms of economic classifications, the following can be noted:

- There was overspending on *Compensation of Employees* in Programme 2 by R92.9 million compared to the final allocation. This means that all overspending on Programme 2 related to Compensation of Employees.
- Spending on *contractors* originally received an allocation or R316.3 million, but only R23.7 million was spent on this line item.
- Spending on *Food and Food Supplies* had an allocation of R436.4 million in the adjusted allocation, but final spending stood at R679.7 million for 2024/25.
- An adjusted budget of R274.2 million was allocated to *Fuel, oil and gas*, but only R118.6 million was spent at the end of 2024/25, which seems low given the high deployment rate.
- Spending on *Travel and Subsistence* received an adjusted allocation of R468.7 million while final expenditure stood at R599.2 million for 2024/25.

A total of 11 targets were set for the programme of which five were classified. Of the six (6) remaining targets, three (3) were achieved. Of specific concern is the removal of the target related to the level of UN reimbursement in recent years. This has significant financial implications for the Department as it results in less funds returned to the DOD. The removal of the target limits the PCDMV's ability to track reimbursement levels and, more directly, to track force readiness levels in the DRC.

Administration programme: Selected performance against set targets

Target description	2024/25 Target	2024/25 Achievement	Comments
Number of planned joint, interdepartmental and multinational military exercises	2 (reduced from 4 in 2022/23)	1	Ex IBSAMAR, a Multinational Maritime Exercise between India, Brazil and South Africa, was conducted in Simon's Town from 07 to 16 Oct 2024.

Target description	2024/25 Target	2024/25 Achievement	Comments
			Ex OXIDE cancelled due to vessel refitting. **Not achieved**
Number of landward sub-units deployed for border safeguarding	15	15	**Achieved**
Percentage compliance with number of external operations	100%	75%	No Op COPPER Long-Range Patrols were conducted during 2023/24 or 2024/25 due to SA Navy prime mission equipment not being operationally available, Dockyard capacity problems and procurement challenges. **Not achieved**
Compliance with SADC Standby Force	100%	85%	The SA Navy and SA Air Force could not provide the required capabilities as pledged. **Not achieved**
Compliance with internal operations	100%	100%	Support to SAPS (Ops Prosper), Humanitarian assistance (Ops Chariot), Search and Rescue (Ops Arabella) and Border safeguarding (Ops Corona) **Achieved**
Number of Maritime Coastal Patrols conducted per year	4	4	The SAS AMATOLA and elements of the Maritime Reaction Squadron conducted four Op CORONA maritime coastal patrols **Achieved**

4.3 Programme 3: Landward defence

Programme	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Variance	
					R'000	% (Per Programme)
Landward Defence	16 995 203	496 615	17 491 818	19 384 909	(1 893 091)	10.8%

The purpose of this programme is to provide prepared and supported landward defence capabilities for the defence and protection of South Africa. Similar to 2023/24, all subprogrammes spent more than 100% of their final appropriation. All additional expenditure in Programme 3 in 2024/25 is related to additional spending on Compensation of Employees (R1.893 billion).

Following the adjusted appropriation, further virements to the value of R496.6 million was made to the programme. Only one subprogramme received a reduced allocation through a virement away from the programme, which was the Air Defence Artillery Capability subprogramme where the allocation was reduced by R52.1 million to a final allocation of R461.8 million. The most significant increases through virements were for the following programmes:

- Strategic Direction (allocation *increased* by R131.6 million)
- Infantry Capability (allocation *increased* by R236.8 million)

In terms of economic classifications, the following can be noted:

- The SA Army is the largest component of the SANDF and therefore the most significant in terms of CoE expenditure. In 2022/23, the programme over-spent on CoE by R1.862 billion (14.2%). In 2023/24, the overspending increased and the programme overspent by R2.167 billion against its final allocation for CoE. In 2024/25, CoE overspending was slightly lower at R1.893 billion; however, this must be seen in the context of the Mobility Exit Mechanism (MEM) that was implemented in the previous two years. As such, the impact of the MEM can be questioned.
- The adjusted allocation for Contractors was R147.4 million, but this was reduced by a virement. Ultimately, only R16.2 million was spent on Contractors in 2024/25, which is lower than the R23.1 million spent in 2023/24.
- Spending on Clothing material and accessories stood at R85.1 million by the end of 2024/25. Despite this being a significant increase in spending compared to 2023/24 (R14.1 million), the PCDMV has noted significant complaints regarding the state of SANDF uniforms and availability thereof, including in deployment areas.
- Expenditure on Food and food supplies decreased from R858.4 million in 2023/24 to R814.8 million in 2024/25.
- Travel and subsistence in the SA Army has increased significantly in recent years which can be questioned in the current fiscal environment:
    - 2021/22: R498.7 million
    - 2022/23: R602.0 million
    - 2023/24: R796.7 million

- 2024/25: R840.7 million

Four (4) targets were set for this programme of which two are considered classified. The DOD managed to achieve only one of the targets.

Target description	2024/25 Target	2024/25 Achievement	Comments
Number of unique landward defence training exercises.	4	4	**Achieved**
Landward Defence Training targets	100% (5 355)	68.9% (3 692)	Higher-order commitments were prioritised. Targets adjusted in future APPs. **Achieved**

4.4 Programme 4: Air defence

Programme	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Variance	
					R'000	% (Per Programme)
Air Defence	6 695 149	(97 880)	6 597 269	6 715 706	(118 437)	1.8%

The purpose of the Air Defence programme is to provide prepared and supported air defence capabilities for the defence and protection of South Africa. In terms of spending, as with other programmes, overspending relates exclusively to higher than planned CoE expenditure. Virements totalling R97.8 million was made away the programme in 2024/25, with the following programmes most significantly affected:

- Helicopter capability (allocation *reduced* by R269.0 million).
- Air Combat capability (allocation *reduced* by R58.6 million).

- Operational Direction (allocation *increased* by R108.3 million).
- Base support capability (allocation *increased* by R127.9 million).

In terms of economic classifications, there was an over-expenditure on CoE to the value of R118.4 million, which was lower than in 2023/24 (R339.2 million). Other noteworthy economic classifications included the following:

- Contractors (allocation was decreased by R188.6 million with final expenditure of R794.1 million).
- Similar to the Landward Defence Programme, spending on Food and food supplies decreased from R164.4 million in 2023/24 to R145.0 million in 2024/25.
- Spending on Fuel, oil and gas received an adjusted budget of R71.8 million but received a significant increase through a virement with total expenditure for 2024/25 at R193.1 million. Yet, flying hours remain highly constrained. The original allocation therefore does not align with the target for flying hours.

- Spending on 'Other supplies' in the Air Defence programme increased from R3000 in 2023/24 to R53.5 million in 2024/25.
- Travel and subsistence (allocation increased significantly through a virement of R154.4 million with final expenditure of R209.6 million, which is marginally higher than the R203.0 million expenditure in 2023/24).

Five (5) targets were set of which two are deemed classified (compliance with Joint Force Employment requirements and combat-ready capabilities available). The most significant target relates to the flying hours target, which the SA Air Force has not managed to achieve in recent years, with the exception of 2022/23.

Air Defence programme: Selected performance against targets

Target description	2024/25 Target	2024/25 Achievement	Comments
Air Defence Training targets	80% (632)	87.2% (689)	The over-achievement can be attributed to efforts to reduce the backlog accumulated over previous reporting periods. **Achieved**
Number of Air Defence unique force training exercises conducted	1	1	Ex Eagle Eye **Achieved**
Number of flying hours per year	12 000	6 209	5 287 hours for force preparation 247 hours for force employment 675 VVIP hours *Low aircraft availability* **Not Achieved**

4.5 Programme 5: Maritime defence

Programme	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Variance	
					R'000	% (Per Programme)
Maritime Defence	4 443 786	16 578	4 460 364	4 527 090	(66 726)	1.5%

The purpose of the programme is to provide prepared and supported maritime defence capabilities for the defence and protection of South Africa. Expenditure by year-end remained largely aligned with the mid-year adjusted allocation, with only a R16.6 million virement made to the budget. The programme overspent by R66.7 million, all related to CoE over-expenditure.

In terms of the subprogrammes, the Maritime Human Resources and Training Capability was most affected with a virement of R66.4 million away from the subprogramme.

In terms of economic classifications, noteworthy economic classifications included the following:

- Contractors (spending increased from R196.3 million in 2023/24 to R234.9 million in 2024/25).
- Food and Food supplies expenditure increased from R83.3 million in 2023/24 to R114.2 million in 2024/25. This is in contrast to the reduced spending on food by the Landward and Air Defence programmes.
- Fuel, oil and gas expenditure decreased from R46.2 million in 2023/24 to R40.5 million in 2024/25, despite the SA Navy increasing its sea hours.
- Expenditure on 'Other Supplies' increased from R33.5 million in 2023/24 to R43.7 million in 2024/25.
- Travel and subsistence (allocation increased through a virement by R112.5 million with final expenditure of R179.1 million for 2024/25, which is higher than the R145.0 million spent in 2023/24).

For the period under review, the Maritime Defence Programme had five (5) targets of which two were deemed classified (compliance with Joint Force Employment requirements and combat-ready capabilities). The targets not achieved relates to the total number of sea hours and the target for training opportunities, similar to the previous year.

Maritime Defence programme: Selected performance against targets

Target description	**2024/25 Target**	**2024/25 Achievement**	**Comments**
Maritime Defence Training targets	80% (398)	33.2% (165)	**Not achieved** Operational defects at the training facility prevented the mandatory Maritime Fire Fighting and Damage Control modules from being presented to the Basic Military Training intake.
Number of Maritime unique force training exercises conducted	1	1	Ex Red Lion **Achieved**
Number of sea hours per year	8 000	3 717	1 691 for force preparation 2 062 hours for force employment **Not achieved** Unavailability of the SA Navy vessels at the Directed Level of Capability due to procurement challenges and a lack of repair capacity at the ARMSCOR Dockyard.

4.6 Programme 6: Military Health Support

Programme	**Adjusted Appropriation**	**Virement**	**Final Appropriation**	**Actual Expenditure**	**Variance**	
					R'000	**%**

Military Health Support	5 816 587	37 649	5 854 236	6 029 507	(175 271)	3.0%

The purpose of the Military Health Support Programme is to provide prepared and supported health capabilities and services for the defence and protection of South Africa. The programme overspent its budget by R175.2 million in 2024/25, exclusively as a result on overspending on CoE.

In terms of subprogramme expenditure, virements can be noted in all subprogrammes, most notably in the following:

- Specialist/Tertiary Health Services (an increase of R89.3 million).
- Military Health Product Support Capability (a reduction of R133.4 million).
- Military Health Training Capability (a reduction of R41.1 million).

In terms of economic classifications, the following significant shifts can be noted:

- Outsourced services (allocation increased through a virement by R95.3 million with final expenditure of R674.2 million. This is marginally higher than the R663.7 million spent on outsourced services in 2023/24). Outsources services remain a high cost to the programme – it consumes 41.2% of the Military Health Services remaining budget after Compensation of Employees are considered.
- Medical supplies (allocation reduced through a virement by R54.4 million with final expenditure of R55.4 million).
- Expenditure on medicine decreased from R228.8 million in 2023/24 to R187.2 million in 2024/25.
- Travel and subsistence (allocation increased through a virement by R78.5 million with final expenditure of R134.6 million.
- Spending on Households decreased from R247.6 million in 2023/24 to R102.2 million in 2024/25.

The programme had four targets of which three were classified. The programme achieved the one declassified target around Military Health Training.

Target description	2024/25 Target	2024/25 Achievement	Comments
Military Health Service Training targets	80% (648)	69.6% (564)	A number of courses were still ongoing at the end of FY2024/25, and the results will be reflected during FY2025/26. **Not achieved**

4.7 Programme 7: Defence Intelligence

Programme	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Variance	
					R'000	% (Per Programme)
Defence Intelligence	1 128 385	81 258	1 209 643	1 372 619	(162 976)	13.5%

The purpose of Defence Intelligence programme is to provide a defence intelligence and counter-intelligence capability. For 2024/25, the programme again overspent on its adjusted allocation by 3.5% due to overspending on CoE. The only subprogramme affected by a virement was the Defence Intelligence Support Services with an increase to its adjusted budget of R81.3 million and final expenditure at R1.060 billion.

In terms of economic classifications, the following can be noted:

- Expenditure on CoE increased from R705.9 million in 2023/24 to R834.9 million in 2024/25 (18.3%)
- Spending on fuel, oil and gas increased from R3.6 million in 2023/24 to R7.2 million in 2024/25.
- R40.1 million was allocated in the adjusted budget for Operating leases which was increased through a virement of R40.8 million, resulting in final spending of R81.0 million, which is significantly higher than the R30.8 million spent in 2023/24.

The programme had two targets reported on in the Annual Report related to the number of vetting decisions taken and the number of Defence Attache Offices in operation. The programme previously included a target related to the number of Defence Intelligence Products produce per year, which was removed from the 2022/23 cycle. Only one of the two targets were achieved in 2024/25, while both were achieved in the previous year.

Target description	2024/25 Target	2024/25 Achievement	Comments
Number of vetting decisions taken	6 000	3 093	The implementation of payment for fingerprint processing by the SAPS contributed to the underperformance. **Not achieved**
Total number of Defence Attaché Offices	44	44	**Achieved**

4.8 Programme 8: General Support

					Variance

Programme	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	R'000	% (Per Programme)
General Support	7 396 406	(557 019)	6 839 387	6 833 004	(6 383)	0.1%

The purpose of the General Support programme is to provide support capabilities and services to the Department. The programme underspent on its final budget by R6.4 million. After the mid-year adjustments, R557.0 million was removed from the programme's allocation through virements.

Similar to the previous year, major shifts in the programme included a reduction in the Joint Logistical Services allocation (by R674.4 million) through a virement. The Command and Management Information Services' allocation was reduced by R118.2 million through a virement while the Technology Management allocation increased by R223.2 million.

In terms of economic classifications, the following can be noted:

- Spending on Minor assets decreased from R54.5 million in 2023/24 to R5.2 million in 2024/25.
- Spending on Communications nearly doubled from R32.5 million in 2023/24 to R60.4 million in 2024/25.
- Spending on Outsourced services decreased significantly from R144.9 million in 2023/24 to R35.7 million in 2024/25.
- Property payments increased substantially from R15.5 million in 2023/24 to R103.8 million in 2024/25.
- Travel and subsistence for Programme 8 was R232.1 million, which is significantly higher than the R178.6 million in the previous financial year.

In terms of performance, a total of six (6) targets were set for 2024/25 of which three (3) were achieved, thus showing a slight improvement when compared to the previous financial year.

Programme 8: General Support achievements against targets

Target description	2024/25 Target	2024/25 Achievement	Comments
Percentage procurement requests fully completed within 90 days from day of registration	95%	56/6%	Improvement from 40.3% achieved in 2023/24, but still lower than achievements in 2022/23 (62.24%) and 2021/22 (97.5%). **Not achieved**
Payment of leases, Accommodation charges and municipal services – Payment according to facilities plan	100%	100.2%	**Achieved**

Target description	2024/25 Target	2024/25 Achievement	Comments
Compliance with ICT Capabilities Plan	90%	90.5%	System availability higher than anticipated. **Achieved**
Number of Crime Prevention operations conducted	124	168	Op ROBUST crime prevention operations to suppress the escalating crime in military areas in cooperation with the SAPS and TMPD. **Achieved**
Criminal cases investigated (backlog)	40%	34.6%	Regression from 35.8% achieved in 2023/24. Lack of resources, staff shortages and increased requirement for Military Police officials in both internal and external operations, contributed towards the underachievement. **Not achieved**
Criminal cases investigated (in-year)	30%	25.7%	Regression from 26.6% achieved in 2023/24. Lack of resources, staff shortages and increased requirement for Military Police officials in both internal and external operations, contributed towards the underachievement. **Not achieved**

5. ORGANISATIONAL STRUCTURE AND HUMAN RESOURCE SUPPORT

The Human Resources (HR) Management chapter of the 2024/25 Annual Report[2] deals with various issues related to personnel. The following key aspects should be considered by the PCDMV:

- **Personnel spending (Compensation of Employees):** By then end of 2021/22, the DOD had incurred a cumulative total of R10.130 billion in irregular expenditure related to CoE since 2017/18. This amount has not been condoned by National Treasury and therefore remains captured on the DOD total of irregular expenditure. Subsequently, all over-expenditure on CoE has been considered unauthorised expenditure.

[2] DOD. (2025). P. 144.

The DOD received a main appropriation for Compensation of Employees at the start of 2024/25 to the value of R34.181 billion which was adjusted upwards during the mid-year adjustments to R35.135 billion. At the end of 2024/25, the DOD spent R37.645 billion on Compensation of Employees which is 63.2% of the Department's total expenditure or 67.8% of the adjusted appropriation. *The DOD overspent on Compensation of Employees by R2.509 billion in 2024/25. Of concern is that this CoE overspending remains despite several interventions such as the Mobility Exit Mechanism (MEM).*

- **Progress on cost-saving measures related to CoE.** The DOD highlighted the following progress in relation to CoE interventions:
    - 14 212 vacant posts were deactivated. *(No savings impact).*
    - The average HR capacity as 31 March 2025 was 68 408 (compared to 68 278 at the end of the previous year).
    - Capped allowances. *(Saving of R185 million in 2023/24, compared to R30 million in the previous year)*
    - MEM and Employee-initiated Severance Packages (EISP) were not funded in 2024/25 and therefore not implemented during the year.
    - Reduction of Reserve Force utilisation. *(Not achieved in 2024/25 the need for Reserves to augment military operations, resulting in R1.407 billion higher than planned spending, compared to R1.052 billion in the previous year).*

- **Critical occupation vacancy rates:** In terms of critical occupations, areas with high vacancy rates should be noted below. It must be noted that critical vacancies in the aircrew, nursing and engineering fields have seen multi-year regression with the DOD failing to address the rising vacancy rate.
    - Aircrew has a vacancy rate of 30.39% (up from 25% in 2022/23 and 28.73% in 2023/24).
    - Nursing has a vacancy rate of 27.51% (up from 23.8% in 2023/24, 21.7% in 2022/23 and 16.6% in 2021/22).
    - Technical has a vacancy rate of 27.72% (down from 28.3% in 2023/24).
    - Engineers has a vacancy rate of 46.05% (up from 40.61% in 2022/23 and 41.21% in 2023/24).

- **Over-staffing in Anti-Aircraft and Artillery Formations.** As in the previous year, the Annual Report notes 1 076 anti-aircraft employees against an approved establishment of 968. In 2023/24, the anti-aircraft division had 1 048 personnel, meaning that it was already overstaffed, but still added 28 personnel additional to the structure. Similarly, the Report notes 1 483 artillery employees against an approved establishment of only 1 289 (an increase from the 1 453 personnel in 2023/24).

- **Future employment equity concerns.** While the DOD has made significant progress in addressing employment equity, current recruitment patterns reflect poorly on employment equity and may bring about equity misalignment in future. By the end of 2024/25, 5 127 MSDS members were in the SANDF system. Of these, 676 (13.2%) were coloured, 86 (1.7%) Indian; and 86 (1.7%) were white, while there were 4 279 (83.5%) African recruits. A similar pattern existed in the previous recruitment round of the SANDF's MSDS programme. Members of the PCDMV also made a similar observation during its oversight visit to military bases in the Limpopo Province in October 2025.

- **Non-signing of performance agreements by Senior Management:** A total of 45 of the total of 247 senior managers did not sign their performance agreements. The main reason for the late submission of Performance Agreements is the **non-**adherence to target dates. As in the previous year, no disciplinary steps were formalised at the time of reporting.

6. BROAD FINANCIAL CONCERNS AND THE AUDITOR-GENERAL'S REPORT

6.1 Unauthorised, fruitless and wasteful, and irregular expenditure

Irregular expenditure, according to the DOD, amounted to R123.8 million for 2024/25 (lower than the R338 million irregular expenditure in 2023/24). It is unclear if spending on Project Thusano/Kgaa was included in the DOD's estimates of Irregular Expenditure since the AGSA previously indicated that *all* spending under Project Thusano is considered irregular. The closing balance for Irregular Expenditure at the end of 2024/25 was R16.394 billion.

According to the DOD, major contributors to irregular expenditure include (excluding those less than R5 million):

- R62 million was incurred on a contract awarded for three years in 2021/22 for an alternative payment solution for aircraft fuel and airport services when the winning bidder did not comply with the mandatory requirements of the bid.
- R33 million was incurred when the Department procured Goods and Services without following the South African Procurement Legislation.
- R12.6 million was incurred when the Department did not comply with the procurement process within the sensitive projects environment.
- R6 million was incurred in six instances where the Department procured goods and services by means of an unfair bidding process.
- R3.7 million was incurred when the Department deviated from the quotation rule and did not obtain at least three quotations for 13 transactions.
- R1.6 million was incurred in two instances where officials were not delegated to contract on behalf of the department.
- R1.5 million was incurred where six awards were approved by a committee not correctly constituted.

Fruitless and wasteful expenditure decreased substantially from R51 million in 2023/24 to only R29 000 in 2024/25, based on two incidents as follows:

- R17 000 was paid for transactional charges and cash deposit fees paid for an incorrect cash withdrawal.
- R12 000 was paid for two missed return flight tickets.

In terms of the Annual Report, consequence management in this regard was included training of procurement officials, which is an ongoing process.

6.2 Findings by the Auditor-General of South Africa

As in recent years, the DOD continued to receive a **qualified audit opinion** from the Auditor-General for 2024/25. The basis for the qualified audit opinion rests on the following:

- *Goods and services and investments.* Similar to previous years, the AG was unable to obtain sufficient appropriate audit evidence for sensitive projects (in relation to the Special Defence Account (SDA)).

- *Movable tangible assets.* Similar to previous years, the AG was unable to obtain sufficient appropriate audit evidence for movable tangible capital assets as the Department could not indicate where these assets are located or provide other information relating to the existence of these assets. The AG was therefore unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R68.95 billion. Further, the department did not comply with the MCS in ensuring that all movable tangible capital assets remain at historical cost in accordance with MCS chapter 11, *Capital assets*.

- *Compensation of Employees:* similar to the last two financial years, the Department did not recognise compensation of employees in accordance with MCS Chapter 2, Concepts and principles. The AG identified misstatements in basic salaries, housing allowances and deprivation allowances. The AG was unable to determine the full extent of the overstatement of compensation of employees.

- *Irregular expenditure.* The Department did not fully record irregular expenditure in the notes to the financial statements as required by the PFMA. The AG was therefore unable to determine the full extent of the understatement of irregular expenditure, stated at R123.8 million.

The AG also raised the following emphasis of matters:

- Claims against the Department. The Department is the defendant in various lawsuits. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Further aspects of raised by the AGSA include:

- **Consequence management.** Allegations of theft and fraud that exceeded R100 000 were not reported to the South African Police Service, as required by section 34(1) of the Prevention and Combating of Corrupt Activities (PRECCA) Act 12 of 2004.

- **Expenditure management.** Effective and appropriate steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure disclosed in note 25 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The current compensation of employees' allocation is not adequate to sustain the current Department of Defence personnel and operational requirements.

  Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

- **Procurement.** Some of the goods and services with a transaction value above R1 000 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1. Further, some of the goods and services were procured without obtaining at least three written price quotations in accordance with treasury regulation 16A6.1.

  Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA).

- **Material irregularities (current).** The AG made reference to the following material irregularities identified during the audit:

  - *No measures taken to continue to remediate environmental contamination:* The department discovered an underground jet fuel leakage at Makhado Air Force base during the maintenance work of the pipes in 2000, which was estimated to have been ongoing for at least 15 years. After 2018, on the termination of the last rehabilitation specialist's contract, no further assessment and/or rehabilitation of the environment took place. Due to the department's failure to appoint a new contractor for the assessment and rehabilitation of the environment, the extent of the harm being caused and the required measures implemented to address the pollution caused by the fuel spillage cannot, with certainty, be determined. In July 2025, the AGSA referred the material irregularity to the Department of Forestry, Fisheries and the Environment.

  - *Inventory and asset management contract was not awarded only to the bidder that scored highest points in the evaluation process:* In February 2017, the department awarded a contract for services relating to inventory and asset verification for a period of five years, commencing from 1 March 2017. The department did not comply with the requirements of paragraph 2(1)(f) of the PPPFA in awarding this contract. The accounting officer was notified of the material irregularity on 18 July 2019. The accounting officer responded by disagreeing that there was non-compliance with legislation. Based on the assessment of the written response and supporting evidence submitted, the AGSA concluded that the recommendations had not been adequately implemented. On 18 August 2021, the AGSA issued a directive to the accounting officer in terms of section 5A (3) of the PAA to determine the amount of the financial loss and recover such loss or make progress with the recovery of the loss from the responsible person by 18 November 2021. On 8 November 2021, the accounting officer submitted a written response, which was assessed to be incomplete. On 26 January 2022, the AGSA informed the accounting officer that they were not satisfied with the progress on the implementation of the directive and remedial actions. the AGSA referred the material irregularity to the Special Investigating Unit (SIU) on 23 October 2023 for investigation.

- *Lease payments made for unoccupied office buildings:* The department made lease payments in the financial years 2015-16 to 2019-20 for unoccupied office buildings, in contravention of section 45(b) of the PFMA. The AGSA pursued various interventions, including engaging the accountability ecosystem role players on the challenges with the implementation of consequence management regarding this matter. These interventions did not yield positive results, and the AGSA decided to refer the material irregularity to the Public Protector South Africa (PPSA) on 24 October 2023. The matter remains under investigation.

- *Unfair award for the supply of fuel:* In July 2019, the department awarded a contract worth R13,9 million for the supply and delivery of fuel to a supplier using evaluation criteria that differed from those stipulated in the original request for quotations. The AGSA referred the material irregularity to the Directorate for Priority Crime Investigations (DPCI) (the Hawks) on 15 November 2021 for investigation. The matter remains under investigation.

- *Medical equipment at 2 Military Hospital not utilised:* Medical equipment procured as part of the turn-key project at 2 Military Hospital were not utilised. This includes the cardiovascular theatre unit that cost R13,70 million that was procured and installed in 2018 and six renal dialysis units that cost R2,33 million that were procured and installed in 2019. The actions taken by the accounting officer to implement the recommendation are deemed appropriate and have addressed the recommendation. However, the matter is still under investigation by the Public Protector, and the AGSA will continue to follow-up and report on the progress with this investigation.

- *Unused medical equipment at 1 Military Hospital:* The department procured medical equipment in March 2011 as part of the refurbishment project at 1 Military Hospital and this medical equipment has not been used since acquisition due to the incomplete refurbishment of the first floor. The operational lifespan of the medical equipment valued at R20,80 million had elapsed and no alternative means were used to derive value from it. The accounting officer subsequently provided a written response on the implementation of the recommendations on 5 March 2025. The AGSA requested additional information to enable them to conclude on the appropriateness of the actions being taken. The AGSA received a supplementary response on 8 April 2025. Based on the assessment of the written response and supporting evidence submitted, the AGSA concluded that the recommendations had not been adequately implemented, and the material irregularity had not been addressed. The AGSA was in the process of deciding on the further action to take.

Project Thusano/Kgala

On 12 March 2025, the PCDMV resolved that "the AGSA should return to provide a briefing on the assessment and value-added audit Project Kgala as soon as its initial audit is complete". This stems from the previous findings by the AGSA that all expenditure under Project Thusano (the precursor to Project Kgala) be classified as Irregular Expenditure.

Key findings related to Project Kagla presented to the Committee on 7 October 2025:

- The department did not provide a thorough market analysis that was done prior to the conclusion of contract [TR 16A6.4].
- There was no delegation by the accounting officer to commit to the contract [TR 8.2.1].
- There was no declaration of interest [TR. 16A8.3(d)].
- There was insufficient evidence that services could not be provided by any other service provider to support the deviation.
- The cost benefit analysis was not done and the full cost of the project was not disclosed (i.e. supplementary costs).

7. COMMITTEE OBSERVATIONS: DEPARTMENT OF DEFENCE

The Committee made the following general observations on the 2024/25 Annual Report:

a) The Committee highlighted the poor state of the border fence, which impacts the SANDF's ability to fulfil its border-safeguarding functions.
b) The Committee noted the deterioration of technology and equipment amid the changing nature of threats.
c) The Committee noted with concern that there has been no improvement in the audit opinion of the Department.
d) The Committee noted with concern the shortage of body armour, boots, and tents. It further enquired whether the SANDF has procured any newly developed body armour. The Committee noted the response that procurement for the outer years of the Medium-Term Expenditure Framework (MTEF) is complicated.
e) The Committee noted that the Department overspent on Compensation of Employees (CoE) in 2024/25, which raises questions on how this overspending will be funded and addressed. The Committee cited an example from its recent oversight visit of 21% of personnel at 15 SAI being considered "additional to the structure" awaiting pensions and noted that this contradicts the Department's claims of underfunding. It also highlighted that such overspending leaves only a small proportion available for capital

acquisition. The Committee noted the response that the Department and National Treasury will brief it on 5 November 2025, and that the proposed Early Retirement Incentive could help alleviate the problem. The Committee further noted that the Department's overall "additional to structure" figure is approximately 10%, with a policy now in place to reduce this to 2%, and that a new Force Design is included in the Journey to Greatness document.

f) The Committee noted various policy documents in development, but lamented the slow progress in finalising these documents, including by Cabinet. The Committee noted that it has not been in a position to analyse these documents and that there is an urgent need for them to be introduced to Parliament. It was noted that the documents are being finalised for submission to the National Security Council.
g) The Committee noted that flying hours and sea hours remain significantly below target and called for interventions with clear timelines to improve performance in this regard.
h) The Committee observed during its recent oversight visit that SANDF members appeared demoralised by the fact that other SADC nations operate advanced technology and equipment—often sourced from South Africa—while SANDF assets remain outdated.
i) The Committee noted that two material irregularities recorded by the Department relate to Project Thusano, with more than R1.5 billion in unresolved irregular expenditure. The Committee further noted that preliminary audit findings on Project Kgala remain similar to those of Project Thusano, undermining South Africa's employment figures and industrial base.
j) The Committee noted Project Zingiza, undertaken in collaboration with China, and requested clarity on whether regular procurement processes were followed. It was noted that the project launch has not yet been finalised and remains classified.
k) The Committee highlighted the need for a clear roadmap towards achieving a clean audit for the Department.
l) The Committee sought clarity on consequence management within the Department, including actions taken against individuals and companies that have been blacklisted. The Auditor-General of South Africa (AGSA) identified this as a priority, especially given delays in finalising Boards of Inquiry.
m) The Committee highlighted the need for an integrated procurement system with the necessary security features to ensure accountability, along with a reduction in the number of uniformed members in the procurement process. It noted that a study report on this matter exists and expressed hope that the project will be funded to enable a transition to an open-tender process.
n) The Committee noted the need for the AGSA to be enabled to fulfil its audit responsibilities over the Special Defence Account.
o) The Committee noted with concern the significant increase in travel and subsistence expenditure in recent years, particularly in the context of persistent funding shortages within the SANDF.

8. COMMITTEE RECOMMENDATIONS

Based on its analysis and overview of the 2024/25 Annual Report as well as the Committee's continued oversight of the DOD, the Committee makes the following recommendations:

Recommendations to the Minister of Finance:

a) The Committee has noted that the current procurement processes often have a negative impact on SANDF operational momentum during military operations. For example, the procurement of tyres and basic provisions for border safeguarding operations often take weeks or even months, impacting on the SANDF's ability to conduct operations. As part of the development of regulations on procurement, the Committee urges National Treasury to accommodate procurement suited to miliary operations sanctioned under the Constitution or Defence Act.
b) The Committees remains highly concerned about the state of the SA Air Force's fighter capability. Of further concern is the potential loss of capability of the fighter fleet in the near future should intervention not be forthcoming. The Committees therefore recommends thorough engagement between the SANDF (SA Air Force) and National Treasury to ensure the provision of ring-fenced funding for the maintenance of, at the very least, a minimum viable fighter capability, as advised by the SA Air Force Command Council, over the medium-term.
c) Flowing from its oversight visit, the Committee recommends that the Minister of Finance and National Treasury, in consultation with the Minister of Defence and Military Veterans, prioritise the allocation of funding to increase SANDF border safeguarding deployments from the current 15 sub-units to the targeted 22 sub-units. The DOD should develop a priority list of safeguarding units so that those most in need can be supported first. This recommendation is made in the context of the reduction in foreign deployment commitments, which provides an opportunity to reallocate human resources towards strengthening national border security. The DOD should therefore funds this from within its existing CoE allocation. Effective border safeguarding directly supports the implementation of the Medium-Term Defence Programme (MTDP) Strategic Priority 3: Effective Border Security, identified as one of the 12 strategic outcomes for the defence sector. The Committee therefore urges that funding provisions be made to **progressively implement the expansion from 2026/27**, to ensure that the SANDF can fulfil its constitutional mandate to safeguard the territorial integrity of the Republic, curb cross-border crime, and enhance national security.
d) In addition to the above, National Treasury should consider the continued ringfenced funding of border safeguarding technology (in addition to the funding supplied for vehicle acquisition) as a force multiplier for border safeguarding deployments.

Recommendations to the Minister of Defence:

a) The Committee recommends engagement between the DOD, the AGSA and the State Security Agency (SSA) to ensure that the AGSA is enabled to fulfill its audit functions over the Special Defence Account (SDA). The Committee will also write to the Joint Standing Committee on Intelligence to provide oversight of the matter and provide feedback to the PCDMV.
b) The Committee will engage the Joint Standing Committee on Defence to arrange a closed session for a discussion on the Policy documents currently with the National Security Secretariat since June 2025.
c) The Executive Authority must ensure that a credible Asset Register is submitted timeously to the AGSA. Written confirmation that this has been done must be sent to the Committee by **30 November 2025**.

d) The Committee expressed its frustration and displeasure at the unacceptable lack of basic equipment for soldiers, especially those being deployed. Quality boots, uniforms, bullet proof vests, weapons and serviceable vehicles should be the minimum requirement for any military force. The Committee therefore insist on a 'back to basics' approach, with a funding reprioritisation by the DOD to focus on the absolute essential tasks and equipment provision.
e) The Committee noted the AGSA findings on Project Thusano and that similar findings were made on Project Kgala, therefore declaring Project Kgala as irregular expenditure. It is unclear whether the DOD submitted a formal dispute on the audit findings on Project Kgala with Treasury within the stipulated timeframe. If it remains that Project Kgala contains irregular expenditure it should be terminated with immediate effect and appropriate disciplinary actions should be taken against officials who allowed these irregularities. The Department should submit the status of Project Kgala and a decision on the way forward to the Committee in writing by **30 January 2026**.
f) The Minister of Defence and/or Chief of the SANDF should provide the PCDMV with consequence management action plans related to the more than R1.5 billion spent on Project Thusano that was considered to be irregular expenditure according to the AGSA.
g) The Chief of the SANDF should submit a written action plan to the Committee indicating how consequence management among SANDF members will be improved. Specifically, the plan should indicate how Boards of Inquiry will be improved given the current delays experienced by such Boards. This should be submitted to the Committee by **30 January 2026**.
h) The Department should provide the Committee in writing of the details, scope timelines and projected costs of Project Zingiza. This should be submitted to the Committee by **30 November 2025**.
i) The Department should provide the Committee with a plan with timelines for implementation and funding requirements for an integrated electronic procurement system and integrated logistics management system. This should be submitted to the Committee by **30 January 2026**.
j) In light of the rising Travel and Subsistence (S&T) costs, the Department should submit the total S&T cost per military mission for the 2024/25 financial year. In addition, S&T payments for all SANDF overseas travel should be provided. This should be submitted to the Committee by **30 January 2026**.
k) The Department should provide the Committee with an update on all outstanding payments to soldiers deployed as part of Operation Thiba. This should be submitted to the Committee by **30 November 2025**.

Political Parties reserving their rights on the Report:

- The Economic Freedom Fighters (EFF) reserve their right on the Report.

Report to be considered.

4. BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON THE 2024/25 ANNUAL REPORT OF THE CASTLE CONTROL BOARD (CCB) AND ARMSCOR, DATED 30 OCTOBER 2025.

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered the 2024/25 Annual Report of the Castle Control Board (CCB) on 28 October 2025, and the 2024/25 Annual Report of Armscor on 29 October 2025, reports as follows:

1. INTRODUCTION

1.1 Mandate of the Committee

The PCDMV is mandated to oversee the Department of Defence and Military Veterans (DODMV) and its entities – namely the Armaments Corporation of South Africa (ARMSCOR), the Castle Control Board (CCB), and DENEL to ensure that the entities fulfil their mandates through the monitoring of the implementation of legislation and adherence to policies. These policy guidelines assist the Committee in its oversight activities.

1.2 Purpose of the BRR Report

Section 5 (2) of the Money Bills Procedures and Related Matters Amendment Act (Act 9 of 2009) allows for each Committee to compile a Budgetary Review and Recommendation Report (BRRR) which must be tabled in the National Assembly. Section 5(3) provides for a BRRR to contain the following:

a) an assessment of the department's service delivery performance given available resources;
b) an assessment on the effectiveness and efficiency of departments uses and forward allocation of available resource; and
c) recommendations on the forward use of resources.

In October of each year, parliamentary portfolio committees compile a BRRR that assess performance given available resources; evaluates the effective and efficient use and forward allocation of resources; and makes recommendations on the forward use of resources. The BRRRs are also source documents for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process.

PART A: CASTLE CONTROL BOARD (CCB)

1. DESCRIPTION OF CORE FUNCTIONS OF THE CASTLE CONTROL BOARD

The mandate of the Castle Control Board (CCB) is derived from the Castle Management Act, 1993 (No. 207 of 1993) which requires it to preserve and protect the military and cultural heritage of the Castle of Good Hope (CGH), South Africa's oldest architectural structure - on behalf of the Minister of Defence and Military Veterans. Both the National Heritage Resources Act (No. 25 of 1999) and the Defence Endowment Property and Account Act (No. 33 of 1992) also cover certain aspects of the mandate. This Report will focus on the following:

- An overview and Assessment of Financial Performance with specific reference to the appropriation statement for the financial year; financial statements; and findings of the Auditor General of South Africa (AGSA).
- An overview and Assessment of Programme Performance focusing on the four Programmes.
- CCB Governance and Human Resources.
- Committee observations and recommendations.

2. CCB CONTRIBUTIONS TO NATIONAL IMPERATIVES

Over the 2020–2025 MTSF period, the CCB supported the government's priorities, ultimately aligning with the National Development Plan (NDP), Vision 2030, and the NDP's 5-year Implementation Plan. The CCB management aims to ensure that CCB strategies align with the National, Provincial and Local Government Planning Cycle. The 5-year Implementation Plan was aimed primarily to focus on job creation, poverty reduction, and reducing inequality. In support of the NDP's Vision 2030 and its 5-year Implementation Plan, as well as the Government's Apex priorities outlined in the Revised 2019-2024 Medium-term Strategic Framework (MTSF), the CCB contributes directly and indirectly.

The CCB has addressed the following MTSF Pillars in its Annual Performance Plan for 2024/25:

- MTSF Pillar 1: Achieving a more capable state.
- MTSF Pillar 2: Driving a strong and inclusive economy.
- MTSF Pillar 3: Building and strengthening the capabilities of South Africans.

3. SUMMARY OF PREVIOUS RECOMMENDATIONS OF THE COMMITTEE

The Portfolio Committee, after considering the 2023/24 Annual Report of the CCB, made the following recommendations in its BRRR:

a) The Committee recommends that the CCB addresses irregular expenditure and that it once again achieves a clean audit in 2024/25.
b) The Committee notes the recovery in tourist numbers, but views this as not aligned to the broader tourism recovery in Cape Town. The Committee recommends that the CCB expands the marketing of the Castle as a tourist destination and involve other role-players such as the City of Cape Town, the Department of Tourism, and Tourism South Africa in these efforts.
c) The Committee welcomed efforts to address the matter of the informal settlement outside the Castle. The CCB should provide the Committee with written feedback on progress in this regard by 30 November 2024.

d) The Committee recommends that the CCB ensures that measures are in place over the MTEF to ensure that the Castle can function optimally without a transfer from the DOD.
e) The Committee recommends further engagement between the Castle, the City of Cape Town, the South African Police Service and other role-players to enhance the safety of tourists at the Castle.

4. OVERVIEW AND ASSESSMENT OF FINANCIAL PERFORMANCE

4.1 Financial performance for 2024/25

As was the case in the case in the past two financial years, the CCB recorded significant underspending in the 2024/25 financial year. However, this underspending is against a significantly higher budget than actual revenue generated. The under-expenditure for 2024/25 is R7.725 million (R1.646 million in 2023/24). The actual amount generated by the Castle in 2024/25 is R11.611 million (inclusive of the R6 million DOD grant) while expenditure was R11.062 million. This leaves a surplus of R549 000 for 2024/25. The Castle CEO noted that this will be used for investment in much-needed programmes such as the repainting and fencing of the Castle.

In terms of expenditure, the most significant factor relates to *over-expenditure on the Administration programme* against the budget for the programme (R635 000). This over-expenditure is the first such in recent years and must be addressed as over-expenditure on administration may result in reduced expenditure on other key areas such as maintenance and marketing.

Furthermore, there was a marked increase in spending on the Programme related to increasing the Castle's public profile. Spending increased from R246 000 in 2023/24 to R431 000 in 2024/25.

	2022/23		**2023/24**		**2024/25**		
	R'000 (*R thousand*)						
	Budget	Actual Expenditure	Budget	Actual Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Administration	8 957	7 441	9 360	7 933	***8 857***	***9 492***	***(635)***
Preservation and protection	700	639	732	824	***9 024***	***1 075***	***7 949***
Tourism Promotion	90	22	94	32	***156***	***64***	***92***
Increased public profile	258	257	269	246	***750***	***431***	***391***
Total	**10 005**	**8 359**	**10 455**	**9 035**	***18 787***	***9 035***	***7 725***

Table 1: Budget for 2022/23 to 2024/25

Given the requirement for an annual grant of R6 million to the Castle, there is a clear need for the Castle to focus on increasing its revenue generation. This will enable the Castle to, once again, become self-sufficient as in the past where it did not require funding from the DOD. Table 2 below highlights the revenue generation of the Castle over the past 3 financial years. There was an increase in financial assistance from the DOD from R5.5 million in 2021/22 to R6.0 million in 2022/23. This has remained in place despite underspending.

Furthermore, the Castle can be commended from increasing sales (R3.283 million) well beyond the estimated income (R2.828 million). However, rental income has decreased steadily from R1.910 million in 2022/23 to R1.256 million in 2024/25. Healthy increases in 'other income' and interest earned can also be noted.

Source of revenue	2022/23		2023/24		2024/25	
	Estimate	Amount collected	Estimate	Amount collected	Estimate	Amount collected
Sales	2 559	2 507	2 907	2 697	**2 828**	**3 283**
Rental income	1 212	1 910	1 260	1 483	**1 047**	**1 256**
Other income	74	441	117	406	**520**	**489**
Interest income	160	293	171	359	**310**	**583**
Grant	6 000	6 000	6 000	6 000	**6 000**	**6 000**
TOTAL	**10 005**	**11 151**	**10 455**	**10 945**	**10 705**	**11 611**

Table 2: Revenue 2022/23 - 2024/25

4.2 Findings of the Auditor-General of South Africa

The Castle received an *unqualified audit with findings* from the Auditor-General of South Africa (AGSA). The AGSA draws the attention of Parliament to the following matters:

- Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1) (b)(i) of the PFMA.
- Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.
- Deficiencies in effective implementation of compliance monitoring controls to ensure compliance with key applicable legislation as this resulted in the non-compliance with key requirements of the PFMA, supply chain management policy and irregular expenditure being incurred. This is primarily due to inadequate understanding and interpretation of relevant requirements of the applicable legislation, particularly in instances involving largescale procurement.

5. OVERVIEW AND ASSESSMENT OF PROGRAMME PERFORMANCE

The CCB set a number of targets in its APP for 2024/25 for its various programmes. The sections below provide an overview of performance focus areas, specifically where targets were not met.

Programme 1: Administration

The CCB achieved all its targets for Programme 1 (Administration), excluding the target to reduce **irregular expenditure**. This is an improvement on the previous year where one target was not achieved. Noteworthy is, however, that the 'Percentage of significant prior year audit findings resolved', where a 90% target was achieved.

Some of the key targets achieved in Programme 1 include the following:

- Two policies approved (Leave Policy and Absenteeism Policy).
- 90% of preceding audit findings resolved (compared to 85% in the preceding year).
- Annual Report and Annual Performance Plan (APP) submitted timeously.
- The CCB's four Quarterly Reports were submitted on the DPME system.
- CCB CEO performance agreement submitted to the Board for approval.
- CCB Members' performance agreements submitted.
- The CCB did not incur fruitless and wasteful expenditure.
- 100% of invoices paid within 30 days of receipt.

Programme 2: Maintenance and conservation of the Castle

The CCB achieved all its targets for Programme 2. The significant over-achievement on targets in 2024/25 can largely be ascribed to the availability of the 5 Regional Works Units (Western Cape) artisans. Some of the targets include the following:

- 87 preventative and regulation maintenance projects completed against a target of 8 (9 achieved in the preceding year).
- Four tangible heritage projects implemented.
- 92 non-commercial cultural events hosted against a target of 15.
- 13 exhibitions hosted against a target of six.

Programme 3: Maximising the Castle's tourism potential

The CCB achieved all six of the eight applicable targets set for Programme 3. Two targets set were not applicable to 2024/25 and will only come into effect in 2025/26. Achieved targets included:

- Achieving 137 296 visitors to the Castle against a target of 130 000.
- 30 Commercial events held at the Castle against a target of 30.
- 22 Film and fashion shoots at the Castle (down from 42 in the preceding year).
- Two tourism infrastructure upgrades.
- Two joint marketing initiatives undertaken.

Programme 4: Increased public access to the Castle

The CCB achieved all four targets set for Programme 4 which included the following:

- Reaching 1.96 billion number of potential visitors through the media.
- The Castle hosted 26 student interns (up from 13 in the preceding year).
- The Castle hosted 46 heritage educational programmes organised for women, unemployed youth, disabled and traditional communities.
- The Castle hosted 17 heritage programmes organised for Military Veterans.

6. HUMAN RESOURCES

The CCB's 2024/25 Annual Report starts with the exact same summary of its Human Resources concern as in the previous Annual Reports (2021/22 and 2022/23). The two Annual Reports note that "*Traditionally the Human Resources component of the CCB has been both its Achilles heel and strength. On the one hand, its historical reliance on DOD-remunerated staff assigned to the Castle has led to significant savings …but on the other hand, it attracted the ire of [National Treasury] and the AGSA and delayed any decisiveness as to the ultimate civilian management structure of the CCB.*"[1] The 2023/24 Annual Report then provided an update by stating that "the Board has now successfully resolved this matter but remains on the back foot with the departure of three managers and two other staff members. The recruitment drive to replace at least two positions started towards the end of the financial year."[2] The 2024/25 Annual Report also repeated this section and thus provided no update on the recruitment of three managers.

By the end of 2024/25, the CCB Management team included **26 full-time** CCB-remunerated staff members, which is the same as in the previous year. In addition, there are 41 casuals and short-term contract workers which is an increase from the 28 of 2023/24. There are currently three vacancies at the senior management level, which remain from the previous two years. The CCB notes that it "has made temporary internal appointments to fill the three management positions." However, the reasons for multi-year delays in appointing senior managers remain unclear.

Four employees received training in 2024/25. No performance bonuses were paid to staff at any level in 2024/25. In terms of labour relations, one verbal warning and eight written warnings were issued to staff. Finally, in terms of equity, there are 17 males and 8 females on staff at the Castle.

7. COMMITTEE OBSERVATIONS: CASTLE CONTROL BOARD

The Portfolio Committee made the following Observations on the 2024/25 Annual Report of the CCB:

a) The Committee questioned the statements in the CCB Annual Report regarding the marketing reach of 1.9 billion people, noting this as an unlikely achievement.
b) The Committee raised its concern regarding the lack of funding for critical infrastructure maintenance for this heritage building. The Committee noted that the Castle is currently developing a commercialisation plan to increase revenue generation.
c) The Committee expressed its concern about the audit findings that some goods were not procured in compliance with the PFMA and Treasury Regulations.
d) The Committee questioned whether the Castle could raise additional funds for maintenance through other structures such as the National Lotteries Commission or international bodies that sponsor heritage sites.

[1] CCB Annual Report (2022) p. 41; CCB Annual Report (2024) p. 46
[2] CCB Annual Report (2024) p. 46

e) The Committee noted that the CCB will meet in the coming weeks on the approach to the application for the UNESCO World Heritage Status.
f) The Committee noted that the Castle has not yet reached the tourism levels it achieved prior to 2019. The Committee also noted observations that safety and security has had an impact on these figures.

8. COMMITTEE RECOMMENDATIONS: CASTLE CONTROL BOARD

The Portfolio Committee, after considering the 2024/25 Annual Report of the CCB, makes the following recommendations:

a) The CCB should submit its marketing report to the Committee **by 15 November 2025**.
b) The Committee encourages the CCB to ensure that it receives a clean audit report for 2025/26 and beyond.
c) As in the previous year, the Committee recommends further engagement between the Castle, the City of Cape Town, the South African Police Service and other role-players to enhance the safety of tourists at the Castle.

PART B: ARMSCOR

1. INTRODUCTION

1.1 Description of core functions of Armscor

The Armaments Corporation of South Africa SOC Ltd (Armscor) was established in terms of the Armaments Production and Development Act (No. 57 of 1968) to satisfy the requirements of the South African National Defence Force (SANDF) in respect of Defence Matériel. Parliamentary oversight of Armscor aims to strike the balance between corporate efficiency/sustainability and effective service delivery to the SANDF.

2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

2.1 The National Development Plan and Key Outputs

Armscor actively aligns its planning and initiatives with South Africa's National Development Plan (NDP), Vision 2030, contributing to several key areas of national development. Armscor enhances South Africa’s innovative capabilities through research, technological advancement, and fostering collaboration between public service and technology institutions. Additionally, it supports domestic industry and job creation through strategic procurement, particularly focusing on small and medium enterprises (SMMEs), black-owned businesses, and enterprises led by women, youth, and military veterans. In line with the United Nations Sustainable Development Goals (SDGs), Armscor indirectly supports SDG 16 by promoting peaceful societies and effective institutions, SDG 4 through bursary programs for disadvantaged communities, and SDG 5 by adhering to its Employment Equity Policy.

Armscor's sustainability strategy was designed to respond to changing client needs, growing demand to improve developmental impact, persistently challenging economic conditions and an increasingly competitive environment. The strategy aligns with global trends, which have seen the world reviewing its purpose and mission to increase its developmental impact. Armscor's Strategy is informed by:

- A sense of urgency in delivering effective and efficient services to Armscor's clients.
- Positive relations between Armscor and its stakeholders.
- Providing a strategic pull towards which Armscor's employees can aspire.
- A well-founded partnership between Armscor and the industry.
- The need to meet the policy and other directives of the shareholder.
- The drive to extract commercial value from Armscor's role as a technology and acquisition expert in Africa and beyond.

2.3 The Medium Term Strategic Framework (2019 - 2024)

The Governmental MTSF Outcomes, to which the DOD will contribute, is supported by Armscor in the following ways:

- *MTSF Priority 1: A Capable, ethical and developmental state.* Armscor will contribute by ensuring improved governance and accountability through compliance to regulatory frameworks, continuing to fight corruption and fraud through internal control measures, to support other government departments and its people in pursuit of South Africa's developmental agenda.
- *MTSF Priority 2: Economic transformation and job creation.* Armscor will contribute through sustainable acquisition of weapons systems and local procurement of goods and services.
- *MTSF Priority 3: Education skills and health.* Armscor will contribute through the provision of internal and external higher education, skills development opportunities and creating foreign learning opportunities.
- *MTSF Priority 4: Consolidating the social wage through reliable and basic services.* Armscor will contribute by promoting peaceful and inclusive societies for sustainable development.
- *MTSF Priority 6: Social cohesion and safer communities.* Armscor will contribute through its contribution to border safeguarding, cooperation with the South African Police Service (SAPS) and support to other Government Departments.
- *MTSF Priority 7: A better Africa and a better world.* Armscor will contribute by supporting the DOD's participation in external operations in support of UN and AU peace missions and other regional peace initiatives.

3. 2023/24 BRRR RECOMMENDATIONS

During the previous BRRR process, the PCDMV made the following recommendations to the Minister of Defence as well as to the Armscor Board:

a) Armscor should provide the Committee in writing with an update on the contracting for the refit of the first submarine.
b) Armscor should provide the Committee in writing with a status update on the refit of the SA Navy frigate.
c) Armscor should provide the Committee in writing with a status update on Project Hotel.
d) The Committee recommends more frequent engagements between the DOD and Armscor on the status of the Armscor Dockyard to ensure that it functions optimally and provides the required services to the SA Navy.
e) The Committee recommends increased strategic meetings between the DOD, Armscor and Denel regarding Denel's service delivery to the SANDF and for more urgent executive decisions to be taken on the way forward in cases where Denel does not have the capacity to deliver on SANDF requirements.
f) Armscor is encouraged to engage the City of Tshwane and other relevant role-players to address the issue of encroachment on the Gerotek facility.

4. OVERVIEW OF THE 2024/25 ARMSCOR PERFORMANCE

4.1 Acquisitions

Acquisitions for the SANDF and other government departments reflect Armscor's core function but remain, as in recent years, under pressure due to limited funding available to the DOD to engage in capital acquisition.

The acquisition responsibility of Armscor can be broadly classified into two main categories being, capital acquisition (funded by the DOD's Strategic Defence Account (SDA) and system support and procurement (funded by the General Defence Account (GDA)). Capital acquisition entails projects that cater for technology development, directed systems development, and the subsequent production of new defence matériel, while system support and procurement involves operating procurement, maintenance and support of existing equipment and systems.

In the 2024/25 financial year, Armscor managed and executed contracts worth R19.449 billion (an increase from the R18.527 billion in 2023/24), including the following:

- Maintenance and support contracts worth R6.719 billion (compared to R5.658 billion in 2023/24).
- Capital acquisition contracts managed worth R12.730 billion (compared to R12.869 billion in 2023/24).

Note from 2024 Annual Report: The funding allocation for projects on the SDA (Capital Budget) has continually been decreasing over the past five years. Although the capital acquisition portfolio appears to be relatively high, the bulk of this portfolio's **R10,498 billion**

comprises multi-year Denel orders of which the order values have been accumulating over the past number of years due to **non-expenditure** on those orders.[3]

Note from the 2025 Annual Report: In response to the DOD's diminished budget, Armscor has shifted its focus from large capital projects to the **maintenance, life extension, and rapid acquisition of capabilities**, supported by an upgraded Defence Acquisition Handbook and a more agile procurement process.[4]

A number of projects or sub-projects were successfully completed, and new capabilities were delivered to, and taken into operation by, the SANDF:

Hydrographic vessel procurement (Project Hotel): Construction was set to start in 2018, and a steel-cutting ceremony was hosted on 30 November 2018. Durban-based Southern African Shipyards (SAS) is the main contractor for Project Hotel to supply the SA Navy with a new hydrographic vessel and ancillary equipment. The Project has had some delays due to *Force Majeure* claims related to Covid-19, flooding, and civil unrest. At the end of 2023/24, it was noted that the project is experiencing challenges, and this has an impact on the contracted schedule, but Armscor is engaging with the contractor and sub-contractors to resolve the challenges. **Limited progress is reflected in the 2024/25 Annual Report** with Armscor noting that "The project is facing challenges, which are impacting the schedule. However, Armscor has engaged with the main contractor, and a revised strategy is currently being formulated to map a recovery plan in the form of a Project Execution Plan."[5]

Inshore Patrol Vessels (IPVs) (Project Biro): With all three vessels supported, Armscor noted by the end of 2024/25 that the logistic support elements are still being delivered progressively for each vessel. The MMIPV project is entering its final interim support phase and is progressing under the contracted functional performance and cost.

Airborne systems: Short-range air-to-air missiles: This project entails the development of the A-Darter short-range air-to-air missile, co-funded by the Brazilian Air Force and the SA Air Force. The development phase of the missile system was completed by Denel. Completion of the development phase of the missile furthermore signified the end of the co-operation with the Brazilian Air Force on the development programme. A contract was then placed with Denel in March 2015 for the industrialisation and subsequent production of A-Darter missiles, but this has not been achieved due to constraints at Denel. In 2022/23, Armscor launched an initiative to investigate the possible reviving of the project. Armscor found that it is feasible to complete the industrialisation and production of the missiles to meet the requirement of the SA Air Force. This could be pursued by following a completely different and unique contracting model and with greater participation from the local defence industry. In 2023/24 it was then decided to rather remain with Denel given its improvements in finance and manpower. *The 2024/25 Annual Report notes that the project almost came to a complete stop during the financial year.*

[3] Armscor (2024) p. 38.
[4] Armscor (2025) p. 50
[5] Armscor (2025) p. 52

Ground Based Air Defence System (GBADS): The GBADS for the SA Army was delivered to the Air Defence Artillery Formation in 2020/21 and it provided for the refurbishing of the radar-guided system 35mm guns of the Air Defence Artillery Formation. The second phase of the GBADS consist of two steps. Step 1 includes the upgrade of the Gun Fire Control System of the 35mm Anti-Aircraft guns and was completed in 2021/22. Step 2 relates to the inclusion of the Missile Short Range Air Defence system capability. The next phase of the GBADS programme addresses the Design and Development of the Battle Management, Command and Control, Communications, Computers and Information integration within the Mobile Air Defence System Regiment. The 2022/23 Annual Report noted that the Product Baseline development of this system was set to be completed by April 2024. Yet, the 2023/24 Annual Report notes that this deadline had shifted to August 2024. The 2024/25 Annual Report notes that the next phase of the GBADS programme is currently in process and should be completed with the establishment of a verified product baseline, which has been delayed to the end of June 2025.

New Infantry Combat Vehicles (Project Hoefyster): This project provides for a New Generation Infantry Combat Vehicle Products System to replace the Ratel Infantry Combat Vehicle that has been in service since circa 1976. The project entails acquisition of five combat variants including logistic support and ammunition. The Project is significantly behind schedule (by more than 10 years) due to capacity constraints at Denel. In 2023/24, it was indicated that the Project Control Board recommended that Phase 1 (development) of Project Hoefyster be completed with delivery of 1 Battalion comprising of 88 Vehicles to the SA Army with the funding available. The estimated new Phase 1 completion dates (at Denel) are highlighted below as reported on over the past 2 years:

Variant	**Baseline date (2023/24 Annual Report)**	**Baseline date (at Denel) (2024/25 Annual Report)**
Section Variant	30 September 2024	31 May 2025
Fire Support Variant	30 November 2024	31 July 2025
Command Variant	31 May 2026	31 January 2027
Missile Variant	31 Sept 2025	31 January 2027
Mortar Variant	30 June 2026	28 February 2027
All Variants ILS	15 December 2026	31 August 2027

4.2 Defence Industrial Participation

Defence Industrial Participation (DIP) relates to the obligation of a foreign supplier to reciprocate defence related business in South Africa as a result of a Defence acquisition. Armscor managed 15 such agreements of which 14 relate to defence acquisition projects. Only one of the current DIP agreements are not related to the military (related to a SAPS pistol acquisition project). The value of DIP credits being managed remained the same as the previous financial year and comes to a total of R23.305 million. Outstanding DIP obligations are as follows (and remained the same as in the 2023/24 financial year):

- DIP agreements related to the Strategic Defence Packages (1): R0

- DIP agreements related to ongoing defence projects (15): R407 million
- DIP agreements related to the SAPS (1): R14 million

4.3 Research and Development

The bulk of research and development services took place at Research and Development Facilities such as the *Gerotek and Alkantpan* test facilities as well as *Hazmat protective systems.*

Alkantpan is a munitions test range in the Northern Cape Province and attracts a number of local and international clients. Several international and domestic clients perform tests at the facility. The highlights for 2024/25 financial year include a weapons capability demonstration hosted by European and Asia-based clients. These included the execution of insensitive munition tests, such as slow cook-off tests, for the first time since 2019.

Hazmat produces respiratory equipment for military and commercial purposes. The demand for military respiratory products diminished and Hazmat successfully transformed the business from only supplying the DOD with Chemical and Biological Warfare filters to a range of commercial Personal Protective Equipment products, which are sold to the safety industry. Hazmat has managed to increase sales by approximately 17% on a year-on-year basis, with an increase in sales on most of the products, including the latest developed products that were added to the product range. Hazmat has continued to make significant progress in recovering from the liquidation of one of its major clients

Gerotek*:* Gerotek Test Facilities was established to meet South Africa's needs to test defence-related products and to maintain key facilities, equipment, capabilities and technologies for that purpose. In 2024/25, Gerotek maintained all key international certifications while expanding its operations and visibility across multiple fronts. The addition of four new training vehicles boosted driver training capacity, enabling over 600 public servants and numerous industry professionals to receive accredited instruction. Gerotek strengthened its market presence through participation in major exhibitions like AAD 2024 and extensive media exposure via its partnership with *Cars.co.za* and regular motoring media use of its facilities. The centre hosted high-profile events, supported international automotive teams, and conducted specialised vehicle and component testing for compliance with local and export standards. Infrastructure upgrades, including advanced access control, video monitoring, and new Wi-Fi systems, further enhanced operational efficiency and client service.

Protechnik Laboratories**:** Focuses on chemical and biological defence. Protechnik is advancing its research and development in response to the evolving threat of chemical warfare agents by focusing on the analysis of chemical toxins and bio-toxins. In 2024/25, Protechnik achieved major advancements in field testing, research, and regional capacity building. Working with Flamengro, it developed and tested the **WISER chemical detection system** to strengthen the South African Military Health Services (SAMHS) response to toxic incidents, while progressing towards a new biomedical and environmental analysis methods. The organisation secured a landmark **Biosafety Level 3 certification** for South Africa's first mobile chemical and biological laboratory, enhancing national and international readiness. Cutting-edge research included **UAV-based chemical detection**, graphene nanomaterials for electrochemical sensing, and innovative filtration systems using carbonised orange peels. In parallel, Protechnik expanded its **training and analytical support** to industry and African scientists, reinforcing both public protection and regional scientific capability.

Ergonomics technologies (Ergotech)**:** Focus on integrating ergonomics into the SANDF. During 2024/25, Ergotech advanced its research and innovation in soldier performance, protection, and ergonomics. New **physiological monitoring equipment** now enables real-time health tracking of soldiers in the field, while a **new body armour prototype** was developed to improve protection levels for the SANDF. The institute expanded its research capacity through **machine learning applications** for facial recognition and equipment design, upgraded **virtual reality tools** for SANDF training, and introduced **eye-tracking technology** to study workload and situational awareness. Progress in **biomechanical modelling** and ergonomic assessments is informing the fitment of soldiers in vehicles and protective gear, while ongoing database development supports evidence-based specifications for uniforms, boots, and other wearables to enhance performance and reduce injury.

Flamengro: In 2024/25, Flamengro expanded its research and testing capacity through major technological and scientific advancements. The establishment of a **Dynamic Calibration Laboratory** with a new universal testing machine significantly enhanced its ability to test soft materials and plastics under varied load conditions. In collaboration with Ergotech, Flamengro developed a **biomechanics finite element analysis model** focused on the human ankle, improving understanding of blast-related injuries and protective design strategies. Its **Nano-Material Research for Defence Applications** project continues to pioneer the use of graphene-enhanced polymers, metals, and ceramics for superior ballistic performance. The organisation also prioritised **skills development**, with six engineers completing advanced defence engineering courses at the University of New South Wales, reinforcing its global competitiveness in defence innovation.

Armour Development**:** Conducts defensive and reactive armour development and is funded by the Research and Development Board. In 2024/25, the division achieved significant progress in research, testing, and skills advancement. Working with the **Swedish Steel Company**, it completed the **Critical Angle Project**, firing over 8 000 shots to establish a detailed database on armour steel performance for STANAG Level 2, with plans to expand this into an industry-standard reference covering medium-calibre ammunition. The division experienced renewed demand for **specialised ballistic testing and qualification**, particularly for the SANDF's next-generation body armour system. In parallel, **strategic skills development** was prioritised, with two specialists completing advanced ballistic training at Cranfield University, ensuring continued excellence in armour innovation and testing expertise.

Institute for Maritime Technology (IMT)**:** The Institute provides techno-military expertise to support naval decision-making. The IMT indicated a significant concern during 2022/23 in that it had a high number of resignations in key positions that led to 17 vacancies. This may impact on the IMT's ability to deliver services, especially if it has an exodus of highly skilled individuals. In 2024/25, IMT completed planned projects from the client. Amongst others, the projects that IMT performed included the development of the baseline for the Maritime Domain

Awareness to assist the SA Navy with maritime situational awareness. IMT has continued to support the SA Navy with signature measurement for the SA Navy Multi-Mission In-shore Patrol Vessel, SAS KING SHAKA.

Intellectual Property Management Division (IPMAD): Intellectual Property (IP) created or acquired during acquisition of defence matériel or technology development projects, on behalf of the DOD, is managed by the Intellectual Property Management division (IPMAD). In 2022/23, one Armscor IP/technology was exploited, but there are no indications in the 2023/24 nor 2024/25 Annual Report that IP/technology was exploited.

4.4 The Armscor Dockyard

The Armscor Dockyard serves as the primary maintenance supplier to the SA Navy. The Armscor Dockyard's performance is based on a service level agreement between the SA Navy and Armscor.

During the PCDMV visit to Naval Base Simons Town, specific reference was made by the SA Navy to the inability of the Dockyard to perform the required maintenance. Similarly, both the DOD 2023/24 and 2024/25 Annual Reports directly state that capacity challenges at the Dockyard is a main contributing factor to naval platforms not being available. This signifies limited or no progress in addressing Dockyard shortcomings.

The projects for the financial year include:
- Docking and Essential Defects for the SAS KING SEKHUKHUNE (Inshore Patrol Vessel) is 89% completed, with the outstanding activities
- Refit SAS CHARLOTTE MAXEKE (submarine), the vessel preparation and overhaul activities have been in progress, spares being delivered are being assigned to work packages. The planning for Engineering changes is also underway. The **contracting of refit execution services is at an advanced stage** and is being finalised.
- SAS QUEEN MODJAJDI vessel preservation activities have been ongoing while the contracting is being finalised.
- Refit the Frigate SAS ISANDLWANA is in progress in Durban; the completion of the project will increase the SA Navy operational vessels. The project is aimed to be completed by the end of March 2026.

5. HUMAN CAPITAL MANAGEMENT

At the end of 2024/25, Armscor, including the Armscor Dockyard, had a staff complement of 1 386, which is higher than the previous financial year (1 350).

In terms of Employment Equity, 89.83% of the Armscor Human Resources contingent is African, Coloured and Indian, which is an increase from 89.19% in 2023/24. In terms of female representation, this figure stood at 41.49% of the total workforce. Armscor's Employment Equity Plan's target for 'black representation' as well as female representation has accordingly been achieved. The core of Armscor's business is centred within the following occupations: Science, Engineering, Technical and Technical Support (SETTS). The total number of employees within this category is currently 48,05%, which is slightly lower than the 48,67% achieved in 2023/24.

In terms of Learning and Development in 2024/25, Armscor strengthened its commitment to workforce growth by expanding learning opportunities that build a sustainable pipeline of skilled and engaged professionals. A total of 41% of employees and 63% of managers participated in various learning interventions, reflecting broad uptake across the organisation.

Armscor advanced its Leadership Development agenda to align managerial growth with its organisational culture and strategic vision. Approximately 165 managers participated in various leadership programmes designed to strengthen their capacity to drive innovation, collaboration, and performance.

In terms of Bursaries, Armscor sponsored 25 students with bursaries to study at different institutions, of which the majority were in engineering and science. This is lower than the 38 bursaries offered in 2023/24.

6. PERFORMANCE OVERVIEW

Armscor has two categories of performance measurement namely (1) *Performance against the Service Level Agreement Outputs* and (2) *Performance against Group Strategic Outputs.*

The table below highlights achievements against selected targets.

Selected Key Performance Indicators

Objective	KPI	Goal	Achievement	Comments
Performance against the Service Level Agreement Outputs				
Acquisitions and procurement	Percentage of DOD system support and procurement requirements converted into orders placed.	95%	100%	**Target achieved** DOD requirements to the value of R448,000,708 were received. Armscor committed all funds.
	Percentage execution of contracts as measured	95%	83.1%	**Target not achieved** The underperformance is mainly

Objective	KPI	Goal	Achievement	Comments
Performance against the Service Level Agreement Outputs				
	through actual cash flow on DOD orders placed.			due to the **Frigate and Submarine refits** not proceeding as planned.
Defence Industrial Participation (DIP)	Value of DIP credits to be granted to overseas suppliers.	R1.21 million	R16.25 million	**Target achieved**
Schedule placement	**Average time taken to convert DOD requirements** into **orders**	90 days for shortened process COTS items.	72 days	**Target achieved** Improvement from 80 days in 2023/24.
		120 days for non-COTS and Product Support GDA procurement.	146 days	**Target not achieved** Regression from 95 days in 2023/24.
		140 days for SDA acquisition programmes.	120 days	**Target achieved** Regression from 86 days in 2023/24.
Defence Technology, Research, test and evaluation requirements for the DOD	Percentage of execution of technology requirements.	95%	63.0%	**Target not achieved** Regression from 85.4% in 2023/24. The late order placement, which is exacerbated by human resource constraints affects the achievement of the required work and the invoicing to meet the target.
Dockyard	Percentage of compliance to project finance.	90%	84%	**Target not achieved** The majority of the Financial Authorities were approved in the third quarter of the financial year.

Objective	KPI	Goal	Achievement	Comments
Performance against the Service Level Agreement Outputs				
	Percentage of project tasking and job cards executed.	90%	72%	**Target not achieved** The performance for this objective is dependent upon the availability of spare parts and financing for their procurement for ad hoc activities. Contractor delays. **Note: The AGSA disputed the above performance noting that she "could not determine the actual achievement, but I estimated it to be materially less than reported."**
	Percentage of Ancillary Services executed.	95%	100%	**Target achieved**
Performance against Group Strategic Outputs				
Group revenue	Increase in revenue from existing facilities of Armscor R&D.	R424.7 million	R425.9 million	**Target achieved**
	Revenue generated from the Business Enablement Business Unit.	R59.1 million	R90 million	**Target achieved**
	Improve net financial position.	R88.8 million deficit	R85.7 million surplus	**Target achieved**
Infrastructure renewal	Implementation of the approved Digitisation plan	30 Sep 2024	-	**Target not achieved** The initial go-live date according to previous Annual Reports was 30 September 2023. This remains unimplemented. .

Objective	KPI	Goal	Achievement	Comments
Performance against the Service Level Agreement Outputs				
	Complete installation of a new ICT network.	30 Sep 2024	-	**Target not achieved** Procurement of the ICT Network is being completed by SCM with implementation in the next financial year.
Infrastructure renewal	Improve cybersecurity capability	80%	34.5%	**Target not achieved** The market for Cybersecurity management and technical skills is very competitive. The correctly qualified resources are in high demand.
Transformation of corporation	Controllable staff turnover in technical positions, excluding retirements	<4%%	4.91%	**Target not achieved** There were 26 (out of 529 technical positions) resignations during the reporting period.

7. FINANCIAL STATEMENTS AND KEY NOTES FROM THE AUDITOR-GENERAL

The total comprehensive income of the Group continued to decrease in recent years but has recovered steadily Armscor has maintained a surplus in recent years as depicted below:

- 2019/20: A surplus of R179.5 million
- 2020/21: A surplus of R124.3 million
- 2021/22: A surplus of R4.6 million
- 2022/23: A surplus of R148.63 million
- 2023/24: A surplus of R150.87 million
- **2024/25: A surplus of R85.75 million**

Revenue generated continues to be largely dependent on a state grant but comprises the following categories in the table below. The table reflects the continued recovery in the sale of goods and services over the past two years, which offset the reduction in government grants.

Revenue category	2021/22	2022/23	2023/24	2024/25
Sale of goods and services	R268.8 million	R276.4 million	R404.6 million	R452.0 million

Government grants	R1.257 billion	R1.270 billion	R1.217 billion	R1.173 billion
Interest	R86.2 million	R126.3 million	R167.6 million	R214.2 million
Rental	R62.7 million	R59.1 million	R59.6 million	R61.3 million
Other income	R21.0 million	R21.6 million	R24.1 million	R14.1 million

The following additional financial matters should also be noted:

- Employee-related costs increased from R1.06 billion in 2023/24 to R1.16 billion in 2024/24.
- The payment of bonuses increased from R50.3 million in 2023/24 to R73.9 million in 2024/25.
- The payment of 13th Cheques increased from R60.8 million in 2023/24 to R93.7 million in 2024/25.
- Finance costs increased from R39.8 million in 2023/24 to R47.5 million in 2024/25.
- Debt impairment costs decreased from R93.4 million in 2023/24 to R59.8 million in 2024/25.
- While the sale of goods and services increased significantly by almost R50 million in 2024/25, the cost of sales increased only marginally from R150.9 million in 2023/24 to R155.0 million in 2024/25.
- Motor vehicle leases decreased from to R147 000 in 2023/24 to R47 000 in 2024/25.
- Advertising costs increased from R7.5 million in 2023/24 to R24.4 million in 2024/25.
- The Auditor's remuneration increased from R8.0 million in 2023/24 to R9.3 million in 2024/25.

Payment to the executive directors:

- Payment to the executive director positions (CEO and CFO) increased from R9.430 million in 2023/24 to R9.932 million in 2024/25 (a 5.3% increase).

Payment to non-executive directors:

- Fees and Committee remuneration to non-executive directors ***increased*** from R8.115 million in 2023/24 to R8.529 million in 2024/25. This includes a total payment of R3.828 million in "ad hoc" fees for the Armscor Board.
- R61 000 was paid to two non-executive Military Veterans Committee Members (not part of the Board).

Payment to executive committee members:

- Payment to executive committee members increased from R18.0 million in 2023/24 to R21.2 million in 2024/25.

Fruitless, wasteful and irregular expenditure

In 2024/25, **fruitless expenditure** amounting to R10 000 was incurred (R45 000 in 2023/24). **Irregular expenditure** of R1.448 million was incurred in 2024/25, which is lower than the 3.7 million in irregular expenditure of the previous year (2023/24).

Findings of the Auditor-General of South Africa (AGSA)

The AGSA made the following notes in its Armscor audit that may require improvement on the side of the entity in future:

- **Note on the Armscor Dockyard performance** (Percentage of project tasking and job cards executed):

  An achievement of 72% was reported against a target of 90%. However, the audit evidence did not support this achievement. The AGSA could not determine the actual achievement, but estimated it to be materially less than reported. Consequently, it is likely that the underachievement on the target was more than reported. **This is the second year in which the AGSA made this observation related to the Armscor Dockyard performance.**

- **Revenue management:** Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

- **Internal control deficiencies:** Management did not exercise sufficient oversight responsibility over performance reporting and did not monitor and review the implementation of effective steps to collect all outstanding revenue due to the entity.

8. COMMITTEE OBSERVATIONS: ARMSCOR

The Committee made the following general observations on the 2024/25 Armscor Annual Report:

a) The Committee noted the reduction in the number of bursaries awarded and enquired about the reasons for this change. It was noted in response that the focus has shifted towards experiential learning through student placements at Armscor facilities to offset the lower number of bursaries.
b) The Committee enquired about the finalisation of the contract for the Submarine *SAS Charlotte Maxeke* and expressed concern about the delays in initiating the project despite the availability of funds. It was indicated that a service provider has since been appointed.
c) The Committee requested a copy of the Service Level Agreement (SLA) between Armscor and the Department of Defence (DOD).
d) The Committee sought clarity on mitigation steps taken to address concerns between Armscor and the DOD regarding the Dockyard. It was noted that an SLA was signed in June 2025 and will remain in effect until March 2028.
e) The Committee noted with concern the repeat findings by the AGSA related to consequence management. It emphasised that such matters cannot remain perpetually "under investigation". In response it was noted that consequence management processes are being implemented and that implicated individuals have been dismissed.
f) The Committee sought clarity on the recovery of irregular, fruitless, and wasteful expenditure. It was noted that recovery actions are pursued where this offers value for

money, and that applications for condonement are made in cases where recovery would not be cost-effective.

g) The Committee noted that most audit findings originate from the Armscor Dockyard and enquired about measures implemented to address these recurring problems.
h) The Committee expressed serious concern regarding Project Hotel, which has stalled, and enquired whether any penalties have been imposed as a result of delays or non-performance.
i) The Committee enquired about how Armscor ensures effective skills transfer as part of its tender and contracting processes.
j) The Committee sought clarity on Armscor's financial sustainability in the event of further reductions in the transfer allocation from the Department of Defence.
k) The Committee noted with concern the high values related to asset impairments, doubtful debts and the lack of commercialisation of intellectual property during the year, raising questions about Armscor's strategic planning and financial efficiency.
l) The Committee sought clarity on the tender process for the procurement of new border patrol vehicles for the SANDF.

9. COMMITTEE RECOMMENDATIONS

The Committee made the following recommendations based on its engagement on the 2024/25 Armscor Annual Report:

a) The Committee requested a copy of the Service Level Agreement (SLA) between Armscor and the DOD. **This should be submitted to the Committee by 30 November 2025.**
b) The Committee requests a written update on the status of Project Hotel, including Armscor's view on the capacity of the service provider to finalise the project. **This should be submitted to the Committee by 30 January 2026.**
c) The Committee requests a written report on the refit of the Submarine *SAS Charlotte Maxeke* with estimated timelines and costs for the project. **This should be submitted to the Committee by 30 November 2025.**
d) The Committee recommends that Armscor implements steps to achieve the short-term acquisition target of 90 days.
e) The Committee encourages Armscor and the SA Air Force to engage National Treasury to ensure the provision of ring-fenced funding for the maintenance of, at the very least, a minimum viable fighter capability, as advised by the SA Air Force Command Council, over the medium-term.
f) The Committee requests Armscor to submit a written overview of the awarding of the tender for the procurement of SANDF border patrol vehicles aimed at addressing concerns raised during the engagement. This should be submitted to the Committee **by 30 November 2025.**
g) The Committee will engage Armscor to receive a thorough briefing on how Armscor manages the tender processes for defence acquisition.

PART C: DENEL

Denel did not submit its 2024/25 Annual Report to Parliament but submitted a letter requesting extension for the submission. The Portfolio Committee on Defence and Military Veterans was therefore unable to engage on the matter.

- The Committee recommends that Denel submit their 2024/25 and all other outstanding Annual Reports to Parliament and present to the Committee as soon as audit process is complete.

Political Parties reserving their rights on the report:

- The Economic Freedom Fighters (EFF) reserve their right on the Report.

Report to be considered.

5. The Budgetary Review and Recommendation Report (BRRR) of the Portfolio Committee on Basic Education on the performance of the Department of Basic Education for the 2024/25 financial year, dated 28 October 2025

The Portfolio Committee on Basic Education, having considered the performance of the Department of Basic Education, reports as follows:

1. Introduction

The Portfolio Committees of Parliament compiles Budgetary Review and Recommendation Reports (BRRR) annually in terms of the Money Bills Procedures and Related Matters Amendment Act (No. 9 of 2009) which sets out the process that allows Parliament to make recommendations to the Minister of Finance to amend the budget of a national Department.

The Portfolio Committee :

i) Assess service delivery performance of department as per allocated resources.

ii) Evaluate the effective and efficient use and forward allocation of resources (value for money in services delivered); and

iii) May include recommendations to inform effective, efficient and economic use of allocated resources.

The Portfolio Committee on Basic Education assessed the performance of the Department of Basic Education and its entities (for the 2024/25 financial year) with reference to the documents cited in the report section that outlines the process .

2. Purpose of the BRRR

This report summarises presentations received from the Department and its entities focusing on the 2024/25 Annual Reports and financial statements, as well as considering the Financial and Fiscal Commission (FFC) and Auditor-General of South Africa (AGSA)'s analyses of the Basic Education sector's annual reports.

The report further details the deliberations, observations and recommendations made by the Portfolio Committee relating to the Department and entities' financial and non-financial (service delivery) performance for the 2024/25 financial year.

3. Processes followed by the Portfolio Committee in arriving at the report

To assess the performance of the Department of Basic Education and its entities for the financial year 2024/25, the Committee reviewed /analysed the following documents:

- Annual Report of the Department of Basic Education (2024/25)
- Annual Performance Plan of the Department of Basic Education 2024/25
- National Treasury 2024 Estimates of National Expenditure
- Annual Report of the Council (2024/25)
- Annual Report of the South African Council of Educators (2024/25)
- Report of the Financial and Fiscal Commission (FFC)
- Report of the Auditor-General of South Africa (AGSA)
- The 2024 State of the Nation Address priorities.

The briefings on the annual performance and financial statements of the Department and its statutory bodies took place on 7 and 24 October 2025 in Parliament. The Portfolio Committee met with the Auditor General on the audit outcomes of the Department , as well the Internal Audit Committee of the Department of Basic Education on 24 October 2024 . Prior to this engagement the Portfolio Committee met with the Financial and Fiscal Commission (FFC) and Umalusi Council on Education and SACE on 7 October

4. Strategic Overview

4.1 Basic Education Policy Priorities and Alignment with other Policy Frameworks

4.1.1 The National Development Plan (NDP), Vision 2030

The NDP's vision for 2030 is that South Africans should have access to education and training of the highest quality, characterised by significantly improved learning outcomes. The NDP sets out, inter alia, priorities, targets and actions to improve the quality of basic education. Key targets for 2030 include improved retention of learners and improved learning outcomes. Quality targets cover areas such as literacy, numeracy and the number of learners passing Grade 12 at Bachelor level.

4.1.2 The Medium-Term Strategic Framework (2019-2024)

The Medium-Term Strategic Framework (MTSF) goals are a set of government priorities to be achieved over a 5-year period and are aligned with the National Development Plan (NDP). Key goals include improving a capable and ethical state, fostering economic transformation and job creation, and developing education, and skills

4.1.3 The Department of Basic Education Five-Year Strategic Goals

The strategic goals of the Department of Basic Education (DBE) are anchored on the 2019 -2024 Medium Term Strategic Framework (MTSF) and the sector plan, - *Towards the realization of schooling 2030.* In terms of the MTSF, the DBE is responsible for Outcome 1 (Quality Basic Education) and collaborates with other Departments on Outcome 7 in respect of Infrastructure and the National School Nutrition Programme (NSNP), Outcome 13 with regard to Early Childhood Development (ECD) and Outcome 14 in respect of Fostering Constitutional Values and Promoting Social Cohesion. The overarching goal of the education sector remains to improve learner performance across all grades. The Action Plan outlined 27 goals which the Department aims to accomplish.

The Department's Strategic Outcome Oriented goals per programme are aligned to the following six MTSF sub-outcomes:

- Improved quality teaching and learning, through the development, supply and effective utilisation of teachers.
- Improved quality teaching and learning, through the provision of adequate, quality infrastructure and learning and teaching support materials.
- Improving assessment for learning to ensure quality and efficiency in academic achievement.
- Expanded access to ECD and the improvement of the quality of Grade R,
- Strengthening accountability and improving management at the school, community and district levels.

Considering that the 2024/25 represents the fifth year towards culmination of objectives contained in the Department's 2019 – 2024 Strategic Plan, it is therefore relevant to also highlight the Medium-Term Strategic Framework (MTSF) as well as the transition of 2024 GNU priorities as expressed in the Medium-Term Development Plan.

4.1.4 The Medium-Term Development Plan (MTDP)

The government programme of action for the 7th term is anchored in the Medium-Term Development Plan (MTDP), within the long-term trajectory of the National Development Plan. The Medium-Term Development Plan (MTDP) 2024-29 proposes three strategic priorities:

- Inclusive growth, and job creation
- Reduce poverty, tackle the high cost of living
- Build a capable, ethical, and developmental state in South Africa

The Medium-Term Development Plan as developed in 2024, for 5-year period 2025 to 2030 outlines strategic outcomes, interventions, DBE based on medium-term priorities. Basic education is a concurrent function and requires a cooperative and integrated approach. It is therefore pertinent that the Department ascribes to collaboration and that its work is in alignment with the Provincial Education Departments (PEDs)' Strategic Plans towards achievement of outcomes articulated in the NDP and the MTSF.

4.1.5 State of the Nation Address - SONA 2024

During the 2024 State of the Nation Address , the Presidential assertions set the tone for government priorities including Basic Education related focus areas as follows:

- National School Nutrition Programme.
- Presidential Employment Stimulus (Education).
- Improvement of National Senior Certificate (NSC) Examination Results
- Early Childhood Development (ECD)

The 2024 SONA Basic Education Sector highlighted the government's commitment to early childhood development, with the number of children receiving ECD subsidies more than doubled between 2019 and 2023, and the Department of Basic Education streamlining support requirements for ECD Centres in particular access to subsidies.

- National School Nutrition Program (NSNP) - Over nine million learners in the Basic Education sector from families in need and receive nutritious meals, and more learners are attending schools with minimum dropout rates.

- Presidential Employment Stimulus (PES-Education) - The Presidential Employment Stimulus in Education has placed over 1 million youth as school assistants in 23,000 schools, enhancing learning outcomes through valuable work experience.
- National Senior Certificate Examination Results - The President applauded the 2023 National Senior Certificate Examination results which show a matric pass rate above 81.5 percent across all provinces, compared to 80 percent in 2022. No-fee school bachelor passes also improved, indicating a steady improvement in lower quintile schools' performance.

4.1.6 Basic Education Priorities 2024

In the 2024/25 financial year, planned to continue focus on:

- Implementation of two (2) years of Early Childhood Development (ECD) before Grade 1, and support of the responsibility for 0-4-year-olds .
- Complete an integrated Infrastructure Development Plan (IDP), informed by infrastructure delivery and regular maintenance
- Improving foundational skills of Numeracy and Literacy, especially reading, which should be underpinned by a Reading Revolution.
- Immediate implementation of a curriculum with skills and competencies for a changing world in all public schools.
- Dealing decisively with quality and efficiency through the implementation of standardised assessments to reduce failure, repetition and dropout rates and introduce multiple qualifications, such as the General Education Certificate (GEC) before the Grade 12 exit qualification.
- Work with the Departments of Sport and Recreation, Arts and Culture (DSRAC), Health (DoH), and the South African Police Services (SAPS) to teach and promote Social Cohesion, Health, Psycho-social Support and School Safety.
- Initiating Mother Tongue-Based Bilingual Education (MTBBE) for African Languages to be utilised as languages of learning and teaching beyond Grade 3,

4.1.7 Department of Basic Education Policy and Legislation

In the period under review, the planned policy and legislation priorities were as follows

- **Basic Education Laws Amendment Bill** : In 2023 the Basic Education Laws Amendment Bill was processed and adopted by the Portfolio Committee on Basic Education , the amended Bill - A list was tabled in the National Assembly.

- **Implementing the BELA Act 32 of 2024.** On 13 December 2024 ,the President signed the Basic Education Laws Bill into law, thus becoming the Basic Education Act, 32 of 2024
- The department commits to Implement the Basic Education Laws Amendment Act to strengthen accountability mechanisms
- **Admission Policy to Public Schools :** The Department of Education (DBE) received the final report from the National Economic Development and Labour Council (Nedlac) on the Basic Education Laws Amendment (BELA) Bill, which has been adopted by the Portfolio Committee.
- **Regulations on minimum uniform norms and standards for public infrastructure** The Department of Education (DBE) finalised public inputs and these have been reviewed by the Office of the Chief State Law Advisors (OCSLA).
- **The Children's Second Amendment Bill (CSAB) :** is being processed through internal consultation structures.

5. Annual Report on the Performance of the Department of Basic Education (DBE) in meeting its objectives for 2024/25

5.1 Overview of the key Service Delivery Environment and Context

In respect of the legislative mandate the National Education Policy Act (Act 27 of 1996) (NEPA) inscribes into law the policies for the national system of education, the legislative and monitoring responsibilities of the Minister of Education, as well as the formal relations between national and provincial authorities. The Basic Education Laws Amendment Act 32 of 2024, was proclaimed in December 2024. The statutory role of the Department is to:

- Formulate policy, norms and standards.
- Monitor and evaluate policy implementation and impact; and
- Lead the provision of the right to basic education.

The delivery environment requires that the National Department of Basic Education focuses on technical leadership, oversight, and the setting and maintenance of norms and standards in the basic education concurrent function. There are factors that influence the plans and activities of the Department. Such plans are covered in the government mandates namely the National Development Plan (NDP), 2019-2024 Medium Term Strategic Framework (MTSF), and the *Action Plan to 2024: Towards the Realisation of Schooling 2030.* The performance delivery environment MTSF 2019 – 2024 priorities were as follows:

- Outcome 1: Improved school-readiness of children.
- Outcome 2: 10-year-old learners enrolled in publicly funded schools read for meaning.
- Outcome 3: Youths better prepared for further studies and the world of work beyond Grade 9.
- Outcome 4: Youths leaving the schooling system more prepared to contribute towards a prosperous and equitable South Africa.
- Outcome 5: School physical infrastructure and environment that inspires learners to learn and teachers to teach.

5.2 Programme Performance

The Annual Performance Plan summarises the priorities of the Department. The activities of the Department have been structured into five programmes.

- Programme 1: Administration.
- Programme 2: Curriculum Policy, Support and Monitoring.
- Programme 3: Teachers, Education Human Resources and Institutional Development.
- Programme 4: Planning, Information and Assessment; and
- Programme 5: Educational Enrichment Services.

The Annual Status Bar for indicators and target status indicates that the combined total of indictors for all programmes stood at 72 indicators with 68 targets achieved and four (4) targets not achieved.

5.2.1 Programme 1: Administration – The purpose of Programme 1 is to manage and provide strategic and administrative support services to the Department. The Department detailed 6 Performance Indicators as follows:

- **Percentage of valid invoices paid within 30 days upon receipt by the Department:** The planned annual target was 100 percent. The Department was able to achieve only 9.22 % (24 587/25 553). A negative deviation of 3.78 % - this was due to cashflow challenges and late submission of invoices.
- **Number of reports on misconduct cases resolved within 90 days:** The planned annual target was for four (4) reports. The Department was able to achieve this target with no deviations.
- **Number of capacity-building programmes offered to DBE officials:** The planned target was set at 16 programmes. The Department was able report actual achievement of 31 programmes offered – a positive deviation of 15 programmes. There were additional training requests emanating from performance assessment outcomes identified.
- **The number of Schedules 4, 5 and 6 Conditional Grants Quarterly Performance Reports submitted to National Treasury (NT) 45 days after the end of each quarter:** The planned target was set at 28 reports. The Department's actual achievement was 28 reports with no deviation.
- **Annual Performance Plan (APP) approved by 31 March each financial year:** The planned target was for the 2024/25 APP to be approved by March 2024. The Department was able to achieve this target with no deviations.
- **Number of Quarterly Performance Reports submitted to National Treasury (NT) and the Department of Planning, Monitoring and Evaluation (DPME) 30 days after the end of each quarter:** The planned target was for four (4) Quarterly Performance Reports submitted to NT and DPME 30 days after the end of each quarter. The Department was able to achieve this target with no deviations.

The Department reported on further progress made in the key focus areas in Programme 1 in respect of the following:

- Financial Services.
- Institutional Planning and Reporting; and

- Government Information Technology Offices.

5.2.2 Programme 2: Curriculum Policy, Support and Monitoring – The purpose of Programme 2 is to develop Curriculum and Assessment policies, monitor and support their implementation.

- **Number of Technical schools monitored for implementation of Curriculum and Assessment Policy Statements (CAPS):** The planned target was set at 27 schools. The Department was able to achieve this target with no deviations.
- **Number of learners per year obtaining subject passes towards a National Senior Certificate (NSC) or extended Senior Certificate (SC), including upgraded NSC, through the Second Chance Matric Programme (SCMP):** The planned target was set at 70 000 learners. The Department's actual achievement was 128 469 learners. A positive deviation of 58 285 – this was due to awareness campaigns led to more individuals seeking a second chance at completing their matric. The flexibility of the programme allows learners to participate through the available platforms.
- **Number of Children/Learners with Profound Intellectual Disability (C/LPID) using the Learning Programme for C/LPID:** The planned target was set at 4 218 Annually. The Department was able to achieve 5 230. A positive deviation of 1 012 learners. The DBE developed an online monitoring tool that was to identify learners not benefiting from the programme. PEDs were guided to include such learners.
- **An Annual Sector Report is produced on monitoring on the implementation of the Policy on Screening, Identification, Assessment and Support (SIAS) as a mechanism for early identification and intervention:** The planned target was for an approved Annual Sector Report on monitoring of the implementation of the Policy on SIAS as a mechanism for early identification and intervention. The target was achieved with no deviation
- **An Annual National Report is produced on piloting the new funding model for Early Childhood Development:** The planned target was set at an approved Annual National Report on piloting the new funding model for Early Childhood Development. The Department achieved this target with no deviation.

- **An Annual Sector Report is produced on monitoring the registration of Early Childhood Development Programmes:** The planned target was set at an approved Annual Sector Report on monitoring the registration of Early Childhood Development programmes. The Department achieved this target with no deviation.
- **An Annual National Report is produced on the implementation of an ECD Human Resources Development plan.** The planned target was for an approved Annual National Report on the implementation of an ECD Human Resources Development plan. The Department achieved this target with no deviation.
- **Number of Districts monitored on implementation of the National Curriculum Statement (NCS) for Grades 10 – 12:** The planned target was set at 15 districts. The Department achieved this target with no deviation.
- **Number of provinces monitored on extra support classes to increase the number of learners achieving Bachelor level passes:** The planned target was set at nine (9) provinces. The Department achieved this target with no deviation.
- **Number of schools monitored for implementing compulsory entrepreneurship education:** The planned target was set at 225. The Department achieved this target with no deviation.
- **An Annual National Report is produced on the implementation of the General Education Certificate (GEC):** The planned target was set at an approved Annual National Report on the implementation of the GEC. The Department achieved this target with no deviation.
- **An Annual Sector Report is produced on schools that pilot and implement the Vocational Stream and Occupational Stream respectively:** The planned target was an approved Annual Sector Report produced on schools that pilot and implement the Vocational Stream and Occupation Stream respectively. The Department achieved this target with no deviations.
- **Number of schools monitored for piloting the Coding and Robotics Curriculum –** The planned annual target was set at 18 schools (2 per pilot province). The Department achieved this target with no deviation.
- **Second draft of the revised History Curriculum and Assessment Policy Statement for Grades 4-12 developed:** The planned annual target was for an approved second draft of the revised History Curriculum and Assessment Policy

Statement for Grades 4-12. The Department achieved this target with no deviation.

- **Number of schools monitored on the implementation of the reading norms:** The planned target was set at 27 schools. The Department achieved this target with no deviation.
- **Number of schools monitored on the implementation of the Incremental Introduction to African Languages (IIAL):** The planned target was set at 27 schools. The Department achieved this target with no deviation.
- **Number of underperforming schools monitored on the implementation of the Early Grade Reading Assessment (EGRA):** The planned target was set at 36 schools. The Department achieved this target with no deviation.
- **Number of schools with multi-grade classes monitored for implementing the multi-grade toolkit:** The planned target was set at 36 schools. The Department achieved this target with no deviation.
- **An Annual Sector Report is produced on the implementation of the National Reading Plan:** The planned target was an approved Annual Sector Report on the implementation of the National Reading Literacy Strategy. The Department achieved this target with no deviation.
- **An Annual Sector Report is produced on the number of public schools monitored on the availability of readers:** The planned target was an approved Annual Sector Report on the number of public schools monitored on the availability of readers. The Department achieved this target with no deviations.
- **Number of schools per province monitored for utilisation of Information and Communications Technology (ICT) resources:** The planned target was set at 27 (three (3) per province). The Department achieved this target with no deviations.
- **Percentage of public schools with Home Language workbooks for learners in Grades 1 – 6 per year after having placed an order:** The planned target was set at 100 percent. The Department achieved this target with no deviations.
- **Percentage of public schools provided with Mathematics workbooks for learners in Grades 1 – 9 per year after having placed an order:** The planned target was set at 100 percent. The Department achieved this target with no deviations.

- **Percentage of public schools with workbooks for learners in Grades R per year after having placed an order:** The planned target was set at 100 percent. The Department achieved this target with no deviations.
- **An Annual Sector Report is produced on the percentage of learners provided with Mathematics and English First Additional Language (EFAL) textbooks in Grade 3, 6, 9 and 12:** The planned target was an approved Annual Sector Report on the percentage of learners provided with Mathematics and English First Additional Language (EFAL) textbooks in Grades 3, 6, 9 and 12. The Department achieved this target with no deviation.
- **The number of schools monitored for home languages in which Literacy Grade 1 – 3 Lesson Plans have been developed for Terms 1 – 4:** The planned target was set at 18 schools. The Department achieved this target with no deviation.
- **Number of public special schools provided with electronic devices as part of the Universal Service Access Obligation by Mobile Network Operators:** The planned target was set at 30 special schools. The Department reported an achievement of 34 schools. A positive deviation of four (4) schools – MTN and Cell C provided additional electronic devices than originally planned.
- **An Annual Sector Report is produced on the monitoring of procurement and distribution of ICT devices:** The planned target was an approved Annual Sector Report on the monitoring of procurement and distribution of ICT devices. The Department achieved this target with no deviations.
- **An Annual Sector Report is produced on the number of teachers trained on inclusion:** The planned target was an approved Annual Sector Report on the number of teachers trained in inclusion. The Department achieved this target with no deviations.
- **An Annual Sector Report is produced on the number of learners in public special schools:** The planned target was an approved Annual Sector Report on the number of learners in public special schools. The Department achieved this target with no deviations.
- **An Annual Sector Report is produced on the percentage of public special schools serving as resource centres:** The planned target was an approved Annual

Sector Report on the percentage of public special schools serving as resource centres. The Department achieved this target with no deviations.

- **An Annual Sector Report is produced on the establishment of focus schools per Provincial Education Department (PED):** The planned target was an approved Annual Sector Report on the establishment of focus schools per PED. The Department achieved this target with no deviations.

The Department reported on further progress made in the key focus areas in Programme 2 in respect of Curriculum Implementation and Monitoring.

5.2.3 Programme 3: Teachers, Education Human Resources, and Institutional Development – The purpose of Programme 3 is to promote quality teaching and institutional performance through the effective supply, development, and utilisation of human resources.

- **Percentage of School Governing Bodies (SGBs) that meet the minimum criteria in terms of effectiveness:** The planned target was set at 50% of 1 000 sampled schools. The Department achieved 97.3% (973 of 1 000) – a positive deviation of 47.3%. SGBs were inducted and trained on their roles and responsibilities after elections.
- **Percentage of schools producing the minimum set of management documents at a required standard:** The planned target was set at 100 % of 1 000 sampled schools. The Department achieved this target with no deviations.
- **Number of Funza Lushaka bursaries awarded to students enrolled for Initial Teacher Education per year:** The planned target was set at 9 700 bursaries awarded. The Department achieved a total of 9 899 bursaries awarded – a positive deviation of 199. The DBE shifted bursary funds to universities in need of more funding from universities that did not utilise the full allocation.
- **An Annual National Report is produced on the number of qualified teachers aged 30 and below entering the public service as teachers:** The planned target was for an approved Annual National Report on the number of qualified teachers aged 30 and below entering the public service as teachers. The Department achieved this target with no deviation.
- **An Annual National Report is produced on monitoring the functionality of Provincial Teacher Development Institutes and District Teacher**

Development Institutes and District Teacher Development Centers: The planned target was for an approved an Annual National Report on monitoring the functionality of Provincial Teacher Development Institutes and District Teacher Development Centres. The Department achieved the target with no deviation.

- **An Annual Sector Report is produced on monitoring the implementation of Teacher Development Programmes by PEDs with special focus on Language, Mathematics, Physical Science and Accounting:** The planned target was for an approved Annual Sector Report on monitoring the implementation of Teacher Development Programmes by PEDs with special focus on Language, Mathematics, Physical Science and Accounting. The Department achieved the target with no deviation.
- **Number of PEDs that had their post provisioning processes assessed for compliance with the post provisioning norms and standards:** The planned target was set at nine (9). The Department achieved this target with no deviation.
- **An Annual Sector Report is produced on Grade R practitioners with National Qualification Framework (NQF) level 6 and above qualifications produced:** The planned target was for an approved Annual Sector Report on Grade R practitioners with National Qualification Framework (NQF) level 6 and above qualification. The Department achieved the target with no deviation.
- **Number of PEDs monitored on the implementation of the Quality Management System (QMS) for school-based educators:** The planned target was set at nine (9) PEDs monitored. The Department achieved this target with no deviation.
- **Number of PEDs monitored on the implementation of the Education Management Service: Performance Management and Development System (EMS: PMDS):** The planned target was set at nine (9) PEDs monitored. The Department achieved this target with no deviation.

The Department reported on further progress made in the key focus areas in Programme 3 in respect of the following:

- Educator Human Resource Planning, Provisioning and Monitoring; and
- Placement of Funza Lushaka Graduates.

5.2.4 Programme 4: Planning, Information and Assessment – The purpose of Programme 4 is to promote quality and effective service delivery in the basic education system through planning, implementation, and assessment.

- **Number of new schools built and completed through ASIDI per year:** The planned annual target was set at one school. The Department was only able to achieve this target with no deviations.
- **Number of schools provided with sanitation facilities per year:** The planned target was set at 100 schools. The Department was able to achieve a total of 146 schools - a positive deviation of 46 schools. With the sanitation programme coming to an end, DBE intensified the delivery of sanitation facilities.
- **Number of schools provided with water facilities per year:** The planned target was set at seven (7) schools. The Department achieved a total of eight (8) schools. A positive deviation of one (1) school. The project was the last of the water projects and the Implementing Agent intensified site activities to complete it this financial year.
- **Number of classrooms built through the Accelerated School Infrastructure Delivery Initiative per year:** The planned target was set at 65 classrooms. The Department was able to achieve a total of 67 classrooms - a positive deviation of two (2) classrooms. The DBSA provided additional resources to complete classrooms during the fourth quarter.
- **Number of General Education and Training (GET) test items developed in Language and Mathematics for Grades 3, 6 and 9:** The planned target was set at 500 test items. The Department achieved the target with no deviation.
- **Number of NSC reports produced:** The planned target was set at four (4) reports. The Department achieved the target with no deviation.
- **Number of question papers set for June and November examinations:** The planned target was set at 320 question papers. The Department achieved the target with no deviation.
- **Percentage of public schools using the South African School Administration and Management System (SA-SAMS) for reporting:** The planned target was set at 98 percent. The Department was able to achieve 99.64 percent – a positive deviation of 1.64 percent. Identified Provinces and Districts were workshopped for better understanding and usage of SA-SAMS.

- **An Annual National Report is produced on the number of provinces monitored for implementation of Learner Unit Record Information and Tracking System (LURITS) and EMIS priorities:** The planned target was for an approved Annual National Report on the number of provinces monitored for implementation of LURITS and EMIS priorities. The Department achieved the target with no deviation.
- **An Annual National Report is produced on learning outcomes linked to the National Assessment Framework (NAF):** The planned target was for an approved Annual National Report on learning outcomes linked to the National Assessment Framework. The Department achieved this target with no deviations.
- **A National Report is produced on the Early Learning National Assessment to determine school readiness:** The planned target was for an approved National Report on the Early Learning National Assessment to determine school readiness. The Department achieved this target with no deviation.
- **Number of officials from districts that achieved below the national benchmark in the NSC participating in a mentoring programme:** The planned target was set at 60 officials. The Department was able to achieve a total of 191 officials – a positive deviation of 131. More districts were involved in the mentorship programme, thus additional officials such as DCES's and Subject Advisors were also involved in the mentoring programme.
- **Percentage of school principals rating the support services of districts as being satisfactory:** The planned target was set at 75%. The Department was able to achieve a total of 89.51% – a positive deviation of 14.51%. The satisfaction rate increased because of the intervention by the DBE in training districts on the areas of focus when supporting schools.
- **Percentage of District Directors who have undergone competency assessment prior to their appointment:** The planned target was set at 100 percent. The Department achieved the target with no deviation.
- **Number of underperforming secondary schools monitored at least twice a year by sector officials:** The planned target was set at 750 schools. The Department was able to achieve a total of 768 schools The DBE appointed more School Improvement Coordinators to support the circuits and monitor additional schools.

- **Number of District Director forums held:** The planned target was set at three forums. The Department achieved only two forums – a negative deviation of one forum held. The District Director forums were predetermined before the 7th Administration, and the Minister could not hold the second quarterly meeting as the Minister was accepting office after her appointment.

The Department reported on further progress made in the key focus areas in Programme 4 in respect of the following:

- Infrastructure.
- Education Management Information Systems; and
- National/International Assessments.

5.2.5 Programme 5: Educational Enrichment Services – The purpose of Programme 5 is to develop policies and programmes to improve the quality of learning in schools.

- **Number of schools monitored for the provision of nutritious meals:** The planned target was set at 80 schools. The Department achieved a total of 116 schools – a positive deviation of 36 schools. The target was exceeded due to additional monitoring conducted during school readiness in January 2025, the target with no deviation.
- **Number of PEDs with approved annual business plans for the HIV/AIDS Life Skills Education Programme:** The planned target was set at nine (9) approved business plans. The Department was able to achieve a total of eight (8) approved business plans – a negative deviation of one (1) approved business plan. The province had challenges in filling the vacancy of the HIV/AIDS Life Skills Coordinator, which has led to the delays in finalising the business plan.
- **Number of districts monitored and supported in the implementation of the National School Safety Framework (NSSF):** The planned target was set at 25 districts. The Department was able to achieve the target with no deviation.
- **Number of stakeholders reached through social cohesion programmes:** The planned target was set at 4 000. The Department was able to achieve a total of 5 989 – a positive deviation of 1 959. Collaboration with external stakeholders was beneficial in advocating for Social Cohesion and Equity in Education programmes

and mobilizing participation. The positive deviation was as a result of mobilization activities led and/or requested by stakeholders, in addition to what was planned by the DBE.

- **Number of participants and stakeholders reached with dialogue, engagements and training workshops to end school-related gender-based violence:** The planned target was set at 4 000. The Department was able to achieve a total of 5 322 – a positive deviation of 1 322. Collaboration with external stakeholders was beneficial in advocating for Social Cohesion and Equity in Education programmes and mobilizing participation. The positive deviation was as a result of mobilisation activities led and/or requested by stakeholders, in addition to what was planned by the DBE.
- **Number of professionals trained in SASCE programmes:** The planned target was set at 900 professionals. The Department was able to achieve a total of 1 654. A positive deviation of 754. More professionals were reached through the National train-the-trainer workshop conducted in January 2025.
- **An annual communiqué distributed to all 9 Provincial Education Departments to inculcate the culture of recital of the Preamble of the Constitution at school assemblies and gatherings:** The planned target was an approved annual communique distributed to all PEDs. The Department was able to achieve this target with no deviations.

The Department reported on further progress made in the key focus areas in Programme 5 in respect of the following:

- Partnerships in Education; and
- Care and Support in Schools.

5.3 2024/25 Audit Outcome - The Department received and Unqualified Audit opinion with matters of emphasis for the 2024/25 financial year.

5.3.1 Emphasis of Matter:

- **Restatement of corresponding figures-** the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the department at, and for the year ended 31 March 2025. The prior period error primarily resulted from the incorporation of inputs related to the Accelerated School Infrastructure Delivery Initiative (ASIDI) and the change in accounting policy for finance leases. These adjustments led to retrospective corrections in the financial statements to ensure compliance with the Modified Cash Standard (MCS). The errors have since been addressed through appropriate restatements and disclosures in accordance with Chapter 4 of the Accounting Manual for Departments.

5.3.2 Material Irregularities – Previous Financial Year:

- **MI 01 (Part A): Payments not made within 30 days resulting in the withdrawal of the contractor from site and cancellation of the contractual arrangement -** An investigation into the matter by the department's investigation committee was concluded on 31 March 2022. The investigation concluded that an official had contravened the provisions of treasury regulation 8.2.3 and recommended that consequence management be instituted in line with treasury regulations. The accounting officer commenced with a disciplinary process against the implicated official from 12 August 2022 and finalised the process on 26 July 2023. The financial loss could not be recovered from the responsible official, as the matter had prescribed as per the Prescription Act, according to the legal opinion obtained from the Office of State Attorney.

  Actions Taken:

  - The department issued summons to the supplier through the state attorney, and the legal process is still ongoing.
  - The Accounting Officer has since taken action on the findings and recommendations of the report.
  - Disciplinary steps have since been taken by the department against the responsible officials that have been identified.
  - The material irregularity has since been resolved.

5.4 Financial Report: 2024/25

5.4.1 Assessment of the Income and Expenditure

Table 1: Allocation Against Expenditure Per Programme for 2024/25 Financial Year

Programmes	Budget R'000	Expenditure R'000	Variances R'000	% Spent
Administration	656 634	652 481	4 153	99.4%
Curriculum Policy, Support and Monitoring	3 943 602	3 938 462	5 140	99.8%
Teachers, Education Human Resources and Institutional Development	1 438 874	1 437 794	1 080	99.9%
Planning, Information and Assessment	16 466 243	16 388 151	78 092	99.5%
Educational Enrichment Services	10 130 070	10 127 609	2 461	99.95
Total	**32 635 423**	**32 544 497**	**90 926**	**99.7%**

The Department of Basic Education (DBE) had a final appropriation budget of R32 635 423 billion for the 2024/25 financial year, with 85.7% allocated to transfer payments and expenditure amounting to R32 544 497 billion. 2024/25 allocation is a slight nominal increase of 7.4% from the previous year 2023/24 budget.

Programmes:

- Programme 1 : Administration: R656 million, a 3.0% increase from the previous year.
- Programme 2 : Curriculum Policy, Support and Monitoring: Programme 2 performance at 99,9% shows improvement as compared to 99.2% in 2023/24 .
- Programme 3 :Teachers , Human Resources and Development expenditure percentage 99.9% is slightly lower than 99.56% of the previous year this could be due to the full upfront transfer payment for Funza Lushaka Bursary transfer . Programme 4 and Programme 5 shows slight decrease which is significant.

Table 2: Allocation Against Expenditure Per Economic Classification for 2024/25 Financial Year

ECONOMIC CLASSIFICATION	BUDGET R'000	EXPENDITURE R'000	VARIANCES R'000	% SPENT
Compensation of Employees	626 530	608 720	17 810	97.2%
Goods and Services	2 547 843	2 508 379	39 464	92.3%
Interest on Rent and Land	39 570	39 517	53	99.9%
Transfers and Subsidies	27 956 365	27 956 265	100	100.0%
Payments of Capital Assets	1 460 291	1 426 783	33 508	97.7%
Payments of Financial Assets	4 824	4 833	-9	100.2%
Total	**32 635 423**	**32 544 497**	**90 926**	**99.7%**

5.4.2 Budget Allocations : From the above total Appropriation budget of the Department for the 2024/25 financial year which amounted to R32.635billion, a total of 85.66% of the budget amounting to R27.956 billion was allocated to transfer payments as follows:

- Conditional Grants: R26.362 billion
- Transfers to Public Entities: R183.8 million
- Other Transfers: R1.410 billion

The remainder of the budget R4.679 billion was allocated to the following:

- Compensation of Employees: R626.5 million
- Goods and Services: R2.548 billion
- Interest on Rent and Land: R39.6.0million
- Payments of Capital Assets: R1.460 billion
- Payments for Financial Assets: R5.0 million

5.4.3 Expenditure: The total actual expenditure of the Department for the 2024/25 financial year preliminary quarter amounted to R32.539 billion. Expenditure amounting to R27.956 billion was made up of transfer payments as follows:

- Conditional Grants: R26.362 billion
- Transfers to Public Entities: R183.8 million
- Other Transfers: R1.410 billion

The remainder of the expenditure R4.583 billion was made up as follows:

- Compensation of Employees: R609 million
- Goods and Services: R2.514 billion
- Interest on Rent and Land: R40 million
- Payments of Capital Assets: R1.415 billion
- Payments of Financial Assets: R4.8 million

Table 3: Allocation Against Expenditure per Conditional Grants 2024/25 Financial Year

ECONOMIC CLASSIFICATION	BUDGET R'000	EXPENDITURE R'000	VARIANCES R'000	% SPENT
Learners with Profound Disability Grant	278 947	278 947	0	100,00%
Maths Science and Technology Grant	443 842	443 842	0	100,00%
Early Childhood Development Grant	1 589 075	1 589 075		100,00%
Education Infrastructure Grant	14 002 440	14 002 440	0	100,00%
National School Nutrition Programme	9 798 106	9 798 106	0	100,00%
HIV and Allocation Grants	249 742	249 742	0	100,00%
Total	**26 362 152**	**26 362 152**		**100,00%**

5.4.4 Conditional Grants are transferred to provinces according to approved schedules and are governed by the Division of Revenue Act.

Performance on Conditional grants in 2024/25 , especially the National School Nutrition Programme (NSNP), ECD Grant, and MST Grant, were accomplished effectively. The department reached over 9 million learners and the learner wellbeing improved. 100% expenditure on Conditional Grants demonstrates a budget well spent, there we no variances .

5.4.5 Conditional Grant Early Childhood Development (ECD): The ECD programme saw a 40.6% nominal increase (34.3% inflation-adjusted) from R1.1 billion in 2023/24 to R1.5 billion due to increased funding for materials, registration drives, and expanding access to the programme.

5.4.6 Infrastructure: The department spend R14 billion on infrastructure in 2025/25 as compared to previous year R12,3 billion , primarily funded through the education infrastructure over the MTEF which amounts to (R42.3 billion

Table 4: Allocation Against Expenditure on Schools Backlog Grant (SIBG) for 2024/25 Financial Year

ECONOMIC CLASSIFICATION	BUDGET R'000	EXPENDITURE R'000	VARIANCES R'000	% SPENT
Compensation of Employees	6 924	9 886	-2 962	142.8%
Goods and Services	387 599	315 151	72 448	81.3%
Building and Other Fixed Structure	1 421 155	1 391 898	29 257	97.9%
Households	95	95		100.0%
Payments of Financial Assets	-	2	-2	
Total	**1 815 773**	**1 717 032**	**98 741**	**94.6%**

6.`Department of Basic Education Audit Committee

The Audit Committee was responsible for the following:

- Oversight over Internal and External Audit.
- Oversight over the implementation of Internal and External Audit recommendations.
- Oversight over Risk Management.
- Oversight over the quality of Financial Statements; and
- Oversight over the system of internal control for the generation, collation and reporting of Performance Information.
- Oversight on investigation progress on irregular expenditure and material irregularities

6.1 Internal Audit Oversight (Key Assurance Provider to the Audit Committee)

- Conducted nineteen (19) audits as per approved risk-based audit coverage plan, and eleven (11) management request on consulting engagements
- ASIDI Audits at two (2) Implementing Agents (NECT, and DBSA) on the review of SCM compliance process, contractor's payments, project management, and projects site visits were conducted.
- Performance Information quarterly reviews were conducted, and findings are also shared with management to address findings before year end audit.
- Reviews on the annual report and annual financial statement and areas of improvement were communicated prior submission to the AGSA year-end audit.
- A follow up on AGSA previous findings review was conducted for DBE and Implementing Agents, 70% of previous findings were resolved, and 30 % were still outstanding issues on irregular expenditure, final accounts for projects and consequence management by IAs not fully address
- Internal Audits quarterly progress reports against the approved plan was monitored at the Audit Committee meetings.
- Advise management through audit assurance, by providing recommendations to improve internal controls.
- Coordinated a meeting that was held on status of investigations and consequence management with management held on 17 January 2025
- In respect of the recently concluded AGSA audits, an Audit Committee meeting held on 09 September 2025 reviewed the current audit action plan
- There was a special workshop by DG for Audit Committee on Curriculum and Infrastructure held on 15 April 2024

- Conducted investigations on irregular and fruitless and wasteful expenditure, and reports were referred after DG's consideration to Labour Relations for consequence management and Legal Service to start the recovery processes.
- Participate as a consulting service to provide advice at Technical Evaluations Committees, BEC and BAC and recommendation are provided and addressed immediately.
- Reviewed the National Teacher Awards Adjudication process and conducted a follow up and 75% implemented recommendations and 25% partially implemented
- Performance information reviewed quarter 2 and Annual Report reviewed prior submission to AGSA by 31 May 2025. Implementation of recommendation was at 98% and the report reflected improvement on evidence provided by Branches. Timely submission is an area to be monitored in the current period.
- Reviewed the Human Resource Leave Management process follows up, and the new sample was audited and reported to management and implementation of recommendations 85% implemented and 15% still in progress implemented. DG has incorporated the monitoring of leave management in every DDG performance agreement 25/26 for strengthening.
- Conducted the server and workstation vulnerability assessment, for IT risks, and monitored the action plans
- Conducted IT audit on General Controls on LOGIS for logical access and user account management
- Data Analytics on payments and identified duplicates were investigated and management taken disciplinary process.
- Conducted an audit on Maths, Science and Technology –Conditional Grant and site visits at schools for Limpopo, Free State, and Kwa Zulu Natal.
- National School Nutrition Programme (NSNP) grant business plan process and site visits at schools at Eastern Cape, Limpopo and Kwa Zulu Natal

The Committee received a detailed overview of the Audit Committee meetings held and purpose of the meetings. Further to this the Audit Committee also alluded to the control environment in the Department. Some of the challenges included the following:

- Quality assurance has improved by some Branches, continuous monitoring and improvement for timely submission for performance information.
- Capacity in ASIDI, and Supply Chain management remain a challenge.

- Prior audit findings are not addressed fully, management still working on addressing them particularly irregular, fruitless and wasteful expenditure.
- ASIDI and Finance to strengthen quality assurance and accountability of work done by Implementing Agents.

6.2 Irregular, Fruitless and Wasteful Expenditure – The IA assist the Accounting Officer with the investigation of irregular, fruitless and wasteful expenditure. Departmental Investigation Committee was established to investigate, and the investigation unit under Internal Audit. Previous cases of irregular expenditure were investigated, 100% of 2022/23 R954 million and 2023/24 R210.7 million were completed and 2024/25 investigation still in progress to be finalised before year end. Management implements consequence management, progress on cases was monitored and improve the control measures. Audit committee had a special meeting to monitor improvement with consequence management. Condonations were approved for R1.560 billion for concluded irregular expenditure investigations and where consequence management was concluded. Recovery process letters were written to Implementing Agents or departments through Legal Services.

6.3 External Audit

The Auditor-General has added value to the department and is a trusted assurance provider to the AC. AC has seen progress with regard to the regularity audit outcome.

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Audit outcome	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Qualification Matters raised	-	-	-	-	-
Compliance matters	4	3	4	3	5

6.4 Audit Outcomes for 2024/25 – The Audit Outcome for 2024/25 was Unqualified. The 2024/25 consistent with 2023/24, although there was a regression on the financial statement, due to material misstatement. The positive improvement is on the Annual Report (Performance management) no findings. Other matter included the following:

- Procurement – Awards made to bidders who didn't score highest points and bid awards based on evaluation criteria that were not stipulated on the original invitation [Implementing Agents (IAs)]

- Irregular Expenditure R68.2m [R210.7m] (IAs)
- Fruitless & Wasteful Expenditure R60.4m [R41.2m] (IAs)
- Delays in consequence management
- Effective steps were not taken to prevent, irregular, fruitless and wasteful expenditure

The areas of improvement were as follows:

- There were no findings on the Annual Report (AR) for Performance Information reported.
- Irregular Expenditure reduced from R955m to R210.7m. In 2024/25 reduced to R68.2 million
- Five (5) Material Irregularity matters resolved
- 117 Requests for information (RFIs) issued and all responded to on time
- DG weekly meetings between ASIDI (Infrastructure) and Finance to strengthens coordination
- DG weekly meetings with Implementing Agents to strengthen reporting

6.5 Update on Consequence Management - The Audit Committee monitored the progress management made and challenges, related to consequence management cases for the last three financial years, i.e. 2022/2023, 2023/2024 and 2024/2025. Strategies to improve turnaround times on managing consequence management cases. Most cases of consequence management from 2013/2014 to 2022/2023 years were implemented, and some challenges is where some officials have left the employment in relation to internal DBE. There were challenges which are being monitored with consequence management for Implementing Agents, there were responses that were received from Implementing Agents in the year.

6.6 Strategies to improve project management and audit outcomes - Local content contributed to most of the Irregular expenditure in the previous financial years. There has since been a new legislation – PPR2022 which made the requirement for local content not to be compulsory. Fruitless Expenditure reported relates to Stopped Projects due to schools which have low learner enrolment and are earmarked for rationalization and mergers. Before the budget is approved by the DG for projects to proceed to Stage 6 – Works:

- The DBE and the appointed Implementing Agent (IA) confirm status of schools with Provincial Education Department (PED) given time elapsed between Stage 1 –

Initiation where assessment was done to determine the infrastructure needs and Stage 4 – Design documentation when procurement of contractors is finalized.

6.7 Consequence Management by Implementing Agents (IAs) - Implementing Agents apply contractual provisions through:

- Application of penalties for delayed projects.
- Termination of non-performing Professional Service Providers and Contractors.

The DBSA undertook internal investigations and terminated contracts of some of their officials.

6.8 ASIDI Action –

- Continue to improve monitoring of Implementing Agents, PSU and ASIDI staff to improve the process.
- Full set of half-year financial statements are prepared, enhance the accurate records.
- Submission of information for preparation of AFS timely.
- Regular monthly reconciliations are to be prepared to prevent misstatements in the financial statements.
- More internal audit effort directed.
- Interim audit by AGSA.
- Possible disciplinary action against people that caused irregular, fruitless and wasteful expenditure.

6.10 Review of the Annual Report – Management has improved on the Annual Report audit for 2024/25, no findings.

- The annual report was reviewed prior to the submission to the AGSA.
- Management worked with Internal Audit and Strategic Planning and Reporting to correct other gaps identified during the review prior to submission date.
- There was improvement noted for evidence by other Branches although some branches to improve on quality of evidence and timely submission.

6.11 Management Audit Action Plan – Audit Committee (AC) has received a management action plan to address AG findings. AC has monitored progress during the year 2024/25. AC approved follow up audits to be conducted by Internal Audit for ASIDI contractors' timely payments, project management and project site visits. Audit Committee meeting was held after the AGSA report was issued for 2024/25 to review management action plan to address root cause on 09 September 2025 and recommendations were provided to management to strengthen the action plan.

6.12 Proposed Improvements – The Audit Committee (AC) recommended:

- Management to strengthen quality assurance of reported information timely.
- More detailed work by Internal Audit on quarterly performance information reports and financial statement reviews.
- Management to improve or address the capacity challenges in Strategic Planning.
- Further strengthen accountability and monitoring of Implementing agents, especially the penalty clauses in the MOA's
- Effective project management at Implementing Agents, and strengthened consequence management

6.13 Conclusion – The Audit Committee will continue to address all matters within its mandate and responsibility. The Audit Committee will pay specific attention to the high risk and high impact issues and monitor implementation of consequence management to assist in moving towards a clean audit.

6.14 Portfolio Committee Observations and Questions

- How many cases had been reported to SAPS on the misuse of government funds and how were such monies recovered by the Department?
- What were the primary causes for the irregular expenditure that was reported?
- How was the Department supporting and addressing the challenges currently experienced in respect of the NSNP, especially in KwaZulu-Natal? What leverage did the Department have in processes of appointment and control of contractors and tenders awarded for the NSNP?
- How many contractors, implementing agents and errand officials were facing sanction and consequence management for missing deadlines and targets and how were monies being recovered?

- There was management underperformance across the spectrum. What was the effect of members of unions on school premises? How did this impede the duties of teachers and staff?
- How much of the NSNP challenges could be as a result of stock-theft?
- What impedes the Department from charging errand contractors/implementing agents?
- Did the Department have a specific list of errand contractors/implementing agents that have been blacklisted?
- How was the Department ensuring adequate safety mechanisms for whistleblowers who brought matters to the Department for investigation?
- What were the details in respect of wasteful and fruitless expenditure – how much had been recovered and how much was still outstanding?
- What measures are considered to ensure a prevention of irregular/wasteful expenditure being reported for the next financial year?
- What was the role of the Department in ensuring scholar transport was safe for learners in all aspects?
- How was the Department assisting PEDs with addressing challenges with ghost workers in the system?
- In respect of the payment of Education Assistants, what consequence management had been implemented against errand officials? Would EAs be paid?
- What was the current status on the delivery of LTSM to schools and how were challenges being mitigated?
- How often were teacher skills assessed to identify possible gaps for continuous training and development?
- What was the Department's collaboration with Vodacom in respect of the application developed for tracking school infrastructure?
- Why was there a decrease in the number of Funza Lushaka graduates?
- Weak consequence management was a concern – how was the Internal Audit Committee addressing this challenge?
- What model should be implemented for procuring goods and services by government – could such a model be automated to avoid any risks?
- With capacity constraints, what plans were in place to implementing agents were held accountable?
- What steps were in place to ensure unregistered institutions were identified and closed?

- What was the current status of the processes in respect of the advertisement, shortlisting, and interviews for two positions within the Department for DDGs? There had been reports on interference by the Minister – could this be further explained?
- With the increased funding for ECDs per child, how would this money be directed equitably?
- Was ASIDI being phased out – and what would replace this programme? What was the status for the target to eradicate pit-latrines? Which provinces were lagging behind in this respect?
- Had the Department considered reviving the past teacher colleges?
- Was the Department considering a shifting the pressure only on the NSC examinations – and ensure learners are prepared through the various grades at school?
- The Department to comprehensively explain the process of progressing learners and the phenomenon of refusing certain learners from writing the HSC examination in fear of lowering schools' performance?
- What was the collaboration with the Department of Higher Education and Training in respect of support for learners entering higher education institutions?
- How was the Department ensuring that STEM subject underperformance was addressed?
- Could the Minister offer her comments and thoughts on the spike in bullying at schools and the policies governing such action as well as collaboration with SAPS and other sister departments?
- Has the Department considered a focused campaign and strategy around school's code of conduct an anti-bullying?
- Why was the Committee not being invited to meeting of the Council for Education Ministers (CEM)?

6.15 Portfolio Committee Recommendations

- The Department monitor the awarding of NSNP tenders and contract by PEDs and ensure they remain beyond reproach. The Department ensure the prioritising of an investigation and finalisation of the challenges facing the KZNDOE in this regard.
- The Department ensure errand contractors and implementing agents face consequence management and are blacklisted. Where there is money to be recovered, the Department ensure steps are in place for such recovery.

- The Department submit a detailed report on the list of errand contractors and implementing agents blacklisted on the system.
- The Department strengthen its safe programmes to protect whistleblowers.
- The Department, in collaboration with Umalusi and SACE, ensure unregistered education institutions were dealt with and closed – the Department to consider a special hotline for this.
- The Department report back to the Committee on the ELRC process and outcomes of the head-count currently underway.
- The Department submit a comprehensive report on the processes, procedures, and current status of the filling of two DDG posts within the Department.
- The Department submit a detailed report on the number of learners who applied for and receive concessions.
- The Department, in collaboration with PEDs ensure a review of the learner transport policies of PEDs to ensure all qualifying learners are accommodated. Further to this the Department brief the Committee on the review of the current Learner Transport Policy.
- The Department submit a comprehensive updated report on the state of school infrastructure across the country. Also include a detailed overview of all delayed infrastructure projects.
- The Department provide a detailed report on the Vodacom Application for Infrastructure.
- The Committee to summon all PEDs to engage on their Annual Performance Plans including AGSA financial findings and recommendations.
- The Department undertakes a review of the current funding model for allocation of Norms and Standards.
- The Department consider embarking on a new audit on unsafe school structures and conditional assessment of school infrastructure – and update the infrastructure database. The Department engage with PEDs to ensure they address any pit-latrines still in existence at schools.
- The Department ensure delivery of LTSM for 2026 in KZNDOE.
- The Department investigate and ensure PEDs desists from gate-keeping practices where certain learners were barred from writing examinations to ensure good performance of the school.

- The Department consider inviting the Committee or Chairperson to attend meetings of the Council for Education Ministers (CEM)
- The Department, in collaboration with PEDs on school's code of conduct and ensure strengthening comprehensive anti-bullying policies and strategies. The Department to consider initiating a country-wide anti-bullying campaign in collaboration with SAPS and other sister departments.
- The Department to accelerate the roll-out of the SA-SAMS modernization project to improve school administration, data integrity, and monitoring.
- The Department ensure all relevant MTSF, and programme indicators are integrated into APPs for both DBE and PEDs to enable transparent performance tracking.
- The Department ensure Provincial Heads of Department and senior managers enforce disciplinary action for non-compliance, reinforcing consequence management against repeat offences.
- The Department strengthen interdepartmental collaboration across key priorities e.g. Early Childhood Development, Teacher Development, Infrastructure, NSNP, and Learner Transport, to ensure cohesive delivery.
- The Department submit a comprehensive report on consequence management in relations to Educator Assistants non-payment.
- The Department ensure the quality of reports to the Committee and provide evidence and statistics on accountability where there had been any transgressions. The Department ensure the Committee received actual Quarterly Reports from the Statutory Bodies i.e. SACE and Umalusi.
- The Department utilise available legislation and conditional grants to ensure performance and accountability by PEDs and ensure funds allocated are used for its intended purpose.
- The Department strengthen its debt-collection efforts to ensure recovery of state funds by using verifiable data .

7. Report of the Auditor-General of Southern Africa (AGSA)

7.1 Reflection on the Audit Outcomes for the Basic Education Portfolio – In 2023/24 the AGSA recommended the following:

- The Umalusi should enhance its in-year monitoring and corrective actions to ensure reliable financial reporting.

- More effort is required to prevent irregular and fruitless and wasteful expenditures by the department and enhance controls to proactively avoid potential instances.

- The auditees need to enhance their internal controls to prevent future occurrences of non-compliance with legislation that significantly affects the audit outcomes for the portfolio for DBE and Umalusi. Non-compliance was still observed in several key audit areas we reviewed.

- The department should ensure that the MTSF indicators and targets are included in the annual performance plan of the department to be able to track the progress in a transparent manner and to be able to account where there are deficiencies that impact the provision of service delivery. SACE should ensure that the reported performance is supported by reliable evidence.

7.2 Overall Reflection on the Implementation of Recommendations: Umalusi has successfully implemented the planned actions, as evidenced by the absence of material misstatements, reflecting robust controls and accurate reporting. The department has implemented control measures that have helped reduce irregular expenditure, showing progress in supporting implementing agents. However, the implementing agent still needs further support to achieve full compliance and prevent future irregularities. Progress on addressing reported cases of irregular and fruitless expenditure reflects management's commitment to consequence management. The department has made good progress by Including MTSF indicators in the annual performance plan, which improved transparency and accountability, enabling better tracking of progress and addressing service delivery gaps.

7.3 Portfolio Overall Message on Overall Outcomes – Overall, the audit outcomes for the portfolio have shown an improvement. Umalusi received an unqualified opinion with no findings, while the DBE and SACE obtained an unqualified opinion but with findings compliance and/or performance reporting. Umalusi submitted financial statements and performance reports free from material misstatements, marking a notable improvement from the previous year when material adjustments were processed in their AFS due to errors. DBE corrected financial statements after material errors were identified on accounting for infrastructure assets and repeat material non-compliances were reported. However, an improvement was noted on the performance information where no material findings were identified in the current year for DBE. While the department has made significant progress in reducing the infrastructure backlog through the School Infrastructure Backlog Grant, delays at some schools to complete sanitation facilities(SAFE projects) continue to negatively impact learners and teachers.

Umalusi has demonstrated a responsive approach to audit recommendations aimed at ensuring sound financial and performance reporting. Over the years, the department has been responsive to audit recommendations, as reflected in the improvement of audit outcomes over the past five years and the introduction of interventions such as regular project monitoring. However, delays in implementing some corrective actions have led to repeat transgressions, particularly in areas related to compliance with laws and regulations. SACE has consistently received material findings on its audit of performance information, indicating ongoing challenges in ensuring the accuracy and completeness of this data. These issues largely stem from delays in responding to the audit action plan, which has hindered timely and effective corrective measures.

The material misstatements in DBE's and SACE financial statements are a result of inadequate review controls by both the department and implementing agents over transaction processing, which led to payments being made to contractors for work not performed. No reconciliation is performed between the department and IA of the status of the infrastructure projects which result in misclassification of assets. The department is not holding the implementing agents accountable for not adhering to SCM prescripts which led to irregular expenditure. Implementing agents are delaying consequence management on officials found liable for non-compliance.

7.4 Recommendations – The department needs to strengthen its review processes by verifying project statuses before authorising payments. Regular updates and reconciliations of project progress should be conducted to ensure accuracy and alignment. The department should conduct proactive reviews of the SCM processes carried out by implementing agents before contract awards. Additionally, it should effectively monitor and support the timely implementation of consequence management by these agents to discourage further non-compliance by officials.

7.5 Financial Statements – Accounting for Financial Performance - Umalusi has significantly improved its financial management controls, strengthening its overall governance and accountability framework. The financial management controls related to the recording and accounting of infrastructure assets have weakened due to inadequate reviews and the failure to reconcile project statuses by the department and implementing agents. The control weakness over infrastructure assets can lead to inaccurate financial records, increased risk of financial loss, non-compliance with legislation, inadequate decision-making, and loss of stakeholder trust. Umalusi has effectively implemented the action plan, demonstrated by no material misstatements, indicating strong controls and accurate reporting.

7.6 Irregular and Fruitless and Wasteful Expenditure

- Causes of fruitless and wasteful expenditure - Inadequate review of the payment processes and verification of the project status before payment is processed. Inadequate planning, coordination, and communication between the DBE and PEDs resulted in the duplication of project implementation.

- Although irregular expenditure has declined, NECT continued to cause non-compliance for a third consecutive year which resulted in additional irregular expenditure of R2.5 million in the current year. Even though the department did not allocate new projects to NECT, the SCM process by the NECT to appoint service providers did not comply with SCM prescripts

- **Breach of five pillars of procurement – equitable, fair, cost effective, transparent and competitive:** (DBE): An amount of R79.9 million relates to a breach of the procurement pillars due to an unfair and uncompetitive bidding process. Contracts were awarded to bidders who did not achieve the highest scores, resulting in irregular expenditure. Of this total, R2.5 million relates to contracts awarded in the current financial year.
- The DBE delegated sanitation projects to the DBSA, which appointed contractors who chose their own Professional Service Providers (PSPs). This arrangement enabled collusion, as PSPs falsely certified incomplete work, leading to contractors being paid for sanitation facilities that were never built. The EFMS system was created to improve infrastructure project management, but many departments still rely on manual methods. This has led to duplicate

project assignments, project cancellations, and fruitless and wasteful expenditure.

- This fruitless and wasteful expenditure resulted in financial losses that could have been used for other infrastructure projects. It reflected poor planning, weak internal controls, and a lack of accountability.

7.7. Consequence Management – Dealing with Irregular and Fruitless and Wasteful Expenditure - Over the years, the department has incurred R7.7 billion in irregular expenditure, mainly due to non-compliance with SCM regulations. In response, management has undertaken efforts to investigate and resolve all identified cases of irregular expenditure, aiming to strengthen compliance and accountability. Although R1.7 billion was condoned last year, the situation highlights the ongoing need for stronger financial controls (DBE). All irregular expenditure cases have been investigated. For R4 billion worth of cases, consequence management has been applied, internal controls improved, and condonation is pending from the National Treasury (DBE). Disciplinary actions are in progress for R2.1 billion in cases, but some have faced significant delays due to the implementing agent (DBE). Disciplinary actions not taken against employees caused irregular expenditure (SACE). The fruitless and wasteful expenditure identified over the years has been recorded as part of the closing balance. All the fruitless and wasteful expenditure relate to DBE. There is no significant movement in dealing with fruitless and wasteful expenditure which resulted in material non-compliance on consequence management (DBE). A total of R176,5 million of the fruitless and wasteful expenditure incidents have been investigated, consequence management is currently in progress and/or awaiting recovery/ write-off (DBE). Seven (7) instances (R90,5m) where investigation is currently in progress (DBE). Three (3) instances (R29m) where investigations have not been started (DBE). Disciplinary actions not taken against employees caused fruitless and wasteful expenditure (SACE).

7.8 Governance and Institutional Capability

Internal audit units and the audit committees - The internal audit was conducted in accordance with the approved internal audit plan for the financial year under review, including the scheduled internal audit reviews. While the internal audit unit completed all planned audits and tasks as outlined in their audit plan, material misstatements related to the accounting of infrastructure projects and non-compliance with legislations were not identified during the internal audit process. Management has not adequately addressed all the recommendations put forward by the internal audit unit and the audit committee. This lack of full implementation hinders the effectiveness of internal controls and risk mitigation efforts. Due to ongoing concerns with consequence management, the committee held a dedicated session to address these issues and offered recommendations. While the committee made suggestions to improve controls, management did not consistently implement them, impacting the committee's overall effectiveness.

The department was mandated to address the backlog of inappropriate school infrastructure. To enhance the capacity and capability of the infrastructure unit, the department appointed implementing agents to oversee project execution, from procurement and appointment of service providers to the completion of the structures. To strengthen oversight and ensure effective monitoring, the department engaged the Project Support Unit (PSU) to supervise the work of these implementing agents. Despite these measures aimed at facilitating the smooth implementation of projects, significant deficiencies within the system continue to be observed, indicating the need for further improvements in project management and oversight processes.

7.9 **Material Irregularities (MI) -** The department has appropriately dealt with the previously reported Mis where all the planned actions to resolve the Mis were performed. The accounting officer intensified controls in place to prevent the financial losses and have also recovered the money. There is an MI issued to the department relating to the delays in completing the sanitation projects which posed a serious risk of substantial harm to the learners and teachers. AGSA is awaiting feedback from the department on information needed to clarify the circumstances.

7.10 Portfolio root causes and recommendations – overall audit outcomes – It would be beneficial for the minister to ensure that the accounting officer enforce accountability by holding implementing agents accountable for the management of the department's infrastructure projects as the misstatements on the financial statements, the non-compliance with key legislation, irregular expenditure and fruitless and wasteful expenditure were related to these infrastructure projects.

7.11 2023/24 Recommendations -

- The sector should improve its review of financial statements and performance information to minimize errors and post-submission changes and build a strong culture of accountability by clearly defining and consistently applying consequences to ensure compliance.

- The sector is encouraged to include the MTSF indicators in their planning documents and standardise sector indicators to ensure achievement of the MTSF targets and the provinces should revisit their systems and controls to ensure credible reporting.

- The sector leadership should Influence the implementation of corrective actions to address deficiencies identified through audits of Curriculum Implementation, School Performance Improvement, Early Childhood Development, the National School Nutrition Programme, School Infrastructure, Learner Transport, and the Presidential Youth Employment Initiatives.

- The sector is progressing in modernising education information systems, including enhancing SA-SAMS and implementing e-education across provinces, to improve reporting on management processes, school finances, and facilities.

7.12 Financial statements – accounting for financial performance – PEDs continue to incorrectly account for the immovable assets and irregular expenditure, these issues have persisted over prior years with minimal progress made in strengthening controls over the preparation of AFS. Inadequate financial management in the education sector may lead to inefficient use of resources.

- Main qualification areas:
  - KZN - Irregular Expenditure (completeness)
  - MP – Employee Cost (Limitation)
  - NW – Immovable tangible capital assets and Irregular Expenditure (misstatement, limitation and completeness)

- What caused improvement (EC & LP) - Financial reporting has improved for these PEDs due to stronger internal controls, better leadership oversight, use of financial systems, and consistent follow-up on audit findings

- What caused regression (GP & MP) - Absence of effective consequence management. There is insufficient performance management and a lack of accountability for underperformance among management.

7.13 **Performance planning and reporting for service delivery -** The PEDs did not reliably support the reported achievement in the performance report as evidence could not be provided, or material differed to the reported achievement. A total of 78% of sector auditees had material findings on compliance with legislation relating to strategic planning and performance management. Weak systems and manual processes leading to unreliable reporting. Ineffective in-year monitoring with unreliable information. The sector indicators have not been standardized across the sector, resulting in inconsistencies and their omission from the APPs. Unreliable reporting undermines the accountability ecosystem's ability to assess performance and support accurate decision-making. The exclusion of key indicators from performance plans and reports may hinder the sector from achieving the main targets and fulfilling their core mandated functions. This weakens accountability and reduces transparency

7.14 **Compliance with key legislation** – Inadequate monitoring and enforcement mechanisms, including a lack of consequences for non-compliance. Non-compliance weakens accountability, encourage repeated violations, and undermine effective service delivery and public trust.

7.15 **Risk: weaknesses in procurement and contract management -** Poor enforcement of rules and not holding officials accountable, and neglect of audit recommendations. This leads to irregular expenditure and unfair procurement processes which may prejudice other service providers.

7.16 **Unauthorised expenditure** – The unauthorised expenditure resulted from overspending on Programme 2, specifically in the compensation of employees. (FS,KZN,NC). The overspending on employee costs was further exacerbated by late termination of employees leading to overpayments of salaries, payment of hostel allowance to ineligible employees and payment of salaries to ghost employees. (KZN). This overspending has led to a high overdraft balance resulting in inability to service the debts as they become due thereby threatening the continuation of services by service providers.

7.17 **Irregular expenditure** – Causes for irregular expenditure included non-compliance with SCM prescripts and additional payments to non-compliances identified on multi- year contracts. Some irregular expenditure at KZN, Mpumalanga and North West was not disclosed in the Annual Financial Statements which resulted in a qualification of the financial statements. The current irregular expenditure of R1.5 billion incurred in GP includes School nutrition, Security services, Mobile classrooms and SCM related expenditure. R755 million was identified this year but was incurred in the prior year. Evaluation criteria was applied inconsistently, with some bidders unfairly disqualified and others allowed to proceed despite similar issues, as seen in the LP NSNP tender regarding undeclared company interests. Concerns were raised regarding biased specifications in tender documents, especially in IT procurement at the MP, where the requirements appeared to be tailored to favour specific brands.

7.18 **Risk: fiscal pressure -** Internal controls relating to payments to contractors and implementing agents for infrastructure projects need to be strengthened to ensure payments are made only when value has been received. This will help prevent financial losses resulting from payments for work not performed. Furthermore, the payment processes for invoices need to be closely monitored across the sector to prevent late payments which result in interest and penalties being charged by service providers. Three PEDs (FS, KZN, NC) currently face a cash shortfall, indicating that these departments have entered into a bank overdraft and may be unable to meet their short-term obligations as they become due. In FS, the infrastructure panel appointment process, some contractors failed to declare state employment, potential collusion was identified, and management largely ignored fraud risks highlighted by internal audit.

7.19 **Governance and institutional capability -** According to the audit intervention plan, most findings remained in progress, and internal audits assessed the plans only once during the year under review. While there are internal audit functions that are effective in conducting their functions, some internal audits are not fully effective and require improvements in follow-up, responsiveness, and resolution of issues to enhance their impact. The effectiveness of the audit committees continues to be constrained in the sector by the quality, sufficiency, and timeliness of the information it receives. These limitations hinder the committees' ability to provide robust oversight and contribute to the stagnation observed in audit outcomes related to financial statements, the annual performance report, and compliance matters. Without access to accurate, comprehensive, and timely data, the committees' capacity to identify risks, challenge management, and drive improvements remain significantly compromised. The education sector struggles with institutional challenges such as inadequate planning. Infrastructure delays, and unreliable data systems further limit effective delivery. Inconsistent policy implementation and inadequate monitoring contribute to ongoing inefficiencies, highlighting the need for improved accountability, strengthened capacity, and effective use of resources.

7.20 **Reflection on performance planning and reporting -** AGSA analysis of the MTSF indicators and targets for the past five financial years, we noted that provinces are not achieving on their targets, which directly delay delivery of the intended quality education even though the budget is at times exceeded by a number of auditees. The underachievement of the planned service delivery and reported achievements and lack of correlation with the budget spent will compromise the achievement of government's priorities and erode future budgets meant for service delivery. Poor monitoring and corrective action throughout the year contribute to auditees being unable to achieve their performance targets or reliably report on their performance. Accounting officers and oversight bodies (such as portfolio committees) also use in-year reporting for monitoring purposes; without reliable information, their monitoring process will be ineffective.

7.21 Teacher Development - Individual development needs of teachers are not consistently identified using Quality Management Systems (QMS) instruments provided by DBE (at all the provinces except Gauteng). The Continuous Professional Teacher Development (CPTD) System is not adequately used across all provinces to capture professional development points for interventions attended by teachers. PEDs did not adequately budget for and use the whole skills development levy to fund teacher development interventions (at KZN, NW & NC). Not all key deliverables in the teacher development strategy were implemented as outlined, such as the establishment of and improving functionality of Provincial Teacher Development Institute (PTDI)(at FS, LP, NW & NC), District Teacher Development Centres (at KZN, LP, MP & NW) and Professional Learning Committees (at all provinces except GP & WC). PEDs do not assess the effectiveness of teacher development interventions implemented(at all provinces except GP).

The national department, PEDs and all other key education role players should review policy guidelines and frameworks to identify barriers to implementation and to timely address impediments to policy implementation. The education districts should prioritise review of basic annual management processes, provision of timely guidance and support and targeted monitoring to struggling schools. Schools should prioritise identification of individual teacher development needs and provision of mentorship and coaching to struggling teachers (type 1 and 2 training).

7.22 Early Childhood Development – AGSA found there were no Health Report or certificate in the centres and not all centres received Learner Teacher Support

Material or are using it effectively. There was inappropriate Infrastructure such as lack of sickbays, inappropriate and unsafe sanitation facilities and non-compliance with fire safety measures. ECD Centres employed unqualified practitioners. At the EC 100% of the centres visited during the audit did not utilize the funds for intended purpose (infrastructure funds utilised for practitioners' salaries and printers and toners. AGSA recommends the sector should:

- Enforce mandatory health inspections and regular audits to ensure centres meet safety and hygiene standards.
- Ensure timely distribution and effective use of learning materials, supported by training and monitoring. Require minimum qualifications for practitioners and provide training to upskill current staff.
- Upgrade facilities to meet safety standards, including proper sanitation, sickbays, and fire safety compliance. Improve financial accountability training, and strict monitoring to prevent misuse of funds.

7.23 Education – Learner Transport – AGSA found there were no officials appointed to monitor the learner transport ensuring that only legible learners benefit from learner transport. Education districts and Provincial Departments do not effectively monitor and oversee the learner transport programmes at school. Vehicles that transport learners are overloaded and provision have not been made for learners with special needs. Busses do not have maintenance reports to confirm that vehicles are in a roadworthy condition and are serviced regularly. Busses not in good condition i.e. broken windows, no spare tyres, no fire extinguishers and no seatbelts. Drivers not licensed to drive busses and drivers not having valid permits. Busses do not arrive on time and logbooks of kilometres travelled transporting learners not kept. AGSA recommend the PEDs need to have strict monitoring and oversight mechanisms in place over the implementation of the scholar transport policy. Workshops and training should be carried out for the schools to raise awareness and clearly explain the responsibilities of schools and learner transport operators.

7.24 National School Nutrition Programme –

NSNP has improved learner attendance and concentration, reduced hunger, and increased participation in class activities. The programme has also led to the creation of food gardens, promoted healthy lifestyles, and provided a stable source of nutritious meals for millions of learners in the poorest schools. AGSA found non-inclusion of the relevant indicators relating to NSNP in the APPs of the departments (EC, WC, LP, NC, WC). No formal appointments or relevant training records for NSNP personnel, including no evidence that food handlers received training on health and hygiene standards. (EC, FS, GP, KZN, LP). The stock register was not maintained and up to date, storeroom inadequate ventilated and food placed directly on floor. The use of disinfectant cleaners not compliant with NSNP guidelines and schools not serving food at recommended time of 10:00 at schools that do not serve breakfast. The area where food is prepared was not clean and hygienic and fire extinguishers were not serviced regularly. The School Management Team (SMT) and School Governing Body (SGB) were not effectively monitoring or reporting on the NSNP's implementation and performance. NSNP funds were misused for purposes other than the program and no daily schedules for supervising learners during meal serving were prepared.

The sector should monitor the inclusion of the MTSF indicators in the APP of the departments and monitor the progress made on implementation of the APPs and assess the impact of the non-achievement on service delivery. The sector should strengthen the NSNP reporting framework to ensure it captures all critical implementation areas, including food delivery, storage, preparation, and learner feedback.

7.25 Infrastructure delivery – Schools – AGSA's key observations were as follows:

- **Delayed completion of projects (time)** – Some projects delayed from 1 to 10 years, including Naledi Ya Meso Secondary School (LP), Kgatoentle Secondary School (GP) and Dingukwazi Secondary School (KZN)

- **Increased project cost and financial losses (cost)** – Cost escalations due to late approvals, unapproved variations, duplicate payments, payment for work not done, and standing time.

- **Construction quality deficiencies:(**build quality) – Structural cracks, sagging slabs, defective electrical installations, vandalism, unfinished classrooms, and non-functional laboratories were noted in multiple provinces.

- **Underutilisation of Completed Infrastructure** – Some schools with practical completion still have classrooms, science labs, media centres, or hostels not operational (e.g., Waveren Primary School, Maritime School of Excellence, Thubalethu High School).

- Lack of adequate maintenance on existing infrastructure

- Financial loss and potential harm due to no value derived for funds spent – Issues were noted for delays in project completion and project progress not aligning to the payments made. This was noted on DBSA SAFE implemented schools on behalf of DBE in KZN.

AGSA recommended enhance quality control through regular site inspections, contractor performance monitoring, and linking payments to work verified. Increase monitoring by implementing real-time project tracking and addressing poor performance and delays promptly. Strengthen budgeting and financial planning to prevent cost overruns. Improve coordination amongst the key-stakeholders and ensuring alignment on project deliverables. Ring-fencing of funds to ensure that service providers are paid timeously.

7.26 Education – Information Technology –

- **E-Learning -** Inadequate implementation of e-Learning initiatives in the NW Province, e.g. the roles and responsibilities in managing the program were not clear, weak WIFI connectivity and teachers using their own data. NC Province – Tablets intended for Robotics and coding were procured and not distributed to learners. Most of the provinces had inadequate network connectivity e.g. GP, NW, KZN to enable the learners and teachers to connect and use the devices for learning. EC Province procured mobile data amounting to R6 573852, and it was not utilized. Lack of e-education strategy in NW Province while GP and FS Province e-education strategies are

- **E- Government –**
    - **South African School administration Management system modernization project -** SA- SAMS modernization system that was anticipated go live in 2025-26 has been delayed by at least one year due to a lack of resources, scope expansions and User Acceptance Testing weaknesses identified.
    - **Cyber security governance and controls were not adequate -** ICT security vulnerabilities were detected in most of the provinces due to aging infrastructure (missing patches, inadequate security configurations and legacy/unsupported systems).
- **Infrastructure system -** The project management module on EFMS system was still not fully utilized in all provinces. Not all the infrastructure projects that commenced in the year under review were captured on EFMS . E.g. WC & LP Provinces. This is resulting in duplicate payments made to service providers on projects that have already commenced

AGSA recommended to develop and update e-education strategies for implementation and ensure delivery of e-learning devices. Prioritise ICT infrastructure upgrade through adequate budgeting. Utilize EFMS to monitor infrastructure projects. Prioritise the implementation of the modernized SA-SAMS system

7.27 Pertinent focus points

- **Early Childhood Development** - The Provincial education and district officials should provide effective guidance, monitoring, and support to ensure that schools adhere to established policies on ECD provisioning. The sector should work to enhance the learning environment for learners to ensure the success of this programme, including the buildings and playground facilities.

- **National School Nutrition Programme (NSNP) -** Strengthen the NSNP oversight and coordination at school level. Introduce a stock control and register system that can be monitored by districts and PEDs. Improve the procurement and delivery of NSNP stock for learners to eat timely and health meals.

- **School Infrastructure** - Management need to consider project life cycle - from inception through design, construction and commissioning and effective utilisation of resources and efficient spending. Infrastructure condition assessment to be done in all schools and each status reported in the system.

- **Learner Transport** - Improve inter-departmental coordination of learner transport to enforce transport safety and compliance with road safety. Align service level agreements with monitoring and supervision of service providers by school management team.

- **Teacher Development** - DBE should review the Integrated strategic framework for teacher development in collaboration with PEDs and relevant stakeholders. Engage PEDS on the importance of establishing Provincial Teacher Development Institutes and District Teacher Development Centre. Prioritise identification and addressing of individual teacher development needs. Strengthen the continuous assessment of teacher development intervention. SACE and DBE to agree on the process of holding teachers accountable for updating professional development point on the CPTD system

7.28 AGSA Overall Recommendations

- It is vital to promote the inclusion of relevant indicators in the APPs of the PEDs and encourage the achievement of the planned targets to ensure collective sector delivery of services.

- The Minister and DG are encouraged to continue guiding and leading the DBE in strengthening its monitoring and coordination of sector priorities to ensure effective implementation of planned initiatives (such as the NSNP, Scholar Transport, infrastructure maintenance, Early Childhood Development, teacher development, etc.) to enhance accountability and boost the effectiveness of programme delivery at the local level.

- The sector leadership (i.e. HEDCOM, CEMs, etc.) should prioritise acceleration the modernization of the SA-SAMS system to improve the capture, review, and consolidation of reports on annual management processes, school finance management, and education facilities management. This will enhance monitoring capabilities and support more effective service delivery.

- The Minister, through the Council of Education Ministers (CEM), should exercise close oversight over the implementation of key sector areas highlighted in this report, among others. This will ensure that responses to identified internal control weaknesses are systematically tracked, monitored, and effectively addressed.

- CEMs should ensure that the Head of Departments strengthen consequence management measures to promote accountability and drive improvements in governance and performance. Furthermore, sector leadership must enhance compliance oversight and enforcement, while rigorously applying consequence management to tackle the underlying root causes of non-compliance and drive sustained improvements.

7.29 AGSA Overall Message to the Portfolio Committee – There should be monitoring and regular follow-up with the executive authority and the accounting officer on:

- Monitoring progress in modernising education information systems, including upgrades to SA-SAMS and the rollout of e-education across all provinces.

- In strengthening the coordination of the key sector priorities (such as Early Childhood Development, teacher development, infrastructure, etc).

- Promoting the inclusion of relevant indicators in the APPs of the PEDs and encourage the achievement of the planned targets to ensure collective sector delivery of services.

7.30 Portfolio Committee Observations and Questions

- What were the primary causes for irregular expenditure as reported? What were the financial pressures and AGSA recommendation to mitigate this.
- What were the alternative to mitigate the crippling bureaucracy in the system and how were PEDs being held accountable?
- Currently the overall funding model and Norms and Standards allocations for learners per year was too low; what recommendations could the AGSA offer in this regard?
- What model should be implemented for procuring goods and services by government – could such a model be automated to avoid any risks?
- AGSA reported five material irregularities (MIs) in the Department and 43 across the sector. What were the most serious cases, and have the responsible officials been held accountable? What progress has been made in recovering losses or implementing remedial actions related to these MIs?
- Seven of nine provincial education departments were operating in deficit - what systemic causes underpin these deficits?
- How does the AGSA evaluate the fiscal sustainability of provincial education budgets considering infrastructure backlogs and compensation pressures?
- What is the AGSA's view on the effectiveness of teacher professional development programmes and the Continuous Professional Teacher Development (CPTD) system?
- Why do the AGSA's findings continue to show poor monitoring of training outcomes and under-use of development centres?
- Does the AGSA believe SACE has adequate capacity and systems to monitor teacher misconduct, professional registration, and compliance with ethical standards? What steps should be taken to strengthen accountability within SACE's disciplinary function and data management?

- How effective was the Departments internal audit and audit committee structures in identifying and addressing control weaknesses before the AGSA audit process?
- Did the AGSA find evidence of management override of internal controls or undue influence in procurement or reporting processes?
- How does the AGSA assess the quality of leadership accountability and ethical culture within the DBE and its entities?

7.31 Portfolio Committee Recommendations

- AGSA investigate the discipline of provinces in blacklisting of errand contractors and implementing agents and advance consequence management processes and procedures.

[NB: As per annexure, below - DBE Responses to 2023/ 24 BRRR are hereby attached]

DBE BRRR Responses 29November2024.do

8. Report of the Financial and Fiscal Commission (FFC)

8.1 Mandate of the FFC – The Financial and Fiscal Commission is a constitutional institution established under Chapter 13: Finance, Sections 220-222 of the Constitution, which makes recommendations envisaged in the Constitution to Parliament, provincial legislatures and any other authorities determined by national legislation. All legislations referred "may be enacted only after" the "recommendations of the Financial and Fiscal Commission have been considered". When making its recommendations the Commission must take into account National Interest and the needs and interests of the national government, determined by objective criteria.

8.2 Overview of Basic Education and Equitable Funding - The right to basic education is enshrined in Section 29(1)(a) of the Constitution. Unlike other socio-economic rights in the Bill of Rights, the right to education is immediate and not subject to limitations. Basic education in South Africa includes Grades R to 12, provided through ordinary public and independent schools. The system serves over 13.5 million learners across South Africa in almost 25,000 ordinary public schools. Basic education typically receives a significant portion of the national budget, comprising 13.5 per cent of total government expenditure in the 2024/25 fiscal year (Budget 2024). However, there are significant disparities across public and independent schools in terms of critical educational resources and infrastructure challenges which affect learner-outcomes, highlighting the importance of having equitable funding. The main funding for provincial basic education comes from the Provincial Equitable Share (PES) allocation. Conditional grants from the Department of Basic Education are supplementary to this core budget.

8.3 Public vs Independent Schools - The Learner to Education and School ratios show large disparities between independent and public schools in South Africa's basic education system. Independent schools, in terms of the governing legislation, are schools which are privately governed (i.e. private schools), whereas public schools are controlled by the state. Across South Africa, the average number of learners per school in public schools was approximately 571 in 2024, almost double the number of learners in the private sector. The Learner-School ratio in private schools appears to be on a slight downward trend, whereas a marginal upward trend appears to be emerging for public schools, pointing to increasing pressures according to the data (School Realities, 2025). Similarly, the Learner-Educator ratio between private and public schooling indicates a relatively consistent pattern whereby the number of learners per educator in public schools far outpaces the number in private schools.

8.4 Disparities in Learner Performance (2024) - Lower quintile schools are achieving suboptimal results in terms of Bachelor-level passes (University admission), which limits tertiary education access for those from more disadvantaged backgrounds. There is a notable performance gap between Quintile 4 (45.6 per cent) and Quintile 5 (60.3 per cent) for Bachelor-level passes, suggesting that even relatively better-off public schools still lag far behind the top-performing institutions, reflecting their better infrastructure, more qualified teachers, and learner support systems (National Senior Certificate Examination Report 2024). The share of candidates achieving only a Higher Certificate declines from Quintile 1 (14 per cent) to Quintile 5 (8.6 per cent), indicating that lower-quintile learners are more likely to meet only the minimum performance threshold. Results highlight the need for funding norms to be revisited to strengthen resource allocation.

8.5 Norms and Standards for Equitable School Funding – The South African Schools Act (SASA) 1996 provides for a uniform system for the organisation, governance and funding of schools and matters connected therewith. Basic education is a concurrent National and Provincial competency, governed by SASA. Provincial governments and legislatures are responsible for prescribing the level of funding allocated to Provincial education departments. The National Department of Basic Education sets policy, norms, and standards, while provincial departments are responsible for implementation and administration. The National Norms and Standards for School Funding (NNSSF), as amended, gives effect on the legislative framework, providing guidance on the funding allocations to the nine PEDs. The norms and standards specifically regulate the level of school expenditure for public ordinary schools. Given the vast disparities across learners and schools in terms of socio-economic conditions, allocations are guided through the Quintile system, whereby resources are targeted to ordinary public schools within a province, categorized based on poverty levels and needs.

8.6 Quintile-Based Funding and Per-Learner Allocations - National Norms and Standards for School Funding (NNSSF) intends to reduce resource disparities between affluent and less affluent schools. The NNSSF take a quintile-based funding approach. A five-tiered system is used, with Quintile 1 including the neediest schools, whilst Quintile 5, the most affluent. Learners in Quintiles 1, 2 and 3 do not pay school fees. The approach aims to achieve redress and equity through directing greater funding to learners based on poverty/needs. Each year, the National DBE sets the target per learner amount for each quintile, which provincial departments. Overall, KwaZulu-Natal, Mpumalanga, and Eastern Cape were consistently funding below the minimum threshold amounts for learners, with slight improvements shown in funding allocations for 2025 in some provinces. It is concerning that underfunding has occurred in provinces, particularly KwaZulu-Natal and the Eastern Cape, which have consistently had lower learner-to-school intakes compared to provinces such as Gauteng and the Western Cape. The FFC further highlighted key challenges driving underfunding.

8.7 Funding for Education Infrastructure: Regulatory Environment – The right to education extends to the provision of quality education infrastructure. The 2013 Minimum Uniform Norms and Standards for School Infrastructure outline the basic level of infrastructure that every school must meet. The Minimum Norms and Standards for School Funding are legally binding and set out the timeframes within which the school infrastructure targets must be met. In terms of access to basic services, data from DBE's Education Facility Management System indicates that all schools have access to water and electricity supply. While progress is noted, gaps in access to safe sanitation remain, with learners in some schools still having to use pit latrines. The Infrastructure Norms and Standards indicate that pit latrines are not allowed at schools. Access to these facilities plays a critical role in promoting the health of learners and producing learners who can adapt to the changing needs of society. A significant number of schools do not have access to computer centers, laboratories, libraries and sports facilities.

The Eastern Cape, KwaZulu-Natal, Limpopo and Mpumalanga appear to be lagging significantly in providing critical school infrastructure. albeit to varying degrees, pointing to severe bottlenecks in infrastructure implementation and delivery. However, the provision of laboratories and libraries specifically also remains a serious challenge in the Northern Cape and North West, with limited access. Overall, access to educational infrastructure varies significantly by province, with generally slow progress shown between 2021 and 2024 for most provinces. The data concerns the case of the Northern Cape, where access to computers appears to have declined significantly (from 53 per cent to approximately 20 per cent) (Department of Basic Education, 2024). This raises serious concerns about whether school infrastructure has deteriorated significantly in the province, whether new schools are being built without computer centers, or whether there are issues in data capturing and oversight.

8.8 Challenges in Education Infrastructure and Infrastructure Grant Funding – There are significant backlogs in education infrastructure. Such backlog spans across all provinces and several aspects, including over-crowding, inappropriate structures, sanitation, water supply, electricity supply & maintenance (Department of Basic Education, 2025). There are prevailing challenges in addressing these backlogs, such as unreliable planning data, inefficient use of available data, and inefficiencies in the delivery of education infrastructure. Re-examining the existing education infrastructure delivery method is necessary due to its uncertain effectiveness. Strengthen collaboration and robust intergovernmental oversight to ensure effective delivery of national infrastructure priorities at the provincial level, particularly for the education sector. Infrastructure in the education sector fares poorly compared to sectors like health, energy, and water–with the regression results showing a negative relationship between education infrastructure and economic growth. The negative contribution of education infrastructure towards economic growth raises concerns regarding the state of education infrastructure, possibly as a result of inefficiencies within the education sector. However, of greater concern are the persistent infrastructure backlogs and inappropriate structures that remain widespread, despite the existence of initiatives like the 10-point strategy aimed at improving education infrastructure delivery.

8.9 Key Education Infrastructure Grants - Members received a detailed overview of the key Education Infrastructure Grants introduced in terms of the following:

- Accelerated School Infrastructure Delivery Initiative (ASIDI)
- School Infrastructure Backlog Grant (SIBG)
- Mathematics, Science and Technology (MST) Conditional Grant
- The Education Infrastructure Grant (EIG)

A total of R125.5 billion since inception (2011/12 to 2023/24). Growth has been erratic, with the Education Infrastructure Grant subjected to reprioritisation and cuts. Provincial Education Departments depend heavily on the Education Infrastructure Grant as a source of funding for education infrastructure spending. The bulk of Education Infrastructure Grant funding is directed at maintenance. The conditions of the EIG require that provincial education departments allocate no less than 60% of the EIG to address preventative and corrective maintenance. With a few exceptions, spending and outputs are aligned – must not forget the aspect of quality. Since 2011/12, R26.1 billion has been made available via the School Infrastructure Backlog Grant. However, year-on-year growth in allocations appears erratic since 2012/13. Spending performance has varied since the inception of School Infrastructure Backlog Grant but has seen improvements since 2020/21. The Mathematics, Science and Technology grant has made approximately R3.6 billion available since 2015–16. During a 10-year period, grant allocations grew by more than 200% from R109 million in 2013/14 to R383 million in 2023/24. Gaps in Mathematics, Science and Technology (MST) Conditional Grant Spending included delays in delivery of resources, underutilisation of grants allocated funds and a lack of outcome-based indicators.

8.10 Recommendations to the Department of Basic Education

- **Enhancing equity in basic education and learner funding:**
  - o The Commission reiterates its recommendation that the government needs to protect the redistributive nature of the basic education funding system in the face of budget constraints
  - o Provincial Education Departments should strengthen data management and controls to ensure better, evidence-based projections of learner enrollment figures.
  - o The Commission recommends more detailed and comprehensive education data that is disaggregated by quintile, specifically on education performance outcomes across quintile schools.
  - o The Commission reiterates its 2001 recommendation that a cost-norm approach be adopted, where a full costing exercise should be undertaken by all provinces, particularly for the provision of education.
- **MST conditional grant performance**
  - o The Commission recommends improving the timeliness of resource delivery.
  - o Addressing under-spending through performance-based planning.
  - o The Commission also recommends introducing outcome-based performance indicators directly linked to learner improvements in Mathematics, Science and Technology.

8.11 Portfolio Committee Observations and Questions

- How was the DBE ensuring full implementation of the FFC recommendations as per the FFC report? How was the Department ensuring ensure targets for the recommendations were prioritised – specifically those underperforming targets?
- How would the FFC ensure weaknesses in its reporting in respect of the veracity and validity of statistics and data presented? The report noted zero inappropriate structures in certain provinces when Members could name many schools with inappropriate structures and infrastructure challenges.
- Why was the FFC presenting on timelines and deadlines for 2024, and not the most recent information on the qualitative and quantitative information presented?
- With equity and quintile funding, how was the Department justifying the underfunding of provinces?

- Why was the Minister not being held accountable for failure to meet targets sets e.g. eradication of pit-latrines? What consequence management was in place against errand officials/implementing agents/contractors?
- With grants, the Department continue to pour funds into infrastructure grants when backlogs persisted – how was the Department being held accountable?
- With outcomes and performance, was the just lamenting on issues of funding and not zoning in on quality of pass rates?
- Although provinces showed an increased in MST performance an outcome, how was the Department ensuring learners were able to compete globally, given their socio-economic circumstances?
- How was the Department ensuring that leaners with disabilities were being accommodate with adequate school spending/funding?
- How was the Department ensuring adequate school safety and security for learners and teachers. Where schools combined, it was noted that lower grade learners shared similar areas with older learners. How were younger learners being protected and safeguarded? Also, learners having to relocate to schools further from their homes did not receive scholar transport which left them vulnerable when walking to school – how was this being addressed?
- How was the Department ensuring girl-learners had access to free sanitary towels and adequate ablution facilities? Members agreed that a separate session be held on the topic with relevant sister departments and stakeholders.
- How was the Department ensuring principals ensured the independence of SGBs – and ensure utilisation of school funds for school maintenance.
- The Department requested to ensure a departmental task team was established to track Committee oversight resolutions as well as matters brought to the attention of the Department by Members of the Committee.
- How was the Department and the FFC ensuring that Districts and Provinces did not supply incorrect/invalid statistics and information?
- Non-performance of PEDs as per the FFC findings remained concerning. The Committee needed to consider inviting non-performing PEDs to a meeting of the Committee to account for underperformance/underspending.
- Who was responsible for ensuring progress in meeting regulatory targets set?

- It was noted that some PEDs were funding below the national norm in respect of equity and per learner funding – what were the structural reasons for persistent underfunding by PEDs - and how was the FFC assisting in ensuring this was addressed?
- With infrastructure backlogs and pit-latrines eradication, was there any specific fiscal reforms and grant adjustments that may be proposed to accelerate reaching of these targets? What changes would the FFC recommend in respect of grant frameworks for underspending and procurement delays?
- PEDs need to account to the Committee on their spending on grants and infrastructure as well as the mechanisms available to PEDs to meet their funding thresholds?
- How was the Department addressing the disparities face by communities?
- What reforms could be considered to strengthen procurement and accountability mechanisms?
- How was the FFC assisting in addressing inefficiency in infrastructure delivery? Why were infrastructure backlogs still prevalent in so many schools?
- What measures were in place to ensure a reduced teacher/learner classroom ration in public schools?
- It was clear that the country was seeing two different education systems at play i.e. rural/township vs urban systems. How was the Department and FFC assisting in ensuring inequalities were addressed with proper transformation and redress? What impact assessment has been commissioned on resource allocation, funding, conditional grants and the overall schooling system in the country? How has conditional grants impacted on the quality of the education environment? Are we getting value for money in respect of learner performance and improved schooling environments?
- Did the FFC conduct any studies on the return on investment in respect of education funding per learner.
- The shrinking fiscus remained a challenge for education funding. Was the FFC able to gage/track the number of learners who move from formal schooling to higher education institutions?
- How competitive was the current Curriculum to other countries? Was it on par or inferior – and if inferior, was this due to resources and cost constraints. How was

the Department addressing such constraints? Would there be a need for legislative changes or Executive interventions to address unequal costing mechanisms for schools?

8.12 Portfolio Committee Recommendations

- The DBE and FFC ensure validated statistics and data was submitted to the Committee. There was a need to hold someone accountable for misleading the Committee with inaccurate data and statistics.
- The DBE ensure they submit a clear timeline and resolution on the implementation of the FFC recommendations.
- The DBE ensure steps for full attendance of the Executive to meetings of the Committee.
- The DBE submit a report on further steps against underperforming implementing agents and contractors – and details on their procurement for projects.
- The DBE submit a report on their engagements with National Treasury and Provincial Treasury on limiting austerity measures and budget cuts which affected performance outcomes.
- The DBE submit a report on how the Department aims to meet its deadline for the completion of the eradication of pit-latrines – with timeframes
- The Portfolio Committee to ensure a follow-up meeting with the DBE and FFC and ensure the Committee receive accurate and verifiable data and statistics – this meeting to also include National Treasury, Teacher Unions, SGB Associations and relevant stakeholders on the current funding model.
- The DBE ensure efforts are strengthened to ensure all schools have free sanitary hygiene products and adequate ablution facilities for girl-learners.
- The Committee schedule a session with non-performing PEDs to account for underperformance and underspending on grants and infrastructure – as well as mechanisms available to PEDs to meet their funding thresholds.

9. Council for Quality Assurance in General and Further Education and Training (Umalusi)

9.1 Background and Mandate – Umalusi has the mandate to develop and manage a sub-framework of qualifications (General and Further Education and Training Qualifications Sub-framework - GFETQSF), which is at NQF Levels 1 – 4. Umalusi carries out its legislative mandate by means of a standards setting framework which involves:

- ensuring the development of qualifications and associated curricula as required for the sector,
- accrediting private education institutions to offer such qualifications and quality assuring provision,
- accrediting private assessment bodies to assess the qualifications,
- quality assuring assessment and issuing certificates for learner achievements, and
- commissioning or conducting research, which constitutes the basis for the advice provided to the relevant Minister of Education.

9.2 Strategic Priorities – The Umalusi strategic priorities could be summarised as follows:

- **Reviewing the quality assurance of assessment approach**: - As part of its efforts to refine the quality assurance of SBA moderation, Umalusi revised its moderation instrument to align with developments in the assessment landscape. This update was necessary following the Department of Basic Education's (DBE) adoption of a four-tier approach to SBA quality assurance, which includes an audit of the SBA system to ensure effective implementation
- **Reviewing, evaluating and appraising qualifications**:
  - Evaluated the National Senior Certificate (NSC) Examination Guidelines to determine whether they encompass all essential components required for upholding educational standards.
- **Providing input to the legislative framework**:
  - Provided input to the review of the NQF Act
- **Intensifying research on educational development**:
  - Umalusi has conducted various studies in relation to the sub-framework. This includes, amongst others:

- Comparing the quality and standards of the current set of NSC examinations with the previous ones to maintain and improve assessment standards in a selection of subjects across three assessment bodies.
- Determining gaps in the existing NSC examination guidelines across the assessment bodies.
- **Intensifying advocacy:**
    - Umalusi hosted various delegations during study visits to South Africa, including the Malawi National Council for Higher Education (NCHE), the Examinations Council of Lesotho (ECoL), the Ministry of Education and Training in the Kingdom of Lesotho, the Examinations Council of Zambia (ECZ) and Malawi National Examinations Board(MANEB).

9.3 Audit Outcomes 2024/25 Financial Year – Umalusi was audited by PricewaterhouseCoopers Incorporated (PwC) for the 2024/25 FY. PwC was appointed by Umalusi after obtaining permission from the Auditor General of South Africa (AGSA) during the year under review. Umalusi achieved an unqualified audit opinion without material findings (clean audit) for the 2024/25 FY. The audit report is on pages 103 to 105 of the Annual Report (2024/25). This is an improvement from the previous financial year (2023/24), wherein Umalusi achieved an unqualified audit opinion with material findings. This is an indication that Umalusi has effective, efficient and transparent systems of financial management and internal control as required by the Public Finance Management Act (PFMA).

9.4 Performance Information – Umalusi achieved all its planned targets for the 2024/25 financial year.

9.4.1 Programme 1: Administration - Programme 1 provided strategic leadership, management, and administration support services to the organisation. Programme 1 covered the following sub-programmes:

- Strategy and Governance.
- Public Relations and Communications.
- Information and Communication Technology.
- Human Capital Management; and

- Finance and Supply Chain Management.

Key Achievements:

- Media briefings (SOR and approval of the release of results).
- Advocacy – roadshows, webinars, exhibitions, media briefings.
- Electronic Pension File – developed to enhance accuracy, efficiency and regulatory compliance in pension contributions.
- Procurement of an advanced cloud-based financial management solution (Sage Intacct) to enhance the financial management processes and reporting with a view to improving audit outcomes.
- Successful implementation of a faster internet connection through VOX, leading to a reduction of 83% in internet costs.
- The ownership profile of the 269 appointed suppliers is as follows: Black = 59% | Women = 38% | Youth = 14% | PWD = 6%
- To strengthen good governance, we conducted an evaluation to assess the effectiveness of the Council.

Programme 1 Outputs:

- **Number of advocacy initiatives conducted –** The annual target was set at eight (8) initiatives – and the Annual outputs was 12.
- **ICT Network health score maintained at ≥97% -** The annual target was set at ≥97% - and the target reached was 98%
- **Average Vacancy rate maintained at ≤10% -** The annual target was set at ≤10% - and the target reached was 5%
- **Percentage of valid invoices paid within 30 days of receipt –** The annual target was set at 100% and the annual output stood at 99%.

9.4.2 Programme 2: Qualifications and Research – Programme 2 developed and managed an efficient and effective GFETQSF within the NQF and to undertake strategic research in support of this goal. Programme 2 covered the following sub-programmes:

- Qualifications, Curriculum and Certification
- Statistical Information and Research

Key Achievements:

- Finalised the Articulation Policy for Qualifications in General and Further Education and Training for the year under review.
- Conducted the 2024 Post-Examination Analysis (PEA) for selected National Senior Certificate (NSC) examination subjects across the three assessment bodies. Ten (10) DBE subjects and nine (9) SACAI and IEB subjects were analysed.
- Umalusi has successfully hosted the 40th AEAA conference from 19-23 August 2024, at Century City Conference Centre and Hotels, in Cape Town. There were over 300 conference delegates from various education sectors across the African continent, Europe, India, Japan, the United Kingdom, the United States, and other parts of the world.
- Published an accredited book of the 40th AEAA conference proceedings titled: "Proceedings of the 40th AEAA Annual Conference on Reimagining Educational Assessment in the Age of Multiple Dimensions of Learning in a Global Society".

Programme 2 Outputs

- **Number of reports produced on the management of qualifications in the sub-framework -** The annual target was set at one (1) report – and this was achieved.
- **Number of reports produced on the certification of learner achievements for the qualifications in the sub-framework -** The annual target was set at four (4) reports – and this was achieved.
- **Number of reports produced on the verification of qualifications (certificates) in the sub-framework -** The annual target was set at four (4) reports – and this was achieved.
- **Number of research reports completed in various formats -** The annual target was set at six (6) research reports – and this was achieved.

9.4.3 Programme 3: Quality Assurance and Monitoring - Programme 3 ensures that the providers of education and training have the capacity to deliver and assess qualifications registered on the GFETQSF and are doing so to the expected standards and quality. Programme 3 covered the following sub-programmes:

- Quality Assurance of Assessment (QAA): School Qualifications
- Quality Assurance of Assessment (QAA): Post-School Qualifications
- Evaluation and Accreditation

Key Achievements:

- Moderated question papers for all assessment bodies
- Moderated school-based assessments
- Monitored the conduct and administration of exams
- Standardised marking guidelines
- Verified marking to ensure accuracy and credibility
- Accreditation: 64 Independent Schools (IS)
- Two-year provisional accreditation: 31 IS and 1 FET private college
- No accreditation: 29 IS and 32 FET private colleges
- Continued accreditation (Monitored institutions): 107 IS and 5 FET private colleges

Programme 3 Outputs

- **Number of quality assurance assessment reports published for qualifications registered on the GFETQSF –** The annual target was set at nine (9) reports – and this was achieved.
- **Percentage of question papers approved per qualification –** The annual target was set at 100 % – and this was achieved.
- **Number of assessment bodies audited for their state of readiness to conduct examinations -** The annual target was set at four (4) assessment bodies audited – and this was achieved.

- **Number of subjects for which verification of marking is conducted -** The annual target was set at 95 subjects – and this was achieved.
- **Number of subjects for which moderation of internal assessment is conducted -** The annual target was set at 200 subjects - and this was over-achieved at 207.
- **Percentage of accreditation outcomes for private education institutions finalised within 12 months of the site visit -** The annual target was set at 87 % - and the achievement was 98.16 %.
- **Percentage of identified private education institutions monitored after being granted accreditation -** The annual target was set at 92% - and the achieved target was 98.83%.
- **Percentage of identified private education institutions monitored after being granted accreditation –** The annual target was set at 91% - and the achieved target was 97.11%.

9.5 Areas of Underperformance

Indicator 1.4.1: Invoices paid within 30 days of receipt - Inadequate monitoring of the payment of invoices and reconciliation of the invoice register, together with the payment register. Reconciliation of both the invoice register and the payment register, together with the bank statement, on a weekly basis to ensure that all invoices received are paid promptly.

9.6 Summary of Challenges

- Manual compilation of monthly management accounts, which resulted in errors due to manual capturing of transactions. This increased the risk of incorrect financial reporting. Umalusi addressed the challenge by procuring the intelligence reporting module, which enhanced the reporting features of the current accounting software.
- The Department of Higher Education and Training (DHET) has delayed the implementation of the National Senior Certificate for Adults (NASCA). Umalusi has yet to receive a concept document for the revised approach to the

NASCA implementation from the DHET. Umalusi has no control over this activity as it is dependent on the DHET.

- Recruiting external moderators for non-official languages and scarce skills subjects, such as Sports Science, remains a challenge. To address this, plans are underway to visit schools offering these subjects for recruitment purposes and to re advertise posts that did not receive applications.
- The increase in institutions offering online education in an unregulated environment is concerning, especially since many of the institutions offer the National Senior Certificate, which is certified by Umalusi. In the absence of legislation to regulate this sector, Umalusi has issued a list of non-negotiables that assessment bodies registering candidates from online schools must adhere to.

9.7 Human Resource Management

Table 1: Number of employees per programme

Programme	2023/24 No. of Employees	2024/25 Approved Posts	2024/25 No. of Employees	2023/24 Vacancies	% of Vacancies
Programme 1: Administration	65	69	63	6	4%
Programme 2: Qualifications and Research	31	32	31	1	1%
Programme 3: Quality Assurance and Monitoring	48	50	50	0	0%
Total	144	151	144	7	5%

The Council increased number of approved posts with the exception of Programme 1 and has 5% of vacancy in 2024/25 as compared to the previous year 2023/24. Despite achieving most of its targets and receiving a clean audit opinion, the Committee notes Umalusi budgetary constraints which limit the Councils ability to effectively conducts its mandate.

Table 2: Employment and Vacancies

Salary Band	2024/25 Approved posts	2024/25 No. of Employees	2024/25 Vacancies	% of Vacancies
Top Management	4	4	0	0%
Senior Management	10	10	0	0%

Professional Qualified	68	65	3	2%
Skilled	20 (18)	19 (18)	1 (0)	1% (1%)
Semi-skilled	43 (45)	40 (41)	3 (4)	2% (2%)
Unskilled	6	6	0	0%
Total	151	144	7	5%

The Council has 7 vacancies that are not filled, for (1) skilled personnel, (3)semi-skilled and 3 Professional . Given the previous year's challenge of staff turnover, it is important that the vacancies are filled .

Table 3: Personnel cost per programme

Programme	**Total Expenditure**	**Personnel Expenditure**	**Personnel Expenditure as a % of total expenditure**
	R'000	**R'000**	**%**
Programme 1: Administration	105,563	48,970	46%
Programme 2: Qualifications and Research	105,563	23,618	22%
Programme 3: Quality Assurance and Monitoring	105,563	35,525	32%

9.8 Financial Report

PFMA Compliance Report - Umalusi condoned irregular expenditure of R519 021 and fruitless & wasteful expenditure of R7,8 million during 2024/25 FY. These expenditures were incurred prior to 2024/25 FY. Umalusi had incurred fruitless & wasteful expenditure of R6 523 during 2024/25 FY. This expenditure was under investigation at the end of the FY. Umalusi processed a total of 839 invoices during the 2024/25 FY. A total of 833 invoices (99%) were paid within 30 days, and only 1% (6) were not paid within this timeframe. Umalusi management has put necessary measures in place to ensure that all valid invoices are paid within 30 days going forward.

9.9 External Audit Report – Umalusi achieved an unqualified audit opinion without material findings (clean audit) for the 2024/25 FY. The audit was conducted following international standards of auditing (ISAs). The financial statements were compiled in compliance with Generally Recognised Accounting

Practice (GRAP) and the requirements of the PFMA. The audit was subjected to an external quality review in compliance with the requirements of the Independent Regulatory Board for Auditors (IRBA). Overall, the financial viability was assessed as good.

Table 1 – Summary of Statement of Financial Position as of 31 March 2025

Figures in Rand	**2024/25**	**2023/24**
Assets		
Current Assets	33,107,898	44,869,086
Non-Current Assets	77,577,595	85,438,492
Total Assets	110,685,493	130,307,578
Liabilities		
Current Liabilities	36,209,168	28,301,417
Non-Current Liabilities	4,377,423	5,518,763
Total Liabilities	40,586,591	33,820,180
NET ASSETS	70,098,902	96,487,398

- Umalusi has a sound financial position, with an asset base of 2.7 times more than the total liabilities as of 31 March 2025.
- Umalusi' s Annual Financial Statements were prepared on the basis of the going concern principle.

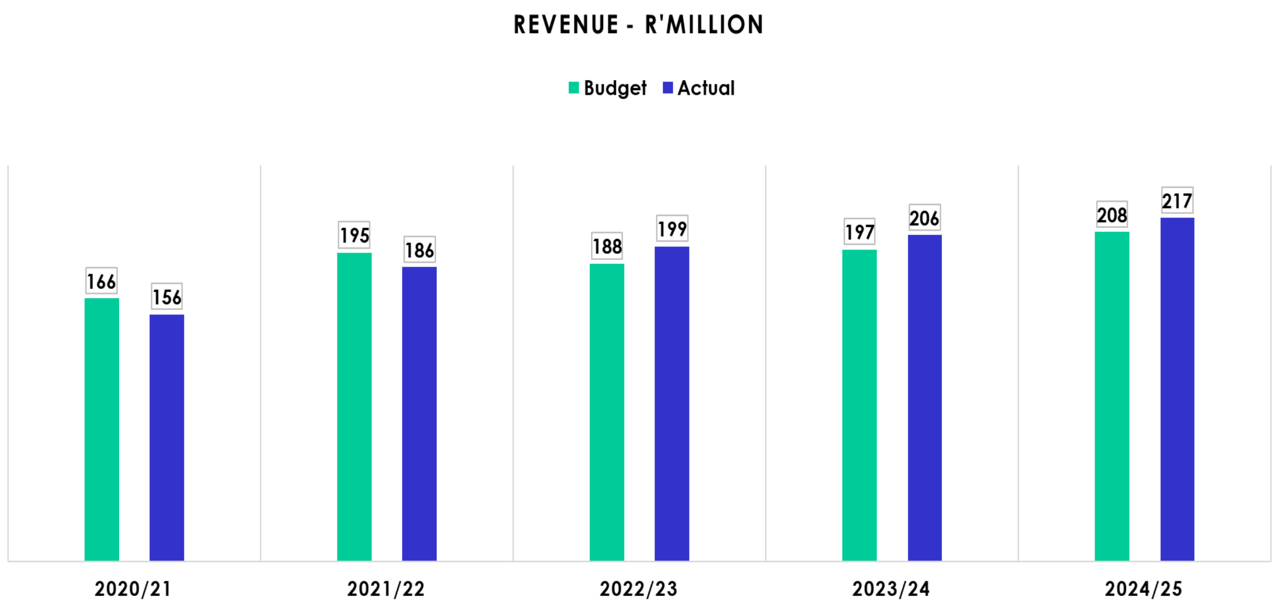
Table 2 – Summary of Statement of Financial Performance

Figures in Rand	**2024/25**	**2023/24**
Revenue		
Revenue from exchange transaction	48,029,675	43,041,226
Revenue from non-exchange transactions	168,597,658	162,945,000
Total Revenue	216,627,333	205,986,226
Total Expenditure	(243,015,828)	(206,824,398)

Surplus for the year	(26,388,495)	(838,172)

Revenue comprises own revenue amounting to R48 million and an allocation from the DBE amounting to R162.9 million. Umalusi' s total revenue increased by 5% from 2023/24 FY to 2024/25 FY. This was mainly due to own revenue, which increased by 11.6%. Umalusi' s total expenditure increased by 17% from 2023/24 FY to 2024/25 FY. The increase in expenditure is as a result of the increased scope of work, increase in staff complement and improvement in our ICT infrastructure.

Table 3 – Trends of actual revenue versus budget



9.10 Budget Constraints that Impact the Work of Umalusi

- Financial limitations impact the ability to conduct quality assurance at the desired scale.
- This results in a limited sampling scope: Only 317 out of 6,933 examination centres were monitored (4.6%). Only 30 out of 183 marking centres were sampled for verification (16.4%).
- Adequate funding is essential to expand quality assurance to strengthen the credibility of the qualifications. (e.g. appraisal of the history curricula and examination guidelines discussion).

- Inadequate budget allocation makes it difficult for Umalusi to attract and retain competent and qualified employees.
- Umalusi is inundated with a lot of applications from private schools and colleges, which require more personnel.
- Umalusi is working on a revised funding model, which will impact all four assessment bodies in the form of a quality assurance level based on registered learner numbers.

9.11 Portfolio Committee Observations and Questions

- How does Umalusi arrive at its targets, was there a baseline for these targets?
- Has the Council had cases of personnel being dismissed due to fruitless and wasteful expenditure?
- How did Umalusi go about its quality control and quality improvements – or was it seconded to other bodies?
- How was the support received from the Ministry Department?
- Was the Council able to meet its targets for visiting marking/exam centers – what was the target and what were the limitations in visiting exam/marking centers?
- Besides government funding what were Umalusi' s other sources of income?
- What was the Umalusi approved 2024/25 budget and what was the actual expenditure?
- Did Umalusi experience any staffing challenges, constraints or vacancies? How does this affect the performance? How many critical positions remained unfilled and why?
- How many accredited institutions were failing to maintain their standards and how were they addressed by the Council?
- How was the general public able to detect whether an online, independent or private school was registered?
- How was the Council able to do monitoring and oversight over independent or private schools to ensure compliance and

accountability? What policies may have been developed to ensure such schools are accountable to the DBE and Umalusi?

10. South African Council for Educators (SACE)

10.1 Vision and Mission – The SACE vision is to inspire a credible and agile teaching profession and the missions is to register fit to practice student teachers, teacher candidates, teachers, ECD practitioners, and college lecturers, promote provisioning of quality continuing professional development and maintain ethical and professional standards of the profession.

10.2 Achievement of Institutional Impacts and Outcomes 2020 - 2025

Outcome	Outcome Indicator	2019 / 20 Baseline	2020-2025 Target	Actual Achievement as at 31 March 2025	Reasons for Deviation	Corrective action to be taken in the next planning cycle
Efficient and effective governance	Percentage of internal and external audit recommendations implemented	-	100%	86% (78/91) x 100	Non-implemented recommendations require involvement of outside stakeholders, other divisions, and council committees, among others. This makes the process of implementing audit recommendations somewhat windy and long.	Continually engagement with all stakeholders, divisions, and council committees to ensure the that recommendations are fully implemented
Fit-to-practice registered educators and lecturers	Percentage of educators and lecturers screened for fitness-to-practice	-	100%	100% (46674 / 46674) x 100	None	None
Maintained ethical standards	Number of educators who adhered to the code of professional ethics	-	400 000	599 891	The positive deviation may be because of advocacy through workshops and collaboration with the stakeholders. This could be responsible for the reduction of	More and vigorous engagement with the stake holders is still to be escalated as we strive to eradicate educators who are hell bent in

					educators sanctioned for breach of the Code of Professional Ethics.	breaching the code.

Outcome	Outcome Indicator	2019 / 20 Baseline	2020-2025 Target	Actual Achievement as at 31 March 2025	Reasons for Deviation	Corrective action to be taken in the next planning cycle
Improved teacher competence	Percentage of educators participating in professional development activities	-	80%	35% (168014/484751) x 100	The expected target was not reached due to several contributing factors. Not all educators are recording and reporting their professional development activities, even though many are actively engaging in them. Educators in rural areas face significant challenges with network connectivity, which impacts their ability to access the system, resulting in underreporting. Additionally, the COVID-19 pandemic severely limited the ability of coordinators to provide in-person support and advocacy. During this period, many educators lost	The indicator has been revised, and performance reporting are now based on educators who have reported and achieved a minimum of 50 points. Since implementing this change, there has been significant improvement.

					touch with the system, necessitating refresher sessions that were only conducted in late 2022	

Improved teacher professional-isation	Strengthened teacher education and development continuum	-	Implemented teacher professionalisation path	The Professionalisation Path was implemented, and the path also plays a part by participating in the Teacher Education Programmes Evaluation Committee of the Department of Higher Education and Training. The Professional Teaching Standards and the Values underpin the Teacher Professionalisation Path. Supporting the Higher Education Institutions with the Code of Professional Ethics for student teachers underscores the focus of the Teacher Professionalisation Path, predominantly the first three focus areas, which focus on the Initial Teacher Education and student teachers are the focus of the path in the pre-service component. The Memorandum of Understanding underscores focus area number 1 of the Teacher Professionalisation Path, which indicates the Minimum Requirements for enrolment into Initial Teacher Education. The memorandum of understanding strengthens the collaborative network and engages the Council envisaged in having a collaborative environment with higher education institutions in determining minimum requirements of entry as enshrined in the SACE Act 31 of 2000, as amended.	**None**	**None**

10.3 SACE Professional Register as at the 31 March 2025

- Registrants – 583 997
- Professionally Qualified Teachers – 480 813
- Academically Qualified and Professionally Unqualified – 17 216
- Early Childhood Development Practitioners – 42 769
- Student Teachers – 19 257

- TVET Lecturers – 7 324
- CET Lecturers – 4 333
- Foreign Nationals – 12 285

10.4 Professional Ethics Landscape at a Glance 2021 – 2025

- Received complaints – 3 101
- Sexual cases – 746
- Assault/Corporal Punishment cases – 1 201
- Teacher to Teacher misconduct – 533
- Indefinite removals – 104
- Removals for specific period – 13
- Removed, however the removal is suspended for a certain period, including fines - 287

10.5 Ethical Standards Key Insights

- Overall Decline in Complaints: Received complaints dropped from 764 in 2021 to 387 in 2025, a figure that may still rise, as the financial year is ongoing.

- Sexual Cases: The number of reported sexual misconduct cases peaked in 2021 with 191 cases, followed by a significant decline in 2023 to 110 cases. A resurgence occurred in 2024, reaching 176 cases, before dropping again in 2025 to 106 cases—a figure that may still rise, as the financial year is ongoing.

- Assault/Corporal Punishment: Highest in 2023 (291) but steadily declined afterwards.

- Teacher-to-Teacher Misconduct: Consistently decreased year-on-year.

- Indefinite Removals: Peaked in 2024 (36), but none were recorded in 2025, a figure that may still rise, as the financial year is ongoing.

- Suspended Removals with Fines: Highest in 2022 (77)

10.6 Performance Information Summary 2025 – 2026

- **Registration Data Analytics 2024/25 -** Around 52% of the total registrations were done online, which means out of every 100 people that registered, 53 registered on the online registration system. While 47% registered in person. In 2024/25, SACE registered 66,246 applicants: 46,674 professionally qualified educators, 15,583 student teachers, 1,889 ECD practitioners, and 3,835 conditional registrations. Qualified educator registrations peaked in Q4 (43.05%), while student teacher registrations were highest in Q3 (30.96%) before dropping to 15.97% in Q4.
- **Ethical Standards Data Analytics 2024/25 -** In 2024/25, SACE registered 606 unprofessional conduct cases—283 assaults (257 against learners), 127 sexual misconduct cases, and 196 other offences. Case intake peaked in Q3 (184), with assault remaining the most reported offence throughout the year. Despite reporting and cooperation challenges, only the Western Cape complied with Section 26 of the Employment of Educators Act. SACE nevertheless processed and finalised 612 cases from current and previous years.

- **Professional Development Data Analytics 2024/25 -** The endorsement committee approved 110 providers (33% Category A, 58% Category B, 12% Category C) and reviewed 1,587 professional development applications, of which 98% were endorsed—mainly in Curriculum (33%), ICT integration (22%), Leadership (17%), and Special Needs (13%). Most applications came from Gauteng (67%) and the Western Cape (19%). Nineteen endorsed sessions were observed, led by Gauteng (37%) and Northern Cape (21%), ensuring quality, relevance, and compliance with SACE standards.

10.7 Programme Performance Information

Programmes Dashboard

Programme	Total number of indicators for the programme	Actual Achievement 2024/25	% Achieved for the 2024/25 FY	% of Budget Spent per Programme
Administration	6	6	6/6	91.30%

			100%	
Professional Registration	1	1	100%	40.87%
Ethical Standards	4	1	¼ 25%	36.77%
Professional Development	5	5	5/5 100%	97.04%
Professional Teaching Standards	3	2	2/3 67%	100.22%
Research	2	2	100%	88.55%
Total	21	17	17/21 81%	85.63%

Programme 1: Administration

Output	Output Indicator	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Council and EXCO meeting convened	1.1.1. Number of Council and EXCO meetings convened in a financial year	10	13	+3	Overachievement is due to the requested special meetings.
Compliance with reporting frameworks and guidelines	1.1.2. Number of approved quarterly performance reports submitted to oversight authorities	4	4	0	N/A
Improved employee performance	1.1.3. Percentage of employees assessed for performance through performance evaluation development system	60%	99% 106/107X100	+39%	Due to Compliance with the PEDS policy

Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Stakeholder management and engagement	1.1.4 Number of engagements held with stakeholders quarterly	-	16	16	16	23	+7	Due to increased opportunities to engage the Stakeholders
Eligible creditors	1.1.5. Percentage of	91%	97.39%	100%	100%	100%	0	N/A

paid within 30 days	eligible invoices paid within 30 days of receipt.					2552/2557 X100		
ICT Systems enhanced	1.1.6. Percentage of ICT systems completed within a financial year	40%	78% 7/9	50%	50%	75% 6/8 X100	+20%	The overachievement resulted from an unplanned ICT system enhancement that was completed

Programme 2: Professional Registration

Outcome	Output	Output Indicator	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Fit-to-practise registered educators and lecturers	Register of fit-to-practise educators	2.1.1. Percentage of eligible fit-to-practise registered educators in a year	100%	100% 46674/ 46674 x100	N/A	N/A

Programme 3: Ethical Standards

Outcome	Output	Output Indicator	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Maintained Ethical Standards	Finalized investigations	3.1.1 Percentage of eligible received cases investigated within the current finalised year	20%	16% 99/606 X100	-4%	More emphasis was put on prioritising and expediting older investigations that were pending finalisation. However, it is worth noting that more than 75% of the annual target was achieved.
	Finalised disciplinary hearings	3.1.2 Number of roll-over finalised through investigations and/or mediations and/or ETHCOM recommendations	400	380	-20	The target could not be achieved entirely as the programme needed to process both older and new investigations simultaneously. It is worth noting that 95% of the annual target was achieved.
		3.1.3 Percentage of new disciplinary hearings finalised within a year of receipt after ratification by ETHCOM (as delegated by Council)	10%	8% 8/98 X100	-2%	This target is dependent on the number of ratified investigations on new cases that have been referred to disciplinary hearing. In some instances, the number of investigations completed may be higher, however not all will be referred to a hearing as some will either be closed, withdrawn or mediated upon.

Maintained ethical standards	Finalised disciplinary hearings	3.2.2 Number of rolled-over disciplinary hearings/ cases finalized after ratification by ETHCOM (as delegated by Council)	100	126	**+26**	Target was met and overachieved due to the higher number of ratified investigations that were referred for disciplinary hearing

Programme 4: Professional Development

Outcome	Output	Output Indicator	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Improved teacher competence	Recorded type 3 points for educators by providers	4.1.1 Number of professional development providers reporting type 3 activities of educators in the CPTD-IS in a year.	20	38	+18	The implementation of the Code of Good Practice has significantly contributed to the overachievement of this indicator, as it compelled providers to consistently report their activities of the training of educators.
	Educators supported on professional matters	4.2.1 Number of educators supported on professional matters in a financial year.	15 000	31808	+16808	The efforts in coordinating with stakeholders have played a crucial role in reaching a large number of educators and providing much needed support.
Improved teacher competence	Approved professional development providers	4.3.1 Percentage of eligible professional development providers approved within 4 months of receipt of the applications	80%	87% 110/127 X100	+7%	Provider support given to applicants during submission to ensure the documents submitted are relevant as requested by the application to make evaluation and assessment process at ease.
	Endorsed professional development activities	4.3.2 Percentage of eligible endorsed professional development activities in a financial year	80%	97% 1545/1587 X100	+17	Professional development providers offer multiple professional development activities, which they then submit and meet endorsement criteria.
	Observed professional development activities	4.3.3 Number of endorsed professional development sessions observed in a financial year	10	19	+9	The programme engaged the providers to inform the Council regarding sessions date to adhere to the code of good practise that enabled the division to observe the workshop sessions

Programme 5: Professional Teaching Standards

Outcome	Output	Output Indicator	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Improved teacher professionalism	Approved MOU's	5.1.1. Number of teaching practice Memorandum of Understanding (MOUs) established with Higher Education Institutions by the end of the financial year	13	12	-1	The deviation of one MOU from the target can be attributed to unforeseen complexities in the institutional approval process at one Higher Education Institution. The final institution required an extended internal review period that exceeded our projected timeline due to their multi-layered governance structure requiring sequential approvals from multiple Committees, MOU development workflows.
Improved teacher professionalism	Supported higher education institutions	5.1.2. Number of teacher professionalization interventions in the teacher education and development continuum within a financial year.	15	19	+4	The Programme significantly exceeded its target for Higher Education institutions supported by the Code of Professional Ethics for student teachers by the end of the financial year.
	Approved teacher professionalization path projects	5.1.3. Number of approved projects for implementing the teacher professionalisation path (on focus areas 1-8) in place by the end of the financial year	2	2	0	N/A

Programme 6: Research

Outcome	Output	Output Indicator	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement 2024/2025	Reasons for deviations
Improved advisory role	Research reports completed	6.1.1. Number of Research reports produced within a financial year	2	3	+1	The overachievement is because SACE collaborated with the Commonwealth of Learning for a research project. The request for collaboration was submitted in December 2024.
	Report on the status of teaching profession	6.2.1 Number of statistical reports produced on the status of the teaching profession	2	2	0	N/A

		within a financial year				

10.8 Annual Financial Statement 2024/2025

Table 1: Statement of Financial Position as at 31 March 2025

	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Other Receivables	5	2 437 204	1 913 315
Receivables from non-exchange transactions	6	943 714	613 798
Cash and cash equivalents	7	151 378 597	124 933 450
		154 759 597	**127 460 563**
Non-Current Assets			
Property, plant and equipment	2	91 777 174	93 012 851
Intangible assets	3	1 695 920	1 881 204
		93 473 094	**94 894 055**
Total Assets		**248 232 609**	**222 354 618**
Liabilities			
Current Liabilities			
Payables from exchange transactions	4	33 068 622	21 374 093
Payments received in advance	8	15 894 452	9 721 469
Total Liabilities		**48 963 074**	**31 095 562**
Net Assets		**199 269 535**	**191 259 056**
Accumulated surplus		**199 269 535**	**191 259 056**
Total Net Assets		**199 269 535**	**191 259 056**

Notes on Statement of Financial Performance Financial Position – The total assets increased by 11% (Cash and cash equivalent, Improved revenue collection system, increase in receivables at the end of the period and no material assets acquired). The current liabilities increased by 58%. Council embarked on extensive advocacy programmes during the last quarter, hence the increase in operational creditors. Membership fees paid in advance for the next financial year after collection effort made during the 4th Quarter. The net asset saw an increase of 4% (Overcollection of revenue and unspent funds). The financial position of SACE is favorable – going concern.

Table 2: Statement of Financial Performance

	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Registration, reprints, Letters of good standing and Reinstatement	9	20 143 744	14 502 905
Debt impairment recoveries		15 000	15 000
Sundry income		-	41 882
Interest received	11	9 031 749	7 583 528
Total revenue from exchange transactions		**29 190 493**	**22 143 315**
Revenue from non-exchange transactions			
Fines		1 643 699	981 061
Membership Fees		97 736 760	90 617 519
Transfers and donations			
Government transfers		16 434 000	15 599 000
Donations		103 087	30 941
Total revenue from non-exchange transactions		**115 917 546**	**107 228 521**
Total revenue		**145 108 039**	**129 371 836**
Expenditure			
Employee related costs	12	(66 952 513)	(66 801 346)

Depreciation and amortisation	13	(3 924 246)	(4 332 898)
Equipment rental	10	(19 674)	(17 422)
Debt Impairment	6	(5 831 752)	(3 597 830)
Loss on disposal of assets	17	(31 774)	(120 314)
General expenses	15	(60 337 601)	(45 297 937)
Total expenditure		**(137 097 560)**	**(120 167 747)**
Surplus for the year		**8 010 479**	**9 204 089**

Notes on Statement of Financial Performance – Revenue from Exchange Transactions increased by 32% (Overcollection of registration-related revenue and increase in interest received). Government transfer increased by 5% and membership revenue increased by 8% (Enforcement measures implemented during the 4th Quarter. Total Revenue increase of 12% (Increased registration activities, Increased interest received and Increased membership revenue). Personnel Expenditure remained constant (Unfilled vacancies and Filling of vacancies took place after year end). Operating expenditure increased by 33% (Adjustment of budget and business operations, Increased revenue, Inflation effect on services and operating within approved budget (limited resources). Total Expenditure increased by 14% (Increased revenue, Adjusted budget and Improved delivery levels). SACE operated within its approved budget with a Surplus of R8 million realized (Overcollection of Revenue and Request has been made to retain surplus for contingency, maintaining service delivery for the coming year, and improving operating infrastructure).

Table 3: Cashflow Statement

	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Receipts from exchange transactions		20 143 744	14 502 905
Receipts from non-exchange transactions		93 321 868	88 409 548
Grants		16 434 000	15 599 000
Interest income		9 031 749	7 583 528

Other receipts		11 082	532 432
Payments received in advance		6 172 983	3 751 352
		145 115 426	**130 378 765**
Payments			
Employee costs		(67 323 292)	(68 012 058)
Suppliers		(48 811 938)	(42 699 525)
		(116 135 230)	**(110 711 583)**
Net cash flows from operating activities	**16**	**28 980 196**	**19 667 182**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2 543 510)	(2 782 161)
Proceeds from sale of property, plant and equipment	2	8 451	-
Proceeds from sale of other intangible assets	3	-	45 680
Net cash flows from investing activities		**(2 535 059)**	**(2 736 481)**
Net Increase/(Decrease) in cash and cash equivalents		**26 445 137**	**16 930 701**
Cash and cash equivalents at the beginning of the year		124 933 450	108 002 749
Cash and cash equivalents at the end of the year	**7**	**151 378 587**	**124 933 450**

Notes on Cashflow Statement – Cash inflow into SACE increased by 11% (Over collection of revenue). Net cash flows from operations increased by 56% (Increase in cash inflow and decrease in payments(outflow). Cash and Cash equivalents on the 31st of March increased by 21% (Increase in revenue collection and Unplanned surplus).

10.9 2024/25 Audit Performance

- Audit Report matters in the previous financial year and how they will be resolved:

- Material loss as a result of R 5,8 million write off- Continued implementation of recently approved membership policy and improving recovery controls.
- Material misstatement on educator case management - Review the case management processes and alignment of operating capacity .
- Material misstatement on revenue – improved measures on membership compliance enforcement
- Consequence management on previous irregular expenditure – speed up finalization of determined matters for consequence management.
- Internal controls – remedial action procedures to be implemented in all areas where deficiencies were identified.

- Economic Viability –
    - The state of the Council as Audited is sound with total net asset of R199 million and net surplus of R95 million. Council is exploring alternatives to improve and sustain the council funding structure for operation continuity.

10.10 Portfolio Committee Observations and Questions

- How was that Department ensuring that neglected township, rural and farm schools is addressed through concerted efforts in addressing school infrastructure challenges in these schools?
- It was noted that the baseline was empty – where did the Council derive its targets with no baseline?
- How was it possible to measure competence through the number of trainings indicated?
- Why is there no capacity to reduce the number of foreign national teacher being utilised and ensure South African teachers are able to benefit and be employed?
- What were the reasons and challenges for hearings on cases was not completed timeously?
- How was the Council addressing challenges with service providers?

- With learner sexual harassment cases, especially in the Eastern Cape how was this being addressed and investigated? What was the procedure followed with such cases? How are the victims protected and supported?
- There were teachers on the SACE register who were not employed but SACE continued to collect subscription fees. How much was being charged for these fees? Was it equal to the fees paid by those employed teachers?
- What is SACE recommendation to strengthen the legislative framework to enhance collaboration with SAPS and Justice to reinforce community confidence and safe-guarding schools?
- Bullying also occurred amongst teachers – how was this being addressed in respect of the ethics code?
- How were ethical standards for sexual assault and statutory rape matters tangibly measured? How many convictions have been made to date? Did such cases form part of the SAPS crime reporting.
- Was the Sexual Offences Register active and live – and was it being shared with schools? What was the Council's working relationship with the Justice Cluster in respect of the Sexual Offences Register?
- The backlogs with cases were concerning as this meant there may be predators currently in classrooms. Could the Council prepare a report to clarify how they were addressing backlog cases?
- How credible and verifiable are the statistics and database of the Council?
- How many student educators were enrolled for STEM subjects?
- How many foreign national teachers were employed in independent/private vs public schools. How were foreign nationals' qualifications verified? Could SACE give a report on the figures pertaining to foreign nationals?
- Did the country have a skills gap of teachers for STEM subjects?
- SACE give a breakdown of all teachers registered with SACE, including independent/private and public schools.

- How was the Council ensuring that, when a teacher was found guilty and struck off the roll, such teachers could not find employment in other districts or provinces again?
- How was the Council addressing concerns with the investigative capacity of SACE?
- What were the challenges with the registration processes for ECD practitioners? The Council to give a summary of the academic status of ECD practitioners.
- How was the Council accommodating appointment of persons with disabilities at SACE?
- Was SACE doing any teacher training on the BELA Act amendments?

10.11 Portfolio Committee Recommendations

Based on AGSA presentation , it is highlighted that :

- The Portfolio Committee expedite a joint meeting with all relevant portfolio committees on Gender-Based Violence, Femicide and Statutory Rape.
- The Portfolio Committee expedite a follow-up meeting with SACE on challenges and mitigations in addressing backlog cases.
- The Portfolio Committee to further engage relevant stakeholders on registration of independent/private teachers with SACE – to protect learners. Similarly, engagement on the registration of ECD practitioners with SACE.
- SACE to submit a detailed report on registered/non-registered independent/private teacher and home school practitioners in the country.
- SACE and the DBE ensure no one should practice teaching and learning without SACE registration.
- SACE, in collaboration with DBE ensure capacity to reduce the number of foreign national teachers being utilised – for South African teachers to benefit and be employed.
- SACE submit a report on the number of foreign nationals employed in independent/private vs public schools.

- The Committee arrange a strategic discussion with Umalusi, Department of Higher Education and Training and DBE on acquiring more technical skills/artisans in the country.

- Umalusi to give a report on the research commissioned in the last financial year. What were the findings and outcomes of this commissioned research?
- The Council give reasons for the regression in performance from 100% to 93%?

11. Overall Portfolio Committee Recommendations

Based on the observations made from inputs received from AGSA, Internal DBE Audit, FCC, Umalusi and SACE, the Committee notes progress and improvement in the Department and 2 entities SACE and Umalusi, however there are recommendations for areas of improvement that the Portfolio Committee recommends that the Minister should ensure that the Department of Basic Education, consider the following recommendations:

- o The Minister should implement all the recommendations of AGSA and FFC and update the Portfolio Committee on implementation on a quarterly basis, after the adoption of this report .
- o The Minister should develop a comprehensive ICT model to address inequalities by 2026 school academic year .
- o The Minister should prioritise infrastructure development and ensure that where there are infrastructure delays the Accounting Officer effects consequent management , within 60 days after adoption of this report .
- o The Minister should develop plans to modernize the curriculum and enhancing the quality and efficiency of the education system, including coding and robotics with effect from 2026 /27 financial year.
- The Minister should prioritise improving foundational skills, by strengthening skills like literacy and numeracy with interventions for foundation teachers and learners as of the beginning before the end of the 2025/26 financial year .
- The Minister should implement standardized assessments to reduce failure and dropout rates.

- The Minister should enhance quality by continuously improving the quality of teaching and learning across all levels and ensure that educators are taken through in-service programmes
  - The Minister in collaboration with sister departments should ensure that bullying at schools, Gender Based Violence are addressed and that incidents of Statutory Rape of young girls by teachers is reported , with consequence management being taken.
  - The Minister should review the funding for ECD to provide appropriate resources for ECD Centres in all modalities including Playgroups and Home Base early learning programs (ELP).
  - That the Department provide a comprehensive report of Sexual Assault and Statutory Rape , such a report to include stats from SAPS on Sexual Assault in schools. The reporting on Sexual Assault and Statutory Rape to form part of DBE quarterly crime stats.
  - That SACE provide a comprehensive report of Sexual Assault and Statutory Rape to the PC that focuses on educators and how this reporting processes work.
  - That the Department provide a comprehensive report on how many pregnant learners have come back to write exams and matriculate.

Report to be considered.

References

- Auditor General of SA, Basic Education Portfolio Report (2024/25)
- Department of Basic Education Strategic Plan (2020-2025)
- Department of Basic Education Annual Performance Plan (2024/25
- Department of Basic Education Annual Report (2024/25)
- Department of Basic Education First Quarterly Report (2024/25)
- National Treasury (2024) Vote 16 Basic Education Estimates of the National Expenditure
- Umalusi (2024/25) Annual Report and APP
- SACE (2024/25) Annual Report and APP
- Parliament of RSA Research Analysis State of the Nation Address (2024)
- Parliament of RSA Research Analysis ; presentations on DBE, Umalusi and SACE Annual Report (2024) .