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ANNOUNCEMENTS,

TABLINGS AND

COMMITTEE REPORTS

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COMMITTEE REPORTS

National Assembly

1. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON THE APPROPRIATION BILL [B16 – 2025] (NATIONAL ASSEMBLY – SECTION 77), DATED 18 JULY 2025

Having considered the Appropriation Bill [B16 – 2025], referred to in terms of section 10(1)(a) of the Money Bills Amendment Procedure and Related Matters Act No. 9 of 2009 (as amended by the Money Bills Amendments Procedure and Related Matters Amendment Act, No. 13 of 2018), the Standing Committee on Appropriations reports as follows:

1. Introduction

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 Section 213(2) of the Constitution of the Republic of South Africa (the Constitution) provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament.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from the National Revenue Fund for the requirements of the State and to prescribe conditions for the spending of funds withdrawn.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

In executing this mandate, the Standing Committee on Appropriations, hereinafter referred to as the Committee, is established in terms of section 4(3) of the Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009, and herein referred to as the Act. In line with section

10(1)(a) of the Act and after the adoption of the Fiscal Framework, the Act enjoins the Committee with a responsibility to consider the Appropriation Bill, hereinafter referred to as the Bill, and report thereon to the National Assembly. The national budget for the 2025/26 financial year, including the Appropriation Bill was tabled on 21 May 2025 by the Minister of Finance and the Bill was referred to the Committee on 27 June 2025 for consideration and report to the National Assembly. The Committee was briefed on the Bill by National Treasury on 28 May 2025. In processing the Bill, section 4(4)(c) of the Act also requires the Committees on Appropriations of both Houses to consult with the Financial and Fiscal Commission (FFC). In addition to the FFC commenting on the Bill, the Committee also invited the Parliamentary Budget Office (PBO) for comments. Furthermore, the Committee invited the following government Departments to comment on the Bill, the Department of Health; the Department of Social Development; the Department of Transport; and the Department of Trade Industry and Competition.

In terms of sections 10(5) and 10(6) of the Act, Parliamentary Portfolio Committees may advise the Appropriations Committee on appropriations related matters. The Committee held a joint meeting with the Portfolio Committee on Social Development on 08 July 2025, where a briefing on the proposed vote allocations for the Department of Social Development was received. Furthermore, the Committee received a written submission from the Portfolio Committee on Communications and Digital Technologies on the Portfolio Committee's proposed preconditions prior to the approval of Budget Vote 4 (Government Communication and Information System), dated 02 July 2025. The Portfolio Committee on Communications and Digital Technologies was invoking its right in terms of Section 10(5) of the Money Bills Amendment Procedure and Related Matters Act, as amended.

Section 10(8) (a) and (b) of the Act also requires the Committee to hold public hearings on the Bill and proposed amendments; and for the Committee to report to the House on the comments on and amendments to the Bill. To this end, the Committee sent out invitations to interested parties and published advertisements on Parliament's website and social media platforms from 05 to 11 June 2025, inviting them to provide their inputs/comments on the Bill. The public hearings on the Bill were held on Wednesday, 02 July 2025 via a Zoom Virtual meeting platform. In response and in

line with the requirements of the Act, a written and oral submission on Bill was received only from the Congress of South African Trade Unions (COSATU).

2. Overview of the 2025 Budget proposals

Government Fiscal Strategy continues to strike a balance between stabilising the public finances, reducing risks in the fiscal framework, encouraging economic growth and supporting low-income and vulnerable households. The May 2025 Budget Overview maintains government's fiscal strategy as outlined in the 2024 Medium Term Budget Policy Statement (MTBPS). It aims to stabilise government debt in 2025/26 while increasing infrastructure investment to support higher economic growth. It continues to support the social wage – made up of health, education, social protection, community development and employment programmes. This is a difficult balance to strike given the reduction in the additional revenue as initially envisaged by the increase in VAT.

The 2025 fiscal strategy prioritises fiscal sustainability by pursuing a debt-stabilising primary balance in 2025/26. The strategy will prioritise (as contained in Chapter 3 of the March 2025 Budget Review):

- Achieving a debt-stabilising main budget primary surplus in 2025/26 and maintaining sufficiently large primary surpluses over the remainder of the decade.
- Implementing the 2025 public-service wage agreement in a sustainable way that mitigates its impacts on the core fiscal metrics.
- Growing payments for capital assets at a consolidated level faster than inflation. Capital payments are the fastest-growing spending item.
- Shifting the borrowing strategy to prioritising capital payments, while ensuring that current revenue exceeds current spending.

Tax policy measures proposed in the 2025 *Budget Overview* will raise an additional R18 billion in 2025/26, and an additional R20 billion in tax measures will be proposed in the 2026 Budget. These policy measures will be reassessed if SARS is able to raise additional revenue through more efficient tax administration and higher tax compliance.

Government's fiscal strategy remains on course, with the consolidated budget deficit expected to narrow from 4.8 per cent of GDP in 2025/26 to 3.4 per cent in 2027/28. Government debt is expected to stabilise at 77.4 per cent of GDP in 2025/26 – a slightly higher level than projected in the 2024 MTBPS and March 2025 Budget Review, mainly due to lower nominal GDP. The social wage accounts for 61 per cent of total non-interest spending over the medium term and is projected to reach R1.3 trillion in 2025/26. Over the MTEF period, the primary surplus continues to grow, meaning that revenue will continue to exceed non-interest expenditure. In time, this growing surplus will reduce the growth of debt-service costs – money that could be better spent to build fiscal shock absorbers and fund health, education and security.

Relative to the March 2025 Budget, spending adjustments have been limited to a few departments or sectors. The social wage continues to account for 61 per cent of consolidated non-interest spending over the 2025 MTEF period. Total consolidated spending is expected to grow at an average annual rate of 5.4 per cent, from R2.4 trillion in 2024/25 to R2.81 trillion in 2027/28. Main budget expenditure is set to increase from R2.1 trillion in 2024/25 to R2.5 trillion in 2027/28, at an average annual rate of 1.2 per cent in real terms. Economic development is the fastest-growing function over the MTEF period, with an average growth rate of 8.2 per cent.

The 2025 Budget broadly maintains the expenditure trajectory presented in the March 2025 Budget Review. Total functional allocations amount to R6.69 trillion over the medium term, while proposed additional spending has been reduced from a total of R232.6 billion to R180.1 billion over the three-year period to align spending with revenue proposals while protecting frontline services. This is achieved mainly through adjustments to provisional allocations.

Table 1 shows proposed additions to spending over the MTEF period. Relative to the March 2025 Budget Review, additions to social grants designed to mitigate the impact of the proposed VAT rate increase have been removed, as have additions for disaster management and partially, for the Passenger Rail Agency of South Africa. Additions to frontline services (including education, health, home affairs and defence) remain in place, although they are revised down in line with lower anticipated revenue.

Table 1: Proposed spending additions funded over the MTEF period

R million	2025/26	2026/27	2027/28	MTEF total
Infrastructure investment	7 950	13 920	11 863	33 732
2025 public-service wage agreement and carry-through costs	7 317	7 842	8 211	23 371
Early retirement costs	2 200	3 300	–	5 500
COVID-19 social relief of distress grant	35 169	–	–	35 169
Social grants above-inflation increases	1 594	–	–	1 594
SARS baseline allocation	2 000	1 000	1 000	4 000
Provisional allocations for frontline services*	12 245	13 883	15 157	41 286
Education: provincial education compensation costs and expansion of ECD provision	5 070	6 466	8 012	19 548
Health: provincial health compensation costs, unemployed doctors and goods and services	6 706	6 922	7 145	20 773
Home Affairs: digitisation	470	495	–	965
Other spending additions	18 862	9 388	7 227	35 476
SARS spending adjustments and further support	500	1 500	1 500	3 500
Employment programmes	4 592	–	–	4 592
SANRAL GFIP phase 1 debt repayment ¹ and maintenance backlog	8 681	4 639	3 314	16 634
SANDF troop deployment in DRC and phased withdrawal costs	3 043	–	–	3 043
Spending additions to various institutions ²	1 443	871	917	3 231
Local government elections	–	1 435	–	1 435

Direct charges ³	603	942	1 496	3 042
Total additions to baselines and provisional allocations	87 337	49 334	43 458	180 129

* *Provisional allocations not appropriated to votes*

1. *Includes the National Government portion of the R3.2 billion in 2025/26*

2. *Includes G20 and ICASA spectrum auction cost in 2025/26, new ministries and deputy ministries carry-through costs and financing of Parliament and the Office of the Chief Justice funding pressures*

3. *Include additions for the injury on duty and post-retirement medical benefits*

Source: National Treasury; detailed breakdown provided in updated tables of 2025 Budget Review

3. Overview of the 2025 Appropriation Bill [B16 – 2025]

The Bill provides for the appropriation of money by Parliament from the National Revenue Fund (NRF) in terms of section 213 of the Constitution of the Republic of South Africa and section 26 of the PFMA. Spending is subject to the PFMA and the provisions of the Appropriation Act. The Bill deals with proposed national appropriations. To effect spending on conditional allocations from national's equitable share to provincial and local government, the Division of Revenue Act sets out specific provisions on spending conditions.

The Bill proposes a total appropriation by vote of R1.2 trillion in 2024/25 financial year (or R3.6 trillion over the next three years). Total direct charges against the National Revenue Fund (NRF) amounts to R1.1 trillion in 2024/25 financial year (or R3.5 trillion over the MTEF period). Direct charges against the National Revenue Fund includes amongst others; salaries of the President and the Deputy President, Members of Parliament's remuneration, Provincial Equitable Share (PES), debt-services costs, general fuel levy sharing with metropolitan municipalities, skills levy and sector education and training authorities. Including direct transfers to provinces and local government, direct charges and total vote appropriation, (Appropriation Bill), provisional allocations not assigned to votes and the contingency reserve, total Estimates of National Expenditure amounts to R2.3 trillion for the 2025/26 financial year or R7.2 trillion over the MTEF period (see Table 2 below). This includes a proposed provision of R424.9 million for the

Infrastructure Fund (not yet appropriated) for the 2027/28 financial year. Table 3 shows proposed allocation of funds by vote for the 2025/26 financial year.

Table 2: Expenditure by national vote: 2025/26

R million		2025/26
Total appropriation by vote (Appropriation Bill)		1 172
		207,4
Total direct charges against the National Revenue Fund		1 114
		810,6
President and deputy president salaries (The Presidency)	8,1	
Members remuneration (Parliament)	519,1	
	426	
Debt-service costs (National Treasury)	345,6	
	633	
Provincial equitable share (National Treasury)	166,0	
General fuel levy sharing with metropolitan municipalities (National Treasury)	16 849,1	
Auditor-General of South Africa (National Treasury)	134,3	
Public-sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations (National Treasury)	7 900,7	
Skills levy and sector education and training authorities (Higher Education)	26 006,0	
Magistrates' salaries (Justice and Constitutional Development)	2 630,3	
Judges' salaries (Office of the Chief Justice)	1 237,8	
International Oil Pollution Compensation Fund (Transport)	13,7	
Provisional allocation not assigned to votes		18 711,7
Contingency reserve		5 000,0
		2 310
Total National Expenditure Estimates		729,7

Source: National Treasury (2025 Estimates of National Expenditure)

Table 3: Appropriated funds per vote - 2025 Appropriation Bill

Vote	Department (s)	Main Division
		R'000
1	The Presidency	739 056
2	Parliament	3 067 779
3	Cooperative Governance	131 129 228
4	Government Communication and Information System	820 281
5	Home Affairs	11 060 002
6	International Relations and Cooperation	7 090 174
7	National School of Government	228 683
8	National Treasury	29 972 859
9	Planning, Monitoring and Evaluation	509 061
10	Electricity and Energy	6 669 290
11	Public Service and Administration	564 720
12	Public Service Commission	302 010
13	Public Works and Infrastructure	7 623 029
14	Statistics South Africa	2 771 306
15	Traditional Affairs	195 530
16	Basic Education	35 489 184
17	Higher Education and Training	116 441 707
18	Health	64 807 212
19	Social Development	294 055 642
20	Women, Youth and Persons with Disabilities	1 361 686
21	Civilian Secretariat for the Police	172 245
22	Correctional Services	29 221 952
23	Defence	57 183 704

24	Independent Police Investigative Directorate	428 556
25	Justice and Constitutional Development	22 737 541
26	Military Veterans	878 541
27	Office of the Chief Justice	1 515 123
28	Police	120 889 935
29	Agriculture	7 609 653
30	Communications and Digital Technologies	2 545 626
31	Employment and Labour	4 153 137
32	Forestry, Fisheries and Environment	9 080 710
33	Human Settlements	34 042 797
34	Mineral Resources and Energy	2 859 637
35	Science, Technology and Innovation	9 063 745
36	Small Business Development	2 918 122
37	Sport, Arts and Culture	6 309 944
38	Tourism	2 434 892
39	Trade, Industry and Competition	11 071 749
40	Transport	95 692 062
41	Water and Sanitation	26 678 735
42	Land Reform and Rural Development	9 820 567
	Total	1 172 207 412

Source: National Treasury (2025 Appropriation Bill)

The Bill also proposes the allocation of funds by economic classifications (see Table 4 below). It should be noted that even though the Bill proposes the allocation of resources across the national sphere of government, 72.2 per cent of these allocations go into transfers and subsidies. These are transfers to provinces, municipalities, public corporations and other non-profit making entities. Current payments, payments for capital assets and payments for financial assets take up 25.3 per cent, 1.4 per cent, and 0.8 per cent respectively. It is worth noting that the economic classifications for Vote 2 (Parliament) are determined by Parliament in terms of the Financial Management of Parliament Act, 2009 as amended. Table 4 below provides an overview of the proposed vote allocations in terms of economic classification.

Table 4: Allocation per economic classification - 2025 Appropriation Bill

	Main Division	Current payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
		Compensation of employees	Goods and Services	Interest and Rent on Land			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total	1 172 207 412	213 632 707	82 770 364	312 663	846 102 634	16 534 360	9 786 905

Source: National Treasury (2025 Appropriation Bill)

4. Comments and hearings on 2025 Appropriation Bill with identified stakeholders

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

4.1 National Treasury

National Treasury outlined the legislative process governing the passing of the Appropriation Bill as outlined in Money Bills Amendment Procedure and Related Matters Act of 2009, as amended. Furthermore, National Treasury outlined the provisions made in section 29 of the PFMA, which make provision for spending of government funds before the Appropriation Bill is passed. The Bill provides for the appropriation of money from the National Revenue Fund with spending subject to provisions contained in the PFMA (as amended). Finally, National Treasury presented an overview of the 2025 Appropriation Bill as set out in Schedule 1 of the Bill.

4.2 Financial and Fiscal Commission

The Financial and Fiscal Commission (FFC) provided an overview of the 2025 macroeconomic landscape and fiscal strategy focusing on the global economic outlook and inflation, employment and economic growth, FFC's macroeconomic projections of the south African economy, fiscal policy and outlook, revenue trends and FFC's proposed fiscal strategy, FFC's proposed fiscal consolidatory paths and contingent liabilities.

On the 2025 Appropriation Bill, the FFC highlighted the following in terms of the proposed allocations of selected departments.

Department	FFC Comments
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Social Development and Cooperative Governance	The Commission notes that the Social Development vote receives the largest budget allocation at 25.1 per cent, reaffirming the government's commitment to social welfare and poverty alleviation through grants for the vulnerable groups. While the Cooperative Governance vote accounts for the second largest share at 11.2 per cent.
Public Works and Infrastructure; Science, Technology and Innovation; Small Business Development; and Trade, Industry and Competition	The Commission notes that less than 1.0 per cent of the total appropriation by vote is allocated to votes including Public Works and Infrastructure; Science, Technology and Innovation; Small Business Development; and Trade, Industry and Competition each which raises doubts that economic development and innovation-focused sectors receive sufficient fiscal priority to drive industrial growth, entrepreneurship, and infrastructure expansion.

On budget deviations for selected votes, emphasising budget deviations for: 2023/24 versus 2024 and 2025 Budget for the 2025/26 financial year proposed allocations, the Commission made the following observations:

Department	FFC Comments
Basic Education	The Commission notes that the May 2025 Budget continues to prioritise Early Childhood Development (ECD) with a maintained allocation of R10 billion over the medium term. Funding of R9.5 billion has also been added for teacher retention and staffing expansion.
Defence	The Commission notes the reduction in SADC DRC mission funding from R5.0 billion (March 2025 Budget) to R3.0 billion over the medium term, while increasing the SANDF's 2025/26 withdrawal allocation from R1.8 billion (March 2025 Budget) to R3.0 billion.
Health	The Commission notes that the three-year allocation for health interventions (including compensation, unemployed doctors, and goods/services) has been revised down from R28.9 billion (March 2025 Budget) to R20.8 billion (May 2025 Budget). Funding earmarked for employment of doctors who have completed their community service, safeguarding health posts and addressing shortages in medical goods, services and accruals have been reduced.

Higher Education	The Commission notes that the minimal increase of 0.2 per cent in 2025/26 relative to baseline suggests a misalignment with rollout of the 'missing middle' student loan program. The reduction in transfers to the National Student Financial Aid Scheme (NSFAS) from R55.8 billion in the 2024 Budget to R55.4 billion—remains unchanged in the May 2025 Budget.
Home Affairs	The Commission notes that the 2025/26 allocation for "digitisation and human resource capacitation" was reduced from R1.5 billion (March 2025 Budget) to R470 million (May 2025 Budget), and the "human resource capacitation" aspect has been removed from the May budget's focus, now only mentioning "digitisation".
Mineral Resource and Energy	The Commission notes that proposed allocation towards this vote remains unchanged from March 2025 Budget with vote increase in 2025/26 baseline for implementing a new, modern and transparent mining rights system to enable the issuance of about 600 mining licenses and rehabilitate dilapidated and ownerless mines.
Police	The Commission notes the 1.3 per cent increase in 2025/26 as compared to the 2024 MTEF period and calls for a heightened focus on combating cybercrime, extortion and protection racketeering as identified to be prevalent in the 2023 Global Crime Index.
Public Works and Infrastructure	The Commission notes that despite the 2025 Budget's infrastructure-led growth focus, the Public Works and Infrastructure vote has been reduced compared to what was outlined in the 2024 MTEF. This aligns with an unchanged R17.9 million (0.8%) reduction for the Expanded Public Works Programme (EPWP) for the 2025/26 fiscal year, a reduction consistent across the March and May 2025 Budgets when compared to the allocation for 2025/26 in Budget 2024 which may reduce job opportunities.
Social Development	The Commission notes the R1.6 billion for above-inflation increases to permanent social grants (excluding SRD) for 2025/26 remains unchanged from March 2025 Budget but above-inflation increases for outer years have been withdrawn. Additionally, the R300 million for SRD grant administration is unchanged from the March 2025 Budget, prompting questions on the Social Development department's role.

Women, Youth and Persons with Disabilities	The Commission notes that the significant vote increase can be attributed to the R549.8 million that has been allocated to the National Youth Development Agency under the Presidential Employment Initiative
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On direct charges against the National Revenue Fund, the Commission made the following observations:

- The Commission notes that budget response and planning is consistent with the overspending of 4.3 per cent in the 2023/24 fiscal year relative to the budget.
- Data illustrates an under-budgeting (i.e. overspending) of 4.6 per cent for debt service costs in 2023/24, which means that the 2.8 per cent upward revision from its 2024 MTEF baseline for 2025/26 may be inadequate.
- Provincial equitable share shows a spending pressure as seen by the over-expenditure of 3.1 per cent relative to its budget in the 2023/24 financial year. As such, the minor upward adjustment of 0.9 per cent for 2025/26 may not be sufficient to meet its spending needs.
- Despite data showing large fluctuations in the President and Deputy President salaries as well as for the International Oil Pollution Compensation Fund, these direct charges against the National Revenue Fund are relatively small in shares.

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

- The Commission recommends strictly using historical expenditure trends to inform future budgeting for the MTEF to enhance the efficiency and responsiveness of the budgeting process to incur savings and enhance fiscal consistency, coherency and credibility.
- As the major components of the 2025 Appropriation Bill, the Commission urges all Ministers covered by the Bill to reassess their mandates and functions to identify opportunities for integrating policies that facilitate an effective framework for achieving the strategic goals outlined in the Medium-Term Development Plan. For example, merging income support programmes with the inclusive, developmental goals of the Expanded Public Works Programme and aligning them with infrastructure development in transport

and logistics could significantly amplify socio-economic benefits and boost economic growth.

4.3 Parliamentary Budget Office

In its submission on the 2025 Appropriation Bill, the Parliamentary Budget Office (PBO) submitted that national appropriations increase by more than inflation in 2025/26 from the preliminary 2024/25 outcomes. The PBO submitted that most of the increases include funding for the implementation of the 2025 public sector wage agreement, Covid-19 SRD grant, modernisation of SARS, Teacher assistants programme in Basic Education, South African National Roads Agency for debt repayment and the maintenance backlog for the Gauteng freeway improvement project, Passenger Rail Agency of SA for the rolling stock fleet renewal, SANDF troop deployment and withdrawal and Industrial Development Corporation for the Social Employment Fund.

On the characteristics of a selection of national appropriations including direct charges, the PBO highlighted that in total national departments allocations comprises of 31.9 per cent of their budgets to current spending of which 9.6 per cent is for compensation of employees, 66.9 per cent are allocated for transfers and subsidies and 0.7 per cent to capital expenditure.

On vote expenditure trends by programme and economic classification for selected departments, the PBO made the following observations:

Department	PBO Comments
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Sport, Arts and Culture	The PBO notes that the vote transfers and subsidies amount to 80.9 per cent of which: - Provinces and municipalities: 2 provincial conditional grants. - Departmental agencies and accounts: 35 receive current transfers and 17 capital. - Higher education institutions: human language technologies projects. - Foreign governments and international organisations: 11 transfers for current spending. - Public corporations and private enterprises: 5 transfers for current spending - Non-profit institutions: 16 transfers for current spending. - Households: 4 transfers including bursaries for non-employees and other. The PBO submitted that the vote has a Budget programme structure with personnel numbers of 605 in 2025/26 providing for: Administration, Recreation Development and Sport Promotion, Arts and Culture Promotion and Development, and Heritage Promotion and Preservation. Furthermore, the PBO submitted that the Department has ten (10) Public Entities that provide services on behalf of the Department. These entities have their own financial statements and personnel structures, and the salaries of their CEO's vary between R1.3 million and R3.0 million
The Department of Science, Technology and Innovation	The PBO notes that this vote has a Budget programme structure with personnel numbers of 356 in 2025/26, which provides for: Administration, Technology Innovation, International Cooperation and Resources, Research Development and Support, and Socioeconomic Innovation Partnerships

	PBO submitted that the Department has six Public Entities that provide services on behalf of the Department, and these entities have their own financial statements with the salaries of their CEO's varying between R1.2 million and R5.3 million (increasing to R7.4 in 2027/28) The PBO further submitted that transfers and subsidies on this vote amounts to 92.4 per cent of which: - Departmental agencies and accounts: 22 receive current transfers and 2 receive capital. - Public corporations and private enterprises: 5 transfers for current spending - Subsidies on products and production: Council for Scientific and Industrial Research. - Non-profit institutions: 9 transfers for current spending. Furthermore, PBO submitted that the vote's largest programme: Research Development and Support spend 57 per cent of the total vote budget. On the Objectives of Programme 4, the PBO highlighted that it provides for, amongst other things: • The development of representative, high-level human capital to pursue locally relevant, globally competitive research and innovation activities over the medium term by: - Awarding 7 760 bursaries to doctoral students. - Awarding 13 500 bursaries to pipeline postgraduate (btech, honours and masters) students. - Placing 2 250 graduates and students in department-funded work preparation programmes in science, engineering and technology institutions.
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	• Contribute to a transformed, inclusive, responsive and coherent national system of innovation by: - Maintaining the number of research infrastructure grants at 25 over the medium term. - Increasing the total available broadband capacity provided by the South African National Research Network, from 6 800 Gbps in 2024/25 to 7 200 Gbps in 2027/28.
Police	PBO submitted that the largest programme in this vote is programme 2: Visible policing, which estimates to spend on average, 53.3 per cent of the total Budget of the 2025 MTEF, followed by detective services and administration. Compensation of employees (COE) are the largest expenditure item by economic classification spending structure, amounting to 80.8 per cent of total spending on average over the 2025 MTEF.

In summary, the PBO mad the following recommendations:

- Parliament should ensure that budgets align with the 7th Administration's priorities as per the MTDP. These should be supported by robust sector plans and monitoring systems, and that continuous reprioritisation, informed by reviews, is essential to address evolving socioeconomic realities.
- The Appropriations Bill should be assessed not only on the proportions allocated to each sphere and vote but also on its potential impact on service delivery, inequality reduction, and economic growth.
- Parliament together with the relevant oversight institutions, such as the Department of Public Service and the Presidency should not only peruse expenditure to identify savings but should also assess the duplication of services within and between institutions and if required legislation that established institutions with duplicated functions should be retracted.
- It is important to recognise that the proposed budget amendments may not fully address the deep-seated challenges of backlogs, constrained public services, and slow economic growth.

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

This section provides an overview of the written submission received by the Committee in term of section 10(5) of the Money Bills Amendment Procedure and Related Matters Act.

5.1 Portfolio Committee on Communications and Digital Technologies

In a written letter to the Committee, dated 02 July 2025, the Portfolio Committee on Communications and Digital Technologies invoked its right in term of section 10(5) of the Money Bills Amendment Procedure and Related Matters Act, as amendment. On its submission, the Portfolio Committee indicated that:

- a) The Government Communication and Information System (GCIS) 2025 – 2030 Strategic Plan and 2025 – 2026 Annual Performance Plan (APP) was referred to the Committee for consideration and report. The Committee received presentations from GCIS and one of its two entities, the Media Development and Diversity Agency (MDDA) in its meeting of Wednesday, 25 June 2025.
- b) The Committee met to consider and adopt its report on the Budget Vote 4: GCIS on Tuesday, 1 July 2025. The Committee was not satisfied with the 2025 – 2030 Strategic Plan and the 2025 – 2026 Annual Performance Plan as tabled.

After deliberating on the report, the Committee resolved to invoke section 10(5) of the Money Bills Act and pursuant to Section 10(5) of the Act, the Committee made the following preconditions for the approval of Vote 4, Government Communication and Information System:

- a) The Committee has observed that GCIS does not have a policy and legislative regime to drive Government Communication System (GCS). It is vital for the Minister to develop legislative and policy instruments to guide the implementation of GCS. Over the 2026 medium term, the Minister must develop the policy and legislation that will guide GCS.

- b) There is no strategic alignment of the Department strategic plan with the broader MTDP outcomes. The Minister in the Presidency must ensure that GCIS provide a framework for alignment of MTDP priorities with the strategic plans.
 - The Minister in the Presidency must ensure that GCIS formulates and submits a comprehensive Monitoring, Evaluation, and Results (MER) framework, aligned with the National Development Plan including the Medium-Term Development Plan within two months after the adoption of the budget vote report.
- c) Further, the Minister in the Presidency must ensure that GCIS develops a performance management system for all government communication officials aligned with the overall strategic plan. The plan must be submitted by end of the 2025/26 financial year.
- d) The strategic plan should reflect targets and activities that will be undertaken to implement legislative reforms for MDDA and Brand South Africa within the reporting period.
- e) The strategic plan does not clearly articulate how the GCIS will monitor the government's 30 per cent advertising spending by the various departments and entities, including ringfencing the advertising spending in support of community media. The Strategic plan must outline measurable targets and activities to implement, monitor, and enforce the 30 per cent advertising spending within the reporting period.
- f) There are no specific targets or activities for how the MDDA will implement its goal to support the self-transmission of community media. The Minister in the Presidency must ensure that GCIS incorporates linked targets and activities to the self-transmission of community media within the reporting period.
- g) The Minister in the Presidency must develop a funding strategy for the MDDA with clear targets.
- h) GCIS should outline its strategic intent to ensure the transformation of the media sector and translate this intent into targets and activities within the report period.
- i) GCIS's strategic plan must translate to direct, evidence-based, measurable, and impactful targets that fully benefit ordinary citizens and reflect South Africa's demographics.

In conclusion, the Portfolio Committee submitted that the adherence of the GCIS to these conditions will enable the Portfolio Committee to conduct its oversight effectively and efficiently and further ensure that GCIS delivers according to its mandate.

6. Departmental oral and written submissions on the Bill

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

6.1 Department of Health

The Department of Health indicated to the Committee that the proposed allocations of R64. 807 billion for the 2025/26 financial year will be used to address challenges that the department faces. The department submitted to the Committee that service delivery programmes remain communicable and non-communicable diseases, Primary Health Care and Hospital Systems. These programmes represent 84.66 per cent of the total proposed allocation.

The department further submitted to the Committee that R57. 696 billion (89.03 per cent) of the total proposed vote allocation is for provincial departments of health, allocated as conditional grants for the delivery of health services. Furthermore, 3.06 per cent (R1.981 billion) is allocated to the entities of the department, while 3.84 per cent (R2.485 billion) is allocated to indirect conditional grant, implemented by National Department of Health to do construction and maintenance of health facilities in the provincial departments.

The Department submitted that relative the 2024 budget, there was a net change to the proposed baseline allocation, increasing by 2.581 billion in 2025/26, including:

- A proposed increase in compensation of employees: increase of R50.197 million from R694.117 million for the absorption of CDC donor funded CCMDD posts, appointment of critical staff for the administration of the Mines and Works Fund, 1.4 per cent towards the wage increment and appointment of staff.
- A proposed increase in Goods and Services: R47.421 million increase from an adjusted budget of R1.673 billion to R1.720 billion.
- A proposed increase transfers and subsidies: there's a net increase of R1.423 billion on overall transfers and subsidies from R58.402 billion.

- A proposed increased in the allocation for Payment of capital assets: capital assets increased by R1.062 billion from R1.456 billion to R2.518 billion for the Limpopo Central Hospital and Siloam Hospital projects.

On provisional allocations, the department submitted that the Minister of Finance announced a proposed provisional allocation of R20.8 billion over the MTEF period, primarily for the frontline services. This proposed funding allocation has not yet been appropriated pending the National Treasury furnishing the NDoH with the requirements and/ or conditions to access this funding and its break-down in terms of the listed priorities. These funds are earmarked for health priorities including provincial health compensation costs, unemployed doctors, community health workers, and goods and services (specified goods and accruals).

On Conditional Grants to provinces over the 2025 MTEF, the department submitted that nominal direct conditional grant budget growth year-on-year of R1.3 billion or 2.4 per cent from R56.4 billion in 2024/25 to R57.7 billion in 2025/26. This increase is mainly to cater for cost-of-living adjustments for personnel, with significant increases in the *National Tertiary Services Grant & Oncology* by R731.1 million and the *District Health Programme Grant* by R376.2 million.

On indirect conditional grants budget, the department submitted that major indirect conditional grant budget growth year-on-year of R1.1 billion or 49.2 per cent from R2.2 billion in 2024/25 to R3.3 billion in 2025/26. This proposed allocation increase is mainly for Siloam Hospital amounting to R858 million as approved in Budget Facility Infrastructure (BFI), while a proposed allocation for Limpopo Central Hospital which is part of BFI amounts R568 million in current financial year.

On contingent liabilities and accruals, the department submitted that the Public Health Sector started the 2024/25 financial year with high accruals of negative 5.2 per cent and lower budget growth of 3.5 per cent (Eastern Cape 21 per cent). According to the department, this mainly affected goods and services leading to the negative impact on payment of non-negotiables in the sector and inability to comply with the 30 days payments to suppliers, however the department submitted that there was a need to consider efficiencies to reduce the accruals. On the Medico-

Legal Claims, the department submitted that the sector paid R7.5 billion in the past five years (R1.5 billion on average a year) (R14 billion for the past 10 years) on these claims, with funding prioritised from existing health services, therefore compromising the budget allocated for essential services (non-negotiable) within the sector.

On current backlogs on the revitalisation of health facilities, the department submitted that infrastructure is expensive to erect and maintain. Once a building is erected, it cannot be moved, so choosing the most appropriate site to meet its objectives is important. The current Health Facilities Asset has a life span and must be replaced or substantially refurbished over time. The Department further submitted that the challenge is to maintain the valuable assets which exist, to refurbish those which can be viably improved, to dispose of those that can no longer be used, and to erect new facilities where the greatest service impact can most efficiently, and cost effectively be achieved. The environment in which any infrastructure is erected is constantly changing, with populations movements and change shape, climate changes and the constantly evolving technology.

The department submitted that the distribution and quality of health facilities and other infrastructure in South Africa have a long and complex history that has resulted in substantial disparity across the country. Importantly, the department submitted that it is important not to perpetuate the disparities and not to erect buildings that are inappropriate or inordinately expensive to maintain. There are many unknowns in the long term, whereas over 10 years, critical variables are potentially more predictable.

The Department provided an overview on the progress made in the revitalisation of the healthcare facilities as well as the need for the upkeep and maintenance of these facilities. To this end, the department provided the comparative costs of the backlog and maintenance need of revitalisation of healthcare facilities for a 10-year period between 01 December 2016 and 13 June 2025. It highlighted that on 01 December 2016, the total cost for the maintenance of the existing Primary Health Care infrastructure was R475 770 per annum, whilst as of 13 June 2025, the total cost stands at R1 396 610 277. For the same period, the department submitted that the costs of replacement of existing PHC infrastructure was R7 870 000 000 in 2016, whilst it stands at

R103 043 037 000 as of 13 June 2025. By implication, the NDoH highlighted that as the cost for maintenance rises annually, there is a need for adequate allocation to cover the expenses in infrastructure maintenance and upkeep. The NDoH submitted to the Committee that there are systemic challenges in the healthcare infrastructure planning and delivery and the following key challenges were highlighted:

- Data accuracy and management: persistent issues with data accuracy continue to hinder effective analysis and decision-making. It is critical to elevate, monitor, and manage key data sources to ensure reliability and relevance in planning and implementation processes.
- Data standardisation and integration: a clear mandate is needed to enforce the standardisation of data across platforms. This will facilitate more effective slicing, dicing, and analysis of information, thereby enabling better project packaging and prioritisation.
- Imbalance in infrastructure investment: there is a notable imbalance between investments in new infrastructure, upgrades, and additions versus ongoing maintenance. This misalignment contributes to long-term inefficiencies and declining asset performance.
- Maintenance funding and policy direction: a strategic policy shift is required to ring-fence budgets specifically for maintenance, refurbishment, rehabilitation, and renovation. These areas are often underfunded, despite being essential to sustaining infrastructure value.
- Governance models and resource limitations: the coexistence of hub-and-spoke, centralised, and decentralised models—alongside complex procurement systems and inadequately resourced teams—has led to inconsistencies in service delivery and operational inefficiencies.
- Effectiveness of provincial maintenance models: the efficacy and efficiency of current provincial maintenance approaches must be systematically reviewed to identify best practices, address weaknesses, and inform the development of more effective models across the board.

On current backlogs on the revitalisation of healthcare facilities, the department made the following submission to the Committee:

- While South Africa has made strong financial commitments to revitalise its public healthcare system, the sector remains hampered by infrastructure decay, medical backlogs, staff shortages, and unreliable utilities. Achieving universal health coverage under the NHI will require accelerated reforms, targeted investments, and effective partnerships—particularly in underserved provinces.
- Concerted effort is made to improve data accuracy and reliability through standard data repositories, advanced system collection tools and where possible verifications.
- The adoption of a lifecycle asset management approach is needed with more advanced asset and maintenance management tools.
- Budget reform towards maintenance with ringfenced budgets and policies is to be considered.
- Governance structures and procurement models specifically geared towards revitalisation is needed.
- Evaluation and the strengthening of provincial maintenance models is required.
- Secure top-down commitment from the Presidency and Health Ministry to drive reforms and accountability.

In terms of the compliance by healthcare facilities to the norms and standards, the NDoH provided the Committee with an update, considering the eminent rolling out of the National Health Insurance Act (NHI). The update was based on the recent inspection by the Office of the Health Standards Compliance (OHSC). The update on this compliance dated from the 2019/20 to the 2024/25 financial year. For the purpose of this report, compliance report will be on the inspection results conducted on the 2024/25 financial year, which indicated that District Hospitals recorded the lowest compliance rate of 62 per cent, drawn from 42 healthcare facilities, only 26 were compliant to the norms and standards. The clinics were amongst the highest in terms of their level of compliance at 91 per cent for the 2024/25 financial year, whilst regional, tertiary and private acute hospitals were at 90 per cent, 80 per cent and 100 per cent respectively. Out of the 592 clinics that were inspected, 537 were compliant to the required norms and standards.

The NDoH also apprised the Committee on the impact of the withdrawal of the President's Emergency Plan for Aids Relief (PEPFAR) partnership which has contributed over \$8.9 billion

USD since 2004 to assist in the prevention of new HIV infections. Among key impact of the withdrawal of the PEFAR funding, the NDoH highlighted the following:

- Projects that were funded through the PEFAR Country Operational Plan (COP23) have since stopped.
- There has been a significant reduction on the key personnel for the TB and HIV, particularly in the districts that were hit hard by the TB and HIV infections.
- The high percentage of people who were diagnosed with HIV and were on antiretroviral therapy (ART) will be greatly affected; and
- South Africa's goal for getting 1.1 million People Living with HIV (PLHIV) by December 2025 will be impacted.

On the withdrawal of the PEPFAR funding, the department submitted that there are plans to minimise the impact of the withdrawal of the PEPFAR funding and this includes the implementation of contingency plans wherein the provincial health departments will use the Provincial Equitable Shares (PES) and conditional grants for covering gaps created by the withdrawal of the PEPFAR funding and the request for additional funding.

6.2 Department of Transport

The Department of Transport apprised the Committee on its projected spending plan of the proposed allocation of R287.3 billion over the MTEF. This spending plan covers the transfers and subsidies to public entities, departmental agencies and provinces, municipalities through various grants. These accounts to 92.1 per cent of the total proposed allocation.

In total expenditure per programme and planned expenditure on the International Oil Pollution Compensation Fund, total expenditure is expected to increase at an average annual rate of 3.3 per cent, from R86.4 billion in 2024/25 to R95.2 billion in 2027/28. This higher average annual growth is under the Maritime Transport Programme due to funds amounting to R1.3 billion over the medium term allocated to Transnet for the Cape Town's container terminal expansion, increasing the programme allocation by an annual average of 40 per cent over the MTEF. However, the department reported a negative growth under the Civil Aviation programme due to the ceasing of

funds that were allocated to the Air Traffic Navigation Services (ATNS) to address the obsolescence of Communication Navigation and Surveillance (CNS) infrastructure which were allocated for the 2024/25 and 2025/26 financial year.

On expenditures per economic classification, the department submitted that a proposed amount of R1.995 billion over the medium term is allocated for compensation of employees, increasing at an annual average growth of 3.9 per cent from R618.7 million in 2024/25 to R694.6 million in 2027/28 financial year. Over the medium term, a proposed amount R3.9 billion is allocated for goods and services, amongst the projects that are funded includes the operational costs associated with the administration of the recapitalisation of taxis, watchkeeping services, oil pollution prevention, operationalisation of the transport economic regulator, reduction of the greenhouse gas emissions, implementing and monitoring the transport sector just transition, development of the Private Sector Participation advisory unit, provision of the technical interventionist support to provincial roads authorities as well as other projects to fulfil the department's mandate.

Transfers and subsidies, to public entities, departmental agencies and provinces and municipalities made through various grants, accounting for an estimated 92.1 per cent (R264.5 billion) of the department's proposed expenditure over the next MTEF, increasing at an average annual rate of 4.1 per cent. Of this, R161.8 billion is directed towards transport public entities and agencies to carry out their mandated functions, and R101.3 billion to be transferred to other spheres of government with concurrent transport functions through the *provincial roads maintenance grant*, the *public transport operations grant*, the *public transport network grant* and the *rural roads asset management systems grant*, while R1,4 billion to be transferred to other transfers including international membership fees and non-profit institutions. Furthermore, the department submitted that over the medium term, a proposed amount of R16.8 billion is allocated under payment for financial assets, R422.6 million for debt redemption towards the Gauteng Freeway Improvement Project.

The department highlighted some of the key mega projects that have been identified for closer attention in the medium-term. These mega projects include amongst others:

Entity or Grant	Projects
Passenger Rail Agency of South Africa (PRASA)	- Budgetary funds allocated to the agency through the Rail Transport programme over the period ahead are intended for maintaining, recovering and renewing its fleet of rolling stock, modernising rail infrastructure, rebuilding the signalling system, rolling out new train sets to priority corridors and increasing rail passenger trips. - Total transfers to the agency amount to an estimated R66.1 billion over medium term, of which R40.8 billion is earmarked for capital expenditure.
South African National Roads Agency Limited (SANRAL)	- The Road Transport programme facilitates initiatives for building and improving road infrastructure, maintaining road networks and providing adequate access to safer roads. - The programme is set to receive R161.7 billion over the MTEF period, of which 66 per cent (R106.8 billion) is allocated to the South African National Roads Agency, the primary implementing agent for these objectives. - Of the allocation to the agency, R54.9 billion is earmarked for the non-toll network, R19.3 billion for the Gauteng Freeway Improvement Project, R4.3 billion for the N2 Wild Coast project, R3.2 billion for the R573 (Moloto Road) development corridor and R94.2 million for piloting and implementing a single-ticketing system for public transport in Gauteng that will allow commuters to access all public transport facilities with a single pass.
Provincial Road Maintenance Grant (PRMG)	- The provincial roads maintenance grant has two components to it - maintenance and refurbishment - to fund the priorities of various strategies geared towards preserving and upgrading the provincial road network and related assets. - Disbursements from the grant, amounting to R53.1 billion over the MTEF period, are intended for provinces to rehabilitate 12 627 lane kilometres, reseal 16 105 lane kilometres, re-gravel 24 250 kilometres and blacktop-patch 8 202 790 square metres of the provincial road network, while R1.4 billion in 2025/26 will be used to finalise the construction of 96 bridges as part of the Welisizwe rural bridges programme. - The department has reprioritised R94 million over the medium term from the grant towards goods and services in the Road Transport programme

	for the provision of technical interventionist support to provincial roads authorities to improve the standard of maintenance of the road network. - 300 kms of the national road network will undergo upgrades (strengthened, improved or renewed) and 2000 kms will be resurfaced.
Public Transport Network Grant (PTNG)	- The department disburses the public transport network grant to municipalities to carry out infrastructure projects and cover the indirect costs of bus rapid transit services in Cape Town, Ekurhuleni, George, Johannesburg, Nelson Mandela Bay, Polokwane, Rustenburg and Tshwane. - The grant's allocation amounts to R22.4 billion over the medium term. Activities carried out with these funds are expected to result in an increase in the number of weekday passenger trips on bus rapid transit services from a combined 245 141 in 2024/25 to 337 048 in 2027/28.

Regarding the update and functionality of its key entities, the department provided the Committee with the overview below for each entity:

Transnet SOC Limited

The department submitted that the entity had received a total of R51 billion (approved) in government guarantees. These guarantees were aimed at addressing Transnet's funding requirements over the medium term, including the entity's capital investment programme and debt redemption; mitigate the risk of the refinancing of debt over the 2025/26 – 2029/30 financial period; enable the stabilisation of the entity's credit profile for investors, lenders, customers and suppliers, amongst others; and enable the execution of the entity's Corporate Plan (CP) and address the concerns of rating agencies. The department submitted that these approved guarantees are vital to ensure Transnet's financial sustainability, particularly to bridge liquidity pressures and support our capital investment and infrastructure programme. The department further submitted that these guarantees are essential to ensure Transnet's continued ability to deliver on its capital investment programme, meet its debt obligations, and manage liquidity in the short term. Furthermore, the department highlighted that these guarantees are tied to conditions that require Transnet to

implement strategic reforms that will enable the entity to build delivery capability and capacity and leverage capital from potential private sector partners as it seeks to reposition itself for long-term growth. The R51.0 billion guarantee approved by government is allocated as follows:

- R31.0 billion to address the 2025/26 funding requirement.
- R10.0 billion to cover the 2026/27 funding gap.
- R10 billion earmarked for short-term liquidity facilities.

On the Budget Facility for Infrastructure (BFI), the department submitted that for the 2025 MTEF, the BFI proposed funding for Transnet were:

- Cape Town Container Terminal (Phase 2b) – R320 million in 2025/26, R888 million in 2026/27 and R92 million in 2027/28; and
- Ukuvuselela Gauteng – Eastern Cape: High-Capacity Rail Corridor – R209 million in 2025/26 and R1.9 billion in 2026/27.

South African Airways SOC Limited (SAA)

On the operational performance of the entity, the department submitted that SAA has been flying Airbus and Boeing aircraft over the 2024/25 financial year, with the bulk of these being on operating leases and damp lease (short term leases) agreements. As at the end of the financial year, the fleet had grown to 18 aircraft, with additional aircrafts expected to join the fleet in the 2025/26 financial year. SAA remains behind the curve when it comes to the fleet number, mainly due to aircraft unavailability in the market.

On route network performance, the department submitted that SAA was operating 3 domestic routes as at the end the 2024/25 financial year. The introduction of additional capacity allowed for SAA to add flights on the Johannesburg-Cape Town route, which is the largest domestic route by passenger volumes. The department further reported that SAA transported more than 1 million passengers in the domestic market, which was increased from the roughly 770 000 passengers moved in the prior year.

On the regional route, the department submitted that SAA has 10 regional routes, and this network has been delivering strong performance for the Group. Following the scaling up in capacity, the regional passenger volumes increased to just under 600 000 for the year, compared to 460 000 passengers moved in the 2024/25 financial year. While the international network is growing from strength to strength, SAA currently flies to 3 international destinations. With additional frequencies in this market, SAA managed to move over 129 000 passengers in the 2024/25 financial year.

On financial performance and position assessment, the department reported that the entity's unaudited financials show that SAA Group has recorded unaudited profit for the 2024/25 financial year. The results were driven by year-on-year increase of revenue of 15 per cent. This is further expected to improve in the 2025/26 with SAA expected to acquire additional aircrafts with continued growth in demand in air travel across all regions. The airline group's solvency position remains healthy (gearing ratio of 1.99), however, the liquidity risks with a current ratio is slightly weak at 0.9. The airline's group equity position has improved to R7 793 million from R6 455 million in the previous financial year. Overall liabilities, increased to R7.9 billion from R6.8 billion in the previous financial year. This was mainly driven by increase in current liabilities from R5.2 billion to R6.3 billion. Current liabilities are mainly driven up by the Air Traffic Liability which increased by R900 million. This is a signal of confidence by the market which is shown through the increase in forward airline bookings.

On challenges faced by the entity and the repatriation of funds, the department reported that SAA has R1.5 billion sitting in foreign countries and of this, over R1 billion is a long-term amount that SAA has been struggling to repatriate from Zimbabwe. The department reported that numerous agreements have been entered into with the country, however, there have been many defaults on these agreements. The department highlighted that a state intervention in negotiating with Zimbabwe will be helpful as the cash will further strengthen the liquidity of the airline. On funding requirements, the department submitted that SAA needs to source funding to support its expansion as it has not raised sufficient internal reserves. The airline is engaging with banks to raise the necessary funding in the short-to-medium term.

Passenger Rail Agency of South Africa (PRASA)

The department submitted that PRASA entered into a Rolling Stock Fleet Renewal Programme (RSFRP) to acquire a fleet of 600 trainsets over a period of 10 years as well as a Modernisation Programme for the upgrade of rail infrastructure over a 20-year period. The Modernisation Programme includes the following infrastructure upgrades to support the deployment of the new trains; depot modernisation, station modernisation, rolling stock refurbishment programme, perway, bridges and infrastructure upgrades, and signalling & telecommunication.

In conclusion, the department submitted that with the reinstatement of signalling and telecommunication, higher train frequencies, 186 million annual passenger trips are targeted in the short to medium term, which will provide the impetus for additional passengers and therefore increased fare revenue. In terms of job creation, for every R1 million spent on infrastructure, 2 direct jobs, 2 indirect jobs and 3.5 induced jobs are created. Therefore, an investment of R50 billion would create an estimated 350 000 jobs. Furthermore, the department submitted that with the full support of government, and cooperation with National Treasury, the Rolling Stock Fleet Renewal Programme (RSFRP) can realise even more positive outcomes for the country and the continent. Given the limitation of the budget, some of the committed projects may need to be reviewed to determine if they cannot be delayed, halted or cancelled to make provision for emergency work that is not committed.

Road Accident Fund (RAF)

The department informed the Committee about the measures it had taken to restore stability and good governance in the entity. In this respect, the department provided the Committee with the reason for the precautionary suspension of the Chief Executive Officer (CEO) of the entity by the

Board. Furthermore, the department explained to the Committee that it had initiated an enquiry into the employment contract of the CEO.

6.3 Department of Trade, Industry and Competition

The Department of Trade, Industry and Competition outlined to the Committee, its planned spending of the proposed R32 billion over the medium-term. The department outlined how the proposed allocations of R11.07 billion will be utilised for the current financial year, R10.23 billion for the 2026/27 financial year, and R10.69 billion for the 2027/28 financial year. The department submitted that the 2025 MTEF was prepared under constraint fiscal environment, however, the department indicated that funding pressures will be considered through reprioritisation within department's existing baseline. Furthermore, allocations to the incentives branch account for 51 per cent or R16.3 billion of the R32 billion over the MTEF. The 2025/26 financial year includes R1.3 billion in additional funding allocated toward the Social Employment Fund to maintain the 50 000 target for temporary jobs. This proposed allocation is to support social economic activities in the communities through the presidential employment stimulus. For the 2025/26 financial year, the department submitted that programme transfers include the transfers of a proposed R9.1 billion of the total proposed allocation of R11 billion to entities, external programmes.

The department further submitted that projected expenditure towards business incentives is 35.15 per cent of the total budget of R11 billion while infrastructure investment support is 10.20 per cent. In the 2025/26 financial year, the incentives programme and its industrial financing partners (Industrial Development Corporation and the National Empowerment Fund) will provide industrial financing in the form of grants and loans. 15.83 per cent of the proposed 2025/26 budget is allocated towards the Standards Institutions, Regulators and Development Finance Institutions for the execution of the entities' mandate. Disbursements, from incentives to projects will focus on expanding the reach of industrial finance to SMMEs, women and youth owned enterprises and to under supported districts. This will include industrial financing through the Special Economic

Zones and Industrial Parks incentives to support projects outside of the 5 main metros that require infrastructure development.

The department also apprised the Committee on its functionality with reference to the Workplace Challenge (WPC), which is a programme that housed within the Productivity South Africa. The aim of the Workplace Challenge programme is to improve productivity and competitiveness of South African enterprises and Sectors through:

- Improved Value Chain Efficiencies.
- Supporting Enterprises in Clusters for Industrial Competitiveness.
- Collaborative Relations.
- Implementing Processes for Continuous Improvement.
- Facilitating Skills Development.
- Establishment of Model Companies to disseminate processes and lessons.
- Evaluation, awareness, and knowledge dissemination.

For the 2025/26 financial year, the department reported the Workplace Challenge 2025/26 deliverables as follows:

- Support three (3) sector specific Industrial Clusters.
- Support five (5) model companies in SEZs and IDZ's.
- 80 new enterprises will be supported through the Workplace Challenge programme.
- Train 370 champions in productivity leadership capacity building.
- 25 districts/metros serviced as per the District Development Model.
- 200 historically disadvantaged individuals coached and trained.
- Monitor 15 companies and analyse impact statements for evaluation report.
- Document and write twenty (20) success stories on WPC best practices and lessons.

Among others, the department provided the Committee with an update on the role of the Industrial Development Corporation (IDC) in supporting the maintenance and expansion of industrial capacity and capability in a manner that is socially inclusive and environmentally responsible. To this effect, the department, unpacked for the Committee, various pathways for sustainable industrialisation. These pathways include Pathway 1 (for the diversification and jobs-rich

industrialisation); Pathway 2 (for catalysing low carbon and green growth) and Pathway 3 (for regional value chain).

Regarding the South Africa-United States Trade relations and AGOA, the department provided a context on the mutual economic benefits that the two countries enjoy. The department also highlighted the potential impact on the loss of African Growth and Opportunity Act (AGOA) on SA, considering the current relations between the two countries. It indicated that SA products are likely to face tariffs in the US, and this will minimise the level of competitiveness in the US market.

6.4 Department of Social Development

The department detailed to the Committee, its projected spending of proposed allocation allocated budget for the medium-term. The department submitted that in total, its proposed allocation amounts to R294 billion for the 2025/26 financial year, decreasing to R269 billion in 2026/27 financial year due to the discontinuation of the Covid-19 of Distress Grant, decreasing at an annual average of 8.5 per cent. The department's proposed allocation increases to 281 billion in 2027/28 financial year, increasing at an annual average of 4.5 per cent.

On earmarked allocations, the department reported the following:

- Social Assistance Grants: a proposed allocation of R284.8 billion in 2025/26, R259.7 billion in 2026/27 and R271.4 billion in 2027/28 is specifically and exclusively appropriated for transfers to households for *Social Assistance Grants and social relief of distress grant*. A proposed total allocation of R24.0 million in 2025/26, R28.1 million in 2026/27 and R29.1 million in 2027/28 is earmarked for the Inspectorate for Social Assistance.
- SASSA Administration: a proposed allocation of R7.9 billion in 2025/26, R8.0 billion in 2026/27 and R8.4 billion in 2027/28 is earmarked for transfer to the South African Social Security Agency for Social Grant Administration. Furthermore, a proposed allocation of R76.9 million in 2025/26, R77.5 million in 2026/27 and R81.3 million in 2027/28 is earmarked for transfer to the South African Social Security Agency for Fraud Investigations.

- National Development Agency: a proposed allocation of R216.3 million in 2025/26, R226.2 million in 2026/27 and R236.4 million in 2027/28 is earmarked for transfer to the National Development Agency.
- Inspectorate: a proposed allocation of R24.0 million in 2025/26, R28.1 million in 2026/27 and R29.1 million in 2027/28 is earmarked for the Inspectorate for Social Assistance.

The department further submitted that the social assistance proposed allocation for 2025/26 includes the allocation R34.9 billion in 2025/26 added to the *Social Assistance Grants* to fund the continuation of *COVID-19 Social Relief of Distress Grant until March 2026*. However, the department further highlighted that it was important to note that a court judgment challenging certain provisions of the Covid19 SRD regulations—currently under appeal by both SASSA and the Department—could, if the appeal is unsuccessful, result in a substantial increase in expenditure due to a potential expansion in the pool of eligible clients. Furthermore, the department submitted that due to suspected fraud, and tighter verification methods, including biometric identification, approximately R2.5 billion from the previous financial year’s budget was not disbursed. This could possibly have an impact on the current financial year, if these clients confirm their identity. Funding for this could possibly be dealt with through a roll over request, should the need arise.

Regarding the department’s ability to support the non-profit organisations (NPOs), the department submitted that it has had no significant challenges in that regard. The department submitted that it is currently supporting a total of 22 NPOs with amount of R52.715 million and that the recent budget cuts have not had an impact on the support to these organisations. The department indicated that the transfers to these organisations cannot, in anyway, be decreased without the approval of the National Treasury. However, the department submitted that that it did not support two NGOs because they were not compliant in the during the 2024/25 financial year, however, the department did try to assist these organisations to become compliant during the financial year. In terms of the non-profit organisations being supported by the provincial Departments of Social Development, the department submitted that the funding shortfalls has been tabled as part of the MTEF / NT / MINCOMBUD process. This will accordingly be addressed as part of the provincial Budget processes over the MTEF.

The department detailed to the Committee, National Treasury's list of conditions for the South African Social Security Agency (SASSA) to meet in order to be compliant in administering the grants to the beneficiaries. It further explained the provision that the failure by SASSA to comply with the set conditions will lead to withholding of funds classifying the dispensing of the funds as irregular expenditure. The department emphasised, that this will potentially lead to the disruption of service delivery if National Treasury was to withhold the transfer of funds for social grants payments. The mandatory conditions set by the National Treasury for SASSA include:

Condition 1

SASSA must introduce bank income checks on applicants and recipients of the child support (including top-up), old age, war veterans, 3 of 5 disability, and care dependency grants, leading to reviews of recipients with income above the means test threshold, effective from the date of this letter. DSD has responded dated 17 February 2025 to NT that SASSA plans to start with bank verification of child support grant recipients and only commence with the rest of the grants from September 2025. This will be considered non-compliance and SASSA's allocation will come under threat when the Appropriation Act, 2025 is passed, if this issue is not addressed.

Condition 2

SASSA must continue big database crosschecks of all social grants with Home Affairs, Correctional Services, Persol, Persal, UIF, GEPA etc. on registration and at least biannually.

Condition 3

SASSA must enter into an agreement with SARS to check income of recipients of the child support (including Progress: top-up), old age, disability, and care dependency grants by February 2025.

Condition 4

SASSA must enter into an agreement with NSFAS to check income of recipients of the child support (including top-up), disability, and care dependency grants by February 2025.

Condition 5

SASSA must intensify biometric checks on all applications that SASSA deems suspicious with immediate effect.

Condition 6

SASSA must submit quarterly progress reports to the National Treasury on conditions 1-5 and this must be submitted 30 days after the end of each quarter, on or before the 30th of July and October 2025 (quarter 1 and 2), and before the 30th of January and April 2026 (quarter 3 and 4). The report should include:

- a) Progress on each of the stipulated conditions.*
- b) The number of social grants for which reviews were conducted per grant type as a result of paragraphs 1 to 5.*
- c) The number of social grants suspended and cancelled per grant type as a result of paragraphs 1 to 5.*
- d) The Rand amount of savings per grant type from the social grant cancellations in paragraph c.*
- e) Any other issues/challenges threatening the implementation of the conditions*

Condition 7

Following the passing of the Appropriation Act, 2025, funds allocated to SASSA should not be transferred by DSD in the event where, as determined by National Treasury, satisfactory progress has not been made on all the conditions. This is applicable from the month following the month in which the Appropriation Act, 2025 is passed

Furthermore, the department reported to the Committee that SASSA has developed an execution plan to meet the compliance conditions set out by the National Treasury. In conclusion, the department recommended that the Standing Committee on Appropriation consider and support the National Department of Social Development's portfolio towards the MDTP commitments; and the budget allocations as per 2025 Appropriation Bill.

7. Public submissions on the 2024 Appropriation Bill

This section provides an overview of the submission that was made in response of the advertisement that was published in the parliamentary website and social media platforms.

7.1 Congress of South African Trade Unions

The Congress of South African Trade Unions (COSATU) in its submission, provided a socio-economic context within which the current budget was drawn, including the 2025 Appropriation Bill. Key amongst the socio-economic factors raised by the federation, include:

- 1 per cent GDP growth rate for the past decade and 1.6 per cent growth projected over the MTEF.
- 43.1per cent unemployment and 72 per cent youth unemployment.
- Entrenched levels of poverty, inequality and the rising costs of living.
- Aging economic infrastructure, struggling public services, embattled SOEs and dysfunctional municipalities.
- Endemic levels of crime, corruption and the general sense of despair and hopelessness.

The federation continued its submission by detailing its set of expectations regarding the current budget. These expectations, according to COSATU, will assist the ailing South African economy to thrive or at the least, begin to show green shoots. The federation called for the end to neo-liberal austerity budget cuts that impacted on the welfare of the employees in the public service. Furthermore, the federation urged for the appropriate interventions to stabilise and rebuild the embattled municipalities and the public service. Key amongst these interventions was the request for the support to the South African Revenue Services (SARS) to enable it to curb tax evasion. To this end, the federation expressed appreciation on the additional injection of R4 billion to SARS to tackle tax evasion.

COSATU expressed its disappointment in the government's failure to adjust tax bracket for inflation for working and middle-income earners. Equally, the federation submitted that that it is opposed to government's non-extension fuel tax relief for commuters. As a result, COSATU made the following proposals to the Committee:

- That the government should scrap fuel tax hike and to adjust the Personal Income Tax (PIT) hike for middle- and high-income earners for the Consumer Price Index (CPI).
- That there should be an expansion of the wealth tax to ensure that the rich pay their fair share through, inter alia, removal of pension and medical rebates for top six tax bracket; increase in the inheritance and estate duties for the rich; exploration of wealth tax for the extra wealthy and raising company tax on wealthy corporations.
- That there should be an engagement with the Development Finance Institutions (DFIs) to take over the costs of at least R50 billion economic infrastructure projects; and
- That there should be an engagement with the South African Reserve Bank (SARB) to increase the Gold and Foreign Exchange Contingency Reserve Account allocations for the medium-term by R10 billion to R35 billion annually.

The federation also indicated that it welcomed the strides made in respect of the public service wage agreements that is linked to the CPI, which has provided a relief for public sector employees. However, the federation submitted that the headcount for employees had been at 1.2 million since 1994, despite the population growth since then. It registered displeasure at the impact of offers for early retirement on possible retardation of service delivery and the significant funding cuts on informal settlement upgrading from R2.7 billion in 2025 to R930 million in the 2026. Based on these, COSATU made the following proposals on the public service:

- That there should be an audit on the ghost posts across the public sector, including the SOEs and filling of vacancies.
- That the public sector entities that do the same work should be consolidated.
- That there should be a reduction of the bloated executive from the provincial executive committees and in the senior management.
- That there should be a reduction in traveling, advertising, consulting and catering expenditure perks for executives.

The federation concluded on its submission by conveying to the Committee, its appreciation on the signals of improvement by selected SOEs like Eskom, on the progress made to address loadshedding, and the revival of SAA. However, the current state of Denel; South African

Broadcasting Corporation (SABC) remained worrying factors to the federation. Key among these concerns, the federation indicated that it was worried about the over R400 billion liabilities for RAF. To address these concerns, the federation proposed that for the SOEs, there should be initiatives to intensify support for those that have competent management and sound governance. On the South African Post Office (SAPO), the federation recommended that the R1.4 billion relief for SAPO should be honoured and for RAF, it recommended that the RAF Bill and the Road Accident Benefit Scheme Bill (RABS) should be tabled again in Parliament.

8. Committee Findings and Observations

Having deliberated and considered all the submissions made by the above stakeholders on Appropriation Bill [B16 – 2025], the Standing Committee on Appropriations makes the following findings and observations:

- 8.1** The Committee notes and welcomes the Bill proposed total Vote allocation of R1.2 trillion for the 2025/26 financial year, excluding direct charges against the National Revenue Fund (NRF), provisional allocation not assigned to votes and the contingency reserves. The Committee supports this proposed vote allocation as it is crucial if government is to continue to deliver on its mandated services to South Africans. Furthermore, the Committee notes that the direct charges against the National Revenue Fund amounts to R1.1 trillion for the 2025/26 financial year.
- 8.2** The Committee notes and welcomes that 72.2 per cent of these proposed Vote allocations goes towards transfers and subsidies. These are transfers to provinces, municipalities, public corporations and other non-profit making entities mainly for the payment of social grants, conditional grants allocations, transfers to public entities, university subsidies and NSFAS. The Committee notes that the review of the local equitable share formula is currently underway and views this as critical given the financial challenges faced by local government. Furthermore, the Committee notes that current payments, payments for capital assets and payments for financial assets take up 25.3 per cent, 1.4 per cent, and 0.8 per cent respectively for the 2025/26 financial year.

- 8.3** The Committee notes and welcomes the proposed provisional allocations of R18.7 billion for the 2025/26 financial year. Furthermore, the Committee notes that these proposed provisional allocations have not yet been appropriated pending the National Treasury furnishing government institutions with the requirements and/ or conditions to access this funding and its break-down in terms of the listed priorities. The Committee would like to implore on National Treasury to speedily clarify these requirements to ensure that government institutions have access to these funding and have enough time to spend these resources when they are subsequently appropriated, particularly for the education and health sectors.
- 8.4** The Committees notes and welcomes the proposed provisional allocations of R12.2 billion for frontline services, consisting of R6.7 billion for compensation and essential services in health to facilitate the employment of 800 doctors post in-service, and about 4 700 health posts and address shortages in medical goods, services and accruals over the medium term; R5.1 billion for provincial education compensation costs which will safeguard positions and provide for improved access to quality ECD over the medium term. Given the high levels of unemployment, poverty and inequality facing South Africa, the Committee supports this proposed provisional allocation, the Committee is of the view that if this provisional allocation can be used efficiently in an economic manner, it can go a long in decreasing the high number of backlogs in vacancies faced by both the health and education sector, and the provisioning of essential goods and services.

However, the Committee is concerned by the lack of clarity, the criterion and timeframes that will govern the release and utilisation of this funding to both the education and health sectors. However, the Committee would like to implore the Minister of Finance, Minister of Health and the Minister of Basic Education to ensure that all the necessary conditions for these proposed provisional conditions are met timeously to ensure speedily fulfilment of its objectives to the benefit of both the health and educations sectors, thereby improving service delivery to South Africans.

8.5 The Committee notes and welcomes the proposed additional allocation of R2 billion to the SARS baseline for the 2025/26 financial year, out of the proposed total of the R4 billion to SARS over the MTEF, supplementing the R3.5 billion proposed during the 2024 MTBPS to improve efficiency and transparency in tax administration. The Committee would like to encourage SARS to ensure that these proposed additional investments must subsequently raise the additional R18 billion in tax revenue required for the 2025/26 financial year, and an additional R20 billion in tax measures that government aims to propose in the 2026 Budget. The Committee is also of the view that through efficient tax administration and an increase in tax compliance, SARS should be able to raise the additional revenue required by government to finance its obligations, given the recent investments in SARS by government.

8.6 The Committee notes and welcomes the proposed additional allocation of R35.2 billion to extend the temporary *COVID-19* SRD *grant* for a single year until March 2026, inclusive of the proposed additional allocation of R300 million allocated to administer these funds. On the *SRD grant*, the Committee emphasises the need for government to always protect the most vulnerable groups against any unexpected shocks that negatively impacts on their livelihoods, like the Covid-19 pandemic. Furthermore, the Committee implores government to accelerate and finalise the social protection policies that will give clarity on the provision of a basic income grant, and this is now long overdue. This will in turn bring about stability and certainty to both current and potential beneficiaries of this crucial government interventions. The Committee would like to implore on National Treasury to urgently submit proposals to Parliament in this regard.

However, the Committee is still concerned about the poor administration of this grant, where in other instances legitimate beneficiaries are excluded due to the cumbersome administration process by the South African Social Security Agency, while in other instances already enrolled beneficiaries are frustrated when the verification processes that must be completed and takes longer than anticipated and lacks in simplicity and clarity, denying some beneficiaries this crucial government intervention. Given all these challenges, the Committee is also concerned of potential fraudulent beneficiaries of this

grant due to both poor administration by SASSA and the lack of cross verification of beneficiaries with other state agencies.

- 8.7** The Committee notes the proposed additional allocation of R1.6 billion to increase other social grants above inflation. The Committee supports government efforts in ensuring that social assistance recipients are protected against the increases in the general price levels.
- 8.8** The Committee notes the proposed additional allocation of R7.3 billion in 2025/26 (R23.4 billion over the MTEF) to fund the carry-through cost of the 2025 public-service wage agreement.
- 8.9** The Committee notes the recommendations by the FFC that government should consider strictly using historical expenditure trends to inform future budgeting for the MTEF to enhance the efficiency and responsiveness of the budgeting process, to incur savings and enhance fiscal consistency, coherency and credibility. The Committee aligns with the Commission's proposal because the Committee is also of the view that in a constrained fiscal environment, budget allocations should be in line with every institution's ability to spend appropriated resources. This is made worse by South Africa's high debt to GDP ratio which is now expected to stabilise at 76.4 per cent in 2025/26. The Committee is of the view that government's borrowing requirement should be in line with government institution's actual expenditure projections and the approved drawing schedules.
- 8.10** The Committee notes the recommendation by the FFC that as the major components of the 2025 Appropriation Bill, all Ministers covered by the Bill should reassess their mandates and functions to identify opportunities for integrating policies that facilitate an effective framework for achieving the strategic goals outlined in the Medium-Term Development Plan. Furthermore, the Committee notes and welcomes the recommendation by the PBO that Parliament must ensure that budgets align with the seventh administration's priorities as per the MTDP, are supported by robust sector plans and monitoring systems, and that continuous reprioritisation, informed by reviews, is essential to address evolving socioeconomic realities.

- 8.11** The Committee notes the recommendation by the PBO that Parliament together with the relevant oversight institutions, such as the Department of Public Service and the Presidency should not only peruse expenditure to identify savings but should also assess the duplication of services within and between government institutions, in line with the recommendation of the FFC.
- 8.12** The Committee notes with concerns the negative implications of the withdraw of the PEPFAR funding on the prevalence of TB and HIV and AIDS pandemic, particularly on new infections. The Committee notes the contingency plans that the department of health and provincial department of health have put in place to minimise the negative impact. The Committee is of the view that the contingency plans wherein the provincial health departments will use the Provincial Equitable Shares (PES) and conditional grants for covering gaps created by the withdrawal of the PEPFAR funding and the request for additional funding, is not sufficient. The equitable share allocations to provinces are not sufficient to cover all the provincial mandates and provinces have limited revenue generating powers. Given the nature and impact of the TB and the HIC and AIDS pandemic, the Committee would like to implore on government to look at alternative sources of funding to sufficiently fund this programme. The Committee is of the view that underfunding of this programme will likely reverse the gains achieved since the introduction of this programme in 2004.
- 8.13** The Committee notes and welcomes the proposed allocation of R1.3 billion to Transnet over the MTEF for the Cape Town's container terminal expansion (Cape Town Container Terminal (Phase 2b) – R320 million in 2025/26, R888 million in 2026/27 and R92 million in 2027/28) through the BFI. The Committee is in support of this government's effort to continuously invest in public infrastructure, with potential long term positive benefits for both job creation and economic growth. However, the Committee is concerned about the lack of project management skills and delays in implementation and conclusion of public infrastructure projects.

- 8.14** The Committee notes and welcomes the proposed allocation of R66.1 billion over medium term, of which R40.8 billion is earmarked for capital expenditure for PRASA. The Committee welcomes that over the MTEF, these proposed allocations are intended for maintaining, recovering and renewing PRASA's fleet of rolling stock, modernising rail infrastructure, rebuilding the signalling system, rolling out new train sets to priority corridors and increasing rail passenger trips. The Committee is of the view that the availability of reliable and safe passenger train services is crucial, particularly to the poor, low and middle-class majority who utilises these train services provided by PRASA to reach/access their place of work, concentrated in the big cities to a larger extent at affordable and subsidised prices.
- 8.15** The Committee notes with concerns on the reported SAA R1.5 billion that is still sitting in foreign countries and of this, over R1 billion is a long-term amount that SAA has been struggling to repatriate from Zimbabwe. The Committee is concerned that the Department of Transport has had numerous agreements entered with Zimbabwe for the repatriation of these funds, however, with many defaults on these agreements. With the Department of Transport highlighting the need for a state intervention on this matter, the Committee would like to implore on the Minister of International Relations and Cooperation, the Department of International Relations and Cooperation to urgently intervene and help the Department of Transport to recover these funds on behalf of SAA using all available diplomatic processes with Zimbabwe and any other country that owes SAA. The financial and liquidity challenges faced by SAA are well publicised, with the entity recently coming out of a business rescue process, with a long history of government bailouts. Given these historical facts about SAA, the Committee is of the view that urgently recovering these funds is crucial for the entity in line with previous Committee recommendations on this matter.
- 8.16** The Committee notes the submission by COSATU that government should consider engaging with the South African Reserve Bank (SARB) to increase the Gold and Foreign Exchange Contingency Reserve Account allocations for the medium-term by R10 billion to R35 billion annually.

- 8.17** The Committee notes the letter written to the Committee, dated 02 July 2025, from the Portfolio Committee on Communications and Digital Technologies invoking its right in term of section 10(5) of the Money Bills Amendment Procedure and Related Matters Act, as amendment. The Committee notes that the letter makes the entire Vote 4 subject to the conditions set out in the letter. To that end, the Committee is of the view that is not what section 10(5) envisages. The letter indicates that Vote 4 will not be approved unless the conditions are met. These conditions are themselves dependent on funds - such as development of legislation to drive GCIS, submission of a performance management plan by the end of the financial year 2025-2026, development of a funding strategy, development of strategic intent for transformation of the media sector, etc. The Committee is of the view that it will be nearly impossible to recommend and implement these proposed recommendations without collapsing the functions and the entire purpose of Vote 4 as envisaged in the Bill.

The Committee would like to further emphasise that when considering any recommendation on a decision in terms of the Money Bills Act and section 8(5) must be considered and responded to in the report of the Portfolio Committee. Section 8(5) of the Act deals with fiscal principles that must be considered to take a decision in terms of the Act. The Portfolio Committee ought to have made a reference of these recommendations on its report as well, as the provision is clear that it applies to all decisions in terms of the Act taken by any parliamentary committee.

Furthermore, the recommendation is for a conditional appropriation that must be contained in the Appropriation Bill. Clause 4 of the Appropriation Bill [B16 - 2025] provides for conditions for appropriations. At this point only the Minister of Finance is empowered to impose such conditions in writing and subject to the purpose set out in clause 4. Section 10(5) of the Money Bills Act extends the power to make conditional appropriations to Parliament. To that effect, Parliament has two tools to prescribe conditions, through legislation and resolutions. Resolutions can be used in a report to guide the action of the executive, while legislation is intended to bind the executive to act in a certain manner.

Parliament can include conditions on appropriations in the Appropriation Bill as an amendment. The Minister of Finance must therefore administer the Appropriation Act and oversight of this exercise of national executive authority requires that the Minister is acutely aware of the conditions imposed by Parliament on the appropriation of Vote 4. Alternatively, the Portfolio Committee may include its conditions in its report and use this report to effect changes to the budget vote of future financial years.

The Standing Committee on Appropriations will continue to engage with the Portfolio Committee on Communication and Digital Technologies to establish whether the Portfolio Committee engaged the relevant member of Cabinet and the Minister of Finance and to have those engagements recorded in a report of the Portfolio Committee. Secondly, the Standing Committee on Appropriations will continue to consult with Portfolio Committee on the inconsistency relating to the request to make the entire budget Vote 4 conditional. The Committee is of the view that this is inconsistent with section 10(5) of the Money Bills Act, as the question remains, what part of Vote 4 should be conditional. Only after the Standing Committee on Appropriations has clarity on these matters will it be in a position to consider the recommendations of the Portfolio Committee on Communications and Digital Technologies. The Standing Committee must be able to report as contemplated in section 10(10) of the Money Bills Act if it wants to give effect to the recommendation of the Portfolio Committee, and to that effect, the Standing Committee on Appropriations does not consider it necessary at this stage to insert conditions for Vote 4: Government Communication and Information system and amend the Bill. Furthermore, section 10(10) does not provide the Standing Committee on Appropriations with the powers to reject the entire budget vote, but on a detailed requirements for proposed amendments thereto, which focuses on specific implications of changes, rather than outright rejection of a vote.

- 8.18** The Committee notes the National Treasury's proposed list of conditions for the South African Social Security Agency (SASSA) to meet in order to be compliant in administering the grants to the beneficiaries as per the revised allocation letter that was issued to the agency on 4 June 2025. These set of conditions makes the proposed R8 billion to the South

African Social Security Agency, Social Grant Administration subject to the following conditions:

8.18.1 The Committee notes that **condition 1** requires SASSA to introduce bank income checks on applicants and recipients of the child support (including top-up), old age, war veterans, 3 of 5 disability, and care dependency grants, leading to reviews of recipients with income above the means test threshold, effective from the date of this letter. The Committee notes that SASSA began doing these reviews in March 2025, beginning with the child support grant and that this process will be implemented in a staggered manner throughout the 2025/26 financial year to prevent overloading local offices, while gradually increasing the verification rate depending on measures successfully implemented to mitigate against the capacity constraints, and the rate at which clients respond. The Committee notes the importance of effective grant administration that can save government a lot of money if all the SASSA systems were free of potential abuse and the Committee advocates for efficiency in all grant administration. However, the Committee would like to remind both the National Treasury and SASSA of the crucial nature of providing social grants within the South African context, reaffirming the government's commitment to social welfare and poverty alleviation through grants for the vulnerable groups. The Committee will therefore not support any condition that can potentially threatens the payment of social grants by SASSA, within the broader context of high unemployment, poverty and inequality that is currently facing the majority of South Africans, made worse by the Covid-19 pandemic. The Committee is strongly of the view that spending efficiencies must be found with the entire social grants administration and payment systems and abuse must be eliminated, but the payment of valid social grants to the most vulnerable must never be undermined and threatened by anyone through the imposition of unreasonable conditions. The livelihood of many South Africans is solely dependent on this social grant payments.

8.18.2 The Committee notes that **condition 2** requires SASSA to continue big database crosschecks of all social grants with Home Affairs, Correctional Services, Persol, Persal, UIF, GEPP etc. on registration and at least biannually. The Committee notes and welcomes the submission by the department that SASSA will continue performing biannual database

checks with DHA, Correctional Services, Persal, and other entities. Furthermore, the Committee notes and welcomes the report that SASSA has already implemented all the processes and relevant interfaces required at the registration stage, making bi-annual reviews feasible. However, the department highlighted that the value of such reviews, is questionable as many of the databases involved contain significant data inaccuracies. For the SRD grant, the Department has addressed this by issuing a practice note stipulating that banking data takes precedence over other datasets. The Committee appreciates this quick response by the department of social development and SASSA; however, the Committee would like to emphasise that the payment of valid social grants must never be undermined or threatened by any unreasonable conditions given the role that these grants play in the livelihoods of many South Africans.

8.18.3 The Committee notes that **condition 3** requires that SASSA must enter into an agreement with SARS to check income of recipients of the child support (including top-up), old age, disability, and care dependency grants by February 2025. The Committee is of the view this condition is achievable given that SASSA already has a MOU with SARS. The Committee would like to reiterate its call that valid social grant payments must never be threatened or undermined through the imposition of unreasonable conditions.

8.18.4 The Committee notes that **condition 4** requires that SASSA must enter into an agreement with NSFAS to check income of recipients of the child support (including top-up), disability, and care dependency grants by February 2025. The Committee also notes that SASSA already has a MOU in place with NSFAS. SASSA will be able to implement the use of this data both at registration and for reviews, however the value of this is also questionable given that stipend received by NSFAS students is approximately R2 000 per month, which is significantly less than any of SASSA existing income means test for social assistance benefits. Furthermore, the Committee notes that the both the Department and SASSA plans to engage with National Treasury to clarify if there are views that an NSFAS student should not get child support grant for any of their children based on a stipend that meant for different purpose. However, the Committee would like to emphasise that it will not support such a view should it emerge because the NSFAS stipend is not meant for child

support rather cover some costs faced by students from poor families, including food and other disposables.

- 8.18.5 The Committee notes that **condition 5** requires SASSA to intensify biometric checks on all applications that SASSA deems suspicious with immediate effect. The Committee notes and welcome the report from the department that SASSA is already implementing this requirement with the SRD grant. However, the Committee would like to reiterate its call that valid social grant payments must never be threatened or undermined by the imposition of unreasonable conditions while government is still deciding on its policy position.
- 8.18.6 The Committee notes that **condition 6** requires that SASSA must submit quarterly progress reports to the National Treasury on conditions 1 to 5. This must be submitted 30 days after the end of each quarter, on or before the 30th of July and October 2025 (quarter 1 and 2), and before the 30th of January and April 2026 (quarter 3 and 4). The report should include:
- i. Progress on each of the stipulated conditions.
 - ii. The number of social grants for which reviews were conducted per grant type as a result of paragraphs 1 to 5.
 - iii. The number of social grants suspended and cancelled per grant type as a result of paragraphs 1 to 5.
 - iv. The Rand amount of savings per grant type from the social grant cancellations in paragraph c.
 - v. Any other issues/challenges threatening the implementation of the conditions.
- 8.18.7 The Committee notes that **condition 7** requires that, following the passing of the Appropriation Act, 2025, funds allocated to SASSA should not be transferred by DSD in the event where, as determined by National Treasury, satisfactory progress has not been made on all the conditions. This is applicable from the month following the month in which the Appropriation Act, 2025 is passed. The Committee rejects this condition as it has a potential to threaten and undermine the payment of social grants to beneficiaries. The Committee would like to implore on the National Treasury not to punish social grants beneficiaries because of government bureaucratic and administrative inefficiencies at the expense of innocent and legitimate beneficiaries.

9 Recommendations

The Standing Committee on Appropriations, having considered the above submissions and inputs on the Appropriation Bill [B16 – 2025], recommends as follows:

9.1 That the Minister of Finance ensures the following:

- 9.1.1 That Parliament's appropriated funds through this Appropriation Bill are utilised in a manner as envisaged in the Constitution, the Bill and in compliance with all laws and regulations government the country's public finances, including practice notes intended to ensure the effective, efficient and economic use of public funds while ensuring, clear accountability for non-compliance and the attainment for the value for money.
- 9.1.2 That SARS diligently uses the additional investment to raise the extra R18 billion required by government in 2025/26 and the R20 billion in in tax revenue measures required and to be proposed during the tabling of the 2026 budget, as committed by the SARS Commissioner.
- 9.1.3 National Treasury clarifies that all the necessary conditions and criterion that must be met before government institutions can access the proposed provisional allocation of R18.7 billion for the 2025/26 financial year. This is more crucial for the both the health and education sectors who are faced by a myriad of funding challenges to employ qualified educators and health professionals within these sectors.
- 9.1.4 National Treasury speedily conclude the government spending reviews in collaboration with the Committee and ensure that the 2026/27 national budget is influenced to a larger extent by those reviews. These reviews should be expended to all the government SETAS to assess their efficiency and possible duplication of functions. Furthermore, National Treasury should make recommendations to Parliament on government agencies and international missions that don't add value to South Africans.

- 9.1.5 National Treasury ensures that there is alignment and efficacy in the government spending reviews to ensure that all programmes of government from national departments, public entities and state-owned companies align with both the National Development Plan and the Medium-Term Development Goals.
- 9.1.6 National Treasury closely monitors the spending and progress made on all projects funded through BFI and quarterly reports to Parliament on these projects.
- 9.1.7 The National Treasury explore alternative funding avenues and other revenue sources to fill the gap left by the withdrawal of the PEPFAR funding. Plugging this gap through the provincial equitable share is not sustainable given the fact that government acknowledges that provinces are faced with huge funding pressure to fulfil their mandates due to their limited revenue raising powers and the limited transfers through the provincial equitable share formula. National Treasury must consider funding this programme through the normal budgeting process to avoid reversing the gains made in fighting the scourge of TB and HIV and AIDS since the introduction of this programme in 2004.
- 9.1.8 National Treasury urgently reviews and engages with both the Department of Social Development and SASSA on the on list proposed conditions for the South African Social Security Agency (SASSA) to meet to be compliant in administering the grants to the beneficiaries as per the revised allocation letter that was issued on 4 June 2025. In line with the recommendations of the Portfolio Committee on Social Development, the Committee has reservations on these set of conditions because they have a potential to threaten and undermine the payment of social grants, potentially forcing both the Department of Social Development and SASSA to incur irregular expenditures. Generally, the Committee supports a balanced approach where public funds are used in a manner that is effective, efficient, economical and within the confines of law governing South African public finance, protecting the poor and vulnerable groups. However, the Committee would remind both the Minister of Finance, National Treasury and SASSA of the crucial nature of providing social grants within the South African context, reaffirming the government's commitment to social welfare and poverty alleviation through grants for the vulnerable

groups, whilst also eliminating abuse of the grant system. The department should engage with National Treasury so that the conditions can be amended, find ways to reduce abuse of the grant system and ensure that these set of conditions can be implemented within a reasonable timeframe without putting social grants at risk.

- 9.1.9 That National Treasury ensures that there is stronger budgetary accountability for the Department of Social Development where there is prima-facie evidence against public office bearers or senior officials that are implicated in maladministration or corruption cases, particularly in the grant administration systems and payment.
- 9.1.10 That the National Treasury must in future consider funding government programmes that are aimed at stimulating economic growth, job creation instead of focusing more social assistance.
- 9.1.11 National Treasury urgently report to Parliament on how government plans to fund the NHI.
- 9.2** That the Minister of Health ensures that the Department of Health urgently liaise with the National Treasury to seek clarity and comply with all the set conditions and criteria in order to access the proposed provisional allocation of R6.7 billion for compensation and essential services in health to facilitate the employment of 800 doctors post in-service, and about 4 700 health posts and address shortages in medical goods, services and accruals over the medium term.
- 9.3** That the Minister of Basic Education ensures that the Department of Basic Education urgently liaise with the National Treasury to seek clarity and comply with all the set conditions and criteria in order to access the proposed provisional allocation of R5.1 billion for provincial education compensation costs which will safeguard positions and provide for improved access to quality ECD over the medium term.
- 9.4** That the Minister of Finance and the Minister of International Relations and Cooperation urgently intervene and help the Department of Transport to recover the R1.5 billion for

SAA that is still sitting in foreign countries, particularly the over R1 billion that SAA has been struggling to repatriate from Zimbabwe. The Minister must ensure that the Department of International Relations and Cooperation invokes all available diplomatic procedures and protocols to help the Department of Transport to repatriate these funds on behalf of SAA from Zimbabwe and any other country that owes SAA.

- 9.5** That the Portfolio Committee on Communication and Digital Technologies presents its proposal on the proposed conditions for the approval of the proposed appropriation for vote 4 before the tabling of the 2025 MTBPS for the Committee to consider in line with the provisions on the Money Bills Amendment Procedure and Related Matters Act and propose to the Committee any budgetary amendments in line with the Act.
- 9.6** That the Parliamentary Budget Office (PBO) develops a framework, share and provide training to all the Portfolio and Select Committees, detailing the process to follow when considering reports and recommendations that may result in the amendment of Money Bills, including the Appropriations Bills, in line with the recommendation made by the Committee in its report on the 2023 Appropriation Bill, dated 06 June 2023.

10 Committee Recommendation on the Bill

The Standing Committee on Appropriations, having considered the Appropriation Bill [B16 – 2025] (National Assembly: Section 77) referred to it and classified by the Joint Tagging Mechanism; recommends that the Bill be adopted, without amendments.

11 Conclusion

The relevant Executive Authorities must send the responses to the recommendations as set out in section 9 above to Parliament as well as the Committee within 60 days of the adoption of this report by the National Assembly. The Committee is aware that due to the postponements of the tabling of the 2025 Budget, public participation on the Bill was subsequently not satisfactory. However, given the learning experience, considerations,

workings and proposals made by the Government of National Unity (GNU), the Committee would like to commit to South Africans that it will urgently review its public participation strategy to ensure that in future, if similar challenges emerge, the Committee is better placed to ensure that public participation on any Bill referred to it is maximised. Given the provisions of the Money Bills Amendment Procedure and Related Matters Act, the Committee will have further engagements with the Border Management Authority and the Department of Communications and Digital Technologies on their budgetary requirements.

Report to be considered.

2. Report of the Standing Committee on Finance on the Revenue Laws Amendment Bill [B5 - 2025] (National Assembly - section 77), dated 16 July 2025

The Standing Committee on Finance (SCoF), having considered the Revenue Laws Amendment Bill [B5 - 2025] (National Assembly - section 77) referred to it, and classified by the JTM as a Money Bill, reports the Bill as follows:

1. INTRODUCTION

- 1.1. On 1 September 2024, the government implemented reforms to the retirement savings regime by introducing the so-called “two-pots” retirement system. Under this system, retirement savings are divided into three components: the vested component, savings component, and retirement component.
- 1.2. The 2025 Revenue Laws Amendment Bill introduces the following key changes:
 - 1.2.1 Clarification on the timing of the seeding amount calculation, providing certainty to retirement fund members and administrators.
 - 1.2.2 Optionality for retirement funds to determine the calculation date for the seeding amount, either 31 August 2024 or the last day of the election month as per fund rules and communication to members, for those eligible to opt into the two-pots system.
 - 1.2.3 Clarification of the definition of members’ interests in each of the three components, specifying that the components must be reduced proportionally by applicable section 37D deductions.
 - 1.2.4 Alignment of the definition of “retirement annuity fund” to ensure consistency with the intended objectives of the reform.

2. PUBLIC PARTICIPATION

- 2.1. The draft bill was published by National Treasury (NT) on 13 December 2024. Public comments were due by 17 January 2025.
- 2.2. After introduction the bill was referred to the SCoF on 12 March 2025.
- 2.3. The Committee received a briefing from NT and the South African Revenue Service (SARS) on 23 April 2025.

- 2.4. Following this briefing, SCoF issued a call for public comments in all official languages on 11 June 2025, with a closing date of 30 June 2025.
- 2.5. Public hearings were held on 1 July 2025, with submissions received from the Association for Savings & Investment South Africa (ASISA), Mr Masilo Sepaela, Institute of Retirement Funds Africa (IRFA), Black Organisations Youth Boy, Daluxolo Mlokoti and Simthembile Msakatya.
- 2.6. On 8 July 2025, NT and SARS presented to the Committee the Response Document related to all the public comments and deliberations by the Committee on the bill. This document summarized the responses of National Treasury and SARS officials to the public feedback received during the public participation process.

3. PUBLIC SUBMISSIONS AND RESPONSES BY NT AND SARS

- 3.1 The public submissions on the Revenue Laws Amendment Bill reflect a wide array of technical and policy-related concerns raised by stakeholders. In response, NT and SARS provided clarifications and justifications for the proposed amendments.

Amendments referring to Pension Funds Act

- 3.2 The corrections to references in sections 37D(1)(d)(iB) and 37D(1)(e) of the Pension Funds Act were broadly welcomed. These changes enhance clarity regarding deduction processes for maintenance claims and reinforce consistent application across the three components—vested, savings, and retirement. It was noted that the amendments to ensure maintenance deductions are applied proportionally across all three components.

Alignment of Definitions in Retirement Annuity Provisions

- 3.3 A submission highlighted that the phrase “retirement interest in the vested component” in subparagraph (ii) of paragraph (b) of the proviso to the definition of “retirement annuity fund” should be corrected to “total member’s retirement interest in the vested component.” This would align the terminology with existing definitions in the Act. NT will consider this rewording in the upcoming legislative cycle, treating the change as a technical correction. Consistency across retirement provisions for various fund types will also be reviewed.

Savings Component Clarification

- 3.4 With respect to the “savings component,” stakeholders suggested inserting a reference to a dependant at the beginning of paragraph (g) of the proviso to its definition. NT will consider this as a technical correction during the next legislative cycle.

Use of Terms – Nominee, Dependant, Beneficiary

- 3.5 Concerns were raised regarding the lack of definitions for “nominee” and “dependant” in the Income Tax Act. It was proposed that these terms be substituted with “beneficiary,” with clarification that the beneficiary elects upon the member’s death. However, NT maintains that the Income Tax Act remains consistent with the Pension Funds Act in its application of “nominee” and “dependant.”

3.6 Clause 1(j) – Seeding Date Clarification

Stakeholders proposed amending Clause 1(j) to limit seeding date calculations strictly to either 31 August 2024 or the last day of the month in which the election is made. This was to eliminate any ambiguity that fund rules may allow alternative dates. While the importance of flexibility for different fund timelines and member preferences was acknowledged, NT clarified that only these two dates will be recognised for administrative consistency and alignment with the two-pot retirement system.

3.7 Alignment of Effective Dates

A discrepancy was noted between the effective dates in the 2024 Taxation Laws Amendment Act and the 2024 Revenue Laws Amendment Act. The former applies an effective date of 1 March 2025 to paragraph (b)(ii) of the proviso to the “retirement annuity fund” definition, while the latter references 1 September 2024. NT has confirmed that the 1 March 2025 date will apply, as it has no material impact on the provision’s implementation.

3.8 Transfers on Withdrawal – Single Fund Limitation

A submission raised concern that paragraph 6B of the Second Schedule restricts transfers on withdrawal to a single fund. This removes the flexibility and vested rights that members requested before 1 September 2024 to split transfers among multiple

funds. The ability to proportionally transfer to more than one fund, as permitted in the 21 February 2024 draft of the Revenue Laws Second Amendment Bill, is considered important. NT acknowledged the submission and confirmed that this issue will be reconsidered in the upcoming legislative cycle. The limitation to a 1:1 transfer ratio was intended to prevent premature commutation of benefits. Specifically, it seeks to avoid cases where the retirement value in the receiving fund falls below the de-minimis threshold, leading to the entire amount being taken as a lump sum with no annuity income provided.

3.9 More technical matters, including those not incorporated into the current Bill, are being noted for consideration in the next legislative cycle. NT remains committed to providing formal responses in future legislative response documents.

4 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Support for the Two-pot Retirement System and Technical Refinements

4.1. The Committee notes that stakeholders—including the Association for Savings and Investment South Africa (ASISA) and the Institute of Retirement Funds Africa (IRFA)—expressed broad support for the Two-pot retirement system, implemented on 1 September 2024, citing its potential to improve retirement outcomes and liquidity access for members. However, stakeholders emphasised that the effectiveness of the system depends on resolving certain technical issues.

4.2. These include amending Clause 1(f) to refer to the “total member’s retirement interest in the vested component,” inserting the term “dependent” in Clause 1(i), and clarifying Clause 1(j) to expressly limit the seeding date to either 31 August 2024 or the last day of the election month. Although National Treasury accepted these refinements in principle, it deferred them to the next legislative cycle. The Committee supports these proposals and recommends that they be prioritised in the forthcoming Taxation Laws Amendment Bill to ensure clarity and consistency for administrators and members.

Fund Transfer Flexibility and Preservation of Vested Rights

4.3. The Committee notes stakeholder concern regarding the restriction in paragraph 6B of the Second Schedule of this Bill, which limits fund members to a 1:1 transfer on withdrawal.

The current bill does not deal with an option to proportionally split transfers across multiple funds, thereby potentially affecting member flexibility and annuitisation options. National Treasury indicated that this provision would be reviewed in the next legislative cycle and justified the restriction as a safeguard against premature commutation. The Committee considers the matter to be substantive and recommends that it be reviewed with urgency in consultation with stakeholders.

Consistency of Legal Terminology

- 4.4. Concerns were raised regarding the inconsistent use of the terms “nominee,” “dependant,” and “beneficiary” across the Income Tax Act and the Pension Funds Act. While National Treasury declined to replace “nominee” and “dependent” with “beneficiary,” the Committee supports a comprehensive review in subsequent legislation to ensure legal coherence and administrative certainty across statutory regimes governing retirement funds.

Effective Date Alignment

- 4.5. The Committee notes the inconsistencies in the effective dates between the 2024 Taxation Laws Amendment Act (1 March 2025) and the 2024 Revenue Laws Amendment Act (1 September 2024). Although SARS began implementation from 1 September 2024, National Treasury confirmed that 1 March 2025 remains the applicable date. The Committee accepted this clarification but recommends that Treasury and SARS improve inter-Bill coordination to avoid confusion in future legislative processes.

Public Participation and Procedural Guidance

- 4.6. The Committee reaffirms the importance of inclusive public participation and commends stakeholders—including individual citizens—for engaging in the legislative process. However, the Committee notes that submissions not referencing specific clauses are difficult to incorporate into technical deliberations. It therefore recommends that Parliament enhance its public participation mechanisms, including the use of plain-language summaries of Bills, submission templates, and orientation sessions to assist stakeholders in preparing clause-linked inputs.

Having considered the Revenue Laws Amendment Bill [B5 - 2025] (National Assembly - section 77) referred to it, and classified by the JTM as a Money Bill, the Standing Committee on Finance adopts the report.

The Economic Freedom Fighters rejects the report.

The uMkhonto we Sizwe Party reserves its position.

Report to be considered.

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON PUBLIC PETITIONS AND EXECUTIVE UNDERTAKINGS ON THE EXECUTIVE UNDERTAKINGS MADE BY THE MINISTER OF HOME AFFAIRS DURING A HOUSE SITTING, AS ADOPTED ON 15 JULY 2025.

1. BACKGROUND

On 17 July 2024, the Minister of Home Affairs made the following executive undertakings during the question-and-answer session in the National Council of Provinces (House):

- 1.1 Executive Undertaking 1: “It is in fulfilment of this mandate of the GNU that Home Affairs will enhance our role as an economic enabler by accelerating the implementation of operation Vulindlela reforms”.
- 1.2 Executive Undertaking 2: “However, for us to be effective in unlocking scarce skills and growing tourism to create jobs, Home Affairs must urgently clear the backlog in the processing of permits”.
- 1.3 Executive Undertaking 3: “The days of system offline need to come to an end because I want to be your Minister of system online. To achieve this, we need to embrace modern technological solutions. One of the options under consideration is the recommendations from the Council for Scientific and Industrial Research, CSIR, to optimize the department’s IT infrastructure network.”
- 1.4 Executive Undertakings 4: “While technological upgrades will assist in this regard, I intend to review the way in which queues are managed at Home Affairs offices to identify appropriate business process reforms that optimize the existing online booking system and better manages queues on the ground”.
- 1.5 Executive Undertakings 5: “We will work with the Department of Public Works and Infrastructure to address the stalled construction of modernized offices in Taung in the Northern Cape, Thohoyandou in Limpopo, and KwaDukuza in KwaZulu-Natal”.

- 1.6 Executive Undertakings 6 **“During the current administration, both the passport and ID smart cards will be refreshed and updated to enhance the security features of these documents, with the aim of building trust in more countries and organizations worldwide.”**

2. REFERRAL PROCEDURE TO THE COMMITTEE

The executive undertakings were referred to the Select Committee on Public Petitions and Executive Undertakings (Committee) by the Chairperson of the National Council of Provinces (NCOP), for it to scrutinize and subsequently report to the House on their implementation.

After the referral, the Committee proceeded to extend an invitation to the Minister to appear before it and report on the progress made by the Department of Home Affairs (department) in implementing the executive undertakings.

3. COMMITTEE MEETING PROCEDURES

On 18 June 2025, the Minister and relevant officials of the department appeared before the Committee to report on the progress made in implementing the executive undertakings under consideration.

The following Committee Members were present at the meeting:

- 3.1 Hon O J Mokae, DA, Northern Cape (Chairperson);
- 3.2 Hon P Noe, ANC, Free State;
- 3.3 Hon J S Mananiso, ANC, Gauteng;
- 3.4 Hon P A Phala, ANC, Limpopo;
- 3.5 Hon S A Zulu, MKP, Mpumalanga,
- 3.6 Hon O D Medupe, ANC, North West;
- 3.7 Hon A Matshobeni, EFF; Eastern Cape
- 3.8 Hon V Gericke, EFF, Western Cape.
- 3.9 Hon P A Phala, Limpopo, ANC; and
- 3.10 Hon S A Zulu, MK- Mpumalanga

The following Committee officials were in attendance:

3.11 Mr. N Mkhize, Committee Secretary

3.12 Ms N P Ngqwala, Researcher

3.13 Mr E Bazier, Committee Assistant

3.14 Mrs N Fakier, Executive Secretary

The following representatives of the Department of Home Affairs appeared before the Committee:

3.15 Hon L Schreiber– Minister;

3.16 Mr. T Makhode- Director-General;

3.17 Mr. T Mavuso- Deputy Director General: Institutional Planning and Support

3.18 Mr. A Zondi-Community Outreach Officer ;

3.19 Adv. A Gaum-Parliamentary Liaison Officer;

3.20 Ms. C Van Wyk-Personal Assistant to the Minister.

4. PROGRESS REPORT BY THE DEPARTMENT OF HOME AFFAIRS

The department reported as follows:

4.1 Executive Undertaking 1:

In response, the department reported on the following progress and rescue phase:

The department submitted that progress was made to transform South Africa's economy. And assured that it is addressing the binding constraints on growth of Phase I of Operation Vulindlela (OV), by providing a solid platform on which to build in Phase II. Further submitting that the success of the OV methodology in enabling effective delivery across government has been demonstrated over the past four years, with 91% of the reforms identified in Phase I completed or on track.

Below is the status of the 8 recommendations tabled by the department:

- Streamline documentation requirements and adjudication processes – completed.
- Modernise IT systems and introduce automation - on track - (Electronic Travel Authorisation).
- Expand human resources capacity in the Immigration Services Branch - on track - (filling of vacant critical posts in IMS).
- Upgrade the Employment Services of South Africa (ESSA) database – completed.
- Update the Critical Skills List more frequently – completed.
- Introduce a Trusted Employer Scheme (TES) – completed.
- Introduce a points-based system (PBS) – completed.
- Introduce new visa categories to cater for remote workers and start-ups – completed.

The department also submitted that the visa system, reforms have been implemented to attract skills and investment and boost tourism. An eVisa system has been rolled out to 34 countries, with visa waivers in place for most remaining countries.

4.2 Executive Undertaking 2:

In response, the department indicated that to achieve this, the draft implementation plan proposes the deployment of online waiver platform for adjudication and the revision of process flows and current IMS delegations to shorten processing time.

4.3 Executive Undertaking 3:

In response, the department submitted that in this regard it has made progress following the technical recommendations of the Council for Scientific and Industrial Research (CSIR), which were presented as part of its medium- to long-term stabilization strategy. And outlined the following:

- **Modernization of Infrastructure and Network:**

Reporting that a complete re-architecture of the IT environment is currently in the planning phase to ensure high availability, eliminate single points of failure, and transition to modular, scalable designs.

- **Information Security Enhancements:**

The initial phase of the Information Security roadmap is currently being implemented.

- **Monitoring and Observability:**

A real-time systems monitoring solution has been implemented for core systems to enhance diagnostic capabilities and prevent downtime.

- **Separation of Verification Infrastructure:**

Reported that to reduce stress on production systems, a dedicated infrastructure for third-party data verification was introduced, resulting in sub-second response times and improved system stability. Migration of third parties is underway and expected to be completed by July 2025.

- **Ongoing Tactical Interventions:**

The Committee was assured that corrective actions have been implemented, sustainable long-term preventative solutions include a review of the ecosystem architecture.

- **Digital Transformation Roadmap:**

The department reported that a consolidated “Digital Identity and Intelligent Population Register” architecture has been conceptualised to centralize and unify identity verification, improving the overall resilience and integration of core systems. This project will be implemented during 2025-2028 financial years.

4.4 Executive Undertakings 4:

The department responded by submitting that the current branch appointment bookings system will be enhanced to enable live notifications of clients on the status of their booking or any system challenges an office might be facing and will also allow the automated rescheduling of the booking slot by giving the client next available slot to choose from. The deployment of kiosks in offices will also reroute traffic from traditional queues to a self-service environment.

4.5 Executive Undertakings 5:

The department submitted that in respect of the Taung office, progress has been made and the office expected to be officially handed over to the department in August 2025.

In respect of the KwaDukuza/Stanger and Thohoyandou projects, no progress has been made since August 2024. The contractors on these sites have been terminated by the Department of Public Works and Infrastructure (DPWI). DPWI is in the process of resuscitating these projects. The department reported that it has also requested DPWI to transfer these two projects back to the department for completion.

4.6 Executive Undertakings 6:

The department submitted that it is currently implementing an enhanced smart identity document and passport modernization programme to reinforce the integrity and global trustworthiness of South African credentials.

5. OBSERVATIONS AND KEY FINDINGS

In noting the progress report provided by the Department of Home Affairs in relation to the implementation of the executive undertakings under review, the Committee made the following observations and key findings:

- 5.1 The Committee noted that significant progress has been made with Operation Vulindlela Phase 1, where 91% of reforms were completed. And further acknowledged the progress made on some of the initiatives that have been completed, particularly the upgrading of the Employment Services of South Africa (ESSA) database, the introduction of a Trusted Employer Scheme (TES), and the rollout of the eVisa system.
- 5.2 The department submitted that a roll out of the eVisa system and introduction of the points-based system (PBS) is a major leap forward in attracting investment and talent into the country. And it acknowledged leveraging of the new State Information Technology Agency (SITA) regulations to explore more cost-effective

options for modernising its IT environment. Noted that the Electronic Travel Authorisation (ETA) system is expected to be rolled out in September 2025.

- . 5.3 The Committee noted that there are some technical challenges related to the one-point time pin (OTP) function, which is run through SITA. Further noted that the main source of complaints around Branch Appointment Booking System (BABS), which is that there are not enough booking slots.
- 5.4 Members raised concerned about the delayed construction of modernised offices in Thohoyandou (Limpopo) and KwaDukuza (KwaZulu-Natal), as well as the disparity in services between urban and rural areas.

6. RECOMMENDATIONS

In noting the progress report given by the Department of Home Affairs concerning the implementation of the executive undertakings under review, the Committee made the following recommendations.

- 6.1 The department need to, in consultation with the Department of Public Works and Infrastructure ensure the resuscitation of the Thohoyandou and KwaDukuza projects and transfer these two projects back to the department for completion.
- 6.2 The Committee to be informed in writing of the precise date in September 2025 on when the Electronic Travel Authorisation system is expected to be rolled out.
- 6.3 The department to continuously collaborate with the Community Development Workers to ensure outreach in rural areas. By introducing satellite links to improve connectivity for the department's offices in rural areas.
- 6.4 The department to expedite the current efforts to improve branch appointment booking system. By expansion to more bank branches for access to services and the implementation of the ETA system. And continuously engaging with DPWI to track progress on the stalled projects.

Report to be considered.