

Monday, 15 July 2024]

No 10—2024] FIRST SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

MONDAY, 15 JULY 2024

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Appointment of Deputy Chief Whip of the Majority Party

- (1) A letter dated 10 July has been received from the Chief Whip of the Majority Party, Mr M Ntuli, MP, informing the National Assembly that Mrs D E Dlakude, MP was appointed as the Deputy Chief Whip of the Majority Party, with effect from 9 July 2024.

2. Appointment of whips

- (1) The following members have been appointed as whips of the African National Congress in the National Assembly with effect from 9 July 2024:

Adams, R C
 Aphiri, M J
 Bartlett, M
 Davids, S W
 Direko, D R
 Dithebe, S L
 Dugmore, C M
 Hassan, F
 Hlongo, A S
 Louw, S T D
 Malematja, C N
 Mashele, T V
 Mathafa, O M
 Mbiyo, I M

Mchunu, T V B
Modise-Mpya, M
Munyai, T B
Nalumango, R S
Nkosi, N E
Nontsele, M
Sekoati, S C
Skosana, G J
Sokanyile, T
Sokopo, M M
Subrathie, S I
Xaba-Ntshaba, P P
Xego, S T

- (2) The following members have been appointed as whips of the Democratic Alliance in the National Assembly with effect from 11 July 2024:

Nodada, B B
Aucamp, W A S
Bagraim, M
Bergman, D
Bodlani, T K
Clarke, M O
Essack, F
Hunsinger, C H H
Kohler, D
Lorimer, J R B
Marais, E J
Mphithi, L
Powell, E L
van Zyl, A M

- (3) The following member has been appointed as a whip of the Patriotic Alliance in the National Assembly with effect from 9 July 2024:

Petersen, J S

3. Roles and Responsibilities of Office-Bearers of the National Assembly

A. DEPUTY SPEAKER OF THE NATIONAL ASSEMBLY

Roles and Responsibilities of the Deputy Speaker

In addition to the duties assigned to the Deputy Speaker in terms of any legislation and the Rules and Orders of the National Assembly, insofar as they pertain to the Office of the Speaker, the Deputy Speaker is assigned responsibility for the following areas:

1. Members' Training and Capacity Building

- i. Ensuring that a strategy is in place for member's training a capacity development;
- ii. Co-ordinating the implementation of strategy dealing with Members' training; and
- iii. Ensuring that approved training programmes are implemented.

2. PARMED

In the capacity of Chairperson of the Board of Trustees of PARMED, ensuring that the best interests of members are safeguarded.

3. Information Communication and Technology

- i. Monitoring the implementation of the Information and Communication Technology policy; and
- ii. Collaborating with other Parliaments and relevant bodies in the pursuit of an e-Parliament strategy on how to utilise Information and Communication Technology to help Members fulfil their responsibilities.

4. Language Policy

- i. Ensuring that a policy is in place to guide Parliament in complying with the Constitution and other national legislation on language matters; and
- ii. Ensuring the implementation of Parliament's Language Policy.

5. Former Members of Parliament

Ensuring the development and implementation of policy in respect of former Members, including–

- i. Proposing and monitoring the implementation of policy on benefits and facilities for former Members; and
- ii. Ensuring that the Members support office implements the approved policies.

6. Participation in Internal Structures

Participating in various Parliamentary committees as provided for in the Rules of the National Assembly and the Joint Rules, for example, the National Assembly Programme Committee, National Assembly Rules Committee, the Joint Programming Committee and Joint Rules Committee.

In addition to the above, any other responsibility and functions may subsequently be delegated as and when such a need arises.

B. HOUSE CHAIRPERSONS OF THE NATIONAL ASSEMBLY

National Assembly Rule 22 provides for the election of three House Chairpersons for the duration of the House. The rule further provides that the Speaker allocates functions and responsibilities to each House Chairperson and announces such allocation in the *Announcements, Tablings and Committee Reports (ATC)*.

1. House Chairperson: Internal Arrangements

1.1 Ensuring the well-being and interests of Members, including –

- i. Monitoring policies on travel privileges on behalf of Members;
- ii. Monitoring and reporting on the implementation of Members' facilities;
- iii. Monitoring the implementation of policies in respect of Members' leave, artworks management, exhibitions and the library;
- iv. Ensuring the implementation of policy regarding the needs of Members with disabilities; and
- v. Parliamentary Villages.

1.2 Overseeing and ensuring alignment of structures dealing with Members' interests and facilities, including –

- i. Overseeing the implementation of internal household services to members; and
- ii. Fostering and facilitating a working relationship between political representatives (Members of Parliament) and the Parliamentary administration.

1.3 Receiving and providing reports on issues of Members' Interests, including –

- i. Alerting the Office of the Speaker to potential problems emanating or developments within internal arrangements; and
- ii. Presiding over the Members' Support Forum (MSF) which deals with matters under the broad category of Members' Interests.

1.4 Co-ordinating the Board of the Parliamentary Villages Committee, including –

- i. Ensuring that there is co-ordination of transport for Members to and from Parliamentary villages; and
- ii. Ensuring that concerns of Members as residents of Parliamentary villages are addressed.

1.5 Participating in various Parliamentary Committees as determined in the Rules of the National Assembly, for example, the National Assembly Programme Committee, Chief Whips' Forum, National Assembly Rules Committee and Joint Rules Committee.

2. House Chairperson: International Relations

2.1 Responsible for international relations, including –

- i. Monitoring the development and implementation of Parliament’s International Relations Strategy;
- ii. Driving the formulation, implementation and monitoring of travel policy for Parliamentary delegations; and
- iii. Co-chairing and co-ordinating the Parliamentary Group on International Relations (PGIR).

2.2 Responsible for bilateral relations, including –

- i. Ensuring the establishment of parliamentary groups in relation to South Africa’s bilateral agreements;
- ii. Facilitating the establishment and/or co-ordination of friendship groups, where applicable;
- iii. Advising on bilateral engagements with incoming and outgoing delegations; and
- iv. Co-ordinating the schedule for incoming and outgoing bilateral engagements.

2.3 Participating in various Parliamentary Committees as provided for in the Rules of the National Assembly, for example, the National Assembly Programme Committee, Chief Whips’ Forum, National Assembly Rules Committee and Joint Rules Committee.

3. House Chairperson: Committees, Oversight and Public Participation

3.1 Broadly responsible for monitoring any policy, directive or guideline on the scheduling and co-ordination of committee meetings, as well as the general management of all National Assembly committees and subcommittees, including –

- i. Overseeing reporting to the Programme Committee on progress with Bills;
- ii. Overseeing the tabling in the Programme Committee of committee programmes;
- iii. Ensuring that input/concerns from the public, which are referred to committees, are attended to;
- iv. Assessing committee reports with a view to their consideration by the House;
- v. Ensuring the provision of administrative and political support to committees;
- vi. Assisting with and coordinating committee budgets and business plans;
- vii. Monitoring committee expenditure;
- viii. Authorizing proposed committee expenditure after political approval has been obtained for any proposed activity;
- ix. Co-ordinating and facilitating committee training;
- x. Providing guidance on best practice in respect of committee reports and oversight functions and assisting in developing an effective oversight model for this purpose;
- xi. Chairing the Committee of Chairpersons which, in terms of Assembly Rules, may make recommendations regarding any matter that affects the scheduling or functioning of any committee; and
- xii. Leading the formulation, implementation and monitoring of travel policy for Parliament in relation to committee visits internationally and nationally as well as planning and co-ordination of oversight visits.

3.2 Responsible for oversight and public participation, including –

- i. Responsibility for the implementation and co-ordination of the Parliamentary Oversight Model;
- ii. Facilitating the implementation of a Public Participation Model for Parliament; and
- iii. Overseeing Parliamentary public participation services.

3.3 Responsible for Sectoral Parliaments, including -

- i. Ensuring the development of a strategy for institutionalising sectoral parliaments;
- ii. Responsibility for implementation of the sectoral parliament initiatives; and
- iii. Responsibility for ensuring synergy and alignment between public participation processes and sectoral parliaments.

3.4 Participating in various Parliamentary Committees as provided for in the Rules of the National Assembly, for example, the National Assembly Programme Committee, Chief Whips' Forum, National Assembly Rules Committee and Joint Rules Committee.

National Council of Provinces

The Chairperson

1. Referral to Committees of papers tabled

- (1) The following papers are referred to the **Select Committee on Security and Justice** for consideration and report:
 - (a) Draft notice and schedule determining the rate, with effect from 1 April 2023, at which salaries, allowances and benefits are payable to magistrates annually, for approval by Parliament in terms of section 12(1) of the Magistrates Act, 1993 (Act No. 90 of 1993).
 - (b) Draft notice and schedule determining the rate, with effect from 1 April 2024, at which salaries, allowances and benefits are payable to magistrates annually, for approval by Parliament in terms of section 12(1) of the Magistrates Act, 1993 (Act No. 90 of 1993).
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TABLINGS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

- (a) Annual Performance Plan of the South African Human Rights Commission for 2024/25.
- (b) Strategic Plan of the South African Human Rights Commission for 2020 – 2025.
- (c) Report of the South African Human Rights Commission on the Investigative Hearing into the July 2021 Unrest in Gauteng and KwaZulu-Natal – 29 January 2024.

2. The Minister of Social Development

- (a) Annual Performance Plan of the Department of Social Development for 2024/25.
- (b) Strategic Plan of the Department of Social Development for 2020 – 2025.
- (c) Annual Performance Plan of the National Development Agency for 2024/2025.

- (d) Strategic Plan of the National Development Agency for 2024 – 2029.
- (e) Annual Performance Plan of the South African Social Security Agency for 2024/25.
- (f) Strategic Plan of the South African Social Security Agency for 2020 – 2024.

National Council of Provinces

1. The Chairperson

- (a) Draft notice and schedule determining the rate, with effect from 1 April 2023, at which salaries, allowances and benefits are payable to magistrates annually, for approval by Parliament in terms of section 12(1) of the Magistrates Act, 1993 (Act No. 90 of 1993).
- (b) Draft notice and schedule determining the rate, with effect from 1 April 2024, at which salaries, allowances and benefits are payable to magistrates annually, for approval by Parliament in terms of section 12(1) of the Magistrates Act, 1993 (Act No. 90 of 1993).

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Police on the 2024/25 Budget Vote 28 and Annual Performance Plan (APP) of the Department of Police (South African Police Service) dated 12 July 2024.

The Portfolio Committee on Police examined the Budget Vote of the Police (Vote 28) (South African Police Service / SAPS) for the 2024/25 financial year, as well as the projections of the Medium-Term Expenditure Framework (MTEF) for 2025-2027, which were included in the Estimates of National Expenditure (ENE) 2024. The budget was examined in conjunction with the Annual Performance Plan 2024/25 and the Strategic Plan (2020-2025). The Committee reports as follows:

1. INTRODUCTION

1.1. Structure

The Report provides an overview of the 2024/25 Budget Hearings of the Department of Police. The Report is structured as follows:

- Section 1: Introduction. This section introduces this Report as well as a summary of meetings held during the hearings.
- Section 2: Links to other plans for the 2024/25 financial year. This section highlights the strategic focus areas for the Department of Police for the year under review, including the National Development Plan, State of the Nation Address (SONA), and the 2019-2024 Medium-term Strategic Framework (MTSF).
- Section 3: Budget allocation for 2024/25. This section provides an analysis of the budget allocation to the Department of Police in the 2024/25 financial year.
- Section 4: Key performance indicators. This section provides an overview of the key performance indicators of the Department of Police for the 2024/25 financial year.
- Section 5: Committee observations. This section provides selected observations made by the Portfolio Committee on Police on the budget allocation and performance indicators during the 2024/25 budget hearings.
- Section 6: Recommendations and additional information. This section summarises the recommendations made by the Portfolio Committee on Police, as well as the additional information requested from the Department of Police.

- Section 7: Conclusion. This section provides concluding remarks.

1.2. Meetings held

The Committee met on 10 July 2024 to consider the SAPS 2024/25 APP and Budget. Due to time constraints the Committee could not meet with stakeholders and police unions on their concerns related to the budget and performance indicators of the SAPS but resolved to schedule a dedicated meeting to interact with these key stakeholders at the start of the second term.

2. LINKS TO OTHER PLANS

2.1. National Development Plan (NDP)

Chapter 12 of the National Development Plan (NDP) titled “Building Safer Communities” outlines the responsibilities of the policing portfolio in South Africa. The vision of Chapter 12 is that:

"In 2030, people living in South Africa feel safe at home, at school and at work, and they enjoy a community life free of fear. Women walk freely in the streets and children play safely outside. The police service is well-resourced and professional, staffed by highly skilled officers who value their work, serve the community, safeguard lives and property without discrimination, protect the peaceful against violence, and respect the rights to equality and justice."

To achieve this vision, the NDP sets out five focus areas, including:

- Strengthen the criminal justice system;
- Make the police service professional;
- Demilitarise the police;
- Build safety using an integrated approach; and
- Build community participation in safety.

2.2. 2019-2024 Medium Term Strategic Framework (MTSF)

The MTSF 2019–2024 aims to address challenges of unemployment, inequality and poverty through, 1) driving a strong and inclusive economy, 2) building and strengthening the capabilities of South Africans, and 3) achieving a more capable state. These underpin the seven priorities of the MTSF –

- **Priority 1:** Building a capable, ethical and developmental state
- **Priority 2:** Economic transformation and job creation
- **Priority 3:** Education, skills and health
- **Priority 4:** Consolidating the social wage through reliable and quality basic services
- **Priority 5:** Spatial integration, human settlements and local government
- **Priority 6:** Social cohesion and safe communities
- **Priority 7:** A better Africa and world

Over the medium-term the SAPS will focus on the following priorities:

- 1) Improving community safety
- 2) Combating gender-based violence and femicide
- 3) Addressing serious and organised crimes
- 4) Preventing, combating and investigating money laundering and terror financing

2.3. State of the Nation Address (SONA)

President Ramaphosa delivered his eighth State of the Nation Address (SONA) during a Joint Sitting of the National Assembly (NA) and the National Council of Provinces (NCOP) on 08 February 2024.

The key focus areas of the 2024 SONA related to the South African Police Service (SAPS), were Gender-based Violence, addressing crime and insecurity, additional police personnel, including allocations to the Public Order Policing Units (POPs), successes of Operation Shanela, firearm control, prevention of money laundering and fraud, combating cable theft, damage to critical infrastructure and illegal mining through the Economic Infrastructure Task Teams (EITTs).

3. BUDGET ALLOCATION

In 2024/25, the SAPS received a Main Appropriation of R113.59 billion, which is a nominal increase of R8.1 billion or 7.7 per cent compared to the previous financial year. In real terms (inflation considered), the Department's allocation increased with R3.02 billion, or 2.87 per cent.

The **Administration Programme** received an allocation of R21.96 billion in 2024/25, which is a nominal increase of 6.52 per cent compared to the previous financial year and represents 19.34 per cent of the SAPS' total budget. The Ministry subprogramme's allocation decreased with R1 million (nominally) compared to the previous fiscal year, representing a real decrease of 5.8 per cent.

Between 2020 and 2023, the **Visible Policing Programme** received consecutive decreases, and more worryingly, the largest decreases across all budget programmes of the SAPS. Visible Policing is the core service delivery Programme of the SAPS and was impacted negatively over these years. In 2024/25, this consistent decrease was corrected, and the Programme received the largest increase of all budget programmes (R4.7 billion nominal increase).

In 2024/25, Visible Police received an allocation of R60.1 billion, which is 52.9 per cent of the SAPS' total budget. The increases were applied to all subprogrammes, with the Specialised Interventions subprogramme receiving a nominal increase of 10.9 per cent. The Crime Prevention subprogramme continues to receive the largest portion of the Programme's budget at R46.2 billion or 76.9 per cent.

The **Detective Services Programme** received a Main Appropriation of R22.58 billion in 2024/25, which is a nominal increase of R1.4 billion or 6.8 per cent compared to the previous financial year. In real terms the Programme's allocation increased by 2.0 per cent. The Programme receives 19.88 per cent of the SAPS' total budget. The Crime Investigations subprogramme received a nominal increase of 7.72 per cent to a budget of R15.49 billion, representing 68.6 per cent of the Programme's total budget.

The **Crime Intelligence Programme's** 2023/24 allocation of R4.42 billion increased with R3.2 million to a Main Appropriation of R4.747 billion in 2024/25, which is a nominal increase

of 7.29 per cent and a real increase of 2.47 per cent. The increase was relatively equally spread over both subprogrammes, with the Crime Intelligence Operations subprogramme receiving a nominal increase of 6.63 per cent and the Intelligence and Information Management subprogramme receiving a nominal increase of 7.75 per cent. However, this subprogramme continues to receive the largest portion of the Programme's total budget at 58.8 per cent.

The **Protection and Security Services Programme** received a Main Appropriation of R4.09 billion in 2024/25, which is a nominal percentage increase of 6.65 per cent compared to the previous financial year and a real increase of 1.86 per cent. The VIP Protection Services subprogramme received the largest nominal increase of 7.5 per cent and receives 53.1 per cent of the subprogramme's total budget.

Table 1: Overall difference in 2023/24 and 2024/25 budget allocation

Programme	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	R million	2023/24	2024/25			
Programme 1: Administration	20 623,3	21 968,9	1 345,6	359,4	6,52 per cent	1,74 per cent
Programme 2: Visible Policing	55 432,1	60 193,7	4 761,6	2 059,5	8,59 per cent	3,72 per cent
Programme 3: Detective Services	21 152,2	22 588,5	1 436,3	422,3	6,79 per cent	2,00 per cent
Programme 4: Crime Intelligence	4 425,0	4 747,4	322,4	109,3	7,29 per cent	2,47 per cent
Programme 5: Protection and Security Services	3 843,1	4 098,7	255,5	71,5	6,65 per cent	1,86 per cent
TOTAL	105 475,6	113 597,1	8 121,5	3 022,1	7,7 per cent	2,87 per cent

Source: National Treasury (2024)

In terms of allocations per **economic classification** in 2024/25, the most significant increase is in the allocations to **Buildings and other fixed structures**. This allocation increased from R465.2 million in 2023/24 to R548.1 million in 2024/25, which is a nominal increase of 17.8 per cent. The previous financial year saw a similar increase. However, this allocation has a history of significant reductions during the Adjusted Budget period and further underspending and underperformance.

Expenditure of *Compensation of employees* is expected to increase from R83.79 billion in 2023/24 to R92.68 billion in 2024/25, representing a nominal increase of 10.63 per cent or R8.9 billion. Personnel expenditure represents 81.5 per cent of SAPS' total budget for 2024/25. The proportional allocation in 2024/25 increased compared to the proportional allocation of 79.5 per cent in 2023/24.

4. PERFORMANCE INDICATORS

The 2024/25 APP contains 93 performance indicators across the five budget programmes of the SAPS:

- Administration Programme: 22 targets
- Visible Policing Programme: 27 targets
- Detective Services Programme: 27 targets
- Crime Intelligence Programme: 10 targets
- Protection and Security Services Programme: 7 targets

During 2022 and 2023, the Office of the Auditor-General (AG) was very critical of the Department's performance indicators and noted that targets were set too low, indicators were too reactive in nature and indicators are inconsistent with lived experiences of citizens. Similarly, the Portfolio Committee on Police recommended in its 2023 BRRR and Committee's 6th Parliament Legacy Report that the Department should review and refine its performance indicators.

In response, the Department explained the way targets are developed in response to the MTSF, Ministerial Priorities and various other government departments. The Department reduced its indicators by 10 in the 2023/24 APP from 95 (in 2022/23) to 84 performance indicators, and various indicators were refined to enhance its measurability. However, the SAPS had to add 10 performance indicators in the 2023/24 APP through the tabling of an Addendum in November 2023. Indicators such as extortion and violent crime in the construction sector were included which are based on the performance agreement between the Minister of Police and the President.

The Department's indicators stand at 93 for the 2024/25 financial year. The Department further indicated that the two perception surveys completed yearly can be considered to measure and indicate the 'lived experiences' of citizens. However, the context in which the AG raised this criticism referred to (amongst others) the impact of significant delays in the finalisation of DNA analysis results.

The most crucial performance indicators contained in the 2024/25 APP and linked to the MTSF Priority: Social cohesion and safer communities, include:

Indicator	Programme	Audited Performance	Estimated performance	Target
		2022/23	2023/24	2024/25
Percentage reduction in the number of reported contact crimes per year	Visible Policing	+7.7% (46 702)	13,40%	14,50%
Percentage of police stations that have functional community police forums	Visible Policing	99.91% (1 155/1 156)	99,74%	99,57%
Detection rate for contact crimes per year	Detective Services	46.28% (415 091/ 896 976)	48,75%	51,25%
Detection rate for crimes against women per year	Detective Services	70.07% (163 833/ 233 804)	68,13%	71,25%
Detection rate for crimes against children per year	Detective Services	62.95% (39 628/ 62 950)	61,99%	65,25%
Percentage of trial-ready case dockets for serious corruption in the public and private sectors per year	Detective Services	79.01% (335/424)	87,23%	70%
Percentage of registered serious organised crime project investigations successfully closed per year	Detective Services	71.43% (10/14)	72%	72%
Percentage of original previous conviction reports for formally charged individuals generated within 15 calendar days per year	Detective Services	81.36% (802 239/ 985 980)	92,73%	92%
Percentage of network operations relating to prioritised crime threats successfully terminated per year	Crime Intelligence	New indicator 2022/23	38,97%	67%

Source: National Treasury (2024)

The SAPS had consistently underperformed in the reduction of contact crimes and crimes against women and children. In 2022/23, the performance target for the reduction of crimes against women and children was removed, as the quantitative measurement could deter reporting by victims and proper recording of these crimes at police stations. The Department further failed to achieve planned detection rates for crimes against women and children. Over the period under review, the SAPS had further struggled with the reduction in contact and serious crimes. The significant increase in the backlog of DNA analyses escalated in 2020/21 during which the SAPS exceeded the planned target to achieve a backlog of 10% or less, by recording a backlog of 84.56%, which is significantly higher than the planned target. The negative deviation was reduced in subsequent years. Internal and external firearm management remained a concern throughout the 6th Parliamentary term, during with the SAPS consistently underperformed in the finalisation of firearm applications (external management) and failed to achieve the target to reduce the number of SAPS-owned firearms reported as lost or stolen, and targets for the recovery of these firearms (internal management).

The MTEF focus areas for 2024/25 are:

- Building capacity in the SAPS to improve police visibility, enhance community responsiveness and build public confidence through the recruitment of additional police members.
- Modernisation initiatives to support visible and specialized policing capabilities.
- Reducing gender-based violence and femicide.
- Reducing crimes that have a direct impact on economic activity, through the establishment of Economic Infrastructure Risk Teams (EITTs).
- Enhancing crime detection, focusing on contact crimes, corruption, commercial crimes, and cybercrime.

5. COMMITTEE OBSERVATIONS

The Committee made the following observations during the 2024/25 SAPS budget and APP hearings on 10 July 2024:

- 5.1 The Committee raised concern about the lack of sufficient time given to interrogate the Departmental documents prior to and during the scheduled committee meeting to

consider the budget and performance indicators of Departments. Members further noted that the Committee Reports on the budget hearing were circulated less than 24 hours prior to its adoption while noting that this was necessitated by the scheduled Vote debate. Members noted that the limited timeframe affected the effectiveness of parliamentary oversight and must be addressed in future with sufficient time allocation to broaden consultations with stakeholders, such as labour unions.

5.2 The Committee questioned why the Department does not include the murder rate as a performance indicator and noted that the murder rate in South Africa is higher than that of many active war zones. The Committee noted that the Top 30 High Contact Crime Stations have remained unchanged for several years and thus the SAPS can easily identify hot spot areas. The Committee noted that specialised operations should focus on these areas as SAPS has a duty to prevent crime, including GBV. The Committee further noted the impact of alcohol and drugs on contact crimes, especially murders.

5.3 The Committee raised concern about performance indicators related to the improved regulation of firearms, especially the rate of SAPS-owned firearms confirmed as lost, the recovery rate of identifiable SAPS-owned firearms and illegal firearms recovered. The proliferation of firearms is contributing disproportionately to the extremely high murder rate in South Africa, and the loss of firearms, whether SAPS or privately owned, should be taken more seriously. Suggestions were made to imbed GPS tracking devices in firearms and vehicles to monitor the movement of these state assets. The existing Automated Vehicle Locator (AVL) system installed in SAPS vehicles should be effectively used and monitored.

5.4 The Committee noted concerns about the allocation and availability of resources at police stations and indicated that affluent areas are often better resourced than less affluent areas, in terms of personnel and critical resources like vehicles. In some instances, resources from established police stations are taken away to staff and resource newly built police stations. Members further noted the persistence of language barriers at police stations and that this is having a devastating impact on the quality of policing services rendered to communities.

5.5 The Committee noted that the delivery of new police stations and mobile contact points, as per the SAPS Infrastructure Development Programme, take too long and are often in

poor condition. Members specifically highlighted the extended delays in capital works projects and highlighted various construction project delays including Mankweng Police Station in the Limpopo Province. The Committee further raised concern about the dependency on the National Department of Public Works and Infrastructure (DPWI) to execute capital works and maintenance projects for the SAPS. Members stated that the lack of maintenance at police stations influences the quality of policing services rendered to communities and affects staff morale. It further portrays an unprofessional image of the SAPS, and they are not in charge of all capital works and maintenance projects. Members further stated that the state of many mobile contact points are unacceptable, and the lack of maintenance and availability of basic services (such as proper sewage system) must be addressed. The lack of maintenance at police stations often causes excessive weather damage that could have been avoided and repairs often take very long depriving communities from policing services. The collapse of the Vredenburg police station's roof due to heavy rains was highlighted as an example.

5.6 The Committee noted the continued attrition within the Detective Services Division with great concern and noted that this has a direct impact on the ability of the SAPS to investigate crimes and ensure that criminals are prosecuted. The Committee noted that the effective capacitation of the Detective Services must be one of the first steps to effectively combat crime and that the loss of experience Detectives must be addressed as a matter of urgency. The Committee further raised concerns about the working conditions of police officers in the Detective Services Division, and especially in the Family Violence, Child Protection and Sexual Offences (FCS) Units, and the unacceptably high number of case dockets carried by Detectives. The Committee highlighted that enhanced training, human resource capacitation and improved forensic science services should be the focus going forward.

5.7 The Committee questioned the effectiveness of specialised units and task-teams deployed to stabilise areas with specific crime trends, such as gang violence. Members noted that significant funds are spent on these units without producing tangible results. The Committee resolved to develop measures that could be put in place to monitor performance and ensure accountability and return on investment.

5.8 The Committee raised concern about the proliferation of cross-border crime, including the smuggling of vehicles, firearms and other illegal goods such as cigarettes. The

Committee further highlighted the increased threat posed by human trafficking and human smuggling across the South African border.

5.9 The Committee noted that incidences of stock-theft are increasing and have a devastating impact on the farming community, whether it be subsistence or commercial farmers. Members noted that stock-theft units should be decentralised to station level if the SAPS is to adequately address the challenges posed by stock-theft. The Committee questioned whether rural communities are reaping the reward of state funds invested in rural safety and questioned the successful implementation of the National Rural Safety Strategy by the SAPS.

5.10 The Committee highlighted that the performance and budget of the Crime Intelligence Division must be increased. Receiving less than five per cent of the total SAPS budget is not sufficient to capacitate this crucial division. Members gave anecdotal examples where communities often know more than crime intelligence, especially related to drugs. The Committee further raised concern about the limited proactive capability of the Crime Intelligence Division and noted that most interventions are reactive in nature. Further, the Committee stated that any ineffectiveness within the Crime Intelligence Division has a broader negative impact on other Divisions, notably the Detective Service Division. The Committee urged the SAPS to increase its focus on proactive and urged the SAPS to utilise informants across all divisions and budget for this crucial aspect of crime intelligence.

5.11 The Committee raised concern with inadequate wellness programmes for police members and noted that the continued disregard of this important aspect has a direct impact on the morale and effectiveness of the members and their ability to fight crime.

5.12 The Committee resolves to further interrogate the budget allocations made to the Detective Services and Crime Intelligence Divisions of the SAPS during the upcoming Adjusted Budget process when the Minister of Finance tables the Adjusted Estimates of National Expenditure (AENE) in Parliament towards October 2024. Prior to this, the Committee will identify key measurements to assess the needs and monitor performance by the Department.

6. RECOMMENDATIONS

The Portfolio Committee recommends the following:

- 6.1 The SAPS Management must put in place strategies to remedy the capacitation challenges within the Detective Services and Crime Intelligence Divisions to achieve lasting stability in these crucial divisions of the SAPS to reduce escalating levels of violent crime in South Africa.
- 6.2 The SAPS management must ensure enhanced focus on psychosocial interventions to assist members to cope with a generally stressful work environment. Interventions should also support members struggling with substance abuse as a coping mechanism while also including preventative measures to curb the development of such dependencies. The Department should further focus on the appointment and retention of psychologists and vocational counsellors and decrease the vacancy rate in this critical occupation in the SAPS.
- 6.3 The SAPS should focus more efforts on the implementation of the National Drug Master Plan and the Narcotics Intervention Plan as well as the application of Section 33 of the Prevention of and Treatment for Substance Abuse Act 70 of 2008 related to involuntary rehabilitation commitment. Arrests are often made of low-level drug-dealers instead of drug kingpins to bring down entire drug syndicates. The role of crime intelligence in the dismantling of illegal drug syndicates cannot be overstated and this capability should be developed in the SAPS.
- 6.4 The Integrated Crime and Violence Prevention Strategy (ICVPS) and Increased Crime Prevention and Combatting Action Plan (ICPCAP) should be implemented without delay to ensure a holistic approach to crime prevention in South Africa.
- 6.5 The SAPS should improve the regulation of firearms in South Africa to stem the proliferation of illegal firearms and deaths associated with firearms. The new Firearm Control System (FCS) must be finalised within the set timeframe and the Central Firearms Register (CFR) must be capacitated to deal effectively with firearm license and related applications.

- 6.6 The Department should overhaul its ethos towards partnership policing. It should further conduct research on the contributing factors that led to community-orientated policing not finding traction since its adoption during the transitional process of the Apartheid-era South African Police to a democratic policing service. The Department must revisit the rationale and the vision for the establishment of CPFs and their importance in community-orientated and partnership policing. This approach should be clarified in the SAPS Amendment Bill.
- 6.7 Further investments should be made in the development of data driven analytics to identify crime patterns and criminal behaviour to direct policing efforts more effectively.
- 6.8 The SAPS should review the handling of cold cases and ensure that long-outstanding cases are transferred from station to national level for investigation by the specialised National Cold Case Unit. An example thereof is the murder case of Mia Botha that went cold at the Paarl Police Station and should be revived at national level for further investigation.
- 6.9 The Department should ensure that police stations are supported by the strategic deployment of human and physical resources, specifically vehicles.

7. CONCLUSION

The Committee expressed gratitude for the interaction with the Minister of Police, Deputy Ministers of Police, the National Commissioner and his team. The Committee expressed its commitment to oversee the optimal functioning of the SAPS and bring the NDP Vision to fruition. The Committee will continue to monitor the SAPS implementation of its 2024 APP and Strategic Plan together with its budget spending. The Committee encouraged the SAPS to identify so-called low hanging fruit that can make an immediate impact on the lived experiences of South Africans. The continued shortages within the Detectives Services and Crime Intelligence environments must be addressed as a matter of urgency.

The Chairperson indicated that Committee meetings should be dedicated to the victims of violent crime.

The Portfolio Committee on Police supports the budget of the Department of Police for 2024/25 and recommends that the Budget Vote 28 be adopted.

Reservation of Rights by Political Parties:

- Economic Freedom Fighters (EFF)
- uMkhonto weSizwe (MK)

Report to be considered.

2. Report of the Portfolio Committee on Police on the 2024/25 Budget Vote 21 and Annual Performance Plan (APP) of the Civilian Secretariat for Police Service (CSPS), dated 12 July 2024.

The Portfolio Committee on Police examined the Budget Vote of the Civilian Secretariat for Police Service (Vote 21) for the 2024/25 financial year, as well as the projections of the Medium-Term Expenditure Framework (MTEF) for 2025-2027, which were included in the Estimates of National Expenditure (ENE) 2024. The budget was examined in conjunction with the Annual Performance Plan (APP) for 2024/25 and the Strategic Plan (2020-2025). The Committee reports as follows:

1. INTRODUCTION

1.1. Structure

The Report provides an overview of the 2024/25 Budget Hearings of the CSPS. The Report is structured as follows:

- Section 1: Introduction. This section introduces this Report as well as a summary of meetings held during the hearings.
- Section 2: Strategic overview. This section provides an overview of the strategic priorities of the Department during the 2023/24 financial year, as well as the medium-term.
- Section 5: Budget allocation. This section provides an analysis of the budget allocation of the CSPS for the 2024/25 financial year.
- Section 6: Performance indicators. This section provides a summary of the Department's performance indicators for the 2024/25 financial year.
- Section 7: Committee observations. This section provides a summary of observations made by the Portfolio Committee on Police during the 2024/25 budget hearings.
- Section 8: Recommendations and additional information. This section summarises the recommendations made by the Portfolio Committee on Police, as well as the additional information requested from the Department.
- Section 9: Conclusion. This section provides concluding remarks.

1.2. Meetings held

The Committee met on 10 July 2024 to consider the 2024/25 budget and APP of the CSPS.

2. STRATEGIC FOCUS FOR 2023/24 AND MEDIUM-TERM

The Department's strategic focus for 2024/25 and over the medium term includes the following:

- 1) Developing policies and legislation for the police sector
- 2) Fostering community participation in crime fighting.
- 3) Monitoring and evaluating the police service's performance.

3. BUDGET ALLOCATION

The CSPS received a Main Appropriation of R156.0 million in 2024/25, which is a nominal increase of R1.8 million or 1.2 per cent compared to the previous financial year. In real terms (inflation considered), the Department's allocation decreased by 3.37 per cent.

The **Administration Programme** received a Main Appropriation of R71.2 million in 2024/25, which is a slight nominal increase of 0.34 per cent (considering inflation, it is a real decrease of 4.16 per cent) compared to the previous financial year. The *Office Accommodation subprogramme*'s allocation decreased from R9.9 million in 2023/24 to R9.1 million in 2024/25, which is a nominal decrease of 8.74 per cent. This is due to the Department's relocation to new offices in 2023. The Corporate Services subprogramme continues to receive the bulk of the Programmes's allocation at 35.17 per cent of the total.

The **Intersectoral Coordination and Strategic Partnerships Programme** received a Main Appropriation of R26.9 million in 2024/25, which is a slight nominal increase of 0.34 per cent compared to the previous financial year. However, considering inflation, the Programme received a real decrease of 4.16 per cent. The *Intergovernmental, Civil Society and Public-Private Partnerships subprogramme* received a Main Appropriation of R22.8 million in 2024/25, which is a slight nominal increase of 2.77 per cent, but when considering inflation, the allocation decreased by 1.85 per cent. The allocation towards the Community Outreach

subprogramme decreased from R4.2 million in 2023/24 to R4.1 per cent in 2024/25, which is a nominal decrease of 1.30 per cent and a real decrease of 5.73 per cent.

The **Legislation and Policy Development Programme** received a Main Appropriation of R23.9 million in 2024/25, which is a nominal increase of 1.87 per cent. In real terms, the Programme's allocation decreased by 2.70 per cent. The *Policy Development and Research subprogramme* received a Main Appropriation of R16.0 million in 2024/25, which is a slight nominal increase of 1.55 per cent and a real decrease of 2.91 per cent. The *Legislation subprogramme* received an allocation of R7.9 million in 2024/25, which is a nominal increase of 2.32 per cent and a real decrease of 2.27 per cent.

The **Civilian Oversight, Monitoring and Evaluation Programme** received a Main Appropriation of R34.0 million, which is a nominal increase of 1.71 per cent. In real terms, the allocation decreased by 2.86 per cent. The *Office of the Directorate for Priority Crime Investigation (DPCI) Judge subprogramme* and the *National Forensic Oversight and Ethics Board (DNA Board) subprogramme* received slight nominal increases of 0.74 per cent and 0.92 per cent, respectively.

Table 1: Comparative changes in expenditure estimates by programme: 2023/24 to 2024/25

Programme	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	R million	2023/24				
Programme 1: Administration	71,0	71,2	0,2	- 3,0	0,34 per cent	-4,16 per cent
Programme 2: Intersectoral Coordination and Strategic Partnerships	26,3	26,9	0,6	- 0,6	2,13 per cent	-2,46 per cent
Programme 3: Legislation and Policy Development	23,5	23,9	0,4	- 0,6	1,87 per cent	-2,70 per cent
Programme 4: Civilian Oversight, Monitoring and Evaluations	33,4	34,0	0,6	- 1,0	1,71 per cent	-2,86 per cent
TOTAL	154,2	156,0	1,8	- 5,2	1,2 per cent	-3,37 per cent

Source: National Treasury (2024)

The Department allocated R123.1 million of its total budget allocation to Compensation of Employees, which represents 78.9 per cent of the budget. The 2024/25 allocation increased by

13.1 per cent compared to the previous financial year. This is despite the number of personnel not showing a marked difference in 2024/25 compared to the previous financial year.

4. PERFORMANCE INDICATORS

This section provides a summary of the performance indicators and targets of the Department's budget programmes. The section further highlights key concerns for consideration of Parliament during the 2024/25 budget hearings of the Department.

In 2024/25, the Department identified 29 performance indicators, of which most targets remained unchanged from the previous financial year. The Department did not introduce any new targets in 2024/25.

According to the Department, the effectiveness of their civilian oversight mandate, including the provision of strategic and policy advice to the Minister of Police, rests on adequate and reasonable access to SAPS systems and information by the CSPS and ultimately on the willingness to implement CSPS policy proposals and recommendations. As such, the working relationship and effective functioning of cooperative governance structures between the SAPS and CSPS must be continuously strengthened.

The table below shows the key performance indicators and targets for the 2024/25 financial year, as well as achieved performance over the past three financial years.

Indicator	Programme	Audited performance		Estimated performance	2024/25
		2021/22	2022/23	2023/24	Targets
Number of anti-crime campaigns conducted per year	Intersectoral Coordination and Strategic Partnerships	8	4	3	3
Number of national policing policies submitted to the Secretary for the Police Service for approval per year	Legislation and Policy Development	1	1	1	1
Number of bills submitted to the minister for approval per year	Legislation and Policy Development	5	2	2	1
Number of police oversight initiatives undertaken per year	Civilian Oversight,	4	3	2	2

	Monitoring and Evaluations				
Number of assessments of the implementation of and compliance with the Domestic Violence Act (1998) by the South African Police Service conducted per year	Civilian Oversight, Monitoring and Evaluations	2	2	2	2

Source: National Treasury 2024

4.1. Programme 1: Administration

Programme purpose: The purpose of the Administration Programme is to provide strategic leadership, management and support services to the Department.

For the 2024/25 financial year, the Administration programme has 6 performance indicators, of which two targets are new compared to the previous financial year.

Subprogramme: Department Management

- 1) One Report on the role of CSPS in facilitating the implementation of the ICVPS

Subprogramme: Corporate Services

- 2) Vacancy rate of not more than 10% of the total post establishment:
- 3) 100% of implementation of the Human Capital Strategy.
- 4) 100% implementation of the Information and Communication Technology (ICT) Strategy:

Subprogramme: Finance Administration

- 5) 100% of payments made to creditors within 30 days.
- 6) 98% of expenditure in relation to the allocated budget: Target remains unchanged at 98%.

4.2. Programme 2: Intersectoral Coordination and Strategic Partnerships

Programme purpose: The purpose of the *Intersectoral Coordination and Strategic Partnerships* Programme is to manage and encourage national dialogue on community safety and crime prevention.

For the 2024/25 financial year, the Programme identified nine performance indicators.

Sub programme: Intergovernmental, Civil Society and Public-Private Partnerships

- 1) Two memoranda of understanding (MoUs) signed with stakeholders to build safer communities.
- 2) Two MOUs implemented to build safer communities.
- 3) One assessment conducted to determine the functionality of established Community Safety Forums (CSFs).
- 4) Nine provincial capacity-building sessions held on crime prevention policies per year: Target remains unchanged at nine sessions.
- 5) Three anti-crime campaigns conducted per year.
- 6) Two assessment reports conducted to determine the functionality of established Community Policing Forums (CPFs).
- 7) Nine provincial CPF training workshops facilitated on the civilian oversight role of CPFs. The target remains unchanged at nine workshops.

Sub programme: Community Outreach

- 8) Eight imbizo/public participation programmes held with communities to promote community safety.
- 9) Two response plans on the Imbizo / public participation programmes held to promote community safety (feedback to communities).

4.3. Programme 3: Legislation and Policy Development

Programme purpose: The purpose of the *Legislation and Policy Development* Programme is to develop policy and legislation for the police sector and to conduct research on policing and crime.

For the 2024/25 financial year, the Programme identified four performance indicators.

Sub programme: Policy Development and Research

- 1) One national policing policies submitted to the Secretary for approval per year.
- 2) One research report on policing approved by the Secretary per year.
- 3) 100% implementation of Knowledge and Information Management Strategy.

Sub programme: Legislation

- 4) One Bill submitted to the Minister for Cabinet approval in 2024/25: South African Police Service Amendment Bill.

4.4. Programme 4: Civilian Oversight, Monitoring and Evaluation

Programme purpose: The purpose of the *Civilian Oversight, Monitoring and Evaluation* Programme is to oversee, monitor and report on the performance of the SAPS.

For the 2024/25 financial year, the Programme identified 10 performance indicators, of which most targets remain unchanged compared to the previous financial year.

Sub programme: Police Performance, Conduct and Compliance Monitoring

- 1) Two Police Oversight Reports approved by the Secretary.
- 2) One SAPS Budget and Programme Performance Assessment Reports approved by the Secretary for Police Service per year.
- 3) Two Assessments Reports on SAPS Complaints Management conducted.
- 4) Two reports on SAPS Implementation of IPID Recommendations.
- 5) One assessment on police conduct and integrity undertaken.
- 6) Two Compliance Monitoring Reports on the implementation of the Domestic Violence Act, 1998 by SAPS.
- 7) Two reports on the implementation and compliance to legislation and policies: Target remains unchanged at two reports.
- 8) Four reports on the functioning of the National Forensic DNA Database assessed per year: Target remains unchanged at four reports.

Sub programme: Policy and Programme Evaluations

- 9) One assessment report on SAPS programmes.
- 10) One evaluation report on legislation and policies.

5. COMMITTEE OBSERVATIONS

The Committee made the following observations during the 2024/25 budget hearings:

The Committee expressed significant concern about CPFs as crucial elements in a holistic approach to crime prevention, including issues such as a lack of adequate training, resourcing and uniformity. Members raised concern that CPF members are often used as police officers, which leaves them unprotected in dangerous situations and, as civilians, they do not enjoy the same protection and benefits (in case of injury or death) as police members. The misuse of CPFs further means that its members often overstep their mandate, and the Committee questioned the way the Department monitors and oversees these transgressions.

The Committee highlighted the need for the finalisation of the review of the SAPS Act to give effect to the new funding model of CPFs. There are widespread discrepancies in the establishment and resourcing of CPFs countrywide, depending on Provincial Departments and Provincial Executive Councils. The Committee indicated that there must be a standardised approach applied across all provinces.

Members noted the fundamental difference between the mandates of CPFs and Neighbourhood Watches (NHW) in that CPFs are meant to be an oversight body and not an operational body like NHWs. Members noted that the establishment of CPFs at police stations should not be made or be dependent on the Station Commander and if this is inescapable there should be relevant checks and balances to ensure the independence of CPFs. The Committee noted that it intends to review the 1997 Community Policing Policy Framework while also considering the 2018 Community Safety Forums Policy.

Members raised concern about the lack of public awareness of the Department's mandate as a key stakeholder in the civilian policing oversight architecture of South Africa. The Department's mandate is not visible to the broader society and Members questioned whether the Department could develop a broader marketing strategy to advertise its services and mandate. Members indicated that citizens do not understand the Department's mandate and thus questioned the impact of the Department on the performance and professionalisation of the SAPS. The Committee further highlighted the importance of a uniformed approach to civilian oversight over the police service.

6. COMMITTEE RECOMMENDATIONS

6.1. Recommendations

The Committee recommends the following:

- 6.1.1 The Department should ensure that the SAPS Amendment Bill is finalised and tabled in Parliament during the 2024/25 financial year.
- 6.1.2 The Department should develop strategies to drive a bigger impact on police performance and professionalism.
- 6.1.3 The Department should improve its marketing strategies to the public to bring about awareness of the role that the CSPS plays in police accountability.

7. CONCLUSION

The CSPS must prioritise its role to reduce violent crime through the promotion of a more active citizenry and the establishment of a new social compact. A key aspect thereof is the effective implementation of the 2016 White Paper on Safety and Security and the ICVPS, which focuses on realising the Vision 2030 and creating an integrated and holistic approach to safety and security across all Government departments and civil society.

The Portfolio Committee on Police supports the budget of the Civilian Secretariat for Police Service (CSPS) for 2024/25 and recommends that the Budget Vote 21 be adopted.

Reservation of Rights by Political Parties:

- Economic Freedom Fighters (EFF)
- uMkhonto weSizwe (MK)

Report to be considered.

3. Report of the Portfolio Committee on Police on the 2024/25 Budget Vote 24 and Annual Performance Plan (APP) of the Independent Police Investigative Directorate (IPID), dated 12 July 2024.

The Portfolio Committee on Police examined the Budget Vote of the Independent Police Investigative Directorate (Vote 24) for the 2024/25 financial year, as well as the projections of the Medium-Term Expenditure Framework (MTEF) for 2025-2027, which were included in the 2024 Estimates of National Expenditure (ENE). The budget was examined in conjunction with the Annual Performance Plan (APP) for 2024/25 and the Strategic Plan (2020-2025). The Committee reports as follows:

1. INTRODUCTION

1.1. Structure

The Report provides an overview of the 2024/25 Budget Hearings of the IPID. The Report is structured as follows:

- Section 1: Introduction. This section introduces this Report as well as a summary of meetings held during the hearings.
- Section 2: Legislative mandate. This section provides a summary of the IPID's legislative mandate as per the IPID Act, 2011 and the Constitution.
- Section 3: Budget allocation. This section provides an analysis of the budget allocation of the IPID for the 2024/25 financial year.
- Section 4: Performance indicators. This section provides a summary of the key performance indicators for the 2024/25 financial year.
- Section 5: Committee observations. This section provides selected observations made by the Portfolio Committee on Police on the budget and performance indicators during the 2024/25 budget hearings.
- Section 6: Recommendations and additional information. This section summarises the recommendations made by the Portfolio Committee on Police, as well as the additional information requested from the IPID.
- Section 7: Conclusion. This section provides concluding remarks.

1.2. Meetings held

The Committee met on 10 July 2024 to consider the IPID 2024/25 APP and Budget.

2. LEGISLATIVE MANDATE

The IPID Act, 2011 (Act No. 1 of 2011) (“the Act”) came into operation on 01 April 2012 to give effect to section 206(6) of the Constitution, which makes provision for the establishment of an independent police complaints body. The objectives of the IPID Act are to:

- Align provincial and national strategic objectives to enhance the functioning of the Directorate;
- Provide for independent and impartial investigation of identified criminal offences allegedly committed by members of the SAPS and the Municipal Police Services;
- Make disciplinary recommendations to the SAPS resulting from investigations conducted by the Directorate;
- Provide for close cooperation between the Directorate and the Secretariat; and
- Enhance accountability and transparency of the SAPS and the Municipal Police Services in accordance with the principles of the Constitution.

The IPID Act provided the Directorate with an extended mandate, which focuses on serious crimes committed by members of the SAPS and the MPS. It further obliges the SAPS and the MPS to report on matters for investigation by the IPID and the status of implementation of disciplinary recommendations made by the IPID upon the completion of investigations.

In terms of section 28(1) of the Act, the Directorate must investigate:

- a) Any deaths in police custody;
- b) Deaths as a result of police actions;
- c) Complaints relating to the discharge of an official firearm by any police officer;
- d) Rape by a police officer, whether the police officer is on or off duty;
- e) Rape of any person in police custody;
- f) Any complaint of torture or assault against a police officer in the execution of his or her duties;

- g) Corruption matters within the police initiated by the Executive Director, or after a complaint from a member of the public or referred to the Directorate by the Minister, a MEC or the Secretary for the Police Service; and
- h) Any other matter referred to the IPID because of a decision by the Executive Director or if so requested by the Minister, an MEC or the Secretary for the Police Service as the case may be.

Section 28 (2) further provides that the Directorate may investigate matters relating to systemic corruption involving the police.

3. BUDGET ALLOCATION

The IPID received a Main Appropriation of R370.6 million in 2024/25, which is a slight nominal increase of 1.7 per cent. However, considering inflation, the Directorate's allocation decreased by 2.87 per cent. Note should be taken of the response from the Minister of Finance on the Committee's 2023 Budget Review and Recommendations Report (BRRR) recommendation that the IPID's budget allocation be increased. The Minister indicated that IPID has recorded continued underspending and thus has not demonstrated that it has the capacity to fully spend its allocated budget.

Table 1: Comparative changes in expenditure estimates by programme: 2023/24 to 2024/25

Programme	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	R million	2023/24				
Programme 1: Administration	109,5	112,2	2,7	- 2,3	2,46 per cent	-2,14 per cent
Programme 2: Investigation and Information Management	237,5	239,9	2,4	- 8,3	1,03 per cent	-3,51 per cent
Programme 3: Legal and Investigation Advisory Services	6,8	6,9	0,1	- 0,2	1,64 per cent	-2,92 per cent
Programme 4: Compliance Monitoring and Stakeholder Management	10,6	11,5	0,9	0,4	8,77 per cent	3,89 per cent
TOTAL	364,4	370,6	6,2	- 10,5	1,7 per cent	-2,87 per cent

Source: National Treasury (2024)

The **Administration Programme** received an allocation of R112.2 million in 2024/25, which is a nominal increase of R2.7 million or 2.46 per cent. In real terms, the allocation decreased with 2.14 per cent compared to the previous financial year. It is concerning that the allocation towards the *Internal Audit subprogramme* decreased nominally by 14.97 per cent in 2024/25 compared to the previous financial year (real decrease of 18.79 per cent). The allocation towards the *Corporate Services and Office Accommodation subprogrammes* increased nominally by 3.85 per cent and 4.47 per cent, respectively.

The **Investigation and Information Management Programme** received a Main Appropriation of R239.9 million, which is a nominal increase of 1.03 per cent compared to the previous financial year. However, when considering inflation, the Programme's allocation decreased by 3.51 per cent. This is the core service delivery programme of the Department. The *Investigation Management subprogramme's* 2023/24 allocation of R12.5 million decreased to R10.3 million in 2024/25, which is a nominal decrease of 17.96 per cent and taking inflation into account, the allocation shows a real decrease of 21.64 per cent. The allocation to the *Investigation Services subprogramme* increased slightly from R219.7 million in 2023/24 to R224.8 million in 2024/25, which represents a nominal increase of 2.31 per cent (real increase of 2.29 per cent). The *Information Management subprogramme's* allocation decreased from R5.2 million in 2023/24 to R4.9 million in 2024/25, which is a nominal decrease of R400 000.00, or 7.16 per cent. Taking inflation into account, the subprogramme's allocation decreased by 11.32 per cent.

The **Legal and Investigation Advisory Services Programme** received a Main Appropriation of R6.9 million in 2024/25, which is a slight nominal increase of 1.64 per cent (or R100 000), which is a real decrease of 2.92 per cent compared to the previous financial year. The *Legal Support and Administration subprogramme's* budget increased from R2.2 million in 2023/24 to R2.9 million in 2024/25, which is a nominal increase of 33.66 per cent (R700 000.00). Conversely, the allocation of the *Litigation Advisory Services and Investigation Advisory Services subprogrammes* decreased nominally by 10.62 per cent and 15.89 per cent, respectively.

The **Compliance Monitoring and Stakeholder Management Programme** received a Main Appropriation of R11.5 million in 2024/25, which is a nominal increase of 8.8 per cent, which represents a real increase of 3.89 per cent compared to the previous financial year. The

allocation of the *Compliance Monitoring subprogramme* increased slightly from R5.7 million to R5.8 million in 2024/25, which represents a nominal increase of 2.22 per cent, but when taking inflation into account, the subprogramme's allocation decreased by 2.37 per cent. The *Stakeholder Management subprogramme* received R5.7 million in 2024/25, which is a nominal increase of 16.30 per cent (real increase of 11.68 per cent).

Compensation of employees remains the Department's largest spending area, accounting for 69.3 per cent of its total budget in 2024/25 (R256.9 million from a total of R370.6 million). The allocation increased from R246.0 million in 2023/24 to R259.9 million in 2024/25, which is a nominal increase of 4.6 per cent. The number of personnel in the Directorate is expected to decrease from 404 in 2023/24 to 384 by 2026/27.

4. PERFORMANCE INDICATORS

In 2024/25, the Directorate has 41 performance indicators. The majority of the 2024/25 performance targets remained unchanged compared to the previous financial year. Many of the performance targets in the Investigation and Information Management Programme were decreased, which is extremely concerning.

1.1. Administration Programme

The purpose of the Administration Programme is to provide for the overall management of the Independent Police Investigative Directorate and support services, including strategic support to the Department.

The Administration Programme has 12 performance indicators in 2024/25 as depicted in the table below:

Table 2: Programme Performance Indicators and Targets

Performance indicators	2024/25 Target
1) Percentage vacancy rate per year	10%
2) Percentage implementation of Annual Internal Audit Plan	90%
3) Percentage implementation of risk mitigating strategies	70%

Performance indicators	2024/25 Target
4) Percentage implementation of ICT Infrastructure Plan	80%
5) Number of ICT Governance Policies approved	2
6) Percentage implementation of Youth Development Strategy per year	80%
7) Percentage representation of youth in the Department	19%
8) Percentage representation of women at senior management service (SMS) per year	50%
9) Percentage Representation of persons living with disabilities in the Department per year	3%
10) Percentage Procurement of goods and services from women-owned enterprises per year	40%
11) Percentage reduction of irregular expenditure balance per year (<i>New indicator</i>)	60%
12) Percentage reduction Fruitless and wasteful expenditure balance per year (<i>New indicator</i>)	60%

Source: 2024/25 IPID APP

1.2. Investigation and Information Management Programme

The purpose of the Investigation and Information Management Programme is to strengthen the Department's oversight role over the police service by conducting investigations, in line with the powers granted by the Independent Police Investigative Directorate Act No. 1 of 2011. This includes making appropriate recommendations on investigations in the various investigation categories and submitting feedback to complainants. The Programme will also enhance efficiency in case management and maintain relationships with other state security agencies, such as the SAPS, the National Prosecuting Authority (NPA), Civilian Secretariat for Police Service (CSPS) and community stakeholders, through on-going national and provincial engagement forums.

According to the APP, the Programme coordinates and facilitates the Department's investigation processes through the development of policy and strategic frameworks that guide and report on investigations. The programme consists of the following three subprogrammes:

- Investigation Management develops and maintains investigation systems, procedures, norms, standards and policies in line with the IPID Act (2011) and other relevant prescripts.
- Investigation Services manages and conducts investigations in line with provisions in the IPID Act (2011).
- Information Management manages information and knowledge-management services through the development and maintenance of a Case Flow Management System and database, analyses and compiles.

In 2024/25, the Programme has 14 performance indicators, of which some have increased targets. The addition of a performance indicator to track progress to reduce the IPID's backlog cases should be welcomed. The first 11 performance indicators in the table below are the core indicators of the Department and have been in the APP since 2012, however in 2024/25 the Department lists these as new indicators with significantly reduced targets only because a timeframe of 90 days was added to the indicator. According to the IPID, the timeframe follows the investigation standards stipulated in the IPID Regulations of 2012.

Table 3: Programme Performance Indicators and Targets

Performance indicators	Targets
	2024/25
1) Number of backlog investigations that are decision ready per year	3 500
2) Number of investigations of death in police custody that are decision ready within 90 days of registration per year	50
3) Number of investigations of death as a result of police action that are decision ready within 90 days of registration per year	30
4) Number of cases for investigation of the discharge of an official firearm by a police officer that are decision ready within 90 days of registration per year	80
5) Number of investigations of rape by a police officer that are decision ready within 90 days of registration per year	30
6) Number of investigations of rape while in police custody that are decision ready within 90 days of registration per year	2
7) Number of investigations of torture that are decision ready within 90 days of registration per year	10

Performance indicators	Targets
	2024/25
8) Number of investigations of assault that are decision ready within 90 days of registration per year	300
9) Number of investigations of corruption that are decision ready within 90 days of registration per year	1
10) Number of investigations of other criminal and misconduct matters referred to the Directorate in terms of s28(1)(h) and s35(1)(c) of the IPID Act that are decision ready within 90 days of registration per year	20
11) Number of investigations of offences referred to in section 33 of the IPID Act that are decision ready within 90 days of registration per year	6
12) Number of cell inspections conducted at police stations per year	108
13) Percentage of dockets referred to the NPA within 30 days of being signed off per year	90%
14) Percentage of recommendation reports referred to the SAPS or MPS within 30 days of being signed per year	90%

Source: IPID 2024/25 APP

The IPID appointed Quality Assurers and Contract workers as part of its Backlog Strategy to reduce the IPIDs increasing backlog in the finalisation of cases. At the start of the 2024/25 financial year, the IPID had a total of 17 988 active cases and 28 345 post decision ready cases.

The IPIDs current Case Management System (CMS) is outdated and requires costly updates and the payment of licensing fees. Over the medium-term, the IPID plans to develop a new CMS to integrate with similar systems used by other law enforcement agencies in the Justice Cluster to improve information sharing and collaboration on investigations. The new CMS holds many advantages such as the capability to record and classify cases according to specific categories of importance, such as gender-based violence, to ensure easier tracking and reporting. The new system is also expected to address inconsistencies in performance reporting. The new system is expected to be developed at a cost of R15 million in the *Investigation and Information Management* programme, which has a total budget of R741.8 million over the medium term. The Directorate will own the system upon completion, and updates to its specifications will be developed in-house.

1.3. Legal and Investigation Advisory Services Programme

The purpose of the Programme is to manage and facilitate the provision of investigation advisory services and to provide legal, civil and labour litigation services. The programme consists of the following three sub-programmes:

- **Legal Support and Administration:** The sub-programme manages the Directorate's legal obligations by developing and maintaining systems, procedures and standards to assist, guide and direct legal support within the Directorate.
- **Litigation Advisory Services:** The sub-programme coordinates civil and labour litigation, and grants policing powers. Other key activities and outputs include finalising contracts and service level agreements.

The table below summarises the four programme performance indicators and targets of the *Legal and Advisory Services Programme*:

Table 4: Programme Performance Indicators and Targets: Legal Services

Performance Indicator	Target 2024/25
1) Percentage of legal advice provided to the Department within 30 working days of the request	80%
2) Percentage of written legal advice provided to investigators within 5 working days of request	95%
3) Percentage of contracts/service level agreements finalised within 30 working days of the request per year.	90%
4) Percentage of litigation matters referred with instructions to the State Attorney within 15 working days of receipt per year	100%

Source: IPID 2024/25 APP

1.4. Compliance Monitoring and Stakeholder Management Programme

The purpose of the Compliance Monitoring and Stakeholder Management Programme is to safeguard the principles of cooperative governance and stakeholder relations and to monitor and evaluate the relevance and appropriateness of recommendations made to the South African Police Service and Municipal Police Services in terms of the Independent Police Investigative Directorate Act, 2011. The programme consists of the following two sub-programmes:

Compliance Monitoring: The Sub-programme monitors and evaluates the quality of recommendations made and responses received from on such recommendations from the South African Police Service, Municipal Police Services and National Prosecuting Authority in compliance with the reporting obligations in terms of the IPID Act, 2011.

Stakeholder Management: The Sub-programme manages relations and liaises with the Directorate's key stakeholders such as the South African Police Service, Municipal Police Services, Civilian Secretariat for Police, National Prosecuting Authority, the Special Investigating Unit, the Public Protector of South Africa, the State Security Agency and civil society organisations, in line with the requirements of the IPID Act.

In 2024/25, the Compliance Monitoring and Stakeholder Management Programme has 11 performance indicators as listed below:

Table 5: Programme Performance Indicators and Targets

Performance Indicator	Target 2024/25
1) Number of formal engagements held with key stakeholders	180
2) Number of media programmes held per year	6
3) Number of station lecture awareness training conducted per year	40
4) Percentage of recommendations referred to the SAPS and MPS that are analysed per year	90%
5) Percentage of criminal referrals forwarded to the NPA that are analysed per year	90%
6) Percentage of disciplinary outcomes from the SAPS and MPS that are analysed within 30 days of receipt per year	80%
7) Percentage of responses from the NPA that are analysed within 30 days of receipt per year	80%
8) Percentage of SAPS disciplinary outcomes taken on review with 60 days of analysis per year	60%
9) Percentage of NPA prosecution decisions taken on review with 60 days of analysis per year	60%
10) Percentage implementation of Access and Awareness Rural Strategy per year	60%
11) Number of research papers compiled per year (<i>New indicator</i>)	1

Source: IPID 2024/25 APP

5. COMMITTEE OBSERVATIONS

The Committee made the following observations during its engagements with the IPID on 10 July 2024:

- 5.1 The Committee raised serious concern about the insufficient capacity and resourcing of the Department and noted that this constrains the Department to effectively discharge its Constitutional mandate. The Committee noted that a more considered approach is needed when examining the IPID's budget and resource allocation due to its specialised nature, the critical role it plays in police accountability and restoring the legitimacy of the SAPS. The Committee resolved to further interrogate possible amendments to the budget allocation of IPID during the Adjusted Allocation Period when the Minister of Finance tables the Adjusted Estimates of National Expenditure towards October 2024.
- 5.2 The Committee further raised concern about the workload of IPID Investigators and noted that the continued increase in backlog cases over the past financial years is indicative of the capacity constraints experienced by the Department. The Committee noted that the conditions of detention facilities at police stations are often undesirable and that arrestees are sometime mistreated by the police. The Committee noted the lack of proper maintenance of detention facilities (and police stations) by the National Department of Public Works and Infrastructure (DPWI) as a significant concern and highlighted the impact thereof on the mandates of IPID and SAPS. The key role played by IPID in the police oversight architecture of South Africa necessitate a well-resourced department not affected by a lack of resources and cooperation from supporting government departments.
- 5.3 The Committee requested the Department to indicate the turnaround rate of Investigators and questioned whether the performance indicator to employ youths is potentially eroding experience within the Department. The Department indicated that they are experiencing devastating losses to sister departments within the Criminal Justice System like the SIU and ID.

5.4 The Committee raised concern about the inclusion of the 90 days turnaround time for the completion of investigations as contemplated in section 28 of the IPID Act of 2011. The Committee acknowledged the fact that the output indicators were changed to align to the IPID Regulations of 2012 which states that investigations must be completed within 90 days of registration, however raised concern about the possible unintended consequences that such timeframe may have on the morale and wellbeing of Investigators. This may also put undue strain and stress on Investigators and may even impact the quality of investigations. These possible consequences must be well managed by the Department to ensure that service delivery is not constrained.

5.5 The Committee noted that IPID Investigators work under intense stress and questioned whether adequate wellness programmes and counselling services are available to support Investigators and staff in general. The Department indicated that a service provider was appointed in December 2023 to offer counselling and/or referral services to specialised psychologists and psychiatrists.

5.6 The Committee questioned whether the Department offer protection to civilian witnesses and Investigators during high profile investigations. The Department noted that protection is offered to Investigators, but due to budget constraints this cannot be offered to civilian witnesses. The Executive Director mentioned several cases in which witnesses were harassed, intimidated and even killed during investigations. The examples included the 2024 case in which civilians were assaulted by VIP Protection Service Officers attached to the Deputy President and the November 2023 case in which a witness in an assault case against police officers was shot and killed outside the Randburg Magistrates Court. The Department indicated that engagements with the Department of Justice and Constitutional Development are ongoing to offer witnesses protection under the Witness Protection Act of 1998.

6. COMMITTEE RECOMMENDATIONS

The Committee recommends the following:

6.1 The Department's budget allocation must be reviewed and increased to enable the Department to execute its Constitutional mandate to strengthen police accountability in

South Africa. While taking cognisance of previous recommendations from National Treasury that IPID should demonstrate improved capacity to fill its vacant funded posts before additional funding can be considered (2023 Budget Review), the Committee recommends that the Minister of Police should engage his counterpart in National Treasury to find lasting solutions to effectively resource the Department.

6.2 The Department should intensify engagements with the Department of Justice and Constitutional Development to provide protection for witnesses in IPID investigations.

6.3 The Department should review the 2012 IPID Regulations in which the 90-day time limit is placed on the completion of investigations and assess whether this could have unintended consequence to the morale of investigators and quality of investigations. This review should be done in conjunction with the development of new Regulations related to the IPID Amendment Bill, 2023 (Note: The Amendment Bill is awaiting assent by the President).

6.4 The Department should update its proposed Expansion Strategy to be considered by the Committee.

7. CONCLUSION

The Committee commends the good work done by IPID, while noting serious capacity challenges, especially in the number of Investigators. The Committee will support all efforts by the IPID to find the necessary resources to implement its Constitutional mandate and make a meaningful impact on police professionalism.

The Portfolio Committee on Police supports the budget of the Independent Police Investigative Directorate (IPID) for 2024/25 and recommends that the Budget Vote 24 be adopted.

Reservation of Rights by Political Parties:

- Economic Freedom Fighters (EFF)
- uMkhonto weSizwe (MK)

Report to be considered.

4. Report of the Portfolio Committee on Human Settlements on Budget Vote 33: Human Settlements, and on the Strategic Plan for the coming Medium Term Expenditure Framework (MTEF) period and Annual Performance Plan 2024-25, dated 12 July 2024.

The Portfolio Committee on Human Settlements (the Committee), having considered Budget Vote 33: Human Settlements, the revised Strategic Plans for the MTEF period and the Annual Performance Plans (APPs) of the Department of Human Settlements (the Department) and its Entities, referred to it, reports as follows:

1. Introduction

The mandate of the Department from Section 26 of the South African Constitution, which provides that everyone has the right to access adequate housing. The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right. No one may be evicted from their home or have their home demolished without an order from the court. Furthermore, the Constitution provides the legislative framework for the institutional arrangements used in developing sustainable human settlements.

2. Policy imperatives

2.1 National Development Plan

Chapter 8 of the National Development Plan (NDP) focuses on transforming human settlements and the national space economy. The NDP states that by 2050, South Africa's human settlements would have transformed into equitable and efficient spaces with citizens living close to work and having access to social facilities and essential infrastructure. It also envisages that by 2030, measurable progress towards breaking apartheid spatial patterns would have been made. The Department is, therefore, responsible for addressing the issue of transformation in the housing

sector and ensuring that the fractured housing and land markets are addressed. The national strategy for spatial transformation is, according to the NDP, guided by the need to:

- Respond systematically over time to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency.
- Implement strategically chosen catalytic interventions to achieve spatial transformation in a manner that supports locally driven spatial governance.
- Achieve a creative balance between spatial equity, economic competitiveness and environmental sustainability.
- Expand personal freedoms by providing residents of South Africa with a greater choice of where to live.
- Support individuals, communities and the private sector in engaging with the state on the future of spaces and settlements where they live and work while streamlining processes to enable local governments to implement strategic spatial interventions.

2.2 Medium-Term Strategic Framework (MTSF) 2019-24

The MTSF, as a medium-term plan to systemically achieve the overarching vision of the NDP, identified three key, interrelated outcomes to achieve spatial transformation, namely:

- National frameworks and guidance towards coordinated, integrated and cohesive national spatial development.
- Regional-level interventions to unlock opportunities, ensure redress and respond to environmental risks and vulnerabilities.
- Interventions to ensure integrated service delivery and transformation in all places.

Addressing housing needs is crucial, and the MTSF notes that South Africa has the most significant housing delivery programme in the world, with essential and redistributive spin-offs. However, one key concern is that the form and location of land developments, human settlement projects,

and informal settlement upgrades do not often respond directly to the government's commitments to spatial intent and transformation.

Despite significant efforts to address the issue of spatial inequality, human settlement patterns remain inequitable and dysfunctional across South Africa, where the former homeland areas are generally densely settled, and insecure tenure remains a challenge. Housing demand has increased, household sizes have reduced, household sizes have decreased, and urbanisation has rapidly increased. For this reason, the MTSF is focused on three specific interrelated outcomes related to the human settlements sector: Spatial transformation through multi-programme integration in priority development areas, adequate housing, improved quality living environments and security of tenure.

2.3 State-of-the-Nation Address (SONA) 2024

The SONA prioritises the following for the human settlements sector:

- The Infrastructure Fund's R100 billion allocations from the fiscus over 10 years. To date, 34 of 50 strategic projects are in implementation stages, accounting for R281 billion out of a total budget of R340 billion.
- Several catalytic projects worth R21 billion would commence with construction this year. Of this, R2.6 billion was contributed by the Government, and the balance comes from the private sector and developmental finance institutions.

Over the medium term, the Department would focus on developing integrated human settlements, upgrading informal settlements and facilitating affordable housing.

2.4 Performance analysis

The Capital Subsidy Model has been in place for more than two decades, and new priorities have emerged with the population growing exponentially coupled with changes in household formation. The sector would continue to do more with less using its multi-pronged delivery model, that was:

- Public sector-driven Breaking New Ground (BNG) for beneficiaries in the gap market that earn below R3500 and require extensive resources.
- Private sector driven First Home Finance (FHF) for beneficiaries in the gap market who earn between R3500 and R22 000. The model includes debt, equity, and government grants.
- The hybrid delivery model, the People's Housing Process (PHP) includes programmes driven by the private and public sectors, such as the People's Housing Process, housing cooperatives, and informal settlements upgrading.

To enable the implementation of priorities, the Department approved and gazetted the norms and standards for the rental and would make conscious efforts to finalise the drafting of the macro policy foundation document, create post-BNG norms and standards that would be aligned to the latest SANS, responsive to emerging country issues and consolidate these into the national housing and human settlements code.

The Department would continue to focus on rolling out a housing subsidy programme that prioritises the delivery of serviced stands, post BNG norms and standards that would include water-wise technology, improved engineering services, and implement facilitative programmes that contribute to growing South Africa's economy and create employment. The Department planned to bring stability to the sector by setting up panels, securing additional capacity, and finalising the organizational structure to support the implementation of the above priorities.

3. Budget analysis

Over the medium term, the Department would focus on promoting spatial integration, providing security of tenure by developing integrated human settlements, upgrading informal settlements, and providing affordable housing to low-income and middle-income households. The Department received an allocation of R33.1 billion for the 2024-25 financial year, up from R31.75 billion allocated in the adjusted appropriation the previous year. This constituted a nominal increase of 4.4%, but when considering the effect of inflation, it results in a -0.32% real decline. Of the

Department's five main programmes, only Programme 2: Integrated Human Settlements and Development receives an above-inflation increase of 2.37%.

Transfers to provinces, municipalities, and public entities that implement human settlements programmes constituted an estimated 96% (R31.67 billion) of the overall departmental budget. These included allocations to the Human Settlements Development Grant (HSDG), Urban Settlements Development Grant (USDG), and the Informal Settlements Upgrading Partnership (ISUP) and transfers to public entities. The Department reported a staff complement of 584, for the 2024-25 financial year. This is a decrease of 3 personnel from the 587 reported in the 2023/24 financial year. The per capita spend for CoE is R700 000 per person, consistent with expenditure for the two preceding years. Transfers and Subsidies for 2024-25 equals R31.67 billion, an increase of R1.3 billion or 4.3% in nominal terms and a decline of -0.36% in real terms from the adjusted amount of 2023/24. Capital assets have declined nominally (-6.75%) and in real terms (-10.94%) from its 2023/24 allocation of R537.5 million to R501.2 million currently. More than a third of the Department's overall budget is under Programme 2: Integrated Human Settlements and Planning Programme i.e. 69%). This programme drives the development and delivery of spatially integrated housing and human settlements, mainly through the disbursement of the Human Settlements Development Grant (HSDG) and the Urban Settlement Development Grant (USDG).

3.1 Transfers to Municipalities and Entities

The HSDG transfer to provinces increases nominally by 3.02% from 1.6 by 3.02% from R13.25 billion in 2023/24 to R13.65 currently. The inflationary effect results in a decrease in real terms of -1.6 %. However, the USDG transfer to municipalities increases in both nominal (14.6%) and actual terms (9.45%) from the previous year. The USDG allocation for 2024/25 is R8.7 billion, compared to R7.59 billion in the previous financial year. Programme 3: Informal Settlements is tasked with policy, planning and capacity support for upgrading informal settlements and overseeing the implementation of the informal settlements upgrading programme. As indicated previously, this programme's 2024-25 budget declines in nominal and real terms from the adjusted allocation of 2023-24. This results in a -1.5% nominal and -5.69% real decline in the allocation for Transfers and Subsidies to Municipalities and Provinces. Under Programme 3, Funding is

located for the Municipal Informal Settlements Upgrading Partnership (ISUP) Grant to both provinces and municipalities. While the ISUP funding to municipalities has increased from R4.0 billion to R4.5 billion in 2024/25, the allocation to provinces has declined from its R3.8 billion allocation in 2023-24 to R3.25 billion.

The Social Housing Regulatory Authority (SHRA) is under Programme 4: Rental and Social Housing. Its mandate is to invest in, capacitate and regulate the social housing sector. To achieve this, the authority administers a sustainable flow of capital subsidies to build affordable rental housing units for low-income to middle-income households, provides capacity-building and support initiatives, and regulates all social housing institutions. SHRA's transfer from the Department totals R864.1 million in 2024-25, compared to R897.7 million the previous year. Programme 5: Affordable Housing facilitates the provision of affordable housing finance, monitors market trends, develops research and policy that responds to demand, and oversees housing finance entities reporting to the Department. The National Housing Finance Corporation (NHFC) currently receives a transfer of R421.9 million compared to R474.5 million the previous year. The programme experienced the highest decline of the departmental programmes, declining in both nominal (11.25%) and real terms (15.23%) from the previous financial year.

4. Committee observations and recommendations

Having been briefed by the Department and its entities on its revised strategic plans, annual performance plans and budget, the committee deliberated and made the following observations and recommendations, and the Minister must ensure the implementation of these recommendations:

4.1 Observations

Members of the Committee, in deliberating on the presentation in respect of allocations of budget and annual performance plans of the Department and its Entities stressed the following:

- The disconnect between the reduction in the budget of R3.1 billion and increases in performance targets and maintained that this should be relooked.
- Questions were raised on the backlog of housing applications since 1996, which resulted in people having to wait for long periods for houses, the illegal occupation and selling of RDP houses and why there is no housing database for initial applications until houses are allocated.
- Concerns were raised about the unspent provincial grants, particularly in the Free State and North-West provinces, specifically pertaining to the blocked projects and poorly built houses.
- The department was urged to table legislation on Human Settlements timeously to be processed.
- Clarity was sought on whether the NHBRC was involved in building the collapsed building in Victoria (George). In addition, whether the NHBRC appoints qualified and skilled personnel and contractors to do the job.
- A concern was raised about the lacklustre transformation in the property sector, particularly regarding African women's development.
- A question was raised on how and whether the traditional leadership capacitated in implementing the Spatial Planning and Land Use Management Act (SPLUMA).
- Concern was raised in the areas where the HDA claims to provide emergency services for people affected by disasters; however, there are still people being housed in halls and churches.

4.2 Recommendations

The Committee resolved that the following issues should be prioritised as a matter of urgency to ensure capacitating Members, as well as ensuring that the Department addresses the challenges noted:

- Provide detailed progress reports on the mitigation measures intended in addressing the baseline cut of R3.1 billion, which impacts the Human Settlements Development Grant, in

terms of prioritising existing resources, particularly housing delivery. The report should reach the Committee within three months.

- Arrange a workshop to orientate members of the Portfolio Committee on all policies of Human Settlements and the work of the entities, as soon as possible.
- Prioritize the digitisation of the beneficiary list, as this will make things easier and more transparent.
- Process the cleaning up and verification of the 1996 beneficiary list through the Ziveze programme with the assistance of the Ama-Panya-Panya in Gauteng and other provinces. This will also assist in the redressing of the wrongful occupation.
- Fast-track policies and legislation that are aimed at the development of Human Settlements.
- Assist the struggling provinces to ensure they spend their allocated budgets effectively and efficiently.
- Fast-track the unblocking of the block projects and target those projects planned to yield higher numbers of households (beneficiaries), especially the elderly, child-headed households, disabled, and women.
- Communicate all departmental activities to the public to ensure that the people know the work of the department and its entities.

Report to be considered.

5. Report of the Portfolio Committee on Trade, Industry and Competition on Budget Vote 39: Trade, Industry and Competition, dated 15 July 2024

The Portfolio Committee having considered Budget Vote 39: Trade, Industry and Competition, reports as follows:

1. Introduction

The Department of Trade, Industry and Competition's (DTIC) 2024/25 Annual Performance Plan (APP) implements the final year of the 2019 – 2024 Medium-Term Strategic Framework (MTSF). However, the APP will be refined once the Government of National Unity (GNU) adopts its new policy priorities for the Seventh Administration.

The 2024/25 APP continues to use the three succinct outcomes introduced in 2022, namely (i) industrialisation to promote jobs and rising incomes, (ii) transformation to build an inclusive economy, and (iii) a capable state to ensure an improved impact of public policies. In addition, it uses 45 output targets, which feed into these three overarching outcomes. Its nine programmes, 18 entities, and the Broad-based Black Economic Empowerment (B-BBEE) Commission, a trading entity within the DTIC, collectively contribute towards the achievement of these outcomes and output targets.

This APP has been devised within the context of a sluggish domestic economy, exacerbated by South Africa's energy challenges, notwithstanding the recent improvement in energy availability, challenges with transportation logistics, and slow global growth, among others. However, the African Continental Free Trade Area (AfCFTA) will provide opportunities to increase trade with other African countries and to develop new sectors in the economy. Furthermore, the green economy offers a number of opportunities that South Africa intends to harness.

The DTIC's allocated budget remains under pressure due to fiscal constraints and slow economic growth. The austerity measures have resulted in a decreased budget allocation from

R10,7 billion in the 2023/24 financial year to R9,6 billion in the 2024/25 financial year. In its discussions on this budget vote, the Committee encouraged the DTIC to ensure that it uses financial and non-financial policy tools to support industrialisation, economic growth, job creation and economic transformation.

1.1. Constitutional Mandate of the Committee

Portfolio Committees exercise oversight over their respective departments and agencies in line with their Constitutional mandate set out in section 55(2) of the Constitution of the Republic of South Africa, 1996, and section 27(4) of the Public Finance Management Act (Act No. 1 of 1999). In addition, the Money Bills Amendment Procedure and Related Matters Act (Act No. 9 of 2009) also requires committees to consider and report on their department's strategic plan and APP. Portfolio committees may also recommend possible amendments, within a budget vote, for the Standing Committee on Appropriations in the National Assembly consideration.

1.2. Purpose

The purpose of this report is for the Portfolio Committee on Trade, Industry and Competition to report on its deliberations and consideration of the DTIC's 2024/25 APP and budget vote. Furthermore, to make recommendations regarding the approval, amendment or rejection of Budget Vote 39, as well as any other recommendation(s) regarding the implementation of the APP of the DTIC.

1.3. Process

The Committee's consideration of Budget Vote 39 involved an engagement with Mr P Tau, the Minister of Trade, Industry and Competition, on 12 July 2024. Mr Tau engaged the Committee on the 2024/25 Budget for the DTIC, and the DTIC's APP.

1.4. Outline of the contents of the report

Section 1 of the report introduces the report and sets out the constitutional mandate within which the Committee is considering the Budget Vote and the process it used to consider this. Section 2 describes the policy priorities which the DTIC aims to fulfil. Section 3 then provides an overview of the DTIC's mission, its output targets for its nine programmes, and its financial resources for the 2024/25 financial year. Section 4 summarises the key discussion points and

responses from the DTIC on its Budget Vote and APP. This is followed by sections 5 to 7, which capture the Committee's conclusions, acknowledgements and recommendations.

2. Policy priorities for the 2024/25 financial year

The DTIC's Strategic Plan for 2020 – 2025 and the APP for the 2024/25 financial year is informed by both the country's imperatives to address high unemployment, poverty and inequality; and the urgent need to improve economic performance, and achieve inclusive growth. It centres on the three outcomes introduced in the 2022/23 financial year, namely: (i) industrialisation to promote jobs and improve incomes; (ii) transformation, to build an inclusive economy; and (iii) a capable state to ensure improved impact of public policies. The national, regional and international policy priorities that the DTIC contributes to are unpacked below.

2.1. State of the Nation Address (SONA)

The February 2024 SONA identified key priorities for the DTIC that will contribute to growing the economy, consequently creating jobs, and reducing poverty and inequality; namely¹:

- Ensuring economic growth by expanding various domestic productive sectors by continuing to leverage trade opportunities with other African countries through the AfCFTA.
- Attracting investment in green energy and the green economy including the establishment of a Special Economic Zone (SEZ) at the Boegoebaai Port.
- Supporting the manufacturing of electric vehicles thereby ensuring the growth of the Automotive sector and creating more employment opportunities in this sector.
- Facilitating the creation of new industries in provinces such as Mpumalanga, consequently enabling new economic opportunities and sustainable jobs.
- Building on the success of the B-BBEE programme that has led to Black ownership increasing from 2 per cent in 2004 to 39 per cent in 2024 as well as supporting over 200 000 workers to obtain ownership shares to create a more inclusive economy.

¹ Ramaphosa (2024)

There was alignment between the DTIC's and the SONA priorities as articulated above. The Department's budget was focused on the implementation of policies, strategies, and programmes, aimed at providing industrial finance, developing industrial infrastructure, and enhancing industrial competitiveness and localisation.

2.2. Medium-term Strategic Framework

The Medium-term Strategic Framework for 2019 – 2024 outlines seven priorities of government for the five-year term which are anchored in three pillars, namely: (i) driving a strong and inclusive economy, (ii) building and strengthening capabilities of South Africans, and (iii) achieving a more capable developmental state². These priorities were as follows³:

- Priority 1: A capable, ethical and developmental state,
- Priority 2: Economic transformation and job creation,
- Priority 3: Education, skills and health,
- Priority 4: Consolidating the social wage through reliable and quality basic services,
- Priority 5: Spatial integration, human settlements and local government,
- Priority 6: Social cohesion and safe communities, and
- Priority 7: A better Africa and World.

The DTIC was very active in the implementation of a number of interventions under Priority 2: *Economic Transformation and Job Creation* and under Priority 7: *A Better Africa and World*. It is also implementing and contributing to Priority 1: *A capable, ethical and developmental State*, Priority 5: *Spatial Integration, Human Settlements and Local Government*, and Priority 6: *Social cohesion and safe communities*. These were priorities from which the mandate of the DTIC was derived, in particular; facilitating the creation of an inclusive economy, broadening economic participation, contributing to regional integration, and creating a fair regulatory environment that enables investment, trade, enterprise development, and competition.

2.3. Sustainable Development Goals

The DTIC would be primarily responsible for the second target of Sustainable Development Goal (SDG) 9: *Build resilient infrastructure, promote inclusive and sustainable*

² Department of Planning, Monitoring and Evaluation (2021: 5)

³ Department of Planning, Monitoring and Evaluation (2021: 13)

industrialization and foster innovation, namely to “promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries”⁴. In this regard, one of the DTIC’s core mandates is to facilitate structural transformation of the economy to promote dynamic industrial development, investment, competitiveness and employment creation. It develops industrial strategies and provides incentives to improve the competitiveness of the manufacturing sector and increase market access and demands for locally manufactured goods.

Furthermore, in terms of SDG 8: *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*⁵, the DTIC supported the improved access of black women and youth to employment and entrepreneurial opportunities. In addition, in terms of SDG 10: *Reduce inequality within and among countries*⁶, the DTIC through its trade negotiations, initiatives to promote and facilitate investment, and the role of the International Trade Administration Commission of South Africa’s (ITAC) tariff line investigations and determinations played a critical role to achieve this goal.

2.4. Agenda 2063

The work of the DTIC is aligned to aspiration 1 of the African Union’s (AU) Agenda 2063: “*A prosperous Africa based on inclusive growth and sustainable development*”⁷. In line with this aspiration, the African continent committed to “eradicating poverty in one generation and build shared prosperity through social and economic transformation....”⁸. One of the DTIC’s mandates was to facilitate structural transformation through broad-based economic participation and spatial industrial development. It implements this mainly through Programme 3: Investment and Spatial Industrial Development, Programme 6: Incentives, and Programme 8: Transformation and Competition. These Programmes work collaboratively for the development of SEZs, industrial parks, and for black participation. Furthermore, the DTIC’s incentives have transformation criteria, which further facilitates this at a broader level.

⁴ United National Development Programme (n.d.)

⁵ Ibid

⁶ Ibid

⁷ AU Commission (2015)

⁸ Ibid

2.5. Re-imagined Industrial Strategy and the Southern African Development Community Industrialisation Strategy

The Southern African Development Community (SADC) Regional Infrastructure Development Master Plan (RIDMP) aims to “catalyze industrial development and reduce current high costs of doing business, including those related to Non-Tariff Barriers and local procurement of inputs for infrastructure development”⁹. As a Member of SADC, South Africa has to align its national policies and strategies to complement that of the regional community. The National Development Plan 2030 and the Re-imagined Industrial Strategy (RIS) therefore are broadly complementary policies to the SADC industrialisation strategy. The RIS involves the development of Master Plans for 12 priority sectors. This sets out commitments and actions by government, organised business and organised labour in these sectors. Similar to the SADC-RIDMP, the RIS aims to ensure industrialisation through its interventions, one of which is developmental tariff reform. In the current budget, the DTIC provides for the implementation of seven Master Plans and the development of the Medical Devices Master Plan that it is the lead on.

3. Department of Trade, Industry and Competition’s Strategic Plan, Annual Performance Plan and Budget

The DTIC, as the lead department on economic development in South Africa, is the custodian of economic development policy formulation and planning.¹⁰ The DTIC’s mission is to¹¹:

- Promote structural transformation, towards a dynamic industrial and globally competitive economy;
- Provide a predictable, competitive, equitable, and socially responsible environment, conducive to investment, trade, and enterprise development;
- Broaden participation in the economy to strengthen economic development;
- Continually improve the skills and capabilities of the Department to effectively deliver on its mandate and respond to the needs of South Africa’s economic citizens;

⁹ SADC (2015)

¹⁰ National Treasury (2024b: 869)

¹¹ DTIC (2024: 11)

- Coordinate the contributions of government departments, state entities, and civil society to affect economic development; and
- Improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives, and mandate.

In its 2024/25 APP, the DTIC has sought to consolidate the gains made over the past four financial years by realigning its programmes around a set of outputs that are measured in terms of the real impact they have on jobs, growth and transformation. In this regard, it is piloting an innovative new approach, in partnership with the Department of Planning, Monitoring and Evaluation. This approach moves away from purely targeted inputs and activities that are easier to audit, as it removes factors that are outside the DTIC's control or influence, towards a set of targeted impact outcomes. These impact outcomes are based on a set of key assumptions outlined in the APP. Therefore, this approach requires the APP to become a dynamic document that can be updated in the light of experience and learnings based on the implementation of the new approach on the delivery of the DTIC Group's services, as well as substantive changes in the underlying assumptions.

The APP introduces four target types. The first type is a *core target* to measure the performance and transformation of the economy and reflect some of the ultimate objectives. The second type is a *programmatic target* to help achieve the aims of the core targets, but directly measure the impact of specific activities, such as providing industrial finance. The third type is an *enabling target* to achieve the programmatic targets, by creating the systems and environment to enable its work. The fourth type is a *contextual responsive target*, which often involves work outside of the core programmes and is designed to respond to pressing needs in the economy, and to encourage the DTIC to be flexible and agile in its work.

In spite of the new approach, as mentioned above, the APP maintains the three all-encompassing Outcomes as defined in the 2022/23 APP within which the work of the DTIC and its entities have been placed, as well as six pillars to support these three outcomes, namely¹²:

- To combine growth with transformation,
- To boost local production,

¹² DTIC (2022: 16-17)

- To grow exports and expand African trade,
- To increase investment,
- To establish a more reliable and low-cost energy system while greening the economy overall, and
- To grow employment.

It further identifies 12 functional focus areas under which the DTIC's 45 output targets (highlighted in the following sub-section) are clustered, namely:

- Investment
- Industrial production
- Exports
- Industrial support
- Transformation
- Jobs
- Energy
- Green economy
- Stakeholder engagement and impacts
- Addressing crime
- Red tape and state capability
- Improving the capacity and responsiveness of the state and social partnership

Each of the DTIC's programmes' targets are linked to at least one of the three outcomes and 12 functional focus areas to ensure greater coordination within the DTIC to effectively contribute to the achievement of the outcomes.

The ten core targets were the apex priorities for the DTIC and all its programmes were expected to contribute to the achievement of these. These were as follows:

- R350 billion in investment pledges secured across the state,
- R60 billion in additional local output committed or achieved,
- R900 billion in manufacturing exports,
- R400 billion in manufacturing exports to other African countries,
- R9 billion in exports of Global Business Services,
- R200 billion in black industrialist output achieved,
- 1 million jobs supported or covered by the DTIC Group and/or master plans,

- 100 000 jobs to be created (50 000 Social Employment Fund (SEF)¹³ part-time or temporary job opportunities and 50 000 full time jobs),
- 160 000 jobs in black industrialist firms, and
- 20 000 additional workers with shares in their companies.

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

Figure 1: List of entities reporting to the DTIC

Development Finance Institutions	Regulatory Entities	Technical Infrastructure Institutions
<ul style="list-style-type: none"> • Export Credit Insurance Corporation of South Africa • National Empowerment Fund • Industrial Development Corporation 	<ul style="list-style-type: none"> • Company and Intellectual Property Commission • Companies Tribunal • Competition Commission • Competition Tribunal • International Trade Administration Commission of South Africa • National Consumer Commission • National Credit Regulator • National Consumer Tribunal • National Gambling Board of South Africa • National Lotteries Commission • Takeover Regulation Panel 	<ul style="list-style-type: none"> • National Metrology Institute of South Africa • National Regulator for Compulsory Specifications • South African Bureau of Standards • South African National Accreditation System

3.1. Output targets for the 2024/25 financial year

The section below details the purpose of each programme and its planned outputs for the 2024/25 financial year as set out in its APP. For the 2024/25 financial year, the DTIC has a

¹³ The SEF is a Presidential Employment Stimulus which “seeks to use direct public investment to support employment opportunities, counteracting job losses due to COVID-19, and creating an opportunity for growth and renewal” (Industrial Development Corporation (2023)).

total of 45 Output Targets¹⁴. In the 2023/24 financial year, it had 125 Key Performance Indicators (KPIs) and has 121 KPIs for the 2024/25 financial year. Fourteen of the 121 KPIs were new.

3.1.1. Programme 1: Administration

The Programme seeks to provide strategic leadership, management and support services to the DTIC and its entities¹⁵. In the 2023/24 and 2024/25 financial years, the programme had set six indicators/targets.

The six planned performance targets are¹⁶:

- a. 40 per cent of procurement approved towards women-owned businesses;
- b. 30 per cent of procurement approved towards youth-owned businesses;
- c. 7 per cent of procurement approved towards businesses owned by people with disabilities;
- d. 1000 case studies covering the DTIC Group/Entities success stories;
- e. 10 community outreach initiatives completed in ten Districts; and
- f. Establishment of an Incentives Adjudication Review Committee.

The DTIC has indicated that one of these targets are new, namely the establishment of the Incentives Adjudication Review Committee, however, it had failed to operationalise this committee in the previous financial year.

Furthermore, in the 2023/24 financial year, the DTIC had a target to pay all (100 per cent) of its eligible creditors' payments within 30 days. However, this is not set as a target for the 2024/25 financial year. The payment of creditors within 30 days is in line with National Treasury 8.2.3, which provides that "(u)nless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, the date of settlement or court judgement"¹⁷. While the DTIC had been one of the best performing departments in compliance with this and had set a good example for other departments, private businesses continue to face challenges in terms of

¹⁴ DTIC (2024: 25)

¹⁵ DTIC (2024: 105)

¹⁶ DTIC (2024: 108)

¹⁷ National Treasury (2001: 22)

timeous payment by other government departments for services rendered. Therefore, it is unclear why this target was removed, as it ensures transparency and accountability of the DTIC's payment record.

3.1.2. Programme 2: Trade

The purpose of the Programme is to facilitate the building of an equitable global trading system that enables development by strengthening trading and investment relations with key markets globally and fostering African development, including regional and continental integration and development cooperation in line with the African Union Agenda 2063¹⁸. The sub-programmes are International Trade Development (bilateral and multilateral trade relations and agreements) and African Economic Development (multilateral and bilateral African trade relations for deepening regional integration).

In the previous financial year, there had been 16 performance targets compared to 15 in the 2024/25 financial year. Planned targets for the year are¹⁹:

- a. R55 million of investment facilitated through reciprocal commitments;
- b. R32 billion of additional local industrial output as a result of the utilisation of rebates;
- c. R300 billion of manufacturing exports facilitated under rebates, non-proliferation export permits and the Automotive Production and Development Programme (APDP);
- d. R28 billion of manufactured exports to African countries facilitated under rebates and the APDP;
- e. 130 000 current jobs supported (direct jobs at the time of application) as a result of implemented tariff increases, rebates, the APDP and trade remedies administered by ITAC;
- f. 600 jobs created (direct jobs at the time of application) as a result of implemented tariff increases, rebates, the APDP and trade administered by ITAC;
- g. Nine Business Forums hosted aimed at supporting increased Foreign Direct Investment (FDI), exports and outward investment;
- h. Four Bills and Amendment Bills submitted to the Executive Authority, namely the Patents Amendment Bill, the Designs Amendments Bill, the International Trade Administration Amendment Bill, and the Merchandise Marks Amendment Bill;
- i. 20 interventions to support the implementation of the AfCFTA;

¹⁸ Department of Trade, Industry and Competition (2024: 113)

¹⁹ Department of Trade, Industry and Competition (2024: 114-117)

- j. Ten high-impact trade interventions implemented to facilitate market access for South African products;
- k. Four interventions undertaken to respond to green trade barriers;
- l. Four reports produced on 96 per cent achievement of KPIs and the impact of the work of the ITAC;
- m. One amendment made to the Countervailing Regulation and Amended Tariff Investigation Regulations to reduce red tape in the ITAC application process submitted to the Executive Authority;
- n. Eight legal instruments under the AfCFTA finalised (namely one Tariff offer by the Southern African Customs Union and one South Africa services offer, one Rules of Origin, two Protocols and three Annexes to protocols); and
- o. Six reports assessed on Trade Instruments applied for and issued.

3.1.3. Programme 3: Investment and Spatial Industrial Development

The purpose of the Programme is to promote and support FDI flows and promote domestic investment by providing a one-stop shop for investment promotion, investor facilitation and aftercare support for investors, as well as to increase participation in industrialisation. The sub-programmes were Investment Promotion, Investment and Inter-Departmental Clearing House, Investor Support and Aftercare, and Spatial Industrial Development.²⁰ The 14 planned targets are as follows²¹:

- a. R200 billion of investment facilitated through investment support and SEZs;
- b. R1,5 billion of additional local output through investment;
- c. R17 billion of manufacturing exports facilitated through investments;
- d. R1,25 billion support achieved on Black Industrialist Output through branch interventions;
- e. 27 000 jobs supported or covered by Master Plans;
- f. 9 630 jobs created through branch interventions;
- g. 1 600 jobs supported through branch interventions in Black Industrialist firms;
- h. One new SEZ application considered for designation;
- i. 800 Megawatts (MW) of new energy projects facilitated;
- j. 250 MW of available energy being facilitated for the grid;
- k. Ten challenges unblocked through the Energy One-Stop Shop;

²⁰ DTIC (2024: 123)

²¹ DTIC (2024: 125-6)

- l. Three development projects in the pipeline being managed through the Energy One-Stop Shop;
- m. 100 investor facilitation and unblocking interventions provided; and
- n. One investor conference hosted.

3.1.4. Programme 4: Sectors

The Sectors Programme is the third largest of the DTIC's programmes accounting for 14,9 percent of the total budget. The Programme is responsible for the design and implementation of policies, strategies, and programmes to develop the manufacturing and related sectors of the economy contributing to the creation of decent jobs, adding value to manufactured products, and enhancing competitiveness in the domestic and export markets. Its sub-programmes were Industrial Competitiveness, and Customised Sector Programmes.²² The Programme's 17 planned targets for the financial year are as follows²³:

- a. R3,0 billion of investment facilitated through branch interventions;
- b. R3,5 billion of additional local output committed or achieved by branch interventions;
- c. R550 million contributed by branch through manufacturing exports;
- d. R110 million contributed by branch through manufacturing exports to the rest of Africa;
- e. R1,0 billion of output by black industrialists supported through sector interventions;
- f. 600 000 jobs supported and maintained through branch interventions;
- g. 2 500 jobs created through branch interventions;
- h. 6 500 jobs supported through branch interventions in Black Industrialist firms;
- i. Two compulsory specifications for Energy Efficiency submitted to the Executive Authority;
- j. An amendment of the National Building Regulations and Building Standards Act (Act No. 103 of 1977) submitted to Cabinet;
- k. Reports on monitoring and evaluation of the implementation of the White paper on New Energy Vehicles produced;
- l. Reports on monitoring and evaluation of the implementation of the Green Hydrogen Commercialisation Framework produced;
- m. Monitoring and evaluation of the implementation of the eight approved Master Plans;
- n. Finalisation and implementation of the Medical Devices Master Plan;
- o. Four reports setting out progress with oversight of technical infrastructure institutions (namely the National Metrology Institute of South Africa (NMISA), the National Regulator for

²² DTIC (2024: 131)

²³ DTIC (2024: 133-6)

Compulsory Specifications (NRCS), the South African Bureau of Standards (SABS) and the South African National Accreditation System (SANAS)) to ensure that at least 96 per cent of planned KPIs are achieved;

- p. One regulation/guidelines published and red tape reduction interventions; and
- q. Four progress reports on the implementation and monitoring of a Metal Trading System to identify stolen public infrastructure entering the scrap metal value chain, export market or legitimate metal production industry.

3.1.5. Programme 5: Regulation

The Regulation Programme is aimed at developing and implementing coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens. Its sub-programmes were Enforcement and Compliance, Policy and Legislative Development, and Regulatory Services.²⁴ It has seven planned targets for the financial year as follows²⁵:

- a. 20 workshops hosted in areas outside the metros to support small, medium and micro enterprises (SMMEs);
- b. 20 Education workshops hosted to support SMMEs;
- c. 35 000 jobs supported from liquor distributors;
- d. 10 000 jobs supported from lotteries;
- e. Two reports produced on the implementation of the Beneficial Ownership Register and remedial actions taken by the Companies and Intellectual Property Commission (CIPC);
- f. Draft Regulations developed on the Companies Amendment Bill; and
- g. Ten reports produced on successful actions completed on price monitoring and excessive pricing or price gouging.

3.1.6. Programme 6: Incentives

The Incentives Programme is responsible to “stimulate and facilitate the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures that support national priorities”²⁶. This programme captured the core mandate of the DTIC, and was the largest programme accounting for approximately 42,0

²⁴ DTIC (2024: 144)

²⁵ DTIC (2024: 145-6)

²⁶ DTIC (2024: 151)

percent of the total budget. The sub-programmes are Broadening Participation and Industrial Innovation Incentives; Manufacturing Incentives; Services Investment Incentives; Infrastructure Investment Support; Product and Systems Development; and Strategic Partnership and Customer Care²⁷. It has 15 planned targets for the financial year, as follows²⁸:

- a. R20 billion of investment facilitated through industrial financial support;
- b. R750 million in additional local output projected;
- c. R350 million of additional local output achieved;
- d. R9 billion of exports of Global Business Services facilitated;
- e. R4 billion of approved funding accessed by projects/enterprises administered by or in partnership with the DTIC Group;
- f. R800 million of approved funding disbursed to projects/enterprises outside the five metros;
- g. R500 million of approved funding accessed, and support provided to SMMEs;
- h. R18 billion in output by Black Industrialist firms supported by the DTIC Group;
- i. 25 000 retained and new jobs supported under the Global Business Services Master Plan;
- j. 10 000 new permanent jobs created;
- k. 3 000 part-time or temporary construction job opportunities created;
- l. 16 000 jobs supported in Black Industrialist firms;
- m. Report on the R1 billion financial support to enterprises including SMMEs to mitigate the impact of load shedding through Energy Resilience Fund by the Industrial Development Corporation (IDC) and the National Empowerment Fund (NEF);
- n. Produce four reports on 96 per cent achievement of KPIs and the impact of the work of the IDC and the NEF; and
- o. One regulations/guidelines for red tape reduction interventions published.

3.1.7. Programme 7: Export

The Export Programme is aimed at increasing South African export capacity, and supporting direct investment flows through targeted strategies and an effectively managed network of foreign trade and investment offices. Its sub-programmes were Export Promotion and

²⁷ DTIC (2024: 151)

²⁸ DTIC (2024: 153-5)

Marketing; Trade and Investment Foreign Services Management Unit; and Export Development and Support.²⁹ It has 12 planned targets for the financial year, as follows³⁰.

- a. R900 billion in manufactured exports to the rest of the world;
- b. R150 billion in manufactured exports to the rest of the world, including supported through export councils and export promotion initiatives;
- c. R400 billion in manufactured exports to other African countries;
- d. R65 billion in manufactured exports to other African countries, including supported through export councils and export promotion initiatives;
- e. R84 billion of support provided to exporters to participate in export promotion initiatives;
- f. R20 million of support provided to exporters outside the five main metros to participate in export promotion initiatives;
- g. R18 million of support provided to SMME exporters to participate in export promotion initiatives;
- h. R17 million of support provided to exporters in labour absorbing sectors to participate in export promotion initiatives;
- i. R8 billion of output by black industrialists supported through export initiatives;
- j. 65 000 jobs supported through export initiatives;
- k. 6 000 jobs supported in Black Industrialist firms through export initiatives; and
- l. Four reports on 95 per cent achievement of KPIs and the impact of the work of the Export Credit Insurance Corporation (ECIC).

3.1.8. Programme 8: Transformation and Competition

The Programme focuses on developing and implementing policy interventions that promote transformation and competition issues through effective economic planning, aligned investment and development policy tools. The sub-programmes are Economic Planning and Advisory; Implementation Coordination and Competition Oversight; Investment and Development; and Equity and Empowerment.³¹ It has 23 planned targets for the financial year, as follows³²:

- a. R15 billion of investment facilitated through mergers and reciprocal commitments;
- b. R 6 billion of actual and projected local output committed or achieved;

²⁹ DTIC (2024: 161)

³⁰ DTIC (2024: 162-4)

³¹ DTIC (2024: 169)

³² DTIC (2024: 171-5)

- c. R400 million of funds from transformation and competition, including the SEF administered by or in partnership with the DTIC Group;
- d. R750 million of support provided to SMMEs from transformation and competition initiatives;
- e. R126 million of support programmes from competition, to sectors not included in master plans including but not limited to agriculture, construction and forestry;
- f. R900 million of Equity Equivalent Investment Programme (EEIP) agreement or EEIP equivalent agreement set out in a submission approved;
- g. R6 billion of output by Black Industrialist firms supported;
- h. 200 000 jobs retained and/or created;
- i. 8 000 full-time jobs created through the DTIC programmes;
- j. 50 000 part-time or temporary SEF job opportunities;
- k. 3 000 jobs supported in Black Industrialist firms or benefited from B-BBEE policies;
- l. 20 000 additional workers with shares in their companies because of competition initiatives;
- m. Ten impact assessment reports on high-impact outcomes on addressing market concentration at sector or firm level;
- n. Four reports on monitoring and evaluation of the impact of the work of the Competition Commission, Competition Tribunal and B-BBEE Commission ensuring 96 per cent achievement of their KPIs;
- o. Reports produced on three projects to assist industrial innovation and support firms;
- p. The Black Industrialist conference and the Worker Ownership Summit hosted;
- q. 100 per cent of mergers notified and assessed for public interest;
- r. 15 per cent of mergers notified will have interventions to advance the public interest;
- s. 1 per cent of mergers notified will have agreements reached between the acquiring firm and the DTIC on public interest and presented to the Competition Tribunal;
- t. 50 mergers and acquisitions where public interest conditions have been incorporated.
- u. A report on Competition Commission/Tribunal rules/regulations published and a report on B-BBEE red tape reduction action taken;
- v. A report on the finalisation of the Competition Protocol of the AfCFTA produced; and
- w. Ten reports on ten successful actions completed on price monitoring and excessive pricing or price gouging.

3.1.9. Programme 9: Research

The Research programme aims to “undertake economic research, contribute to development of trade and industrial policies and guide policy, legislative and strategy processes to facilitate inclusive growth”³³. The sub-programmes for this programme are Economic Research and Policy Coordination, Macroeconomic and Microeconomic Policy, and Growth Path and Decent Work³⁴. It has 12 planned targets for the financial year, which are³⁵:

- a. An impact assessment report on investment conference commitments produced;
- b. An export market strategy produced;
- c. Four quarterly data analysis reports of manufacturing exports to the rest of Africa produced;
- d. 52 District Development Model Dashboards maintained;
- e. An Impact Assessment on EEIP agreements agreed to or administered conducted;
- f. A Black Industrialist Census produced;
- g. Four quarterly surveys produced of the Black Industrialist sample to assess the outlook and identify potential challenges;
- h. A report on jobs supported or covered by the DTIC Group and Master Plans produced;
- i. The Worker Ownership Dashboard updated;
- j. Nine bilateral trade reports produced at the request of Branches or the Executive Authority to support the hosting of Business Forums;
- k. An impact assessment report produced to support the development of the South African Carbon Border Adjustment Mechanism strategy; and
- l. Nine reports produced on high-impact evaluations to improve the efficiency and/or effectiveness, of the DTIC’s policy or programme interventions provided.

3.2. Budget Vote 39: Analysis of the 2023/24 – 2025/26 financial period³⁶

The allocated budget for the DTIC has decreased from R10,7 billion in the 2023/24 financial year to approximately R9,6 billion in the 2024/25 financial year. This is a decrease of R1,1 billion or 10,4 per cent. However, the decrease in real (inflation-adjusted) terms³⁷ is even greater at 14,4 per cent³⁸. Over the medium term, the DTIC’s budget is expected to increase

³³ DTIC (2024: 184)

³⁴ Ibid

³⁵ DTIC (2024: 185-6)

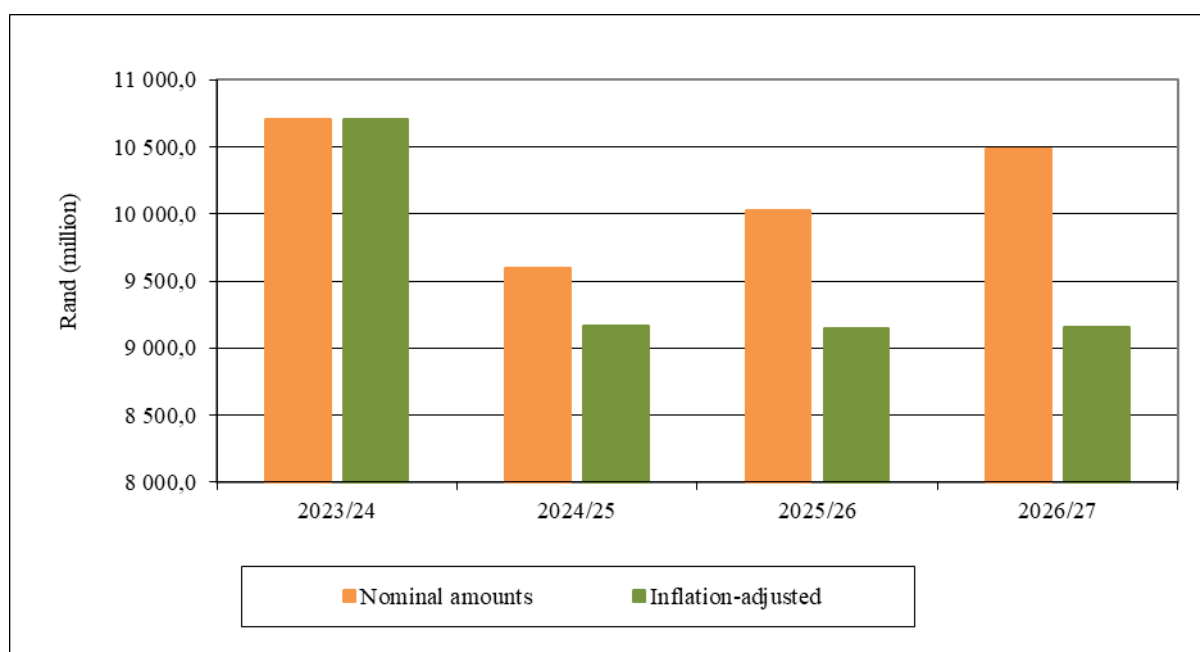
³⁶ National Treasury (2024b)

³⁷ Real terms refer to the amount after inflation has been taken into account.

³⁸ Projected inflation is 4,7 per cent for the 2024/25 financial year (National Treasury 2024a: 25).

from R9,6 billion in the 2024/25 financial year to R10,0 billion in the 2025/26 financial year and increase to R10,4 billion in the 2026/27 financial year. However, in real terms, the budget allocation is projected to decrease to R9,1 billion in the 2025/26 financial year and increase to R9,2 billion in the 2026/27 financial year³⁹. Figure 2 below shows the DTIC's budget for the medium-term in both nominal and real terms.

Figure 2: Medium-Term Budget Allocation of the Department of Trade, Industry and Competition



Source: Madalane (2024) based on National Treasury (2024b: 871)

3.2.1. Programme Analysis⁴⁰

Over the strategic five-year period from 2020 to 2025 and for the 2024/25 financial year, the DTIC's budget is focused on the implementation of policies, strategies, and programmes, aimed at providing industrial finance, developing industrial infrastructure, and enhancing industrial competitiveness and localisation.⁴¹ These priorities will be implemented mainly through Programme 6: Incentives; Programme 8: Transformation and Competition; Programme 4: Sectors; Programme 7: Export; Programme 5: Regulation; Programme 2: Trade; and Programme 3: Investment and Spatial Industrial Development respectively. These programmes account for

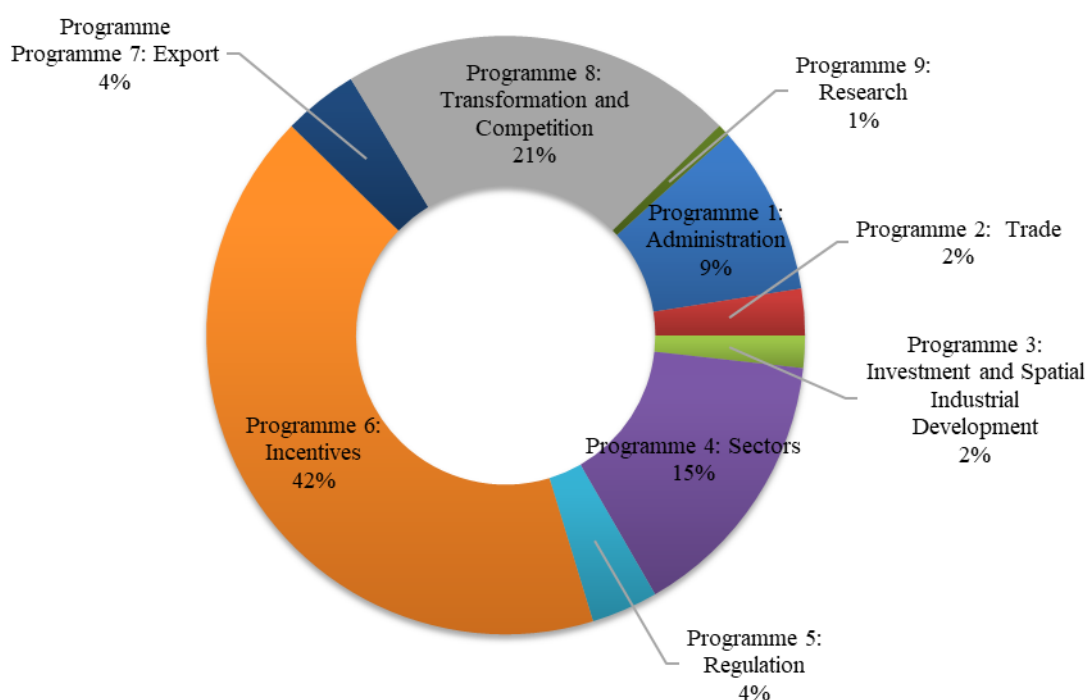
³⁹Projected inflation is 4,7 per cent in 2025/26, and 4,5 per cent in 2026/27 (National Treasury 2024a: 25).

⁴⁰ Based on National Treasury (2024b)

⁴¹ National Treasury (2024b)

the largest shares of the DTIC's allocated budget, approximately 88 per cent of the total DTIC budget with Programme 6 (Incentives) accounting for 42 per cent, Programme 8 (Transformation and Competition) and Programme 4 (Sectors) accounting for 21 per cent and 15 per cent respectively. The breakdown of each programme's share of the total budget is shown in figure 3 below.

Figure 3: Share of Allocated Budgets per Programme for the 2024/25 Financial Year



Source: Madalane (2024) based on National Treasury (2024b: 871)

The total nominal budget decrease is a result of the changes in the following programmes' allocated budgets in the 2024/25 financial year compared to the 2023/24 financial year:

- **Programme 2: Trade** – a decrease of R20,0 million (R30,8 million in real terms);
- **Programme 4: Sectors** – a decrease of R161,4 million (R225,7 million in real terms);
- **Programme 5: Regulation** – a decrease of R3,3 million (R18,8 million in real terms);
- **Programme 6: Incentives** – a decrease of R1,37 billion (R1,56 billion in real terms); and
- **Programme 7: Export** – a decrease of R300 000 (R17,7 million in real terms).

The increases in programme budgets include:

- **Programme 1: Administration** – an increase of R21,9 million (a decrease of R17,7 million in real terms);
- **Programme 3: Investment and Spatial Industrial Development** – an increase of R26,5 million (R19 million in real terms);
- **Programme 8: Transformation and Competition** – an increase of R402,2 million (R310,3 million in real terms); and
- **Programme 9: Research** – an increase of R4,2 million (R1,40 million in real terms).

Table 1 below shows the budget for the 2023/24 and 2024/25 financial years as well as changes in each of the programmes in both nominal and real terms.

Table 1: Budget Allocation by Programme

Programme (R million)	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
	2023/24	2024/25	2025/26	2026/27	2023/24-2024/25	2023/24-2024/25	2023/24-2024/25	
Administration	859,1	881,0	971,9	1 015,5	21,9	-17,7	2,55	-2,06
Trade	261,6	241,6	251,3	261,2	-20,0	-30,8	-7,63	-11,78
Investment and Spatial Industrial Development	140,5	167,1	174,6	181,3	26,5	19,0	18,89	13,55
Sectors	1 592,9	1 431,5	1 673,9	1 760,0	-161,4	-225,7	-10,13	-14,17
Regulation	349,3	346,1	357,4	371,9	-3,2	-18,8	-0,92	-5,37
Incentives	5 413,6	4 034,5	5 199,8	5 447,0	-1 379,2	-1 560,3	-25,48	-28,82
Export	388,3	388,0	407,8	426,8	-0,3	-17,7	-0,08	-4,57
Transformation and Competition	1 645,0	2 047,1	919,8	953,7	402,2	310,3	24,45	18,86
Research	59,1	63,3	67,2	69,8	4,2	1,4	7,13	2,32
TOTAL	10 709,5	9 600,2	10 023,8	10 487,3	- 1 109,3	- 1 540,2	-10,36	-14,38

Source: Madalane (2024) based on National Treasury (2024b: 871)

3.2.2. Economic classification⁴²

Of the total budget of R9,6 billion for the 2024/25 financial year, approximately R1,8 billion (18,6 per cent of the total budget) is the operational budget of the DTIC (compensation of employees, and goods and services), and a bulk of the budget approximately R7,8 billion (81,2 per cent of the total budget) is allocated to transfers and subsidies to departmental entities

⁴² National Treasury (2024b: 872-4)

and private enterprises, among others (see sub-section 3.2.2.1). While R17,9 million (0,2 per cent) of the budget is allocated to payments for capital assets (namely machinery, equipment and software).

The table below depicts the DTIC's expenditure by economic classification for the financial years 2020/21, 2021/22 and 2022/23 as well as the adjusted appropriation for the 2023/24 financial year and the estimated expenditure for the 2024/25 financial year.

Table 2: Budget Allocation by Economic Classification

(R million)	2019/20	2020/21	2021/22	2022/23	2023/24	Share of the Total Allocated Budget
Current payments	1 568,9	1 513,3	1 639,4	1 730,6	1 790,4	18,6%
Compensation of employees	1 017,9	1 018,5	1 046,4	1 066,1	1 081,2	11,3%
Goods and services	551,0	494,8	592,9	664,5	709,2	7,4%
Transfers and subsidies	7 427,2	10 096,8	9 153,7	8 925,8	7 791,9	81,2%
Departmental agencies and accounts	1 043,0	1 294,7	1 247,8	1 169,2	1 209,5	12,6%
Foreign governments and international organisations	30,7	30,3	35,0	44,5	45,8	0,5%
Public corporations and private enterprises	6 215,1	8 611,4	7 701,1	7 563,8	6 382,1	66,5%
Non-profit institutions	134,3	153,3	159,8	146,0	153,3	1,6%
Households	4,1	7,0	10,0	2,3	1,1	0,0%
Payments for capital assets	42,7	2,8	4,1	52,9	17,9	0,2%
Machinery and equipment	42,7	2,5	2,1	49,8	13,0	0,1%
Software and other intangible assets	–	0,3	2,0	3,0	5,0	0,1%
Payments for financial assets	0,9	1,1	1,2	0,2	–	0,0%
Total	9 039,7	11 614,1	10 798,4	10 709,5	9 600,2	100,0%

Source: Madalane (2024) based on National Treasury (2024b: 872)

In terms of the operational budget, R1,79 billion or 60,4 per cent of the budget is allocated for the compensation of employees. It is worth noting that the compensation of employees' budget increased by 1,4 per cent between the 2023/24 and the 2024/25 financial years, while there is an expected decline in the number of employees from 1 188 in the 2023/24 financial year to 1 148 in the 2024/25 financial year.

In terms of goods and services, the budget accounts for 39,6 per cent of the current payments allocation or 7,4 per cent of the total allocated budget. The allocation for goods and services increased by 6,7 per cent compared to the 2023/24 financial year. Over the Medium-Term Expenditure Framework period, the goods and services budget will increase by an average of 6,1 per cent.

3.2.2.1. DTIC Transfers⁴³

A significant share of the DTIC's allocated budget is transferred to its entities, public corporations and private enterprises, non-profit institutions, and foreign governments and international organisations. Of its R9,6 billion for the financial year, approximately R7,8 billion will be transfers. This accounts for 81 per cent of the total budget. In terms of the DTIC's transfers and subsidies, R1,2 billion would be allocated to the DTIC's entities; approximately R6,4 billion to Public corporations and private enterprises; R153,3 million to Non-profit institutions; R45,8 million to Foreign governments and international organisations; and R1,1 million to households.

- **Transfers to Entities**

The DTIC has 18 entities. Five of the entities are self-funded, namely the CIPC, the IDC, the NEF, the National Lotteries Commission and the Takeover Regulation Panel. However, most of the entities rely heavily on transfers from the DTIC, in particular the ITAC, the National Consumer Commission (NCC), the NMISA, Companies Tribunal (CT), Competition Commission (CompCom), Competition Tribunal, National Consumer Tribunal (NCT), and National Credit Regulator (NCR). Their transfers ranged between 53 per cent and 100 per cent for each of the entities' budgets. While there are other entities, such as the National Gambling Board (NGB), SANAS, ECIC, NRCS, and SABS, that are less reliant on the transfer with transfers accounting between 12 per cent and 40 per cent of each entity's annual budget. Of the R9,6 billion budget for the DTIC's transfers and subsidies, R1,66 billion has been allocated to the DTIC's entities. Transfers to the DTIC's entities are as shown in the table below:

⁴³ National Treasury (2024b: 872-4)

Table 3: Transfers to entities

Entity (R'000)	2020/21	2021/22	2022/23	2023/24	2024/25	2023/24 - 2024/25 Change	Entity Budget	Transfer as a % of the Entity's Budget
Companies Intellectual Property Commission	Self-Funded						743 300	0,0%
Companies Tribunal	20 752	R20 313	24 529	28 202	29 497	4,6%	30 400	97,0%
Competition Commission	302 586	R439 550	449 518	407 875	426 193	4,5%	541 200	78,7%
Competition Tribunal	32 342	R36 970	42 286	38 433	40 159	4,5%	66 700	60,2%
Export Credit Insurance Corporation ⁴⁴	162 710	R208 078	150 000	155 505	162 488	4,5%	724 900	22,4%
Industrial Development Corporation	Self-Funded						14 797 900	0,0%
International Trade Administration Commission	95 998	112 478	108 559	118 998	113 430	-4,7%	120 000	94,5%
National Consumer Commission	51 530	58 505	59 388	73 566	69 120	-6,0%	78 100	88,5%
National Consumer Tribunal	47 492	53 515	54 756	53 636	52 000	-3,1%	74 400	69,9%
National Credit Regulator	71 272	82 632	83 241	81 538	79 051	-3,1%	148 000	53,4%
National Empowerment Fund	Self-Funded						487 000	0,0%
National Gambling Board	31 027	35 928	36 477	33 152	R34 641	4,5%	272 700	12,7%
National Lotteries Commission	Self-Funded						603 400	0,0%
National Metrology Institute of South Africa	103 550	121 061	122 832	111 637	129 612	16,1%	220 300	58,8%
National Regulator for Compulsory Specifications	126 126	144 099	147 560	138 611	144 634	4,3%	625 200	23,1%
South African Bureau of Standards ⁴⁵	270 421	328 819	361 248	341 524	354 782	3,9%	894 000	39,7%
South African National Accreditation System	28 748	32 967	33 820	30 738	32 118	4,5%	145 000	22,2%
Takeover Regulation Panel	Self-Funded						33 869	0,0%
Total	1 344 554	1 674 915	1 674 214	1 613 415	1 667 725			

Source: National Treasury (2024b: 872-3)

⁴⁴ Transfer classified under public corporations.⁴⁵ Transfer classified under public corporations.

Transfers to most of the entities have increased slightly by R108 million from R1,83 billion to R1,94 billion in the 2024/25 financial year compared to the previous financial year. Entities with inflation-related increases (notwithstanding that they are below the projected inflation of 4,7 per cent) include the CT (4,6 per cent), the Competition Commission (4,5 per cent), the Competition Tribunal (4,5 per cent), the ECIC (4,5 per cent), the NGB (4,5 per cent), the NRCS (4,3 per cent), the SABS (3,9 per cent), and the SANAS (4,5 per cent).

The NMISA is the only entity that will receive a significant increase in its transfer. For the financial year, the transfer to the NMISA for its operational budget will increase by 16,1 per cent (approximately R17,9 million). This is in line with this entity's request for additional funding as they had stated to the Committee that one of their challenges was "inadequate grant funding to realise the mandate".

Entities whose transfers have been reduced for the 2024/25 financial year are the ITAC (4,7 per cent), the NCC (6 per cent), NCT (3,1 per cent), and the NCR (3,1 per cent). This is concerning particularly for entities such as the NCR, which noted that insufficient funding was "resulting in the NCR's inability to fully execute strategic objectives". While the NCR is in the process of reviewing registration fees as well as benchmarking with the International Finance Corporation on its funding model, the budget of the entity could have had an increase which is on par with the projected inflation to ensure that it can maintain at least the same level of performance as the previous financial year.

- **Transfers to Public corporations and private enterprises**

Transfers to public corporations and private enterprises account for the largest share of transfers as they include incentives as well as transfers to organisations that support the country's industrial development. The public corporations include Council for Geoscience, National Productivity Institute, Protechnik Laboratories, Council for Scientific and Industrial Research, Intsimbi future production technologies initiatives, Automotive supply chain competitiveness initiative, Trade and industrial policy strategies, Centurion Aerospace Village, Proudly South African, Black Business Council, and the IDC. Transfers to public corporations mainly comprise of transfers to the IDC. It should be noted that while the IDC is a self-funded entity of the DTIC, it receives a transfer for programmes or funds that it administers on behalf of the

DTIC. These programmes include the Downstream Steel Industry Competitiveness Fund, Industrial financing, Regional industrial development, Sector programmes, SEF, and the Tirisano Construction Fund Trust.

In the 2024/25 financial year, budgeted transfers to the IDC are approximately R1,56 billion, and increased by 7,5 per cent (approximately R109 million) compared to the previous financial year. Transfers to the IDC are depicted in the table below.

Table 4: Transfers to Public corporations and private enterprises

Programme (R'000)	2020/21	2021/22	2022/23	2023/24	2024/25
Downstream steel industry competitiveness fund	29 449	37 727	39 550	38 741	37 560
Industrial financing	892 000	1 997 500	240 200	0	0
Regional industrial development	0	0	15 000	21 000	20 700
Sector programmes	637 029	487 363	599 483	534 797	318 202
Social Employment Fund	0	800 000	861 566	787 941	1 130 000
Tirisano Construction Fund Trust	36 279	46 222	64 375	68 750	53 750
Total	1 594 757	3 368 812	1 820 174	1 451 229	1 560 212

Source: National Treasury (2024b: 873)

- **Transfers to Foreign governments and international organisations**

For the 2024/25 financial year, approximately R45,8 million will be transferred to Foreign governments and International organisations for the country's membership in these organisations. A detailed breakdown of the transfers is shown in the table below.

Table 5: Transfers to Foreign governments and international organisations

Organisation (R'000)	2020/21	2021/22	2022/23	2023/24	2024/25
Organisation for the Prohibition of Chemical Weapons	3 417	2 916	3 221	4 349	4 439
World Trade Organisation	14 671	14 206	15 436	18 081	18 893
United Nations: Treaty on the Prohibition of Nuclear Weapons	0	330	0	2 100	1 718
United Nations Industrial Development Organisation	4 735	5 235	5 210	8 438	8 817

Treaty organisations for metrology	2 492	1 972	1 935	2 241	2 342
World Intellectual Property Organisation	5 418	5 668	6 387	6 450	6 740
International Financial Reporting Standards Foundation	0	0	2 820	2 800	2 850
Total	30 733	30 327	35 009	44 459	45 799

Source: National Treasury (2024b: 874)

- **Capital Transfers**

Capital transfers for the 2024/25 financial year will be R616,7 million. This is almost half what they were in the previous financial year and almost a third of what they were in the 2020/21 and 2021/22 financial years. A detail of the capital transfers is shown in Table 6 below.

The SEZs and revitalisation of Industrial Park programmes are two of the key programmes of the DTIC for creating inclusive economic growth. It is therefore important to note the transfers to these programmes. The SEZs capital transfer is the largest of all the capital transfers at R370 million for the 2024/25 financial year. It is important to note that the budgeted capital transfer for this programme has declined significantly in the past four financial years from expenditure of R1,97 billion in the 2020/21 financial year. Another noteworthy capital transfer is under the Critical Infrastructure programme for Industrial Parks which in the 2024/25 financial year has a budgeted capital transfer of R55,9 million, the largest since the expenditure of approximately R84,3 million in the 2021/22 financial year in capital transfer for Industrial Parks.

The NMISA has been receiving additional funding for its infrastructure upgrades for buildings and equipment. This was approved in the 2016/17 financial year. In the 2024/25 financial year, it will receive an additional R47,7 million, which has increased from the R41,0 million in the 2023/24 financial year. Despite this transfer, it has reiterated its concerns about the recapitalisation funding not being sufficient and losing the allocation for equipment. The NMISA noted that it had made a new funding request to the National Treasury for building upgrades that could not be undertaken previously.

Table 6: Capital Transfers

(R'000)	2020/21	2021/22	2022/23	2023/24	2024/25
National Metrology Institute of South Africa: Capital	119 741	140 655	72 872	41 085	47 700
Various institutions: Critical infrastructure programme: Bulk infrastructure	24 778	113 574	245 423	98 862	103 555
Protechnik Laboratories: Capital	0	0	1 103	1 672	1 801
Council for Scientific and Industrial Research: Aerospace industry	20 154	29 967	39 387	39 376	37 691
Various institutions: Critical infrastructure programme: Industrial parks	54 514	84 262	11 294	32 612	55 976
Various institutions: Special economic zones	1 975 038	1 670 088	357 851	950 000	370 026
Total	2 194 225	2 038 546	727 930	1 163 607	616 749

Source: National Treasury (2024b: 872-3)

4. Key issues raised by the Committee during its deliberations

The Committee raised a number of concerns during its deliberations, including:

- 4.1 **Reduction in the DTIC's budget:** Slow economic growth in South Africa, together with weak revenue and rising debt service cost among others, contributed towards a revenue shortfall. This has led to protracted fiscal constraints and austerity measures. However, within this context, South Africa faces the triple challenges of poverty, inequality and unemployment where the DTIC should play a critical role in addressing this through its industrialisation drive, among others, especially given the multiplier effect of the manufacturing sector. Notwithstanding the acknowledgement of a significant reduction in the DTIC budget given the current financial constraint, the Committee remains concerned about how this will impact on the DTIC's deliverables/outputs. It enquired what informs the DTIC's strategic choices on how it deploys its limited fiscal resources, which specific programmes or initiatives would be affected by these budget cuts and how would that impact on the DTIC's deliverables. The Minister confirmed that the reduced budget would have an impact on what the DTIC would be able to achieve.

However, despite this challenge, it must utilise its resources optimally by working with the relevant departments and private sector to maximise its combined resources.

The DTIC further informed the Committee that it allocates its funds in accordance with its policy priorities outlined in the Strategic Plan and APP. These priorities are informed by the NDP, the MTSF, and also consider the priorities outlined in the SONA, amongst others. It further considers its programmes' investment multipliers when allocating resources. Mid-year budget reviews are then conducted to realign with any changes that occur during the year.

Furthermore, the initial budget of the DTIC in the 2020/21 financial year had been significantly cut compared to the combined budgets of the amalgamated Department of Trade and Industry and the Economic Development Department in the 2019/20 financial year. The programmes that are most impacted by these cuts include the incentive programmes in terms of the amount of support available to assist enterprises, as well as the number of SEZs that can be supported. In addition, entities, particularly regulatory entities, have been negatively impacted by the budget cuts. However, there was a need to find creative ways to deal with these budget cuts, as well as more efficient ways to deliver its services.

4.2 ***DTIC's mandate:*** The DTIC's mandate, among others, is to contribute to structural transformation, building a competitive economy, broadening economic participation, promoting skills development and job creation. Given the slow economic growth, high unemployment levels and slow economic transformation, a view was expressed that the DTIC has failed to execute its mandate. Therefore, the Committee enquired whether the current APP would achieve a different outcome given the current fiscal constraints, and whether the reduction in its budget is not indicative of its inability to effectively fulfil its mandate. The Minister informed the Committee that all role-players should be cognisant of the need for a paradigm shift in relation to economic development, industrialisation and transformation. The DTIC recognises that there is a need for a systemic change in how it functions and a reconsideration of economic governance. He concurred with the Committee that there is an urgent need for realignment of the work of the DTIC with its sister departments responsible for facilitating economic growth and transformation. He illustrated that through investment in

alternative energy, one can contribute to industrialisation because of this investment. Furthermore, he stated that it was important to optimally deploy state and private procurement to drive both localisation and transformation.

- 4.3 ***Black industrialist programme:*** The Black Industrialists Programme was developed to enable black ownership of new business in the manufacturing sector. This required active black ownership of at least 50 per cent including management involvement in the day-to-day running of these businesses. The Committee enquired what criteria the DTIC uses to measure the success of the Black Industrialist programme. The DTIC informed the Committee that the objective of the Black Industrialist Scheme (BIS) is to accelerate the quantitative and qualitative increase and participation of black industrialists in the national economy, selected manufacturing sectors and value chains, as reflected by their contribution to growth, investment, exports and employment. The funding would be used for capital investments, which include the purchase of machinery and equipment, outright purchase of building or building enhancements, commercial vehicles, and business development services, among others. All these categories have applicable funding thresholds.

From a quantitative point of view, Black Industrialist success is measured through financial growth, namely an increase in turnover, increase in total assets and increase in profit margins, over time. A common criterion, as encapsulated in the overall objective across all incentives, is the sustainability of existing jobs and the creation of new jobs. In addition, another key measurement is about the quantity of local output produced and the value of exports realised as a result of BIS intervention.

- 4.4 ***Market concentration in the South African economy:*** High levels of market concentration remain prevalent in the South African economy. A direct consequence is reduced competition and higher consumer prices. Furthermore, economic concentration has been a concern due to abuse by dominant firms and the introduction of barriers to entry for new entrants to those sectors. However, addressing market concentration may inadvertently prevent companies from reaching appropriate economies of scale to compete globally. The Committee enquired how the DTIC and the Competition Commission balances the negative effects of market concentration on consumers and new entrants with the need for companies to achieve economies of scale to be globally competitive and able to export effectively. The DTIC informed the Committee that

the Competition Commission recognises that different markets may have various levels of capital and scale requirements due to the nature of the product or service they offer. This is factored into the analysis of mergers where efficiency considerations are expressly considered as to whether they outweigh any competition issues (section 12A(1)(a) of the Competition Act (Act No. 89 of 1998)) and where, under the public interest provisions, there is scope to consider the impact on the ability of national industries to compete in international markets (section 12A(3)(d)). The exemption provisions in section 10 also provide scope for considering exempting conduct that may promote economic development (section 10(3)(b)(iv)) and competitiveness (section 10(3)(b)(v)).

- 4.5 ***Skilled labour force required for the economy:*** Currently South Africa is facing a skills deficit. This skills shortage has a negative impact on socio-economic advancement and rapid economic development required for the South African economy, as well as the absorption of labour. The absence of the appropriate skills required for the development of the South African economy constrains its growth, limits employment opportunities and impacts on investment possibilities. The Committee acknowledged that the tools to resolve the lack of appropriate skills does not reside with the DTIC, however, it enquired whether the DTIC is engaging with the relevant educational institutions, the Department of Employment and Labour, and the Sector Education and Training Authorities to address the critical skills shortage. Furthermore, it enquired, how the DTIC made decisions to support specific industries/sectors, given the limited skills available. The Minister recognised the importance of developing the requisite skills to move the economy forward. He indicated that a coordinated effort, among the relevant departments, is required to ensure that these skills are produced. The DTIC must also engage industry and the relevant government bodies to identify the skills required across sectors over the medium- to long-term and to develop programmes to support the development of these skills.
- 4.6 ***Reduction in red tape:*** Government acknowledged the critical role that business plays in developing the economy. Therefore, it has committed to improve the business environment by reducing the regulatory, and administrative burden on business (namely the cost-of-doing business). This would contribute towards innovation, job creation and economic growth. The Committee enquired what measures would be introduced by the DTIC Group to address red tape faced by South African business and investors. The Minister informed the Committee that the DTIC needs to engage the Presidency on the status of work regarding red tape. Internally,

the DTIC has recognised that reduction in red tape is a critical element in ensuring the smooth operation of business. Failure to address this impediment would lead to loss of competitive advantage and compromises South Africa's ability to advance its economy. However, its view of red tape included non-tariff barriers at borders and ports of entry, as well as logistic systems that may not enable the easy transportation of goods across borders and to these borders in light of the AfCFTA.

4.7 ***Revision of Annual Performance Plans:*** The APP is a mechanism that reflects the key performance goals and targets the DTIC wishes to achieve in a financial year. The DTIC presented an APP and a budget that had been developed at the end of the Sixth Administration. Government departments are required to table their APP for the following financial year to Parliament by the end of the previous financial year (March). The DTIC had tabled its original APP in March 2024. The same APP was re-tabled on 10 July 2024. In addition, it had acknowledged that the new executive of the Seventh Administration had not had an opportunity to align this APP with the priorities of the new government which will be articulated in the 2024-2029 MTSF and the upcoming Opening of Parliament Address. Given the statement of intent issued by the GNU, the Committee enquired whether the current APP before it is incomplete. Furthermore, there was a view that the country's industrial challenges are not correctly captured in the APP and there needs to be a further and deeper diagnosis made of the causes of the lack of industrialisation. The Minister acknowledged that the Seventh Administration is governed through a GNU brought together through consensus around foundational principles that would underpin such an agreement, a minimum programme and modalities that all have agreed to. However, he noted that the GNU is in its infancy stage and there would be areas of disagreement given the fact that parties of the GNU's ideological stances on certain matters differ. He further agreed that the current APP does not necessarily reflect the direction or paradigm of the GNU. He indicated that the upcoming Cabinet Lekgotla may provide some guidance, especially around a MTSF. It would then be the responsibility of departments to translate that into strategic plans and APPs over the next five years.

Deputy Minister, Mr Z Godlimpi, also indicated that while they do not foresee a complete policy shift, this would be an opportunity for the policies and programmes of the DTIC to be revisited and for these to be rearticulated, realigned or refined as needed. Deputy Minister, Mr A Whitfield, further reinforced that structural economic transformation would remain a key

policy objective but the APP would need to be refined to allow for rapid economic growth that enables transformation.

- 4.8 ***Creation of new businesses:*** One of the missing targets within the DTIC's APP is regarding the creation of new businesses and entrepreneurs. The Committee is of the view that without the creation of new businesses and support for entrepreneurs, new jobs would be limited. Therefore, the Committee enquired whether the DTIC would be including any targets in terms of new business creation and whether there would be coordination with the Department of Small Business Development to ensure the growth of SMMEs that would stimulate job creation. Deputy Minister Godlimpi stated that although targets about self-employment and business development is not explicitly stated in the APP, it is implied. The DTIC programmes dealing with supplier development and the BIS are an illustration that it seeks to expand the footprint of black entrepreneurs in the economy and build and support new black firms to have the capacity to overcome binding constraints such as access to capital markets.
- 4.9 ***Supporting local manufacturers and small-scale farmers:*** The Committee noted that the country's retailers stock a significant number of imported products. Often, local manufacturers and especially small-scale farmers face barriers to entry to domestic markets. In this regard, the Committee enquired whether the DTIC had programmes to assist retailers to source goods from local manufacturers and farmers, particularly small-scale farmers, or to enable local manufacturers and small-scale farmers to access and supply domestic retail space. The DTIC informed the Committee that it works through and partners with Proudly South African to influence local procurement from domestic manufacturers by compiling databases of locally manufactured products that retailers can access. In addition, to contribute to the localisation of manufactured goods that can be sourced within the country, specific incentives offered by the DTIC require beneficiaries to source inputs from locally based South African companies.

Furthermore, the DTIC uses merger conditions to promote the development of SMMEs and Historically Disadvantaged Persons (HDPs). In considering the public interest, the DTIC can focus on the development of SMMEs and HDP businesses and promote localisation. Current examples of positive public interest outcomes include: (a) the Heineken merger commitment to procure 80 per cent of all input from local suppliers, and establish a supplier development fund to support agricultural development, including small and HDP farmers, with a focus on developing the barley value chain; (b) the Shoprite merger agreed to (i) import where products

are not available or available in sufficient quantities in South Africa; (ii) replace imported food by locally produced food; and (iii) spend R350 million over five years to support spaza stores and micro farmers.

In addition, the IDC provides a comprehensive approach to supporting industries that go beyond financial support, encompassing strategic collaborations, targeted capacity building, and sector-specific programmes. These initiatives are important in enhancing the local demand for industrial products, fostering sustainable growth, and reinforcing South Africa's industrial competitiveness in both local and global markets. It has pre-investment and post-investment support programmes to enhance market access. Its pre-investment programme, SME-CONNECT is an initiative that includes integrating small industrial businesses into the local supply chains of large corporations and facilitating entry into export markets. Post-investment, it assists companies with marketing plans and access to markets including access to retailers, other businesses and state-owned companies. IDC also takes advantage of AfCFTA and assists companies in accessing these markets. It also assists small and medium businesses to receive targeted support in accessing market trends, understanding value chain dynamics, optimizing manufacturing processes, and adopting new technologies. This expertise is crucial for enhancing product quality, operational efficiency, and overall competitiveness in local and international markets.

4.10 ***DTIC's strategic approach to industrialisation:*** A view was expressed that the recent research paper by Rodrick and Stiglitz, "A New Growth Strategy for Developing Nations", suggests a paradigm shift for growth in developing countries from industrialisation with emphasis on manufactured goods to an approach focusing on the green economy and value-added services. The current APP has output targets for manufacturing exports to the value of R900 billion, and exports of GBS to the value of R9 billion. The Committee enquired whether the shift as purported by the research paper would enhance the current industrialisation objectives of the DTIC, and whether the focus on the services component should not be increased. Deputy Minister Godlimpi informed the Committee that there were two additional papers that addressed the paradigm shift in terms of industrial policy, namely Rhodes' "A Foreign Policy for the World as It Is: Biden and the Search for a New American Strategy" and Sullivan's "The Sources of American Power: A Foreign Policy for a Changed World". He informed the Committee that the Rodrick and Stiglitz paper does not state that industrial policy is obsolete, but rather that

there must be a balance between industrial policy in agriculture, manufacturing and business services. He further stated that industrial policy has reemerged globally with manufacturing at the forefront. This has been reinforced/supported with policies/legislation by the Biden Administration such as “The Inflation Reduction Act” and the “CHIPS and Science Act”. Both pieces of legislation are supply side-driven to rebuild the United States’ (US) industrial capacity lost during the period of favouring off-shoring of US capital. Therefore, according to the Deputy Minister, there is a global return to industrial policy and hence the current debate in South Africa is not an anomaly, but rather the pursuit of industrial policy for economic development. He further stated that the Rodrick and Stiglitz paper, in fact, supports reindustrialisation.

- 4.11 ***Effective coordination to ensure industrialisation:*** Many drivers of industrialisation, such as logistic systems, input pricing and administrative costs, lie outside the DTIC’s mandate. Thus, an effective industrial policy requires effective integration at the level of government and public entities, as well as with the private sector. The Committee enquired how the DTIC would seek to influence and/or change the type of coordination between government and with private sector to align policies and implementation in support of the industrialisation drive. Deputy Minister Godlimpi informed the Committee that the statement of intent places industrial policy at the centre of government’s entire macroeconomic strategy. This reflects a major shift from macroeconomic policy as the starting point to the notion that macroeconomic policy is ineffective in the long-run if it is not driven by industrial policy. This would change policy decisions around taxation, the imposition of import tariffs and the stability of the interest rate that prevails in the economy, as well as the structure of administrative charges, such as the tariffs charged at the port for raw minerals versus manufactured goods. Currently, the fiscal authorities have been operating without the strategic input from the industrial policy authorities, and this misalignment contributed to low economic growth. However, the statement of intent aligns these key policy imperatives and economic governance broadly, which ultimately would determine who the drivers of economic policy should be. Deputy Minister Whitfield reiterated that this shift should assist in aligning government departments that are key role players in the provision of economic infrastructure that often do not consider the impact of their policy decisions on the economy.

The Minister stated that this would require a leadership role by the DTIC in terms of the direction that industrial policy takes, as it is cross-cutting and cannot be implemented in

isolation. Therefore, the implementation of industrial policy must be deliberate and requires co-ordination and cooperation among several departments, such as electricity and energy, mineral resources, transport, and higher education and training, which is critical for economic development. It is the responsibility of the DTIC to define industrial policy, to advocate for it within government, and to ensure appropriate levels of alignment among government departments. There is also a need for counter-cyclical fiscal measures to be acknowledged to counteract the effects of the current economic fiscal consolidation environment. This would require policies and a certain level of risk taking for the economy to recover and grow. According to the Minister, current evidence would suggest that opportunities exist, however, it would require significant resources.

4.12 ***Facilitation of direct investment:*** While FDI is acknowledged as a critical driver of industrialisation, there is often insufficient focus placed on the role of domestic investment in this regard in terms of the retention and circulation of profits within South Africa to reinforce the benefits of investment. The Committee enquired what programmes the DTIC offered to facilitate and support direct investment by South Africans. The DTIC informed the Committee that, through the Incentives Branch and its DFIs, it offers financial support through grants and loans to encourage investment in key sectors of the economy. The following incentives are offered to facilitate and support direct investment:

- *Manufacturing Investment Cluster:* Black Industrialists Scheme, Automotive Investment Scheme (AIS), Agro-processing Support Scheme, Aquaculture Development Enhancement Programme and Manufacturing Support Programme.
- *Services Investment Cluster:* GBS Incentive and the Film and Television Production Incentive.
- *Infrastructure Investment:* SEZs and Critical Infrastructure Programme.
- *Innovation Cluster:* Technology and Human Resources for Industry Programme and Support Programme for Industrial Innovation.

4.13 ***Incentive support to local companies versus international companies:*** Approximately 35% of the DTIC's R9,6 billion budget will be allocated to incentives for the 2024/25 financial year. The Committee applauded the support provided through incentives. However, it enquired about the extent of support provided to international companies compared to local companies. In

particular, whether there are considerations beyond the jobs being created. The Committee expressed a view that while multinational companies can create jobs in the country, profits leave the country. In addition, the Committee asked about the number of jobs that had been created by multinational companies that had received incentives as well as other non-support that had been provided by the government such as business visas, in comparison to jobs created by local companies. The DTIC informed the Committee that incentives are accessible to qualifying South African registered companies in various key sectors. The support is geared towards creating and retaining jobs while boosting investment and growing local output. For the 2023/24 financial year, over 100 000 active jobs were supported through incentives in manufacturing, GBS and critical infrastructure businesses.

4.14 ***Policy on electric vehicles:*** The DTIC published the *Electric Vehicle White Paper* in November 2023 to facilitate the transition of the automotive market and productive capacity for electric vehicles. The Committee enquired what has been proposed for the involvement of local business in the development of associated downstream industries. The Minister was of the view that if government does not take full advantage of the opportunities offered by the development of an electric vehicle sector over the medium-term, South Africa may lose its competitive advantage in this regard, as well as the opportunities associated with the production of these vehicles. Electric vehicles also offer South Africa and the SADC region opportunities around beneficiation. There is also a need for linkages and alignment with countries within the region to realise collective benefits associated with this collaboration. The DTIC will avail itself to further engage on the Electric Vehicle programme and elaborate on the role of other agencies in this regard.

4.15 ***Return on investment in incentives to the Automotive sector:*** Incentives account for a significant share of the DTIC's allocated budget, including incentives to the automotive sector. Members enquired whether the incentives to the sector provide a sufficient return in terms of employment creation. Members expressed concerns about the automotive sector receiving incentives for the assembly of imported vehicle parts in a highly mechanised environment rather than actual production that is labour-intensive. The DTIC informed the Committee that the automotive sector contributes extensively to employment creation. In the past financial year, the AIS supported approximately 11 000 new jobs and retained 63 000 jobs. The AIS is an investment programme that focuses on the investment in productive assets by Original

Equipment Manufacturers and Component Manufacturers, which supports the continued growth and development of the South African automotive sector. The incentive has supported hundreds of component manufacturers for the manufacture of components, component parts, and tooling, which range from automotive glass, exhaust systems, fuel tanks, catalytic converters, radiators, aluminium rims, wire harnesses, chassis, etc. These components and parts of components contribute to a significant segment and makeup of the vehicle. Overall, the sector supports an estimated 109 000 jobs, of which the components segment is relatively more important as it accounts for a significant portion of employment creation.

- 4.16 ***Import tariff structures in relation to infant industries and productive, labour-absorbing sectors:*** The Committee raised concerns regarding the country's efforts to ensure that various productive sectors have the capacity to cater to local demand and eventually compete globally. Import tariffs can be used to protect domestic industries from global competition, mainly for infant industries. In this regard, the issue of tariffs was discussed in detail, especially the tariff structure of sectors such as clothing, textiles, and leather, as well as plastics. The Committee argued that tariffs on imported products in these sectors can be used to support domestic industries and protect them from cheap imports from other countries including China, India, and Indonesia with which local industries are unable to compete. The Committee emphasised that South Africa had the natural resources but continues to be the exporter of raw materials and the importer of semi-finished and finished products which are produced from the raw materials it exports. Consequently, the Committee requested a detailed list of tariffs on products, where the protection of local production is a priority.

The Minister informed the Committee that it is important to trade with other countries, however, trade presents its own challenges. South Africa operates within a multilateral trading framework, as well as having bilateral trade arrangements with specific countries. It would not be easy to implement a protectionist policy as domestic supply may not be able to meet the nation's needs. Trading among countries is vital, and trade agreements are governed by certain conditions and nuances. In introducing a protectionist regime, the country would be required to trade and buy the locally manufactured goods, however, we may not have sufficient demand to be able to grow these industries. Therefore, South Africa must trade with the rest of world to drive an export-led industrial policy. In this regard, the AfCFTA offers opportunities to

diversify South Africa's export basket by increasing the market size that South African manufacturers can target for finished and semi-finished goods.

Furthermore, the DTIC indicated that South Africa used tariff setting as an instrument of industrial policy and therefore adopts a strategic approach to tariff setting that promotes developmental tariff setting. Through tariff investigations, the ITAC, who is responsible for import tariff investigations and recommending tariff rates, aims to promote domestic production, job retention and creation, and international competitiveness. This is done within the upper limits for tariff setting (bound rates) as set by the obligations South Africa has taken in the World Trade Organisation and in other bilateral trade agreements. Success on tariff policy should be measured by the degree to which it supports Government's employment and industrial development objectives. As a general guideline, tariffs on mature upstream input industries could be reduced or removed to lower the input costs for the downstream, more labour creating manufacturing sectors. Tariffs on downstream industries, particularly those that are strategic from an employment or value-addition perspective, may be retained or raised to ensure long-term sustainability and job creation in the context of domestic production capabilities/potentialities and the degree of trade and production distortions on these products at the global level. Export taxes can also be an important instrument to promote industrial development.

All products are classified within the Harmonized Commodity Description and Coding System (HS) developed by the World Customs Organisation for purposes of imports and exports. South Africa currently has 8504 HS tariff lines at HS8-digit level, of which 46,4 per cent have an applied tariff rate. In 2023, aggregate tariff figures displayed positive escalation throughout the stages of production from raw materials, with an average tariff rate of 4,9 per cent to semi-finished products, with an average tariff rate of 5,6 per cent to fully processed products, with an average tariff rate of 10,7 per cent.

- 4.17 ***State procurement as an instrument of industrialisation:*** Local public procurement involves the purchase of goods and services from domestic suppliers by the state. If government utilised its buying power across various sectors and procured most of its goods locally, then local public procurement offers the easiest and most immediate way of facilitating industrialisation. For example, the local procurement of uniforms for police, soldiers, and nurses, and local procurement of furniture for hospitals, clinics, schools, and government offices, among others could support local manufacturing. Currently, Members were of the view that the government is not fully taking advantage of its buying power to support local manufacturing. They asked what measures the DTIC has taken to ensure that local procurement by the state is made a priority. The Minister agreed that public procurement can play a significant role in driving localisation and transformation. However, this would require a change in approach and realignment that would ensure when certain areas had been identified for localisation, the state-owned entities and other organs of state comply with the necessary regulation and obligations. Therefore, the DTIC most likely would have to adopt a policing or enforcement role to ensure that the state complies with certain obligations. Deputy Minister Godlimpi informed the Committee that the Public Procurement Bill would play an important role in this regard. However, its effectiveness for localisation would be dependent on what the anchoring policy is. For example, if it is underpinned by fiscal policy, then the principle of least cost would apply; whereas, if industrial policy underpins it, a premium for locally produced goods would be acceptable. Therefore, preferential procurement would be more likely to support local production in the latter instance.
- 4.18 ***Support to the film and creative industry:*** The DTIC has the Film and Television incentive to support local content production. However, the Committee was of the view that more needs to be done to support the local film industry given its enormous potential to create jobs. Members noted that other countries such as China have prioritised this industry to the extent that they have created SEZs dedicated to developing the film and television sector. The Committee enquired what the DTIC's strategy was in this regard. The DTIC agreed that support for the film industry was important and that there is potential for dedicated SEZs. It cited examples of Hollywood, in the US, and China where SEZs for film had been implemented including the manufacturing and assemblage of film equipment.

- 4.19 ***Impact of transformation instruments:*** The DTIC in its presentation noted that the BIS, as an instrument of transformation, was key in developing new black industrialists. The Committee welcomed this continued emphasis on supporting black industrialists. However, the Committee noted that there were still high levels of inequality and there continued to be a need for the redistribution of wealth in the economy. It enquired about the instruments that are at the disposal of the DTIC to change ownership patterns of the economy, how the instruments are used, and the impact thereof. The Minister informed the Committee that transformation cannot be secondary to economic growth in the South African context, as government has an obligation to address historic and systemic injustices. Furthermore, a focus on transformation immediately broadens the base of entrepreneurs given the demographics of South Africa. However, the DTIC would further engage the Committee on the weaknesses in the current policy framework, as it refines its policies and programmes.
- 4.20 ***Appointment of critical senior posts in the DTIC:*** In the previous administration, the posts of the Director-General and some of the Deputy Director-Generals have been vacant for a number of years. In the Sixth Parliament, this had been attributed to delays in the appointment process of the Director-General and the need to finalise the reorganisation of the DTIC structure prior to finalising the appointments of the Deputy Director-Generals. The DTIC indicated that the filling of these positions is a priority in the 2024/25 financial year. The Committee enquired what the timeframes would be for the filling of these posts. The Minister indicated that he was committed to the filling of these vacancies and was currently in discussions with management in this regard. However, he was unable to specify a timeframe at this stage, as the necessary recruitment processes would need to unfold.
- 4.21 ***Rationalisation of entities:*** In the previous administration, there had been a project to rationalise the DTIC Group's financial and non-financial resources. The Committee enquired what the status of the project was and what findings and/or recommendations had been made in this regard. The DTIC informed the Committee that the project had not been finalised. A second draft report had been submitted by the Service Provider and was still being considered by the Steering Committee overseeing the project. A meeting was scheduled for Wednesday, 17 July 2024, between the Service Provider and the Steering Committee to discuss the draft and the proposals/recommendations made. Following the meeting with the Steering Committee, the report and proposals/recommendations will be presented to the executive leadership of the

Department and the Minister. Thereafter, the Committee will be advised on the way forward once the Minister has considered the report and the proposals/recommendations made. In addition to the progress provided in relation to the project, the DTIC advised the Committee that, as part of the entities' rationalisation project, a pilot to merge the Competition Commission and National Consumer Commission was started towards the end of the Sixth Administration. The DTIC will also keep the Committee updated on progress in this regard.

5. Conclusions

Having considered the information shared and reports from the DTIC with respect to its budget, and strategic and annual performance plans, the Committee has reached the following conclusions:

- 5.1 The Committee recognised that the DTIC's 2024/25 Annual Performance Plan reflected the 2019 – 2024 Medium-Term Strategic Framework. However, it was of the view that the DTIC and its entities should not continue implementing programmes and initiatives that do not yield the required outcomes of higher economic growth, deeper industrialisation, job creation and economic transformation. Therefore, it implored the new Administration to critically assess the policies implemented since 1994, as well as identify the key constraints to the South African manufacturing sector. This would enable it to develop, refine and implement appropriate programmes required to address the triple challenges of poverty, unemployment and inequality.
- 5.2 Over the Medium-term Expenditure Framework (2024/25 – 2026/27), the DTIC's budget will decrease by 5,1 per cent including a decrease of 10,4 per cent in the 2024/25 financial year. This may adversely affect the DTIC's ability to attract investment, create an inclusive economy through industrialisation and localisation, and improve trade. This is of particular concern given the need to facilitate domestic economic growth that would create employment to address the challenges of high unemployment, poverty and inequality.
- 5.3 The Committee was of the view that the protracted fiscal constraints and austerity measures were counterproductive, as they would reinforce slow economic growth. This, combined with the inability of Government to address other economic constraints, would curtail the DTIC's

objectives of deepening industrialisation, and achieving higher economic growth, job creation and reducing income inequality. Therefore, addressing the multiple constraints to the economy, such as low business confidence, port and rail infrastructure challenges, insecure energy and water supply, high administered prices and port tariffs skewed in favour of the export of raw materials rather than value-added goods, would be critical to stimulate the economy and achieve sustained economic growth.

- 5.4 Furthermore, the relationship between macroeconomic policy and driving sustainable industrial strategy should not be undermined. It is therefore important to balance the need for austerity measures with the need to implement the industrial policy to stimulate the economy.
- 5.5 It was of the view that the DTIC should evaluate the strategic needs of its entities, their performance and resource allocation to ensure that the entities are fit for purpose and to rationalise resources and structures to enhance their efficiency and effectiveness, as appropriate.
- 5.6 In addition, the Committee emphasised that government stimulus is required to encourage economic activity and attract and retain direct investment essential to grow the economy. Therefore, an appropriate budget allocation that could act as a catalyst for industrialisation and consequently for enterprise and job creation, and increased tax revenue is necessary.
- 5.7 It stressed the importance of deeper coordination among the relevant departments to ensure that the drivers of industrialisation, such as skills development, and logistics systems, are deployed effectively and support industrial policy.
- 5.8 The Committee encouraged the DTIC to develop and implement both financial and non-financial support to assist local manufacturers and farmers to access domestic and foreign markets to increase local manufacturing, production and use of locally produced goods.
- 5.9 It was of the view that the DTIC's incentives are a significant tool to support job creation. However, it was not convinced that the incentives provided to the automotive sector had yielded sufficient employment creation; given its highly mechanised environment.

- 5.10 The Committee was of the view that support for the film industry could yield significant job opportunities. Therefore, it encouraged the DTIC to consider coordinating support for the industry through an industrial film incentive/strategy to fast-track the development and localisation of this sector, as well as to consider the designation of Special Economic Zones in this regard.
- 5.11 One of the key priorities of the DTIC is to contribute towards “Building a Capable State”, namely to build greater internal capacity, such as insourcing, to ensure that national objectives are achieved through its ability to develop and implement effective strategies.
- 5.12 The high levels of market concentration and its impact on competition and consumer prices remains a major concern for the Committee. It was of the view that competition policy should encourage new entrants to the identified sectors, while enabling companies to achieve economies of scale to ensure that they can compete against larger foreign competitors.
- 5.13 The Committee acknowledged that the country is facing a massive shortage of skills required for rapid economic growth. Therefore, the Committee is of the view that it is imperative that the DTIC engages higher education institutions and other relevant institutions to ensure that they are producing the requisite skills.
- 5.14 The Committee recognised that red tape remains a serious impediment for economic development. Therefore, it implored the DTIC to ensure that burdensome regulatory requirements within the DTIC Group be urgently addressed.
- 5.15 The Committee noted the importance of the creation of new businesses and support for entrepreneurs to create employment opportunities. Therefore, it encouraged the DTIC to consider the explicit inclusion of targets pertaining to new business creation.
- 5.16 Master Plans are an important catalyst for transforming the identified sectors, creating value chains and increasing local employment. However, the Committee urged the DTIC to evaluate the viability of some Master Plans given the financial resources allocated to these.

- 5.17 The Committee acknowledged that there are various tools to support business to be more competitive. It implored the DTIC to effectively use of import tariffs as one such tool, particularly for productive and labour absorbing sector, which are adversely affected by cheap imports, within the limits of bound rate for its import tariffs.
- 5.18 It emphasized that local public procurement is a critical tool for industrialisation. However, it noted that South Africa has not taken full advantage of this tool that is available at its disposal. The Committee welcomed the progress made in developing the Public Procurement Bill [B18-2023] and awaited the assent by the President in this regard, as the legislation would provide the regulatory framework to implement the local procurement policy. It also encouraged the state to comply with the local procurement policy to support local production and hence economic growth and job creation.
- 5.19 The Committee noted the need for the country to develop its manufacturing capacity, particularly the beneficiation of mineral resources, as this would contribute to job creation and economic growth. It encouraged the DTIC to work with other relevant departments to strategically position the country to benefit from its mineral wealth.

6. Acknowledgements

The Committee would like to thank Mr P Tau, the Minister of Trade, Industry and Competition, and Mr A Whitfield and Mr Z Godlimpi, the Deputy Ministers of Trade, Industry and Competition, as well as Ms M Mabitje-Thompson, the Acting Director-General of the DTIC, and her team, for their cooperation and transparency during this process. The Chairperson wishes to thank all Members of the Committee for their active participation during the process of engagement and deliberations and their constructive recommendations reflected in this report. The Committee also wishes to thank its support staff, in particular Mr A Hermans, the Committee Secretary, Ms M Sheldon, the Content Advisor, Ms Z Madalane, the Researcher, and Ms Y Manakaza, the Committee Assistant, for their professional support.

7. Recommendations

The Portfolio Committee on Trade, Industry and Competition, having considered the proposed 2024 Budget Vote 39: Trade, Industry and Competition, recommends that the House adopts Budget Vote 39: Trade, Industry and Competition.

In addition, it recommended that the House requests that the Minister of Trade, Industry and Competition should consider:

- 7.1 Engaging with the relevant Ministries, in conjunction with the private sector and organised labour, to consider a skills development strategy to promote and enhance its current industrialisation drive and report to the National Assembly within six months of the adoption of this report.
- 7.2 Establishing a coordinating structure that includes all relevant government departments and public entities to address blockages to industrialisation, such as transport logistics, high administered prices and energy supply and report to the National Assembly within six months of the adoption of this report.
- 7.3 The viability of designating Special Economic Zones for the film and television industry and report to the National Assembly within six months of the adoption of this report.
- 7.4 Developing specific key performance indicators and/or output targets regarding the creation of new business enterprises.

The Democratic Alliance reserved its position on Budget Vote 39.

The African Christian Democratic Party abstained.

The uMkhonto weSizwe objected to the adoption of the report.

Report to be considered.

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6. REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM FOR BUDGET VOTE NO. 38: TOURISM, DATED 15 JULY 2024.

The Portfolio Committee on Tourism, having considered Budget Vote 38: Tourism, together with the 2024/25 Annual Performance Plan of the Department of Tourism (“the Department”) and the 2024/25 Annual Performance Plan of South African Tourism (SA Tourism) reports as follows:

1. INTRODUCTION

The Portfolio Committee on Tourism (“the Committee”) of the 7th Parliament, began its work by considering the 2024/25 Annual Performance Plans of the Department and South African Tourism. The Committee appreciates the work done by the 6th Parliament and will familiarise itself with peculiarities the tourism portfolio and associated appropriations to Vote 38: Tourism. At a glimpse, the Committee has learnt that the Department and SA Tourism are implementing a number of pro poor projects that includes the Working for Tourism infrastructure projects and various skills training projects.

The Committee has also discovered that 52 percent of the budget appropriated to Vote 38 is transferred to South African Tourism. This is a matter that will be closely monitored by the Committee as the transfers to the Entity constitutes the bulk of the departmental budget.

The Committee as an extension of the National Assembly has considered its mandate and functions as derived from Rule 227 of the National Assembly, Section 57 (2) (a) of the Constitution of the Republic of South Africa (1996) as read with Rule 225 of the National Assembly, and made various recommendations that need the attention of the Minister of Tourism.

2. COMMITTEE PROCESS

The Committee held a meeting with the Department and SA Tourism on 10 July 2024 to consider their 2024/25 Annual Performance Plan. The focus was primarily on the budget appropriated to Vote 38. The Committee then adopted its report on 15 July 2024. However, the sentiment of the Committee is that both institutions still need to come back with detailed briefings on their programmes.

3. DEPARTMENT OF TOURISM

The Department derives its core mandate and responsibilities from the Tourism Act, No. 3 of 2014, which aims to:

- (i) Promote the practice of responsible tourism for the benefit of the Republic and the enjoyment of all its residents and foreign visitors.
- (ii) Provide for the effective domestic and international marketing of South Africa as a tourist destination.
- (iii) Promote quality tourism products and services.
- (iv) Promote growth in and development of the tourism sector; and
- (v) Enhance cooperation and coordination between all spheres of government in developing and managing tourism.

The Department's vision is for South Africa to become a leading sustainable tourism development destination that promotes inclusive economic growth. The Department executes its mandate through the following four key programmes:

- (i) Programme 1: Administration - the purpose of this programme is to provide strategic leadership, management and support services to the Department.
- (ii) Programme 2: Tourism Research, Policy and International Relations - the purpose of this programme is to enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations.
- (iii) Programme 3: Destination Development - the purpose of the programme is to facilitate and coordinate tourism destination development.
- (iv) Programme 4: Tourism Sector Services - the purpose of this programme is to enhance transformation, increase skill levels and support the development of the sector to ensure that South Africa is a competitive tourism destination.

3.1 Policy mandate

The Department derives its mandate from a myriad of government policy prescripts. Chief amongst these is the Constitution of the Republic of South Africa (1996) and the White Paper on the Development and Promotion of Tourism in South Africa of 1996. Other key policies include

the Economic Reconstruction and Recovery Plan (ERRP) which was adopted as a Tourism Masterplan in 2023; National Development Plan (NDP); the National Tourism Sector Strategy (NTSS) and the Medium-Term Strategic Framework (MTSF: 2019-2024). The summary of the policy mandate is as follows:

- (i) Economic Reconstruction and Recovery Plan (ERRP) – sets out a reconstruction and recovery plan for the South African economy that is aimed at stimulating equitable and inclusive growth.
- (ii) White Paper on the Development and Promotion of Tourism in South Africa (1996) – provides the framework and guidelines for tourism development and promotion in South Africa.
- (iii) National Development Plan (NDP) – is the 2030 vision for the country. The NDP recognises tourism as one of the main drivers of employment creation and economic growth and envisages the promotion of South Africa as a major tourist and business events destination.
- (iv) National Tourism Sector Strategy (NTSS) – is a blueprint for the tourism sector and sets bold commitments for the sector. The NTSS advocates for a coherent approach to promoting South Africa as a preferred destination of choice.
- (v) Medium Term Strategic Framework (MTSF: 2019-2024) – is the manifestation of an implementation of the NDP Vision 2030 and the implementation of the electoral mandate of the sixth administration of government. It recognises tourism as a national priority sector that can play a key role in the country’s economic transformation, addressing unemployment challenges and developing a better Africa and world.
- (vi) State of the Nation Address (SoNA) – it is deeply concerning that tourism was not mentioned in the 2024 State of the Nation Address by the President. This undermines the immense potential of the tourism sector to create labour intensive jobs and decrease the rampant unemployment in South Africa.

3.2 Strategic priorities for 2024/25

In line with its vision of complementing the national priorities, the Department identified objectives that will accelerate service delivery in the tourism sector. Outlined below are the strategic outcomes of the Department, as stated in the 2020/21–2024/25 Strategic Plan, which correlate with Government’s Outcomes, as outlined in Table 1.

The Department pursues the following priorities in the 2019 – 2024 government Medium Term Strategic Framework.

Table 1: Strategic priorities for 2024/25

MTSF Priority	MTSF Outcome	NDT Outcome	NDT 2024/25 Focus Areas
Priority 1: Building a capable, ethical, and developmental State	<ul style="list-style-type: none"> Improved governance and accountability. Functional, efficient and integrated government. 	Achieve good corporate and cooperative governance.	Improve governance and accountability systems towards achieving an unqualified audit outcome.
Priority 2: Economic Transformation and Job creation	Re-industrialisation of the economy and emergence of globally competitive sectors.	Increase the tourism sector's contribution to inclusive economic growth.	<ul style="list-style-type: none"> Increase the diversification of the country's product offering. Improve transformation levels in the sector. Increase tourism's contribution to employment creation and the gross domestic product.
Priority 7: A better Africa and world	Growth in the tourism sector resulting in economic growth.	Increase the tourism sector's contribution to inclusive economic growth.	<ul style="list-style-type: none"> In partnership with SA Tourism, implement measures and initiatives to increase the number of international tourist arrivals and domestic travellers.

3.3 Institutional policy reviews

The Department is embarking on a process of legislative, policy and strategy review in the MTEF. The policies and strategies due for review within the medium term are:

- White Paper on the Development and Promotion of Tourism in South Africa, 1996.
- Tourism Act, No. 3 of 2014.
- National Grading System.

The policy review was delayed since the beginning of the 6th Administration. The delay in the review of the White Paper is also delaying the legislative review process. The Committee will impress on the Department to ensure that the policy review process is finalised early in the 7th administration.

3.4 Budget allocation for 2024/25

The Department receives a total budget of R7.5 billion over the medium-term. Transfers to South African Tourism account for an estimated 52 per cent (R3.9 billion) of this amount over this period. Budget allocations are expected to increase at an average annual rate of 2.1 per cent, from R2.5 billion in 2023/24 to R2.6 billion in 2026/27. This includes Cabinet approved reductions of R771.1 million over the MTEF period, of which R441.9 million is transferred to South African Tourism. An additional reduction of R16.6 million in 2024/25 is part of a reprioritisation from the expanded public works programme to cross-subsidise the presidential employment stimulus.

The Department's 2024/25 budget allocation amounts to R2.38 billion, of which R411.9 million is allocated to fund Compensation of Employees. An amount of R471.2 million is budgeted for Goods and Services, R1.42 billion for Transfers and Subsidies and R70.1 million for the payment of Capital Assets.

Table 2: Overall Budget Allocation 2023/24 – 2024/25

Tourism	Budget				Nominal	Real	Nominal	Real
	2023/24	2024/25	2025/26	2026/27	Rand Change	Rand Change	% change	% change
R million	2023/24	2024/25	2025/26	2026/27	2023/24 – 2024/25		2023/24 – 2024/25	
Administration	330.1	359.4	372.4	385.7	29.3	13.2	8.88%	3.99%
Tourism Research, Policy and International Relations	1 378.2	1 335.6	1 397.5	1 462.3	-42.6	-102.6	-3.09%	-7.44%
Destination Development	396.5	367.8	402.0	421.7	-28.7	-45.2	-7.24%	-11.40%
Tourism Sector Support Services	355.7	318.1	330.8	349.2	-37.6	-51.9	-10.57%	-14.59%
TOTAL	2 460.5	2 380.9	2 502.7	2 618.9	-79.6	-186.5	-3.24%	-7.58%

Table 2 indicates that the overall budget allocation to the Department decreases by 7.58 percent in real terms when compared to the budget of R2.46 billion in 2023/24 to R2.38 billion in 2024/25. The main cost driver under this Vote is Programme 2 (*Tourism Research, Policy and International Relations*), which consumes more than half (approximately 56.1%) of the total Vote allocation. This is mainly due to the significant transfer to the Department's Entity, South African Tourism. Significant decreases in allocation can be observed in three programmes, Programme 2 (*Tourism*

Research, Policy, and International Relations) by 7.44 percent, Programme 3 (*Destination Development*) by 11.4%, and Programme 4 (*Tourism Sector Support Services*) by 14.59 percent in real terms. These programmes contain several cost drivers, such as the Working for Tourism sub-programme that is linked to EPWP and infrastructure projects, Tourism Incentive Programme, tourism marketing and tourism transformation initiatives, which are all critical to job creation, tourism development and transformation in the sector.

The cost driver, Working for Tourism under Programme 3 (*Destination Development*) experiences a decrease in allocation from R336.1 million in 2023/24 to R297.7 million in the current financial year. Programme 3 includes activities such as route development projects, destination enhancement initiatives and infrastructure maintenance programmes. These activities are significant as job creators and for destination product development.

The cost driver under Programme 4 (*Tourism Sector Support Service*), which is the Tourism Incentive Programme, experiences a decrease from R242.7 million in 2023/24 to R191.4 million in 2024/25. The activities of all the programmes that experience decreases in allocations can be directly linked to the Department's stated policy priorities over the Medium Term.

3.5 Relevance of the Annual Performance Plan per programme

The Annual Performance Plan (APP) sets out performance indicators and targets or budget programmes and sub-programmes, where relevant, to facilitate the Department in realising its goals and objectives, as set out in the Strategic Plan. The APP covers the upcoming financial year and the MTEF period. The 2024/25 APP specifies actions that will be undertaken by the Department for the country to achieve economic transformation, job creation and a better Africa and world.

This section provides an overview of the APP per programme, with a focus on specific select indicators. In addition to the identification of projects, targets and performance indicators were scrutinized to determine whether they are specific, measurable, achievable, relevant, and time-bound (SMART).

3.5.1 Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management, and support services to the Department. The Programme is allocated R359.4 million in the 2024/25 financial year, which equates to 15.1 percent of the overall departmental budget. Table 3 below reflects the allocation of funds per sub-programme:

Table 3: Programme 1 - Budget Allocation 2023/24 to 2024/25

Administration R million	Budget		Nominal Increase/Decrease in 2024/25	Real Increase/Decrease in 2024/25	Nominal % change in 2024/25	Real % change in 2024/25
	2023/24	2024/25				
Ministry	39.0	34.4	-4.6	-6.1	-11.79%	-15.75%
Management	3.5	2.7	-0.8	-0.9	-22.86%	-26.32%
Corporate Management	184.0	207.2	23.2	13.9	12.61%	7.55%
Financial Management	64.9	74.6	9.7	6.4	14.95%	9.79%
Office Accommodation	38.8	40.6	1.8	0.0	4.64%	-0.06%
TOTAL	330.1	359.4	29.3	13.2	8.9%	3.99%

Source: National Treasury ENE (2024/25)

As depicted in Table 3, the budget allocation to Programme 1 increases by 3.99 percent in real terms from R330.1 million in 2023/24 to R359.4 million in 2024/25. This is the only programme that experiences growth under the Vote. Of this amount, R195.6 million (54.4%) is for Compensation of Employees. Sub-programmes one and two experience a decrease in allocation, in nominal and real terms, from the previous financial year. The allocation for sub-programme two experiences the most significant reduction of 26.32 percent in real terms, from R3.5 million in 2023/24 to R2.7 million in 2024/25. Office accommodation Includes payment of the Head Office Building of Tourism to the Department of Public Works towards the lease agreement.

The major cost driver, Corporate Management, sees a significant increase by 7.55 percent in real terms, upward from R184 million to R207.2 million for the 2024/25 financial year. The allocation for sub-programme 3, Financial Management, is also significantly increased, from R64.9 million to R74.6 million, for the 2024/25 financial year.

The overall number of funded posts in the Department has decreased from 514 in 2023/24 to 504 in 2024/25. For the Administration programme, the number of funded posts increased from 266

in 2023/24 to 278 in 2024/25. This sees the budget allocation for this line item increasing from R178.6 million in 2023/24 to R195.6 million in 2024/25.

3.5.2 Programme 2: Tourism Research, Policy and International Relations

The purpose of this programme is to enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations.

The Programme receives a budget allocation of R1.33 billion for 2024/25, of which R1.24 billion is transferred to South African Tourism (SAT). This represents 93.1 percent of the Programme's budget allocation. The remaining allocation available for this Programme is R92.1 million, of which R60.8 million (66%) is allocated to Compensation of Employees. This leaves the programme with just about R31.3 million for the rest of its projects. Some of the projects under this programme include research partnerships with universities, policy development and evaluation, international relationship management through bilateral agreements and memberships at several fora.

Table 4 below reflects the allocation of funds per sub-programme:

Table 4: Programme 2 Budget Allocation 2024/25

Tourism Research, Policy and International Relations	Budget		Nominal Increase/Decrease in 2024/25	Real Increase/Decrease in 2024/25	Nominal % change in 2024/25	Real % change in 2024/25
	2023/24	2024/25				
R million						
Tourism Research, Policy and International Relations Management	9.6	9.1	-0.5	-0.9	-5.21%	-9.46%
Research and Knowledge Management	35.1	36.3	1.2	-0.4	3.42%	-1.22%
Policy Planning and Strategy	15.3	16.8	1.5	0.7	9.80%	4.87%
South African Tourism	1 289.7	1 243.6	-46.1	-101.9	-3.57%	-7.90%
International Relations and Cooperation	28.5	29.9	1.4	0.1	4.91%	0.20%
TOTAL	1 378.2	1 335.6	-42.6	-102.6	-3.1%	-7.44%

The figures in Table 4 indicate that the budget allocation for Programme 2 decreases by 7.44 percent in real terms from R1.37 billion in 2023/24 to R1.33 billion in 2024/25. The main cost driver under this Programme is the transfer to the Department's entity, South African Tourism (SAT), which has, in real terms, decreased by 7.90 percent. The Entity is mandated to promote the country as both a leisure and business events destination.

Budget allocations, in real terms, for most of the sub-programmes have decreased. The budget allocation for sub-programme 1: Tourism Research, policy and International Relations Management decreases by 9.46 percent in real terms, and sub-programme 3: South African Tourism also experiences a real decrease of 7.90 percent.

These cuts in budget allocations do not align with the Department's policy priorities in this regard. The Committee will therefore follow up with the Department on the reasons for the decrease in allocation for both sub-programmes and the measures in place to ensure that their activities are not compromised.

3.5.3 Programme 3: Destination Development

The purpose of the programme is to facilitate and coordinate tourism destination development. The budget for this Programme is R367.8 million for 2024/25, the bulk of which, i.e. R297.7 million (80.9%), is allocated to the Working for Tourism sub-programme. A total of R237.4 million is allocated to Goods and Services for the programme.

The programme objectives entail the following:

- Implement three destination enhancement and route development projects over the medium term to diversify tourism offerings and enhance the visitor experience in identified priority areas by:
 - implementing the budget resort network and brand concept;
 - managing a pipeline of nationally prioritised greenfield and brownfield tourism investment opportunities;
 - facilitating two investment promotion platforms.
- Support destination enhancement initiatives over the medium term by:
 - implementing infrastructure maintenance programmes in four provincial state-owned attractions (Gauteng, Kwazulu-Natal, North West and the Northern Cape);
 - monitoring the implementation of 18 community-based tourism projects.
- Create 17 988 work opportunities through Working for Tourism projects over the medium term.

Table 5 reflects the allocation of funds per sub-programme:

Destination Development R million	Budget		Nominal Increase/De crease in 2024/25	Real Increase/D ecrease in 2024/25	Nominal % change in 2024/25	Real % change in 2024/25
	2023/24	2024/25				
Destination Development Management	9.9	12.9	3.0	2.4	30.30%	24.45%
Tourism Enhancement	22.0	25.8	3.8	2.6	17.27%	12.01%
Destination Planning and Investment Coordination	28.6	31.4	2.8	1.4	9.79%	4.86%
Working for Tourism	336.1	297.7	-38.4	-51.8	-11.43%	-15.40%
TOTAL	396.5	367.8	-28.7	-45.2	-7.2%	-11.40%

As portrayed in Table 5, the budget allocation for Programme 3 decreases by 11.40 percent, in real terms, from R396.5 million in 2023/24 to R367.8 million in 2024/25. The main cost driver under this programme, at R297.7 million, is the Working for Tourism expanded public works programme. This sub-programme entails various skills development programmes and tourism infrastructure projects. Through these, the Department plans to create 17 988 work opportunities over the medium term. This is an increase of work opportunities, from the previous number of 12 399 in 2023/24. However, the budget allocation for the programme has decreased by 15.40 percent in real terms for the financial year. The Committee will follow up on the reasons for this considerable reduction and measures in place to ensure that both skills and infrastructure programmes, which form a core part of its stated strategic direction over the medium-term, are not negatively affected.

All other sub-programmes experience increases in their budget allocations. Substantial increases can be observed for both sub-programmes 1 (Destination Development Management) and 2 (Tourism Enhancement). Some of the activities under these sub-programmes include destination enhancement initiatives at tourism sites and supporting SANParks sites through infrastructure maintenance programmes. These projects are critical for destination attractiveness, bringing in revenue to destinations and creating employment, and are aligned with the Department's policy priorities in this regard.

3.5.4 Programme 4: Tourism Sector Support Services

This programme aims to enhance transformation, increase skill levels and support the development of the sector to ensure that South Africa is a competitive tourism destination.

The Programme is allocated R318.1 million for the 2024/25 financial year. This includes Compensation of Employees with a budget allocation of R91 million and the Tourism Incentive Programme (TIP) with a budget allocation of R191.4 million. The projects within TIP include tourism market access, tourism grading support, tourism destination development and energy-efficient projects. The TIP consumes 60.1 percent of the total Programme budget whilst the Enterprise Development and Transformation sub-programme consumes 16.7 percent.

The programme objectives entail the following:

- Accelerate transformation in the tourism sector by implementing the green tourism incentive programme over the medium term.
- Stimulate growth in domestic tourism by implementing four domestic tourism awareness programmes over the medium term.
- Encourage inclusive economic growth in the tourism sector by increasing the participation of SMMEs through incubation programmes to provide support to community-based tourism enterprises and business advisory services to the homestay pilot programme over the medium term.
- Encourage resource efficiency and cleaner production by providing compliance and resilience training to 150 SMMEs over the medium term through the business support programme.
- Implement initiatives to support the Department's compliance with the broad-based black economic empowerment scorecard and conduct nine policy advocacy and awareness sessions on the amended tourism broad-based black economic empowerment sector codes over the medium term.
- Enhance visitor service and experience over the medium term by implementing the service excellence standard, focusing on identified improvement initiatives and structured support.
- Facilitate skills development by implementing 15 capacity-building programmes across the sector over the medium term.

As depicted in Table 6, the budget allocation for Programme 4 decreases by 14.59 percent, in real terms, from R355.7 million in 2023/24 to R318.1 million in 2024/25. The Tourism Incentive Programme sub-programme, at R191.4 million, is the main cost driver in this programme. This

programme aims to incentivise priority areas, including providing market access support, tourism grading support, implementation of energy efficiency initiatives and funding of transformation initiatives in the tourism sector towards unlocking capital investment by black tourism entrepreneurs. These initiatives are in line with the Department’s strategic priorities towards economic transformation and job creation, responsible tourism and transformation of the sector. Allocation to this sub-programme decreases substantially by 24.68 percent in real terms.

Table 6: Programme 4 Budget Allocation 2023/4 – 2024/25

Destination Development R million	Budget		Nominal Increase/ Decrease in 2024/25	Real Increase/ Decrease in 2024/25	Nominal % change in 2024/25	Real % change in 2024/25
	2023/24	2024/25				
Tourism Sector Support Services	8.4	11.4	3.0	2.5	35.71%	29.62%
Tourism Human Resources Development	31.4	33.1	1.7	0.2	5.41%	0.68%
Enterprise Development and Transformation	45.6	53.3	7.7	5.3	16.89%	11.64%
Tourism Visitor Services	27.7	28.9	1.2	-0.1	4.33%	-0.35%
Tourism Incentive Programme	242.7	191.4	-51.3	-59.9	-21.14%	-24.68%
TOTAL	355.7	318.1	-37.6	-51.9	-10.6%	-14.59%

Source: National Treasury ENE (2024/25)

Table 6 shows that the budget allocation for Programme 4 decreases by 14.59 percent, in real terms, from R355.7 million in 2023/24 to R318.1 million in 2024/25. The Tourism Incentive Programme sub-programme, at R191.4 million, is the main cost driver in this programme. This programme aims to incentivise priority areas, including providing market access support, tourism grading support, implementation of energy efficiency initiatives and funding of transformation initiatives in the tourism sector towards unlocking capital investment by black tourism entrepreneurs. These initiatives are in line with the Department’s strategic priorities towards economic transformation and job creation, responsible tourism and transformation of the sector. Allocation to this sub-programme decreases substantially by 24.68 percent in real terms.

4. SOUTH AFRICAN TOURISM

The South African Tourism derives its core mandate and responsibilities from the Tourism Act, 2014 (No. 3 of 2014), as follows:

- to market South Africa as a domestic and international tourist destination;
- to market South African tourism products and facilities internationally and domestically;
- to develop and implement a marketing strategy for tourism that promotes the objectives of the Act and the National Tourism Sector Strategy (NTSS);
- to advise the Minister on any other matters relating to tourism marketing; and
- to establish a National Convention Bureau to market South Africa as a business destination by:
 - Co-ordinating bidding for international conventions; and
 - Liaising with other organs of State and suitable bodies to promote South Africa as a Business tourism destination.
- Additionally, in terms of section 44 of the Act, the Minister assigned the implementation and management of the national grading system for tourism to the Board.

The Entity's vision is to position South Africa as an exceptional tourist and business events destination that offers a value-for-money, quality tourist experience that is diverse and unique.

The Entity executes its mandate through the following five key programmes:

- Programme 1: Corporate Support – provides support services to the organisation, as well as ensures compliance with statutory requirements.
- Programme 2: Business Enablement – enhance collaboration with various stakeholders and provide centralised tourism intelligence to support evidence-based decision-making.
- Programme 3: Leisure Tourism Marketing – creates demand through travel acquisition and growing brand equity for South Africa as a leisure and business events destination, in identified markets.
- Programme 4: Business Events – to grow the nation's business events industry.
- Programme 5: Visitor Experience – ensures the delivery of quality-assured tourist/visitor experiences, which are diverse, unique and enriched.

4.1 Policy Mandate

The policy framework that informs the work of the Entity includes the White Paper for the Development and Promotion of Tourism in South Africa, 1996; the National Development Plan (NDP) 2030; the National Tourism Sector Strategy (NTSS); Medium Term Strategic Framework (MTSF: 2019-2024); Tourism Grading Council of South Africa Grading Criteria (2019); and the Tourism Black Economic Empowerment Charter.

4.2 Strategic Priorities for 2024/25

Over the medium term, the Entity will focus on driving business tourism by bidding to host events such as business meetings, conferences and exhibitions in all provinces, including in rural areas and small towns. These efforts are intended to boost tourism in several sectors, such as mining and minerals, manufacturing, agriculture, finance, and wholesale and retail trade, as well as leisure travel. As such, the Entity plans to support bids to host 93 international and regional business events over the medium term and participate in key strategic events through an allocation of R230 million.

Ensuring that visitors enjoy their experience is a key component of the Entity's work. To achieve this, over the MTEF period, the Entity will assess the quality of tourism establishments. Accordingly, the number of graded establishments is expected to increase from 5 462 in 2023/24 to 5 805 in 2026/27 at a projected cost of R87 million in 2024/25.

Spending on Goods and Services accounts for an estimated 82.9 percent (R3.6 billion) of the Entity's expenditure over the medium term, with a significant portion of these funds earmarked for marketing South Africa as a premier tourist and business destination.

The Entity is set to derive 90.3 percent (R3.9 billion) of its revenue over the medium term through transfers from the Department and the remainder through voluntary levies collected from the private sector, income from grading fees, exhibitions and interest from investments.

Table 7: South African Tourism Strategic Priorities for 2024/25

MTSF Priority	MTSF Outcome	NDT Outcome	SAT Outcome
Priority 1: Building a capable, ethical and developmental State	Professional, meritocratic and ethical public administration.	Achieve good corporate and cooperative governance.	Achieve good corporate and cooperative governance.

Priority 2: Economic Transformation and Job creation	Re-industrialisation of the economy and emergence of globally competitive sectors.	Increase the tourism sector's contribution to inclusive economic growth.	Increase the tourism sector's contribution to inclusive economic growth.
Priority 7: A better Africa and world	Growth in the tourism sector resulting in economic growth.	Increase the tourism sector's contribution to inclusive economic growth.	Increase the tourism sector's contribution to inclusive economic growth.

4.3 Budget allocation for 2024/25

The Entity's 2024/25 budget allocation is R1.37 billion, R233.7 million of which is allocated to fund Compensation of Employees and R1.14 billion for Goods and Services.

Table 8: Overall Budget Allocation 2022/23 – 2025/26

SA Tourism R million	Budget				Nominal Rand Change	Real Rand Change	Nominal % change	Real % Change
	2023/24	2024/25	2025/26	2026/27				
Programme	2023/24	2024/25	2025/26	2026/27	2023/24 – 2024/25		2023/24 – 2024/25	
Administration	213.3	201.2	211.3	219.7	-12.1	-21.1	-5.67%	-9.91%
Business Enablement	69.9	66.0	69.3	72.1	-3.9	-6.9	-5.58%	-9.82%
Leisure Tourism Marketing	800.4	795.1	829.1	864.6	-5.3	-41.0	-0.66%	-5.12%
Business Events	243.8	230.0	241.5	251.2	-13.8	-24.1	-5.66%	-9.90%
Visitor Experience	92.5	87.2	91.6	95.3	-5.3	-9.2	-5.73%	-9.96%
TOTAL	1 419.9	1 379.6	1 442.7	1 502.9	-40.4	-102.3	-2.85%	-7.21%

Source: National Treasury ENE (2024)

Overall, as shown in Table 8, the budget allocation to the Entity decreases by 2.85 percent or R40.4 million in nominal terms from R1.41 billion in 2023/24 to R1.37 billion in 2024/25. However, in real terms, it declines by 7.21 percent, which equates to R102.3 million. All the programmes experience a decline in allocation in both nominal and real terms. The Committee will conduct oversight on the measures in place to ensure that activities set for the year will be efficiently achieved with the reduced budget. Marketing initiatives and bidding events are some of the key activities to be affected for both domestic and international markets.

5. OBSERVATIONS

The Committee made the following recommendations regarding Vote 38: Tourism:

5.1 Governance

The Committee, having noted the persistent instability in the tourism portfolio, especially at South African Tourism, is encouraged by the continuity in the executive authority. The Committee applauds that in her brief time within the tourism portfolio in the 6th Parliament, the Minister of Tourism was able to bring stability at South African Tourism and address urgent matters that needed the intervention of the executive authority and the Board. The Committee is pleased about the appointment of the Board in March 2024 and filling of critical executive positions at South African Tourism, including the Chief Executive Officer and the Chief Financial Officer.

The stability at South African Tourism is crucial for the tourism portfolio as 52 percent of the budget allocated to Vote 38 is transferred to this Entity. The Committee notes with critical awareness that South African Tourism is allocated R1 243.6 billion of the R2 380.9 total budget in the tourism Vote for the 2024/25 financial year. The Committee, therefore, regards the financial and non-financial performance of the Entity as crucial in delivering on the total budget allocated to the vote, and fulfilment of the overall departmental mandate. This calls for the Entity to be run with high credence of financial management principles and controls across all its activities. In this regard, the Committee will conduct strategic and critical oversight over the work of the Board and staff of South African Tourism.

5.2 Budget cuts

The Committee noted that the budget allocated to the tourism Vote has been cut from R2 460.5 billion in the 2023/24 financial year to R2 380.9 billion in the 2024/25 financial year. This represents a -3.2 percentage point decrease in the allocated budget. However, the Committee notes that the Department has a budget of R7.5 billion over the medium term, with allocations increasing at an average annual rate of 2.1 per cent, from R2.5 billion in 2023/24 to R2.6 billion in 2026/27. This includes Cabinet approved reductions of R771.1 million over the MTEF period, of which R441.9 million is effected on transfers to South African Tourism.

5.3 Impact of budget cuts

The Committee is concerned that the budget cuts will negatively affect the mandate of the Department in creating job opportunities. For example, a reduction of R16.6 million in the 2024/25 financial year was made in the Expanded Public Works Programme (EPWP) which funds skills and infrastructure projects to cross-subsidise the presidential employment stimulus. The Department implements EPWP programmes through its Working for Tourism Programme aimed at enhancing and developing tourism infrastructure through labour-intensive methods targeted at young people, women, unemployed people, people with disabilities and small, medium and micro enterprises (SMMEs). The budget cuts in the EPWP funding will affect the number of intensive job opportunities created by the Department, and perpetuate imbalances in the previously disadvantaged groups of society such as women and youth.

5.5 Service delivery despite budget cuts

The Committee is pleased that despite the budget cuts, the Department, in partnership with stakeholders in the private sector, plans to implement various youth training programmes that focus on improving the visitor experience. These include training on norms and standards for safe tourism operations, which is expected to benefit 250 SMMEs and 3 000 young people, with the aim of creating an estimated 17 988 work opportunities. The Committee is encouraged that a total of R969.3 million over the medium term, accounting for 12.9 percent of the department's total budget will be allocated to the Working for Tourism Programme. This will allow the Department to continue its service delivery with a shoestring budget allocated to the Vote.

5.6 Vacancy rate

The Committee is fully aware of the pressure put on the national fiscus and the need to reprioritise and reduce the budget in some instances. Consequently, the Committee is concerned about the vacancy rate at the Department. It is noted that the Department applied for fifteen critical posts to be filled. However, only eight (8) were approved by the Department of Public Administration. It is understood that the number of posts cannot be filled given the ceiling imposed by the National Treasury on compensation of employees. The posts not approved are therefore based on affordability of compensation of employees.

The Committee will conduct oversight on how the vacancies at the Department will affect the delivery of programmes and expenditure of budget as set out in the 2024/25 Annual Performance Plan.

5.7 Transformation and growth of the tourism sector

The Committee is reassured by the Department's programmes aimed at growing the sector and advancing transformation. The Committee notes several progressive departmental programmes, which include but are not limited to, the green tourism incentive, the market access support programme, the tourism grading support programme, the Tourism Equity Fund and the Tourism Transformation Fund. These initiatives are intended to support greater destination competitiveness, transformation in the sector, and accelerated tourism and enterprise growth. The Committee will closely monitor the implementation of these programmes which are allocated R596.7 million over the MTEF period.

5.8 Capacity of implementing agents to deliver on developmental programmes

The Department has appointed implementing agents for delivering on critical service delivery programmes. These are the Development Bank of Southern Africa (DBSA) which implements the tourism infrastructure projects and Small Enterprise Finance Agency (SEFA), which implements the Tourism Equity Fund. The Committee notes with concern that the two implementing agents have not delivered on their contractual obligations satisfactorily.

For example, an amount of R1.2 billion was made available for the Tourism Equity Fund and SEFA is charged with disbursing these funds with SEFA. It was noted with concern that the Minister having communicated to SEFA in November 2023 about processing the applications, only two companies had benefited by March 2024. This calls for serious review of contractual obligations with SEFA or total cancellation of the Memorandum of Understanding with the Department.

The Memorandum of Understanding with the DBSA should also be reviewed to ensure that community-based tourism infrastructure projects are implemented economically and efficiently.

The Committee also noted the Tourism Transformation Fund of R560 million and awaits further details of implementation by the Department in its first quarter report of the 2024/25 financial year.

5.9 Allocation of budget to South African Tourism and equity in marketing budget

The Entity is allocated transfers of R1 335.6 billion in the 2024/25 financial year, and R1 397.5 billion and R1 462.3 billion in the 2025/26 and 2026/27 financial years respectively, at a growth rate of 2 percent. As alluded before, this accounts for 52 percent of departmental budget. As such, the Entity is set to derive 90.3 percent (R3.9 billion) of its revenue over the medium term through transfers from the department and the remainder through voluntary levies collected from the private sector, and income from grading fees, exhibitions and interest from investments.

The Committee notes that the transfers from the department account for 90.3 percent of the Entity's budget. This shows a highly skewed contribution to the country's marketing budget between the Department of Tourism and the private sector. The Committee notes that the private sector contributes voluntary levies through the TOMSA Levy and this is disbursed to the Entity through the Tourism Business Council of South Africa. The Committee is of the opinion that the Minister and the Board should engage the private sector to increase the contribution to the country's tourism marketing endeavours.

The Minister may also engage the private sector to consider a policy review of the TOMSA Levy to become compulsory instead of voluntary. This should not be tantamount to a Tourism Tax as the funds may be lost in the national fiscus, but be a compulsory levy collected by the industry. This is of paramount importance in leveraging more marketing funds as the amount allocated to the tourism Vote remains meagre over the MTEF.

5.10 Marketing, Global PR and contracts

The Committee notes that in the Programme 3 of SA Tourism, namely, Leisure Tourism Marketing, the Entity plans to implement the following initiatives, among others:

- Thirty (30) distribution channel initiatives implemented in market (Europe).
- Twelve (12) distribution channel initiatives implemented in market (Americas).

- Sixteen (16) distribution channel initiatives implemented in market (Embassy Support markets).
- Twelve (12) distribution channel initiatives implemented in market (Asia & Australasia).
- Twenty-six (26) distribution channel initiatives implemented in market (Africa).
- Sixteen (16) distribution channel initiatives implemented in market (Domestic).

The Committee wants to know all the contractual obligations and fulfilment of each in these various markets, and this should be one of the standing reporting requirements on quarterly basis. This is important for the Committee as the bulk of the budget is spent by the Entity in this Programme.

The Committee also want to know all contracts and Memoranda of Understanding signed by the Entity to prevent financial maleficence in the Entity. The Committee will call for regular briefings on the performance of all the contracts signed by the Entity.

5.11 Intersectoral alignment and integration

The Committee fully appreciates that tourism is a system that depends on, and reacts to the external environment at a country and international level. It is a sector sensitive to social, political, technological, ecological and several other dependencies. The Department alone, therefore, cannot be able to fulfil its mandate without the support of other government departments. As such, the Committee views the following aspects as critical in the development and growth of the tourism sector in South Africa:

- Collaboration with the private sector in destination marketing and promotion of the country in source markets.
- Enhancing intergovernmental relations with all other departments that can facilitate unblocking of barriers in growing tourism, including improvements in the Visa regime, including Visa waivers for key source markets and fast tracking the implementing of the remote worker visa to capture digital nomad travellers; enhancing the initiatives on tourist safety; and others to facilitate increase in international tourist arrivals.
- Enhancement of the Market Investment Framework to include new markets.
- Engagement of the banks and other Development Finance Institutions in financing emerging previously disadvantaged entrepreneurs.

- Participation of the private sector in driving transformation of the tourism industry in South Africa.
- Enhancing the number of airlines flying to South Africa through developing a sustainable air access strategy for the country.
- Continued and enhanced focus on Villages, Townships and Small Towns (VTSDs) in growing the rural tourism economy.
- Participation of municipalities and the private sector in community-based tourism initiatives and operations of infrastructure projects funded by the Department.

These are just but a few initiatives that the Committee would like the Minister of Tourism and the Board of South African Tourism to focus on. Some of these issues may not be contained in the tabled Annual Performance Plan. The Committee will, however, want to have regular reports on what the Ministry and the Board are doing in facilitating these issues, being fully aware that some of these desired interventions do not necessarily fall within the purview of the Department of Tourism.

6. RECOMMENDATIONS

Having considered the 2024/25 Annual Performance Plans of the Department, and SA Tourism, the Committee recommends to the Minister of Tourism should:

- 6.1 Expedite the process taking the White Paper on the Development and Promotion of Tourism in South Africa through the Cabinet process in order to initiate the process of introducing the Tourism Amendment Act in Parliament.
- 6.2 Ensure that the Department and SA Tourism implement sound financial principles and controls in spending the allocated budget.
- 6.3 Ensure that there is stability, discipline, consequence management, and improved relations at the Department and SA Tourism, and that all critical posts are filled.
- 6.4 Ascertain that when the five-year strategic plans of the Department and SA Tourism for the 7th Parliament are crafted, these are based on the National Development Plan and oversight priorities of the Committee within the constrained budget available.

- 6.5 Despite the budget reductions, ensure that the Department and SA Tourism fulfil their mandate and implement programmes aimed at previously disadvantaged communities.
- 6.6 Engage the Development Bank of Southern Africa on improving the implementation of the Tourism Infrastructure Projects and provide quarterly feedback to the Committee.
- 6.7 Engage the Small Enterprise Finance Agency with the view to improving implementation of the Tourism Equity Fund and provide quarterly feedback to the Committee.
- 6.8 Consider establishing a multi-disciplinary staff (Infrastructure Unit) to oversee the work done by the Development Bank of Southern Africa in the implementation of Tourism Infrastructure Projects, and departmental capacity building for future purposes.
- 6.9 Ensure improvement in the implementation of the Tourism Transformation Fund and provide quarterly feedback to the Committee.
- 6.10 Ascertain that there is improvement in internal audit functions of the Department and SA Tourism, and ensure the achievement of clean audits for both organisations under her executive authority.
- 6.11 Engage the Tourism Business Council of South Africa in increasing TOMSA Levy contributions to South African Tourism for country marketing purposes.
- 6.12 Consider a policy review for the TOMSA Levy to be compulsory instead of the current voluntary regime which will assist in increasing the marketing budget for the country.
- 6.13 Scrutinise all the contracts signed by the Department and SA Tourism to prevent financial maleficence.
- 6.14 Engage other government departments to remove barriers to tourism growth in the country.
- 6.15 Provide feedback on the outcomes and spin offs that accrue from the international engagements undertaken by the Minister and Deputy Minister.
- 6.16 Ensure that the Department and South African Tourism develop clear scorecards that will be used in assessing the effectiveness of the programmes implemented.

- 6.17 Engage the Department of Public Works and Infrastructure in the maintenance of provincial parks, museums and other tourism related assets.
- 6.18 Engage other government departments to ensure that compliant invoices are paid within 30 days to all tourism establishments that provide services to government.
- 6.19 Improve on intergovernmental relations to ensure that provinces and municipalities fulfil their constitutional mandates and report to the Committee on quarterly basis on inroads made in this regard.
- 6.20 Ensure that the Committee is kept abreast of all the new trends and developments in the sector at national and international level, and areas that need policy review across government to assist with oversight and interventions with other government departments.

7. CONCLUSION

The Committee acknowledges that the Department is tabling its 2024/25 Annual Performance Plan with only eight (8) months of the fiscal year remaining. This is also the final year of the implementation of the five-year strategic plans developed by the Department and SA Tourism in the 6th Parliament. In this regard, the Committee has scrutinised the 2024/25 Annual Performance Plans of the Department and SA Tourism together with the associated budget, and is pleased to adopt the plans and budget as tabled. However, the Minister and the Board are encouraged to carefully consider the recommendations made by the Committee in this budget report.

The Committee is looking forward to the new five-year strategic plans that will be developed by both the Department and the SA Tourism in the 7th Parliament. The Committee will ensure that the Department and SA Tourism develop plans and programmes that will ensure the fulfilment of the country's tourism mandate.

Report to be considered.