Tuesday, 23 June 2026]

No 109—2026] THIRD SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 23 JUNE 2026

TABLE OF CONTENTS

COMMITTEE REPORTS

National Assembly and National Council of Provinces

National Assembly

National Council of Provinces

ANNOUNCEMENTS

National Assembly

The Speaker

1. Correction from the Deputy Minister of Finance to information provided during Debate on Vote 8: National Treasury on 22 May 2026

(1) A letter, dated 1 June 2026, has been received from the Deputy Minister of Finance, informing members of the National Assembly of a correction to information provided on the amount recovered by the PIC during the Debate on Budget Vote 8 – National Treasury on 22 May 2026.

DEPUTY MINISTER OF FINANCE
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MINI-PLENARY - DEBATE ON VOTE 8: NATIONAL TREASURY, 22 MAY 2026.

Dear Hournorable Speaker, Thoko Didiza

During the parliamentary debate on Vote 8, Budget Vote on National Treasury on the 22 May 2026, I said the PIC recovered R19 billion. I meant to say that since PIC's debtor's recovery book totals R19.3 billion, with R10 billion having been fully recovered. The PIC is still undergoing the necessary legal processes to recover the remaining R9.3 billion.

I hereby kindly request this correction to be processed in relevant parliamentary processes for information and noting.

Yours Sincerely,

Hon. Dr. D. Masondo, MP
Deputy Minister of Finance
01/06/2026

2. Membership of Committees

(1) The following committee membership changes have been made by the Other Parties:

(a) **Build One South Africa**

(i) ***Impeachment Committee for Section 89 Enquiry***

Appointed: Hlazo-Webster, Mrs NL [Alternate]

3. Referral to Committees of papers tabled

(1) The following paper is referred to the **Joint Standing Committee on Financial Management of Parliament** for consideration:

(a) Monthly Financial Statements of Parliament – May 2026, tabled in terms of section 54(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009).

(2) The following paper is referred to the **Portfolio Committee on Correctional Services**:

(a) Memorandum of Agreement (MoA) between the Government of the Republic of South Africa and the Government of the Republic of Botswana on Cooperation in the Field of Correctional and Prison Services, tabled in terms of section 231(3) of the Constitution of the Republic of South Africa, 1996.

National Council of Provinces

The Chairperson

1. Bills passed by Assembly and transmitted to Council for concurrence

(1) Bill passed by National Assembly and transmitted for concurrence on 23 June 2026:

(a) **Appropriation Bill** [B4–2026] (National Assembly – sec 77).

The Bill has been referred to the **Select Committee on Appropriations** of the National Council of Provinces.

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Finance

(a) Report on contingent liability exposure of government for the quarter ended 31 March 2026.

National Assembly

1. The Speaker

(a) Petition from Mr Kusile Majali, on behalf of concerned community members, calling on the National Assembly to investigate the Verena Bulk Water Project construction site, Mpumalanga province. (K Majali)

Referred to the **Executive Undertakings and Petitions Committee** for consideration and report.

(b) Petition from Louise Wium on, behalf of residents of Hobhouse and Dipelaneng, Thabo Mofutsanyana District Municipality, calling on the National Assembly to investigate their municipality's persistent failure to provide water. (L Wium)

Referred to the **Executive Undertakings and Petitions Committee** for consideration and report.

COMMITTEE REPORTS

National Assembly and National Council of Provinces

1. REPORT OF THE JOINT STANDING COMMITTEE ON DEFENCE ON THE PRESIDENTIAL LETTERS OF DEPLOYMENT OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE IN SUPPORT OF VARIOUS INTERNATIONAL OBLIGATIONS, DATED 23 JUNE 2026

1. INTRODUCTION

In terms of Joint Rule 156(1) of Parliament's Joint Rules (7th Edition), the Joint Standing Committee on Defence (JSCD) shall report to both Houses on the employment of the South African National Defence Force (SANDF) by the President of the Republic in fulfilment of an international obligation, in defence of the Republic or in cooperation with the South African Police Service (SAPS).

2. LETTER FOR CONSIDERATION

On 18 June 2026, three letters of employment were referred to the JSCD as follows:

2.1 Extension of employment to facilitate the SANDF withdrawal from SAMIDRC

A letter from the President, dated 12 June 2026, were submitted to the Speaker of the National Assembly and the Chairperson of the NCOP and tabled in Parliament on 17 June 2026. The letter complies with the requirements of Section 201(3) of the Constitution (Act 109 of 1996) as well as Section 18(2)(e) of the Defence Act (No 42 of 2002) by informing Parliament of the following:

a. The deployment of the SANDF is in support of an international obligation.
b. The deployment comprises 25 members of the SANDF.
c. The deployment is aimed at ensuring the withdrawal of remaining personnel, equipment, vehicles and ammunition that formed part of the Southern African Development Community (SADC) Mission to the DRC (SAMIDRC) from the Republic of Tanzania to South Africa.

d. The duration of the deployment is from 16 December 2025 to 30 June 2026.
e. The expected expenditure of the deployment is R37.74 million.

2.2 Extension of employment under Operation Copper

A letter from the President, dated 11 June 2026, were submitted to the Speaker of the National Assembly and the Chairperson of the NCOP and tabled in Parliament on 17 June 2026. The letter complies with the requirements of Section 201(3) of the Constitution (Act 109 of 1996) as well as Section 18(2)(e) of the Defence Act (No 42 of 2002) by informing Parliament of the following:

a. The deployment of the SANDF is in support of an international obligation.
b. The deployment comprises 200 members of the SANDF.
c. The deployment is in support of the SADC Maritime Security Strategy for combined maritime patrols in the territory of the Republic of Mozambique.
d. The duration of the deployment is from 1 April 2026 to 31 March 2027.
e. The expected expenditure of the deployment is R34 million.

2.3 Employment under Operation Climate Change (completed)

A letter from the President, dated 12 June 2026, were submitted to the Speaker of the National Assembly and the Chairperson of the NCOP and tabled in Parliament on 17 June 2026. The letter complies with the requirements of Section 201(3) of the Constitution (Act 109 of 1996) as well as Section 18(2)(e) of the Defence Act (No 42 of 2002) by informing Parliament of the following:

a. The deployment of the SANDF is in support of an international obligation.
b. The deployment comprises 100 members of the SANDF.
c. The deployment is in support of Operation Climate Change to provide humanitarian assistance through disaster relief support to the Republic of Mozambique.
d. The duration of the deployment was from 18 January 2026 to 18 March 2026.
e. The expected expenditure of the deployment is R39.3 million.

3. CONSIDERATION OF DEPLOYMENT LETTERS

Parliament's JSCD considered the relevant letters during its meeting of 23 June 2026. The Committee also received a high-level briefing on the three deployments during the same meeting. During engagements on 23 June 2026, the Committee made the following comments regarding the deployments:

- The Committee noted the deployments.
- The Committee noted that the letters from the President were tabled in Parliament on 17 June 2026 which is well after the Operation Copper and Operation Thiba extensions took effect and well after the conclusion of Operation Climate Change. The Committee noted the need for this matter to be raised with the Presiding Officers through the co-Chairpersons to prevent a recurrence in future.
- The Committee noted the need for a more detailed briefing on Operation Copper, including deployment plans and outcomes from the previous Operation Copper deployments.
- The Committee noted observations by the Department that the Extension of Operation Thiba is unlikely to be completed by 30 June 2026.

4. RECOMMENDATIONS

In compliance with Joint Rule 156(1) and after having considered the details of the SANDF deployment according to the three Presidential letters dated 11 and 12 June 2026 respectively, the Committee notes the deployment and does not recommend the Houses of Parliament consider the amendment, substitution or termination of the deployment. The Committee further recommends that the Presiding Officers engage the President on the matter of the late submission of employment letters to prevent a recurrence in future and provide feedback to the Committee on the matter.

Report to be noted.

National Assembly

1. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON ITS OVERSIGHT VISIT TO THE GAUTENG PROVINCE FROM 27 TO 30 APRIL 2026, DATED, 23 JUNE 2026

The Standing Committee on Appropriations, having undertaken an oversight visit to the Gauteng Province from 27 to 30 April 2026, reports as follows:

1. Introduction

The Standing Committee on Appropriations (hereinafter referred to as "the Committee") is established in terms of section 4(3) of the Money Bills Amendment Procedure and Related Matters Act, No.9 of 2009. The Act requires the Committee to consider and report on:

- Spending issues;
- Amendments to the Division of Revenue Bill, the Appropriation Bill, Supplementary Appropriation Bill and the Adjusted Appropriation Bill;
- Recommendations of the Financial and Fiscal Commission (FFC), including those referred to in the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);
- Reports on actual expenditure published by the National Treasury (section 32 reports); and
- Any other related matters.

The Committee undertook an oversight visit to the Gauteng Province from the 27 to 30 April 2026 to visit the National Treasury, South African Revenue Service (SARS), the South African Reserve Bank (SARB) and Statistics South Africa (STATS SA) to engage and deliberate with the executive leadership on these institutions on various issues within the mandates of these institutions, the overall constitutional mandate of Parliament, global geopolitical issues affecting South Africa, as well as other internal and external issues that are impacting the daily lives of South Africans.

This oversight visit was conducted in terms of Parliament's constitutional oversight responsibilities under sections 55(2) and 92 of the Constitution of the Republic of South Africa, 1996, which require the National Assembly to maintain oversight over the exercise of national executive authority and to ensure accountability of organs of state. Furthermore, the Committee undertook this oversight visit in line with the provisions of the Money Bills Amendment Procedure and Related Matters Act (as amended), in that the National Treasury, SARS and Stats SA all receive allocations from Parliament through recommendation made by the Committee in its reports to any proposed money Bills effecting these institutions. Therefore, the National Treasury, SARS and Stats SA fall within the oversight mandate of the Committee when exercising their legislative mandates, functions and responsibilities.

As for the South African Reserve Bank (SARB), the Committee decided to undertake an oversight visit fully aware that given the constitutional mandate of the SARB and the legislative mandate of the Committee, the oversight responsibility on the SARB does not fall within the exclusive mandate of this Committee, but the Standing Committee on Finance. However, given the overlapping nature of the work of these two Committees and the overall implications of the SARB decisions on the work of this Committee, the Committee felt it was necessary to engage with the Governor of the SARB, Deputy Governors and Executive Leadership of the SARB on various issues of mutual interests.

The Committee therefore approached the oversight visit with four broad objections:

a) Firstly, the Committee wanted to engage the Governor, Deputy Governors and Executive Leadership of the SARB on vital work of the SARB especially in the current times of unprecedented uncertainty brought by geopolitical tensions, particularly in the Middle East, the potential implication (both financial and non-financial) of the recently adopted Inflation Target Regime (3% target with a 1% tolerance band) and the proposed cessation of the Prime Lending Rate Policy, while also enhancing the Committee's understanding of the broader relationship between both the fiscal and monitory policies.

b) Secondly, the Committee wanted to engage with the Minister of Finance and Executive Leadership of the National Treasury to gain a deeper understanding on the proposed review of the entire government budget process, the repositioning of the budget as a strategic policy making tool through targeted and responsible savings, proposed grant reforms to improve service delivery, improving infrastructure delivery and financing through the Budget Facility for Infrastructure (BFI) and overall government strategy in strengthening fiscal literacy.

c) Thirdly, the Committee wanted to engage with the Stats SA Statistician General and the Executive Leadership of StatsSA on budget related challenges, operational capacity, survey production and publication, outstanding statistical outputs, and the implications for national planning, private sector investment, and the equitable share of nationally raised revenue. These discussions were broadly aligned to the overall mandate of Stats SA to produce official statistics that inform policymaking, economic management, and public accountability.

d) Fourthly, the Committee jointly with the Standing Committee on Finance wanted to have an engagement with the outgoing SARS Commissioner, the Designate Commissioner and the Executive Leadership of SARS. The focus of the oversight with SARS was centered around the issues of revenue collection, compliance enforcement, digital transformation of SARS, the illicit economy, and related matters of mutual interest.

It is within these four broad objectives that the Committee decided to undertake an oversight visit to the Gauteng Province from 27 to 30 April 2026. Therefore, this report reflects the briefings received from the National Treasury, SARS, SARB and Stats SA, issues raised by Members of the Committee and the overall Committee findings and observations and recommendation arising from these engagements.

2. Delegation

1. The Parliamentary delegation was as follows:

Dr M Maimane (BOSA)(Chairperson), Ms NA Gcaleka-Mazibuko (ANC), Ms O M Seate (ANC), Mr M Segede (ANC), Ms D R Ntuli (ANC), Mr KH Wakelin (DA), Mr A Bateman (DA), Mr M Mwali (MKP), Mr T Gamede (MKP), Ms C Mkhonto (EFF) and Mr NLS Kwankwa (UDM). The delegation was accompanied by the following Parliamentary officials:

Mr AM Maubane (Committee Secretary), Mr D Woodington (Committee Secretary), Mr S Magagula (Content Advisor); Ms N Magazi (Researcher); Mr A Mars (Parliamentary Protection Services); Mr S Titus (Parliamentary Protection Services) and Ms N Chaso (Committee Assistant.

The Committee met with the following institutions at various sites and had on-site engagements during the oversight visit:

2. **Statistics South Africa**

Mr Risenga Maluleka (Statistician General), Mr Ntumisheng Mokgojane (Chief Financial Officer), Ms Nthabiseng Makgathatha (Deputy Director-General), Mr Solly Mokgo (Acting Deputy Director-General: Population and Social Statistics), Mr Joe de Beer (Deputy Director-General), Ms Cecilia de Klerk (Chief Director: Strategy), Mr Semakaleng Thulwe (Deputy Director-General: Office of the Statistician General), Ms Nthabiseng Makhhatha (Deputy Director-General), Mr Jacob Shai (Acting Director General, Municipal Finance), Mr Ashwell Jenneker (Acting Deputy Director-General), Ms Shadou Piorkowski (Deputy Director-General) and Ms Neo Mashamba (Methodology & Statistics Support Services in Office of the DDG).

3. **National Treasury**

Mr Enoch Godongwana **(**Minister of Finance**),** Dr Duncan Pieterse (Director Genera), Ms Urike Britton (Deputy Director-General: Public Finance)**,** Ms Nqcobisa Magazi (Acting Chief Director: Economic Services); Dr Viwe Subudula (Director: Public Finance), Dr Mashudu Bhidza (Acting Chief Director: Public Finance), Dr Rendani Randela (Chief Director: Public Finance), Mr George Tembo (Director: Public Finance), Ms Kero Mooketsi (Deputy Director), Mr B Deka (Economic Analyst) and Ms Cindy August (Parliamentary Liaison Officer).

4. South African Reserve Bank

Mr Lesetja Kganyago (Governor of the South African Reserve Bank), Mr Bafundi Maronothi (Senior Manager: Financial Markets), Mr Khotso Mabetwa (Chief Operations Officer), Ms Yalanda Vatsha (Executive Manager), Mr Mohale Nkuna (Executive Assistant to the Chief

Operations Officer), Jeffery Rakgatlhane (Acting Head of Forecasting: Economic Research), Dr Nkhetheni Nesengani (Lead Economist: Research), Ms Thoraya Pandi (Head of Division: Communications) and Mr Theo Janse van Rensburg (Acting Head: Economic Research).

5. **South African Revenue Services**

Dr E Kieswetter (Commissioner), Dr J Makhub (Deputy Commissioner), Ms V Nthlabyane (Head of Customs for Land and Modality), Mr C da Silva-Ne (Business Area Head Area for Stakeholder Liaison), Mr S Mokoena (Communications Officer), Ms N Miteba (Communication Officer), Mr D Mdoda (Operations Officer), Ms J Padiachy (Chief of Staff), Mr F Tomser (Head of Legislative Policy), Ms t Burger (Customs Officer), Ms V Haing (Manager), Ms A Bangani (Daa Analyst), Ms M du Toit (Business Area Head for Planning, Performance & Productivity), Ms S Nkuna (Operational Specialist), Ms M Shabalala (Operations Specialist), Mr K Mkhize (Customs and Excise Junior Officer), Mr N Motsieloa (Customs Officer), Mr M Gcwabaza (Business Area Head), Dr S Chetty (Enablement Officer in the Office of the Deputy Commissioner), Mr M Mapaila (Senior Manager in the Contact Centre: Bridge) Mr T Letsoalo (Operations Manager in the Customs Division), Mr J Mantsoe (Manager), Mr D van Tonder (Head of Administration), Ms B de Villiers (Manage in the Commissioner`s Office), Mr A Assur (Administrator for the National Security Systems) and Mr M Setshedi (Manager in the Customs & Excise Division).

2. Background and objectives of the oversight visit

2.1. Statistics South Africa (Stats SA)

Statistics South Africa’s primary mandate is to produce statistics that inform policy development, economic management and public accountability. This mandate is two-pronged. Firstly, it emphasises the production of timely, credible official statistics to inform policy and markets, while also maintaining statistical infrastructure required for intergovernmental fiscal allocation and national planning. The organisation’s outputs are foundational to the work of government, especially government institutions like National Treasury of South Africa and the Department of Planning, Monitoring and Evaluation (DPME). The production of credible, timely and complete statistical data directly affects fiscal policy, development planning, and investor confidence.

The Committee has had interactions with numerous stakeholders in the execution of its oversight mandate, and in the process of processing legislation. The overriding concern by various stakeholders like the South African Local Government Association (SALGA) was the inaccuracy and quality of the data produced by Statistics SA. SALGA has always raised its concerns on the inability of Stats SA to produce timeous, credible and reliable census data to accurately inform the distribution of nationally raised revenue through the Equitable Share Formula. However, in addressing most of these concerns, Stats SA consistently highlights the issue of inadequate resource allocation as a key barrier on its ability to produce the required statistical data timeously.

In the 2026 Medium Term Expenditure Framework (MTEF) for instance, STATS SA receives a proposed allocation of R9.3 billion as expenditure, increasing at an annual average of 3.9 per cent from R2.9 billion in the 2025/26 financial year to R3.2 billion in 2028/29. This is driven by additional funding of R208.4 million over the next three years, mainly for the procurement of IT infrastructure and to finance a shortfall in the department's operational expenditure. Based on the above, the Committee notes that there is a decline in the funding of the entity in real terms, thereby constraining entity’s ability to sustain its core statistical programmes. Furthermore, the Committee notes that the entity relies on ad hoc funding which has negative implications for its planning, design and continuity. The entity is also faced with the challenge of high vacancy rate Quite critical of these notable possible limitations faced by the entity is the high vacancy rate in specialised skills like statisticians, data scientists and survey methodologists).

2.1.1. Key objectives of the oversight visit to Stats SA

The Committee notes that the operational challenges faced by Stats SA are structural rather than episodic. Given the importance of the production of reliable, credible and timeous release of official government statistics for various purposes, as stated above, and the financial challenges faced by Stats SA and negative effect on scheduled releases of some statistical data and publication, the Committee undertook an oversight visit to the entity to achieve the following specific objectives:

a) To engage with the Executive Leadership on the potential impact of the inadequacy of the budget allocations, and the risks it poses because of a reduction in survey frequency, smaller sample sizes, and compromised data quality.
b) To engage with the Executive Leadership on the possibility of discontinuation of some statistical surveys and statistical publications due to the decline in funding allocations.
c) To engage the Executive Leadership on the implications that using outdated data in the equitable share formulas potentially have, particularly on misalignment between resource allocation and service demand. Furthermore, to gain a deeper understanding of how significant the fiscal misallocation risk under current data constraints is.
d) To engage the Executive Leadership on potential funding and capacity interventions by Parliament, that are required to stabilise Stats SA's publication pipeline.

2.2. National Treasury

The fundamental role of the Committee in its oversight includes oversight on the departments and entities comprises by ensuring that there is efficiency in spending and value for money in the allocations. The National Treasury has a mandate to manage the country`s public finances, to ensure that there is sound fiscal policy and to promote economic development. It takes a leading role in preparing the budget, under the guidance of the Minister of Finance, supported by various established statutory bodies, established to allow transparency in the budget process across the three spheres of government and civil society. Furthermore, the Minister of Finance and the National Treasury are key stakeholders in enabling the Committee to fulfil its legislative mandate in line with the provisions of the Money Bills and Related Matters Act. Therefore, the Committee undertook an oversight visit to the National Treasury to achieve the following specific objectives:

a) To engage with the Minister of Finance and the Executive Leadership on the status of the budget review process which is proposed by the National Treasury.
b) To gain a deeper understanding on how National Treasury is repositioning the budget as a strategic policy making tool through the Targeted and Responsible Savings (TARS), as well as other envisaged reforms.
c) To gain a deeper understanding of the current process and rationale of conditional grant reforms and its overall implications on service delivery, including the recently proposed incentive grants to metropolitan municipalities.

d) To gain a deeper understanding on how government plans to improve infrastructure delivery and financing through the Budget Facility for Infrastructure (BFI).
e) To engage the Minister of Finance on how National Treasury plans to strengthen fiscal literacy, given that some sectors of the South African Society constantly complain to Parliament about being excluded from government budget process, as championed by the National Treasury.

2.3. South African Reserve Bank

The Committee is fully aware of the Constitutional Mandate of the South African Reserve Bank, mandating the SARB to protect the value of the currency in the interest of balanced and sustainable economic growth, while also carrying statutory responsibilities for financial stability, prudential supervision and oversight of the National Payment System. The Committee decided to undertake this oversight visit to the SARB, fully aware that given the constitutional mandate of the SARB and the legislative mandate of the Committee, the oversight responsibility on the SARB does not fall within the exclusive mandate of this Committee, but the Standing Committee on Finance. However, given the overlapping nature of the work of these two Committees and the overall implication of the SARB decisions on the work of this Committee, the Committee felt it was necessary to engage with the Governor of the SARB, Deputy Governors and Executive Leadership of the SARB on various issues of mutual interests.

This oversight visit took place at a critical juncture in both the domestic and global economic environment. South Africa continues to face structural challenges characterised by low economic growth, high unemployment and high levels of inequality, fiscal constraints, infrastructure backlogs, and elevated public debt. At the same time, global conditions remain volatile, shaped by geopolitical tensions, trade disruptions, inflationary pressures in advanced economies, financial market uncertainty, climate-related risks, and rapid technological transformation in financial services.

The Committee acknowledges that the SARB is an independent constitutional body that does not receive allocations through the traditional appropriation processes of Parliament, recommended through adopted reports of this Committee. However, the SARB's monetary policy decisions and reforms affect fiscal and macro-economic policy variables (i.e., investment, household borrowing and lending decisions, consumption, employment, inequality, and unemployment), and long-term development. Key amongst these decisions include the decision by the Minister of Finance in consultation with the Governor of the South African Reserve Bank to lower the inflation target from the 3-6 band to 3 per cent, with a tolerance band of 1 percentage point. Furthermore, this includes the proposed cessation of the Prime Lending Rate, including navigating an increasingly uncertain global environment characterised by upside inflationary risks and significant domestic exchange rate vulnerability triggered by the ongoing conflict in the Middle East.

2.3.1. Key objectives of the oversight visit to SARB

In light of the above summary, the Committee decided to visit the SARB, to engage with the leadership of the SARB and achieve the following specific objectives:

a) Strengthen the Committee's understanding of the vital work of the SARB, especially in the current times of unprecedented uncertainty.
b) To reflect on vital issues such as the recently adopted Inflation Target Regime (3% target with a 1% tolerance band) and the proposed cessation of the Prime Lending Rate Policy, including its overall implications other important economic variables affecting South Africans in their daily lives.
c) To enhance the Committee's understanding of the relationship between monetary policy and fiscal policy, including the scope for consultation between the Minister of Finance and the Governor of the SARB.
d) To engage in all the steps taken by the SARB's management of all the potential emerging risks amid the Middle East conflict, especially in respect of its impact on the SARB's monetary policy stance.
e) To deliberate the circumstances around the use of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA).
f) To obtain a deeper understanding on the extent to which the regulatory and monetary framework contributes to inclusive growth, consumer protection, market efficiency and long-term financial sector transformation, given the history of South Africa.
g) Furthermore, the Committee wanted to have a view and some understanding of the SARB's initiatives related to cross-border financial surveillance and illicit financial flows, including the SARB's approach to exchange control administration, risk

detection capabilities, and regulatory developments in relation to new channels of cross-border flows.

2.4.South African Revenue Services

The Committee undertook the oversight visit to South African Revenue Service (SARS) jointly with the Standing Committee on Finance (SCOF). The focus of the oversight was on SARS' revenue collection capabilities, compliance enforcement, digital transformation of SARS, the illicit economy, and other relevant matters to the entity. The Committees have a constitutional and parliamentary oversight responsibility to seek to better understand the issues faced by the revenue authority as one of the entities that report to Parliament. The Committee has consistently emphasised on the importance of protecting the revenue base, strengthening compliance and addressing the systemic risks posed by illicit financial flows, cross-border economic crime, base erosion and profit shifting, and related forms of tax abuse and trade-related non-compliance. In supporting SARS, the Committee has always been fully aligned with the modernisation of SARS as its strategic priority to improve its operations and align with governmental and other societal goals, as far as revenue collection is concerned. In the 2025 Budget, the Committee supported the allocation of an additional R3 billion over the MTEF for SARS modernisation. This investment aimed at facilitating digital upgrades, automation, and improvements in taxpayer services and compliance efforts.

2.4.1. Key objectives of the oversight visit to SARS

In light of the above summary, the Committee decided to visit the SARS, to engage with the leadership of the SARS and achieve the following specific objectives:

a) To engage the Executive Leadership of SARS and gain a deeper understanding of the work of SARS, capacity constraints and future funding requirements for the entity;
b) To reflect on the background and role played by SARS is ensuring the removal of South Africa from grey listing by the Financial Action Task Force (FATF);
c) To engage the leadership of SARS on the status of its ICT infrastructure, and future financial requirements.
d) To engage the Executive Leadership of SARS on steps taken by the entity combat illicit financial flow, its extent and impact on the South African economy.

4. Engagements with the visited institutions

The Committee had separate engagements with Stats SA, National Treasury, SARB and SARS, to deliberate on each of stated oversight specific objectives per institution. Each engagement with these institutions was followed by an in loco inspection, except for the National Treasury. National Treasury employees are still working from home while the Department is finalising its relocation to a new office space. However, the meeting with the National Treasury was held at No 40 Church Square building that particularly host office of the Ministry and the Executive Management of the Department. This section focuses on the engagements with these various institutions.

4.1. Engagement with Statistics South Africa

Statistics South Africa briefed the Committee on the following matters during the engagements on 28 April 2026 at the boardroom of the National Treasury:

- Strategic overview of Stats SA
- Stats SA products and methodology.
- Stats SA measures to strengthen capacity, performance and reputation.
- Stats SA Funding Requirements.
- Other matters.

4.1.1. Presentation by Stats SA

Linking Policy and Strategy

Stats SA took the Committee through its strategic overview which covered its vision and mission and how its operations create a link between statistics and policy. In doing so, it demonstrated to the Committee, an approach to its operations by using the Integrated Indicator Framework. This framework reflected how the institution managed to create a link between policy and statistics, while drawing from local, international and regional strategic documents. At a local level, Stats SA highlighted that its Integrated Indicator Framework is primarily drawn from the National Development Plan (NDP) (2030), whilst also drawing this from Medium Term Development Plan (MTDP), Provincial Growths Development Plans (PGDP), District Development Model (DDM), Circular 88 and Integrated Development Plans (IDPs)

At an international level, Stats SA indicated to the Committee that it aligns its work with the Sustainable Development Goals (SDGs), African Agenda 2056, the SADC Region and South African BRICS partners.

The Committee was briefed on Stats SA key statistical publications that cover four themes, to be released in the 2026/27 financial year, comprising of 299 publications. These themes are people, and it covers information on population growth; life expectancy; education; health etc. The second theme relates to the living conditions, and it covers poverty; service delivery; food security and crime as examples. The third theme is economy, and it contains information on economic growth; employment; cost of living, industry statistics and private and government sector financing. The last theme is the environment, and it contains information on water accounts; river accounts; land accounts protected areas accounts; species accounts; metropolitan accounts and biodiversity tourism. Furthermore, the Committee was appraised about the data collection methodologies that include household surveys; business surveys and administrative records.

On performance information, Stats SA highlighted that in the 2025/26 performance, it achieved 399 targets, which translate into 96 per cent. Only 4 per cent (15 targets) of its targets were not achieved for the year under review.

Measures to strengthen capacity, performance and reputation

Given the performance information for the 2025/26 financial year, Stats SA briefed the Committee on measures it has put in place to boost performance. Its new strategy for improving performance includes the modernisation of the statistics value chain. In this respect, the entity has plans to re-engineer the Household Survey Programme. The other measure to improve performance involves investing in emerging technologies through the introduction of a digital

Business Transformation Strategy. In addition, Stats SA intends to increase the use of alternative data sources that involve the scanner data for Consumer Price Index (CPI).

Regarding the need to restore public trust and public confidence on the institution, Stats SA indicated that it has started a programme to ensure its credibility by initiating advocacy and outreach programmes for community engagement; started media releases for key products such as the information on the Gross Domestic Products (GDP); dissemination of key products by using official websites and social media.

Legislative reform and the security breach of 2026

Stats SA took the Committee through its proposed amendment of the Statistics Act (No. 6 of 1999). This amendment deals with the substitution of certain conditions and the insertion of new definitions and amending the provisions dealing with powers and duties of the Statistician-General. It further indicated that it has already started with the development of regulations and about 20 Memorandum of Understanding as part of the preparation processes to amend the Act.

Regarding the security breach that occurred in March 2026, the institution explained to the Committee that there is a response plan in place to mitigate the recurrence of the breach. Furthermore, the Information Regulator was engaged in the incident and there has not been any breach since then, even after ransom demands, which were not honoured by Stats SA.

Vacancy rate and funding requirements

As at the end of March 2026, Stats SA reported that it has a vacancy rate of 23 per cent on the establishment, 760 vacancies. Furthermore, Stats SA indicated that it has a funding shortfall of R2.2 billion for the 2026 MTEF. This funding is required for protecting and improving the quality of economic statistics; improving and protecting the quality of population and social statistics and for investment in technology and human resources.

Strategic risks and priorities for the 2026/27 financial year

Stats SA indicated that it faces the following risks for the 2026/27 financial year:

- High demand that in respect of the intercensal population survey and agricultural survey. However, it indicated that it has put in place measures to mitigate the risk and this includes the development of the National Strategy for Developmental Statistics to determine data gap and to invest in strategic partnership.
- As a result of the high demand of the need for the surveys indicated above, there is an increasing risk in the quality and periodicity of surveys. In this case, the institution had prioritised national indicators and introduced continuous population surveys and alternative research data sources.
- Disruption of the Business Operating Model by internal and external factors, and environmental factors which contribute to the inability to implement the International Standard Industrial Classification of All Economic Activities (ISIC). However, the entity explained that it had resorted to modernise the Statistical Value Chain Research using emerging methodologies and technologies as a mitigatory factor.
- Inadequate Resources in the form of Centre of Excellence (CoE) baseline funding for ICT infrastructure. The entity has in the meantime reprioritised and reviewed organisational structure to explore alternative funding resources and to fast track the filling of funded vacancies.

The following are the strategic priorities for Stats SA for 2026:

- Rolling out amendments to the Statistics Act No.29 of 2024.
- Sustain the quality of national indicators.
- Modernisation and innovations of the survey operations.
- Driving digital transformation and change agenda.
- Investment in skills for the future.

4.1.2. Discussions, comments and questions and in loco inspections

After the presentations were concluded, the Committee had engagements with Executive Leaderships of Stats SA, followed by in loco inspection of the Offices. The following are key highlights of the deliberations:

The Committee implored Stats SA to work hard to ensure that there is credibility on the statistics it produces, considering that it plays a key role in the distribution of nationally raised revenue among the three spheres of government, including other economic and social statistics. Although the Committee noted that the question of migration from rural areas into the urban areas was a general problem, it emphasised that Stats SA could do better to work on producing reliable and credible statistics. The Committee raised its concern over the problem of unaccounted illegal immigrants who continue to utilise services in the in the country, whilst not being accounted for in budget allocations.
Regarding the preservation of data, the Committee emphasised that there is a need to have an intensified security to safeguard the data that is collected by Stats SA. As a result of this, the Committee emphasised on the urgent need for funding support for the entity. The Committee wanted to know if there had been any political pressure exerted on the entity to release the statistics result for one reason or another and the matter was clarified that there had not been any political pressure to persuade the agency from releasing official statistical data outside its normal processes.

Overall, the Committee indicated its commitment to support Stats SA to function well and highlighted the need to weave in Artificial Intelligence (AI) to modernise its operations. The Committee was of the view that this will go a long way in reducing the workforce on the ground and improve the nature of data that the entity will supply to the National Treasury. Regarding employees that work in the data centre, the agency highlighted that it only uses full-time employees who were all vetted and cleared to handle all the sensitive data that the agency processes daily.

4.2. Engagement with the National Treasury

The National Treasury briefed the Committee on the following key specific areas as outlined in the specific objectives of the Committee's oversight visit to the National Treasury on 28 April 2026:

- The Budget Process Review.
- Repositioning the budget as a strategic policy making tool through TARS;

- Building Momentum through further reforms.
- Grant reforms to improve service delivery.
- Improving Infrastructure delivery and financing- Budget Facility for Infrastructure (BFI).
- Strengthening fiscal literacy.

4.2.1. Presentation by the National Treasury

Review of the Budget Process

National Treasury indicated that it has already started reviewing the budget process after conducting a diagnosis between April and June 2024, with a full review including a redesign of the process that was completed in May 2025.

The proposed new budget process in envisaged to attract more stakeholder participation and enhance allocative efficiency. National Treasury highlighted that some of the challenges with the previous budget process include assumptions in which the budget process was designed were no longer realistic, whilst the gap between the assumptions and reality have persisted over time. One of the reasons for the implementation of the reviewed process is to move away from the incremental budgeting that discouraged inclusive participation. The Committee was taken through the current budget process, and an explanation was provided that the proposed review does not require any policy adjustments simply because it is an in-house initiative. The National Treasury unpacked the differences between traditional budgeting and a more strategic budgeting. Among others, the National Treasury indicated that the traditional budgeting is input and compliance-driven whilst the strategic budgeting is policy and outcomes driven.

Targeted and Responsible Savings (TARS) as a mechanism to identify trade-offs

The National Treasury provided an elaborate and purpose of TARS and its intended purpose of identifying and removing the low-priority programmes from the budget and the reallocation of funds towards the priorities identified in the MTDP. This explanation extended to the technique employed in operationalisation of TARS. The Committee was briefed that Cabinet has already approved the programmes that will be selected using a multi-criteria analysis. These selected programmes will be subjected to spending reviews where it is necessary and there will be recommendations for further review where applicable.

As an example of budget line items that can result in substantial savings if the TARS metrics can be applied, National Treasury highlighted the issues related to commuted overtime in provincial health departments. The Committee was taken through the current state of commuted overtime that stands at 5 per cent on average of compensation of employees (CoE) spending. The Committee was briefed that the Gauteng and the Western Cape have recorded the highest level of commuted overtime. National Treasury indicated that about R100 million was spent on rural allowance for mandatory posting during the 2024/25 financial year. The spending was mainly on clinical managers; head clinical department; medical managers; medical officers; medical officers for community services; medical specialists and registrars medical. National Treasury submitted that if provinces can subject the issues of commuted overtime to a review, substantial savings can be realised and can be directed to other spending pressures with provincial health departments.

Fraud reduction and grant reforms to improve service delivery outcomes

The Committee was briefed on the inroads made in the drive to reduce fraud in the social grants. National Treasury highlighted that by December 2025, about 6 million bank accounts and 8 million credit bureau clients were checked. A total of 291 581 beneficiaries were flagged for review. This also resulted in the adjustments of 8 599 disability and old age grants. About 34 661 grants were cancelled and this brought about the saving of R170.7 million

As an effort to improve service delivery outcomes, the National Treasury submitted to the Committee that it has introduced a performance based *Urban Development Financing Grant*. This, according to the National Treasury, will go a long way in growing the incentive component based on institutional, financing and operational reforms. National Treasury further submitted that it has also expanded indirect component of the *Municipal Infrastructure Grant*. In doing so, National Treasury has introduced alternative delivery that is expanded beyond

Municipal Infrastructure Support Agency (MISA) to include the Development Bank of South Africa (DBSA) and capable district municipalities.

<u>Intensification of oversight through the Appropriation Act</u>

The National Treasury outlined the provisions of Section 4 of the Appropriation Act that empowers the Minister of Finance to set conditions for appropriations to certain public institutions. Some of these conditions include:

- SASSA allocation is conditional upon expanding the bank and income verification to all grants to reduce fraud.
- PRASA quarterly capital and operating expenditure cash flows for earmarked funds, and regional breakdown of operating expenditure for Metrorail.
- NSFAS allocations is conditional upon active steps taken to recover outstanding debt owed to the Scheme.
- All departments with overdue municipal accounts undertake payment arrangements for service charges and property rates owed to municipalities.
- Physical verification of high-risk employees in the ghost worker audit.
- Property Management Trading Entity to provide a plan for how it will bring its overdraft to a surplus.

<u>Balancing budget flexibility and accountability</u>

The Committee was briefed on the measures in place to balance the budget flexibility and accountability without policy erosion. In a cost benefit analysis, National Treasury illustrated the decentralised approach with its benefits in improving operational efficiency and managerial accountability. However, this approach increases the risk for policy misalignment and brings in weaker controls. In respect of the centralised approach, the National Treasury submitted that the benefits include high fiscal discipline and transparency whilst on the adverse side, it encourages bureaucracy and adds on to the administrative overload.

<u>Improving the infrastructure value chain through improved project preparation</u>

The National Treasury unpacked its approach to how it intends to improve the infrastructure value chain by enhancing the preparation of projects. This will be achieved by extending the budget facility for infrastructure to four windows annually. The scope of the facility is envisaged to increase to cover all fiscal support to infrastructure, not only on budget allocations. Furthermore, the Infrastructure Fund will be used to improve and augment project delivery oversight. Projects with the cost variance that exceed 20 per cent of the approved budget, including contingency and escalation provisions, require written approval from the National Treasury. Cost overruns or escalation beyond what is permissible by the National Treasury will not be borne by the fiscus.

Furthermore, the National Treasury indicated that that it has since effected amendment its regulation 16 (NTR 16) to unlock the Public Private Partnership (PPP) across government. Through this amendment, projects under R2 billion no longer require full Treasury Approvals as per provisions on clauses 11A & 11B. The new regulations contain enhanced provision for exemptions, PPP contract amendments, role clarity and structured disclosure regimes to bolster investor confidence.

Sovereign Infrastructure and Development Finance Bond

National Treasury submitted that Sovereign Infrastructure and Development Finance Bond unlock lower-cost funding and attract long-term investors. In relations to South Africa, National Treasury submitted that the first issuance was in December 2025 and it raised R11.8 billion, with strong market interest with 2.2-times subscription rate. The National Treasury highlighted the advantages of this bond, including cost savings through lower rates than project-level financing since this bond is priced at the sovereign curve, while there is greater scale and reach by mobilising larger pools of capital quickly. Furthermore, some of the advantages include the use-of-proceeds bond, where the proceeds are allocated to priority infrastructure projects; the bond is Rand-denominated and therefore avoids foreign exchange risks while supporting local capital market development and tapping into institutional investors like pension funds, banks and development finance institutions (DFIs).

MzansiXchange – A national data exchange platform

National Treasury briefed the Committee on the MzansiXchange programme which enables secure, federated sharing of data across government to improve service delivery and decision-making. National Treasury highlighted that this is a core component of National Treasury's contribution towards the implementation of the Digital Transformation Roadmap (2025–2030) which was approved by Cabinet in March 2025 and launched in May 2025, as a pillar of Operation Vulindlela Phase II. According to National Treasury, it enables real-time, cross-referenced data sharing to reduce fraud, eliminate double-dipping, and improve beneficiary verification, thereby supporting National Treasury's mandate to strengthen public financial management and protect the integrity of the public purse.

On progress made on the MzansiXchange programme, National Treasury submitted that this is a 1-year pilot ending in September 2026, with a mid-pilot evaluation to be finalised in April 2026. Furthermore, National Treasury submitted that the project is currently used by the following departments and municipalities: SASSA, DHA, DSD, NT (OCPO, OAG, NT-SDF, SEAD-SA), City of Tshwane, and City of Cape Town, with a Pilot Governing Committee appointed. National Treasury submitted that a Legal bundle (membership agreements + data-sharing templates) has been submitted for IDWG endorsement, with a legal and governance consultation workshop having taken place on 22 April 2026

Fiscal literacy programme

The National treasury submitted to the Committee, the objectives and benefits of its planned fiscal literacy programme, including:

- Broadening understanding of fiscal policy and the budget.
- To support informed Parliamentary engagement.
- Promotion of transparency and accountability.
- To enable constructive public participation.

4.2.2. Discussions, comments and questions

The Committee sought clarity on how the National Treasury manages to be objective in planning the budget, considering the temptations to be biased. In response to this, the National

Treasury indicated that the Minister is a political head in the department and he will ordinarily address matters that relate to politics and the officials will be confined to policy-inclined content in dealing with the budget. The emphasis was also put on the quality of the argument that would be brought in the conversation and the value it adds to the matter for debate.

The Committee expressed appreciation that the matter of TARS was unpacked and that focus should be on the spending reviews, especially on the departments that are riddled with poor financial management and inefficiencies. However, the Committee requested to be taken through the nature of the identifiable inefficiencies prevalent in the operations of the departments.

On potential legislative reforms, National Treasury explained that there is no need for legislative reform in the proposed review of the budget process. This is mainly because this is an in-house arrangement so there is no need for change in legislation.

4.3. Engagement with the South African Reserve Bank

The South African Reserve Bank briefed the Committee on the following key specific areas as outlined in the specific objectives of the Committee's oversight visit to the on 29 April 2026 at the South African Reserve Bank Offices:

- Financial market developments;
- Monetary policy implementation;
- Fiscal and monetary policy coordination; and;
- Economic conditions and overview.

4.3.1. Presentation by the South African Reserve Bank

Financial market developments

The SARB submitted to the Committee that there has been an improved investor confidence for South African assets because of enhanced domestic fundamentals and a favourable global backdrop. The SARB further indicated that there have been changes in the monetary policy framework after the Covid-19 pandemic. This included factors such as load shedding, FATAF grey list and credit ratings. At a global level, there had been an interest in emerging-market assets and shift in allocation of capital and a surge in the gold price.

The SARB illustrated to the Committee that the government debt declined sharply even if there are some gains that were reversed by war in the Middel East. In addition, SARB demonstrated that there had been resilience and appreciation of the exchange rate in recent times. The state of the stronger exchange rate presented opportunities to build buffers against external shocks.

Monetary Policy implementation and the 3 per cent inflation targeting

The Committee was taken through the role and functions of the SARB which cover the supervision of financial institutions; ensuring that there is financial stability and serving as a baker to government as examples. The SARB further indicated the rationale for the 3 percent inflation targeting and the benefits for lower inflation targeting and explained that the adoption of the 3 per cent target aligns with the emerging markets peers and South Africa's major trading partners. According to the SARB, the choice of the inflation targets easily translates into competitive gains and boost export performance. According to SARB, structurally lower inflation targeting brings about societal benefits by protecting the most vulnerable sections of society.

Fiscal and monetary policy coordination

The SARB took the Committee through the resultant environment when the fiscal policy is unstable. This includes permanently higher inflation; deterioration of monetary policy transmission mechanism and an increase in real borrowing costs. SARB indicated that when the monetary policy is not doing well, there could be some short run benefit if higher inflation is expected and the purchasing power of government spending decreases. SARB submitted to the Committee that achieving better coordination is the responsibility of the Macroeconomic Standing Committee that is chaired by Chief Economist of the National Treasury and SARB.

The objective of this coordination includes the provision of a forum for the monitoring of macroeconomic developments as well as the various factors that may impact on fiscal and monetary policies; advising and encouraging greater coordination of monetary and fiscal policies without impinging on the operational independence or autonomy of respective institutions.

Economic conditions and overview

The Committee was briefed that the conflict in the Middle East has exerted pressure and created uncertainty on the energy markets. These markets have shifted their pricing to a higher level. SARB explained that the GDP growth is expected to rise closer to 2 per cent over the medium-term but the conflict in the Middle East poses a downside risk.

4.3.2. Discussions, comments and in loco inspection

The Committee sought explanation from SARB on the reason for the undervaluing of the South African rand. In response, SARB explained that it has an econometric modelling to determine the fair value of the rand by analysing the fundamental drivers, as the currency is highly volatile and frequently trades weaker than its underlying economic fundamentals suggest. Furthermore, the Committee sought clarity as to why the SARB made an assertion that low inflation targeting may be good and that higher inflation targeting is bad. In response, the SARB indicated that higher inflation impacts on the poor and that some people buy equities depending on the state of the economy while poor people live on cash and have nothing to cushion them from the soaring prices. The Committee raised its concern over the debt-service costs that have a negative impact on the social services. It sought clarity on the extent of the impact of the exposure to the external environment that the country cannot be cushioned against.

Regarding inflation targeting, the Committee expressed the view that the central Bank did not have enough time to reflect on the decision before concluding and announcing it. The Committee was of the view that this might lead to possible risk of stagnation which is cyclical in nature and there is no certainty whether inflation targeting may not be achieved and this calls for a reasonable amount of targeting.

The Committee requested to be apprised on the discussion on the depolarisation and about measures that SARB proposes to protect the South Africans from the escalating food prices, considering the devastating impact of the war in the Middle East. SARB indicated that there is nothing that can be done to stop what is happening in the Middle East now. However, we should rather focus on the monetary policy which helps to protect the consumers against the rising prices. The bank indicated that it is now concerned about the second-round plan to minimise the impact.

During the walk about, the Committee was shown the old building and the new building, with advanced equipment for the bank to perform its duties. The Committee noticed that there are sporting facilities to address the wellness aspect of the employees at SARB. It was appreciable also to note that the building occupied by SARB are not rented but built and owned by the bank.

4.4. Engagement with the South African Revenue Services

The South Africa Revenue Services highlighted the following during their presentation in the preparatory meeting on 30 April 2026 at the SARS Offices in Brooklyn.

- Introduction.
- Mandate of SARS
- Serving South Africa’s democracy.
- Institutional turnaround and the reflection on the Past Seven Years.
- Modernisation 3.0: Digital Transformation.
- Virtual Tour.
- The illicit economy.
- The State of South African borders.
- Border Reform as a fiscal imperative.
- The programme imperative.

4.4.1. Presentation by SARS

Mandate of SARS and the reflections of the past seven years

SARS took the Committee through its mandate and what contributed to its success in the recent tax season. In doing so, it reflected on the strategic themes dating back to 2019 and these themes are governance and integrity; digital and service modernisation; compliance and enforcement capability; leadership and organisational renewal and the restoration of public trust and institutional credibility. SARS took the Committee through the factors that enabled it to outperform itself. It indicated that it started with capacity building and working on a succession plan at the early stage of its operation. This paved a way for a seamless transition to the new leadership. In detailing some of these strategic themes, SARS informed the Committee that it successfully undertook to accelerate its work towards improving fiscal citizenship and tax compliance and therefore ultimately broadened the tax base. It also concentrated on the re-establishment of international partnerships and worked on improving integrity and restoring public trust. Throughout its presentation, SARS interfaced manual presentation with the use of Artificial Intelligence (AI) to demonstrate its technological capabilities, progress made towards leveraging on automation to perform certain functions within the revenue authority.

Domestic resource mobilisation and governance maturity

SARS engaged in the Domestic Resource Mobilization (DRM) which saw the introduction of a strategic, fair and efficient collection of taxes and duties to fund national development and to reduce dependency on foreign aid. SARS demonstrated to the Committee how it managed to achieve its 2024 strategic vision through reform that shifted from a list of initiatives to an institutional habit. This involved high record of employee engagements and building on the cultural maturity to the benefit of the institution. Good and ethical practices became embedded in the language of SARS, and it became a strategic intent of the institution. The Committee was also informed that SARS started on building strong leadership at an early stage and prepared the succession plan whilst time allowed to do so. This assisted a deal in avoiding transitional hiccups.

Modernization 3.0 (Digital Transformation)

The Committee was taken through SARS's intention to introduce new measures to transform its digital space through the concept, Modernization 3.0. This concept drilled into the intricate programme of integrating the operations into the age of Artificial Intelligence (AI). This included the use of robotics and automated machines that will attend to the queries and enquiries from taxpayers to improve efficiency at SARS. The concept of building a data-driven digital tax administration platform is envisaged to heighten the operational efficiency at SARS and to transform the entity into a smart, modern SARS.

Illicit Economy

A demonstrable illustration of the impact of the illicit economy was conducted by SARS to the Committee. SARS indicated that about cumulative amount of R119 billion was lost through the tobacco excise between the period 2002 and 2022. It was further explained that illicit trade and illicit financial flows and illegal movement of people are structural distortions to the national economy. The proportion of a shadowy economy occurs at a high scale, and it poses a serious risk to the fiscal base. To combat the prevalence of illicit economy, SARS explained that there is a National Illicit Economy Disruption Programme (NIEDP). This programme is a President-led, One Initiative and Society systemic response and it is expected to reduce the extent of illicit economy.

Smart borders concept

SARS explained that it has a plan place to tighten the borders, using a highly sophisticated and a technologically sound method to detect illicit goods and to conduct close and strict surveillance of the borders. It demonstrated this by also showing the current state of the South African borders that are in a very deplorable state. The concept of safe borders was a result of benchmarking with globally used and successful border management techniques.

4.4.2. Discussions, comments and questions

The Committee expressed the view that SARS is doing a good job and there is a need to support it with the necessary and required funding. The Committee commended the institution for its success on the recent revenue collection and highlighted that this is a proud legacy in its operation. It called for collegiality, meaning that there must be a multi-layered support from key departments such as the department of Home Affairs; Department of International Relations and the Police Department through, among others, support to the Border Management Authority (BMA).

Having noted the success of the revenue authority in the recent tax season and the potential this has on increasing revenue, the Committee suggested that there should be plans to integrate informal business into the mainstream economy. This was in reference to the taxi industry, which is largely unregulated. The Committee also suggested that SARS should expand its footprint in the rural areas by conducting public education.

Regarding the modernisation of SARS through digital transformation, the Committee sought the opinion from SARS if this will not compromise security through hacking by criminal elements. SARS indicated that there are strong protective measures through firewalls that are used to protect SARS from being hacked.

Regarding the NIEDP being executed from the Presidency, the Committee sought explanation if this would not overwhelm the Presidency with lot of work and therefore ultimately compromise the expected output. In response, SARS indicated that the programme will not necessarily be housed in the Presidency but there will be reports compiled to the Presidency on the progress and the functioning of the programme. Members painted a picture of the prevalence of corrupt activities at the ports of entries and suggested that a lot should be done to prevent this.

During the walk about, the Committee was shown how the entity works, especially in the use of high-tech equipment at the border posts, to detect corruption. The Committee took a tour through the National Command Centre which enables SARS to operate nationally by using a sophisticated network of modern technology where officials can engage with SARS employees in their offices and other South African Ports of Entry.

5. Overall Committee findings and observations

The observations and findings which were highlighted by the Committee during the deliberations with the various stakeholders and subsequent site visits are outlined below as per the different themes of the oversight:

5.1. Statistics South Africa

5.1.1. The Committee notes with concerns the submission by Stats SA that it is currently underfunded by R2.2 billion (R222 million for protecting and improving quality of economic statistics, R567 million for protecting and improving quality of Population and Social Statistics, and R627 million for investment in technology and human resource) and has a vacancy rate of 23 percent (760 vacant posts). Given the importance of the data produced by Stats SA for both government policy decisions and interventions, and the consumption of statistical data produced by Stats SA by private role players, the Committee is concerned that the inability of Stats SA to produce the required credible statistics at the required frequency has a potential to impede on accurate decision making processes by both government and private role players, with significant ramifications for a developing country with high levels of systematic and structural unemployment, poverty and inequality. The Committee requests that the Minister of Finance and the Minister in the Presidency responsible for Stats SA urgently find a solution on how best to fund Stats SA within the normal government budget process so as to ensure that Stats SA is sufficiently funded to fulfil its mandate of producing timeous, reliable and credible statistical data as required for decision making.

5.2. National Treasury

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5.2.1. The Committee notes and welcomes that the Targeted and Responsible Savings (TARS) is a mechanism intended to identify trade-offs by removing low-priority or underperforming programmes from the budget and reallocate funding towards the priorities outlined in the MTDP. The Committee is also of the view that government budget and funding of key policy objectives must follow government intended objectives as outlined in the MTDP. The Committee expresses concern, however, that the progress made by TARS must be accelerated, in order to improve efficiency.

5.2.2. The Committee notes and welcomes the piloting of the MzansiXchange programme which enables secure, federated sharing of data across government to improve service delivery and decision-making, as National Treasury’s contribution towards the implementation of the Digital Transformation Roadmap (2025–2030) which was approved by Cabinet in March 2025 and launched in May 2025, as a pillar of Operation Vulindlela Phase II. The notes that this programme enables it enables real-time, cross-referenced data sharing to reduce fraud, eliminate double-dipping, and improve beneficiary verification, thereby supporting National Treasury's mandate to strengthen public financial management and protect the integrity of the public purse.

5.2.3. The Committee notes and welcomes the introduction of the Sovereign Infrastructure and Development Finance Bond to unlock lower-cost funding and attract long-term investors, with the first issuance was in December 2025 raising R11.8 billion, with strong market interest with 2.2-times subscription rate. Furthermore, the Committee notes that its advantages includes the ease-of-proceeds bond, where the proceeds are allocated to priority infrastructure projects; the bond is Rand-denominated and therefore avoids foreign exchange risks while supporting local capital market development and tapping into institutional investors like pension funds, banks and development finance institutions (DFIs). The Committee supports this important imitative by the National Treasury for issuing domestic rand dominated bonds to fund government infrastructure requirement. The Committee is of the view that this initiative further puts South Africa on equal footing among its global peers and further highlights the extent of development and maturity of the South African Bond Market.

5.2.4. The Committee notes and welcomes National Treasury's envisioned fiscal literacy programme aimed at broadening the public's understanding of fiscal policy and the budget, supporting informed parliamentary engagements, promotion of transparency and accountability and to enable constructive public participation. The Committee support this initiative by the National Treasury and is strongly of the view that greater public awareness about fiscal policy and the budget will go a long in ensuring the citizens trust of government fiscal choices. Furthermore, the Committee would also like to implore on Parliament to provide the required financial and human resources within its Public Education Unit to create more awareness on Parliament's role on fiscal policy and the entire budget process. Parliament should also consider partnering with National Treasury in this initiative to leverage and ensure that while the public is educated on fiscal policy and budgeting from government's perspective, the legislative sector role is also included, from the perspective of Parliament.

5.3. South African Reserve Bank

5.3.1. The Committee notes and welcomes the submission by the SARB that improved domestic fundamentals and a favourable global backdrop have generated positive investor appetite for SA assets driven by both domestic and global developments. The Committee notes that these domestic developments included positive changes to monetary policy framework and inflation target, reduction in load shedding, the removal of South Africa in the FATF greylist, improved sentiments and ratings from credit rating agencies, fiscal consolidation drive by government, and consecutive quarters of positive economic growth. Furthermore, the Committee notes that these positive sentiments about domestic assets were also influenced by global developments like an increase in appetite for emerging-market assets and shifts in allocation of capital from USD, surge in gold price and the recent conflict in the Middle East.

5.3.2. The Committee notes and welcomes the submission by the SARB that as a result of improved domestic fundamentals and a favourable global backdrop, the yields on government debt have declined sharply, although some of the gains were reversed during the Middle East war while exchange rate of the rand has been appreciating and has shown resilience during the war. Furthermore, the Committee notes that as a results of stronger Rand exchange rate, this stronger exchange rate presents opportunities for South Africa to build buffers to external shocks.

5.3.3. The Committee notes the submission from the SARB that South Africa adoption of the 3 per cent inflation target aligns South Africa with Emerging Market peers and major trading partner and this according to SARB, can translate into competitiveness gains, boosting export performance. The Committee further notes that since South Africa adopted inflation targeting in 2000 (3 to 6 per cent), that was in line with SA market peers and emerging markets. However, most SA trading partners and market peers had shifted to a point target, with a majoring targeting 3 per cent or less.

5.4. South African Revenue Services

5.4.1. The Committee notes and welcomes that SARS's Net Revenue Collections Exceeding R25 trillion since 1994, growing from a tax base of 2.7 million contributing revenues of R114 billion in 1994 a tax base of 34.8 million taxpayers contributing R2.010 trillion in 2026. The Committee notes the growth of SARS in South Africa's over 30 years of democracy and is of the view that for a successful democracy, tax revenue is of our utmost importance.

5.4.2. The Committee notes and supports the view that a continued investment in SARS can defer tax policy increases for the foreseeable future.

5.4.3. The Committee notes and welcomes the submission by SARS that AI detection models prevented over R672 billion in outflows, while serious Tax & Customs Crime - 1 200 investigations yielded more than R80 billion through investment in tax administration capacity and return on investment for government between 2019 – 2026. The Committee further notes that all this was achieved through amongst other courts judgements of 83 per cent success rate, with criminal prosecutions at 98 per cent success rate.

5.4.4. The Committee notes that between 2019 – 2026, four illicit financial flow schemes collapsed, 83 Illicit tobacco cases handed over to NPA, 219 State Capture audits resulting in R6 billion revenue, and 10 Zondo Commission matters have been fully implemented, while 2 remain in progress.

5.4.5. The Committee welcomes the decision on fiscal anchors and monetary policy execution by

the reserve bank. This will ensure that shift towards an inflation target is constantly

monitored and also, that inflation based budgeting in various departments is not impacted.

6. Recommendations

The Standing Committee on Appropriations, having undertaken its oversight visit to Pretoria from 27 to 30 April 2026 and engaged with the identifies stakeholders, recommends as follows:

6.1. That the Minister of Finance and the Minister in the Presidency responsible for Stats SA ensure that National Treasury and Stats SA urgently meet, engage and find a solution on how best to fund Stats SA within the normal government budget process, beginning with the 2026 MTBPS. The Committee is concerned and wants to ensure that Stats SA is sufficiently funded to fulfil its mandate of producing timeous, reliable and credible statistical data for decision making.

6.2. That the Minister in the Presidency, responsible for Stats SA urgently engages with the Minister of Finance and to give consideration to the filling and funding of 760 vacant posts currently within the approved organogram of Stats SA.

6.3. That the Speaker of the National Assembly ensures that Parliament's Public Education Unit creates more awareness on Parliament's role on fiscal policy and the entire budget process. Parliament should also consider partnering with National Treasury in this initiative to leverage and ensure that while the public is educated on fiscal policy and budgeting from government's perspective, the legislative sector role is also included, from the perspective of Parliament.

6.4. That the Minister of Finance ensures that the Targeted and Responsible Savings program should be accelerated.

7. Conclusion

The responses to the recommendations as set out in section 6 above by the relevant Executive Authorities must be sent to Parliament as well as the Committee within 60 days of the adoption of this report by the National Assembly.

Report to be considered.

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT, AND TRADE ON BUDGET VOTE 39, STRATEGIC PLAN, 2026/2027 ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION, DATED 23 JUNE 2026

The Committee having considered *Budget Vote: 39* and 2026/27 Annual Performance Plan of the *Department of Trade*, Industry and Competition (the Department) reports that the that the committee met with the Department on 17 June 2026, wherein the Department outlined the *Budget and Spending Plans*.

Introduction

Global trade fragmentation, US–China rivalry, climate-driven trade regimes, and domestic infrastructure failures expose South Africa to external shocks. The logistics crisis is particularly damaging, with port inefficiencies costing R98 billion in lost exports.

The work of the Department continues to be anchored in its Five-Year Strategy, built on three core pillars: Diversification, De-carbonisation, and Digitalisation (the 3Ds):

- Digitalisation: This involves leveraging digital technologies to enhance productivity, innovation, and competitiveness across various sectors. It includes initiatives to support digital skills development, promote the adoption of new technologies, and foster a thriving digital economy.
- De-carbonisation: This focuses on transitioning to a low-carbon economy by reducing greenhouse gas emissions and promoting sustainable practices. The Department is working on strategies to support the development of green industries, encourage the

adoption of clean energy technologies, and ensure a just transition for affected industries and workers.

- Diversification: This aims to broaden the South African economy's base by reducing reliance on specific sectors or markets. The Department is working to diversify export destinations, promote local industrial development, and support the growth of new industries and sectors.

This strategy aims to promote structural transformation, create a globally competitive and dynamic industrial sector, and ensure broad-based participation in the economy. In their opening remarks, Minister Tau and Deputy Minister Godlimpi stressed that the success of South Africa’s industrial strategy should be judged by its implementation rather than ambition.

Effective industrial development depends on harnessing institutional capability and mobilising consensus across stakeholders. The Department’s work is intended to establish a practical framework for implementation by identifying priorities, constraints, mitigation strategies, and opportunities for improvement.

The importance of understanding both global headwinds and domestic challenges was emphasised, alongside recognition of areas of progress that could support future growth. Parliament, the NCOP, and provincial governments were highlighted as critical actors in facilitating cooperation, resolving bottlenecks, and ensuring that industrial development delivers tangible benefits across the country.

Economic and Spending Context

South Africa’s economy remains locked in a low-growth trap, averaging 1–2 per cent annually. This is insufficient to absorb labour supply or reduce inequality. Export stagnation, weak logistics, energy crises, and high market concentration compound the challenge. Within this context, the Department’s mandate to drive industrialisation, promote trade and investment, and advance economic inclusion positions it as a catalyst for transformation, but one constrained by structural realities rather than fiscal limits. The following pathways offer growth potential:

- Export-Led Growth: Deepen AfCFTA integration and diversify exports.
- Green Industrialisation: Leverage mineral advantage and renewable sectors.
- Digital Economy: Expand services exports and build technology sectors.

The Department's R11.7 billion budget is heavily skewed toward transfers and subsidies, with incentive programmes dominating allocations. While expenditure utilisation is near perfect 99 per cent, target achievement remains moderate (68–80 per cent). This reflects the Department's catalytic role: it is not a fiscal stimulus engine, but a policy enabler dependent on crowding in private investment.

The Department aims to foster a more resilient and globally competitive economy for South Africa through improved targeted interventions in industrialisation that create employment opportunities and inclusive growth. Over the medium term, the Department, alongside its public entities, will drive inclusive and sustainable economic growth by focusing on supporting business and developing industrial corridors, and enhancing the capacity of manufacturing and related sectors to create decent jobs, increase value addition and improve competitiveness in domestic and export markets.

Table 1: Departmental Spending Outlook

	2026/27				2027/28	2028/29
R million	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total	Total
MTEF allocation						
Administration	1 032.4	–	12.9	1 045.3	1 085.2	1 118.6
Trade	107.6	157.8	1.0	266.4	276.9	285.3
Investment and Spatial Industrial Development	116.3	73.0	0.6	189.9	198.1	204.5
Sectors	145.0	1 539.6	1.3	1 685.9	1 757.0	1 811.6
Regulation	83.3	293.2	0.1	376.6	392.6	404.9
Incentives	191.9	5 245.6	–	5 437.5	5 655.4	5 831.6
Export	255.8	172.7	1.6	430.0	447.9	461.4
Transformation and Competition	90.8	2 106.9	0.9	2 198.6	717.4	739.7
Research	67.1	–	1.2	68.3	71.1	73.3
Total expenditure estimates	**2 090.0**	**9 588.9**	**19.6**	**11 698.5**	**10 601.5**	**10 930.9**

Source: 2026 National Treasury Estimates of National Expenditure

Expenditure is expected to decrease at an average annual rate of 0.6 per cent, from R11.1 billion in 2025/26 to R10.9 billion in 2028/29. This is due to a sharp decrease in spending in the

Transformation and Competition programme over the medium term owing to a one-off allocation to the programme, and despite the extension of the Presidential Employment Initiative to 2026/27 to continue supporting jobs through an additional allocation of R1.5 billion for the Social Employment Fund. Transfers and subsidies to the Department's entities account for an estimated 80.2 per cent (R26.7 billion) of its total budget over the MTEF period.

Supporting business and developing industrial corridors

Activities in the Incentives programme will continue to support initiatives that enhance competition, infrastructure development and job creation. This will be done by growing sustainable, competitive enterprises through direct and indirect industrial financing in the form of incentives. Of the R16.9 billion allocated to Incentives programme over the period ahead, those related to manufacturing development account for 51.5 per cent (R9.1 billion), followed by infrastructure investment support at 21.4 per cent (R3.6 billion) and services sector development at 19.1 per cent (R3.2 billion). An estimated 8 200 new jobs and 17 000 digital jobs are expected to be created through these incentives over the period ahead.

Over the next 3 years, through the Sectors programme, the Department will continue to focus on implementing the new industrial policy, which aims to move beyond traditional support to focus on global trends such as decarbonisation, diversification and digitisation. This will be achieved through the transfer of an estimated R170.7 million to the National Cleaner Production Centre over the next 3 years.

The centre focuses on driving the transition of South African industry towards a green economy through appropriate, resource-efficient and cleaner production interventions. Through the Sectors programme, the Department will also continue to drive the implementation of the clothing, textile, leather and footwear master plan, which is allocated R1.5 billion over the medium term. Since its inception in 2009, the programme has created more than 10 000 jobs and continues to support existing employment. According to the plan, by 2030, employment in the sector is set to increase to 330 000 and local retail sales to R250 billion.

The Department will continue to provide financial support for factories in special economic zones and roll out infrastructure to revitalise 10 targeted industrial parks. This will be provided through infrastructure investment incentives, which is set to receive R3.6 billion over the medium term, with allocations increasing at an average annual rate of 3.4 per cent, from R1.1 billion in 2025/26 to R1.3 billion in 2028/29. Of this, R3 billion is allocated for special economic zones, R156.5 million for industrial parks, and R498 million for critical bulk infrastructure such as water, electricity and sewerage in industrial parks.

Programme 1 provides the institutional, governance and administrative support necessary for the Department to execute its mandate. The programme focuses on strengthening organisational capacity, improving governance and financial management, supporting transformation objectives within procurement, reducing vacancy rates, and modernising Departmental systems, including the full digitalisation of the incentives administration system. For the 2026/27 financial year, the programme has been allocated R1.045 billion, representing a nominal decrease of 2.3 per cent and a real decrease of 5.5 per cent compared to the 2025/26 allocation. The reduction occurs despite planned increases in staffing levels and ongoing efforts to improve organisational performance and governance.

Programme 2 is responsible for advancing South Africa's trade and economic diplomacy agenda, including the negotiation and implementation of bilateral, regional and multilateral trade agreements. The programme supports the expansion of exports, implementation of the African Continental Free Trade Area (AfCFTA), and the pursuit of strategic trade partnerships with key markets such as the United States, India and China. The programme has been allocated R266 million in 2026/27, reflecting a nominal decline of 15.6 per cent and a real decline of 18.4 per cent from 2025/26. This is the largest real reduction across all Departmental programmes and occurs despite an expansion in performance targets and increasing demands on South Africa's trade diplomacy efforts.

Programme 3 seeks to promote investment attraction, spatial industrialisation and regional economic development through the development of Special Economic Zones (SEZs), Industrial Parks and strategic industrial infrastructure. The programme plays a central role in supporting geographically dispersed economic growth and improving investment opportunities across provinces. It is also responsible for achieving the Department's target of attracting R750 billion in verified investment and expanding the operationalisation of SEZs. The programme receives an allocation of R189.9 million in 2026/27, representing a real increase of 15.2 per cent compared to 2025/26. The increase reflects the prioritisation of industrial infrastructure and spatial economic development, although concerns remain regarding the adequacy of funding for Industrial Park revitalisation and the pace of implementation at certain SEZs.

Programme 4 serves as the core driver of South Africa's industrial policy and supports sector development, localisation, industrial competitiveness and industrial transformation. The programme oversees the implementation of sector masterplans and focuses on key industries such as automotive manufacturing, steel, agro-processing, sugar, green industries, critical minerals, cannabis and rail localisation. It also supports decarbonisation initiatives and the development of new industrial value chains. The programme has been allocated R1.686 billion for 2026/27, representing a real increase of 6.3 per cent compared to the previous financial year. The additional resources support government's objective of stabilising and expanding domestic manufacturing capacity while advancing industrial diversification and localisation.

Programme 5 is responsible for developing and administering the legislative and regulatory framework that underpins industrial development, consumer protection, competition, gambling regulation, liquor regulation, and efforts to improve the ease of doing business. The programme is tasked with advancing important pieces of legislation, including the Omnibus Industrial Development and Investment Acceleration Bill, and measures aimed at combating illicit trade. The programme receives R376.6 million in 2026/27, representing a nominal decline of 7.5 per cent and a real decline of 10.6 per cent from 2025/26. The reduction is notable given the significant expansion in the programme's legislative and regulatory responsibilities.

Programme 6 is the Department's largest programme and serves as its primary mechanism for supporting industrial investment, business expansion, localisation and job creation through financial incentives. The programme funds manufacturing and services sector support measures, promotes Black Economic Empowerment, and incentivises investment in strategic sectors of the economy. For 2026/27, the programme has been allocated R5.437 billion, accounting for approximately 46 per cent of the Department's total budget. This represents a marginal real increase of 0.6 per cent compared to 2025/26. Despite the large allocation, concerns have been raised regarding the concentration of incentive beneficiaries in certain provinces and whether current funding levels are sufficient to meet growing demand for industrial financing.

Programme 7 promotes export development and market access through export promotion initiatives, support for exporters, participation in international trade exhibitions, and assistance to small, medium and micro enterprises seeking to access international markets. The programme also supports implementation of trade agreements and export diversification into African and global markets. The programme receives R430 million in 2026/27, reflecting a real increase of 7.95 per cent from the previous year. The increased allocation demonstrates the Department's growing emphasis on export-led growth, although the programme continues to represent a relatively small share of the Department's overall budget relative to its ambitious export targets.

Programme 8 promotes economic transformation, broad-based black economic empowerment, competition policy, worker ownership initiatives, youth employment programmes and inclusive participation in the economy. The programme oversees the implementation of the Transformation Fund, the Social Employment Fund, the Youth Employment Service and other interventions aimed at addressing structural inequalities within the economy. It has been allocated R2.2 billion in 2026/27, making it the Department's second-largest programme. However, the allocation is inflated by a once-off R1.5 billion Social Employment Fund allocation and is projected to decline sharply in subsequent years. Excluding this temporary funding, the programme faces significant medium-term budget reductions that may undermine its ability to sustain transformation and employment interventions over time.

Issues arising from engagement:

The following are the key issues raised by Members and Departmental responses during the deliberations:

- Members recognised the Department as central to South Africa’s economic development agenda and acknowledged its critical role in advancing industrialisation, investment, localisation, trade and job creation. While welcoming the Department’s budget and Annual Performance Plan (APP), Members emphasised the need to accelerate economic growth, reindustrialisation, infrastructure revitalisation and export market development to address persistently high unemployment.

- A number of questions focused on regulatory reform and efforts to reduce red tape. Members sought clarity on the practical implementation of the proposed Omnibus Bill, noting concerns that the Department of Small Business Development's Business Licensing Bill may duplicate existing requirements and increase administrative burdens.
- Members questioned how the Omnibus Bill would deliver measurable reductions in regulatory constraints and requested details on how progress would be monitored and evaluated. Concerns were also raised about amendments to company legislation requiring annual fees and returns, with Members questioning whether these measures genuinely reduce red tape.
- The Committee expressed concern about the state of the manufacturing sector, particularly the impact of rising imports on domestic industrial capacity. Members referred to the increase in semi-knockdown and fully knock-down vehicle imports and questioned whether adequate measures were in place to ensure tax compliance, localisation and fair competition. Specific concerns were raised about the extent of local manufacturing at facilities such as BAIC in Kouga, and whether imports undermine domestic investment, local ownership, supplier development and downstream jobs. Members also questioned the Department's confidence in meeting manufacturing growth targets given broader economic constraints.
- Special Economic Zones (SEZs), Industrial Development Zones (IDZs) and Industrial Parks were highlighted as key instruments for industrialisation and job creation. While acknowledging successes such as the Tshwane Automotive Special Economic Zone (TASEZ), Members expressed concern about underperformance elsewhere. Particular concern was raised about the decline of Ekandustria Industrial Park, where employment reportedly fell from around 30,000 to 3,000 jobs. Significant concerns were also raised regarding the Musina-Makhado SEZ, where substantial public funds have reportedly been spent with limited visible progress.
- Members sought clarity on timelines, accountability, infrastructure readiness, private-sector investment, and the role of provincial governments. Similar concerns were raised

regarding the Vaal SEZ, Harrismith Industrial Hub, Nkomazi SEZ and opportunities in Namakwa, with Members calling for accelerated implementation.

- Further, Members requested details on planned SEZ and industrial investments for the current financial year and questioned how government will ensure that industrial park investments result in productive activity and tenant occupancy, rather than infrastructure without economic returns.
- The role of the private sector in economic development was emphasised. Members stressed that government alone cannot drive job creation and called for stronger private-sector participation in investment, industrial expansion and employment. While acknowledging profit motives, Members urged deeper engagement on business' developmental responsibilities. The Committee nevertheless commended the Department's efforts to strengthen coordination across government institutions.
- Trade policy and beneficiation were also emphasised. Members questioned whether South Africa derives sufficient value from trade with China, noting that exports remain concentrated in raw and semi-processed commodities with limited beneficiation. Concerns were raised about continued exports of minerals such as iron ore, manganese and diamonds without adequate value addition. By contrast, exports to the United States, particularly in the automotive sector, were seen as more value-added and labour-intensive.
- The Committee requested further detail on strategies to strengthen trade relations, especially with the United States, amid uncertainty around AGOA.
- Members also questioned the Department's growing support for infrastructure development elsewhere in Africa through institutions such as ECIC and Afreximbank. While recognising the importance of regional integration, they asked whether greater focus should be placed on addressing South Africa's own infrastructure constraints, including ports, rail, roads, water and energy systems.
- The Committee welcomed the target of creating 100,000 jobs but stressed the need for faster implementation. Members from resource-rich provinces, including the Northern Cape, emphasised the importance of accelerating beneficiation to capture more value from mineral resources before export. While supportive of this agenda, Members consistently raised concerns about slow implementation.

- Questions were also raised about the R750 billion investment attraction target and R150 billion localisation procurement target. Members sought clarity on risks posed by municipal service failures, logistics inefficiencies and infrastructure constraints. They requested quantified assessments of the impact of challenges related to Transnet, water systems and municipal performance. Members also sought assurances that localisation would not increase costs for consumers or public procurement.
- The Committee requested additional information on how the Department plans to address fiscal constraints and whether innovative financing mechanisms are being explored. Members called for stronger monitoring and evaluation systems to assess the impact of public spending. Concerns were raised about transfers to entities, with requests for greater detail on performance frameworks, audits, developmental outcomes and value-for-money assessments, including methodologies used to verify reported results.
- Members sought more detail on the uptake of incentives across provinces, including participation levels, successes and challenges. They asked how provinces with lower uptake are being supported. Similar concerns were raised about the geographic distribution of support for Black Industrialists, with calls to expand opportunities in rural and underdeveloped regions such as the Northern Cape. Barriers faced by emerging entrepreneurs were also highlighted, particularly funding models requiring strong balance sheets or collateral. Members suggested blended finance as a possible solution.
- The Committee commended InvestSA and the One-Stop Shop initiative as effective mechanisms to facilitate investment and respond to investor needs.
- Questions were raised about the commercialisation of the cannabis industry, including regulatory barriers and timelines. Members also raised concerns about rising fertiliser costs and their impact on agriculture and sought clarity on policy responses.
- Further questions focused on the Poultry Master Plan, particularly how its second phase will benefit black farmers.
- Members requested more information on the intervention that prevented the liquidation of Tongaat Hulett, including expected developmental outcomes, measures of success, timelines for commercial sustainability and whether private-sector solutions were considered before IDC intervention.

- In response to audit-related questions, the Department confirmed that its work, including incentive outputs and impacts, is audited annually by the Auditor-General, with additional oversight by internal audit and risk committees.
- On incentive verification, the Department indicated that selected incentives are subject to detailed review to assess both accuracy and impact.
- Regarding the Omnibus Bill, the Department emphasised that reforms must be informed by the lived experience of businesses rather than purely bureaucratic processes. Stakeholders will be engaged directly to identify practical constraints and ensure meaningful red tape reduction.
- Progress will also be measured through independent global benchmarks such as the World Bank, OECD and WTO, reflecting external perceptions of competitiveness and ease of doing business.
- Key red tape priorities include regulatory reform, improved coordination across the public service, digitisation, fixed turnaround times and mechanisms to address bottlenecks.
- Legislative reforms under consideration include the National Investment Act, aspects of mining regulation, and copyright and design legislation, focusing on areas with the greatest impact on investment.
- On trade, the Department indicated that South Africa aims to strengthen relations with all partners while addressing challenges through bilateral engagement.
- Regarding the China-Africa Economic Partnership Agreement, South Africa has signed the agreement, enabling market access opportunities including zero tariffs on selected products, with ongoing engagement on practical issues.
- It was noted that the EU remains South Africa’s largest trading partner as a bloc, while China and the United States are key individual partners. Engagements with the United States include discussions on reciprocal tariffs, AGOA, Section 232 and Section 301 matters.
- The importance of export diversification was emphasised, including expanding markets, improving trade quality and increasing exports of value-added and beneficiated goods.

- Africa remains central to South Africa's trade strategy, particularly through the African Continental Free Trade Area, with emphasis on deepening regional trade and supporting inclusive growth.

Recommendations

Following the engagements with the Department, the Committee proposed the following recommendations to the Minister to be implemented over the medium term:

1. Implement performance-based budgeting (by 2027/28 MTEF cycle) and link all incentives, SEZ funding, and transfers to verified outcomes (jobs, investment, exports). Introduce annual reallocation of funds from underperforming programmes and entities to those demonstrating measurable impact by the 2027/28 financial year.
2. Finalise and operationalise the Omnibus Bill by 2027, including legally binding timelines for approvals. Mandate InvestSA One-Stop Shop to resolve interdepartmental bottlenecks within defined service standards.
3. Conduct a full performance audit of all SEZs and industrial parks by 2026/27. Require confirmed private-sector investors before new infrastructure commitments and appoint private operators for priority zones by 2027.
4. Establish a blended finance facility by 2026/27 to crowd in private investment and expand access for small enterprises through guarantees and risk-sharing instruments, with a focus on underserved provinces. Further support initiative that reduce market concentration by supporting growth of small enterprises and new exporters.
5. The Department must transition from broad localisation toward a competitiveness-driven model by aligning incentives with measurable outcomes in exports, productivity, and innovation. It should introduce targeted local-content requirements in high-import sectors by 2027 and scale incentives for mineral beneficiation and green manufacturing value chains through to 2028/29, ensuring these measures directly strengthen competitiveness and export performance.
6. It is essential to secure diversified trade agreements beyond AGOA and EU frameworks. Position South Africa as a regional hub for green and digital industries. Protect and

reprioritise funding for trade diplomacy and export promotion in 2026/27. Focus on securing AGOA continuity, improving China trade balance, and expanding AfCFTA-linked exports through targeted, sector-specific strategies.

Report to be considered