Friday, 25 October 2024]

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REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 25 OCTOBER 2024

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of papers tabled

(1) The following papers are referred to the **Portfolio Committee on Planning, Monitoring and Evaluation** for consideration and report. Report of the Auditor-General on the Financial Statements and Performance Information is referred to the **Standing Committee on Public Accounts** for consideration:

(a) Report and Financial Statements of Vote 10 – Department of Public Enterprises for 2023-24, including the Report of the Auditor-General on the Financial Statements and Performance Information of Vote 10 for 2023-24.

2. Membership of Committees

(1) Ms LL van der Merwe has been elected as Chairperson of the PC on Women, Youth and Persons with Disabilities, with effect from 24 October 2024.

TABLINGS

National Assembly

1. The Speaker

(a) Proclamation 199 of 2024, detailing the transfer of administration, powers and functions entrusted by legislation to certain Cabinet Members in terms of section 97 of the Constitution, tabled in terms of National Assembly rule 352.

COMMITTEE REPORTS

National Assembly

1. BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON WOMEN, YOUTH AND PERSONS WITH DISABILITIES, DATED 24 OCTOBER 2024.

The Portfolio Committee on Women, Youth and Persons with Disabilities, having considered the annual and financial performance of the Department of Women, Youth and Persons with Disabilities on 8 October 2024, and the Commission for Gender Equality and the National Youth Development Agency on 15 October 2024, reports as follows:

1. Introduction

The Portfolio Committee on Women, Youth and Persons with Disabilities (hereafter the Committee) considers this Budget Review and Recommendation's Report (BRRR) for 2024 at the start of the 7th Parliament. Furthermore, the Committee acknowledges that the 2023/24 financial year (FY) coincided with an election year, and it is within this context that the annual reports before the Committee were considered. To this end, the Committee has assessed each of the annual reports for the Department of Women, Youth and Persons with Disabilities (hereafter the Department), the Commission for Gender Equality (CGE) and the National Youth Development Agency (NYDA) in light of each of the respective Strategic Plans and prior BRRRs.

The 2023/24 FY the country continued to face numerous challenges that affects women, youth and persons with disabilities these included gender-based violence and femicide, inequality, poverty, unemployment and adverse effects of climate change on the livelihoods of persons. It is against this backdrop and having the 6th Parliamentary term come to an end that the Budget Review and Recommendations Report (BRRR) 2023 is compiled. The review and assessment of the Annual Reports for the Department of Women, Youth and Persons with Disabilities (hereafter referred to as the Department), the Commission for Gender Equality (CGE) and the National Youth Development Agency (NYDA) has this been considered in light of the aforementioned challenges.

On the 8th October 2024, the Committee was briefed by the Department on its Annual Report for 2023/24, as well as by the Auditor General of South Africa (AGSA) and the Department's Audit and Risk Committee (ARC). The Commission for Gender Equality (CGE) briefed the Committee on the 11th October 2024 and the National Youth Development Agency (NYDA) on the 15th October 2024 along with their respective ARC's.

2. Strategic Overview

2.1. Mandate and Purpose of the Department

The Department of Women, Youth and Persons with Disabilities derives its mandate from section 9 (3) of the Constitution which states that "the state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth; and Section 10 states that "everyone has inherent dignity and the right to have their dignity respected and protected." Department shifted its mandate from that of being a facilitation department to that of being a regulator mid-way through the five-year term. Subsequently, the Department has reverted to its initial mandate as articulated in the Annual Performance Plan (APP) of 2023/24 which is to lead the socio-economic transformation and implementation of the empowerment and participation of women, youth and persons with disabilities though mainstreaming advocacy, monitoring and evaluation.

The Department maintains that it is "not mandated to deliver services directly to the public but works in partnership with other government departments, civil society and the private sector to promote the socio-economic empowerment of women, youth and persons with disabilities."[1] Moreover, the Department had also decreased its programmes from five to four with the merger of disability and youth into one in 2022/23 and this was carried into the 2023/24 FY.

As stated in the Estimates of National Expenditure (ENE) for 2023, the Department received its transfer from National Treasury via Vote 20, which at the time was inclusive of five programmes namely; Programme 1: Administration; Programme 2: Mainstreaming Women's Rights and Advocacy; Programme 3: Monitoring, Evaluation, Research and Coordination and Programme 4: Mainstreaming Youth and Persons with Disabilities Rights and Advocacy.

[1] Department of Women, Youth and Persons with Disabilities (2024) Annual Report 2023/24, p.30

2.2 Mandate of the Commission for Gender Equality

The Commission for Gender Equality (CGE) was established in 1996 according to the Commission for Gender Equality Act 39 (1996) to promote gender equality. In its efforts to monitor, lobby, educate citizens and encourage the equitable development of women and men, the CGE is compelled to undertake the following:

- To monitor and evaluate policies and practices of organs of State at any level, statutory bodies or functionaries, public bodies and authorities, and private businesses, enterprises and institutions;
- To cultivate an understanding of gender equality and the role and activities of the Commission through developing, conducting and managing information and education programmes;
- To evaluate whether Acts of Parliament (existing or proposed), systems of personal and family law or custom, systems of indigenous law, custom or practices or any other law, will affect the status of women, and to make recommendations to Parliament in this regard;
- To recommend to the National and Provincial Legislatures, any new legislation that would promote gender equality;
- To investigate on its own initiative or due to a complaint, any gender related issue;
- To maintain close relations with institutions that undertake similar work, and to facilitate cooperation in handling complaints;
- To interact with civil society to further the work of the Commission;
- To monitor compliance to international conventions, covenants and charters related to gender issues, and to submit reports to Parliament in this regard;
- To conduct research on gender related issues; and
- To consider recommendations, suggestions and requests made with regards to gender equality as received from any source.

2.3 Mandate of the National Youth Development Agency

The National Youth Development Agency (NYDA) was established through the NYDA Act (No. 54 of 2008). It was established to be a single, unitary structure to deal with youth development issues at a national, provincial and local government level. The NYDA Act instructs the NYDA to promote a

uniform approach to youth development by all organs of State, the private sector and non-government organisations. The NYDA derives its mandate from legislative frameworks which is inclusive of the NYDA Act (No. 54 of 2008), the National Youth Policy (2009-2014) and the Integrated Youth Development Strategy.

The NYDA Act (No. 54 of 2008) stipulates objectives of the Agency as follows:

a) Develop an Integrated Youth Development Plan and Strategy for South Africa.
b) Develop guidelines for the implementation of an integrated national youth policy and make recommendations to the President.
c) Initiate, design, co-ordinate, evaluate and monitor all programmes aimed at integrating the youth into the economy and society in general.
d) Guide efforts and facilitate economic participation and empowerment, and achievement of education and training.
e) Partner and assist organs of state, the private sector and non-governmental organisations and community-based organisations on initiatives directed at the attainment of employment and skills development.
f) Initiate programmes directed at poverty alleviation, urban and rural development and the combating of crime, substance abuse and social decay amongst youth.
g) Establish annual national priority programmes in respect of youth development.
h) Promote a uniform approach by all organs of state, the private sector and non-governmental organisations to matters relating to or involving youth development.
i) Endeavour to promote, generally, the interest of the youth, particularly young people with disabilities.

From an oversight perspective, the Committee is therefore responsible for overseeing the Department which is inclusive of the Commission for Gender Equality (CGE) and the National Youth Development Agency (NYDA).

3. Purpose of the Budget Review and Recommendations Report (BRRR)

The Money Bills Procedures and Related Matters Amendment Act (No. 9 of 2009) sets out the process that allows Parliament to make recommendations to the Minister of Finance to amend the budget of a national department. Section 5 (1) of the Money Bills Amendment Procedure and Related Matters Act, (No. 9 of 2009) requires that the National Assembly, through its Committee, must annually assess the performance of each national department. Section 5 (2)

makes provision for the annual submission of the budgetary review and recommendations report (BRRR) for tabling in the National Assembly for each department. It is expected of the BRRR to report on the following:

- Assessment of the department's service delivery performance given the available resources;
- Assessments on the effectiveness and efficiency of the department's use and forward allocation of available resources; and
- May include recommendations on the forward use of resources.

4. Method

In order to enable the Committee to take informed decisions on the performance of the Department for the financial year 2022/23, the Committee consulted the following reports and documents: Section 32 reports of National Treasury, the Department's Annual Report 2022/23, Reports of the Auditor-General of South Africa (AGSA), Report of the Department's Audit and Risk Committee (ARC), the 2022 State of the Nation's Address, the CGE's and NYDA's Annual Report for 2022/23. All of this information assisted the Committee in providing a holistic assessment of the Department, the NYDA and the CGE's performance for 2022/23 with reflections on the 1st Quarter report of 2023/24.

In complying with Section 5 (2) of the Money Bills Amendment Procedure and Related Matters Act, (Act No 9 of 2009), the Portfolio Committee on Women, Youth and Persons with Disabilities held a meeting on the 8th October 2024 to consider the 2023/24 Annual Report of the Department of Women, Youth and Persons with Disabilities. The Office of the AGSA was invited to give input during the budget review and recommendation report process on the 8th October 20232 as well. As noted previously, the Committee was also briefed and deliberated on the quarterly reports for 2023/24 for the Department. Together with its Annual Report the Department then also briefed the Committee on 1st quarter report for 2024/25. As such, this report therefore includes those key issues that were identified by the Committee.

5. Outline of the Contents of the Report

This report provides an analysis of the financial and programmatic performance of the Department, the NYDA and the CGE. Cognisance is taken of the reductions imposed on the

budget allocated as well as revisions made to respective Annual Performance Plans and where relevant, commentary is provided in that regard. Moreover, the report not only reflects on the Annual Reports but examines the Committee's engagement with the entities for the year under review as well as the Q1 2024/25 performance and what needs to be taken into consideration going forward. The report concludes with key observations and recommendations made by the Committee having engaged with the Department, the NYDA, the CGE, the AGSA and each of the Audit and Risk Committee's for each of the entities.

6. Overview of Key Policy Focus Areas - Strategic Priorities of Government

6.1 National Development Plan

"The NDP Vision 2030 prioritises the significant role of women, youth and people with disabilities in our society. If these three groups are strong, our whole society will be strong. These are cross-cutting focus areas that need to be mainstreamed into all elements of South Africa's developmental future and all programmes of government. They will inform interventions across the three pillars."[2]

The Department indicates that its mandate is aligned to the National Development Plan and that it was engaging with the DPME on ensuring that the 7 national priorities informs the policy priorities for gender, youth and matters related to disability and includes indicators and targets into the NDP 5-year Implementation plan and MTSF 2019-2024. In turn, this would therefore inform the focus areas in the Strategic Plan for the next five years.

Furthermore, the Department maintains that its Country Gender Indicator (CGI) Framework which is the backbone of the monitoring mechanism of the Gender responsiveness Budgeting, Planning, Monitoring, Evaluation and Auditing (GRBPMEA) Framework has its foundation in the NDP, State of the Nation Address (SONA), Sustainable Development Goal (SDG) (5), Agenda 2063, Convention on the Elimination of all Forms of Discrimination (CEDAW), Beijing Platform of Action (BPfA), Solemn Declaration on Gender Equity in Africa, Protocol on Gender and Development, National Policy Framework for Women Empowerment and Gender Equality (NPFWEGE) and other regional and international instruments on women

[2] Department of Planning, Monitoring and Evaluation, Republic of South Africa (2019) Medium Term Strategic Framework 2019-2024.

Thus, in implementing its programmes, the Department maintains that it aligned its indicators to respond and contribute to the principles of the NDP. This BRRR also examines the extent to which the Department has been able to do this for the year under review but also has a mid-point in the five-year term.

6.2 Medium-Term Strategic Framework (MTSF)

The Medium-Term Strategic Framework (MTSF) (2019-2024) for the 6th Administration identified the following seven priorities: (a) **Priority 1:** A capable, ethical and developmental state; (b) **Priority 2:** Economic transformation and job creation; (c) **Priority 3:** Education, skills and health; (d) **Priority 4:** Consolidating the social wage through reliable and quality basic services; (e) **Priority 5:** Spatial integration, human settlements and local government; (f) **Priority 6:** Social cohesion and safe communities and (g) **Priority 7:** A better Africa and world

All of the MTSF priorities are underpinned by three pillars namely; (a) Achieving a more capable state (b) Driving a strong and inclusive economy (c) Building and strengthening the capabilities of South Africans. The MTSF 2019-2024 aims to address the challenges of unemployment, inequality and poverty through three pillars outlined above. Moreover, the MTSF has also identified cross-cutting focus areas for women, youth and persons with disabilities which are implicitly linked to the National Development Plan (NDP). “Cross-cutting focus areas: The NDP Vision 2030 prioritises the significant role of women, youth and people with disabilities in our society. If these three groups are strong, our whole society will be strong. These are cross-cutting focus areas that need to be mainstreamed into all elements of South Africa’s developmental future and all programmes of government. They will inform interventions across the three pillars.”[3] The Department provided specific commitments with respect to each of the MTSF priorities identified and presented these to the Committee in May 2020. To this end, the Departments indicated that its outcomes are aligned to Priority 1, 2, 5 and 7 and that its core work lies in promoting mainstreaming of women, youth and persons with disabilities’ issues across the work of different sectors across all three spheres of government, within the private sector, and in civil society. The Department states in the annual report under review that “Departmental Strategic Planning Sessions were held with all managers to ensure that the Annual Performance Plans align with the MTSF 2019-2024, DWYPD Strategic Plan 2020-2025 and the Minister's Performance Agreement.”[4]

[3] Department of Planning, Monitoring and Evaluation, Republic of South Africa (2019) Medium Term Strategic Framework 2019-2024.
[4] Department of Women, Youth and Persons with Disabilities (2023) Annual Report 2022/23, p.46.

6.3 State of the Nation Address 2023

The President's 2023 State of the Nation Address (SONA) reflected largely on how far the country has come, the challenges, successes and what is envisaged for the future. A major focus was on the economy of the country and progress made in that regard. To this end, the President noted that the country's economy currently was larger than it was before the pandemic. As such, the President goes on to state that, "Between the third quarters of 2021 and 2022, around one and a half million new jobs were created in our economy." Some of the key Government achievements reflected on was the Presidential Employment Stimulus that had in turn "provided work and livelihood opportunities to more than one million people."

The President identified the following key issues that concern South Africans the most namely, load shedding, unemployment, poverty and the rising cost of living and crime and corruption. To this end, the President also noted that "The pandemic worsened a situation of deep unemployment, as the country lost 2 million jobs. The pandemic negatively affected livelihoods and increased poverty." All of which was compounded by the public violence and floods that rampaged many parts of the country particularly KwaZulu-Natal, Eastern Cape and North West Province.

Moreover, other matters referred to include the energy crisis, impact of climate change, the social compact, major infrastructure projects, assisting SMMEs in the informal sector, crime and corruption all of which have affect women, youth and persons with disabilities in one way or another. Specific reference was also made to the major challenge of youth unemployment, what government has done to address the issue and what it intends doing.

During the year under review, the Committee also requested the Department to report on progress in terms of what the President identified in its 2023 SONA and how the respective programmes were responding to these. Similarly, the CGE and NYDA were also requested to do the same in its quarterly report briefings to the Committee. Despite requests made in this regard, not much was reflected during quarterly reporting. The Department provided a progress report on the SONA 2023 commitments.

7. Department's Strategic Priorities

7.1 Strategic Priorities as per Strategic Plan 2020-2025[5]

As per the Strategic Plan (2020-2025), the Department outlines the links between the 7 MTSF priorities, the NDP and SONA priorities by highlighting the alignment through the various outcomes and five-year targets that were identified in its Strategic Plan for 2020-2025 as outlined below.

7.1.1 MTSF Priority 1: A Capable, Ethical and Developmental State

Outcomes:

- Improved governance processes and systems for DWYPD
- Government-wide planning, budgeting, M&E addresses priorities relating to women's empowerment, youth development and the rights of persons with disabilities
- Gender, youth and disability rights machineries institutionalised
- Accessible and available evidence-based knowledge and information on access to services, empowerment and participation for women, youth and persons with disabilities
- Revised legislative framework to respond to and enforce rights of women, youth and persons with disabilities
- Strengthened stakeholder relations and community mobilisation towards the realisation of women's empowerment, youth development and disability rights

7.1.2 MTSF Priority 2- Economic Transformation and Job Creation

- Equitable economic empowerment, participation and ownership for women youth and persons with disabilities being at the center of the national economic agenda

7.1.3 MTSF Priority 3- Education, Skills and Health

Outcomes

- Education: Improved rate of educational attendance and retention of young women and women with disabilities in public sector institutions

[5] Department of Women, Youth and Persons with Disabilities (2020) Strategic Plan 2020-2025

- Health: Improved health for women, youth and persons with disabilities
- Skills: Improved skills for women, youth and persons with disabilities

7.1.4 MTSF Priority 4 - Consolidating the Social Wage through Reliable

Outcomes:

- The Department, working with the Department of Social Development and of Health, will co-develop and ensure implementation of a core package of essential psychosocial support and norms and standards for substance abuse, violence against women and children. Through the core package the department will ensure that 90% of victims of GBVF have access by 2024.
- The Department will develop different interventions to reduce GBVF among women, youth and persons with disabilities. One of the interventions is the National Strategic Plan to end GBVF which will be accompanied by a monitoring framework to ensure its implementation.
- The actual deliverables are covered under Priority 6 and the details on the specific deliverables will be outlined in the APP each year.

7.1.5 MTSF Priority 5: Spatial Integration, Human Settlements and Local Government:

Outcomes:

- The department will lobby and support other department's infrastructure and neighbourhood development grants and tax rebates and new structures to incorporate universal design norms and standards. This will include retrofitting existing buildings, transport and Information and Communication Technology (ICT) systems and infrastructure to ensure universal design. It will also monitor compliance with the universal design, norms and standards.
- Furthermore, the department, through Programme 5 on Persons with Disabilities, will develop Frameworks on Disability Rights Awareness Campaigns.

7.1.6 MTSF Priority 6- Social Cohesion and Safe Communities

Outcomes:

- Levels of marginalisation, stigmatisation and discrimination and violence against women, girls and persons with disabilities reduced
- Equal opportunities, inclusion and redress. The department contributes to Priority 6 through the Stakeholder Coordination and Outreach (SCO) sub-programme, which is responsible for coordinating sustained and visible initiative/ campaigns on gender to contribute to the target of 30 by 2024.

7.1.7 MTSF Priority 7- A Better Africa and World

Outcomes:

- Strengthened women, youth and disability rights agenda within global, continental and regional platforms, institutions and engagements towards a better Africa and the world
- Gender equality, youth and disability agenda strengthened within multilateral institutions
- The department contributes to Priority 7 through the International Relations (IR) Directorate and the Research Policy and Knowledge Management, on international reporting

7.2 Strategic Outcomes over MTEF Period

The ENE 2023 that the Department will continue to focus on addressing gender-based violence and supporting empowerment; promoting responsive planning, budgeting, monitoring and evaluation across government; supporting youth empowerment; and promoting the rights of people with disabilities over the MTEF period. The Department's annual report for 2023/24 outlines in the table below the following key institutional impacts and outcomes as informed by priorities and other Government-wide outcomes:

Table 1: 2023/24 Institutional Impacts and Outcomes

IMPACT	OUTCOMES
Improved Quality of Life for Women, Youth and Persons with Disabilities	• Improved governance processes and systems for Department of Women, Youth and Persons with Disabilities (DWYPD). • Government-wide planning, budgeting, M & E addresses priorities relating to women's empowerment, youth development and the rights of persons with disabilities. • Gender, youth and disability rights machineries institutionalised. • Accessible and available evidence-based knowledge and information on access to services, empowerment and participation for women, youth and persons with disabilities. • Strengthened stakeholder relations and community mobilisation towards the realisation of women's empowerment, youth development and disability rights. • Revised legislative framework to respond to and enforce rights of women, youth and persons with disabilities • Socio-Economic Empowerment of WYPD. • Rights of Women, Youth and Persons with Disabilities realised. • Stakeholder Management.
Transformed, representative and inclusive economy which prioritises women, youth and persons with disabilities	• Equitable economic empowerment, participation and ownership for women youth and persons with disabilities being at the centre of the national economic agenda. • Socio-Economic Empowerment of WYPD.
All women and girls, youth and persons with disabilities enjoy good quality health	• Improved rate of educational attendance and retention of young women and women with disabilities in public sector institutions. • Improved health for women, youth and persons with disabilities. • Improved skills for women, youth and persons with disabilities

IMPACT	OUTCOMES
care and better life opportunities and educational outcomes	
All women, girls, youth and persons with disabilities are and feel safe and enjoy freedom and a better life	• Levels of marginalisation, stigmatisation and discrimination and violence against women, girls and persons with disabilities reduced
Africa and the world that is more responsive and inclusive to the rights of women and persons with disabilities	• Strengthened women, youth and disability rights agenda within global, continental and regional platforms, institutions and engagements towards a better Africa and the world

Moreover, the Department also notes the following as its main services:

a) Coordinate the establishment of an accountability architecture (national coordinating structure) undergirded by the necessary resources to drive a multi-sectoral response to Gender-Based Violence and Femicide (GBVF).
b) Develop and implement a National Strategic Plan (NSP) on GBVF.
c) Reinvigoration, revitalisation and strengthening of the National Gender Machinery.
d) Women's empowerment and gender equality mainstreaming.
e) National Gender Machinery Coordination and Accountability Forum to support closer collaboration between government, Parliament, independent bodies, private sector and civil society.
f) Employment of Gender Focal Points in government departments as outlined in the NGPF (2000).
g) To develop intervention mechanisms for gender mainstreaming for women's socio-economic empowerment, transformation and gender equality.
h) Promote gender sensitive research and policy analysis in relation to gender equality and women's empowerment.
i) Establish a knowledge gateway for women's socio-economic empowerment transformation and equality.
j) Monitor and evaluate the impact of government policies and programmes on improving the socio-economic status of women, youth and persons with disabilities which includes facilitating stakeholder coordination (domestic, regional and international).
k) Conducting outreach initiatives, including dialogues to share and gather information to promote women, youth and persons with disabilities' socio-economic empowerment and equality.

The Department reported on its Service Delivery Improvement Plan (SDIP) by reflecting on the main services against the desired service and highlighting the actual achievement. This SDIP was informed by the 2020-2025 Strategic Plan of the Department and is said to be aligned to the 2023/24 APP.

7.3 Strategic Priorities 2023/24

As per the ENE (2023) the Department indicated that, "Over the MTEF period, the department will continue to focus on addressing gender-based violence and supporting empowerment; promoting responsive planning, budgeting, monitoring and evaluation across government; supporting youth empowerment; and promoting the rights of people with disabilities."[6]

With regards to the CGE, "With an allocation of R295.3 million over the MTEF period, the Commission for Gender Equality will work towards gender equality by strengthening the legislative environment, public information and education, and investigating issues that undermine gender equality."[7]

With regards to the NYDA, "Over the MTEF period, "Through transfers amounting to an estimated R1.8 billion over the next 3 years, the National Youth Development Agency will continue to support and foster entrepreneurship among young people, and create employment pathways through cross-sectoral collaborations. The agency is allocated a further R250 million in 2023/24 for the national youth service programme, a component of the presidential employment initiative that is aimed at training young people through participation in community services."[8]

8. Policy Priorities for 2023/24

The Department identified MTSF 2 (Economic transformation and job creation) and Priority 6 (Social cohesion and safer communities) alongside the following indicators and programmes in the ENE 2023 as key areas of focus:

Programme 2: Mainstreaming Women's Rights and Advocacy (i.r.t. Priority 2)

[6] National Treasury (2023) Estimates of National Expenditure, Vote 20 Women, Youth and Persons with disabilities, p.2
[7] Ibid
[8] National Treasury (2023) Estimates of National Expenditure 2022, *Vote 20: Women, Youth and Persons with Disabilities*, p. 8

- Number of interventions to support economic, participation and ownership for women, youth and people with disabilities per year

Programme 2: Mainstreaming Women's Rights and Advocacy (i.r.t. Priority 6)

- Number of progress reports produced per year on the implementation of the sanitary dignity framework

Programme 3: Monitoring, Evaluation, Research and Coordination (i.r.t. Priority 6)

- Number of reports produced per year on compliance of government commitments on international and regional instruments
- Number of research reports produced on government priorities per year
- Number of stakeholder engagements conducted per year on the empowerment of women, youth and people with disabilities
- Number of community mobilisation initiatives coordinated per year on the rights of women, youth and people with disabilities

Programme 4: Advocacy and Mainstreaming for the Rights of Youth and Persons with Disabilities' Rights

- Number of research reports produced per year on the inclusion of people with disabilities

Furthermore, the Department's initial Annual Performance Plan for 2023/24 indicated the following,

"The monitoring and evaluation that the DWYPD undertakes is in line with the 5-year policy priorities as defined in the MTSF 2019/2024 as follows:

- Priority 1: A capable, ethical and developmental state: Mainstreaming of gender, youth and persons with disabilities empowerment and development institutionalised
- Priority 2: Economic transformation and job creation: Increased economic participation, ownership and access for women, youth and persons with disabilities
- Priority 3: Education, skills and health: Improved educational and health outcomes and skills development for all women, girls, youth and persons with disability.
- Priority 4: Consolidating the social wage through reliable and quality basic services: Increased access to development opportunities for children, youth and parents/guardians including access to menstrual health and hygiene for all women and girls.

- Priority 5: Spatial integration, human settlements and local government: Equitable access to land reform, housing, safe living environment, universal access and design and safe and affordable transport and ICT services.
- Priority 6: Social cohesion and safe communities: Reduced levels of marginalisation, stigmatisation and discrimination and violence against women, girls and persons with disability.
- Priority 7: A better Africa and world: Gender equality, youth and persons with disability agenda strengthened within multilateral institutions."[9]

9. General Overview and Assessment of Financial Performance for Department[10]

According to the Estimates of National Expenditure 2023, R1 036.4 billion was allocated for Vote 20 for the Department of Women, Youth and Persons with Disabilities. Bearing in mind that R94.1 constituted the transfer payment to the CGE and R733.3 million to the NYDA. This amounted to R827.4 million. Hence the Department would have been left with an operating budget of approximately R209 million to undertake its programmes and meet its targets for 2023/24. Following the Medium-Term Budget Statement (MTBS) and the Adjusted Estimates of National Expenditure (AENE), the Department's overall budget was reduced by R42.5 million. This resulted in an adjusted total appropriation of R993.9 million. In terms of the reductions approved by Cabinet, the programmes were affected as follows:

- R2.16 million was in Programme 1: Administration
- R5.99 million was in Programme 2: Mainstreaming Women's Rights and Advocacy (R5 million related to a reduction in the CGE budget)
- R2.56 million was in Programme 3: Monitoring, Evaluation, Research and Coordination
- R31.78 million was in Programme 4: Mainstreaming Youth and Persons with Disabilities Rights and Advocacy – of this R30 million was a reduction in the budget of the NYDA.

Given the reduction in the Department's baseline the operational budget was approximately R208.605 million as at the end of 2023/24 financial year. As of 31 March 2024, the Department spent R991.625 million (98.5%) of its total budget R1 006 944 billion (includes transfers). The

[9] Department of Women, Youth and Persons with Disabilities (2023) Annual Performance Plan 2023/24, p.31.
[10] Levendale, C (2024) Annual Report Overview 2023/24 Department of Women, Youth and Persons with Disabilities, Budget Overview and Programmes 1, 2, 3 and 4. Parliament of the Republic of South Africa, Research Unit, 8 October 2024.

total under-expenditure incurred was R15.319 million. With respect to the operational budget, the Department spent R198.286 million (95%) and an under-expenditure of R10.319 million.

The Department reports a total of R9.032 million in virements from Programmes 2, 3 and 4 which constitute the core programmes to mainly Programme 1, 3 and 4. A total of R8.699 million was moved to Programme 1 (Administration), R430 000 to Programme 3 and R513 000 to Programme 4. As such R3.830 million was shifted from Programme 2 to Programme 1 ad 3 for Goods and Services. R513 000 of Programme 3's Compensation of Employees was shifted to Programme 4's Compensation of Employees. R4.689 million was shifted from Programme 4 to Programme 1 Goods and Services (R4.5 million) and Transfers and Subsidies (Households) (R189 000). In addition, R264 000 was also moved within Programme 1 from Compensation of Employees to Transfers and Subsidies. Hence these were internal virements between sub-programmes and within a programme.

In summary, Programme 1 received an additional R8.669 million hence a final budget of R118.194 million. Programme 2 had R3.830 million moved leaving it with a final budget of R112.557 million. Programme 3 had R663 000 moved leaving it with a final budget of R41.909 million. Programme 4 had R4.176 million leaving it with a final budget of R726.136 million.

In examining the programme expenditure for 2023/24, the following table has been collated using the information the information provided in the Annual Report.

Table 2: Total vs Operational Expenditure as at 31 March 2024[11]

Programme	Total budget as per Annual Report Appropriation Statement (incl. transfer payments)	Total Expenditure Incl. transfer payments	Budget per programme excluding transfer payments (operational budget)	Actual expenditure excluding transfer payments (operational expenses) % of allocated programme budget	Programme expenditure as % of total operational expenditure
1. Administration	R 118.194m	R 110.190m	R118.194m	R110.190m *93.2%*	55.6%
2. Mainstreaming Women's Rights and Advocacy	R 118.853m	R 112.557m	R23.580 m (R118.853 – R95.273m CGE)	R22.284m *94.5%*	11.2%

[11] Levendale, C (2024) Annual Report Overview 2023/24 Department of Women, Youth and Persons with Disabilities, Budget Overview and Programmes 1, 2, 3 and 4. Parliament of the Republic of South Africa, Research Unit, 8 October 2024.

Programme	Total budget as per Annual Report Appropriation Statement (incl. transfer payments)	Total Expenditure Incl. transfer payments	Budget per programme excluding transfer payments (operational budget)	Actual expenditure excluding transfer payments (operational expenses) % of allocated programme budget	Programme expenditure as % of total operational expenditure
3. Monitoring, Evaluation, Research and Coordination	R42.761m	R41.909m	R42.761m	R41.909m *98.0%*	21.1%
4. Mainstreaming Youth and Persons with Disabilities Rights and Advocacy	R727.136 m	R726.969 m	R24.070m (R727.136m – R703.066m NYDA)	R23.903m *99.3%*	12.0%
Total	**R 1 006 944 billion**	**R 991.625 million**	**R 208.605 million**	**R198.286 Million**	
Total under-expenditure = R 15,319m (%)	**Total budget expenditure = 98.5%**		**Total expenditure, i.e. operational budget = 95% Operational budget under-expenditure = R10.319 million**		

The table provides an overview of expenditure as at the end of the 2023/24 financial year. The following can be noted:[12]

- When considering the overall expenditure of the Department based on its total appropriation of R1 006.944 billion it appears that the Department has spent 98.5% or R991.625 million of its total budget.
- However, when considering the budget less the transfer payments to the CGE and NYDA, i.e. the operational budget (R208.605 million), the Department has spent 95% or R198.286 million of the operational budget. This is similar the previous FY 2022/23 where the Department spent 95.9 % of its operational budget.
- The bulk of the Department's operational budget was still allocated to its Administration Programme (Programme 1). This programme also consumed the largest expenditure (R105.014 million) of the Department's operational budget which amounted to 55.6%.
- In terms of the programme expenditure as a percentage of overall expenditure, Programme 2, accounts for only 11.2% of expenditure, while Programme 3 and 4 accounts for only 21.1% and 12.0% of the operational expenditure.

[12] Ibid

- Total under-expenditure for the year amounts to R15.319 million and the operational expenditure amounts to R10.3 million.

The Department reports that it has requested the following roll-over funds from National Treasury:

- The Department reports that it has submitted a request to National Treasury for the rollover of funds amounting to R13 million which includes a request from the CGE for R5 million.
- The Department states that the R8.2 million underspending under Goods and Services for Programme 1 was linked to the approval of the request of R8 million Second Adjustment Appropriation Act that was approved during May 2024. The Department goes on to state that, "The expenditure incurred during April and May 2024 will form part of the 2023/24 Financial Year Expenditure and will form part of the rollover request that will be submitted by 31 May 2024." In addition, the Department overspent (R1.8 million) in terms of machinery and equipment (under Payments for Capital Assets) which was due to ICT infrastructure for the new premises. This amount would then be cleared as part of the rollover request of 31 May 2024.

The key cost drivers were Compensation of Employees and Goods and Services. As such, 58.2% (R117,187 million) of the Department's operating budget has been spent on Compensation of Employees (CoE). This was an increase of R2,11 million from 2021/22 which is marginal. Furthermore, 38.5 % has been consumed by Goods and Services (R77,666 million) of the operating expenditure. Hence this is an increase from the 25% expenditure in 2021/22. Thus, expenditure on Goods and services has increased by over R26 million. In terms of spending under Goods and services, the line items which have incurred the greatest expenditure are listed in the table below for 2021/22 and 2022/23.

Table 3: Comparison of Key Cost Drivers between 2021/22, 2022/23 and 2023/24

Key Cost Driver	2023/24	2022/23	2021/22
Compensation of employees	R126.353 million	R117,187 million	R115,077 million
Goods and services	R64.527 million	R77,666 million	R50,993 million
- Property payments	R8.991 million	R13,009 million	R21,649 million
- Travel & Subsistence	R23.806 million	R22,054 million	R4,450 million
- Communication	R1.967 million	R3,602 million	R4,008 million
- External Audit Costs	R4.295 million	R4.415 million	R3,802 million
- Computer services	R8.191 million	R8,265 million	R4,224 million
- Advertising	R375 000	R2,760 million	R5,112 million
- Consultants	R3.039 million	R7,230 million	R1,848 million
- Venue and facilities	R3.310 million	R3,979 million	R1,110 million

Reflecting in the key cost drivers across the two financial years, 2021/22, 2022/23 and 2023/24 respectively, these remain fairly similar. Notwithstanding that, Travel and subsistence sees an increase from R22.054 million in 2022/23 to R23.806 million in 2023/24. It remains a primary cost driver and the increase is attributed to the change from virtual to physical outreach events and on international travel as part of attending meetings regarding treaties to which the Department is signatory to. There has also been a significant decrease in property payments from R19.1 million in 2020/21 to R21,649 million in 2021/22 to R13,009 million in 2022/23 to R8.991 million in 2023/24. This has been due to the decrease in rental as part of the relocation during October 2022.

In terms of spending under Goods and Services, the main cost drivers were travel and subsistence (R23.806 million), property payments (R8.991 million), consultants (R3.039 million) expenditure for external audit costs (R4.295 million), computer services (R8.191 million) and venues and facilities (R3.310 million). These 6-line items consume 80.0% (R51.632 million) of the Goods and Services budget.

The Department indicated that under-spending per programme was due to following reasons as cited in the table below:

Table 4: Under-expenditure per programme for 2023/24[13]

[13] Levendale, C (2024) Annual Report Overview 2023/24 Department of Women, Youth and Persons with Disabilities, Budget Overview and Programmes 1, 2, 3 and 4. Parliament of the Republic of South Africa, Research Unit, 8 October 2024.

Programme Under-Expenditure	Under-expenditure as % of total operational budget	Reason For Under-Expenditure
P1: Admin **R8.004 million**	3.8%	**Compensation of Employees** (R1.5 million) - Underspending related to vacancies in the programme **Goods and services** (R8.2 million) - Savings related to the Second Adjustment Appropriation Act. **Machinery and Equipment** – R1,8 million - Overspending due to ICT infrastructure that will be cleared as part of the rollover request.
P2: MWRA **R6.296 million**	3.0%	**Compensation of Employees** (R925 000) - Underspending linked to vacancies in the programme Goods and services (R371 000) - NT implemented budget reduction during 2023/24 thus the Department halted procurement to ensure there was no potential overspending of the main division. Transfers and subsidies (R5 million) - The underspending is linked to the approval of the request by the CGE of R5 million Second Adjustment Appropriation Act that was approved during May 2024
P3: MERC **R852 000**	Less than 0.1%	**Compensation of employees**: R822 000 Under-spending is mainly due to the vacancies currently in the programme

Based on the table above, the main reasons for under-spending related to Good and Services and Compensation of Employees due to vacancies. The smallest percentage of under-expenditure occurs in Programme 3 of the operational budget, while the greatest under-expenditure is in Programme 1 (R8,004 million) and 2 (R6,296 million).

Furthermore, the Department indicated that it utilised 74 which is less than the previous FY in which 116 consultants were utilised on 16 projects amounting to R6.590 million. During the 2023/24 FY, the Department spent R3.040 million on 36 projects. Table 3.15.1 (p.178) in the Department's annual report below provides more details on the use of consultants for the year under review.

The Department spent R235 000 on procuring the services of sign language interpreters for the 2023/24. Moreover, R1.0579 million was spent on consultants to undertake work within core programmes in which there are dedicated personnel employed tasked with those deliverables. This is just over a third of expenditure incurred on consultants for 2023/24. It also unclear what

exactly the role of the consultants would have been at the consultative workshop and at the consultative meeting.

9.1 Expenditure Management for 2023/24

9.1.1 Irregular Expenditure

- The Department has irregular expenditure to the amount of R42.341 million on its financial statements relating to previous financial years. All cases have been submitted to National Treasury for condonation. For 2023/24, zero irregular expenditure was incurred.

9.1.2 Fruitless and wasteful expenditure

- The Department incurred R37 000 Fruitless and Wasteful expenditure for 2023/24. However, previous expenditure (R11,787 million) bringing the total to R11,824 million.
- The Fruitless and wasteful expenditure incurred in 2023/24 was mainly due to interest raised by the Government Employed Pension Fund (GEPF) as at 30 September 2023 and the case was referred to the Internal Audit unit for the determination of facts. Subsequently, a report was tabled to the Accounting Officer and the relevant consequence management was implemented i.e. two officials involved received warning letters.

9.1.3 Unauthorised expenditure

- The Department did not incur any Unauthorised expenditure for 2023/24. However, there is unauthorised expenditure from previous years that amounts to R32.774 million. This was presented to SCOPA on 20 September 2023 and the Department awaits the official feedback from the committee through National Treasury.

9.1.4 Exemptions and Deviations

- The Department states in its annual report that it "did not apply for an exemption from the PFMA, Treasury regulations or deviation from the financial reporting requirements during the current and/or previous financial year", however at its presentation submitted to the Portfolio Committee the following was reported:
  - As at 31 March 2024, the Department has incurred deviations amounting to R3.250 million.
  - 15 deviations are reported in the annual report.
  - An overview of the Office of the Chief Procurement Officer (OCPO) reports for all 4 quarters of the 2023/24 financial year reveals that none of the Department's

deviations were recorded, and only 2 of its contract variations or expansions (which are reflected in the Quarter 1 report).

- The contract variations recorded are not those reflected in the annual report.
- 9 deviations were related to single source appointments, while 6 related to obtaining less than 3 quotes for amounts of more than R2000.

- Expansions amounted to R582 174,67 with the original contract value being R1 038 619,35 for the following four projects:
  - Contract extension for cleaning services for a period of 2 months
  - Hosting of website and intranet of DWYPD for a period of 1 month
  - Attendance of Youth Machinery Forum 2-3 March 2023
  - Payment on order for pocket libraries, by Lexis Nexis

9.1.5 Contingent Liabilities

- The Department noted contingent liabilities to the amount of R7.101 million as there is currently a claim against the Department emanating out of a disciplinary hearing. In addition, there are also 2 claims against the Department emanating from a Labour Case (T Mxenge vs Dept of Women, Youth and Persons with Disabilities) which is not quantifiable. In annexure 2 of the Department's annual report, the Department states the following, "*The Civil matter between Barloworld South Africa t/a Avis Luxury Cars and Department of Women has been concluded and a court order was issued that the amount must be paid by the department to Barloworld. This has been transferred to payables not recognised."*[14]

Table 6: 2023/24 Contingent Liabilities for Department as at 31 March 2024

Nature of liability: Claims against the Department	Value of Liability
Civil matter between Barloworld South Africa t/a Avis Luxury Cars and DOW	R101 000
T Mxenge vs Dept of Women, Youth and Persons with Disability	R 7 million
Total	**R7.101 million**

9.1.6 Donor funds[15]

- "The Department received R52.7 million from the European Union, of which it has only spent R12.5 million. This forms part of a total funding commitment of R109 349 182 million that has been allocated from 2021/22 to 2023/24. The purpose of the funding is to

[14] Department of Women, Youth and Persons with Disabilities (2024) Annual Report 2023/24, p. 243
[15] Levendale, C (2024) Annual Report overview 2023/24, Department of Women, Youth and Persons with Disabilities, Budget overview of Programmes, 1, 2 and 3, p.14

improve the capabilities of the SA state to be gender-responsive, through reviewing existing policies; embedding key policies, frameworks and strategies within practice; addressing structural barriers that hamper women's access and opportunities to empowerment and participation in the mainstream economy; and establishing accountability practices through multi-sectoral collaboration and co-ordination across all three tiers of government.

- In 2021/22, an amount of R23.2 million was transferred of which only R621 000 was utilised. During 2022/23, no transfer was received, however R8.4 million was spent. During 2023/24 R52.7 million was received, of which R12.5 million was used. Therefore, across the 3 financial years from 2021/22 to 2023/24, the Department has spent approximately R21.5 million of the funding received.
- In 2021/22 the Department indicated that delays in the first tranche of funds resulted in delayed appointments of technical monitors and data capturers. During 2022/23, no indications of or reasons for unspent funds were provided. In the 2023/24 Annual Report, the Department indicates that there was a delay in the appointment of some of the EU consultants in the provinces, and submission of invoices on the research projects.
- The Department also received donor funding from the Criminal Assets Recovery Account (CARA). This funding is allocated across three financial years from 2023/24 to 2025/26 and amounts to R35 million. The purpose of the funding is to support the implementation of the National Strategic Plan on Gender-based Violence and Femicide (NSP on GBVF). The Department reports that an amount of R12.3 million was received, however only in February 2024, one month before the end of the financial year."

9.2 2023/24 MTEF financial allocation

The Department still maintains that it is under-resourced and requires more funding in order to function more optimally as there are capacity constraints across all programmes.

9.3 Concluding comments on financial performance

The Department spent 95% (R198.286 million) of its operating budget (R208.605 million) and managed to achieved 88% (36/41) of its targets as per the revised APP reflected in the Annual Report 2023/24. The underspending decreased from R31,085 million in 2021/22 to R8,455 million in 2022/23 to R10.319 million in the year under review.

When considering the overall expenditure of the Department based on its total appropriation of R 1006 944 billion, it appears that the Department has spent 98.5% or R991.625 million of its budget. In terms of the programme expenditure as a percentage of overall expenditure, 55% of the budget has been spent on the Administration programme. Programme 2: Mainstreaming Women's Rights and Advocacy accounts for only 11.2% of expenditure, while Programme 4, Mainstreaming Youth and Persons with Disabilities Rights and Advocacy accounts for only 12.0% of operational expenditure. Despite a substantial portion of the operational budget being allocated to Compensation of Employees, the Department continued to rely on consultants to deliver on targets and expenditure incurred despite a large cohort of staff within programmes. Most of the expenditure incurred as in the previous financial years was for Compensation of Employees and Goods and Services.

10. OVERVIEW AND ASSESSMENT OF SERVICE DELIVERY & FINANCIAL PERFORMANCE PER PROGRAMME FOR DEPARTMENT OF WOMEN, YOUTH AND PERSONS WITH DISABILITIES

This section provides details of annual targets as per the original APP and the revised APP for each programme as well as an indication as to which targets have been reported on in the Annual Report. An indication is also provided of whether targets have been achieved or not.

10.1 Programme 1: Administration

The purpose of this Programme is to provide strategic leadership, management and support services to the department. The purpose of each sub-programme is as follows:

- **Ministry:** The purpose of the sub-programme is to provide executive support to political principals.
- **Departmental Management**: The purpose of this sub-programme is to provide executive support, strategic leadership and management to the Department.
- **Financial Management**: The purpose of this sub-programme is to provide and ensure effective, efficient financial management and supply chain services. This includes budget planning and expenditure monitoring; and the management of procurement, acquisition, logistics, asset, and financial transactions.

- **Corporate Management**: The purpose of this sub-programme is to provide effective human capital management, facilities and auxiliary management and ICT systems enablers for the Department.
- **Office accommodation**

This programme planned to achieve 8 targets of which 7 (87.5%) were achieved and 1 target was not achieved as reflected in the Annual Report. The target not achieved related to the following target:

- 100% payment of all valid invoices within 30 days

The total allocation for this programme was R99.6 million as per the initial Estimates of National Expenditure (ENE) 2023. The AENE saw a decrease of R2.16 million to this programme. In terms of Virements, this programme received to R8.664 million from Programme 2 and 4. In addition, R264 000 was also moved from Compensation of Employees to Transfers and subsidies within this programme. The final appropriation for this programme was R118.194 million. Moreover, this programme still consumed the highest proportion (56.6%) of the Department's operational budget in 2023/24. The actual expenditure was R110.190 million which amounts to 55.6% of the total operational expenditure. An under-expenditure of R8.004 million was recorded which was linked to posts that were not filled during the financial year.

The key cost drivers for Programme 1 were as follows:

- Compensation of Employees accounted for 55.3% of the programme budget (R65.325 million) and R63.780 million was spent
- Goods and Services accounted for 41.1% of the programme budget (R48.574 million) and R40.327 million was spent

With respect to the expenditure per sub-programme, the Ministry with a final appropriation of R34.749 million spent R30.399 million thus incurring an under-expenditure of R4.250 million. The Departmental Management had a final appropriation of R18.781 million and spent R17.762 million with an under-expenditure of R1.019 million. Corporate management had a final appropriation of R35.550 million and spent R32.897 million incurring an under-expenditure of R2.653 million. Financial management had a final appropriation of R20.198 million and spent R20.041 million incurring an under-expenditure of R157 000. Office accommodation had a

final appropriation of R8.916 million and spent R8.991 million incurring an over-expenditure of R75 000.

10.2 Programme 2: **Mainstreaming Women's Rights and Advocacy (MWRA)**

The purpose of the programme is to to promote good governance regarding the rights and transformation of the social and economic empowerment of women.

The programme consists of the following sub-programmes namely:

- **Management Advocacy and Mainstreaming for the Rights of Women**: The purpose of the sub-programme is to provide strategic leadership and management to the programme.
- **Social Empowerment of Women (SEW):** The purpose of the sub-programme is to promote good governance to further transformation, social justice and empowerment and rights for women.
- **Economic Empowerment of Women (EEW):** The purpose of the sub-programme is to mainstream and promotes good governance to further transformation, economic justice, empowerment and rights of women.
- **Commission for Gender Equality (CGE):** The department facilitates transfer payments to the Commission for Gender Equality, which promotes gender equality and respect for women's rights.

For the year under review, this programme had achieved 100% of its targets.

In terms of this programme's operating budget i.e. excluding the transfer (R95.273 million) to the CGE, this programme was allocated R30.382 million as per the ENE 2023. The total allocation for this programme including the CGE was R124.5 million as per the ENE 2023. The final appropriation was R118.853 million (includes CGE transfer) due to the AENE. Excluding the CGE transfer, the final operating budget for this programme was R23.580 million. In terms of virements, R3.830 million was moved out of this programme from Goods and Services to Programme 1 (R3.4 million) and 3 (R430 000) primarily for Goods and services. The actual expenditure incurred for this programme was R112.557 million. But excluding the transfer to the CGE this programme spent R22.284 million, 11.2% of the total operational expenditure and 94.5% of the total programme budget. Thus, an under-expenditure of R1.296 million (excluding CGE R5 million) which amounted to 5.5% of the programme operational budget. The

underspending was mainly due to vacancies in the programme that according to the Department is in the process of being filled. The key cost drivers for this programme were as follows:

- Compensation of Employees accounted for 84.1% of the programme operational budget (R19.844m) and R18.919 million was spent
- Goods and Services accounted for 15.8% of the programme operational budget (R3.736m) and R3.365 million was spent

With respect to the expenditure per sub-programme, Management with a final appropriation of R3.689 million spent R3.650 million with an under-expenditure of R39 000. The Social Empowerment of Women sub-programme with a final appropriation of R14.184 million spent R13.653 million incurring an under-expenditure of R531 000. The Economic Empowerment sub-programme with a final appropriation of R5.707 million spent R4.981 million incurring an under-expenditure of R726 000.

10.3 Programme 3: Monitoring, Evaluation, Research and Coordination

The purpose of programme 3 is to provide research, knowledge management, international relations, stakeholder management and monitoring and evaluation for women, youth and persons with disabilities.

The programme consists of the following sub-programmes:

- **Management: Monitoring, Evaluation, Research and Coordination**: Provides strategic leadership and management to the programme.
- **Research and Knowledge Management (RKM)**: To provide research and knowledge management services on the rights of women, young people and persons with disabilities to encourage transformation in their interests.
- **International Relations, Stakeholder Management and Capacity Building (IRSMCB)**: The purpose of the sub-programme is to manage and coordinate the provision of international relations, stakeholder participation and capacity building for women, youth and persons with disabilities.
- **Monitoring and Evaluation**: **Women, Youth and Persons with Disabilities (M&EWYPD)**: The purpose of the sub-programme is to ensure effective monitoring and evaluation of policy priorities that encourage transformation in the interests and the empowerment of women, young people and persons with disabilities throughout government.

This programme planned for 10 targets and achieved 9 (90%). The target not achieved was as follows:

- 2 progress reports produced on the piloting (phase 2) of the Integrated Knowledge Hub (IKH)

The programme was allocated R47.840 million as per the ENE 2023. The AENE 2023 resulted in a final appropriation R42.761 million (20.4% of operating budget) hence a decrease of R5.079 million. In terms of virements, R513 000 was moved from Compensation of Employees out of this programme to Programme 4, Compensation of Employees. Moreover, this Programme also received R430 000 from Programme 2. The actual expenditure incurred was R41.909 million which is 98% of the total programme budget spent and 20% of the operational expenditure. This programme incurred an under-expenditure of R822 000 which was due to vacancies in the programme that according to the Department is in the process of being filled. The key cost drivers for this programme were as follows:

- Compensation of Employees accounted for 60.6% of the programme budget (R25.905m) and R25.083 million was spent
- Goods and Services accounted for 36.3% of the programme budget (R15.532m) and R15.503 million was spent

The Management sub-programme had a final appropriation of R2.110 million and spent R2.051 million hence a marginal under-expenditure of R59 000. Research and Knowledge Management had a final appropriation of R6.395 million and spent R6.033 million also recording a slight under-expenditure of R362 000. The sub-programme International Relations, Stakeholder Management and Capacity Building had a final appropriation of R25.766 million and spent R25.589 thereby incurring an under-expenditure of R177 000. The Monitoring and Evaluation Women, Youth and Persons with Disabilities with a final appropriation of R8.490 million and spent R8.236 million also incurring a slight under-expenditure of R254 000.

10.4 Programme 4: Mainstreaming Youth and Persons with Disabilities Rights and Advocacy

The purpose of this programme is to promote good governance regarding the rights and transformation of the social and economic empowerment of youth and persons with disabilities.

The Sub-programmes are as follows:

- **Management**: Advocacy and Mainstreaming for the Rights of Youth of Persons with Disabilities: Provides strategic leadership and management to the programme.
- **Advocacy and Mainstreaming for the Rights of Youth**: Manages advocacy for and the mainstreaming of rights for young people, their social and economic empowerment, and transformation in their interests. This sub-programme also oversees the performance of the National Youth Development Agency (NYDA).
- **Advocacy and Mainstreaming for the Rights of Persons with Disabilities**: Advocates for and the mainstreaming of rights for the people with disabilities, their social and economic empowerment, and transformation in their interests.
- **NYDA**: Makes transfers to the NYDA.

This programme planned for 14 targets and achieved 11 (79%). The targets not achieved were as follows:

- South African Youth Development processed to Cabinet
- 5 Integrated Farming Value Chian cooperatives established
- 3 Confectionery projects established

The programme was allocated R764.5 million as per the ENE 2023 which includes the transfer to the NYDA of R733.3 million. The final appropriation was R727.136 million as a result of the AENE. The operating budget for this programme was R24.070 million. In terms of Virements, R4.689 million transferred moved out of this programme (from Goods and Services and Transfer and Subsidies, Households) to Programme 1 primarily for Goods and services and Transfers and subsidies (Households). In addition, this programme also received R513 000 for Compensation of Employees from Programme 3. The actual expenditure incurred was R23.903 million (excluding the NYDA transfer) of its allocated programme budget which is 11.5% of the total operational expenditure.

Including the NYDA, this programme spent in total R726.969 million (99.9% of its total budget of R727.136 million). The youth branch spent R11.037 million and the disability branch spent R12.393 million. Notwithstanding the virement, this programme incurred an under-expenditure of R167 000 (Youth R67 000; Disability R93 000 and Management R7 000). The key cost drivers for this programme were as follows:

- Compensation of Employees accounted for 77.8% of the programme operational budget (R18.722m) and R18.571 million was spent
- Goods and Services accounted for 22.2% of the programme operational budget (R5.348m) and R5.332 million was spent

10.5 Human Resources

The Department notes in its Annual Report as at 31 March 2024 that it had a vacancy rate of 6.8%, thus 10 vacancies of 146 approved funded posts hence 136 filled. Furthermore, the Department had a total of 24 employees additional to the establishment the majority of these were in the Administration programme (14 out of 24). Forty-one of the 136 posts filled are in senior management positions (41 in salary band 13-16), 40 are on salary band 6-8, while 40 are on salary band 9-12. The majority of personnel in the Department's employ were in the Administration Programme (73), 21 posts filled in Programme 2, 26 in Programme 3 and 20 in Programme 4. Forty-one employees are employed in the Senior and Top Management level (level 13-16), at an average cost of R1 238,7 million per employee. The Department had not identified any critical occupations that need to be monitored. (Refer to table below for more details.)

Table 7: Human Resource Overview

Programme	Number of approved posts	Number of filled posts	Employees additional to establish-ment6	Vacancy rate	Personnel Expenditure (R'million)	Average personnel cost per employee (R'000)
Programme 1: Administration	79	73	14	3.9%	R66.859	R602.3
Programme 2: Mainstreaming Women's Rights	21	21	1	0%	R19.430	R809.6

and Advocacy						
Programme 3: Monitoring, Evaluation, Research and Coordination	26	24	-	7.7%	R21.293m	R806.9
Programme 4: Mainstreaming Youth and Persons with Disabilities Rights and Advocacy	20	18	9	10%	R17.744m	R634.1
	146	136	24	6.8%	R117.187m	R661.1

In terms of sex, 88/136 staff members are female (65%) and 481 are male (35%). The majority of females (31) are in clerical positions, while 24 occupy professional positions and 17 fall within the "legislators, senior officials and managers" category. The majority of males employed in the Department are in "legislators, senior officials and managers" positions (18), followed by 14 occupying professional positions. The Department employs 7 persons with disabilities (5.1% of staff complement).

By the end of the FY 2023/24, the Department had a had a turnover rate 15.8 % as compared to 23.8% in the previous FY 2022/23. In terms of people leaving and joining the Department during the financial year, a total of 30 staff left the Department of which 8 were resignations, 1 transfers to other public service departments, 1 death and 20 expiry of contracts. During the year under review, there was 1 disciplinary hearing.

Out of 41 SMS members, 34 had signed performance agreements. Among the reasons cited for this are, "*Two level 13 members were appointed after 31 May 2024, and they are included in the table because they complied with the provisions of the departmental policy as they signed and submitted their PAs to HR withing three months of their appointments."*[16]

Furthermore, no staff member was promoted for the period under review, while 76 received notch progressions within their salary level. A total of 62 staff members were identified as needing training (skills programmes and other short courses) during 2023/24 as compared to 103 in 2022/23.

10.6 Concluding comments on service delivery performance

[16]Department of Women, Youth and Persons with Disabilities (2024) Annual Report 2023/24, p.166.

In examining the significant achievements which the Department noted in the 2023/24 Annual Report, the following have been highlighted:

- For the year under review 2023/24, the Department achieved 36 (88%) targets out of 41 planned targets for both original tabled and revised/addendum tabled 20223/24 APP whilst 5 (12%) targets were not achieved. The performance of the department has improved from the previous financial year 2022/23 where it had achieved 81%.
- Most of the targets achieved in the Administration programme (7/8) are compliance related matters. 29/36 targets were met in the core programmes (2, 3 and 4).
- The Business Continuity Plan was said have been developed and approved.
- The Department notes several consultations held e.g. Teenage pregnancy consultative sessions; advocacy and awareness campaigns on the Sanitary Dignity Framework (SDIF) in the Eastern Cape and KwaZulu-Natal Provinces and other initiatives related to SDP and Sexual Reproductive Health.
- Implementation of the 365 days campaign on violence against women in KwaZulu-Natal and Eastern Cape Provinces. Other GBV activities include but not limited to monitoring the implementation of the National Strategic Plan (NSP) on GBVF at 12 national departments, 9 provincial departments and 9 municipalities.
- Several reports produced in the core programmes approximately 3 in Programme 2, 11 in Programme 3 and 9 in Programme 4 (5 Youth, 4 Disability)
- 4 interventions to support economic empowerment and participation of women, youth and persons with disabilities
- 1 WYPD strategy for economic empowerment developed
- 4 interventions to support social empowerment and participation of women, youth and persons with disabilities monitored
- 2 National Gender machineries convened
- 12 national departments analysed in terms of implementing the Gender Responsive Planning Budgeting Monitoring Evaluation Auditing Framework (GRPBMEAF)
- 12 stakeholder engagements on the empowerment of women, youth and persons with disabilities
- 4 community mobilisation initiatives on the rights of women, youth and persons with disabilities coordinated
- 4 National Youth Machinery meetings convened
- SANDF-led National Youth Service (NYS) Programme developed
- 6 Advocacy manuals on disabilities developed

- 3 Rights of Persons with Disabilities machineries convened

10.7 Summary: Finance and Service Delivery Performance Assessment

This section provides a synopsis of the service delivery performance against spending patterns for 2022/23 – 2023/24 as well as the 1st quarter of 2024/25 of the Department.

10.7.1 General commentary

The Department has seen an improvement in performance since its inception as reflected in Table 8 below. Notwithstanding that, there have been longstanding matters that have not been resolved and as such targets not achieved e.g. Integrated Knowledge Hub. Whilst several of the policies have been finalised, the implementation and popularisation in this regard has been lacking. The under-expenditure incurred has decreased but is still notable so too is the Department's heavy reliance on consultants to help achieve its core targets. Furthermore, the achievement of targets has not translated into visible, tangible differences to the lives of women, youth and persons with disabilities in the country. Developments in the policy and law reform arena for the Department is welcomed as several policy frameworks have been developed. Notwithstanding that, a key piece of legislation is the Disability Rights Bill and the South African Youth Development Bill for which progress in this regard has been very slow.

Table 8: Targets Achieved per programme 2019/20 – 2023/24

Programme	2019/20	2020/21	2021/22	2022/23		2023/24
1. Administration	11/14 (79%)	3/7 (43%)	4/6 (66.7%)	6/7 (85.7%)	**Admin.**	**7/8 (87.5%)**
2. STEE	5/7 (79%)	6/9 (67%)	10/10 (100%)	6/11 (54.5%)	**MRWA**	**9/9 (100%)**
3. PSCKM	11/12 (92%)	8/8 (100%)	13/13 (100%)	12/12 (100%)	**MERC**	**9/10 (90%)**
4. National Youth Development	4/4 (100%)	2/4 (50%)	7/7 (100%)	10/13 (76.9%)	**MYPDRA**	**11/14 (79%)**
5. Rights of Persons with Disabilities	1/3 (33%)	5/5 (100%)	5/5 (100%)			
Total	**32/40 (80%)**	**24/33 (73%)**	**39/41 (95.1%)**	**34/43 (79.1%)**		**36/41 (88%)**

10.7.2 Overview of performance for 2023/24

- When reflecting back on the Department's performance, 2019/20 FY until 2023/24 performance has fluctuated over time but an improvement has been noted in 2023/24.
- Programme 1 consistently consumes the greatest proportion of the operational budget with 7/8 targets met and 93.2% of the budget spent.
- An under-expenditure was incurred across all programmes more so in the core programmes and of late the administration programme. Whilst budgets are spent, not all targets are achieved.
- The Department has produced a significant number of reports undertaken outreach activities, mobilisation initiatives and even interventions for the year under review.
- Whilst the Department makes reference to advances made in the empowerment of WYPD and on the implementation of the Sanitary Dignity Framework, the impact of these initiatives has yet to be determined.
- The Department continues to rely heavily on consultants to undertake the core work and in so doing targets are achieved. of the consultants listed in the annual report for 2023/24 are linked to deliverables within the core programme for a period noted as indefinable at a cost of R5.636 million. This is 85.5% of the total amount for consultancy as at 31 March 2024.

10.7.3 Overview of budget for 2023/24

- The Department started the financial year with a budget of R 1 036.4 billion (including the transfer payments to the Commission for Gender Equality and the National Youth Development Agency).
- During the 2023/24 financial year, the Department would transfer approximately R95.1 million to the CGE and approximately R733.3 million to the NYDA. This amounted to R828.4 million and leaving the Department with an operating budget of approximately R209 million. However, following the MTBPS and the AENE the Department's overall budget was reduced by R42.5 million resulting in an adjusted total appropriation of R993.9 million.
- The Department reports a total of R9.032 million in virements from Programmes 2-4 to Programme 1, 3 and 4. An internal virement had also been recorded in Programme 1 between sub-programmes.
- When considering the overall expenditure of the Department based on its total appropriation of R1 006 944 billion, it appears that the Department has spent 98.5% or R991.625 million of its budget. However, when considering the budget less the transfer

payments to the CGE and NYDA, i.e. the operational budget (R208.605 million), the Department has spent 95% or R198.286 million of the operational budget.

- When looking at the programme expenditure as a percentage of overall expenditure, 55% of the budget has been spent on the Administration programme. Programme 2 accounts for 11.2%, Programme 3 accounts for 21.1% and Programme 4, accounts for 12% of operational expenditure.
- The total operational under-expenditure for the year amounts to R10.319 million which was attributed to under-spending on various Goods and services, payment for capital assets as well as vacancies.
- Programme 1 underspent by more than R8 million and this programme also saw an increase in allocation due to virements from the core programmes.
- The key cost drivers remain Compensation of employees (R126.353 million, 60% of the Department's operating budget) and Good and services (R64.527 million). The latter consumes 31% of the operating expenditure – this is a decrease from 2022/23 (R77.666 million).
- No Irregular Expenditure and Unauthorised Expenditure was incurred for the 2023/24 financial year. There was however, historical debt from previous years still on record. Fruitless and wasteful expenditure was incurred for the year under review amounting to R36 245,78.

10.8 Overview of budget for Q1 of 2024/25[17]

- According to the National Treasury 2024 Estimates of National Expenditure (ENE) released in February 2023, the Department under Vote 20, received an annual appropriation of R1 007.7 billion. The Department also facilitates two transfer payments to the Commission for Gender Equality (CGE) and the National Youth Development Agency (NYDA) respectively. As such for the 2024/25 financial year, the Department would transfer R93.5 million to the CGE and R704.3 million to the NYDA respectively. This amounts to R827.4 million in total. As such the Department is left with an operating budget of approximately R209.9 million to undertake its programmes and meet its targets for 2024/25.
- The Department spent R392.8 million (39%) of its R1 007.7 billion total available budget by the end of first quarter. Spending was thus less than the projected expenditure for the quarter. Under-expenditure was recorded in Programmes 2, 4 and 5. Programme

[17] Levendale, C (2024) Women, Youth and Persons with Disabilities: Quarter 1 (2024/25) Analysis of Programmes 1, 2 and 3

3 recorded an over-expenditure. Programme 1 was in line with the projected expenditure for Q1.[18]

- Programme 1 (Administration) spent R31.6 million (27.6%) of its programme budget R114.4 million (28.2%) and met 2 out 4 targets.
- The total budget for Programme 2 (Advocacy and Mainstreaming for the Rights of Women) is R124.308 million, however, this includes the transfer payment to the Commission for Gender Equality (CGE). This transfer amounts to R93.5 million, leaving the programme with an operating budget of R30.740 million**.** Programme 2 spent R5.7 million (operational expenditure, excludes CGE) against the projected expenditure of R7.3 million (18.7%). The underspending was due to meetings that were postponed, consultations that did not take place, the province carrying the cost of training related to Rapid Response Teams and CARA funds utilized for provincial consultations. All 5 targets were met in this programme for Q1 of 2024/25.
- Programme 3 (Monitoring, Evaluation, Research and Coordination) spent 25.4% of its operational budget (R9.8 million) and met all 6 targets for Q1 of 2024/25. The overspending in this programme was due to international travel and project specific costs e.g. analysis of IDPs, District One Plan, Draft Annual Performance Plans and project inception phase of policy assessment for harnessing technology and innovation for the socio-economic empowerment of women.[19]
- Programme 4 (Rights of Persons with Disabilities) spent R3.130 million (21.6%) of its original programme allocation and met 1 target whilst 1 other target was not met.[20] The underspending in this programme is due to a RPD machinery meeting held virtually hence no costs were incurred for travelling, venue and facilities and the expenditure incurred for the publication of the Self-Representation Framework to be gazette will be deferred to Q2.
- The original appropriation for Programme 5 is R715.9 million; this allocation includes an amount of R704.3 million earmarked for transfers to National Youth Development Agency (NYDA). The original allocation for the programme excluding NYDA is R11.6
- million. The expenditure incurred excluding NYDA for Q1 of 2024/25 is R2.1 million against a projected expenditure of R2.7 million or 18.5% of the original appropriation excluding NYDA. The underspending in this programme is due to transport costs, travel

[18] Matthews, T (2024) Quarter One Department of Women, Youth and Persons with Disabilities: Analysis of Programme 4 and 4 (2024/25)
[19] Department of Women, Youth and Persons with Disabilities (2024) Presentation to the Portfolio Committee on WYPD, 1st Quarter 2024/25FY, Performance Information, Human Resource Management and Financial Management for DWYPD
[20] Ibid

and accommodation expenditure incurred to be deferred to Q2, launch of a project postponed and National Youth Machinery meetings held virtually instead of in-person.

- The table below outlines the Overall Financial Performance - Per Programme as at 30 June 2024.

Table 8: Overall Financial Performance - Per Programme

Programme	Original allocation	Expenditure as at 30 June 2024	Balance	% Spent
P1. Administration	R113.381m	R31.606m	R82.755m	27.6
P2. Mainstreaming Women's Rights & Advocacy	R30.740m	R5.745m	R24.995m	18.7
P3. Monitoring, Evaluation Research & Coordination	R38.646m	R9.826m	R28.820m	25.4
P4. Rights of Persons with Disabilities and	R14.509m	R3.130m	R11.379m	21.6
P5. Rights Mainstreaming Youth	R12.558m	R2.142m	R9.416m	18.5
Total Operational Allocation	**R209.834 million**	**R52.449 million**	**R157.385 million**	**25.0%**
CGE	R93.568	R23.391	R70.177	25.0
NYDA	R704.310	R316.940	R387.370	45.0
Total Allocation	**R1 007 712 billion**	**R392.780 million**	**R614.932 million**	**30.0%**

- In Q1 of 20224/25, the Department spent 24.6% (R32,619 million) on Compensation of Employees, 26.2% (R18.385 million) was spent on Goods and services and 21.8% (R1.092 million) on Payments for capital assets in terms of available budget as reflected in the table below.

Table 9: Overall Financial Performance - Economic Classification (Q1 2024/25)[21]

[21] Adapted table from Q1 Presentation of Department of Women, Youth and Persons with Disabilities

Economic Classification	Main Appropriation	Actual Expenditure as at 30 June 2024	Expenditure as % of Budget
	R'000	R'000	%
Compensation of Employees	132.478	32.619	24.6%
Goods & Services	70.233	18.385	26.2%
Transfers & Subsidies	2.103	0	0%
Payment for Capital Assets	5.020	1.092	21.8%
Total Operational Allocation	**209.834**	**52.449**	**25.0%**
Entity transfers	797.878	340.331	42.7%
Total Allocation	**R1 007 712 billion**	**R392.780 million**	**39.0%**

11. COMMISSION FOR GENDER EQUALITY (CGE)

The CGE briefed the Committee during all the quarterly reports on its finances. A Commissioner's report was submitted to the Committee at every quarter.

Based on its constitutional mandate, the CGE's vision is to strive for "a society free from all forms of gender oppression and inequality", while its mission includes to "advance, promote, protect, monitor and evaluate gender equality through undertaking research, public education, policy development, legislative initiatives, effective monitoring and litigation". Its values are independence; professionalism; accountability; ethical behaviour; and teamwork.

The Commission's Strategic Framework translates its constitutional mandate into four strategic outcomes as outlined hereafter. In summary, the CGE set out to achieve 29 targets and achieved 23 (79.3%) which is an improvement from the previous financial year 2022/23 when it achieved 46.1%.

11.1 Strategic Outcome 1 (SO1)

An enabling legislative environment for gender equality through submissions, recommendations, investigations and litigation.

The purpose of SO 1 is to evaluate legislation, policies, practices and mechanisms within public and private institutions and make recommendations and undertake litigation to advance the gender transformation agenda.

According to the Annual Report 2023/24, this SO planned for 6 targets and all were achieved (100%).

11.2 Strategic Outcome 2 (SO2)

Develop and manage information and public education programmes to foster public understanding of gender equality and the role of the CGE.

The purpose of this SO2 is to conduct advocacy initiatives and develop and manage public education interventions with sector partners in the promotion of public understanding of gender equality and access to gender justice.

According to the Annual Report 2023/24, this SO planned to achieve 6 targets of which all were achieved.

11.3 Strategic Outcome 3 (SO3)

Monitoring compliance and research on issues that undermine the attainment of gender equality.

The purpose of this SO3 is to identify and monitor key issues that impact on gender equality, evaluate contributions by role-players to gender equality and make recommendations to promote and attain gender equality.

According to the Annual Report 2023/24, this SO planned to achieve 5 targets and achieved all.

11.4 Strategic Outcome 4 (SO4)

A renewed, efficient and effective organisation that is sustainable.

The purpose of this SO 4 is to build and sustain an efficient and effective organisational culture, organisational systems, operations and governance processes, for the optimal performance of the institution in executing its mandate.

According to the Annual Report 2023/24, this SO planned to achieve 12 targets and 9 (75%) was achieved, targets not met are cited below. Notwithstanding that, considering that two of the targets had restated values, it would appear that only 7 out 12 targets were achieved (58%).

- 76% of 100% audit action plan of the previous financial year resolved. (This was attributed to outstanding investigations on Irregular and Fruitless and Wasteful Expenditure.)
- 5% vacancy rate not achieved instead it was 16% at the end of March 2024
- 14 CGE Policies reviewed not achieved (Staff consultation and letter submitted to the Chairperson for approval of the review of 14 Policies. Staff consultations resumed in quarter 4 to address merging issues as per the Plenary directive.)

11.5 CGE'S BUDGET FOR 2023/24[22]

For the 2023/24 financial year, the CGE received an initial allocation of R94.1 million through the transfer payment via the Department of Women, Youth and Persons with Disabilities as per the 2023 ENE. This was subsequently adjusted to R95.273 million as per the second adjustment bill.[23] Notwithstanding that, the CGE augmented its income from sundry income and interest to the amount of R1.803 763. In addition, public contributions and donations of R12 990 was received from the AGSA emanating from a resolution of the Forum for Institutions Supporting Democracy (FISD) members meeting held in July 2023 that interest should be paid to each beneficiary of the FISD funds which will assist in the contribution to the PSET and TVET's Gender Based Violence workshops. In so doing, it brought the total cash revenue to R97.089 753.[24]

Approximately 70% of the budget is allocated for on Compensation of Employees, while 30% was allocated towards Goods and Services as per the projections outlined in the 2023 ENE. The projection as per the revised APP has Compensation of Employees at 75% and Goods and Services at 25%. The Commission has repeatedly reiterated that it is a "human capital driven" institution, with its employees carrying out the bulk of its services, and as such the bulk of its funding is allocated for compensation of employees. SO 4, which is the outcome focusing on the operations and systems of the Commission, receives the largest proportion of the budget (42%), R39.5 million.

For the year under review, the CGE spent R99. 691 014 million (%) of its budget and thus incurred an over-expenditure of R2.586 066. Compared to the previous FY in which the CGE incurred an under-expenditure of R7.301 347 (7.1% of the annual budget). The reasons noted for over-expenditure were as follows:[25]

- Second adjustment of R5 million that was only published in the Government Gazette affecting the transfers of revenue.
- Interest of R1.661 057
- Other income of R142 706 (R106 990 EDTP-SETA discretionary grants; R16 424 Sundry income from insurance; R3 950 disposal of redundant asset)

[22] Levendale, C (2024) Commission for Gender Equality 2023/24 Annual Report Overview and Analysis, Parliamentary Research Unit, 8 October 2024
[23] National Treasury (2023) Estimate of National Expenditure, Vote 20
[24] Commission for Gender Equality (2024) Annual Report 2023/24.
[25] Commission for Gender Equality (2024) Annual Report 2023/24, Finance Note 22, p.117

- Donation of R12 990
- General expenses of R6,745 431 (travel of R5,296 079; Audit fees of R4,095 099; Report writing, Printing and Publishing of R5,013 333; International travels of R934 212)
- Depreciation and amortisation of R2,306 977
- Interest on finance leases for cellphones and multifunctional printing equipment of R21 207

Under-expenditure

- Personnel costs R4,655 601 (1 Commissioner, CEO, Head of Research and vacant critical staff positions)

Approximately 65% of the budget (R63 146 764 million) was spent on compensation of employees (and all associated costs), while 35% was spent on goods and services (R34 216 066 million). The CGE spent R16 276 883 (16.7%) on Commissioners and Governance; R30 480 805 (30.5%) on Corporate Support Services and R52 483 326 (52.6%) on Service delivery.

In terms of spending in the Commissioners Programme (Office), R9 246 695,40 million was spent on salaries, overtime, homeowners' allowances, leave payout and medical assistance.
The Key Cost drivers at the end of the FY were as follows:

Table 10: CGE Cost Drivers 2022/223 & 2023/24

Cost driver	2022/23	2023/24
Local Travel	R5 857 342	R5 296 079
Legal fees	R 5 592 151	R3 809 947
Conference and seminars	R4 473 027	R3 353 310
External Auditing Fees	R2 885 299	R4 095 099*
Report writing, printing and publishing	R 2 999 609	R5 013 333
Office cleaning, Maintenance, Plants and Security	R2 603 577	R2 129 095
Consulting and professional fees	R 1 937 346	R 2 204 924
System development	-	R 2 051 362

*Auditor General remuneration as reflected in CGE annual report 2023/24

Together the aforementioned cost drivers amounted to R27 953 149 (81.7%) of the total General expenses (R34 216 066). It must be noted that the External Audit Fees, Report writing, and Consultancy increased significantly since the previous FY 2022/23. The Commission also reports that in terms of spending on consultants, the following was incurred for Consulting and Professional fees for 2023/24, R 2 204 924. These were mainly research reports drafting due to staff shortages and annual report design and printing as the skills were not available internally within the CGE.

In terms of irregular expenditure, the Commission recorded a total of R17 838 771 for the 2023/24 in contravention of the PFMA. The opening balance was R13 824 219 plus an additional R4 041 552 as at 31 March 2024. For the latter amount this was incurred on account of the following:

- Legal Panel-Awards made to legal panel members in contravention with PPPFA regulation (R3 809 947).[26]
- Salaries for Commissioners' PAs - incurred in contravention of Recruitment Policies – (R187 977).[27]
- Deloitte – similar services procured individually (R12 378)[28]
- Inyameko Trading 445CC – lowest quote not obtained (R4 250)

Investigations are currently underway to determine liability and effect additional measures to strengthen systems of internal controls in a manner of enabling the Commission to fulfil its obligations.[29]

The Commission recorded a total R7 357 178 in its financial statements with regard to Fruitless and Wasteful expenditure which related to the following:

- An opening balance of R 7 144 475
- Fruitless and Wasteful Expenditure of R345 105 was disclosed as of 31 March 2024 which was due to the following:
  - R187 758 was incurred because of a policy change on Medical Subsidy for staff not communicated to payroll office due to exit in management.
  - R49 245 was incurred because of a policy change on Housing Subsidy for staff not communicated to payroll office due to exit in management.
  - R108 100 was incurred because of fictitious supplier, the Commission fell victim of online hacking and as a result a fictitious supplier was paid for services not rendered. The Commission has since taken steps to open a criminal case at the South African Police Services and investigations are still underway.
- In addition, an amount of R312 400 was recovered due to a matter related to a hired motor vehicle by an employee and third-party liability.

11.6 Human Resources

[26] IR of the same nature was incurred in the 2022/23 FY
[27] IR of the same nature was incurred in the 2022/23 FY
[28] IR of the same nature was incurred in the 2022/23 FY
[29] Commission for Gender Equality (2024) Annual Report 2023/24, p.115

The CGE had a total of 106 employees as at the end of March 2024, of which 8 were temporary or intern positions with 11 Commissioners. It indicates 116 funded posts, 86 positions filled and 20 vacancies, resulting in a vacancy rate of 17 percent. Thirty appointments were made during the 2023/24 financial year, while 8 staff left the Commission. Six of these relate to resignations, 3 promotions and 2 related to expiry of contracts as reflected in table 1.10 of the Annual Report (p.68). In addition, there was also 1 death of an employee during that period. Terminations of 4 Commissioners over the time period was also noted.

Two promotions were recorded for the year under review for employees in the Professionally qualified (level 11-12) occupational band as reflected in table 1.14 Promotions over the Period (p.70). However, in table 1.10 Employee Changes in the Year (p.68) total of 3 promotions were recorded it is unclear what the difference in number entails. With respect to Performance bonuses: A total of R 2 873 030 was paid out for performance bonusses for the 2023/24 FY, but it is unclear how many employees this was paid out to.

One disciplinary matter was recorded for the year under review of an employee in senior management level 13-15.

Moreover, the Commission reports that in terms of skills development, 33 staff members received training during this financial year which is the same as in the previous FY 2022/23.

12. NATIONAL YOUTH DEVELOPMENT AGENCY (NYDA)[30]

In the period under review the NYDA had 26 targets of which all were achieved. This amounts to a 100% achievement of the planned targets in its Annual Performance Plan. The performance of the NYDA has remained fairly consistent over the last nine years however for the year under review 2023/24 it received a qualified audit opinion after 9 years of having received clean audits. The next section examines the performance of the NYDA for each Programme in light of the Annual Report 2023/24.

12.1 Performance per Programme

12.1.1 Programme 1: Administration

[30] Matthews, T (2024) National Youth Development Agency (NYDA) Annual Report 2023/24 Review, Parliament Research Unit

The purpose of this programme is to enable effective and efficient capabilities for effective service delivery and supporting functions.

Implementation is at the following Strategic Outcome:

- An efficient and effective Agency characterised by good corporate governance and ethical leadership

This programme achieved 11 targets of which 3 targets were met and exceeded. The achievements were as follows:

1. Produced 4 NYDA Quarterly Management Reports.
2. Sourced R420 771 275 from the public and private sectors to support youth development programmes.
3. Established 9 SETA partnerships.
4. Signed 3 partnerships with technology companies.
5. Reviewed and implemented ICT strategic plan indicating 90% achievement of ICT targets in the plan by end of the financial year.
6. Reviewed and implemented Integrated Communication and Marketing Strategy.
7. Produced and approved NYDA Strategic Risk Register by Ops Exco.
8. Percentage preferential procurement spend on enterprises that are 43% youth-owned, 73% women owned and 5% persons youth with disability.
9. Developed and organizational culture strategy indicating 50% of the plan.
10. Developed and implemented customer service plan indicating 50% achievement.
11. Established 10 partnerships with companies listed on JSE.

12.1.2 Programme 2: Programme Design, Development and Delivery (PDDD)

The purpose of the programme is to enhance the participation of young people in the economy through targeted and integrated economic programmes.

Implementation is at the following Strategic Outcomes:

- Increased access to socio-economic opportunities, viable business opportunities and support for young people to participate in the economy.

- To provide increased information and universal access to young people
- Increased co-ordination and implementation of NYS programmes across all sectors of society.

This programme achieved 14 targets of which 12 targets were met and exceeded. The achievements were noted as follows:

Sub-Programme 1: Economic Development through youth development

1. Supported 2200 youth and youth owned enterprises with financial interventions.
2. Supported 43 163 youth with non-financial business development interventions
3. Created and sustained 7319 jobs through supporting entrepreneurs and enterprises.
4. Supported 1203 beneficiaries with business development support services.

Sub-Programme 2: Decent employment through Jobs Programme

1. Capacitated 55 459 young people with skills to enter the job market.
2. Placed 24 307 young people in jobs.

Sub-Programme 3: National Youth Service

1. Lobbied 100 organisations and departments to implement NYS.
2. 16 339 young people participated in NYS Expanded Volunteer Programmes.
3. 22 306 young people secured paid service opportunities.
4. 18 115 young people completed planned service activities.
5. 4357 young people transitioned from the National Youth service into other opportunities.

12.1.3 Programme 3: Integrated Youth Development

The purpose focuses on fostering a mainstreamed, evidence based, integrated and result oriented youth development approach, through and monitoring and evaluation services, lobby and advocacy to bring on board key stakeholders to implement youth development programmes.

Implementation is at the following Strategic Outcome:

- To produce research and policy which influences change in youth sector and build sustainable relationships.

This programme achieved all 4 targets. The achievements were noted as follows:

1. Conducted 13 impact programme evaluations
2. Developed youth research report in the country
3. Produced annual reports on IYDS, NYS programme and disability.
4. Produced 9 status of youth outlook reports.

12.2 NYDA's Budget for 2023/24[31]

According to the ENE 2023, the original budget allocation was for R733.3 million which the NYDA would have received via a transfer from the Department under Vote 20. The NYDA approved annual budget for the financial year 2023/24 was approved at R867.346 million, later adjusted to R821.059 million, but mainly funded through grant transfer from the Department of Women, Youth and Persons with Disabilities and donor funding. Furthermore, R250 million was received as a special allocation for the implementation of the Presidential Youth Employment Intervention (PYEI) – National Youth Service (NYS) Programme.

The NYDA notes a total expenditure of R813.682 million with a deficit of R36.163 million for the year under review. The total expenditure as cited on p.253 of the Annual Report was for the following:

- Operating expenses R172.779 million
- Donor funding disbursements R64.204 million
- Finance costs R54 000
- Project disbursements R515.638 million
- Grant disbursements R61.187 million

The NYDA did not incur nor identify any irregular expenditure during the 2023/24 financial year. During 2022/23 the NYDA identified fruitless and wasteful expenditure of R93 000 wherein the supplier failed to deliver goods paid for by the Agency on behalf of two grant beneficiaries. As of 31

[31] Matthews, T (2024) National Youth Development Agency (NYDA) Annual Report 2023/24 Review, Parliament Research Unit, 14 October 2024

March 2024 the matters were under the Legal investigation and no funds have been recovered the from the suppliers.

12.3 Human Resources

The NYDA had a staff compliment of 628 employees, 483 (76.9%) were permanent, 67 temporary employees (NYS Job Fund) and 78 Interns as per the Annual Report of 2023/24. The majority of staff, 46.5% (292) fell within the skilled technical occupational level with only 18 employees in the Executive and Senior management category. In terms of gender ratio, the NYDA has a dominant female work force 63% (398) and 230 males (37%).

According to the annual personnel cost by programme, of the 628 people employed by the NYDA, 384 employees are receiving an average R359 260 per annum for 2023/24. Eleven employees in the Executive Chair and Deputy Chair's Office earned an average salary of R1 266,64 million per annum for the year under review. Within the CEO's office there ae 28 employees with an average personnel cost per employee of R708 466. The HR and Legal Services have 13 employees with an average salary of R992 940. The total expenditure for the NYDA by programme was R816.103 million and the total personnel expenditure was R241.447 million (28.67% of total expenditure) as reflected in the Annual Report (p.121).

During the year under review a total of 46 employees left the NYDA reflected as follows 23 employees left due to the expiry of contracts, 2 were dismissed, 17 resigned, 2 due to ill health and 2 deaths.

In terms of the bursary programme, during the period under review, 90 bursary applications were received, of which 4 were disqualified due to non-compliance with the minimum requirements of the policy. Thus, 86 employees, including both first-time applicants, continuing bursary holders from the previous year and returning bursary holders pursuing new qualifications, were awarded bursaries.

13. FINDINGS OF THE AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

The Department has received an unqualified audit opinion from the Auditor-General of South Africa (AGSA), with findings on expenditure management and compliance with legislation, specifically in relation to consequence management and internal control deficiencies. To this

end, the AGSA highlighted the following key concerns with regards to the Department, the CGE and the NYDA:

13.1 Department

With regards to the Department, it received an unqualified audit opinion from the AGSA. The following matters were raised by the AGSA:

- The Department has received a financially unqualified audit opinion from the Auditor-General of South Africa (AGSA), with no findings.
- The AGSA indicated that the Department managed to resolve the consequence management compliance finding they have been incurring in the past years, this contributed to the positive audit outcomes.

13.2 CGE

With regards to the CGE, it received an unqualified audit opinion from the AGSA. However, findings have been raised on non-compliance with legislation, as well as on internal control deficiencies in relation to consequence management. The following matters were raised by the AGSA:

- *Performance information*: The AGSA notes that reported performance information was not accurate based on evidence submitted for audit. The corrections effected resulted in some targets not being met. It notes that the credibility of the Commission is compromised if they are unable to produce quality performance reports that reflect its transparency and accountability on the reported performance targets.
- *Material misstatements*: The AGSA also identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for:-
    - Outcome 1: An enabling legislative environment for gender equality;
    - Outcome 2: Gender equality promoted through information and education, to foster public understanding and
    - Outcome 3: Monitoring and Research Investigations on issues that undermine the attainment of gender equality.
- Management subsequently corrected all the misstatements.
- *Lack 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 required by section 38(1) (h)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

- *Internal controls*: Management did not implement adequate internal controls to ensure that investigations were performed relating to irregular, fruitless and wasteful expenditure incurred in the prior year and to ensure that disciplinary steps were taken against officials who had incurred or permitted the expenditure. This was due to vacancies and challenges in other administrative matters that would allow for a proper investigation and adequate disciplinary steps against officials who had incurred or permitted the expenditure. The AGSA noted overall weakness in the control environment due to management instability.
- *Audit Action Plan*: The AGSA noted slow progress with the implementation of the audit action plan with regard to addressing consequence management.

On a general note, the AG indicated that although performance targets are achieved in the portfolio, there is still minimal impact on the lived experiences of the citizens.

13.3 NYDA

With regards to the NYDA, it received a qualified audit opinion and indicated the following:

- *Basis for qualified opinion* (Payables from exchange transactions) - The AGSA was unable to obtain sufficient appropriate audit evidence that the payables from exchange transactions were properly accounted for, due to status of accounting records. Furthermore, the AGSA was unable to determine whether any adjustments were necessary to payables from exchange transactions stated at R59 552 000 in the financial statements.
- *Material losses*: The AGSA notes that material losses of R11.275 million was incurred as a result of a write-off of irrecoverable loans receivable from exchange transactions.
- The AGSA did not find any material findings on the reported information for the selected indicators audited.
- *Report on compliance with legislation* (*Annual Financial Statements*): Financial statements were not submitted for auditing within the prescribed period after the end of the financial year, as required by section 55(1)(c)(i) of the PFMA. In addition, the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of non-currents assets, liabilities and disclosure items identified by the auditors in the submitted financial statements were corrected, but the

supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

- *Internal Control Deficiencies*: The AGSA noted significant internal control deficiencies that resulted in the basis for the qualified opinion. Management did not adequately prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information, as a material misstatement was identified that resulted in the modification of the auditor's opinion. The AGSA noted a lack of adequate review controls to ensure that information being migrated to the new system was accurate and complete. Furthermore, the AGSA noted leadership instability as the CFO resigned.

13.4 AGSA Recommendations

The AGSA have considered the Annual Reports of the Department, the CGE and the NYDA recommended the following to the Committee:

13.4.1 Department

- The AGSA indicated that the Department should focus on effective performance information and the impact thereof on the lived experiences of women, youth and persons with disabilities.

13.4.2 CGE

- The AGSA highlights that oversight intervention is required to ensure stability at the Commission and adequate control measures are implemented, including consequence management.
- It also notes that senior officials and internal audit structures should enhance their review processes to enhance the quality and credibility of financial statement and performance reports.
- Key vacant positions at CGE should be filled to create stability in these auditees.
- The CGE should consider the Public Finance Management Act Compliance and Reporting requirements of unauthorised, irregular, fruitless, and wasteful expenditures by investigating the irregular expenditures identified in the prior year.
- Senior officials and internal audit structures should enhance their review processes to enhance the quality and credibility of financial statements and performance reports. (NYDA, CGE).

13.4.3 NYDA

- Key vacant positions at NYDA should be filled to create stability in these auditees.

- NYDA should reperform the migration of information from the old system to the new system and ensure that all the information, specifically relating to the payables, is migrated and supported by credible listings to ensure that all checks and balances are reconciled before the process can be concluded.
- Senior officials and internal audit structures should enhance their review processes to enhance the quality and credibility of financial statements and performance reports.

14 FINDINGS OF THE AUDIT AND RISK COMMITTEE (ARC)

The next section is a reflection of the findings of each of the Audit and Risk Committee's for the Department, the CGE and the NYDA.

14.1. ARC Department

The Audit and Risk Committee (ARC) of the Department of Women, Youth and Persons with Disabilities noted the following findings and recommendations as contained in the Annual Report for 2023/24:

14.1.1 Effectiveness of Internal Controls

- The ARC notes that the reports of Internal Audit indicated an improvement in the system of internal controls in the areas pertaining to financial reporting, reporting on predetermined objectives and compliance with laws and regulations.
- The reports indicated that the system of internal controls for the reporting period was adequate and generally effective.
- The ARC is concerned with the human resource capacity challenges in Internal Audit as this impacts negatively on the Function's ability to perform its responsibilities as expected and consequently, to provide adequate assurance to Management and the ARC.

14.1.2 Improvements

The ARC noted improvement in the following areas:

- No Unauthorised and Irregular expenditure was incurred in the 2023/24 financial year.
- There was one instance of Fruitless and Wasteful expenditure in the financial year.

- Consequence management was implemented on irregular expenditure incurred in the prior financial years.
- No significant matters were raised by both Internal Audit and AGSA on financial statements and performance information

14.1.3 Risk Management

- The Department implemented a Risk Management framework as guided by the Public Finance Management Act and the National Treasury's Public Sector Risk Management Framework.
- The Department assessed Strategic, Operational and Fraud risks that could negatively impact on the achievement of its objectives. Risks were prioritised based on likelihood and impact (inherent and residual risks). Mitigation actions were implemented to reduce risks to acceptable levels.
- The Audit and Risk Committee provided oversight on risk management on a quarterly basis. The Committee further relied on Internal Audit to provide assurance on the effectiveness of the risk management system.
- The Committee is also concerned with inadequate human resources in the Risk Management Function. This could potentially compromise Management's ability to adequately manage, amongst others, fraud risks and the implementation of ethics management processes.

14.1.4 In-Year Management and Quarterly Reports (IYMQR)

- The ARC reviewed the quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review and was satisfied with the quality of reports presented/submitted.
- Management responded satisfactorily to the questions raised and clarity sought by the Committee and the resolutions taken and guidance provided in the Audit and Risk Committee meetings were implemented by Management. Thus contributed in strengthening of controls, risk management and governance processes in the Department.

14.1.5 ICT

- The Committee exercised oversight on the Information Communication Technology in the Department. The Committee received progress reports from Management on a quarterly basis.

- Inadequate human and financial resources remained a challenge which posed security challenges, segregation of duties and business service continuity.

14.1.6 AGSA Report

- The ARC concurred with and accepted the findings of the AGSA on the AFS and Performance Information of 2023/24 for the Department.
- The Committee monitored the implementation of the Audit Action Plan for 2022/23 financial year on a quarterly basis to ensure that corrective actions are taken on audit findings.
- The Committee is satisfied that there are no unresolved issues emanating from the 2022/23 annual audit.

14.1.7 Resource Constraints

- The ARC was concerned with the resource constraints experienced by the Department, which have since been worsened by the budget cuts that were implemented by the National Treasury during the financial year. If this is not urgently addressed, it has potential to adversely affect the system of internal controls in the Department.

14.2 ARC CGE

With respect to the CGE, its ARC noted the following:

14.2.1 Findings

- The ARC congratulates the institution for the opinion presented by the AGSA on the annual financial statements for the year ending 31 March 2024.
- The ARC applauds management for creating the human resource capacity needed for internal audit through the in-sourcing strategy - the implementation of this strategy caused the internal audit to realise its annual plan and conclude on all the planned audit tasks.
- The ARC notes that errors were detected in the performance report for 2023/2024 during the audit by the AGSA and were corrected by management - had these not been detected by the auditors, the performance report would have been rendered unreliable.
- The ARC further reports that progress has been made in establishing internal controls over risk management systems and processes. The progress achieved had attended to the development of risk mitigation strategies and plans, risk registers and assignment of resources

to monitor and report on risk management activities. Monitoring on the implementation of these control measures needs enhancement.

- The ARC also notes that findings raised by the Auditor General in the previous year were not all addressed.
- The ARC also highlighted the following priority risks to be observed by the ARC and the corresponding mitigation measure.

Table 12: Key risk factors – Priority risks observe by the ARC

Risk Factor	Risk Factor Mitigation
Reduction in the budget allocation for CGE in nominal terms	Establish a funding model that will compliment the appropriation income while protecting the constitutional sovereignty of the CGE as
Inadequate oversight on information technology and communications	Capacitate the ARC with expertise on ICT, establish a dedicated ICT Management Committee
Inability to sustain the provision of office accommodation that is conducive for the work of the CGE	Liaise with other organs of state for the provision of reliable office accommodation, including DWYPD
Stakeholder alignment - miscommunication of the CGE mandate	Facilitate uniform understanding and expressions of the CGE Act and mandate

14.2.2 ARC Recommendations for CGE

- The ARC noted the need for urgent intervention to enhance the effectiveness of performance reporting in the organisation.
- With respect to compliance with laws and regulations, indicates - Assign neutral personnel for the evaluation of compliance with laws and regulation to identify events / transactions that triggers the application of the provisions of laws and regulations in the register.
- Additional effort is required to obtain the necessary approval to address the non-compliance or implement alternatives to prevent future repeats of irregular expenditure.
- The CGE to conclude the investigation on instances of fruitless and wasteful expenditure and implement remedial actions in the current reporting period 2024/25.
- Accounting officer to implement verification procedures that will ensure all accountability documents are credible and pass the audit test.

14.3 ARC NYDA

14.3.1 Findings

With respect to the NYDA, its ARC noted the following:

- The Audit and Risk Committee is satisfied that it has fulfilled its responsibilities as per the Audit and Risk Committee Charter and legal prescripts. As such, the ARC held 4 ordinary and 3 special meetings.
- *Effectiveness of internal control*: The ARC noted that the system of internal control applied by the NYDA over financial and risk management was transparent, efficient and partially effective, with the exception of payables and exchange transactions adequate accounting record keeping. Internal Audit provided the ARC and Management with the assurance of whether the internal control environment is appropriate and effective.
- The ARC noted that there was no irregular, fruitless and wasteful expenditure identified by the NYDA during 2023/24.
- The ARC noted that NYDA regressed on sustaining its clean audit status for 2023/24 based on the reports by the Internal Auditors, Management Report and the Audit Report of the AGSA.
- The ARC indicates of significance was the 100% achievement of planned targets.
- The ARC noted that the quality of In-Year management and monthly/quarterly reports submitted in terms of the PFMA and Division of Revenue Act have improved, except the payables balance sheet item which led to the qualification, which is receiving management's full attention.
- *Performance information*: The ARC was satisfied with the content and quality of performance information monthly reports prepared and issued by the NYDA during the year under review, noting that there has been a significant improvement on the compilation of such performance information and the reporting thereof.
- The ARC was satisfied that the Internal Audit Function was operating effectively and that it has addressed the risks pertinent to the NYDA in its internal audits.
- The ARC concurs with the findings of the AGSA.
- *Other matter/investigations*: The ARC received allegations through the whistle-blowing hotline. These were referred to Internal Audit to determine the veracity of the allegations made through the whistle-blowing hotline, by way of inquest and investigations. The ARC received progress reports on the status of these investigations on a regular basis. The ARC reviewed

the inquests and investigation reports, ensuring that the necessary corrective action was taken by management.

14.3.2 ARC Recommendations for NYDA

- The ARC will continue to monitor the achievement of all planned targets for the forthcoming financial year to achieve a clean audit and ensure that said targets are impact responsive.

15 COMMITTEE'S OBSERVATIONS

Having interacted with the Department, the AGSA, the NYDA and the CGE, the Committee made the following observations:

Observations with respect to the Department of Women, Youth and Persons with Disabilities

15.1 General

a) The Committee commends the Department, the NYDA and the CGE for tabling the Annual Reports within the specified time.
b) The Committee commended the Department for receiving a clean audit for the 2023/24 FY.
c) The Committee observed that the Annual Report reflects 36/41 targets met which is an 87.8% overall achievement. Annual performance was noted from 95% in the previous FY 2021/22 to 81% in 2019/20 which was noted with concern.
d) The Committee observed that of the total appropriation as per Vote 20 (R1 036.4 billion) which included the transfers to entities, of which R733.3 million was transferred to the NYDA and R95.1 million to the CGE, in total R828.4 million.
e) The Committee observed that the Department's overall budget was reduced by R42.5 million resulting in an adjusted total appropriation of R993.9 million following the Medium-Term Budget Policy Statement (MTBPS) and the Adjusted Estimates of National Expenditure (AENE).
f) The Committee observed that the Department was left with an actual operating budget of R208.605 million to complete its undertakings and activities for 2023/24.
g) The Committee noted that the Department spent R991.625 million (98.5%) for 2023/24 including transfers to the CGE and the NYDA.

h) The Committee noted the Department spent 95% (R198.286 million) of the budget (i.e. its operating budget of R208.605 million) with a under-expenditure of R10.319 million. This underspending increased the previous financial year 2022/23 (R8,455 million). The Committee observed that the Department constantly raises concerns about being underfunded, however continues to underspend. This recurrence of under-spending is concerning.

i) The Committee observed that majority of the targets met in Programme 1 relates to compliance matters in terms of the development and submission of reports, however, it remains a concern that it continuously consumed the largest proportion (56%) of the Department's operational budget and staff compliment.

j) The Committee noted with concern the Department's continued reliance on consultants despite having highly paid personnel employed that are expected to deliver on targets within the core programmes but the Department then also maintains it has inadequate funding.

k) The Committee concurred with all the findings and recommendations of the AGSA and the ARC. In particular, the Committee concurred with the AGSA that the Department should ensure greater emphasis is placed on improving the lived experiences of women, youth and persons with disabilities through the delivery of its targets as outlined in the APP.

l) The Committee observed that the Department had made great strides to implement the AGSA recommendations and those of the ARC.

m) *LGBTQIA+*: The Committee was concerned that the Department was silent on matters related to LGBTQIA+ community.

15.2 Mandate, Mission and Vision

a) *Mandate*: The Committee questioned the extent to which the Department was giving effect to in 2023/24 and how this related to improving the lived experiences of women, youth and persons with disabilities. The Committee questioned whether the targets achieved made a difference within communities. The Committee questioned how the Department had contributed toward eliminating poverty and reducing inequality and unemployment with a particular focus on women, youth and persons with disabilities during the 2023/24 FY. To this end, the Committee enquired about the key achievements linked to targets that demonstrates the Department was able to lead the socio-economic transformation and implementation of the empowerment and participation of women, youth and persons with disabilities for 2023/24. The Committee related this back to the view expressed by the AGSA regarding the target needing to translate to improving the lived experiences of women, youth and persons with disabilities.

15.3 Institutional Impacts and Outcomes

a) The Committee observed that the Department reflects on what it intends doing per outcome for the 2024/25 FY and simultaneously providing a brief synopsis of progress to date by prefacing it with “at the time of this reporting period" when unpacking the institutional impacts and outcomes in the AR for 2023/24. Hence it is unclear, in terms of what was achieved for the year under review 2023/24 as this was not delineated under each impact and outcome. Furthermore, the narratives provided are generic and the linkages with the outcome are not always evident. For example, the outcome improved skills for women, youth and persons with disabilities the Department response was, “The implementation of the Sanitary Dignity Implementation Framework by provinces allows the beneficiaries to attend school without interruption as learners were sometimes unable to attend school due to lack of access to sanitary pads.” This was not substantiated with evidence to support exactly how many girls and girls with disabilities benefitted from receiving sanitary pads and what statistics there was to support the improvement in school attendance by the cohort. Moreover, the impact relates to improved skills but the SDP is limited to indigent girls as beneficiaries of sanitary products and does not relate to women and youth so it is unclear how the Department had made the link when the skills acquired have not been identified.

b) *Main services*: The Committee noted, as with the reporting on progress in relation to the institutional impacts and outcomes, the progress noted in terms of the actual achievement in relation to the main service reflects on the year under review 2023/24 at times and in other instances it merely stipulates the achievement e.g. “Research report on best practices on poverty alleviation across BRICS countries developed”. Because there is no time period linked it is unclear whether this was achieved in the year under review or prior to that. Moreover, the appears to be inconsistencies in reporting for e.g. the actual achievement noted “IKH available on the DWYPD intranet” in relation to the main service “Establish a knowledge gateway for WYPD’s socio-economic empowerment transformation and equality. However, the narrative provided under Programme 3 (p.76) indicates that this was not live because of a lack of progress on the IT development phase as the Department’s IT challenges related to the website and budgetary constraints. Furthermore, the actual achievement reflected (p.83) indicates that the target was not achieved, and that the Hub was not accessible for usage. This points to a lack of cohesiveness of the AR.

c) *Strategic Priorities*: The Committee noted that the Department reflected on what progress it has made considering the goals outlined in its Strategic Plan under the Institutional

Impacts and Outcomes as well as Main Service even though it may not have been expressly stated so.

d) The Committee reiterates the importance of a robust framework for outcome evaluation to ensure accountability of the Department's performance.

e) *Policy imperatives*: The Committee acknowledges the importance of assessing the performance of Government insofar as the various goals and targets related to women, youth and persons with disabilities related to the NDP, MTSF, SDG 5 and Agenda 2063 is concerned. The Committee noted that the Department only referred to one instance where progress was made in relation to the MTSF target for the preferential procurement of allocation for women-owned businesses in public procurement. But even in that instance no specific details are provided. Moreover, the Committee noted that fleeting reference is made to the MTSF and NDP in the Annual Report but only in relation to its link to a particular target e.g. disability rights tool developed was in accordance with the NDP. The Committee observed that what was not evident in the Department's Annual Report was a comprehensive account of what progress Government has made in relation to aforementioned goals.

f) *Visibility of Department*: The Committee remains concerned about the general awareness of the Department's mandate and its visibility within communities despite the Department having indicated that it implemented a communication strategy "to provide the public with timely, accurate and clear information about DWYPD policies, programmes, plans, services and initiatives in a non-partisan way, thus making it accountable to the public"

15.3 Policy and Law Reform

a) The Committee observed that the National Gender Policy Framework was reviewed which is welcomed but notes it has not received the updated policy nor has it been briefed on the changes.

b) The Committee observes that the Disability Rights Bill is long overdue and has been in development for the entire 6th administration which was concerning.

c) The Committee observed the progress made regarding the South African Youth Development Bill but that it has still not been tabled.

15.4 Performance of Programme 1: Administration

15.4.1 Overview of Programme 1 Performance

a) The Committee observed that in Programme 1, 87.5% (7/8) of its targets were achieved and 93.2% of its budget was spent.

b) This programme continued to have the largest staff cohort within the Department – 73 posts filled with 14 posts additional to the establishment and 6 vacancies.

15.4.2 Human Resources

a) *Concurrence*: The Committee requested more information on the concurrence to appointment in terms of DPSA circular 49 of 2023. The Committee queried whether the Department was allowed to appoint staff without concurrence as provided in the DPSA circular 49 of 2023. The Committee's key concern was that appointments were either delayed because of the outstanding concurrence or positions filled yet concurrence was still outstanding. The inconsistency was noted.

b) *Skilled personnel vs Lack of capacity*: The Committee observed that of the 136 filled posts in 2023/24, 44 officials are in senior management, while 40 fell within the highly skilled production and 40 within highly skilled supervision category. As such, 80 employees within the Department, are meant to have the requisite skills to function at a high-end level given their employment ranking to be able to give effect to the Department's mandate and achieve the goals it has set out. However, the Department maintains that it has a lack of capacity, and is reliant on consultants, yet continues to underspend on Compensation of employees by not filling vacancies. Furthermore, the Committee observed that there were no promotions during the period under review, but 76 employees received notch progressions within a salary level (56% of total staff complement). These pay progression were paid to staff members in salary levels 3-5 (7), levels 6-8 (23), levels 9-12 (18) and to 28 in senior management level 13-16.

c) *Secondment*: The Committee also enquired whether support staff from other government departments can be seconded to the Department of Women, Youth and Persons with Disabilities to deal with capacity issues.

d) *SMS cost*: The Committee observes that for the year under review, Senior Management constituted 49.8% (R63.174 million) of the personnel cost and the highly skilled supervision (levels 9-12) 30.5% (R38.684 million).

e) *Gender parity*: The Committee observed that despite a predominantly large female workforce (65%, 88/136), the majority of women (33) are in clerical positions, while 25 occupy professional positions and 22 fall within the "legislators, senior officials and managers" category. Furthermore, the majority of males employed in the Department are in "legislators, senior officials and managers" positions (19), followed by 15 occupying professional positions.

f) *Use of consultants*: The Committee noted with concern the Department's continued reliance on consultants to deliver on targets within the core programmes despite numerous calls from the Committee to desist from doing this. The Committee acknowledges that the number of consultants and cost incurred for consultants have decreased from the previous financial year. But it brings into question how the Department was addressing the lack of capacity and budget but continued utilisation of consultants to do evaluations/research to produce reports yet had within its employ highly skilled and paid staff. Hence, the Committee sought more clarity about the difference between consultants utilised and the Department's internal monitoring and evaluation unit personnel tasked with delivering on those deliverables. Furthermore, the Committee observes that 16 consultants worked on a project related to the NSP on GBVF amounting to R10.4 million in donor funds which is a sizeable amount.

g) *Employment of persons with disabilities*: The Committee commended the Department's progress in the employment of persons with disabilities and exceeding the employment equity target in this regard. However, the Committee sought more information about the array of persons with disabilities employed as the Committee noted it should not be confined to for example persons with visual impairments.

h) The Committee queried why the Department was aiming to fill 82% vacancies and not fill all vacancies (100%) given the capacity constraints.

i) The Committee questioned why the Department wanted to create more posts when there were vacancies that are existing in the Department.

j) *Vacancies*: The Department observed a vacancy rate of 6.8%. The Committee observed that notes 16 out of the 18 additional posts that were identified have been unfunded due to implications of an unfunded 2023 wage agreement. The Committee remains concerned about the implications of the posts that are now unfunded and the effect on operations within the Department. Furthermore, the Committee noted that the Department had not identified any critical occupations that need to be monitored as of 31 March 2024 which is concerning given the concerns raised by the ARC and the AGSA w.r.t critical vacancies.

k) *Disciplinary cases*: The Committee noted that there were 4 disciplinary hearings lodged and all were resolved. In addition, the Department recorded 1 case of misconduct related to gross negligence and insubordination.

15.4.3 Financial performance

a) The Committee notes that the Department's financial performance for 2023/24 has been commendable but notes the underspending in Q1 of 2024/25.

b) The Committee noted with concern the number of deviations incurred, employment of contract workers and use of consultants given the budgetary constraints to implement its mandate. To this end, the Committee requested clarity on these issues to assist them to lobby for more funding from National Treasury.

c) *Audit findings*: The Committee sought more clarity about the two audit findings that were not implemented by the end of 2023/24. The Committee acknowledged that written responses were sent to unanswered questions on the annual report briefing but it did not include information about outstanding audit findings.

d) *Under-expenditure*: The Committee noted with concern the R10.319 million under-expenditure for a department with a small operational budget claiming it is underfunded. Furthermore, having assessed the Department's Q1 performance for 2024/25 whilst slight improvement was noted the continued under-expenditure in certain programmes is of particular concern.

e) *Roll-over funds*: The Committee notes the Department's request to National Treasury for a total R13 million in roll-over of funds which includes the R5 million request by the CGE.

f) The Committee commends the Department for not incurring any *Irregular Expenditure* and Unauthorised expenditure for the year under review. The Committee notes the historical Irregular Expenditure incurred awaits condonation from National Treasury.

g) The Committee notes the Department incurred *Fruitless and wasteful expenditure* of R37 000 during 2023/24 which was due to interest raised by the Government Employed Pension Fund (GEPF) as at 30 September 2023. The cases were referred to the Internal Audit unit for the determination of facts, a report was tabled to the Accounting Officer and consequence management was implemented i.e. two officials involved received warning letters. Whilst the Committee welcomed the mitigation action, and notes that it was an isolated case due to the changes in the processing of GEPF payments through the banking system from National Treasury. The Department indicated that all payments thereafter were paid on time through the new payment system which the Committee also welcomed.

h) The Committee observed that the Department did not incur any *Unauthorised expenditure* during 2023/24 which is commendable. The Unauthorised expenditure for the four financial years (R32.774 million) also awaits feedback from SCOPA through National Treasury.

i) *Virements*: The Committee observed virements totalling R9.032 million of which more than R8 million was shifted into Programme 1 for Goods and Services and Transfers and Subsidies coming from Programme 2 and 4 the core programmes. In addition, Programme 3 received R543 000 from Programme 2 whilst Programme 4 received R513 000 from Programme 3.

j) *Deviations*: The Committee noted with concern the consistent pattern of deviations by the Department year-on-year. The Committee observed there 15 deviations less than the 37 form the previous FY. However, the deviations still amounted to R3.250 million which was less than the previous FY (R23.394 million). Of these deviations 9 were single source appointments and 6 related to obtaining less than 3 quotes for amounts more than R2000. The Committee noted with concern that none of the Department's deviations were recorded and only 2 of its contract variations or expansions (which were reflected in the Quarter 1 report) - having assessed the OCPO reports for all 4 quarters of 2023/24. In addition, the contract variations recorded were not those reflected in the annual report.

k) Contingent liabilities: The Committee noted that the outcome of the court order instructing the Department to pay R101 000 to Barloworld South Africa. In addition, the Committee also noted with concern 2 claims of R7 million against the Department related to the case, T Mxenge vs Department of Women, Youth and Persons with Disability which is a longstanding matter dating back many years which is concerning. The Committee urges the Department to keep it abreast of developments in this regard.

l) Donor funding: The Committee observed the sizeable amount of donor funding received from the European Union and the CARA Fund primarily for GBV related activities. The Committee notes that the assessment of donor funding and how it was utilised is imperative given that it was directly linked to the delivery of targets within the core programmes. In addition, the Committee notes that such funding has implications on the operational budget which was evident in the Department's Q1 report whereby Programme 2 underspent as CARA funds were utilised instead.

15.4.4 Investigations & Consequence Management

a) The Committee commends the Department for improvements in implementing consequence management and urges the Department to resolve any ongoing/outstanding investigations and to keep the Committee abreast of developments in this regard.

15.4.5 Supply Chain Management (SCM)

a) The large number of deviations are a cause of concern and points towards poor planning and can be avoided.

15.4.6 ICT

a) The Committee noted with concern the ARC's finding that inadequate human and financial resources remained a challenge that prevents the ICT unit to function at a level that adequately supports the Department to achieve its programmes.

15.5 AGSA & ARC

15.5.1 AGSA Findings and Recommendations

a) The Committee concurred with the findings and recommendations of the AGSA.

b) *Consequence management*: The Committee noted improvement of consequence management as identified by the AGSA and ARC.

c) *Scope of audit*: The Committee welcomes the audit of Programme 2, 3 and 4 of the Department.

d) *Outcomes of Performance Audit*: Based on the AGSA's audit of the entities in the portfolio, the Committee acknowledged the AGSA's opinions expressed regarding the impact of the Department, the NYDA and the CGE considering the targets achieved and budget spent for the FY under review. The Committee emphasised the importance of the AGSA's recommendation that the clean audit of the Department must be translated into improving the lived experiences of the citizenry namely, women, youth and persons with disabilities. Similarly, whilst the NYDA achieved all its targets which was commended by the AGSA this achievement still need to be translated into improving the lived experiences of youth in the country which the Committee concurred with.

e) The Committee was concerned that the Department has not been able to obtain the necessary information from governments or gain their cooperation to assess the implementation of the framework regarding the procurement spent on women-owned enterprises. Yet the Committee noted that through the work of the AGSA, it was able to track the implementation of the framework by four co-ordinating departments. Through this work, the AGSA identified that the Department of Public Works developed a strategy to guide the implementation of gender issues via the GRPBMEAF in the sector. The Committee commended this action and indicated that DPWI compared to other Departments had made significant policy strides and could be viewed as best practice. Hence the Committee, indicated that this best practice should be examined further in order to replicate what was learnt with other departments.

f) *Donor funding*: The Committee observed the lack of information from the AGSA regarding donor funding received by Department, NYDA and CGE and expenditure in this regard. Whilst the Committee acknowledged that the donor funds includes international and private donors, there is also CARA Fund that has been allocated to the Department. Donor funding contribute to the delivery of programmes and as such the funds should be account for. The Committee indicated that an assessment of donor funding was important given that it was linked to almost all of the core programmes. Moreover, donor funding has implications on the operations and budget allocated this was evident in the report of the Department for Q1 in which underspending was recorded in Programme 2 as CARA funds were utilised.

g) *Adjusted APP*: The Committee observed that the AGSA made no reference to the Department's repeated adjustments to its APP in the last quarter of the financial year 2023/24 and this appeared to be a pattern for the past several years which was concerning.

15.5.2 Audit and Risk Committee (ARC)

a) The Committee acknowledges the findings and recommendations of the ARC and that it concurs with that of the AGSA.

b) *Deviations*: The Committee questioned whether it was acceptable for the Department to have so many deviations within a financial year and for the ARC not to have expressed an opinion in this regard. The Committee maintained it was not satisfied with so many deviations in the year under-review, given the Department's small budget and that this appeared to be a pattern that had persisted into the 1st quarter of the following financial year 2024/25.

c) *Internal Control*: The Committee notes the ARC reports which indicated that the system of internal controls for the reporting period was adequate and generally effective which is commendable. Furthermore, the Committees also notes the concern expressed by the ARC regarding resource constraints for the Internal Audit Function to work optimally and if not urgently addressed had the potential to adversely affect the system of internal controls within the Department.

d) *Internal Audit***:** The Committee notes the repeat finding of the ARC regarding limited human resource capacity of the Internal Audit Unit and that it should be addressed as a matter of priority. The Committee noted that the ARC acknowledged the efforts made by Management to capacitate the Internal Audit Function which was severely under capacitated but remained concerned with the human resource capacity challenges in Internal Audit as this impacts negatively on the function's ability to perform its responsibilities as expected and consequently, to provide adequate assurance to Management and the Audit and Risk Committee.

e) *Risk management*: The Committee notes the repeat finding by the ARC that the Risk Management was under-resourced and that this could could adversely affect Management's ability to adequately manage fraud risks and the implementation of ethics management processes.

f) *IYMQR*: The Committee notes that ARC satisfaction with quality of the monthly and quarterly reports.

g) *AFS and API*: The Committee notes the ARC commended Management on improving financial and performance reporting which in turn resulted in an unqualified audit opinion with no material findings in this regard.

h) *Compliance with legislation*: The Committee notes the ARC observation that the Department's clean audit was attributed to the sustained implementation of internal controls in financial reporting and an improvement in compliance with laws and regulations.

i) *ICT*: The Committee notes the ARC concern regarding inadequate human and financial resources within the Department and that it remained a challenge that prevents the ICT Unit to function at a level that adequately supports the Department to achieve its programmes and in turn compromises security, segregation of duties and business service continuity.

j) *Consequence management*: The Committee noted improvement of consequence management (implemented to address irregular expenditure) which was commended by the ARC.

k) *Audit Action Plan*: The Committee concurs with the ARC recommendation that the Accounting Officer develops an audit action plan to resolve the audit findings identified during the 2023/24 financial year. Furthermore, the Committee noted with concern that the audit action plan and risk mitigating actions for 2022/23 were not fully implemented by the Department.

15.6 Core Programmes

15.6.1 Overview of performance for core programmes

a) *Targets and expenditure*: The Committee commends the Department for achieving all 29/33 targets in its core programmes during the year under review. The key concern noted by the Committee was the under-expenditure incurred mainly due to vacancies.

b) *Policy and Law Reform*: The Committee commends the Department for finalising and for tabling the NYDA Amendment Bill and the National Council on GBVF Bill. However, the Committee notes with concern that the Department has yet to introduce Bills it has proposed such as the WEGE Bill, the South African Youth Development Bill and the Disability Bill.

c) *Reports:* The Committee acknowledges the reports submitted as evidence of the work achieved for the year under review but notes some are still outstanding. Furthermore, the

Committee has repeatedly urged the Department to submit reports within one month of finalisation to the Committee for consideration. Oversight is weakened when the Committee is not privy to products yielded by the Department as evidence of targets met. The Committee also notes that not all reports are available on the Department's website and as such not accessible to the public.

15.6.2 Programme 2: Mainstreaming Women's Rights and Advocacy (MWRA)

a) The Committee commends the Department for achieving all 9 targets in this programme as per the Annual Report 2023/24.

b) *Interventions to support economic empowerment and participation*: The Committee notes that the Department had identified (Number of interventions to support economic, participation and ownership for women, youth and people with disabilities per year) in its initial APP 2023/24, as one of its key indicators which was linked to MTSF 2 (Economic transformation and job creation). The Committee commends the Department for achieving this target. However, the Committee questioned the extent to which these interventions facilitated economic and job creation for women across the country and its impact on the whole.

c) *Interventions to support social empowerment and participation*: The Committee commends the Department for achieving the target but notes that several of the interventions reported on appeared to be once off initiatives with no clear indication of upscaling or replicating nationally. Given the Department's limited resources (human and financial) as well as requisite skill base it is unclear how and why the Department undertakes activities where the Department of Health and Basic Education is currently leading with skilled personnel to do for example sex education. The Committee is concerned that the Department continues to pursue and fund activities that fall outside of its mandate.

d) *Sanitary Dignity Programme*: The Committee noted several matters of concern as follows:

- *No specific target*: The lack of a specific target focussed on monitoring and evaluating the SDP by the Department is noted with concern by the Committee and must be addressed. The Department identified the target "Number of progress reports produced per year on the implementation of the sanitary dignity framework" in Programme 2 as a priority focus area in the 2023 ENE and then removed the target in its revised APP for 2023/24 citing that the provinces were expected to take on more responsibility in this regard. However, the Department's key area of responsibility is monitoring and evaluation as a cornerstone of its mandate thus not assessing the SDP is concerning.

- *Beneficiaries*: The Committee queried how many girls benefitted from the SDP per province against the target met for the 2023/24 FY. In addition, the Committee enquired about how much was spent versus that which was allocated per province for the SDP for 2023/24. The Committee noted with concern the challenges with the implementation of the SDP within provinces and that within various constituencies girls who were eligible did not benefit nor were certain schools ever allocated. Hence, the Committee queried whether the Department had a list of learners who are receiving sanitary dignity products in the country. The Committee remains concerned about the Department's ability to effectively monitor and evaluate the SDP. Furthermore, the Committee acknowledges the responses to outstanding questions in relation to the Annual Report briefing but notes that the information provided is limited. Whilst information is provided on reasons for budgets not used within each province there is no corresponding financial details for the Committee to assess what was actually was allocated, if there were adjustments made and the actual expenditure amount as at 31 March 2024. A narrative is provided with no expenditure incurred for the year under review. In addition, the Committee acknowledges the number of beneficiaries per province but it is unclear whether this was a target or just the actual number of beneficiaries reached by the end of the financial year. If the latter, the Committee is unable to assess whether the number of beneficiaries reflected is actually what was intended at the start of the financial year that each province set.
- *Distribution*: The Committee noted with concern the incoherent way sanitary products were issued within provinces and the department responsible for the distribution of the sanitary products differed between provinces. In turn, this brought into question the effectiveness of the SDF implementation. This was confirmed by the Department's written response to unanswered questions to the Annual Report briefing as it stated that 5 provinces implemented the SDP via the provincial Departments of Social Development and 4 through the provincial Departments of Basic Education.
- *SABS compliance*: The Committee notes that the Department maintained that it has been "successful in ensuring that there is collaboration with the South African Bureau on Standards (SABS) to secure more menstrual products with SABS certification beyond the disposables and reusables." However, the Committee's oversight visit to Mpumalanga Province during the 6th Parliament revealed a different reality on the ground. The Committee's engagement with the Provincial Department of Social Development it was reported that there were several issues of concern key of which being "Deviation from the contract by delivering sanitary towels that are not SANS

1043:2021 therefore compromising the health of the beneficiaries. Some learners have developed rash as a result." In turn, the Provincial Department of Social Development had at the time had outlined several commitments to address the concerns raised which included, "Recall non-compliant sanitary towels that are kept in schools noting the risk of possible usage and the challenges that might arise as a result and Government being responsible for violating and not protecting the right of the poor."

- *Failure to Ensure Quality Standards*: The Committee's findings regarding the delivery of non-compliant sanitary products are deeply troubling. There appears to be a disconnect between the department's claims of compliance and the observed realities, raising serious questions about procurement processes and the ability to ensure beneficiary health and safety. Immediate corrective actions and stricter supplier vetting are necessary.
- *Provincial Sanitary Dignity Committees*: The status of PSDC is an area of concern for the Committee given the numerous challenges identified by Members in various provinces which should have been identified and addressed by these structures. It puts to question how functional these structures are and if they even exist. Furthermore, what the Committee's oversight visits during the 6th Parliament revealed that despite the existence of PSDC the SDF was not implemented effectively and very little to no attention was put on sanitation, washing facilities and disposal.

e) *Rapid Response Teams*: The Committee commends the Department for achieving the target related to capacity building of RRTs. However, the Committee remains optimistically cautious about the Department pursuing activities with its limited budget and capacity constraints that fall outside the mandate. Moreover, the Committee's oversight visits during the 6th Parliament revealed many challenges with the establishment and funding of RRTs given that in some instances NGOs were supporting and funding these with very little or no support from Government. This brings to question the sustainability of such an initiative in the medium to long term.

f) *GBV Donor Funding*: The Committee notes the significant donor funding received from the EU and CARA for GBV related activities and sought more information on the status of the projects and the related funding implications.

g) *M&E of NSP on GBVF*: The Department commends the Department for assessing several national and provincial government departments and municipalities. However, the Committee remains concerned about the impact of the interventions as GBVF continues unabated at an alarming rate. Moreover, the Committee notes that a comprehensive M&E of all relevant departments and entities are required on a quarterly and annual basis to assess

the full extent to which the NSP on GBVF is given effect to. An assessment of only a few departments does not provide a comprehensive understanding. The same applies to the National GBVF Prevention Strategy.

h) *Inadequate focus on male empowerment in GBV Programmes*

- *Neglect of Young Males in GBV Strategies*: As highlighted on page 89 (15.8.6(h)), the report identifies a significant gap in targeted programs for boys and young men. Since young males can be both victims and perpetrators of gender-based violence (GBV), this oversight hampers a comprehensive approach to addressing GBV. The absence of strategic initiatives to engage young males in prevention efforts risks perpetuating harmful cycles and limits the overall effectiveness of GBV programs.

15.6.3 Programme 3: Monitoring, Evaluation, Research and Coordination

a) *Gender mainstreaming*: The Committee commends the Department for the targets achieved by assessing several departments on the implementation of the Gender Responsive Planning Monitoring Evaluation and Auditing Framework. However, the Committee was concerned that the Department has not ensured the effective implementation of its frameworks/policies within government and cited the Department of Public Works as a best practice example for developing a sector specific gender mainstreaming policy as identified by the AGSA. To this end, the Committee indicated that compared to other departments, DPWI had made progress in developing relevant policy to foster gender mainstreaming. The Department notes that it is working in collaboration with National Treasury as a lead department on Gender Response Budgeting. To date, a GRB guideline has been developed and is currently being rolled out to departments. This has been an ongoing initiative since the inception of the Department and even preceded the Department in its current form.

b) The Committee commends the Department for producing several research reports and undertaking monitoring and evaluation but remained concerned about the over reliance on consultants to do this with no evidence to indicate that existing staff were capacitated to acquire the requisite skills through working with consultants.

c) *Integrated Knowledge Hub*: The Committee notes with concern that the target has not been met despite the activities undertaken and that it has been a longstanding matter.

d) *Stakeholder engagement*: The Committee queried whether the R278 million for meeting held virtually was the costs for data given that a similar meeting with more participants incurred no costs. The Committee was concerned about the determination of costs for conducting similar activities.

e) *International activities*: The Committee questioned what the impact of the Minister's international trips were given the costs incurred and how this contributed to the work of the Department in achieving the objectives as outlined in the APP.

15.6.3 Programme 4: Mainstreaming Youth and Persons with Disabilities' Rights and Advocacy

Disability

a) The Committee commends the Department for the improvement of performance in terms of targets achieved.
b) The Committee enquired about the working relationship between the Department and Council for Persons with Disabilities. To this end, the Committee reiterated the importance of coordinated and meaningful stakeholder engagement within the disability sector.
c) *Disability Rights Bill*: The Committee requested more information on the Disability Rights Bill and reiterated the importance of the development of legislation in this regard. The Committee observes that the South African Law Reform Commission has issued a Discussion paper which includes a draft Bill which is out for public comment. Whilst the Committee acknowledges progress in this regard, the Committee is not satisfied with the slow pace of progress and what the Department is doing to expedite the process as the Department would be tasked with tabling of this Bill i.e. sponsor of the Bill.
d) *Sign Language*: The Committee asked what the Department has done to ensure that sign language services are offered in all government departments to assist people with disabilities to access government services.
e) *2% employment equity target*: The Committee notes with concern the slow pace of progress within Government to implement the 2% target and that the revised targets have been increased in order to give effect to the White Paper on the Rights of Persons with Disabilities. However, the Committee maintains that without enforcement and consequence management for non-compliance the status quo would remain. The Committee reiterates that all government departments and entities meet the employment equity target for persons with disabilities within the coming financial year.

Youth

a) The Committee noted with concern that the Department focussed on agricultural and bakery initiatives within the programme when the Department was not a service delivery entity. The Committee was concerned that the pursuit of such activities deviated the Department

from fulfilling its required mandate. Moreover, given the limited budget the Committee sought clarity about the costs related to these initiatives and the impact on the programme.

b) The Committee agreed with National Treasury and their refusal to fund agricultural (farming) and bakery initiatives as these reside with other lead departments who have earmarked funds to help farms and small businesses. To this end, the Committee was concerned that the Department still intended pursuing these initiatives in the 2024/25 FY and that it should desist from doing so. The Committee maintained it was not an optimal use of the limited budget and that the activities did not fall within the ambit of the Department's mandate.
c) Furthermore, the Committee asked what mechanisms have been implemented to ensure that money used by the NYDA has meaningful impact on youth in the country and what the role of the Department was in this regard.

Observations with respect to the Commission for Gender Equality (CGE)

15.7 CGE Matters

Notwithstanding the fact that the CGE is a Chapter 9 Institution, it only accounts to Parliament vis-a-vis the Portfolio Committee on Women, Youth and Persons with Disabilities Presidency and that the Department merely transfers its funds, the Committee deemed it important to note the following observations:

15.7.1 General

a) The Committee welcomed the tabling of the Annual Report 2023/24 by the CGE within the required time frame.
b) The Committee noted with concern targets which were not met by the CGE but commended the CGE for an improvement in performance from 2022/23.
c) The Committee noted with concern that two targets in SO4 reported as achieved actually had the value changed from what was set in the APP and as such these targets were then not met but neither the ARC or the AGSA had commented in this regard.
d) The Committee questioned how the CGE holds institutions accountable on gender mainstreaming as implementation in this regard was poor which was concerning for the Committee.
e) The Committee queried how the CGE empowered men to deal with gender inequality, mainstreaming and GBV as this was not forthcoming in the report of activities in 2023/24.

f) The Committee was concerned that despite targets being met the implementation and impact of those targets in communities was not apparent.

15.7.2 Performance of Commissioners

a) The Committee noted with concern that the role of the Commissioners appeared to have been diminished and limited to leadership over the administration in the CGE and fiduciary duties. Given the CGE's limited budget, the Committee maintained that Commissioners have a very important role to play in giving effect to the mandate of the CGE and contribute directly to the achievement of targets as outlined in the Annual Performance Plan. As such, the Committee reiterated the importance of Commissioners reporting on how they give effect to the mandate on a quarterly and annual basis as this would in turn provide greater insight for Members into the work done in Provinces.

15.7.3 Human Resource

a) The Committee noted with concern that the target related to the vacancy rate was not achieved and that it was because the filling of vacancies was delayed pending the finalisation of the business model. However, the Committee questions what actions were taken by the Human Resources and Remuneration Committee during the period under review.

15.7.4 Finance

a) The Committee observed that in the CGE's 2023/24 Annual Performance Plan and Budget presentation in May 2023, the Commission provided the Committee with a breakdown of projected allocations and expenditure per strategic outcome. However, this level of detail has not been provided in the Annual Report or in the finance presentation forwarded by the Commission. The lack of detail in this regard impedes the Committee's oversight.
b) The Committee notes that the CGE incurred an over-expenditure (R2.586 066) for the year under review but it had under spent on employee costs (R4.655 601) due to vacancies.
c) *Irregular Expenditure and Fruitless and Wasteful Expenditure*: The Committee noted with concern the Irregular Expenditure and Fruitless and Wasteful Expenditure incurred for the year under review and the reasons provided in this regard.

15.7.5 Payment of Commissioners

a) *Payment of part-time Commissioners*: The Committee noted with serious concern the matter had still not been resolved.

15.7.6 SO 1

a) *Court monitoring*: The Committee commends the CGE for the number of courts monitored and encouraged the CGE to continue work in this regard.

b) *SAPS and Thuthuzela Care Centres (TCCs)*: The Committee commends the CGE for the number of police stations and TCCs visits notes.

c) *Case management*: The Committee commends the CGE for achieving the target but notes that it is merely process related and provides no insight into the number of cases per provinces, the nature of cases opened, closed and pending all of which is crucial. The Annual Report limits reporting in this regard on complaints handling to bar graphs and a limited narrative explanation. The Committee observed that even though more files were opened in 2022/23 (compared to 2023/24) less files were closed but no reasons provided in the AR 2023/24. It is unclear how many cases were pending by the end of the 2023/24 FY as this was not stated in the AR nor was this stated in the previous FY 2022/23. Furthermore, disaggregation provided by province for files closed were only noted in a bar graph, but the exact case numbers not provided. In addition, the disaggregation of type of cases was also not provided which was normally done in the previous years. This matter was raised with the CGE at its last annual report briefing in 2023, but the information has not been forthcoming which is concerning. The Committee observed that based on the statistics provided, in terms of cases opened, the numbers are extremely low which is concerning as it showed that on average provinces would have opened 1-3 cases a month which is unacceptable in a country where gender inequality, discrimination and GBV is still rampant. Whilst the number of cases closed may have increased from the previous financial year, the Committee observed that when examining the province with the highest number of cases closed per month it was 3 which is still very low. This is an area of concern as the issue of pending cases which is not disclosed in the Annual Report will further compound matters.

d) *Review CGE Act*: The Committee notes that the review of the CGE Act and urges the Commission to share the report in this regard.

15.7.7 SO2

a) The Committee commends the CGE for the gender mainstreaming session conducted, training undertaken, public education outreach including radio sessions and stakeholder engagements during the year under review. However, the Committee remains concerned

about the impact of these initiatives on the lived experiences of women, youth and persons with disabilities in the country particularly in rural areas.

15.7.8 SO3

a) The Committee commends the CGE for reports developed but remains concerned about the implementation of recommendations emanating from these reports.

15.7.9 SO4

a) The Committee notes with concern that that SO4 had the most unmet targets as challenges with internal operations and processes may have a negative impact on service delivery. In 2022/23, this outcome was also the poorest performing outcome, highlighting that there is a need for stringent monitoring in this regard.
b) *Visibility*: The Committee notes with concern the lack of visibility of the CGE within provinces particularly in rural areas.
c) *Legal Practice Council*: The Committee noted the progress update on the CGE's legal standing and reiterated the important role the CGE played in terms of its legal mandate.
d) *Use of consultants*: The Committee was concerned that the CGE spent R 2 204 924 million on the use of consultants and professional fees. The Committee was concerned that CGE used consultants to write research reports despite having a budget and officials to do that. The Committee notes that the CGE utilised consultants for research reports drafting but observed that more than R5 million was spent on report writing, printing and publishing which brings into question whether more than R2 million could have been spent on consultants.

15.7.11 CGE and AGSA

a) The Committee noted with concern the findings and recommendations of the AGSA in its audit findings of the CGE's AR for 2023/24.
b) The Committee noted with concern that the CGE made payment to fictitious supplier and queried whether an investigation was conducted by the CGE and what the AGSA's response was to the matter in this regard.
c) The Committee noted with concern that R7 million (Unauthorised, Irregular, Fruitless and Wasteful Expenditure) was not investigated by the CGE and therefor the Committee queried what reasons were provided to the AGSA in this regard. The Committee notes with concern the findings related to Irregular Expenditure and supply chain prescripts not followed and

the inability to obtain sufficient and appropriate audit evidence that disciplinary steps were taken against officials as complete and proper records were not maintained as evidence to support investigations into Irregular Expenditure as well as Fruitless and Wasteful Expenditure. However, the CGE reports that it achieved the target – 100% compliance with legislative requirements this paradox is concerning to the Committee.

d) *Consequence management*: The Committee was concerned about the lack of consequence management that was not implemented in the CGE which was a recurring theme. The Committee queried whether the AGSA recommended time-lines in terms of implementing consequence management.

15.7.12 CGE's ARC

a) The Committee noted that the ARC congratulated the CGE for the opinion presented by the AGSA on the annual financial statements for the year ending 31 March 2024.
b) The Committee noted that the ARC applauds management for creating the human resource capacity needed for internal audit through the in-sourcing strategy - the implementation of this strategy caused the internal audit to realise its annual plan and conclude on all the planned audit tasks.
c) *Compliance and Internal Controls*: The ARC notes in the AR that in terms of control deficiencies even though several matters from the previous FY were addressed, there was one instance of non-compliance "linked to the awarding of a contract without complying with the required number of days on advert, which had caused the CGE to incur irregular expenditure in the past, remain unresolved. Commitment made in the prior year to address the non-compliance has remained stagnant." This finding highlight non-compliance yet the target was achieved – 100% compliance with legislative requirements. As such, the Committee notes a disjuncture in this regard.
d) *Performance Reporting*: The Committee noted that the ARC indicated the need for urgent intervention to enhance the effectiveness of performance reporting in the organisation. Errors were detected in the performance report for 2023/2024 during the audit by the AGSA and were corrected by management - had these not been detected by the auditors, the performance report would have been rendered unreliable.
e) *Risk management*: The Committee notes the ARC indicated that progress has been made in establishing internal controls over risk management systems and processes. The progress achieved had attended to the development of risk mitigation strategies and plans, risk registers and assignment of resources to monitor and report on risk management activities. Monitoring on the implementation of these control measures needs enhancement.

f) The Committee notes with concern expressed by the ARC that findings raised by the Auditor General in the previous year were not all addressed.

g) The Committee notes the mitigation actions proposed by the CGE which are welcomed however these had no time frames allocated and no clear indication as to who should be held to account for implementation. Lack of information in this regard impedes effective oversight for the Committee.

15.8 Observations with respect to the National Youth Development Agency

15.8.1 General

a) The Committee noted with concern the qualified audit finding.

b) The Committee commended the NYDA's 100% achievement of targets but was concerned about the disconnection between targets achieved and the reality on the ground for many youth. To this end, the Committee questioned whether the NYDA's programmes had an impact on communities and if so, how this was determined by the NYDA as this was not apparent in the annual report. Furthermore, the Committee acknowledges the responses submitted by the NYDA to outstanding questions on the Annual Report which states that, "The NYDA has an internal monitoring mechanism which provides day-to-day data and analytics which provides internal performance assessments against our targets. Furthermore, we appoint external evaluators who conduct independent assessments of our programs. These assessments provide strengths as well as developmental areas of programs and recommendations which are then utilized to inform future program design." The Committee also notes the link provided to access the evaluations.

c) The Committee was also concerned that the report presented was generic and did not provide sufficient details for e.g. number of youth reach in rural areas from the composite number of youth provided per province in relation to a particular programme rendered by the NYDA. The Committee acknowledges the response to outstanding questions on the Annual Report submitted by the NYDA which includes reference to a dashboard that provides detailed demographics.

d) The Committee was concerned about the high rate of youth unemployment, youth engaged in substance abuse and crime and the hopelessness expressed by youth to Members in constituencies. As such, the Committee questioned whether the NYDA's programmes were addressing these social ills and making an impact.

e) *Cost benefit of international activities*: The Committee queried whether international travel was part of the NYDA's strategic plan and if there was any impact on scale for these

activities given the exorbitant costs incurred. The Committee questioned whether pursuing international activities and the costs incurred could not be replaced with local initiatives instead and thereby reaching more young people.

f) The Committee queried what steps have been taken with government departments to ensure that they support the implementation of programmes of the NYDA.

g) *Youth unemployment*: The Committee remained concerned about the high unemployment rate amongst youth and the impact of NYDA programmes to alleviate the plight of youth. To this end, the Committee enquired whether the NYDA considered empowering local youth to work with their communities to implement its programmes by raising awareness of what the NYDA has to offer youth.

h) *Youth in rural areas*: The Committee was also concerned about the NYDA's reach to youth in rural areas.

i) *Youth with disability*: The Committee acknowledged the information provided on youth with disabilities in reiterated the importance of further disaggregation for each programme for the Committee to ensure that they are not left behind.

j) *Company Secretary*: The Committee observed the presence of the Company Secretary and noted it was a new position. As such, the Committee asked when the Company Secretary assumed office at the NYDA.

15.8.2 AGSA

a) The Committee was concerned about the regression in the NYDA's audit outcome having received a clean audit for 9 years.

b) The Committee enquired whether there were any measures in place to deal NYDA's qualified audit opinion as this entity received a significant proportion of the budget Vote 20.

c) *Balance sheet*: The Committee noted with concern the AGSA's finding that pertained to the 15 items on the NYDA's balance sheet and 10 items on the income statement. To this end, the AGSA had expressed an issue with one line item hence the Committee sought more clarity in this regard as the details were not provided in the Annual Report.

d) *Supplier aging list*: The Committee also noted with concern that the AGSA raised an issue with the manner in which management presented its accounts payable schedule for audit, particularly that it had not generated a supplier aging list and had utilised clearing accounts. Hence the Committee, questioned why this was not generated.

e) *Clearing accounts*: The Committee questioned why the NYDA utilised clearing accounts and what were the implications of doing this as this was not explained in the Annual Report.

f) *Employee costs*: The Committee queried what the issue was with employee costs as raised by the AGSA as an explanation was not provided in the Annual Report which was concerning. The Committee notes the NYDA's subsequent written response in this regard to the Committee.

g) *Risk analysis*: The Committee queried what risk analysis was done before the migration in order to have avoided the outcome of the audit finding. The Committee notes the NYDA's subsequent written response in this regard. The Committee notes the NYDA's subsequent written response in this regard to the Committee.

h) The Committee questioned at what point did the NYDA realise that the migration was unsuccessful and what subsequently transpired. Given that the NYDA EMC met monthly, data experts were utilised, that a steering committee was in place amidst other initiatives. The Committee notes the NYDA's subsequent written response in this regard to the Committee.

i) The Committee questioned how the EMC met monthly and not pick up problems with the migration system and that the deadline for the AFS would not be met. This was noted with concern. The Committee notes the NYDA's subsequent written response in this regard to the Committee.

j) The Committee also noted that a steering committee was put in place of Financial Services, Information, Communication and Technology and CEO's office to manage the transition on a weekly basis and enquired why were the migration problems not identified at the onset and addressed. This was noted with concern. The Committee notes the NYDA's subsequent written response in this regard to the Committee.

k) The Committee noted that migrated data was checked line-by-line by responsible managers to confirm accuracy thereof and enquired why the AGSA identified an audit finding in this regard if these checks were in place. The Committee notes the NYDA's subsequent written response in this regard to the Committee.

l) The Committee questioned at what stage data experts were brought on board to check for data anomalies in the final data set if the AGSA identified an audit finding. The Committee notes the NYDA's subsequent written response in this regard to the Committee.

15.8.3 ARC

a) The Committee notes that the ARC states in the Annual Report for 2023/24, "Internal Audit provided the Audit and Risk Committee and Management with assurance of whether the internal control environment is appropriate and effective. This is achieved by means of the risk management, as well as the identification of corrective actions and suggested

enhancements to the internal controls and processes." The ARC went on to state that it was "satisfied that the Internal Audit function is operating effectively, and that it has addressed the risks pertinent to the NYDA in its internal audits." However, given the seriousness of AGSA audit finding it is unclear how the ARC then still arrived at this determination about the NYDA's internal control environment as it also concurs with the AGSA's findings.

b) The ARC indicates that it was satisfied with the content and quality of performance information of monthly reports which is commendable. However, given the qualified audit finding in particular that related to AFS and the migration challenges it is unclear how the ARC remains satisfied about the monthly performance information reports.

15.8.4 Programme 1 Administration

a) *Finance*: The Committee noted with concern the audit finding matters related to the AFS, in particular the challenges related to the migration.

b) *Fruitless and Wasteful Expenditure*: The Committee commended the NYDA for not incurring any Fruitless and Wasteful Expenditure for the year under review.

a) *Loans written off*: The Committee enquired about the total amount of loans was written off by end of 2023/243 financial year as this was longstanding matter which the NYDA inherited.

b) *Vacancy rate*: The Committee notes a vacancy rate of 14.9%, 147 vacancies out of 618 positions and only recruitment for 6 underway reported which is concerning.

c) *Disability Employment Equity Targets*: The Committee queried how many persons with disabilities are employed within the NYDA. The Committee was concerned that there was no disaggregated data provided on the employment for persons with disabilities in the recent Annual Report as was noted in the previous FY.

15.8.5 Performance of the Board

a) The Committee noted the numerous activities undertaken by the Board which was commended. However, the Committee questioned the impact of the initiatives, the cost benefits, how and why these were chosen.

b) The Committee questioned how Board Members split their time between the work of the NYDA and their personal work endeavours and how each Board Members contribution was assessed as this was not apparent in the Annual Report.

c) The Committee questioned the choice of activities pursued by the Chairperson and the Deputy Chairperson and whether these had an impact and if there was value for money. To

this end, the Committee sought clarity about the Board deemed them to be a governing structure or executing structure as this had a bearing on how funds would be utilised.

d) The Committee enquired whether the NYDA was partnering with TVET Colleges in terms of providing skills to young people locally and not only institutions of higher learning abroad.

e) The Committee questioned how successful and impactful the programmes in the Office of the Chairperson and Deputy Chairperson were and how this was determined. The concern noted by the Committee was that that number of youth that benefitted in this regard were very few in number and there was no clear indication of what the follow-up was to determine the impact.

15.8.6 Programme specific matters

a) *Stakeholder collaboration*: The Committee enquired about the challenges the NYDA experienced in terms of collaboration with other stakeholders. The Committee deemed it important to understand what the impediments were for the NYDA to effectively implement its mandate and reach more youth. The Committee acknowledges the NYDA's written response to outstanding questions in this regard.

b) *Empowerment of girls*: The Committee enquired whether initiatives such as the High Tea on empowering of girl-child happened spontaneously or if it was planned and if so was it then linked to a particular strategy and what that entailed. Moreover, the Committee questioned whether the programme had impact on young girls and how this was determined. Similarly, the Committee questioned the impact of the programme taking a girl child to work and how other activities were chosen to empower the girl child.

c) The Committee queried how the NYDA tracked the impact of girl-child programme to ensure that the girls who do benefit can then in turn empower other young girls.

d) The Committee was concerned about the NYDA's reach and visibility within communities across the country and there questioned where the programmes of the NYDA were being implemented.

e) *Historical debt*: The Committee enquired about the process followed to clear debts of young people and what can be done to prevent this issue as this was an area of concern. The Committee was also sought more information on the total of some of historical debt (in terms of loans written off) and how far back this went. The Committee acknowledges the NYDA's written response in this regard.

f) The Committee noted the role of financial institutions in the country and questioned how the NYDA then related to or functioned in part as one.

g) *Communication*: The Committee was concerned about young people who did not have access to internet services in rural areas to access services of the NYDA and whether this was being considered. The Committee also questioned how effective the Customer Service Strategy and the Communications Strategy was to respond to the outcries of young people. The concern expressed by the Committee was that many youth were still unaware of the NYDA and therefore Members questioned the effectiveness of the marketing strategy. The Committee acknowledges the NYDA's written response to questions in this regard.
h) *Empowerment of boy-child and young males*: The Committee noted with concern the lack of focussed programmes related to boy-child by the NYDA. The Committee maintained given the high levels of GBVF in the country, that young boys and men are victims and perpetrators of GBV that focussed programmes in this regard are imperative.

16. RECOMMENDATIONS

The Minister of Women, Youth and Persons with Disabilities should ensure that the following recommendations are implemented.

16.1 General

a) The Department should submit a list of government departments who are not willing to work with/cooperate with the Department of Women, Youth and Persons with Disabilities.
b) The Department should provide a report on the schools where they were denied entry to conduct their work.
c) Targets must continue to be monitored and alignment with key government priorities ensured.
d) The Department must work collaboratively where possible given the financial constraints and the general fiscal environment.
e) The Department must aspire to refrain from submitting multiple Annual Performance Plans and adjustments as this impacts on the Portfolio Committee's ability to ensure accountability and measure performance. This must especially be avoided in the last quarter of the financial year. Where adjustments are necessary, the Portfolio Committee must be notified as soon as possible.
f) All outstanding policies and frameworks must be submitted to the Portfolio Committee.
g) The Department must confine its programmes and activities in accordance with its mandate in order to utilise its funds optimally.

16.2 Audit Action Plan

a) The Department should submit its final Audit Action Plan (ensure reflection on unmet 2 findings from previous FY) for the Committee's consideration by 30 November 2024 and report at the next quarterly report briefing.
b) The Department should clearly articulate how it intends addressing each of the findings identified and implementing the recommendations within a set time frame within the Audit Action Plan.
c) The AGSA and ARC recommendations should be implemented by the Department and officials found having not complied in this regard must be held to account.

16.3 Financial performance

a) *In-Year Monitoring Reports*: The Department must continue to submit quarterly reports to the Committee in line with National Treasury Regulations.
b) *Spending Trends*: The Committee recommends that the Department monitor spending patterns and ensure that this is in keeping with what has been outlined in the respective Strategic Plans and Annual Performance Plans. To this end, the Department is to provide the Committee with detailed financial reports for activities on a quarterly basis. These financial reports should clearly indicate the purpose of the activity as it relates to the objectives outlined in the APP and the expenditure incurred which includes donor funding.
c) *APP*: The Department must ensure that its APP is costed appropriately with a clear indication as to how and when it intends undertaking activities with corresponding costs.
d) *Irregular Expenditure, Fruitless and Wasteful Expenditure*: The Department is request to keep the Committee abreast on a quarterly basis of any irregular expenditure, unauthorised and fruitless and wasteful expenditure incurred and the disciplinary action taken against employees in this regard.
e) *Deviations*: The Department should attend to the OCPO discrepancies and report back to the Committee on the outcomes hereto. In addition, the Department is urged to improve financial planning to avoid unnecessary deviations from reoccurring.
f) *Donor funds*: The Department should provide a comprehensive report on all donor funds received its purpose, funding allocation and donor requirements in terms of reporting. Quarterly reports should be submitted on donor expenditure.

16.4 Audit and Risk Committee

a) The ARCs should monitor the Department's adherence to implementation of its recommendations.

16.5 Human Resource

a) *Vacancies*: All key funded vacancies should be filled within the specified time allocation, in instances where this is not complied with, the Department should clearly identify within the quarterly reports to the Committee reasons for failure to comply and remedial action taken. The Department should submit a list of vacancies that have been prioritised and a time frame for filling the required posts.
b) *Performance management*: The Committee recommends that the heads of Programmes provide quarterly reports of consequence management for the non-delivery of targets with a clear indication of the remedial action implemented.
c) *Use of consultants*: The Department must review its continued reliance on consultants and report back to the Committee on how transfer of skills is enabled to Department officials by the current cohort of consultants.
d) *Disciplinary cases and investigations:* The Department should submit a comprehensive report on all cases in the Department and brief the Committee accordingly.

16.6 Governance

a) The Committee reiterated the importance of compliance with the Public Finance Management Act and National Treasury Regulations by the Department and that failure of officials in this regard must be dealt with expeditiously. To this end, the Committee recommends that the Department reports on how it deals with transgressors and what remedial action is taken. This should be presented in the quarterly reports.
b) *Investigations*: The Committee recommends that the Department briefs it (Quarter 2 briefing for 2024/25) on the outcome of investigations that have been completed and indicate what progress has been made in terms of implementing recommendations and consequence management. Furthermore, the Department is expected to brief the Committee on progress with regards to investigations currently underway.

16.8 Performance related recommendations

16.8.1 SMART principle

a) The Committee recommends that the Department must ensure the alignment between the Strategic Plan and its Annual Performance Plan which includes objectives and targets that are SMART and costed accordingly. Any changes to the APP must be brought to the attention of the Committee as soon as these are done with a clear indication of the HR impact and financial implications. The Department must update the Committee on the status of targets on a quarterly basis. Financial and performance reporting must be in-line with the tabled APP.
b) The Department to avoid as far as possible amendments to its APP once operational particularly in the latter half of the FY.

16.8.2 National Gender Machinery (NGM), GEYODI, Youth and Disability Machineries

a) The NGM is an important mechanism for stakeholder engagement as espoused in CEDAW to which South Africa is a signatory. The Committee should be kept abreast of NGM meetings and activities. Similarly, for GEYODI, youth and disability machineries.

16.8.3 Treaty compliance framework and timeframes

a) The Committee recommends that the Department should ensure that country reports are submitted within the specified timeframes as required by the relevant reporting bodies**.**
b) The Committee recommends that the Department should report back to Parliament on feedback received on country reports, action plans developed in this regard as well as progress in terms of implementing recommendations.
c) The Committee recommends that the Department present all reports at an international level to the Committee at least one month before it undertakes the international trip.

16.8.4 Reports

a) The Committee recommends that the Department brief the Committee on reports completed for 2023/24 and submit all outstanding reports. The briefing should include what progress has been made since the completion of the reports.
b) The Department is requested to submit all finalised reports one month after completion to the Committee for consideration.

16.8.5 Legislative and Policy Reform

a) The Committee urges the Department to finalise all outstanding policies and frameworks.
b) The Committee recommends that the Department brief the Committee on a quarterly basis progress update on the development of reports/policies/frameworks/guidelines etc.

16.8.6 GBVF

a) *NSP on GBVF and National Prevention Strategy on GBV*: The Department to provide quarterly updates on the implementation of the NSP and the Prevention Strategy. The Department to submit its M&E reports on the implementation of the NSP and brief the Committee accordingly. The Department urged to monitor all government departments and entities on a quarterly basis and not limit it to a few.
b) *National Council on GBVF*: The Department to submit costing for the establishment of the Council and a progress update on its establishment.

16.8.7 Sanitary Dignity Programme (SDP)

a) The Committee urges the Department to reinstate a specific target focussed on monitoring and evaluation of the SDP.
b) The Committee recommends that the Department provides a comprehensive assessment of the implementation of the SDP for the 6th administration and 2024/25 and submits a report within two months of the publication of this report.

16.8.8 Rights of Persons with Disabilities

a) The Department should brief the Committee on the reports produced and progress made.
b) The Department should expedite the development of the Disability Rights Bill and brief the Committee accordingly.

16.8.9 Rights of Youth

a) The Department should brief the Committee on reports produced in 2023/24 and indicate progress made.
b) The Department to submit a progress report on the development of the South African Youth Development Bill at the next Quarterly report briefing.

16.9 CGE

The CGE should ensure that the following recommendations are implemented.

16.9.1 Finance

a) *Audit Action Plan*: The CGE should develop an audit action plan that relates to the recommendations made by the AGSA. This action plan should address the root cause of the problems and reflect the AGSA and ARC findings/recommendations. It must be submitted to the Committee by 30 November 2025. The CGE should provide quarterly progress reports on the implementation of its Audit Action Plan.

b) *Audit outcomes*: The CGE and AGSA should resolve issues on the audit outcomes emanating from 2023/24.

c) The CGE should ensure that it maintains tight control over its fiscus and avoid over-an under expenditure in 2024/25 and beyond.

d) *Irregular expenditure (IE) and fruitless and wasteful expenditure (FWE*): The CGE to continue reporting on investigations related to the IE and FWE, mitigating actions and consequence management implemented at every quarterly report briefing.

e) *Financial reporting*: The CGE must report on an annual and quarterly basis its expenditure per strategic objective in order for the Committee to conduct more astute oversight.

f) *Surplus funds*: The CGE to report back to the Committee at the Q2 2024/25 briefing on progress made in requesting National Treasury to retain surplus funds that was accrued.

g) *Monthly reports*: The CGE to submit monthly reports to the Committee on key matters of concern and progress hereto.

h) *Consultants*: The CGE should submit a detailed report on the use of consultants (for the year under review) to the Committee.

i) The CGE should continue to table reports timeously for consideration by the Committee.

j) *Investigations*: Investigations into and consequence management for irregular and fruitless and wasteful expenditure must be prioritised. The CGE to report quarterly on the outcome of internal investigations related to audit findings.

16.9.2 Payment of part-time Commissioners

a) The CGE should engage with the AGSA, the ARC, and resolved the matter related to 100-hour payments to part-time Commissioners in terms of implementation, monitoring and reporting.

16.9.6 Governance

a) *Business Model*: The CGE should submit the Business Model to the Committee for consideration by 30 November 2024.

16.9.7 Legal Practice Council

a) The CGE to keep the Committee abreast of its legal standing insofar as the amendment of the LPC Act is concerned.

16.9.8 Programme and performance

a) The CGE must prioritise the filling of vacancies.
b) The CGE should improve on its complaints handling processes and ensure that it is reintroduced as a target within the next APP.
c) The CGE must continue work on monitoring of courts, the NPA, SAPS and Thuthuzela Care Centres as it relates to gender-based violence issues. This includes finalising all monitoring tools and ensuring that all Commissioners have annual and quarterly targets to fulfil in this regard.
d) The CGE should use all languages including the use of sign language to communicate with the community.
e) The CGE should ensure that issues related to gender mainstreaming be placed in the Office of the Speaker within municipalities to ensure that they hold municipalities accountable for implementing programmes of the CGE.

16.9.9 Commissioners

a) Commissioners to provide a comprehensive written report on provincial deployment and a clear indication of how it intends delivering on each Strategic Outcome, where Commissioners are leading in particular programmes or areas of focus this should be specified.
b) Commissioners to continue to report on a quarterly and annual basis to the Committee on their deliverables in line with each Strategic Outcome as per the APP.

16.9.10 Vacancies

a) The CGE is urged to fill all funded vacancies and report to the Committee on a quarterly basis in this regard.

16.10 NYDA

The NYDA should ensure that the following recommendations are implemented.

a) *Audit Action Plan*: The NYDA should develop an audit action plan that relates to the recommendations made by the AGSA and Audit Committee. This action plan should address the root cause of the problems raised. It must be submitted to the Committee by 30 November 2024.
b) The NYDA should provide quarterly progress reports on the implementation of its Audit Action Plan.
c) The NYDA should examine its targets and consider setting higher targets.
d) The NYDA should continue to collaborate and partner with various stakeholders in order to expand its reach.
e) The NYDA should provide a quarterly update on the filling of vacancies – critical positions should be filled as a matter of urgency.
f) The NYDA should engage with National Treasury on extending the PYEI into the 7th Administration.

The Committee hereby recommends the following for consideration by the Minister of Finance:

16.11 National Treasury

a) The Committee requests National Treasury to consider the requests for roll-over of funds for the Department and the CGE.
b) The Committee requests that National Treasury considers the continuation of the PYEI in the 7th Administration.
c) The Committee requests National Treasury to reassess the funding allocation to the Department to optimally implement its respective mandates.

16.12 AGSA

a) The AGSA should monitor and evaluate the implementation of mitigation strategies and tracking of resolutions by the key persons responsible actioning these.
b) The AGSA should provide a report to the Committee on the unresolved matter related to the CGE and payment of part-time Commissioners.
c) The AGSA should provide a report to the Committee on the outcome of the re-audit to be conducted at the NYDA as it pertains to the qualified audit finding.

d) The AGSA to consider audit of donor funds for the Department, the CGE and the NYDA.

17. SUMMARY OF REPORTING REQUESTS

Table 13: Reporting requests

Reporting matter	Action required	Timeframe	Dept.	CGE	NYDA
Quarterly reports	Written report Briefing	Every quarter	☑	☑	☑
Audit outcomes - Details of audit action plan	Written report of audit action plan Briefing	30 Nov. 2023 Q2 2024/25 briefing	☑	☑	☑
	Progress report on audit action plan Briefing	Q2 2024/25 briefing and then at every quarterly briefing thereafter	☑	☑	☑
Investigations	Written report Briefing	Quarterly	☑	☑	☑
Deviations	Written report Briefing	Quarterly	☑	☑	
HR: vacancies, dismissals, termination of contracts	Written report Briefing	Quarterly	☑	☑	☑
Country reports	Written report Briefing	Progress update at quarterly briefings	☑	☑	
Impact reports of initiatives (campaigns, events, workshops, conferences etc.)	Written report	30 days after an event has taken place	☑	☑	
Commissioners Handbook	Written report Briefing	Finalised version to be sent by 30 November 2024		☑	
Commissioner's Action Plan for 2024/25 linked to SO	Written report Briefing	At Q2 2024/25 briefing		☑	
Commissioner's performance per quarter	Written report Briefing	At every quarterly report briefing		☑	
Board performance	Written report Briefing	At every quarterly report briefing			☑
Department, CGE, NYDA – Request for reports, documentation etc.	Written report Briefing	Refer to BRRR 2024 for exact time frame	☑	☑	☑

18. CONCLUSION

The Committee affirms the important role of the Department, the NYDA and CGE and maintains it would continue to conduct oversight of these entities to ensure the implementation of recommendations made by the AGSA as well as the ARC. The Committee reiterates that the

portfolio has a key responsibility to ensure that through the targets set that the lived experiences of women, youth and persons with disabilities in the country are improved.

In conclusion, the Committee urges the Department, the CGE and the NYDA to take its recommendations seriously and implement these expeditiously.

The majority of the political parties represented in the Committee agreed in support of the report, except for the Umkhonto Wesizwe Party which reserved its rights to support the report.

Report to be considered.

2. THE BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON SMALL BUSINESS DEVELOPMENT, DATED 23 OCTOBER 2024

The Portfolio Committee on Small Business Development ("the Committee"), having considered the performance of the Department of Small Business Development and its entities for the financial year 2023/24 reports as follows:

1. INTRODUCTION

The Department and its entities, Small Enterprise Development Agency (Seda) and Small Enterprise Finance Agency (Sefa) have tabled and presented their 2023/24 annual reports, together with audited financial and non-financial performance results to the Committee on 16 October 2024 for consideration by Parliament. The current Budgetary Review Recommendation Report (BRRR) process takes place at a time when the global economy is on a more stable trajectory after few years of turbulence and volatility in economic output. The world performance has held up surprisingly well in the face of recent shocks, coupled with aggressive interest rate hikes by major central banks during 2021–2023, including the South Africa Reserve Bank (SARB), aftermath of the covid-19 pandemic and an escalation of conflicts in Eastern Europe and the Middle East with international spillovers. In many economies, inflation is slowing down and is approaching central bank targets, providing room for monetary easing as was seen in SA in September 2024.

However, South Africa's economic growth outlook remains weak. The geopolitical tensions from our trading partners and energy inefficiencies remain key factors that the government is tracking for they weigh heavily on the country's economic recovery. According to Statistics South Africa, real Gross Domestic Product growth decelerated from 1.9% in 2022 to 0.6% in 2023. The International Monetary Fund recently lamented the country's macroeconomic issues, such as falling GDP per capita, growing debt, high unemployment, poverty, and inequality. Going ahead, growth is anticipated to stabilize at 1.4 percent in the medium term as structural bottlenecks ease gradually, reaching 1 percent in 2024 on the strength of improved investor sentiment and energy generation. This predicted growth recovery is nevertheless muted and nowhere close to the National Development Plan target of growing the economy by

5%. These considerations will put pressure on the Minister of Finance when he takes to the podium on 30 October 2024 to deliver the Medium-Term Budget Policy Statement (MTBPS).

1.1. Purpose of the Budget Review and Recommendation Report

According to Section 77(3) of the Constitution of the Republic of South Africa, 1996 (the Constitution), an Act of Parliament should create a process for amending money bills before Parliament. The Money Bills Amendment Procedure and Related Matters Act No. 9 of 2009 (the Act) was formed in response to this constitutional clause. In order to evaluate the efficacy and efficiency of a department's utilisation and forward allocation of available resources, the BRRR may also include recommendations regarding medium-term resource utilisation. The Committees are therefore required to submit the BRRR after the adoption of the budget and before the adoption of the reports on the Medium-Term Budget Policy Statement by the respective Houses in November of each year. The Act therefore makes it mandatory for Parliament to consider the Department's budgetary needs and shortfalls vis-à-vis the Department's operational efficiency and performance. The Committee is accordingly required to make recommendations on the forward use of resources to address the implementation of policy priorities and services as these may require additional, reduction or re-configuration of resources for the Department.

1.2 Methodology used in the formulation of this BRRR

The Committee interrogated all presentations and documents as outlined in clause 5 of the Money Bills Amendment Procedure and Related Matters Act. The Committee held a briefing session with the Department and its entities on 16 October 2024 to scrutinise and review the annual reports and audited annual financial statements - a process that has culminated in this Budget Review and Recommendations Report. The performance of the Department and entities for the 2023/24 financial year was evaluated and juxtaposed against the strategic plans (2020 – 2025) and Annual Performance Plan (2023 – 2024) particularly the set of targets as presented in the preceding annual plans.

Furthermore, the Portfolio Committee received briefing from the Auditor-General of South Africa (AGSA), alternatively, (AG), in relation to the audit outcomes of the Department and its entities. The AG overall message to the Committee was that it should provide strategic oversight and monitor the implementation of processes to ensure that performance indicators and the financial statements are supported by reliable and credible information, monitor the filling of the vacant posts and ensure implementation of effective action plans. The AG

cautioned that the vacancies, seem to be a source or root cause of the challenges facing the Department and entities and it should therefore be addressed without delay.

1.3 Mandate of the Committee

In terms of the Constitution of the Republic of South Africa, Portfolio Committees have authority to legislate, conduct oversight over the executive and facilitate public participation. The Constitution and the National Assembly's rules govern the formation of Portfolio Committees. These committees give the House the ability to closely examine and efficiently monitor the work of the executive. The mandate of the Portfolio Committee on Small Business Development is thus to contribute to the realisation of a developmental state and to ensure effective service delivery through discharging its responsibility as a Portfolio Committee of Parliament. Its vision is aligned to that of Parliament and includes enhancing and developing the capacity of Committee Members in the exercise of effective oversight over the executive authority. Section 5 of the Money Bills Amendment Procedure and Related Matters Act directs the National Assembly, through its Committees, to conduct periodic performance reviews of all national departments as a crucial component of the Committee monitoring responsibility.

1.4 Mandate of the Department

The Department of Small Business Development (DSBD) and its public entities derive its primary mandate from the Constitution of the Republic of South Africa, Act 108 of 1996. It also draws its directive from the legislative and policy directives that it is directly responsible for implementing, managing or overseeing. The Department is tasked to track the implementation of Chapter three (3) and six (6) of the National Development Plan. Both chapters deal with the economy and employment as well as rural inclusive growth. In order to deal with the aftermath of the Covid-19 pandemic, the South African government crafted a strategic blueprint for economic recovery, the Economic Reconstruction and Recovery Plan (ERRP). The Department is also responsible for implementing few of the plan’s components.

For the purpose of creating a new economy and cushion the country’s economy that was battered by the covid-19, the ERRP was conceived to scale up recovery efforts. The plan's overarching objective is to build an inclusive, resilient, and sustainable economy. Therefore, the 2023/24 APP was presented within the context of promoting the ERRP's implementation. In addition, the Department has a responsibility to contribute to the two outcome(s) of the second-generation Medium Term Strategic Framework (MTSF), namely, Outcome 4: Decent

employment through inclusive growth, and Outcome 7: Rural development. The current annual report is accordingly being assessed based on these documents or policies. The annual reporting marks the conclusion of the second generation MTSF that started in 2019.

1.4.1 Small Enterprise Development Agency

Small Enterprise Development Agency is an entity of the Department whose mandate include, inter alia, developing, nurturing, supporting and promoting small business ventures throughout the country, whilst ensuring their growth and sustainability in a harmonised fashion with various stakeholders. The Minister of Small Business Development is the executive authority of the agency and as such exercise oversight role over the entity as prescribed by the Public Finance Management Act. Seda is a schedule 3A national public entity in terms of the Public Finance Management Act (PFMA), Act 1 of 1999, as amended. Seda mandate stems from the National Development Plan, Medium Term Strategic Framework 2019-2024, Strategic Plan and Annual Performance Plan of the Department, its five-year Strategic Plan and APP that are compatibly aligned to its executive authority.

1.4.2 Small Enterprise Finance Agency

The Small Enterprise Finance Agency was established in April 2012 through the amalgamation of South African Micro-Finance Apex Fund (SAMAF), Khula Enterprise Finance and Industrial Development Corporation's small business activities. It is a registered entity in terms of the Companies Act of 2008 and incorporated in terms of Section 3(d) of the Industrial Development Corporation (IDC) Act, 1940, and thus a wholly owned subsidiary of the IDC. Section 3(d) of the IDC Act seeks "to foster the development of small and medium enterprises and co-operatives". With the review of the National Small Enterprise Amendment Bill (2023) having been concluded successfully, the Seda, Sefa and Co-operative Banks Development Agency (CBDA) are being merged into a single entity called, Small Enterprise Development and Finance Agency (SEDFA) effective 1 October 2024.

1.5 Outline of the Report

This report is divided into eight sections. Section one (1) provides an introduction, a brief overview of the Portfolio Committee's, the Department's and entities mandates, the goal of the BRRR report, and the methodology used to prepare the report.

Section two (2) outlines the primary policy areas of emphasis for the Department and entities. This comprises an overview of the key national priorities as described in the government

policies and programmes such as the National Development Plan, the Medium-Term Strategic Framework, Economic Recovery and Reconstruction Plan, the State of the Nation Address to which the Department must participate. Following that, an overview of the Department's and its entities' strategic plans is highlighted in order to examine the extent to which they address the broader government goals and plans derived from the aforementioned policies and plans. At the height of the Covid-19 pandemic both the strategic plans of the Department and entities were somewhat revised to reflect changes in the Medium-Term Strategic Framework.

Section three (3) revisits the 2023 recommendations to see if any of them have been addressed or implemented. Within three months of the deliberations in the House, the Minister and the Department had received the majority of these recommendations for response. They were duly responded to in February 2024.

Section four (4) considers the Department’s financial performance against its allocation for the financial year 2023/24. Section five (5) deals with overview of the service delivery performance including programme performance and key performance indicators. While section six (6) evaluates the Departmental entities, the financial and non-financial performance, as well as forward-looking budgetary and/or performance requirements.

Section seven (7) of the report reflects on the Committee observations and perspectives with respect to the Department and entities' annual reports vi-a-viz their mandates, strategic objectives, and core concerns previously and currently highlighted by the Committee. Whereas section eight (8) concludes by providing a synthesis of the past and present recommendations based on the Department's evaluation in each of the sections outlined above.

2. OVERVIEW OF THE STRATEGIC AND OPERATIONAL ENVIRONMENT

Before the adoption of the National Development Plan as a guiding blueprint for the country's socioeconomic development, there was a level of policy uncertainty, fragmentation, and disintegration within and outside the public sphere, which did not bode well and, at best, contradicted the government's efforts to accelerate growth, reduce unemployment and inequality, and eliminate poverty. The National Development Plan offered much-needed stability and confidence to the governance structure. Previously, the government experimented with a variety of micro and macroeconomic policy initiatives that produced inconsequential

results. The passage of the National Development Plan not only required the state to synchronize its machinery, particularly its planning processes, but also urged civil society, labour, and business to jointly accelerate vision 2030. Thus, all strategic plans and annual performance plans of the organs of state must find expression in the plan, and Medium-Term Strategic Framework considered a building block to vision 2030. These plans and strategies are annually reviewed during the State of the Nation Address, whereby the Departments and their entities are expected to align their annual performance plans. The role of the Committee in this whole value chain is ordained by law.

2.1 Relationship with National Development Plan

The implementation of the National Development Plan is one of the key government imperatives under the current administration and is aligned with the Africa Agenda and the global Sustainable Development Goals (SDGs). The NDP focuses us on the overall objectives, supported by South Africans, to eradicate poverty and substantially reduce inequality by 2030 through the creation of jobs and accelerating inclusive economic growth. The Department is directed to implement chapters three (3) and six (6) of the NDP that deal with the economy and employment as well as rural inclusive growth. The NDP is the country’s vision, with a target of creating 9.9 million new jobs from small businesses by 2030.

2.2 Relationship with the Medium-Term Strategic Framework

The present term concludes the second Medium Term Strategic Framework following the implementation of the NDP. The Cabinet agreed in 2013 that the 2014-2019 MTSF would be the NDP's first five-year implementation phase, and it demanded that work begin on aligning state organ plans with the NDP vision and goals. Thus, throughout the last five years, the MTSF has set specific priorities targeted at accomplishing radical socioeconomic transformation through quality jobs and inclusive growth. The Department of Small Business Development was tasked with championing some of the priorities, including outcome four (4): Decent employment through inclusive growth; outcome five (5): A skilled and capable workforce to support an inclusive growth path, and outcome seven (7): Rural development. The Medium-Term Development Plan for 2024-2029, which will inform the Department's and entities' new strategic plans, is still being finalised.

2.3 The Economic Reconstruction and Recovery Plan

The Covid-19 outbreak was a severe and unexpected exogenous shock to the South African economy, which was already struggling. Prior to the pandemic, the economy was in a depression, unemployment had reached its highest level in almost a decade, poverty and inequality persisted, and the fiscal situation was deteriorating due to lower-than-expected revenue earnings and rising national debt. As a result, most people agree that the path to recovery from the pandemic will be difficult. Following the Covid-19 waves in the biennium 2020-2021, recovery has been gradual, with GDP barely returning to pre-pandemic levels in the first quarter of 2022 before dropping down to pre-pandemic levels once more. The South African government responded by developing a strategic roadmap for economic rehabilitation and growth known as the Economic Recovery and Reconstruction Plan. The plan is underpinned by the following five objectives -

- To create jobs, primarily through aggressive infrastructure investment and mass employment programmes.
- To re-industrialise our economy, focusing on growing small businesses.
- To accelerate economic reforms to unlock investment and growth.
- To fight crime and corruption; and
- To improve the capability of the State.

2.4 State of the Nation Address

On Thursday, February 8, 2024, President Cyril Ramaphosa gave his last State of the Nation Address (SONA) for the 6th administration. The speech was given in front of a joint session of Parliament's two houses. This year's SONA coincided with the country's 30th anniversary of democracy and amid an election year. President Cyril Ramaphosa outlined the government's main policy goals and deliverables for the upcoming year. He identified obstacles and proposed solutions to unleash the country's economic potential. During his speech, the President also discussed his accomplishments since his previous speech in 2023. He also reflected on how the Economic Reconstruction and Recovery Plan was being executed. His vow of dealing aggressively with load shedding appears to be bearing dividends. Regarding his efforts to halt load shedding, he remarked that “we have set out a clear plan, which we have been implementing with a single-minded focus through the National Energy Crisis Committee”. To date, the country has gone more than 200 days without loadshedding. This would surely augur well for the small business sector, which was especially susceptible during load shedding.

2.5 Summary of the Key Priorities informing the 2020-25 Strategic Plan and 2023/24 Annual Performance Plans

In May 2020, the Department and entities presented their five-year strategic and annual plans which underlined key priority and focus areas for the next five years ending 31 March 2025. While the annual performance plan of the Department for 2023/24, which includes the entities Sefa and Seda for corresponding financial years, were tabled to Parliament by the Minister of Small Business Development on 14 April 2023. The annual report in consideration is premised on the commitments contained in these statutory documents and they included -:

- Finalisation and implementation of the Township Entrepreneurship Fund.
- Establishment of fund of funds in partnership with the private sector.
- Review and implement Credit Guarantee Scheme.
- Scaling up funding of cooperatives and informal traders.
- Finalise and implement the SMME and cooperatives Funding Policy.
- Finalise amendments of the National Small Enterprise Act and Business Act to deal mainly with the establishment of the SMME Ombud Office, regulations/licensing of businesses owned by foreign nationals and unfair business to business practices toname the few and
- Accelerate establishment of incubators and digital hubs in the townships and rural areas.

3. SUMMARY OF PREVIOUS KEY COMMITTEE RECOMMENDATIONS

In its Budgetary Review and Recommendation Report (2023), the Portfolio Committee made the following recommendations for close monitoring and execution by the Department and entities. In February 2024, the Department responded as follows:

Table 1: 2023 BRRR Recommendations & Responses

	Recommendations	Response from the Department
3.1	In the financial year 2022/23, the DSBD was unable to meet 44 percent of its APP targets. Vacancies in critical job categories were identified as the primary cause of	The Department expedited filling of critical vacancies by means of: • Top Management: Advertising the three (3) Deputy Directors-General posts. Two of these posts have since been filled and the third is in the process of being filled.

	underperformance. To halt or reverse the trend, the Department must expedite its recruitment efforts to fill vacant posts as practically as possible. The Committee will review quarterly reports to track how far this indicator is achieved. Ideally, and given the approval of the organisational structure, the Committee would like to see the Department maintaining a vacancy rate of less than five percent.	• Senior Management: Thirteen (13) senior management positions were advertised, and the Department has since appointed four (4) senior managers. The remaining nine positions are still in the recruitment and selection process. • Middle Management: Twenty (20) middle management positions were advertised, and the Department has since appointed eleven (11) middle managers. The remaining nine (9) are still in the recruitment and selection process. • Levels 2–9: Forty-six (46) posts were advertised, and the Department has since appointed twenty-one (21) employees. The remaining twenty-five (25) are still in the recruitment and selection process.
3.2	The SMME and Co-operatives Funding Policy must be expedited and completed by 31 March 2023. Since the financial year 2020/21, this target has been included in the Department's annual performance plans. As of 31 March 2022, the policy had only been approved by the Minister and Cabinet and later gazetted for public comments. It will be damaging to good governance if the Committee accepts or examines the annual performance plan (2024/25) with this target still being incomplete.	The Department is finalising the SMME and Co-operatives Funding Policy, which is being processed through structures such as NEDLAC, Economic Cluster and ultimately Cabinet in order to effectively be implemented in the 2024/25 financial year.

3.3	As noted in the AG report, the portfolio has achieved 67 percent of its targets over the MTSF period, implying 33 percent non-achievement of MTSF targets. The Executive authority should monitor and ensure that the remaining targets are accomplished within the current MTSF period.	The Department has developed mechanisms to monitor and ensure that the two outstanding MTSF targets are achieved. 1. Implement the SMME-focused localisation policy and ensure 100% compliance by the public sector in procuring 1000 designated local products and services from SMMEs by 31 March 2024. The Department is on track to achieve the set MTSF target. As of the third quarter of the 2023/24 financial year (31 December 2023), a total of 1042 products were produced and services rendered by SMMEs, and Co-operatives linked to the domestic market. 2. At least 50% of national and provincial DFI financing is dedicated to SMMEs and Co-operatives through the establishment of the SMMEs and Cooperatives Funding Policy by March 2021/22. • SMMEs and Co-operatives Funding Policy was delayed, due to the Department having to undertake further consultations before the Policy can be presented to Cabinet for approval. • Despite the Funding Policy finalisation being behind schedule, some of the Policy proposals are already being implemented by some of the DFIs. For instance, most of the lending activities are informed by the SMMEs' and Cooperatives' affordability based on the available monthly cash flows

		as opposed to the provision of collateral; and to introduce a seamless application process, the DFIs have introduced a common application template to standardise the application requirements for SMMEs and Co-operatives. The SMMEs and Co-operatives Funding Policy is being processed through structures such as NEDLAC, Economic Cluster and ultimately Cabinet in order to effectively be implemented in the 2024/25 financial year.
3.4	To arrest further decline in audit findings of the agencies, the Department must move quickly to monitor and assist agencies to implement Auditor General recommendations. The Accounting Authorities/Board of Directors must be held accountable for improving controls for proper record keeping and ensuring that complete, relevant, and accurate information is accessible and available to support performance data. Management should respond to the AG's requests with the requisite urgency in addressing identified risks and improving internal controls,	DSBD has a governance structure called a Portfolio Governance Forum (PGF) that sits once a quarter, which is between the Department and its entities, chaired by the DSBD Accounting Officer. The members of this structure are the EXCO members of the Portfolio. One of the standing items of the PGF is to monitor the Seda and sefa quarterly performance reports, which include the progress on the implementation of the Auditor-General recommendations / findings. Through this structure, the Department is providing appropriate guidance regarding the matters raised by the Auditors. During 2022/23 financial year, sefa did not obtain any findings on its performance data. As a result, there were no requests from AGSA to address any risks or tighten internal controls. Seda's main audit issue was the Performance Information management and reporting. The new

	which will improve audit outcomes for both the Department and entities. The Committee will maintain regular contact with the Auditor General's office in line with oversight accountability.	system has been developed and implemented during the financial year. Seda will be reporting from the new system as from the financial year ending 2023/24. Seda will be enhancing the new system so as to address some of the findings from the last audit.
3.5	Following its oversight visit to the North West province, the Committee emphasized the importance of the Sefa Board to consider amendments to the policy guidelines to include a condition for MFIs and RFIs to be licensed by both the National Credit Regulator and the Financial Sector Conduct Authority (FSCA) as authorised Financial Services Providers (FSP). The NCR licensing process is defective in that it focuses solely on the entity or corporation as a legal person, whereas the FSCA approach encompasses both the firm and the individual behind the company. The majority of NCR-licensed companies are led by directors who do not meet the criterion of 'fit and proper'. Licensing is an important component of the	The National Credit Act in the application process looks at the Directors and Managers of the institutions. sefa shall engage FSCA to explore the modalities of our clients registering with FSCA. In addition, sefa will explore the overlaps and the differences between NCA and FSCA and, where possible, contact clients to comply with higher standards. sefa will also endeavour to empower the individuals behind the MFIs, especially the developing MFIs driven by black entrepreneurs to ensure the necessary skill required is in place. While the objective is to promote inclusion, that will be done in a sustainable manner.

	regulatory system and helps to oversee the value chain. The Board must endeavour to achieve this recommendation before the agency tables its 2024/25 annual performance plan.	
3.6	Sefa must keep a closer eye on MFIs and RFIs to ensure that they are following the government's mandate of making finance available to all small enterprises and ensure equitable spread. The Committee will now examine Sefa's quarterly reports to see if the operations of MFIs and RFIs are closely supervised. Sefa's products and services should not compete with those of MFIs and RFIs. They should also not operate against the government's goal of making low-cost development credit available.	Steps are being taken to reduce the cost of credit as referred to in 7.19. However, RFIs under Wholesale Lending are pricing within the prescripts of the NCA.
3.7	The Department seems to have turned the corner on the performance of co-operatives. According to the annual performance plan, 321 co-operatives were supported during the financial year under	A consolidated list is attached as Annexure C. However, approval is needed from Ministry to share the list as it has personal information that POPIA prohibits its sharing without first seeking approval from the individual Co-operatives.

	review, exceeding the target by 121. As part of its role in exercising oversight on the programmes of the Department e.g., Co-operatives Sector Development Programme, the Committee would appreciate it if the consolidated list of supported co-operatives could be shared with the Committee by 30 November 2023.	
3.8	As per above request, in order to adequately discharge its responsibility of overseeing the Departmental programmes, the Committee would appreciate being provided with a list of 281 items manufactured by SMMEs and Co-operatives that were linked to the domestic market by the conclusion of quarter three of the current financial year.	List provided as requested (through a separate attachment) [Annexure A].
3.9	The Minister should ensure that the appointment of an Advisory Board is carried out in accordance with the commitments made in the subsequent annual performance plans for 2022	The Department has embarked on a process of appointing the advisory body. There necessary documentation and the concurrence with other relevant government departments has been sought. This has paved the way to go through the process as mapped out in the legislation before the Advisory Body can be appointed.

	and 2023. The next quarterly report must include a timeline for when this will be accomplished.	
3.10	Concerning the energy relief initiative announced by the Minister in January 2023, the Committee should be briefed on the progress made thus far, before the end of the third quarter.	The only other programme that has an element of energy relief is the proposed. Funding for Product Market, where 7 SEIF structures will be fitted with alternative energy supply, was only secured during the 2023 AENE processes approved by Parliament in January 2024. Funds will be transferred to Seda in January and February 2024.
3.11	Lifestyle audits are an essential management technique for preventing, detecting fraud and corruption in public service. They also contribute to ensuring that the lives of state employees are commensurate with their remuneration. In April 2021, the government established and approved mandatory guidelines for all audits of public officials in national and provincial departments, as well as state-owned enterprises. In its next quarterly report to Parliament, the Department must specify when it expects to commence this process. On the forensic investigations conducted by Sefa during the course of the	The sefa Board and Management understand and enforce the guidelines for the lifestyle audits on employees. To this end, the following interventions were undertaken: • Appointed a panel of 27 forensic firms in September 2021. • Appointed a forensic auditor Manager in March 2022. • Appointment of a new Hotline service provider in March 2023. • Completed 30 investigations between 2021 and 2023. • Conducted compulsory related to Anti-Fraud, Corruption and Ethics Awareness workshops during the 2022/23 financial year for sefa officials. The sessions educated, created awareness, and boosted employee confidence to report incidences of fraud and corruption; and informed staff about sefa's fraud risk management framework and policies. The following Board sub-committees exercise quarterly oversight on all investigations to ensure

	2022/23 financial year, the Board must brief the Committee of the results of the forensic audit before end of the current financial year.	that there is adequate fraud risk management, fraud prevention and detection. These sub-committees are Audit, Risk and Social Ethics Committees. DSBD conducted the lifestyle review in Quarter Four of the 2023/2024 financial year, using the current financial disclosure database. An analysis on the information provided by SMS, MMS, SCM and Finance officials was done to identify any red flags. The report was compiled and completed and subsequently submitted directly to the Department of Public Service and Administration (DPSA), via the online system implemented by the DPSA in January 2024. The DSBD can report that no red flags were identified in the report. Lifestyle audits that will include all DSBD officials will be done in 2024/25 financial year. Currently the Department does not have the budget and capacity to conduct lifestyle audits but is in the process of exploring the options available to the Department in order to effect the DPSA policy directives.
3.12	To support the President's aspirations to eliminate red tape, the Committee is once again calling for the establishment of a Parliamentary Ad hoc Committee that will interface with the red tape reduction team at the Presidency under the guidance and leadership of Mr. Nkosi.	DSBD has engaged the Presidency to meet. The date is still to be confirmed.

3.13	The late and/or non-payment of invoices has a major negative impact on the financial health of suppliers, who are frequently forced to borrow money in order to stay afloat financially and satisfy their contractual responsibilities with the state entities. Despite the fact the Department has done well in terms of paying its creditors within 30 days, achieving 100 percent during the year under review, its approach however, is internally focused or inward-looking. As the guardian of small business growth, the Department must establish an indicator for implementation in collaboration with National Treasury to track delinquent invoices. Where state organs are failing to pay uncontested invoices within 30 days, Sefa must be on standby to pick up the tab through cession arrangements. This indicator must be included in the upcoming MTSF and APPs.	sefa has a Purchase Order Funding product and this is successful where firstly the SMME is willing to sign a cession agreement between the SMME, sefa and the State-Owned Entity (SOE), and secondly where the SOE is willing to sign an MOU with sefa committing to honour the cession agreements with sefa. These MOUs are necessary, given the history of some SOEs not honoring the cession agreements with sefa. The DSBD, following consultations with National Treasury and the Department of Planning, Monitoring and Evaluation (DPME) made recommendations to the Standing Committee on Appropriations and Appropriation Bill, to strengthen the enforcement of compliance to the 30-day payment obligation to ensure that all organs of state will pay invoices to small enterprises within the required timeframe of 30 days. The Department is also working with National Treasury to strengthen regulations on the reporting requirements for the late payment of legitimate supplier invoices to differentiate between small enterprise suppliers and large enterprise suppliers. This will enable the Department to specifically follow-up on the late payment of legitimate small enterprise suppliers.

Source: 2023 BRRR report

4. OVERVIEW AND ASSESSMENT OF FINANCIAL PERFORMANCE

Of the R2.529 billion appropriated to the Department during 2023/24 financial year, it disbursed R2 485 with just over R44 million unspent funds or 1.8% expenditure variance on annual budget. This is well within the target of 5%. Compared to the previous financial year 2022/23 where spending to the tune of R2.514 billion was recorded, 2023/24 expenditure is marginally higher. However, the variance of R44 million is double the amount of R19 million under-expenditure recorded during the previous cycle (2022/23). As a result, spending fell slightly from 99 to 98%, a 1 percentage point decrease. This trend, however, remains evident throughout the sixth administration, even if underspending was below the two percentage limits in every other year. The main cause of under-expenditure continues to be vacancies in all four programmes and throughout the term. Table 2 below provides a summary or synthesis of what was allocated to the Department, portion for four branches or programmes, actual expenditure by each branch, variances as well as branch and DSBD expenditure in percentage terms. Programme two remains the notable transgressor with 15% of its appropriation not spent.

Table 2: Financial Performance Overview

Programme	Approved Budget	Final Appropriation	Actual Expenditure	Variance	Expenditure as a % of Final Appropriation
	R'000	R'000	R'000	R'000	%
Administration	138 343	135 580	128 131	7 449	95
Sector and Market Development	163 643	150 890	127 600	23 290	85
Development Finance	753 549	795 996	790 455	5 541	99
Enterprise Development	1 473 773	1 446 842	1 438 640	8 202	99
Total	**2 529 308**	**2 529 308**	**2 484 827**	**44 481**	**98**

Source: 2023/24 DSBD Annual Report

Due in great part to vacancies, the Administration Programme contributed R7.4 million to under-expenditure. The Sector and Market Development Programme is the largest contributor to underspending by R23.3 million, mostly on Product Markets (R18.8 million). Some of the transfers to the North West Development Corporation (NWDC) were not done owing to tax non-compliance issues. While only a partial payment was made to the Manguzi market stalls project because of the project's slow progress. During the briefing, the Committee was informed that the Compensation of Employees as well as and Goods and Services contributed R2.2 million each due to vacancies and cancelled foreign trips for the SMMEs and Co-operatives' exposure to international platforms respectively. Programme three (3) contributed R5.5 million largely due to vacancies (R4.8 million). The Craft Customised Sector Programme contributed by R650 thousand to the underspending as funds (R300 thousand) were not transferred to Trade and Investment KwaZulu-Natal (TIKZN) as their co-funding was withdrawn, while Free State Corporation (FDC) had compliance issues with SARS and its projected allocation of R350 thousand was therefore cancelled or reprioritised. Once more, programme four (4) underutilised its allocation by R8.2 million mainly due to vacancies. The amounts may appear negligible, nevertheless, and inadvertently send an incorrect message to National Treasury that the allocation of R2.5 billion is in fact sufficient to service the sector presently tussling with a SMME funding gap of more than R300 billion.

4.1 Annual expenditure for Programme One

The Administration branch or programme one is divided into four sub-programmes: the Ministry, the Director General's Office, Corporate Services, and Financial Management. Against the final authorisation of R136 million, the annual expenditure for Programme One: Administration was R128 million (95%), meaning that R7.4 million (5%) was underspent. Employee compensation made up R7 million of the underspending, which was mostly caused by vacancies. The primary sources of expenditure for Programme One are goods and services (R43 million) and employee compensation (R81 million). Travel and subsistence (R17 million), operating leases for office space (R10 million), audit expenses (R3 million), fleet services (R2 million), property payments (R1.5 million), operating payments (R1.5 million), bursaries (R1.4 million), and consultants (R1 million) are the main drivers of expenditures for goods and services.

Table 3: Expenditure Estimates - Programme 1

Subprogramme	Final Appropriation R'000	Actual Expenditure R'000	Over/Under Expenditure R'000
Ministry	38 304	36 83	1 466
Office of the Director General	33 460	32 713	747
Corporate Services	40 842	38 902	1 940
Financial Management	22 974	19 679	3 295
TOTAL	**135 580**	**128 131**	**7 449**

Source: DSBD Annual Report 2023/24

4.2 Annual expenditure for Programme Two

Sector and Market Development is split into four sub-programmes, namely, Sector and Market Development Management, Business Information and Knowledge Management, Ease of Doing Business and Access to Market Support. With the final appropriation of R151 million, expenditure on Programme Two: Sector Market Development amounted to R128 million (85%). There was an underspending of R23 million (15%). Product Markets constituted R18.8 million of the underspending as a result of non-compliance with tax requirements by the North West Development Corporation. Additionally, because of the project's delayed progress, Product Markets made a partial payment to the Manguzi market stalls project.

Employee compensation as well as goods and services each contributed R2.2 million because of vacant posts and deferred international travel, respectively, which was meant to expose SMMEs and Cooperatives to global markets. The primary sources of expenditure for the programme are the capital assets (R3 million), goods and services (R23 million), employee compensation (R43 million), and transfer payments (R59 million) on the Product Market instrument. Other line items influencing the expenditure on goods and services are travel and subsistence (R6.4 million), administrative fees (R5 million), computer services (R3.9 million), venues (R3.1 million), rental and hiring (R1.7 million) as well as consultants (R1.5 million).

Table 4: Expenditure Estimates - Programme 2

Subprogramme	Final Appropriation R'000	Actual Expenditure R'000	Over/Under Expenditure R'000

Sector and Market Development Management	390	132	258
Business Information and Knowledge Management	17 606	15 945	1 661
Ease of Doing Business	8 614	7 339	1 275
Access to Market Support	124 280	104 185	20 095
TOTAL	**150 890**	**127 600**	**23 290**

Source: DSBD Annual Report 2023/24

4.3 Annual expenditure for Programme Three

The programme is split into – the Development Finance Management provides leadership to the branch and support entry and growth of SMMEs in prioritised and designated sectors of the economy. The Model Funding collaboration creates enabling financial support structures for SMMEs, Blended Finance design blended financial support initiatives for SMMEs while Business Viability provides business assurance strategies for SMMEs. Annual expenditure for programme three amounted to R791 million (99.3%) against the final appropriation of R796 million, resulting in an under expenditure of R5.5 million (0.7%). Compensation of Employees contributed R4.8 million to the underspending largely due to vacancies. Craft Customised Sector Programme contributed R650 thousand to the underspending as funds were not transferred to Trade and Investment KwaZulu Natal (TIKZN), R300 thousand, as their co-funding was withdrawn. The Free State Development Corporation (FDC) contributed R350 thousand due to compliance issues. The main cost drivers of expenditure in the Programme are Transfers and Subsidies at R693 million, Goods and Services at R63.5 million, as well as Compensation of Employees at R32 million. The drivers of expenditure in Goods and Services are inventory for redistribution to IMEDP beneficiaries (R57.5 million), Travel and Subsistence (R3.7 million) and Legal Services (R1.7 million).

Table 5: Expenditure Estimates - Programme 3

Subprogramme	Final Appropriation R'000	Actual Expenditure R'000	Over/Under Expenditure R'000
Development Finance Management	4 762	4 672	90
Model Funding Collaboration	14 192	14 122	70

Blended Finance	754 214	749 685	4 529
Business Viability	22 828	21 975	853
TOTAL	**795 996**	**790 455**	**5 541**

Source: DSBD Annual Report 2023/24

4.4 Annual expenditure for Programme Four

Enterprise Development has three sub-programmes, namely, Enterprise Development Management, Enterprise and Supplier Development as well as SMME. The annual spending for Programme Four: Enterprise Development was R1.439 billion (99), falling short of the final authorisation of R1.447 billion by R8.2 million (0.6%). Employee compensation accounted for R7.9 million of the underspend owing to vacancies. The Programme's key cost drivers include Transfers and Subsidies (R1.403 billion), Employee Compensation (R25.3 million), and Goods and Services (R9.4 million). Travel and subsistence (R4.4 million) and consultants (R3.1 million) are the main sources of spending on goods and services.

Table 6: Expenditure Estimates - Programme 4

Subprogramme	Final Appropriation R'000	Actual Expenditure R'000	Over/Under Expenditure R'000
Enterprise Development Management	1 994	1 833	161
Enterprise and Supplier Development	1 420 665	1 417 540	3 125
SMME Competitiveness	24 183	19 268	4 915
TOTAL	**1 446 842**	**1 438 640**	**8 202**

Source: DSBD Annual Report 2023/24

4.5 Report of the Auditor General

The Auditor-General of South Africa has a constitutional mandate and as the supreme audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. During the consideration of the annual reports and annual financial statements the Committee invites the AG to present its findings on the financial and non-financial performance of the Department and entities. The AG briefed the Committee during its appearance that overall audit outcomes of the portfolio have remained stagnant when compared

to the prior year. The Department maintained an unqualified audit opinion with no findings (clean) while Seda and Sefa remained stagnant with an unqualified audit with findings. According to the AG, the root cause of stagnation was inadequate oversight by management to ensure the controls are implemented to ensure credible reporting on performance information (Seda) as well as inadequate systems for monitoring compliance with laws and regulations and ineffective controls to prevent errors in reporting financial information (Sefa). Also flagged for follow up was in relation to the lack of consequent management on investigation initiated by the then Acting Director General on 04 January 2024 and had not been completed at year-end. Furthermore, the AG indicated that out of six MTSF indicators, the portfolio has only achieved four or 67% of the target indicators, with two or 33% in progress. The Department only achieved 85% of its targets and spent 98% of its final budget, Sefa achieved 30% of its targets for 2023/24 financial year while spending 88% of the budget allocated and Seda achieved 100% of its targets for 2023/24 financial year and underspent by 21%. In conclusion, the AG key message to the Committee was to monitor and conduct regular follow ups on the executive authority and the accounting officer/authority on the implementation of processes to ensure that performance indicators and the financial statements are supported by reliable and credible information, provide oversight on the filling of vacant posts at DSBD and the instability at senior management level at Seda and Sefa due to short term contracts of employment, and to also provide oversight and monitor the achievement of the KPIs and key targets within the portfolio through the implementation of effective action plans.

5. OVERVIEW AND ASSESSMENT OF SERVICE DELIVERY PERFORMANCE

The Department has 27 output indicators and is reporting against 27 annual targets in the re-tabled 2023/24 APP. During this period of assessment, it missed four while achieving 24 out of the 27 annual targets. The 85% achievement is an improvement compared to 56% it achieved during 2022/23 financial year. Over the five-year period covered by the 2020/25 strategic plan, the highest achievement attained by the Department is 86% percent during 2020/21 financial year whilst the lowest is 56% in 2022/23 financial year. As reported under the Auditor General section, the AG indicates that out of the six MTSF indicators, the portfolio has only achieved four or 67% of the target indicators, with two or 33% in progress. The Department achieved 85% of its targets, Sefa accomplished 30% and Seda achieved 100%. The portfolio performance has consequently stagnated. The agencies, especially Sefa, attributes its poor performance to a pending merger – with many of its personnel placed on fixed term contracts.

Table 7: Performance Summary per Programme

	Branch	No. of Output Indicators	Annual Targets	Achieved	Not Achieved
1.	ADMINISTRATION	8	8	8 (100%)	0 (0%)
2.	SECTOR AND MARKET DEVELOPMENT	5	5	2 (40%)	3 (60%)
3.	DEVELOPMENT FINANCE	7	7	6 (85%)	1 (14%)
4.	ENTERPRISE DEVELOPMENT	7	7	7 (100%)	0 (0%)
	TOTAL	**27**	**27**	**23 (85%)**	**4 (15%)**

Source: DSBD Annual Report (2023/24)

5.1 Summary of Programme One Performance: Administration

The programme one provides strategic leadership, management and support services to the Department. There are four (4) Annual Performance Plan targets for the programme. Whilst the programme reports that all four of the targets were achieved, vacancy rate was not maintained at 10% or below and underspending of 5% was incurred. Nevertheless, it is through programme one that the Department received unqualified audit opinion with no material findings for the third consecutive financial year. The programme continues to surpass its record of paying 100% of its valid creditors in under 30 days, having processed 11 651 invoices worth R73.4 million on an average of six days. It accomplished a representation of 54% in respect of women in its Senior Management Services (SMS) – above the public service standard of 50%, and pride itself of surpassing 3% (3.7) threshold of persons living with disabilities as of 31 March 2024. No fruitless and wasteful expenditure was incurred in during the 2022/23 financial year. This is indeed a remarkable achievement.

5.2 Summary of Programme Two Performance: Sector and Market Development

The purpose of programme two is to facilitate and increase access to markets for SMMEs and Cooperatives through business information, product development support and value chain integration. The programme two 7% improvement from 33% in 2022/23 financial year to 40% during the period under consideration should worry the Department. As noted hereinabove, this is also the programme where significant underspending was recorded. The programme reports success towards implementing SMMEs-focused Localisation Policy Framework where a total of 285 (vs Annual target of 250) products were produced and services rendered by SMMEs,

and Co-operatives were linked to domestic market. Through Small Enterprise Manufacturing Support Programme (SEMSP), the programme reports that as of 31 March 2024, SEMSP disbursements amounted to R643 million to 104 SMMEs.

The areas of underperformance were on the business infrastructure for SMMEs and Co-operatives refurbished where only five instead of seven projects were completed. Another notable area of underperformance was the programme's failure to submit to the Minister for introduction to Parliament the Business Amendment Bill. It was reported that the Office of Chief State Law Attorneys (OCSLA) did not certify the Bill during the review time, resulting in the failure to meet the target. During Quarter 4 of 2023/24, OCSLA issued a conditional certification, allowing the Department to submit the Bill to Cabinet after redrafting certain clauses. The Department hired a law firm to revise the Bill based on OCSLA's feedback and recommendations. The Department expects to submit the Bill to Cabinet during the 2024/25 financial year.

5.3 Summary of Programme Three Performance: Development Finance

The aim of the programme is to expand access to finance for SMMEs and Co-operatives through innovative service offerings. During the period under consideration, the Department implemented the Township and Rural Entrepreneurship Programme (TREP) incentive scheme to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas, targeting the designated groups – women, youth and Persons with Disabilities (PWDs). A total of 20 509 TREP beneficiaries were supported financially and non-financially. Furthermore, the Department and its entities supported 345 Co-operatives financially and/or non-financially. The Informal Micro Enterprises Development Programme (IMEDP) achieved significant results when measured against the number of targeted informal and micro enterprises located in townships and rural communities. The Department indicated in its annual report that 2 045 informal business were supported through IMEDP, far surpassing the target of 1333. Over the MTSF period a total of 50 077 competitive SMMEs and Co-operatives have already supported by 31 March 2024.

One of the key areas where the programme underachieved is on the finalisation of the MTSF target - SMME and Co-operatives funding policy. The Department reported to the Committee that the SMMEs and Co-operatives Funding Policy was approved by the Cabinet and published for public comments on 28 April 2023, comments window was re-opened between December

2023 and February 2024 to accommodate requests for submission of additional comments made by the newly appointed DSBD DDGs and Sefa. The deadline for this target was not met as the final inputs were received almost at the end of March 2024. The target of 1000 crafters supported through the Craft Customised Sector Support Programme was not achieved because of compliance issues with Provincial Investment Promotion Agencies (PIPAs) e.g. Trade and Investment KwaZulu Natal (TIKZN), Free State Development Corporation (FDC) and Northern Cape Economic Development Agency (NCEDA).

4.4 Summary of Programme Four Performance: Enterprise Development

The goal of programme four is to manage the promotion of an ecosystem that promotes entrepreneurship and the establishment, growth, and sustainability of small enterprises and cooperatives, as well as to coordinate business development support interventions across multiple levels of government. The programme four aims to amplify the efforts to reduce regulatory burdens on small enterprises, the Department set an annual target to assist 30 municipalities to roll out the Red-Tape Reduction Awareness Programme. It reported that during 2023/24 financial year it assisted a total of 55 municipalities (North West, Mpumalanga, Eastern Cape, Free State, Gauteng, Kwa Zulu-Natal, Mpumalanga and Eastern Cape) to roll out the Red-Tape Reduction Action Plan (RTRP). It also developed and submitted to the Minister a Regulatory Reform Implementation Plan for approval. The Department also reported that "following the publication of the NISED Strategic Framework as the National Small Enterprise Support Strategy in terms of the National Small Enterprise Amendment Act by Minister in the Government Gazette in February 2023, a monitoring and implementation framework as well as an action plan for the implementation and rollout of NISED was developed and approved".

6. OVERVIEW OF THE PUBLIC ENTITIES OF THE DEPARTMENT

Seda and Sefa were only two agencies that reported to the Department. However, the Cabinet decided to combine them, together with National Treasury's Co-operative Banks Development Agency (CBDA), into a single agency. Initially, the merger was supposed to take effect on 1 April 2022. However, on 6 April 2022, Cabinet authorised a 20-month extension for the three businesses' merger. The budget votes 36 and 39 therefore continued to be used to distribute budgets to entities throughout the course of the previous and current financial year. The merger is taking effect on the 1st of October 2024 and all three agencies are now officially under Small Enterprise Development and Finance Agency (SEDFA).

SEDFA is created to facilitate access to the full spectrum of financial and non-financial support to small enterprises across their lifecycle. The following are the envisaged benefits of SEDFA:

- Expand the reach to targeted groups and previously disadvantaged localities and in turn developmental impact.
- Ensure that small enterprise support interventions are directed at maximum impact and are accessible in all districts (regional presence).
- Pool limited resources, (especially balance sheets) to create a larger and more viable base for investments and capital raising platform.
- Transform the way government works and engages with the broader ecosystem and rebuild trust and effective partnerships.
- Rationalise limited resources to ensure that more money is available to small businesses.
- An entity that is agile enough to identify and take advantage of opportunities to grow its resources to reinvest in further sustainably supporting small enterprises.

6.1 Small Enterprise Finance Agency

The Small Enterprise Finance Agency was established in April 2012 following a merger of the South African Micro-Finance Apex Fund (SAMAF), Khula Enterprise Finance and Industrial Development Corporation's small business activities. It was corporatised as an entity in terms of the Companies Act of 2008 and Section 3(d) of the Industrial Development Corporation (IDC) Act (1940) which seeks "to foster the development of small and medium enterprises and co-operatives". It was accordingly a wholly owned subsidiary of IDC. In terms of the Public Finance Management Act, Sefa was a schedule 2 entity (in line with the parent entity IDC) and still received its budget allocation via vote 39. Sefa delivers some of its services through partnerships or a structure consisting of the subsidiaries, joint ventures and associates. These are summarised in table 8 below.

Table 8: Sefa Group Structure

Sefa Group Structure		
Subsidiaries	**Joint Ventures**	**Associations**
○ Khula Business Premises (Pty) Ltd 100%.	○ Anglo American Sefa Mining Fund (Pty) Ltd 50%.	○ Business Partners Limited 22%.

○ Khula Credit Guarantee SOC Ltd 100%. ○ Khula Institutional Support Services NPC 100%. ○ Identity Development Fund 1 (Pty) Ltd' 100%. ○ Khula Akwandze Fund (Pty) Ltd 75%	○ Cytobix (Pty) Ltd trading as Godisa 50%. ○ Sefa Awethu Youth Fund (Pty) Ltd 50%.	○ Utho SME Infrastructure Fund 49%.

Source: Sefa Annual Report (2023/24)

6.1.1 Summary of Financial and Non-Financial Performance

Sefa used its many lending channels to invest into the economy. During the financial year under consideration, Sefa disbursed just over R2 billion and facilitated almost 100 thousand jobs. Khula Credit Guarantee (KCG) take-up totalled R851 million, direct lending loan programme disbursements were R426 million, informal microenterprise finance disbursements were R319 million and wholesale lending came to R443 million. Sefa reported that this financial support sustained 80 thousand businesses and facilitated the creation of 98 thousand jobs in the economy. According to Sefa, these numbers denote 110% of the target for businesses supported and 105% of the target for job creation. The overperformance in the number of SMMEs supported and jobs created was due to the uptake of programme funds in the Informal and Microfinance programme. Despite repeated material noncompliance, Sefa obtained an unqualified audit opinion and this status was maintained throughout the MTSF period.

Table 9: Loan Book Performance

Sefa Loan Book Performance (Disbursements)		
	Channel	**Disbursement (2023/24)**
1.	Direct Lending	R426 million
2.	Khula Credit Guarantee	R851 million
3.	Micro Finance Lending	R319 million
4.	Wholesale SMME Lending	R443 million
Total		**R2 039 billion**

Source: Sefa Annual Report

Table 10 below shows a graphic illustration of Sefa's performance since 2012, MTSF period and previous financial year. Since inception in 2012, the agency has disbursed more than R16 billion into the economy to more than 700 beneficiaries. Of this, more than R13 billion went to black owned entities, R6 billion to women owned and R3 billion to youth owned businesses. During the MTEF period (2019 – 2024) combined disbursements of R8 billion was advanced to women owned, youth owned as well as rural and township owned enterprises and, in the process, more than 480 thousand jobs were facilitated. During the same period, Sefa had targeted to approve loans to the value of R10.5 billion. The actual achievement on this target was R8.8 billion or 91%. The targeted disbursements over the same period were R9.7 billion and as of 31 March 2024, Sefa had disbursed R9.7 billion (or 100% of the five-year target) into the South African economy.

Table 10: Performance Trends

Inception to FY 2023/2024	
Approved Amount	R14,620,211,554
Disbursed Amount	R16,527,925,075
Number Financed	709,169
Jobs Facilitated	929,353
Black Owned	R13,115,323,517
Women Owned	R6,381,173,306
Youth	R3,244,562,308
Disabled Owned	R125,809,161
Township	R2,072,422,880
Rural	R4,884,526,421

MTSF Period	
Approved Amount	R8,784,700,961
Disbursed Amount	R9,680,217,979
Number Financed	378,201
Jobs Facilitated	486,436
Black Owned	R8,121,164,837
Women Owned	R3,766,379,063
Youth	R1,886,626,375
Disabled Owned	R110,407,292
Township	R1,873,457,695
Rural	R3,835,882,683

FY 2023/2024	
Approved Amount	R1,271,254,673
Disbursed Amount	R2,039,189,553
Number Financed	80,040
Jobs Facilitated	98,378
Black Owned	R1,653,631,404
Women Owned	R811,043,079
Youth	R327,050,082
Disabled Owned	R26,836,184
Township	R265,755,019
Rural	R728,357,253

	FY2019/2020	FY2020/2021	FY2021/2022	FY2022/23	FY2023/2024
Collection Rate	87.0%	123.0%	86.9%	74.3%	73.3%
Portfolio At Risk	-	-	-	48.6%	65.1%
Accumulated Impairments	41.0%	39.4%	35.4%	45.5%	60.4%
Blended First Default Rate	-	-	-	6.00%	8.00%
Cost To Income Ratio	79.0%	93.0%	56.3%	71.0%	59.4%
Capital Leverage	-	-	6.38	6.32	6.61

Source: Sefa Annual Report (2023/24)

The agency's financial position is stable. As of 31 March 2024, the total assets stood at R7 billion from R6.80 billion in 2022/23, an increase of 3.7% from prior year. While total liabilities increased slightly by 1.4% from R5.51 billion in 2022/23 to R5.58 billion during the year under review. Overall, there was an increase in the net asset value of the group by R175

million to R1.46 billion from R1.29 billion in 2022/23 financial year. Perhaps an area of interest for Sefa would be its operational efficiency as depicted by cost-to-income ratio of 59% during the period under review year (averaging 72% over a five-year period). While a cost-to-income ratio of around 50-60% is often seen as acceptable, with advances in financial technology (fintech), Sefa may significantly reduce this ratio to a range of 30-40%. Furthermore, accumulated impairments have arisen from 40% in 2019/20 to 60% in 2023/24 financial year. Sefa reported its loan book declined by R496 million to R1.2 billion from R1.6 billion in 2022/23 due to increased impairments. The Committee is hopeful that this is one of many areas Productivity South Africa will look into during the implementation of the Business Turnaround and Recovery programme (BT&R).

6.1.2 Provincial Spreads

Over the last five years, the Committee has been tracking how the Department and its agencies distribute resources equitably to the provinces. It has repeatedly expressed its dissatisfaction that the 'usual suspects', who generate billions of revenues annually, receive a larger share of the DSBD and agencies budgets. During this time, disbursements in Gauteng (R637 million), KwaZulu and Durban in particular (R337), and the Western Cape (R302 million) totalled R1.3 billion. The Northern Cape (R23 million) and Free State (R30 million) continue to be the least funded provinces. Even in the country's poorest three provinces of Limpopo, Eastern Cape, and KwaZulu-Natal (excluding Durban), a significant portion of the money goes to MFIs and RFIs. Moving forward, Parliament plans to use data to direct resources to where they are needed the most. In that regard, ten (10) municipalities in KwaZulu Natal and Eastern Cape have been identified for possible piloting. The Departments and agencies would have to show how their funds would reach STATSSA-identified regions of poverty when submitting their APPs and budgets to Parliament for approval.

6.2 Small Enterprise Development Agency

Small Enterprise Development Agency is an entity of the Department of Small Business Development whose mandate include, inter alia, developing, nurturing, supporting and promoting small business ventures throughout the country, whilst ensuring their growth and sustainability in a harmonised fashion with various stakeholders. The Minister of Small Business Development is the executive authority of the agency and as such exercise oversight role over the agency as prescribed by the Public Finance Management Act. Seda was conceptualised in 2004, through the amendment of the National Small Business Amendment

Act 29 of 2004, which essentially made provision for the incorporation of the Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre and any other designated institutions into a single Small Enterprise Development Agency under then Department of Trade and Industry (the dti). Before the merger, it was a schedule 3A national public entity in terms of the Public Finance Management Act (PFMA), Act 1 of 1999, as amended, and incorporated as a company in terms of the Companies Act, 2008.

6.2.1 Summary of Financial Performance and Non-Financial Performance

Seda's budget allocation is provided by the Department of Small Business Development on an annual basis to implement the four programmes, namely, enterprise development programme, technology programme, impact and sustainability programme and administration. Programmes one, two and three were allocated 86% of the total budget and spent 79% of its allocated budget. Programme four (Administration) was allocated 14% of the total budget and spent 97% of its allocated budget. This resulted in a total underspending of the organisation of R279 million or 19% of the entire budget of R1.5 billion. Seda met and exceeded the targets on all 24 indicators. The agency's spending during the year under review was aligned to the strategic objectives, with a significant portion of the budget allocated to business development services, incubation, and market access programs. Table 11 below depicts allocation spend per programme.

Table 11: Budget Allocation and Expenditure Per Programme

	2023/2024		
Programme/Activity/Objectives	**Budget**	**Actual Expenditure**	**Over/Under Expenditure**
	R'000		
Enterprise Development	824 770	726 348	98 421
Technology Programme	165 855	158 278	7 577
Impact and Sustainability Programme	295 760	129 043	166 716
Administration	213 622	207 149	6 473
Total	**1 500 005**	**1 221 818**	**279 188**

Source: Seda Annual Report (2023/24)

6.2.1.1 Programme 1: Enterprise Development

Programme one (1) took the greatest portion of the budget at R824 million but the actual expenditure was R726 million. The purpose of programme is to provide needs based and growth-oriented business support to small enterprises and co-operatives through a network of Seda branches and subunits in the National Office. SMMEs and co-operatives are supported with business related information, advice, consultancy, training, and mentoring services including business specific interventions to access markets. Township and rural-based enterprises are prioritised to ensure that they are competitive and contribute meaningfully to the South African economy. The programme emphasises the value of localisation, economic recovery, business viability, and providing structured support to township and rural-based firms in order to support the objectives of the sixth administration.

The provision of support to informal businesses is essential for the rehabilitation of the economy since well-supported informal businesses can make significant contributions to economic expansion. Township and rural enterprises need to be equipped and supported to be innovative and competitive. The programme achieved all of the set targets e.g. the target for number of people to attend entrepreneurship awareness sessions was 20 000 but the actual number of the attendees was 30 000, number of township and rural based business supported with non-financial business development 23 500 as opposed to the target of 18 000, number of SMMEs and Cooperatives supported with training, mentorship and coaching was 24 329 as against the target of 20 500.

6.2.1.2 Programme 2: Technology Programmme

The purpose of the programme is to support SMMEs and Cooperatives by providing them with the necessary skills and tools to enhance their business production capacity and sustainability. Seda provides incubation services and technology transfer assistance. In contributing towards the Seda impact statement of ‘Competitive, innovative, and sustainable SMMEs and Cooperatives creating jobs and contributing to inclusive economic growth’, the technology programme delivers against the following outcome and five-year targets in the approved Strategic Plan. The Technology Programme received an allocation of R166 million. But it could only disbursed R158 million.

Set targets under this programme were to support 2 268 SMMEs and Cooperatives through the Incubation Programme and 54 SMMEs and Cooperatives with equipment and machinery through the Technology Transfer Programme. As of 31 March 2024, through the incubation

programme, the programme had supported 2 268 SMMEs and Cooperatives in contrast to the APP target of 1800, and to support 50 SMMEs and Cooperatives through the Technology Transfer Assistance (TTA) programme - the target was exceeded by four.

6.2.1.3 Programme 3: Impact and Sustainability Programme

The aim of programme three is to monitor and measure business impact post Seda intervention. Key indicators for the programme include jobs created, jobs sustained and turnover improvement. The programme endeavours to support SMMEs and Cooperatives by providing necessary skills and tools to enhance their business production capacity and sustainability. The support includes the provision of incentives for quality and compliance standards, product testing and certification. In contributing towards the Seda impact statement of 'Competitive, innovative, and sustainable SMMEs and Cooperatives creating jobs and contributing to inclusive economic growth,' the impact and sustainability programme delivers against the following outcome and five-year targets in the approved Strategic Plan. In 2023/24 the programme was allocated R295 million but could only spend R129 million, and in the process recording an underspending of R166 million.

Consistent with the two other programmes the Impact and Sustainability programme surpassed its targets. Under the programme, 2 667 (annual target 1000) SMMEs and Cooperatives were assisted with Quality improvements, 2 035 (annual target 1000) SMMEs and Cooperatives assisted with Productivity improvement, 1 428 (annual target 700) SMMEs and Cooperatives whose turnover has increased by 5% per annum, 5 332 (annual target 4500) Jobs created, and 10 364 (annual target 8000) Jobs sustained.

6.2.1.4 Programme 4: Administration

The purpose of programme four is to provide strategic leadership and capacitating the organisation to deliver on its mission. This includes monitoring customer, stakeholder and employees' level of satisfaction and introducing initiatives to improve the organisations level of innovation and agility. The programme also amplifies the need to collaborate with other partners in the ecosystem to increase service access. In contributing towards the Seda impact statement of 'Competitive, innovative, and sustainable SMMEs and Cooperatives creating jobs and contributing to inclusive economic growth,' the administration programme delivers against the following outcome and five-year targets in the approved Strategic Plan. Only R207 million of the R214 million allocated to the programme was in fact expended.

For the fourth time in a row Seda received unqualified audit with findings. Like Sefa, Seda's performance outcomes stagnated. There were material findings on reported performance and the usefulness of performance information. Adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. Numerous instances were noted of indicators that do not meet the usefulness criteria.

7. OBSERVATIONS

Having reflected on the annual reports and financial statements of the Department, Seda and Sefa for the 2023/24 financial year, the Portfolio Committee herewith record the following observations and recommendations for consideration by the Department: -

7.1 The Committee welcomes and applauds the Department for receiving its third consecutive unqualified audit opinion (clean audit) with no material findings on performance information and its second unqualified audit opinion with no major findings on annual financial statements. The Committee wishes to encourage the Department to continue to ensure that implementation of the audit action plan is monitored on a regular basis to enable the team to curtail repeat findings.

7.2 The Department's financial spending performance is stable, however, it decreased slightly from 99% in 2022–2023 to 98% in 2023–2024 (a drop of 1 percentage point). As a result, the amount that was underspent in the 2023–2024 financial year increased to R44 million from R19 million. The underspending is negligible in percentage terms and is well within the target of a variation of less than 5%. Nonetheless, the Committee would like to see the allocated funds fully committed and utilised.

7.3 During the period under review, the Committee observed that employee compensation as well as goods and services account for most of the underspending on financial indicators. This pattern has characterised the Department throughout the MTSF period where all four programmes of the Department underutilised their financial allocations primarily due to unfilled funded positions.

7.4 On the contrary, the Committee notes and welcomes the filling of two crucial positions, namely, the Deputy Director-General's heading Sector Policy and Research as well as Enterprise Development, Innovation and Entrepreneurship, and the most recent

appointment of the Director General on a permanent basis. This will undoubtedly bring much needed stability to the Department. It should be noted, however, that one DDG post remains vacant by the end of 2023-24, as do many other senior management positions. As of 31 March 2024, the vacancy rate remained above the threshold of 10%.

7.5 It is not unexpected for the Department(s) to not meet their annual targets. But it is alarming when it fails to meet the MTSF target, more especially in an environment where the SMME funding gap exceeds R300 billion. Measures to scale-up access to finance for SMMEs and cooperative is one of the key deliverables for the Department. The Committee notes the Department's clarification that the SMME and Co-operatives Funding Policy was approved by the Cabinet and published for public comments on 28 April 2023, comments window was re-opened between December 2023 and February 2024 to accommodate requests for submission of additional comments made by the newly appointed DSBD DDGs and Sefa. The Committee was informed that this deadline for this target was not met as the final inputs were received almost at the end of March 2024. The Committee believes significant progress could have been made over the last five years.

7.6 Similarly, and in light of ongoing tension between local and foreign owned spaza shops, the Committee is not pleased with the delay in finalising the review of the Business Amendment Bill. In his 2022 SONA address, the President stated that the Bill would be referred to Parliament before the conclusion of that financial year. Successive APPs of the Department from 2022/23, 2023/24 to 2024/25 have made commitments to finalise and refer this Bill to Parliament. The Committee is aware that the Department is working tirelessly to finalise it including gazetting the National Business Licensing Policy in February 2024. However, adherence to timeframes is also very critical.

7.7 The Committee takes note of the government's transition from the Medium-Term Strategic Framework (MTSF) to the Medium Term Development (MTDP) with great interest. In particular, the Committee welcomes the government's approach of enlisting the help of non-state sectors, such as experts, think tanks, academia, business, labour, and civil society, as well as development partners to create a plan that will guarantee economic growth of more than 5% annually, the creation of more than a million jobs, and an increase in investment directed towards more labour-intensive activities across the main economic sectors as envisaged in the NDP. The Committee is optimistic that the Department and entities' Strategic Plans (2025–2029) and Annual Performance

Plans (2025–26) would include performance goals that focus on achieving the MTDP targets. These goals should ideally include the number of quality jobs created (not just facilitated or sustained), the impact of support given to the beneficiaries rather than the number of recipients receiving support, and the degree to which the Department's and SEDFA's assistance results in the elimination or total eradication of poverty, especially in areas that STATSSA has identified as being affected by poverty.

7.8 The crystallisation of key performance indicators has been a matter of great discontent for the Committee. The Committee is of the opinion that the Department and agencies give too much priority to numbers instead of assessing the impact of their support on recipients. In its oversight visit to the Northern Cape, the Committee identified several interventions that would not likely result in the real impact on the ground. For example, there were numerous instances where beneficiaries received training. But when probed further regarding how the training benefited them, be it increase in sales or revenues, skills to turnaround or grow the business etc, it became apparent that the objective of the interventions start and end with training. The training and support interventions are not meant to guide or handhold the beneficiaries throughout the entire value chain process. The distribution of utensils, catering supplies, machinery, and other items without first determining the beneficiaries' needs was another example of the mismatch in offering help or support that was not necessarily needed by the clients. Consequently, the beneficiaries' needs, and the intervention were often misaligned.

7.9 In its report to the Committee, the AG notes that one of the foremost challenges facing the portfolio is the poor-quality performance indicators and targets. Several instances were noted of indicators that do not meet the usefulness criteria. This is particularly the case and in fact concerning in cases where the Department and agencies outsource training of say 20 000 beneficiaries to a service provider or consultant and count this as having met the target – without linking the training with key metrics i.e. growth in sales, revenues or profits etc.

7.10 Pursuant to 7.9 above, the Committee has in the past lamented the deliberate obfuscation of targets e.g. SMMEs and co-operatives instead of separating the two, financially and non-financially as well as enterprises located in townships and rural communities. The Committee's objection to this is on record. The Department and entities deliver some of its services through the third parties. This reporting methodology conceals the fact that there is limited financial assistance reaching targeted beneficiaries compared to consultants or service providers. There is also very

little assistance directed at rural enterprises compared to township enterprises, as well as financial assistance to cooperatives as opposed to SMMEs. It is crucial for the Committee to have access to this information when evaluating the Department's and entities' performance so that it can approve the Departments and entities knowing exactly where and how funds are allocated and spent.

7.11 With respect to disaggregating expenditure per province, district and local government, it is only Sefa that has begun complying with the directive of the Committee. But once more, this breakdown of how resources get distributed to the provinces, presents a negative image and in the process, demonstrates how isolated other provinces are. Sefa's R23 and R30 million funding allocations in the Northern Cape and Free State, respectively, are negligible and call for a paradigm change in the way resources are allocated equitably among the provinces.

7.12 The Committee is noting inconsistencies in terms of what is being reported in the statutory documents i.e. annual report, and what it found on the ground in Northern Cape. For example, part of the Committee oversight visit included inspections to clients whom on paper are recorded as CSP beneficiaries. Yet due to challenges at NCEDA, specifically the agency’s failure to appoint the consultant or service provider to train the identified beneficiary, the CSP assistance in the form of training was therefore not extended to that particular beneficiary. This information is not reported nor disclosed in the annual report. Instead, only TIKZN and FDC are referenced as having challenges that led to programme two and three not fully achieving their targets.

7.13 The development in the Northern Cape raises questions about the Department's benefit from establishing memorandum of understanding (MoU) with Provincial Investment and Promotion Agencies. It is unclear what sort of services PIPAs provide that cannot be done in-house or through SEDFA. The Committee was informed that the CSP beneficiary could not receive the targeted intervention, which was training, since NCEDA was unable to assign a consultant to conduct the training. As part of this collaboration, NCEDA procure a consultant to train the beneficiary or beneficiaries after receiving funding from the Department. Again, the structure or design of the DSBD programmes is problematic because programmes two and three are also impacted if PIPAs do not work as intended. The overall performance and budget of the Department will significantly be impacted by this.

7.14 The Committee is noting the lingering challenge of red tape or ease of doing, that in its view, continues to hinder the growth of small businesses in the country, with little

effort being done to address its impact. In the past, the Committee gave platform to the Department to present the Regulatory Reform Implementation Plan. This target is recorded in the annual report as having been achieved. But there is still uncertainty on the part of the Committee as to how does this plan help SMMEs, cooperatives, informal and street traders, whackers and spaza shop owners overcome regulatory challenges. The literature on red tape identifies national sphere of government as the most serial offender when it comes to red tape and ease of doing business. The universal description of the terms itself as the "rules, regulations, and/or bureaucratic procedures and processes that are excessively complex and which impose unnecessary delay(s), inaction and/or costs that exceed their benefits, and/or is no longer effective in achieving the purpose for which they were originally created" implies that the focus of the Department should be directed to the national sphere of government where regulations, licenses, compliance standards and administrative procedures to name the few are issued.

7.15 The Committee is observing that some documents or plans are reserved for approval by the Minister while others are reserved for the Executive Committee. For example, under programme four it is reported that the target was achieved because the "Regulatory Reform Implementation Plan was developed and submitted to the Minister for approval". Although the Minister's approval is uncertain, but the target is recorded as having been achieved.

7.16 Furthermore, other target descriptions are ambiguous to genuinely assess the performance of the Department and entities. For example, there is no clear distinction between the Regulatory Reform Implementation Plan and Red-Tape Reduction Action Plan and why other documents e.g. Sector-focused and Hybrid Incubation and Digital Hub Support Strategy, National Entrepreneurship strategy, Township Economy Revitalisation Policy implementation plan, Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme are approved by EXCO. The AG has flagged this and many other areas—the SMARTness of indicators—for serious scrutiny by the Committee.

7.17 On Sefa/SEDFA, a matter that is currently on the table for finalisation before the conclusion of the Strategic Plan (2025 – 2029) and Annual Performance Plan (2025 – 2026) is that of implementing North West oversight recommendations especially proposed amendments to the guidelines that governs MFIs and RFIs. The Committee reports that it has not yet received or shown the updated policy guideline that

incorporates its many suggestions concerning the MFIs and RFIs. The Committee is cautioning the Department and SEDFA that failure to execute its recommendations might unnecessarily delay approval of the SEDFA strategic plan (2025 – 2030) and the corresponding annual performance plans and budgets (2024 – 2025).

7.18 In addition, there is a level of apprehension that the value proposition of the MFIs and RFIs, in the era of financial technology (FinTech), is failing to resonate with the Committee. The Committee observation is that the use of intermediaries is tantamount to outsourcing more especially if their value add cannot be determined. Sefa disbursed more than R760 million to MFIs and RFIs (to fewer than six enterprises) during the period under review. For the sectors like agriculture, where experts in the field are needed to evaluate applications, the Committee is not opposed to SEDFA partnering or appointing adjudicators from the relevant Development Finance Institutions like Land Bank, IDC or even commercial banks etc to assist with evaluation of applications relevant for that particular sector.

7.19 The Committee is quite concerned about Sefa turnaround times in considering and approving applications. Sefa stated that its turnaround time for direct lending was 88 days, or about three (3) months, as opposed to the target of 30 days or one month. As a result, the programme scored 30%. On wholesale lending, Sefa reported that the turnaround time of 131 days (approximately four (4) and half months) against a target of 50 days (one and half months). The entity achieved 38% of its target. As AG noted in the deliberations with the Committee, Sefa achieved only 30% of its targets for 2023-24 financial year while spending 88% of the budget allocated. Township and Rural Entrepreneurship Programme (TREP) allocation from DSBD was reduced from R1.2 billion to R679.5 million as part of the Adjusted Estimates of National Expenditure (AENE) process. There was a virement of R500 million from Sefa to Seda.

7.20 On Seda/SEDFA, the Committee is pleased that Seda met and exceeded all its 24 indicators, which equates to 100% performance achievement even though it could not spend all its budget. It recorded an underspending of 19% of the entire budget of R1,5 billion. The Committee has noted all the AGs concerns including poor performance of incubators which the AG attributed to “lack of Seda representation on the board of directors). In its oversight to Northern Cape the Committee learnt, albeit with surprise, that this directive is already being implemented in two of the incubators it visited.

8. RECOMMENDATIONS

Informed by its deliberations, the Portfolio Committee is making very few new recommendations that the Minister of Small Business Development should take steps to implement, and they are as follows –

8.1 The AG's main message to the Committee is that it should monitor the implementation of procedures and provide strategic oversight to guarantee that financial statements and performance indicators are backed by accurate and credible information. It should also keep an eye on the appointment of suitable candidates and make sure that action plans are carried out timeously and effectively. The Committee will review quarterly reports of the Department and entities to track progress.

8.2 As the Medium-Term Development Plan nearing completion, and the Departments and entities prepare their five-year strategic plans and annual performance plans, the Committee will from now on closely monitor the key performance indicators. The Committee will interrogate their level of SMARTness, quality and the extent of impactfulness. The Department and agencies assistance to the sector will be gauged in terms of jobs created (not only sustained or facilitated), improved sales, revenues and profits in the case of training and other capacity building interventions, improved Gini coefficient in tackling issues of inequality and to keep track of poverty lines to the beneficiary households. The Department and entities should henceforth, fully understand the circumstances of each beneficiary. All approvals should include Global Positioning Coordinates (GPS) for ease of inspections and verifications.

8.3 The filling of vacant funded posts should be expedited and finalised before 31 March 2025. If this target is not achieved, the Committee reserves its right not to approve the strategic and annual performance plans of the Department.

8.4 The AG's concern about the lack of consequent management that has not yet been decided because of internal investigations is being noted by the Committee. The AG asserts that the Acting Director General started the investigation on 4 January 2024, and it was still ongoing at the end of the financial year under review. The Director General is being urged by the Committee to take corrective action and provide input to the Committee in the upcoming quarterly report on 27 November 2024.

8.5 The Department should reconsider its association with PIPAs. Seda’s national footprints is far much wider than PIPAs which are located in provincial headquarters. Unless there are strong grounds to maintain this partnership, all activities or

interventions earmarked for delivery through PIPAs should be transferred to SEDFA before 31 March 2025.

8.6 The Minister has, for reasons not known to the Committee, deferred the appointment of the Advisory Board, as was mentioned in the last BRRR report. A schedule for the start and completion of this process should be included in the upcoming quarterly report.

8.7 The SMME and Co-operatives Funding Policy is the MTSF target. It has been mentioned in all five successive annual performance plans without any major success. It is highly unlikely that it will be achieved before 31 March 2025. In its next quarterly report, the Department must brief the Committee on the steps it plans to take, specifically corrective action and consequent management against those who were trusted with this responsibility.

8.8 In order for the Committee to effectively discharge its responsibility of monitoring the Departmental programmes, it would like to be provided with a list of 345 cooperatives that receive financial and/or non-financial support before the end of Q3 of the current financial year.

8.9 To arrest further decline in audit findings of the agencies, the Department must move quickly to monitor and assist agencies to implement Auditor General recommendations. The Accounting Authorities/Board of Directors must be held accountable for improving controls for proper record keeping and ensuring that complete, relevant, and accurate information is accessible and available to support performance data. The Executive Authority should hold the Board of Director accountable for poor performance of the entities. Sefa's 30% achievement of its targets should be clarified to the Committee in its next quarterly reporting on 27 November 2024.

8.10 Sefa should consider disposing of its property portfolio and focus on its mandate of increasing access to finance for SMMEs and cooperatives. Access to affordable office space and business premises is a challenge for many young and aspiring entrepreneurs. These properties could be given to the Department of Public Works for renovations before being leased back to cooperatives and SMMEs for a nominal charge.

8.11 The relationship between Sefa and ABSA, through Khula Credit Guarantee (KCG), needs further cementing. For a long time, the Committee has maintained that Sefa lacks sufficient reserves to support the millions of SMMEs who require funding. However, Sefa can derisk thousands of SMME in order to make them eligible for loans from commercial banks through instruments like loan or credit guarantee schemes. De-

risking a startup is what new entrepreneurs need to launch a successful business right off the ground. Moreover, it helps them get closer to getting startup funding. With over 90% of startups failing in a few years after their launch, de-risking is something that can help lower this percentage. The Committee supports this programme and wish to see other banks actively participating in the programme.

8.12 When the AG briefed the Committee on 10 October 2023, the repeat material non-compliance finding with article 45 of the Companies Act was mentioned where loans had been provided to related companies. The two companies were not approved by way of a special resolution adopted by the shareholders within the previous two years. The AG has once again flagged this matter as unresolved. Sefa's next appearance to the Committee on 27 November 2024 should include this matter for the benefit of the Committee and highlight the corrective actions being taken to address an adverse finding.

8.13 The Department and entities should galvanise SMMEs and cooperatives in the provinces like Free State, North West and Northern Cape. Financial support directed to these provinces is alarmingly small compared to other regions. The agencies must conduct a need assessment to better understand the obstacles that hinders SMMEs and cooperatives in those areas from seeking financial or non-financial assistance. The Committee will monitor the Department and SEDFA quarterly reports to track progress.

Unless otherwise indicated, responses to the above recommendations should be submitted to the National Assembly not later than three months after the adoption of this report by the National Assembly.

Report to be considered.

3. BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM, DATED 22 OCTOBER 2024

The Portfolio Committee on Tourism (hereafter referred to as the Committee), having considered the financial and non-financial performance of the Department of Tourism (hereafter referred to as the Department) and South African Tourism (hereafter referred to as SA Tourism) for the 2023/24 financial year, reports as follows:

1. INTRODUCTION

The year 2024 is significant for South Africa in that the country is celebrating 30 years of its new democracy. The tourism sector has grown in leaps and bounds over the past three decades and continues to be a beacon of hope for creating labour-intensive jobs. It is also important to acknowledge that the Committee tables this Report which wraps up the work done by the Sixth Parliament. The Legacy Report produced by the Sixth Parliament's Portfolio Committee on Tourism has assisted the newly established committee to quickly identify issues that require urgent attention in the sector and has hit the road running in conducting its oversight.

The Committee is pleased to report that the Department achieved a clean audit in the 2023/24 financial year. This is an improvement from the unqualified audit with findings achieved in the previous financial year. However, the same cannot be said about SA Tourism, which achieved a qualified audit in the year under review.

The Committee is also enthused by the remarkable growth in tourist arrivals and the contribution of the tourism sector to the Gross Domestic Product of the country, as the sector was almost completely decimated in the wake of the novel corona virus in 2019. The arrivals in the country increased by 30.1 per cent in 2023 and saw 8.8 million international arrivals, with about 75.9 per cent of these tourists coming from the rest of the African continent. This makes it important for the Committee to conduct close oversight over the African markets and domestic tourism as these have been pillars of recovery in the sector.

The Committee will also be focusing on removing barriers to tourism growth, such as visas, airlift and tourist safety. Another special focus for the Committee will be tourism growth in villages, townships and small towns, as it navigates the concerns of transformation in the sector.

This document, therefore, purports to provide a Budgetary Review and Recommendation Report that comprehensively scrutinises the financial and non-financial performance of the Department and SA Tourism in the 2023/24 financial year. The Committee acknowledges that the performance of SA Tourism was marred by a plethora of challenges which will be a stark focus during the Seventh Parliament.

1.1 Mandate of the Committee

The Portfolio Committee on Tourism is an extension of the National Assembly and derives its functions from Rule 227 of the National Assembly. The Committee is established by Section 57 (2) (a) of the Constitution of the Republic of South Africa (1996) as read with Rule 225 of the National Assembly.

1.2 Core functions of the Department

The Tourism Act (No. 3 of 2014) outlines the mandate of tourism as to promote the growth and development of the tourism sector; promote quality tourism products and services; provide for the effective domestic and international marketing of South Africa as a tourist destination; enhance cooperation and coordination between all spheres of government in developing and managing tourism; and promote responsible tourism for the benefit of South Africa and for the enjoyment of all its residents and foreign visitors. The Department and SA Tourism execute their mandates through a myriad of legislative, policy, and strategic frameworks aimed at developing and marketing South Africa as a competitive and preferred tourism destination. The policy, legislative and constitutional imperatives that drive tourism are as follows:

1.2.1 Constitutional and Legislative Mandate

The Constitution of the Republic of South Africa (1996) explicitly outlines the concurrent function of tourism in the country. Part A of Schedule 4 of the Constitution lists tourism as a

functional area of concurrent national and provincial legislative competence. Part B of Schedule 4 lists tourism as a local government competency. The concurrent nature of the tourism function has its challenges that can only be addressed through cooperation and collaboration amongst the three spheres of government in the country.

At a legislative level, the Tourism Act of 2014 (No. 3 of 2014) enjoins the Minister of Tourism to perform specific tasks to drive tourism policy and strategic direction. The Committee is still awaiting the introduction of the Tourism Amendment Bill to Parliament by the Minister of Tourism to address the legislative and policy gaps that have been identified in the current enabling Tourism Act. The Tourism Amendment Bill will be drafted once the Department has finalised the policy review process which is currently underway.

1.2.2 Policy mandate

The mandate of the Department is driven through the White Paper on the Development and Promotion of Tourism in South Africa (1996) and a number of strategies at a national level. The significant policy instruments and strategies are provided hereafter:

1.2.2.1 The National Development Plan

The National Development Plan (NDP) is the blueprint of government that recognises tourism as one of the main drivers of employment and economic growth. The target of the NDP is to create an additional 11 million jobs by 2030, and tourism plays a huge role towards attaining that goal, including other factors. The NDP envisions tourism as a major source of revenue and employment creation for the country through investment in infrastructure, product and service development. It envisages rising employment, productivity and incomes as a way to ensure a long-term solution to achieve a reduction in inequality, an improvement in living standards, and ensuring a dignified existence for all South Africans.

The Committee will conduct oversight on the 2030 targets to ascertain the growth that is being realised after the dire impact of the COVID-19 pandemic on the sector.

1.2.2.2 The New Growth Path

The New Growth Path (NGP) acknowledges tourism as one of the six economic pillars of South Africa. Tourism is recognised as a labour-intensive sector, with a wide value chain that cuts across various economic sectors. The NGP intends to address unemployment, inequality and poverty in a strategy that is principally reliant on creating a significant increase in the number of new jobs in the economy. The NGP thus envisages tourism as a vehicle to expedite transformation and inclusive tourism growth that encourages participation of all South Africans in the mainstream economy.

1.2.2.3 The White Paper on the Development and Promotion of Tourism in South Africa

The year under review was governed by the White Paper on the Development and Promotion of Tourism in South Africa (1996). The Committee is pleased that the Department has finalised the new White Paper on the Development and Promotion of Tourism which was gazetted on 4 October 2024. The Committee is yet to familiarise itself with this policy so that it becomes an integral part of the oversight work ahead.

1.2.2.4 The National Tourism Sector Strategy

The Department is implementing the National Tourism Sector Strategy (NTSS) that spans a 10-year period (2016 - 2026). The vision of the NTSS is for South Africa to be a top world responsible tourism destination, a safe, rapidly and inclusively growing tourism economy that leverages South Africa's competitive edge in nature, culture and heritage, underpinned by Ubuntu and supported by innovation and service excellence.

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

The period under review was the final year of implementing the 2019 - 24 Medium Term Strategic Framework (MTSF), which purported and gave effect to the implementation of the NDP Vision 2030. The MTSF recognised tourism as a national priority sector that can play a key role in the country's economic transformation, addressing unemployment challenges and developing a better Africa and world. The Seventh Parliament will integrate the Medium-Term

Development Plan (MTDP) in its oversight mechanism, which outlines the priorities for growth for the newly established Government of National Unity (GNU).

1.2.2.6 The Economic Reconstruction and Recovery Plan (ERRP)

The Economic Reconstruction and Recovery Plan (ERRP), published in late 2020, is the country's plan for overall economic recovery after the COVID-19 pandemic. The ERRP identifies eight priority interventions to drive the reconstruction and recovery of the South African economy. In addition to tourism being identified as one of the priority areas of intervention in the ERRP, the tourism sector has a contribution to make to a number of other priorities of the ERRP.

1.2.2.7 The Tourism Sector Masterplan

The Tourism Master Plan, derived from the Sector Recovery Plan developed as a response to COVID-19, aims to galvanise government, industry, and labour to collectively share a common vision that will position the tourism industry on an inclusive and sustainable competitive path for the benefit of all South Africans.

1.2.2.8 State of the Nation Address (SONA)

The Committee acknowledges that starting in 2021, the SONA has always promised paramount interventions that were going to assist the sector, such as improving the country's visa regime. The Committee looks forward to better policy announcements in the SONA in future as there are promising developments being implemented by the GNU in the visa regime space.

1.3 Strategic Outcome Oriented Goals of the Department and Delivery Agreement targets for 2023/24

In line with its vision of complementing the national priorities, the Department identified objectives that would accelerate the delivery of services in the tourism sector. Outlined below are the strategic outcomes of the Department, as stated in the 2020/21 – 2024/25 Strategic Plan, which correlate with Government's Outcomes, namely:

1.3.1 Strategic priorities for 2023/24

The Department pursued the following priorities in the 2019 – 2024 government Medium Term Strategic Framework:

- Priority 1 - Building a capable, ethical and developmental State;
- Priority 2 - Economic Transformation and Job creation; and
- Priority 7 - A better Africa and world.

In line with the MTSF, the work of the Department of Tourism over the medium term was outlined to focus on:

- Strengthening capabilities internally to ensure the long-term sustainability of the sector;
- Enhancing and maintaining core tourism assets and infrastructure, and in so doing creating work opportunities;
- Supporting historically disadvantaged tourism enterprises;
- Implementing norms and standards for safe operations across the tourism value chain; and
- Enhancing tourism safety in collaboration with the South African Police Service.

The 2023/24 strategic priorities are captured in Table 1.

Table 1: Strategic priorities for 2023/24

Outcome	**MTSF Outcome**	**MTSF priority supported**
Priority 1: Building a capable, ethical and developmental State	• Conducting business in a manner that creates public confidence in the state. • This requires excellent systems for the management of public resources, ridding the system of any inefficiency and enabling oversight by institutions of the state in the interest of the public.	Achieve good corporate and cooperative governance.
Priority 2: Economic Transformation and Job creation.	• Jobs created, contribution to GDP, and revenue generated from tourism activity. Observing principle of inclusivity to drive tourism-sector transformation.	Increase the tourism sector's contribution to inclusive economic growth.
Priority 7: A better Africa and world	• Increasing tourism's economic contribution driven by an increase in domestic and international tourist arrivals and tourist spend.	Increase the tourism sector's contribution to inclusive economic growth.

Source: Department of Tourism Annual Performance Plan – 2021/22 – 2023/24

In response to the above, the Department has adopted several initiatives. These include:

Priority 1: Capable, Ethical and Developmental State

- The Department has created a competent procurement system based on the principles of fairness, equity, transparency, competition, and cost-effectiveness.

- Deviations from standard procurement of goods and services are explained and approved by the relevant authority.

Priority 2: Economic Transformation and Job Creation

- The Department aids economic development through programmes such as the Tourism Incentive Programme (TIP), Investment Coordination, Skills Development Programme and Enterprise Development Programme. It also participates in public employment programmes, including the Expanded Public Works Programme (EPWP), which has skills, as well as infrastructure development components.

- The activities carried out through the EPWP in the tourism sector are aimed at enhancing and developing tourism infrastructure through labour-intensive methods targeted at young people, women, unemployed people, people with disabilities (PWDs) and small, medium, and micro enterprises (SMMEs).

- The Department implemented the Enterprise Development and Transformation Programme (EDTP). Under this programme, support is provided through incubators such as the Community-Based Tourism Enterprises and Business Advisory Services.

Priority 7: A better Africa and World

- Engagements with BRICS counterparts, which resulted in the signing of a Communique among Ministers in October 2023. The Communique outlines areas of collaboration among the BRICS countries to build a robust, sustainable, and inclusive tourism revival.

- Diplomatic outreaches to promote bilateral tourism relations and address travel barriers. In 2023, the Department engaged both Kenya and China. The Outreach Programmes

served as a platform to unlock tourism barriers, facilitate ease of access, and position South Africa as a preferred destination.

The Department's strategic focus for the financial year was:

- Protecting and reigniting the demand for tourism to ensure the sector's contribution to economic growth.
- Enhancing and maintaining core tourism assets and infrastructure and thereby creating work opportunities.
- Supporting historically disadvantaged tourism enterprises.
- Implementing spatial planning and infrastructure projects to build capacity in the township and rural economies.

1.4 Purpose of the Budgetary Review and Recommendation Report

The Budgetary Review and Recommendation Report (BRRR) compilation process is governed by the Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009). The Act sets out the process that allows Parliament to make recommendations to the Minister of Finance to amend the budget of a national department. In October of each year, the Committee must compile the BRRR that assesses service delivery performance given available resources; evaluate the effective and efficient use and forward allocation of resources; and may make recommendations on forward use of resources. The BRRR also acts as a source document for the Standing/Select Committees on Appropriations/Finance when making 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.

1.5 Method

The Minister of Tourism tabled in Parliament the Annual Reports for the Department and SA Tourism. The Annual Report for the Department was published in the parliamentary Announcements, Tablings and Committee Reports (ATC No 53 – 2024 of Thursday, 3 October 2024) . The Committee then scheduled a series of meetings to scrutinise and get more insights

into the financial and non-financial performance of the tourism portfolio in the year under review. On 08 October 2024, the Committee convened a meeting with the Office of the Auditor-General (AGSA), and the Department on the departmental annual performance outcomes. On 15 October 2024, the Committee convened a meeting with SA Tourism. These meetings were convened in preparation of drafting and tabling the 2024 Committee's Budgetary Review and Recommendation Report.

1.6 Outline of the contents of the Report

The Report is made up of five constituent parts as follows:

(i) Constitutional, legislative and policy mandate of the Committee and the process that was followed in developing this Budgetary Review and Recommendation Report.
(ii) Previous financial performance of the Department on both financial and non-financial aspects.
(iii) Financial, non-financial and service delivery issues for the period under review.
(iv) Key findings/observations from the oversight work of the Committee, public hearings and research by external stakeholders that inform the recommendations.
(v) Recommendations to the Ministers of Finance and Tourism in terms of the budgetary requirements, performance, and service delivery improvement of the Department.

2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

The Government's legislative, policy and strategic frameworks were aligned to the overall mandate of tourism in the country by the Sixth Parliament's Committee. There was a need to review some strategies and policies to be perfectly aligned to the Vision 2030 of the National Development Plan. The Department has finalised the process of the policy review as indicated in this Report. The new policy review addresses a number of gaps raised by the Committee and the tourism sector at large over the years to ensure that the country is competitive with other comparative tourism destinations.

2.1 Key Government policies

The following legislation, policies and strategies are due for review within this medium term:

- Tourism Act, No. 3 of 2014.
- National Grading System.
- National Tourism Sector Strategy, 2016.

2.1.1 Policy review process

The new White Paper on the Development and Promotion of Tourism in South Africa addresses a number of issues, including, but not limited to:

- Implementation of a research-based tourism safety response programme in partnership with relevant agencies;
- Development and regular review of a tourism crisis management framework to enable a response to crises;
- Implementation of Tourism BBBEE Codes & strengthening mechanism for access to finance;
- Facilitation of ease of access to the destination, especially as it relates to immigration and transport;
- Recommitting the sector to the responsible tourism agenda;
- Regulation of short-term rental accommodation to ensure policy certainty.

The White Paper focuses on four policy thematic areas with a specific focus under each.
The four thematic areas are:

- Evolving former policy areas: Tourism governance, safety and security management and transformation.
- Emerging policy issues: Embracing technology, crisis management, accessing the destination, quality visitor services, skills supply and employment.
- Policy issues for targeted growth: Prioritising rural & peri-urban tourism, enhancing domestic tourism for destination resilience and destination marketing and branding.

- Sustainable growth model: Responsible tourism, knowledge management research and insights, tourism diplomacy and tourism trade & investment.

2.2 Overview of the revised Strategic Plan and Annual Performance Plans

The revised Annual Performance Plan for 2023/24 aligned to the tabled 5-year Strategic Plan. The Department performs its mandate through four Programmes, namely, Programme 1: Administration; Programme 2: Tourism Research, Policy and International Relations; Programme 3: Destination Development; and Programme 4: Tourism Sector Support Services.

2.2.1 Budget allocation in line with the reviewed strategic plan

The Department receives a total budget of R7.9 billion over the medium term. Transfers to South African Tourism account for an estimated 53.3 per cent (R4.2 billion) of this amount over this period. Expenditure is expected to increase at an average annual rate of 3.3 per cent, from R2 502.4 billion in 2022/23 to R2 637.2 billion in 2024/25. The Department's 2023/24 budget allocation amounts to R2 524.2 billion, of which R374.5 million is allocated to fund Compensation of Employees. An amount of R564.5 million is budgeted for Goods and Services, R1 581.8 billion for Transfers and Subsidies and R3.5 million for the payment of Capital Assets.

The overall budget allocation to the Department increases by 0.87 per cent in nominal terms when compared to the budget of R2 502.4 billion in 2022/23 to R2 524.2 billion in 2023/24. The Department organises its expenditure under four programmes, these are:

- Programme 1: Administration (R324.9 million);
- Programme 2: Tourism Research, Policy and International Relations (R1 435.2 billion);
- Programme 3: Destination Development (R401.1 million); and
- Programme 4: Tourism Sector Support Services (R363.0 million).

2.2.2 Departmental programmes

The Department was pursuing the strategic objectives and the strategic outcome-oriented goals through these four Programmes as outlined in Table 2.

Table 2: Departmental Programmes

Programme	Name of the Programme	Purpose of the Programme
Programme 1	Administration	To provide strategic leadership, management and support services to management. The sub-programmes for Programme 1 are Ministry; Management; Corporate Management; Financial Management; and Office Accommodation.
Programme 2	Tourism Research, Policy and Internal Relations	To enhance a strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations. The related strategic outcome-oriented goal is to achieve good corporate and cooperative governance
Programme 3	Destination Development	To facilitate and co-ordinate destination development. The strategic outcome-oriented goal is to increase the tourism sector's contribution to inclusive economic growth.
Programme 4	Tourism Sector Support Services	To enhance transformation of the sector, increase skills levels and support its development and to ensure that South Africa is a competitive tourism destination. The strategic outcome-oriented goal is to increase the tourism sector's contribution to inclusive economic growth.

Source: Adapted from the Department of Tourism 2023/24 Annual Performance Plan

The main cost driver in Vote 38 is Programme 2 (Tourism Research, Policy and International Relations), which consumes more than half (approximately 56.9%) of the total Vote allocation. This is mainly due to the significant transfer to the Department's Entity, South African Tourism. All the Departmental programmes had considerable budget allocation decreases, in real terms, with Programme 1 (Administration) experiencing a decrease of 6.20 per cent in allocation. The major cost driver under Programme 1 was the sub-programme Corporate Management. The sub-programme includes the Deputy-Director General: Corporate Management, Human Resources, Communication, Legal Services, Strategy and Systems, Information and Communication Technology, and Internal Audits.

The cost driver, Working for Tourism the Expanded Public Works Programme, under Programme 3 (Destination Development) sees an increase from R312.4 million in 2022/23 to R334.8 million in the 2023/24 financial year. Programme 3 includes activities such as route

development projects, destination enhancement initiatives and infrastructure maintenance programmes. These activities are significant as job creators and for destination product development.

The cost driver under Programme 4 (Tourism Sector Support Service), which is the Tourism Incentive Programme, also experienced a marginal increase for the year, from R242.8 million in 2022/23 to R243.1 million in 2023/24. The Committee noted the decrease, in real terms, in allocation for both programmes 1 and 4 and that it had implications for the Department's policy priorities.

2.3 Overview of key developments in the organisational and service delivery environments of the Department for 2022/23 and 2023/24 MTEF cycle.

The significant developments in the period under review include, but are not limited to:

- Dissolution of the Board of South African Tourism by the Minister and appointment of a three-member Board for the Entity,
- The 2023/24 appropriation of budget to Vote 38 with conditions,
- Approval by Cabinet of the Green Paper on the Development and Promotion of Tourism in South Africa,
- Out of court settlement that resolved the interdict against the implementation of the R1.2 billion Tourism Equity Fund,
- Intervention by the Committee to stop the R910,997.75 million sponsorship deal to Tottenham Hotspur Football Club,
- Summoning of the former Minister, Lindiwe Sisulu, to attend Committee meetings,
- A number of investigations commissioned by the Department and SA Tourism,
- Intervention through the Development Bank of Southern Africa in the implementation of tourism infrastructure projects, and
- Cases opened by the Department against companies and officials with regard to financial malfeasance in the implementation of tourism infrastructure projects.

3. SUMMARY OF PREVIOUS YEAR KEY FINANCIAL AND NON-FINANCIAL PERFORMANCE RECOMMENDATIONS OF THE COMMITTEE

3.1 2022/23 BRRR recommendations

The Committee did not receive any responses from the Minister of Tourism to the recommendations made in the 2022/23 financial year. The Committee should ensure that the Minister responds to the BRRR recommendations in the subsequent years.

3.2 Oversight reports

As reported in the 2023 BRRR, the Committee undertook one oversight visit and a study tour during the period under review. The oversight visit was undertaken to the North West Province on 18-21 April 2023.

The Committee observed the following issues in the North West province, some of the observations included, but were not limited to:

- The Department is involved in projects that are not investment ready, such as in the case of Legaga La Nkwe, where the Environmental Impact Assessment had not been completed.
- Poor Community participation in project conceptualisation and implementation leading to ownership challenges and vandalism of infrastructure. This included a call for sub-contractors to be from the local community for the 30 per cent value of the project and employment of local people in projects' construction.
- The general observation was that roads in the province are not in a good condition appropriate for a tourism destination. There are also poor roads leading to project sites and there is lack of tourism signage.
- Vandalism, dilapidation and negligence of projects, with structures stripped off all the fittings, including electricity wiring and bathroom amenities.
- Slow pace of law enforcement where the Committee observed that there was no prosecution on all cases that had been opened on vandalised projects.
- There was no information availed to the Committee on the forensic audits and the investigations of the Public Protector in some projects.

- Poor project designs and inferior workmanship whereby the Committee observed poor workmanship and unusable project concepts.
- Involvement of the Development Bank of Southern Africa who had taken over implementation of all the infrastructure projects supported by the Department.
- Need for revised project planning in Lotlamoreng Dam and improved intergovernmental coordination and collaboration to render the project a comprehensive project precinct, incorporating Credo Mutwa's site and the Mahikeng concentration camp cemetery.
- Lack of institutional capacity for the Department to implement infrastructure projects, thus the need for the? planned establishment of a Project Unit in the Department.
- The Committee observed poor value for money with cost escalations and projects needing more money for completion.

4. OVERVIEW AND ASSESSMENT OF FINANCIAL PERFORMANCE

The Committee assessed the budget allocation and expenditure trends in the sector over the 2019/20 - 2023/24 financial years to establish the trends for Vote 38. As always, the assessment confirmed the trend that the Department always spends almost 100 per cent of its allocated budget whilst failing to equivalently achieve the set targets. The year under review was, however, inspiring as the Department obtained a Clean Audit outcome.

4.1 Budget and expenditure 2019/20 – 2023/24

Budget allocation over the five-year period increased steadily, albeit inadequate to satisfy the needs of the sector. Table 3 depicts budget allocation over the period under review as compared with the previous financial years.

Table 3: Overview of budgetary allocation and expenditure 2019/20– 2023/24

		% change from	* Voted Allocation	** % change from previous		Expenditure (R'million)	Expenditure as a

Year	Voted Allocation (R'million)	previous year (nominal)	adjusted for inflation (R'million)	year (adjusted for inflation)	Adjusted Allocation (R'million)		percentage of Adjusted Allocation (%)
2019/20	2 392,7				2 392,7	2 384,4	99.7%
2020/21	2 480,1	3,5%	2 375,6		1 426,9	1 392,2	97,6%
2021/22	2 429,6	-2,1%	2 331,7	-1,8%	2 545,3	2 537,8	99,7%
2022/23	2 491,6	2,5%	2 384,3	2,3%	2 502,4	2 473,7	98.9%
2023/24	2 524,2	1,3%	2 406,3	0,9%	2 460,5	2 372,3	96.4%
* Real change in Rand value ** Real change in percentage terms							

Source: Calculation adapted from previous ENEs

In the 2019/20 financial year the Department was allocated R2.392 billion and was able to spend R2.384 billion, translating to 99.7 per cent expenditure. In the 2020/21 financial year the Department was allocated R1.426 billion and was able to spend R1.392 billion, translating to 97.6 per cent expenditure. In the 2021/22 financial year the Department was allocated R2.5 billion and was able to spend 99.7 per cent. In the 2022/23 financial year, the Department was allocated R2.5 billion and was able to spend R2.47 billion, equivalent to 99 per cent expenditure. In the 2023/24 financial year under review, the Department was allocated R2.461 billion and was able to spend R2.372 billion, which is equivalent to 96.4 per cent expenditure.

5. FINANCIAL PERFORMANCE FOR 2023/24

The financial performance of the Department in the year under review is as follows:

5.1 Financial statements for the 2023/24 financial year

The Department of Tourism's adjusted appropriation for 2023/24 amounted to R2.461 billion. This was a decrease from the initial main appropriation of R2.524 billion.

Table 4: Financial Statement of 2023/24

Programme	Main Appropriation	Adjusted Budget	Actual Expenditure	Virement	Expenditure as % of available budget	Underspending/ Overspending	% Underspending/ Overspending

	R'000	R'000	R'000	R'000	%	R'000	%
1. Administration	324 891	330 111	303 112	(17 284)	96.9%	9 715	3.1%
2.Tourism Research, Policy & International Relations	1 435 238	1 378 213	1 367 469	576	99.2%	11 320	0.8%
3.Destination Development	401 105	396 533	359 972	25 750	85.2%	62 311	14.8%
4.Tourism Sector Support Services	363 010	355 688	341 699	(9 042)	98.6%	4 947	1.4%
TOTAL	**2 524 244**	**2 460 545**	**2 372 252**		**96.4%**	**88 293**	**3.6%**

Source: Department of Tourism Financial statements - 2023/24

The Department of Tourism's budget was adjusted from R 2.52 billion to R2.46 billion for the 2023/24 financial year. At the end of the financial year, the Department spent R2.37 billion or 96.4 per cent of the allocated budget. This translates to R88.3 million or 3.6 per cent underspending for the year. At the end of the financial year, the Department spent R2.372 billion or 96.4 per cent of the available budget of R2.461 billion, and incurred total under expenditure of R88.8 million.

The underspending is mainly attributable to:

- *Programme 1: Administration* (R9.7 million): Most of the underspending lies within the Compensation of Employees (CoE) line item due to the slow filling of posts. This was exacerbated by the measures for cost containment of Compensation of Employees on vacant posts. The slight saving under Goods and Services is attributed to the implementation of cost containment measures by National Treasury directives.

- *Programme 2: Tourism Research, Policy, and International Relations* (R11.3 million): The bulk of this underspending lies within the Compensation of Employees line item due to delays in the filling of posts, which was exacerbated by several posts being frozen. The savings under transfers and subsidies for the United Nations World Tourism Organization (UNWTO) contributions are attributed to fluctuations in foreign currency exchange rates.

- *Programme 3: Destination Development* (R62.3 million): The bulk of this underspending lies within the Compensation of Employees line item due to the slow

filling of posts. The underspending under Goods and Services is due to the Department not receiving approval to utilise the entire Expanded Public Works Programme (EPWP) Incentive budget, as the Department did not meet the job creation full-time equivalents job targets set by the Department of Public Works and Infrastructure (DPWI).

- *Programme 4: Tourism Sector Support Services* (R4.9 million): The bulk of this underspending lies within the Compensation of Employees line item due to the slow filling of posts, which was exacerbated by frozen posts. The slight saving under Goods and Services is due to the implementation of cost containment measures as per National Treasury directives.

5.1.1 Quarterly spending trends

The Department had a steady increase in expenditure during the 2023/24 financial year. Cumulatively, in terms of financial performance, the Department spent R2.372 billion (96.4%) of the R2.461 billion adjusted budget. The Department incurred an under expenditure of R88.3 million (3.6%) of its allocated budget. The achievement of the predetermined objectives at 93.48 per cent was commensurate to the 96.4 per cent expenditure. At the end of the financial year, the Department achieved 43 (93.48%) of the 46 targets identified for the year. The Department reported that, while not achieved, it had completed significant work towards 3 (4.35%) targets, whilst one target (2.17%) was not achieved, with intervention required. The performance of the Department over the four quarters of the year culminated in achieving a clean audit opinion from the Auditor-General.

The quarterly spending trends of the Department are depicted in Table 5.

Table 5: Quarterly spending trends

Programme	Quarter	2023/24 ENE Allocation (R'000)	Actual Expenditure (R'000)	Actual Expenditure as % of ENE Allocation	% Cumulative Projected Expenditure	Variance from projected expenditure	% Variance from Cumulative Projected Expenditure
		R'000	R'000	R'000	R'000	R'000	%
Programme 1	Q1	324.9	75.8	23.3%	77.4	1.6	2.1%

	Q2	324.9	154.2	47.5%	155.2	0.9	0.6%
	Q3	324.9	220.1	66.7%	224.8	4.4	2.1%
	Q4	324.9	303.1	96.9%		9.7	3.1%
Total							
Programme 2	Q1	1 435.2	606.1	42.2%	966.8%	360.7	37.3%
	Q2	1 435.2	622.6	43.4%	1 120.7	498.1	44.4%
	Q3	1 435.2	1 134.2	82.3%	640.7	-493.4	-77.0%
	Q4	1 435.2	1 367.5	99.2%		11.3	0.8%
Total							
Programme 3	Q1	401.1	50.8	12.7%	143.9	93.1	64.7%
	Q2	401.1	84.4	21.0%	201.9	117.5	58.2%
	Q3	401.1	141.8	35.8%	151.7	9.9	6.6%
	Q4	401.1	360.0	85.2%		62.3	14.8%
Total							
Programme 4	Q1	363.0	37.3	10.3%	59.4	22.1	37.2%
	Q2	363.0	70.0	19.3%	94.8	24.72	26.1%
	Q3	363.0	253.9	71.4%	233.9	-20.0	-8.5%
	Q4	363.0	341.7	98.6%		5.0	1.4%
Total							

Source: Adapted from 2023/24 Standing Committee on Appropriations quarterly reports

5.1.2 First Quarter performance for the 2024/25 financial year

The allocated budget for the Department in the 2024/25 financial year amounts to R 2.4 billion. The projected expenditure for quarter one was R1.2 billion. At the end of quarter one, the Department had spent R1.1 billion or 46 per cent of the allocated budget. This translates to an underspending of R103.9 million or 8.6 per cent for the quarter. The underspending was due to delays in payments towards the Tourism Incentive Programme and National Tourism Careers Expo. There were also delays with the verification of internal submission documents, which resulted in delays in the approval of payments. In addition, the transfer payment to South African Tourism was reduced as the Entity requested a reduced amount than originally projected.

Table 6 depicts the budget allocation and spending pattern in the first quarter of the 2024/25 financial year. The trend is similar to the previous financial year where there was underspending in the first quarter.

Table 6: First Quarter financial performance for 2024/25

Programme	Main Appropriation	Adjusted Budget	Actual Expenditure	Expenditure as % of available budget	Q1 Projected expenditure	Variance from projected expenditure	% Variance from projected expenditure
	R'000	R'000	R'000	%	R'000	R'000	%
1. Administration	359.4	359.4	76.1	21.2%	89.4	13.3	14.9%
2.Tourism Research, Policy & International Relations	1 335.6	1 335.6	922.1	69%	1 001.1	79.0	7.9%
3.Destination Development	367.8	367.1	66.8	18.2%	58.4	-8.4	-14.4%
4.Tourism Sector Support Services	318.1	318.1	37.1	11.7%	57.2	20.1	35.2%
TOTAL	**2 380.9**	**2 380.9**	**1 102.1**	**46.3%**	**1 206.1**	**103.9**	**8.6%**

Source: National Treasury: SCOA Report Quarter 1 (2024/25)

The expenditure per programme was as follows:

- Programme 1: Administration: Actual spending until the end of quarter one amounted to R76.1 million or 21.2 per cent of the programme's annual budget of R359.4 million. This translates to a slow spending of R13.3 million or 14.9 per cent against the projected expenditure of R89.4 million. This was mainly due to the expenditure relating to parliament events that were planned to take place during quarter one but have been delayed, and compensation of employees due to vacant posts.

- Programme 2: Tourism Research, Policy and International Relations: Actual spending until the end of quarter one amounted to R922.1 million or 69 per cent of the programme's annual budget of R1.3 billion. This translates to a slower spending of R79 million or 7.9 per cent against the projected expenditure of R1 billion. This was due to a reduced transfer payment to South African Tourism, as the entity requested lesser funds than originally projected.

- Programme 3: Destination Development: Actual spending until the end of quarter one amounted to R66.8 million or 18.2 per cent of the programme's total annual budget of R367.8 million. This translates to a faster than projected spending with the Department overspending by R8.4 million or 14.4 per cent against the projected expenditure of R58.4 million. This was mainly due to payments made towards the Expanded Public

Works Programme (EPWP), which was projected to be spent later in the financial year. The contract milestones were achieved earlier than expected, triggering the payment of training and development expenses within the EPWP projects.

- Programme 4: Tourism Sector Support Services: Actual spending until the end of quarter one amounted to R37.1 million or 11.7 per cent of the programme's total annual budget of R318.1 million. This translates to a slower than projected spending, as the Department underspent R20.1 million or 35.2 per cent against the projected expenditure of R57.2 million. This was mainly due to delays in payments towards the Tourism Incentive Programme and National Tourism Careers Expo, due to verification of internal submission documents which resulted in delays in the approval of relevant payments**.**

5.4 Auditor-General Report

The summary report of the Auditor-General is presented for both the Department and SA Tourism.

5.4.1 Auditor-General's Report with regard to the Department of Tourism

(i) Audit Opinion

The Department obtained an unqualified audit with no findings (Clean Audit) in the 2023/24 financial year. This is an improvement from the unqualified audit with findings obtained in the 2022/23 financial year. The Committee commends the sterling work achieved by the Department in the year under review.
However, the Auditor General raised the following

(a) There was no improvement in relation to the area of compliance with applicable legislation on contracts managed by an agent. Instances of non-compliance with supply chain management legislation were identified in relation to awarding tenders on behalf of the National Department of Tourism (NDT) by the Development Bank of Southern Africa (DBSA).

(b) Some winning bidders submitted Compensation of Occupational Injuries and Diseases Act (COIDA) certificates indicating to be valid. However, upon verification online, the system indicated that the COIDA certificate had expired at the tender closing date, resulting in non-compliance with Section 217 of The Constitution; Section 51(1) (a)(iii) of the PFMA; Regulation 4(2) of PPR 2017 and Paragraph 6 of the Development Bank of Southern Africa (DBSA's) SCM policy. This was due to lack of oversight and monitoring of compliance with supply chain management prescripts and a lack of verification of the authenticity of COIDA certificates by DBSA. Other findings identified during the audit of supply chain management at DBSA, included a matter where a project was not registered in the register of construction contracts with the CIDB within 21 working days. Furthermore, instances wherein preference points were incorrectly allocated.

The Auditor-General recommended that the Accounting Officer obtains a written assurance that the DBSA implements effective, efficient and transparent supply chain management controls. This should be followed by regular (monthly) monitoring of such implementation.

The Committee notes that the instances of non-compliance emanated from control deficiencies that arose at the implementing agent of the tourism infrastructure projects, DBSA. As such, the Committee will monitor how the Department enhances its oversight into the work done by the DBSA.

(ii) Pre-determined Objectives

No material findings were made on the reported performance information for the selected indicators and Programmes: Programme 3 (Destination Development) and Programme 4 (Tourism Sector Support Services).

(iii) Financial Statements:

The Auditor General's report states that the financial statements of the Department present fairly, in all material respects, its financial position as of 31 March 2024.

The Department's financial performance and cash flows for the year ended in accordance with the Modified Cash Standard (MCS), as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2023 (No.5 of 2023) (DORA).

(iv) Matter of emphasis

Breach of information and communication technology systems. The AGSA drew attention to note 26 of the annual financial statements, which deals with non-adjusting events after the reporting date. The Department's information and communication technology systems were breached on 22 July 2024.

(v) Compliance with Laws and Regulations

The Auditor-General reported that no material non-compliance with selected legislative requirements was identified.

(vi) Internal Control Deficiencies

The Auditor-General reported that no significant deficiencies in internal controls were identified.

5.4.2 Auditor-General's Report with regard to the SA Tourism

(i) SA Tourism received a qualified audit opinion with findings in the 2023/24 financial year. The following issues were the causes of the qualified audit opinion:

- Payables from Exchange Transactions - insufficient appropriate audit evidence for trade payables and accrued liabilities included in payables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts.

- Marketing Expenditure - recognised marketing expenditure using purchase orders instead of actual invoices from suppliers, which constitutes a departure from GRAP 1, Presentation of Financial Statements.

- Cash Flow Statement - net cash flows from operating activities were not correctly prepared and disclosed as required by standards of GRAP 2, Cash Flow Statements.

- Cash and Cash Equivalents - insufficient appropriate audit evidence for cash and cash equivalents as the balance did not agree to the general ledger and bank reconciliations were not adequately prepared to reconcile differences between 31 March 2024 bank statements and underlying records. Unable to confirm cash and cash equivalents by alternative means.

- Internal Control Deficiencies - management did not implement adequate internal controls to ensure the preparation of accurate financial statements as numerous material misstatements were identified that resulted in the modification of the auditor's opinion.

- Senior management did not establish and implement sufficient procedures to prevent the occurrence of irregular expenditure.

5.5 Summary of key issues contained in reports of Finance/Appropriation Committees

In the period under review, the Department and SA Tourism did not have any matters reported by the finance and appropriation committees.

5.6 Summary of key financial issues contained in any other relevant report(s)

The Standing Committee on Public Accounts (SCOPA) did not report any matters with regard to the Department of Tourism and SA Tourism.

5.7 2023/24 MTEF financial allocations

5.7.1 Summary of funding submissions to the National Treasury for the 2023/24 MTEF.

The funding submissions made to the National Treasury for the 2022/23 financial year were that the Minister of Finance:

(vii) Conducts a cost-benefit analysis of merging SA Tourism and Brand SA and provide some advice on the appropriate trajectory to be taken by the government in this regard.

(viii) Provides ring-fenced budget for developing and promoting domestic tourism in South Africa to assist the country to be on par with other mature destinations.

6. OVERVIEW AND ASSESSMENT OF SERVICE DELIVERY PERFORMANCE

The service delivery performance assessment is presented for both the Department and SA Tourism.

6.1 The Department of Tourism

The Department executes its mandate through four programmes, i.e., Administration; Tourism Research, Policy and International Relations; Destination Development; and Tourism Sector Support Services. Table 6 shows the performance of the Department against its predetermined objectives. The Department had 46 targets for the year under review and was able to achieve 43 (93.4%). Two targets (4.35%) were not achieved but a significant amount of work had been done. Only one target (2.17%) was not achieved with an intervention required.

Table 7: Achievement of Targets Per Programme

Programme	Planned Targets	Achievement		Non Achievement		
		Total Achieved	% achieved	Not achieved, significant work done	Not achieved, intervention required	% not achieved
1. Administration	13	10	76.3%	2	1	23.7%
2. Tourism Research, Policy and International Relations	11	11	100%	0	0	0%
3. Destination Development	8	8	100%	0	0	0%
4. Tourism Sector Support Services	14	14	100%	0	0	0%
Total	**46**	**43**	**93.48%**	**2**	**0**	**6.52%**

Source: Adapted from DoT Annual Report 2021/22

The 93,48 per cent achievement of targets by the Department is highly commendable. Three of the Department's programmes achieved 100 per cent of its targets, which is for the first time in the year under review. The achieved targets include some of the key economic and social initiatives in the sector that support job creation, enterprise development and support, skills development and infrastructure development and maintenance. These initiatives include the Tourism Incentive Programme, Working for Tourism Programme, Green Incentive Programme and several capacity-building programmes.

The Department was not able to achieve all its targets under Programme 1 (*Administration*), resulting from a high vacancy rate, delays in the filling of senior management posts and compliance in the submission of invoices within 30 days. The Department has acknowledged its challenges around these issues and has indicated that it will adopt the necessary measures to address them.

6.1.1 Programme performance

The following section provides an outline of each programme's performance, including the reasons for the unmet targets.

6.1.1.1 Programme 1: Administration

This Programme is committed to creating a capable Department and strengthening institutional capability to deliver on departmental outputs. It focuses on the development of requisite human capabilities, improving institutional systems and automated business processes. The Branch is committed to promoting good governance and adequate systems of internal control through oversight over SA Tourism.

Table 8: Programme 1: Administration

Total Targets set	12
Targets achieved	9 (75%)
Targets not achieved	3 (25%)
Budget allocated	R324.9 million
Final appropriation	R312.8 million
Budget spent	R303.1 million (96.9%)
Underspending	R9.7 million (3.1%)

Table 8 shows that the Department achieved only nine of its 12 targets at the end of the year, while spending 96.9 per cent of its budget. The Department underspent by R9.7 million. Spending and performance are not aligned. The Department continued with its support of small, micro, and medium enterprises (SMMEs), as it exceeded its spending on these at 57.9%, about 17.9 per cent above the set target of 40 per cent. The Department has maintained this support to SMMEs throughout the year and its efforts are commended. This achievement is in line with its strategic objective to invest in the development of enterprises in the sector.

The target on the 100 per cent payment of compliant invoices within 30 days saw a slight regression to 99.7 per cent. The Committee urges consistency in the achievement of this target to be maintained, as the Department struggled in the first two quarters of the year to fully achieve this target. Paying invoices on time ensures the sustainable running of small businesses, especially historically disadvantaged businesses that supply services to the Department. In turn, it ensures that the Department achieves its strategic objective of contributing to the economy and ensuring sustainable employment of workers in these enterprises.

The Department achieved its target on 40 per cent procurement from women-owned SMMEs. Performance on this target has improved greatly from quarter one, which stood at 31.94 per cent.

The annual target for developing instruments to improve oversight at South African Tourism was achieved. This focused on the development of an oversight report, steps towards developing an oversight framework, and consultations towards revising the governance protocol. All three initiatives aim to strengthen the Entity's transparency and accountability in its reporting to the Department. With the Entity’s regression in performance, as reported by the Auditor-General of South Africa, the Department will have to ensure the efficient implementation of these tools.

The target on maintaining the vacancy rate below 6 per cent was not achieved, with the current rate almost double the targeted rate, at 11.5 per cent. The natural attrition of employees and cost containment measures have been reported as some of the issues influencing the high vacancy rate in the Department.

The employment equity target on the representation of women at the Senior Management Service (SMS) level was partially achieved at 46 per cent against the planned threshold of 50 per cent. The Department has been unable, throughout the year, to achieve this target. In quarter three, the target was partially achieved at 47.5 per cent, in quarter two it was at 48.8 per cent and in quarter one at 47.7 per cent. Reasons previously cited by the Department for this include resignations and retirements at that level.

The Department maintained its minimum representation of employees with disabilities at 4.8 per cent, which is above the national target of 2 per cent, and the Committee applauds this important achievement. The Department also reported good progress in implementing its Audit Action Plan for the year.

6.1.1.2 Programme 2: Tourism Research, Policy, and International Relations

This Programme provides support to the Department and tourism sector through the provision of the following services: Research; Statistics; Knowledge Management; Monitoring and Evaluation; Policy and Strategy Development; International Relations; and Strategic Sector Partnerships.

Table 9: Programme 2: Tourism Research, Policy, and International Relations

Total Targets set	12
Targets achieved	12 (100%)
Annual budget allocated	R1.43 billion
Final appropriation	R1.37 billion
Budget Spent	R1.36 billion (99.2%)
Underspending	R11.3 million (0.8%)

As depicted in Table 9, the Department achieved all its 12 targets for the year. It reported an underspending of R11.3 million. The underspending has been attributed to frozen posts and savings under transfers and subsidies (UNWTO transfer was reduced due to favourable currency fluctuations).

The following are some of the targets achieved by the Department:

- The target on the development of monitoring and evaluation reports on tourism projects and initiatives was achieved for all five reports. These reports provide valuable information on the effectiveness and value for money of these projects.

- The Department reported that the target on the implementation of two information and knowledge systems was achieved. The Tourism and Employment Portal and Tourist Guide Information System are key in providing centralised systems for the guiding sector and tourism job seekers.

- The Department finalised the National Tourism Statistics Plan.

6.1.1.3 Programme 3: Destination Development

This Programme responds to tourism demand by ensuring that supply-side measures are put in place for tourist places and physical spaces. This is achieved through the provision of coherent destination planning, investment promotion, tourism product and infrastructure enhancement and development, experience development and job creation.

Table 10 depicts that the Department achieved all its targets at the end of the financial year. However, there is an underspending of R62.3 million for the programme. The Department attributed the underspending to frozen posts. It also indicated that the budget for the Expanded Public Works Programme was not spent, as it did not meet the job creation full-time equivalents job targets set by the Department of Public Works and Infrastructure.

Table 10: Programme 3: Destination Development

Total Targets set	9
Targets achieved	9 (100%)
Annual budget allocated	R401.1 million
Final appropriation	R422.3 million
Budget spent	R359.9 million (85.2%)
Underspending	R62.3 million (14.8%)

The target on the budget resort network was achieved. The Committee will follow up on the properties that have been chosen for the implementation of this initiative. This is another initiative that will see investment in tourism facilities found in villages, townships and small dorpies (VTSDs). This initiative provides an opportunity for a Committee oversight visit in the future, to physically assess these facilities and their efficacy in supporting tourism-based businesses and stimulating tourist demand in villages, townships and small dorpies.

The Department reported that the infrastructure maintenance and beautification programme was implemented in Mpumalanga, Limpopo, Eastern Cape, Free State, and Western Cape provinces for the 2023/24 financial year. The Committee may need to conduct oversight on the actual sites and work that took place in these provinces. Projects from this programme are implemented by the Development Bank of Southern Africa (DBSA) and are important for destination development and increasing demand in these areas.

The target on monitoring the implementation of 29 Community-based Tourism Projects was achieved. The Committee is interested in a detailed breakdown of the location of the projects, work done in each project, costs incurred, challenges encountered and measures to address any incomplete work. These projects also provide an opportunity for an oversight visit for the Committee to physically assess the projects' value add in the identified communities.

The Department also reported that it has achieved its annual target on creating 4 133 work opportunities. The target was exceeded at 4 234, with 101 more work opportunities created. This target is about work opportunities created through the Expanded Public Works Programme (EPWP). The Committee commends the Department for exceeding the annual target in this critical aspect of its mandate.

6.1.1.4 Programme 4: Tourism Sector Support Services

Programme 4 ensures that the tourism sector is transformed and supported through the Skills Development and Enterprise Development programmes. The outputs and outcomes identified will assist in empowering retrenched women, youth, and people with disabilities to participate in the tourism space. It is also to ensure that interventions are set and implemented for tourism

across the value chain, to enable safe tourism operations and rebuilding of consumer confidence.

Table 11: Programme 4: Tourism Sector Support Services

Total Targets set	22
Targets achieved	22 (100%)
Annual budget allocated	R363 million
Final appropriation	R346.6 million
Budget spent	R341.7 million (98.6%)
Underspending	R4.9 million (1.4%)

Table 11 shows that the Department achieved all its targets for this programme at the end of the financial year. Spending and performance are somewhat aligned, with an underspending of R4.9 million for the programme. The Department ascribes the underspending to frozen vacant posts and cost-containment measures.

The following are some of the targets achieved by the Department:

- The target on the incubation programme was achieved for the three existing incubators, Tourism Technology and Innovation, Food Service and Community-based tourism enterprises. All these play a critical role in providing support to tourism SMMEs. The Department reported that it will be discontinuing the Technology and Food Service Incubators. The Committee will conduct oversight on how the incubation programme will be implemented going forward.

- The Department conducted an audit of tourism incubators across the country, to establish how best to provide support to SMMEs. The report on this audit was completed as planned. The Committee is interested in the findings of this report and its recommendations on how best to improve the incubation programme for SMMEs in the tourism sector.

- For the first three quarters of the financial year, the Department was unable to implement the Resource Efficiency Cleaner Production Training and Business Support Programme. During its quarter four report to the Committee, it advised that the programme was implemented. The annual performance report indicates that "Approval

was granted for a change of approach in implementing the Resource Efficiency Cleaner Production Training and Business Support Programme. For the next 24 months, the programme will be implemented by the National Cleaner Production Centre, an entity under the CSIR". The Committee is interested on the reasons for the discrepancy in the Department's reporting, when this decision was reached and why the programme was transferred to the Council for Scientific and Industrial Research's (CSIR's) National Cleaner Production Centre.

- The Department continued in its implementation of capacity-building programmes providing training to both unemployed youth and SMMEs on Norms and Standards for Safe Tourism Operations. Both these targets were exceeded, with the Department training more beneficiaries than initially planned. The Committee commends the Department for exceeding its targets on capacity building programmes.

6.2 Key reported achievements

The Department recorded several achievements in the 2023/24 financial year. The following is a list of selected key achievements observed by the Committee in its oversight work during the reporting period :

6.2.1 Achievements by the Department

- The Tourism Green Paper on the Development and Promotion of Tourism in South Africa was gazetted.
- The National Tourism Statistics Plan (NTSP) was developed.
- The Department co-hosted the Tourism Dialogue and BRICS Outreach in Durban with ministers from 8 countries.
- The Minister unlocked the Tourism Equity Fund which had been interdicted for implementation.
- The Department paid 99.35 per cent of all compliant invoices within 30 days.
- The Tourism Sector Master Plan for the period up to 2025/26 financial years was developed.
- Assessment of state-owned attractions was completed.
- The evaluation of the Departmental Incubation Approach rolled out since 2016 was done.
- The Department hosted two outreach programmes with China and Kenya to promote cooperation in tourism development and grow arrivals.

6.3.2 Achievements by SA Tourism

- Number of international tourist arrivals were 8.8 million.
- Number of domestic holiday trips were 12.6 million.
- Total Tourist Foreign Direct Spend (TTFDS) was R95.1 billion.
- Total Domestic Holiday Direct Spend (TDDS) was R56.5 billion.
- Number of business events hosted in South Africa was 98.
- The South African National Conventions Bureau has secured 78 bids for international business events to be held in South Africa up to 2029.
- Number of accommodation establishments graded was 4 668.
- Number of graded rooms was 118 543.

7. OBSERVATIONS

The Committee observations are presented for both the Department of Tourism and South African Tourism as follows:

7.1 Observations in relation to the Department

7.1.1 Governance

It was noted that the Minister had tasked the Deputy Minister to intervene in the investigations regarding the allegations against the Director-General and attempted to engage some of the previous Ministers in the portfolio, since the issues raised dated back to 2016. The Minister had since written to the President regarding a way forward on how the allegations should be handled.

7.1.2 Audit opinion

The Committee is enthused that the Department received an unqualified with no findings (clean audit outcome) for the 2023/24 financial year. Notably, this is an improvement from the previous financial year where the Department obtained an unqualified audit opinion with findings on non-compliance with legislation in the 2022/23 financial year.

7.1.3 Finalisation of the Tourism Policy Review process

The Committee is pleased that the Department has eventually finalised the Tourism Review Process after a dauntingly long time as outlined in the 6th Parliament Committee Legacy Report. This will pave a way for the Department to initiate a long overdue Legislative Review Process that will culminate in the tabling of the Tourism Amendment Act during the 7th Parliament.

7.1.4 Budget and expenditure patterns

The expenditure of the Department was commensurate with the achievement of targets. The Department of Tourism's adjusted appropriation for 2023/24 amounted to R2.461 billion. The Department spent R2.372 billion or 96.4 per cent of available budget compared to 98.9 per cent in the previous year. An amount of R88.3 million was recorded as an underspending in the period under review.

On the achievement of targets, the Department achieved 89 per cent of its annual targets as reported by the Auditor-General. The Department achieved 43 (93.48%) of the 46 targets planned for the year under review, and only 3 targets were not achieved, recording 6.52 per cent under achievement. Of the 3 targets not achieved, two had significant work done with only one target completely not achieved. The Committee commends the achievement of predetermined objectives by the Department.

7.1.5 Under expenditure

It is noted that the Department incurred an under expenditure of R88.3 million in the 2023/24 financial year. This is above the R28.6 million under expenditure incurred in the previous financial year. The Committee urges the Department to completely eradicate under expenditure in future.

7.1.6 Irregular expenditure

It is regrettable that the Department incurred an irregular expenditure of R773 thousand in the 2023/24 financial year. It is also noted that the irregular expenditure increased from R36 thousand incurred in the previous financial year. However, the Committee acknowledges that the irregular expenditure amounting to R25.1 million was incurred by the Development Bank of Southern Africa (DBSA) in the implementation of the Expanded Public Works Programme tourism infrastructure projects on behalf of the Department. The irregularity relates to contract variations without the approval of the Minister or the Director-General of the Department. Written warnings were dispensed to officials responsible for irregular expenditure. The Committee will ensure that the Department strengthen its oversight work on the work done by its implementing agents.

7.1.7 Fruitless and wasteful expenditure

The Committee noted that in the year under review, the Department incurred Fruitless and Wasteful expenditure of R45 thousand. This is a decrease from the R91 thousand incurred in the previous financial year. The Fruitless and Wasteful expenditure relates to travelling arrangements with no shows, cancellations, waiting time, double bookings, after hours costs with regard to flights, shuttle and accommodation bookings. The Committee is concerned that the reasons for Fruitless and Wasteful expenditure are the same every year. However, the Committee also acknowledges that some of the causes are unavoidable.

7.1.8 Vacancy rate

It is noted that as of 31 March 2023, the Departmental post establishment was at 541 with 482 positions filled and 59 positions vacant translating to a 10.9 per cent vacancy rate. The Committee noted that the vacancy rate below 10 per cent was not achieved as per requirements by the Department of Public Service and Administration. However, the Department has consistently performed above 4 per cent on employment of People With Disabilities which is 2 per cent above the national target. In all, 123 employees were appointed to the Department while 53 employees exited the Department. There were 19 resignations at 35,80 per cent, five transfers out of the Department at 20.80 per cent, five retirements at 5.70 per cent and one terminations on account of misconduct and 19 whose contracts expired at 35.80 per cent.

The Committee is concerned about the sluggish process at which the Department of Tourism and the Department of Public Service and Administration go about applying for and filling the vacant positions.

7.1.9 Policy and legislative review

The Committee noted with exhilaration that the Department has eventually finalised the policy review process that has seriously delayed the submission of the Tourism Amendment Act by the Minister to Parliament. It was noted that the White Paper on the Development and Promotion of Tourism in South Africa was gazetted on 4 October 2024. The policy seeks to:

- Increase tourism contribution to broader economy through geographic, year-round spread of visitor volumes and revenue;
- Drive increased employment and entrepreneurship as an integral part of growth efforts, with particular focus on vulnerable groups;
- Provide for the sector's enhanced resilience and ability to respond to crises;
- Promote a more inclusive sector through increased skills development and financial support to tourism SMMEs; and
- Create an enabling regulatory environment for the present and future, especially as regards technological developments.

7.1.10 Implementation of tourism infrastructure projects

The Committee has noted the progress of the work done by the Development Bank of Southern Africa (DBSA) as the implementing agent for tourism infrastructure projects. The DBSA was appointed by the Department following a Memorandum of Agreement (MoA), which it signed with the Department on 20 November 2020. The MoA expired on 30 November 2023 and was extended to March 2025.

At the briefing of the Committee by the DBSA on 17 September 2024, 36 projects had reached practical completion, and 21 were still under construction, whilst 4 of these were behind schedule. The Committee is concerned that DBSA will not be able to complete all the projects by 31 March 2025. The Auditor-General also raised a concern as 5 of 17 projects sampled for

an audit had fallen behind schedule and may not be completed within the agreed contractual period. The Committee will closely monitor the implementation of the MoA as there are many projects that are behind schedule.

The Committee noted that the major causes for delays in the implementation of infrastructure projects include:

- Poor planning
    - Ineffective consultation and/or coordination with all relevant stakeholders such as local/tribal authorities and local community prior to implementation of the project. Thus, there is a need for communication with the end-user to be established and inform project scope.

    - Lack of conditional assessment to establish extent of work. Numerous scope changes, resulting in additional work and adjustments to the timeline.

    - Numerous scope changes, resulting in additional work and adjustments to the timeline

- Supply Chain Management and poor project management - overcommitment by professional service providers, resulting in inability to render professional service satisfactory to enable successful delivery of allocated projects i.e. lack of inadequate conditional assessment, erroneous/incomplete drawings issued on site hand over, delays in provision of contractor's request for information (RFI), and others.

- Poor project management - lack of effective contract management and monitoring process by the professional service providers emanating from over-commitment by professional service providers, for example:
    - 53 per cent (or 9 out of 17) projects visited for audit assessments with a total project value of R237 848 790 were allocated to a single professional service provider.
    - All the 9 projects awarded to the same professional service provider above experienced delays in achieving planned practical completion and/or were behind schedule.

- Ineffective oversight and monitoring controls - lack of effective oversight and monitoring controls by the Department to ensure that delivery of infrastructure projects by the implementing agent (DBSA) is done in accordance with project implementation plan.

7.1.11 Human resources

Concern has been raised regarding the high turnover rate of staff in the Department, however the Committee noted that the turnover was due to the change in Ministerial officials. Although the Department assured the Committee that the exit interviews have not yielded any negative sentiments, the Committee will conduct stringent oversight on staff related matters in the Department.

7.1.12 Oversight over SA Tourism

The Committee is of the view that it is not proper that the Department obtained a clean audit whilst SA Tourism received a qualified audit with findings. In this regard, the Committee apportions blame to the Department for not strengthening its oversight role over SA Tourism.

7.1.13 Paying of service providers within 30 days

Whilst doing well, concern has been raised regarding the lack of compliance in paying service providers within 30 days, and that this may have dire consequences for small and medium enterprises.

7.1.14 Challenge of visas in growing tourism

The Committee noted that there is an inter-Ministerial Committee to investigate how the visa backlog can be addressed, and also enable visa exemption for countries which the Department has identified as tourism targets. The work done by the new Minister of Home Affairs in addressing the backlog and introducing the envisaged online Home Affairs is noted with great anticipation.

7.1.15 Niche tourism development

The Committee noted that the Department will be working with the Department of Science, Technology and Innovation and Department of Tourism in the Northern Cape to promote agro-tourism and astro-tourism. This will ensure that less visited provinces such as the Northern Cape are boosted in their tourism endeavours.

7.1.16 Project Management Unit

It is appreciated that the Department is in the process of establishing a Project Management Unit, which will be resourced with the technical expertise required to oversee the infrastructure projects. This will assist the Department in conducting oversight into its implementing agents and facilitate speedy and professional delivery of projects.

7.1.17 The G20 meeting to be held in South Africa

The Committee has noted that the G20 meeting will be held in South Africa in May 2025, and that this will provide an opportunity for the country to showcase and promote its tourist attractions, including its townships and small dorpies. The Committee is considering its participation in this event and will follow appropriate channels to do so.

7.1.18 Delays in implementing the Tourism Equity Fund

The Committee noted with concern the impact of the legal action in February 2021 by Solidarity and AfriForum and the subsequent court interdict that suspended the programme of the Tourism Equity Fund (TEF). For more than two years, implementation was hamstrung by the court case, hindering progress and stopping delivery to people. However, the Committee is encouraged by the fact that there is some movement in the implementation of the TEF. However, a concern was raised regarding delays in processing applications, red tape, sabotage of applications by officials who have interests. There is a lack of outreach programmes to educate rural communities about the opportunities that are available to them.

The Minister has met with the Minister of Small Business Development to discuss the performance of Small Enterprise Finance Agency (Sefa), and a report will be shared with the

Committee. Sefa failed to provide the Department with quarterly reports and has failed to spend the allocated funds.

7.2 Observations in relation to South African Tourism

7.2.1 Qualified audit findings

It was observed with concern that South African Tourism received a qualified audit finding on compliance due to poor quality of submitted annual financial statements and failure to prevent irregular expenditure. This is a regression from a previous financial year wherein the entity received an unqualified opinion with findings on compliance with key legislation. This means that the audit outcomes of the entity are getting worse, with serious recurring findings and a Material Irregularity incurred for the first time in the tourism portfolio. The Entity failed to address the findings made by the Auditor-General and the Committee in the previous audit period. This points to failure in governance and incapacity by the Board and senior management in delivering effective operations at the Entity.

On Compliance with applicable legislation - annual financial statements at SA Tourism, material non-compliance was reported in relation to the quality of submitted annual financial statements. The identified material misstatements resulted in a qualified audit opinion. This was due to inadequate review of annual financial statements and a lack of adequate internal controls which was exacerbated by key vacant positions in Finance.

On expenditure management, SA Tourism did not prevent instances of irregular expenditure amounting to R 24.2 million in the 2023/24 financial year. This was due to inadequate controls to prevent non-compliance with procurement legislation. The majority of the irregular expenditure was caused by failure to follow a procurement process in terms of the National Treasury transcripts to invite competitive bids. Furthermore, lack of oversight due to instability at board level contributed to the reported deficiencies in compliance with applicable legislation.

Summary of root causes for poor performance at SA Tourism is as follows:

- Vacancies and instability in key positions.
- Slow response by the accounting authority to implement recommendations for improving the audit outcomes and inadequate financial management discipline.
- Inadequate oversight and monitoring of compliance with key legislation by the accounting authority.

7.2 .2 Main areas that led to qualified audit outcome

The Committee noted that the main reasons for qualified audit opinion were as follows:

(i) Marketing expenditure

Discrepancies were noted in marketing expenditure between what was recognised in financial records (general ledger) and invoices Management recognised marketing expenditure using purchase orders awaiting invoices from suppliers. Due to the non-centralisation of receipt of invoices, the actual invoices were not captured resulting in an overstatement of marketing expenditure.

(ii) Payables from exchange transactions

Purchase orders were not matched to an invoice, resulting in differences between what had been recognised as payable and what was actually payable as per the suppliers statements. This was due to the lack of regular reconciliation of payables to ensure accuracy thereof and the use of purchase orders to record marketing expenditure.

(iii) Cash and cash equivalents

The cash and cash equivalent balance did not agree to the general ledger due to bank reconciliations which were not regularly and adequately prepared to reconcile differences between bank statements and underlying records.

(iv) Cash flow from operating activities

Multiple errors in the calculation of cash flows from operating activities were noted. This was due to lack of adequate review of the schedules supporting the statement of cash flows and instability in the finance unit.

7.2.3 Budget allocation and expenditure patterns

SA Tourism received an amount of R1.289 billion from the Department of Tourism and had a total budget of R1.576 billion in the 2023/24 financial year. The Committee noted that a total amount of R1.495 billion was spent across South African Tourism's five programmes. An accounting surplus of R81 million was reported in the statement of financial performance for the year ended 31 March 2024. The Committee is concerned with high spending whilst achieving less targets. The following expenditure patterns were noted:

(i) Irregular expenditure

SAT incurred R24 205 million irregular expenditure in the year under review, against R9 907 million in the 2022/23 financial year. The Irregular Expenditure was as follows:

- R 9.9m was paid for services rendered not in the scope of the contract, was found to be irregular. The procurement process followed was not compliant with the Public Finance Management Act section 51 (1) (a) (i), 51 (1) (b) (ii) PFMA SCM Instruction No. 2 of 2021/22 paragraph 3.3.1.
- R7.4m for facilitation of rights during a rugby event.
- R3.8m for a golf event.
- R2.5m paid to a rugby association, were found to be irregular expenditure due to contract entered to by the entity without following procurement processes.

(ii) Fruitless and Wasteful Expenditure

SAT incurred R6 415 million wasteful expenditure in 2023/24 against R6 403 million in the 2022/23 financial year.

(iii) Material Irregularity

SAT incurred a Material Irregularity of R4.1 million on the procurement of a dome where payment was made but services not rendered.

7.2.4 Achievement of targets

SA Tourism achieved 36 of its 46 targets in the 2023/24 financial year, which is equivalent to 78 per cent achievement. This is an improvement of 17 per cent from the 61 per cent achieved in the previous financial year. Significant progress was achieved for 5 (11%) of the annual targets, while 5 (11%) targets were not achieved.

Furthermore, in spite of the negative audit findings, the work done by SAT has seen an improvement in the economic contribution of the tourism sector to the GDP of the country.

Achievement of MTSF targets in the tourism portfolio was as follows:

- On international tourist arrivals, the 5-year target has been exceeded as 9.26 million arrived in South Africa against a target of 10.3 million tourists which. This contributes positively to the economy and job creation.

- On Total Tourist Foreign Direct Spend, the 5-year target has been exceeded as R203.8 billion was generated against a target of R86.7 billion. This also will contribute positively to the economy and job creation.

- On Domestic holiday trips, the 5-year target has been exceeded as 30.2 million trips were achieved against a target of 10.8 million trips. This augers well for the importance of domestic tourism and will also contribute positively to the economy and job creation.

7.2.5 Governance

The Minister of Tourism has been hard at work in trying to stabilise governance at SA Tourism. This led to the following developments:

- The South African Tourism Board was dissolved on 21 April 2023.
- A Board was appointed with effect from 21 April 2023 until 28 February 2024.
- A new South African Tourism Board was appointed with effect from 8 March 2024.

New developments have been subsequently noted where the Chairperson and Deputy Chairperson of the Board appointed in March 2024, have resigned and the Minister has since appointed a new Chairperson and Deputy Chairperson.

7.2.6 Vacancies at senior management level

At senior management level, key positions such as Chief Executive Officer; Chief Marketing Officer; Chief Conventions Bureau Officer; Chief Strategy Officer; Head Internal Audit and Company Secretary were occupied by acting incumbents. The finance division experienced instability during the financial year which also contributed to the regression in audit outcomes.

The position of Company Secretary was filled in January 2024. The position of CEO, CFO and CSO were filled in March 2024. The CMO position was filled subsequent to the end of the 2023 24 financial year. The Head of Internal Audit position remains vacant.

8. RECOMMENDATIONS

The Committee makes recommendations to both the Minister of Finance and Minister of Tourism as follows:

8.1 Recommendations to the Minister of Finance:

It is recommended that the Minister of Finance:

8.1.1 increases the ring-fenced budget to capitalise the Tourism Transformation Fund and Tourism Equity Fund.

8.1.2 appropriates a ring-fenced budget to facilitate tourism development and growth in villages, townships and small towns.

8.1.3 approves the filling of vacancies in the Department to enable the tourism sector to create more jobs and continue to contribute immensely to the GDP of the country.

8.2 Recommendations to the Minister of Tourism

It is recommended that the Minister of Tourism:

8.2.1 ensures that the Department's vacancy rate is below the threshold of 10 per cent

8.2.2 ensures that the Department improves planning across its Programmes to avoid underspending in the four quarters of the year that culminate in underspending at the end of the financial year

8.2.3 compels the implementing agents for the Tourism Equity Fund and Tourism Transformation Fund to expedite disbursement of the funds to ensure a faster pace of transformation in the tourism sector

8.2.4 ensures that the Tourism Transformation Council of South Africa (TTCSA) effectively executes its mandate of monitoring the state of sector transformation in the tourism sector and provide advice to the Minister on action required to improve sector transformation.

8.2.5 ensures the effectiveness of the capacity building programmes of the Department, and collaboration with other stakeholders such as the private sector and provinces.

8.2.6 verifies that the Department conducts effective oversight over the implementation of infrastructure projects by the Development Bank of Southern Africa (DBSA).

8.2.7 ascertains that the Department empowers its Project Management Unit through expediting the employment of the officials as approved by the Department of Public Service and Administration.

8.2.8 initiates the process of amending legislation and tables the Tourism Amendment Bill to Parliament in the following financial year.

8.2.9 improves the internal audit function of the Department to detect issues with the implementing agents of the Department.

8.2.10 expedites the process of developing a centralised database of all Tourist Guides at a national level in collaboration with provinces.

8.2.11 engages the private sector to encourage travel amongst South Africans by exploring a differentiated pricing mechanism between locals and international tourists.

8.2.12 follow up with the National Public Transport Regulator (NPTR) to eliminate delays in issuing tour operator licenses.

8.2.13 ensures that the Department initiates a process of tracking SMMEs assisted through departmental programmes to assess their impact on their businesses.

8.2.14 follows up on the cases opened by the Department with law enforcement agencies to ensure that prosecutions take place.

8.2.15 improves inter-governmental relations/collaboration with provinces and municipalities as tourism is a concurrent function.

8.2.16 ensures that the Department leverages on the forthcoming G20 meeting to be held in the country in 2025 through facilitating tourism investment.

8.2.17 continues to engage ministers in Cabinet to eliminate barriers to tourism growth in South Africa.

8.2.18 encourages the Department to conduct awareness and advocacy campaigns to ensure that citizens are well informed about the funding opportunities available through transformation funding opportunities.

8.2.19 ensures that the Department implements an after-care support programme for all the infrastructure projects to ensure operations and sustainability.

8.2.20 ensures geographical spread of establishments funded through the tourism transformation funding opportunities.

8.2.21 ensures that DBSA does not award multiple contracts to the same service provider to avoid delays in implementing of infrastructure projects.

8.2.22 ensures that Sefa and DBSA submit quarterly reports to the Department and the Committee, and adhere to the time frames contained in the Memorandum of Agreement.

8.2.23 ensures Sefa utilise all the funds given to them to implement the Tourism Equity Fund to expedite service delivery.

8.2.24 conducts investigations on projects that are behind schedule and implements consequence management to identified defaulters.

8.2.25 ensures geographical spread of tourist attractions through identifying, developing and improving township tourism attractions, to grow tourism in previously disadvantaged communities.

8.2.26 ensures that the Department maintains its clean audit and improves its oversight of SA Tourism to improve its audit findings.

8.2.27 ensures that DBSA provides close out reports of all the projects that were reported to be in a completion stage.

Recommendations specific to SA Tourism:

8.2.28 monitors the filling of key vacant positions at SA Tourism.

8.2.29 continues to oversee progress on the development and implementation of root cause focused Audit Action Plan to improve audit outcomes.

8.2.30 monitors the implementation of appropriate preventative controls to prevent instances of non-compliance with supply chain management prescripts.

8.2.31 monitors the implementation of planned actions by the Board to address the material irregularity.

8.2.32 enhances oversight on the performance and governance matters at SA Tourism and monitor the crafting and implementation of a strategy to improve the public entity's performance, accountability, transparency and institutional integrity.

8.2.33 engages the Board to improve internal auditing at SA Tourism to prevent further adverse findings by the Auditor-General in future.

8.2.34 engages the Department of Transport to review its aviation strategy to cater for the current needs of the country.

8.2.35 continues engaging stakeholders to improve air access and airlift into South Africa.

8.2.36 ensures that the Board addresses the issues of exorbitant lease agreements for country offices and addresses all audit risks related to country offices abroad.

8.2.37 engages the Board to ensure that the "Shot Left" Campaign is sustainable and improves domestic tourism.

8.2.38 engages the Board to initiate an impact study of the "Shot Left" Campaign and the Travel Week in boosting domestic tourism.

8.2.39 engages the Board to ensure that services which do not need outsourcing must be performed internally by the Entity staff.

8.2.40 engages the Entity to conduct a cost-benefit analysis per programme and investigate whether some programmes should be merged or expanded, including cost-benefit analysis of the "Shot Left" Campaign.

8.2.41 engages the Board to develop a comprehensive domestic tourism strategy that places a focus on rural and township tourism in collaboration with municipalities and provinces.

8.2.42 engages the Board to review its Marketing Investment Framework to include more source markets.

9. CONCLUSION

The Committee is generally pleased with the performance of the Department with a Clean Audit and a 93 per cent achievement of targets. This shows a huge improvement from the previous year. However, the Department's good work was tarnished by its implementing agent for infrastructure projects, as the Development Bank of Southern Africa (DBSA) incurred some material findings. The overall work of DBSA in improving the implementation of infrastructure projects is by and large commended.

On the other hand, the Committee is gravely concerned about the state of SA Tourism. While there is an improvement from 54 per cent to 78 per cent in the achievement of targets, the Entity regressed profusely in its audit outcomes, achieving a qualified audit opinion with findings. This is a serious cause for concern as the Entity receives almost 54 per cent of the departmental vote budget. There is a need for great improvement in the financial and non-financial performance of the Entity.

The Committee commits to paying attention to the Entity and conduct robust oversight into the work done by SA Tourism. The Committee is satisfied with the work done by the Minister of Tourism in stabilising SA Tourism and ensuring that accountability reigns at both the Department and SA Tourism.

Report to be considered.

4. BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION AND TRAINING ON ITS ASSESSMENT OF THE 2023/24 ANNUAL REPORTS OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING AND ENTITIES, DATED 24 OCTOBER 2024

The Portfolio Committee on Higher Education and Training (hereinafter the Committee), having assessed the 2023/24 Annual Reports of the Department of Higher Education and Training (hereinafter the Department), Council for Higher Education (CHE), Quality Council for Trades and Occupations (QCTO), South African Qualifications Authority (SAQA), National Skills Fund (NSF), Services Sector Education and Training Authority (SSETA), Safety and Security SETA (SASSETA) and Northern Cape Urban Technical and Vocational Education and Training (TVET) College, reports as follows:

1. INTRODUCTION AND MANDATE OF THE COMMITTEE

1.1. Introduction and mandate of the Committee

The National Assembly (NA) Committees are required in terms of Section 5 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) to annually assess the performance of each national department and thereafter submit a Budgetary Review and Recommendation Report (BRRR), which will provide an assessment of the department's service delivery performance given available resources, an assessment of the effectiveness and efficiency of the department's use and allocation of available resources, and recommendations on the forward use of resources.

Section 55(2) of the Constitution of the Republic of South Africa, 1996 stipulates that *"the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) national executive authority, including the implementation of the legislation; and (ii) any organ of state."*

1.2. Purpose of the BRR Report

The report accounts for the work done by the Portfolio Committee on Higher Education, in assessing the 2023/24 Annual Reports of the Department, CHE, QCTO, SAQA, NSF, SSETA,

SASSETA and the Northern Cape Urban TVET College in accordance with section 5 (2) of the Money Bills Amendment Procedure and Related Matters Act, 2009, which mandates all committees of the National Assembly (NA) to annually submit BRR reports for tabling in the NA for each department. On 30 September 2024, the Minister of Higher Education and Training tabled the 2023/24 Annual Reports of the Department, including the Entities. On 3 October 2024, the Speaker of the National Assembly referred the Annual Reports to the Portfolio Committee in terms of Rule 338 for consideration and reporting.

1.3. Method

The Portfolio Committee convened briefing sessions (9th, 10th, 11th and 16th October 2024) with the Auditor-General of South Africa (AGSA), the Department, CHE, QCTO, Northern Cape Urban TVET College, NSF, SAQA and SASSETA, where the audit outcomes of the Higher Education Portfolio and 2023/24 Annual Reports were presented and scrutinised.

2. RELEVANT POLICY FOCUS AREAS

2.1. National Development Plan (NDP)

The NDP identifies decent work, education, and the state's capacity as particularly important priorities. For the post-school education and training sector, the NDP envisages that by 2030, South Africans should have access to the highest-quality education and training. The education, training, and innovation system should cater to different needs and produce highly skilled individuals; graduates of the post-school system should have adequate skills and knowledge to meet the current and future needs of the economy and society.

2.2. White Paper for Post-School Education and Training (WPPSET)

The White Paper articulates a vision for an integrated system of post-school education and training, with all institutions playing their role as part of a coherent but differentiated system. The White Paper sets out strategies to expand the current provision of education and training in South Africa, improve its quality, and integrate the various strands of the post-school system. The White Paper sets interventions for implementation by different sectors within Post-School Education and Training. The Department has developed a Draft National Plan for Post Education and Training (PSET) from the White Paper, which will be an implementation plan with measurable targets for each sub-system of the sector. The main policy objectives are as follows:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist, and democratic South Africa;
- A single, coordinated post-school education and training system, expanded access, improved quality, and increased diversity of provision; and
- Post-school education and training that is responsive to the needs of individual citizens and employers in both public sectors, as well as broader societal and development objectives.

The WP-PSET commits the Quality Assurance Councils, including the South African Qualifications Authority (SAQA), to ensure that there are no dead ends within the post-school education and training system. It further states that articulation should be both vertical in terms of moving to higher levels of the National Qualifications Framework (NQF) and horizontal, catering for movement from a vocational stream to an academic one or vice versa.

2.3. 2019 – 2024 Medium-Term Strategic Framework (MTSF)

2019 – 2024 MTSF is a five-year strategic plan of the government and forms the second five-year implementation phase of the NDP. The Department of Higher Education and Training is responsible for contributing to the realisation of the policy priorities outlined in the MTSF Priority 3: Education, Skills and Health. For the 2020 – 2025 planning period, the Department will focus on the following outcomes:

- **Expanded access to PSET opportunities**, which aims to provide a diverse student population with access to a comprehensive and multifaceted range of PSET opportunities;
- **Improved success and efficiency in the PSET system** aims to improve efficiency and success of the PSET system;
- **Improved quality of PSET provisioning** to build the capacity of PSET institutions to provide quality education and training;
- **A responsive PSET system** to provide qualifications programmes and curricula that are responsive to the needs of the world of work, society and students; and
- **Excellent business operations within DHET** to ensure sound service delivery management and effective resource management within the department.

2.4. National Skills Development Plan (NSDP)

The NSDP ensures that South Africa has adequate, appropriate, and high-quality skills that contribute to economic growth, employment creation, and social development. The NSDP is set to become the key policy to inform the work of the skills levy institutions until 2030 and has been crafted within the policy context of the NDP and the White Paper. The work of the institutions will focus on addressing the eight NSDP outcomes as follows:

- Outcome 1: Identify and increase the production of occupations in high demand;
- Outcome 2: Link education and the workplace;
- Outcome 3: Improve the level of skills in the South African workforce;
- Outcome 4: Increase access to occupationally directed programmes;
- Outcome 5: Support the growth of the public college system;
- Outcome 6: Skills development support for entrepreneurship and cooperative development;
- Outcome 7: Encourage and support worker-initiated training; and
- Outcome 8: Support career development services.

2.5. Progress towards achieving the 2023 State of the Nation Address (SONA) priorities

Table 1: Performance of the Department against the 2023 SONA priorities

SONA priority	Department's performance
Skills Development in the digital and technology sector	• Three additional new TVET programmes with integrated digital skills training were approved in 2023/24. • The National Skills Fund funded 578 rural learners for skills development in response to innovation and digital technologies against the target of 1000. This underachievement was due to delays in concluding Requests for Proposals for Innovation and Digital Technologies.
Increased number of students entering artisan programmes in TVET colleges	• 34 272 artisan learners were trained in TVET in 2023/24
The finalisation of the Comprehensive Student Funding Model for Higher Education, particularly for students who fall outside the	• The Student Funding Framework was submitted and approved by the Cabinet on 29 November 2023. • The Framework was implemented through a Comprehensive Student Funding Model with an initial capitalisation fund totalling R3,8 billion to fund 47%

current NSFAS criteria; reaching those who are known as the "missing middle" – for the 2023/24 financial year	(31 884 of the estimated 68 446) of the "missing middle" students in 2024. • The Loan Scheme guidelines for the missing middle students were finalised in January 2024. • On 2 February 2024, NSFAS opened loan applications.
Gender-Based Violence	• The Department launched the Transforming MENtalities on 29 August 2023. The Programme seeks to address toxic masculinity in the PSET system. This will be a multi-stakeholder partnership within the PSET system, with a particular focus on mobilising men in the PSET sector to be part of championing a world free of gender biases, stereotypes, violence and discrimination. In working with Higher Health, curricula to ensure social support for survivors of toxic masculinity in the PSET system will be strengthened. • A report on the implementation of the Sexual Offences Amendment Act in the PSET System was approved. • 8 interventions (provincial workshops) on the implementation of Social Inclusion, including Gender Equality and GBV in the PSET system.
Economic Empowerment of Women and determination to direct 40 per cent of public procurement to women-owned businesses	35% of public procurement was set aside for women-owned businesses against the target of 40%. The percentage target was affected by the shortage of suppliers for certain categories of commodities and a non-responsive market.

3. RESPONSE TO THE PREVIOUS FINANCIAL YEAR RECOMMENDATIONS OF THE PORTFOLIO COMMITTEE AND THE SELECTED 2023/24 BUDGET VOTE 17 REPORT RECOMMENDATIONS

3.1. 2023 Budgetary Review and Recommendation Report (BRRR)

In accordance with section 7(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), which provides the following:

"The Minister must submit a report to the House at the same time as tabling the Bills referred to in subsections (1) and (3), explaining how the Division of Revenue Bill and the national budget give effect to, or the reasons for not considering, the recommendations contained in the reports referred to in sections 5(2), 6(7), and 6(12). Accordingly, the Report of the Minister of Finance was tabled to Parliament.

Below are the responses from the Minister of Finance to the Committee's 2023 Budgetary Review and Recommendation Report (BRRR).

Committee recommendation:

Additional resources and support should be provided for the Community Education and Training (CET) sector so that it can move from its development state and become the institution of choice for many young people and adults who are not in education, training, or employment. These colleges should also assist with the provision of programmes informed by their local economic needs.

The Minister of Finance's response:

Enrolments in the CET sector have been below the target for the past three years, reaching 54 per cent of the target in 2022/23 and 36.7 per cent of the target in the first six months of 2023/24. Nonetheless, the CET sector received an additional allocation of R1.1 billion over the 2023 medium-term expenditure framework (MTEF) period for CET infrastructure. This allocation was subsequently reduced by R200 million in the 2023/24 adjusted budget as no funds were spent in the first six months of 2023/24 due to lengthy planning processes.

Committee recommendation:

While cognisant of the current fiscal constraint, consideration for additional funding should be made to enable the Council on Higher Education (CHE) to carry out the increased scope of work, make progress in implementing the Digital Transformation strategy so that the CHE can carry out its work effectively in a 21st-century world and in the context of the 4IR, resource the additional transformation oversight function, increase the capacity of the CHE to bring the public and private higher education colleges more closely into its quality assurance oversight given that the higher education sector is much bigger now than in the earlier years of the CHE, the private higher education sector is growing rapidly, and to address the proliferation of bogus education institutions and have a fit-for-purpose organisational structure that matches

the work that needs to be done, especially as it introduces the new Quality Assurance Framework.

The Minister of Finance's response:

The CHE's baseline was increased by an additional allocation of R19 million in 2022/23 and R25 million in 2023/24 to assist in implementing its mandate and to address critical capacity needs.

3.2. 2024/25 Committee Budget Vote 17 Report

Summary of the selected 2024/25 Committee Budget Vote 17 Report Recommendations

The Committee considered the 2024/25 Annual Performance Plans (APP) and budgets of the Department of Higher Education and Training and recommended, among others, the following:

- The Department should put in place measures to fill the funded vacant posts to improve its internal capacity, including in TVET and CET colleges. Additionally, the Department should expedite the appointment of the CFO on a substantive basis.
- The Department should expedite the review of the Skills Development Act to address the governance challenge where the Director-General of the Department is the Accounting Authority of the NSF, thereby acting as a player and referee.
- The Department should put measures in place to strengthen the capacity of TVET colleges and universities to spend infrastructure efficiency grants.
- The newly appointed Administrator should invest effort and resources to restore stability at the NSFAS and to ensure that the entity performs at its optimum level for the sustainability and stability of the PSET system.
- The Department should enhance its strategic industrial partnerships to improve workplace learner placement in the workplace and employability prospects post-training.

3.3. Overview and assessment of the Department's 2023/24 financial performance

3.3.1. Overview and assessment of the 2023/24 budget and expenditure

Table 2: 2023/24 budget allocation and expenditure

APPROPRIATION PER PROGRAMME	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	% SPENT

Administration	492 288	484 939	7 349	98.5%
Planning, Policy and Strategy	1 493 034	1 457 867	35 167	97.6%
University Education	90 095 614	90 091 805	3 809	100.0%
Technical and Vocational Education and Training	12 604 223	12 570 540	33 683	99.7%
Skills Development	292 727	289 783	2 944	99.0%
Community Education and Training	2 852 454	2 818 224	34 230	98.8%
Total: Departmental Voted Funds	**107 830 340**	**107 713 158**	**117 182**	**99.9%**
Statutory Appropriation (National Skills Fund and SETAs	**22 424 463**	**22 424 463**	**-**	**100.0%**
Total	**130 254 803**	**130 137 621**	**117 182**	**99.9%**

Source: DHET (2023/24) Annual Report

The Department's total final appropriation for the 2023/24 financial year was R130,25 billion, comprising R107,83 billion of voted funds and R22,42 billion from direct charges against the National Revenue Fund. The total revenue excludes R39,11 million of Departmental receipts and aid assistance. The Department had spent R130,13 billion, or 99.9 per cent of the allocated funds, excluding expenditures from departmental receipts and aid assistance. The Department incurred underspending amounting to R117,18 million or 0.4 per cent (2022/23: R462,91 million) on the voted funds.

3.3.2. Expenditure per economic classification

Table 3: 2023/24 allocation and expenditure per economic classification

APPROPRIATION PER ECONOMIC CLASSIFICATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	% SPENT
Current payments	**11 787 490**	**11 70521**	**82 969**	**99.3%**
Compensation of employees	11 074 280	11 002 847	71 433	99.4%
Goods and services	713 210	701 674	11 536	98.4%
Transfers and subsidies	118 393 053	118 393 034	19	100.0%
Payments for capital assets	73 324	39 131	34 193	53.4%
Payment for financial assets	936	935	1	99.9%
Total	**130 254 803**	**130 137 621**	**117 182**	**99.9%**

Source: DHET (2023/24) Annual Report

During the period under review, the Department spent R11,0 billion (2022/23: R10,25 billion) or 99.4 per cent on the compensation of employees against the available budget of R11.07 billion. The Department recorded underspending amounting to R71,43 million (2022/23: R399,39 million) or 0.64 per cent of the compensation of employees budget. The Department ascribed to the unspent funds related to vacant posts across the Department, posts apparently on staff establishment of the Department that were not filled timeously.

In terms of goods and services, the Department spent 98.4 per cent or R713,21 million (2022/23: R633,10 million) against the budget of R713,21 million. The Department recorded lower-than-projected spending amounting to R11,53 million. Underspending on goods and services decreased significantly from R50,29 million in 2022/23. Underspending on goods and services was attributed to savings on travel and subsistence, printing and stationery due to virtual meetings as opposed to physical meetings, which is also coupled with monitoring and evaluation processes that were converted to desk-top analysis where possible as well as austerity measures implemented.

Expenditure on transfers and subsidies was R118,39 billion or 100 per cent (2022/23: R119,18 billion) against the budget of R118,39 billion. Expenditure on payment for capital assets was R39,13 million (2022/23: R11,51 million) or 53.4 per cent of the available budget, indicating an under-expenditure of R34,19 million. Lower-than-projected spending was due to savings on computer equipment due to austerity measures implemented in the procurement of capital assets as well as the slower than planned implementation of the CET infrastructure project.

Virements

The Department applied virements amounting to R23,72 million (2022/23: R82,8 million).

Table 4: Virements applied in 2023/24

Shifted from	Shifted to	Amount (R'000)
P2: Planning, Policy and Strategy	P1: Administration	17 623
P4: TVET	P1: Administration	4 001
P5: Skills Development	P1: Administration	918
P5: Skills Development	P3: University Education	1180

Source: 2024 (DHET)

The requirement for a virement to Programme 1: Administration was essentially substantiated by a need to finance excess expenditure required in relation to Office Accommodation and

Computer Services, while the Virement to Programme 3: University Education was mainly necessitated to fund a shortfall on Stipend Payments to International Scholarship Students. In addition, the shifting of funds from Compensation of Employees in Programme 4: Technical and Vocational Education and Training to Goods and Services in Programme 4: Technical and Vocational Education and Training was approved by the National Treasury to fund a budget shortfall on Examination and Assessment operational expenditure. Funds that were shifted from Goods and Services were mainly affected in relation to a slower-than-expected operational expenditure across various programmes, due to vacancies not filled as planned and concomitant savings on operational budgets as well as a move towards virtual meeting platforms, as opposed to physical sessions coupled with monitoring and evaluation processes that were converted to desk-top analysis activities, where possible.

3.3.3. Overview and assessment of expenditure per programme

Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management, and support services to the Department.

The programme's final appropriation for the 2023/24 financial year was R492.28 million (2022/23: R504,69 million). The actual expenditure at the end of this period under review was R484.93 million, representing a spending rate of 98.5 per cent. The programme recorded a lower-than-projected spending of R7,34 million, mainly under the compensation of employees, goods and payments for capital assets.

The bulk of the underspending, which was R3,98 million, was recorded in sub-programme 2: Corporate Management Services, followed by R1,94 million in sub-programme 1: Departmental Management.

Expenditure on transfers and subsidies amounted to R840 million or 100.0 per cent against the available budget, while expenditure on payments for capital assets amounted to R8,09 million or 82.3 per cent against the budget of R9,84 million, recording a lower than projected spending of R1,74 million.

Programme 2: Planning, Policy and Strategy

The purpose of the programme is to provide strategic direction in the development, implementation, and monitoring of Departmental policies and the Human Resource Development Strategy for South Africa.

The programme's final appropriation in 2023/24 amounted to R1,49 billion (2022/23: R4,69 billion). At the end of the year under review, the programme had spent R1,45 billion (2022/23: R4,68 billion) or 97.6 per cent against the available budget. The programme recorded lower-than-projected spending amounting to R35,16 million or 2.4 per cent against the final appropriation. The bulk of the programme's underspending, at 91 per cent (R32,01 million), was incurred under payments for capital assets. Notably, R32,95 million or 93.7 per cent of the programme's underspending was incurred in sub-programme 3: Policy, Planning, Monitoring and Evaluation.

Expenditure on transfers and subsidies amounted to R1,29 billion or 100.0 per cent against the available budget, while expenditure on payments for capital assets amounted to R21,58 million or 40.3 per cent against the budget of R53,59 million, thus recording lower-than-projected spending amounting to R32,01 million.

Programme 3: University Education

The programme develops and coordinates the policy and regulatory framework for an effective and efficient university education system.

During the 2023/23 financial year, the programme's final appropriation amounted to R90,09 billion (2022/23: R88,83 billion). Expenditure at the end of the year amounted to R90,09 billion or 100.0 per cent of the total final appropriation. The programme's expenditure was dominated by transfers and subsidies amounting to R90,03 billion, mainly to universities and the National Student Financial Aid Scheme (NSFAS). Expenditure of R54,74 million was for the compensation of employees and R5,21 million was for goods and services. Both the compensation of employees and goods and services recorded underspending amounting to R1,58 million and R2,17 million, respectively.

Programme 4: Technical and Vocational Education and Training (TVET)

The purpose of this programme is to plan, develop, implement, monitor, maintain, and evaluate national policies, programmes, assessment practices, and systems for TVET.

The programme's 2023/24 final appropriation amounted to R12,60 billion (2022/23: R12,64 billion). Expenditure at the end of the year amounted to R12,57 billion or 99.7 per cent against the available budget. The programme's expenditure was dominated by spending on compensation of employees (R7,87 billion), representing 63 per cent of the programme's total expenditure for 2023/24. The programme underspent by R33,68 million, of which R30,10 million was in the compensation of employees. The bulk of the underspending was in programme 2: TVET System Planning and Institutional Support (R16,62 million) and programme 6: Regional Offices (R11,43 million). Goods and services expenditure amounted to R413,39 million, reflecting lower-than-projecting spending of R3,30 million.

Expenditure on transfer and subsidies was R4,27 billion or 100.0 per cent. Expenditure on payments for capital assets amounted to R5,75 million or 95.5 per cent against the budget of R6,03 million, thus recording lower-than-projected spending of R274 000.00.

Programme 5: Skills Development

The purpose of the programme is to promote and monitor the National Skills Development Strategy (NSDS III) and to develop a skills development policy and regulatory framework for an effective skills development system.

During the 2023/24 financial year, the programme's final appropriation amounted to R292,72 million (2022/23: R411,40 million). Expenditure at the end of the year amounted to R 289,78 million or 99.0 per cent of the programme's total final appropriation. Expenditure at the end of this period under review amounted to R2,94 million, mainly in goods and services.

The programme spent R125,79 million of the R126,484 million of the compensation of employees budget and R11,13 million or 83.8 per cent against the budget of R13,28 million for goods and services.

Expenditure on transfer and subsidies was R151,42 million or 100.0 per cent of the available. Expenditure on payments for capital assets amounted to or per cent against the budget of R1,43 million.

Programme 6: Community Education and Training (CET)

The purpose of this programme is to plan, develop, implement, monitor, maintain, and evaluate national policy, programme assessment practices, and systems for community education and training.

During the 2023/24 financial year, the programme's final appropriation amounted to R2,85 billion (2022/23: R2,64 billion). Expenditure at the end of the year was R2,81 billion or 98.8 per cent of the total final appropriation, thus recording lower-than-projected spending of R34,23 million. The programme's expenditure was dominated by spending on the compensation of employees at 92.0 per cent (R2,59 billion). Expenditure on goods and services amounted to R7,04 million or 91.0 per cent of the budget of R7,74 million.

Expenditure on transfer and subsidies amounted to R215,87 million or 100.0 per cent of the allocated budget. Expenditure on payments for capital assets amounted R1,66 million to or 97.4 per cent of the budget of R1,72 million.

3.3.4. Irregular, fruitless, wasteful, and unauthorised expenditures incurred in the 2023/24 financial year

Irregular expenditure

The Department has not incurred irregular expenditure during the year under review. The Department has reported an opening balance of R1,065 million from prior years. This expenditure occurred due to incorrect procurement procedures followed for the procurement of goods and services with respect to tooling and training materials in support of the World Skills International Competition in Kazan (R723 518.00; R149 500.00 and R191 806.39).

Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure in 2023/24. However, fruitless and wasteful expenditure was incurred in previous financial years but only discovered during the 2022/23 financial year. Fruitless and wasteful expenditure are in relation to financial misconduct pertaining to the procurement of cleaning services amounting to R58 845 and fraudulent salary payments of R30 000.

3.3.5. Overview and assessment of the Department's programme performance for the 2023/24 financial year

For the year under review, the Department had 110 annual targets, comprising direct outputs and system targets (MTSF Outcomes-related targets. The Department achieved 56 targets, representing an achievement rate of 51 per cent. The Department's performance regressed by 4 per cent from 55 per cent achieved in 2022/23. Over the past three financial years, the Department spent 99 per cent of its final appropriation but has not achieved more than 60 per cent of its 2023/24 Annual Performance Plan (APP) targets. Its performance has been regressing from 2021/22. The Department's programmes and their related achievement against the performance targets for the 2023/24 financial year are presented in Table 5.

Table 5: The Department's programme non-financial performance for the 2023/24 financial year

PROGRAMMES	APP Targets 2023/24	Achieved	Not Achieved	% Achieved	% Budget Spent
Programme 1: Administration	15	6	9	40%	98,5%
Programme 2: Planning, Policy and Strategy	25	15	10	60%	97,6%
Programme 3: University Education	28	16	12	57%	100%
Programme 4: TVET Colleges	22	9	13	41%	99,7%
Programme 5: Skills Development	11	3	8	27%	99%
Programme 6: CET Colleges	9	7	2	78%	98,8%
Total	**110**	**56**	**54**	**51%**	**99,9%**

Source: DHET (2024)

3.3.6. Non-financial performance per programme

Programme 1: Administration

The programme had 15 targets for the 2023/24 financial year and achieved six (6), representing an achievement rate of 40 per cent.

Selected key achievements:

- The vacancy rate remained below 10 per cent at 9.4 per cent.
- 86 per cent of disciplinary cases were resolved within 90 days against the target of 80 per cent.
- 100 per cent of valid invoices received from creditors were paid within 30 days.
- 67.25 per cent of public procurement was set aside for Small, Medium and Macro Enterprises (SMMEs) against the target of 30 per cent.

- 7.11 per cent of public procurement was set aside for Black-owned businesses.

Targets not achieved:

- 28.35 per cent of public procurement was set aside for youth-owned businesses against the target of 30 per cent. The partial achievement was ascribed to the shortage of suppliers for certain categories of commodities and the non-responsive market.
- 35 per cent of public procurement was set aside for women-owned businesses against the target of 40 per cent.
- 0.42 per cent of public procurement was set aside for businesses owned by people living with disabilities against the target of 7 per cent.
- The Department achieved an unqualified audit outcome with findings against the target of a clean audit. This was ascribed to the lack of controls in the management of performance information. The audit of the pre-determined objectives was not supported by appropriate audit evidence.

Programme 2: Planning, Policy and Strategy

For the 2023/24 financial year, the programme had 25 targets and achieved 15 with an achievement rate of 60 per cent.

Selected key achievements:

- The revised Recognition of Prior Learning (RPL) or implementation Framework was approved.
- The National Qualifications Framework Act, 2019 was published through a Government Gazette.
- Designs for the Ulundi Satellite Campus were completed by the University of Zululand and approved by the Director-General.
- Concept designs for the construction of the new two universities were approved.
- Eight interventions on the implementation of Social Inclusion (including Gender Equality and Gender-based Violence) in the PSET system.
- The Transforming MENtalities Programme was launched.

Targets not achieved:

- The draft NQF Amendment Bill approved by the Minister by 31 March 2024 for public comments. This was delayed due to the need to address the queries raised by the Principal State Law Advisor, which included considerations for the Regulations.
- Revised draft Higher Education Act approved by the Minister by 31 March 2024 for public comments. Capacity constraints within the Chief Directorate: Legal Services to undertake the legislative review were cited as the reason for nonachievement.
- Designs for the Giyani Satellite Campus were completed by the Tshwane University of Technology (TUT) by 31 March 2024. It was noted that minimal progress was made. The local stakeholders refused the TUT team entry to the site and delayed the planning activities. In addition, ownership of the site has limited TUT to invest in the site.
- 3,000 student housing for the provision of beds completed. Various student housing projects have experienced delays due to funding shortfalls and these are ongoing.
- Ten per cent of the infrastructure budget allocated for ICT infrastructure at PSET institutions. Institutions did not comply with the allocation of the 10 per cent infrastructure budget. However, further engagement took place with the institutions not complying.

Programme 3: University Education

For the year under review, the programme had 28 targets and achieved 16 representing a 57 per cent achievement rate.

Selected key achievements:

- The Student Funding Implementation Framework was submitted and approved by the Cabinet.
- 553 841 university students received funding through NSFAS bursaries.
- 31 080 graduated from initial teacher education.
- 3 690 doctoral graduates against the target of 3 477.
- Fifty-seven scholarships of internship positions were allocated to universities through the Nurturing Emerging Scholars Programme.

- Sixty-four doctoral scholarships were allocated to universities through the University Staff Doctoral Programme for award to permanent instruction or research staff members.

Targets not achieved:

- 1 110 360 students enrolled at public universities annually. Enrolments were capped at a lower threshold. Some universities were unable to attract students with the required results.
- 232 000 students completing university qualifications annually. Economic difficulties and transportation costs faced by students were some of the reasons for withdrawals and dropouts. In addition, pipeline students who were registered in the phased-out programmes (non-Higher Education Qualifications Sub-Framework aligned programmes) opted to apply at UNISA to complete their few outstanding subjects.
- 11 516 graduates in natural and physical sciences annually. Due to academically unprepared students in Mathematics and Science from the Department of Basic Education, the targets were not achieved. A significant number of universities underperformed and the highest underachievement of more than 20% was recorded from 15 out of the 26 institutions.
- Percentage (100%) of private higher education institutions (PHEIs) complying with regulations. It was noted that some public higher education institutions did not submit their annual reports for compliance assessment.
- Percentage (85%) of universities that meet good standards of governance. The underachievement was ascribed to the non-submission of scorecards by two universities.
- 85 new Generation of Academics Programme (nGAP) posts are filled at universities every year. The Department reported that the recruitment of the nGAP lecturers is conducted in universities and that the process is beyond its control.

Programme 4: Technical and Vocational Education and Training

For the year under review, the programme had 22 targets and achieved nine (9) or 41 per cent of the planned targets.

Selected key achievements:

- A Report on the establishment of an additional DSU to support students with disabilities in TVET colleges was approved.
- 34 272 artisan learners were trained in TVET colleges.
- Examination results were released to qualifying students within an average of 17.8 days from the last day of the examination timetable.
- All 50 TVET colleges offered student-focused entrepreneurship development programmes.

Targets not achieved:

- 518 584 students enrolled at TVET colleges against the target of 520 000. Underreporting due to data from TVETMIS supplemented with manual reporting. In addition, there is an emerging trend of colleges reducing enrolment in the Pre-Vocational Learning Programme.
- 266 063 TVET college students received funding through NSFAS bursaries against the target of 346 258. The number of trimesters was reduced from three to two due to the impact of COVID-19. This has negatively impacted the number of students who qualified for NSFAS. This meant that new students were not enrolled in the trimester that was scrapped; as a result, reducing the overall number of students applying and qualifying for NSFAS.
- 4 420 students enrolled in Pre-Vocational Learning Programmes to improve success against the target of 4 500. The cause for deviation was due to four TVET colleges which did not record enrolments on the Pre-vocational Learning Programme.
- Thirty-five lecturers participated in project-based lecturer capacity-building programmes in engineering (electrical, plumbing and mechanical) against the target of 200. The lack of funding and sponsors for participation in capacity-building programmes were the reasons for the underachievement.

Programme 5: Skills Development

The programme had 11 targets and achieved three (3), recording an achievement rate of 29 per cent, a regression from a 42 per cent performance in 2022/23. Concernedly, the programme's

performance regressed in the past two consecutive financial years, 2022/23 and 2023/24. significantly by per cent from per cent in 2022/23.

Selected key achievements:

- 100 per cent of the SETAs met the standard of good governance.
- It took an average of 26.5 days from qualifying trade test applications received until the trade test was conducted.
- Twenty-one SETAs assessment to have developed credible Sector Skills Plans.

Targets not achieved

- 87 915 learners or students were placed in work-based learning (WBL) programmes against the target of 110 500.
- 53 518 learners registered in skills programmes against the target of 149 000.
- 20 463 learners entered artisanal programmes against the target of 23 000.
- 20 062 artisans found competent against the target of 21 00.
- The underachievement was ascribed to the labour market not yet fully recovered from the COVID-19 pandemic thus employers could not place more learners. This has a negative implication for the massification of skills development programmes.

Programme 6: Community Education and Training

The programme had nine (9) targets and achieved seven (7), thus recording a 78 per cent achievement rate.

Selected key achievements:

- The Director-General approved Criteria to measure compliance with the implementation of sustainable funding for CET colleges and Criteria to measure compliance with the implementation of the Policy on National Norms and Standards for Funding of CET Colleges.
- 100 per cent of CET Colleges met the standards of good governance.
- 1000 CET college lecturers were trained.
- 100 per cent of CET College examination centres were compliant with the National Policy on the Conduct and Management of Examinations and Assessment.

Targets not achieved:

- 130 752 students enrolled at CET colleges against the target of 321 841. Inappropriate infrastructure to enable CET colleges to offer programmes that are attractive to adults and the youth. In addition, there is a lack of institutional identity as CET colleges largely operate in public schools.
- 9 942 CET College students completed GETC: Level 4 against the target of 41 200. Student absenteeism/dropouts in teaching and learning and for examinations. There is also a lack of college tracking of registered candidates' readiness to sit for the examination.

3.4. 2022/23 Audit Outcomes

The Department obtained an unqualified audit opinion with findings from the AGSA for the 2023/24 financial year. The Department had not received a clean audit since its establishment.

The basis for the opinion

Report on the audit of the annual performance report

The material findings on the performance information of the selected programmes are as follows:

Programme 3: University Education

- **Number of students receiving funding through NSFAS bursaries annually:** An achievement of 553 841 was reported against a target of 439 659. The AG 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.
- **Throughput rate of 2014 first-time cohort at universities:** Adequate processes had not been established to consistently measure and reliably report on the achievement of this indicator and its target of 62 per cent. Inconsistencies were found in the definition and the method of calculation included in the technical indicator description. Consequently, it was difficult to determine the correct achievement to be reported against the planned target.

Programme 4: TVET

- **Various indicators:** Based on the audit evidence, the actual achievements for the indicators did not agree with what was reported. The AG could not determine the actual

achievements but estimated them to be materially more. The targets were still not achieved.

- **Number of days to release examination results to qualifying students:** An achievement of 17.8 days was reported against a target of 40 days. However, the audit evidence did not support this achievement. The AG could not determine the actual achievement but estimated it to be materially more than reported. Consequently, it is likely that the target was still achieved.

Programme 5: Skills Development

- **Various indicators:** Based on the audit evidence, the actual achievements for the indicators did not agree with what was reported. The AG could not determine the actual achievements but estimated them to be materially more. The targets were still not achieved.

Material misstatements: The AG identified material misstatements in the Annual Performance Report submitted for auditing. These material misstatements were in the reported performance information for Programmes 3, 4, 5 and 6. Management did not correct all of the misstatements and therefore the AG reported material findings in this regard.

Internal control deficiencies: The Department did not have a proper records management system to maintain information that supported the reported performance in the Annual Performance Report. This included information that related to the collection, collation, verification, storage and reporting of actual performance information, which resulted in the material misstatements reported in the Annual Performance Report.

4. ENTITIES OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING

4.1. Council on Higher Education (CHE)

The CHE is an independent statutory body established in terms of the Higher Education Act, 1997 (Act No.101 of 1997, as amended). It derives its mandate from the Higher Education Act, 1997 (Act No. 101 as amended) and the National Qualifications Framework Act, 2008 (Act No. 67 of 2008 as amended). The mandate is further premised on key policies, namely the National Development Plan: Vision 2030, the White Paper for Post-School Education and

Training, the National Plan for Higher Education, and the Medium-Term Strategic Framework 2019 – 2024: Priority 3: Education, Skills and Health.

4.1.1. Overview and assessment of the CHE's 2023/24 non-financial performance

For the 2023/24 financial year, the CHE had four budget programmes, namely, Management of HEQSF, Quality Assurance, Research, Monitoring and Advice, and Corporate. The programmes had 45 targets and achieved 42 or 93 per cent achievement rate.

Table 6: The CHE's programmes, with their related achievement against performance targets for the 2023/24 financial year

COUNCIL ON HIGHER EDUCATION AND TRAINING (CHE)	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Management of the HEQSF	15	14	1	93%
2. Quality Assurance	10	9	1	90%
3. Research, Monitoring and Advice	8	8	0	100%
4. Corporate	12	11	1	92%
Overall Total	**45**	**42**	**3**	**93%**

Source: CHE (2024)

4.1.2. Non-financial performance per programme

Programme 1: Management of the HEQSF

The programme manages the development and implementation of HEQSF policies, qualification standards, and data to meet the goals of the NQF, NPPSET and NDP. The programme has five sub-programmes and contributes to one of the CHE's five Strategic Outcomes: CHE as an effective custodian of the HEQSF.

During the year under review, the programme had 15 planned targets shared among the five sub-programmes and achieved 14 with an achievement rate of 93 per cent.

Selected key achievements:

- Three qualification standards were fully developed or reviewed.
- Four qualification standards were fully developed and reviewed.
- Ninety per cent of the data sets were verified and validated to be accurate and reliable, from all data sets submitted by private higher education institutions.
- Two data sets were on the National Learner Records Database.

- Supported 9 higher education institutions in the development and implementation of relevant institutional policies.
- CHE was involved in 12 national events and/or fora on NQF, quality assurance, and promotion.
- Produced a good practice guide.

Target not achieved:

- Number of revised and approved HEQSF, in a particular financial year. The nonachievement was ascribed to the changes in personnel during the year that affected the project adversely, as there were several months during which minimal work was undertaken on this project.

Programme 2: Quality Assurance

The programme contributes towards the fulfilment of the mandate of the CHE as the national authority for quality assurance in higher education. The programme develops and implements processes to inform, assure, promote and monitor quality in Higher Education Institutions (HEIs).

The programme had 10 targets shared among the four sub-programmes and achieved nine (9) representing a 90 per cent achievement rate.

Selected key achievements:

- Ninety-six per cent (against the target of 85 per cent) of programme accreditation applications received went through the accreditation process and presented to the HEQC within 8 months from the date of final submission of an application (and after receiving payment in case of applications from private institutions.
- 100 per cent (against the target of 85 per cent) of programme reaccreditation applications received went through the accreditation process and presented to the HEQC within 18 months from the date of the appointment of the evaluators.
- 100 per cent of site visits undertaken whose reports were presented to the HEQC within 8 months from the date of receipt of reports from the site visit panels.
- Thirty-five Institutional Audits were initiated.
- Eighteen audit reports of completed Institutional Audits were finalised and approved.

- Hundred per cent of completed National Reviews that have their reports were finalised and approved.
- Six Higher Education Practice Standards were developed.

Target not achieved

- Number of institutional site visits by CHE audit panels, within a particular financial year depending on individual institution's agreed planning with the CHE. The target was not achieved because two private institutions withdrew from the process as a result of financial constraints.

Programme 3: Research, Monitoring and Advice

The programme aims to revitalise and strengthen the research, monitoring, evaluation and advice capabilities of the CHE to advance the realisation of Outcome 3: a reputable centre of intellectual discourse, knowledge generation and advancement in higher education.

The programme had eight (8) targets shared among the three sub-programmes with an achievement rate of 100 per cent.

Selected key achievements:

- Four research reports were produced.
- Five colloquia, seminars, or symposia were organised.
- Four policy briefs of Briefly Speaking articles were produced.
- A VitalStats was produced.
- Produced and submitted five requests for advice and responded to them with the submission of advice and proactive advice.

Programme 4: Corporate

The programme provides leadership, oversight, systems, activities and structures that enable the organisation to operate effectively and efficiently in fulfilment of its mandates and pursuit of its outcomes. The programme contributes to two of the CHE's five Strategic Outcomes, namely Strategic Outcome 4: Governance, compliance and risk management and Strategic Outcome 5: Sustainable, responsive and dynamic organisation.

The programme had 12 targets shared among the three sub-programmes. The programme achieved 11 or an achievement rate of 92 per cent.

Selected key achievements:

- Developed or reviewed nine (9) ICT policies, frameworks, guidelines, and procedures.
- Developed or reviewed eight (8) Human Resources policies, frameworks, guidelines, and procedures.
- Developed or reviewed nine (9) financial management and supply chain management policies, frameworks, guidelines, and procedures.
- Organised and held 36 scheduled governance meetings.
- Developed and approved annual ICT Operational Plans based on the CHE's approved Digital Transformation Framework.

Target not achieved

- Percentage of approved posts on the organisational structure that have incumbents throughout a particular financial year. The target was not achieved because the appointment of internal staff into higher positions resulted in their previous positions becoming vacant, as well as due to the resignation of one staff member, and the death of another staff member, with both occurrences taking place late in the fourth quarter.

4.1.3. Overview and assessment of CHE's 2023/24 budget allocation and expenditure

For the 2023/24 financial year, CHE's total revenue amounted to R100,22 million, comprising R8,68 million of revenue from exchange transactions (R6,56 million from non-exchange and R2,12 million from interest received and other income) and R91,534 million from non-exchange transactions (R82,88 million of Government Grant, R5,96 million of Conditional Grant and R2,68 million, and surplus funds rolled over).

Total expenditure at the end of the financial year was R96,26 million, whereas underspending was R3,95 million. Underspending constitutes 4 per cent of the total revenue for 2023/24. Expenditure on compensation of employees was R41,87 million, with underspending was R378 463.00. Spending on goods and services was R54,77 million, recording lower than projected spending of R3,58 million.

The underspending on the compensation of employees was ascribed to the accumulation of funds on seven funded vacant posts that took time to fill, due to the time delay between an incumbent leaving a post and the replacement taking up the post, as well as to some unforeseen delays in filling the posts during the year under review.

Underspending on goods and services was attributed to the following:
Programme 1: Administration: less legal fees, less travel requested for all governance committee meetings because many were held virtually during the period under review, less spending on domestic travel, Peer Academics, Books, journals, Periodicals, Membership fees and subscription and advertising and repairs and maintenance lower than budget due to savings realised from reduced maintenance to the building.

Programme 2: Quality Assurance: Less spending on domestic travel for assessment of HEIs, less usage of 3G cards, and less payment made to Institutional Audit Committee members; and savings due to delays in the approval of the qualification standards for Initial Teacher Education, which had knock-on delays in developing the SER template and manual.

4.1.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, the CHE incurred irregular expenditure to the value of R15 000,00, as per note 25 of the Annual Financial Statement relates to the attendance of training by three employees without obtaining approval or following the SCM processes. The Financial Misconduct Committee condoned R15 000,00 and did not find any employee guilty of negligence due to the amended invoice received from the University of South Africa after the event for attending the Decoloniality Summer School.

Fruitless and wasteful expenditure incurred during this period under review amounted to R104 225.00 as per note 24 of the Annual Financial Statements. This relates to interest and penalty charged on late payment to SARS for PAYE (R86 694.51) and to flights and accommodation costs (R17 530.49 incurred for a cancelled training event.

It was reported that the Financial Misconduct Committee condoned both the R86 694,51 and R17 530,49 and did not find any employee guilty of negligence. Late SARS payment was due to technical challenges encountered with the Standard Bank online portal to timeously release the payment to SARS, which was determined not to be within CHE employees' control. This

was also the case for the cancelled training. The Finance Unit has put mitigation controls in place to avoid the recurrence of the interest and penalty charged by SARS due to late payments.

4.1.5. Contingent liability

The CHE had unspent cash of R4,371,946 from the budget for the year under review. This unspent cash is ordinarily supposed to be transferred back to the National Treasury, according to section 53(3) of the PFMA. The CHE has requested the retention of these funds from the National Treasury to address the budget pressures that the CHE is facing in the 2024/25 financial year.

4.1.6. 2023/24 Audit outcomes

The CHE obtained a clean audit in 2023/24. The clean audit is highly commendable given that it matched the performance of 93 per cent recorded in the year under review.

4.2. Future outlook

CHE funding requirements:

The budget of the CHE is under severe strain due to a range of factors, including the following:

- a growing mandate and scope of work: The higher education sector is much bigger now than in the earlier years of the CHE; the private higher education sector is growing rapidly, and there is a need to bring public and private higher education colleges more closely into the quality assurance oversight of the CHE. Additional mandates that have been added over the years include responsibility for managing the HEQSF as the quality council and the new Transformation oversight mandate.
- Investment in digital technologies is vital if the CHE is to carry out its work effectively in a 21st-century world and the context of the 4IR.
- A fit-for-purpose organizational structure is required for the CHE to fully and effectively execute its work, especially as it introduces the new Quality Assurance Framework. The approved organisational structure cannot be fully implemented due to funding constraints. This leads to process delays.

Therefore, additional funding is critical to enable the CHE to carry out the increased scope of work, make progress in implementing its Digital Transformation Strategy, and ensure a fit-for-purpose organizational structure that matches the work that needs to be done.

4.3. South African Qualifications Authority (SAQA)

SAQA is a Schedule 3A public National Public entity as defined by the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). It derives its mandate from the Constitution of the Republic of South Africa (section 29 of the Constitution and the National Qualifications Framework Act, 2008 (Act No. 67 of 2008 as amended). SAQA further derives its policy mandate from the NDP Vision 2030, the White Paper on PSET, the National Plan for Post-School Education and Training, the Economic Reconstruction and Recovery Plan, and the Department's five-year Strategic Plan.

4.3.1. Overview and assessment of SAQA's 2023/24 non-financial performance

For the 2023/24 financial year, SAQA had five budget programmes. The programmes had 24 APP targets and achieved 22 or 92 per cent, which is an improvement of a 4.5 per cent achievement rate from 2022/23 (87.5%)

A summary of programme performance for the 2023/24 financial year is illustrated in Table: 7 below.

Table 7: SAQA Programmes, with their related achievement against the performance targets for the 2023/24 financial year

SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration and Support	10	10	0	100%
2. Registration and Recognition	2	2	0	100%
3. National Learners' Record Database	8	8	0	100%
4. Foreign Qualifications Evaluation and Advisory Services (DFQEAS)	2	0	2	0%
5. Research	2	2	0	100%
Overall Total	**24**	**22**	**0**	**92%**

Source: SAQA, 2024

4.3.2. Non-financial performance per programme

Programme 1: Administration

The programme contributes to the achievement of three of SAQA's Strategic Outcomes, namely, A dynamic NQF that is responsive, adapts to and supports the changing needs of life-long learning; visionary and influential leadership that drives a clear, evidence-based NQF agenda; and a competent team dedicated and resourced to develop and maintain the NQF.

The programme had 10 targets and achieved 100 per cent.

Selected key achievements:

- Two initiatives were implemented to promote South Africa's NQF.
- SAQA hosted the Namibia Qualifications Authority for training on the evaluation of foreign qualifications.
- SAQA identified Cape Peninsula University of Technology as a strategic partner. The institution is a member of the Cape Higher Education Consortium.
- SAQA was asked to provide inputs into the Memorandum of Understanding on Cooperation in Quality Assurance and Recognition of Qualifications Between the Governments of the Federation Republic of Brazil, the Russian Federation, the Republic of India, and the People's Republic of China and South Africa.
- All SAQA staff have attended at least two training interventions for the financial year.
- SAQA received an unqualified audit opinion with no findings.
- Four online campaigns aimed at informing the public about the NQF.

Programme 2: Registration and Recognition

The programme is responsible for registering qualifications and part-qualifications, recognising professional bodies and registering professional designations. It contributes to two of SAQA's five Strategic Outcomes, namely:

- We have well-articulated quality-assured qualifications and relevant professional designations that instil trust and meet the needs of the people.
- We have stakeholders and role-players who are aligned to deliver on the NQF.

During the period under review, the programme had two planned targets, and both were achieved. and achieved 100 per cent. SAQA registered 196 qualifications recommended by the QCs that met all SAQA's criteria within 70 working days of submission as follows: 85 CHE qualifications, and 111 QCTO qualifications. SAQA presented a concept paper to the QCs at an NQF Operations Sub-Committee and was finalised. It is noted that it was not required

to change the Policy and Criteria for the registration of qualifications and part-qualifications on the NQF.

Programme 3: Information and Communication Technology

The programme contributes to achieving two of the five Strategic Outcomes, namely:

- We have well-articulated quality-assured qualifications and relevant professional designations that instil trust and meet the needs of the people.
- We have stakeholders and role-players who are aligned to deliver on the NQF.

The programme had eight (8) planned targets and achieved 100 per cent of the planned targets.

Selected key achievements

- The Foreign Qualifications Module was developed and deployed into pilot production.
- CHE and SAQA have developed and successfully tested an integration API, which theoretically allows for an end-to-end workflow between the CHE and SAQA. The system is built on specifications supplied by the CHE.
- SAQA made the public information on the NQF MIS (comprising the NLRD) easily accessible and usable by all stakeholders.
- Ensured that QCs loaded learner achievement records on the NQF MIS (comprising 1 176 681 qualification achievements were loaded by the QCs, and 1 250 946 part-qualification achievements were loaded by the QCs.

Programme 4: Authentication Services

The programme is responsible for evaluating foreign qualifications and locating them on the South African NQF. It contributes to one of the five Strategic Outcomes, namely, a dynamic NQF that is responsive, adapts to, and supports the changing needs of life-long learning.

The programme had two planned targets, and both were not achieved.

Targets not achieved:

- Requests from foreign partners, and verification confirmations for all compliant applications received for the evaluation of foreign qualifications within 60 working days. SAQA received 29 273 compliant qualification applications, and 28 910

compliant qualification applications were sent for verification requests within 60 working days. The partial achievement was ascribed to capacity constraints and delays in automation projects.

- Complete all compliant verification requests received for the verification of South African qualifications within 25 working days. It was noted that 666 658 compliant applications were verified within 25 working days and 9 261 were verified outside that period.

Programme 5: Research

The programme is responsible for conducting evidence-based research to track the development and implementation of the NQF and to evaluate the impact of the NQF on the people in South Africa.

The programme contributes to two of the five institutional outcomes, namely:

- We have a dynamic NQF that is responsive, adapts to, and supports the changing needs of lifelong learning.
- We have well-articulated quality-assured qualifications and relevant professional designations that instil trust and meet the needs of people.

The programme had two planned targets for 2023/24, and both were achieved. The SAQA Board approved a Policy and Criteria for Evaluating Foreign Qualifications within the South Africa NQF and had two SAQA-QC engagements to report on several revised policies.

4.3.3. Overview and assessment of SAQA's 2023/24 budget allocation and expenditure

For the 2023/24 financial year, SAQA's total revenue was R149,52 million, comprising R89,23 million of Government Grants, R49,56 million from the rendering of services, R8,49 million of interest received and R2,23 million from other income. The revenue increased marginally by 2 per cent from 2022/23.

Expenditure at the end of the year under review amounted to R120,51 million (2022/23: R102,84 million), recording an underspending amounting to R29,0 million or 19.3 per cent of the total revenue. Notably, the underspending decreased significantly by 34 per cent from R43,65 million in 2022/23).

Expenditure on employee costs amounted to R80,76 million (2022/23: R64,09 million), constituting 67 per cent of the total expenditure for 2023/24. Spending on other expenses amounted to R39,75 million (2022/223: R38,74 million). The underspending was ascribed to ICT support and development costs that were minimised through applying cost-saving procurement strategies, project management and supplier management; building-related projects that have been discontinued due to the sale of the SAQA building and good financial management practices and implementation of cost containment measures to ensure financial resources were responsibly managed.

It was further reported that surplus funds will be used towards contingencies from ongoing legal cases and commitments to cover costs for unfunded projects (NQF research and National Verifications and Automation); and invest in new office premises and related costs to support SAQA operations.

4.3.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, SAQA did not incur irregular, fruitless and wasteful expenditures.

4.3.5. Contingent liabilities

SAQA reported two cases that were with the Commission for Conciliation, Mediation and Arbitration (CCMA) and the Labour Court, respectively.

CCMA Cases

Matter1: Claim for SAQA staff members retrenched: Following the retrenchment of employees implemented by SAQA in May 2021 in line with section 189 of the Labour Relations Act, 34, former staff members lodged a claim at the CCMA claiming unfair labour practice. As at the date of this report, the matter has not progressed following a referral from the CCMA to the Labour Court.

Labour Court Case

Matter 1: The applicant lodged a claim for unfair dismissal and the matter was set down for arbitration on 02 September 2022. On 30 May 2023, an arbitration award was issued in favour of the applicant after which an urgent stay application was made to the Labour Court. The stay

application required a deposit of R3.0 million (i.e., the exact amount is R3,036,792) which was paid into a designated trust account with the attorneys.

Court Case

Matter 1: The matter concerns the SA School of Diplomacy challenging the Public Service SETA (PSETA), QCTO, SAQA, and the Minister of International Relations for not granting them accreditation to offer 2 diplomatic qualifications.

Subsequent to the meeting, the applicant sent a response containing their revised terms of the settlement. In addition to the lifting of the ringfencing on the two historic qualifications, they now require the respondents to warranty that some occupational qualifications and unit standards will not be restricted, that the PSETA and QCTO will grant accreditation on some qualifications and a reduced claim on compensation.

The applicant has now issued a Notice in terms of section 3(1) of the Institution of Legal Proceedings Against Certain Organs of State Act, 2002 wherein the applicant intends to approach the court claiming patrimonial loss to the amount of R203.7 million (i.e., exact amount is R203,701, 234). Should the case be decided in favour of the applicant, the court order for the loss could be shared equally amongst the respondents.

Unspent funds

SAQA will apply to the National Treasury to retain the cash surplus of R108.32 million (i.e., the exact amount is R108,320,572) after the finalisation of the external audit.

4.3.6. 2023/24 Audit outcomes

SAQA obtained a clean audit for 2023/24.

4.3.7. Funding requirements

In terms of future funding requirements, SAQA indicated that additional funding is required as follows:

Table 8: SAQA funding requirements over the 2025/26 Medium-Term Expenditure Framework

Project/initiatives	2025/246 R'000	2026/27 R'000	2027/28 R'000
Automation and Digitisation Project	6 700	-	-
Verification of South African Qualifications	15 308	15 500	15 980
NQF Chairperson (Research)	6 900	7 600	8 500
Total	**28 908**	**23 100**	**24 480**

Source: SAQA, 2024

4.4. Quality Council for Trades and Occupations (QCTO)

The QCTO was established as a juristic person in 2010 in terms of the Skills Development Act (SDA), 1998 (Act No. 97 of 1998) as amended in 2008. The QCTO, as a quality assurance body, is responsible for a part of the National Qualifications Framework (NQF), which is the Occupational Qualifications Sub-Framework (OQSF). The QCTO performs its functions in accordance with the Skills Development Act, 1998 as amended and the National Qualifications Framework Act, 2008.

4.4.1. Overview and assessment of QCTO's 2023/24 non-financial performance

Table 9: The QCTO's programmes, with their related achievement against performance targets for the 2023/24 financial year

Programme	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration	4	2	2	50%
2. Occupational Qualifications Management and Certification	8	8	-	100%
3. Occupational Qualifications Quality Assurance	11	11	-	100%
4. Research Analysis	2	2	-	100%
Total	**25**	**23**	**2**	**92%**

Source: QCTO, 2024

During this review period, the QCTO had 25 targets against the 2023/24 APP. The QCTO achieved 23 or 92 per cent of the planned targets, a marginal decrease of 1 per cent from 93 per cent achieved in 2022/23.

4.4.2. Non-financial performance per programme

Programme 1: Administration

The programme enables the QCTO performance through strategic leadership and reliable delivery of management support services that will ensure a responsive and learning organisation. It contributes towards Institutional Outcome 3: A responsive learning organisation.

For the 2023/24 financial year, the programme had four planned targets and achieved two of the planned targets.

Target achieved:

- Twenty per cent of the capacity-building strategy was implemented (Year 3).
- Forty per cent of the Change Management strategy was implemented (Year 2).

Targets not achieved

- Sixthy per cent of Master System Plan (MSP) Annual Plan deliverables were implemented against the target of 100 per cent. The underachievement was ascribed to the cancellation of the tender for Business Process reengineering and automation and non-responsive to the request for quotes for specialised IT security software.
- Ninety-seven per cent of the Marketing and Communications strategy was implemented (Year 3) against the target of 100 per cent. It was reported that the plan was not fully achieved due to the delay in the SCM processes for one activity and the tender shall be re-advertised as an open tender in the 2024/25 financial year.

The programme had a total budget of R81,25 million and spent R81,09 million at the end of the financial year.

Programme 2: Occupational Qualifications Management and Certification

The programme ensures that occupational qualifications, part-qualifications and skills programmes on the Occupational Qualifications Sub-Framework (OQSF) are developed and registered on the NQF; a national Assessment implemented for all qualifications on the OQSF, issues certificates to qualifying learners; and verifies the authenticity of issued certificates. It contributes towards the achievement of Outcome 1: A single national quality-assured

Occupational Qualifications Sub-Framework that promotes synergy, simplification, and effectiveness.

The programme had eight (8) targets and achieved 100 per cent.

Selected key achievements:

- 132 prioritised occupational qualifications were processed for recommendation to SAQA for registration on the OQSF.
- 1 246 of remaining Historically Registered Qualifications were recommended to SAQA for deactivation on the OQSF.
- Seventeen prioritised skills programmes were approved by QCTO.
- Forty-seven assessments for historically registered qualifications were quality assured.
- 22 344 certificates were approved.

For the 2023/24 financial year, the programme spent R25,15 million of the R28,45 million budget, recording lower-than-projected spending amounting to R3,29 million.

Programme 3: Occupational Qualifications Quality Assurance

The programme establishes and maintains quality standards for Accreditation and Assessment within the OQSF and contributes towards the following institutional Outcome 1: A single national quality-assured OQSF that promotes synergy, simplification and effectiveness.

During the review period, the programme had 11 targets and achieved 100 per cent.

Selected key achievements:

- 2 475 Skills Development Providers (SDP) accreditation applications were processed.
- 684accreditation applications for skills programmes were processed.
- 135 accreditation applications for Historically Registered qualifications were processed.
- 235 accredited SDPs were quality assured.
- 151 accredited SDPs with implemented historically registered qualifications with learner uptake were quality assured.

The programme spent R36,27 million of the R40,76 million budget for the year under review, recording lower-than-projected spending of R4,49 million. The programme has underspent in both compensation and goods and services budgets.

Programme 4: Research Analysis and Quality Assurance

The programme establishes and maintains the QCTO Standards for quality assurance through research, monitoring, evaluation, and analysis. It further contributes towards institutional Outcome 1: A single national quality assured OQSF that promotes synergy, simplification, and effectiveness.

During the period under review, the programme had two (2) targets, and both were achieved. Five research reports were approved, against the target of two and a research bulletin was published.

The programme spent R3,94 million of the budget of R7,31 million, recording lower-than-projected spending of R3,36 million. Underspending was on goods and services.

4.4.3. Overview and assessment of the QCTO's 2023/24 budget allocation and expenditure

For the 2023/24 financial year, QCTO's revenue was R162,88 million (2022/23: R139,92 million). The revenue comprised SETA Levy Grant: R111,60 million, Government Grant: R29,24 million, Conditional Grant (NSF): R3,79 million, Finance income: R11,29 million and other income: R7,19 million.

At the end of the period under review, QCTO spent R153,61 million, while recording an underspending of R9,27 million. Underspending increased by R5,93 million from R3,33 million in 2022/23.

4.4.4. Unauthorised, irregular, fruitless and wasteful expenditure

QCTO did not incur fruitless expenditure during the period under review. The entity incurred R16,410.44 in fruitless and wasteful expenditure during the year as a result of the unauthorised use of the entity's credit card. The amount was fully recovered.

4.4.5. 2023/24 Audit outcomes

The QCTO obtained the eighth consecutive clean audit opinion for the 2023/24 financial year. Remarkably, the clean was matched by the performance of the predetermined objectives. The AG has not identified material findings on the QCTO's annual financial statements, predetermined objectives, compliance with legislation, and internal controls environment.

4.5. National Skills Fund

The NSF was established in 1999 in terms of Section 27(1) of the Skills Development Act, which states the following: "The National Skills Fund (NSF) is hereby established". Therefore, the NSF is not established with a legal persona. The NSF is a Schedule 3A public entity governed by the Public Finance Management Act (PFMA) (No. 1 of 1999, as amended).
The entity's mandate is derived from the SDA and its subsequent amendments.

4.5.1. Overview and assessment of the NSF's 2023/24 non-financial performance

During this period under review, the NSF had three budget programmes. The three programmes had 39 APP targets. The NSF achieved nine (9) or 19% per cent against the 2023/24 APP targets. The entity's performance for the period under review improved by 8 per cent from 11 per cent in 2022/23. Despite this improvement, the performance is still not satisfactory. It is very concerning that the entity has not achieved more than 25 per cent of its targets against the APP for the three financial years (2020/21: 23%; 2021/22: 24% and 2022/23: 11%). The table below shows the performance of the NSF over five financial years.

Table 10: The NSF's programmes, with their related achievement against performance targets for the 2023/24 financial year

Programme	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration	12	03	08	27%
2. Skills Development Funding	24	01	23	4%
3. PSET Improvement Funding	13	05	08	38%
Overall Total	49	09	39	19%

Source: NSF Annual Report 2023/2024

4.5.2. Non-financial performance per programme

Programme 1: Administration

The programme aims to ensure a sound service delivery environment and effective resource management within the NSF. For the 2023/24 financial year, the programme had 12 targets and achieved 3 or 27 per cent, which is a marginal improvement from zero per cent achievement in 2022/23. The NSF registered 100 per cent of new projects with Memorandum of Agreements (MoAs) on the NSF finance system within 14 days upon receipt of the project's registration documentation; processed 100 per cent of tranche payments to contracted skills development providers within 30 days from the date of receipt of valid claim invoices; and 100 per cent of NSF staff were trained in line with the approved workplace skills.

Selected targets that were not achieved

- Percentage of material audit findings addressed, (achieved 31% against the target of 100%).
- Percentage of valid invoices paid within 30 days from the date of receipt (achieved 96% against a target of 100%).
- Percentage of approved standard operating policies and procedures implemented (achieved 0% against the target of 100%).
- Percentage of planned policies and procedures developed or revised (achieved 35% against the target of 100%).

The following were cited as reasons for deviations: the lack of an integrated system and capacity constraints led to delays in implementing the action plan; delays in filling vacancies; limited capacity contributed to delays in the procurement of customer survey services; and the Limited ICT capacity focused on the migration of ICT Solutions from service provider post-contract closure.

Programme 2: Skills Development Funding

The programme measures the extent to which the NSF has funded learners who may be employed or self-employed within a reasonable period after completing their education and training will provide a reliable measure of the success of the skills development initiatives funded against strategic priority interventions in creating a capable South African citizenry that contributes towards improving economic participation and social development.

For this period under review, the programme had 24 annual targets and achieved one)1) or 4 per cent of the planned targets. The programme also performed poorly in 2022/23 having

achieved 0 per cent of the 20 planned targets. It is gravely concerning that the core programme of the entity is not performing as expected. 1 273 learners completed their education and training through worker education against the target of 700.

Targets not achieved

- 28 708 learners were funded by the NSF for education and training against the target of 61 500.
- 4 317 NSF-funded learners completed their education and training against the target of 26 600.
- 17 767 learners from rural areas were funded by the NSF for education and training against the target 35 800.
- 2 542 learners from rural areas completed their education and training against the target 13 500.
- 332 learners were funded by the NSF for skills development through community-based skills development initiatives against the target of 11 500.
- Fifty-four learners completed skills development through community-based skills development initiatives against the target 9 400.
- 578 youth from rural areas funded by the NSF for skills development in response to innovation and digital technologies against the target of 1 000.
- Twenty-nine youth from rural areas completed skills development in response to innovation and digital technologies against the target of 500.

The reasons for underachievement were related to projects that have not submitted performance reports or requisite records, resulting in the implementation of consequence management in terms of the contract; delays in issuing new Request for proposals due to a lack of sufficient capacity within Initiation and Evaluation; delays in the evaluation of proposals both solicited and unsolicited due to a lack of sufficient resources and capacity within Initiation and Evaluation to attend to the evaluation processes; the PSET system is experiencing a backlog for the printing of certificates, which causes a delayed receipt of learner completion certificates and/or statement of results, and some of the Skills Development Providers (SDPs) not registering learners on time after they have been recruited into the project.
The programme spent 38 per cent of its allocated budget.

Programme 3: PSET Improvement Funding

The purpose is to ensure an effective PSET system that will enable smooth training and education for the youth thereby creating employment opportunities. During this period under review, the programme had 13 targets and achieved five (5) or 38 per cent of the planned targets.

Selected key achievements.

- Fifteen infrastructure development projects were funded, against the target of 3. The target was exceeded because the projects began reporting during the financial year.
- Thirteen NSF research interventions were funded.
- Six research projects were funded that achieved 60 per cent of the envisaged outputs, against the target of 1.
- One NSF-funded research project was completed.

Targets not achieved:

- Number of NSF-funded skills infrastructure development projects completed (achieved nought against the target of 3)
- Number of NSF-funded skills infrastructure-related projects (achieved nought against the target of 1)
- Number of capacity development projects funded (achieved 29 against the target of 36).
- Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs (achieved 8 against the target of 32).
- Number of NSF-funded PSET capacity-building projects completed (achieved 1 against the target of 2).

Reasons for underachievement included, amongst others, projects that have not submitted performance reports or requisite records, resulting in the implementation of consequence management in terms of the contract. As a result, some projects started reporting during the Quarter 4 reporting period; delays in the evaluation of proposals for PSET Improvement projects due to a lack of sufficient resources and capacity within Initiation and Evaluation to attend to the evaluation processes; newly approved projects were still busy with contracting and

changes request processes and addendums due to changes arising in the project implementation, for example, the extension of time or change of activities.

The programme spent 22 per cent of its allocated budget.

4.5.3. Overview and assessment of the NSF's 2023/24 budget allocation and expenditure

For the 2023/24 financial year, the NSF's total revenue was R5,66 billion (2022/23: R4,99 billion). The NSF's revenue comprised R4,48 billion from non-exchange transactions - Skills development levies and R1,17 billion from exchange transactions (Finance income: R1,13 billion and R48,98 million from finance income from advance payments to skills development programmes and projects). Total revenue increased by R666,39 million from the previous financial year.

At the end of the financial year, the NSF spent R2,39 billion (2022/23: R1,40 billion), representing 42 per cent of the NSF's total revenue for 2023/24. The entity recorded lower-than-projected spending amounting to R3,26 billion. An amount of R2,16 billion was spent on skills development funding expenses and R185,98 million was spent on administrative expenses. Expenditure on employee costs was R116,60 million, representing 63 per cent of the total administrative expenses. Operating expenses amounted to R60,04 million of the total administrative expenses.

The NSF reported that various operational-level factors contributed to underspending. These factors include significant delays in approving new projects, which have hindered timely allocation of resources.

4.5.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, the NSF did not incur irregular, fruitless and wasteful expenditures. The NSF was addressing irregular, fruitless and wasteful expenditures incurred in previous years as follows. It was reported that the determination and investigations related to these transactions were at various stages and will be concluded in due course.

4.5.5. 2023/24 Audit outcomes

During the 2023/24 financial year, the NSF obtained a third consecutive qualified audit opinion for the third consecutive audit cycle after two disclaimer opinions in 2019/20 and 2020/21.

Basis for qualified opinion

Skills development funding: The AG was unable to obtain sufficient appropriate audit evidence that skills development funding for the current and previous year had been properly accounted for, as evidence that services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes. The AG was also unable to confirm the skills development funding by alternative means. Consequently, the AG was unable to determine whether any adjustments relating to skills development funding stated at R1 784 654 000 (2022-23: R1 182 657 000) disclosed in note 20, as well as the related deferred expenditure stated at R1 370 063 000 (2022/23: R1 221 194 000) disclosed in note 9 to the financial statements were necessary.

Other matters

Report on the Audit of the Annual Performance Report

The material findings on the reported performance information for the selected programmes are as follows:

Programme 2: Skills Development Funding: The AG could not determine if the reported achievements were correct for these indicators: 2.1.2 Number of NSF-funded learners who completed their education and training; 2.1.4 Number of NSF-funded learners who completed their education and training towards OIHD and 2.1.6 Number of NSF-funded learners from rural areas who completed education and training, as adequate supporting evidence was not provided for auditing. The AG indicated that the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Programme 3: PSET System Improvement Funding: The AG could not determine if the reported achievements were correct for these indicators: 3.1.2 Number of NSF-funded infrastructure development projects that achieved 60% of the envisaged outputs; 3.2.2 Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs; and 3.3.2 Number of research projects funded that achieved 60% of the envisaged outputs, as adequate supporting evidence was not provided for auditing.

Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Material misstatements: The AG identified material misstatements in the annual performance report submitted for auditing. These material misstatements were identified in the reported performance information of Programme 2: Skills Development Funded and Programme 3: PSET System Improvement Funding. Management did not correct all the misstatements and reported material findings in this regard.

Report on compliance with legislation

- **Annual financial statements:** The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. The AG further noted that the material misstatements of investments, deferred expenditure, provisions related to skills development funding and related parties identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

- **Consequence management:** The AG was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because some investigations into irregular expenditure were not performed.

  The AG was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Internal control deficiencies:

The AG reported the following:

- The public entity did not prepare accurate and complete financial statements that were supported and evidenced by reliable information. This is evidenced by material misstatements identified on various financial statement line items.
- Management did not implement adequate internal controls relating to project monitoring and reporting. This resulted in underlying records not being readily available to support the skills development activities funded by the entity.
- The leadership did not exercise adequate oversight, specifically regarding reporting on the skills development funding expenditure, performance and compliance, resulting in material misstatements and instances of noncompliance identified during the audit.

Material Irregularities (MI): Status of the previously reported material irregularities

- Regarding progress on the MI, The AG reported that the Accounting Authority submitted monthly progress reports during July, August and September 2024 regarding the actions taken to implement the recommendations. The AG will follow up on the implementation of the recommendations.

4.6. Services Sector Education and Training (SSETA)

The Sector Education and Training Authorities (SETAs) are established in terms of the Skills Development Act, 1998 (Act no 97 as amended) and listed in terms of the PFMA, as Schedule 3A public entity. The Skills Development Act mandates SETAs to promote skills development in the education and training sector. Their mandate is derived from the Skills Development Act (No. 97 of 1998) and its subsequent amendments.

4.6.1. Overview and assessment of the Services SETA's 2023/24 non-financial performance

Table 11: SSETA's Programmes, with their related achievement against performance targets for the 2023/24 financial year

Programme	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration	8	7	1	88%

2. Skills Planning	12	9	3	75%
3. Learning Programmes	30	25	5	83%
4. Quality Assurance	2	2	0	100%
Total	52	43	9	83%

Source: Services SETA, 2024

For 2023/24, SSETA had four budget programmes, as illustrated in the table above. The programmes had 52 2023/24 APP targets. The entity achieved 43 or 83 per cent of the 52 targets.

4.6.2. Non-financial performance per programme

Programme 1: Administration

The purpose of the administration programme is to enable the delivery of the Services SETA Mandate through the delivery of support services. The programme has seven (7) budget sub-programmes. For the year under review, the programme had eight (8) targets and achieved or 88 per cent.

Key selected targets:

- Maintained 85 per cent occupancy against the target of 70 per cent.
- Implemented 80 per cent of the ICT implementation plan against the target of 75 per cent.
- Actioned 100 per cent of the audit and compliance action plans.

Target not achieved:

- Unqualified (audited financial year 2022/23). The SETA obtained a qualified audit opinion.

Programme 2: Skills Planning

The programme aims to enable the Services SETA and the Services Sector to target relevant skills development, it is responsible for researching skills needs within the Services Sector, issuing the Sector Skills Plan, developing strategic and annual performance plans for the Services SETA, monitoring and evaluating organisational performance, and conducting targeted evaluations to strengthen programme improvement in executing its mandate. The programme had three budget sub-programmes.

For the 2023/24 financial year, the programme had 12 planned targets and achieved nine (9) or 75 per cent.

Selected key achievements

- Approved evidence-based Sector Skills Plan, Strategic Plan and Annual Performance Plan.
- Signed six sector research for TVET growth occupationally directed programmes.
- 674 learners who completed workplace-based learning programmes were absorbed into employment or self-employment.
- Trained 44 Career Development Practitioners.
- Promoted access to skills development through 30 career development events in rural/urban areas on occupations in high demand.
- Established 42 partnerships with universities, TVET, and CET Colleges.
- Established an office in TVET College.

Targets not achieved:

- Twenty-one per cent of discretionary grants were allocated to developing different skills levels- elementary level skills against the target of 50 per cent.
- 397 Work Skills Plans (WSPs) and Annual Training Reports (ATRs) were approved for large firms against the target of 574.
- 464 SETA-Employer partnerships were established against the target of 570.

Programme 3: Learning Programmes

The programme aims to deliver the Services SETA service offerings to the target stakeholders to achieve the mandate. The programme is responsible for the disbursement of Services SETA discretionary grants through special and regular projects for infrastructure development, to expand access to skills development in rural and underserviced areas, and pivotal learning interventions. The programme had three budget sub-programmes.

For the 2023/24 financial year, the programme had 30 planned targets and achieved 25 or 83 per cent of the planned targets.

Selected key achievements:

- Funded 857 enterprises for skills that enhance the growth/development/sustainability of their organisation's activities.
- Trained 60 enterprises on the sector and national priority occupation skills.
- Supported 274 people trained in entrepreneurship to start their businesses.
- Supported 4 Centres of Specialisation.
- 15 TVET managers received training on curriculum-related studies.
- Supported Limpopo CET with desktop computers to improve its capacity and tools of trade to implement its mandate.
- 51 CET learners were supported to access AET programmes.

Targets not achieved:

- 32 TVET Lecturers were exposed to the industry through Skills Programmes against the target of 50. The SETA reported that lecturers from various TVET colleges were trained in Project Management, NQF level 4. More TVET staff were enrolled in the programme than lecturers, which resulted in the non-achievement of the target for lecturers even though the capacitation responded to public colleges.
- 4 549 learners enrolled in learnership programmes against the target of 9 512). It was reported that there were not enough projects in the pipeline to ensure the achievement of this indicator. Most activated pipelines within Q3 and Q4 could not materialise at year-end and needed more support to pass quality assurance and commence projects. It was also noted that the DHET Director-General requested that the number of learner enrolment targets be increased. Therefore, the target had to change.
- 3 014 learners completed learnership programmes against the target of 3 262. The SETA indicated that there was an adequate pipeline of active projects, and most projects were completed. External moderation was conducted, and some classes had low competent/throughput rates. It was also noted that the DHET Director-general requested that the number of learner enrolment targets be increased. Therefore, the target had to change.
- 456 learners were enrolled in Recognition of Prior Learning (RPL)/Artisan Recognition of Prior Learning (ARPL) against the target of 500. It was cited that there were not enough projects in the pipeline to ensure the achievement of this indicator. The activated pipeline could not materialise at year-end; performance reported from RPL-

related projects needs to improve investment into hairdresser ARPL interventions to achieve this target and industry skills in demand.

- Sixty learners completed RPL/ARPL against the target of 76. The partial achievement was ascribed to the low intake and learners not being deemed competent regarding their unit standards. With a new pipeline commencing in the current year, the target should be achieved in the future.
- 2738 learners supported to enter the industry.
- 2523 learners were granted bursaries.
- 3 279 learners entered learnership programmes.
- 1 031 learners completed internships.

Programme 4: Quality Assurance

This programme aims to accredit skills development providers and fulfil the QCTO delegated quality assurance of learner achievement function. The programme has two budget sub-programmes. During the year under review, the programme had two targets, and both were achieved. SSETA ensured that 100 per cent of the learners received certificates. Eleven qualifications aligned with the priority skills were developed.

4.6.3. Overview and assessment of the SSETA's 2023/24 budget allocation and expenditure

SSETA's total revenue for the 2023/24 financial year amounted to R2,176 billion. The total revenue comprised R211,248 million (R579,000.00 of other income and R210,669 million of interest received from investment) of revenue from exchange transactions and R1,965 billion from non-exchange transactions (R1,932 billion of skills development levy income, R26,656 million of skills development levy- interest and penalties and R6,385 million of other income from non-exchange transactions). The revenue increased by R219,125 million or 11.19 per cent from R1,957 billion in 2022/23.

Expenditure at the end of the 2023/24 financial year amounted to R1,183 billion, recording lower-than-projected spending or a surplus of R993,755 million or 45.6 per cent of the total revenue. Notably, the surplus increased by R388,651 million from R605,104 million in 2022/23.

Spending on grants and project expenses amounted to 825,742 million, constituting 69.7 per cent of the total expenditure for the 2023/24 financial year. Concernedly, spending on grants

and projects decreased by R211,363 million compared with R1,037 billion spent in 2022/23. Expenditure on administration-related costs amounted to R355,419 million, while an amount of R2,046 million was a loss on disposal assets, which increased from R731,000.00 incurred in 2022/23.

4.6.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, SSETA disclosed an amount of R193,136 million of irregular expenditure. It was reported that irregular expenditure incurred in the current year relates to:

- Discretionary Grants projects awards made with inadequate evidence for the approval process (2023 and 2024).
- Discretionary Grants project awards made without following open and fair principles as per the SETA Grant Regulation. (2023 and 2024).
- Supply Chain Management (SCM) award - extensions of contracts that exceeded the allowed variation limit of 15 per cent (2024).
- SCM award – bid awarding processes that were not in line with legislative prescripts. (2023 and 2024).

The SSETA reported fruitless and wasteful expenditures amounting to R4,481 million, of which R4,281 million was incurred in previous years and R200 000 was incurred during the 2023/24 financial year. The fruitless expenditure incurred in the current financial year relates to the taxed costs incurred on litigation settled in previous years for discretionary projects.

4.6.5. 2023/24 Audit outcomes

The SSETA obtained the fifth consecutive qualified audit opinion from five audit cycles as illustrated in the table above.

Basis for the qualification

The Auditor-General was unable to obtain sufficient appropriate audit evidence for discretionary grant commitments as the public entity did not maintain accurate and complete records of the contractual information used to determine the commitments. The AG could not confirm the amounts by alternative means. Consequently, AG was unable to determine whether any adjustments were necessary to the following items in the financial statements:

- Discretionary grant commitments are stated at R2,355,090,000 (2022-23: R2,761,237,000) in note 26 to the financial statements.
- Discretionary grant expenditure is stated at R535,887,000 (2022-23: 743,469,000) in note 23 of the financial statements.

Report on compliance with legislation

- **Annual financial statements and annual report:** The AG found that the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, and the supporting records could not be provided, which resulted in the financial statements receiving a qualified opinion.
- **Expenditure management:** The AG also found that effective and appropriate steps were not taken to prevent irregular expenditure amounting to R193,136 million. The majority of the irregular expenditure was caused by discretionary grant contracts awarded without approval from the Accounting Authority.
- **Internal control deficiencies:** The public entity did not prepare accurate and complete financial statements that were supported and evidenced by reliable information. This is evidenced by material misstatements identified on various financial statement line items. The monthly processes for monitoring and reviewing financial information were not adequately implemented which resulted in financial statements that were not free from material misstatements. Additionally, oversight of responsibility regarding financial reporting and compliance was not adequately exercised, as the controls in place did not prevent or detect internal control deficiencies, resulting in material misstatements and non-compliance.

4.7. Safety and Security Sector Education and Training (SASSETA)

4.7.1. Overview and assessment of the SASSETA's 2023/24 non-financial performance

Table 12: SASSETA's Programmes, with their related achievement against performance targets for the 2023/24 financial year

Programme	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration	2	2	-	100%

2. Research, Skills Planning and Reporting	6	6	-	100%
3. Learning Programmes	28	28	-	100%
4. Quality Assurance (ETQA)	1	1	-	100%
Total	37	37	-	100%

Source: SASSETA, 2024

For the 2023/24 financial year, the entity had 37 planned targets and achieved 100 per cent, which is an improvement from 97 per cent in 2022/23. SASSETA has been performing well, achieving over 97 per cent since 2021/22.

4.7.2. Non-financial performance per programme

Programme 1: Administration

The programme provides strategic leadership management and administrative support services to the organisation. For the year under review, the programme had two targets and achieved 100.00 per cent. The programme established eight partnerships with stakeholders to promote skills development within the safety and security sector. The programme maintained the risk maturity assessment level 5 (100% achievement).

Programme 2: Research, Skills Planning and Reporting

This programme advances skills development in the sector through research, skills planning, monitoring, evaluation and reporting. It champions research and develops the SSP which profiles the sector's skills demand and supply. It also tracks and reports on performance progress against targets set and conducts impact assessments of SASSETA's skills development interventions. During the year under review, the programme had six planned targets and achieved 100 per cent of the annual planned targets.

The programme completed six research studies on skills development matters, and six evaluation and or impact studies focussed on skills development matters. Other achievements include the approval of workplace Skills Plans/ Annual Training Reports (WSPs/ATRs) as follows: 482 small firms, 197 medium firms, and 316 large firms.

Programme 3: Learning Programmes

This programme facilitates and addresses scarce and critical skills gaps and hard-to-fill vacancies in the safety and security sector through the implementation of high-quality learning programmes. The functions of this programme include career guidance and the implementation of learnerships, apprenticeships, skills programmes, internships, work-integrated learning and bursaries for students at TVET colleges and higher education institutions (HEIs).
For the 2023/24 financial year, the programme had 28 targets and achieved 100.00 per cent. Overall, 11 252 were supported under this programme.

Key selected achievements:

- 263 bursary agreements were entered into.
- Sixty-two unemployed youths completed studies under a SASSETA-funded Bursary.
- 590 TVET students entered work-integrated learning placements.
- 590 TVET students completed work-integrated learning placements.
- 344 University of Technology students completed their work-integrated learning.
- 208 law graduates were placed in candidacy programmes.
- 124 law graduates have completed candidacy programmes.
- 476 graduates and interns completed workplace-based learning.
- 1 222 unemployed learners entered learnerships.
- 1016 unemployed learners completed learnerships.
- 104 employed learners had entered skills programmes/short courses.
- 127 learners had entered artisan-related learning programmes.
- Fifty-seven persons declared competent in trade tests.
- One memorandum of understanding (MOU) was entered into with the Centre of Specialisations aimed at supporting the centre.
- Fifty-one learners entered the Recognition of Prior Learning Programmes.

Programme 4: Quality Assurance (ETQA)

The programme aims to ensure Quality Education and Training are delivered. The ultimate end is for qualifying learners to be certified timeously. The functional areas include the accreditation of Skills Development Providers, registration of Assessors and Moderators, development of Occupational Qualifications to address occupations in high demand and Learner Certification.

The programme had one target for 2023/24 and was achieved as planned. Four qualifications were realigned in the sector and submitted to the Quality Council for Trades and Occupations (QCTO). The qualifications were: Advanced Occupational Certificate: Security Manager in Correctional Science (NQF:6), Advanced Occupational Certificate: Asset Forfeiture Practitioner (NQF L6), Advanced Occupation Diploma: Court Preparation Officer (NQF L 7) and Advanced Occupational Diploma: Operational Military Commander (NQF L7).

4.7.3. Overview and assessment of the SASSETA's 2023/24 budget allocation and expenditure

For the year ended 31 March 2024, SASSETA's total revenue was R655,46 million (2022/23: R601,51 million). The revenue comprised R596,48 million from non-exchange transactions (R587,82 million from Skills Development Levy income and R8,66 million from Skills Development Levy: penalties and interest) and R58,98 million from exchange transactions (Investment income: R58,81 million and other income: R165 000). Total revenue increased by R53,95 million or 8.96 per cent from R601,51 million in 2023/24.

SASSETA spent R612,63 million at the end of the financial year under review, recording an underspending of R42,82 million. Notably, the underspending decreased from R70,31 million in 2022/23. Spending on employer grants and project expenses amounted to R413,99 million and administration expenses were R198,64 million.

4.7.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, SASSETA disclosed irregular expenditures of R1,256 million. Of the irregular expenditure incurred, R1,210 million was incurred as a result of non-compliance by the Department of Higher Education and Training in the appointment of certain Accounting Authority members. SASSETA suffered no losses. R46 000 of irregular expenditure was incurred due to deviation processes in supply chain management due to the interpretation of SCM requirements. It was reported that R28 591.00 was recovered in respect of services not yet rendered. This did not result in any fraudulent, corrupt or criminal conduct.

The SETA did not incur fruitless and wasteful expenditures during the year under review.

4.7.5. 2023/24 Audit outcomes

SASSETA obtained the fourth unqualified audit opinion with no findings/clean audit for the fourth consecutive audit cycle. This indicates that the entity has a strong internal control environment.

The AG has not identified any material findings on the reported performance information for programmes 2: Research, Skills Planning and Reporting, 3: Learning Programmes and 4: Quality Assurance.

The AG has also not identified any significant deficiencies in internal controls.

4.8. Northern Cape Urban Technical and Vocational Education and Training College

NCUTVET College is one of the only two TVET colleges in the Northern Cape Province and mainly serves the Frances Baard and John Taole Gaetsewe districts in the province. The College has three campuses, namely, the City Campus, Moremogolo Campus, Phatsimang Campus and a Central Office situated in Kimberley CBD. The College offers National Certificate Vocational programmes, Report 191 and occupational programmes.

4.8.1. Overview and assessment of the NCUTVET College's 2023/24 non-financial performance

During this period under review, the College had 21 targets and achieved nine (9) or 43 per cent. The College enrolled 468 students in short courses/skills programmes; achieved a 19 per cent throughput rate against the target of 8 per cent; signed 40 partnerships and exchange placements for students and lecturers against the target of 20 and achieved 100 per cent compliance with examination policy and governance standards.

Targets not achieved:

- 1 042 students enrolled in National Certificate Vocational (NCV) against the target of 1 444. The partial achievement was ascribed to the phased out of two programmes and many applicants who could not meet the requirements of programmes due to the lack of Mathematics and/or Accounting.
- Forty-two students enrolled in the Pre-Vocational Learning Programme (PLP) against the target of 140. It was cited that a few students did not meet the requirements for the main programmes.

- 5 370 students enrolled in Report 191 against the target of 6 149. The reasons for underachievement included the phasing out of Human Resources and Management Assistant; NSFAS beneficiaries not being able to pay for repeating subjects; many applicants not meeting the requirements of the programmes due to a lack of Mathematics and/Accounting and late release of Matric results.
- Zero lecturers were placed in the industry against the target of 20. It was reported that a limited number of workplaces in the Northern Cape was the reason for this nonachievement.
- 267 students enrolled in occupations in high demand (OIHD) against the target of 800. Low awareness of occupational programmes and their socio-economic importance were cited as the reasons for underachievement.

During this period under review, the College completed the following infrastructure development:

- Capital infrastructure efficiency grants (CIEG) funded: Phatsima steel water tank, City water tank and generators in all campuses.
- Wholesale and Retail SETA funded: Computer Lab and computer installation, solar panel installations in all campuses.
- College-funded: Computer lab renovations, City pavement, City minor renovations

4.8.2. Overview and assessment of the SASSETA's 2023/24 budget allocation and expenditure

For the 2023 academic year, the NCUTVET College's total revenue was R194,49 million. The revenue comprised R46,45 million of revenue from exchange transactions (R31,22 million: Tuition and related fees, R109 544.00 rental of facilities and equipment, R724 029.00: Finance lease interest benefit, R168 000.00: gain on sale of assets, R3,35 million: sale of goods and rendering services, R108 999.00: donations received and R10,84 million: interest received – investment. The other revenue of R147,95 million was revenue from non-exchange transactions (R80,90 million: government grants and subsidies, R1,01 million: levies, R2,27 million: Interest received – Capital Infrastructure Efficiency Grant (IECG), R2,59 million: bad debt recovered and R61,16 million: services in kind.

The College's revenue increased by R14,41 million or 8.00 per cent from R180,08 million in 2022. Notably, government grants and subsidies allocation revenue decreased by R16,02 million from R96,92 million in the prior year. Expenditure at the end of the financial year amounted to R222,53 million, with a deficit of R28,03 million.

Key cost drivers in terms of administration-related expenses are as follows: Employee-related costs; R83,72 million, general expenses: R30,65 million, books and materials: R15,42 million, Depreciation and amortisation: R14,82 million, security: R12,19 million, repairs and maintenance: repairs and maintenance: R12,71 million, professional fees: R9,70 million and Municipal services: R9,06 million.

4.8.3. Audit outcomes

The NCUTVET College obtained a qualified audit opinion for the 2023 academic year. This is the third consecutive qualified audit opinion from three audit cycles.

Basis for a qualified opinion

Payables from exchange transactions: The AG noted that during 2022, the College did not account for debtors with credit balances included in payables from exchange transactions in accordance with GRAP 1, Presentation of financial statements as amounts due to NSFAS were incorrectly classified as debtors with credit balances. Consequently, debtors with credit balances included in payables from exchange transactions were overstated by R4 369 124 and NSFAS included in payables from non-exchange transactions were understated by R4 369 124. There was an impact on the accumulated surplus for the period in the financial statements.

Commitments: The AG indicated that the College has not disclosed all capital commitments for the acquisition of property, plant and equipment as required by Grap 17. The AG could not determine the full extent of the understatement of capital commitments, as it was impracticable to do so.

Total revenue: The AG noted that the College's total revenue was materially misstated by R2,577 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Sales of goods and rendering of services at R3,327 140 was overstated by R1 501 628.

- Bad debts recovered stated at R2 594 486 was overstated by R1 075 718.

Emphasis of matter

- **Restatement of corresponding figures:** As disclosed in note 31 to the financial statements, the corresponding figures for 31 December 2022 were restated as a result of an error in the financial statements of the college at, and for the year ended, 31 December 2023.
- Material impairment – Receivables from exchange transactions: As disclosed in note 5 to the annual financial statement, material provision for impairment on receivables from exchange transactions to the amount of R27 897 102 (2022: R21 483 309) was incurred as a result of impairment of student debtors.

Compliance with legislation

- **Annual financial statements:** The AG noted that the financial statements submitted for auditing were not prepared in accordance with generally recognised accounting practice and supported by complete accounting records, as required by section 25(1)(b) of the Continuing Education Act.
- **Internal control deficiencies**
    - **Leadership:** The College's leadership did not review policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities. Also, the leadership did not exercise oversight responsibility regarding financial, compliance and related internal controls.
    - Management: The College Management did not review and monitor compliance with applicable laws and regulations. Furthermore, Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information. This resulted in misstatements in the financial statements submitted for auditing. Also, Management did not implement proper record-keeping on time to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Material irregularity

Status of previously reported material irregularity: the AG noted that there was suspected material irregularity related to suspected fraud due to quotations submitted for the procurement process that seem not to be authentic. These quotations were received by various suppliers for the procurement of various goods and services in 2021 and 2022 amounting to R1 872 382. It was noted that the quotations submitted for audit had indicators of fraud, and there was evidence that quotations were tampered with. It was further noted that the prices quoted by the suppliers were not market-related which is likely to result in a material financial loss.

The AG noted that the accounting officer was notified of the suspected material irregularity on 02 June 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to make a written submission within the stipulated period allowed. The AG referred the suspected material irregularity to the Directorate for Priority Crime Investigation on 27 May 2024 for investigation as provided for in section 5(1A) of the Public Audit Act.

5. OBSERVATIONS AND KEY FINDINGS

The Committee, having assessed the 2023/24 Annual Reports of the Department and entities, recommends that the Minister of Higher Education and Training and the Minister of Finance consider the following:

5.1. Department of Higher Education and Training

5.1.1. Programme 1: Administration

- Repeat audit findings related to the annual performance report of the Department are concerning. The Department failed to obtain a clean audit outcome because of a lack of controls in the management of performance information, resulting in the lack of appropriate evidence to support the reported performance.
- The achievements of 67 per cent and 71 per cent of public procurement set aside for Small, Medium and Macro Enterprises (SMMEs) and Black-owned businesses were commended.
- The Committee was concerned about the Department’s consistent underperformance on the targets to set aside percentages of public procurement for youths, women-owned businesses, and people living with disabilities. This is concerning given that the President of the Country has called for women's empowerment through public procurement.

- Delays in instituting disciplinary action against officials implicated in misconduct in the PSET landscape remain a serious concern. The unnecessary delays in bringing charges against these officials may create an impression that the misconduct they were involved in was not serious enough to merit consequences.
- Delays in filling funded vacant posts, especially senior managers at TVET colleges, remain a serious concern. The delays contribute to underspending on compensation of employees' budget and capacity constraints, including colleges instability.

5.1.2. Programme 3: Planning, Policy and Strategy

- The Committee was not pleased with the overall performance of the Department during the financial year under review. Out of the 110 targets for the 2023/24 financial year, the Department managed to achieve 56, which translates into a 51 per cent achievement, which was a regression of 4 per cent from an achievement rate of 55 per cent in 2022/23.
- Concerns were raised regarding delays in the construction and development of the Tshwane University of Technology (TUT) Giyani Campus and The Imbali Precinct, in collaboration with the Durban University of Technology (DUT).
- Delays by universities and TVET colleges in spending their CIEG allocation for the expansion of student housing remain a serious concern given the safety and security challenges at private accommodation facilities. The Department should provide additional support and capacity to struggling institutions.
- The Department’s ability to fulfil its oversight function over PSET institutions remains a concern given that some institutions continue to regress in terms of their audit outcomes and performance.
- The Department has been very slow in processing legislation that required review, thus making it difficult to address some governance and management inefficiencies in the management of PSET institutions.

5.1.3. Programme 3: University Education

- The problem of declining graduate numbers, especially in scarce and critical skills programmes at universities, has become a matter of serious concern. The reason provided is that universities could not enrol according to the agreed targets because of the quality of Mathematics and Science learners produced by the Department of Basic Education which was inadequate due to the academic unpreparedness of these learners.

- There has been a growing trend of factionalism within university Councils, which contributes to governance lapses. The Council members are appointed to exercise their fiduciary duties and responsibilities and to support universities in delivering on their strategic priorities linked to teaching and learning.
- Universities are also to blame for the challenges in the administration of the NSFAS bursaries, as they often submit student enrolment data with errors to NSFAS. NSFAS relies on institutions submitting correct student enrolment data to disburse funding to eligible students.

5.1.4. Programme 4: Technical and Vocational Education and Training

- A number of TVET colleges have been operating without fully constituted Councils, due to the delays from the Department's side in recruiting new Council members. The absence of fully constituted College Councils poses serious governance risks, as the decision-making processes are made by management without the Council's oversight.
- There have been complaints from students in the TVET sector about delays in issuing Diplomas by the Department. The delays negatively affect the TVET students who miss out on employment or placement opportunities.
- Concerns were raised regarding low throughput and certification rates at TVET colleges. Students repeat subjects over a prolonged period, resulting in loss of NSFAS funding due to the N+1 Rule.
- The administration of NSFAS bursaries in the TVET sector needs improvement given their poor ITC systems, which are critical for record keeping. NSFAS has been complaining that Colleges often delay submitting student registration data, which delays the payment of funding and allowances to students.
- The TVET sector continues to experience a dire shortage of student accommodation, and students have to rely on private off-campus accommodation. Most of these facilities in rural-based TVET colleges do not meet the DHET norms and standards for student housing.
- The NSFAS Student Accommodation Pilot Project received support from the Committee upon launch. However, the implementation of the project, especially, in the TVET sector, has been challenging due to discrepancies in the accreditation of private

accommodation providers. Some facilities accredited for students were alleged to have not been conducive.

- TVET Colleges continue to experience challenges with respect to utilising their Capital Infrastructure Efficiency Grants (CIEG) for infrastructure development projects despite, the need for expansion and refurbishment of existing infrastructure. Consequently, the National Treasury has reduced the allocation for the CIEG to colleges.
- TVET colleges have been experiencing a high number of enrolments in business management courses compared to Engineering programmes that are critical for the country to produce skilled artisans.

5.1.5. Programme 5: Skills Development

- SETAs have accumulated billions of rands in surpluses due to underspending of their budgets, although there is a high demand for skills development in the country. The Committee's view is that SETAs were not meant to be financial institutions; instead, they are implementing agencies for skills development. Thus, there is a need to increase their spending on skills development interventions to make a positive contribution to fighting unemployment, especially among young people.
- The AGSA has reported that some SETAs reported achievements in skills development programmes without providing supporting audit evidence. This finding is seriously concerning as SETAs should have the necessary monitoring and evaluation capacity to assess their projects. The funds allocated to these projects are public funds that need to be accounted for.
- Although the Department reported that 95 per cent of SETAs met the standard of good governance, the Committee remained concerned about the governance of SETAs, especially in relation to audit outcomes.
- The delayed undertaking of performance assessments of individual SETA Board members remains a concern. The Department needs to advertise for the filling of new SETA Boards as early as December 2024, and the assessment needs to be completed before the appointment of new Board members for the term commencing in April 2025.
- The delayed implementation of an integrated management system for SETAs remains a concern. The Committee was made aware that the process was at an advanced stage, although the first phase of implementation of this system will commence in April 2025.

5.1.6. Programme 6: Community Education and Training

- CET Colleges play an important role in the PSET landscape because they are the only institutions that offer opportunities to learners who could not complete schooling or had no opportunity to attend school. However, these colleges are grossly underfunded by the Department, and their ability to realise their full potential in the PSET sector is hindered by limited funding.
- There is a high demand from adults and youth not in education, employment and training to receive formal qualifications or improve their level of education to become active participants in the economy. CET colleges are closer to communities and well-positioned to make a difference, however, the challenge of under-enrolment, lack of marketing of community learning centres, poor and inadequate infrastructure, including inadequate teaching and learning materials, remains a concern, especially in rural and marginalised communities.
- Over 90 per cent of community learning centres (CLCs) depend on infrastructure shared with public schools to offer programmes and this remains a serious concern. This impacts teaching and learning as staff do not have dedicated offices to prepare for their course programme delivery.

5.1.7. Council on Higher Education

- The Committee commended the CHE for its consistently good performance and for maintaining clean audit outcomes. The CHE achieved 93 per cent of the targets against the 2023/24 APP, despite operating under a severely constrained budget and personnel. The Committee encouraged the entity to maintain its excellent performance and clean audits.
- The CHE operates under a severely constraint budget, and its quality assurance scope has been expanded over the years, which includes; the responsibility for managing the Higher Education Qualification Sub-framework (HEQSF) as a quality council and the new transformation oversight mandate over higher education institutions and the function shift of Agricultural and Nursing Colleges into higher education. However, funding has not followed the function of some of mandates.
- Approval by the CHE Council of the new organisational structure aligned with the organisation’s work trajectory meant to address the capacity constraints faced by the

CHE, and to enable it to fulfil its expanded mandates better was welcomed. The new structure will be implemented in phases from 1 April 2025.

- The entity's successful bid to host the 2026 International Network of Quality Assurance Agencies in Higher Education was welcomed.
- Delays in filling vacant funded positions at the entity remain a serious concern and might affect the future performance of the CHE.

5.1.8. Quality Council for Trades and Occupations

- The consistent excellent performance (92% achievement rate in 2023/24) and eight consecutive clean audits were commended. The Committee encouraged the entity to maintain its excellent performance and clean audits.
- A concern was expressed about the current QCTO funding model, which hindered its ability to reach its full potential in the PSET sector. For the 2023/24 fiscal year, the QCTO applied for R163 million but was allocated only R110.5 million. Compounding the funding challenge was the decreased DHET Grant, for 2023/24 was R20,2 million, down from R28.50 million in 2022/23.
- The positive report that the draft SETA grant regulations recommends an increase from 0,5 per cent to 1 per cent allocation to the QCTO and support from social partners at NEDLAC was welcomed. This will improve the entity's financial position if approved, though not fully.
- Notwithstanding notable improvements in the uptake of occupational qualifications, progress has remained slow, especially within the TVET sector, which is concerning given the current mismatch between skills supply and demand and between qualifications and occupations in high demand. Limited funding allocation by the Department for Occupational Programmes was noted as a major contributor to low uptake.
- The prolonged process of purchasing the office building, which started in 2019, was noted with concern as the entity lost out on the additional revenue it could have received by leasing part of the space. The concern was that property prices have increased since 2019.

5.1.9. South African Qualifications Authority

- The consistent excellent performance despite working under severe budget constraints was commended. The entity had a 92 per cent achievement rate of targets against the 2023/24 APP, which is an improvement from the 87.5 per cent achievement rate in 2022/23. The entity also obtained a clean audit. During the sixth Administration, the entity obtained four clean audits and one unqualified audit outcome with findings. The Committee encouraged the entity to maintain its excellent performance and clean audits and to begin measuring the impact of the achievements of targets on the lived realities of South Africans.
- The progress made by the entity in the implementation of the Automation and Digitization Project was commendable.
- The plans by the entity to venture into potential new sources of revenue through contract income for bulk verifications for Financial Institutions, research projects with local and international partners, provide consultation and training services to fellow African NQF Bodies and commercialization of data as a new business model were noted and welcomed.
- A concern was raised that the NQF MIS currently contains 70 per cent of the data required for the verification of national qualifications. As a result, qualifications need to be sought at institutional levels which can lead to delays.
- The Committee noted the reported court case brought by the SA School of Diplomacy challenging the QCTO, the Public SETA Service Education and Training Authority and the Minister of International Relations for the loss of income in relation to the decision to not grant them accreditation to offer 2 diplomatic qualifications. qualifications.
- The public outreach and advocacy campaigns undertaken by the entity to take the National Qualifications Framework (NQF) to the people were commendable.
- The underspending amounting to R29 million recorded by the entity during the year under review, which was due to delays in the filling of 11 funded vacancies, was noted with concern.
- The entity's budget is not sufficient to meet its expanded mandate, and it still operates with limited personnel after retrenching 100 employees in 2021.
- The entity has been cited as a respondent in various court cases related to qualifications and labour relations matters, which could increase legal fees.

5.1.10. National Skills Fund

- A concern was expressed about the entity's repetitive underperformance of its annual performance indicators and targets. Over three consecutive financial years, the entity has achieved less than 25 per cent of its annual targets. The failure to achieve the targets is equated to denying many South African citizens, mainly young people, access to education and training, thus defeating the government's goal of addressing unemployment, poverty and inequality.
- A concern was raised that despite the reported corrective measures to address underperformance in the previous financial years, the same reasons for deviation in 2021/22 and 2022/23 were the causes for poor performance in 2023/24. This indicates that the corrective actions put in place were not adequately implemented and that consequence management was not implemented against officials who failed to implement the corrective actions in their respective function areas.
- Delays in the filling of vacancies, especially in the Skills Development Implementation (SDI), have resulted in capacity constraints, which impact the initiation and evaluation processes of applications and projects, and the nonachievements of targets were noted with serious concern.
- The dependency of the NSF on the DHET's Human Resource SCM, ICT, among others, has contributed to the delays in filling vacancies, which is the reason for capacity constraints. The ICT system of the NSF is not fit-for-purpose for the entity's needs, and delays in procurement were noted with concern.
- The third consecutive qualified audit opinion obtained by the entity after two disclaimers in 2019/20 and 2020/21 was concerning.
- Given the poor audit outcomes, poor performance and the inability to spend the allocated funds, the Committee remains concerned that the entity could turn around for the better to effectively execute its mandate.
- A concern was expressed that notwithstanding the development and implementation of the audit action plan, which the Committee monitored through quarterly progress briefings, most of the AG findings were repeat findings.
- The reported lack of an integrated system and capacity constraints that led to the delays in the implementation of the action plan were noted but not excusable, given that these were reasons for deviation in previous financial years.
- Delays in the finalisation of the investigation of the prior years' irregular expenditure amounting to R1,74 billion, including the slow pace in the implementation of the AG

recommendations to address the material irregularity, which has been ongoing since 2021/22, were concerning.

- The AG was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.
- The entity's inadequate monitoring of its skills development projects is among the key contributing factors that led to the misuse of funds meant to train young people. An example in which funds meant to train and empower young people in agricultural skills were paid into the business account of a chief in the North West Province and used for his benefit.
- A concern was expressed regarding the non-implementation of the Committee's recommendations regarding the blacklisting of 10 companies that were found to have been involved in fraud, money laundering, and misappropriation of skills development funds and not do business with Skills Development Providers that fail to submit performance reports.
- The Committee expressed disappointment with the redeployment of the NSF officials who were fingered in the Nexus Report to the Department, while others were allowed to choose between being demoted or suspended. It was further expressed about the Department's intention to institute a legal process to assess the legality of implementing the Nexus report internally.
- The Committee was also concerned that the Department appears to have been trying to protect the labour relations officials who allowed the 90-day rule to lapse before they could charge those implicated in the Nexus Report.
- The prolonged slow pace in the implementation of the recommendations of the Ministerial Task Review of the NSF, which delayed the review of the Skills Development Act to address the challenges brought by the pseudo-autonomous nature of the entity, is concerning.
- The undertaking by the Minister to convene a strategic session to review the current NSF organisational structure which is not fit-for-purpose was welcomed.

5.1.11. Services SETA

- The entity's achievement of 43 or 83 per cent of the 52 targets for the 2023/24 financial year was noted.
- A concern was expressed that the Services SETA has incurred an under-expenditure/surplus of R993,75 million, which represents 45.6 per cent of the total revenue for the 2023/24 financial year. Furthermore, spending on grants and projects decreased by R211,36 million from R1,03 billion spent in 2022/23.
- The significant increase in expenditure on consulting and professional fees by 82.6 per cent from R22,45 million in 2022/23 to R41,00 million was noted with concern.
- The 89 invoices (with a consolidated value of R11,796,966.29) that were not paid at the end of 31 March 2024 were noted with great concern because they have the potential of collapsing small businesses.
- The SSETA obtained the fifth consecutive qualified audit opinion for each of the five audit cycles. Notwithstanding the qualified audit opinion, the number of audit findings has drastically reduced, and the AG has not made material findings on the entity's performance information, which is commendable.
- The AGSA made serious findings against internal control deficiencies at SSETA and the failure of the entity's leadership to prevent recurring irregular expenditure. The Committee questioned the role and efficacy of the internal audit unit in independently and objectively evaluating the entity's governance and internal control processes and ensuring they operate effectively.
- A concern was expressed that despite the development and implementation of the audit action plan, which the Committee monitored through quarterly progress briefings, most of the AG findings on the annual financial statements were repeat findings from prior years.
- The reduced spending on staff welfare from R1,33 million in 2022/23 to R362 000.00 in 2023/24 despite that it was reported in the Annual Report that employees suffered from health and mental problems, which led to gross impairment in communication, absenteeism, inability to maintain social relationships and an increased number of disengaged employees was noted with great concern.
- Delays in the finalisation of the investigation of the prior years' irregular expenditure amounting to R1,74 billion, including the slow pace in the implementation of the AG recommendations to address the material irregularities, which have been ongoing since 2021/22, were concerning.

- The SSETA is again the top contributor to irregular expenditure of R243 million within the Higher Education and Training Portfolio, having incurred R193,13 million in irregular expenditure in 2023/24. A concern was raised regarding the R1,02 billion irregular expenditures that had not yet been dealt with.
- The SSETA is one of the top contributors to fruitless and wasteful expenditures (R4,28 million) not dealt with.
- The reduction in the discretionary grant commitment made by the previous Board from R5 billion to R2,5 billion was commendable.
- The entity embarked on a Learner Tracer Study during the year under review. The SSETA funded 9000 learners to undergo training in various SSETA skills development programmes. However, it is concerning that 7000 out of the 9000 learners could not be traced due to the unreliability of the entity's data collection system. The Committee was seriously concerned that SSETA could not account for 80 per cent of learners that received training from its programmes. These findings pointed to poor project monitoring and record keeping.
- The Werkmans Report on the irregularities in procurement processes and awarding tenders to certain companies was released in May 2023, however, the SSETA has not acted against the employees implicated in the report. More concerning is that another law firm was appointed to investigate the findings of the Werkmans Report. This demonstrated an intention to protect those who were fingered in the investigative report.

5.1.12. Safety and Security SETA

- SASSETA obtained a clean audit opinion for the fourth consecutive audit cycle and achieved 100 per cent of the 2023/24 APP targets. The Committee commended the entity for its financial prudence and strong internal controls environment. The Committee urged the entity to maintain these good practices and to avail itself for other entities to benchmark.
- The entity was commended for reducing its spending on consulting and professional fees. It was noted that it would be too costly for the entity to have the services of software developers in-house. It was cost-effective to procure these services as and when needed.

- The SETA was commendable for conducting six evaluations (tracer studies) and or impact studies focused on skills matters. The entity was requested to share the reports with the Committee.
- The payment of all (1 749) valid invoices received with a total value of R349 205 310 within 30 days was commendable. The entity is encouraged to maintain this good practice.
- A concern was expressed that SASSETA incurred irregular expenditure amounting to R1,210 million due to non-compliance by the Department of Higher Education and Training (DHET) in the appointment of certain Accounting Authority members.
- The irregular expenditure of R46 000.00 incurred by the entity during the year under review was a concern. The swift action taken by the entity to recover R28 59.00 in respect of services not rendered was noted and welcomed.
- The court cases brought by private training providers seeking to interdict the development of new occupational qualifications to replace pre-2009 qualifications were noted with great concern as this would impact the work of the QCs and the SETAs to develop programmes that are responsive to the skills needs of the country.
- The Committee noted the report that the court extended expired qualifications with learner enrolment and implored the Minister to gazette this extension.

5.1.13. Northern Cape Urban TVET College

- A concern was expressed about the College management positions (Principal, Deputy Principal Finance and Deputy Principal Academic) filled on an acting basis. The moratorium placed on the filling of vacancies due to the implementation of the Post-Provisioning Norms (PPN) and the halting of the filling of academic posts due to the introduction of new programmes was noted with concern as they have created capacity constraints within the College.
- The position of Regional Manager, Northern Cape and Western Cape was also filled on an acting basis. The current acting Regional Manager has been acting in the position for over two years. The Committee questioned the reasons for the delays by the Department in filling this position on a substantive basis.
- It was noted with concern that the PPN process has not been finalised. The College Implementation Committee has not been in session for approximately three years, and the structure has been approved.

- The report that the College has had no Labour Relations Officer (LROs) since the resignation of two LROs in 2019 and that there is currently no one to handle labour-related matters remains a concern.
- Concern was expressed about the underspending of R580 million in the past two financial years, mainly from the compensation of employees, while vacant posts remained unfilled.
- The appointment of Mr Jacobs, the former CFO of the Northern Cape Urban TVET College as the Chief Financial Officer of a college in the Western Cape was noted with serious concern given that the Northern Cape Urban TVET College obtained three consecutive qualified audit opinions (2021/22, 2022/23 and 2023/24). The Committee is not convinced that he will do better in his new employment.
- The College has an interim Council Chairperson while the appointment process of some Council members is underway. The allegation that some Council members are serving for the third term was noted with serious concern.
- It was noted with concern that the College contested the AG's report that was tabled before regarding its non-responsiveness to its invitation to make a written submission on the actions taken to address the material irregularity. The College claimed to have made written submissions to the AG and was awaiting its response, however, the AG refuted these claims. The AGSA had to exercise its expanded mandate as per the Public Audit Act, 2004 by reporting the college to The Directorate for Priority Crime Investigation (HAWKS); however, the case is pending. The Committee was of the view that the College's attitude was disrespectful to the mandate of a Chapter 9 institution. The Committee also cautioned the College against willfully making statements that were false or misleading.
- The delays by the College in implementing the AG's recommendations to address the material irregularities and recover lost funds were concerning.
- The College obtained a qualified audit opinion for the third consecutive audit cycle. Of great concern was the non-compliance with legislation in the preparation of annual financial statements, internal control deficiencies, and the reported lack of financial discipline at the College as reported by the AG.
- The alleged exorbitant spending amounting to R12,5 million on the construction of the campus entrance when the funds should have been spent on the core mandate, teaching and learning was concerning.

- The College incurred a deficit of R28,03 million during the period under review.
- A concern was raised about organised labour's claim that there is no transparency in the College as the Council and Management have not made public the Annual Reports. The last Annual Report was made public in 2018. The organised labour representative indicated that it was the first time he had heard that the College had an Annual Report, and such an important document had not been shared with the College's stakeholders.
- The Committee noted organised labour's concern that it is not represented on the College Council.
- The college underperformed in terms of its target for placement of learners and lecturers into workplaces for work-integrated learning and workplace exposure. Out of the 80 students and 20 lectures that were meant to get industry experience, none were placed, and the primary reason provided was that there were limited workplaces in the Northern Cape. It was concerning that the target was not achieved despite the College having signed 20 partnerships with industry partners for lecturer and student placements.

6. CONCLUSION

During this period under review, the Department had a budget of R130,25 billion and spent R130,13 billion or 99.9 per cent of the allocated funds. The Department incurred underspending amounting to R117,18 million or 0.4 per cent on the voted funds. Underspending was mainly in the compensation of employees (R71,43 million), payments for capital assets (R34,19 million) and goods and services (R11,53 million). The expenditure was dominated by transfers and subsidies, and employee compensation.

The Department applied virements amounting to R23,72 million from three programmes, 2: Planning, Policy and Strategy, 4: TVET and 5: Skills Development to P1: Administration and P3: University Education. Notably, 95 per cent or R22,54 million of the funds were shifted to programme 1: Administration. Virements were applied to finance excess expenditure required in Programme 1: Administration in relation to Office Accommodation and Computer Services,

while the Virement to Programme 3: University Education was mainly necessitated to fund a shortfall in Stipend Payments to International Scholarship Students.

The Department achieved 51 per cent of the 110 2023/24 APP targets, representing a decrease of 4 per cent from a 55 per cent achievement rate in 2022/23. It also obtained an unqualified audit outcome for the period under review. Notably, the AG's findings on the annual performance report are recurring, which is a concern.

The Committee is concerned about the audit outcomes of the Higher Education Portfolio which have not shown much improvement. Of concern were entities that remained qualified, such as the Services SETA, NSF, Transport Education and Training SETA, including the outstanding audits the National Student Financial Aid Scheme (NSFAS) 2022/23 and 2023/24, merSETA, Construction Education and Training Authority (CETA), Coastal TVET College, University of South Africa (UNISA) 2022/23 and 2023/24, University of Fort Hare, and Vaal University of Technology (VUT).

While the Committee noted the decrease in irregular expenditure incurred within the Portfolio from R475 million in 2022/23 to R243 million in 2023/24, it was concerned about the R3.43 billion of irregular expenditure from prior years, which has not been dealt with. Services SETA and the NSF are among the top contributors to irregular expenditures of R3,42 billion not dealt with. Services SETA and the NSF are also among the top contributors to R119,59 million in fruitless and wasteful expenditures not dealt with.

The Committee noted and commended the efforts of the quality Councils, CHE, QCTO and SAQA, including the Safety and Security SETA, for maintaining excellent performance and clean audit outcomes. These entities have good governance structures and management that are committed to ensuring that funds invested in their entities are effectively and efficiently utilised to meet the developmental needs of South Africa.

The Committee was seriously concerned about the state of affairs of the Northern Cape Urban TVET College. Almost the entire management of the College was appointed on an acting basis. The financial management of the College is very concerning. The Committee urged the Minister to intervene to restore governance and management at the College.

7. RECOMMENDATIONS

The Committee, having assessed the 2023/24 Annual Reports of the Department and entities, recommends that the Minister of Higher Education and Training, and the Minister of Finance consider the following:

7.1. Department of Higher Education and Training

7.1.1. Programme 1: Administration

- The Department should accelerate the process of filling funded vacant posts to mitigate the recurring underspending on compensation of employees and capacity constraints.
- The Department should review its process in terms of managing the process for filling senior management positions at TVET colleges. Prolonged delays in filling these posts in TVET colleges affect their operations.
- The Department should ensure adherence to the recruitment, selection and appointment of candidates, especially senior management posts in PSET institutions. The appointment of candidates with a history of misconduct should be halted.
- The Department should address capacity challenges within the Labour Relations Units of PSET institutions to ensure timely processing of misconduct cases.
- The Department should interact and partner with departments and entities such as the National Youth Development Agency (NYDA), the Department of Women, Youth and Persons with Disabilities, the Department of Small Businesses and organisations of people living with disabilities on the procurement opportunities available in the DHET for women, youth and persons with disabilities.

7.1.2. Planning, Policy and Strategy

- The Department should improve its oversight and monitoring of PSET institutions so that it can detect governance and management lapses, that continue to affect sector stability early.
- The Department should expedite the review and tabling in Parliament of the Skills Development Act, 1998, as amended, to address the current governance model of the entity, including areas of overlap and duplication with the SETAs and the National Skill Authority. The Department should accelerate the process of reviewing other legislation in the PSET sector so that they can be updated, including the Continuing Education and

Training Act (CET Act), to ensure that organized labour is included in the composition of the College Councils.

- The Department should review its planning processes to develop realistic targets that are specific, measurable, achievable, relevant and time-bound. The Department should also ensure that there is sufficient capacity for both human resources and financial to support activities to achieve the planned targets.
- The Department should ensure that consequence management is implemented against employees in the PSET sector who are involved in misconduct of any nature.
- The Department should develop strategies to improve coordination and foster a culture of integration among the PSET institutions. This will help reduce duplication and overlap between the programmes that are offered by different PSET institutions, including financial wastage.
- The Department ensures that outstanding audits of the National Student Financial Aid Scheme (NSFAS) 2022/23 and 2023/24, merSETA, Construction Education and Training Authority (CETA), Coastal TVET College, University of South Africa (UNISA) 2022/23 and 2023/24, University of Fort Hare, and Vaal University of Technology (VUT) are submitted.

7.1.3. University Education

- The Department should provide additional support to NSFAS so that the entity can implement the loan scheme intended to fund missing middle students at PSET institutions.
- The Department should hold universities accountable for not meeting their target of enrolment of students as this affects the performance of the Department.
- The Department should closely monitor the universities that have been experiencing governance and management lapses to ensure that the quality of teaching and learning is not compromised.

7.1.4. Programme 4: Technical and Vocational Education and Training

- TVET colleges need support from the Department in terms of establishing more partnerships with industry to improve the placement of students for work-integrated learning and lecturers to be exposed to the latest industry trends.
- The Department should expedite the process of clearing the certification backlog of Diplomas in the TVET sector to enable students to access employment and other training opportunities.
- The Department should provide additional funding to colleges to expand the offering of occupational programmes.
- The Department should improve its capacity development programmes for college lecturers to improve certification and throughput rates in the TVET sector. Additionally, TVET College should strengthen student support services to improve completion rates.
- The majority of TVET college students come from low-income families and depend on the NSFAS bursaries for their education. Thus, the Department should ensure that TVET colleges improve on the administration of NSFAS funding so that students can receive their allowances from the beginning of the academic year.

7.1.5. Programme 4: Skills Development

- The Department should expedite the process of assessing the performance of individual SETA Board members to ensure that Board members who did not perform their fiduciary duties are not re-appointed into the new SETA Boards for 2025 – 2030.
- The Department should consider the process of partnering underperforming SETAs with those with good governance and management to share best practices.
- The Department should ensure that SETAs align their budgets with their annual performance plans (APPs) to reduce underspending on skills development programmes.
- The Department should analyse the surpluses retained by the SETAs and the NSF to assess whether there is an alignment to the projects committed to ensuring efficient utilization of these reserves, including the possibility of reprioritisation of funds to PSET institutions that are financially constraint.

7.1.6. Programme 6: Community Education and Training

- The CET branch should improve its spending of the allocation to infrastructure development and maintenance in the sector.

- The CET branch is severely underfunded, with over 90 per cent of its R3 billion budget being allocated for the compensation of employees. Thus, the Department should review the funding model of CET College so that they can realise their full potential in the PSET landscape.
- The Department working with the Department of Public Works and Infrastructure should expedite the process of acquiring or converting under-utilised public infrastructure so that more community learning centres (CLCs) can have dedicated spaces for teaching and learning and introduce occupational skills.
- The programmes of CET colleges should be aligned with the rest of the PEST landscape so that CET learners can articulate to other PSET institutions.
- The Department should develop strategies to ensure that CET colleges offer programmes that are aligned with the needs of the communities they serve.

7.1.7. Council on Higher Education

- In light of the expanding mandate and scope of work of the CHE, additional funding should be considered for the entity to implement its new fit-for-purpose organisational structure that matches the work that needs to be done; make progress in implementing its Digital Transformation Strategy and carry out the increased scope of work.
- The CHE expedites filling funded vacant posts to address capacity constraints that impact the ability to perform its functions.

7.1.8. Quality Council for Trades and Occupations

- The QCTO’s funding model requires urgent attention, especially in light of the QCTO's expanding mandate, particularly regarding its work with TVET and community education and training (CET) colleges, as well as the revocation of quality assurance functions previously delegated to the SETAs.
- Funding should follow the function when the QCTO takes over the delegated quality assurance function from the SETA Education and Training Quality Assurance (ETQA).
- The QCTO expedites the re-negotiations of the “offer to purchase” the office building with the landlord.

- The Department needs to assist TVET colleges with additional funding to improve the uptake of occupational qualifications developed by the QCTO, which are in demand in the industry.
- The QCTO accelerate the process of filling all funded vacant positions during the 2024/25 financial year to enhance its capacity.

7.1.9. South African Qualifications Authority

- The Minister ensures that all institutions upload outstanding learner achievements on the NQF MIS to enable SAQA to conduct verifications. Consequence management should be implemented against non-compliant institutions.
- SAQA implements the identified new sources of revenue services, namely, contract income for bulk verifications for Financial Institutions, research projects with local and international partners, consultation and training services for fellow African NQF Bodies and data commercialization.
- For every position advertised in the government, SAQA should be the entity that conducts verification and issues verification certificates.
- Public outreach and advocacy campaigns undertaken by the entity to take the National Qualifications Framework (NQF) to people should also be extended to rural areas.
- SAQA expedites the filling of all funded vacant positions to improve capacity.
- The Minister must gazette the extension date of the pre-2009 expired qualifications with learner enrolments.
- The Minister expedites the appointment of the SAQA Board Chairperson.
- Additional funding over the MTEF period (2025/26 – 2027/28) should be considered to:
- Enable SAQA to fund automation and digitisation; verification of South African qualifications and the NQF Chair (Research); and implement the phased-in approach of the automation Project Phoenix.

7.1.10. National Skills Fund

- The NSF should address delays in project initiation, and evaluation, poor project management and coordination, and inadequate project monitoring, evaluation and reporting, resulting in targets not achieved, lack of supporting evidence for reported

performance and payments, and non-submission of reports by Skills Development Providers.

- The NSF fills vacant positions with incumbents with relevant qualifications, skills, and competencies to address capacity challenges and ensure that functions are well performed at all levels.
- Consequence management be meted out against the NSF officials who furnished the Minister with incorrect information on the number of vacant positions within the entity.
- The Department closely monitors and ensures that the NSF implements the recommendations of the AG to address material irregularity and recoup funds lost due to the entity approving and paying for three modules twice, resulting in non-compliance with section 57(b) of the PFMA.
- The NSF expedites investigations into irregular expenditure in prior years amounting to R1,74 billion and, where necessary implements consequence management by 31 March 2025.
- The NSF expedites investigations into fruitless and wasteful expenditure amounting to R73,03 million and where necessary ensures that consequence management is meted against officials responsible by 31 March 2025. The entity should submit quarterly progress reports to the Committee.
- The Department expedites the process of the review and tabling in Parliament of the Skills Development Act, 1998, as amended, to address the current governance model of the entity, including areas of overlap and duplication with the SETAs and the National Skill Authority.
- A turnaround strategy should be developed and implemented to address poor performance, including consecutive poor audit outcomes.
- Proper recording-keeping systems should be developed and implemented to ensure that all records are available when needed, especially for audit purposes.
- The NSF expedites the enhancement of its ICT systems, including the State Information Technology Agency (SITA) procurement of a service provider to reconfigure MS Dynamics.
- The NSF benchmarks other SETAs, such as the Safety and Security SETA, that have proper financial management and strong internal controls environments.
- The NSF should address the delays in the implementation of the Ministerial Task Team Report in the Review of the NSF and the Nexus Report recommendations.

- The NSF establishes and capacitates its own Supply Chain Management Unit to limit its dependency on the DHET SCM that has delayed procurement and adversely affected the NSF.
- The Department working with the NSF should ensure the blacklisting of 10 companies that were found to have been involved in fraud, money laundering, and misappropriation of skills development funds, including their directors. Additionally, Skills Development Providers that fail to submit performance reports should be blacklisted from doing business with the entity.
- The Minister reports to the Committee, the outcomes of the strategic session to review the NSF organisational structure.

7.1.11. Services SETA

- Expedites investigations into irregular expenditure from prior years amounting to R1,02 billion and implements consequence management where necessary by 31 March 2025.
- The SETA should put in place mechanisms to address the causes of underspending.
- Expedites investigations into fruitless and wasteful expenditure and, where necessary, ensures that consequence management is meted against officials responsible by 31 March 2025. The entity should submit quarterly progress reports to the Committee.
- A turnaround strategy should be developed and implemented to address poor audit outcomes.
- Proper recording-keeping systems should be developed and implemented to ensure that all records are available when needed, especially for audit purposes.
- The SETA should build in-house capacity to reduce its reliance on consultants and other professionals.
- The SETA should put in place systems to ensure that all valid invoices received from suppliers are paid within 30 days of receipt.
- The SETA expedites the implementation of the recommendations of the Werkmans Report in relation to irregularities in procurement processes and the awarding of tenders to certain companies.

- The SETA AA should ensure that oversight responsibility regarding financial reporting and compliance is adequately exercised to ensure that the controls can prevent or detect internal control deficiencies.
- Consequence management should be meted out against officials who fail to implement audit action plans in their areas of work.

7.1.12. Safety and Security SETA

- The Minister ensures that the appointment processes of the new members of the SETA Accounting Authorities are compliant with prescripts to prevent SETAs from incurring irregular expenditures due to non-compliance by the Department in the appointment of certain Accounting Authority members.
- SASSETA should undertake more outreach programmes and advocacy campaigns targeting rural and marginalised communities. The entity should also increase the number of its safety and security skills programmes in rural areas so that young people can be reached.
- SASSETA avail itself to share best practices with other SETAs that are not performing well and have received poor audit outcomes.
- SASSETA develops and implements occupations in high demand related to artificial intelligence in the safety and security sector.

7.1.13. Northern Cape Urban TVET College

- The Department expedites the filling of vacant positions at the College and ensures that the institution is adequately capacitated to execute its mandate.
- The Department expedites the process of filling the position of the Regional Manager at the Northern Cape and Western Cape on a substantive basis.
- The Department ensures that the PPN processes of the College are implemented as required.
- The Department expedites the process of the appointment of the College Council.
- The Department should ensure that the College Labour Relations Officers are appointed.

- The Department ensures that the recommendations of the Commission for Gender Equality (CGE) are implemented by the college. Quarterly progress reports should be submitted to the Committee.
- All outstanding policy reviews, especially gender-transformation-related policies, should be attended to.
- The College Council and its management should be transparent and share information with the stakeholders, for example, Annual Reports, which are public documents.
- The College should submit a correspondence with the AG concerning material irregularity.
- An independent investigation into the infrastructure development projects should urgently be undertaken.
- Given the current governance and management challenges, including poor audit outcomes over three financial years, the Minister should consider placing the College under administration.
- The College implements the AG's recommendations to address the material irregularity and recover lost funds.
- The Department investigates and addresses the concerns raised by the College's organized labour.

Report to be considered.

5. REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION AND TRAINING ON ITS ASSESSMENT OF THE 2023/24 FOURTH QUARTER AND 2024/25 FIRST QUARTER FINANCIAL AND NON-FINANCIAL PERFORMANCE REPORT OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING, DATED 24 OCTOBER 2024

The Portfolio Committee on Higher Education and Training ("the Committee"), having assessed the 2023/24 Fourth Quarter and 2024/25 First Quarter financial and non-financial performance report of the Department of Higher Education and Training ("the Department"), reports as follows:

1. INTRODUCTION

Section 40 (1) (f) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) makes provision for the accounting officer of a department to submit all reports, returns, notices and other information to Parliament. The Act also stresses the need for accounting officers to regularly monitor and report on the performance of their departments against the agreed budget for the year.

Section 5 (1) (c) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) determines that the National Assembly (NA), through its Committees, must annually assess the performance of each national department in relation to the expenditure report of the said department published by the National Treasury in terms of section 32 of the PFMA.

The Committee conducts in-year monitoring and assessment of the Department's service delivery and financial performance towards achieving the performance indicators and targets as set out in the Annual Performance Plan. The quarterly assessments of the Department's financial and non-financial performance also assist the Committee in its preparation for the annual submission of the Budgetary Review and Recommendation Report (BRRR) as determined by section 5 (2) of the Money Bills Amendment Procedures and Related Matters Act, 2009 (Act No. 9 of 2009).

The Committee convened a meeting with the Department of Higher Education and Training on 18 September 2024 to assess the Department's 2023/24 Fourth Quarter and 2024/25 First Quarter performance reports.

2. OVERVIEW AND ASSESSMENT OF THE DEPARTMENT'S QUARTERLY EXPENDITURE AND PERFORMANCE

2.1 2023/24 FOURTH QUARTER PERFORMANCE

2.1.1. Overview and assessment of the 2023/24 Fourth Quarter budget allocation and expenditure

Table 1: Budget allocation and expenditure for the Fourth Quarter of the 2023/24 financial year

VOTE 17: HIGHER EDUCATION AND TRAINING				
Status of expenditure per programme	**Main Appropriation R'000**	**Actual expenditure R'000**	**Balance available R'000**	**% spent**
Administration	492 288	484 939	7 349	98.51%
Planning, Policy and Strategy	1 493 034	1 457 867	35 167	97.64%
University Education	90 095 614	90 091 805	3 809	100.00%
Technical and Vocational Education and Training	12 604 223	12 570 540	33 683	99.73%
Skills Development	292 727	289 783	2 944	98.99%
Community Education and Training	2 852 454	2 818 224	34 230	98.80%
Direct charges (skills levy to SETAs and NSF	22 424 463	22 424 463	-	100.00%
Total	**130 254 803**	**130 137 621**	**117 182**	**99.91%**

Source: DHET, 2024

The Department's final appropriation for the 2023/24 financial year was R130.254 billion and comprised R107.830 billion from the Voted funds and R22.424 billion from the skills levy. The Department's expenditure at the end of the Fourth Quarter inclusive of direct charges against the National Revenue Fund, amounted to R130.138 billion, representing a spending rate of 99.9 per cent. The Department recorded lower than projected expenditure amounting to R117.182 million or 0.1 per cent, mainly due to savings from the compensation of employees due to unfilled vacancies; slower than the planned implementation of the CET infrastructure projects and savings on goods and services.

At the end of the 2023/24 Fourth Quarter, the Department had spent R11.002 billion or 99.35 per cent of the compensation of employees budget, which is lower than the projected spending amounting to R71.433 million or 0.65 per cent of the available budget.

Expenditure on goods and services was R701.674 million or 98.38 per cent of the available budget of R713,210 million. The underspending on goods and services was R11.536 million or 1.62 per cent of the available budget.

Expenditure on transfers and subsidies at the end of the Quarter under review was R118.393 billion or 100.00 per cent of the available budget. Expenditure on payments for capital assets amounted to R39.131 million or 53.37 per cent, recording an underspending of R34.193 million or 46.63 per cent of the available budget of R73.324 million.

2.1.2. Overview and assessment of the 2023/24 Fourth Quarter non-financial performance

For the 2023/24 Fourth Quarter, the Department's six programmes had a combined total of 76 targets. The Department achieved 41 targets or 53.9 per cent. None of the programmes achieved 100 per cent of the planned targets for the Quarter under review. Despite performance increasing marginally by 5 per cent from 49 per cent in the Third Quarter, it is still not satisfactory, especially because it does not match expenditure.

2.1.2.1. Programme 1: Administration

The programme provides strategic leadership, management and support services to the Department. The programme had 13 targets during the period under review and achieved six (6) or 46 per cent, which is a regression from the Second and Third Quarters' achievement of 64 per cent and 80 per cent, respectively.

The Department's vacancy rate remained under 10 per cent (9.4%) and resolved 81 per cent of the disciplinary cases within 90 days, exceeding the target by 1 per cent. The programme achieved the target of public procurement spent on Small, Medium and Macro Enterprises (SMMEs), having achieved 57.96 per cent against the target of 30 per cent. The target of having 60 per cent of public procurement spent on Black-Owned businesses was exceeded by 2.4 per

cent. During the Quarter under review, the programme paid 100 per cent of valid invoices within 30 days.

Targets not achieved:

- Forty per cent of public procurement was spent on women-owned businesses (actual achievement was 34.62%).
- Thirty per cent of public procurement was spent on youth-owned businesses (actual achievement was 28.65%)
- Seven per cent of public procurement was spent on Businesses owned by people with disabilities (actual achievement was 0.6%).
- Reports on the Implementation Plan for the phased roll-out of the Safety and Security Minimum Norms and Standards in the selected TVET colleges approved
- Minimum Norms and Standards for safety and security focusing on universities approved by the Minister by 31 March 2024.

At the end of the quarter under review, the Programme spent R452.1 million, which was lower than projected spending of R52.6 million or 10.4 per cent. Lower-than-projected spending was under the compensation of employees and was ascribed to vacant posts that were not filled in time due to delays in the processing of a high number of applicants.

The programme's expenditure at the end of the period under review amounted to R484.939 million, which is lower than-projected spending amounting to R7.49 million or 1.49 per cent of the available budget.

2.1.2.2. Programme 2: Planning, Policy and Strategy

The programme provides a strategic direction in the development, implementation and monitoring of departmental policies and the human resource development strategy for South Africa. The programme had 22 targets and achieved 13 or 59 per cent of the targets planned during the Quarter under review.

Amongst the targets achieved were the approval of the Revised Recognition of Prior Learning Coordination Policy or Implementation Framework and submission to the Minister, completion and approval of the designs for the Ulundi Satellite Campus, and approval of the concept designs on the construction of the two new universities for implementation. The programme

also achieved the approval of the following: a monitoring report on the collaboration efforts between the Department of Higher Education and Training and Higher Health for 2023, a report on the TVET colleges' infrastructure maintenance plans for 2023/24 relating to all delivery sites, and a Plan for the integration of Information Management Systems used in the PSET sector.

Selected targets not achieved:

- Draft NQF Amendment Bill approved by the Minister by 31 March 2024 for public comments.
- Revised draft Higher Education Act approved by the Minister by 31 March 2024 for public comments.
- Designs for the Giyani Satellite Campus completed by TUT by 31 March 2024
- 3,000 student housing for the provision of beds completed.
- 1500 students participating in work-integrated learning construction.

The programme's expenditure at the end of the period under review amounted to R1,457 billion, recording lower-than-projected spending amounting to R35,167 million or 2.36 per cent of the available budget.

2.1.2.3. Programme 3: University Education

The programme develops and coordinates policy and regulatory frameworks for an effective and efficient university education system and provides financial and other support to universities, the National Student Financial Aid Scheme (NSFAS) and national higher education institutions. The programme had 12 targets planned for the Quarter under review and achieved eight (8) or 67 per cent, which is a significant improvement from 47 per cent recorded in the Third Quarter.

Amongst the targets achieved include the achievement of a 71.1 per cent throughput rate of the 2014 first-time-cohort at universities; 57 scholarship or internship positions allocated to universities through the Nurturing Emerging Scholars Programme against the target of 40 per cent; 53 per cent of university lecturers (permanent instruction or research staff) who hold doctoral degrees against the target of 51 per cent. The following reports were approved by the Director-General: A report on the compliance with annual reporting regulations; financial

health and audit outcomes of universities and a progress report on the implementation of the Publications of Quality Framework.

Targets not achieved:

- Percentage (100%) of private higher education institutions (PHEIs) complying with regulations. It was noted that some public higher education institutions did not submit their annual reports for compliance assessment.
- Percentage (85%) of universities that meet good standards of governance. The underachievement was ascribed to the non-submission of scorecards by the two universities.
- Eighty-five new Generation of Academics Programme (nGAP) posts filled at universities every year. The Department reported that the recruitment of the nGAP lecturers is conducted in universities and that the process is beyond its control.
- Three universities were supported in developing TVET college articulation implementation plans. The reason for the deviation was not provided.

The programme's expenditure at the end of the period under review amounted to R90.091 billion, recording lower-than-projected spending amounting to R3,809 million or 100.00 per cent of the available budget.

2.1.2.4. Programme 4: Technical and Vocational Education and Training (TVET)

The purpose of this Programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programmes, assessment practices and systems for TVET. The programme had 13 targets for the Quarter under review and achieved seven (7) or 54 per cent. The programme recorded a significant improvement in performance from eight (8) per cent in the Third Quarter.

The programme's achievements for the Quarter include the establishment of one DSU to support students with disabilities in TVET colleges, the release of examination results to qualifying students within 14 days from the last day of the exam timetable (per cycle) against the target of 40 days; 35 TVET colleges offering Fourth Industrial Revolution (4IR) aligned skills training; and all 50 TVET colleges offering focussed entrepreneurship development programmes.

Targets not achieved:

- 20 000 unemployed TVET students placed in workplaces annually (actual achievement was 14 408).
- 73 743 of TVET college students completing N6 qualifications (actual achievement was 27 497).
- 4 500 students enrolled in PLP to improve success (actual achievement was 2 420).

The programme's expenditure at the end of the period under review amounted to R12,570 billion, recording lower-than-projected spending amounting to R33,683 million or 0.27 per cent of the available budget.

2.1.2.5. Programme 5: Skills Development

The programme promotes and monitors the National Skills Development Strategy (NSDS). Develop skills development policies and regulatory frameworks for an effective skills development system. The programme had 10 targets during the Fourth Quarter and achieved two (2) or 20 per cent. The programme performed poorly compared to all the other five programmes.

The programme achieved 100 per cent of the Sector Education and Training Authorities (SETAs) meeting the standard of good governance. The programme also achieved a 25-day lead time from qualifying trade test applications received until the trade test is conducted against the target of 40 days.

Targets not achieved:

- Number (110 500) of learners or students placed in work-based learning (WBL) programmes (actual achievement was 107 687).
- Number (149 000) of learners registered in skills development programmes annually (actual achievement was 65 360).
- Number (23 000) of learners entering artisanal programmes annually (actual achievement was 20 463).
- Number (21 000) of artisans found competent annually (actual achievement was 20 062).

The Department ascribed the non-achievement to employers not taking up a high number of new learners due to limitations caused by the aftereffects of the COVID-19 pandemic.

The programme's expenditure at the end of the period under review amounted to R289.783 million, recording lower-than-projected spending amounting to R2.944 million or 0,01 per cent of the available budget.

2.1.2.6. Programme 6: Community Education and Training (CET)

The purpose of this Programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programme assessment practices and systems for community education and training. The programme had 6 targets in the Fourth Quarter and achieved 5 or 83 per cent, which is a significant improvement from 67 per cent recorded in the Third Quarter.

Targets achieved include 100 per cent of CET colleges meeting the standard of good governance, 1 000 CET lecturers training and 100 per cent of CET college examination centres compliant with the National Policy on the Conduct and Management of Examinations.

The target of 321 841 students enrolled at CET colleges annually was not achieved. This target has not been achieved since the commencement of the implementation of the Medium-Term Strategic Framework (MTSF) 2019 – 2024.

The programme's expenditure at the end of the period under review amounted to R2,818 billion, recording lower-than-projected spending amounting to R34,230 million or 1.2 per cent of the available budget.

2.2 2024/25 FIRST QUARTER PERFORMANCE

2.2.1. Overview and assessment of the 2024/25 First Quarter budget allocation and expenditure

Table 2: Budget allocation and expenditure for the First Quarter of the 2024/25 financial year

VOTE 17: HIGHER EDUCATION AND TRAINING				
Status of expenditure per programme	**Main Appropriation R'000**	**Actual expenditure R'000**	**Balance available R'000**	**% spent**

Administration	564 951	134 123	430 828	23.7%
Planning, Policy and Strategy	4 229 871	62 285	4 167 586	1.5%
University Education	91 702 662	48 709 381	42 993 281	53.1%
Technical and Vocational Education and Training	13 257 523	3 557 662	9 699 861	26.8%
Skills Development	333 071	76 368	256 703	22.9%
Community Education and Training	2 927 214	726 592	2 200 622	24.8%
Direct charges (skills levy to SETAs and NSF	24 500 269	3 978 404	20 521 865	16.2%
Total	**137 515 561**	**57 244 815**	**80 270 746**	**41.6%**

Source DHET, 2024

The Department's annual appropriation for the 2024/25 financial year was R137.515 billion, inclusive of R113.015 billion from the voted funds and R24.500 billion of direct charges from the National Revenue Fund (skills levies to SETAs and the National Skills Fund). The Department's expenditure at the end of the First Quarter, excluding direct charges, amounted to R53.266 billion, which is R1.81 billion or 2.5 per cent lower than the quarterly projected expenditure of R54.648 billion. The underspending was mainly under transfers and subsidies and compensation of employees.

At the end of the First Quarter, the Department had spent R2.805 billion or 23.8 per cent of the compensation of employees budget, recording lower than the projected spending amounting to R99.7 million or 3.4 per cent of quarterly projected expenditure.

Expenditure on goods and services was R122.354 million or 17.4 per cent of the available budget of R170.7 million. The underspending on goods and services was R48.3 million or 28.3 per cent of the quarterly projected expenditure.

Expenditure on transfers and subsidies at the end of the Quarter under review amounted to R50.321 billion or 50.3 per cent of the quarterly projected expenditure. During the First Quarter, University Education remained the biggest spending programme at an amount of R48.709 billion, of which R23.490 billion was transferred to NSFAS. Transfers to TVET and CET colleges amounted to R1.479 billion and R57.598 million, respectively. Expenditure on payments for capital assets amounted to R17.1 million or 4.3 per cent, recording an underspending of R17.2 million or 50.1 per cent of the quarterly projected expenditure amounting to R34,3 million.

2.2.2. Overview and assessment of the 2024/25 First Quarter non-financial performance

For the 2023/24 financial year, the Department had 19 planned targets. During the First Quarter, the Department had 15 targets shared amongst four programmes, 1: Administration, 2: Planning, Policy and Strategy, 4: Technical and Vocational Education and Training and 5: Skills Development. The Department achieved 12 out of 15, with a success rate of 80 per cent.

2.2.2.1. Programme 1: Administration

The programme had 10 targets and achieved seven (7) or 70 per cent. Among the targets achieved were the vacancy rate of 9.9 per cent against the target of 10 per cent, 81 per cent of disciplinary cases were resolved within 90 days, 86.07 per cent of public procurement was spent on black-owned businesses and 41.17 per cent of public procurement was spent on youth-owned businesses.

Targets not achieved:

- Percentage (7%) of public procurement spent on businesses owned by people with disabilities (actual achievement was 0.02%).
- Percentage (100%) of valid invoices received from creditors paid within 30 days (actual achievement was 99.80%).

The programme spent R134.123 million or 23.7 per cent in the First Quarter, recording lower-than-projected spending of R14.4 million or 9.7 per cent against quarterly projected spending of R48.5 million.

2.2.2.2. Programme 2: Planning, Policy and Strategy

The programme had two targets and were achieved. The programme published the list of occupations in high demand and the Director-General approved a report on the identification of skills needs for the hydrogen economy.

At the end of the First Quarter, the programme had spent R62.285 million or 1.5 per cent against the quarterly projected expenditure of R1.161 billion. Spending was lower than projected by R1.099 billion or 94.6 per cent. The underspending was mainly under transfers and subsidies for infrastructure and efficiency grants to universities and TVET colleges, which were not made

as projected due to outstanding progress reports and non-compliance with the necessary financial reporting requirements of TVET colleges.

2.2.2.3. Programme 3: University Education

The programme had no planned targets during the Quarter under review. The programme spent R48.709 billion or 53.1 per cent of the quarterly projected budget of R48.872 billion, with lower-than-projected spending of R162.9 million or 0.3 per cent. The underspending was mainly under transfers and subsidies for university-earmarked grants that were not made as projected due to outstanding progress reports from universities that needed to be submitted before the transfer is made.

2.2.2.4. Programme 4: Technical and Vocational Education and Training (TVET)

The programme had two targets, and both were achieved. The programme released the examination results to qualifying students within 19 days from the last day of the exam timetable (per cycle) against the target of 40 days and 14 public TVET colleges had at least two protocols signed with industry to place TVET college students and lecturers for workplace experience.

Expenditure at the end of the First Quarter amounted to R3.557 billion or 26.8% of the quarterly projected budget of R3.648 billion, recording lower-than-projected spending of 90.0 million or 2.5 per cent of the projected expenditure, mainly under compensation of employees due to unfilled vacant posts.

2.2.2.5. Programme 5: Skills Development

The programme had two planned targets for the Quarter under review. The programme achieved a 24-day lead time from qualifying trade test applications received until the trade test is conducted against the target of 40 days. 21 SETAs have developed credible Sector Skills Plans (SSPs) per annum.

Expenditure at the end of the First Quarter amounted to R76.368 million or 22.9 per cent of the quarterly projected expenditure of R83.4 million. The programme recorded lower-than-projected spending amounting to R7.0 million or 8.4 per cent of the quarterly projected expenditure, mainly on the compensation of employees due to unfilled vacant posts.

2.2.2.6. Programme 6: Community Education and Training (CET)

The programme did not have planned targets for the Quarter under review.

In terms of expenditure, the programme had spent R726.592 million or 24.8 per cent of R733.9 million quarterly projected expenditure. Spending is lower than projected by R7.3 million or 1 per cent, mainly on compensation of employees due to unfilled vacant posts.

3. OBSERVATIONS

The Portfolio Committee having considered the 2023/24 Fourth Quarter and 2024/25 First Quarter expenditure and non-financial performance reports of the Department of Higher Education and Training, makes the following observations:

3.1. Programme 1: Administration

3.1.1. Delays in filling vacancies, which result in underspending on the compensation of employees remains a serious concern because it has contributed to inadequate human resource capacity and underperformance. This has been a recurring challenge for the Department.

3.2. Programme 2: Planning, Policy and Strategy

3.2.1. The non-financial performance of the Department in the 2023/24 Fourth Quarter, though slightly increased by 5 per cent from 49 per cent in the third quarter, was still not satisfactory. It was concerning given that the performance was not commensurate with an expenditure of 99.9 per cent of the allocated budget at the end of the quarter under review. This pointed to poor planning by the Department and a lack of strategy to mitigate the causes of underperformance from previous quarters.

3.2.2. The non-financial performance in the 2024/25 First Quarter was 80 per cent, a significant improvement of 33 per cent from 47 per cent recorded during the same period in 2023/24.

3.2.3. Delays in the finalisation of the consultation processes for the Draft National Qualifications Framework (NQF) Amendment Bill and other legislation remain a concern.

3.2.4. The significant achievement recorded by the Department during the first quarter 2024/25, especially the completion of the construction of new TVET college campuses, was welcomed. However, the slow implementation of infrastructure development projects by some PSET institutions has resulted in underspending on infrastructure efficiency grants.

3.3. Programme 3: University Education

3.3.1. The Committee welcomed the Comprehensive Student Funding Model for the PSET system. However, the slow implementation of the NSFAS' new loan scheme to assist students from households with annual incomes ranging between R350 000 and R600 000 per annum at universities and TVET colleges is concerning. It was further noted with concern that NSFAS has previously administered loans to millions of students, and the reported capacity challenges which delay the implementation of the missing-middle loan scheme raise questions.

3.3.2. There is an emerging form of resistance by some universities in accounting to Parliament, which undermines the constitutional authority of the institution. These universities incorrectly abuse institutional autonomy at the expense of public accountability.

3.4. Programme 4: TVET

3.4.1. There were students from the Northlink TVET college whose Diploma applications had not been responded to by the Department. This impacts their completion of qualifications and chances of employability, and the Department should be resolved urgently.

3.4.2. It was noted with concern that some TVET colleges could not sign protocols for lecturer placement. Workplace exposure is equally important for lecturers in enhancing their skills and understanding industry needs.

3.4.3. The decline in the number of students completing the NATED (N6) qualification at the end of the 2023/24 Fourth Quarter in the TVET sector is concerning.

3.4.4. It was noted with concern that TVET colleges have been grappling with addressing the Auditor-General's (AG) findings in relation to the transfer of property plants and

equipment, including reporting on the accurate number of students that are funded by NSFAS.

3.5. Programme 5: Skills Development

3.5.1. The performance of the Skills Development programme at the end of the 2023/24 fourth quarter is concerning. There has been a decline in the number of learners that have been registered in the skills development programmes annually, learners registering in and completing artisanal programmes, learnerships and internships annually.

3.5.2. There have been questions about the role and impact of SETAs in contributing to the upward skills development trajectory of the country. Furthermore, SETAs reserved have been accumulating while the country is grappling with high unemployment, especially among young people and a shortage of artisans.

3.6. Programme 6: CET

3.6.1. The CET sector is severely underfunded, and the reality that only R209 million out of the R2.9 billion budget of the programme is allocated for operations is concerning. This hinders the ability of CET colleges to meet their basic operational costs.

3.6.2. Late delivery of basic teaching and learning materials in some Community Learning Centres is a serious concern and is one of the contributors to underperformance on the enrolment target in the sector. Most of the centres do not have dedicated facilities, which compromises the quality of teaching and learning.

4. SUMMARY

The Department's performance at the end of the Fourth Quarter 2023/24 stood at 54 per cent which translates to 46 per cent achievement. The Committee expressed its concern regarding the performance recorded during this period, as most of the underachievement areas are recurring and could have been mitigated. Despite the 54 per cent performance, the Department recorded 99.9 per cent spending of its budget for the same period, which is concerning. The Committee has been consistent in calling for spending to be commensurate with performance.

There was an improvement during the 2024/25 First Quarter as the Department achieved 80 per cent performance and there were no targets for Programme 3: University Education and Programme 6: CET. The Committee also noted the milestones recorded by the Department during the periods under review, especially the completion of new TVET college campuses, and collaboration with Higher Health and TVET colleges' student-focused entrepreneurship development programmes.

The Committee reiterated its position regarding the need for the Department to find a lasting solution to the challenge of filling funded vacant posts within a reasonable period. This has been a recurring area of underachievement by the Department, and it continues to result in the underspending of its budget due to savings on the compensation of employees. The Committee encouraged the Department to review its planning processes to assist with improved overall organizational performance.

5. RECOMMENDATIONS

The Portfolio Committee having considered the 2023/24 Fourth Quarter and 2024/25 First Quarter expenditure and non-financial performance reports of the Department of Higher Education and Training, makes the following recommendations:

5.1. Programme 1: Administration

5.1.1 The filling of vacancies should be assessed regularly as a key priority of the Department and the processes that hinder the filling of vacancies should be attended to.

5.1.2. The Department should strive to achieve a zero per cent vacancy rate.

5.1.3. The Department should explore the possibility of redirecting savings from the compensation of employees budget to other financially constraints areas and key priorities within the PSET system.

5.2. Programme 2: Planning, Policy and Strategy

5.2.1. The Department should review its planning processes and develop realistic targets that are achievable within the planned timeframes.

5.2.2. The leadership of the Department should assist in motivating employees to maximise efficiency and improve the overall performance of the Department. Furthermore, consequence management should be implemented to mitigate underperformance.

5.2.3. The Department should expedite the consultative processes for the Draft NQF Amendment Bill and other legislation so that they can be tabled for consideration in Parliament.

5.3. Programme 3: University Education

5.3.1. The Department should strengthen its oversight and monitoring function over universities to ensure they account for their governance and related affairs.

5.3.2. The Department, through its stakeholder engagements with universities, should communicate the concerns raised by the Committee, particularly on the abuse of institutional autonomy at the expense of accountability.

5.3.3. The Department working with NSFAS should prioritise the implementation of the new loan scheme to assist with funding the missing middle students who have been waiting for funding confirmation since the beginning of the 2024 academic year.

5.3.4. The Department should also ensure that the loan system is functioning optimally for the 2025 academic year.

5.4. Programme 4: TVET

5.4.1. The Department should ensure that students receive the necessary academic support to complete their qualifications, particularly the N6 programme.

5.4.2. The Department should speedily address the discrepancies that result in the delays in issuing Diplomas for TVET college students.

5.4.3. The Department should prioritise the expansion of Disability Units to all remaining TVET colleges to ensure that students with disabilities are provided with additional support, unique to their needs to realise their academic full potential.

5.4.4. The Department should ensure that TVET colleges adhere to the signing of protocols to assist lecturers in gaining workplace exposure, which will enhance their skills and capacity to deliver lessons to students.

5.5. Programme 5: Skills Development

5.5.1. The Department should work closely with employers to open workplaces for learners to gain work-integrated learning, which is critical for the completion of their occupational qualifications.

5.5.2. The Department should encourage SETAs to increase their targets in relation to the intake of learners into skill development programmes annually. SETAs have

accumulated financial reserves that could be used to curb unemployment, especially among young people.

5.5.3. The Department should speed up the process of developing an information technology (IT) system that will be able to detect double-dipping of learners in skills development programmes

5.6. Programme 6: CET

5.6.1. The Department should closely monitor the delivery of teaching and learning resources at CET colleges.

5.6.2. The Department should continue with its efforts to lobby for more funding to be allocated to the CET sector to attract more learners and to work with the Department of Public Works and Infrastructure to identify unutilised public buildings for repurposing by the CET sector.

Report to be considered.

6. PORTFOLIO COMMITTEE ON HOME AFFAIRS 2024 BUDGETARY REVIEW AND RECOMMENDATION REPORT, DATED 25 OCTOBER 2024

1. INTRODUCTION

As specified by section 5 of the Money Bills Amendment Procedures and Related Matters Act (MBAP) of 2009, the National Assembly, through its Committees, must annually assess the performance of each national department. A Committee must submit the Budgetary Review and Recommendation Report (BRRR) annually to the National Assembly which assesses the effectiveness and efficiency of the department and entities' use and forward allocation of available resources and may include recommendations on the use of resources in the medium term. In this regard, the Portfolio Committee on Home Affairs (the Committee) oversees the Budget and Performance of the Department of Home Affairs (DHA), the Government Printing Works (GPW) and the Electoral Commission (IEC). In addition, after being formally established and assuming its status as a schedule 3 (A) public entity on 1 April 2023, the Border management Authority (BMA) was also officially launched on 3 October 2023 in Musina, Limpopo, under the direction of President Cyril Ramaphosa. As such this entity is now separately accounting to and being overseen by the Committee.

The newly established 7th Parliament Committee had its first meeting on 9 July 2024, re-electing Hon. Mosa Chabane as its Chairperson. In the same meeting, new Committee members then engaged the DHA, IEC, GPW and BMA on their budgets and performance plans. Whilst visiting these entities in Gauteng, in October 2024; the Committee engaged the DHA, IEC and GPW on their respective Annual Reports for 2023/24. The Auditor General (AGSA) also presented a detailed overview on the respective audit reports.

The BMA communicated to the Committee that their annual report will be delayed until the end of November 2024 due to issues consolidating the assets of several government department's functions that were incorporated into the BMA in its first official year of operation.

The Committee was also briefed by the content Advisor allocated to the Committee on the successes and challenges in the Portfolio in its legacy report composed with members of 6th Parliament Committee. The GPW moved from two years of disclaimer to a qualified audit opinion. The DHA regressed from 7 consecutive unqualified with findings to a qualified report and the IEC got its fourth consecutive clean audit.

In addition, since the last BRRR, the 6th Committee engaged with the 1st and 2nd quarter financial and performance reports of all the entities from 31 October to 14 November 2023. Due to extensive engagements on Electoral Legislation and the rising of Parliament for the

2024 National Elections, the 3rd and 4th quarter performance reports were not considered by the Committee.

The Committee considered and amended its draft BRRR on 22 October 2024 and after additional inputs from the members, the final was adopted on 25 October.

1.1 The Portfolio Committee on Home Affairs

In line with the core objectives of Parliament, the mandate of the Committee is to consider and pass legislation; oversee and scrutinise executive action; facilitate international participation; facilitate co-operative government and facilitate public participation and involvement. The key issues in the DHA, IEC and GPW are put forward by the Committee on the basis of:

- 33 Committee meetings and deliberations since the last BRRR (including 12 meetings by the 7th Parliament Committee) which includes briefings by the DHA, BMA, the IEC and GPW. In addition, the Committee met with the Auditor General, Visa Facilitation Services, Asylum seekers, deportees and the Department of Justice.
- 9 of the above 33 meetings included the Electoral Matters Amendment Bill (1 of 2022) which was adopted by the Committee on 20 March 2024.
- Scrutinising the DHA and BMA Strategic and Annual Performance Plans, the State of the Nation Address, policy documents, Estimates and Revised Estimates of National Expenditure, the Medium-Term Expenditure, first and second quarter reports as well as other external briefings and reports.
- An oversight visits to the DHA, GPW, BMA and IEC Head Offices, as well as the Tshwane Refugee Reception Office, Lindela Repatriation Centre and GPW printing facilities.
- An increasingly busy legislative schedule as the Electoral Commission and DHA embark on an expanded policy review across their functions.
- Committee Members' engagement in their constituencies and over a thousand electronically forwarded requests for intervention on behalf of the public.

1.2 The Department of Home Affairs

The mission of the DHA is to ensure the efficient determination and safeguarding of the identity and status of citizens and regulation of migration to ensure security as well as to promote and fulfil South Africa's international obligations. This mandate is administered through the following four overarching budget programmes:

Programme 1 - Administration: The programme provides leadership, management and support services to the Department of Home Affairs.
Programme 2 – Citizen Affairs: The programme provides secure, efficient and accessible services and documents for citizens and lawful residents. This programme's budget also includes the transfers to the IEC and GPW.
Programme 3 - Immigration Affairs: The programme facilitates and regulates the secure movement of people into and out of the Republic of South Africa through ports of entry; determines the status of asylum seekers and regulates refugee affairs. It also confirms and

provides enabling documents to foreign visitors legally residing within the Republic of South Africa and enforces immigration legislation and effects deportations.
Programme 4 - This programme provides for institutional support and transfers to entities not under the control of the department such as the BMA, IEC and Represented Political Parties Fund.

1.3 The Electoral Commission
The Electoral Commission of South Africa (also known as the Independent Electoral Commission (IEC) is South Africa's electoral management body. The IEC is an independent organisation established under Chapter 9 of the Constitution of South Africa. The IEC is an autonomous body underwritten by the Electoral Commissions Act (No 51 of 1996). In terms of Section 190(1) of the Constitution, the IEC must manage elections at national, provincial and municipal legislative bodies in accordance with the national legislation, ensure that those elections are free and fair, and declare the results of those elections within a period that must be prescribed by national legislation and that is as short as reasonably possible.

Section 5 of the Electoral Commission Act (No 51 of 1996) outlines the duties and functions of the IEC. This includes managing any elections; ensuring that any election is free and fair; promoting conditions conducive to free and fair elections; promoting knowledge of sound and democratic elections processes and compile; maintaining a register of parties; compile and maintain a voters roll to mention but a few examples. This is administered through 4 budget programmes:
- Programme 1: Administration
- Programme 2: Electoral operations
- Programme 3: Outreach
- Programme 4: Party Funding

1.4 The Government Printing Works
GPW specializes in the printing and development of security media, including passports, visas, birth certificates, educational certificates, smart identity documents, examination materials, and a wide range of other high-security printed documents.

GPW's financial viability is dependent on its ability to generate revenue from services rendered. Its main clients include State departments and their statutory bodies for example the DHA, Departments of Education (Basic and Higher Education), the South African Police Service (SAPS), Department of Health, Justice and others, to which GPW provides security printing services on a cost recoverable basis. The GPW is administered across four branches:
- Office of the CEO
- Branch: Operations and Production
- Branch: Strategic management
- Branch: Financial Services
- Branch: Human Resource

1.5 The Border Management Authority

The Border Management Authority (BMA) is established as a Section 3A Public Entity in accordance with the Public Finance Management Act (PFMA), 1999, charged with the responsibility to:

Based on Section 5 of the BMA Act, the Authority is expected to fulfil the following legislated mandate:

- Facilitate and manage the legitimate movement of persons within the border law enforcement area and at ports of entry.
- Facilitate and manage the legitimate movement of goods within the border law enforcement area and at ports of entry.
- Co-operate and co-ordinate its border law enforcement functions with SAPS, SARS & SANDF, border communities or any other persons.

Section 4 (1) of the BMA Act, 2 of 2020, establishes the BMA as a Public entity outside Public Service and as an armed service, in terms of Section 199(3) of the Constitution, and

Section 4 (2) provides that border law enforcement functions at the ports of entry and within the border law enforcement area must be performed exclusively by the officers of the BMA.

The BMA is administered across 2 budget programmes:

- **Corporate services** with 10 output indicators across 5 outputs: Improved governance administrative system, well capacitated work force, comprehensively branded Ports of Entry, Business continuity management plans and a Modernised ICT systems at Ports of Entry
- **BMA operations** with 11 output indicators across these 5 outputs: Border Security Operations, Effective cross border movement control system, Intelligence reports on people and goods movement; Enhanced integrated services for the inspection for goods and Ports of Entry that are compliant with national and international health requirements

2. 2023/24 BUDGET & PLANS

2.1 DHA

The new Minister, Dr Schreiber, made opening remarks, followed by the Director General (DG), Mr. Mr Makhode presenting on the APP and Chief Financial Officer Mr Hollamby on the Budget.

The Department of Home Affairs derives its mandate from the Constitution, various acts of Parliament and policy documents. The DHA's mandate entails the management of citizenship and civil registration, international migration, and refugee protection. It allows the DHA to be a key enabler of national security, citizen empowerment, efficient administration and socioeconomic development. These functions must be managed securely and strategically. The DHA's services are divided into two broad categories: civic services and immigration services.

It is also mandated to manage the immigration system, which impacts directly on national security, social cohesion and achievement of development goals.

DHA Vision and Mission

The vision of the DHA is "A South Africa where identity, status and citizenship are key enablers of citizen empowerment and inclusivity, economic development and national security."

The DHA has a very broad mission, which is described, structured and carried out in line with its commitment to citizen empowerment and inclusivity, economic development and national security, by:

- Being an efficient and secure custodian of citizenship and civil registration.
- Securely and strategically managing international migration.
- Efficiently managing asylum seekers and refugees.
- Efficiently determining and safeguarding the official identity and status of persons.

DHA Mandate, Outcomes and Structure

According to the Department of Home Affairs' Annual Performance Plan 2024/25, the DHA has three (3) main mandates, which include:

- Mandate 1: Management of citizenship and civil registration
- Mandate 2: Management of international migration
- Mandate 3: Management of refugee protection

DHA MTSF 2019 to 2024 commitments

DHA identified the following outcomes for the 2020 – 2025 period:

- Secure management of international migration resulting in South Africa's interests being served and fulfilling international commitments,
- Secure and efficient management of citizenship and civil registration to fulfil constitutional and international obligations,
- Efficient asylum seeker and refugee system in compliance with domestic and international obligations,
- Secure population register to empower citizens and enable inclusivity, economic development and national security, and
- DHA positioned to contribute positively to a capable and developmental state

The DHA's apex priorities align with the Medium-Term Strategic Framework (MTSF) 2019 to 2024 Commitments, thus, to achieve priority 2: economic transformation and job creation, the Department aimed to implement a revised visa regime through 95% of visa applications adjudicated within 4 weeks by 2022/23 (critical skills visas). However, the commitment was

not achieved and included in the 2024/25 APP. In order to contribute to priority 6: social cohesion and safe communities, the Department set a target of establishing and rolling out BMA, and this was achieved.

To fulfil its commitment to introducing remote worker visa and special dispensation to high-growth start-ups, the DHA has set out a target to have the *Citizenship, Immigration and Refugees Bill* submitted to Cabinet for approval for public consultation. In realizing its SONA commitment of publishing new regulations to reform the visa system, which will make it easier to attract the skills that the economy needs and create a dynamic ecosystem for innovation and entrepreneurship (2024), the DHA has activated the E-Visa system for study, business and intra-company transfers for five additional countries (Spain, Italy, United Kingdom, Kenya and Uganda). The DHA have also published the final regulations for the Remote Working Visa and Trusted Tour Operator Visa regime in October 2024.

DHA annual performance indicators and targets
Below is a summary of the DHA's annual performance indicators and targets per branch for the 2024/25 financial year

Civic Services – this branch has outlined **four (4) targets** for the 2024/25 financial year (FY) as follows:

- The number of births registered within 30 calendar days per year, the target set is **750 000.**
- For the number of smart ID cards issued to citizens 16 years of age and above per year, the target is sitting at **2.5 million** for 2024/25.
- The DHA aims to achieve **90%** of machine-readable adult passports (live capture system) issued within 13 working days for applications collected and processed within the RSA per year.
- DHA also aims to achieve **90%** of machine-readable passports for children (live capture system) issued within 18 working days for applications collected and processed within the RSA per year.

Immigration Services – this specific branch has set out **five (5) targets** for 2024/25, which are:

- Percentage (%) of permanent residence applications for critical skills (S27b), general work (S26a) and business (S27c) adjudicated within 8 months for applications collected within the RSA per year, the DHA aims to achieve **85%** of this target during this FY.
- Percentage (%) of critical skills visa applications adjudicated within 4 weeks for applications processed within the RSA per year, the target is set at **95%.**
- Percentage (%) of business visa applications adjudicated within 8 weeks for applications processed within the RSA per year, target set is **90%.**

- Percentage (%) of general work visa applications adjudicated within 8 weeks for applications processed within the RSA per year, target here is also **90%** for the year.
- Number of DHA-led law enforcement operations/ inspections conducted for targeted areas per year to ensure compliance with immigration legislation, such as spaza shops, restaurants, transport & logistics companies, farms and mines, with a target of **2000** for the year, and broken down as **800 spaza, 460 restaurants, 260 transport & logistics, 300 farms and 180 mines.**

Information Services – this branch has outlined **three (3) targets** for the 2024/25 financial year as follows:

- Number of health facilities with automated birth functionality, for this particular indicator the DHA has set a target of **41** for this financial year and aims to achieve 20 in the 3rd quarter and another 21 in the 4th quarter.
- Number of offices with live capture functionality for smart ID cards and passports, the DHA has a target of **5 and identified offices Masisi (LP), Seshego (LP), Madikwe (NW), Ventersdorp (NW) and Lady Frere (EC)** for this purpose.
- Number of countries with e-Visa system activation for study, business and intra-company transfer visas, target herein is **5 for 2024/25 and an additional 10 for 2025/26.**

Director-General's Office (DGO) - this branch has outlined **three (3) targets** for the 2024/25 financial year as follows:

- Tabling of the Citizenship, Immigration and Refugees Bill in Parliament by 2026/27 is the first indicator of this branch, and the DHA aims to have **the *Citizenship, Immigration and Refugees Bill* submitted to Cabinet for approval for public consultation in 2024/25.**
- Tabling of the DHA Bill in Parliament for processing of Bill is the second indicator, and the Department aims for the **Draft Bill to be submitted to Cabinet for approval for publication for public comments in the 4th quarter of 2024/25**.
- The number of interventions implemented in support of the Communication Strategy and Action Plan per year is the third indicator and DHA has set out the **implementation of the Communication Strategy and Action Plan as a target, with 24 Media engagements, 6 Outreach engagements, and 3 Campaigns targeted for 2024/25.**

Operations – for the 2024/25 financial year, this branch has outlined **three (3) targets** as follows:

- DHA aims to **digitise 27,8 million civic records** by the end of the financial year.
- Rollout of online birth registration system in 95 Priority 4 health facilities.
- U-AMP 2025/2026 submitted to National Treasury and copied to DPW&I for infrastructure budget determination.

Human Resource Management & Development – this branch of the DHA has the following targets:

- To implement the DHA Gender-Based Violence and Femicide plan in the 2024/25 FY.
- The branch aims to conclude **70%** of misconduct cases within 90 working days per year.

Counter Corruption & Security Services - this branch has set out **four (4) targets**, and they are as follows:

- The branch aims to achieve **16 business processes reviewed** to identify vulnerabilities to fraud, corruption and security breaches (per year).
- Achieve **80% of reported fraud and corruption cases** finalised within 90 working days (per year).
- Conduct **40 Threat and Risk Assessments (TRAs) per year** in accordance with the requirements of Minimum Information Security Standards (MISS) and/or Minimum Physical Security Standards (MPSS) to mitigate risks.
- Complete 400 vetting files referred to the State Security Agency (SSA) for evaluation (per year).

Finance & Supply Chain Management – this branch has outlined only one target for the 2024/25 FY. The branch aims to achieve 20% of public procurement to women-owned businesses.

DHA BUDGET ANALYSIS

The DHA received an additional R1.3 billion over the medium term to fund the shortfall arising from the 2023/24 public sector wage agreement and to prevent a significant decrease in the number of personnel. This allocation is also intended to maintain the department's operating capacity. The table below shows the Vote 5: Home Affairs budget allocation per programme.

2023-2026 Budget Allocations DHA

Programme	**Budget**		**Nominal increase/decrease in 2024/25**	
	2023/24 (Adjusted)	**2024/25 (Current)**		**2025/26**
R million	**R'000**	**R'000**	**R'000**	**R'000**
1. Administration	2 904.1	2 534. 1	-370.0	2 658.4
2. Citizen Affairs	4 241. 0	3 023.4	-1 208.6	3 194.3
3. Immigration Affairs	811.0	897.0	86.0	939.7
4. Institutional Support & Transfers	4 423.9	4 032.0	-391.9	3 946.5
Total	**12 380**	**10 495.5**	**-1 884.5**	**10 783.8**

Source: National Treasury (2024) and own calculations

The DHA received an allocation of R10.5 billion for the 2024/25 financial year, which is a drop of R1.88 billion from the R12 380 billion which was allocated in the 2023/24 financial year. Compared to the previous financial year, the budget allocation of three out of four programmes was reduced. **Programme 1** saw a decrease of R370 million from the R2.9 billion that was allocated in the 2023/24 financial year, while the budget of **Programme 2** was cut by R1.21 billion, and then **Programme 4** was reduced by R391.9 million, from R4.42 billion in 2023/24 to R4.03 billion in 2024/25.
Programme 4- Institutional Support and Transfers, with the main objective of transferring funds to the Border Management Authority, Electoral Commission and the Represented Political Parties' Fund, remains the programme that receives the highest budget allocation, while Programme 2 - Citizen Affairs receives the lowest budget allocation.

Around R208 million is allocated in 2024/25 in the Admissions Services subprogramme in the Immigration Affairs programme to support the implementation of a risk-based approach to immigration, which contributes to *Modernising ICT infrastructure***.** In addition, R15 million is allocated in the 2024/25 budget in the Transversal Information Technology Management subprogramme of **Programme 1 Administration.** To improve access to enabling documents such as smart identity cards and passports, a further R15 million in 2024/25 in this subprogramme is allocated for rolling out the functionality to apply for passports and smart identity cards in an additional 5 front offices.

In terms of economic classification, *Current payments* are equal to R6.42 billion for 2024/25, which is a decrease of R714 million for the adjusted period of 2023/24. A huge budget under this specific economic classification is directed to the *Compensation of employees,* sitting at R3.98 billion for the 2024/25 financial year. *Goods and Services*, decreased by R1.15 billion in 2024/25 from the R3.64 billion allocated in 2023/24.

A sharp decrease was in the budget allocated for *Payments for capital assets,* which was R14.6 million for the 2024/25 financial, compared to the R 786.8 million that was allocated in the previous financial year.

Transfers and Subsidies for 2024/25 equal R4.06 billion which is a decrease of R390 million from the R4.45 billion adjusted amount of 2023/24. More details on the BMA, GPW and IEC can be found in the separate sections on these entities which follow.

Programme 4- Institutional Support and Transfers (entities)	**Budget**		**Nominal increase/decrease**	
	2023/24 (Adjusted)	**2024/25 (Current)**	**2024/25**	**2025/26**
	R'000	**R'000**	**R,000**	**R'000**
1. Border Management Authority	1 341.2	1 407.7	66.5	1 473.1
2. Electoral Commission	2 232.3	2 302.2	69.9	2 137.9

3. Represented Political Parties' Fund.	850.3	322.1	-528.2	335.5
Total	**4 423.9**	**4 032.0**	**-391.8**	**3 946.5**

2.2 BMA BUDGET AND APP

Dr Mike Masiapato, the BMA Commissioner made the presentation to the Committee on its budget and plan on 9 July 2024, and indicated the BMA was formally established by 1 April 2023 as a separate entity from the DHA. The BMA is a new Schedule 3A Public Entity in terms of Treasury Regulations and it was established for the execution of frontline border law enforcement functions related to, inter alia, port health; immigration control; access control; biosecurity; food safety and phytosanitary control; land border infrastructure.

BMA Total Allocations 2023-2027

Year	Allocation	Percentage increase	Decrease after inflation of 5.2%
2023/24	R1.341 billion		
2024/25	R1.407 billion	4.92%	(-0.3%)
2025/26	R1.473 billion	4.69%	(-0.5%)
2026/27	R1.540 billion	4.55%	(-0.65%)

Budget Allocation Per Programme 2024/25:

- Corporate Services: R81 million (12.4% increase from 2023/24)
- BMA Operations: R1.327 billion (4.49% increase from 2023/24)

Programme 1: Corporate Services

To provide strategic leadership, management, and support services to the BMA

- Output 1.1: Standardized Communications Framework Implementation
  - Key Targets:
    - Implement a standardized communications framework to unify the BMA's brand and messaging.
- Output 1.2: Disaster Management Plan Updates
  - Key Targets:
    - Update the Disaster Management Plan to ensure business continuity in case of disruptions.
- Output 1.3: Roll-out of Business Continuity Management Plans at Ports of Entry (PoEs)
  - Key Targets:
    - Roll out Business Continuity Management Plans to 13 PoEs to enhance resilience.
- Output 1.4: Modernization of ICT Infrastructure and Systems
  - Key Targets:
    - Install and connect LAN and WAN at 13 PoEs to improve communication and integration.

Programme 2: BMA Operations

Execute the core business functions of the BMA, including border control and law enforcement, and managing the movement of people and goods.

- Output 2.1: National Targeting Centre (NTC) Operationalization
  - Key Targets:
    - Sign agreements with relevant institutions (CBRTA, SAPS, SARS, RTMC) for data sharing to enhance the NTC's analytical capacity.
- Output 2.2: Information Exchange
  - Key Targets:
    - Achieve 100% execution of information exchange requests as per standard operating procedures (SOPs).
- Output 2.3: BMA Roll-out at Community Crossing Points (CCPs)
  - Key Targets:
    - Recommend one additional CCP to the Minister of Home Affairs for BMA roll-out.
- Output 2.4: Joint Law Enforcement Operations
  - Key Targets:
    - Conduct 40 joint law enforcement operations within the border law enforcement area and with neighbouring states.
- Output 2.5: Effective Law Enforcement at PoEs
  - Key Targets:
    - Ensure 100% of detected illegal persons are refused entry or deported.
- Output 2.6: Efficient Facilitation of Legal Travelers
  - Key Targets:
    - Process 100% of legal travellers at PoEs within 5 minutes through the movement control system.
- Output 2.7: Port Health Services Compliance
  - Key Targets:
    - Ensure 20 PoEs rendering port health services comply with International Health Regulations (2005).
- Output 2.8: Legal Importation of Health-Related Consignments
  - Key Targets:
    - Monitor 100% of imported health-related consignments for compliance at PoEs.
- Output 2.9: CITES Compliance
  - Key Targets:
    - Inspect 100% of booked CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) consignments for compliance at designated PoEs.
- Output 2.10: Quarantine of Imported Live Animals
  - Key Targets:

        - Process 100% of imported controlled live animals for quarantine within the border law enforcement area.
- Output 2.11: Import and Export of Regulated Agricultural Goods
    - Key Targets:
        - Process 100% of regulated agricultural goods for import and export at designated PoEs and the Border Law Enforcement Area.
- Output 2.12: Redevelopment of Land Ports of Entry
    - Key Targets:
        - Conclude the bid adjudication process for selecting preferred bidders for the redevelopment of six land PoEs.

Key Risks and Mitigations

1. Coordination and Cooperation:
    - Risk: Inability to meet targets due to trust deficits, competing priorities, and communication breakdowns.
    - Mitigation: Clear communication plan and sufficient resources to implement the plan.
2. Trade and Socio-Economic Development:
    - Risk: Inability to enforce biosecurity and biodiversity compliance measures, and high inflation limiting PPP participation in port redevelopment projects.
    - Mitigation: Recruit additional agricultural health and environment specialists, capital injection through DBSA, and local content emphasis.
3. National Security
    - Risk: Inability to contain illegal entry of goods and people
    - Mitigation: -IT systems at the PoE-level aligned and integrated
      -BMA participation in high-level structures such as the NATJOINTS, JCPS and Inter Ministerial Committee on Migration, and the presidency
      -Functionality of the national targeting centre.
4. Corporate governance and ethical leadership

Risks	**Mitigation**
Cyber-attacks on critical systems	o Procurement of an Integrated Threat, Event and Vulnerability Management Solution. o IT security specialist to be appointed.
Inability to deliver on APP targets	o Individual performance agreements aligned to the APP targets o Quarterly performance reviews o Capacitation of the internal audit unit o Business continuity plan developed and monitored

Fraud and corruption	o Counter-corruption and fraud prevention strategy developed and approved o Code of good conduct in place o Constant systems and process review o Governance committees in place
Negative brand equity and public perception	o Communication forum with key stakeholders in the border management environment o Constant communication about the Authority's work on public platforms o Governance committees established and function efficiently

2.3 IEC BUDGET & APP

Vice Chairperson Love made opening remarks followed by the Chief Electoral Officer, Mr Sy Mamabolo presenting.

The IEC is an independent constitutional body (Chapter 9 Institution) which manages free and fair elections of legislative bodies and institutions through the participation of citizens, political parties and civil society in deepening electoral democracy.

Preparations for 2026 local government elections

- The Minister of CoGTA on 2 October 2024 determined and published formulae for the determination of the number of councillors per municipal council.
- MECs for local government have been given until 18 October to utilize the formulae for the actual determination of the number of councillors per municipal council.
- MDB will then determine the number of wards per municipality and commence the ward delimitation process.
- MDB plans were premised on the Minister publishing the formulae in August 2024
- However, the MDB confirmed that they are on track to meet their original timelines
    - End of October 2025
    - End of January 2026 in respect of 13 municipalities
- Re-delimitation of impacted voting districts
- Two registration weekends in 2026
- Election between November 2026 and January 2027

Budget Allocations per Programme and Main Costs

1. Administration Programme
    - 2023/24: R820,582,000 allocated
    - 2024/25: R911,632,000 allocated
    - Percentage Change: Approximately 11.1% increase (5.9% after inflation)
2. Electoral Operations Programme

- 2023/24: R758,349,000 allocated
- 2024/25: R808,149,000 allocated
- Percentage Change: Approximately 6.6% increase (1.4% after inflation)

3. Outreach Programme
   - 2023/24: R654,000,000 allocated over the MTEF period
   - 2024/25: R592,642,000 allocated
   - Percentage Change: Approximately -9.4% decrease (4.2% after inflation)
4. Party Funding Programme
   - 2023/24: R15,887,000 allocated
   - 2024/25: R25,000,000 allocated
   - Percentage Change: Approximately 57.4% increase (52.2% after inflation)

Outcomes and Key Changes

Programme 1: Administration

Purpose: Strengthen institutional effectiveness, governance, and financial management.

- Outcomes:
  - Management: Focuses on refining governance arrangements, oversight, and monitoring.
  - Corporate Services: Enhances human capital development, adheres to performance standards, and supports core business processes.
  - Financial Management: Ensures compliance with legal financial management practices.
- Key Targets:
  - Review the strategic risk register quarterly.
  - Maintain 90% network and application systems availability.
  - Achieve 90% of funded positions filled.
  - Obtain a clean audit outcome annually.
- Changes: Increased focus on human capital development, compliance with climate change policies, and enhanced ICT governance.

Programme 2: Electoral Operations

Purpose: Deliver free and fair elections, manage voter registration, and improve election logistics.

- Outcomes:
  - Electoral Operations Management: Strategic management of electoral operations.
  - Electoral Matters: Manages voter registration, candidate registration, and election logistics.
  - Logistics and Infrastructure: Provides necessary infrastructure for voting stations and electoral materials.
  - Provincial and Local Offices: Resources and support for provincial operations.
  - Electoral Capacity Building: Salaries, allowances, and training for electoral staff.
- Key Targets:

    - Ensure 0% of elections are set aside due to non-compliance.
    - Maintain a credible national voters' roll with a target of 26,500,000 registered voters by March 2024.
    - Improve the accessibility and suitability of voting facilities.
- Changes: Increased budget for better infrastructure and technology to support election processes.

Programme 3: Outreach

Purpose: Inform and engage citizens in electoral democracy through education and communication.

- Outcomes:
    - Outreach Management: Strategic management of outreach activities.
    - Education and Research: Provides civic and democracy education and conducts research on voter behaviour.
    - Communications: Manages the Commission's reputation and communicates with stakeholders.
    - Stakeholder Relations Management: Engages with domestic and international stakeholders to promote electoral principles.
- Key Targets:
    - Achieve 80,000 face-to-face civic and democracy education (CDE) events annually.
    - Conduct 3 research initiatives per year.
    - Hold 75 meetings with key stakeholders annually.
    - Achieve 250 million impressions via multimedia communication activities.
- Changes: Shift towards more efficient communication and outreach methods, resulting in a reduced budget allocation.

Programme 4: Party Funding

- Purpose: Manage the funding and compliance of political parties.
- Outcomes:
    - Party Funding Management: Ensures compliance with funding regulations and promotes transparency.
- Key Targets:
    - Ensure compliance with the Political Party Funding Act.
    - Enhance transparency and regulatory compliance.
- Changes: Significant budget increase to enhance transparency and regulatory compliance.

2.4 GPW BUDGET AND APP

Ms Alina Fosi, the Chief Executive Officer; and Mr Ian Van Der Merwe, Chief Financial Officer made the presentation.

GPW is responsible for manufacturing security printed matter, such as passports and visas, and related publishing, production and dissemination services of the highest quality for government institutions. Today, it ranks as one of the most progressive security printing specialists in Africa, boasting a high-tech production plant with world-leading equipment.

Total Budget Allocation:

- 2023/24: R1.341 billion
- 2024/25: R1.407 billion 4.9% increase from 2023/24 (-0.3% real decrease after 5.2% inflation)

Budget Allocations per Programme:

1. Office of the CEO:
    - 2023/24: R50 million
    - 2024/25: R52 million (4% increase; real change: -1.2%)
2. Manufacturing and Engineering:
    - 2023/24: R450 million
    - 2024/25: R470 million (4.44% increase; real change: -0.76%)
3. Operations Management:
    - 2023/24: R200 million
    - 2024/25: R210 million (5% increase; real change: -0.2%)
4. Corporate Services:
    - 2023/24: R300 million
    - 2024/25: R315 million (5% increase; real change: -0.2%)
5. Financial Services:
    - 2023/24: R341 million
    - 2024/25: R360 million (5.57% increase; real change: 0.37%)

Programme/Branch and Sub-Programmes

Programme 1: Office of the CEO

1. Internal Audit:
    - Targets:
        - 100% implementation of the Annual Internal Audit Plan
        - Quarterly progress targets: 20%, 30%, 30%, 20%
2. Enterprise Risk Management:
    - Targets:
        - 100% implementation of the Business Continuity Management Plan
        - Quarterly progress targets: 100% implementation each quarter

Programme 2: Manufacturing and Engineering

1. Identity Documents Production:
    - Targets:
        - 100% of Identity Documents produced conform to client specifications

        - Quarterly progress targets: 100% conformity each quarter
2. Travel Documents Production:
    - Targets:
        - 100% of Travel Documents produced conform to client specifications
        - Quarterly progress targets: 100% conformity each quarter
3. Examination Papers Production:
    - Targets:
        - 100% of Examination Papers produced conform to client specifications
        - Quarterly progress targets: 100% conformity each quarter
4. High Security Certificates Production:
    - Targets:
        - 99% of High Security Certificates produced conform to client specifications
        - Quarterly progress targets: 99% conformity each quarter

Programme 3: Operations Management

Sub-Programmes:

1. Government Gazettes Publication:
    - Targets:
        - 100% of Government Gazettes published conform to client specifications
        - Quarterly progress targets: 100% conformity each quarter
2. SADC Region Engagement:
    - Targets:
        - Follow-up engagements with 8 potential customers in the SADC region
        - Quarterly progress targets: 2 engagements each quarter

Programme 4: Corporate Services

Sub-Programmes:

1. Artisan and Graduate Skills Development:

Targets:

- 20 unemployed young people recruited for Artisan and Graduate skills development programmes
- Quarterly progress targets: Skills identified, intake advertised, shortlisting, and offer letters issued

2. Workforce Training:

Targets:

- 70% of total workforce trained as per critical WSP identified priorities
- Quarterly progress targets: 10%, 25%, 25%, 10% training completion

3. Change Management Implementation:

Targets:

- 60% implementation of Change Management Plan
- Quarterly progress targets: 10%, 20%, 20%, 10% implementation

4. Gender-Based Violence and Femicide Plan Implementation:

Targets:

- 60% of GPW Gender-Based Violence and Femicide Plan implemented
- Quarterly progress targets: Plan developed, 20% each subsequent quarter

5. ICT Ecosystem Development:

Targets:

- 15% of the required GPW Information Systems and Digital Services Ecosystem Platform achieved
- Quarterly progress targets: Implementation report, 5% each subsequent quarter

6. Security Management Plan Implementation:

Targets:

- 100% implementation of the approved security management plan
- Quarterly progress targets: 100% each quarter

7. Facilities Management:

Targets:

- 90% refurbishment of GPW's Headquarters building
- Quarterly progress targets: Project Execution Plan, 25%, 60%, 90% completion

Programme 5: Financial Services

Sub-Programmes:

1. Cost and Management Accounting:
    - 2024/25 Allocation: R180 million
    - Targets:
    - Ensure effective financial management and supply chain services

3 BUDGET & ANNUAL PERFORMANCE PLAN DELIBERATIONS

In relation to the budget and APP presentations, the members of the Committee raised the following concerns and questions:

DHA

3.1. There was a concern that the Minister of Home Affairs extended the visas who were already in the country thus increasing the impact of migrants in the country rather than focusing on needs of citizens.

The Department stated that the concessions for migrants made by the Minister were not the first ones, and it had been done several times in the past to address backlogs arising primarily during the COVID pandemic lockdown. The extension of the visas is for people who came legally into the country, it is either that they applied to move to other visas or were extending their stay.

3.2. The was concern if the BMA or the DHA had the capacity to ensure that illegal migrants leave or are deported from South Africa.

The BMA stated that its work was in the border environment and once the person was in the country illegally, it was the responsibility of the immigration inspectorate. There is a need for additional staff in both cases, but this must also be supported by improved surveillance technology.

3.3. The Committee expressed concern about long queues and network downtime at the offices of the DHA and whether the war on queues was yielding results after the Council of Scientific & Industrial Research (CSIR) project to assist the DHA.

The DHA reported that there was progress and there are trial projects to use the CSIR network at offices such as the Wynberg the Epping and the Menlyn Mall where queues had been addressed. The Branch Appointment Books System (BABS), where people can make an appointment to apply for passports, identity documents and collections had also reduced queues where it had been introduced.

3.4. The Committee indicated that the gaps that were identified by the Lubisi report on the processing of visas and permits should be closed.

The DHA reported that the matters that were raised in the report continued to be investigated by the Special Investigation Unit (SIU). The United Nations High Commissioner for Refugees (UNHCR) would also be approached to resume funding on the asylum seeker backlog.

3.5. The Committee raised a concern regarding the escape of 69 illegal migrants who were detained at the Lindela Repatriation Centre waiting for deportation.

The DHA reported that the National Treasury was investigating the contract of the service provider.

3.6. In the 6th Parliament, the then Committee raised the matter of naturalized citizens who were unable to apply for Smart ID Cards. The Committee also raised the issue of loss of citizenship by South Africans who have taken a second nationality. The courts found that it was unconstitutional, and will the DHA identify the persons to restore their South African citizenship?

The DHA reported that work on both naturalized and loss of citizenship was underway.

3.7. The Committee indicated the need for the DHA to join more joint law enforcement operations of spaza shops in Johannesburg with environmental health at the municipal level given the potential health risks of these operations.

The DHA reported that in the 6th administration, the then Minister of Home Affairs convened a meeting with all stakeholders on the issue of spaza shops. The Department of

Cooperative Governance and Traditional Affairs was tasked with the development of the by-laws in this respect and the by-laws were now out for public comments.

The passing of the DHA Bill would also allow for after office hour shifts to join evening operations.

3.8. The Committee was concerned that the project to digitize 340 million records did not receive funding this financial year.

The DHA reported that this would affect the project and the R300 million that was allocated to the project this year by the Department came from reallocation from other business units.

3.9. The target for the issuance of Smart ID Card per annum was at 2.5 million for the Medium Term and the Committee recommended that it should be increased to 3 million along with the related budget implications.

BMA

3.10. The Committee was concerned if the budget from other departments that were involved in the border environment was also transferred to the BMA because the Authority was grossly underfunded.

The BMA indicated that the transferred staff came with the salaries, however, not all the goods and services were small and in other instances, the equipment was old and needed to be replaced by BMA. Many goods and services came from the DHA.

3.11. The Committee wanted to establish the assignment of staff along of the borderline that was manned by the BMA.

The BMA indicated that the country has 71 ports of entry, and BMA has 400 guards across these, which is insufficient. The deployment of border guards was at 15 percent along the vulnerable segments of the borderline and the rest was still the responsibility of the South African National Defence Force (SANDF).

3.12. The BMA has a target that 100 percent of the detected illegal migrants were refused entry to South Africa and the Committee was interested in those who are not detected entering the country illegally.

The BMA reported that at present, it could not know how many enter the country illegally. The BMA needed better surveillance such as drones to patrol along the borderline.

3.13. The Committee was concerned that the BMA was underfunded and had been given huge responsibilities to secure our borders without financial resources.

Unfortunately, the BMA had been established in era of significant budget reductions across the government. It was reported that out of the budget of R1.4 billion, the amount of R1.2 billion was Compensation of Employees (COEs).

IEC

3.14. There was concern about the reported R200 million allocated to the Represented Political Party Fund (RPF) and the undue influence of wealthy single donors.

It was indicated that money does tend to influence the political landscape of the country but that the R200 million was allocated from National Treasury across all parties according to votes won.

3.15. The Committee indicated that there were about 27 million who had registered to vote in the previous election and the voter turnout was low. A matter was raised that the Electoral Act should be amended to have an automatic registration of young people when they reach the age of majority. The Committee raised sharply concerns about voter education.

The IEC indicated automatic registration would not necessarily result in high voter turnout and in fact to more wasted expenditure on unused ballot papers. It was also stated that voter turnout also needed political parties to increase their campaigning and that research polls indicated disillusionment by voters in the political landscape.

3.16. The Committee also indicated that the Political Party Funding Act regulations on limits needed to be put in place particularly over private funding and consideration should be given to conduct research on the impact of the political party funding act on parties in South Africa.

The IEC indicated that regulations were being awaited from the Presidency and that research that had already been conducted would be shared with the Committee.

GPW

3.17. The Committee wanted to establish if the GPW was printing ballot papers on behalf of the IEC.

The IEC responded that it has previously interacted with the GPW on this matter. The issue was to sort out the procurement modality and the competitiveness. The IEC further cautioned the Committee on the reputational risk of two government components in the same budget/ministerial portfolio printing ballots and administering elections. The issue could be revisited.

3.18. The Committee raised a concern with the security features because Ireland wants to withdraw visa exemption for South African citizens.

The GPW indicated that for the past 14 years, the new South African passport had not been reproduced. There might be other reasons for Ireland to retract the visa. The South African passport is amongst the top ten secure passports in the world.

3.19. The GPW has indicated that the current rebate of documents sold to DHA was not sustainable and it wants to increase tariffs for different services including Identity Documents and passports. The Committee was of the view that this would impact GPW's competitiveness.

3.20. Although the Committee observed that there were some improvements in addressing the audit findings by the GPW, the many IT issues were still outstanding issues.

The GPW reported that it has an audit tracker and a matrix. The audit was still underway, and the figures would continue to improve.

4. DHA ANNUAL REPORT 2023/24

The Department set targets for the first three programmes, as part of the APP process. The same performance rate of 71% was achieved as in 2022/23. No targets are set for Programme 4: Institutional Support and Transfers since these are merely funds transferred to the IEC and BMA (GPW is self-financing).

It is worth noting that no programme managed to achieve all its targets, the highest performance rate is 76%, achieved by Programme 1 – Administration. In the previous financial year 2022/23 Citizen Affairs achieved 100% of its target, and in the period under review, the programme's performance dropped to 75%.

The Department's performance against APP targets, per programme, is shown below.

DHA APP target performance per Programme 2023/24

Programme	Number of planned targets	Number of targets achieved	Percentage of targets achieved	Number of targets not achieved	Percentage of targets not achieved
1. Administration	25	19	76%	6	24%
2. Citizen Affairs	4	3	75%	1	25%
3. Immigration Affairs	5	2	40%	3	60%
Total	**34**	**24**	**71%**	**10**	**29%**

In total, the Department did not achieve the 10 targets below for the following reasons:

- With regard to the Automated Biometric Identification System (ABIS) phase two operational - iris, infant footprint and palm print back-end recognition capability

deployed into production, testing could not commence owing to live capture development work and delays in fixing system bugs.

- e-Visa system for study, business and intra-company transfer visas piloted in three countries (Japan, France and Germany), this target was not achieved because the study module was not tested as there were no applicants at the time of the pilot, in any of the three target countries.
- The tabling of the DHA Bill in Parliament was not successful because a) the consultation process highlighted several concerns that required redrafting of the Bill, b) there were delays in receiving the Bill from the service provider and preliminary certification from the Office of the Chief State Law Adviser, and c) the Bill was not yet published in the Government Gazette.
- The National Identification and Registration Bill was not approved by the Ministerial Management Meeting (MMM) for submission to Cabinet.
- The target of digitising 36 million birth records was not achieved due to the lack of necessary machinery and equipment, or the facilities to accommodate youth recruited for the digitisation project and the process of acquiring suitable facilities from the South African Post Office (SAPO) was lengthy and the buildings had to be repurposed to accommodate the digitisation team.
- The Department fell short in terms of equipping 91 health facilities with an online birth registration system (issuing birth certificates on the spot) owing to limited IT capacity to fast-track the connectivity of IT equipment and 3G cards. As a result, only 8 out of the 91 health facilities were equipped with an online birth registration system.
- The National Population Register (NPR) system downtimes contributed to the non-achievement of the target to register 800,000 births within 30 calendar days. However, the Department managed to register 744 588 births within 30 calendar days, which is 93% of the set target.
- Of the 95% of critical skills visas adjudicated within 4 weeks for applications processed with the RSA targeted, the Department only managed to process 52%.

4.1 DHA Adjusted Budget Allocation and Expenditure

The budget allocation for 2023/24 (R12.380 billion) shows a marginal increase of 12% compared to the previous financial year 2022/23 (R11.096 billion). The increase is primarily due to an approved roll-over of funds of R38.472 million for the Digitisation Project and Self Financing which increased from R798 million to R1.047 billion in the 2023/24 financial year. These funds were used for issuing official documents, which is defrayed by revenue generated. The 2023/24 budget did not provide for inflation adjusted increases or to fill vacant posts as a result of natural attrition.

DHA Baseline allocation by National Treasury (2022/23 vs 2023/24)

Baseline allocation by National Treasury	2023/24 R'000	2022/23 R'000
Baseline Amount	11 094 482	9 405 958
Home Affairs functions	8 211 803	6 840 091
Electoral Commission	2 232 334	2 223 790
Represented Political Parties Fund	650 345	342 077
Border Management Authority	1 341 225	167 938
Additional funds	1 285 472	1 690 274
Self-financing	1 047 000	798 000
Home Affairs functions (COLA)	0	92 274
Digitisation Project	0	500 000
Roll Over for Digitisation	38 472	
Represented Political Parties Fund	200 000	300 000
Final Appropriation	12 379 954	11 096 232

The Department received an additional R200 million as a result of the Second Adjustments Appropriation Act of 2024, gazetted on 7 May 2024, which allocates funds to the Independent Electoral Commission (IEC) for the Represented Political Parties Fund (RPPF). In terms of *section 3(a)* of this Act, the appropriations and the expenditure thereof, incurred by 31 May 2024, must be regarded as appropriations and expenditure for the 2023/24 financial year. The Department transferred R200 million to the IEC on 7 May 2024. The transaction was accounted for per the guidance provided by the National Treasury.

DHA Programme Expenditure (Budget vs Actual Expenditure) 2022/23 v 2023/24

Programme	2023/24			2022/23		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
1: Administration	2 752 416	2 751 767	651	2 795 080	2 795 065	15
2: Citizen Affairs	4 362 538	4 362 498	40	3 889 636	3 562 164	327 472
3: Immigration Affairs	841 094	841 094	0	1 400 643	1 329 929	70 714
4: Institutional Support & Transfers	4 423 904	4 4904	0	3 010 873	2 710 873	300 000
Total	**12 379 954**	**12 379 263**	**691**	**11 096 232**	**10 398 031**	**698 201**

Source: Department of Home Affairs (2024), p. 25.

Compared to the previous financial year, the allocation or final appropriation of two out of four programmes was reduced. **Programme 1** saw a slight decrease of R 42 649 and then underspent its budget by R651 000. The actual expenditure for Programme 1: Administration decreased by 1.5% from R2.795 billion in 2022/23 to R2.752 billion in 2023/24. With marginal increases in the sub-programmes: Ministry, the biggest increase in expenditure is for Management Support Services where expenditure increased by 15% from R277 million in 2022/23 to R319 million in 2023/24; Corporate Services where expenditure increased by 6% from R810 million in 2022/23 to R858 million in 2023/24; and Transversal Information Technology Management where expenditure increased by 6% from R1.086 million in 2022/23 to R1.150 million in 2023/24. Expenditure for Office Accommodation decreased by 33 % from R592 million in 2022/23 to R396 million in 2023/24.

The budget for **Programme 3** was cut by R 559.5 million, from R1.4 million that was allocated in 2022/23. **Programme 4**- Institutional Support and Transfers, with the main objective of transferring funds to the Border Management Authority, Electoral Commission and the Represented Political Parties' Fund, received the highest budget allocation, while **Programme 3**- Immigration Affairs had the lowest budget allocation. In September 2023, the Department of Public Services and Administration (DPSA) issued a circular on cost-containment measures. This is attributed to the Department's inability to fill vacant posts. By the end of the 2023/24 financial year, the vacancy rate of the Department on funded posts stood at 15%.

In terms of economic classification, *Current payments* were equal to R7.24 billion for 2023/24, which is a decrease of R560.46 million from the previous financial year, 2022/23. A huge budget under this specific economic classification is directed to Goods and Services, followed by *Compensation of employees,* sitting at R3.53 billion for the 2023/24 financial year.
Transfers and Subsidies for 2023/24 equal R4.45 billion which is the same as the budget allocated in the previous financial year. *Payments for capital assets* saw an increase of R288.3 million from the R404 million that was allocated in the 2022/23 financial year.

At the economic classification level, the allocation for COE was fully spent. The underspending on Goods and Services was necessary to cover the overspending on Capital Assets required for the digitisation project.

DHA Expenditure per economic classification

Economic classification	2023/24			2022/23		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Current payments	**7 241 183**	**6 957 777**	**283 406**	**7 801 641**	**7 399 190**	**402 451**
Compensation of employees	3 526 565	3 524 954	- 1 611	4 263 129	3 903 617	359 512
Goods and services	3 713 958	3 423 163	281 795	3 537 399	3 494 460	42 939
Interest and rent on land	660	660	-	1 113	1 113	-
Transfers and subsidies	**4 446 453**	**4 448 322**	**(1 869)**	**2 890 570**	**2 590 570**	**300 000**
Provinces and municipalities	2 041	3 910	(1 869)	2 049	2 049	
Departmental agencies and accounts	4 424 054	4 424 054	-	2 866 627	2 566 627	300 000
Households	20 358	20 358	-	21 894	21 894	-
Payments for capital assets	**692 318**	**971 584**	**(279 266)**	**404 021**	**404 021**	**-**
Payments for capital assets	**-**	**1 580**	**(1 580)**	**-**	**4 250**	**(4 250)**
Total	**12 379 954**	**12 379 263**	**691**	**11 096 232**	**10 398 031**	**698 201**

Source: Department of Home Affairs (2024), p. 25.

4.2 Unauthorised, Irregular, Fruitless and wasteful expenditure

Unauthorised and Irregular Expenditure

The Department did not incur any unauthorised expenditure during the year under review. However, The Department incurred irregular expenditure for the amount of R466.131 million in 2023/24 (R32.873 million in 2022/23). This includes R34.875 million for the ABIS contract, which comes from prior years, R1.114 million for the Foursight firewall contract, also coming from prior years, and R2 900 for an official trip that took place without approval. In addition, an amount of R202.3 million is disclosed as irregular expenditure for construction-related expenditure at the digitization sites due to non-compliance with the CIDB regulations.

Fruitless and Wasteful Expenditure

A total amount of R30 000 (R78 000 in 2022/23) is recorded as fruitless and wasteful expenditure in the year under review. The bulk of this expenditure relates to penalties and arrears incurred on the transfer of vehicle licensing between provinces.

4.3Overview of human resources

Human Resources Strategy drives all people management practices, methods and processes in support of a department's goals, values and objectives.

During the year under review, the staff complement of the three programmes consisted of 7 417 positions filled, while the number of posts on approved establishment was 7 821. Therefore, the DHA had a vacancy rate of 5.17% as of 31 March 2024.

With regards to the types of misconduct addressed at disciplinary hearings for the period 1 April 2023 and 31 March 2024, irregular processing of identity remains the most prevalent misconduct, contributing 20% of the total (65).

Employment Equity

At the Senior Management Service level, the Department employs 137 people. Of these, 63 women make up 46% of the workforce and 74 men make up 54%.

Out of the 7,487 total workforce of the Department, only 118 (1.58%) people with disabilities are employed.

The figures below indicate the difference in the expected representation and the current status of all the race groups.

Gender	Race				
	African	Indian	Coloured	White	Grand Total
	4,033	275	50	232	4,590
	2,629	173	30	65	2,897
Female	**6,662**	**448**	**80**	**297**	**7,487**
Male	**89%**	**6%**	**1%**	**4%**	**100%**
Grand Total	**78%**	**9.8%**	**2.8%**	**9.5%**	**100%**
Total Workforce	**+11%**	**-3.8%**	**-1.8%**	**-5.5%**	**100%**

Source: Department of Home Affairs (2024), p. 164.

4.4 Findings on DHA by the Auditor-General of South Africa (AG)

The Annual Financial Statements of the Department were reviewed for their compliance with the applicable Accounting Standards and the accounting policies used were appropriate. During the period under review, the Department received a **Qualified Audit Opinion**. This a

regression after several years of unqualified reports and falls further short of the target of a clean audit.

- ***Emphasis of matters***

Material losses – material losses of R522 279 000 were incurred as a result of a write-off of claims recoverable that was deemed to be irrecoverable.

Impairment loss - an amount of R238 085 000 was impaired because of the department's inability to recover the amounts owed by conveyors.

- ***Material Misstatements***

The AGSA identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 2 - Citizen Affairs and Programme 3 - Immigration Affairs. Management did not correct all of the misstatements in Programme 3 - Immigration Affairs.

- ***Internal Control Deficiencies***

The AGSA found that the review of the annual performance report by management had been inadequate which led to misalignment between the original approved annual performance plan before revision and the annual performance report. Consequently, material misstatements were noted.

5. IEC 2023/24 ANNUAL REPORT

All four programmes of the IEC achieved 100% in the 2023/24 financial year. This is an improvement for three out of the four programmes (Programme 1, 2 &3), which achieved less than 70% in the previous financial year, (programme 4 achieved 100% even in the 2022/23 financial year).

IEC APP target performance per Programme 2023/24

Programme	Number of targets	Number of achieved/ exceeded	Percentage achievement
1. Administration	4	4	100%
2. Electoral Operations	2	2	100%
3. Outreach	5	5	100%
4 Party Funding	3	3	100%
Total	**14**	**14**	**100%**

Programme 1 – Administration with a general goal of strengthening governance, institutional excellence, professionalism and enabling business processes at all levels of the organisation set out a target to have four (4) quarterly strategic risk registers and this was achieved by 100%.

In addition, the programme aimed to fill 90% of funded posts (938 posts) calculated over the year, and this target was achieved & exceeded as 952 posts were filled as at 31 March 2024.

Programme 2- Electoral Operations, the primary goal of this specific programme was to achieve pre-eminence in the area of managing elections and referenda, including the strengthening of a cooperative relationship with political parties, with the target being to have 0% of elections set aside, this was achieved with 100% as no elections were set aside during the year under review.

Programme 3- Outreach, for this programme, the main goal was to strengthen electoral democracy, with a target of 3 research initiatives achieved per annum, 10 thought leadership interactions and 75 stakeholder engagements, all of which were achieved with 100%.

Programme 4- Party Funding sought to contribute to the enhancement of transparency in elections and party funding with a target of 4 disbursements to represented parties, 10 liaison sessions held with stakeholders to strengthen awareness and compliance with the Party Funding Act and 4 publications of declarations by political parties and private donors, all of these targets were achieved and exceeded.

4.1 Human Resources

In a bid to ensure that the organisation has the capacity required to meet its strategic objectives by the end of the reporting period a total of 952 positions were filled, which surpassed the target of filling 938 of funded positions. A substantial number of positions (76) were filled internally through the promotion of employees. This was due to the filling of the 52 regional corporate service positions and the subsequent promotion of other employees who applied for the posts that became vacant.

In preparation for NPE 2024, Human Resources Management developed recruitment and payment plans and reviewed and developed electoral staff training materials.

IEC Employment and vacancies according to rank for the 2023/24

Level	Number of employees 2023/24	Approved posts 2024/25	Number of vacancies 2024/25	Percentage of total vacancies (%)
Top Management	5	5	0	0%
Senior Management	42	50	8	5.3%
Professional Skilled	132	214	83	55.3%
Skilled	707	765	59	39.3%
Semi-Skilled	27	30	0	0%
Very low skilled	39	38	0	0%
Total	**952**	**1 102**	**150**	**100%**

Source: Electoral Commission Annual Report 2024.

4.2 Financial Highlights

- Revenue and expenditure are influenced by the election cycle and 2023/24 financial being an election year, revenue increased by 9% to R2,505 billion due to the following factors:
  - The Fair value gain arose when assets were acquired through a non-exchange transaction and the cost was recognised at fair value as at the date of acquisition. The non-exchange was because the service provider for the maintenance of the Storage Area Network (SAN) was unable to perform its contractual obligation to maintain the existing equipment. As part of the remedial measure, the service provider replaced the existing equipment of the Electoral Commission with new upgraded equipment at no cost resulting in the recognition of equipment at fair value.
  - Elections-related revenue barter agreements with the SABC for promotional and content produced by the Commission in support of the campaigns for NPE 2024,
  - Investment revenue, this is a result of higher interest rate of return and higher bank balance due to a straight line of budget by the National Treasury and the implications of the budget cuts, especially during election year, the Commission has decided to accumulate savings from non-election years in order to fund budget shortfalls during heightened activity periods.
- Expenditure increased by 78 to R 2.62 billion due to the following factors:
  - Employee cost appointment of fixed-term employees to assist with NPE
  - Good and services procurement of NPE 2024 with cost drivers being advertising at R 159 million, professional services at R 299 million, subsistence for voting station staff (for Reg 1 and Reg 2 R 190 million, voting station rentals at R 40 million and travel expenditure R 113 million.
- Cash and cash decreased by 7% to R 1.63 billion due to preparation for the 2024 National and Provincial Election. The first registration weekend was held in November 2023 and the second registration weekend was held in February 2024.
- Trade and other receivables increased by 62% driven mostly by prepayments on software licences and Telkom sponsorship.
- There was an addition of R 172 million to Property, Plant and Equipment and an addition of R 37 million to Intangible Assets,
- Trade and other payables increased by 85 due to the following:
  - Year-end accruals
  - Political Party deposits payable after elections
  - Leave provision due to increase in fixed-term employees for NPE 2024
- Non-current liabilities are made up of:
  - Lump sums retirement, which is Actuarial assumptions and,
  - Operating lease liabilities which is an accounting calculation based on leases in various offices across the country.

During the year under review, the Commission had **a total revenue of 2.5 billion rands**, which is a **9% increase** from the previous financial year, 2022/23. In terms of expenditure, the

Commission spent more than its revenue, with **expenditure sitting at 2,62 billion** rands in 2023/24.

4.3 Irregular, fruitless and wasteful expenditure

- For 2023/24, the Commission recorded an **irregular expenditure of about R 3.27 million**, which is a 19% decrease from the R 4.05 million which was recorded in the previous financial year.
- With regard to fruitless and wasteful expenditure, the Commission **incurred R 9 951 in fruitless and wasteful expenditure**, which is an increase of about 39% from the previous financial year.

4.4 Strategic Planning 2025-2030

- DPME has determined a revised framework for the development of Medium-Term Strategic Plans and Annual Performance Plans
- The Electoral Commission will submit its five-year strategic plan by 30 October 2024
- The organization is currently engaged in a strategic planning session in Magaliesburg
- The strategic plan will encompass the delivery of the 2026 LGE and 2029 NPE

4.5 Report of the Auditor General and additional information contained in the financial statements

Report of the Audit Committee
The Audit and Risk Committee (ARC) has been established in terms of section 77 of the Public Finance Management Act no 1 of 1999, as amended, and has complied with its responsibilities arising from Treasury Regulation 3.1.2.

Effectiveness of Internal Control: The ARC noted an improvement in the systems of internal control within the organisation over the period under review. Nevertheless, these were not entirely effective for the period under review. Based on the various reports of Internal Audit and the Auditor-General of South Africa [AGSA], the ARC has recommended further improvements to the internal control environment and management has committed to addressing these.

The Opinion of the Auditor General audited the financial statements of the Electoral Commission, which comprise the statement of financial position as of 31 March 2024. According to the Auditor General, the Commission achieved a clean audit (unqualified with no findings) in the 2023/24 financial year, meaning the financial statements are free from material findings. In terms of the basis for the Auditor General's opinion, the AG conducted the audit in accordance with the International Standards on Auditing (ISAs) and therefore believes that the audit evidence obtained is sufficient and appropriate to provide a basis for such an opinion.

5. GPW 2023/24 ANNUAL REPORT

Ms Alinah Fosi, the Chief Executive Officer (CEO) made the presentation on the performance of the entity and the Chief Financial Officer (CEO) made the presentation on the financial report.

The CEO indicated that the GPW had faced challenges of the lack of leadership, proper handover from the previous CEO to the current and labour dictating to management. There was no consequence management.

She also indicated that GPW should have moved to the new head office in 2021 and the timeframe of the completion of the Masterplan was affected because of the delay on the part of the Department of Public Works and Infrastructure. The GPW has appointed the Development Bank of Southern Africa (DBSA) as its implementing agent for the Master Plan project. The new Head Office building, which was procured to house administrative officials who will be moved out of the old, dilapidated Bosman Street office. The DBSA has since finalised the process to appoint a contractor, and a Project Execution Plan was endorsed by the GPW on 18 March 2024.

She further indicated that GPW never closed during Covid-19, and it has a dual system when it comes to the Government Gazette. The entity still prints hard copies of the Gazette, and it can be found electronically. She reported that GPW competes with the private sector in terms of skills for artisans.

GPW has been waiting for a year for the State Information Technology Agency (SITA) to deliver an Enterprise Resource Planning (ERP) system and has several challenges with SITA. The ERP system should have been implemented from 1 April 2024.

5.1. Annual Performance Against Targets

In the 2023/24 financial year, GPW achieved 78% of its planned performance targets, marking an improvement over the previous two years. This accomplishment underscores the entity's dedication to continuous improvement and efficient service delivery.

GPW Annual Performance Against Targets

Programme	Targets	Achieved	Not Achieved	%
The Office of the CEO	2	2	0	100
Branch: Manufacturing and Engineering	4	4	0	100
Branch: Operations Management	1	1	0	100
Branch: Financial Services	2	0	2	0
Branch: Corporate Services	9	7	2	78

Total:	18	14	4	78

Performance Details per Program

- **Office of the CEO:** Achieved 100% of its targets, demonstrating effective leadership and oversight in internal audit, risk management, and communications. Specifically, the approved internal audit plan for 2023/24 was fully implemented, and 100% of the business continuity management activities were carried out.
- **Manufacturing and Engineering:** Achieved 100% of its targets, ensuring the production of high-quality secure documents that met customer specifications. This includes 100% of Identity Documents/cards, Travel Documents, Examination Papers, and 99% of High-Security Certificates produced conforming to client specifications.
- **Operations Management:** Achieved 100% of its targets, effectively coordinating and distributing government information through the Government Gazette. All 2767 Government Gazettes published conformed to client specifications.
- **Financial Services:** Faced challenges in achieving its targets. A disclaimer audit opinion was issued for 2022/23 instead of the targeted unqualified audit opinion. Additionally, the 10% net profit margin was not achieved; the actual unaudited net profit was R74.3 million, equating to 4.75% of total revenue.
- **Corporate Services:** Achieved 77.8% (7 out of 9) of its targets. Successes included exceeding the target for artisan and graduate skills development programs (28 recruits against a target of 20) and filling 98% of vacant posts. However, the branch fell short on ICT infrastructure development, achieving only 30% of the required capability for the GPW Information Systems and Digital Services Ecosystem, and the refurbishment of GPW Headquarters was not completed as planned.

Key Performance Highlights

- **Production of Secure Documents:** GPW produced 2,936,477 Smart ID cards and 939,034 passports, reflecting a 14% and 4.8% increase, respectively. This achievement is crucial for maintaining the integrity of South Africa's identity and travel document systems.
- **Regional Partnerships:** GPW is actively engaged in local and regional partnerships, particularly within the SADC region and other African countries. These collaborations aim to expand the entity's footprint and enhance revenue generation.
- **Skills Development:** GPW remains committed to skills development, particularly in artisan and corporate services fields. This focus is crucial for ensuring the entity has a skilled workforce to meet current and future demands.
- **Gazette Services:** GPW successfully managed the dual system for the Government Gazette, providing both hard copies and electronic versions, ensuring accessibility for various users.
- **Examination Papers:** The entity consistently produced high-quality examination papers for educational institutions, playing a vital role in the education sector.
- **Security Certificates:** GPW produced a substantial number of security certificates (19,776,164), contributing to safeguarding sensitive information and preventing fraud.

- **eGazette System:** Despite challenges, the eGazette system was successfully relaunched on 29th September 2023, demonstrating GPW's commitment to technological advancement and online service delivery.
- **Customer Engagement:** GPW conducted eight provincial group customer engagement sessions, indicating a dedication to understanding and meeting customer needs.

5.2 Data Loss and Recovery

GPW experienced two catastrophic system failures in February 2021 and March 2022, leading to a significant loss of critical data dating back to November 2019. This data loss impacted various operational processes and systems, including financial reporting, eGazette system functionality, and the ability to collect monies due. The entity has been actively working to recover from these incidents by:

- **Resuscitating the eGazette system:** This involved significant costs for system recovery, data recapture, and an investigation by the Ministerial Review Panel.
- **Reconstructing the fixed asset register:** Full verifications and consultations were performed to update the register accurately.
- **Implementing measures to prevent future data loss:** This includes migrating critical systems to a cloud platform and enhancing ICT infrastructure.

5.3 Revenue and Expenditure

GPW's revenue showed improvement, increasing from R1.3 billion to about R1.6 billion in the 2023/24 financial year. This can be attributed to management's efforts in improving revenue generation streams and debt collection.

AFS Caption	2023-2024 (R'000)	2022-2023 (R'000)	Variance (R'000)	Variance (%)	Reasons
Property, plant and equipment	1,366,953	1,462,042	(95,089)	-7%	A full asset verification was done, assets which could not be verified (losses) were derecognized in the asset register. Assets identified from the floor (omissions) were capitalized. Impairment and updating dating of remaining useful lives was concluded.
Intangible assets	43,316	21,084	22,232	105%	Automated e-Gazette is re-automated, and the last modules are being tested
Inventories	467,613	439,669	27,944	6%	A full inventory count was performed, and sub-ledger was updated with the stock count. Inventories are valued consistently to prior years according to a system of standard costing.
Receivables from exchange transactions	154,499	324,784	(170,285)	-52%	Trade receivables for 2024 include a credit of R205,798 from the goods issued account. These were entries that were lost during the two data losses, which should have netted off against the balance. There was a change in

					accounting policy for impairment of debtors.
Cash and cash equivalents	1,517,919	2,485,343	(967,424)	-39%	Surrenders for 2021 (R499.9m) and 2022 (R695.1m) were paid in 2024.
Payables from exchange transactions	147,525	708,364	(560,839)	-79%	Decrease in payables is due to the inclusion of R499.9m, which was paid in the 2024 financial year, to National Treasury based on the 2020/21 financial statements.
Provisions	8,091	703,054	(694,963)	-99%	Provision for the surrender to National Treasury of 2021/22 surplus fund (R695.1m) was paid in the 2024 financial year.
Operating lease liability	317	138	179	130%	Lease renewals on two properties and an additional lease on equipment in the 2024 financial year.
Lease liability	969	246	723	294%	Lease renewals on two properties and an additional lease in the 2024 financial year.
Capital fund	1,344,949	2,539,926	(1,194,977)	-47%	Recognition of the surrender payments made to National Treasury in the 2023/24 financial year.
Accumulated surplus	2,048,449	781,194	1,267,255	162%	Accumulated surplus increased due to the surplus for the year and recognition of the surrender of surplus to National Treasury.

GPW had surrendered its surplus in the past to the National Treasury and this has negatively impacted GPW's revenue. GPW has to date surrendered a total of R1 794 977 000 to the National Treasury. The entity made requests to retain its surplus for operational Sustainability. In the 2023/24 financial year, GPW's revenue improved to about R1.6 billion.

As part of its financial viability strategy and to ensure debtors are making payments timeously, management has met with customers on the top ten debtors list. A law firm was appointed through a transversal tender from the National Treasury for debt collection on behalf of GPW, and to assist clean up the debtor's book. The entity also faced financial challenges:

- **Impact of Discounted Prices:** Printing and Advertising Sales actuals were under budget, with the discounted prices on Passports and Smart ID cards contributing to the shortfall in revenue.
- **Surrender of Surplus to National Revenue Fund:** The requirement to surrender surplus funds to the National Revenue Fund has adversely affected GPW's profitability.
- **Cost Containment Measures:** The entity implemented cost containment measures in response to the negative economic pressure, impacting expenditure on Compensation of Employees (COE) and Goods & Services.

5.4 Unauthorised, Irregular, Fruitless and Wasteful Expenditure

GPW reported irregular expenditure of R142,552,495.15 for the 2023/24 financial year. To address this, all identified irregular expenditures have been sent to Internal Audit for investigation. The entity plans to take appropriate action based on the investigation results and

implement consequence management where necessary. A Loss Control policy was approved in April 2023 to further strengthen control mechanisms.

5.5 Human Resources

GPW's human resources are vital to its operations. The entity faced challenges due to a high vacancy rate (60%) and the National Treasury's austerity measures, which restricted the filling of vacant posts. Despite recruiting 94 permanent employees and 159 contractual employees, capacity gaps persist, particularly in core operational areas. Aspects of the disputes between GPW management and Staff are addressed in the section 10.11 below.

Human Resource Overview

Salary Band	Total Employees	Vacancies	Vacancy (%)	Gender Ratio	Disability	Disciplinary Action	Dismissal
Lower skilled (levels 1-2)	11	39	72.5%	100% Male	0	0	0
Skilled (level 3-5)	398	120	23.2%	88.4% Male: 11.6% Female	0	1	0
Highly skilled production (levels 6-8)	158	188	54.3%	94.3% Male: 5.7% Female	0	3	0
Highly skilled supervision (levels 9-12)	96	109	53.2%	93.8% Male: 6.3% Female	0	7	1
Senior and Top management (levels 13-16)	29	14	32.6%	96.6% Male: 3.4% Female	3	4	0
Total	692	470	39.9%	91.5% Male: 8.5% Female	3 (0,4%	15	1

5.6 Audit

Internal Audit has been instrumental in providing independent and objective assurance and consulting services. The approved Internal Audit Plan for 2023/24 was fully implemented, and all audit findings were consolidated and addressed. Internal Audit continues to monitor the implementation of action plans and reports to the Audit Committee, ensuring effective internal control and risk management.

The CFO reported that the GPW’s audit outcomes improved from disclaimer to qualified audit opinion. From 2019/20 until 2022/23GPW the audit outcomes have been a disclaimer, and improvements were made in 2023/24.

He reported that the Annual Financial Statements for 2023/24 were submitted to the AGSA on 31 May 2024 as per the PFMA, and the audit report was signed off on 31 July 2024. The Annual Report for the same period was prepared by GPW management and tabled on 30 September 2024.

He stated that GPW has compiled the audit action plan based on the signed audit and management report and will endeavour to improve the audit outcome in 2024/25. There are still legacy matters prevalent in the financial records. The financial results have improved slightly, as GPW realised a profit of R72,3 million in the 2023/24 financial year, from a deficit in the previous financial years. The revenue is stabilising as compared to pre-COVID figres.

The **Auditor General of South Africa** issued a qualified audit opinion on GPW's financial statements for the 2023/24 financial year. Key findings include:

- **Data Loss:** The AGSA highlighted the severe impact of the data loss incidents on GPW's financial and operational status.
- **Internal Controls:** Weaknesses in internal controls, particularly in ICT systems and financial reporting, were identified.
- **Financial Reporting:** The AGSA noted misstatements in the valuation of property, plant and equipment, inventory, receivables, and payables.
- **Revenue Recognition:** Concerns were raised regarding the accurate recording and reconciliation of revenue.

The AGSA emphasized the need for GPW to:

- Strengthen ICT infrastructure and data security.
- Improve financial management practices and internal controls.
- Address the root causes of the data loss incidents.
- Enhance revenue collection and asset management procedures.

GPW management has committed to addressing these findings and implementing corrective actions to improve future audit outcomes.

It was reported that GPW was implementing its Marketing and Communications Strategy, expanding its footprint locally, in the SADC region and to other African countries.

6 BORDER MANAGEMENT AGENCY 2023/24 ANNUAL REPORT

In a letter to the Speaker of the National Assembly dated 27 September 2024, the Minister of Home Affairs, Dr Schreiber, indicated that the BMA annual report will not be submitted on time by end of September as required, due to delays in the transfer of assets from three transferring departments. These departments had not finalized the physical verification of assets by the end of the 2023/24 financial year, which was necessary for the transfer to the BMA. This delay was further complicated by capacity constraints within both the transferring departments and the BMA itself, including staffing shortages and the use of manual leave reconciliation processes. Although the BMA aimed to submit the annual report to the Executive Authority and National Treasury by August 31, 2024, the delays have pushed the submission and tabling of the report to November 30, 2024.

The AGSA reported to the Committee that the annual financial statements and annual performance report were submitted for audit purposes on 5 July 2024. The main reasons for the delays in the submission of the annual financial statements and annual performance report within the legislated time frames were that not all the information relating to the transfer of function was made available to the BMA on time.

Current aspects of the work of the BMA are covered in the oversight report in the next section, as well as the budget sections mentioned above.

7 OVERSIGHT TO GAUTENG HEADQUATERS AND FACILITIES

7.1 Introduction

The Portfolio Committee on Home Affairs conducted an oversight visit to the Gauteng Head offices of the Department of Home Affairs (DHA), the Independent Electoral Commission (IEC), the Border Management Authority (BMA), the Government Printing Works (GPW), the Tshwane Refugees Reception Centre and the Lindela Repatriation Centre from 7 –11 October 2024. The Department of Home Affairs and the entities also briefed the Committee on their Annual Reports and Financial Statements of 2023/24.

The purpose of the oversight visit was to induct new members of the Committee on the work of the DHA, BMA, GPW, and IEC, their roles and the service delivery on the ground. The committee engaged with clients, and staff members of the DHA as well as GPW and the Labour Unions at the GPW. The Committee also received a briefing on the Annual Reports and Financial Statements of the Department and the entities The Committee further engaged with the Auditor-General of South Africa on the audit outcomes of the Home Affairs portfolio.

7.2 Briefing by the Auditor-General of South Africa (AGSA)

On 7 October 2024, the Portfolio Committee on Home Affairs met with the AGSA delegation at the DHA's Head Office to receive a briefing on the audit outcomes of the Home Affairs portfolio.

The AGSA, in its presentation, indicated that in auditing the financial statements, it examines the presentation and absence of significant misstatements of the financial statements; reliable and credible performance of the pre-determined objectives and the compliance with laws and regulations governing the financial matters.

The AGSA briefed the Committee on the audit outcomes of the DHA, IEC and GPW. The audit of the Border Management Authority (**BMA**) was not included in the briefing. The AGSA has not finalised BMA’s audit.

The AGSA reported that the **DHA** had maintained an unqualified audit opinion with findings from 2019/20 until the 2022/23 financial year. In the financial year 2023/24, the DHA regressed and obtained a qualified audit opinion. The AGSA identified material misstatements

in the financial statements submitted for auditing and the uncorrected misstatement resulted in a qualified opinion and material non-compliance with applicable laws and regulations.

The material misstatements that were submitted for auditing related to:

- Cash and cash equivalents. The AGSA reported that cash in the control of the DHA as at 31 March 2024 towards the payment of the BMA was not accounted for.
- Accruals and payables not recognised. The second adjustment appropriation was incorrectly accounted as accruals and payables were not recognised. Adjustment was made and the amount was removed from accruals and payables not recognised.
- Irregular Expenditure. There was an understatement of Irregular expenditure. The irregular expenditure increased from R144 737 million in 2022/2023 to R466 131 million in 2023/2024.
- Aid assistance revenue and receivables. The Department did not account for the Criminal Assets Recovery Agreement (CARA) aid assistance allocated during the 2023/24 financial year. An adjustment was made wherein the aid assistance revenue was recorded and the receivable was disclosed.
- Transfers and subsidies. The transfers made to RPPF because of the second adjustment appropriation were not accounted for by the DHA as per the second adjustment appropriation.
- Voted funds to be surrendered.
- The DHA did not account for the R200 million transfer payment from the second adjustment appropriation. The department made a payment and had a receivable from the NRF which was not accounted for according to the second adjustment appropriation act.
- The **material misstatements** identified in the financial statements submitted for auditing were subsequently corrected by management. However, **management could not correct** the following misstatements which led to a qualified audit opinion:
    - **Cash and Cash Equivalents**: The department did not correctly account for cash and cash equivalents and the bank overdraft due to unreconciled differences between the financial statements and the bank statements.
    - **Receivables**: Limitation of scope: accuracy and valuation of the amount receivable from the BMA as the department and the BMA indicated different amounts being owed between each other.
    - **Contingent liabilities**: The department did not record all the legal cases in the register resulting in the understatement of the contingent liabilities.
    - **Related party transactions:** The related party transactions note was not prepared in accordance with the MCS Chapter 15.
    - **Transfer of functions**: The transfer of functions note was not prepared in accordance with the MCS Chapter 19.
    - **Immovable capital assets**: Overstatement of immovable assets because the assets were not transferred to BMA and incorrect capitalisation of maintenance cost due to poor record keeping of the asset register as the locations, were not recorded.

The root causes of the material misstatements identified were caused by the following:

- Inadequate controls over the preparation of financial statements.
- The Accounting standards were interpreted and applied properly.
- Inadequate and ineffective measures, processes and controls implemented to manage the transfer of functions to account for the transfer of functions to the Border Management Authority.

The AGSA pointed out that the **IEC** has improved its audit outcome and moved from an unqualified audit with findings to a clean audit in the 2020/21 financial year and has maintained a clean audit status for four (4) consecutive years. The AGSA indicated that the IEC Management submitted annual financial statements that were free from material misstatement. The AGSA commended the IEC Management for this achievement.

The **GPW** obtained a qualified audit opinion in 2023/24 and broke away from a disclaimer that it obtained over the past years. The AGSA reported that GPW has improved its audit outcomes. GPW was able to improve on some of the past deficiencies. The AGSA indicated that although some issues were resolved, new matters emerged. The material misstatements identified in the financial statements were submitted by Management for auditing. These material misstatements were not corrected and supporting records were not provided for auditing.

The material misstatements that were identified in the financial statements and submitted for auditing related to:

- Property plant and equipment related to the auxiliary assets under appraisal and those assets written off that are not adequately supported by sufficient audit evidence.
- Trade and other receivables, limitation due to poor status of records related to debtors under investigation.
- Inventory, transactions recorded in the incorrect year, a limitation of scope due to poor status of records and inventory not recognised in accordance with GRAP 12, as the standard cost for raw materials did not always approximate cost which resulted in an understatement of raw materials.
- Trade and other payables are a limitation of scope due to the poor status of records related to auxiliary payables, and repairs and maintenance.
- Revenue from an exchange, transactions captured in the incorrect year and a limitation of scope due to the poor status of records.
- Cash flow Statement, the entity did not prepare and disclose cash flow from operating activities as required by GRAP 2 due to calculation errors in determining cash flow from operating activities.

BMA was established from the transfer of functions from four departments, i.e. Department of Home Affairs; Department of Health; Department of Forestry, Fisheries and the Environment and Department of Agriculture; Land Reform and Rural Development. The annual audit of the first year (2023/24) of BMA as a standalone entity is still in progress.

The annual financial statements and annual performance report were submitted for audit purposes on 5 July 2024. The main reasons for the delays in the submission of the annual financial statements and annual performance report within the legislated time frames were that not all the information relating to the transfer of function was made available to the BMA on time.

The AGSA reported that the **DHA** had 34 targets and of these targets, 10 were not achieved but the Department spent 99.9 percent of its budget. Many of the targets that were not achieved were from Programme 1, which included modernisation programmes.

The AGSA was concerned about the implementation of the Automated Biometric Identification System (ABIS). The system is meant to integrate with other relevant systems, inside and outside and serve as a single source for biometric authentication of citizens and non-citizens across state institutions and private sector entities. Phase 1 implementation was delayed and implemented in 2023/24. The AGSA noted that facial recognition was not enabled, and downtime was noted.

The eVisa in South Africa is an electronic travel permit that allows individuals who want to visit South Africa to do so in an easy manner. The application and approval processes are online.

The AGSA noted the following weaknesses:

- The system allows for a single adjudicator to process the student and visitor's Visas, resulting in inadequate segregation of duties.
- The eVisa system does not have the functionality to use the Internet Protocol (IP) address to identify and validate the country and city the applicant resides in.
- The *Biometrics Movement Control System (BMCS)* provides enhanced security features for travellers who into the country and outside. The DHA decommissioning of the eMCS was scheduled for September 2024.
- The decommissioning of the old system (eMCS) was scheduled for September 2024. In the implementation of the BMCS, the AGSA noted the following:
    - There was low usage of BMCS in ports where the system was implemented and continued utilisation of the old system (eMCS).
    - Port officials assigned supervisor override access (override their own transaction as well as finalise hits generated by the system). The port officials will override the security system without the assistance of the supervisor.
    - In some ports the AssureID maintenance had expired. As a result, the functionality to detect the validity of passports was not working appropriately.
    - BMCS did not require capturing or confirming the traveller's fingerprints.
    - Hits generated by the system were not resolved.
    - Required infrastructure (i.e. printers) had not been installed.
    - System response was noted to be hindering system functionality.

7.3 Interactive engagements with Counter Corruption and Security Services (CCSS) staff.

The DDG for Counter Corruption and Security Services, Ms C Moitse led the Committee to engage with the staff at the Unit.

Directorate: Vetting.

The Committee was taken through the Vetting Office. The Office has 30 officials whose job is to handle applications for staff that need vetting to process classified information, and the turnaround time was reported to be very quick. The Office deals with confidential files and fieldwork. They have a target of 450 vetting application processed per year. The Office will conduct fieldwork on the files received and compile a report that will be submitted to the South African Police Services (SAPS) for further processing. When the outcome is issued and if the vetting is approved, the individual is given a copy of the certificate, and the original is kept by the Department. If the outcome is denied, the client can appeal to State Security Agency (SSA).

The Office will also start conducting lifestyle audits and the Department will rely on the Department of Public Service and Administration database. Currently, it was indicated that it was senior management who made the disclosure, and the low-level staff did not disclose.

It was reported that SAPS wanted to charge the Department R85 for fingerprints, however, the DG engaged with the National Commissioner of Police and the decision was reversed.

Directorate Prevention and Analysis

The Committee was also taken to the Directorate: Prevention and Analysis. The Directorate analyses data to establish trends in corruption and fraud within the Department on fraud and corruption. It reported that this was a new Directorate that looked at the processes to acquire documents and areas of fraud in the Department. It has received funding from the National Treasury.

There is also awareness to report fraud and corruption on the national corruption hotline and use trends analysis to prevent fraud proactively. It was also highlighted that the Directorate will be procuring an analytical tool that would assist in analysing data. The tool will assist the Department to combat fraud and corruption in the Department.

An example of the investigations completed by the Directorate was of a Chief Financial Officer from the Northwest Development Corporation who had fraudulent documentation.

Currently, the Department is collaborating with the Department of Transport where about 1.7 million Traffic Registration Numbers (TRN) are abused by foreign nationals. The trends of abusing the TRN were uncovered by this Directorate. A Traffic Register Number (TRN) Certificate is issued by the Motor Transport Services Directorate and serves as an acceptable form of identification. The TRN is a unique, 13-digit identification number, which is usually issued to a person who is not in possession of any other form of acceptable identification. These have been found to be abused as a means to get driver’s licences and then official DHA papers.

The issuing of the study visa without meeting the requirements was also highlighted as a challenge. Some of the applicants use fraudulent documentation and officials usually approve without checking. The levels of staff that are primarily engaged in corruption and fraud are levels 6-8 with the assistance of level 9 and sometimes levels higher than 9. Once this Directorate has analysed data and established that there were causes of fraud and corruption, the information is handed over to the Directorate: Investigations.

Directorate: Investigations

The Committee engaged with the staff at the Directorate: Investigations and its purpose is to investigate fraud, corruption and maladministration in the Department. The focus of the investigation is on the staff in these types of unacceptable conduct.

As soon as the Directorate: Prevention and Analysis has completed its work, the information is provided to this Directorate to conduct investigations on the trends that have been identified.

The Directorate has 18 officials and six (6) investigators, and it was reported that the staff complement was not sufficient. There are between one and three of such officials in each of the provinces. These officials must attend court cases and conduct consultations with prosecutors on cases that must go to court. The DDG for Counter Corruption and Security Services reported that this Unit was operating at 28 percent of the staff complement. Previously, the Unit had 12 officials. The Unit was maximizing relationships with other law enforcement officers.

It was reported that in this Directorate there was no backlog. They deal with cases as they come from the Directorate: Prevention and Analysis and other sources. Most members of the Directorate are former SAPS members, and they have the necessary skills. They constantly attend courses to upgrade their skills. There have been a lot of convictions of criminal syndicates because of this data analysis.

7.4 Contact Centre.

The delegation also visited the Home Affairs Contact Centre, which deals with queries directly from members of the public. The option are voice and email addresses to assist with queries. It was reported that the email channel was manual, however, the ICT was working on automating it.

Most of the queries emanate from Civic Services on birth certificates, Unabridged Birth Certificates (UBC), personal amendments and ID documents. The queries from Immigration Services are around progress on permits and visas.

It was also reported that the call waiting service standard is 15 minutes. The Centre has 120 agents. Out of the 120, 20 of them are dealing with emails and therefore 80 of them are handling calls. The drop calls were supposed to be 5 percent, but it was reported that it was at 19%.

7.5 Permitting Section

The Committee visited the Permitting Unit, and it was explained to members of the Committee that an applicant who wants to apply for a permit or visa would firstly approach the service provider: Visa Facilitation Services (VFS).

VFS would then send the application through ICT to the Department of Home Affairs' adjudication hub. The supervisors will allocate cases to the seven (7) adjudicators and the process of quality assurance will commence. During the adjudication process, due diligence will be done, and verification of the documents will take place. Applicants sometimes submit fraudulent documents. PR applications can contain more than 100 pages, and it takes time to verify all of them. The DHA also brought provinces to assist with the verification of the submitted documents.

The turnaround to process permanent residence applications is eight months. It was also reported that there was a backlog of about 23,000 spousal visas. These are partners who want to accompany their spouses into South Africa. It also indicated that there were South African citizens (women) who attempt and sometimes successfully marry several foreign men for these men to acquire South African citizenship without being detected. The Department will introduce a system where the couples who get married, after two (2) years will be required to provide fingerprints together on the day. This will prevent fraudulent marriages for citizenship.

The backlog project will end on 31 December 2024, however, the Unit planned to finalise the backlog in November 2024. The Unit will work four hours on Saturdays to ensure that the backlog is eradicated. The DHA will be monitoring the situation, and overtime will be approved until 30 November 2024. The Department reported that there was a need to prevent future backlogs.

VFS has accumulated more than 900,000 biometrics and these will be handed over to the Department.

7.6 Tshwane Refugee Reception Centre

On 8 October 2024, the Committee conducted an oversight visit at the Tshwane Refugee Reception Centre in Marabastad, Pretoria, one of the 5 offices where asylum seekers can apply for asylum to gain refugee status. The Acting Centre Manager, Mr Mfundo Ngozwana made the presentation. The offices are where interviews are conducted, permits are renewed, and refugee status documents are issued. The other offices are: Musina Refugee Reception Centre, Durban Refugee Reception Centre, Epping Refugee Reception Centre and Qherbega Refugee Reception Centre. The centre received the majority of 18941 asylum application (38%) in 2023, followed by 21% in Musina, 18% in Durban, 14% in Cape Town and 9% in Qherbega.

In addition, the Department provides an administrative support to:

- The Standing Committee for Refugee Affairs, (SCRA): Who review asylum applications found to be Manifestly Unfounded, fraudulent, and abusive.

- The Refugee Appeals Authority, (RAASA): Who review asylum applications found to be Unfounded based on the evidence presented.
- Extend Visas of clients awaiting final decisions (which now includes Online extensions)
- Prepare and communicate SCRA and RAA decisions to asylum seekers and refugees
- Hand over failed asylum seekers to the Immigration Officials for deportation
- Join declared family members
- Process resettlements and voluntary returns of refugees and asylum seekers *(Durable Solutions)*
- Receive applications and issue Refugee ID and Travel Documents to persons granted refugee status
- Prepare submissions in terms of Section 36 of the Refugees Act for SCRA reviews of refugee status in line with country-of-origin reports
- Prepare submissions for refugees applying to be refugees indefinitely *(Durable Solutions)*
- Administer transgressions (over-stayers, lost permits)
- Assist Courts and law enforcement agencies with statements and related verifications.

SYNOPSIS OF REGISTERED CASES VS AREAS OF PERFORMANCE UP TO 1 JANUARY 2024.

Active Section 22 Cases on NIIS*	
Area of responsibility	Total
RSDO	27
SCRA	9 626
RAASA	69 872
Judicial Review	970
Referrals to RSDO / Set aside (SCRA)	590
Referrals to RSDO (RAB)	1
Total Active Section 22 Cases on NIIS	81 086

Inactive Section 22 Cases on NIIS	
Area of responsibility	Total
RSDO	496 891
SCRA	201 702 773
RAASA	94 916
Judicial Review	11 161
Referrals to RSDO / Set aside (SCRA)	23 089
Referrals to RSDO (RAASA)	645
Total Inactive Section 22 Cases on NIIS	828 404

Section 24 Cases on NIIS	
Active	60 432
Inactive	52 575
Total Section 24 Cases on NIIS (Excluding closed cases)	113 007

Closed Cases on NIIS**	
Section 22 Closed Cases***	294 018
Section 24 Closed Cases	10 614
Section 27 (c) – Certificationgranted ****	7 045
Total Closed Cases on NIIS	**311 677**

* These cases reflect clients that have opted to use the online extension platform.

** Refer to the cases where the asylum process that is concluded to a final decision or where the applicant has cancelled or withdrawn his / her application.

***Included in the Section 22 closed cases are applicants with an unfounded decision who failed to appeal, however they may still lodge a condonation request for late appeal with the RAB.

**** These refer to cases where the NIIS / ASMS that was updated with the relevant statuses; however, cases with a manual record may not be included.

Key issues raised at the centre include:

- The new ASM system developed to address some of the concerns of the previous system, however at this early stage of deployment it remains unstable.
- Diminishing capacity at critical posts within the centre (Centre Manager, Operations Manager and RSDOs)

- Limited Inspectorate capacity and resources to process failed asylum seekers. It should be noted that the statutory bodies upheld a total of 9 053 cases during the 2023 calendar year. Most of these cases are unlikely to have been processed for deportation and they contribute to large numbers of illegal immigrants.
- Prolonged judicial reviews that serve as an alternative to refugee status.
- Continued abuse of the asylum seeker regime by economic migrants as the system include all applicants before rejecting those from non-refugee generating countries.
- Emerging threat of refugee sur place for failed asylum seekers who could not be deported.
- Criminal syndicates, human traffickers and smugglers targeting Refugee office.
- Criminal elements: robbing and pick-pocketing asylum seekers coming to the office
- Targeting of refugee centre to legalize the persons brought to South Africa illegally.

Some of the issues raised by the Committee included the following:

- The Committee was also concerned about the syndicates that were operating outside of the Centre. The Department also indicated that there are trucks that bring people and offload them outside the Centre to apply for asylum. The applicants who are outside are mugged by criminals, but the Centre and law enforcement were not doing enough for the safety of the applicants.
- The Committee was not satisfied that the statistics that were provided were for 2023 instead of January 2024 until 7 October.
- Applicants who came to the Centre did not receive appointment slips and there were applicants that after being rejected, went fishing to other offices adding to backlogs.
- It was stated that there was a Corruption Watch Report in 2016 for which the Committee wanted to establish if any action was being taken.
- Whether the Centre or the DHA was collaborating with other law enforcement to deal with the situation outside the Centre.
- The Centre seemed to be understaffed because it was reported that the Centre Manager is acting, and the Operations Manager positions were vacant. The DHA should finalise the appointment of Senior officials at the Tshwane Refugee Reception Centre.
- In the top sending countries into South Africa, it appeared that there were no refugees from the West, even though there was a war between Russia and Ukraine.
- How often do asylum seekers have to renew their documents and how does DA handle the issue of interpretation.
- The DHA is supposed to be able to track and trace refugees and asylum seekers including failed asylum seekers to better ensure they leave the country.
- The downtimes at the Centre contributed to the stampede where a Malawian national died and several other nationals were injured including a security guard.
- The Committee wanted to establish what happens in a situation where an asylum seeker does not go through the Ports of entry but comes to the Centre to apply for asylum permits.
- The Committee was concerned about the deportation costs incurred by the Department because the failed asylum seekers needed to be deported to their country of origin.

After the Committee raised concerns about the presentation by the Acting Centre Manager, especially on statistics, the Deputy Minister of Home Affairs, Mr N Nzuza intervened. He indicated that the Centre was "rotten to the core". The Special Investigation Unit (SIU) raided it towards the end of the 6th administration. Syndicates are working with officials from the Centre on fraud and corruption. When SIU raided the Centre, people's cell phones were also confiscated as part of the investigation. The DHA will provide the Committee with an updated presentation of the situation at the Centre.

The Committee expressed unhappiness with the non-attendance of the meeting by the Minister of Home Affairs, especially on 7 October 2024 when the Department of Home Affairs was briefing the Committee on the Annual Report and Financial Statements for 2023/24. The Officials that were supposed to be with the Committee at the Centre such as the DG and the Director for Refugees and Asylum Seeker were with the Minister in Cape Town. The Deputy Minister read an apology from the Minister at the meeting on 7 October 2024 and further reiterated that the Minister was in another meeting in Cape Town that he could not avoid.

The Deputy Minister of Home Affairs took the Committee through various areas where the applicants were being assisted by officials. There was an overflow of applicants immediately after entering the Centre and some were inside being attended to. These were first-time applicants, after receiving Section 23. A person who enters the Republic of South Africa through a port of entry (a land border post, airport or harbour), and claims to be an asylum seeker is, therefore, issued with a section 23 Permit which is a non-renewable "asylum transit permit" in terms of the Immigration Act. This will allow the asylum seekers to reach a refugee reception centre to apply for refugee status and will be issued with an asylum seeker permit in terms of the Refugee Act while waiting for the finalisation to be recognised as a refugee. Those who come to a refugee centre without a Section 23 permit must show a good cause why they are undocumented in the country.

It was further indicated that interpretation is provided to the applicants and the interpreters are offsite and the Refugee Status Determination Officers (RSDOs) must use a telephone on speaker to communicate with the applicants to avoid collision between the interpreter and the applicants. The DHA reported that the SCRA reviews the decision of the RSDOs and the RAASA attends to appeals of the rejected asylum seekers and this where the biggest backlogs are.

7.7 Civic Services – BVR Building

The Committee visited the Digitisation project where about 3000 interns were employed to digitise around 340 million records that date back the 1800s. A remaining 7000 positions would be advertised for three-year contracts. To date around 52 million records had been digitised assisted by a service provider (including 20 million microfilm records). At present around 100 000 records were scanned a month. The DHA started with the birth records. New IDs and passports are already electronic. It was reported that four places that keep records are in Brits, BVR and Rosslyn. In addition, 3 other sites for digitisation were completed and were undergoing final training and the target here would be around 2 million scan per month.

All the records that are digitised are verified at Brits and all the TBVC records are well kept and preserved at Roslyn. The Department was working with the Department of Arts and Culture to preserve the records. Backups of all records were kept at separate sites.

BVR in the CBD is the Digitisation Centre and it was reported that during the digitisation process, there has not been any loss of records. There are security cameras to monitor the whole process of digitisation and all the interns, and the service providers have security clearances. The downtime affects the digitisation project, but it was reported that BVR has UPS and a big generator to assist with power outages.
Members expressed concern about the working conditions at BVR including lighting, cleaning and air conditioning.

7.8 Lindela Repatriation Centre.
On 11 October 2024, the Committee travelled to Lindela Repatriation Centre in Krugersdorp. Mr Matthews, the outgoing Acting Deputy Director: Immigration Services welcomed the delegation, and the Centre Manager made the presentation. He reported that Enviromongz was contracted for 5 years to manage the centre. The average capacity is 1500 but it can accommodate up to 4000 people. Males and females are separated. Each room is equipped with a bathroom, consisting of a shower, a toilet and a wash basin with dispensing units, TV and double bunk beds.

At the entrance of the Centre, there is a pre-Admission Clinic for basic medical examinations, including blood pressure, temperature and pregnancy. Full body inspections are done of all applicants. The pre-testing ensures that deportees on medication can continue with the medication and those at risk of infecting others can be isolated.

An induction program is offered to inform detainees of the rules, their legal rights, visiting hours, procedures, and so on. A Property Storage room is provided for their belongings including cell phones and money.

- Deportees have to be confirmed and approved by Lindela management on the Case Management System (CMS): at provincial level, the arresting Immigration Officer, Office Manager, District Manager Operations and Provincial Managers
- Charging of illegal foreigners in all instances, where they are sentenced to imprisonment up to 2 years or a fine
- Increase in the number of employers being charged and sentenced to fines as well as the cost of deportation where possible
- Another process which has been implemented successfully is to get deportees to pay for the costs of their deportations by bus, with particular reference to Zimbabwe, Mozambique and Malawi. The bus companies sell tickets directly to the deportees, without the involvement of DHA officials.

- Deportees suspected to be minors are referred to Social Workers from the Krugersdorp region to facilitate age determination. The response time for this process is usually within 24 hours.
- Access given to pregnant women, unaccompanied minors and family units who we do not detain at Lindela – but are taken to a Place of Safety or Shelter. Lindela donates resources such as groceries and clothing to support these Places of Safety and Shelters
- Special deportations are fast-tracked to prevent prolonged stay.

Total deportee population on 3 October 2024 is 1176

- Malawi- 357 Mozambique- 196
- Tanzania- 134 Zimbabwe- 128
- Ethiopia- 81 Lesotho- 62
- Burundi- 45 DRC- 44
- Nigeria- 40 Ghana- 23

Deportations Over 5 year period:

- 2019/20 – 29 376
- 2020/21 – 14 859
- 2021/22 – 20 093
- 2022/23 – 22 560
- 2023/24 – 39 627

- Krugersdorp Magistrates Court established a Sitting Court for purposes of applications of detention extensions by Immigration Officers to (avoid) transportation of deportations to the court on a daily basis. They experienced some challenges with translation of the proceedings.
- Assists to prevent the risk of escapes during the judicial process.
- Criminal Justice cluster meetings attended with West Rand Inspectorate - including Krugersdorp, Randfontein and Roodepoort – and SAPS to address operational changes in management of deportations in courts, agree on resolutions and monitor effectiveness.

In the Centre, there is a free 24-hour medical service by qualified Medical Personnel, 7 days a week. The medical assistants check rooms every day for sick deportees.

Lindela Oversight

- By SAHRC through unscheduled monitoring of detentions and office space allocated to ensure total independence of Compliance Officer in engagement with randomly selected deportees
- Judiciary – Inspecting Judges from the Constitutional Court
- *Medicins sans frontieres (*MSF) previously conducted unannounced visits with a focus on the provision of medical services, and produced reports.
- International Committee of the Red Cross (ICRC) offers free telephone vouchers, donated books in different languages at the library established on its recommendation, as well as monitoring health services.

In touring the facility members witnessed that the conditions in some of the cells were less than sanitary and detainees complained of insufficient food being provided. The kitchens were of high quality and there appeared to be ample provisions. There were also officials from Tanzania

alternating with other countries on other days of the week present at the centre to verify the identity and issue travel documents to those claiming to be nationals of those countries.

Lastly the committee engaged with some of the 28 foreign nationals that were housed at the facility after protesting xenophobic violence and having refused reintegration in the country due to fear of violence. Their applications to be resettle to a third safe country through the UNHCR had been unsuccessful and some of them had been living at the centre for close to 5 years in a separate area with their children and freedom to move in and out.

Members also toured the adjacent facilities use to train immigration staff which were adequate but appear underutilized.

7.9 Border Management Authority (BMA).

The Committee visited the Head Office of the BMA in Pretoria. Dr M Masiapato, the Commissioner, together with his management team welcomed the delegation on 8 October 2024. The BMA became independent from the Department of Home Affairs from 1 April 2023 and the President officially launched it in October 2023.The Commissioner briefed the Committee on the staff integration process and reported that about 1950 staff from different departments were integrated into BMA. The officials at the ports of entry report to a single command structure.

The staff were transferred from the following departments that operate at the ports of entry:

- The Department of Home Affairs – 1225 staff.
- The Department of Health – 339 staff.
- The Department of Forestry, Fisheries and Environment – 14 staff.
- The Department of Agriculture, Land and Rural Development – 372 staff.

In 2022 the BMA deployed 200 Border Guards to ports of entry, and it was followed by 400 Border Guards and 50 Coast Guards. The BMA has also started deploying along the borders between South Africa, Namibia and Botswana. The entity operates within 10 km of the border as its law enforcement aera and 10 km into the sea. The 50 Coast Guards currently do not have tools of trade.

7.9.1 BMA Current developments

The Commissioner stated that officials have been placed within the BMA's permanent organisational structure and appointment letters were issued to staff. The BMA established an Appeals Committee to deal with grievances that will be lodged by staff.

The Commissioner also reported that tax contributions are a key challenge to the integration of staff on the payroll system because BMA does not use the government Persal system but the SAGE system that is used in the private sector. The BMA is continuously working with SARS to resolve the matter.

The BMA Remuneration Framework was implemented on 1 July 2024 and the National Treasury approved it. The Authority is constantly engaging with labour. The Public Servant Association (PSA) is the majority union and the National Education, Health & Allied Workers (NEHAWU) is the second union.

The BMA has established a National Consultative and Bargaining Forum (NCBF), and the draft Constitution was prepared. The processes were underway to appoint the NCBF Chairperson and therefore registration of the forum will follow. The Authority submitted a business case to the National Treasury for funding in 2022 and another business case in 2023. The Authority has submitted another business case for funding for 2024/25. The Commissioner reported that the Authority applied for R500 million for tools of trade from CARA but only received R150 million.

The BMA was in the process of developing a Strategic Plan and Annual Performance Plan in line with the priorities of the Government of National Unity (GNU). The BMA Audit was ongoing. The Annual Report will be tabled by 30 November 2024.The BMA has two programmes namely, Programme 1: Corporate Services and Programme 2: BMA Operations. The entity contributes to two (2) Apex priorities of government which are Priority 1: Inclusive growth and job creation and Priority 3: Build a capable ethical and developmental state. The Commissioner reported that the BMA will brand Ports of entry to illuminate the corporate image of the BMA thereby ensuring that the organisation is easily recognisable by members of society.

The BMA will also introduce business continuity management plans and is in the process of modernising ICT systems at Ports of Entry. The installation of LAN and WAN and the digitisation project will improve the cross-border ecosystem for the legitimate movement of goods and people through seamless connectivity to BMA operational systems. He reported that the BMA has a challenge with the network, however, BMA is not obligated to work with the State Information Technology Agency (SITA) and is thus partnering with SARS on the matter of improving its network. The BMCS is also a challenge because current network capacity at borders cannot handle the data required, and the BMA is thus still running on the old Enhanced Movement Control System (EMCS).

He reported that the National Targeting Centre (NTC) will start to operate in 2025/26. The NTC will produce six (6) high-level intelligence reports on the movement of people and goods. The intelligence reports will generate increased knowledge and information on cases of illegitimate movement of people and goods thereby enabling operations to execute joint intelligence-led operations.

7.9.2 BMA Key Risks and Mitigations

Institutional excellence distinguished by good corporate governance and ethical leadership	Unethical behaviour	Develop and implement an ethics management plan

Secured borders that protect national interests and enhance national security	Inadequate financial resources to fund border security interventions	Lobby for the allocation of increased financial resources to the BMA. Deploy technology to secure and protect the border as this would be more cost-effective.
Strengthened co-operation amongst stakeholders within the border management environment	Unwillingness of stakeholders to work with the BMA	Leverage existing governance structures (e.g. Ministerial committee and Border technical committee) to pressurise potential partners
An enabling cross-border ecosystem for the legitimate movement of people	ICT systems failure Cybercrime	Develop and implement business continuity plans. Install robust cyber-security solutions.
An enabling cross-border ecosystem for the legitimate movement of trade	ICT systems failure Cybercrime	Develop back-up systems. Install robust cyber-security solutions.

7.9.3 BMA Budget Information

The CFO made the presentation and indicated that the establishment of the BMA was to enable a legal framework that will allow the authority to execute functions on behalf of a multiplicity of Organs of State in the Ports of Entry and within the border law enforcement area.

The BMA has been funded through budget transfers from transferring Departments (The Department of Home Affairs, the Department of Health, the Department of Agriculture, Land Reform and Rural Development and the Department of Forestry, Fisheries and Environment) which had some of their staff members integrated into the BMA. The transferred budget comprised about 90% CoE, leaving an insignificant budget for the funding of goods and services.

The entity applied to the National Treasury for an allocation of R2,9bn in FY2023/24 and was only approved an allocation of R250 million. This approved allocation of R250 million is less than 10% of the requested allocation. Therefore, the BMS applied for additional funding from the Criminal Asset Recovery Account (CARA) under the Department of Constitutional Development. The submitted application requested a total funding of R500 million and BMA was only approved for R150 million for the procurement of Specialised Capital equipment. These tools of trade and technologies would assist the operational staff in adequately rendering the mandate which includes facilitating the movement of people and goods, effectively intercepting the illicit flow of goods and illegal movement of people through ports and vulnerable segments of the borderlines. These tools of trade include but are not limited to; patrol vehicles, firearms and ammunition, communication devices, body-worn cameras, surveillance equipment, forensic technology, motion sensors, drive-through vehicle/truck scanner.

7.10 Government Printing Works

7.10.1 GPW management on the relationship with Labour

The CEO reported that GPW has two (2) recognized labour unions, namely the Public Servants Association of South Africa (PSA) and National Education, Health and Allied Workers' Union (NEHAWU). She indicated that formal structures with labour were the Departmental Bargaining Chamber, bilateral meetings with management and the meeting with the unions separately. The CEO reported that the management was also able to engage with the union shop stewards separately with each union and NEHAWU participated in change management interventions.

The challenge between GPW management and labour was the relationship fluctuated. There was a soured relationship between PSA and NEHAWU, especially the Chairperson of PSA and the General Secretary of NEHAWU. This affected the relationship between the two labour unions. The PSA shop stewards were not willing to participate in change management meetings. It was reported that PSA wanted to dominate all engagements because they had most of the membership.

She reported that the unions want to co-manage GPW with management and want to dictate how disciplinary processes should unfold to influence the outcome/sanctions in their favour, otherwise, it's seen as interference by management. The Limpopo examination was postponed in the previous year due to an illegal work stoppage in the examination area. The Management was disrespected and accused of various acts, including theft, bias, and when discipline is meted out, there is retaliation and soured relationships.

7.10.2 Public Servant Association (PSA)

The PSA indicated that in the 6th Parliament, it wrote to the Committee when the current CEO Ms A Fosi was appointed to complain about her. Since then, the relationship between the CEO/Management has deteriorated. GPW management and Labour have not engaged sufficient. PSA indicated that GPW was not complying with the legislation and there was no platform to raise the matters. PSA suspected that there were corrupt activities, and the staff morale was very low. The staff was scared to speak out because they would be charged and dismissed.

The Union also highlighted that some staff were not wearing Personal Protective Equipment (PPE) because they do not have them. It was reported some of the people in the management were willing to use petty cash for PPEs of four staff members. These four staff members were suspended and dismissed, and the matter was on ongoing appeal.

PSA reported that it wrote three letters to the current Minister of Home Affairs to make him aware of what was happening at the GPW. They stated that they fear for their jobs because GPW might go the route of the South African Post Office. There has been no response from the Minister to the three letters sent to him. What PSA requested the Committee to institute an investigation.

There was a security guard who was suspended because a homeless person had entered the premises. They also reported that the CEO came with unknown people to collect corrugated irons. The CEO removed the corrugated irons from the premises that were supposed to be disposed of.

PSA further reported that there were no cleaners because the contract of the cleaning company ended on 8 October 2024. They also accused the CEO of sitting at the interview for security guards. All non-Fidelity security guards were not considered. When cleaners were interviewed, the CEO did not sit at the interview only former Supercare cleaners were considered.

Concerning the data loss, PSA reported that this did not happen once, and Management tried to charge the former Chief Information Officer (CIO) for the data loss. The former CIO had made a submission before the data loss; however, the CEO did not approve it. This led to the loss of data at GPW. Management employed a service provider to try to recover the data, even though the service provider to recover the data is about R3 million a month without a contract. PSA allege that the amount was inflated from R978 000 to R3 million.

PSA also alleged that security printing was outsourced and sister departments including the Department of Home Affairs were threatening to leave printing with GPW.

7.10.3 National Education, Health & Allied Workers (NEHAWU)

NEHAWU stated that it initially defended the CEO when PSA was against her appointment. NEHAWU reported that 70 percent of GPW's work was now outsourced. They also made allegations that security documents were sold illicitly, and they have prima facie evidence. NEHAWU concurred with the presentation of PSA. Investigations at GPW were concluded without consulting labour.

The Unions further indicated that the presentation that Management made to the Committee was not a true reflection of the situation at GPW. Legal services that were established at GPW had not attended to a single case but only dealt with staff grievances.

NEHAWU reported that there were about 230,000 Smart ID cards that were sitting on the system. The machines were broken and not working because the entity did not have parts. There was no willingness to procure new machines because they wanted to outsource. Certain clients have cancelled work with GPW because deadlines were not honoured. The last time employees received proper PPEs was in 2018.

7.10.4 Walkabout at the Examination, Smart ID and Passport Printing Section

The Committee toured the examination, Smart ID Card and passport printing section. While at the Smart Card and passport printing section, the Chairperson was provided with a Memorandum at the Dispatch Unit. The concern raised was the issue of their salaries as compared to their counterparts who were doing similar work at the Department of Home Affairs. These officials reported that they dispatch to the Department but earn less money.

When doing this work, they become dispatching officers, security and bookkeepers. They said that daily, they dispatch about 5000 passports. They also indicated that they want proper equipment such as scanners, printers, chairs and comfortable PPEs.

7.10.5 Unannounced oversight visit to the GPW's Bosman Street Factory.

Finishing Section: After meeting with Labour unions on 9 October 2024, the Committee decided to conduct an unannounced oversight visit to the Bosman Street factory on 10 October 2024. The Committee started at the Finishing Section. It was reported that there were cameras in the building to monitor that people did not what did not belong to them. It was reported that their staff had been without PPE for the past five years and the building was not safe for the staff. As a result of the lack of PPE, some people have developed sinus issues.

They do not have cleaners and there were no fridges to put their food or water in, and it was reported that corruption was very high. An example was made of the cello tape that cost R10 when GPW bought it but through a tender, it cost about R160. It also indicated that there were many Directors at GPW without powers. It was reported that the CEO has not come to see the staff in a long time and about 8 machines were not working and there was a new machine that had been there for the past seven years, and it has never been used. It was reported that there was a machine that had not been working for more than five months because the element kept on breaking. There are boxes of documents and when the Committee enquired, we were informed that GPW outsourced most of the work and when the service provider provides a low-quality work, these documents are then sent to GPW for shredding.

Book Binding Section: The guillotine machine was broken, and the machines were very old and slow. The work is outsourced. The challenge in this section was delays in buying consumables such as glue and machines that kept on breaking without being repaired. When consumables were not available, the work ended up being outsourced. The machines' maintenance and parts were a big challenge. In this section eight machines were not working.

Litho Section and Printing Sections: It was reported that of the five machines, there was one machine that worked. In this section, they print certificates, colours and maps. In the Printing Section, it was reported that there was a supplier machine that had one operator, and the operator was off sick and there was no one to operate the machine. The section had nine machines and seven of them were broken. People came to work and did nothing, and management was unwilling to send them to other sections.

8 DELIBERATIONS ON THE ANNUAL REPORTS AND OVERSIGHT

The following are the main issues raised by Members of the Committee in their oversight of the following entities. Where answers were provided these are indicated and if lacking or inadequate, they are indicated in the recommendations section 7 below.

AGSA

8.1. The Committee was concerned that the GPW was not fully implementing the recommendations of the Ministerial Review Panel (MRP) on the data loss. GPW should be assisted to get out of this financial situation.
Answer: GPW and DHA are using consultants to improve their financial performance but there is a need to report and address ICT issues faster as per the Ministerial Review Panel recommendations.

8.2. The Committee was concerned that there was no investigation and consequence management on irregular expenditure at GPW.
Answer: A loss control committee is now in place but is not investigating old irregular expenditure.

8.3. With respect to the DHA on e-visa applications, there was a slow uptake because the system was not user friendly.
Answer: The e-visa system has been slow, and some countries have reverted to manual processes.

8.4. The Committee expressed concern that the officials at the ports of entry were able to override the security features on their own without the intervention of the supervisor.

8.5. The issues that were raised by the AGSA on 7 October 2024 were the same issues that were raised in October 2019. What type of training was needed on the accounting standards. Does it mean that there was no training, or it was just the issue of vacancies?
Answer: There is a need for continual training to prevent misreading of regulations.

8.6. The Committee was concerned about the slow implementation of the ABIS system and what was causing the delay.
Answer: ABIS challenges include facial recognition not being implemented and ineffective monitoring of project implementation.

8.7. The Committee and AGSA commended on the IEC on their performance, however, it was concerned about the irregular expenditure of R3.2 related to office accommodation.

8.8. The current IT governance framework at GPW was not fully implementable.
Answer: The GPW are busy with a review as part of the modernisation initiative.

8.9. DHA Irregular expenditure is back up at 5 year highs of over R600 million per annum.
Answer: DHA need to tighten internal controls.

8.10. The register of inspections and enforcement operations was not prepared on a timely basis which resulted in some of the inspections conducted not being accounted for.

Answer: Adequate internal controls need to be implemented to ensure that all valid inspections are recorded sufficiently in line with the national treasury Technical Indicator Description (TID).

8.11. The Committee requested the AG to present an updated comprehensive report on the management and finances of the portfolio prior to the 2025 Budget.

DHA

8.12. The Committee expressed concern that the DHA has not met 29 percent of its targets, and the achievement of 71 percent was the same as the previous reporting period.

8.13. The DHA spent almost all its budget while in some of the programmes, it only achieved 40 of the targets. It was concerning that the target for the Digitisation of the records was 36 million and only 800 000 of the records were digitised.

8.14. The DHA has not yet allowed naturalised citizens, PR holders and citizens born abroad to apply for Smart ID cards.

8.15. The Department has a contingent liability of over R2billion. Are there any legislative changes that were needed to address this?

8.16. Regarding the infrastructure at the ports of entry, whether there were plans to upgrade and ensure that the matter of the porous border was resolved.

8.17. With the non-compliance with the legislation, what is the consequence management implemented and measures in place that it does not happen?

8.18. It was reported that there was a lack of connectivity at the health facilities to register birth within 30 days and the Committee needed measures to be put in place to ensure birth is registered in most of the health facilities in the country. There should be a distinction between rural and urban facilities.

Answer: The DHA is expanding to 161 health facilities, but expansion requires self-funding.

8.19. The implementation of ABIS was delayed and timeframes for the project were unclear.

8.20. The DHA should collaborate with other law enforcement to deal with people who were lingering outside the Tshwane Refugee Centre and deal with corrupt officials at the Centre.

8.21. The appointment of Senior officials at the Tshwane Refugee Reception Centre is critical.

8.22. The Committee was not satisfied with the Asylum presentation.

8.23. The Committee was also concerned about the syndicates that were operating outside of the Centre.

8.24. The Committee was concerned about the deportation costs because the failed asylum seekers needed to be deported to their country of origin.

Answer: It was also reported that there are about 1 123 deportees and to run the facility it costs the Department about R6 million per month and the annual budget is R70 million.

The Committee noted the lack of senior management present during oversight to the Tshwane refugee reception centre they were required to address issues as they were raised and thus the need for outstanding matters to be reported in writing.
Answer: The Deputy Minister indicated the attendance of the Minister and Senior Immigration staff at a longstanding United Nations event in Cape Town.

8.25. Concern was expressed on the poor performance in processing visa applications. Only 52% of critical skills visa applications within 4 weeks, 61% of business visa applications adjudicated within 8 weeks and 10% of general work visa applications adjudicated within 8 weeks. **Answer**: These have all improved to 100% so far in the 2024/25 financial year.

BMA

8.26. The Committee was concerned that the BMA was not able to table its Annual Report and Financial Statements because of the transfers of functions from other departments in the border environment. The BMA indicated that the transfer process has been challenging. The entity only took out the frontline staff without any corporate staff to provide support.

8.27. According to the committee, the BMA was an unfunded mandate and there were still departments that should complete the transfer of funds and staff.

8.28. **Answer**: The BMA is in funding discussions with National Treasury and is working to generate funds through fines and billing.

8.29. What is being done to collect fines and penalties and whether this money will be surrendered to the National Revenue Fund?
Answer: The BMA reported that it had meetings with the airlines regarding the penalties and fines to make payments but most of the fines and penalties were from the Beitbridge border post.

8.30. The equipment that was transferred from other departments was outdated and obsolete and what are the critical tools that were needed by the BMA.
Answer: The BMA received outdated equipment and needs tools like firearms, body cams, and uniforms.

8.31. The ethics workshops that the BMA will be conducting, should have been at the beginning of the establishment of the entity and it appears that there was no current wellness programme.

8.32. The Committee noted that BMA was utilising ARMSCOR to procure arms and the entity stated that SAPS and SANDF use Armscor to procure arms and equipment. Most of the equipment that the BMA needed were drones and firearms.

GPW

8.33. The Committee noted that GPW has a challenge with DPWI in respect of the refurbishment and construction of the Head Office.
Answer: GPW has experienced a 12-year wait for facilities for new equipment due to challenges with DPWI.

8.34. It appears that GPW and DHA have issues with the services that are offered by SITA on ICT. SITA was delaying the ERP at GPW and ICT projects at DHA.

8.35. GPW employs artisans, but these artisans are hunted by the private sector and the GPW should provide the Committee with a list of debtors, especially government departments and why the entity hiring a law firm to collect debts.
Answer: GPW faces challenges with artisans being hired away by the private sector and has a 58% vacancy rate.

8.36. The Committee was concerned by the poor maintenance of printers which resulted in staff sitting idle for protracted periods, book binding services being performed manually, and security printing work being outsourced to other service providers.

IEC

8.37. The Committee raised the issue of voter turnout during elections, especially among young people and what other strategy will the IEC employ for the youth. There was a suggestion of automatic registration when a voter turns 18 years old and the IEC being available at universities.

8.38. It was also raised on the issue of people arriving at the voting stations with guns and people campaigning at the voting stations. There were some people who wore party regalia, and some took photos after voting.

8.39. The issue of auditing party funding was raised and what would be the process?

8.40. The Committee felt that with the elections of 2024, there was no proper outreach programme because some voters were not aware that there would be three ballot papers, and this might have created long queues at the voting stations.

8.41. The Committee commended the IEC on financial performance of obtaining a clean audit although it was concerned with the irregular expenditure of R3.2 million on office accommodation.

9. OUTSTANDING COMMITTEE'S RECOMMENDATIONS

Outstanding from the 2022 and previous Budget Review and Recommendation Reports.

The Department of Home Affairs

9.1. Strive towards a clean audit opinion and better adhere to in-year audit plans. In particular, the impairment of departmental revenue in collecting penalties. Progress on audit plans and the Auditor General Management Letter must continue to form part of all future quarterly performance reporting to the Committee.

9.2. The department was operating at 42 percent of its capacity and the Immigration Branch only met 25% of its targets in particular in the permitting unit. The DHA should report on the feedback by National Treasury for the 2nd capacitation business

case or more funding to operate at an acceptable level especially in the Immigration branch.

9.3. Report on the delay in the procurement of the Passenger Name Recognition (PNR) due to the need for an open tender, and the related National Treasury un-earmarking of funds.

9.4. Report on the appointment of CTS Consortium as transaction adviser on the Visa Facilitation Services on 12 May 2023 and on Immigration Services requesting Bid Adjudication Committee permission to go to open market on this issue.

9.5. Report back on the CSIR and SITA collaboration and what measures would be implemented and need funding to improve network stability at front offices.

9.6. The Department continues to face challenges similar to those reported in previous financial years, including, network connectivity, long queues, insufficient and inadequate office accommodation, capacity constraints and fraud and corruption.

The Government Printing Works

9.7. Ensure that the State Security Printers Bill is submitted to Parliament as soon as possible bearing in mind the stability and capacity of the organization to effect these legislative changes.

9.8. The Minister of Home Affairs should ensure that all the recommendations of the Ministerial Review Panel Report on the Data loss at GPW are implemented, particularly the consequence management, upgrade and maintenance of IT infrastructure.

9.9. The Committee would need to convene a meeting with the GPW, National Treasury and the Internal Audit and engage with the Minister to assess the effectiveness and accountability of GPW management.

The Electoral Commission

9.10. For South African citizens who have lost citizenship as a result of acquiring another citizenship without informing the Minister of Home Affairs, the Constitutional Court ruled that it was unconstitutional. The DHA, DIRCO and IEC would need to together ensure that they receive their passports and Identity Documents on time for the 2024 Elections.

9.11. The IEC need to report on the procurement of the building for its national office to prevent unnecessary further high irregular expenditure on rental of its current offices.

10. BUDGET REVIEW RECOMMENDATIONS 2024

Based on the continuous engagement with the Department of Home Affairs, the Government Printing Works, the Border Management Authority and the Electoral Commission for the 2022/23 financial year, the Committee recommends the following to the Minister of Home Affairs and the Chairperson of the Electoral Commission respectively to address and report on by 30 April 2024 unless otherwise indicated.

Department of Home Affairs

10.1. In line with other security cluster department considerations, the Home Affairs Portfolio must be seriously considered to be granted exemption from using SITA for critical ICT services given the long outstanding delays and downtimes to large scale service delivery and security functions across the Portfolio (DHA, GPW and BMA).

10.2. The eVisa system needed to be translated as required and made more user-friendly.

10.3. The annual targets for live capture of birth registration at health facilities should include the current and total outstanding facilities remaining alongside targets for the year to indicate relative progress.

10.4. There is need for ongoing training on accounting standards for those working on reporting.

10.5. There should be targets within the finance and supply change management for complying with AG recommendations and achieving a clean audit.

10.6. The Full roll out of ABIS to all offices must be completed without further delay and be reported on by April 2025.

10.7. The stagnant and low performance rate of 71% needs improved in year monitoring particularly related to IT and legislative drafting capacity.

10.8. The security and safety of clients within and around the Tshwane Refugee reception office needs to be urgently improved and monitored along with the South African Police Service to prevent crime and physical harm.

10.9. Updated Asylum, Refugee and Appeal Statistics for 2024 to be provided to the Committee by February 2025.

10.10. A progress report on the 2016 Corruption Watch Report and 2024 SIU investigation at the Tshwane Refugee Reception office to be provided to the Committee.

10.11. Progress on the expanded roll out of the digitisation project including appointment of more graduates and their productivity should address the delayed and unmet digitisation targets in the 2023/24.

10.12. A better durable solution for the 28 long term refugees than being housed at Lindela needs to be reported on in conjunction with the UNHCR.

10.13. The DHA must allow naturalised citizens, Permanent Residents and citizens born abroad to apply for Smart ID cards by the end of the 2024/25 financial year.

10.14. The proper sanitation of accommodation and provision of adequate meals at Lindela, particularly in the men's section needs be reported on, in conjunction with the SAHRC by the end of January 2025.

10.15. Report on addressing long outstanding dormant pending legal cases causing R 2 billion in contingent liabilities.

10.16. Report on the consequence management for non-compliance with legislation.

10.17. The DHA should finalise the appointment of Senior officials at the Tshwane Refugee Reception Centre.

10.18. The DHA should provide a comprehensive plan and strategy towards the Zimbabwean Exemption Permit (ZEP).

10.19. Report on the cost of deportation, in particular of failed asylum seekers and what is being considered to find more cost-effective long-term solutions.

10.20. The DHA should clear the backlog on the processing of visas and permits to ensure that there are no further concessions in future. Capacity should be increased within the permit and refugee sections.
10.21. The capacity within the immigration inspectorate should be increased to deal with the issue of undocumented migrants and those with expired permits who are already in the country.
10.22. Network improvement projects, such as the CSIR trial, should be rolled out to all the high-volume offices to ensure that the long queues are dealt with, and the Branch Appointment Booking System (BABS) should be expanded and also include other services to address long queues.
10.23. Applications for Smart ID Cards for naturalized citizens and those citizens born abroad should be prepared for as soon as possible.
10.24. The DHA should be prepared that loss of citizenship by South Africans who acquired a second nationality could be restored as it was found by the courts that it was unconstitutional.
10.25. The target for the issuance of Smart ID Cards per annum was at 2.5 million for the Medium Term and the Committee recommended that it should be increased to 3 million.
10.26. There needed to be better intergovernmental cooperation at municipal level on joint operations.

Border Management Authority

10.27. The BMA to communicate and submit its annual report as soon as possible before the requested extension of 30 November 2024.
10.28. The collaboration of BMA with SARS to ensure the proper roll out of network capacity that can handle the new Border Management Control System should proceed with haste to improve border security and be reported on in May 2025.
10.29. A detailed report on the engagement with National treasury on fully funding the BMA including indications on how the entity is fulfilling its mandate to be more efficient than the transferring departments.
10.30. Motivate for procuring further CARA funding for essential tools of trade.
10.31. There is a need for ethics training and a wellness programme for BMA staff.
10.32. In particular the proportion of goods and services funding for improved surveillance and other technology should be increased significantly.
10.33. Plans for the allocations and roll out of the BMA Coast Guard should be accelerated in line with increasing duties as new patrol vessels are procured.
10.34. Provide a detailed report on the need for legislative changes to improve the functioning of the BMA in the border environment.

The Electoral Commission (IEC)

10.35. There should be better training and enforcement by the IEC of the electoral code of conduct during elections relating to campaigning near voting stations, wearing party regalia and photographing of ballots.

10.36. There is need for further voter education for staff, political structures and voters, in particular the use of voter management devices and 3 ballots in national and provincial elections.
10.37. Improved auditing is needed on the reporting of Party Funding.
10.38. The IEC should make a renewed financial case for improving funding for voter education on the importance of voting and research on how to improve participation.
10.39. The IEC should report to the Committee on the assessment of the 2024 elections when its report is ready. Bearing in mind that the delay relates to the outcome of legal cases that may take very long, the Committee is considering legal opinion on the late tabling of the report
10.40. The impact of the Political Party Funding Act on parties in South Africa should be researched and shared with the Committee.

Government Printing Works (GPW).

10.41. Responses to the concerns raised by GPW unions to the Minister of Home Affairs should be reported on by February 2025.
10.42. The lack of maintenance and slow repair of equipment leading to outsourcing of much printing Work should be addressed urgently.
10.43. Finalising the long-delayed move of all printing facilities to the new GPW offices from Bosman Street assisted by the DBSA must be reported on by March 2025.
10.44. GPW should be granted a special dispensation to better pay artisans currently being poached by the private sector to address the 58% vacancy rate.
10.45. Provide a list of debtors, especially government departments and indicate what effect hiring a debt collection firm has had.
10.46. Ensure that GPW addresses the outstanding audit findings in particular related to Information Communications Technology.
10.47. The negotiations on addressing the unsustainability of the rebate on documents printed for the DHA by GPW should be concluded as a matter of urgency.
10.48. The GPW along with the IEC should report to the Committee on the viability of GPW printing for more government departments as well as a portion of the Ballot Papers for elections.
10.49. The Committee received input from both Management and Unions that it was concerned were affecting the performance of the GPW. These concerns need to be addressed.
10.50. Consider the need for a forensic investigation on the governance of the GPW, including issues discovered by the Committee during its oversight, once the Committee has been updated on the Ministerial Review Panel.

Report to be considered.

7. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON THE THIRD QUARTELY PERFORMANCE REPORTS OF THE DEPARTMENT AND ITS ENTITIES, DATED 23 OCTOBER 2024

The Portfolio Committee on Employment and Labour, having considered the presentations from the Department and its entities, which were presented to it on 11 and 18 September 2024, reports as follows:

1. INTRODUCTION

The Department of Employment and Labour (Department) derives its legislative mandate from the Constitution, particularly the Bill of Rights. Some of the relevant sections include section 9 - Equality; section 10 - Human dignity; section 18 - Freedom of association; 23 – Sound labour relations; section 24 – Environment; section 27 – Health care, food, water and social security; section 28 – Children; and section 34 – Equal access to courts. These Constitutional rights are given effect through various pieces of legislation, including the Labour Relations Act (1995); the Basic Conditions of Employment Act (1997); the Employment Equity Act (1998); the Occupational Health and Safety Act (1993); the Employment Services Act (2014); and the National Minimum Wage Act (2018).

Policy Mandate of the Department

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

This Report covers the period from the beginning of October to the end of December 2023. It is based on presentations made to the Portfolio Committee on Employment and Labour on 11 and 18 September 2024.

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

2.1. Programmes of the Department

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

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

2.2. The Department's Non-financial performance Q3

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

Table 1: Non-Financial Performance per Branch in Q3 of 2023/24

Branch	**Annual Planned Indicators**	**Indicators with Targets for Q3**	**Achieved**	**Not Achieved**	**Overall % Achievement**
Administration	14	10	9	1	90%
Inspections and Enforcement Services	4	4	4	0	100%
Public Employment Service	7	4	4	0	100%
Labour Policy and Industrial Relations	12	6	6	0	100%
Overall Performance	**37**	**24**	**23**	**1**	**96%**

Source: Presentation to PC on Employment and labour dated 11 September 2024

Table 1 above reflects that the Department had 37 annual planned indicators in 2023/24 and 24 indicators with targets for Q3. Of the 24 indicators with targets for Q3, 23 were achieved translating to an overall performance of 96%. This is an improvement from the 77% achieved in Q2 of 2023/24.

The Administration branch had 14 annual planned indicators, and 10 indicators had targets for Q3. Of the 10 indicators with targets for Q3, nine were achieved, translating to an overall achievement of 90%. This is an improvement from the 62% achieved in Q2 of 2023/24.
The target that was not achieved was to conduct super user training on the newly deployed ICT system in the third quarter of 2023/24.

Inspection and Enforcement Services had four indicators with targets for Q3 and all were achieved, translating to an overall achievement of 100%, which is consistent with Q3 of 2023/24 achievement.
The branch inspected 227 067 workplaces to determine compliance with employment law against a target of 223 578, which translates to an over achievement of 3 489. The provinces that did not achieve their targets were KwaZulu-Natal, Northern Cape and Western Cape. The total number of compliant employers was 173 846 and 53 221 were non-compliant. Of the 53 221 non-compliant employers, 52 913 or 99% were served with notices within 14 calendar days against a target 95%.
Of the 5 270 received by statutory services, 4 407 or 84 % were referred for prosecution and the rest settled out of court.

Public Employment Services had four indicators with targets reporting in Q3 and all were achieved, translating to an overall achievement of 100%, which is consistent with Q2 of 2023/24 achievement.
The branch registered 753 051 work-seekers on the Employment Services of SA (ESSA) database against a target of 639 000. Gauteng was the only province that did not achieve its target.
The branch registered 129 079 employment opportunities on ESSA against a target of 82 500.
It provided 261 893 registered work-seekers with counselling against a target of 185 000, which is an over achievement of 76 893. It filled 71 017 employment opportunities with registered work-seekers against a target of 45 000, thus overachieving by 26 017.

Labour Policy and Industrial Relations branch had six indicators with targets for Q3 and all six were achieved, translating to an overall achievement of 100%, which is an improvement from the 80% achieved in Q2 of 2023/24. The branch published the National Minimum Wage in the Government Gazette no: 49835 on 6 December 2023. It received and verified eight collective agreements within 60 working days of receipt, translating to 100% achievement.

2.3. The Department's Financial performance

The Department reported on its third quarter financial performance as reflected in table 2.

Table 2: Financial Performance per Programme in Q3 of 2023/24

Programme	**Q3 Budget**	**Q3 Expenditure**	**Available Budget**	**% Expenditure as at 31/12/2023**
	R'000	R'000	R'000	%
Administration	284 260	260 679	24 213	92%
Inspection and Enforcement Services (IES)	165 729	154 424	11 305	93
Public Employment Services (PES)	526 877	137 033	389 844	26%
Labour Policy and Industrial Relations (LP&IR)	385 064	370 445	14 619	96%
Total	**1 362 562**	**922 582**	**439 981**	**68%**

Source: Presentation to the PC on Employment and Labour dated 11 September 2024

The total third quarter budget of the Department of Employment and Labour amounted to R1.3 billion and R922.5 million or 68% was spent by the end of Q3 of 2023/24 resulting to an underspending of R439.9 million.

The PES programme received the largest allocation of R526 million but spent R137 million or 26% of the allocation, resulting in under-expenditure of R389 million.

The LP&IR programme received the second largest allocation at R385 million and spent R370 million or 96% of its Q3 budget resulting in under-expenditure of R14 million.

The Administration programme received the allocation of R284 million, and it spent R260 million or 92% of the allocation by the end of Q3 resulting in the under-expenditure of R24 million.

The IES programme received the lease budget allocation at R165 million, and it spent R154 million or 93% by the end of Q3 resulting in the under-expenditure of R11 million.

In terms of expenditure by economic classification, the Department reported as reflected in table 3.

Table 3: Financial Performance by Economic Classification in Q3 of 2023/24

Economic Classification	**Q3 Budget**	**Q3 Expenditure**	**Available Budget**	**% Expenditure as at 31/12/2023**
	R'000	R'000	R'000	%
Current Payments	552 221	540 188	12 033	98%
Transfers and Subsidies	780 051	357 428	422 623	46%
Payments for Capital Assets	30 290	24 939	5 351	82%
Payment for Financial Assets		26	-26	
Total	**1 362 562**	**922 581**	**439 981**	**68%**

Source: Presentation to the PC on Employment and Labour dated 11 September 2024

The Department received a budget of R552.2 million for Current Payments and it spent R540.1 million or 98% by the end of Q3. Of this amount R352.8 million or approximately 63% was allocated to Compensation of Employees (CoE). Of the R352.8 million allocated to CoE, a total of R350.3 million or 99% was spent by the end of Q3, resulting in under-expenditure of R2.4 million. The other component of Current Payments is Goods and Services, which was allocated R199.4 million or approximately 36% of the Current Payments budget. Goods and Services spent R189. 7 million or 95% of the allocated budget, resulting in under-expenditure of R9.6 million.

Transfers and Subsidies received the largest budget by Economic Classification of R780 million and spent R357 million or 46% by the end of Q3 resulting to an under-expenditure of R422.6 million. The larger share of Transfers and Subsidies budget goes to the CCMA.

Payment for Capital Assets received an allocation of R30 million and spent R24.9 million or 82% of its budget, resulting to an under-spending of R5.4 million.

3. ENTITIES OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

The entities reporting to DEL are:

3.1. Supported Employment Enterprises (SEE)
3.2. Productivity South Africa (PSA)
3.3. National Economic Development and Labour Council (Nedlac)
3.4. Unemployment Insurance Fund (UIF)
3.5. Compensation Fund (CF)
3.6. Commission for Conciliation Mediation and Arbitration (CCMA)

3.1. Supported Employment Enterprises

Supported Employment Enterprises (SEE) was established in 1943 to accommodate ex-service men who would have been injured in combat, who because of injuries or disability would not be able to work in the open labour markets. SEE has 13 factories in eight of the nine provinces of South Africa. Mpumalanga is the only province that does not have an SEE factory. SEE employs a total of 1037 employees.

Its products can be categorised into:

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

3.1.2. SEE Q3 Performance for 2023/24

Q3 performance signified a turning point for SEE growth, since it grew from R42.6 million to R58.8 million, translating to quarter-to-quarter growth of 38%. This is an improvement from the 32% achieved between Q2 of 2022/23 and Q3 of 2022/23.

SEE created 20 job opportunities for people with disabilities as of 30 September 2023.

Table 4: Additional work opportunities for PWD as of 30 September 2023

Province	Factory	Additional work opportunities
Northern Cape	Kimberly	5
Limpopo	Seshego	3
Gauteng	Silverton	12
TOTAL		**20**

Source: Presentation to the PC on Employment and Labour dated 11 Sep 24

Furthermore, the entity created 111 employment opportunities for PWDs as of 31 March 2024.

Table 5: Additional work opportunities as of 31 March 2024

Province	Factory	Additional work opportunities
Eastern Cape	East London	16
Eastern Cape	Gqeberha	15
Western Cape	Ndabeni	22
Western Cape	Epping	14
North West	Potchefstroom	7
Limpopo	Seshego	5
Gauteng	Rand Factory	16
Gauteng	Springfield	15
Free State	Bloemfontein	1
TOTAL		**111**

Source: Presentation to the PC on Employment and Labour dated 11 Sep 24

In total, 150 people with disabilities were absorbed into permanent employment during the 2023/24 financial year,

SEE clients are predominantly government departments, including:

- Department of Basic Education
- Department of Employment and Labour
- Department of Women, Youth and Persons with Disabilities
- Department of Public Works and Infrastructure
- Provincial Department of Education, North West
- Provincial Department of Health, Western Cape
- Provincial Department of Education, Northern Cape
- South African Airways
- Angola Airlines
- Nkangala TVET College

3.1.3. SEE Equity Progress Report

Employment Equity breakdown of the 1037 SEE employees is as follows:

- Youth employees – 38%
- Female employees – 41%
- Male employees – 59%

The race classification is as follows:

- Black employees – 523
- White employees – 283
- Coloured employees – 220
- Indian employee - 11

3.1.4. Major Challenges Impeding Growth

One of the major challenges impeding growth is the revoked preferential procurement status, which has resulted in shedding of jobs due to less demand; and the moratorium that leads to inability to replace loss talent resulting in compromised quality of execution.

3.2. Productivity SA

Productivity SA delivers on the mandate of the DEL, with a focus on:

- Improved economic efficiency and productivity.
- Creation of decent employment.
- Promoting social dialogues and workplace democratisation.

3.2.1. The founding Legislation

Productivity SA was founded in 1969, previously known as the National Productivity Institute. It is now established in terms of section 31 of the Employment Services Act No. 4 of 2014 as a schedule 3A Public Entity of the DEL with the responsibility to fulfil an economic and social mandate of government, which is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

3.2.2. Vision and Mission

To lead and inspire a productive and competitive South Africa. While the mission is to improve productivity by diagnosing, advising, implementing, monitoring and evaluating solutions aimed at improving South Africa's sustainable growth, development and employment through increased competitiveness.

3.2.3. Value offer

Enterprise development and Support Programmes to improve the competitiveness and sustainability of enterprises throughout the business lifecycle (targeting SMMEs in the productive sectors) to generate wealth and profits, preserve jobs and create productive employment and decent work and, improve the wellbeing of workers (employment, wages and working conditions.

3.2.4. Productivity SA Q3 Performance per Strategic Objective

Productivity SA reported on its third quarter of 2023/24 performance per strategic objective as reflected in table 6.

Table 6: PSA Performance per Strategic Objective in Q3 of 2023/24

Strategic Objective		**Annual Planned Indicators**	**Q3 Planned Indicators**	**100%+ Achieved**	**Not Achieved**	**Q3 Aggregate Performance**
1.	Strengthen the institutional capacity of PSA to deliver on its mandate and be financially sustainable (CS&HRM)	4	1	0	1	0%
2.	To support government programmes aimed at sustainable employment and income growth (CIS)	2	2	2	0	100%
3.	To support enterprises facing economic distress and initiatives aimed at preventing job losses (BT&R)	3	3	3	0	100%
4.	Generation and dissemination of productivity related research and statistics (RIS)	2	n/a	n/a	n/a	n/a

5.	To promote a culture of productivity and competitiveness in the workplace and community life (CIS&CR)	2	2	2	0	100&
Overall Performance		**13**	**8**	**7**	**1**	**87.5%**

Source: Presentation to the PC on Employment and Labour dated 11 September 2024

Table 6 above, reflects that Productivity SA had four annual planned indicators for the first strategic objective and only one planned indicator for Q3, which was not achieved resulting in aggregate performance of 0%. This is the only strategic objective in which the entity did not achieve an aggregate performance of 100% and is the reason for the overall performance of 87.5% in Q3.

3.2.5. Productivity SA Q3 Performance per Programme

Productivity SA reported on its third quarter of 2023/24 performance per programme as reflected in table 7.

Table 7: PSA Performance per Programme in Q3 of 2023/24

Programme		**Annual Planned Indicators**	**Q3 Planned Indicators**	**100% + Achieved**	**Not Achieved**	**Q3 Aggregate Performance**
1.	Administration-Corporate Services (CS)	3	1	0	1	0%
2.	Administration-Human Resource Management	1	-	-	-	-
3.	Administration-Corporate Relations (CR)	1	1	1	0	100%

4.	Competitiveness Improvement Services (CIS)	3	3	3	0	100%
5.	Business Turnaround and Recovery (BT&R)	3	3	3	0	100%
6.	Research, Innovation and Statistics (RIS)	2	-	-	-	-
Overall Performance		**13**	**8**	**7**	**1**	**87.5%**

Source: Presentation to the PC on Employment and labour dated 11 September 2024

The Administration-Corporate Services programme had three annual planned indicators and one indicator reporting in Q3, which was not achieved resulting in the aggregate performance of 0% for this programme.

All the other programmes achieved 100% of planned indicators for Q3 and this programme one was the cause for the entity achieving 87.5%.
The entity received the overall performance of 100% in the first and the second quarter.
The reason provided for non-achievement in Q3 was that the liquidity risk currently faced by the entity is threatening non-payment of short-term debts including suppliers and late invoice approvals.
As a remedial action, additional internal control processes in Trade Payables have been implemented including performance management measures.

Competitiveness Improvement Programme trained 1265 SMMEs and other enterprises to improve their competitiveness and sustainability against a target of 939, thus overachieving by +326 in the third quarter. The programme capacitated 1804 entrepreneurs, workers and managers to promote the culture of productivity against a target of 1800. It capacitated 438 Productivity Champions to build awareness and promote a stronger culture of productivity in South Africa against a target of 242, thus overachieving by +196.

Business Turnaround and Recovery programme saved 5013 jobs in companies facing economic distress against a target of 2900, reflecting an over-achievement of +2113 in the third quarter.

This programme had 64 companies facing economic distress and participating in the BT&R against a target of 68. It had 764workplaces/future forums members trained and capacitated on productivity improvement solutions against a target of 174, which is an overachievement of +590.

3.2.6. Financial Report: October – December 2023

Table 8: Productivity SA Financial Report for Q3 of 2023/24

Programme	**2022/23 Audited outcome**	**2023/24 Approved ENE budget**	**2023/24 Actuals YTD**	**2023/24 Budget YTD**	**2023/24 Variance R**	**2023/24 Variance %**
Administration	73 596	72 586	55 767	61 693	5 926	10%
Competitiveness Improvement Services	27 532	33 894	24 707	23 786	(921)	-4%
Business Turnaround and Recovery	31 892	52 169	23 934	35 295	11 361	32%
Research, Innovation and Statistics	8 388	8 947	5 734	6 354	620	10%
Total Expenditure	**141 408**	**167 596**	**110 142**	**127 128**	**16 986**	**13%**

Source: Presentation to the PC on Employment and Labour dated 11 September 2024

The Administration programme underspent its budget by R5.9 million and the under-expenditure was attributed to delayed spending on goods and services, and compensation of employees (CoE) due to timing of vacancies. All vacancies not filled by now and not in offer stage can no longer be filled as per the National Treasury cost containment and CoE ceiling, those will be absorbed as permanent savings to reduce the overall deficit.

The budget for the CIS programme was R23.7 million and the expenditure was R24.7 million, resulting to an over-expenditure of R921 000.

BT&R budget was R35.2 million and the actual spending was R23.9 million resulting to an under-spending of R11.3 million. Under-spending was attributed to goods and service lower project implementation costs in line with revenue, as in budget program planned to target 71 companies and save 3550 jobs. However, new funding was not received.

RI&S programme had a budget of R6.3 million and the actual spending was R5.7 million resulting to an under-expenditure of R620 000. Under-spending was attributed to compensation of employees as three vacancies were not filled due to vacancy freeze related to budget constraints. The cost measures implemented include virtual events and digital reports.

3.3. Nedlac

3.3.1. Nedlac Non-Financial Performance per Programme in Q3

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

Table 9: Nedlac Performance per programme in Q3 of 2023/24

Programme	**Annual Indicators**	**Applicable in Q3**		**Achieved**	**Not Achieved**	**Overall Achievement**
Administration	8	3		3	0	100%
Core Operations	4	2		2	0	100%
Capacity Building	1	0		N/A	N/A	N/A
Presidential Climate Commission	3	1		1	0	100%
Total	**16**	**8**		**6**	**0**	**100%**

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

Nedlac had 16 annual performance indicators and six with targets reporting in the third quarter of 2023/24, which were all achieved, translating to an overall achievement of 100%.

The Administration programme had eight annual indicators and three indicators reporting in the third quarter, which were all achieved. Core Operations programme had four annual indicators, and two indicators reported in the third quarter, which were all achieved. The capacity building programme had no indicators reporting in the third quarter. Presidential Climate Commission had three annual indicators and one indicator reporting in the third quarter, which was achieved.

3.3.2. Nedlac Financial Performance per Programme in Q3 of 2023/24

Nedlac reported on its financial performance per programme as follows:

Table 10: Nedlac Financial Performance in Q3 of 2023/24

Programme	**Q3 YTD Budget R'000**	**Q3 YTD Actual Spend R'000**	**Variance R'000**
Administration	36 192	37 441	-1 249
Core operations	6 665	4 252	2 413
Capacity building	5 625	3 000	2 625
Presidential Climate Change	32 110	22 237	9 373
Total	**80 952**	**66 930**	**13 162**

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

Table 10 above reflects that Nedlac had a total third quarter year to date budget of R80.9 million and it spent R66.9 million, resulting to an under-expenditure of R13.1 million. The Administration programme had a budget of R36.1 million and spent R37 .4 million, resulting to an over-expenditure of R1.2 million. The Core operations programme had a budget of R6.6 million and spent R4. 2 million, resulting to an under-expenditure of R2.4 million. The Capacity building programme had a budget of R5.6 million and spent R3 million, resulting in under-spending of R2.6 million. The Presidential Climate Change programme had a budget of R32.1 million and spent R22.2 million, resulting in under-spending of R9.3 million.

3.3.3. Nedlac comments on its financial report

Nedlac commented on its financial report as follows:

- The total grant revenue as at the end of quarter three amounted to R55.2 million, R39.1 million transfers received on behalf of Nedlac and R16.1 million received for the Presidential Climate Change (PCC).
- Interest and other income amount to R2.1 million.
- There is a saving of R4 million on employee costs due to vacancies experienced during the first three quarters of the year.
- While there was underspending on capacity building, the labour and community schools are scheduled for the fourth quarter where most of the expenditure occurs.
- There has been a significant improvement in the spending on goods and services at the end of quarter three compared to the same period in 2022/23 (an increase of 70%).
- It should be noted that the National Treasury circulated a cost containment guideline in quarter three that has an impact on spending.

3.4. Unemployment Insurance Fund (UIF)

3.4.1. UIF Performance per Programme in Q3 of 2023/24

The UIF reported on its performance per programme in the third quarter of 2023/24 as reflected in the following table.

Table 11: UIF Performance per Programme in Q3 of 2023/24

Programme	**Q3 Targets**	**Q3 Achievement**	**Not Achieved**	**% Achievement**
Administration	15	11	4	73%
Business Operations	5	3	2	60%
Labour Activation Programmes	5	3	2	80%
Overall Performance	**25**	**17**	**9**	**68%**

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

The UIF had 25 performance indicators with targets reporting in the third quarter of 2023/24 and 17 were achieved translating to an overall achievement of 68%.

The Administration programme had 15 performance indicators with targets reporting in the third quarter and 11 were achieved, translating to an achievement of 73%. The following performance targets were not achieved by the Administration programme in the third quarter of 2023/24:

- Percentage of valid invoices paid within 30 calendar days of receipt. Only 92.8% of valid invoices were paid within 30 calendar days against a target of 100%.
- Multiple channels for accessing UIF services created (Kiosks). The target of procuring 32 kiosks was not achieved. The Bid Adjudication Committee (BAC) approved kiosk submission, and the tender was published.
- Multiple channels for accessing UIF services created (Buses). The target of procuring 11 buses was not achieved. The submission is awaiting presentation to BAC.
- An Integrated Claims Management (ICM) System deployed. The third quarter target of quality assuring the ICM system was not achieved. It was reported that the quality assurance is in progress and ECC6 System successfully migrated to Linux. GAP analysis of business changes was completed.

Business Operations programme had five targets reporting in the third quarter of 2023/24 and three were achieved, translating to an achievement of 60%. The following programmes were not achieved by the Business Operations programme in Q3:

- Percentage of complete, accurate and verified benefit payment documents created within three working days. The target of creating 95% of complete, accurate and verified benefit payment documents within three working days was not achieved. Only 70% were paid within three working days.
- Percentage of valid in-service benefit claims (maternity, illness and adoption) with complete, accurate verified information approved or rejected within 10 working days. The target of approving or rejecting 92% of valid in-service benefit claims within 10 working days was not achieved. Only 90% of claims were paid within 10 days.

Labour Activation Programmes (LAP) had five indicators with targets reporting in the third quarter and three were achieved, translating to an achievement of 80%. The following third quarter performance targets were not achieved by the LAP:

- Number of beneficiaries participating in employability programmes. Only 4 444 beneficiaries participated in employability programmes against a target of 30 000
- Percentage of funded projects monitored. Only 58% of funded projects were monitored against a target of 70%.

3.4.2. UIF Financial Performance Report - 31 December 2023-INCOME

Table 12: UIF Financial Performance Highlights for Q3 ended 31 December 2023 - **Income**

Income	**YTD Actuals 31 Dec 23**	**YTD Actuals 31 Dec 22**	**Variance**	**YTD Budget 31 Dec 23**	**Variance**
	R'000	**R'000**	**%**	**R'000**	**%**
Contributions Revenue	18,555,297	17,585,814	5.51	18.376.009	0.98
Other income	20,152	20,080	0.36	21,952	-8.20
Investment revenue	7,885,689	7,872,364	0.17	7,310,194	7.87
Total income	**26,461,138**	**25,478,258**	**3.86**	**25,708,155**	**2.93**

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

Financial performance narration for Q3 ended 31 December 2023

- Contributions revenue received increased by 5.51% in comparison to the previous financial year.
- Actual revenue collected is more than the amount budgeted for. Increase in revenue collected is because of increase in registration of new employers by the Fund resulting in more revenue being collected.
- Penalties received is less that the budgeted amount. Penalties received vary, they depend on the defaulters and penalty charged.
- Other income increased by 0.36% which was made by increase on sale of scrap of prior year.
- Income from investments is more than the budgeted amount. The Fund started transferring surplus funds to the investment portfolio which led to increase in investment activity and subsequently increase in investment revenues opposed to when funds were withdrawn

from the investment portfolio resulting in less investment activity. The budget on income from investment is very conservative and is based on economic conditions at the time the budget is prepared.

3.4.3. UIF Financial Performance Report-31 December 2023-Expenditure

Table 13: UIF Financial Performance Highlights for Q3 ended 31 December 2023 - **Expenditure**

EXPENDITURE	**YTD Actual 31 Dec 23**	**YTD Actuals 31 Dec 22**	**Variance**	**YTD Budget 31 Dec 23**	**Variance**
	R'000	**R'000**	**%**	**R'000**	**%**
Benefit Payments	11,111,277	11,931,071	-6.87	13,089,898	-15.12
Change in Benefits Payable	176,862	309,003	-42.76	5,077,710	-96.52
Expenditure	**2,946,932**	**3,121,005**	**-5.58**	**3,434,834**	**-14.20**

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

Financial Performance Narration for Q3 ended 31 December 2023

- Benefits payments decreased by 15.12%, budget included for Benefit payments and Covid-TERS claims provision. Claims for period 22/23 Q3 vs 23/24 Q3 decreased by 5%. Payments was down by 18%. COVID TERS payments have also decreased year-on-year since inception with 22/23 vs 23/24 down by 41% volume. We took outstanding applications in the system to allocate funding for this program. Reasons for non-payment, clients are not fixing errors, hence no payments. Errors on the part of employers are related to banking details failure or duplicate bank accounts for employers.
- Poverty Alleviation Schemes decreased by 42% as compared to the previous year. The actual expenditure compared to budget variance is 92%. The LAP/ Poverty Alleviation Schemes is made up of TERS claims, Turnaround interventions and Employability programs.
- The reason for the variance is due to the delays in finalizing the adjudication of proposals and appointment of service providers due to the controls that were implemented. A project to address the delays and resolution of challenges were subsequently implemented.

3.5. Compensation Fund

3.5.1. Constitutional Mandate

The mandate of the Compensation Fund (CF) is derived from section 27(1) of the Constitution of the Republic of South Africa. In terms of the Constitution, all South Africans have a right to social security. The CF is mandated to provide social security to all injured and diseased employees.

3.5.2. Legislative Mandate

The CF is a Schedule 3A Public Entity of the Department of Employment and Labour. The Fund administers the Compensation for Occupational Injuries and Diseases Act no 130 of 1993 as amended by the Compensation for Occupational Injuries and Disease Act No 61 of 1977 and further by the COID Amended Act 10 of 2022. The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees or for death resulting from such injuries or diseases and provide for matters connected therewith.

3.5.3. CF Programmes

CF is structured into four programmes, namely:

- Administration - To provide an effective and efficient client-oriented support services through the strengthening of the institutional capacity of the Organisation.
- COID Services - To administer compensation claims, medical adjudication and accounts and customer care.
- Medical Benefits - To provide strategic support and medical expertise to claims processing.
- Orthotics and Rehabilitation - To provide support in the Orthotic and Rehabilitation services for the Fund, which aims to promote the rights of injured workers with disabilities, their dependents and all beneficiaries of a COIDA system.

3.5.4. Highlights: Performance as at Q3 of 2023/24

The CF achieved 71% of the set Annual Performance Plan (APP) targets for the period under review. The following are the service delivery performance indicators and targets the Fund performed, amongst other indicators:

- 86% of claims were adjudicated within 25 working days of receipt, against a target of 90%.
- 70% of approved benefits were paid within 10 working days, against a target of 90%.
- 85% of accepted medical invoices were finalised within 30 working days of receipt, against a target of 85%.
- 99% of requests for pre-authorisation of specialised medical interventions were finalised within 10 working days of receipt, against a target of 95%.
- 96% of requests for assistive devices were finalised within 15 working days, against a target of 95%.

3.5.5. Performance per Programme in Q3 of 2023/24

Table 14: Performance per programme in Q3 of 2023/24

Programme	**Annual Planned Indicators**	**Indicators with targets reporting in Q3**	**Achieved**	**Not Achieved**	**Overall Achievement**
Administration	13	2	2	0	100%
COID Services	3	2	0	2	0%
Medical Services	2	2	2	0	100%
Orthotics and Rehabilitation	4	1	1	0	100%
Overall Performance	**22**	**7**	**5**	**2**	**71%**

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

Table 14 above reflects that CF had a total of 22 annual planned indicators and seven indicators with targets reporting to the third quarter of 2023/24. Of the seven indicators with targets reporting to the third quarter, five were achieved translating to an overall performance of 71%.

COID Services programme is the only programme that reported an overall achievement of 0%. The rest of the programmes reported an overall achievement of 100%. This programme adjudicated 86% of claims received within 25 working days against a target of 90%. It paid 70% of approved benefits within 10 working days against a target of 90%.

3.5.6. Operational Challenges

CF operates as a pension fund, short term insurance and medical aid, which is a complex environment. Its challenges can be categorised as follows:

Table 15: CF Operational Challenges

Systems	People	Processes
• ICT infrastructure	• Skills gap	• Quality of standard operating procedures.
• Cybersecurity	• Number of resources	• Lack of innovation
• Downtimes	• Absence of a training directorate within CF	• Poor data quality and loss of source documents
• Bandwidth	• Decentralised structure reporting to Chief Director Provincial Office (CDPO)	• Poor controls
• No dedicated business intelligence	• Poor attraction of critical skills	
• Poor record keeping	• Culture of accountability	
• Server space		
• Legacy systems		
• Fraud		

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

3.5.7. Proposed Solutions

The entity proposed the following solutions:

Table 16: Proposed solutions

Systems	**People**	**Processes**
Obtain the following: • CF ICT infrastructure. • Cybersecurity • Business intelligence • Cloud • Update systems	• Increase resources as per operational requirements • Form a training directorate within CF • Direct reporting from provinces • Attraction of critical skills • Culture of accountability	• Improve standard operating procedures and align to systems • Culture of innovation • Improve data quality-tracking and tracing.

Source: Presentation to the PC on Employment and Labour dated 18 May 2024

3.5.8. Financial Information

CF reported on its financial information as reflected in table 17.

Table 17: Programme Performance vs Budget vs Expenditure

Programme	**Q3 Planned Indicators**	**Achieved Performance**	**Total Budget**	**Total Expenditure**	**Overall Expenditure against budget**
		%	R'000	R'000	%
Administration	2	100%	5 077 975	1 528 743	30%
COID Services	2	0%	1 772 915	1 439 534	81%
Medical Benefits	2	100%	5 469 170	2 314 381	42%
Orthotics and Rehabilitation	1	100%	372 415	257 063	69%
Overall Performance	**7**	**71%**	**12 692 475**	**5 539 721**	**44%**

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

Table 17 above reflects that the overall achievement of Administration programme was 100%, while it spent only 30% of its budget. On the other hand, the overall achievement of COID Services programme was 0% and it spent 81% of its budget. Medical Benefits and Orthotics and Rehabilitation programmes both achieved 100% performance but spent 42% and 69% respectively. The overall performance of CF was 71% and it spent 44% of its budget as of 31 December 2023.

3.6. Commission for Conciliation, Mediation and Arbitration (CCMA)

The CCMA is a statutory body established in terms of section 112 of the Labour Relations Acts (LRA) of 1995, as amended. In terms of section 113 of the LRA, the CCMA is independent of the State, any political party, trade union, employer, employers' organisation, federation of trade unions or federation of employers' organisations.

3.6.1. Functions of the CCMA

Functions of the CCMA can be categorised into mandatory and discretionary functions.

A. Mandatory Functions of the CCMA

- To conciliate and arbitrate workplace disputes.
- To assist with the establishment of workplace forums.
- To compile and publish statistics and information about its activities.
- To administer the Essential Services Committee.
- To consider applications for accreditation and subsidies of bargaining councils and private agencies.

B. Discretionary Functions of the CCMA

- To supervise ballots for unions and employer organisations.
- To provide training and information relating to the primary objective of the LRA.
- To advise a party to a dispute about the procedures to follow.
- To offer to resolve a dispute that has not been referred to the CCMA.
- To publish guidelines on any aspect of the LRA and to make rules.
- To provide training and advice on the establishment of collective bargaining structures, workplace restructuring, consultation processes, termination of employment, employment equity programmes and dispute prevention.

- To conduct and publish research.
- To provide assistance of an administrative nature to an employee earning less than the BCEA threshold.
- To determine fees that the CCMA can charge and regulate practices and procedure for conciliation and arbitration hearings.

3.6.2. Programmes of the CCMA

The CCMA carries its functions through the following programmes:

- Administration
- Proactive and relevant labour market interventions
- Special interventions and support
- Efficient and quality dispute resolution and enforcement services
- Effective strategy management and governance

3.6.3. Detailed breakdown of the 2023/2024 Q3 Performance

Table 18: Detailed breakdown of 2023/24 Q3 Performance

Output Indicator	**Annual Target**	**Quarterly Target**	**Q3 Actual Output**
1. Number of training interventions delivered to develop identified stakeholders per annum.	42	10	13
2. Percentage of uptime ICT systems implemented by 31 March 2024	90%	90%	99.77% (26338/26400)
3. Percentage of positive rating on participant evaluation outcomes attained per annum.	90%	90%	100% (984/984)
4. Number of interventions conducted to promote effective dispute resolution in essential services per annum.	12	3	3

5. Number of essential services designations, minimum service agreements, minimum service determinations and/or maintenance services determinations monitored for implementation and observance per annum.	8	2	2
6. Number of awareness sessions on essential service designation conducted per annum.	14	3	3
7. Percentage of conciliable cases heard within 30 days at first event (excludes agreed extensions, where certificates were issued, out of jurisdiction case/withdrawn/settled by parties' cases prior to the matter being scheduled, no process cases and cases which are not conciliable or where conciliation is not the first process)	98%	98%	99.6% (107970/108404)
8. Percentage of arbitration awards rendered sent to parties within 14 days of the conclusion of the arbitration proceedings (excluded extensions granted and head of arguments filed)	98%	98%	99.99% (13440/13441)

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

The entity had eight indicators with targets reporting to the third quarter of 2023/24 financial year and they were all achieved, translating to an overall performance of 100%, which is an improvement from 89% overall performance of the first and second quarter.

3.6.4. CCMA Expenditure per Programme in Q3 of 2023/24

The entity reported on its expenditure per programme as follows:

Table 19: Expenditure per programme as of 31 December 2023

Programme	**Budget**	**Expenditure**	**Variance**	**Variance**
	R'000	R'000	R'000	%
Administration	195 974	157 335	38 639	19.7%
Labour Market Intervention	9 473	8 580	893	9.4%
Special Interventions and Support	11 611	11 419	192	1.7%
Dispute Resolution and Enforcement Services	576 130	598 444	(22 314)	(3.9%)
Strategy Management and Governance	30 922	25 978	4 944	16.0%
Total	**824 110**	**801 756**	**22 354**	**2.7%**

Source: Presentation to the PC on Employment and Labour dated 18 September 2024

The total budget of the CCMA was R824 million and R801 million was spent by 31 December 2023 resulting to under-expenditure of R22 million or 2.7 % of the budget.

The Administration programme spent R157 million of the allocation of R195 million, resulting to an under-expenditure of R38 million or 19.7% of the budget allocation. The underspending was attributed to unfilled vacancies as well as various outstanding invoices from the suppliers for services rendered such as video conferencing, helpdesk solutions, JAVS SLA, BCK and VOIP, WAN and 4G cards. It was anticipated that most of these invoices would be paid in the month of January 2024.
The other contributing factor is due to the contracts that are not yest ready and signed off for the projects such as Mobile Application and Cross Connect to VOCs, SMS system charges, Compliance Management Tool and Serve Room Environmental Monitoring. The other contributing factor is due to travel, recruitment services, legal fees and training interventions which were planned for but not incurred as anticipated. The savings will be utilised in subsequent months as the year progresses, as well as the contracts are awarded.

Labour Market Intervention programme had a budget of R9.4 million and spent R8.5 million resulting to an underspending of 893 000 or 9.4% of the allocated budget.

The underspending was attributed to unfilled vacancies, less claims received from the Councils on the awards made as well as delay in the Private Security Council to roll out the offices and Safety and Security Sectorial Bargaining Council (SSSBC) was planned for during the approved budget, however, their approval for accreditation was not granted. The saving is expected to be absorbed in subsequent months as and when the claims are submitted.

Special Interventions and Support programme utilised R11.4 million of the allocated R11.6 million by the end of Q3 of 2023/24 financial year resulting to an underspending of R192 000 of 1.7% of the budget allocation. The underspending was attributed to acting allowance payment, which was not budgeted for, which relates to the senior vacancy as well as the Essential Services Committee (ESC) Board fees.

The Dispute Resolution and Enforcement Services programme received a budget allocation of R576.1 million and spent R598.4 million by the end of Q3 of 2023/24 financial year, resulting to an over-expenditure of R22.3 million or 3.9%. The over-expenditure was attributed to an increase in the utilisation of part-time commissioners in response to the caseload. The other factor contributing to overspending is the travel, accommodation and hiring of venues to conduct cases in the outlying areas.

The Strategy Management and Governance programme spent R25.9 million of the allocated R30.9 million resulting to underspending of R4.9 million or 16% of the budget allocation. The underspending was attributed to projects such as Social Media Management Tool and printing for additional coffee table booklets which were budgeted for, but not yet incurred as anticipated. The other factor is resulting from the insurance premiums which were not paid as anticipated.

4. COMMITTEE OBSERVATIONS

The Committee made the following observations:

4.1. Department of Employment and Labour

- The Quarterly Labour Force Survey reflects the unacceptably high unemployment rate in the country.

- DEL reported an overall performance of 96% and the total expenditure of 68% in the third quarter of 2022/23.
- The Administration branch reported an achievement of 90% and the rest of the branches reported 100% achievement.
- The less than 100% achievement of the Administration branch was attributed to ICT transition Legacy systems to the modern integrate SAP platform.
- Public Employment Services branch reported that it filled 71 017 employment opportunities with registered work-seekers. However, it is not clear whether the target was not set too low.

4.2. Supported Employment Enterprises

- The sales revenue of SEE grew from R42.6 million in Q2 to R58.8 million in Q3 of 2023/24 financial year, translating to 38% growth.
- However, the entity faces challenges such as the revoked preferential procurement status and the moratorium on filling of vacant posts, which leads to inability to replace lost talent.
- Mpumalanga is the only province without a SEE factory.

4.2.3. Productivity SA

- The overall performance of the Productivity SA was 87.5% at the end of the third quarter of 2023/24 financial year, which is a decline from the 100% achieved in the first and the second quarter.
- The Corporate Services programme did not achieve the performance target of paying the service providers within 30 days. This non-achievement was attributed to liquidity risks faced by the entity. The performance management measures have been introduced as a remedial measure.
- In Conclusion and Recommendations paragraph of the entity's presentation, it states that it must implement the Business Turnaround and Financial Sustainability Strategy which focuses on the revenue generation plan and cost containment strategies to ensure that the entity remains financially viable. Furthermore, it states that is expected that the Turnaround Strategy will alleviate Productivity SA's financial challenges.

4.2.4. National Economic Development and Labour Council (Nedlac)

- The overall performance of Nedlac was 100% in the third quarter of 2023/24 financial year.
- During the period under review, the Governance Task Team (GTT) in Nedlac concluded its work of reviewing how it functions for it to become fit for purpose. The GTT reached an agreement on new Nedlac Bill and the Revised Nedlac Constitution.

4.2.5. Unemployment Insurance Fund (UIF)

- The overall performance of the UIF was 68% in the third quarter of 2023/24 financial year.
- The services of UIF are provided in labour centres using the staff of the Department and the Department does not have staff dedicated to providing UIF services.
- The UIF is using the ICT infrastructure provided by the State Information Technology Agency (SITA) and does not have its own technology.

4.2.6. Compensation Fund (CF)

- The overall achievement of the Administration programme was 100% and its budget expenditure stood at 30% by the end of the third quarter of 2023/24 financial year, while the overall achievement of COID Services programme was 0% but the budget expenditure was 81%.
- The overall performance of the entity was 71% and 44% of the budget was spent by the end of the third quarter of 2023/24 financial year.
- The entity identified ICT infrastructure and skills gap as some of the operational challenges that negatively impacts its performance.
- The entity has been under-performing for several years and has been experiencing high levels of fraud and corruption.

4.2.7. Commission for Conciliation Mediation and Arbitration (CCMA)

- CCMA's overall performance in the third quarter of 2023/24 was 100% which is an improvement from the 89% achieved in the first and second quarter.
- The performance of the CCMA is negatively impacted by under-funding.

5. COMMITTEE RECOMMENDATIONS

In view of the above observations, the Committee recommends that the Minister of Employment and Labour considers the following:

5.1 Department of Employment and Labour

- The Department should speed up the process of filling critical vacant positions to ensure stability in the Labour and Employment portfolio. The Committee encourages the proposed employment of interns in the Inspection and Enforcement Service branch of the Department to ensure compliance to labour laws.
- The performance targets of the Department must be set such that achievement has an impact in the lives of users of its services.
- The ICT system challenges of the Department should be addressed without delay and where termination of contracts is required, due process must be followed.
- The list of deregistered trade unions should be provided to the Portfolio Committee at the earliest convenience.
- The complains concerning the labour registrar's abuse of power should be investigated.
- The names of contact persons for the CF and the UIF should be provided to the Committee for referral of complains from the public.

5.2. Supported Employment Enterprises (SEE)

- The Department should speed up the process of establishing the SEE factory in Mpumalanga province.
- The Department should continue engagements with the National Treasury to reinstate the revoked preferential procurement status of SEE to stimulate demand for its products and thus prevent further job losses.

5.3. Productivity SA

- Productivity SA must present its Business Turnaround and Financial Sustainability Strategy before the Portfolio Committee when it is ready.

5.4. National Economic Development and Labour Council (Nedlac)

- Nedlac must brief the Committee on the outcome of the work of the Governance Task Team regarding its restructuring to ensure that it is fit for purpose.

5.5. Unemployment Insurance Fund (UIF)

- The entity must speed up the process of appointing interns, especially unemployed graduates to reduce the workload.
- The Committee should be briefed on a regular basis regarding the outcomes of follow-the-money project.
- The entity should speed up the process of appointing the dedicated staff to improve the service delivery.
- The entity should expedite the process of sourcing own technology to address the persistent ICT challenges.

5.6. Compensation Fund (CF)

- The Fund should speed up the process of sourcing own technology to address the ICT challenges.
- The entity should come up with a turnaround plan to address the persistent negative audit outcomes.

5.7. Commission for Conciliation, Mediation and Arbitration (CCMA)

- The Department should explore the ways in which the entity can be adequately funded to avoid compromising the service quality.

The Department of Employment and Labour should report back to the Portfolio Committee on Employment and Labour on progress made with regards to the above-mentioned recommendations within one month after the report has been adopted in the National Assembly.

Report to be considered.

8. Budgetary Review and Recommendation Report of the Portfolio Committee on Trade, Industry and Competition, dated 25 October 2024

The Portfolio Committee on Trade, Industry and Competition, having assessed the service delivery performance of the Department of Trade, Industry and Competition (DTIC), against its mandate and allocated resources, namely the financial and non-financial resources for the period 1 April 2023 to 30 June 2024, reports as follows:

1. INTRODUCTION

The DTIC's mandate is to facilitate inclusive economic growth in the pursuit of job creation, poverty reduction, and economic and spatial equality, while ensuring a fair and balanced marketplace for consumers and businesses. Therefore, as evident in its performance targets, it remained focused on attracting and retaining investment; facilitating increased localisation; increasing exports; supporting and creating jobs; and supporting regional integration, particularly capitalising on opportunities brought by the African Continental Free Trade Area (AfCFTA) for the financial period under review.

The DTIC's allocated budget remained under pressure due to fiscal constraints and slow economic recovery. Its allocated budget had decreased from R10,9 billion in the 2022/23 financial year to R10,7 billion in the 2023/24 financial year. This decrease was mainly due to ongoing austerity measures. For the 2023/24 financial year, the DTIC had achieved 83,9 per cent of its non-financial performance targets, had spent 99,5 per cent of its budget and had achieved a clean audit outcome.

Similarly in the 2024/25 financial year, the DTIC had been allocated a budget of R9,6 billion which is R1,1 billion less than the previous financial year's allocation of R10,7 billion. This further showed the impact of the ongoing austerity measures. In the first quarter of the 2024/25 financial year, 37 targets had been achieved against 64 planned targets (57,8 per cent of planned targets). This shows a decline in performance compared to the same period in the previous financial year.

1.1. Mandate of the Committee

Section 5 of the Money Bills Amendment Procedure and Related Matters Act (Act No. 9 of 2009) requires the National Assembly, through its committees, to annually assess the performance of each national department over an 18-month period. A committee must submit a report of this assessment known as a Budgetary Review and Recommendation (BRR) Report. The overarching purpose of the BRR Report is for the committee to make recommendations on the forward use of resources to address the implementation of policy priorities and services, as the relevant department may require additional, reduced or re-configured resources to achieve these priorities and services. This Act gives effect to Parliament's constitutional power to amend the budget in line with the fiscal framework. The BRR Report process enables the Committee to exercise its legislative responsibility to ensure that the DTIC, as well as its entities, are adequately funded to fulfil their respective mandates.

1.2. Purpose of the BRR Report

The purpose of this report is to analyse the annual financial and non-financial performance of the DTIC for the 2023/24 financial year, and for the first quarter of the 2024/25 financial year for the DTIC, against predetermined objectives to inform recommendations for its forward-looking budget. This report, therefore, assesses performance for the 2023/24 financial year, as well as for the first three months of the 2024/25 financial year, namely from 1 April 2023 to 30 June 2024, within the context of the three-year Medium-Term Expenditure Framework.

1.3. Method

The Committee met with the Office of the Auditor-General (AG) on 8 October 2024 to discuss the audit outcomes for the 2023/24 financial year. This was followed by a briefing from the DTIC on its 2023/24 annual report and on its financial and non-financial performance for the first quarter of the 2024/25 financial year.

1.4. Limitation of the report

The BRR Report is intended to cover an 18-month period namely the previous financial year's annual report and the first six months (April to September) of the current financial year. However, due to the timing of the BRR Report, the second quarter financial and non-financial information were not available at the time of publication. The key challenge was that the DTIC and its entities were still in the process of compiling the preliminary performance information, which must be submitted to the Department of Planning,

Monitoring and Evaluation (DPME) and National Treasury (NT) by the end of October. The verified information would only be available in January of the following year. Therefore, the report has only captured performance up to the end of the first quarter of the 2024/25 financial year.

1.5. Outline of the contents of the report

This BRR Report consists of the introduction (Section 1) and eight sections. Section 1 briefly provides an overview of the mandate of the Committee, the purpose of this report, the method followed in preparing this report and the limitation of the report.

Section 2 provides a summary of the key financial and non-financial performance recommendations of the Committee as captured in its previous BRR Report and its 2024 Budget Vote Report. Section 3 sets out the key policy focus areas for the DTIC. This includes an overview of its strategic objectives and mandate. Section 4 provides an assessment of the DTIC's financial and non-financial performance against its budget allocation from 1 April 2023 to 31 March 2024, as well as its audit findings and human resource management, for the period ending 31 March 2024. Section 5 considers the financial and non-financial performance of the DTIC for the period ending 30 June 2024.

Then, section 6 outlines key issues raised by the Committee during its deliberations with the DTIC. Section 7 provides the Committee's concluding remarks followed by a note of appreciation in Section 8. Section 9 then concludes with the Committee's recommendation for the National Assembly's consideration and approval.

2. SUMMARY OF PREVIOUS KEY FINANCIAL AND PERFORMANCE RECOMMENDATIONS OF THE COMMITTEE

2.1. 2023 BRR Report recommendation

The Committee recommended that "the House requests that the Minister of Trade, Industry and Competition should consider monitoring the cost of poultry feed, and ascertain whether there is any anti-competitive behaviour in the poultry feed sector."[1]

[1] Portfolio Committee on Trade, Industry and Competition (2023: 49)

2.2. 2024 Budget Vote Report recommendation

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

- Engaging with the relevant Ministries, in conjunction with the private sector and organised labour, to consider a skills development strategy to promote and enhance its current industrialisation drive and report to the National Assembly within six months of the adoption of this report.
- Establishing a coordinating structure that includes all relevant government departments and public entities to address blockages to industrialisation, such as transport logistics, high administered prices and energy supply and report to the National Assembly within six months of the adoption of this report.
- The viability of designating Special Economic Zones (SEZs) for the film and television industry and report to the National Assembly within six months of the adoption of this report.
- Developing specific key performance indicators and/or output targets regarding the creation of new business enterprises."[2]

3. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

3.1. Strategic objectives

The DTIC's mission is to:

- "Promote structural transformation, towards a dynamic industrial and globally competitive economy;
- Provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development;
- Broaden participation in the economy to strengthen economic development;
- Continually improve the skills and capabilities of the DTIC to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens;

[2] Portfolio Committee on Trade, Industry and Competition (2024: 99)

- Co-ordinate the contributions of government departments, state entities and civil society to effect economic development; and
- Improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives and mandate."[3]

From the 2022/23 financial year to the 2023/24 financial year, the DTIC had made several changes to the approach it took in determining key performance indicators (KPIs), as well as in how the programmes within the DTIC were structured. In terms of its KPIs, in the 2022/23 financial year, the DTIC built on the joint KPIs introduced in 2021 to improve integration of the work of the DTIC and its entities. Three succinct outcomes had been introduced, namely (i) industrialisation to promote jobs and rising incomes, (ii) transformation to build an inclusive economy, and (iii) a capable state to ensure improved impact of public policies. Each programme's KPIs were linked to one of these three outcomes. During this financial year, the DTIC had maintained its ten programmes.[4]

In the 2023/24 financial year, the DTIC sought to consolidate the gains made over the previous four financial years by realigning its programmes around a set of outputs that would be measured in terms of the real impact they have on jobs, growth and transformation. In this regard, it was piloting an innovative new approach, in partnership with the DPME, that moves away from purely targeted inputs and activities that are easier to audit, removing factors that are beyond the DTIC's control or influence, towards a set of targeted impact outcomes. This approach required the Annual Performance Plan (APP) to become a dynamic document that could be updated in the light of experience and learnings based on the implementation of the new approach on the delivery of the DTIC Group's services, as well as substantive changes in the underlying assumptions.[5]

The DTIC had reduced its number of programmes from ten to nine during the 2023/24 financial year. Each of the DTIC's programmes' targets are linked to at least one of the three abovementioned outcomes and one of the 12 functional focus areas identified in the 2023/24 APP to ensure greater coordination within the DTIC to effectively contribute to the achievement of the outcomes. The 2024/25 financial year continued with this approach.

[3] DTIC (2023a: 12)

[4] DTIC (2022)

[5] DTIC (2023a)

The DTIC is responsible for administering 47 pieces of legislation; and overseeing 18 entities (see Figure 1 below) (excluding the Broad-Based Black Economic Empowerment (B-BBEE) Commission, which is an entity under the administration of the DTIC) that contribute towards fulfilling its mandate. In addition to overseeing the DTIC, the Committee oversees these entities, as a number of the DTIC's strategic objectives are implemented by them.

Figure 1: List of entities reporting to the DTIC

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

4. OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE PERIOD 1 APRIL 2023 TO 31 MARCH 2024

This section provides a comparison between what the DTIC had targeted in its APP against its performance set out in the Annual Report for the 2023/24 financial year. It then provides an overview of the AG's audit outcomes and human resources as at 31 March 2024.

4.1. Non-financial performance

The section below details the DTIC's performance by programme for the 2023/24 financial year against its targets as set out in its APP.

For the financial year, the DTIC had a total of 124 KPIs[6] based on the re-tabled 2023/24 APP in March 2024. In the previous financial year, there had been 151 KPIs, as some of the performance targets for the 2023/24 financial year had been reworked and/or removed. Of

[6] DTIC (2023a)

the 124 targets, 104 had been achieved, meaning that the DTIC had achieved 83,9 per cent of its targets compared to 97 per cent in the previous financial year.[7]

Table 1: Summary of 2023/24 KPIs per Programme

	Programme	Performance targets	Achieved
1	Administration	6	4
2	Trade	18	17
3	Investment and Spatial Industrial Development	12	10
4	Sectors	16	15
5	Regulation	6	3
6	Incentives	15	13
7	Exports	16	14
8	Transformation and Competition	23	17
9	Research	12	11
	Total	**124**	**104**

Source: DTIC (2024b)

4.1.1 Programme 1: Administration[8]

The purpose of the Administration Programme is to provide strategic leadership, management and support services to the DTIC.[9] Under Programme 1, the DTIC had reported on six performance targets and its achievement in respect of these.

The targets it had achieved were:

- Procurement spending to support Small, Medium, and Micro Enterprises (SMMEs), women and youth-owned businesses:
  - 42 per cent had been spent on women-owned businesses against a target of 40 per cent; and
  - 47 per cent had been spent on youth-owned businesses against a target of 30 per cent.
- A total of 1 218 DTIC success stories had been profiled against a target of 1 000 stories.
- 52 community outreach initiatives had been completed in all 52 districts, as planned.

The targets that had not been achieved were:

- The target for 7 per cent of its procurement contract value to be towards businesses owned by people with disabilities had not been achieved. For the financial year, only 1 per cent

[7] DTIC (2024b) and DTIC (2023b)

[8] DTIC (2024b: 52-53)

[9] DTIC (2023a: 124)

of the DTIC's contracts by value went to businesses owned by people with disabilities. The DTIC attributed this to the procurement system that remained centralised, and it reported that it was working on addressing this.

- The Incentives Adjudication Review Committee had not been established as planned. According to the DTIC, this target had not been achieved because the founding documents to establish the panel had not been approved.

4.1.2 Programme 2: Trade[10]

Through Programme 2, the DTIC aims to "build an equitable global trading system that facilitates development by strengthening trade and investment links with key economies and fostering African development, including regional and continental integration and development cooperation in line with the African Union (AU) Agenda 2063"[11]. Under this Programme, all 18 targets had been new, therefore, the performance could not be compared to the previous financial year.

The targets that had been achieved were:

- The value of investment pledges facilitated through reciprocal commitments was R1,07 billion against a target of R50 million. This significant discrepancy was attributed to this being a new indicator with no previous baseline, making annual targets difficult to project.
- The value of additional local industrial output due to utilisation of rebates was R28,9 billion against a target of R20 billion.
- The value of manufacturing exports facilitated under rebates, drawbacks, non-proliferation export permits and the Automotive Production and Development Programme (APDP) had been R308 billion against a target R300 billion.
- The value of manufactured exports to African countries facilitated under rebates, drawbacks and APDP had been R27 billion against a target of R25 billion
- A total of 130 527 jobs had been supported (direct jobs at the time of application) because of implemented tariff increases, rebates, APDP programme and trade remedies administered by International Trade and Administration Commission (ITAC) against a target of 120 000 jobs.

[10] DTIC (2024b: 63-72)

[11] DTIC (2023a: 131)

- 963 new jobs had been created (direct jobs at the time of application) as a result of implemented tariff increases, rebates, APDP programme and trade remedies administered by ITAC against a target of 500 jobs.
- One trade directive to assess the tariff structure for imports of alternative energy components and the final goods to ensure that tariffs encourage local manufacturing, including an assessment of the need for rebates or other tariff instruments had been achieved as planned.
- Five reports on the outcomes of the following business forums had been produced, namely the South Africa-Democratic Republic of Congo State Visit, South Africa-Uganda Investment Summit, South Africa-Namibia Bi-National Commission and Business Forum, African Growth and Opportunity Act (AGOA) Private Sector Forum, and the South Africa-Ghana Business Forum.
- Two Bills, namely the Patents and the Designs Amendment Bills, had been submitted to the Executive Authority as planned.
- There had been 18 high-impact trade interventions completed against a target of ten interventions. The DTIC attributed this to ITAC recommendations approved than anticipated
- A strategy on the Carbon Border Adjustment Mechanism (CBAM) had been finalised and a report with proposed actions to respond to CBAM had been prepared. It also raised the country's concerns about CBAM at the 13th World Trade Organisation (WTO) Ministerial Conference in February 2024.
- Two reports on 95 per cent achievement of KPIs and the impact of the work of ITAC had been produced as planned.
- Had hosted the BRICS Trade Ministers and AGOA Forum as planned.
- In terms of amending three regulations on anti-dumping, safeguards and import and export control to reduce red tape, two Draft regulations on anti-dumping and draft regulations on important and export control had been submitted to the Minister against a target of three regulations. The Safeguards regulations required further internal consultation, according to the DTIC.
- Cabinet memorandums on ratification of the Competition Protocol and ratification of the WTO Fisheries Subsidies Agreement had been submitted to the Executive Authority as planned and the protocols had been submitted to the AfCFTA Council of Ministers, namely the Protocol on Investment, Protocol on Women in Trade, Protocol on Digital Trade as planned.

- Seven impact assessments on trade instruments had been applied for and issued, against a target of six including (a) Impact assessment report on acrylic resins, (b) Impact assessment on rebate 311.40[12], (c) Ultra-high-temperature processed milk trade monitoring report, (d) CMT survey report, (e) Solar panels trade monitoring report, (f) Trade adjustment import sensitivity report, and (g) Permit Modernisation report.
- It appears that the DTIC had achieved the target to facilitate the start of preferential trading in goods under the AFCFTA by (a) Submitting the Southern African Customs Union (SACU) 90 per cent tariff offer to the AfCFTA Secretariat, (b) Facilitating changes to the Customs and Excise Act and gazetting thereof by the South African Revenue Service to implement SACU tariff offer by March 2024, and (c) Reporting on progress to finalise the outstanding rules of origin for clothing and automotive by March 2024. The DTIC does not outrightly state that these had been achieved but reported that South Africa had commenced preferential trading in goods under the AfCFTA on 31 January 2024.

The target that had not been achieved was the number of reports on support provided to investors requiring resolution of trade barriers and non-trade barriers. Four reports against a target of five reports had been prepared.

4.1.3 Programme 3: Investment and Spatial Industrial Development[13]

This Programme supports foreign direct investment (FDI) flows and promotes domestic investment by providing a one-stop shop for investment promotion, investor facilitation and aftercare support for investors as well as increased participation in industrialisation[14]. The targets set and reported for the financial year are shown below.

The targets that have been achieved were:

- The value of investment facilitated through investment support and SEZs had been R291,5 billion against a target of R200 billion.
- The value of additional local output committed or achieved through investments had been R3,9 billion against a target of R1,0 billion.

[12] Rebates in relation to certain textile yarns and textile fabrics imported for the manufacture of apparel and clothing accessories.

[13] DTIC (2024b: 77-79)

[14] DTIC (2023a: 141)

- The value of manufacturing exports facilitated through branch interventions had been R20,6 billion against a target of R15,0 billion.
- A total of 45 905 jobs had been supported or covered by master plans against a target of 25 000 jobs.
- A total of 156 705 jobs had been created through branch interventions against a target of 7 860 jobs.
- Phase 1 of the physical Energy One-Stop-Shop had been established as planned.
- A total of 265 investor facilitation and unblocking interventions had been provided against a target of 100 interventions.
- The South African investment conference had been hosted as planned.
- 232 megawatts of energy had been available for the grid against a target of 230 megawatts. According to the DTIC, this was due to the increase in the number of megawatts of energy available for the grid.
- In terms of SEZs, two applications, namely for the Namakwa SEZ and the expansion of the Coega SEZ for a Pharmaceutical and Vaccine Hub, had been assessed and submitted to the Minister for consideration against a target of one new SEZ application being considered for designation. Additionally, one application for the Fetakgomo Tubatse SEZ had been referred back for further amendments.

The targets that had not been achieved were:

- The target to increase energy by 800 Megawatts from projects facilitated had not been achieved.
- The value of support on black industrialist output achieved through branch interventions had been R517 million against a target of R1,0 billion.

4.1.4 Programme 4: Sectors[15]

The Sectors Programme is responsible for "designing and implementing policies, strategies and programmes to strengthen the ability of manufacturing and other sectors of the economy, to create decent jobs, promote inclusion, and increase value addition and competitiveness, in both domestic and export markets"[16].

[15] DTIC (2024b: 86-92)

[16] DTIC (2023a: 149)

The targets that had been achieved were:

- The value of investment facilitated by branch interventions had been R3,07 billion against a target of R1,5 billion.
- The value of additional output committed or achieved by branch interventions had been R2,6 billion against a target of R2,5 billion. The DTIC had stated that "more companies invested in increased local production and provided this information as a demonstration of their commitment to industrialisation"[17].
- Manufacturing exports facilitated by the DTIC had reached R7,03 billion against a target of R410 million.
- The value of manufacturing exports to Africa facilitated had been R390,2 million against a target of R93 million.
- A total of 605 973 jobs had been supported and maintained as a result of branch interventions against a target of 600 000 jobs. These jobs had been in master plan sectors.
- A total of 16 720 jobs had been supported in black industrialist firms against a target of 5 000 jobs.
- Four compulsory specifications had been submitted to the Executive Authority as planned.
- The National Building Regulations and Building Standards Act had been submitted to the Executive Authority as planned.
- The White Paper on new energy vehicles had been finalised as planned.
- The Green Hydrogen Commercialisation Framework had been finalised as planned.
- Four reports had been produced on the monitoring and evaluation of the implementation of six approved master plans as planned.
- The draft Medical Devices Master Plan had been developed.
- Four reports on 95 per cent achievement of KPIs and the impact of the work of entities had been produced.
- Two bi-annual action minutes on the improvement of turnaround times of two key technical infrastructure processes, namely for the South African Bureau of Standards (SABS) and the National Regulator for Compulsory Specifications (NRCS).
- The Metal Trade System development had been finalised as planned and institutionalised and housed at ITAC where ongoing testing was taking place.

[17] DTIC (2024b: 86)

The target that had not been achieved was in relation to the jobs to be created through branch interventions. A total of 68 social economy fund jobs had been created against a target of 1 459 jobs. According to the DTIC, this was because new industrial investments being supported take time to come on-stream. However, job numbers would improve as projects reach commercial production stages. On the other hand, the low job numbers also reflect the performance of the economy.

4.1.5 Programme 5: Regulation[18]

The purpose of the programme is to "develop and implement coherent, predictable, and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens"[19].

The achieved targets were:

- 51 391 jobs had been supported in liquor distributors and lotteries against a target of 20 000 jobs.
- The beneficial ownership register establishment; and the integrated business ownership register had been published as planned.
- Two reports on the Companies Amendment Bills had been tabled or submitted to the Executive Authority.

The following targets had not been achieved:

- 17 workshops had been hosted outside the five metros to support SMMEs against a target of 20 workshops. According to the DTIC, the target had not been met because it was a joint target with other branches within the DTIC.
- Nine education workshops had been hosted to support SMMEs against a target of 20 workshops. Similarly, the DTIC noted that this had not been met because it was a joint target with other branches within the DTIC.
- Only four actions had been completed on price monitoring, excessive pricing, or price gouging against a target of ten actions. The DTIC reported that the National Consumer Commission (NCC) had only conducted investigations of consumer products in terms of sections 3, 23, and 48 of the Consumer Protection Act. However, it remained unclear why

[18] DTIC (2024b: 96-98)

[19] DTIC (2023a: 164)

the target had not been achieved or whether this was as a result of less than expected completed cases.

4.1.6 Programme 6: Incentives[20]

Programme 6 is responsible for stimulating and facilitating the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures that support national priorities[21]. The programme captures the core mandate of the DTIC, it is the largest programme accounting for approximately 51 per cent of total expenditure.

The targets that had been achieved were:

- The value of investment facilitated through industrial financial support had been R33,9 billion against a target of R25 billion. The DTIC attributed this better than expect achievement to increased uptake of SEZs which led to a higher value of projected investment.
- The value of additional local outputs had been R73,4 billion, this had been significantly more than the target of R750 million. The Automotive Incentive Scheme (AIS) had contributed more to local output than envisaged.
- The value of approved funding accessed by projects or enterprises had been R5,2 billion against a target of R5,0 billion.
- The value of approved funding disbursed to projects/enterprises outside the five main metros had been more than double the target of R1,0 billion. This had been R2,03 billion and was attributed to high value of approved funding disbursed to projects/ enterprises outside the five main metros reported by AIS.
- The value of approved funding accessed, and support provided to SMMEs had been R607,2 million, approximately R107 million more than the target.
- The value of output by black industrialist firms supported by the DTIC group had been R1,7 billion more than the target at R4,7 billion. The AIS black-owned projects reported a higher value of output than anticipated.
- 52 390 retained and new jobs had been supported under Global Business Servies Master Plan against a target of 25 000 jobs.

[20] DTIC (2024b: 102-106)

[21] DTIC (2023a: 171)

- 17 751 new permanent jobs had been created against a target of 10 000 jobs. The AIS was also in this case the main programme contributing to the high number of jobs.
- 5708 jobs in black industrialist firms had been supported against a target of 3 000 jobs. The Black Industrialist Scheme contribute to a higher than expected number of jobs in black industrialist firms.
- The value of financial support to enterprises including SMMEs to mitigate the impact of loadshedding through Energy Resilience Fund had been significantly higher than the target of R240 million. It had been R2,4 billion as a result of the National Empowerment Fund (NEF) and Industrial Development Corporation (IDC) receiving higher than expected demand for energy funding projects.
- Four reports on 95 per cent achievement of KPIs and the impact of the work of its entities, namely the IDC and the NEF had been produced.
- Three regulations/guidelines and red tape reduction interventions had been published against a target of two. The additional publication had been in relation to the Agro-Processing Support Scheme, which had been amended to consider the possibility of supporting hemp and cannabis products.

The targets that had not been achieved were:

- The value of exports of Global Business Services which had been at R7,3 billion against a target of R8,0 billion. According to the DTIC, this had resulted from the reduction in the export revenue of BMW South Africa IT Hub.
- 1 342 construction job opportunities (part-time or temporary job opportunities) had been created against a target of 3 000 job opportunities as a result of fewer than expected claims from the Critical Infrastructure Programme.

4.1.7 Programme 7: Exports[22]

The purpose of this Programme is to "increase export capacity and support direct investment flows, through targeted strategies, and an effectively managed network of foreign trade and investment offices" [23].

[22] DTIC (2024b: 109-116)

[23] DTIC (2023a: 180)

The targets which had been achieved, related to mainly reports on manufacturing exports and initiatives that support exports. The targets that had been achieved under this Programme were as follows:

- R942 billion in exports in manufacturing sectors to the rest of the world had been achieved against a target of R800 billion.
- R241,4 billion in exports in manufacturing sectors to the rest of the world had been achieved against a target of R170,4 billion.
- R406 billion in exports to the rest of Africa in manufacturing sectors had been achieved against a target of R330 billion.
- R117,6 billion in exports to the rest of Africa in manufacturing sectors had been achieved against a target of R65,2 billion. The DTIC stated that this had been generated in sectors supported by export councils and through export promotion initiatives.
- The value of approved funding support to exporters to participate in export promotion initiatives had been R201,6 million against a target of R148 million.
- R96 million had been provided to SMMEs, including women- and youth-empowered enterprises to participate in export initiatives against a target of R60 million due to better than expected uptake by SMMEs participating in export initiatives.
- R71,8 million funding had been provided to exporters for export initiatives in labour-absorbing sectors against a target of R58 million due to a higher number of enterprises participating in export initiatives.
- R15,9 billion of output by black industrialist firms supported through export initiatives against a target of R10 billion.
- 122 459 jobs had been supported through export initiatives against a target of 70 000 jobs. This was almost double the target.
- 15 099 jobs had been supported in black industrialist firms through export initiatives against a target of 6 500 jobs.
- Six business forums had been conducted in support of increased FDI, exports and outward investment as planned.
- Four reports had been submitted on the Export Credit Insurance Corporation (ECIC) implementing its corporate plan and meeting its targets as planned.
- The hosting of the BRICS Business Forum Inward Buying Mission and Exhibition, AGOA Exhibition and the Black Industrialist and Exporter Exhibition had been facilitated.

- The cooperation agreement between the DTIC, ECIC, NEF, and IDC had been signed by all parties. The agreement allows for the implementation of an Exporter Development Programme to coordinate and pool support for exporters.

Two targets had not been achieved, namely:

- R46,6 million had been provided to companies outside the five main metros to participate in export promotion initiatives. However, this had been less than the target of R65 million. This is attributed to less than expected applications as well as budget constraints.
- Four reports had been submitted on High-impact reports on trade interventions including, but not limited to the following: Trade disputes, challenges with the implementation of trade agreements, ITAC decisions and trade measures, bilateral trade concerns against a target of ten. However, only one high-impact barrier had been resolved.

4.1.8 Programme 8: Transformation and Competition[24]

Through this Programme, the DTIC aims to develop and roll out policy interventions that promote transformation and competition issues through effective economic planning, aligned investment, and development policy tools[25].

The targets that had been achieved under this Programme were:

- The target of R6,0 billion in local output had been committed or achieved.
- The value of funds from transformation and competition, including the Social Employment Fund (SEF) had been above the target at approximately R5,6 billion against a target of R1,1 billion.
- The value of support provided to SMMEs from transformation and competition initiatives had also been above the target at R3,6 billion against a target of R1,1 billion. The better than planned achievement of the two above targets had been due to actual expenditure by merger firms being more than the commitments due to favourable trading conditions.
- The value of loan, equity and procurement funding to support black-owned enterprises had been R1,8 billion against the target of R800 million.
- A total of 260 461 jobs had been retained and created against a target of 180 000. This was attributed to the efficient rollout of support to master plan sectors.

[24] DTIC (2024b: 122-131)

[25] DTIC (2023a: 190)

- A total of 63 454 jobs (part-time or temporary) opportunities had been created under the Social Employment Fund.
- A total of 5 323 jobs had been created in black industrialist firms which supported or benefited from B-BBEE policies. This was above the target of 3000 jobs.
- Ten impact assessment reports on high-impact outcomes on addressing market concentration at sector or firm level had been produced.
- Two reports on block exemptions for energy had been produced.
- 239 DTIC success stories profiled through case studies had been produced against a target of 150 case studies.
- Four reports had been produced on 95 per cent achievement of KPIs and the impact of the work of the competition entities.
- Two conferences, summits and international forums had been hosted.
- All mergers for the public interest had been notified and assessed.
- 17 per cent of mergers that had been notified had interventions to advance the public interest. The DTIC had initially had a target of 15 per cent.
- A total of 69 mergers and acquisitions where public interest considerations had been considered. However, 50 mergers and acquisitions had been planned for.
- Two reports had been published, one on Competition regulations and one on B-BBEE red tape reduction action.
- A Competition Protocol of AfCFTA had been submitted to Cabinet.
- Ten reports on successful actions completed on price monitoring and excessive pricing or price gouging had been produced.

The targets that had not been achieved included:

- The value of investment facilitated through mergers and reciprocal commitments had been R8,2 billion against a target of R18 billion. This target depended on mergers being notified and an order being made by the Competition Tribunal. The DTIC noted that this target had not been achieved because a limited number of large mergers that had resulted in new investment had been approved by the Competition Tribunal.
- The value of support programmes from competition to sectors not included in master plans, including but not limited to agriculture, construction and forestry had amounted to R692 million against the target of R1,1 billion.
- The value of output by black industrialist firms supported had been less than the target at R1,1 billion while the target had been R3,3 billion. According to the DTIC, this did not reflect actual performance as some companies were yet to submit information.

- A total of 6 332 jobs had been created through the DTIC programmes while the target had been 8 000 new jobs.
- No mergers notified had agreements reached between the acquiring firm and the DTIC on public interest and presented to the Competition Tribunal.
- A total of 16 592 additional workers had shares in their companies as a result of competition initiatives. This had been below the target of 20 000 additional workers.

4.1.9 Programme 9: Research[26]

The purpose of this Programme is to undertake economic research; contribute to the development of trade and industrial policies and guide policy, legislative and strategy processes to facilitate inclusive growth[27]. Targets that had been achieved under this Programme included:

- A report on investment conference commitments had been produced.
- Two export market strategies had been produced.
- Quarterly data analysis reports of manufacturing exports to the rest of Africa had been produced.
- 52 District Development Model dashboards had been maintained.
- An impact assessment on Equity Equivalent Investment Programme agreements agreed or administered had been produced.
- A report on the black industrialist census had been produced.
- Three reports on jobs supported or covered by the DTIC group and master plans had been produced.
- The worker ownership dashboard had been updated.
- Twelve bilateral trade reports had been produced at the request of branches or the Executive Authority to support the hosting of business forums.
- An impact assessment report of CBAM on South Africa had been produced.
- Reports on high-impact measures to improve the efficiency and/or effectiveness, of the DTIC's policy or programme interventions provided had been produced.

One target had not been achieved, namely that no quarterly surveys of black industrialist samples had been produced to assess the outlook and identify potential challenges. The DTIC

[26] DTIC (2024b: 134-136)

[27] DTIC (2023a: 203)

indicated that this had been as a result of the suspension of the Black Industrialist survey due to a legal matter concerning access to personal information of BI companies.

4.2. Financial performance

4.2.1 Allocated Budget for the 2023/24 Financial Year

The DTIC had a budgeted income of R10,92 billion in the 2023/24 financial year. However, after adjustments, this had been R10,7 billion, down from R10,9 billion budget in the 2022/23 financial year. Details of the virements are shown in the sub-section below. The budget allocation had been divided between the DTIC's nine programmes, namely[28]:

- Administration Programme (R859,0 million)
- Trade Programme (R261,6 million)
- Investment and Spatial Industrial Development Programme (R140,5 million)
- Sectors Programme (R1,6 billion)
- Regulation Programme (R349,3 million)
- Incentives Programme (R5,4 billion)
- Export Programme (R388,3 million)
- Transformation and Competition Programme (R1,6 billion)
- Research Programme (R59,1 million)

Approximately 81 per cent of the R10,7 billion budget had been allocated to three programmes, namely Programme 6: Incentives (51 per cent), Programme 8: Transformation and Competition (15 per cent), and Programme 4: Sectors (15 per cent). These three programmes capture the core of the DTIC's mandate.

4.2.1.1. Virements[29]

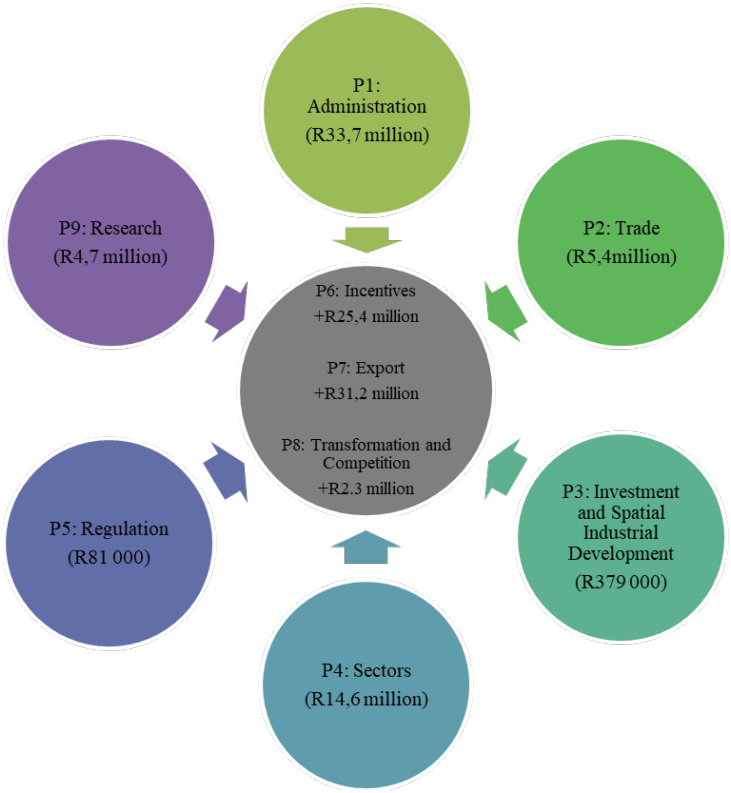
The virements of approximately R58,9 million had been from six programmes to three programmes.

The virements within programmes are shown in Figure 2 below:

Figure 2: DTIC Virements between programmes for the 2023/24 Financial Year

[28] DTIC (2024b: 220)

[29] DTIC (2024b: 16-17)



Source: DTIC (2024b: 16-17)

The following six programmes had their appropriated budgets reduced:

- The Administration Programme's budget had been reduced by R33,7 million. This was available because of bottlenecks in certain information and communication technology initiatives as well as cost-containment measures implemented by the DTIC.
- The reduction in the Trade programme (R5,4 million), Investment and Spatial Industrial Development programme (379 000), and Regulation programme (R81 000) had been due to savings from the DTIC implementing cost-containment measures.
- In the Sectors programme and the Research programme the reduction of R14,6 million and R4,7 million respectively had been in terms of the compensation of employees under this programme. This was due to service terminations including. retirements and resignations, transfers of employment from the DTIC to another department – and delays in the filling of funded key senior-level positions, as the process involves complex hiring criteria.

The money had been transferred to the following programmes:

- The Incentive Programme through virements had received a virement of R25,4 million, the department states that the funding was transferred to the programme to meet the demand that was higher in some incentive programmes.
- The Export programme had received an additional R31,2 million to cover expected vouchers from foreign mission offices in respect of accommodation, associated costs for foreign offices, compensation of employees for foreign local recruits, and cola allowances.
- The Transformation and Competition programme through virements had received R2,28 million to cover legal representation.

4.2.2 Financial Performance by Programme[30]

In terms of expenditure, by the end of the financial year under review, 99,5 per cent (or R10,65 billion) of the budget had been spent. This comprised of R8,6 billion (81 per cent) expenditure in three key programmes, namely: Programme 6: Incentives (51 per cent), Programme 8: Transformation and Competition (15 per cent), and Programme 4: Sectors (15 per cent).

Table 2: Expenditure by Programme

Programme (R million)	Final Appropriation	Actual Expenditure	% Actual Expenditure	% Variance
1: Administration	825,4	816,9	99,0%	1,0%
2: Trade	256,2	252,0	98,4%	1,6%
3: Investment and Spatial Industrial Development	140,2	138,6	98,9%	1,1%
4: Sectors	1 578,3	1 574,2	99,7%	0,3%
5: Regulation	349,3	346,2	99,1%	0,9%
6: Incentives	5 439,1	5 431,1	99,9%	0,1%
7: Export	419,5	416,7	99,3%	0,7%
8: Transformation and Competition	1 647,3	1 633,5	99,2%	0,8%
9: Research	54,4	49,3	90,6%	9,4%
Total	**10 709,5**	**10 658,4**	**99,5%**	**0,5%**

Source: DTIC (2024b: 220), calculations from Madalane (2024a)

Under the Incentives programmes, R5,4 billion had been spent, while under the Transformation and Competition, and Sectors programmes, R1,6 billion and R1,57 billion had been spent respectively. The remaining R2,0 billion had been spent on the six other

[30] DTIC (2024b: 220, 231-232)

programmes. The 0,5 per cent under-expenditure translated into under-expenditure of R51,1 million.

In terms of rand value, the key drivers of under-spending in terms of programmes had been the Transformation and Competition Programme with under-expenditure of R13,8 million, followed by the Administration Programme (R8,4 million), Incentives Programme (R7,9 million), Research Programme (R5,1 million), Trade Programme (R4,2 million), Sectors Programme (R4,1 million), Regulation Programme (R3,1 million), Exports Programme (R2,8 million), and Investment and Spatial Industrial Development Programme (R1,5 million). A detailed explanation of the under-spending in each programme is provided below.

Under-expenditure for the various programmes had been attributed to the following:

- *Programme 1: Administration* – The under-expenditure was a result of delays in the processes to procure Information and Communication Technology services from the State Information Technology Agency, as well as delays in the receipt of invoices for legal representations, which are yet to be received from the Department of Justice and Constitutional Development. Additionally, there had been delays in receiving invoices from suppliers for travel and accommodation costs.
- *Programme 2: Trade* – Under-spending had been due to delays in receiving invoices from suppliers for travel and accommodation costs. Furthermore, exchange rate fluctuations on transfer payments to international organisations had contributed to the under-spending.
- *Programme 3: Investment and Spatial Industrial Development* – Under-spending had been due to delays in receiving invoices from suppliers for travel and accommodation costs.
- *Programme 4: Sectors, Programme 7: Export, Programme 8: Transformation and Competition and Programme 9: Research* – Mandatory implementation of the cost-containment measures on the filling of vacant posts including the natural attrition driven by retirements, resignations, and transfers out of the Department had led to under-expenditure in these programmes.
- *Programme 5: Regulation* – Under-spending had been a result of lower than the budgeted membership fee to an international organisation. The payment could not be processed due to foreign payment requirements.

- *Programme 6: Incentives* – Under-expenditure had been due to outstanding compliance documentation on the incentive programmes, this therefore delayed the disbursement of funds.

4.2.3 Expenditure by economic classification[31]

In terms of expenditure by economic classification, the largest expenditure item of the DTIC from its R10,7 billion budget had been transfers and subsidies of R8,9 billion (this includes transfers to entities, foreign governments and international organisations, public corporations and private enterprises, non-profit institutions, and households). Transfers and subsidies accounted for 84 per cent of total expenditure. This had been followed by compensation of employees at R1,0 billion or 10 per cent of total expenditure. Expenditure on goods and services accounted for 6 per cent of total expenditure or R634 million.

Table 3: Expenditure by economic classification for the 2023/24 financial year

(R'million)	Adjusted Budget	Final Budget	Actual Expenditure	Variance	% Variance
Current payments	**1 730,6**	**1 713,3**	**1 676,3**	**36,9**	**2,2%**
Compensation of Employees	1 066,1	1 066,1	1 042,2	23,9	2,2%
Goods and services	664,5	647,1	634,0	13,0	2,0%
Interest and Rent on Land	R0,0	0,1	0,1	0,0	0,2%
Transfers and subsidies	**8 925,8**	**8 933,7**	**8 920,9**	**12,7**	**0,1%**
Departmental agencies and accounts	1 169,2	1 169,2	-	-	-
Foreign governments and international organisations	44,5	42,5	38,5	4,0	9,4%
Public corporations and private enterprises	7 563,8	7 571,2	7 562,4	8,7	0,1%
Non-profit institutions	146,0	146,0	146,0	0,1	0,1%
Households	2,3	4,7	4,7	0,8	0,2%
Payments for capital assets	52,9	62,1	60,7	1,4	2,2%
Machinery and equipment	49,8	48,9	48,2	0,7	1,3%
Software and other intangible assets	3,0	13,1	12,4	0,7	5,5%
Payments for Financial Assets	0,2	0,5		0,0	0,5%
Total	**10 709,5**	**10 709,5**	**10 658,4**	**51,1**	**0,5%**

Source: DTIC (2024b: 221), calculations from Madalane (2024a)

In terms of under-expenditure, the compensation of employees' budget was a significant contributor. As explained under each programme above, mandatory implementation of the cost-containment measures on the filling of vacant posts including the natural attrition driven by retirements, resignations, and transfers out of the DTIC resulted in this under-spending. The other reasons for under-expenditure are explained in the section above.

[31] DTIC (2024b: 221, 233)

4.2.3.1 Transfers to Entities[32]

The DTIC has 18 entities and of these entities, five are self-funded while 13 receive transfers from the DTIC annually. The self-funded entities are the Companies and Intellectual Property Commission (CIPC), the IDC, the NEF, the National Lotteries Commission (NLC) and the Takeover Regulation Panel (TRP). Of the R10,6 billion expenditure by the DTIC, approximately R1,2 billion was transferred to its entities. However, it is important to note that transfers to entities had been less than originally budgeted, meaning that there were downward adjustments during the financial year for most of the entities except the Companies Tribunal and the NCC.

Table 4: Transfers to entities for the 2023/24 financial year

Entities (R'million)	Budget Allocation	Adjustment	Final Transfer
1. Companies Tribunal	R28,2	R0,0	R28,2
2. Competition Commission	R453,2	-R45,3	R407,9
3. Competition Tribunal	R42,7	-R4,3	R38,4
4. Export Credit Insurance Corporation of South Africa	R172,8	-R17,3	R155,5
5. International Trade Administration Commission	R121,4	-R2,4	R119,0
6. National Consumer Commission	R73,6	R0,0	R73,6
7. National Consumer Tribunal	R55,3	-R1,7	R53,6
8. National Credit Regulator	R84,1	-R2,5	R81,5
9. National Gambling Board	R36,8	-R3,7	R33,2
10. National Metrology Institute of South Africa	R124,0	-R12,4	R111,6
11. National Regulator for Compulsory Specifications	R154,0	-R15,4	R138,6
12. South African Bureau of Standards	R379,5	-R37,9	R341,5
13. South African National Accreditation System	R34,2	-R3,4	R30,7

Source: DTIC (2024b: 274) and NT (2023)

As shown in the table above, transfers to the Competition Commission (CompCom) and the SABS had been R45,3 million and R37,9 million lower than budgeted respectively. Other entities that received transfers significantly lower than budgeted were the ECIC (R17,3 million), the NRCS (R15,4 million), and the National Metrology Institute of South Africa (NMISA) (R12,4 million).

4.2.3.2 Transfers for Incentive Programmes

In the 2023/24 financial year, the DTIC had transferred approximately R4,3 billion of its budgets to public corporations and private enterprises through its incentive programmes.

[32] DTIC (2024b: 274)

Transfers to these incentive programmes accounted for 41 per cent of the DTIC's total expenditure and there had been minimal under-expenditure. However, there were adjustments within the programmes as shown in the table below.

Table 5: Transfers for Incentives for the 2023/24 financial year

Incentive Programme (R'million)	Adjusted Budget	Adjustments	Final Budget	Actual Expenditure
Automotive Production and Development Programme: Production Allowance	2 126,9	302,7	2 429,7	2 429,7
Supplier Cluster Development	17,6	-17,6	0	0
Technology and Human Resources for Industrial Programme	94,6	-43,1	51,4	51,4
Business Process Service Incentive	569,2	-14,0	555,2	555,2
Enterprise Investment Programme	145,8	-138,1	7,5	7,5
Film and Television Production Incentive	269,8	14,0	583,8	583,8
Manufacturing Competitiveness Enhancement Programme	478,6	-103,6	374,9	374,7
TOTAL	**4 274,9**	**75,7**	**4 350,7**	**4 342,8**

Source: DTIC (2024b: 278)

4.3. Audit outcomes

The DTIC received a clean audit opinion for the 2023/24 financial year. No irregular expenditure or fruitless and wasteful expenditure was incurred for the financial year.[33]

In terms of its annual performance report, Programme 4, Sectors, and Programme 6, Industrial Financing, had been assessed to determine whether the reported performance information was useful and reliable. The outcome of this assessment had been that the AG "did not identify any material findings on the reported performance information of the selected programmes"[34].

The AG also reported that it audited seven of the 18 entities. For the 2023/24 financial year, five of these entities had received clean audits (namely the National Credit Regulator (NCR), the Competition Tribunal, the CIPC, and the CompCom), two had unqualified audits with findings (namely the SABS and the NRCS) and one audit had still been outstanding (namely the NLC). It also highlighted that there had been irregular expenditure of R5 million with the SABS contributing 73 per cent (R3,8 million), CompCom contributing 15 per cent (R773 251) and the NRCS contributing 12 per cent (R645 000). In terms of fruitless and

[33] DTIC (2024b: 211, 267)

[34] DTIC (2024b: 213)

wasteful expenditure, the overall amount was R27,7 million with the NCR contributing 83,8 per cent (R23 million), the SABS contributing 15,5 per cent (R4,2 million) and the NRCS contributing 0,8 per cent (approximately R218 000). However, these amounts excluding the NLC.

The other 11 entities had been audited by external auditors approved by the AG in terms of section 4(3) of the Public Audit Act (Act No. 25 of 2004). The AG noted that five of these entities had received clean audits (namely National Consumer Tribunal, Companies Tribunal, National Gambling Board, ITAC and NCC), five entities had unqualified audits with findings (namely IDC, South African National Accreditation System, NEF, NMISA and TRP) and one audit had still been outstanding (namely ECIC).

4.4. Human resources

The DTIC's permanent employee headcount as at the end of March 2024 had been 1 056 employees, against an approved structure of 1 183 approved positions. This translated to a vacancy rate of 10,7 per cent or 127 vacant positions. However, 120 posts had been frozen due to the moratorium on the filling of posts as directed by the Department of Public Service and Administration (DPSA) and NT, in response to challenges with the compensation of employees' budget across the public service.[35] The vacancy rate had declined compared to 17,6 per cent in the previous financial year mainly due to the reduction in the number of posts in the approved structure from 1 350 positions.

Table 6: Employment and vacancies as at 31 March 2024

Programme	Approved Posts	Filled Posts	Vacancy Rate
1: Administration	415	377	9,2%
2: Trade	84	77	8,3%
3: Investment and Spatial Industrial Development	92	69	25%
4: Sectors	125	111	11,2%
5: Regulation	65	63	3,1%
6: Incentives	179	167	6,7%
7: Export	116	103	11,25
8: Transformation and Competition	66	55	16,7%
9: Research	41	34	17,1%
Total	**1 183**	**1 056**	**10,7%**

Source: DTIC (2024b: 162)

[35] DTIC (2024b: 159)

At the time, the DTIC had been in the process of making its organisational structure "Fit-for-Purpose". Therefore, there had been a significant improvement in the vacancy rate in the 2023/24 financial year. However, it should be noted that the DTIC continues to have vacant senior management positions. Of the 11 key senior management positions, five are acting positions. These acting positions included the Director General, and Deputy Director Generals of Sectors, of Incentives, of Investment and Spatial Industrial Development, and of Transformation and Competition. Notwithstanding this, it is important to note that in a Media Statement of 7 September 2024 and in communication with the Committee, the Minister committed to address the issue of vacancies in the DTIC.[36] The table above shows employees of the DTIC by skills levels against the approved structure as well as the vacancy rate for each programme.

In addition, there is a significant number of vacancies in economic offices in various countries. In most African countries, the position of Counsellor or Marketing Officer or both positions are vacant including in Addis Ababa, Harare, Kampala, Kinshasa, Cairo, and Abuja. Similarly, several Asian (Seoul, Shanghai, New Delhi, Singapore, and Bangkok), Middle East (Dubai, Riyadh, and Tehran), European (Brussels, London, Moscow, Berlin, Berne, Munch, and Paris), and American markets (Washington) also do not have representation in the form of a Counsellor (Economic) or Marketing Officer or both. This is concerning given the DTIC's drive to create market access for South African products and services as well as to profile South Africa as an investment destination of choice in foreign markets. South Africa's representation in these countries is therefore important.[37]

Table 7: Employment equity breakdown as at 31 March 2024

Racial Breakdown	Male	Female	Total
African	362	552	**914**
Coloured	29	26	**55**
Indian	17	37	**54**
White	14	52	**66**
Total	**422**	**667**	**1089**

Source: DTIC (2024b: 176)

The employee race profile for the year was 83,9 percent black, 5,1 percent coloured, 5,0 percent Indian, and 6,1 per cent white. Female representation was at 61,2 per cent.

[36] DTIC (2024b)

[37] DTIC (2024b: 305-315)

Female representation at top management was 60 per cent, 54,5 per cent in senior management, 53,1 per cent at the professional and specialist level, and 73,1 per cent at the skilled and technical levels.[38] The representation of people with disabilities was 4,7 per cent of the total headcount.[39]

There had been 32 disciplinary actions taken during the 2023/24 financial year. The majority of cases had related to failure to fully disclose financial interests (six cases) and to non-disclosure of gifts (five cases). The outcomes of the disciplinary actions had been seven verbal warnings, six written warnings, two final written warnings, one employee had been suspended without pay, one employee had been suspended without pay and a final written warning had been given, and two employees had been dismissed. The two employees had been suspended for a 30-day period each. Furthermore, ten disciplinary cases had been withdrawn and three disciplinary cases had still been pending. There had also been 34 grievances lodged, of which 32 grievances had been resolved.[40]

5. OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE PERIOD 1 APRIL TO 30 JUNE 2024

This section provides a comparison between what the DTIC targeted in its APP against its performance set out in its first quarter report for the 2024/25 financial year.

5.1. Non-financial performance[41]

In the first quarter, 37 targets had been achieved against 64 planned targets (57,8 per cent of planned targets). This is a decline in performance from the previous financial year's first quarter. In the 2022/23 first quarter, the DTIC had achieved 79 per cent of its 52 performance targets. The table below shows the performance for the first quarter 2024/25 financial year by programme.

[38] DTIC (2024b:177)

[39] DTIC (2024b: 176)

[40] DTIC (2024b: 191)

[41] DTIC (2024a) and (2024d)

Table 8: Summary of Performance for the First Quarter of the 2024/25 financial year by Programme

Programme	First Quarter	
	Targets	Achieved
1. Administration	3	1
2. Trade	6	2
3. Investment and Spatial Industrial Development	7	1
4. Sectors	14	9
5. Regulation	5	4
6. Incentives	2	1
7. Export	5	1
8. Transformation and Competition	17	15
9. Research	5	3
Total	**64**	**37**

Source: DTIC (2024d)

The following targets had not been achieved:

- Programme 1: Administration
  - Only 50 case studies covering the DTIC Group/Entities success stories had been achieved against a target of 250 case studies.
- Programme 2: Trade
  - The value of additional local industrial output as a result of the utilisation of rebates had been R3,4 billion against a target of R8,0 billion.
  - The value of manufacturing exports facilitated under rebates, drawbacks, non-proliferation export permits and the APDP had been R48,4 billion against a target of R75,0 billion.
  - Had facilitated R4,9 billion in manufactured exports to African countries through rebates, drawbacks and APDP against a target of R7,0 billion.
- Programme 3: Investment and Spatial Industrial Development – The DTIC reported that these targets had not been achieved because companies were not obligated to report. However, it aimed to revive relationships with companies to encourage quarterly reporting.
  - No jobs had been created through branch interventions against a target of 1 030 jobs.
  - The target for 50MW of energy available on the grid had not been achieved.
  - A total of R854 916 additional local output had been committed or achieved through an investment of R150 million.

  - The value of support to Black Industrialist Output through branch interventions had been R8,9 million against a target of R200 million.

- Programme 4: Sectors
  - Had achieved R150,0 million of additional local output committed or achieved by branch interventions against a target of R875 million. This was attributed to low localisation data.
  - No support had been provided to black industrialists through sector interventions were supported against a target of R250,0 million.
  - A total of 562 009 jobs had been supported and maintained through branch interventions against a target of 600 000 jobs.
  - A total of 241 jobs had been created through branch interventions against a target of 500 jobs.
  - A total of 29 had been supported through branch interventions in Black Industrialist firms.
- Programme 5: Regulation
  - Jobs supported from liquor distributors and lotteries had been 7 616 jobs against a target of 13 000 jobs (12 000 from liquor distributors and 1 000 from lottery grants).
- Programme 6: Incentives
  - The target to facilitate investment through industrial financial support had not been achieved. Approximately R529 million in investment had been facilitated against a target of R5,0 billion. The DTIC noted that this was due to the budget for other incentive schemes being depleted. To remedy this, it aimed to reduce the targets when revising its APP.
- Programme 7: Exports
  - Had supported exporters to participate in export promotion initiatives to the value of R1,1 million against a target of R25 million.
  - Had supported exporters outside the five main metros to participate in export promotion initiatives to the value of R195 182 against a target of R6,0 million.
  - Had supported SMME exporters to participate in export promotion initiatives to the value of R868 181 against a target of R6,0 million.
  - Had supported exporters in labour-absorbing sectors to participate in export promotion initiatives to the value of R213 501 against a target of R5,0 million.
- Programme 8: Transformation and Competition
  - Had supported output by Black Industrialist firms supported to the value of R247 million against a target of R1,0 billion.

- Had created 8 256 jobs were created or retained against a target of 50 000 jobs. This was said to be a result of lower-than-expected merger filing with reduced job targets due to the slow economic growth.

- Programme 9: Research
  - No bilateral trade report had been produced at the request of Branches or the Executive Authority to support the hosting of Business Forums as there had been no business forums held during the quarter.
  - No report on high-impact evaluations to improve the efficiency and/or effectiveness, of the DTIC's policy or programme interventions had been provided.

5.2. Financial performance[42]

The sub-sections below show expenditure by programme and by economic classification as at 30 June 2024.

5.2.1 Financial Performance by Programme

The DTIC had been allocated a budget of R9,6 billion in the 2024/25 financial year, a decrease of R1,1 billion (10,3 per cent) from the R10,7 billion allocated budget in the 2023/24 financial year (previous financial year). Of the R3,0 billion budget set aside for expenditure in the first quarter, R2,9 billion was spent. This resulted in an under-expenditure of R116,1 million or 0,4 per cent for the first quarter projected expenditure.

Table 9: Expenditure by Programme as at 30 June 2024

Programme (R'million)	Budget 2024/25	Projected YTD Expenditure	Actual YTD Expenditure	% YTD Variance	Available Budget
1. Administration	881,0	196,4	198,0	0,8%	683,0
2. Trade	241,6	112,8	115,5	2,4%	126,1
3. Investment and Spatial Industrial Development	167,1	81,6	29,8	-63,5%	137,3
4. Sectors	1 431,5	536,7	540,6	0,7%	890,9
5. Regulation	346,1	173,6	176,7	1,8%	169,4
6. Incentives	4 034,5	1 473,9	1 482,9	0,6%	2 551,6
7. Export	388,0	218,7	203,7	-6,9%	184,3
8. Transformation and Competition	2 047,1	217,6	151,8	-30,2%	1 895,3
9. Research	63,3	13,0	9,3	-28,5%	54,0
Total	**9 600,2**	**3 024,4**	**2 908,3**	**-3,8%**	**6 691,9**

Source: DTIC (2024d), calculations from Madalane (2024b)

[42] NT (2024)

The main contributors to underspending in terms of programme were Programme 8: Transformation and Competition with underspending of R65,8 million, Programme 3: Investment and Spatial Industrial Development with under-expenditure of R51,8 million, Programme 7: Export with R15,0 million, and Programme 9: Research with R3,8 million underspending. However, there was also over-expenditure mainly in Programme 6: Incentives of R8,9 million, Programme 4: Sectors of R3,9 million, Programme 5: Regulation of R3,1 million, Programme 2: Trade and Programme 2: Administration also incurred over-expenditure of R2,7 million and R1,6 million respectively in the first quarter.

Under-expenditure had been incurred in the following programmes:

- *Programme 3: Investment and Spatial Industrial Development* – Under this Programme there was under-spending of R51,8 million. This equated to 63,5 per cent of the programme's projected budget for the quarter. The under spending is a result of lower than budgeted transfers and subsidies which could not be paid out/ disbursed due to outstanding compliance documentation.
- *Programme 7: Export* – Under-spending of R15,0 million was incurred. This is attributed to lower than budgeted expenditure on goods and services as a result of vouchers which are yet to be received from the Department of International Relations and Cooperation (DIRCO) for accommodation and other additional costs associated with placement of officials at the department's network of foreign offices to promote trade and investment into the country.
- *Programme 8: Transformation and Competition* – Under-spending on this programme was approximately R65,8 million (30,3 per cent less than budgeted for the quarter). This was due to vacant posts and delays in the disbursement of funds on transfers and subsidies because of outstanding compliance documentation which is required for funds to be disbursed.
- *Programme 9: Research* - Under expenditure in this programme was R3,8 million (28,9 per cent less than budgeted for the quarter). This was a result of the implementation of the cost-containment measures on travel, accommodation and other related goods and services.

Over-expenditure had been incurred in the following programmes:

- *Programme 1: Administration* – Over-expenditure of R1,6 million had been incurred under this Programme. The over-expenditure was a result of the payment of the cost-of-

living salary adjustments and payment for goods and services of accrued invoices from 2023/24 on costs related to travel, accommodation as well as other goods and services.

- *Programme 2: Trade* – The overspending of R2,7 million had been due to the payment of the cost-of-living salary adjustments, spending on goods and services provided in the 2023/24 financial year, on costs related to travel, accommodation, and goods and services rendered during the AGOA Forum in relation to security and medical services.
- *Programme 4: Sectors* – Under this Programme, overspending was R3.9 million. This was a result of payments of the cost-of-living salary adjustments. The higher than budgeted spending on goods and services was due to the interdepartmental claims for legal representation on scrap metal that were received from the Department of Justice and Constitutional Development, and payment of accrued invoices from the 2023/24 financial year on costs related to travel, accommodation and payments made to the employees that exited the employment of the DTIC.
- *Programme 5: Regulation* – Approximately R3,1 million overspending had been incurred. The overspending had been due to the payment of the cost-of-living salary adjustments, interdepartmental claims for legal representation on liquor, companies and consumer pieces of legislation, and payment of accrued invoices from the 2023/24 financial year on costs related to travel, accommodation as well as other goods and services.
- *Programme 6: Incentives* – The R9 million overspending had been a result of the payment of the cost-of-living salary adjustments, payment of accrued invoices from the 2023/24 financial year on costs related to travel, accommodation as well as other goods and services. In addition, disbursements to beneficiaries on incentive programmes had been higher than budgeted due to more claims received than expected.

5.2.2 Financial Performance by Economic Classification

In terms of expenditure by economic classification, payment of incentives had accounted for the largest share of expenditure at approximately R1,4 billion followed by transfers to DTIC's entities (R887,2 million), compensation of employees (R252,7 million, goods and services (R155,3 million) external programmes (R90,3 million) and payment to non-profit organisations (R77,7 million). The main variances between projected expenditure and actual expenditure for the quarter were over expenditure in goods and services and incentives. Under-expenditure had mainly been in the compensation of employees. and transfers to entities (a detailed explanation of the reasons for these variances in programmes expenditure above).

Table 10: Expenditure by Economic Classification as at 30 June 2024

Programme (R'million)	Budget 2024/25	Projected YTD Expenditure	Actual YTD Expenditure	% YTD Variance	Available Budget
Current Payment	**R1 790,4**	**R404,5**	**R408,0**	**0,9%**	**R1 382,4**
Compensation of Employees	R1 081,2	R256,6	R252,7	-1,5%	R828,5
Goods and services	R709,2	R147,9	R155,3	5,0%	R553,9
Transfers and subsidies	**R7 791,9**	**R2 618,1**	**R2 499,6**	**-4,5%**	**R5 292,3**
Incentive Payments	R3 872,1	R1 435,6	R1 442,3	0,5%	R2 429,8
Departmental Entities	R1 987,2	R955,1	R887,2	-7,1%	R1 100,0
External Programmes	R1 732,4	R146,8	R90,3	-38,5%	R1 642,1
Non-profit organisations	R153,3	R78,1	R77,7	-0,5%	R75,6
Membership fees (International organisations)	R45,8	R2,3	R1,2	-47,8%	R44,6
Households	R1,1	R152,0	R0,9	-99,4%	R0,2
Payments for capital assets	**R17,9**	**R1,8**	**R0,7**	**-61,1%**	**R17,2**
Payments for Financial assets	**R0,0**	**R0,0**	**R0,0**	**-100%**	**R0,0**
Total	**R9 600,2**	**R3 024,4**	**R2 908,3**	**-3,8%**	**R6 691,9**

Source: DTIC (2024c), calculations from Madalane (2024b)

6. ISSUES RAISED DURING THE DELIBERATIONS

The following concerns were raised in relation to the performance of the DTIC during the Committee's deliberations:

6.1 ***Transformation:*** A concern for the Committee was that transformation is not centred at the core of departmental programmes, as it should be beyond just recruitment and staffing, focusing on its broader economic impact. Transformation is often isolated within a specific programme therefore not aligned with other divisions, which reinforces the status quo. The Committee enquired how the DTIC would ensure that transformation would be mainstreamed/integrated throughout the DTIC, ensuring that all divisions are accountable for measurable targets for transformation, rather than relying solely on a designated programme. The DTIC informed the Committee that it is important to shift towards institutional alignment and a coherent strategy for transformation across multiple levels in the entire DTIC group. This would ensure that transformation is mainstreamed across all levels of policy, practice, project approval and empowerment. Mainstreaming transformation, particularly at the intersection of geographic locations and economic interventions, is critical towards fostering inclusive and sustainable growth. Targeting trade interventions to specific localities ensures that

it reaches areas that has been historically marginalised and underdeveloped, thereby creating more balanced regional development. This shift towards transformation will not only create a more equitable economy but will also ensure that South Africa's economic future is both inclusive and resilient, where every region could thrive.

According to the DTIC, integrating transformation into every phase of development and fostering collaboration among the NEF and the IDC would lay the foundation for an economy that is sustainable and inclusive. Regarding spatial transformation, entities would be required to consider geographical distribution of investment to ensure an even spread across all provinces. Furthermore, it would be important for entities to go beyond meeting basic criteria to improve the capacity of underrepresented demographic groups. For instance, if a project does not qualify for IDC support, it might be supported by the NEF initially.

The DTIC informed the Committee that it is also focusing on transformation within the incentive space ensuring that previously disadvantaged groups have ownership and participation in projects, with supplier development requirements as part the incentives. Furthermore, when considering mergers, the DTIC evaluates their impact on employment, deconcentration of the supplier base, and the viability of smaller suppliers.

The Minister supported the premise that transformation should be central and an integral part of the DTIC's work, and not relegated to a single branch of function. Together with industrialisation and job creation, it should be embedded in all actions and policies. He further emphasised that these three priorities should be reflected in the DTIC's Medium-Term Development Plan and APP, ensuring that they are a consistent focus in all the areas of its work.

6.2 ***Membership to international bodies:*** International bodies are essential in dealing with global challenges and fostering international cooperation. They support trade and sustainable development, as well as promote food security, peacekeeping and environmental protection and deals with conflict through diplomatic processes underpinned by international law, among others. The Committee enquired whether there was value in having membership to these international bodies. The DTIC addressed concerns around the value of membership to international bodies like the

WTO and United Nations Transition Assistance Group acknowledging the importance of these memberships. Due to austerity measures, continued membership was under review to ensure it remains cost-effective. However, the DTIC emphasised the importance of South Africa's continued membership and presence in these institutions, as South Africa often represents the voice of developing countries in these fora. This carries significant influence and diplomatic capital for South Africa.

6.3 ***Support for startups:*** Recently, three startups – Go1 (education), Yoco (payment platform), and Tyme Bank – representing the startup movement in South Africa, made a presentation to the Committee. They highlighted that none of these startups had received financing from Development Finance Institutions (DFIs) and had to seek funding in global venture capital markets. One of the startups, Yoco, even had to establish its head office in Mauritius due to South Africa's intellectual property (IP) challenges and exchange control issues. Considering the above, the Committee enquired how the DTIC collaborates with NT and the Department of Home Affairs to create a more attractive business environment and secure funding within the country by addressing these barriers, such as visas for critical skills and exchange control, among others. The Deputy Minister acknowledged the challenges associated with the "agility" of DFIs in providing the necessary support to emerging entrepreneurs and businesses, particular companies like Yoco and Tyme Bank that emerged through the commercialisation of its IP. He was of the view that South Africa has not effectively promoted investment in research and development and has struggled to develop a proper pipeline for the commercialisation of IP. Closer collaboration and coordination among agencies such as the CIPC and the Council for Scientific and Industrial Research, including agencies involved in digital transformation, are essential to improve funding and to better track innovation and IP development. He further stated that the objective should be the creation of an agile and integrated system for developing and commercialising innovation.

6.4 ***Price preference system (PPS):*** The PPS was designed to prioritise the availability of scrap metal for domestic industries. Its aim was to ensure that local steel mills and metal producers have access to scrap metal at a discounted rate compared to international markets, before it could be exported. By implementing this policy, government sought to restrict scrap metal exports and offer this resource at a discounted price locally, thus ensuring that the country's industrial needs were met first. The

Committee enquired what the reasons were for the retention of the PPS and imposition of export duties on ferrous and non-ferrous metals, given that government had indicated in 2020 that the price preference system would be removed once export duties had been imposed. The ITAC Commissioner informed the Committee that the genesis of the export duty in relation to the PPS was initially intended as a substitute for the PPS. However, with subsequent developments in the scrap and waste sector, it has become clear that the export duty and PPS are complementary but differentiated measures, each addressing different aspects of the sector's challenges. He explained that this was due to both measures seeking to ensure accessible, quality scrap for downstream mills and foundries. However, the key difference was their scope: PPS covers a broad set of metrics, addressing a wider range of factors, whereas the export duty focused on a specific aspect of the sector. The export duty specifically applies to iron and steel, as well as their waste and scrap, along with copper and aluminium. The PPS covers a broader range of materials, including other critical minerals. Therefore, PPS is more comprehensive in its scope compared to export duties, which is narrowly focused on certain material. It should be noted that the PPS comes into play earlier, offering scrap across various metal categories to downstream mills and foundries. Only once this offer is not accepted by the buyer community, does the export duty take effect. The Commissioner further emphasised that while both the PPS and export duty serve complementary functions, they are distinct measures, each with its own scope and timing of application.

6.5 ***Economic diplomacy:*** The AfCFTA establishes a unified continental market for goods and services across Africa. Its goal is to harmonise regulations, reduce trade barriers and discrepancies between African countries, thus fostering smoother and more efficient trade. The success around the implementation of the AfCFTA is dependent on effective economic diplomacy that would ensure that any challenges would be addressed in an efficient and effective manner. Considering the above, the Committee enquired whether there were any collaborations between the DTIC, the DIRCO and the Department of Home Affairs, as well as other departments, to ensure positive relations and economic diplomacy among AfCFTA countries. Furthermore, it enquired whether the perceived rivalry between South Africa and Nigeria could risk unity and harm trade relations on the African continent. In response, the Deputy Minister stressed the importance of improving South Africa's diplomatic relations with key African countries such as Nigeria, Egypt and Kenya, especially in the context of the AfCFTA.

It recognises that these are Africa's largest economies, hence the need to avoid social media conflicts from escalating into state-to-state issues. He informed the Committee that a bi-national commission had been established between South Africa and Nigeria with a focus on improving cooperation and the ratification of key AfCFTA protocols, including tariffs and mobility of goods and capital. South African was initially hesitant to join the African Export-Import Bank, which was seen as crucial for enhancing intra-Africa trade. However, South Africa is open to join the platform and address political challenges, such as the taxation issues faced by South African companies in Nigeria. This unexpected tax burden has resulted in a reluctance from South African companies to invest in Africa due to concerns over an unexpected tax burden. The DTIC informed the Committee that it is working to navigate these political complexities thereby fostering economic cooperation across the continent.

6.6 ***Trade desks/Attachés/Envoys:*** A view was also expressed that when considering South Africa's export strategy, it is also critical to look at high gross domestic product per capita countries, as they tend to be more import-orientated and could afford goods from South Africa. The role of trade desks should not be underestimated as it plays a critical role in stimulating exports by identifying key opportunities in these high-income markets. They act as the link between South African producers and foreign buyers, and can help businesses navigate market complexities, regulations, and consumer preferences. The Committee also enquired about the limited foreign economic representation, how this impacts on South Africa's ability to effectively promote its economic presence and influence internationally, and the measures considered by the DTIC to address this. The Deputy Minister highlighted the disconnect between South Africa's foreign policy strategy and its trade policy over the last couple of years. A consequence of this misalignment has resulted in trade attachés and envoys being disproportionately affected by the impact of austerity measures and restructuring within foreign missions. In addressing this anomaly, the DTIC informed the Committee that it has been engaging the DIRCO to reintegrate economic diplomacy at the centre of foreign policy. This approach has also been supported by NT as it recognises this misarticulation and its impact on trade representation. Furthermore, he emphasised the critical role of economic diplomacy, particularly in key global markets, and that South Africa cannot afford to be without trade attachés in China, Europe, the United States of America, and other major economies. While acknowledging key constraints in relation to staffing all trade missions, there is a strategic need to prioritise these critical

regions, as they are central to South Africa's economic interest. Maintaining trade relationships, addressing market access issues, ensuring the smooth management of trade ties requires permanent trade representation to prevent trade barriers from arising.

6.7 ***Exports of manufactured goods:*** The Committee raised the critical issue regarding the nature of manufacturing exports and how they aligned with South Africa's broader economic goals of value addition, beneficiation and industrialisation. It was of the view that it would be important to assess how well the country had progressed in shifting from exporting raw materials to exporting high-value, technologically advanced manufactured goods. As the breakdown of manufactured goods could provide a snapshot of the effectiveness of policies aimed at beneficiation and industrial development. Therefore, the Committee enquired whether the country is exporting finished goods or primarily raw materials or intermediate products. The DTIC reported that the top South African exports were still dominated by raw materials and precious metals, while finished products, such as motor vehicles, have in recent years featured under the top exported products. In 2023, the top five exported products were coal; precious metals; motor vehicles; ferro-chrome; iron ore and chrome ore. Furthermore, out of a total value of R2 trillion in South African exports, around half (R1 trillion) had been manufacturing exports, which represented finished and intermediate products. The top five manufacturing sectors in 2023 included automotives and transport equipment; metals and machinery; petrochemicals; agro-processing and wood products, pulp and paper.

6.8 ***Export Councils:*** The South African Government established Export Councils to enhance communication and cooperation across various industrial sectors for international market penetration. These councils are essential for the government's strategy to boost exports, diversify products, broaden market access, and expand the exporter base, particularly by supporting black-, women-, and youth-owned enterprises as well as emerging exporters. The Committee enquired about the rationale for export councils only being responsible for a small fraction of total exports. In addition, the sectors that these council represents, and whether South Africa should not consider establishing export councils in all sectors, if they contribute to export stimulation. The DTIC explained that export councils were established by a group of companies that registered a non-profit company representing the developmental and promotional objectives of a particular industry. The export council was then registered with the

DTIC, which provided a matching grant for operational costs based on the membership income of qualifying councils. The DTIC was open to receiving new applications for funding from groups of companies that register such non-profit companies in additional export-oriented sectors subject to budget availability. It also emphasised that the new global economic strategy articulated a greater role for export councils in stimulating export-led growth of the South African economy.

6.9 ***Incentives:*** A large portion of the DTIC's annual budget is directed towards incentives. Therefore, in the view of the Committee it was important to monitor and know the identity of the key role-players receiving incentives. Furthermore, there appeared to be an over-concentration of incentives in certain sectors, like the automotive industry, while potentially neglecting other areas within the manufacturing space. Therefore, the Committee enquired whether the DTIC could provide it with the names of incentive beneficiaries and the sectors they represented. In addition, what mechanisms the DTIC could implement to achieve a more balanced and effective spread of incentive programmes to support a diverse manufacturing base, mitigate sectoral concentration, and promote sustainable economic growth across the entire manufacturing sector. The DTIC reported that the suite of incentives it offered covered different industries in the manufacturing space. Apart from the automotive industry, it also supported other sectors such as Agro Processing, namely food and beverage processing, furniture manufacturing, fibre processing, feed production, fertilizer production and essential oil production. In addition, the Manufacturing Support Programme and the Black Industrialists Scheme also offered support to entities engaged in manufacturing across various manufacturing industries such as mineral beneficiation, aerospace and rail components, chemicals, pharmaceuticals and plastics to name a few. Specifically, the Clothing, Textiles, Footwear and Leather (CTFL) sector was supported by the CTFL Growth Programme which was managed by the IDC. These support packages ensure that most sectors within manufacturing are offered support.

6.10 ***Market concentration:*** The Committee highlighted a growing concern about market concentration and its impact on consumer choice, affordability and overall economic activity. This is particularly prevalent in the budget airline sector and its impact on movement across the country and the economy, as this undermines the original premise of affordable domestic air travel. The Committee enquired whether the CompCom could initiate an investigation into whether the budget airline industry was using

potentially anti-competitive practices and exploring regulatory adjustments to ensure that domestic air travel is affordable and accessible. The Deputy Minister noted the concerns raised around budget airlines and their failure to comply with their original mandate of providing affordable air travel to consumers. He concurred with the Committee that it could be a starting point for the CompCom to tackle broader competition concerns in the airline sector.

6.11 ***Electric vehicles (EVs):*** An opportunity exists for the South African government to lead in the EV transition; however, it requires a strategic shift to actively participate in the development of the EV supply chain. By focusing on localising EV production, encouraging transformation in the automotive sector, and creating downstream opportunities, South Africa can position itself as a competitive player in the global EV industry, ensuring job creation, economic diversification, and sustainable growth. The Committee enquired whether the DTIC had considered any measures that would promote the development of downstream opportunities within the EV supply chain, thereby increasing local capabilities, ensuring that job creation is sustained, and promoting economic transformation within the industry. The DTIC informed the Committee that following a period of stakeholder engagements and research it had published an EV White Paper in December 2023 as a comprehensive roadmap for South Africa and a structure of a suite of policy interventions to support the automotive industry. The primary goal of this White Paper was to set a course to transition the automotive industry from primarily producing Internal Combustion Engine (ICE) vehicles to a dual platform that includes EVs in the production and consumption mix, alongside ICE vehicles in South Africa by 2035. This vision was aligned with the foundational objectives outlined in the South African Automotive Masterplan, a strategic framework implemented from 2021 to shape the nation's automotive industry. It also aligned with the changing demand in export markets and South Africa’s commitment to reducing greenhouse gases. The White Paper had thus identified a two-pronged approach, with two focus areas, namely on developing (i) South African EV productive capacity through early action; and (ii) a local market for EVs.

In June 2024, the ITAC had published draft amendments to the APDP whilst NT had published the draft Taxation Laws Amendment Bill (TLAB) in August 2024. In the TLAB, NT provides that any motor vehicle manufacturer investing in new and unused “buildings, machinery, plant, implements, utensils, and articles” to be used for the

production of electric- or hydrogen-powered vehicles will qualify for the incentive in the form of accelerated depreciation.

The EV White Paper also ensures that the DTIC works with NT in exploring the possibility of providing demand stimulation interventions to promote the uptake of EVs. These interventions may include consumer subsidies and development of opportunities for localisation of charging components, amongst others. Work on these matters was still at early stages and was set to continue and accelerate in the coming few months.

6.12 ***Impact of the cost-containment measures:*** A concern for the Committee was the impact on service delivery by providing for cost-containment measures, such as not filling vacancies, in its budget. It noted potential issues where unspent funds due to cost-savings method were not aligned with the DTIC's performance targets. The Committee enquired whether the DTIC accounted for cost-containment measures, such as unfilled posts, in its budget, and how it reconciled the savings with the impact on its performance targets. According to the DTIC, the scale and the unpredictability of the cuts, posed significant risks to its operational stability, and its ability to plan effectively. The Deputy Minister, Mr Z Godlimpi, asserted that austerity measures without financing the economy's growth was counterproductive. He argued that cost-containment should not come at the expense of industrial policy, but rather strategic decisions should be made about where to invest for the future. Further, that sustaining fiscal health is dependent on a growing economy that requires investment that only strategic industrial policy can provide. The DTIC informed the Committee that it is currently engaging NT on the need to find a balance between funding consumption and investing in future economic growth. Through its engagement with the NT, it sought to establish a more predictable fiscal environment, which would be critical to mitigate the risk and ensure that the DTIC remains a "going concern". Given the economic dampening effects of austerity measure, discussions with the NT have highlighted the need to balance cost-saving efforts with economic growth, while acknowledging the tension to ensure provision of social welfare. The DTIC was concerned whether the country can sustain its current spending pattern while aiming for economic growth. Currently, fiscal policy centred around trimming the budget, but it should also focus on reallocating funds strategically towards investment that can drive long-term growth, particularly in infrastructure, human capital and innovation. Furthermore, it should also

address the structural inefficiencies, such as filling critical positions which now requires the approval of both NT and the DPSA. Addressing these inefficiencies would ensure that the DTIC can function effectively in the short-term while pursuing sustainable growth.

6.13 ***Vacant positions:*** The Committee raised concerns around the vacant positions at the DTIC and its entities and whether the austerity measures introduced by government contributed to this situation. Furthermore, the Committee was also concerned about the potential for a negative audit due to long-standing vacant posts and the impact on affected programmes. The Committee enquired whether the DTIC had any engagement with NT and the DPSA regarding unfilled posts. In addition, it enquired if the fiscal austerity measures permanently or indefinitely delayed filling these posts, as this delay could have an impact on the DTIC's audit and overall performance. The Committee also enquired whether the DTIC should not consider removing these posts from its establishment to avoid audit queries and what has happened to the funds and programmes affected by these vacancies. The DTIC responded that it was concerned whether the country could sustain its current spending pattern while aiming for economic growth. Currently, fiscal policy is about trimming the budget, but it should also focus on reallocate funds strategically towards investment that can drive long term growth, particularly in infrastructure, human capital and innovation. Furthermore, it should also address the structural inefficiencies, such as filling critical positions which now requires the approval of both the NT and the DPSA. Addressing these inefficiencies would ensure that department function effectively in the short term but pursuing sustainable growth.

6.14 ***Planned targets:*** The Committee raised concerns around how realistic the planned targets were and the performance of the DTIC against the planned targets. It was important for the Committee to ensure that any quarterly underperformance does not compromise the DTIC's ability to meet its annual targets. Therefore, the Committee enquired whether the DTIC had considered any measures to ensure that the annual performance targets for the 2024/25 financial year are met. The DTIC indicated that it would be tabling a revised APP that took the Committee's concerns into consideration.

6.15 ***Delay in tabling of Annual Reports:*** The Committee noted the delay in tabling the annual reports of the CompCom, the ECIC and the NLC. The deadline for tabling had

been 30 September 2024, therefore, these entities were not in compliance with the prescripts of the Public Finance Management Act (Act No. 1 of 1999). The Committee enquired what steps the DTIC has taken to ensure that these three entities would meet future deadlines for submitting audited financial statements and avoid similar delays. Furthermore, about the delayed audits, the Committee enquired whether the changes in accounting standards for insurance contractors were specific to the ECIC and the NLC, or were other entities also affected. The Minister had requested approval from the Speaker in a letter dated 30 September 2024 for the late tabling of the CompCom, the NLC and the ECIC annual reports by 30 November 2024. In addition, the AG had noted that the CompCom's audit had been finalised, but it was still finalising its annual report. In relation to the NLC and ECIC audits, the Auditor-General could not present these audit outcomes until all issues related to internal quality assurance had been resolved.

6.16 ***Underperformance of entities:*** The Committee highlighted the consistent underperformance of entities like the SABS and the NLC, particularly regarding governance issues, due to vacant critical posts and unfilled leadership positions. These issues impact both financial and non-financial performance of these institutions. The Committee enquired what measures were being considered by the DTIC to address these challenges especially in relation to audit reports, due diligence regarding the appointment of boards, fruitless and wasteful expenditure, as well as measures to address governance issues. The DTIC indicated that, following the conclusion of the 2023/24 audit process, it would be requesting the entities to submit their audit action plans for it to monitor the implementation of this on a quarterly basis. In terms of fruitless and wasteful expenditure, the entities would be required to provide the necessary detail as well as the actions taken in relation to those cases.

Furthermore, it reported that the process to appoint persons to boards usually included the following steps: (i) the advertisement of vacancies, (ii) categorising candidates in terms of their compliance with the requirements for board members, (iii) shortlisting, (iv) interviews, and (v) pre-employment screening. This is all done before the names of the recommended candidates are submitted to Cabinet for its approval.

6.17 ***Target threshold:*** The Committee raised concerns that the DTIC's 69 per cent target threshold was too low given the investment in and capabilities of entities. Given that many entities were performing above the 80 per cent threshold, it enquired why the

target was only 69 per cent and whether it should be raised to promote higher performance levels. The Acting Director-General informed the Committee that no formal threshold existed for entity performance. However, it was considering whether to establish a threshold, particularly regarding which KPIs should have the greatest weight and/or should be non-negotiable. In this regard, the importance of the shareholder compact should not be underestimated, as it aligns with the entities' founding legislation, and sets performance expectations. Furthermore, the DTIC informed the Committee that consequence management would be enforced for non-compliance.

6.18 ***Sustainability of public entities:*** The Committee raised the important issue about the sustainability of public entities, particularly in the context of budget constraints, the ability to reinvest in technology and filling of vacancies, and commercialisation of operations to ensure long-term viability without over relying on government transfers or creating an additional burden on the state. This hinders their ability to deliver services efficiently, but also impacts on their ability to innovate and keep pace with evolving needs and global standards. The Committee enquired whether the DTIC had any plans that would ensure the sustainability of these entities and whether consideration should be given to commercialisation of some of their activities to ensure their sustainability. The Minister in his response acknowledged the concerns of the Committee. He informed the Committee that these matters were being closely examined, particularly within the context of broader economic functions and standards. This included assessing their roles and responsibilities within a wider framework of economic governance. He further expounded that there is a need for recapitalisation and alternative financing mechanisms for several entities, stressing that some may benefit from user-driven funding through fees. However, he was of the view that implementing such a fee would require careful consideration to avoid pricing users out of the market while ensuring the sustainability of these entities. The objective would be to address capacity challenges by engaging the market without making entities' services unaffordable or unsustainable. The Minister further stated the importance of providing greater clarity and efficiency in the work of entities, such as the Competition Tribunal, to expedite decision-making processes. This would allow the private sector and users to contribute through fees or alternative financing mechanisms. This approach, according to the Minister, would be in line with international norms and best practices.

6.19 ***Funding of consumer protection bodies:*** During its oversight of entities, the Committee had noted the significant underfunding of consumer protection bodies that play a critical role in safeguarding consumer interests and implementing consumer protection laws. Currently, it appeared that these entities were being treated with a "compliance mindset" by the DTIC, rather than recognising them as critical vehicles to ensure/foster a fair, equitable and consumer-friendly marketplace. Furthermore, it expressed a view that proceeds of the National Lottery should also be utilised to support the public good. Currently, government is considering issuing a fourth operator licence to conduct the National Lottery. The Committee enquired what measures were being considered by the DTIC to ensure sufficient funding for these institutions responsible for consumer protection to enable them to not merely meet their compliance obligations. Furthermore, in issuing the fourth operator licence, whether government should not consider allocating a 20 per cent share to government. Through these mechanisms, government could consider recapitalising the NEF and ring-fencing funds for consumer protection agencies. This could significantly enhance both economic empowerment and consumer protection, which are essential for long-term socio-economic development in South Africa. The Minister was of the view that the proposal to utilise proceeds of the National Lottery for the public good should be given consideration, particularly to fund entities like the NCC and the NCR. He informed the Committee that the idea of leveraging the resources of well-endowed entities to build the capacity of others is currently under discussion within the DTIC group., which is part of the wall-to-wall approach. This would require a more integrated view of resources across different entities ensuring that the financial masses/resources of one institution could be used to build the capacity of another. He further stated that this approach would require a shift in mindset where the DTIC and its entities should think collectively about resources rather than in isolation.

6.20 ***Mandate of the IDC****:* The Committee raised concerns that the IDC had diverged from its original mandate, namely supporting industrial development and economic transformation. It recognised the strategic role of the IDC, as a vehicle to stimulate economic growth. However, the underperformance of the IDC is a major concern for the Committee as it hinders the broader goals of economic transformation and development. Currently, the IDC has been focusing on activities that could be handled by other government institutions/entities such as the former Small Enterprise Finance

Agency, the NEF, and the Public Investment Corporation. There has been a strong call from the Committee for the IDC to return to its core mandate of supporting large-scale industrial projects, creating jobs, and driving economic transformation. This would require the realignment of its strategic priorities ensuring that it once again becomes an enabler of South Africa's industrial future. Therefore, the Committee enquired what measures the DTIC would consider enabling the IDC to return to its core mandate of supporting industries that can drive sustainable growth, especially in manufacturing, infrastructure development, and the green sectors. According to the Deputy Minister, the core mandate of the Industrial Development Act (Act No. 22 of 1940) is to "promote the establishment of new industries and industrial undertakings and the development of existing industries and industrial undertakings …", confirming transformation as its core mandate. However, over time, the IDC has evolved in a manner away from its original mandate abandoning its original mandate to stimulate industrial growth. He informed the Committee that the IDC leadership is aware of the reasons for these changes and the issues that led to the shift. Notwithstanding this, he informed the Committee that there is a pivot back to focusing on its transformation mandate, ensuring that the IDC aligns closely with its original mandate going forward.

6.21 ***Role of the Competition Tribunal:*** The Committee focused on the role of entities and their specific contribution to the broader economic goals. It specifically enquired about how entities such as the Competition Tribunal contribute to the broader economic goals of the country, beyond its mandate. In this regard, it enquired whether the Tribunal's role was to purely focus on adjudication, or did it have a broader mandate to enhance competitiveness rather than curtail it, and what distinguished it from other global competition authorities. The DTIC highlighted the critical role of the Competition Tribunal regarding competitiveness, emphasising that notwithstanding regulators' distinct roles, they should contribute towards a shared vision of promoting competitiveness and economic growth. Therefore, regulators should not just focus on enforcement but also consider how their actions/decisions could promote development. Regulators should reimagine their regulatory approach within the framework of existing legislation to support economic growth.

7. CONCLUSIONS

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

7.1 The Committee was of the view that transformation should occur at two levels, namely industrial and structural transformation through changes in the demographics of ownership, management and control patterns. To facilitate this, transformation should be at the core of all the DTIC's programmes and the work of its entities. This would ensure that transformation is mainstreamed across all levels of policy, practice, and project approval.

7.2 The Committee was concerned that the financial sector was more likely to provide funding for consumption-driven expenditure rather than productive purposes particularly to previously disadvantaged individuals. Therefore, it stressed the need for the realignment of financing practices by the financial sector to invest more in the productive sectors of the economy to facilitate transformation within the economy. It also called for a market inquiry into the conduct of the financial sector.

7.3 While the Committee recognised the suite of incentives offered by the DTIC, it remained concerned about the relative allocation of incentives across sectors.

7.4 The Committee was of the view that the development of new industrial sectors such as the local film industry is critical for increasing local economic activity and job creation in support of transformation.

7.5 The Committee specifically recognised the opportunities created by the advent of the transition to EVs to localise the production thereof and to harness value chains for the industry. This would include building capabilities and fully participating in downstream industries to support the development and growth in the EV sector. Opportunities that should be explored include but are not limited to battery storage, charging infrastructure, components/parts manufacturing, EV maintenance and repair capabilities, smart grid integration and fleet electrification capabilities. The Committee implored the DTIC to ensure that the development of such industries to support EVs advances transformation.

7.6 The Committee emphasised the importance of state procurement as a tool for the redistribution of wealth and inclusive economic transformation in the country. Further, preference should also be given to locally manufactured products in the procurement process. There should also be set asides for designated groups such as women, youth and people with disabilities. In addition, consideration should be given to cost-competitiveness during the procurement process.

7.7 The Committee recognised the need to develop appropriate skills to support industrialisation. It urged the DTIC to engage relevant departments and higher education and training institutions, as well as the private sector, in this regard.

7.8 The Committee was of the view that the current approach to industrial parks was not yielding the desired socio-economic outcomes. Therefore, it urged the DTIC, together with relevant national and provincial departments, as well as local governments where they are located, to conduct a comprehensive review of industrial parks. This should also determine the economic viability and/or potential of each industrial park to economically contribute to their surrounding communities and recommend possible investment decisions in this regard.

7.9 The Committee reemphasised the need to shift from the dominance of exports of raw materials to exporting larger volumes of high-value, technologically advanced manufactured goods. In this regard, beneficiation of South Africa's mineral resources should be prioritised over the export of raw materials. Government should, therefore, ensure that it actively pursues a holistic policy which supports this. Currently, freight and port charges are lower for the export of raw material compared to manufactured goods which is an anomaly that should be corrected. A two-tier freight and port charges system should be developed which offers lower pricing for beneficiated goods and higher pricing for the export of raw materials that favour local manufacturing. In addition, there is a need for government to address port and rail inefficiencies to lower the overall cost of transportation for exported goods. Notwithstanding the improving share of value-added exports, there is a need to accelerate the export of manufactured goods to address job creation and stimulate economic growth.

7.10 The Committee emphasised the importance of economic diplomacy in achieving South Africa's national interest. It encouraged the DTIC, in conjunction with the Department of International Relations and Cooperation, to strengthen ties with key African countries such as Nigeria, Egypt and Kenya, especially in the context of the AfCFTA. In this regard, it welcomed the bi-national commission between South Africa and Nigeria, as a vehicle to address challenges or concerns in relation to finalising the AfCFTA Protocols.

7.11 Given the importance of economic diplomacy and the role that foreign economic offices can play to promote South African exports and South Africa as an investment destination, the Committee was concerned by the number of vacancies within these offices, particularly in strategic countries/regions. While acknowledging key constraints in relation to staffing all trade missions, there is a need to prioritise strategic countries/regions, as they are central to South Africa's economic interest. However, it welcomed the engagements between the DTIC, the DIRCO and NT to address these challenges.

7.12 The Committee acknowledged the role that export councils could play in facilitating growth in exports. It urged the DTIC to encourage the establishment of export councils in other sectors that are currently not represented to facilitate exports in these sectors.

7.13 The Committee recognised the important role that start-ups can play in socio-economic development and the export of services and value-added products. However, there is a need to address regulatory and other barriers faced by these types of businesses, particularly in attracting and accessing venture capital funding and highly skilled foreign workers, as well as in effectively protecting and commercialising their intellectual property.

7.14 The Committee noted that there were relatively large disparities between certain set targets and their actual achievement. This implied that there was a challenge with the DTIC's target setting process. It encouraged the DTIC to review its target setting process to ensure that it sets realistic targets in future.

7.15 Nevertheless, the Committee acknowledged the notable progress made by the DTIC during the 2023/24 financial year and the first quarter of the 2024/25 financial year. The DTIC was aiming to realign its key performance indicators, emphasising outcomes over inputs. However, the Committee was of the view that the current performance indicators and targets need to realign with the country's developmental goals of sustainable growth, economic and spatial equality, and job creation. The Committee awaited the tabling of the revised 2024/25 Annual Performance Plan and the 2025/26- 2029/30 Strategic Plan, which was expected to support a more holistic approach to industrial strategies, economic policies, and public sector reforms, which was vital in today's complex economic landscape.

7.16 However, the Committee noted that the DTIC could not address the country's challenges of high unemployment and deindustrialisation alone. These challenges were compounded by inefficiencies in public procurement and inadequate coordination between national, provincial and local government, and state entities, as well as across national government departments, making it difficult to fully achieve the DTIC's objectives, especially in relation to industrialisation and economic transformation. It emphasised the need to address coordination for effective industrialisation and job creation strategies to reduce the high unemployment rate and foster inclusive economic growth.

7.17 While the Committee acknowledged the need for government to be fiscally responsible, it was of the view that cost-containment measures should not be at the expense of job creation and economic development. The stimulation of the economy is critical to enable the State to address its fiscal constraints, hence budgeting should be strategically undertaken to balance the socio-economic needs of the country.

7.18 In this regard, the Committee recognised the need for coordination between macroeconomic policy and industrial policy, as industrial policy should be given primacy when developing macroeconomic policy to ensure economic growth and job creation.

7.19 The Committee stressed that the impact of key vacant positions at the DTIC on its stability and its ability to effectively fulfilling its mandates should not be underestimated. In particular, it was concerned about the vacancies of the Director-

General, and several Deputy Director-General posts. In addition, it was concerned that the position for the Deputy Director-General for Departmental Operations has not been approved by the Department of Public Service and Administration.

7.20 Furthermore, it remained concerned by vacancies at some entities, particularly in terms of leadership and executive management positions, as these vacancies affected their ability to stabilise these institutions, fulfil their mandates and their audit outcomes.

7.21 The Committee expressed the view that it was important that the DTIC has adequate oversight over the functioning of its entities. There is a need for the DTIC to develop an appropriate Governance and Oversight framework for its entities including a continued engagement with the Department of Public Service and Administration regarding the position of Deputy Director General for Departmental Operations.

7.22 It particularly noted the impact that unfilled leadership positions and vacant critical senior management posts, across all entities, such as the SABS, had on good It also highlighted governance issues at the NLC. These governance issues may impact both the financial and non-financial performance of these institutions.

7.23 The Committee was of the view that there is an urgent need to address the governance issues it had identified in some of the DTIC's entities. It further noted the challenges with some audit outcomes. It, therefore, emphasised that the DTIC should work with entities to ensure that these issues are resolved.

7.24 The Committee noted that the Competition Commission, the ECIC and the NLC had not tabled their annual reports by the deadline of 30 September 2024, which was not in compliance with the prescripts of the Public Finance Management Act. It had still been awaiting the tabling of their 2023/24 Annual Reports at the time of adoption. It urged the DTIC and the affected entities to conclude these reports and table them expeditiously. Furthermore, it requested the DTIC to implement measures to ensure that its entities comply with tabling requirements in future.

7.25 Moreover, the Committee noted that the Auditor-General's 2023/24 report had uncovered significant financial governance weaknesses, particularly in supply chain

management and performance reporting. It particularly noted significant irregular expenditure at the SABS, the CompCom and the NRCS, as well as fruitless and wasteful expenditure at the NCR, the SABS and the NRCS. The Committee urged the DTIC and its affected entities to resolve these systemic issues urgently to ensure that taxpayer funds are used effectively, with an emphasis on accountability and transparency. It proposed that the DTIC should establish a dedicated task team as part of the Governance and Oversight framework for its entities or enhance its internal audit functions to monitor these areas and prevent irregular, and fruitless and wasteful expenditure at the entity level.

7.26 The Committee emphasised the need for the Industrial Development Corporation to revert back to its founding strategic role to support industrial development and economic transformation.

7.27 Given the ongoing fiscal constraints, the Committee was concerned about the sustainability of public entities. In this regard, it encouraged the DTIC to consider alternative financing mechanisms for its entities. Further, it proposed that the DTIC should consider ring-fencing a 20 per cent share of the new lottery operator licence to government and use that to capitalise the National Empowerment Fund and consumer protection institutions namely the National Consumer Commission, the National Credit Regulator and the National Consumer Tribunal.

8. APPRECIATION

The Committee would like to thank the Minister of Trade, Industry and Competition, Mr P Tau, the Deputy Minister, Mr Z Godlimpi, and the acting Director-General, Ms M Mabitje-Thompson, for their cooperation and transparency during this process. The Committee also wished to thank its support staff, in particular the Committee Secretary, Mr A Hermans, the Content Advisor, Ms M Sheldon, and the Researcher, Ms Z Madalane, for their professional support and assistance in drafting this report. In addition, the Committee thanked the Committee Assistant, Ms Y Manakaza, and the Acting Executive Secretary to the Chairperson, Ms T Morie, for assisting it during this process. The Chairperson wished to thank all Members of the Committee for their active participation during the process of

engagement and deliberations and their constructive recommendations reflected in this report.

9. RECOMMENDATION

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

9.1 Engaging the Presidency to consider including the resolution of the constraints faced by the manufacturing sector in relation to beneficiation and the exportation of value-added goods, particularly administered prices and inefficient transport logistics as part of Operation Vulindlela.

9.2 Engaging with other relevant departments to develop a policy to promote and support the development of start-up businesses, particularly in relation to venture capital funding access, intellectual property protection and visas for highly skilled workers.

Report to be considered.

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