

*Thursday, 7 May 2026]*

No 78—2026] THIRD SESSION, SEVENTH PARLIAMENT

**PARLIAMENT**

**OF THE**

**REPUBLIC OF SOUTH AFRICA**

---

**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

THURSDAY, 7 MAY 2026

---

**TABLE OF CONTENTS**

**ANNOUNCEMENTS**

**National Assembly**

1. Referral to Committees of Bills introduced.....	2
2. Appointment of whip.....	2
3. Discharge of whip.....	2
4. Referral to Committees of papers tabled.....	3

**TABLINGS**

**National Assembly**

1. Speaker .....	3
------------------	---

**COMMITTEE REPORTS**

**National Assembly**

1. Public Works and Infrastructure.....	4
---	---

2.	Communications and Digital Technologies .....	43
3.	Communications and Digital Technologies .....	58
4.	Transport.....	82
5.	Water and Sanitation .....	192
6.	Tourism.....	223
7.	Electricity and Energy .....	250

---

## ANNOUNCEMENTS

### National Assembly

#### The Speaker

#### 1. Referral to Committees of Bills introduced

(1) The following Bill is referred to the **Portfolio Committee on Home Affairs** for consideration and report:

(a) **Electoral Laws Amendment Bill** [B33–2025] (National Assembly – proposed sec 75)

(2) The following Bills are referred to the **Standing Committee on Finance** for consideration and report:

(a) **Public Procurement Amendment Bill** [B7–2026] (National Assembly – sec 76)

(b) **Public Procurement Second Amendment Bill** [B9–2026] (National Assembly – proposed sec 76).

#### 2. Appointment of whip

(1) The following member has been appointed as a whip of uMkhonto weSizwe Party in the National Assembly with effect from 20 April 2026:

(a) Mngxitam, Mr JA

#### 3. Discharge of whip

(1) The following member has been discharged as a whip of uMkhonto weSizwe Party in the National Assembly with effect from 20 April 2026:

(a) Van Rooyen, Mr DDD

#### 4. Referral to Committees of papers tabled

- (1) The following papers are referred to the **Portfolio Committee on Higher Education** for consideration and report. Report of the Auditor-General on the Financial Statements and Performance Information is referred to the **Standing Committee on Public Accounts** for consideration:
- (a) Report and Financial Statement of the National Student Financial Aid Scheme (NSFAS) for 2024-25, including the Report of the Auditor-General on the Financial Statements and Performance Information for 2024-25.

---

## TABLINGS

### National Assembly

#### 1. The Speaker

- (a) A petition from dental students of Cape Peninsula University of Technology, calling on the National Assembly to investigate the disruption of their academic programme. (Y Mabandla)

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

- (b) A petition from the community of Riviersonderend, Western Cape, calling on the National Assembly to investigate the sporting infrastructure in their community, the building of which was disrupted due to change of leadership in a sport organization. (H Sauls)

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

---

## COMMITTEE REPORTS

### National Assembly

# **1. REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC WORKS AND INFRASTRUCTURE ON BUDGET VOTE 13: PUBLIC WORKS AND INFRASTRUCTURE, DATED 6 MAY 2026**

The Portfolio Committee on Public Works and Infrastructure, having met on 22, 23, and 29 April 2026, and having deliberated on the Annual Performance Plans (APPs) of the Department of Public Works and Infrastructure (DPWI, the department), the Property Management Trading Entity (PMTE), and the public works and infrastructure entities, reports as follows:

## **1. INTRODUCTION**

The legislative and oversight work of the Portfolio Committee on Public Works and Infrastructure (PCPWI) is informed by Parliament's Strategic Plan (PSP) and aligned with the government's general objective of achieving inclusive growth, job creation, poverty reduction, tackling the high cost of living, and building a capable, ethical, and developmental state.

These priorities align the DPWI and the PCPWI with the NDP's goals and the 2030 Vision for growth and development, and for ensuring a dignified life for all citizens. The PCPWI adopted the vision and focus of Parliament as spelt out in its strategic plan and annual oversight strategy: improved performance, increased government responsiveness, meaningful citizen participation, enhanced member capacity, and impactful lawmaking.

### **1.1. Accountability-ecosystem**

The legislative framework provides an accountability and oversight ecosystem in which the PCPWI is not the sole cog in the oversight wheel. Overseeing the executive authority (EA) is a collaborative effort among components of the accountability ecosystem. The system is provided in the Constitution and key pieces of legislation such as the Public Finance Management Act (PFMA), Division of Revenue Act (DORA), Intergovernmental Relations Framework Act (IGRFA), Intergovernmental Fiscal Relations Framework Act (IGFRA), Government Immovable Asset Management Act (GIAMA) and various pieces of legislation that provide the mandates of public works and infrastructure entities. The list provided here is not exhaustive. It is also informed by regulations and practice notes to ensure standards and norms to bring coherence across the three spheres of government. It is further informed by the courts that clarify operational interpretations through orders and decisions.

The accountability and oversight ecosystem consists of at least five layers: the Office of the Minister over the DPWI, PMTE, and entities that report to it; the DPWI/PMTE executive

management team, the internal audit, and Governance Risk and Compliance (GRC) Branch; the Auditor-General (AG) with DPWI/PMTE GRC & internal audit; the PCPWI, its sister committee of the National Council of Provinces (NCOP), other committees of Parliament, committees of the nine provincial legislatures as well as oversight committees in municipal councils; and critically, local communities, the media, universities, businesses, NGOs (as the ‘general’ public).

## **1.2. Oversight method**

The committee works with information gathered from across the whole public works and infrastructure sector. This includes the Minister, the Deputy Minister, the DPWI executive management team, and the general public. It interacts with and receives monitoring reports from the Minister, Deputy Minister and the senior management teams of the DPWI, its Property Management and Trading Entity (PMTE), and the boards of the public works and infrastructure entities.

It also receives petitions from the public on construction, professional built environment, and accommodation matters. During the year, the committee conducts visits to key project sites that may have been identified as challenging in performance and in annual reports, as well as through petitions on relevant matters, including media and other stakeholder sources. Individual members further ask questions for written and oral responses (on a rotational basis) that the Minister must provide.

The committee uses issues that emerge from these meetings, deliberations, and responses to questions, to analyse, assess and monitor the work of the Minister, the department, and public works and infrastructure entities. It makes recommendations to the Minister to address specific oversight issues that may have emerged by the stated deadlines. These are contained in the committee’s reports that are published in parliament’s Announcements, Tablings, and Committee reports (ATCs) throughout the year.

Since the first year of this administrative term, the Minister, Deputy Minister, DG, senior management team, Boards and Chairpersons of entities cooperated fully in this process. This greatly assisted in dealing with delivery blockages. Despite certain matters remaining stubbornly incomplete, the committee appreciates this cooperation as it forms the fibre of a healthy democracy that enables the growth of state capacity to improve service delivery to the nation.

The budget vote process does not exclude consideration of the previous year's planning that led to its audited performance reports. Preceding the presentation on the APP and plans for this year, the committee heard about the DPWI and PMTE's audit action plan to address weaknesses identified in the previous year's annual report. The reviews, audit analyses, and opinions issued annually by the Office of the Auditor-General (OAG) on the operations of the department and its entities, thus, remain a key part of the budget report.

The report now turns to an assessment of the annual planning documents that the Minister, Deputy Minister, the department's Executive teams, and the Boards of entities presented to this committee.

## **2. ANNUAL PERFORMANCE PLANS AND BUDGET VOTE**

The department's and its entities' planning documents are instruments that aid the PCPWI in monitoring how the government's policy ideals are translated into implementable programmes. The APPs should show the department's stated policy objectives, programmes and sub-programmes, human and financial resources, and the budget to be applied to implement the government's broad policies. These documents should also outline the performance targets, performance indicators, and timeframes for achieving the predetermined objectives.

In this report, before dealing with the APP and budgetary resource analysis, the committee first assesses whether the policy and programmatic objectives are aligned with the broad policy of government, the transformative trajectory of the NDP, Economic Recovery and Reconstruction Plan (ERRP), Medium Term Strategic Framework (MTSF), and the policy imperatives set out by the President in the State of the Nation Address (SONA).

### **2.1. Alignment with Broad Government Policy and Strategic Frameworks**

#### **2.1.1. National Development Plan (NDP) and Medium Term Strategic Framework (MTSF)**

- **DPWI's Vision and Mission:** The Department's vision is to be "a trusted choice for innovative asset management and quality infrastructure delivery for sustained economic growth," directly supporting the NDP's goal of inclusive growth and sustainable development.

- **NIP 2050:** The National Infrastructure Plan 2050, prepared by Infrastructure South Africa (ISA), is explicitly designed to create a foundation for achieving the NDP 2030 vision. It links top NDP objectives to actionable steps and intermediate outcomes, promoting dynamism in infrastructure delivery and addressing institutional blockages.
- **MTDP 2024-2029 Priorities:** The Department's outcomes are mapped to MTDP priorities:
  - Inclusive growth and job creation (e.g., EPWP, asset management optimisation)
  - Reducing poverty and tackling the high cost of living (e.g., land reform, skills development)
  - Building a capable, ethical, and developmental state (e.g., anti-corruption, digitisation, skills audit)

### **2.1.2. Economic Recovery and Reconstruction Plan (ERRP)**

- **Programme 2 and 3:** The Department's Skills Pipeline Strategy and EPWP are directly linked to ERRP objectives, focusing on job creation, skills development, and economic inclusion. The Department plans to implement these programmes for targeted beneficiaries, including through ERRP initiatives.
- **Accelerated Public Infrastructure Investment:** DPWI's programmes and projects support ERRP initiatives by coordinating effective government-wide socio-economic infrastructure investment, partnering with the private sector to facilitate spatial integration and economic regeneration.

### **2.1.3. State of the Nation Address (SONA) Policy Imperatives**

- **Job Creation and Infrastructure:** The 2026 SONA prioritises job creation, large-scale infrastructure projects, and maintenance. DPWI's focus on EPWP, community work programmes, and public asset management aligns with these imperatives.
- **Women's Economic Empowerment and GBV:** The Department promotes women's economic empowerment through training, financial support, and preferential procurement, and scales up GBV survivor-centred support.

- **Border Security and State Property Management:** DPWI prioritises securing borders and establishing a State Property Company to manage state assets, as highlighted in SONA.
- **Employment Equity:** The Department aims to increase employment equity targets for persons with disabilities and mandates preferential procurement targets, reflecting SONA directives.

#### 2.1.4. Policy and Programmatic Objectives

- **Resilient, Ethical, and Capable DPWI:** Implementation of the National Anti-Corruption Strategy, digitisation, skills audit, and ethics management directly support the government's goal of a capable and ethical state.
- **Coherent Government and Employability:** Sector-wide infrastructure plans, stakeholder value management, and EPWP coordination foster government coherence and employability, supporting MTDP and NDP priorities.
- **Sustainable Infrastructure Investment:** The Infrastructure Delivery Management System, Welisizwe Rural Bridges Programme, and project management upgrades drive sustainable infrastructure investment, aligning with ERRP and NDP.
- **Asset Management Optimisation:** Strategies to revitalise department-owned properties for investment and job creation support inclusive growth and economic recovery.
- **Transformed and Professionalised Built Environment:** Green Building Policy, land release for reform, contractor development, and empowerment policies advance transformation and professionalisation, supporting NDP and SONA imperatives.

#### 2.1.5. Evidence of Achieving Policy Goals

This assessment enables the PCPWI to gain a glimpse into the DPWI and entities making inroads toward achieving policy objectives, such as the government's general objectives of inclusive growth, job creation, and poverty reduction. It also indicates the difficulties the government faces in coherently standardising uniform approaches to tackling the high cost of living and in integrating urban development plans across the three spheres to bring government services closer to marginalised communities in our cities and rural areas.

- **EPWP:** Targeting over 1 million work opportunities in 2026/27, with skills development, certification, and exit pathways for participants, directly supports job creation and economic recovery.
- **Digitisation:** The State Asset Information Management System (SAIMS) provides end-to-end digitisation, improving efficiency and transparency, supporting the President's call for a capable and ethical state.
- **Asset Release and Land Reform:** Surplus state land is released for land reform and human settlement development, addressing poverty and improving livelihoods as per MTDP and NDP.

### **3. PROGRAMMATIC AND STRATEGIC PROJECTS TO IMPROVE KEY BUSINESS AREAS**

DPWI proposes several programmatic and strategic projects to address its business challenges. We highlight four that were presented on 29 April 2026 and discussed at length by the committee. We then provide an assessment based on the committee's deliberation on the strength of these efforts. This is done as a precursor to be revisited in each meeting during 2026/27 on the Quarterly Performance and the Annual Report in September-October 2026.

#### **Centralisation of Business Processes**

- The committee expressed concern at this process not being fully vented in the previous year's presentations and reports.
- While it was referred to during the Annual Report discussions in October 2025/26, it has not been fully linked to strategies to address the business model of the PMTE, ensure improved control of procurement, and stronger compliance with the PFMA in regional offices.
- Members wanted more detail on the creation of the SSDU inside the accounting office, directly under the DG, to ensure stronger coherence and expenditure control across branches and the 11 regional offices.

#### **Digitisation and Asset Management**

- The department is developing a fully digitised State Asset Information Management System (SAIMS) to provide end-to-end digitisation of administration and operations for both DPWI and PMTE. This aims to further improve coherence, efficiency, transparency, and value generation in asset management.
- Operation Bring Back (OBB) is a targeted programme to identify, recover, and repurpose hijacked or dilapidated state properties, improving asset utilisation and revenue generation.

### **Asset Optimisation and Revenue Generation**

- 31 department-owned properties are being put on the market as part of an optimisation strategy, using models like Build-Operate-Transfer (BOT), Repair-Operate-Transfer (ROT), and Lease-To-Own (LTO) to attract investment and create jobs.
- The Return on Investment Optimisation Strategy is designed to maximise surplus immovable assets for comprehensive revenue generation.

### **Infrastructure-Led Growth and Project Management**

- Infrastructure South Africa (ISA) is positioned as the central point for major infrastructure coordination, aiming to fast-track implementation of catalytic projects and improve project delivery.
- The Welisizwe Rural Bridges Programme and the Salvokop Government Precinct are examples of targeted infrastructure projects.

### **Expanded Public Works Programme (EPWP)**

- EPWP is being reformed to emphasise skills development, entrepreneurship, and long-term job opportunities, with partnerships for training, certification, and apprenticeships.
- However, this requires the branch to collaborate with the basic education, further education, and private business sectors.
- Further, it means that the PCPWI has to embark on collaborative work with the sister committees of the NA, NCOP, legislative committees in provinces, and municipal councils on skills development, entrepreneurship, and longer-term employment opportunities for the under-qualified sectors of South African society.
- This collaborative work of the EPWP branch, public works entities, and this committee must focus on the coherence, responsiveness, and accountability components that

impact how beneficiaries are recruited, conditions of employment, skills development, assessment standards, so that standards and uniform implementation are implemented in coherent manners across the three spheres of government, different business sectors and departments.

## **2. Addressing Debt Collection and PMTE's High Overdraft**

### **Challenge:**

- The PMTE faces a high overdraft due to difficulties in collecting monies owed by client departments for accommodation-related costs.

### **Strategies:**

- PMTE issues invoices and collects user charges from client departments quarterly, based on amounts devolved to them.
- The department is digitising its asset and financial management systems (previously through the procurement of the ARCHIBUS and SAGE systems, now through the SAIMS. These efforts are both aimed at improving tracking, billing, and revenue collection processes to improve the PMTE's dire business situation.
- The department assumes that the parliamentary committee can influence the National Treasury to address this matter, possibly by ring-fencing funds or enforcing payment discipline.

### **Assessment of Assumption:**

- The committee notes concerns about PMTE continuing as a going concern due to its large overdraft and challenges with debt collection. While the department hopes the committee can persuade the National Treasury to bend in this direction, this is not guaranteed. National Treasury typically enforces strict fiscal discipline and may not easily accommodate such requests unless there is strong parliamentary oversight and evidence of improved controls.

## **3. Strengths and Weaknesses of Department and PMTE Strategies**

### Strengths:

- **Digitisation:** The SAIMS and digitisation strategy could likely improve efficiency, transparency, and accountability in asset and financial management.
- **Asset Optimisation:** The focus on revitalising and repurposing state assets can generate revenue and reduce reliance on overdrafts.
- **Project Management:** Dedicated project teams and regulatory streamlining for infrastructure projects can improve delivery and reduce delays.
- **EPWP Reform:** Emphasis on skills development and exit pathways increases the impact of public employment programmes.

### Weaknesses:

- **Fragmented digitisation strategy** exemplified in the separate efforts to use ERP, AI tools, and updated IAR, SAIMS, Works IS, and EPWP IS could result in duplication, wastage, and stagnation unless they are streamlined as one seamless project.
- **Debt Collection:** Despite digitisation, the fundamental challenge remains that client departments may lack the funds or discipline to pay on time, and enforcement mechanisms are weak.
- **Overdraft Risk:** PMTE's financial sustainability is threatened by persistent overdrafts, and reliance on parliamentary or Treasury intervention is risky.
- **Budget Cuts:** The PMTE budget was cut by R109.4 million in 2026/27, which may impact service delivery and exacerbate financial challenges.
- **Assumption on PCPWI Influencing NT:** The assumption that the committee can bend the National Treasury is optimistic and not supported by evidence of past success (to even call them to meet with the committee). Treasury is likely to require robust controls and performance improvements before considering special measures.
- **Operational Weaknesses:** The department faces ongoing challenges with vacant positions, skills gaps, and compliance in asset registers, which may undermine its ability to implement strategies effectively.

## Implementation

- **SAIMS:** By streamlining the various digitisation strategies, including asset information on all government IAs (immovable assets), in compliance with the GIAMA, the department can track payments, automate invoicing, and flag overdue accounts, improving debt collection. It could also undertake the pre-emptive rather than reactive maintenance of its IAs to ensure functional accommodation and secure service delivery sites that increase the dignity of government works and the public.
- **Asset Release:** Properties put on the market can generate revenue, reducing reliance on overdrafts.
- **EPWP:** Skills certification and exit pathways can improve employability and reduce poverty.

The deliberations on the programmatic and strategic projects to improve key business areas resulted in the committee requesting the following reports on:

1. Its efforts to establish ethical leadership and improve effectiveness and compliance with the legal framework that provides an accountability ecosystem (PFMA, Procurement, and Coherent Application of Governance Principles);
2. Progress on precinct plans to be implemented in each of the MTEF years to 2028/29. This should include updates on the Salvokop Precinct Development as a critical case for coherence in urban planning, and on the Integrated Development Plans (IDPs) of provinces and municipalities, which should improve access to government services in both urban and rural settlements.
3. The PMTE Business Strategy, the ERP (SAIMS) and the digitising strategy to improve efficiency, transparency, and accountability in leasing, asset, and financial management. This should update the SSDU's creation as a centralisation effort to enhance coherence between the head office and the 11 regional offices.
4. Delayed projects, geographic position throughout the country, with full updates from project management teams on challenges arising, community facilitation efforts and other strategies towards completion. Members are interested in a value-for-money assessment, including losses incurred due to project delays.
5. Updates on OBB as a targeted programme to identify, recover, and repurpose hijacked or dilapidated state properties, improving asset utilisation and revenue generation. This

could be amalgamated into a presentation with the previous item, as long as it does not shift the focus to improving immovable asset utilisation and revenue generation, as well as strengthening the trade function of the PMTE.

6. Revitalising regional office workshops as a strategy to improve the maintenance of immovable assets throughout the country. The report should strike a balance between the strategy to centralise control at the head office (through the SSDU) and the need to maintain local and regional autonomy.

Having addressed the challenges and efforts to strategically address them during this financial year, we turn to the budgetary allocations of the DPWI and PMTE as shared services for implementing their programmes.

#### 4. THE DPWI BUDGET 2026/27

##### 4.1. Analysis of the Main Vote:

Programme	Budget		Nominal Increase/Decrease 2026/27	Real Increase/Decrease 2026/27	Nominal % change 2026/27	Real % change 2026/27
	2025/26	2026/27				
<b>1. Administration</b>	611.5	<b>658.4</b>	46.9	25.3	7.67	<b>4.13</b>
<b>2. Intergovernmental Coordination</b>	59.9	<b>63.7</b>	3.8	1.7	6.34	<b>2.85</b>
<b>3. Expanded Public Works Programme</b>	2 294.0	<b>2 255.7</b>	-38.3	-112.5	-1.67	<b>-4.90</b>
<b>4. Property and Construction</b>	4 599.0	<b>4 784.1</b>	185.1	27.8	4.02	<b>0.60</b>

<b>Industry Policy and Research</b>						
<b>5. Prestige Policy</b>	83.4	73.7	-9.7	-12.1	-11.63	<b>-14.54</b>
<b>TOTAL</b>	<b>7 647.7</b>	<b>7 835.5</b>	<b>187.8</b>	<b>-69.8</b>	<b>2.5</b>	<b>-0.91</b>

The programme allocations in the 2026 Estimates of National Expenditure show targeted shifts between 2025/26 and 2026/27 that affect delivery against Annual Performance Plan (APP) intentions and the strategies to remedy institutional weaknesses. Using the figures, we can connect where funding grew or shrank to what this means for digitisation, EPWP reform, PMTE stabilisation, and policy/regulatory work.

Note:

- Goods and services shifts: computer services (+R3.1m), operating leases (+R3.4m), and travel (+R6.9m) increase; consultants: business/advisory (-R21.0m) decreases.
- Transfers and subsidies remain the dominant cost driver (82.1% of the Vote), with Departmental Agencies and accounts at R4.36bn and conditional grants to provinces/municipalities at R1.24bn.

The analysis of the budget considers the 2026/27 APP's priorities, the noted challenges, and the identified strategies and programmatic interventions to address them. It examines the shifts across five programmes in the main vote from 2025/26 to 2026/27 and their implications for the stated strategic intentions.

#### **4.1.1. Administration (+R46.9m)**

- What moved:
  - Compensation of employees grows to R357.4m (+R26.1m) and goods and services to R290.2m (+R17.6m). Within goods and services, computer services rise, external audit is slightly down, and travel is up.
- What it enables in the APP:

- Supports the Department's digitisation strategy and SAIMS roll-out; more internal capacity (COE increases) to align people, processes, and systems; and to meet governance targets (compliance, ethics culture rating, vacancy rate  $\leq 10\%$ ).
- Risks/weaknesses addressed:
  - Reduced reliance on external consultants (department-wide consultants cut) is consistent with professionalisation and internal capability-building. Delivery risk lies in executing the SAIMS and business process re-engineering on time; travel cost growth will need careful management to keep cost containment gains.

#### **4.1.2. Intergovernmental Coordination (+R3.8m)**

- Increases:
  - All three sub-programmes (Monitoring & Reporting, IGR & Coordination, Professional Services) register modest increases; bursaries for infrastructure-related studies edge up to R6.5m.
- Impact on the APP:
  - Incremental support for the Skills Pipeline Strategy and provincial support on GIAMA and asset registers; maintains capacity to produce sector performance reports and place ~1,200 beneficiaries in pipeline interventions.
- Risks/weaknesses addressed:
  - Funding growth is modest, so scaling the skills pipeline and strengthening provincial coordination will hinge on efficiency and partnerships rather than large budget expansion.

#### **4.1.3. EPWP (-R38.3m overall)**

- Increases and decreases inside EPWP:

- Infrastructure sub-programme rises to R1,349.2m (+R40.1m), while Operations drops to R734.3m (-R83.1m); M&E is slightly down; Partnership Support and Public Employment Coordinating Commission tick up.
- Transfers to provinces/municipalities (including integrated grants and Non-State Sector) remain the bulk but show a nominal decline overall; grants were consolidated previously to reduce fragmentation. Note that this is indicated in the schedules in the DORA.
- Impact on APP intentions:
  - The APP target of ~1.04 million work opportunities in 2026/27 will depend more on grant-funded delivery through public bodies and less on central operations capacity. The increased Infrastructure sub-programme supports frontline creation, but the sizable cut to Operations tightens central coordination, systems support, and technical assistance—thereby raising execution risk for data quality, reporting timeliness, and problem-solving across implementers.
- Risks/weaknesses addressed:
  - The shift aligns with the reform focus on outcomes (massification and exit pathways), but weaker central operations may strain efforts to standardise training/certification, enhance M&E, and drive exit pathways unless efficiency gains materialise. Sustaining quality (not just quantity) of work opportunities will require disciplined grant management and improved coordination.

#### **4.1.4. Property & Construction Industry Policy & Research (+R185.1m)**

- Increases and decreases:
  - PMTE transfer rises from R4,044.0m to R4,181.9m (+R137.9m); Property Policy and Construction Policy receive small increases; cidb and CBE see marginal nominal increases (real terms flat/down). Infrastructure Development Coordination decreases to R316.1m (-R13.0m). IDT receives R50.0m after a reported once-off in the prior year.
- Impact on APP intentions:

- Supports policy and legislative agenda (Public Works Bill, GIAMA Amendment, Infrastructure Development Act Amendment, cidb Amendment Bill) and ISA's project pipeline preparation, though the decrease in Infrastructure Development Coordination tightens resources for PICC/ISA coordination functions.
- The larger PMTE transfer helps sustain custodial and facilities mandates and supports initiatives like Operation Bring Back and portfolio optimisation; however, the Budget Review flags a significant PMTE baseline cut of R109.4m in 2026/27 relative to earlier baselines. Combined with PMTE's overdraft and debt-collection headwinds, the environment remains tight despite the year-on-year nominal increase reflected in the ENE tables.
- Debt collection/overdraft implications:
  - The APP's reliance on SAIMS and digitisation to strengthen billing, property information, and portfolio decisions is fiscally necessary. Yet, without stronger payment discipline by client departments and/or Treasury enforcement mechanisms, PMTE's overdraft risk persists. As stated earlier, the assumption that a committee can bend the National Treasury is not a reliable mitigation. The Constitution designates the NT as the controlling department responsible for standardising and regulating expenditure (section 216). NT is, further, the department that ensures national and provincial government compliance with the PFMA and its regulations and, in the case of the local government sphere, also with the MFMA, in collaboration with COGTA. NT is more likely, as provided in the legal framework, to require proof of improved controls, billing accuracy, and collection performance than to provide structural relief.
- Risks/weaknesses addressed:
  - Small policy unit increases sustainable legislative reforms, procurement and transformation instruments, and sector oversight. Reduced resources for Infrastructure Development Coordination could slow ISA/PICC support unless offset by efficiency gains or external financing/PPPs.

#### 4.1.5. Prestige Policy (-R9.7m)

- Increases:
  - Prestige Accommodation & State Functions decline significantly; Parliamentary Villages Management Board transfer is marginally higher.
- Impact on APP intentions:
  - Meeting targets (support for planned state events, norms and standards) will demand stronger outsourcing efficiency and asset management discipline; reduction is consistent with cost containment and focusing funds on core infrastructure and employment priorities.

#### Cross-cutting budget signals and impact on DPWI/PMTE strategies

- Tilt from consultants to core systems and staff:
  - Consultants: business/advisory (-R21.0m) and growth in compensation and computer services reflect a pivot toward internal capability, digitisation, and sustainability of core functions—vital for data integrity (asset register, EPWP RS), consequence management, and compliance.
- Digitisation/SAIMS viability:
  - Increased Administration and computer services budgets, plus stable policy support, bolster SAIMS delivery and process automation. Success metrics (automate prioritised processes, compliance, ethics culture) are resourced, but execution discipline is critical.
- EPWP effectiveness under tighter operations:
  - Grants remain sizable, but central operating support is leaner. The APP's ambition for training, certification, and exit pathways will require enhanced coordination with partners (TVETs, private sector) and rigorous grant conditions. Data quality forums and analytics become more important as central hands-on capacity diminishes.

- PMTE sustainability:
  - Year-on-year nominal increase in the transfer coexists with a flagged baseline cut and an overdraft/collection challenge. Portfolio optimisation (utilisation of state buildings, reduced reliance on private leases), Operation Bring Back, and an Asset Optimisation Strategy are aligned with tighter fiscal space. However, cash flow risk remains due to the lack of enforceable payment mechanisms and improved invoicing/collections through SAIMS.
- ISA/PICC delivery capacity:
  - Decrease in Infrastructure Development Coordination budgets may pressure pipeline maturation and intergovernmental clearance functions. The strategy of dedicated project teams, regulatory streamlining, and blended finance must compensate for leaner coordination budgets.

## 5. PROPERTY MANAGEMENT AND TRADING ENTITY (PMTE)

### 5.1. PMTE Budget

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal % change	Real % change
	2025/26	2026/27				
R million						
1. Administration	918,5	1 056,1	137,6	102,9	14,98	11,20
2. Real Estate Investment Services	191,0	199,2	8,2	1,6	4,29	0,86
3. Construction Management Services	406,6	415,6	9,0	-4,7	2,21	-1,15
4. Real Estate Management Services	9 140,3	9 255,9	115,6	-188,8	1,26	-2,07

5. Real Estate Information and Registry Services	63,7	63,5	-0,2	-2,3	-0,31	-3,59
6. Facilities Management Services	3 488,3	3 588,3	100,0	-18,0	2,87	-0,52
<b>TOTAL</b>	<b>14 208,5</b>	<b>14 578,5</b>	<b>370,0</b>	<b>-109,4</b>	<b>2,6</b>	<b>-0,77</b>

As with the main vote, this analysis considers increases and decreases between financial years and their impact on stated performance targets in programmes.

### 5.1.1. PMTE as an Internal Entity of DPWI and Funding Mechanism

The PMTE is an internal trading entity within the Department of Public Works and Infrastructure (DPWI). It executes the DPWI's immovable asset management functions and is funded primarily through two sources reflected in the budget materials: a transfer from the DPWI Main Vote (recorded as "Transfers received" in the PMTE budget) and non-tax revenue from user charges. For 2026/27, the PMTE's revenue is reported as R17.88 billion, comprising R13.70 billion in non-tax revenue (mainly accommodation/user charges) and R4.18 billion in transfers received. Institutionally, the PMTE is situated within the DPWI Main Vote's Programme 4 (Property and Construction Industry Policy and Research), aligning its mandate and funding flows with the Main Vote's strategic direction.

PMTE's total allocation in the 2026 ENE is R14.58 billion for 2026/27 (up R370.0 million nominally from R14.21 billion in 2025/26). The 2026/27 APP presents a higher total (R17.88 billion), and the variance between ENE and APP figures should be clarified. The analysis below uses the ENE figures for programme-level movements and links them to the intentions stated in the APP and to the Main Vote's budget analysis.

### 5.1.2. Budget movements by programme (ENE 2026 figures)

#### Notes on level and composition:

- Programme 4 (REMS) remains the largest share by far, reflecting the cost of providing and managing accommodation for user departments.

- Real increases are concentrated in Programme 1, with modest or negative real movements elsewhere, implying tighter purchasing power for core delivery areas when adjusted for inflation.

### **5.1.2.1. Meaning of movements relative to APP intentions & the Main Vote analysis**

#### **Programme 1: Administration**

- Signal from the budget: A strong real increase (+11.20%) suggests prioritisation of governance, financial management, capability, and oversight capacity.
- Alignment with APP intentions: The APP emphasises strengthening governance, financial management, cyber security, and organisational resilience. Programme 1's growth supports these intentions, including the ICT refresh, business continuity, and anti-fraud/corruption controls, which are listed as key risk mitigations.
- Link to Main Vote analysis: The DPWI Main Vote highlights improving credibility and accountability and building a capable state. Increasing Administration resources in the PMTE supports the Main Vote's emphasis on professionalising systems and ensuring governance over large infrastructure and maintenance portfolios.

#### **Programme 2: Real Estate Investment Services**

- Signal from the budget: A small real increase (+0.86%) indicates maintenance of capacity rather than expansion.
- Alignment with APP intentions: Targets show consolidation: fewer properties processed for letting out (down from 200 to 100) and fewer properties for strategic development (down from 25 to 10), while precinct planning remains steady. The limited real growth aligns with a more selective pipeline focus, prioritising quality over volume and ensuring GIAMA-compliant planning (C-AMP/U-AMP) remains functional.
- Link to Main Vote analysis: The Main Vote's infrastructure agenda foregrounds better project preparation and portfolio optimisation. Keeping Programme 2 stable supports measured progress on precincts and strategic releases, especially as the government advances plans like Salvokop and broader precinct development under tighter fiscal conditions.

### **Programme 3: Construction Management Services**

- Signal from the budget: A nominal rise but real decrease (-1.15%) implies cost-pressure in delivery capacity.
- Alignment with APP intentions: APP targets reflect recalibration of throughput: fewer completed capital works and designs, but a slight increase in contractors at procurement and new EPWP-linked work opportunities. This suggests pivoting to procurement readiness, tighter pipeline management, and improved oversight rather than pushing completion volumes beyond available resources.
- Link to Main Vote analysis: The Main Vote emphasises improving project preparation, procurement, and oversight to deliver faster and more reliably. Programme 3's pattern (shifting to procurement staging and contractor readiness) is consistent with that approach, even if reduced real resources may constrain the pace of completions without efficiency gains and PPP support.

### **Programme 4: Real Estate Management Services (REMS)**

- Signal from the budget: Largest programme sees a real decrease (-2.07%) despite nominal growth, tightening the operating environment for accommodation provisioning and lease portfolio optimisation.
- Alignment with APP intentions: Targets emphasise cost control and optimisation—reducing leased-in space by 15,000 m<sup>2</sup>, increasing productive utilisation of state-owned accommodation, expanding lease-to-own deals, Operation Bring Back recoveries, and increased disposal of non-core assets. These are efficiency-oriented levers well-suited to a real budget squeeze.
- Link to Main Vote analysis: The Main Vote stresses portfolio optimisation and reducing recurring costs. The REMS shift towards rationalisation (less leased in space, more letting of unutilised state properties, and disposals) directly supports the Main Vote's cost-containment and efficiency agenda under constrained real funding.

### **Programme 5: Real Estate Information and Registry Services**

- Signal from the budget: A small nominal cut and real reduction (-3.59%) suggest tighter resources for asset register integrity and verification work.

- Alignment with APP intentions: Targets maintain core registry integrity (physical verification volumes remain high, with slight reduction; alignment to municipal valuations holds steady). The programme must maintain data quality with fewer real resources, underscoring the need for process efficiency and risk-based prioritisation.
- Link to Main Vote analysis: The Main Vote's focus on credible asset data (GIAMA compliance, reliable Immovable Asset Register) remains central. Real constraints heighten the importance of the risk mitigations (e.g., improved systems, data governance) to uphold register quality, as weaknesses here can cascade into valuation, lease, and maintenance inefficiencies.

### **Programme 6: Facilities Management Services**

- Signal from the budget: Nominal increase but real decrease (-0.52%), implying maintenance and operations will face inflationary pressure.
- Alignment with APP intentions: Targets aim for breadth and standards: more operational term contracts (266, up from 242), stable total facilities management sites, green building certifications, and publication of the Green Building Report. The reduction in buildings with new solar PV installations (from 8 to 1) signals realism under tighter resources, while keeping systemic maintenance contracts moving.
- Link to Main Vote analysis: The Main Vote prioritises maintenance to preserve asset value and supports climate-responsive and efficient operations. Programme 6's emphasis on standard contracts, condition assessments of critical components, and measured sustainability initiatives aligns with these priorities, even as the real budget squeeze necessitates careful prioritisation and sequencing.

### **5.2. Cross-cutting issues and strategic responses**

- ENE vs. APP baseline differences: The APP totals (R17.88 billion) exceed the ENE total (R14.58 billion). This requires reconciliation to ensure consistent planning, performance monitoring, and oversight.
- Revenue and transfers: The PMTE's funding model combines significant user-charge revenue with a substantial transfer (R4.18 billion). This underpins cash flow for

maintenance, leases, and capital execution. The Main Vote's Programme 4 location consolidates accountability for policy, oversight, and the PMTE's trading operations.

- Addressing weaknesses and risks (as per risk matrix):
  - Governance, cyber security, and business continuity: Supported by the strong real growth in Administration and the ICT and governance initiatives in the risk plan.
  - Portfolio optimisation and cost containment: REMS targets (reduce leased-in space, lease-to-own, disposals, OBB recoveries) directly address fiscal constraints, echoing the Main Vote's drive for efficiency.
  - Delivery capability and professionalisation: Despite real constraints in Programmes 3 and 6, the strategy to standardise procurement (IDMS), ready contractor pipelines, and professionalise the ecosystem (EGSA, skills pipeline) aligns with the Main Vote's emphasis on building a capable state and improving infrastructure outcomes.
  - PPP and alternative funding levers: BOT/ROT initiatives and a PPP advisory unit (with a pipeline of projects) reflect the Main Vote's orientation to crowd-in capacity and manage lifecycle costs under tight baselines.
  - Asset register integrity: Even with real reductions in Programme 5, the continued focus on verification and municipal valuation alignment remains essential to prevent leakages and support fair charges—key to the PMTE's cost recovery model endorsed by the Main Vote.

#### **5.2.1. Economic classification lens (context for delivery):**

- Current expenses grow nominally by 2.4% (real decline), with compensation rising 4.4% and goods/services by 2.0%. This profile reinforces the need for efficiency, contract standardisation, and demand management to maintain service levels.
- Staffing remains broadly stable (4,540), implying delivery improvements must come from systems/process gains rather than headcount growth.

#### **5.2.3. Overall interpretation**

- With real declines in several delivery programmes, the 2026/27 PMTE budget pushes a strategy of efficiency, optimisation, and professionalisation rather than expansion. This is consistent with the Main Vote priorities of improving governance, optimising the property portfolio, and strengthening project preparation and maintenance standards.
- The Administration boost is aimed at reinforcing governance and systems upgrades, while the shift in REMS and FM toward cost-saving levers, standardised maintenance, and measured sustainability gains. Construction pipeline management focuses on procurement readiness and EPWP opportunities within a tighter real envelope. Ensuring alignment between the ENE and APP baselines and executing PPP/alternative funding strategies will be critical to sustain delivery ambitions within fiscal constraints.

### 5.3. Key Increases

**Administration:** Significant increase (+9.5%) suggests a focus on strengthening internal capacity, compliance, and ethical leadership, aligning with DPWI's strategic intent to build a resilient, ethical, and capable department.

**Construction Management Services:** Notable increase (+7.0%) reflects prioritisation of infrastructure delivery, capital works, and project completion, supporting targets for completed projects and designs.

**Real Estate Investment Services:** A modest increase (+2.8%) indicates continued investment in property processing and strategic development, supporting targets for properties processed and precinct plans.

**Real Estate Management Services:** A slight increase (+1.4%) supports ongoing optimisation of asset management, including lease reductions and the productive utilisation of state assets.

### 5.4. Key Decreases

**Facilities Management:** A decrease (-1.4%) may signal efficiency gains or a shift in focus from routine maintenance to capital upgrades and refurbishment, as evidenced by increased allocations for construction management.

**Real Estate Registry Services:** A marginal decrease (-0.2%) suggests stable operations, possibly reflecting the completion of major registry alignment projects.

## 5.5. Implications for PMTE Targets and Strategies

- **Increases in Administration and Construction Management:** These support PMTE's targets for compliance, ethical leadership, project completion, and professionalisation. The increased budget enables PMTE to address weaknesses such as slow project delivery, skills gaps, and compliance risks.
- **Slight Increase in Real Estate Management:** Supports targets for lease reduction, asset utilisation, and revenue generation, addressing risks of underutilised assets and inefficient portfolio management.
- **Decrease in Facilities Management:** May reflect a strategic shift towards capital upgrades and asset optimisation, rather than routine maintenance. This aligns with the main vote's focus on integrated infrastructure delivery and asset management.

## 6. DPWI ENTITIES

This section analyses the 2026/27 budget and performance of each public works and infrastructure entity reporting to the executive authority. It draws directly on the information presented to the committee on 22 and 23 April 2026. It considers the Members' engagement with each entity, including alignment with its legal mandate and national priorities, challenges and proposed solutions, and the impact of budgetary allocations on performance targets.

### 6.1. Agrément South Africa (ASA)

#### 6.1.1. Alignment with National Development Plan, Vision 2030, and SONA Imperatives

- **Mandate:** ASA is legislated to evaluate the fitness-for-purpose of non-standardised construction products and systems, providing assurance and supporting socio-economic development. Its vision and mission focus on sustainability, impartiality, and risk mitigation for policymakers.
- **National Development Plan and Vision 2030:** ASA's operations support integrated socio-economic development, transformation of the construction sector, and innovation—key priorities in the NDP and Vision 2030. The entity's focus on

certification, quality assurance, and stakeholder engagement aligns with national goals for infrastructure, safety, and economic growth.

- SONA Imperatives: ASA's programmes promote social cohesion, safer communities, and transformation in the built environment, echoing SONA priorities for inclusive development and sectoral transformation.

Having considered its policy alignment in its annual performance plan for 2026/27, the ASA is well-aligned with its legislative mandate and national priorities, as evidenced by its strategic focus areas and performance targets.

## **6.1.2. Challenges and proposed solutions**

### **6.1.2.1. Challenges**

- Voluntary Certification: ASA's certification is voluntary, limiting its ability to enforce regulations and drive sector transformation.
- Financial Sustainability: The entity faces challenges in ensuring long-term viability and resource optimisation.
- Skills Gaps: There are gaps in technical and quality assurance skills among staff.
- Testing Facilities: ASA lacks its own testing facilities, which constrains its technical capacity.
- Vacancies: The number of approved positions has decreased, raising concerns about capacity.

### **6.1.2.2. Proposed Solutions**

- Legislative Review: ASA proposes amending its Act to enable enforcement and penalties for non-compliance.
- Operating Model Review: The entity is implementing a new operating model to enhance financial sustainability and operational efficiency.

- Skills Development: ASA is introducing training programmes, mentorship, and collaboration with retired engineers and quality assurance specialists.
- Partnerships: ASA is pursuing MoUs with SABS and CSIR for access to testing sites and accredited laboratories.

### 6.1.3. Budgetary Allocations Per Programme and Impact on Performance Targets

Programme	Budget		Nominal Increase/Decrease 2026/27	Real Increase/Decrease 2026/27	Nominal % change 2026/27	Real % change 2026/27
	2025/26	2026/27				
1. Administration	19.3	19.4	0.1	-0.5	0.52	-2.79
2. Regulation and Certification Services	14.9	16.0	1.1	0.6	7.38	3.85
3. Proactive and Relevant Built Environment Interventions	3.6	3.8	0.2	0.1	5.56	2.08
<b>TOTAL</b>	<b>37.8</b>	<b>39.2</b>	<b>1.4</b>	<b>0.1</b>	<b>3.7</b>	<b>0.29</b>

- Total Budget: R39.2 million for 2026/27 (increase of R1.4 million, 3.7% nominal, 0.3% real).
- Programme Allocations:
  - Administration and Governance: R19.4 million (+R0.1m, 0.5% nominal, -2.8% real)
  - Regulation and Certification Services: R16.0 million (+R1.1m, 7.4% nominal, 3.9% real)
  - Proactive and Relevant Built Environment Interventions: R3.8 million (+R0.2m, 5.6% nominal, 2.1% real).

### **6.1.3.1. Impact on Performance Targets**

- Administration and Governance: Slight nominal increase, but real decrease. Targets remain unchanged, but fewer indicators are reported (6 vs 9 in the previous year), suggesting a focus on core priorities and possible resource constraints.
- Regulation and Certification Services: Significant increase supports expanded targets (18 certificates vs 15 last year, 100% Act review implementation). This allocation is likely to positively impact regulatory capacity and sector transformation.
- Built Environment Interventions: Moderate increase targets unchanged. The budget supports ongoing stakeholder engagement, market analysis, and awareness activities.
- Overall: Budget increases are modest, with the most substantial growth in Regulation and Certification Services. This aligns with ASA's strategic shift to strengthen regulatory impact and certification output. However, the real-term decrease in Administration may constrain organisational development and governance initiatives.

### **6.1.3.2. Risks and Opportunities**

- Risks: Real-term decreases in Administration may affect capacity-building and governance. The reduction in approved positions could impact delivery.
- Opportunities: Increased funding for Regulation and Certification Services enables ASA to meet higher certification targets and regulatory ambitions, supporting national priorities.

### **6.1.4. Deliberations - ASA's Risks and Opportunities**

- Legislative Review: ASA should draft amendments to its Act, outlining enforcement mechanisms and penalties.
- Skills Development: Launch targeted training sessions and mentorship programmes, leveraging retired engineers and quality assurance specialists.

- **Partnerships:** Formalise MoUs with SABS and CSIR, specifying access to testing facilities and laboratory services.
- **Budget Monitoring:** Track expenditure per programme to ensure alignment with performance targets and adjust resource allocation as needed.

## **6.2. Independent Development Trust (IDT)**

### **6.2.1. Alignment with NDP, Vision 2030, and SONA Imperatives**

- **Mandate:** The IDT is scheduled in the PFMA as a Schedule 2 public entity. This means it should sustain itself by generating revenue from social infrastructure projects that it delivers to client departments across every sphere of the government. It was established to empower disadvantaged communities, mainly in rural and underdeveloped urban areas, by delivering and refurbishing social infrastructure (schools, clinics, community centres). Its mission and vision focus on being a competitive, commercially driven built-environment implementation agency.
- **National Development Plan and Vision 2030:** The IDT's focus on social infrastructure, job creation (through Expanded Public Works Programme), and transformation of the built environment directly supports the NDP's goals of reducing poverty, inequality, and unemployment, and Vision 2030's emphasis on inclusive development and improved public services.
- **SONA Imperatives:** The IDT's targets for infrastructure delivery, empowerment of designated groups (women, youth, persons with disabilities), and job creation align with the President's State of the Nation Address priorities, including economic transformation, job creation, and service delivery.
- The IDT aims to complete 164 infrastructure projects, create 3,914 construction work opportunities, and allocate significant contract value to designated groups, all of which support national priorities.

### **6.2.2. Challenges Reported to the Committee**

- **Sustainability as a Going Concern:** For several years, the IDT highlighted ongoing concerns about its financial sustainability, especially given reductions in government

grants and reliance on management fees. Its specific challenge is that it struggles to enforce payments for services rendered from client departments – a similar complaint heard from the PMTE.

- **Budget Reductions:** The total allocation for 2026/27 decreased by R59.4 million (9.7% nominal, 12.6% real), with a significant cut to Administration (-16.8% nominal, -19.6% real).
- **Operational Uncertainties:** There are unclear allocations for key programmes (Cuban Technical Resources, Internal Audit Graduate Programme, Ceta Interns), and questions about the number of filled positions and programme participants.
- **Revenue Generation:** The IDT needs to clarify how it will sustain revenue growth, given the reduction in direct government support and the expectation to be self-sustaining. The entity, as well as the Department and Minister, have signalled ongoing work to amend legislation that may strengthen its efforts to claw back revenue and enforce payments. Thus far, this has shown little progress, which affects its status as a going concern.

### 6.2.3. Proposed Solutions

- **Increase Management Fees Revenue:** The IDT plans to increase revenue through higher management fees charged to client departments, projecting a 7% annual increase (though actual calculations suggest higher rates).
- **Focus on Core Mandate:** By prioritising project management for social infrastructure and expanding work opportunities, the IDT aims to maintain relevance and impact.
- **Transformation Initiatives:** The IDT proposes to allocate more contracts and expenditure to designated groups, supporting transformation and empowerment.
- **Efficiency Measures:** Targets include completing 60% of projects on time and 90% within budget, improving operational efficiency.

### 6.2.4. Budgetary Allocations per Programme and Impact on Performance Targets

Programme	Budget		Nominal Increase / Decrease	Real Increase / Decrease 2026/27	Nominal % change 2026/27	Real % change 2026/27
	2025/26	2026/27				
R million						

			2026/27			
1. Administration	420.7	349.9	- 70.8	- 82.3	-16.83	-19.56
2. Programme Management	194.6	206.0	11.4	4.6	5.86	2.38
<b>TOTAL</b>	<b>615.3</b>	<b>555.9</b>	<b>- 59.4</b>	<b>- 77.7</b>	<b>-9.7</b>	<b>-12.62</b>

#### 6.2.4.1. Impact Analysis

- Administration: The significant decrease may constrain support functions, compliance, and capacity-building initiatives. Reduced allocations for staff training and internship programmes could impact talent development and operational readiness.
- Programme Management: The increase supports the delivery of infrastructure projects and job creation targets. However, the modest rise may not fully offset the overall budget reduction, potentially affecting the scale or pace of project delivery.
- Performance Targets:
  - The target for infrastructure project completion (164 projects) and work opportunities (3,914 construction WOs) is ambitious, given the reduced overall budget. Efficiency and prioritisation will be critical.
  - Transformation targets (contract awards to designated groups) remain, but resource constraints may limit outreach and support.
  - The unchanged target for EPWP work opportunities (43,000) suggests a commitment to job creation despite financial pressures.

- The reduction in Administration may affect the ability to maintain a 10% vacancy rate and achieve a 70% client satisfaction index, while the increase in Programme Management supports direct service delivery.

#### **6.2.4.2. Increases and Decreases: Implications for the Financial Year**

- Increases: Programme Management's budget increase (+R11.4 million) is positive for core delivery, supporting infrastructure and job creation targets.
- Decreases: Administration's substantial cut (-R70.8 million) risks undermining support, compliance, and capacity-building. Cuts to staff training and internship allocations may affect future capacity.
- Overall: The entity must balance efficiency and prioritisation to achieve its targets. The risk is that reduced support functions may impact long-term sustainability and transformation goals.

### **6.3. Construction Industry Development Board (cidb)**

#### **6.3.1. Alignment with Mandate, NDP, Vision 2030, and SONA Imperatives**

Mandate: The cidb is established to implement an integrated strategy for the reconstruction, growth, and development of the construction industry. Its mission is to lead the industry towards improved socio-economic development for a better quality of life for all.

- **National Development Plan & Vision 2030:** The cidb's focus on sustainable growth, transformation (especially participation of historically disadvantaged groups), best practices, ethical standards, and improved procurement directly supports the NDP's goals of economic growth, job creation, infrastructure development, and transformation. The B.U.I.L.D Programme, launched in 2024, is a strategic initiative to accelerate transformation, enhance infrastructure delivery, and support emerging contractors, which aligns with Vision 2030's objectives.

- **SONA Imperatives:** The cidb's commitment to fighting fraud and corruption, strengthening compliance, and expanding work opportunities for black-owned contractors addresses key SONA priorities such as economic empowerment, anti-corruption, and infrastructure delivery.

The requirement for contractors awarded projects over R20 million to contribute 0.2% of project value to development initiatives is a practical step towards transformation and empowerment, supporting both NDP and SONA goals.

### 6.3.2. Challenges Reported to the Committee

The cidb highlighted several challenges:

- **Declining Real Budget Allocations:** Despite nominal increases, several programmes face real-term budget declines, especially Research and Development and Best Practice Project Assessment Scheme.
- **Performance Target Reductions:** Some targets, such as funds spent on development and enterprise finance under the Best Practice Project Assessment Scheme, have been reduced from 100% to 85%.
- **Unclear Employee Satisfaction Target:** The employee satisfaction target is not specified for 2026/27, unlike the previous year.

### 6.3.3. Issues from Deliberations & Proposed Solutions

- **Inconsistencies in Programme Reporting:** There are inconsistencies in the naming and sequence of programmes between the ENE and the APP, which may affect clarity and accountability.
- **Clarification of Programme Reporting:** The cidb proposes to clarify inconsistencies in programme allocations and naming conventions to improve transparency.
- **B.U.I.L.D Programme Implementation:** The cidb will continue to drive the B.U.I.L.D Programme, ensuring it remains central to industry transformation and sustainable growth.
- **Guidelines and Instruction Notes:** The Board plans to develop at least six guidelines and instruction notes to strengthen compliance.

- Provincial Capacitation Programmes: Implementation of capacitation programmes on infrastructure prescripts, targeting 450 clients over the medium term.
- Repurposing Provincial Programmes: Focus on capacitation initiatives at a cost of R130.9 million over the medium term.

#### 6.3.4. Budgetary Allocations per Programme and Impact on Performance Targets

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal % change 2026/27	Real % change 2026/27
	2025/26	2026/27				
1. Administration	143.5	148.2	4.7	-0.2	3.28	-0.12
2. Construction Industry Regulation	32.6	33.9	1.3	0.2	3.99	0.57
3. Construction Industry Performance	10.9	11.4	0.5	0.1	4.59	1.15
4. Procurement and Development	11.3	11.8	0.5	0.1	4.42	0.99
5. Provincial Offices	38.5	41.4	2.9	1.5	7.53	4.00
6. Research and Development	6.3	5.5	-0.8	-1.0	-12.70	-15.57
7. Best Practice Project Assessment Scheme	109.9	110.0	0.1	-3.5	0.09	-3.20
<b>TOTAL</b>	<b>353.1</b>	<b>362.3</b>	<b>9.2</b>	<b>-2.7</b>	<b>2.6</b>	<b>-0.77</b>

- Total revenue for 2026/27: R362.3 million (2.6% nominal increase, 0.8% real decrease).
- Government grant: R80.7 million (nominal increase, real decrease).

##### 6.3.4.1. Impact on Performance:

- **Increases:** Most programmes see nominal increases, but only Provincial Offices and Construction Industry Performance have meaningful real increases. This supports expanded targets, such as increasing the number of client departments (from 130 to 140) and establishing new provincial partnerships.
- **Decreases:** Research and Development faces a significant real decrease, but its target for published studies increases (from 3 to 4), suggesting a need for efficiency or external support. The Best Practice Project Assessment Scheme's real decrease is accompanied by reduced targets for funds allocated to development and enterprise finance.
- **Stagnation:** Administration's real allocation is almost flat, with unchanged targets except for employee satisfaction, which is not specified.

The committee concluded that the reduction in Research and Development funding may constrain the cidb's ability to meet its increased research study target, potentially impacting policy and innovation. Similarly, the real decrease in the Best Practice Project Assessment Scheme may limit developmental interventions, despite the B.U.I.L.D Programme's ambitions.

#### **6.4. Council for the Built Environment (CBE)**

**Mandate:** The CBE is a statutory entity established to promote and protect public interests in the built environment, ensure sustainable development, advance human resources, and uphold governance and standards across six professional councils. Its mission and vision focus on sustainability, inclusivity, agility, and thriving built environment professions by 2035.

##### **6.4.1. Alignment with NDP, Vision 2030, and SONA Imperatives:**

- **National Development Plan & Vision 2030:** CBE's focus on professionalisation, skills development, transformation, and sustainability directly supports the NDP's goals for infrastructure, skills pipeline, and inclusive growth. The entity facilitates participation in integrated development aligned with national goals.
- **SONA Imperatives:** CBE's priorities—professionalisation, accountability, sustainability, and transformation—address SONA's calls for improved governance,

skills development, and sector transformation. Its programmes support public safety, quality infrastructure, and equitable access.

- The Professional Skills and Capacity Development Programme aims to support 4,000 students, graduates, and professionals annually, increasing the sector's capacity and inclusivity, which is a direct response to national priorities.

## **6.4.2. Challenges Reported to the Committee**

### **6.4.2.1. Key Challenges:**

- Information Technology (IT): Outdated manual business processes and lack of sustainable enterprise architecture hinder efficiency and innovation.
- Human Resources: Need for alignment of staff skills with strategic objectives; reduction in funded positions (from 63 to 57) may impact capacity.
- Budget Constraints: Real-term decreases in several programme budgets, especially Empowerment and Economic Development (-98.2%), Research and Knowledge Management (-61.3%), and Public Protection, Policy and Legislation (-20.1%).
  - The drastic reduction in the Empowerment and Economic Development budget (from R5.4m to R0.1m) limits the scope for economic empowerment initiatives.

### **6.4.2.2. Proposed Solutions**

- IT Modernisation: Innovate and modernise manual processes, establish enterprise architecture, improve ICT governance, and implement knowledge management systems.
- Human Resource Development Plan (HRDP): Enhance staff skills and capabilities to meet strategic needs.
- Advocacy and Professionalisation: Continue advocating for sector professionalisation, facilitating candidate placement, mentorship, and career development.

The CBE plans to increase the number of supported students, graduates, and professionals from 3,000 in 2025/26 to 6,000 in 2028/29 through targeted support services and professionalisation programmes.

#### 6.4.3. Budgetary Allocations per Programme and Impact on Performance Targets

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal % change in 2026/27	Real % change in 2026/27
	2025/26	2026/27				
R million						
1. Administration	59.8	61.7	1.9	- 0.1	3.18	-0.22
2. Empowerment and Economic Development	5.4	0.1	- 5.3	- 5.3	-98.15	-98.21
3. Professional Skills and Capacity Development	1.9	7.0	5.1	4.9	268.42	256.31
4. Research and Knowledge Management	0.5	0.2	- 0.3	- 0.3	-60.00	-61.32
5. Public Protection, Policy and Legislation	2.3	1.9	- 0.4	- 0.5	-17.39	-20.11
<b>TOTAL</b>	<b>69.8</b>	<b>71.0</b>	<b>1.2</b>	<b>- 1.1</b>	<b>1.7</b>	<b>-1.63</b>

- Total Revenue: R71.0 million (nominal increase of R1.2m, 1.7%; real decrease of 1.6%).
- Budget Allocation Changes:
  - Administration: R61.7m (+3.2% nominal, -0.2% real)
  - Empowerment and Economic Development: R0.1m (-98.2% nominal/real)
  - Professional Skills and Capacity Development: R7.0m (+268.4% nominal, +256.3% real)
  - Research and Knowledge Management: R0.2m (-60% nominal, -61.3% real)
  - Public Protection, Policy and Legislation: R1.9m (-17.4% nominal, -20.1% real)

#### **6.4.3.1 Impact on Performance Targets:**

- **Increases:** The substantial increase in Professional Skills and Capacity Development enables higher targets for supporting organisations and individuals, aligning with national priorities for skills and professionalisation.
- **Decreases:** Significant reductions in Empowerment and Economic Development, Research and Knowledge Management, and Public Protection may constrain activities in economic empowerment, research output, and legal/public protection services.
- **Administration:** Slight increase supports improved governance and stakeholder engagement, but real-term decrease may limit operational expansion.

Despite the increased budget for Professional Skills and Capacity Development, the target for organisations supported drops from 15 to 12, and the target for individuals supported drops from 3,000 to 1,000, indicating that budget increases may be offset by other resource constraints or strategic shifts.

#### **6.4.3.2. Analysis of Increases and Decreases**

- **Increases:** Professional Skills and Capacity Development receives a major boost, supporting the entity's focus on professionalisation and skills pipeline.
- **Decreases:** Programmes with reduced budgets may see diminished capacity to deliver on research, economic empowerment, and public protection targets.
- **Overall Impact:** The entity is generally aligned with its mandate and national priorities, but budgetary constraints and resource challenges may impact its ability to fully achieve performance targets, especially in programmes with significant decreases.

## **7. CONCLUSION**

The committee recommended that the Minister ensure the following reports on actions to ensure that the envisioned negative impacts do not derail the desired fulfilment of the mandates of the department, the PMTE and the entities:

- 7.1. To address the committee's stated concern regarding management instability and vagueness on administrative leadership, an updated report is required on changes/acting appointments at the DDG and Chief Director level in the DPWI/PMTE organisation structure, and the status of filling vacant posts.
- 7.2. Progress on the Operation Bring Back (OBB) programme with a breakdown of illegally occupied state assets by province (including houses/buildings and, where applicable, farms). The report is to include the status of the properties and, where applicable, improvements to them. Further, it should update progress on delayed projects (including the use of the AI monitoring tool and a status report).
- 7.3. The strategic formation of the SSDU (Strategic and Special Delivery Unit (SSDU) inside the office of the DG, its staffing composition, scope and the projects/functions transferred to it, to ensure the delivery of 30 delayed and stalled projects. This report to include consideration of the impact of centralisation on regional office (RO) mandates to maintain properties and plans to revitalise artisan workshops at the ROs).
- 7.4. An update report on the Enterprise Renewal Project (ERP), roll out of the ARCHIBUS for property maintenance and management, the SAGE systems, and the Strategic Asset and Infrastructure Management System (SAIMS) as the proposed central, cloud-based management system to renew digitisation of the Immoveable Asset Register (IAR)); finally it should update work on information systems such as the Works IS, EPWP IS and their cost/benefit and efficiency gains for the department and PMTE.
- 7.5. The IDT is to submit the list of school projects that will be embarked on. The list must be submitted to the Committee within 7 days after the deliberations on its APP.
- 7.6. The IDT Board and the executive authority to report on the status of transforming the IDT into a social infrastructure agency that fits the legal framework and the broad social transformation project.
- 7.7. The CBE is to report to the committee on its solution to modernise manual processes, establish enterprise architecture, improve ICT governance, and implement knowledge management systems.
- 7.8. The cidb to report on strategies of locking the private sector into involvement in the B.U.I.L.D programme, guidelines and instruction notes, to strengthen compliance, and capacitation programmes on infrastructure prescripts, targeting 450 clients over the medium term.

- 7.9. The CBE to report on the targeted pipeline towards professional registration for built environment professional graduates as a key matter to transform the sector.
- 7.10. The CBE is to report on strategies to address its reported outdated manual business processes and lack of sustainable enterprise architecture, which hinder efficiency and innovation.

Report to be considered

## **2. Report of the Portfolio Committee on Communications on its deliberations on Budget Vote 4: Government Communication and Information System (GCIS), dated 5 May 2026**

The Portfolio Committee on Communications (the Committee), having considered Budget Vote 4: Government Communication and Information System (herein referred to as ‘the Department’) and the Annual Performance Plan (APP) for 2026/27, reports as follows:

### **1. Introduction**

Section 55(2) of the Constitution of the Republic of South Africa, Act 108 of 1996, states that the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) the exercise of national executive authority including the implementation of legislation; and (ii) any organ of state. In terms of the Public Finance Management Act (PFMA), the Accounting Officers must provide Parliament or the relevant legislature with their respective institution’s Medium-Term Strategic Framework (MTSF) and, where applicable, with its Annual Performance Plan.

The Money Bills Amendment Procedure and Related Matters Act was promulgated in 2009 and provides Parliament with the power to reject or recommend approval of departments’ budgets. The Act also provides for the implementation of recommendations arising from the committee’s oversight reports.

The Committee met with the Department and the Media Development and Diversity Agency (MDDA), herein referred to as “the Agency”, on Tuesday, 21 April 2026. The meeting with the Department and the Agency was held virtually.

## **2. The Purpose of the Budget Vote 4**

An APP sets out what the institution intends to do in the upcoming financial year and during the Medium-Term Expenditure Framework (MTEF) 2025/26 – 2028/9 to implement its Strategic Plan. The document sets out performance indicators and targets for budget programmes and, where relevant, sub-programmes, to facilitate the institution in realising its goals and objectives set out in the Strategic Plan.

The purpose of Budget Vote 4 is to provide a comprehensive communication service on behalf of the government to facilitate the involvement of the majority of South Africans in governance, reconstruction and development, nation building, and reconciliation.

### **2.1 Mandate**

The GCIS derives its mandate from Section 195(g) of the Constitution, which guarantees citizens access to timely, accurate, and accessible information. Established in 1998 following the Comtask report, the GCIS is tasked with ensuring the country's democratic strength and success through rapid, responsive, and continuous communication of the government's achievements.

The Department serves as the central coordinator of government communication, ensuring that the government speaks with clarity, credibility, and one voice while creating the conditions for informed public participation. It must communicate professionally across all spheres, support democratic participation, and counter misinformation, in line with its mandate to uphold the Constitutional principles of freedom of expression and transparent and open governance.

Its mandate is further guided by key legislation and policy frameworks, including the PFMA, Government Communication Policy (2025) and the National Communication Strategy Framework (NCSF) 2025–2030.

Lastly, its mandate is further defined by key legislation, including the Public Finance Management Act (1999) and the Media Development and Diversity Agency (MDDA) Act (2002).

### **3. Alignment to MTDP Priorities**

The GCIS contributes to the National Development Plan (NDP) and the Medium-Term Development Plan (MTDP) 2024-2029 by fostering an active and accountable citizenry, building a capable and ethical developmental state, and promoting social cohesion through effective communication. Particularly its priorities to:

- Drive inclusive economic growth and job creation
- Reduce poverty and the cost of living
- Build a capable, ethical and developmental state

GCIS contributes to these priorities by amplifying government programmes through coordinated communication, strengthening public trust, enabling active citizenry, and supporting nation-building and social cohesion. The work also supports the NDP 2030 goals of an active citizenry and a capable State.

### **4. Annual Performance Plan 2026/27 (R803.2 million)**

For 2026/27, the aims to strengthen the government communication system and improve impact. Key priorities include:

- *Strategic communication coordination*, including piloting the Editorial Command Centre (ECC) and implementing the Integrated Government Communication Plan (IGCP)
- *Public information and awareness*, focusing on service delivery, economic opportunities, elections, GBVF, misinformation and nation-building
- *Digital communication and innovation*, including GoZA TV, omnichannel platforms, analytics and a Digital Response Hub
- *Inclusivity and access*, ensuring communication in all official languages, SASL, Braille and formats accessible to persons with disabilities

- *Capacity development and institutional strengthening*, with targeted training in digital, communication and coordination skills
- *Support for community and grassroots media*, working with the MDDA and implementing the Media Buying Policy

### **Programme 1: Administration**

Focuses on institutional effectiveness, governance and support services. Planned performance includes upskilling 20 per cent of employees in digital, communication and coordination skills, deploying/scoping ICT solutions to improve responsiveness, strengthening financial governance, and increasing procurement spent on designated groups.

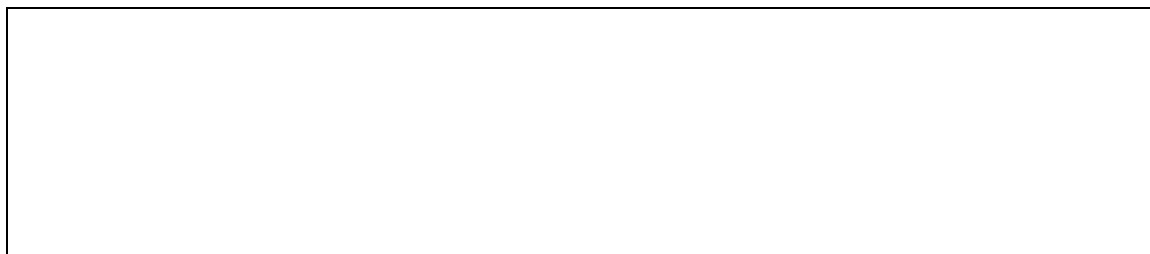
### **Programme 2: Content Processing and Dissemination**

Focuses on delivering coherent, high-impact and citizen-centred content. Planned outputs include significantly increasing audience reach across GCIS digital platforms, expanding multilingual publications (notably *Vuk'uzenzele*), improving responsiveness to public engagement, producing high-volume audio-visual content, conducting communication research, and driving major national campaigns aligned to MTDP priorities.

### **Programme 3: Intergovernmental Coordination and Stakeholder Management**

Focuses on development communication and coordination across national, provincial and local government. Planned performance includes media engagement on Cabinet and MTDP priorities, rapid communication response to manage government reputation, coordination of cluster and provincial communication structures, large-scale community outreach, training of government communicators, and sustainability support for community media.

## 4.1 Expenditure Overview



Over the medium term, the Department will continue to focus on keeping citizens informed and empowered and ensuring a well-functioning government communication system. Expenditure is set to increase at an average annual rate of 1.3 per cent, from R829.3 million in 2025/26 to R863 million in 2028/29. The modest increase in spending is due to a reduction in the Department's budget in 2026/27 to R803.2 million, resulting from a one-off allocation in 2025/26 for South Africa's G20 presidency.

As the Department relies mostly on personnel to fulfil its mandate, spending on compensation of employees accounts for an estimated 40.5 per cent (R1 billion) of its budget over the MTEF period, while transfers to Entities (Brand South Africa and the Media Diversity and Development Agency) account for an estimated 32.4 per cent (R810 million).

### **Keeping citizens informed and empowered**

Transformed and sustained communication platforms have the potential to improve lives through disseminating vital information and providing education and awareness. To this end, over the medium term, the department plans to promote more use of all official languages in its products, including the Vuk'uzenzele newspaper, Cabinet statements and the State of the Nation Address. This work will be carried out through the Products and Platforms subprogramme in the Content Processing and Dissemination programme at an estimated cost of R9.9 million over the period ahead.

The Research Analysis and Knowledge Services subprogramme in the Content Processing and Dissemination programme is responsible for ensuring a targeted approach to government communications. This includes conducting research to gauge public information needs and public perceptions of government performance. The subprogramme

also conducts research to assess the effectiveness of key campaigns and platforms used to communicate government programmes. To carry out these activities, R38.4 million is set aside in the subprogramme over the medium term.

The Department uses various digital and social media platforms to deliver content that is informative and empowering. Over the period ahead, in the Products and Platforms subprogramme in the Content Processing and Dissemination programme, R12.7 million is allocated to Vuk'uzenzele online and its editorial and translation services, R16.2 million is allocated for marketing government events and achievements through digital media, R10.6 million is set aside for editorial and language services, and R3.2 million is set to be spent on the covering of news events on SANews.

The Department's provincial and district offices will continue to drive communication interventions through advertising, community dialogues, community radio programme engagements, and outreach events to broaden access to government opportunities. As such, the Department plans to undertake 1,250 community and stakeholder engagements each year over the medium term to ensure that citizens are informed about the government's programmes and policies. These activities will be characterised by community dialogues and outreach events aligned with the national communication strategic framework. The total cost to render communication and support functions to citizens through provincial and district offices amounts to R63.7 million over the medium term. These funds are allocated to the Provincial and Local Liaison subprogramme within the Intergovernmental Coordination and Stakeholder Management programme.

It is estimated that R20 million per year over the next 3 years will be spent on priority advertising campaigns across platforms such as radio and television, digital media, and community outreach programmes. Of this amount, R17 million is allocated in the Communication Service Agency subprogramme in the Content Processing and Dissemination programme, and R3 million is made available in the Provincial and Local Liaison subprogramme in the Intergovernmental Coordination and Stakeholder Management programme.

### **A well-functioning government communication system**

The Department plans to coordinate and lead the government communication system at the national, provincial and local levels through the Intergovernmental Coordination and Stakeholder Management programme, which is allocated R487.7 million over the period ahead. Of this amount, R63.7 million is earmarked for the programme's operational functions, focusing on development communication in provincial and district offices; R8.4 million for domestic and international media functions; and R3.6 million for cluster support functions.

Work in the programme's Media Engagement subprogramme centres on strategic media engagements to strengthen the government's communication system. This entails creating platforms for proactive communication and enabling coordinated messaging between the government and the media. These platforms include regular briefings and media roundtables, the rapid response forum, leveraging parliamentary media relationships and sustaining relationships with international media and foreign media based in South Africa. The subprogramme is allocated R2.9 million to carry out these activities.

The Intergovernmental Coordination and Stakeholder Management programme's cluster communication subprogrammes are pivotal mechanisms in advancing the strategic outcome of a well-functioning government communication system. Through these subprogrammes, over the medium term, the Department will assume a leadership and coordination role at the cluster and national departmental levels to ensure that messages align with their platforms and are coherent. The subprogrammes will also play a central role in institutionalising the national communication strategy framework within the broader government communication system. Expenditure for these activities is expected to amount to R3.8 million over the medium term.

As indicated above, GCIS has a budget of R803.2 million for the 2026/27 financial year. The Department operates through three programmes, with most of its budget allocated to Programme 2: Content Processing and Dissemination, which receives 53.2 per cent of its total allocation, amounting to R427.6 million.

Over the medium term, the budget grows moderately to R837.0 million in 2027/28 and R863.1 million in 2028/29, within a constrained fiscal environment. There is an

acknowledgement of the ongoing budget pressures, unfunded cost-of-living adjustments and the need for prudent, prioritised spending, supported by strengthened SCM controls and zero-based budgeting principles.

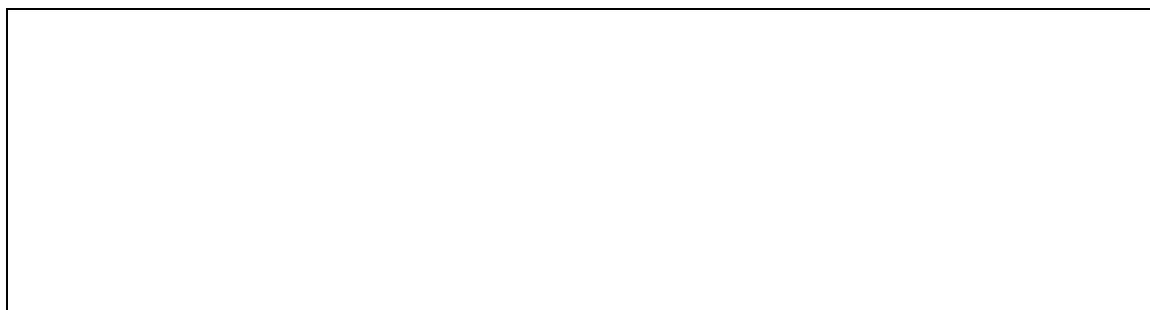
The Department's spending is focused on employee compensation (40.3% or R324.5 million) and transfers to public entities (32.8% or R263.8 million), primarily to Brand South Africa and the MDDA.

For the 2026/27 financial year, the Department has identified over 40 output indicators to guide its performance and service delivery objectives.

## **5. Expenditure Trends Per Programme**

### **5.1 Programme 1: Administration: (R217.5 million)**

The purpose of this programme is to provide strategic leadership, management and support services to the Department. The programme supports the Department's capacity to execute its mandate by strengthening financial management, human resource administration, digital transformation, and institutional performance.



For the 2026/27 financial year, Programme 1 has a budget of R217.5 million, accounting for 27.1 per cent of the total Departmental budget. The main cost drivers are compensation of employees and goods and services, with operating leases, travel, and computer services being significant expenditure items.

### **5.2 Programme 2: Content Processing and Dissemination: (R427.6 million)**

The programme's purpose is to provide strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness.

This is the largest programme and is responsible for the core communication products and services of government, including SAnews, Vuk'uzenzele, and the Communication Service Agency (CSA).



For the 2026/27 financial year, Programme 2 has a budget of R427.6 million, which is 53.2 per cent of the total Departmental budget.

#### **5.4 Programme 3: Intergovernmental Coordination and Stakeholder**

##### **Management: (R158.1 million)**

The purpose of the programme is to implement developmental communication through mediated and unmediated communication, and to build sound stakeholder relations and partnerships.

This programme is responsible for coordinating communication across government, managing media relations, and leading grassroots outreach.



For the 2026/27 financial year, Programme 3 has a budget of R158.1 million, accounting for 19.7 per cent of the total departmental budget.

## **6. Entities of the Department**

The Department has two Entities reporting to it: BSA and MDDA. However, the Committee has oversight function only over the MDDA and the Department of Planning, Monitoring and Evaluation (DPME) oversees the work of BSA. Therefore, the Committee will report only on the Agency's work.

### **6.1 MDDA: (R32.3 million)**

The Media Development and Diversity Agency were established under the Media Development and Diversity Agency Act (2002) and is mandated to support community and small commercial media entities to ensure a diverse and pluralistic media landscape. In doing so, the agency supports the development of a vibrant, innovative, sustainable and people-centred community and small commercial media sector through resourcing, critical sector insights and capacity building, and ensures the inclusive participation of historically disadvantaged communities.

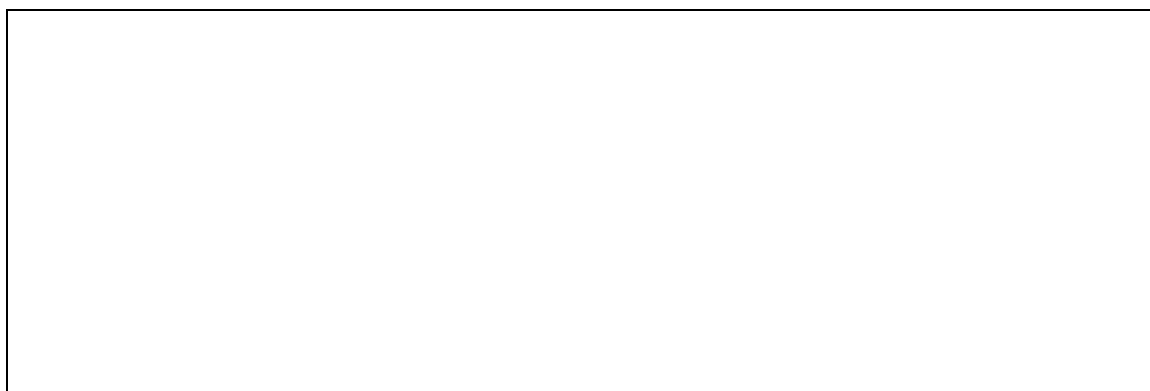
Over the medium term, the Agency will continue to provide financial and non-financial support to community and small commercial media, with an emphasis on promoting indigenous languages, contributing to community development, and advocating and lobbying for expediting the ongoing review of policy and legislation governing the media and communications sector. It also plans to intensify its focus on ensuring the sustainability of media projects in underserved communities. As such, an estimated 49.2 per cent (R171.7 million) of the Agency's budget over the period ahead is directed at grant funding for 18 community and small commercial media print and digital projects, and 66 community broadcast beneficiaries. This will enable the agency to initiate new beneficiaries, including community media that have long existed and have not received agency support, and to strengthen existing ones.

In line with the Agency's plans to ensure the sustainability of community media, it will contribute to skills development by providing training in areas such as governance, digital marketing, and sales, supported by targeted 12 media literacy

initiatives and 3 accredited training programmes over the medium term. It anticipates doing this through partnerships with stakeholders and training providers.

The Agency also plans to initiate 6 research projects on key developments affecting the community media sector and conduct 6 studies on community and small commercial media over the period ahead. Expenditure for these activities is expected to amount to R16 million over the medium term.

Total expenditure is expected to amount to R349.4 million over the medium term. However, spending is expected to decrease at an average annual rate of 3.8 per cent, from R134.7 million in 2025/26 to R120.1 million in 2028/29, due to a decline in donations from mainstream media.



The Agency is set to derive 56.1 per cent (R196 million) of its revenue over the period ahead through the mainstream broadcast sector as donations deductible from the Universal Service and Access Fund levy, 37.3 per cent (R130.5 million) through transfers from the Department and the remainder through interest earned on short-term deposits with the South African Reserve Bank. Revenue is expected to increase at an average annual rate of 1 per cent, from R116.6 million in 2025/26 to R120.1 million in 2028/29.

## **7. Observations**

### **7.1 The Department**

Having considered the APPs of GCIS, the Committee noted:

- and welcomed the establishment of the Editorial Content Hub in the rollout of the Government Communication Policy rollout is a positive intervention to reduce silos and duplication;
  - with concern that the rollout to provinces is uneven;
- with concern that while the articulation of the twin mandate: coordinating government communication and empowering citizens is articulated clearly, there is little evidence that the government communication system empowers rural and marginalised citizens;
- with concern that the audience reach targets are ambiguous;
- with serious concern that the persistent delays in appointing a permanent CEO affect the leadership stability of the Department;
- with concern that the capacity to counter misinformation and disinformation remains limited by resources; and
- and welcome the improvement of the digital skills of staff, despite the fact that the rollout is constrained by limited resources.

### **7.2 MDDA**

Having considered the APPs of MDDA, the Committee noted:

- with concern about the limited innovation in funding models for community media, resulting in a declining number of digitalisations projects;
- the previous problematic organisational culture and board relations that led to deterioration of trust within the Board as well as between staff and management, leading to low staff morale as witnessed during oversight;
- with concern that grants have been reduced while the need for community media continues to increase;
- with great concern that financial sustainability remains weak due to heavy reliance on the broadcast sector levy;

- with concern that the grant disbursement processes and selection criteria lack sufficient transparency and predictability;
  - that there is limited evidence of measurable impact of funded projects on community sustainability and revenue generation; and
- that there are fundraising streams and partnerships identified as necessary but not yet yielding sustainable revenue.

## **8. Recommendations**

### **8.1 The Department**

The Committee recommends that the Minister in the Presidency should:

- urgently finalise the appointment of a permanent Director General– within 6 months upon adoption of this report;
- implement a measurable performance-management framework that directly links budget allocations to its approved strategic objectives, with clear indicators for impact and delivery rather than activity alone, and report back to the Committee within six months after the adoption of this report;
- strengthen internal monitoring, evaluation, and consequence-management mechanisms to ensure that programmes which consistently underperform or fail to deliver value for money are reviewed, corrected, or discontinued, and report back to the Committee within six months after the adoption of this report;
- ensure the Department clarify and standardises audience reach metrics (unique users vs impressions) – within 3 months upon adoption of this report;
- ensure the Department expand digital skills training to at least 20% of staff per year;
- ensure the Department strengthen misinformation/disinformation rapid-response capability (including after-hours);
- ensure the Department regularly produce provincial, township and rural communication impact plans linked to service-delivery priorities;
  - introduce evidence-based research reporting to demonstrate behavioural change and citizen empowerment;
- finalise and implement the Government Media Buying Policy, with increased community media spend – within 6 months of adoption of this report;

- ensure that the Media Buying Policy is inclusive of the SABC and Community Media;
- ensure the Department moves decisively from policy intent to demonstrable impact, particularly on rural connectivity, digital inclusion, job creation, and election readiness;
- engage DCDT to provide low-cost shared ICT services (hosting, email, security) to MDDA-funded entities via SITA; and
  - continue to support digital broadcasting and content platforms for community media.
- Ensure that, in collaboration with the IEC, urgently implement a coordinated, non-partisan election communication programme—covering voter information, community media mobilisation and rapid response to misinformation—in the lead-up to the November 2026 local government elections, and report back to the Committee within three months after the adoption of this report.

The Committee will endeavour to receive quarterly progress updates against all the above recommendations.

## **8.2 MDDA**

The Committee recommends that the Minister in the Presidency should:

- consider proposing inclusion of digital platform levy inputs to the amendment of the ECA;
- ensure the Department implements a change-management plan, organisational culture improvement programme, including staff satisfaction survey – within 3 months of adoption of this report;
  - strengthen governance oversight by reporting to Parliament on board and management stability interventions - within three months of adoption of this report.
- ensure the MDDA continuously publishes a grant allocation framework, including selection criteria, timelines and average grant sizes;

- ensure the MDDA increases the digitalisation support programme for community media, with increased geographic reach;
- introduce post-grant impact assessments, audits (audience reach, revenue sustainability, governance improvements) – within 6 months of adoption of this report;
  - introduce post-funding skills support and mentorship, jointly monitored by NEMISA and funding Entities;
- table a diversified funding strategy beyond levies for the MDDA (i.e. donors, partnerships, project-based funding); and
  - inclusive of a legislative proposal or policy position to expand the funding base (e.g. digital platform contributions).

The Committee recommends that Budget Vote 4: Government Communication and Information System be approved.

**Report to be considered.**

### **3. Report of the Portfolio Committee on Communications and Digital Technologies on the 2025/26 First and Second Quarter Performance and Expenditure Reports of the Department of Communications and Digital Technologies, dated 5 May 2026**

The Portfolio Committee on Communications and Digital Technologies (the Committee), having considered the 2025/26 First and Second Quarter Performance and Expenditure Reports of the Department of Communications and Digital Technologies, hereafter referred to as “the Department,” reports as follows:

#### **1. Introduction**

The Committee considered the performance reporting for the 2025/26 First Quarter (01 April 2025 to 30 June 2025) and the Second Quarter (01 July 2025 to 30 September 2025) of the Department and its Entities on 4 November, 2 December 2025, 3, 10 & 17 February, and 3 March 2026.

The Department of Communications and Digital Technologies (DCDT) was established in April 2020 through the merger of the Departments of Communications, Telecommunications, and Postal Services.

The DCDT Annual Performance Plan aligns with the DCDT's mandate by directly responding to poverty, inequality, and unemployment by expanding access to digital infrastructure, reducing digital and economic barriers, empowering excluded groups, and modernising the State—all of which are core to the DCDT's mandate.

The APP positions ICTs as a catalyst for:

- Socio-economic development
- Job creation
- Improved public service delivery
- Inclusive participation in the digital economy

The table below outlines the alignment of MTSF Priorities to the mandate of the Department, including the indicators:

MTSF Priority (2024–2029)	Mandate Focus of the DCDT	Illustrative APP Outputs / Indicators (2025/26)
<b>1) Inclusive economic growth &amp; job creation</b>	<ul style="list-style-type: none"> <li>• Drive digital transformation and enable a competitive ICT sector (policy, regulation, market development).</li> <li>• Expand broadband/5G and affordable devices to unlock productivity.</li> <li>• SMME and industry partnership enablement; catalyse digital jobs/GBS.</li> </ul>	<ul style="list-style-type: none"> <li>• Digital Economy Programme: jobs target (20,000 in 2025/26; 50,000 over MTEF).</li> <li>• Equity-Equivalent Investment Programmes (EEIPs) recommended to DTIC to crowd-in private investment.</li> <li>• Cost to Communicate POA and I-ECNS policy direction to lower barriers and stimulate market entry.</li> </ul>
<b>2) Reduce poverty &amp; tackle the high cost of living</b>	<ul style="list-style-type: none"> <li>• Ensure universal, affordable connectivity (SA Connect Phase 2; household fixed connectivity).</li> <li>• Zero-rated e-Government services and single sign-on (Gov.za) to reduce transaction/transport costs.</li> <li>• Promote device affordability and usage; expand digital skills for excluded groups.</li> </ul>	<ul style="list-style-type: none"> <li>• SA Connect: quarterly monitoring of connectivity for government sites, schools, clinics, traditional authorities; fixed-connectivity research and implementation.</li> <li>• Zero-rated Gov.za portal with 70+ services; target 35% of internet users using online gov services.</li> <li>• Cost to Communicate POA (data price/device affordability) and sunset roadmap for 2G/3G to accelerate 4G/5G adoption.</li> </ul>
<b>3) Build a capable, ethical &amp; developmental state</b>	<ul style="list-style-type: none"> <li>• Modernise the public service via a Digital Transformation Roadmap and IT Strategy.</li> <li>• Strengthen governance/oversight of ICT SOEs (SITA repurposing; BBI–Sentech rationalisation).</li> <li>• Enhance cybersecurity, data governance, and international ICT positions.</li> </ul>	<ul style="list-style-type: none"> <li>• DCDT IT Strategy implementation milestone; 100% valid invoices paid in 30 days; Disaster Management Programme monitoring.</li> <li>• SITA business model reviewed and redesigned;</li> <li>• BBI/Sentech rationalisation roadmap; 100% analysis of SOE performance &amp; compliance reports.</li> <li>• National cybersecurity programme monitoring (quarterly reports); WRC-27 country position development; National AI Policy approval &amp; implementation planning.</li> </ul>

This report provides an overview of the Department's presentations, which mainly focus on its achievements and outputs with respect to the performance indicators, targets, and related financial performance set for the 2025/26 financial year. The report also provides the Committee's key deliberations and recommendations regarding the performance presentations made by the Department and its Entities.

## **2. Organisational Performance Against Annual Performance Plan**

For the 2025/26 financial year, the Department of Communications and Digital Technologies (DCDT) tabled a total main appropriation of approximately R2.546 billion. This amount represents the combined allocations made across all six of the Department's programmes, including Administration, ICT International Relations, ICT Policy Development, ICT Enterprise and Public Entity Oversight, ICT Infrastructure Development, and ICT Information Society and Capacity Development. The total figure reflects the Department's available funding to drive South Africa's digital transformation priorities over the medium term.

A significant portion of the overall budget is directed toward strengthening and supporting the wider ICT ecosystem, particularly through transfers to public Entities within the DCDT's portfolio. For the 2025/26 financial year, R937.5 million was allocated specifically to Departmental agencies and accounts. These funds support key institutions such as ICASA, Sentech, the South African Broadcasting Corporation (SABC), the South African Post Office (SAPO), the Universal Service and Access Agency of South Africa (USAASA), the Universal Service and Access Fund (USAF), and the National Electronic Media Institute of South Africa (NEMISA). These agencies play essential roles in broadcasting, digital infrastructure development, regulatory oversight, universal access, and ICT skills development.

This allocation underscores the central role of public The investment also reflects the Department's mandate to provide oversight, strategic direction, and financial support to ensure that these Entities remain functional, efficient, and aligned with broader government outcomes.

## **3. Quarter One Performance and Expenditure Analysis**

The Department committed to achieving 24 (twenty-four) Annual Performance Plan (APP) quarterly targets by the end of Quarter One (01 April - 30 June 2025) of the 2025/26 financial year. This is a total number of Quarter One APP targets of all six (6) Programmes of the DCDT. Overall, the Department has Achieved thirteen (54%) of the Q1 APP targets, and eleven (46%) were Not Achieved.

### 3.1 Q1 Programme Performance Against APP Targets

The table below summarises the performance of all Departmental Programmes regarding the status of planned targets for the reporting period. This information translates into the overall organisational performance.

**Administration Programme** committed to achieve 3 (three) APP Targets by the end of Quarter One, 01 April – 30 June 2025. Of these APP targets, all three (100%) were achieved.

**The ICT International Relations and Affairs Programme is committed to achieving 3 (three) APP targets** by the end of Quarter One, 01 April – 30 June 2025. Of these APP targets, all three (100%) were achieved.

**The ICT Policy Development and Research Programme is committed to achieving 6 (six) APP targets** by the end of Quarter One, 01 April – 30 June 2025. Of these APP targets, three (50%) Q1 APP targets were Achieved and three (50%) were Not Achieved.

**The ICT Enterprise and Public Entity Oversight Programme is committed to achieving 4 (Four) APP targets** by the end of Quarter One, 01 April – 30 June 2025. Of these APP targets, zero (0%) Q1 APP targets were achieved, and four (100%) were Not Achieved.

**The ICT Infrastructure Development and Support Programme** is committed to achieving 1 (one) APP targets by the end of Quarter One, 01 April – 30 June 2025. Of this APP target, one (100%) of the Q1 APP targets was achieved.

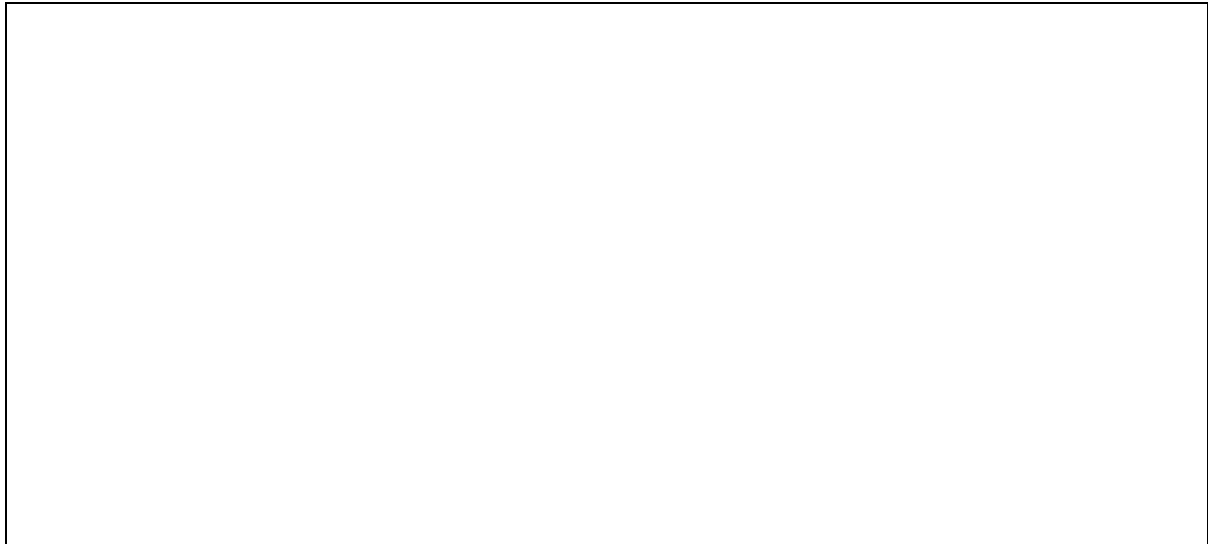
The ICT Information Society and Capacity Development Programme is committed to achieving 7 (seven) APP quarterly targets by the end of Quarter One, 01 April – 30 June 2025. Of these APP targets, three (43%) Q1 APP targets were Achieved and four (57%) were Not Achieved.

### **3.2 Financial Information**

By the end of Quarter One, the Department had spent R1.1 billion, which is 42 per cent of the allocated budget of R2.5 billion or 95 per cent of the projected expenditure of R1.116 billion

Underspending on Goods and Services is mainly due to the SA Connect Project Phase 1, where no expenditure was recorded in Q1 because invoices had not yet been received. Overspending in the International Relations & Affairs Branch occurred due to G20-related expenditures that exceeded the branch's allocated budget.

The Department has been allocated a total budget of R2.5 billion (rounded), representing a 35.9 per cent decrease from the 2024/25 budget of R3.9 billion. The reduction is primarily due to the prior year's allocation for the SA Connect Project Phase 2. The current year's budget is structured as follows: Compensation of Employees: R331.8 million (13%), Goods and Services: R422 million (16.6%). Of this, R226.1 million is allocated to the SA Connect Project Phase 1, constituting 53 per cent of the total Goods and Services allocation. Transfers and Subsidies: R1.8 billion (70%) Payments for Capital Assets: R10.2 million (0.4%)



Of the R422 million under goods and services, R226.1 million is allocated to the SA Connect Project Phase 1; the Phase 2 allocation ended with the 2024/25 financial year, hence the total budget is 35 per cent lower than the prior year 2024/25 financial year.

The Department did not get a budget allocation for the G20 project, and was expected to reprioritise from its baseline allocation for the three events it was expected to host.

The R1.8 billion transfers to the Entities is split as follows:

- SAPO is allocated R572 million for Universal Service Obligation, which was fully requested with the Q1 tranche payment.
- ICASA is allocated R486 million and a further R102 million for the licensing of spectrum through an auction process
- SABC has been allocated a total of R226 million for the different programmes.
- A total of R140 million to USAASA and USAF collectively, R85 million to USAASA and R54 million to USAF.
- R108 million allocated to Film and Publication Board .
- R101 million allocated to NEMISA.

The Department's approved organisational structure, signed in August 2024, could not be aligned with the 2025/26 financial year budget structure. This is because the organisational structure was finalised after the MTEF budget timelines in July 2024. As a result, the budget structure remains based on the previous organisational structure. Financial and performance reporting for 2025/26 will continue using the old budget structure.

As at 30 June 2025 the under/ overspending can be explained as follows as per the Economic Classification:

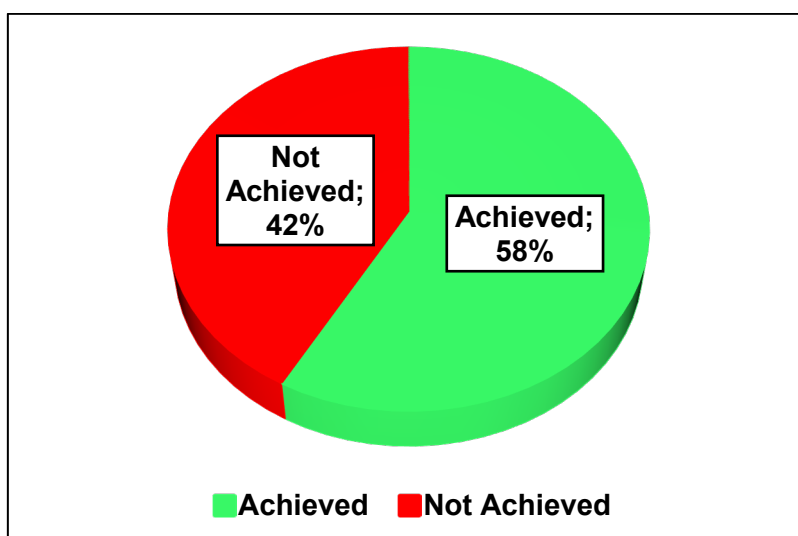
- Underspending of **R6.2 million**, mainly due to unfilled funded positions while the implementation of the approved organisational structure was in progress. The advertising of posts depended on the finalisation of the employee migration process and ongoing job profiling and grading processes.
- Underspending of R49.1 million, of which R56.5 million relates to the SA Connect Project Phase 1, where invoices were yet to be received and processed. However, there is overspending under the operational budget for Goods and Services due to G20 project expenditure. A request for revised cash flow projections has been submitted to National Treasury to bring forward funds allocated for G20 to address the overspending
- Payments for Capital Assets, underspending of R1 million

### 3.3 Virements

None approved by National Treasury during Quarter One.

## 4. Quarter Two Performance and Expenditure Analysis Per Programme

The Department committed to achieving 31 (thirty-one) Annual Performance Plan (APP) quarterly targets by the end of Quarter 2 (01 July - 30 September 2025) of the 2025/26 financial year. This is a total number of Quarter 2 APP targets of all six (6) Programmes of the DCDDT. Overall, the Department has Achieved 18 (58%) of the Q2 APP targets, and 13 (42%) were Not Achieved.



#### 4.1 Q2 Programme Performance Against APP Targets

Table below is a summary of Quarter Two performance per programme against APP targets:

**Administration Programme** committed to achieve 3 (three) APP Targets by the end of Quarter Two, 01 July– 30 September 2025. Of these APP targets, two (67%) Q2 targets were Achieved and one (33%) was Not Achieved.

**ICT International Relations and Affairs Programme** committed to achieve 3 (three) APP targets by the end of Quarter Two, 01 July – 30 September 2025. Of these APP targets, two (67%) Q2 target were Achieved and one (33%) was Not Achieved.

**ICT Policy Development and Research Programme** committed to achieve 9 (nine) APP targets by the end of Quarter Two, 01 July – 30 September 2025. Of these APP targets, six (67%) Q2 target were Achieved and three (33%) were Not Achieved.

**ICT Enterprise and Public Entity Oversight Programme** committed to achieve four (Four) APP targets by the end of Quarter Two, 01 July – 30 September 2025. Of these APP targets, two (50%) Q2 target were Achieved and two (50%) were Not Achieved.

**ICT Infrastructure Development and Support Programme** committed to achieving 3 (three) APP targets by the end of Quarter Two, 01 July – 30 September 2025. Of these APP targets, two (67%) of Q2 targets were Achieved. and one (33%) was Not Achieved.

**ICT Information Society and Capacity Development Programme** committed to achieve 9 (nine) APP quarterly targets by the end of Quarter Two, 01 July – 30 September 2025. Of these APP targets, four (44%) Q2 targets were Achieved and five (56%) were Not Achieved.

#### 4.2 Financial Information

PROGRAMME	Original Budget	BUDGET %	Budget/Projection to 30 September 2025	Budget/Projections % to 30 September 2025	Expenditure as at 30 September 2025 R'000	VARIANCE R'000	% SPENT AGAINST PROJECTIONS	AVAILABLE TO YEAR END R'000	% Spent
ADMINISTRATION	277 582	11%	140 994	51%	135 498	5 496	96%	142 084	49%
INTERNATIONL RELAT&AFFAIRS	89 997	4%	69 461	77%	90 896	(21 435)	131%	(899)	101%
ICT POLICY DEV&RESEARCH	41 366	2%	18 465	45%	14 150	4 315	77%	27 216	34%
ICT Enterprise Develop and SOE Oversight	1 769 211	70%	1 214 019	69%	1 215 173	(1 154)	100%	554 038	69%
ICT INFRASTRUCTURE SUPPORT	294 394	12%	142 573	48%	89 416	53 157	63%	204 978	30%
ICT INFO SOCIETY&CAPACTY DEV	73 076	3%	36 624	50%	34 057	2 567	93%	39 019	47%
<b>Total</b>	<b>2 545 626</b>	<b>100%</b>	<b>1 622 136</b>	<b>64%</b>	<b>1 579 190</b>	<b>42 946</b>	<b>97%</b>	<b>966 436</b>	<b>62%</b>

As of 30 September 2025, the Department had spent R1.579 billion, or 62 per cent of its allocated budget of R2.6 billion, and 97 per cent of its R1.6 billion projections.

International Branch has spent R90.9 million, or 131 per cent, exceeding the budget projections of R69.5 million, resulting in an overspending variance of R21.4 million.

The overall underspending of R42.9 million is due to several factors, mainly the SA Connect Project Phase 1 expenditure not being within the projected budget.



The Department has been allocated a total budget of R2.6 billion (rounded), representing a 35.9 per cent decrease from the 2024/25 budget of R3.9 billion. The reduction is primarily due to the prior year's allocation for the SA Connect Project Phase 2. The current year's budget is structured as follows: Compensation of Employees: R331.8 million (13%), Goods and Services: R422 million (16.6%). Of this, R226.1 million is allocated to the SA Connect Project Phase 1, constituting 53 per cent of the total Goods and Services allocation. Transfers and Subsidies: R1.8 billion (70%) Payments for Capital Assets: R10.2 million (0.4%)

As at 30 September 2025, the under/ overspending can be explained as follows, as per the Economic Classification:

- Compensation of Employees has an underspending of **R11.9 million**, due to unfilled funded positions as the implementation of the approved organisational structure is in progress and will still take time due to processes such as job profiles, job evaluation etc;
- Goods and Services have an underspending of R28.3 million, of which R46.7 million is on the SA Connect Project Phase 1. SITA processed payment amounts of R26.9 million, and BBI processed payment amounts of R39.4 million as at the end of September 2025; and
- Payments for Capital Assets have an under-spending of R2.8 million, against the projected budget of R5.4 million, as the procurement of laptops was still underway.

### 4.3 Virements

No virements were approved by the National Treasury during Quarter Two.

## 5. Observations

### Committee Observations

Having considered the Third and Fourth Quarter Report for the financial year 2023/2024 of the Department, the Committee noted that:

- the Department demonstrated persistent underperformance across the first half of the financial year, achieving only 54% of targets in Quarter 1 and 58% in Quarter 2, indicating systemic weaknesses in planning, execution, and coordination;
- there is a continued misalignment between expenditure and performance outcomes, with over 60% of the annual budget spent by mid-year without commensurate achievement of performance targets, raising concerns about value for money;
- performance planning remains weak, with targets proving unrealistic and insufficiently responsive to early-quarter underperformance, resulting in recurring implementation slippage;
- policy development and reform processes are significantly delayed, including the Digital Economy Master Plan, entity reform initiatives, and network modernisation reforms (such as 2G/3G sunseting), largely due to administrative bottlenecks and capacity constraints;
- SA Connect continues to be a major contributor to underperformance, characterised by underspending, delayed payments, weak project execution, and a rollout lag that continues to impact rural and underserved communities;
- oversight of the portfolio entities remains ineffective, with limited evidence that shareholder interventions, governance actions, or performance compacts have translated into measurable improvements;
- several entities under the portfolio, including SAPO, Postbank, SITA, Broadband Infraco, and Sentech, remain financially and operationally vulnerable, with delays in the acquisition of ECN/ECNS licensing by BBI, portfolio rationalisation, with a lack of sustainability measures;

- organisational and capacity instability persisted, with funded vacancies remaining unfilled for extended periods despite approved restructuring, negatively affecting implementation and managerial oversight within the portfolio;
- monitoring and evaluation systems not functioning optimally, limiting the Department's ability to demonstrate outcomes, socio-economic impact, and job-creation results from its programmes;
- budgeting weaknesses were evident, particularly in the International Relations programme, where overspending on predictable commitments highlighted inadequate advance planning and cost control;
- governance failures and weak consequence management at certain entities point to broader systemic challenges in accountability, shareholder oversight, and risk management across the portfolio; and
- the Department has not sufficiently demonstrated the socio-economic impact of its work, including credible reporting on job creation, digital inclusion outcomes, and developmental returns on public investment.

With regard to the Postbank, the Committee noted:

- Postbank has stabilised its operational environment and strengthened governance, resulting in improved audit outcomes and service reliability;
- regulatory constraints continue to limit customer onboarding and revenue diversification, particularly in relation to transactional banking services;
- the institution remains undercapitalised, delaying progress toward a full banking licence and constraining strategic growth;
- customer attrition and declining non-interest revenue remain a concern, exacerbated by delays in card migration and limited product offerings; and
- institutional capacity and specialist skills gaps persist with the challenges to attract requisite skill sets, which are concentrated in the private sector.

Regarding SITA the Committee noted:

- SITA's quarterly performance declined from Quarter 1 to Quarter 2, indicating growing challenges in programme execution and coordination;
- the entity reported a financial surplus largely driven by interest income, while operational service revenue underperformed against projections;
- outstanding debt from government departments remained critically high, with a significant overdue portion, undermining cash flow predictability;
- heavy reliance on a small number of government departments increased exposure to financial and operational risk;
- customer dissatisfaction related to pricing, turnaround times, and procurement delays continued to affect service demand and usage;
- leadership instability and a high vacancy rate at the executive level weakened accountability, decision-making, and implementation capacity;
- progress towards repositioning SITA as a state digital service agency lacked clear milestones, timelines, and legislative clarity; and
- procurement processes remained manual and slow, exposing the organisation to delays, inefficiencies, and governance risks.

With regard to the SAPO the Committee noted:

- SAPO remains financially fragile, primarily due to the continued non-payment of the second funding tranche contemplated in the approved business rescue plan;
- business rescue interventions have stabilised operations, reduced losses and preserved essential services, averting immediate liquidation;
- governance and executive leadership vacancies persist, undermining strategic direction and delaying credible exit planning from business rescue;
- the extensive property portfolio remains underutilised, generating limited revenue relative to asset value; and
- recent policy changes affecting postal and parcel exclusivity have weakened key assumptions underpinning the turnaround strategy.

On FPB, the Committee noted

- the FPB maintained a consistent performance level across both quarters, but performance remained below the desired threshold;
- significant underperformance was recorded in addressing child sexual abuse material (CSAM) cases, despite the availability of funded vacancies;
- capacity constraints, particularly in specialist and technical areas, continue to hinder timely content classification and investigations;
- delays in stakeholder engagements negatively affected online safety awareness programmes and community outreach initiatives;
- financial performance showed underspending in several areas, indicating execution challenges rather than a lack of available funding; and
- staff morale and governance stability appear under strain, with whistleblowing matters and litigation contributing to organisational risk.

With regard to the ICASA, the Committee noted:

- ICASA showed a marked improvement in performance from the first to the second quarter, reflecting the impact of corrective interventions;
- underperformance in the first quarter was largely due to capacity constraints in finance, internal audit and complaints resolution, as well as reliance on manual processes;
- consequence management processes remain slow and unresolved, weakening accountability and exposing ICASA to recurring audit findings;
- procurement targets for women-owned companies were not met due to methodological inconsistencies and limited targeted sourcing;
- despite strong overall solvency, ICASA experienced underspending in core regulatory programmes due to delayed projects, bid processes and a staffing moratorium;
- legal and litigation costs remain high, with multiple ongoing court cases posing financial and operational risks; and
- automation of systems remains limited, contributing to inefficiencies in payments, compliance monitoring and revenue assurance.

Regarding NEMISA, the Committee noted

- NEMISA demonstrated improving performance, achieving 80% of targets in Q1 and 91% in Q2, and received a clean audit opinion, indicating strengthening governance and controls;
- missed targets were primarily those linked directly to beneficiaries, raising concerns about the immediate developmental impact of underspending and capacity gaps;
- underspending in Q1 was largely attributable to prolonged vacancies, which constrained programme implementation and delivery speed;
- a sharp increase in creditors during Q1 negatively affected liquidity indicators, although this normalised by Q2 and was attributed to timing delays in departmental transfers rather than structural weakness;
- irregular expenditure related to non-disclosure of interest by an employee highlighted weaknesses in ethics enforcement and consequence management, despite no financial loss being incurred; and
- long-term tracking of beneficiary outcomes and post-training impact remains underdeveloped.

On BBI, the Committee noted

- BBI's performance declined sharply from Q1 to Q2, reflecting severe financial distress and constrained operational capacity;
- revenue performance is substantially below budget due to cancelled major contracts, inactive SA Connect sites, and delayed payments from anchor clients;
- governance weaknesses persist, including high levels of irregular expenditure and inconsistent consequence management; and
- prolonged executive vacancies, notably the absence of a permanent CFO, further undermine stability.

Regarding the USAASA/USAF the Committee noted:

- the existence of significant unspent funds alongside persistent connectivity gaps indicates a fundamental failure to translate resources into service delivery;
- slow procurement processes, delayed project execution, and verification bottlenecks continue to hinder rollout in rural and underserved communities;
- leadership instability, prolonged vacancies, and approaching Board term expiries weaken institutional capacity and accountability;

- payment delays to implementing agents contribute to financial distress across the portfolio and undermine coordinated delivery;
- structural uncertainty linked to repositioning and rationalisation has resulted in operational inertia rather than acceleration; and
- accumulation of interest on idle funds reflects misalignment between financial management and mandate execution.

On SABC, the Committee noted

- the SABC has demonstrated improved governance and organisational stability, supported by consecutive unqualified audit outcomes;
- liquidity pressures remain persistent, largely due to uncertainty arising from the absence of a finalised long-term funding model;
- the public broadcasting mandate is not adequately funded, posing a material risk to constitutionally mandated activities such as local government election coverage;
- a substantial infrastructure backlog continues to threaten operational resilience and heightens the risk of service disruption; and
- while modest revenue growth has been achieved, supported by digital platform expansion, traditional revenue streams remain structurally constrained.

Regarding the Sentech, the Committee noted:

- Sentech achieved 78% of its performance targets in both Q1 and Q2 and maintained network availability above 99%, underscoring operational reliability.
- The entity faces significant financial sustainability risks due to a large debtor book dominated by outstanding amounts owed by the SABC.
- Despite a strong current ratio on paper, declining cash reserves indicate constrained practical liquidity and heightened going-concern risk.
- Cost containment measures and EBITDA improvements may partially reflect deferred expenditure rather than long-term structural efficiency gains.
- The absence of a balance sheet in initial presentations limited effective oversight of solvency and financial position.
- Short-term funding allocations provide interim relief but do not address structural funding and inter-entity dependency challenges.

Regarding the .ZADNA, the Committee noted:

- .ZADNA demonstrated improved performance from Quarter 1 to Quarter 2, indicating stronger organisational discipline and programme execution;
- despite operational improvements, the entity experienced ongoing liquidity constraints, reflected in unfavourable liquidity and cash flow ratios;
- commercial domain registration targets were consistently missed in both quarters due to high deletion and non-renewal rates, posing a risk to revenue sustainability;
- the entity remains overly dependent on a single revenue stream, namely, domain registration fees, increasing financial vulnerability;
- implementation of projects ahead of confirmed funding, particularly where inter-entity payments were delayed, exposed governance and cash flow risks;
- staff resignations and vacancies in finance-related roles contributed to underspending and weakened financial management capacity; and
- Limited data was provided on the utilisation, geographic spread, and educational impact of digital platforms deployed in schools.

## **6. Recommendations**

Regarding the DCDT and its Entities, the Committee recommended that the Minister:

- ensure that performance planning, target realism, and execution are strengthened, including the submission of a consolidated turnaround and catch-up plan addressing missed Q1 and Q2 targets, and report back to the Committee within 3 months after the adoption of this report;
- ensure that alignment between the Medium-Term Strategic Framework, Annual Performance Plans, and reported job creation outcomes is strengthened, so that targets reflected in national planning instruments are consistently supported by measurable outputs and outcomes, and report back to the Committee within 3 months after the adoption of this report;
- ensure that quarterly progress reports on the 20 000-job creation target for the 2025/26 financial year are submitted, including evidence of jobs created in Quarter 1 and Quarter 2, supporting data sources, and independent verification mechanisms where applicable, and report back to the Committee within 3 months after the adoption of this report;
- ensure that a clear EEIP performance measurement and monitoring framework is finalised, indicating approved projects, expected economic outcomes, private-sector

leverage ratios, transformation outcomes and timelines, and report back to the Committee within 3 months after the adoption of this report;

- ensure that progress achieved to date under the EEIP is quantified and reported, including commitments secured, projects implemented, and developmental impact realised, with alignment to APP and MTSF indicators, and report back to the Committee within 3 months after the adoption of this report;
- ensure that a revised business case for the rationalisation of Sentech and Broadband Infracore is developed and submitted, detailing the financial implications, anticipated efficiency gains, entities' sustainability impacts, governance arrangements, risks, and the expected economic and developmental returns of the rationalisation model, and report back to the Committee within 6 months after the adoption of this report;
- ensure that a detailed and fully costed implementation plan for the conversion of USAASA into a Digital Development Challenge Fund is developed, and report back to the Committee within 6 months after the adoption of this report;
- ensure that the organisational structure is fully costed, aligned to the 2025/26 budget, and formally approved with the National Treasury, to mitigate risks to accountability, financial control, and performance monitoring, and report back to the Committee within 3 months after the adoption of this report;
- ensure that policy development and consultation processes are streamlined and fragmentation across programmes and entities is reduced, supported by an updated and integrated policy pipeline with clear implementation responsibilities, and report back to the Committee within 6 months after the adoption of this report;
- ensure that the linkage between expenditure and performance outcomes is strengthened, so that spending demonstrably translates into service delivery, outcomes, and value for money, and report back to the Committee on the corrective measures undertaken within 6 months after the adoption of this report;
- ensure that a comprehensive SA Connect briefing is presented to the Committee, covering governance arrangements, project management capacity, funding certainty, risk mitigation, and rollout timelines, and report back to the Committee within 3 months after the adoption of this report;
- ensure that budgeting and cost control for international and multilateral commitments are improved, including better advance planning and expenditure forecasting to prevent

overspending, and report back to the Committee within 3 months after the adoption of this report;

- ensure that funded vacancies are filled as a matter of urgency and capacity is stabilised, particularly at the senior management level following organisational restructuring, and report back to the Committee within 6 months after the adoption of this report;
- ensure that rationalisation and reform of portfolio entities are accelerated through the submission of a consolidated roadmap for Broadband Infracore and Sentech with clear timelines, legislative alignment, and sustainability measures, and report back to the Committee within 4 months after the adoption of this report;
- ensure that a concrete SITA reform programme is finalised and tabled, including the pricing model, capability gaps, and required legislative amendments, and report back to the Committee within 3 months after the adoption of this report; and
- ensure that the Department presents and begins implementing a plan to modernise its internal ICT systems and infrastructure, enabling it to function effectively as an ICT-driven policy department, and report back to the Committee within 3 months after the adoption of this report.

About the Postbank, the Committee recommended that the Minister:

- ensure that the remaining card migration programme is fully completed, and report back to the Committee on the progress within 3 months after the adoption of this report;
- ensure that Postbank is adequately recapitalised in line with prudential requirements through coordinated engagement with the National Treasury, and report back to the Committee on the progress within 6 months after the adoption of this report;
- ensure that the application for a full banking licence is accelerated and supported by a coordinated regulatory remediation plan, and report back to the Committee within 6 months after the adoption of this report;
- ensure that a targeted customer retention and re-engagement strategy is implemented, focusing on existing customers and social grant beneficiaries, and report back to the Committee on the progress within 3 months after the adoption of this report; and
- ensure that a structured internal skills development and capacity-building programme is rolled out, reducing reliance on external consultants over time, and report back to the Committee on the progress within 6 months after the adoption of this report.

Regarding the SITA, the Committee recommended that the Minister:

- ensure that a comprehensive debt recovery and intergovernmental payment enforcement plan is implemented, and report back to the Committee on the progress within 3 months after the adoption of this report;
- ensure that operational service revenue growth measures are implemented so as to reduce dependence on interest income for financial sustainability, and report back to the Committee on the progress within 3 months after the adoption of this report;
- ensure that all executive-level vacancies are filled and leadership stability is restored to strengthen accountability and execution, and report back to the Committee on the progress within 3 months after the adoption of this report.
- ensure that procurement process automation is fully implemented to reduce turnaround times and governance risks, and report back to the Committee on the progress within 6 months after the adoption of this report.
- ensure that a detailed roadmap for transitioning SITA into a state digital service agency, including legislative amendments and milestones, is finalised within 6 months after the adoption of this report; and
- ensure that demand forecasting and revenue modelling methodologies are reviewed and improved to better align targets with actual government consumption patterns, and report back to the Committee on progress within 3 months after the adoption of this report.

On SAPO, the Committee recommended that the Minister:

- Ensure that the Board of SAPO is appointed and permanent executive leadership is finalised, to stabilise governance and enable effective oversight, and report back to the Committee within 6 months after the adoption of this report;
- Ensure that a clear and credible post-business rescue strategy is developed and presented, outlining SAPO's future role, funding of the universal service obligation, and workforce implications, and report back to the Committee within 6 months after the adoption of this report;
- ensure that a phased property optimisation and partnerships strategy is implemented, prioritising revenue-generating assets and strategic collaborations, and report back to the Committee within 6 months after the adoption of this report; and
- ensure that the impact of postal market liberalisation is reviewed and mitigation measures are implemented, to protect last-mile delivery and public-interest objectives, and report back to the Committee within 6 months after the adoption of this report.

About the FPB, the Committee recommended that the Minister:

- ensure that all funded vacancies, particularly in CSAM-related and technical roles, are filled to strengthen operational capacity, and report back to the Committee on progress within 3 months after the adoption of this report;
- ensure that an automated and technology-enabled system for detecting and analysing harmful and CSAM content is procured or operationalised and report back to the Committee on the progress within 3 months of the adoption of this report;
- ensure that a clear action plan with measurable milestones to clear CSAM case backlogs is implemented and report back to the Committee on the progress within 3 months of the adoption of this report;
- ensure that structured partnerships with law enforcement, technology providers and international regulators are formalised to enhance investigative capability and report back to the Committee on the progress within 3 months of the adoption of this report;
- ensure that online safety awareness and education programmes are accelerated and achieve at least 80% coverage of planned activities and report back to the Committee on the progress within 3 months of the adoption of this report;
- ensure that a staff wellness, ethics and whistleblowing management framework is reviewed and strengthened within to stabilise morale and governance and report back to the Committee on the progress within 3 months of the adoption of this report; and
- ensure that budget execution plans are aligned with mandate priorities and monitored monthly to prevent recurring underspending linked to non-performance, and report back to the Committee on the progress within 3 months of the adoption of this report.

On ICASA, the Committee recommended that the Minister:

- ensure that the business case for ICASA's revised funding model is finalised and submitted, including proposed funding sources, affordability analysis and implementation timelines, and report back to the Committee within 6 months after the adoption of this report;

- ensure that the automation of finance, procurement and complaints management systems is fully implemented to reduce reliance on manual processes and report back to the Committee 6 months after the adoption of this report;
- ensure that all funded critical vacancies in finance, internal audit and technical regulatory areas are filled to address capacity gaps and report back to the Committee within 4 months of the adoption of this report;
- ensure that all consequence management cases are finalised, with clear accountability and report back to the Committee within 3 months of the adoption of this report;
- ensure that procurement processes explicitly target and monitor participation by women-owned, youth-owned and disability-owned businesses supported by accurate indicators and report back to the Committee within 3 months of the adoption of this report;
- ensure that a litigation risk mitigation strategy, including early dispute resolution mechanisms, is developed and implemented to curb escalating legal costs and report back to the Committee within 4 months of the adoption of this report; and
- ensure that a detailed roadmap for full institutional digital transformation, including milestones and funding requirements, is established and report back to the Committee within 6 months of the adoption of this report.

Regarding the NEMISA, the Committee recommended that the Minister:

- ensure that all critical vacancies impacting programme delivery are filled to prevent further beneficiary-related underperformance and report back to the Committee on progress within 3 months of the adoption of this report;
- ensure that a formal beneficiary impact tracking and post-training outcomes framework is implemented to measure employment, income, and socio-economic outcomes and report back to the Committee within 6 months of the adoption of this report;
- ensure that strengthened conflict-of-interest disclosure monitoring and consequence management mechanisms are implemented to prevent recurrence of procedural irregularities and report back to the Committee on progress within 3 months of the adoption of this report; and
- ensure that cash flow forecasting and creditor management processes are refined to mitigate the impact of delayed transfers on liquidity indicators and report back to the Committee on progress within 3 months of the adoption of this report.

On BBI, the Committee recommended that the Minister:

- ensure that a comprehensive plan is provided in transferring the ECNS licensing capacity from Sentech to Broadband Infracore, including legal, regulatory, financial or commercial constraints, and report back to the Committee within 6 months after the adoption of this report;
- ensure that an emergency liquidity stabilisation plan, including accelerated receivable collection and strict cost containment, is developed and implemented and report back to the Committee within 3 months of the adoption of this report;
- ensure that all inactive SA Connect sites are restored to full operation to recover lost revenue and report back to the Committee on the progress within 3 months of the adoption of this report;
- ensure that permanent appointments to all critical executive positions, including the CFO, are finalised to strengthen financial governance and report back to the Committee on the progress within 3 months of the adoption of this report;
- ensure that a clear, time-bound turnaround plan with measurable milestones and accountability mechanisms is established and report back to the Committee on the progress within 3 months of the adoption of this report; and
- ensure that engagement with shareholders on guarantees, bridge financing, or debt restructuring measures is concluded to avert insolvency risk during the transition period and report back to the Committee within 3 months of the adoption of this report.

About the USAASA/USAF, the Committee recommended that the Minister:

- ensure that a detailed expenditure acceleration plan for all unspent funds is approved and implemented, prioritising rural and underserved communities and report back to the Committee on the progress within 3 months of the adoption of this report;
- ensure that procurement, verification, and payment processes are streamlined and standardised to improve rollout speed and predictability and report back to the Committee on the progress within 3 months of the adoption of this report;
- ensure that permanent appointments for the Chief Executive Officer and Chief Financial Officer are finalised to restore executive stability and report back to the Committee on the progress within 3 months of the adoption of this report; and

- ensure that a binding inter-entity payment and coordination framework is operational to reduce systemic portfolio risk and report back to the Committee on progress within 3 months of the adoption of this report.

On SABC, the Committee recommended that the Minister:

- ensure that a sustainable long-term funding model for the SABC is finalised, approved and tabled, including any required legislative interventions, and report back to the Committee on progress within 3 months after the adoption of this report;
- ensure that dedicated and ring-fenced funding is secured for election coverage, including preparatory voter education and nationwide deployment costs, and report back to the Committee on progress within 3 months after the adoption of this report;
- ensure that mediation with Sentech is concluded and a sustainable settlement is formalised to mitigate the risk of signal disruption and report back to the Committee on progress within 3 months after the adoption of this report;
- ensure that a phased and affordable infrastructure recapitalisation plan is developed and implemented, aligned to funding certainty and operational priorities, and report back to the Committee on progress within 12 months after the adoption of this report; and
- ensure that government departments comply with TV licence obligations through coordinated executive-level enforcement and monitoring measures, and report back to the Committee on progress within 3 months after the adoption of this report.

Regarding the Sentech, the Committee recommended that the Minister:

- ensure that a comprehensive balance sheet and full liquidity indicators are included in all future reporting to enable effective oversight and report back to the Committee on progress within 3 months of the adoption of this report;
- ensure that a formal, enforceable inter-entity debt resolution and payment framework is concluded, particularly in relation to outstanding receivables and report back to the Committee on progress within 3 months of the adoption of this report;
- ensure that the mediation process on signal distribution pricing is finalised and implemented to stabilise revenues and report back to the Committee on progress within 3 months of the adoption of this report; and

- ensure that a long-term sustainable funding model for signal distribution is developed jointly with the Department and National Treasury, reducing reliance on ad hoc fiscal support and report back to the Committee on progress within 6 months of the adoption of this report.

On ZADNA, the Committee recommended that the Minister:

- ensure that a comprehensive liquidity recovery and cash flow stabilisation plan is implemented within 3 months to address ongoing financial constraints.
- ensure that structural interventions to reduce domain deletions and improve renewals are implemented, supported by sectoral and demographic analysis and report back to the Committee on progress within 3 months of the adoption of this report;
- ensure that revenue diversification measures are finalised and operationalised to reduce reliance on domain registration fees and report back to the Committee on progress within 3 months of the adoption of this report;
- ensure that all critical finance and executive vacancies are filled to strengthen financial oversight and operational continuity, and report back to the Committee on progress within 6 months of the adoption of this report;
- ensure that project implementation does not proceed without secured funding agreements supported by strengthened internal governance controls and report back to the Committee on progress within 6 months of the adoption of this report; and
- ensure that a monitoring and impact assessment framework for digital school platforms is finalised, including geographic coverage and usage data, and report back to the Committee on progress within 6 months of the adoption of this report.

**Report to be considered.**

#### **4. REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT ON BUDGET VOTE 40: TRANSPORT AND THE STRATEGIC PLAN AND ANNUAL PERFORMANCE PLAN 2026/27 OF THE DEPARTMENT OF TRANSPORT, DATED 5 MAY 2026**

The Portfolio Committee of Transport (“the Committee”), having considered the Strategic Plan (SP), Annual Performance Plans (“APPs”) and Budget (Vote 40: Transport) of the Department of Transport (“the Department” or “the DoT”), reports as follows:

##### **1. INTRODUCTION**

The Committee considered the 2026/27 budget of the Department on 22 April 2026. In preparation for this Report, the Committee was briefed on the 2026/27 APP tabled on 1 April 2026 (taking into account the 2025-2029 revised SP tabled in June 2025) and the 2026/27 Budget Allocations of the Department.

The Committee could not engage with all of the Department’s entities prior to compiling this Report due to limited meeting time before the scheduled Budget Vote Debate of the Department. On 22 April 2026, the Committee met with the Department and the Driving Licence Card Account (DLCA), South African Maritime Safety Authority (SAMSA) and on 28 April 2026 with Passenger Rail Agency of South Africa (PRASA), South African National Roads Agency (SANRAL) and Road Accident Fund (RAF). However, it received the Strategic/Corporate Plans and APPs from most of the entities of the Department, except the APPs/Corporate Plans of the Airports Company South Africa (ACSA), Air Traffic Navigation Services (ATNS), South African Airways (SAA) and Transnet at the time of the consideration of the APP and Budget of the Department. The reasons advanced by the Parliament Liaison Officer for the failure to table these plans for these 4 entities are that they are schedule 2 entities which are not compelled by legislative provisions to table their plans to Parliament (despite the fact that the Department always ensured that ACSA and ATNS plans were tabled on time with all of its entities prior to the 2025 budget vote tablings).

This Report provides an overview of the 2026/27 budget and APP of the Department. It concludes by capturing the observations and recommendations made by the Committee in this regard.

The Report on the budget of the Department is based on information accessed through:

- The 2026 State of the Nation Address (SONA);
- The Department's APP for 2025/26 and 2026/27 and its Budget Allocation outlined in the Budget Review for 2026/27;
- The Medium-Term Development Plan (MTDP) 2024 - 2029; and
- The National Development Plan (NDP).

## **2. MANDATE OF THE DEPARTMENT OF TRANSPORT**

The Department has been mandated to maximize the contribution of transport to the country's economic and social development by providing fully integrated transport operations and infrastructure, encompassing planning, operations, and policymaking for various transport sub-sectors.<sup>1</sup>

The Constitution of the Republic of South Africa, 1996, outlines the legislative responsibilities of the different levels of government with regards to airports, roads, traffic management and public transport. Powers and responsibilities for transport are shared between the various levels of government. Transport is a function that is legislated and executed at all levels of government. The implementation of transport functions at the national level takes place through public entities, overseen by the Department. Each public entity has a specific delivery mandate.<sup>2</sup>

To ensure integrated planning and coordination between the three spheres of Government, the South African Inter-Governmental Relations Framework Act (No. 13 of 2005) emphasises that

<sup>1</sup> Department of Transport APP (2026), p. 12.

<sup>2</sup> Ibid.

they are distinctive, interdependent and interrelated. They are thus autonomous. Notwithstanding their autonomy, the three spheres must plan together for the utilisation of scarce resources, as well as to ensure the achievement of Government priorities.

At a national level, the Department is responsible for the formulation of legislation and policies for all transport sub-sectors. The Department is therefore entrusted with:<sup>3</sup>

- a) Policy and Legislation: Formulating legislation and policy to set the strategic direction of transport sub-sectors;
- b) Sector Research: Conducting research to inform policy and decision-making;
- c) Regulation and Standards: Setting norms and standards for the transport sector;
- d) Monitoring and Implementation: Monitoring the implementation of policies and regulations;
- e) Infrastructure Development: Maintaining and developing the transport infrastructure system, prioritizing its development in terms of sustainable economic and development needs;
- f) Integrated Transport: Facilitating integrated transport operations and infrastructure, including land use/transport and multi-modal planning;
- g) Public Transport: Facilitating integrated public transport networks, including funding infrastructure and operating costs of bus rapid transit services;
- h) Road Traffic Management: Providing national road traffic strategic planning and law enforcement, and pooling public sector resources for the provision of road traffic management;
- i) Maritime Safety: Ensuring the safety of life and property at sea and preventing and combating marine pollution; and
- j) Rail Services: Providing rail commuter services within, to and from South Africa in the public interest.

As the central custodian of the nation's transport resources, services and products, the Department acknowledges the obligation it has to the citizens of the Republic of South Africa; and will adopt

<sup>3</sup> Department of Transport APP (2026), p. 12-13.

the following core values to advance its commitment to achieve policy and legislative mandates as set out for the sector:<sup>4</sup>

- a) Maintain fairness and equity in all our operations;
- b) Strive for quality and affordable transport for all;
- c) Stimulate innovation in the transport sector;
- d) Ensure transparency, accountability and monitoring of all operations; and
- e) Ensure sustainability, financial affordability, accessibility as well as upholding of the Batho Pele principles.

The implementation of some transport functions lies with provinces. In this regard, the Department has concurrent functions of public transport and transport regulation with provinces. Public Transport is a concurrent schedule 4A function between national and provincial spheres, and provincial roads and traffic are an exclusive schedule 5A provincial function.<sup>5</sup>

To ensure that there is uniformity in planning and reporting towards the achievement of government and/or sector priorities, the Department coordinates the development and implementation of standardised/customised indicators. These indicators, developed in consultation with all relevant stakeholders, reflect key applicable deliverables of the sector plan and/or the MTDP.<sup>6</sup>

Once developed, accounting officers of relevant provincial departments, who are responsible for the implementation of these indicators, must then approve such prior to their inclusion in their respective Strategic Plans (SPs) and Annual Performance Plans (APPs). Standardised indicators will then be gazetted and reported on by provinces on a quarterly and annual basis, with the National Department playing an oversight role over provinces to ensure that they respond to the legislative and policy direction of the sector.<sup>7</sup>

<sup>4</sup> Department of Transport SP (2025), p.24.

<sup>5</sup> Department of Transport SP (2025), p.25.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

At a local (municipal) level, coordination and integration is done through the development of integrated transport plans, which are facilitated through municipalities' integrated development planning (IDP) processes. Municipal transport is a concurrent schedule 4B function, falling in the local government sphere. Municipal roads, traffic and parking are exclusive 5B municipal functions.<sup>8</sup>

## **2.1 ORGANISATIONAL STRUCTURE OF THE DEPARTMENT**

In an endeavour to discharge its mandate effectively and efficiently, the Department is structured as follows:

- Programme 1: Administration;
- Programme 2: Integrated Transport Planning;
- Programme 3: Rail Transport;
- Programme 4: Road Transport;
- Programme 5: Civil Aviation Transport;
- Programme 6: Maritime Transport;
- Programme 7: Public Transport; and
- Programme 8: State-owned Companies Governance Assurance and Performance.

In terms of the 2016 Organisational Design Directive, Departments are all mandated to have approved organisational structures that are in line with the constitutional mandates, strategic plans, service delivery models, and budgets.<sup>9</sup>

Furthermore, in response to the proclamation by the President for all State-Owned Entities (SOEs) to report to their policy departments, in 2024 the Minister granted the Department's request to undertake a restructuring of its organisational structure in light of the National Micro Organising of Government (NMOG) process. This process saw twenty-six (26) personnel from the

<sup>8</sup> Department of Transport SP (2025), p.25.

<sup>9</sup> Department of Transport APP (2026), p.40.

decommissioned Department of Public Enterprises (DPE) being relocated to the DoT in line with the NMOG recommendations. Furthermore, the South African Airways (SAA) and Transnet now report to the Department. This also necessitated the creation of a new programme 08: SOC Governance Assurance and Performance on the Department's start-up structure.<sup>10</sup>

## 2.2 STRATEGIC OUTCOMES ORIENTED GOALS OF THE DEPARTMENT

The Department has identified the following three (3) strategic priorities aligned to both the NDP and the MTDP:<sup>11</sup>

- 1) Drive inclusive growth and job creation;
- 2) Reduce poverty and tackle the high cost of living; and
- 3) Build a capable, ethical and developmental state.

The SP and the accompanying 2026/27 APP of the Department are aligned with the MTDP and articulate the long-term vision of the NDP 2030. To that effect, the table below shows a schematic illustration of the alignment between the MTDP pillars, apex priorities of the 7<sup>th</sup> Administration and the strategic focus areas of the Department:<sup>12</sup>

**Table 1: Alignment of Statement of Intent (SOI), NDP, MTDP Strategic Priorities and Outcomes**

SOI	NDP	MTDP Strategic Priority	MTDP Outcome
1. Rapid, inclusive and sustainable economic growth, the promotion of fixed capital investment and industrialisation,	Chapter 3: Economy and Employment.  Chapter 4: Economic Infrastructure.	Strategic Priority 1: Drive inclusive growth and job creation.	Outcome 1: Increased employment and work opportunities.  Outcome 2: Accelerated growth of

<sup>10</sup> Department of Transport APP (2026), p.40 – 41.

<sup>11</sup> Department of Transport APP (2026), p.32.

<sup>12</sup> Department of Transport APP (2026), p.34 - 36.

<p>job creation, transformation, livelihood support, land reform, infrastructure development, structural reforms and transformational change, fiscal sustainability, and the sustainable use of our national resources and endowments. Macroeconomic management must support national development goals in a sustainable manner.’</p>	<p>Chapter 5: Ensuring environmental sustainability and an equitable transition to a low-carbon economy.</p> <p>Chapter 6: An integrated and inclusive rural economy.</p>		<p>strategic industrial and labour-intensive sectors.</p> <p>Outcome 3: Enabling environment for investment and improved competitiveness.</p> <p>Outcome 4: Increased infrastructure investment, access and efficiency.</p> <p>Outcome 5: Improved energy security and a just energy transition.</p> <p>Outcome 8: Supportive and sustainable economic policy environment.</p> <p>Outcome 9: Economic transformation and equitable inclusion of women, youth and persons with</p>
---	---	--	---

			disabilities for a just society.
<p>1. Investing in people through education, skills development and affordable quality healthcare.</p> <p>2. Creating a more just society by tackling poverty, spatial inequalities, food security and the high cost of living, providing a social safety net, improving access to and the quality of, basic services, and protecting workers' rights.</p> <p>3. Strengthening social cohesion, nation building and democratic participation, and undertaking common programmes against racism, sexism,</p>	<p>Chapter 9: Improving education, training and innovation.</p> <p>Chapter 10: Promoting health.</p> <p>Chapter 11: Social protection.</p>	Strategic Priority 2: Reduce poverty and tackle the high cost of living.	<p>Outcome 1: Reduced poverty and improved livelihoods.</p> <p>Outcome 5: Skills for the economy.</p> <p>Outcome 7: Social cohesion and nation building.</p>

tribalism and other forms of intolerance.			
<p>1. Stabilising local government, effective cooperative governance, the assignment of appropriate responsibilities to different spheres of government and review of the role of traditional leadership in the governance framework.</p> <p>2. Building state capacity and creating a professional, merit-based, corruption-free and developmental public service. Restructuring and improving state-owned entities to meet national development goals”.</p> <p>3. Strengthening law enforcement agencies to address crime,</p>	<p>Chapter 12: Building safer communities.</p> <p>Chapter 13: Building a capable and developmental state.</p> <p>Chapter 14: Fighting corruption.</p> <p>Chapter 7: Positioning South Africa in the World.</p>	<p>Strategic Priority 3: capable, ethical and developmental state.</p>	<p>Outcome 1: Improved service delivery in the local government sphere.</p> <p>Outcome 2: Improved governance and performance of public entities.</p> <p>Outcome 3: An ethical, capable and professional public service.</p> <p>Outcome 4: Digital transformation across the state.</p> <p>Outcome 5: Mainstreaming of gender, empowerment of youth and persons with disabilities.</p> <p>Outcome 7: Effective border security.</p>

corruption and gender-based violence, as well as strengthening national security capabilities”.			Outcome 10: Combat priority offences (economic, organised crime and corruption).  Outcome 11: Advance South African foreign policy for a better world.
---	--	--	--

(Source: Department of Transport APP (2026) pp. 34-36)

**Table 2: Alignment of MTDP Priorities with strategic interventions, key outputs and outcomes**

MTDP Priority	Intervention	Key Outputs	Key Outcomes
1. Drive inclusive growth and job creation	Implementation of sector Infrastructure Programmes (SANRAL, PRASA, ACSA and Provincial Road Maintenance)	<ul style="list-style-type: none"> <li>• Maintenance, upgrading and strategic expansion of transport infrastructure</li> <li>• Number of jobs created</li> </ul>	Increased infrastructure investment, access, and efficiency
		<ul style="list-style-type: none"> <li>• Disaggregation of beneficiaries of job creation into women, youth and persons with disabilities</li> </ul>	
	Implementation of the Operation Phakisa Oceans Economy Three-Foot Plan	<ul style="list-style-type: none"> <li>• Corporatisation of the Transnet National Ports Authority (TNPA)</li> </ul>	

		<ul style="list-style-type: none"> <li>• Oceans Economy Masterplan</li> <li>• National Rail Masterplan</li> <li>• Improved efficiency of port operations</li> </ul>	
	Implementation of the taxi industry empowerment model	60% ownership of the taxi scrapping entity by the taxi industry	
	Implementation of the Freight Migration Plan	% of rail-friendly cargo/freight moved from road to rail	
	Implementation of the Integrated Public Transport Network Programme	<ul style="list-style-type: none"> <li>• Planning and operation of integrated public transport networks in eleven (11) cities.</li> <li>• Implementation of the Action Plan for Universally Accessible Transport: Accessible Transport for all – 1 quick measure</li> </ul>	
	Validity period of the driving license cards extended eight (08) years implemented	Validity period of the driving licence cards extended to be extended to 8 years	
	Implementation of the National Road Safety Strategy (NRSS)	• % reduction of road crash accidents and fatalities	

		<ul style="list-style-type: none"> <li>• Review of the NRSS</li> </ul>	
	Implementation of the PRASA Integrated Security Strategy	% reduction of rail safety and security incidents	
	Implementation of the Aviation Safety Strategy	% reduction of accidents and fatalities in General Aviation	
	Implementation of the Revised Taxi Recapitalisation Programme	Number of old taxi vehicles scrapped	
	Implementation of the Green Transport Strategy (GTS)	<ul style="list-style-type: none"> <li>• % reduction in sector emission of the greenhouse gases</li> <li>• Transport Just Transition Plan</li> <li>• Review of the GTS</li> </ul>	Improve energy security and a just energy transition
	<ul style="list-style-type: none"> <li>• Transport Economic Regulator (TER) established</li> <li>• Transport Economic Council (TEC) established</li> </ul>	Operationalised TER and TEC	Enabling environment for investment and improved competitiveness
	PSP Framework Implementation Plan	Private sector participation in ports and rail	through structural reforms
	Rail Infrastructure Manager established as a subsidiary of Transnet	Transnet restructured into infrastructure and operations portfolios	

		with independent subsidiaries	
	Transport Just Transition Plan Developed	Transport Just Transition developed	Improve energy security and a just energy transition Reduce poverty and improved livelihoods
2. Reduce poverty and tackle the high cost of living	Increase passenger rail commuters from 40 million to 600 million	600 million passengers' journeys	Reduce poverty and improved livelihoods [the Strategic Plan does not specify the
	IPTN rolled out in eleven (10) cities	IPTN rolled out and operated in eleven (10) cities	key outcome for this priority – it also moved the passenger
	Expand universally designed, barrier-free and accessible infrastructure, built environments, transport, public facilities and services and information and communication platforms, including through the enforcement of minimum norms and standards	10% increase in travel chain journeys that are accessible to persons with disabilities	rail intervention to the MTDP priority above – despite showing the key outcome better suited to priority 2 under poverty reduction. The IPTN number of cities indicated above is eleven (11) yet in the APP page 52 for this table it is indicated as ten (10).]
3. Build a Capable, Ethical and Developmental State	Development and strengthening of internal controls	• Elimination and/or reduction of fruitless and wasteful	An ethical, capable and professional public service

		expenditure, irregular and unauthorised expenditure <ul style="list-style-type: none"> <li>• Unqualified Audit Report with no material findings</li> <li>• Compliance with the 30-day payment requirement</li> </ul>	
	Implementation of the Sector Skills Development Master Plan	Number of skills development initiatives implemented within the Transport sector (DoT & SOEs)	
	Implementation of the National Strategic Plan to end gender-based violence and femicide (GBVF)	Elimination of incidences of GBVF in transport (public transport, maritime, aviation and rail)	Increased feelings of safety of women and children in communities

(Source: Department of Transport APP (2026) pp. 51 - 53)

## 2.3 PROGRAMME AND SUB-PROGRAMME PLANS (ANNUAL AND QUARTERLY TARGETS)

### 2.3.1 Programme 1: Administration

The Administration programme provides leadership, strategic management and administrative support to the Department. It achieves this through continuous refinement of organisational strategy and structure, in line with appropriate legislation and best practice.

For 2026/27, the Administration programme has **fifteen (15) annual performance targets**, and they are the following:<sup>13</sup>

**Table 3: Programme 1: Administration: Indicators, Annual and Quarterly Targets**

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Percentage responses to Parliament questions	100% response to Parliament questions	100% response to Parliament questions	100% responses to Parliament questions	100% response to Parliament questions	100% response to Parliament questions
2. DoT gender-responsive APP tabled in Parliament	DoT gender-responsive APP 2027/28 tabled in Parliament	-	-	Draft DoT gender-responsive APP (2027/28) submitted to the Department of Planning, Monitoring and Evaluation (DPME)	DoT gender-responsive APP (2027/28) tabled in Parliament
3. DoT gender-responsive Annual Report tabled in Parliament	DoT gender-responsive Annual Report (2024/25) approved and tabled in Parliament	Draft DoT gender-responsive Annual Report (2025/26) submitted to the Office of the Auditor-General of South Africa (AGSA)	DoT gender-responsive Annual Report (2025/26) approved and tabled in Parliament	-	-
4. Percentage of reported allegations of fraud and corruption investigated within 30 days	100% of reported allegations of fraud and corruption investigated within 30 days	100% of reported allegations of fraud and corruption investigated within 30 days	100% of reported allegations of fraud and corruption investigated within 30 days	100% of reported allegations of fraud and corruption investigated within 30 days	100% of reported allegations of fraud and corruption investigated within 30 days

<sup>13</sup> Department of Transport APP (2026), pp. 71 - 73.

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
5. Percentage of staff compliment trained in line with the Workplace Skills Plan	35% of staff compliment trained in line with the Department Workplace Skills Plan	5% of staff complement trained in line with the Department Workplace Skills Plan	20% of staff complement trained in line with the Department Workplace Skills Plan	30% of staff complement trained in line with the Department Workplace Skills Plan	35% of staff complement trained in line with the Department Workplace Skills Plan
6. Number of unemployed students granted financial assistance to pursue transport related qualifications through universities	200 students granted financial assistance to pursue transport related qualifications through universities	100 students granted financial assistance to pursue transport related qualifications through universities	-	-	200 students granted financial assistance to pursue transport related qualifications through universities
7. Number of unemployed youth placed in developmental programmes	75 unemployed youth placed in developmental programmes	67 unemployed youth placed on developmental programmes	71 unemployed youth placed on developmental programmes	75 unemployed youth placed on developmental programmes	-
8. Percentage representation of women appointed in Senior Management Service (SMS) positions in the Department	50% representation of women appointed in SMS positions in the Department	Present the identified SMS positions to be reserved for women and the Employment Equity Plan to EXCO	48% representation of women appointed in SMS positions in the Department	49% representation of women appointed in SMS positions in the Department	50% representation of women appointed in SMS positions in the Department
9. Draft Fit for purpose DoT macro and micro-organisational structure developed	Draft Fit for purpose Department macro and micro-organisational	Fit for purpose Department Macro functional organisational structure finalised	Stakeholder consultations on the fit for purpose Department micro-functional	Stakeholder consultations on the fit for purpose Department micro-functional	Draft Fit for purpose Department macro and micro-organisational



Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
promote 50% spent on women-owned businesses, 30% on youth-owned businesses & 7% on businesses owned by persons with disabilities	promote 50% spent on women-owned businesses, 30% on youth-owned businesses & 7% on businesses owned by persons with disabilities	promote 50% spent on women-owned businesses, 30% on youth-owned businesses & 7% on businesses owned by persons with disabilities	promote 50% spent on women-owned businesses, 30% on youth-owned businesses & 7% on businesses owned by persons with disabilities	promote 50% spent on women-owned businesses, 30% on youth-owned businesses & 7% on businesses owned by persons with disabilities	promote 50% spent on women-owned businesses, 30% on youth-owned businesses & 7% on businesses owned by persons with disabilities

(Source: Department of Transport APP (2026), pp. 71-73)

### 2.3.2 Programme 2: Integrated Transport Planning

The Integrated Transport Planning programme seeks to integrate and harmonise key transport sector strategic interventions through continuous development and refining of macro-transport sector policies, strategies and legislation; coordination of development of sector related policies, coordination of sector research activities; coordination of regional and inter-sphere relations; facilitation of sector transformation; and provision of sector economic modelling and analysis.

For the current financial year, the Department has set itself the following **four (4) annual targets** in the Integrated Transport Planning programme:<sup>14</sup>

#### **Table 4: Programme 2: Integrated Transport Planning: Indicators, Annual and Quarterly Targets**

<sup>14</sup> Department of Transport APP (2026), pp. 82 - 83.

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Revised Green Transport Strategy (GTS) approved	Revised Green Transport Strategy (GTS) submitted for public consultation	Socio-economic impact Assessment Study for the GTS conducted	Stakeholder consultation on GTS conducted	Stakeholder consultation on GTS conducted	Revised Green Transport Strategy submitted for approval for public consultation
2. Transport Economic Regulator (TER) operational	Inception of PRSA transition into the Transport Economic Regulator concluded	Section 197 of Labour relations Process Plan for transitioning of PRSA staff into TER developed	Collective Bargaining structures on the transitioning of PRSA staff into TER established	Stakeholders within collective Bargaining Councils consulted on the transitioning of PRSA staff into TER	Inception of PRSA transition into the Transport Economic Regulator concluded
3. Model for an impact analysis of transport on the economy developed	Structure of the impact analysis model developed	Inception report on the impact analysis model developed	Transport and economic data sets created	Transport and economic data sets processed	Structure of the impact analysis model developed
4. Study on market access for cross border road transport services along the North South Corridor conducted.	Study on market access for cross border road transport services along the North South Corridor conducted	Service provider appointed	Inception report on market access for cross border road transport services along North-South Corridor developed	Literature review on the market access for cross border roads conducted	Study on market access for cross border road transport services along the North South Corridor conducted

(Source: Department of Transport APP (2026), pp. 82 - 83)

### 2.3.3 Programme 3: Rail Transport

The Rail Transport programme facilitates and coordinates the development of sustainable rail transport policies, rail economic and safety regulation, infrastructure development frameworks and strategies, systems that reduces system costs and improves customer service; to provide regulatory oversight over the Railway Safety Regulator and the Passenger Rail Agency of South Africa, Transnet: Infrastructure Manager, Freight Rail Operations and Engineering (New) the implementation of integrated rail services planned through the lowest sphere of government and to undertake strategic rail network planning and oversight.

The **four (4) annual performance targets** in the Rail Transport programme in the 2026/27 financial year are as follows:<sup>15</sup>

**Table 5: Programme 3: Rail Transport: Indicators, Annual and Quarterly Targets**

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. National Rail Bill approved	National Rail Bill submitted to NEDLAC	National Rail Bill submitted for Ministerial approval	Submission of the National Rail Bill to Cabinet for public consultations	Stakeholder consultations on the National Rail Bill conducted	National Rail Bill submitted to NEDLAC
2. The Railway Safety Regulations	Railway Safety Regulations developed	Draft Railway Safety Regulations developed	Railway Safety Regulations published in the Government Gazette for public comments	Railway Safety Regulations submitted to the Office of the State Law Advisor	Railway Safety Regulations developed
3. Rail and port Request for Proposals (RFPs) developed	Two (02) Rail and port Request for Proposals (RFPs) developed	Draft Rail and port Request for Proposal (RFP) 1 developed	Final Rail and port Request for Proposal (RFP) 1 developed	Draft Rail and port Request for Proposal (RFP) 2 developed	Final Rail and port Request for Proposal (RFP) 2 developed
4. The National Rail Master Plan	NRMP approved for	Institutional and governmental stakeholder	Institutional and governmental stakeholder	Draft National Rail Master Plan updated	NRMP approved for

<sup>15</sup> Department of Transport APP (2026), p. 91.

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
(NRMP) developed	submission to Cabinet	engagement conducted	engagement conducted		submission to Cabinet

(Source: Department of Transport APP (2026), p. 91)

### 2.3.4 Programme 4: Road Transport

The Road Transport programme develops and manages an integrated road infrastructure network. In addition, the programme regulates road transport and ensures safer roads. Finally, it gives technical support to road agencies.

For the period under review, the Department has set itself **nine (9) annual targets** in the Road Transport programme, and they are the following:<sup>16</sup>

**Table 6: Programme 4: Road Transport: Indicators, Annual and Quarterly Targets**

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. National Road Safety Strategy (NRSS) approved	Reviewed NRSS submitted to Cabinet	Reviewed NRSS submitted to JCPS Cluster	Reviewed NRSS submitted to SPCHD Cluster	Reviewed NRSS approved for submission to Cabinet	Reviewed NRSS submitted to Cabinet
2. Revised validity period of the driving licence cards approved	Validity period of the driving licence cards extended to 8 years approved for submission to Cabinet	Validity period submitted to the Minister	Validity period submitted to the Shareholders' Committee	Validity period submitted to FOSAD Clusters	Validity period of the driving licence cards extended to 8 years approved for submission to Cabinet

<sup>16</sup> Department of Transport APP (2026), pp. 103 - 104.

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
3. C-BRTA, RTIA, RTMC and SANRAL Amendment Bills approved by Parliament	C-BRTA, RTIA, RTMC and SANRAL Draft Amendment Bills gazetted for public comments	C-BRTA, RTIA, RTMC and SANRAL Draft Amendment Bills submitted to the Minister	C-BRTA, RTIA, RTMC and SANRAL Draft Amendment Bills submitted to FOSAD Clusters	C-BRTA, RTIA, RTMC and SANRAL Draft Amendment Bills submitted to Cabinet for approval to publish for public comments	C-BRTA, RTIA, RTMC and SANRAL Draft Amendment Bills gazetted for public comments
4. Road Accident Benefit Scheme (RABS) Bill approved	Draft RABS Bill gazetted for public comments	Draft RABS Bill submitted to the Minister	Draft RABS Bill submitted to FOSAD Clusters	Draft RABS Bill submitted to Cabinet approval to publish for public comments	Draft RABS Bill gazetted for public comments
5. Number of compliance inspections for active DLTCs conducted	Compliance inspections at 410 DLTCs conducted	Compliance inspections at 100 DLTCs conducted	Compliance inspections at 110 DLTCs conducted	Compliance inspections at 100 DLTCs conducted	Compliance inspections at 100 DLTCs conducted
6. Number of compliance inspections for active VTSSs conducted	Compliance inspections at 525 VTSSs conducted	Compliance inspections at 125 VTSSs conducted	Compliance inspections at 135 VTSSs conducted	Compliance inspections at 135 VTSSs conducted	Compliance inspections at 130 VTSSs conducted
7. National Road Infrastructure Projects inspected	Oversight inspections on the National Roads infrastructure projects conducted	Oversight inspections on the National Roads infrastructure projects conducted	Oversight inspections on the National Roads infrastructure projects conducted	Oversight inspections on the National Roads infrastructure projects conducted	Oversight inspections on the National Roads infrastructure projects conducted
	Oversight inspections on the construction of Mtentu, and Msikaba	Oversight inspections on the construction of Mtentu, and Msikaba	Oversight inspections on the construction of Mtentu, and Msikaba Bridges conducted	Oversight inspections on the construction of Mtentu, and Msikaba Bridges conducted	Oversight inspections on the construction of Mtentu, and Msikaba Bridges conducted

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	Bridges conducted	Bridges conducted			
8. Provincial Road Maintenance Programme projects inspected	Oversight inspections on the Provincial Road Maintenance Programme conducted	Oversight inspections on the Provincial Road Maintenance Programme conducted	Oversight inspections on the Provincial Road Maintenance Programme conducted	Oversight inspections on the Provincial Road Maintenance Programme conducted	Oversight inspections on the Provincial Road Maintenance Programme conducted
9. Road Policy for South Africa approved by Cabinet	Road Policy for South Africa approved for submission to Cabinet	Road Policy for South Africa submitted to FOSAD Clusters	Road Policy for South Africa submitted to FOSAD Cluster	Road Policy for South Africa approved for submission to Cabinet	-

(Source: Department of Transport APP (2026), pp. 103 - 104)

### 2.3.5 Programme 5: Civil Aviation Transport

The Civil Aviation Transport programme facilitates the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with international standards through regulations and investigations. It also oversees aviation public entities.

The Department has set itself the following **six (6) annual performance targets** in the Civil Aviation Transport programme in the 2026/27 financial year:<sup>17</sup>

**Table 7: Programme 5: Civil Aviation Transport: Indicators, Annual and Quarterly Targets**

<sup>17</sup> Department of Transport APP (2026), pp. 113-114.

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Search and Rescue (SAR) Asset Strategy approved	Draft Search and Rescue (SAR) Asset Strategy approved for submission to Cabinet	Draft Search and Rescue (SAR) Strategy developed	Socio-Economic Impact Assessment (SEIAs) conducted on the Draft SAR Asset Strategy	Draft SAR Asset Strategy submitted to FOSAD Clusters	Draft SAR Asset Strategy approved for submission to Cabinet
2. Percentage of Foreign Operators Permits (FOPs) applications processed within 14 days	80% of the applications processed within 14 days	Foreign Operators Permits (FOPs) manual system automated	60% of the applications processed within 14 days	70% of the applications processed within 14 days	80% of the applications processed within 14 days
3. National Civil Aviation Policy approved	Draft National Civil Aviation Policy approved for submission to Cabinet	Stakeholder consultation on the Draft National Civil Aviation Policy conducted	Draft National Civil Aviation Policy submitted to FOSAD Clusters	Draft National Civil Aviation Policy submitted to FOSAD Clusters	Draft National Civil Aviation Policy approved for submission to Cabinet
4. National Airports Development Plan (NADP) approved	Draft NADP submitted to NEDLAC	NADP published in the Government Gazette for public comments	Stakeholder comments received from the public on the draft NADP incorporated	NADP submitted to the Presidency for Socio-Economic Impact Assessment system (SEIAS)	Draft National Airports Development Plan submitted to NEDLAC
5. Number of air service arrangements with identified key trade and tourism markets reviewed	Five (05) air service arrangements with identified key trade and tourism markets reviewed	Five (05) foreign governments engaged to propose air services negotiations	<ul style="list-style-type: none"> <li>Stakeholder consultation on mandates for air services with the five (05) identified States conducted</li> <li>Air services negotiation</li> </ul>	Air services negotiations with the five (05) identified States conducted	Five (05) air service arrangements with identified key trade and tourism markets reviewed

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
			mandates approved		
6. Airfreight Strategy for South Africa approved	Draft Airfreight Strategy for South Africa submitted to Cabinet for approval	Draft Airfreight Strategy for South Africa submitted to National Economic Development and Labour Council (NEDLAC)	Socio-Economic Impact Assessments (SEIAs) conducted on the draft Airfreight Strategy for South Africa	Draft Airfreight Strategy for South Africa submitted to FOSAD Cluster	Draft Airfreight Strategy for South Africa submitted to Cabinet for approval

(Source: Department of Transport APP (2026), pp. 113 - 114)

### 2.3.6 Programme 6: Maritime Transport

The Maritime Transport programme implements the Comprehensive Maritime Transport Policy (CMTP) to ensure promotion and coordination; as well as infrastructure and industry development and achieve compliance through monitoring, evaluation and oversight and collaboration with maritime related public entities, namely, the Ports Regulator of South Africa (PRSA), National Ports Authority; South African Maritime Safety Authority (SAMSA) industry and international bodies.

In the 2026/27 financial year, the Department has set itself **six (6) set annual targets** in the Maritime Transport programme, and they are as follows:<sup>18</sup>

#### **Table 8: Programme 6: Maritime Transport: Indicators, Annual and Quarterly Targets**

<sup>18</sup> Department of Transport APP (2026), p. 124.

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Signed coastal shipping agreement between South Africa and 3 Southern African Development Community (SADC) countries	Signed amendment to Chapter 8 of the SADC Protocol on Transport in relation to the Coastal Shipping Agreement	Draft amendments to Coastal Shipping provisions in Chapter 8 of the 1996 SADC Protocol on Transport	SADC engagement conducted on the draft amendments to Coastal Shipping provisions in Chapter 8 of the 1996 SADC Protocol on Transport	SADC engagement conducted on the draft amendments to Coastal Shipping provisions in Chapter 8 of the 1996 SADC Protocol on Transport	Signed amendment to Chapter 8 of the SADC Protocol on Transport in relation to the Coastal Shipping Agreement
2. Ships Ballast Water Management and Sediments Bill approved	Ships Ballast Water Management and Sediments Bill approved for submission to Cabinet	Ships Ballast Water Management and Sediments Bill submitted to ICTS Cluster	Ships Ballast Water Management and Sediments Bill submitted to ESIEID Cluster	Ships Ballast Water Management and Sediments Bill submitted to JCPS Cluster	Ships Ballast Water Management and Sediments Bill approved for submission to Cabinet
3. National Ports Masterplan Framework approved	National Ports Masterplan Framework approved	National Ports Masterplan Project Charter approved	National Ports Masterplan Baseline Assessment completed	Draft National Ports Masterplan Framework developed	National Ports Masterplan Framework approved
4. Percentage of International Maritime Organisation (IMO) Member State Audit Scheme (IMSAS) audit findings addressed per year	30% of the IMSAS audit findings addressed	Oversight visits plan on implementation of the corrective actions for one (01) Audit Finding (AF) developed	Oversight visits on implementation of the corrective actions for one (01) Audit Finding (AF) conducted	Oversight visits on implementation of the corrective actions for one (01) Audit Finding (AF) conducted	30% of the IMSAS audit findings addressed
5. National Action Plan on Maritime decarbonisation approved	Draft National Action Plan on Maritime Decarbonisation developed	Launch of National Task Force on Maritime decarbonisation	Initial Draft National Action Plan on Maritime Decarbonisation developed	Stakeholder consultation on the draft National Action Plan on Maritime	Draft National Action Plan on Maritime Decarbonisation developed

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
				Decarbonisation conducted	
6. Fishing vessels inspected for safety compliance	Six (06) oversight compliance inspections of fishing vessels for safety compliance conducted	Two (02) oversight compliance inspections conducted in coastal waters	Two (02) oversight compliance inspections conducted in coastal waters	Two (02) Oversight compliance inspections conducted in inland waters	-

(Source: Department of Transport APP (2026), p. 124)

### 2.3.7 Programme 7: Public Transport

The Public Transport programme ensures the provision and regulation of safe, secure, reliable, cost-effective, accessible, integrated and sustainable public transport services in South Africa through legislation, policies and strategies.

The Department has set itself the following **five (5) annual and performance targets** in the Public Transport programme in 2026/27:<sup>19</sup>

**Table 9: Programme 7: Public Transport: Indicators, Annual and Quarterly Targets**

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Percentage of submitted qualifying old taxi vehicles scrapped	100% of submitted qualifying old taxi vehicles scrapped	100% of submitted qualifying old taxi vehicles scrapped	100% of submitted qualifying old taxi vehicles scrapped	100% of submitted qualifying old taxi vehicles scrapped	100% of submitted qualifying old taxi vehicles scrapped

<sup>19</sup> Department of Transport APP (2026), pp. 133 - 134.

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2. National strategic plan to end gender-based violence implemented	Annual report on the taxi industry's response to GBVF	-	Bi-annual report on the taxi industry's response to GBVF	-	Annual report on the taxi industry's response to GBVF
3. Number of cities assisted in planning, implementing and operating integrated Public Transport Network (IPTN) Programme	Eleven (11) cities assisted in planning, implementing and operating Integrated Public Transport Network (IPTN) Programme	Bilateral progress engagements and site inspections conducted in five (05) selected operating cities	Bilateral progress engagements and site inspections conducted in six (06) selected operating cities	Bilateral progress engagements and site inspections conducted in five (05) selected operating cities	Bilateral progress engagements and site inspections conducted in six (06) selected operating cities
4. Universal Access Travel Survey conducted	2025/26 travel survey conducted	Travel survey results captured	Travel survey results captured and processed	Draft travel survey report developed	2025/26 travel survey report developed
5. Number of bicycles distributed in provinces	10 000 Bicycles distributed in provinces	2000 bicycles distributed in provinces	2000 bicycles distributed in provinces	3000 bicycles distributed in provinces	3000 bicycles distributed in provinces

(Source: Department of Transport APP (2026), pp. 133 - 134)

### 2.3.8 Programme 8: State-owned Companies Governance Assurance and Performance

The State-Owned Companies Governance Assurance and Performance programme provides commercial and governance oversight to transport State-Owned Entities (SOEs).

In the 2026/27 financial year, the Department has set itself **three (3) annual performance targets** in the State-Owned Companies Governance Assurance and Performance programme, as per the table below:<sup>20</sup>

**Table 10: Programme 8: State-Owned Governance Assurance and Performance: Indicators, Annual and Quarterly Targets**

Output Indicator	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of public entities quarterly performance reports analysed	56 quarterly public entities' performance reports analysed for submission to the Minister	14 quarterly performance reports analysed for submission to the Minister	14 quarterly performance reports analysed for submission to the Minister	14 quarterly performance reports analysed for submission to the Minister	14 quarterly performance reports analysed for submission to the Minister
2. Board Evaluation Framework approved	Board Evaluation Framework approved	Stakeholder consultation on the Board Evaluation Framework conducted	Inputs incorporated into the draft Board Evaluation Framework	Final draft Board Evaluation Framework developed	Board Evaluation Framework approved
3. Percentage of Board vacancies filled in public entities	90% of Board vacancies in public entities filled	Recommended ACSA and RTMC board members submitted for approval	Recommended C-BRTA, SACAA, SAMSA and Transnet board members submitted for approval	Recommended RSR and PRASA board members submitted for approval	90% of Board vacancies in public entities filled

(Source: Department of Transport APP (2026), p. 144)

### 3. BUDGET ANALYSIS: VOTE 40: DEPARTMENT OF TRANSPORT

#### 3.1 OVERVIEW OF THE 2025/26 FINANCIAL YEAR<sup>21</sup>

<sup>20</sup> Department of Transport APP (2026), p. 144.

<sup>21</sup> It should be underscored that this section only covers the first Three Quarters of 2025/26, as the Fourth Quarter was not yet available at the time of the analysis.

### 3.1.1 First Quarter Expenditure of 2025/26

**Table 11: 2025/26 First Quarter Expenditure of the Department**

Programme R million	Main Appropriation	Available Budget	Q1 Actual Expenditure	Expenditure As % of Available Budget	Q1 Projected Expenditure	Variance from Projected Expenditure	% Variance from Projected Expenditure
Administration	592.0	592.0	118.6	20%	131.5	12.9	9.8%
Integrated Transport Planning	96.1	96.1	17.9	18.6%	21.8	3.9	18.1%
Rail Transport	23 369.9	23 369.9	11 667.3	49.9%	11 704.6	37.3	0.3%
Road Transport	53 919.1	53 919.1	10 504.8	19.5%	12 720.2	2 215.3	17.4%
Civil Aviation Transport	567.6	567.6	81.6	14.4%	98.4	16.8	17.1%
Maritime Transport	515.5	515.5	53.3	10.3%	48.9	-4.4	-9.1%
Public Transport	16 577.8	16 577.8	2 304.0	13.9%	2 476.5	172.4	7%
State-Owned Companies Governance Assurance & Performance	54.0	54.0	4.5	8.3%	14.0	9.5	68%
<b>TOTAL</b>	<b>95 692.1</b>	<b>95 692.1</b>	<b>24 752.0</b>	<b>25.9%</b>	<b>27 215.8</b>	<b>2 463.8</b>	<b>9.1%</b>

(Source: National Treasury (2025), p. 151.)

By the end of the First Quarter of 2025/26, the Department had spent R24.8 billion (or 25.9%) of the total available budget to the tune of R95.7 billion. This translates into a variance of R2.5 billion (or 9.1%) against R27.2 billion projections. This underspending was prominently because of delays in payments for financial assets to the South African National Roads Agency Limited (SANRAL) for the government's obligation to service the Gauteng Freeway Improvement Project (GFIP) debt redemption.<sup>22</sup> Transfers and Subsidies, Goods and Services and Compensation of Employees (CoE) further contributed to the lower spending. Although the overall outcome reflected lower-

<sup>22</sup> National Treasury (2025), p. 151.

than-projected expenditure, R2.2 billion was expected to be spent in the first month of the Second Quarter of 2025/26.<sup>23</sup>

By the end of the period under review, the Department's expenditure on CoE stood at R147.2 million (or 23.2%) of its budget allocation of R635.4 million. The underspending on CoE was R8.9 million (or 5.7%). This outcome was owing to delays in effecting the cost-of-living adjustments for senior managers effective from 1 April 2025. It was also attributed to the fact that the Department was still monitoring the filling of vacant posts against its structure and performance.<sup>24</sup>

### 3.1.2 Second Quarter Expenditure of 2025/26

**Table 12: 2025/26 Second Quarter Expenditure of the Department**

Programme R million	Main Appropriation	Available Budget	Q2 Actual Expenditure	Expenditure As % of Available Budget	Q2 Projected Expenditure	Variance from Projected Expenditure	% Variance from Projected Expenditure
Administration	592.0	592.0	254.7	42.7%	282.1	27.4	9.7%
Integrated Transport Planning	96.1	96.1	39.2	40.8%	46.1	6.9	14.9%
Rail Transport	23 369.9	23 369.9	19 390.4	83%	15 920.1	-470.3	-21.8%
Road Transport	53 919.1	53 919.1	28 378.7	52.6%	28 485.9	107.2	0.4%
Civil Aviation Transport	567.6	567.6	243.7	42.6%	260.6	16.9	6.5%
Maritime Transport	515.5	515.5	87.5	17%	421.2	333.7	79.2%
Public Transport	16 577.8	16 577.8	6 931.4	41.8%	6 468.5	-463.0	-7.2%

<sup>23</sup> National Treasury (2025), p. 151.

<sup>24</sup> National Treasury (2025), p. 153.

Programme R million	Main Appropriation	Available Budget	Q2 Actual Expenditure	Expenditure As % of Available Budget	Q2 Projected Expenditure	Variance from Projected Expenditure	% Variance from Projected Expenditure
State-Owned Companies Governance Assurance & Performance	54.0	54.0	8.5	15.7%	29.1	20.6	70.7%
<b>TOTAL</b>	<b>95 692.1</b>	<b>95 692.1</b>	<b>55 334.2</b>	<b>57.8%</b>	<b>51 913.6</b>	<b>-3 420.6</b>	<b>-6.6%</b>

(Source: National Treasury (2025a), p. 148.)

By the end of the Second Quarter of 2025/26, the Department had spent R55.3 billion (or 57.8%) of the total available budget of R95.7 billion. The Department had estimated to spend R51.9 billion. This translates into a variance of R3.4 billion (or 6.6%) against projections. This outcome was largely due to the increase in transfers to Passenger Rail Agency of South Africa (PRASA) in the Second Quarter of 2025/26.<sup>25</sup>

By the end of the period under review, the Department's expenditure on the CoE stood at R297.6 million (or 46.8%) of its budget allocation of R635.4 million. The Department's headcount was 777 against a target of 801. The underspending on CoE was R16.7 million (or 5.3%). The under-expenditure was mainly attributed to delays in the filling of funded vacant posts, and delays in effecting the cost-of-living adjustments for senior managers.<sup>26</sup> The Department reported that expenditure was expected to normalise as posts were being filled, and payments of the outstanding pay progression were made.<sup>27</sup>

<sup>25</sup> National Treasury (2025a), p. 148.

<sup>26</sup> National Treasury (2025a), p. 150.

<sup>27</sup> Ibid.

### 3.1.3 Third Quarter Expenditure of 2025/26

**Table 13: 2025/26 Third Quarter Expenditure**

Programme R' million	Main Appropriation	Adjusted Budget	Available Budget	Q3 Actual Expenditure	Expenditure As % of Available Budget	Q3 Projected Expenditure	Variance from Projected Expenditure	% Variance from Projected Expenditure
Administration	592.0	689.2	689.2	383.6	55.7%	428.0	44.5	10.4%
Integrated Transport Planning	96.1	96.1	96.1	59.2	61.6%	71.2	12.1	16.9%
Rail Transport	23 369.9	23 375.6	23 375.6	21 822.3	93.4%	21 881.1	58.8	0.3%
Road Transport	53 919.1	49 827.8	49 827.8	36 915.7	74.1%	39 748.9	2 833.2	7.1%
Civil Aviation Transport	567.6	572.6	572.6	374.0	65.3%	380.5	6.5	1.7%
Maritime Transport	515.5	518.0	518.0	137.4	26.5%	469.0	331.6	70.7%
Public Transport	16 577.8	16 679.0	16 679.0	11 638.0	69.8%	11 648.8	46.8	0.4%
State-Owned Companies Governance Assurance and Performance	54.0	54.0	54.0	18.0	33.2%	30.7	12.8	41.5%
<b>Total</b>	<b>95 692.1</b>	<b>91 812.3</b>	<b>91 812.3</b>	<b>71 348.0</b>	<b>77.7%</b>	<b>74 694.2</b>	<b>3 346.2</b>	<b>4.5%</b>

(Source: National Treasury (2025a), p. 145)

For the 2025/26 financial year, the Department has a total adjusted budget appropriation of R91.8 billion. By the end of the Third Quarter, it had spent R71.3 billion (or 77.7%). The Department projected to spend R74.7 billion. This translates into a variance of R3.3 billion (or 4.5%) against projections. The lower spending was driven by lower transfers to the South African National Roads

Agency Limited (SANRAL) and the Road Traffic Infringement Agency (RTIA), and in the Administration programme.<sup>28</sup>

By the end of the period under review, the Department's expenditure on the CoE stood at R450.4 million (or 46.8%) against a projection of R466.6 million. It spent R16.2 million (or 3.5%) lower than projected mainly due to the delayed filling of vacant posts.<sup>29</sup> The Department reported that it anticipated to fill vacant posts, which would have resulted in the increased expenditure.<sup>30</sup> By the end of the Third Quarter, the Department's headcount sat at 770 against a target of 801.<sup>31</sup>

### **3.2 POLICY PRIORITIES FOR 2026/27 AND ALIGNMENT WITH NATIONAL, REGIONAL, CONTINENTAL AND GLOBAL AGENDAS**

#### **3.2.1 National Development Plan (NDP), State of the Nation Address (SONA) and the Medium-Term Development Plan (MTDP)<sup>32</sup>**

To achieve sustainable and inclusive growth by 2030, the NDP advocates for investment in economic infrastructure designed to support the country's medium and long-term objectives for job creation and growth, equitable access to opportunities and services for all and reducing poverty.<sup>33</sup>

A key proposal in the NDP is to improve the country's economic infrastructure such as roads and rail transport to boost growth and create employment.<sup>34</sup> Over the medium-term, the Department plans to give effect to these policy priorities by focusing on:<sup>35</sup>

- Cultivating an enabling environment for the maintenance of national and provincial road networks;

<sup>28</sup> National Treasury (2025a), p. 145.

<sup>29</sup> National Treasury (2025a), p. 147.

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> Paragraph 2.2 and Table 1 and 2 above should be read with this section of the report.

<sup>33</sup> Department of Transport APP (2026), p.31.

<sup>34</sup> National Planning Commission (2012).

<sup>35</sup> Department of Transport SP(2024), pp. 104-106.

- Facilitating integrated road-based public transport services; and
- Revitalising passenger rail services.

The NDP:<sup>36</sup>

- Ties into the Department through its priorities focused on improving transportation infrastructure, services, and overall efficiency to support economic development, sustainability, and social inclusion, infrastructure development and maintenance. It emphasizes the importance of developing and maintaining robust transport infrastructure, including roads, railways, ports, and airports, to facilitate economic growth and regional development;
- Outlines the need for a transition to more sustainable, low-carbon, and efficient transport systems to address climate change and reduce pollution. The Department promotes the implementation of eco-friendly technologies, such as electric vehicles (EVs), and encouraging the public to utilise public transport;
- Advocates for equitable access to transport services, ensuring that even marginalized communities have affordable and accessible transportation options. The Department implements policies and programs that ensure inclusive and accessible transportation, such as improved public transport systems in underserved areas;
- Recognizes the interconnectedness of transportation with other sectors such as trade, tourism, and agriculture. Efficient transport systems contribute to economic growth across these areas. The Department collaborates with other government sectors to integrate transport planning into broader economic and social development strategies, supporting trade and business development;
- Encourages the adoption of advanced technology in transport management, such as intelligent transport systems (ITS), autonomous vehicles, and data analytics to improve safety, efficiency, and decision-making. The Department works towards the integration of new technologies into the national transport system to enhance its capabilities and global competitiveness.

<sup>36</sup> Department of Transport APP (2026), p. 31-32.

The 2026 SONA underscored the following priorities that have a bearing on the transport sector:<sup>37</sup>

- Through Operation *Vulindlela*, government is working to transform the structure of the country's economy to overhaul infrastructure and render the logistic sector more competitive and efficient. In this regard, private rail operators have since been enabled to access the country's rail network, which will allow different rail companies to compete and transfer volumes from road to rail.
- Preparations are in progress for the introduction of high-speed rail, servicing routes such as Johannesburg to Musina, and eThekweni to Johannesburg.

Delivering his 2026 SONA, President Ramaphosa accentuated the following regarding the Transport Portfolio areas that attention will be given to in the 2026/27 financial year:<sup>38</sup>

- Through Operation *Vulindlela*, government is working to transform the structure of the country's economy to overhaul infrastructure and render the logistic sector more competitive and efficient. In this regard, private rail operators have since been enabled to access the country's rail network, which will allow different rail companies to compete and transfer volumes from road to rail;
- Preparations are in progress for the introduction of high-speed rail, servicing routes such as Johannesburg to Musina, and eThekweni to Johannesburg;
- We have made progress in improving the performance of our ports and freight rail lines, steadily increasing the volume of goods that we move in and out of our country. We have restored our passenger rail system. More and more commuters are now able to travel to work on new locally-made trains, significantly reducing their transport costs. We are investing across our country in roads, bridges, rail lines, ports, dams, wind and solar farms;
- Through the Infrastructure Fund and new regulations for public-private partnerships, we are using innovative funding models, reducing risk and attracting investors to fast-track projects in energy, water, transport and digital infrastructure;
- We have begun to turn around the performance of our rail system and ports, so that our businesses can get their products to global markets. We have now enabled private rail operators to access our network, which will allow different rail companies to compete and move volumes from

<sup>37</sup> Ramaphosa (2026).

<sup>38</sup> Ramaphosa (2026).

road to rail. Later this year, we will initiate major public-private partnerships in our port terminals and rail corridors through a concession model that preserves public ownership while mobilising private investment and expertise. Last month, we concluded a partnership with an international port operator to manage the Durban Pier 2 Container Terminal, the largest in our country. This partnership will result in new investment in equipment and infrastructure at the port, and will bring it back to world class standards;

- We continue preparations for the introduction of high-speed rail in South Africa, covering routes such as Johannesburg to Musina, and eThekweni to Johannesburg. Nearly 30 companies indicated their willingness to participate in high-speed rail corridors when we put out a request for information last year. We are preparing to send out a request for proposals, which will introduce a new era of long-distance rail travel in South Africa;
- We are determined to compete in a rapidly changing global economy. Our industrial policy focuses on areas where we have competitive advantage, where we can create jobs and where we can drive up exports. Our trade policy is aimed at promoting sustainable development, growth and strengthening our international partnerships. In a world where countries are looking to diversify their supply chains, we have an opportunity to ramp up our exports across the globe;
- We are continuing to improve the governance and performance of state-owned enterprises, like Eskom, Transnet, Denel, Prasa and several others. This includes the implementation of clear standards for appointments to ensure that the leaders of these entities have the right qualifications and experience. We will continue to work in a phased manner towards a centralised model for managing our SOE portfolio so that we can set standards, improve governance and ensure financial sustainability to deliver on their mandates. This includes finalising the National State Enterprises Bill in line with this approach; and
- This year, Home Affairs will launch the Digital ID to enable safe and secure use of digital services for all South Africans. We will digitise driver's licenses, matric certificates and services at the Master's Office. Citizens will be able to fill out police statements online and eligibility for SASSA grants can be tested remotely. All these services will be made available on the MyMzansi platform.

The real cost of failure to maintain roads is difficult to quantify since poor road quality affect road safety. Adequate infrastructure, particularly road infrastructure is critical for economic

development and growth. Importantly, roads and bridges have several social benefits that help contribute and improve the quality of life for citizens. With developments to road infrastructure and bridges, the country can work towards improving employment, health care, society and the education system.

Affordable public transport helps to reduce the cost of living for millions of South Africans. Without affordable and reliable alternatives, households spend a large proportion of their income (nearly a fifth of their budget) on transport. Fixing public transport therefore plays a big role in reducing poverty. Some strides have been made in restoring urban passenger rail to full service.

The Medium-Term Development Plan (MTDP), which is the implementation plan of the National Development Plan (NDP) as articulated by the Government of National Unity of the 7<sup>th</sup> Administration of the democratically elected South Africa must be implemented.<sup>39</sup>

The three (3) strategic priorities are interrelated and interlinked:<sup>40</sup>

1. Drive inclusive growth and job creation to create jobs will be viewed as an Apex priority. All spheres of government, clusters and sectors are to prioritise relevant economic interventions;
2. Reduce poverty and tackle the high cost of living, ensures that the country has a skilled and healthy workforce, enabling infrastructure and basic services; and
3. Build a capable, ethical and developmental state plays a key role (direct and indirect) within the economy through regulation, creating an enabling environment, and ensure that law and order is maintained.

The alignment of the Department outcomes with the MTDP are indicated in paragraph 2.2 and tables 1 and 2 above.

### **3.2.2 United Nations Decade of Action for Road Safety 2020-2030 (UNDA)**

<sup>39</sup> Department of Transport SP (2025), p. 33.

<sup>40</sup> Ibid.

South Africa is a participant to the second UNDA. Consequently, it has endorsed the global undertaking seeking to build on the gains of the first Decade of Action for Road Safety 2011-2020. The objective is to promote a coordinated effort towards sustaining the attainment of the road safety goals to save up to 5 million lives, and to contribute to the prevention of up to 50 million serious injuries by 2030 using 2020 as a baseline.<sup>41</sup>

In September 2020, the UN General Assembly adopted resolution A/RES/74/299 "Improving global road safety", proclaiming the Decade of Action for Road Safety 2021-2030, with the ambitious target of preventing at least 50% of road traffic deaths and injuries by 2030. The First Decade of Action lists a global plan guided by the five pillars of road safety: road safety management, safer roads and mobility, safer vehicles, safer road users and post-crash response. South Africa has to align to the Decade of Action target, yet the road fatalities and crashes are too high, as indicated in the graph below. These figures are concerning. The largest group that is affected is pedestrian, making up 45% of the reported cases.<sup>42</sup> The 2021 baseline for fatalities and crashes is high at 12 545 and 10 661 respectively. The three-year trend shows marginal improvement, which means significant interventions are to reach the 50% reduction target by 2030.<sup>43</sup>

A region striving for stronger integration needs an efficient transport system to facilitate trade and socioeconomic ties. The Southern African Development Community (SADC) Regional Infrastructure Development Master Plan currently projects the following increases:<sup>44</sup>

- a) By 2030, traffic for landlocked SADC countries will increase to 50 million tonnes, ramping to 148 million tonnes by 2040 – an 8.2% annual growth rate.
- b) Port traffic will expand from 92 million tonnes to 500 million tonnes by 2027.
- c) O.R. Tambo International Airport in Johannesburg, South Africa, will add two million passengers a year by 2030 and three million a year by 2040.

<sup>41</sup> Department of Transport SP(2024), pp. 47-48.

<sup>42</sup> Department of Transport SP(2025), p. 27.

<sup>43</sup> Department of Transport SP(2025), p. 28.

<sup>44</sup> Ibid.

South Africa, as a member of SADC, has to honour the commitments and priorities of SADC. Furthermore, the Protocol on Transport, Communications and Meteorology advises SADC Member States to promote an integrated, multimodal transport system throughout Southern Africa that remains efficient, reliable, economically viable, and environmentally responsible. Member States agreed to cooperate on a transport network aimed at ensuring the free movement of people and goods through the region, particularly from landlocked Member States to seaports located in coastal Member States' territory and vice-versa.<sup>45</sup>

It is a truism that an efficient transport infrastructure provides social and economic benefits to both advanced and emerging economies by improving market accessibility. In addition, it ensures balanced regional, continental and global economic development. Finally, an efficient transport infrastructure creates employment, promotes labour mobility, and connects communities.

### **3.2.3 Agenda 2063**

Agenda 2063, the continent's shared strategic framework for inclusive growth and sustainable development, has the following key flagship programmes agreed to by Africa's political leadership. These include the following, amongst others:<sup>46</sup>

- a) The Integrated High-Speed Train Network: which aims to connect all African capitals and commercial centres to facilitate movement of goods, factor services and people and also relieve transport congestion of existing and future systems;
- b) Fast track the establishment of the Continental Free Trade Area by 2017: which aims to significantly accelerate growth of Intra-Africa trade and use trade more effectively as an engine of growth and sustainable development;
- c) The African Passport and free movement of people which aims to fast-track continental integration, a common African Passport, free movement of people is a pillar of African integration and accelerated growth of intra-African trade; and
- d) A Single African Airspace: This flagship project aims at delivering a single African air transport market to facilitate air transportation in Africa.

<sup>45</sup> Department of Transport SP(2025), p. 28.

<sup>46</sup> Department of Transport SP (2025), p. 35.

In line with the Agenda 2063, the Department prioritizes the improvement of road, rail, and air infrastructure to facilitate the African Continental Free Trade Area (AfCFTA).<sup>47</sup>

### **3.2.4 International Commitments or Agreements**

At an international level, the Department is required to meet obligations under several frameworks. These include the African Union Agenda 2063, which prioritises regional infrastructure integration; AfCFTA, which depends on efficient transport corridors; and the Single African Air Transport Market (SAATM), which promotes liberalised air services across the continent. In addition, South Africa is committed to the United Nations Decade of Action for Road Safety, which targets a 50% reduction in road fatalities by 2030, and to climate commitments under the Paris Agreement, which require a transition toward low-carbon transport systems.<sup>48</sup>

Compliance with international aviation standards remains critical. South Africa has undergone multiple audits under the International Civil Aviation Organisation (ICAO) Universal Safety Oversight Audit Programme, which consistently identified the lack of independence in accident investigations as a regulatory gap. The establishment of the Aviation Safety Investigation Board (ASIB) is therefore essential to meeting international compliance obligations and improving aviation safety outcomes.<sup>49</sup>

South Africa ratified the Luxembourg Rail Protocol, and the Instrument of Ratification was deposited in Rome on 27 January 2025. The ratification became effective as of 01 May 2025. The Luxembourg Rail Protocol offers a new solution to the financing of railway rolling stock and should open the way to significant private-sector-funded investment in railways in developing countries. The Protocol will make it much easier and cheaper for the private sector to finance all types of railway rolling stock. It sets up a new system for recognition, priorities, and enforcement of creditor and lessor rights, which will be registered in an international registry based in

<sup>47</sup> Department of Transport APP (2026), p.32.

<sup>48</sup> Department of Transport APP (2026), p. 29.

<sup>49</sup> Ibid.

Luxembourg, accessible to everyone on the internet, and introduces, for the first time, a new global, unique, permanent identification system (URVIS) for rolling stock.<sup>50</sup>

Political and legal changes are significant challenges for Information and Communications Technology (ICT) procurement initiatives. These changes influence supplier relationships, compliance requirements, and overall strategies. This leads to global political and legal dynamics, in which political instability and evolving trade agreements often disrupt supply chains. Notable examples include:<sup>51</sup>

- a) The Russia-Ukraine conflict
- b) The US-China trade war

ICT procurement efforts are further limited by economic conditions that significantly influence the ICT procurement function, affecting costs, supplier relationships, and operational strategies. Key economic factors include:<sup>52</sup>

- a) Inflation and rising costs: Inflation can lead to increased costs for ICT products and services, affecting procurement budgets and strategies.
- b) Currency volatility: Rand/ dollar fluctuations in currency exchange rates can impact the cost of imported ICT goods and services.
- c) Rapid technological advancements affect the organisational bottom line.
- d) Environmental considerations have become a critical component of ICT procurement strategies as climate change, resource scarcity, and natural disasters disrupt supply chains.

### **3.3 2026/27 BUDGET ANALYSIS**

The section below analyses the budget allocation for the Department for the 2026/27 financial year.

#### **Table 14: Overall Budget – Transport**

<sup>50</sup> Department of Transport APP (2026), p. 30.

<sup>51</sup> Ibid.

<sup>52</sup> Ibid.

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	R million	2025/26				
Administration	689.2	659.9	- 29.3	- 51.0	-4.3%	-7.4%
Integrated Transport Planning	96.1	119.2	23.1	19.2	24%	20%
Rail Transport	37 486.1	31 918.8	- 5 567.3	- 6 616.9	-14.9%	-17.7%
Road Transport	49 827.8	52 969.7	3 141.9	1 400.1	6.3%	2.8%
Civil Aviation Transport	572.6	269.8	- 302.8	- 311.7	-52.9%	-54.4%
Maritime Transport	1 538.0	1 317.3	- 220.7	- 264.0	-14.4%	-17.2%
Public Transport	16 679.0	14 797.3	- 1 881.7	- 2 368.3	-11.3%	-14.2%
State-Owned Companies Governance Assurance and Performance	54.0	56.9	2.9	1.0	5.4%	1.9%
<b>TOTAL</b>	<b>106 942.8</b>	<b>102 108.9</b>	<b>- 4 833.9</b>	<b>- 8 191.4</b>	<b>-4.5%</b>	<b>-7.7%</b>

(Source: National Treasury (2026), p. 928)

For 2026/27, the Department receives R102.1 billion (excluding direct charges) – constituting 8.4% of the R1.2 trillion national budget vote.<sup>53</sup> Nominally (without inflation), the Department’s budget decreases by -4.5% from the previous financial year, and by -7.7% when one takes cognisance of inflation (real terms).

Conversely, the budget allocation to the Integrated Transport Planning programme records the most increase in the Department’s budget, up from R96.1 million previously to R119.2 million in 2026/27. This translates into an above inflation increase of 20% and a nominal increase of 24%. This bodes well for the need for integrated transport in the country that remains critical.

<sup>53</sup> National Treasury (2026), p. xxv.

In terms of economic classification, transfers and subsidies comprise R96.7 billion (or 94.7%) of the departmental budget, and the bulk thereof is allocated to the following bodies:<sup>54</sup>

- Provinces and municipalities (R32.2 billion);
- Departmental agencies and accounts (R31.5 billion); and
- Public corporations and private enterprises (R32.7 billion).

The overall allocation to CoE stands at R664.4 million, up from R640.9 million in the previous financial year (2025/26). In the current financial year, expenditure on consultants (business and advisory services) is set to increase from R685.5 million to R781.1 million in 2026/27. The significant increase in the use of consultants (business and advisory services) is in the Maritime Transport programme that goes up from R10 million in 2025/26 to R236.6 million in 2025/26, representing an exponential increase of 95.8%. Conversely, the Rail Transport programme records the biggest decrease in the use of consultants in the current financial year, with its allocation going down from R178.3 million previously to R93.6 million in 2026/27. This translates into a -47.5 decline. The Public Transport programme continues to have the biggest funding for the use of consultants. In the current financial year, it is standing at R248.1 million, up from R239.6 million in 2026/27. This indicates a 3.4% increase.

### **3.4 Programme Analysis**

As stated in the introduction, the Department has eight programmes. What follows below is an analysis of the budget allocation for each programme, and where relevant or necessary, it refers to the programmes' sub-programmes.

#### **3.4.1 Programme 1: Administration**

The Administration programme is entrusted with providing strategic leadership, management and support services to the Department. The programme comprises five sub-programmes, as illustrated in the table below:

<sup>54</sup> National Treasury (2026), p. 928.

**Table 15: Programme 1: Administration**

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	2025/26	2026/27				
<b>R million</b>						
Ministry	44.5	46.4	1.9	0.4	4.3%	0.8%
Management	92.1	94.9	2.8	- 0.3	3%	-0.4%
Corporate Services	349.2	328.3	- 20.9	- 31.7	-6%	-9.1%
Communications	110.3	93.2	- 17.1	- 20.2	-15.5%	-18.3%
Office Accommodation	93.1	97.1	4.0	0.8	4.3%	0.9%
<b>TOTAL</b>	<b>689.2</b>	<b>659.9</b>	<b>- 29.3</b>	<b>- 51.0</b>	<b>-4.3%</b>	<b>-7.4%</b>

(Source: National Treasury (2026), p. 932)

The Administration programme receives R659.9 million in 2026/27, translating into a -7.4% below inflation decrease from the previous financial year. The noticeable decrease is in the *Communications* sub-programme that records the -18.3% below inflation decline in 2026/27. Its budget is down from R110.3 million in the previous financial year to R93.2 million currently. However, the budget allocation for the *Office Accommodation* sub-programme increases above inflation by 0.9%.

### 3.4.2 Programme 2: Integrated Transport Planning

The Integrated Transport planning programme integrates and harmonises macro-transport sector policies, strategies and legislation. In addition, it coordinates and develops sector-related policies, research activities, as well as regional and inter-sphere relations. Furthermore, the programme facilitates sector information and provides sector economic modelling and analysis.

**Table 16: Programme 2: Integrated Transport Planning**

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	2025/26	2026/27				
<b>R million</b>						
Macro Sector Planning	15.4	17.5	2.1	1.5	13.6%	9.9%

Freight Logistics	21.2	21.3	0.1	- 0.6	0.5%	-2.8%
Modelling and Economic Analysis	25.3	41.3	16.0	14.6	63.2%	57.9%
Regional Integration	10.4	11.8	1.4	1.0	13.5%	9.7%
Research and Innovation	14.2	15.7	1.5	1.0	10.6%	6.9%
Integrated Transport Planning Administration Support	9.7	11.5	1.8	1.4	18.6%	14.7%
<b>TOTAL</b>	<b>96.1</b>	<b>119.2</b>	<b>23.1</b>	<b>19.2</b>	<b>24%</b>	<b>20%</b>

(Source: National Treasury 2026), p. 934)

The budget for the Integrated Transport Planning programme increases nominally by 24% and by 20% with inflation. The allocation totals R119.2 million in 2026/26, up from R96.1 million in the previous financial year. This increase bodes well for the programme’s objective of addressing “fragmentation in transport planning and to support the transition toward a low-carbon, integrated, and efficient transport system”.<sup>55</sup>

The highest increase in the programme is in the *Modelling and Economic Analysis* sub-programme whose allocation goes up from R25.3 million in 2025/26 to R41.3 million in the current financial year. The sub-programme’s allocation increases nominally by 63.2% and by 57.9% above inflation (real terms). The sub-programme is tasked with undertaking “economic studies, provid[ing] innovative and enabling funding options for transport infrastructure that responds to the socioeconomic needs of the national agenda”.<sup>56</sup> In addition, it is entrusted with applying “economic tools for the development of policy in the transport sector”.<sup>57</sup>

Inversely, the allocation to the *Freight Logistics* sub-programme decreases by -2.8% below inflation and by 0.5% nominally. This sub-programme is mandated with developing and coordinating “the implementation of freight logistic strategies and related supply chains, with an emphasis on integrating elements of the system across all modes of transport”.<sup>58</sup>

<sup>55</sup> Department of Transport APP(2026), p. 84.

<sup>56</sup> National Treasury (2026), p. 934.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

### 3.4.3 Programme 3: Rail Transport

The Rail Transport programme facilitates and coordinates the development of sustainable rail transport policies, rail economic and safety regulation, and infrastructure development strategies that reduce system costs and improve customer service. In addition, it oversees rail public entities and the implementation of integrated rail services. Five sub-programmes fall under this programme.

**Table 17: Programme 3: Rail Transport**

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	2025/26	2026/27				
Rail Regulation	19.5	18.1	- 1.4	- 2.0	-7.2%	-10.2%
Rail Infrastructure and Industry Development	170.4	91.0	- 7.4	- 82.4	-46.6%	-48.4%
Rail Operations	16.1	13.5	- 2.6	- 3.0	-16.2%	-18.9%
Rail Oversight	37 273.3	31 789.3	- 5 484.0	- 6 529.3	-14.7%	-17.5%
Rail Administration Support	6.8	6.9	0.1	- 0.1	1.5%	-1.9%
<b>TOTAL</b>	<b>37 486.1</b>	<b>31 918.8</b>	<b>- 5 567.3</b>	<b>- 6 616.9</b>	<b>-14.9%</b>	<b>-17.7%</b>

(Source: National Treasury (2026), p. 936)

Constituting 31.3% of the Department’s budget, the Rail Transport programme is the second largest departmental spending area, after the Road Transport programme. The programme’s budget goes down from R37.5 billion previously, to R31.9 billion in the current financial year. This translates into a below inflation decline of -17.7% and of -14.9%, nominally. The sharp decrease is in the *Rail Infrastructure and Industry Development* sub-programme which records a below inflation deep of -48.4% and -46.6% nominally. This sub-programme “coordinates the development and maintenance of investment in rail infrastructure”.<sup>59</sup>

<sup>59</sup> National Treasury (2026), p. 936.

The decrease in the allocation to the *Rail Infrastructure and Industry Development* sub-programme begs the question as to how the Department will “support initiatives aimed at restoring passenger rail services, improving infrastructure resilience, and strengthening rail sector governance”.<sup>60</sup> Similarly, the decline in the sub-programme calls into question the Department’s commitment to supporting “broader freight logistics reforms aimed at improving rail network performance and expanding capacity to facilitate the efficient movement of goods”.<sup>61</sup>

The second biggest decline in the budget for the Rail Transport programme is in the *Rail Operations* sub-programme, whose allocation goes down from R16.1 million previously to R13.5 million in 2026/27. This represents a -18.9% decrease below inflation and -16.2% nominally. This sub-programme is tasked with coordinating “the implementation of integrated rail services”, as well as monitoring and analysing “service delivery challenges in the rail industry”.<sup>62</sup>

While the *Rail Oversight* sub-programme receives the biggest allocation of the programme’s budget, i.e. 99.6%, in effect, its budget decreases from R37.3 billion previously to R31.8 billion in 2026/27. This indicates a below inflation decline of -17.5% and -14.7% nominally. Transfers to PRASA, Transnet and the Railway Safety Regulator (RSR) to the value of R29.9 billion, R1.8 billion and R86.4 million respectively are funded from this sub-programme.<sup>63</sup>

Transfers to PRASA totalling R29.9 billion are divided up as per the two tables below:<sup>64</sup>

**Table 18: PRASA Transfers: Capital**

<sup>60</sup> Department of Transport APP(2026), p. 89.

<sup>61</sup> Ibid.

<sup>62</sup> National Treasury (2026), p. 936.

<sup>63</sup> National Treasury (2026), p. 937.

<sup>64</sup> Ibid.

Entity/Programme R million	Budget	
	2025/26	2026/27
Other capital programmes	R1.9 billion	R4.1 billion
Rolling Stock Fleet Renewal	R12.1 billion	R7.5 billion
Signalling	R4.6 billion	R7.3 billion
Metrorail (Refurbishment of coaches)	R1.8 billion	-
Mainline Passenger Service (Refurbishment of coaches)	R208.1 million	-
<b>TOTAL</b>	<b>R20.7 billion</b>	<b>Approximately R19 billion</b>

(Source: National Treasury, 2026). p. 937)

**Table 19: PRASA Transfers: Current**

Entity/Programme R million	Budget	
	2025/26	2026/27
Metrorail (Operations)	R5.7 billion	R9.8 billion
Mainline passenger services (Operations)	R1.2 billion	-
Rail maintenance operations and inventories	R1 billion	R1.1 billion
<b>TOTAL</b>	<b>Approximately R8 billion</b>	<b>R10.9 billion</b>

(Source: National Treasury, 2026), p. 937)

### 3.4.4 Programme 4: Road Transport

The Road Transport programme is entrusted with developing and managing an integrated road infrastructure network, as well as regulating transport and ensuring safer roads. Moreover, it oversees road transport public entities. The programme is divided into five sub-programmes.

**Table 20: Programme 4: Road Transport**

Programme R million	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	2025/26	2026/27				
Road Regulation	52.7	52.3	- 0.4	- 2.1	-0.8%	-4.0%
Road Infrastructure and Industry Development	83.4	85.0	1.6	- 1.2	1.9%	-1.4%
Road Oversight	49 605.0	52 794.2	3 189.2	1 453.2	6.4%	2.9%
Road Administration Support	60.9	10.8	- 50.1	- 50.5	-82.3%	-82.9%

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	2025/26	2026/27				
Road Engineering Standards	25.7	27.3	1.6	0.7	6.2%	2.7%
<b>TOTAL</b>	<b>49 827.8</b>	<b>52 969.7</b>	<b>3 141.9</b>	<b>1 400.1</b>	<b>6.3%</b>	<b>2.8%</b>

(Source: National Treasury (2026), p. 938)

The total expenditure for the Road Transport programme increases from R49.8 billion in 2025/26 to approximately R53 billion in 2026/27. This constitutes an above inflation increase of 2.8%. The increase in the programme augurs well for the “development and maintenance of road infrastructure through policy coordination and collaboration with relevant agencies, including the South African National Roads Agency Limited and provincial road authorities”.<sup>65</sup>

Comprising 99.7% of the Road Transport programme’s overall budget, the allocation to the *Road Oversight* sub-programme increases by 2.9% above inflation and by 6.4% nominally, up from R49.6 billion in 2025/26 to R52.8 billion in 2026/27. The sub-programme reviews and analyses the performance of road transport public entities and monitors their compliance with regulations and legislation. It also transfers funds to SANRAL, the Road Traffic Management Corporation (RTMC), and RTIA. Moreover, the sub-programme makes provision for the Provincial Roads Maintenance Grant (PRMG).

The *Road Engineering* sub-programme is the second sub-programme that records an increase of 2.7% above inflation, up from R25.7 million in the previous financial year to R27.3 million in 2026/27. The sub-programme “develops and implements road engineering standards”.<sup>66</sup> In addition, it “coordinates the development of an asset management system for safe and resilient road infrastructure”.<sup>67</sup>

Conversely, expenditure on the *Road Administration Support* sub-programme declines significantly by -82.9% below inflation, down from R60.9 million previously to R10.8 million in

<sup>65</sup> Department of Transport (2026), p. 99.

<sup>66</sup> National Treasury (2026), p. 938

<sup>67</sup> Ibid.

the current financial year. This sub-programme “provides strategic leadership and administrative support to the programme”.<sup>68</sup>

Major transfers from the Road Transport programme are as follows:<sup>69</sup>

**Table 21: Major Transfers from the Road Transport Programme**

Entity/ Programme R million	Budget	
	2025/26	2026/27
RTMC	R249.3 million	R214.1 million
SANRAL: Gauteng Freeway Improvement Project (GFIP)	R756.6 million	R787 million
SANRAL	Approximately R8 billion	R8.3 billion
RTIA: Operations	R10.3 million	R10.7 million
SANRAL: Single ticketing for public transport	R30 million	R31.2 million
RTIA: AARTO roll-out	R156.7 million	R163.1 million
SANRAL: Non-toll network	R13.2 billion	R19.4 billion
SANRAL: Moloto Road upgrade	R1 billion	R1 billion
SANRAL: N2 Wild Coast	R1.4 billion	R1.4 billion
PRMG: Roads maintenance component	R12.1 billion	R11.2 billion
PRMG: Disaster relief component	-	R1.5 billion
PRMG: <i>Welisizwe</i> Rural Bridges Programme	R1.4 billion	-
PRMG: Refurbishment component	R5.2 billion	R5.2 billion
Rural Roads Asset Management Systems (RRAMS) Grant	R126.1 million	R131.1 million

(Source: National Treasury (2026), p. 939-940)

Expenditure under Programme 4 lends credence to the policy priorities for 2026/27. Targeted investments in maintaining, rehabilitating, upgrading and expanding the road network remain key to preserving public mobility and accessibility, as well as the movement of freight. These investments are aimed at ensuring that passengers and freight carriers, which haul approximately 80% of South Africa’s freight load, have access to safe roads.<sup>70</sup>

### 3.4.5 Programme 5: Civil Aviation Transport

The Civil Aviation Transport programme facilitates the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with

<sup>68</sup> National Treasury (2026), p. 938.

<sup>69</sup> National Treasury (2026), p. 939.

<sup>70</sup> National Treasury (2026), p. 927.

international standards through regulations and investigations. In addition, it oversees aviation transport public entities.

**Table 22: Programme 5: Civil Aviation Transport**

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	R million	2025/26				
Aviation Policy and Regulations	42.9	39.8	- 3.1	- 4.4	-7.2%	-10.3%
Aviation Economic Analysis and Industry Development	28.1	23.9	- 4.2	- 5.0	-15%	-17.7%
Aviation Safety, Security, Environment, and Search and Rescue	94.9	104.1	9.2	5.8	9.7%	6.1%
Aviation Oversight	399.6	94.6	- 305.0	- 308.1	-76.3%	-77.1%
Aviation Administration Support	7.2	7.5	0.3	0.1	4.2%	0.7%
<b>TOTAL</b>	<b>572.6</b>	<b>269.8</b>	<b>- 302.8</b>	<b>- 311.7</b>	<b>-52.9%</b>	<b>-54.4%</b>

(Source: National Treasury (2026), p. 941)

For the 2026/27 financial year, the allocation to the Civil Aviation Transport programme equals R269.8 million, down from R572.6 million previously, translating into a decline of -54.4% (taking inflation into account). The *Aviation Oversight* sub-programme records substantive decrease in expenditure, down by -77.1% below inflation and -76.3% nominally. The sub-programme “monitors the performance of Airports Company South Africa [ACSA], the Air Traffic and Navigation Services [ATNS] the South African Civil Aviation Authority [SACAA], in line with the legislative framework”.<sup>71</sup>

Spending on the *Aviation Economic Analysis* sub-programme decreases by -17.7% below inflation. The sub-programme’s allocation goes down from R28.1 million in 2025/26 to R23.9 million in 2026/27. The sub-programme “provides aviation economic analysis and develops relevant frameworks for industry development and airfreight logistics activities”.<sup>72</sup>

<sup>71</sup> National Treasury (2026), p. 941.

<sup>72</sup> Ibid.

For its part, the *Aviation Safety, Security, Environment, and Search and Rescue* sub-programme registers the highest increase above inflation by 6.1% and 9.7% nominally, up from R94.9 million previously to R104.1 million in the current financial year. This sub-programme is responsible developing and monitoring “South Africa’s aviation safety, security, environment, and search and rescue regime”.<sup>73</sup> It is also mandated with managing “investigations into aviation accidents and serious incidents to identify deficiencies and make safety recommendations on mechanisms to address them”.<sup>74</sup>

### 3.4.6 Programme 6: Maritime Transport

The Maritime Transport programme promotes a safe, reliable and economically maritime transport sector through the development and implementation of policies and strategies. In addition, the programme oversees maritime public entities. Five sub-programmes fall under the Maritime Transport programme.

**Table 23: Programme 6: Maritime Transport**

Programme	Budget		Nominal Increase/Decrease in 2026/27	Real Increase/Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	2025/26	2026/27				
Maritime Policy Development	15.6	14.2	- 1.4	- 1.9	-9%	-12%
Maritime Infrastructure and Industry Development	12.8	13.3	0.5	0.1	3.9%	0.5%
Implementation, Monitoring and Evaluation	114.0	343.1	229.1	217.8	201%	191.1%
Maritime Oversight	1 389.2	939.9	- 449.3	- 480.2	-32.3%	-34.6%
Maritime Administration Support	6.4	6.7	0.3	0.1	4.7%	1.3%
<b>TOTAL</b>	<b>1 538.0</b>	<b>1 317.3</b>	<b>- 220.7</b>	<b>- 264.0</b>	<b>-14.3%</b>	<b>-17.2%</b>

(Source: National Treasury (2026), p. 943)

The budget allocation for the Maritime Transport programme decreases by -14.3% nominally and by -17.2% below inflation, down from R1.5 billion previously to R1.3 billion in 2026/27. The

<sup>73</sup> National Treasury (2026), p. 941.

<sup>74</sup> Ibid.

highest allocation decrease is in the *Maritime Oversight* sub-programme that goes down from R1.4 billion in 2025/26 R939.9 million in the current financial year. This translates into a below inflation decrease of -34.6%. This sub-programme makes transfers to public entities in the maritime field, namely, the South African Maritime Safety Authority (SAMSA) and the Ports Regulator of South Africa (PRSA). Moreover, it oversees these entities' compliance with relevant regulations and legislation.<sup>75</sup>

In contrast, expenditure on the *Implementation, Monitoring and Evaluation* sub-programme increases exponentially from R114 million in 2025/26 to R343.1 million currently. This represents an above inflation increase of 191.1%. The sub-programme is entrusted with ensuring “the implementation of legislation, policies and strategies related to maritime safety, security and environmental protection”.<sup>76</sup>

### 3.4.7 Programme 7: Public Transport

The Public Transport programme is tasked with providing and regulating safe, secure, reliable, cost-effective and sustainable public transport services in South Africa through legislation, policies and strategies. The programme comprises six sub-programmes.

**Table 24: Programme 7: Public Transport**

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	2025/26	2026/27				
Public Transport Regulation	42.5	54.6	12.1	10.3	28.5%	24.3%
Rural and Scholar Transport	44.3	45.3	1.0	- 0.5	2.3%	-1.1%
Public Transport Industry Development	206.7	207.0	0.3	- 6.5	0.2%	-3.2%
Public Transport Oversight	16 330.8	14 439.6	- 1 891.2	- 2 366.0	-11.6%	-14.5%
Public Transport Administration Support	21.4	16.3	- 5.1	- 5.6	-23.8%	-26.3%
Public Transport Network Development	33.3	34.7	1.4	0.3	4.2%	0.8%

<sup>75</sup> National Treasury (2026), p. 943.

<sup>76</sup> Ibid.

<b>TOTAL</b>	<b>16 679.0</b>	<b>14 797.3</b>	<b>- 1 881.7</b>	<b>- 2 368.3</b>	<b>-11.3%</b>	<b>-14.2%</b>
--------------	-----------------	-----------------	------------------	------------------	---------------	---------------

(Source: National Treasury (2026), p. 945)

In 2026/27, the Public Transport programme receives R14.8 billion, down from R16.7 billion in 2025/26. This translates into a -11.3% decrease nominally and a -14.2% below inflation decline. The below inflation expenditure on the Public Transport programme has implications for the Department's commitment to addressing "spatial inequality, improving access to public transport and reducing the cost of living".<sup>77</sup> In addition, it does not bode well for rectifying the country's public transport that "remains fragmented, with limited access in rural areas and inefficiencies in urban systems."<sup>78</sup>

The allocation to the *Public Transport Oversight* sub-programme equals R14.4 billion, down from R16.3 billion. This represents a below inflation decrease of -11.6%, and -14.5% nominally. This sub-programme "oversees the use of public transport subsidies and grants".<sup>79</sup> Moreover, it "monitors compliance with the annual Division of Revenue Act in terms of the transferring of funds, reporting, allocations and adjustments".<sup>80</sup> Similarly, the expenditure on the *Rural and Scholar Transport* sub-programme records a below inflation decrease of -1.1%, despite a nominal Rand value increase from R44.3 million in 2025/26 to R45.3 million in 2026/27.

There is a significant decline in the allocation to the *Public Transport Administration* sub-programme that goes down from R21.4 million in the previous financial year to R16.3 million in the current financial year. This indicates a significant below-inflation decrease of -26.3%. This allocation clearly does not keep track with the effects of inflation.

Inversely, the *Public Transport Regulation* sub-programme records the highest spending in the Public Transport Programme, up from R42.5 million previously to R54.6 million in the current financial year. This indicates a 24.3% above inflation increase and 28.5 nominally. The *Public Transport Regulation* sub-programme is entrusted with "the development and maintenance of

<sup>77</sup> Department of Transport APP(2026), p. 135.

<sup>78</sup> Ibid.

<sup>79</sup> National Treasury (2026), p. 945.

<sup>80</sup> Ibid.

policy, legislation and regulation, and coordinates and facilitates implementation”.<sup>81</sup> It is also “responsible for managing information on public transport systems developed in terms of the National Land Transport Act (No. 5 of 2009)”.<sup>82</sup>

Selected transfers and subsidies in the Public Transport programme are as follows:<sup>83</sup>

**Table 25: Selected Transfers in the Public Transport programme**

Entity/Programme	Budget	
	2025/26	2026/27
Provinces and municipalities	R15.6 billion	R14.1 billion
Taxi Recapitalisation Programme (TRP): Taxi Empowerment Projects	R310.6 million	R174.1 million
Taxi recapitalisation Programme (TRP): Taxi Empowerment Projects	R110 million	R112.9 million
South African National Taxi Council (SANTACO)	R31.3 million	R32.6 million
Public Transport Operations Grant (PTOG)	R8.1 billion	R8.4 billion
Public Transport Network Grant	R7.5 billion	R5.7 billion
<b>TOTAL</b>	<b>R31.7 billion</b>	<b>R28.6 billion</b>

(Source: National Treasury (2026), p. 945 - 946)

### 3.4.8 Programme 8: State-owned Companies Governance Assurance and Performance

The State-Owned Companies Governance Assurance and Performance programme is entrusted with overseeing the “governance and performance of the Department’s state-owned entities”.<sup>84</sup>

The programme consists of six sub-programmes.

**Table 26: Programme 8: State-Owned Companies Governance Assurance and Performance**

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27
	2025/26	2026/27				
Technical Services	10.2	10.8	0.6	0.2	5.9%	2.4%
Public Entity Oversight	16.8	17.5	0.7	0.1	4.2%	0.7%
Governance Services	13.3	13.9	0.6	0.1	4.5%	1.1%

<sup>81</sup> National Treasury (2026), p. 945.

<sup>82</sup> Ibid.

<sup>83</sup> National Treasury (2026), p. 945-946.

<sup>84</sup> Department of Transport SP(2025), p. 172.

Programme	Budget		Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percent Change in 2026/27	Real Percent Change in 2026/27	
	R million	2025/26					2026/27
State-Owned Companies Risk and Ethics		3.3	3.5	0.2	0.1	6.1%	2.6%
Business Enhancement Services		3.0	3.2	0.2	0.1	6.7%	3.2%
State-Owned Companies Governance Assurance and Performance Administrative Support		7.5	8.0	0.5	0.2	6.7%	3.2%
<b>TOTAL</b>		<b>54.0</b>	<b>56.9</b>	<b>2.9</b>	<b>1.0</b>	<b>5.4%</b>	<b>1.9%</b>

(Source: National Treasury (2026), p. 947)

The spending of functions under the State-Owned Companies Governance Assurance and Performance programme goes up from R54 million previously to R56.9 million in the current financial year. This represents a 1.9% above inflation increase and 5.4% nominally.

The *Business Enhancement Services*, as well as the *State-Owned Companies Governance Assurance and Performance Administrative Support* sub-programmes record the highest increases amounting to 3.2% above inflation respectively. Expenditure on the former goes up from R3 million previously to R3.2 million in 2026/27, while spending on the latter increases from R7.5 million in the 2025/26 financial year to R8 million currently.

The *Business Enhancement Services* sub-programme is mandated with providing “sector business enhancement to enable the shareholder to enhance the strategic operations of its state-owned companies”.<sup>85</sup> For its part, the *State-Owned Companies Governance Assurance and Performance Administrative Support* sub-programme is entrusted with providing “strategic leadership and administrative support to the programme”.<sup>86</sup>

The second highest increase is in the *State-Owned Companies Risk and Ethics* sub-programme which goes up from R3.3 million previously to R3.5 million currently. The sub-programme

<sup>85</sup> National Treasury (2026), p. 947.

<sup>86</sup> Ibid.

“provides for the risk profiling of state-owned companies and the development of mitigation strategies to support the Department as shareholder”.<sup>87</sup>

#### 4. ESTIMATES OF NATIONAL EXPENDITURE PER ENTITY: VOTE 40 OF 2026/27

**Table 27: Entity Budget as expressed in the Estimates of National Expenditure: Vote 40 of 2026/27**

Entity	Budget as expressed in the Estimates of National Expenditure	Current Annual Budget transfers per DoT Budget
Airports Company South Africa	<p>ACSA is a schedule 2 public entity established in terms of the Airports Company Act (1993). The company owns and operates the 9 principal airports in South Africa, including the main international gateways: OR Tambo International Airport, Cape Town International Airport and King Shaka International Airport. As passenger numbers have recovered to pre-pandemic levels, the company is expected to sustain itself over the medium term.</p> <p>The company projects expenditure to amount to about R29.8 billion over the MTEF period, of which CoE accounts for 30.6 per cent (R9.1 billion) and goods and services 39.9 per cent (R11.9 billion). The company expects its revenue to increase at an average annual rate of 8.8 per cent, from R8.7 billion in 2025/26 to R11.3 billion in 2028/29, driven by growth in non-aeronautical revenue such as parking and retail space; as well as</p>	<p>No transfer from the DoT.</p> <p>Budget for 2026/27 is approximately R9.0 billion.</p>

<sup>87</sup> National Treasury (2026), p. 947.

	<p>expected increases in aeronautical revenue, notably between 2025/26 and 2026/27.</p> <p>The notable increase in aeronautical revenue also contributes to the higher-than-average increase in is expected to lead to increased revenue between 2025/26 and 2026/7. The notable increase in aeronautical revenue results in increased revenue between 2025/26 and 2026/27. This is expected to fund an increase in expenditure at a projected average annual rate of 9.8 per cent, from R8 billion in 2025/26 to R10.6 billion in 2028/29.</p>	
<p>Passenger Rail Agency of South Africa</p>	<p>PRASA was established in terms of the Legal Succession to the South African Transport Services Amendment Act (2008). The agency's primary mandate is to provide rail commuter services within, to and from South Africa in the public interest. It also provides long-haul passenger rail and bus services within South Africa, and to and from neighbouring countries.</p> <p>Over the next 3 years, the Agency will continue to focus on the recovery of commuter rail services by implementing its corridors recovery programme and modernising its infrastructure. This includes maintaining, recovering and renewing its rolling stock fleet, modernising rail infrastructure, improving signalling and rolling out new train sets to priority corridors to provide more passenger trips. As a result, spending on Metrorail and administrative support is expected to amount to 69.2 per cent (R41.4 billion) of the agency's budget over the MTEF period. As the agency anticipates increasing its spending on</p>	<p>PRASA receives funding from the DoT.</p> <p>Budget for 2026/27 is R17.9 billion.</p> <p>PRASA Corporate Plan indicates Capital Subsidy and Grants Amortisation of approximately R19.0 billion. Projected Net Surplus for the year sits at R14.7 billion.</p> <p>Intersite Corporate Plan indicates Total Capital required for the 2026/27 FY per the Corporate Plan as R1.5 billion.</p>

	<p>procurement and contracts, its goods and services budget is expected to account for 42.4 per cent (R25.3 billion) of total expenditure over the medium term, and compensation of employees for 33 per cent (R19.7 billion). Total expenditure is expected to increase at an average annual rate of 10.2 per cent, from R16.3 billion in 2025/26 to R21.8 billion in 2028/29, as the agency implements its recovery plan.</p> <p>The agency expects to derive 87.1 per cent (R66.3 billion) of its revenue over the MTEF period through transfers from the department and the remainder through fares and ticket sales, rental income and interest. Revenue is expected to increase at an average annual rate of 1.8 per cent, from R25.1 billion in 2025/26 to R26.5 billion in 2028/29.</p>	
Road Accident Fund	<p>The Road Accident Fund was established in terms of the Road Accident Fund Act (1996) and is mandated to provide compulsory social insurance to people who suffer loss or damage due to bodily injury or death caused by negligent driving on South Africa's roads. The fund aims to pursue a multipronged reform strategy over the medium term by transitioning to a structured annuity-based settlement model to better manage and align its assets and liabilities. These periodic payments are expected to better align liabilities with cash flows over time rather than requiring large immediate outlays. The strategy is aimed at stabilising the fund and improving service delivery.</p> <p>Expenditure is expected to decrease at an average annual rate of 3.4 per cent, from R71.7 billion in</p>	<p>No transfer from the DoT. RAF funded through the fuel levy which has been increased this year by 7c.</p> <p>Budget for 2026/27 is R69.6 billion.</p> <p>APP indicates projected total revenue indicated as R49.8 billion and projected total expenditure indicated as R69.6 billion.</p>

	<p>2025/26 to R64.6 billion in 2028/29. As expenditure must be matched to collected revenues, this decrease is due to an anticipated decrease in revenue collection as vehicles improve in fuel efficiency, coupled with an increasing share of electronic vehicles. The fund derives revenue mainly through the road accident fund levy. Revenue is projected to increase marginally, at an average annual rate of 0.4 per cent, from R49.3 billion in 2025/26 to R49.9 billion in 2028/29.</p>	
<p>South African National Roads Agency Limited</p>	<p>SANRAL is established in terms of the South African National Roads Agency Limited and National Roads Act (1998). It is responsible for planning, designing, constructing, operating, maintaining and rehabilitating the national toll and non-toll road network. The toll network is self-financed, whereas the non-toll network is supported through the fiscus.</p> <p>Over the medium-term, the Agency will focus on carrying out preventative maintenance to improve and preserve the national road network. This is expected to result in 6 000 kilometres of road being resurfaced, 1 200 kilometres of road being strengthened or improved, 43 new bridges and 19 new interchanges. Capital expenditure is expected to increase at an average annual rate of 8.6 per cent, from R26.6 billion in 2025/26 to R34 billion in 2028/29. Payments for goods and services account for an estimated 70.2 per cent (R72.3 billion) of the agency's total expenditure over the MTEF period. As a result of the agency's strategy to negotiate contract fees, this expenditure is expected to</p>	<p>SANRAL receives funding from the DoT.</p> <p>Budget for 2026/27 is R35.8 billion.</p> <p>APP indicates a budget of R33.0 billion.</p>

	<p>decrease at an average annual rate of 9.3 per cent, from R28.7 billion in 2025/26 to R21.4 billion in 2028/29. Total expenditure is therefore also expected to decrease, at an average annual rate of 4 per cent, from R37.5 billion in 2025/26 to R33.1 billion in 2028/29.</p> <p>Expenditure on compensation of employees is expected to increase at an average annual rate of 12.3 per cent, from R878.9 million in 2025/26 to R1.2 billion in 2028/29, as the agency's number of personnel is anticipated to increase from 697 in 2025/26 to 1 055 in 2028/29. This expansion is primarily driven by the transition to support provincial operations on the non-toll portfolio and fill critical vacant positions, and to ensure compliance and improve the Agency's capacity to deliver projects.</p> <p>The agency has 2 primary sources of revenue: national government grant transfers for the non-toll portfolio and toll fees collected from the toll portfolio. Revenue from the grant allocation amounts to R97 billion over the MTEF period. Revenue from toll fees is expected to increase at an average annual rate of 29.2 per cent, from R5 billion in 2026/27 to R10.7 billion in 2028/29, mainly driven by inflation-linked adjustments to toll tariffs, projected traffic growth, and the planned takeover of the N4 Trans-African Concession in February 2028, which will result in increased toll revenue.</p>	
--	--	--

<p>The Air Traffic and Navigation Services Company</p>	<p>ATNS Company is a schedule 2 public entity established in terms of the Air Traffic and Navigation Services Act (1993). It is mandated to provide safe, orderly and efficient air traffic navigation and associated services to the air traffic management community. The company operates in line with the standards and practices of the International Civil Authority Organisation, and the regulations and standards of the South African Civil Aviation Authority.</p> <p>The company has a budget of R7.3 billion over the medium term, increasing at an average annual rate of 5.2 per cent, from R2.2 billion in 2025/26 to R2.5 billion in 2028/29. Spending on compensation of employees comprises an estimated 65.6 per cent (R4.8 billion) of total expenditure over the period ahead, while spending on goods and services accounts for an estimated 23.7 per cent (R1.7 billion).</p> <p>As a self-funded company, the company expects to generate 97.2 per cent (R7.1 billion) of its revenue over the medium term from the calibration and aeronautical services it provides to the aviation industry. Revenue is expected to increase at an average annual rate of 5.3 per cent, from R2.2 billion in 2025/26 to R2.6 billion in 2028/29.</p>	<p>No transfer from the DoT.</p> <p>Budget for 2026/27 is R2.3 billion.</p>
<p>The Cross-Border Road Transport Agency</p>	<p>The Cross-Border Road Transport Agency is mandated to regulate and facilitate cross-border road transport to promote a fair and competitive operating environment for all operators. Its core functions include enforcing</p>	<p>No transfer from the DoT.</p> <p>Budget for 2026/27 is R423.1 million.</p>

	<p>compliance with cross-border transport regulations, facilitating the movement of goods and passengers across borders, and engaging with domestic and regional stakeholders to support cooperation and coordinated transport operations. The agency is founded under the Cross-Border Road Transport Act (1998).</p> <p>Total expenditure is expected to increase at an average annual rate of 1.8 per cent, from R436.7 million in 2025/26 to R461.3 million in 2028/29, driven mainly by increased spending on administration, law enforcement, regulatory services and facilitation. The agency generates revenue mainly from charging administrative and</p> <p>permit fees. Revenue is expected to increase at an average annual rate of 1.8 per cent, from R440.6 million in 2025/26 to R464.8 million in 2028/29, driven mainly by increases in tariffs and the number of inspections planned for 2026/27.</p>	<p>APP indicates a budget of R440.0 million.</p>
<p>The Driving Licence Card Account</p>	<p>The DLCA was established in terms of the Public Finance Management Act (1999) and is responsible for producing new driving licence cards for testing centres nationwide. Despite ongoing production challenges, it aims to improve operational efficiency and meet demand by investing in a new card production machine by the end of 2026/27. In the interim, to address the growing backlog in the printing of driver's licence cards, the account signed a memorandum of agreement</p>	<p>No specific line item for the DLCA in this year's budget.</p> <p>Budget for 2026/27 is R240.7 million.</p> <p>APP indicates total projected revenue of R322.0 million.</p>

	<p>with the Government Printing Works, which is expected to begin producing licence cards in September 2026.</p> <p>The account derives its revenue from issuing driving licence cards. Protracted delays in acquiring the new production machine have necessitated continued use of the existing, less efficient equipment, contributing to a projected decrease in revenue at an average annual rate of 8.6 per cent, from R392.6 million in 2025/26 to R271.7 million in 2026/27 before recovering to R299.6 million in 2028/29 as the new production machine becomes operational. Expenditure is projected to increase at an average annual rate of 7.1 per cent, from R225.7 million in 2025/26 to R277.4 million in 2028/29, driven mainly by spending on goods and services for new card production material.</p>	
The Ports Regulator of South Africa	<p>PRSA regulates South Africa's ports infrastructure system. It was established in terms of the National Ports Act (2005) and is mandated to set tariffs for the Transnet National Ports Authority and oversee complaints and appeals to maintain fairness, transparency and competitive practices for port infrastructure.</p> <p>Over the MTEF period, the Ports Regulator intends to implement its regulatory imperative while promoting economic efficiency in the ports sector. It is envisioned to eventually transition or merge with a transport economic regulator, once established. In the interim, the regulator will continue to monitor competitive access</p>	<p>PRSA receives funding from the DoT.</p> <p>Budget for 2026/27 is R54.3 million.</p> <p>APP indicates a budget of R54.3 million.</p>

	<p>to port infrastructure, hear complaints and appeals, and ensure transparency in port pricing and service delivery.</p> <p>Medium-term plans also include enforcing compliance with the pricing methodology and continuously improving the tariff strategy's responsiveness to economic conditions. Spending on the CoE accounts for an estimated 67.4 per cent (R114.6 million) of the regulator's total budget over the period ahead. Total expenditure is expected to increase at an average annual rate of 7.3 per cent, from R47.4 million in 2025/26 to R58.5 million in 2028/29. The regulator derives its revenue almost entirely through transfers from the department. Revenue is set to increase in line with expenditure.</p>	
<p>The Railway Safety Regulator</p>	<p>RSR was established in terms of the National Railway Safety Regulator Act (2002) to provide a national framework for regulating rail safety in South Africa. It ensures compliance with safety legislation by overseeing and monitoring railway operators and enforcing safe operational practices. Its responsibilities cover operators from neighbouring countries that operate rail services within South Africa's borders. Over the medium term, the regulator will focus on issuing safety permits, conducting inspections and audits, investigating rail-related incidents, and strengthening the regulatory environment by developing and refining safety standards and regulations.</p> <p>As regulation is labour-intensive, spending on compensation of employees is expected to account for</p>	<p>RSR receives funding from the DoT.</p> <p>Budget for 2026/27 is R308.3 million.</p> <p>APP indicates a budget of R308.3 million.</p>

	<p>68.4 per cent (R658.8 million) of total expenditure over the medium-term. Expenditure is projected to increase at an average annual rate of 3.7 per cent, from R299.9 million in 2025/26 to R334.2 million in 2028/29. The regulator derives an estimated 69.5 per cent (R668.7 million) of its revenue over the MTEF period through administrative fees and 27.9 per cent (R296 million) through transfers from the department.</p>	
<p>The Road Traffic Infringement Agency</p>	<p>RTIA operates in accordance with the Administrative Adjudication of Road Traffic Offences (AARTO) Act (1998). It is mandated to promote compliance with road traffic legislation by administering infringement procedures, adjudicating offences and enforcing applicable penalties. The agency also provides specialised support to prosecution processes and undertakes public education and awareness initiatives to improve road safety. Over the medium term, the agency will focus on discouraging and penalising contraventions of road traffic law by developing efficient and effective adjudication processes.</p> <p>Total expenditure is expected to increase at an average annual rate of 4.1 per cent, from R523.1 million in 2025/26 to R590.7 million in 2028/29, with spending on goods and services accounting for an estimated 58.3 per cent (R994.4 million) of the agency's total budget over the period ahead. The Agency derives its revenue through the collection of infringement-related fees. Total revenue is expected to increase in line with expenditure.</p>	<p>RTIA receives funding from the DoT.</p> <p>Budget for 2026/27 is R546.6 million.</p> <p>APP indicates a budget of R545.8 million.</p>

<p>The Road Traffic Management Corporation</p>	<p>RTMC was established in terms of the Road Traffic Management Corporation Act (1999). It is mandated to provide strategic planning and law enforcement, and pool public sector resources for national road traffic management. Over the medium term, the corporation will strive to maintain the target, set out in the United Nations Decade of Action to accelerate progress towards the achievement of the sustainable development goals, of reducing road fatalities on South Africa's roads by 50 per cent by 2030 from the baseline of 13 967 set in 2010. To give effect to this, the corporation intends to facilitate the enforcement of national road traffic laws. This is expected to integrate and harmonise the enforcement of traffic laws and facilitate the integration and development of road safety regulations and the fair and efficient use of resources across all spheres of government. To do this, road safety improvements are expected to come with combined efforts across law enforcement, infrastructure, user behaviour and post-crash response.</p> <p>Total expenditure is expected to increase at an average annual rate of 6.4 per cent, from R1.9 billion in 2025/26 to R2.3 billion in 2028/29, driven mainly by spending on compensation of employees, which is set to increase at an average annual rate of 12.2 per cent. This relatively high increase is due to the number of personnel increasing from 1 755 in 2025/26 to 2 301 in 2028/29 as 546 traffic trainees are expected to be absorbed into the entity.</p>	<p>RTMC receives funding from the DoT.</p> <p>Budget for 2026/27 is approximately R2.0 billion.</p> <p>APP indicates a budget of approximately R2.0 billion.</p>
--	---	--

	<p>The corporation expects to generate the bulk of its revenue over the period ahead through administrative and eNatis transaction fees. Transfers from the department are expected to amount to 10.3 per cent (R666.2 million) of revenue over the medium term. Total revenue is expected to increase in line with expenditure.</p>	
<p>The South African Civil Aviation Authority</p>	<p>SACAA was established in terms of the South African Civil Aviation Act (2009) and is responsible for regulating and promoting safety and security within the civil aviation sector. In fulfilling this mandate, the authority ensures South Africa's aviation industry aligns with international aviation standards set by ICAO . The authority's mandate has been extended to include oversight of the environmental impact arising from civil aviation activities.</p> <p>Over the medium-term, the authority will focus on strengthening and implementing aviation safety and security oversight programmes, including regulatory compliance monitoring, certification, licensing, inspection and enforcement, while maintaining the institutional capacity to effectively execute its regulatory responsibilities.</p> <p>Total expenditure is expected to increase at an average annual rate of 4.1 per cent, from R1.1 billion in 2025/26 to R1.2 billion in 2028/29, with compensation of employees accounting for an estimated 67.1 per cent (R2.3 billion) of this spending over the period ahead. The authority expects to derive 83.6 per cent (R2.9 billion) of its revenue over the medium term through</p>	<p>SACAA receives funding from the DoT.</p> <p>Budget for 2026/27 is R1.1 billion.</p> <p>APP indicates a budget of R1.1 billion.</p>

	<p>passenger safety charges and user fees. Revenue is expected to increase at an average annual rate of 3.2 per cent, from R1.1 billion in 2025/26 to R1.2 billion in 2028/29.</p>	
<p>The South African Maritime Safety Authority</p>	<p>SAMSA was established in terms of the South African Maritime Safety Authority Act (1998). It is responsible for regulating and enforcing maritime safety, preventing marine pollution from ships and promoting South Africa's maritime interests. Over the medium-term, the authority will continue to focus on ensuring the safety of life and property at sea, and on preventing and combating marine pollution. In doing so, it will strengthen regulatory enforcement, incident response and maritime emergency coordination.</p> <p>Total expenditure is expected to increase at an average annual rate of 2.4 per cent, from R535.7 million in 2025/26 to R575.6 million in 2028/29, with compensation of employees constituting an estimated 63.3 per cent (R1 billion) of total expenditure over the MTEF period. The authority derives its revenue through levies, fees and user charges. Revenue is expected to increase in line with expenditure.</p>	<p>No transfer from the DoT.</p> <p>Budget for 2026/27 is R524 million.</p> <p>APP indicates a budget of R524 .0 million.</p>
<p>Transnet SOC Ltd</p>	<p>Transnet was established in April 1990 in terms of the Companies Act (2008) and is listed as a schedule 2 entity in terms of the Public Finance Management Act (1999). The company operates in the transportation and logistics industry with a primary focus on rail, ports and pipelines. It is mandated to lower logistics costs relative to GDP, facilitate a modal shift from road to rail, integrate South Africa with regional and global markets,</p>	<p>Transnet receives funding from the DoT for the Ukuvuselela Gauteng-Eastern Cape high-capacity rail corridor, Iron Ore Corridor, the Cape Town Container Terminal (phase 2B) expansion and the</p>

	<p>maximise socioeconomic impact and leverage private sector partnerships.</p> <p>To support economic growth and job creation through the development of infrastructure and to reduce freight related costs of doing business, Transnet's recovery plan focuses on stabilising freight rail volumes, improving the efficiency of port terminals and addressing maintenance backlogs. Over the medium term, these efforts are underpinned by an estimated expenditure of R229.1 billion on rail infrastructure, accounting for 70 per cent of the total budget. The company will also aim to keep operational expenditure low over the MTEF period, with spending on compensation of employees set to increase marginally, at an average annual rate of 0.6 per cent, from R35.3 billion in 2025/26 to R36.0 billion in 2028/29; and goods and services at an average annual rate of only 1 per cent, from R30.2 billion in 2025/26 to R31.1 billion in 2028/29.</p> <p>Revenue expectations are driven by improved volumes, product mix, distribution patterns and tariff assumptions, and include other external revenue streams such as property rental income. The company will continue to prioritise higher-margin commodities to enhance returns on invested capital. As a result, revenue is expected to increase at an average annual rate of 7.7 per cent, from R104.4 billion in 2025/26 to R130.2 billion in 2028/29.</p>	<p>Durban container terminal under the Development Bank of Southern Africa (DBSA) Infrastructure Funding.</p> <p>Budget for 2026/27 is R109.5 billion.</p>
--	--	--

<p>South African Airways SOC Ltd</p>	<p>SAA was established in April 1990 in terms of the Companies Act (2008) and is listed as a schedule 2 entity in terms of the Public Finance Management Act (1999). As part of the airline’s business rescue process, it plans to focus on its stabilisation and sustainability over the medium-term despite its constrained working capital. This will entail densifying its schedule and expanding its fleet and routes.</p> <p>As such, expenditure is expected to increase at an average annual rate of 31.3 per cent, from R14.5 billion in 2025/26 to R32.8 billion in 2028/29, driven by a fleet expansion, through leasing, to optimise operations. Total spending on goods and services is expected to account for 89.7 per cent of (R68.4 billion) of total expenditure over the medium term, mainly driven by fuel, aircraft leases, maintenance and related costs. Spending on compensation of employees constitutes an estimated 8.5 per cent (R6.5 billion) of total expenditure over the period ahead, increasing at an average annual rate of 29 per cent, from R1.2 billion in 2025/26 to R2.6 billion in 2028/29, due to a substantial increase in pilots’ salaries and benefits, and an anticipated increase in the number of personnel over the same period. The airline generates revenue primarily through ticket sales. Revenue is expected to increase at an average annual rate of 32.7 per cent, from R14.5 billion in 2025/26 to R33.9 billion in 2028/29, in line with the airline’s anticipated expansion of its fleet and operations, which is expected to drive ticket sales.</p>	<p>No transfer from the DoT.</p> <p>Budget for 2026/27 is R18.35 billion.</p>
--------------------------------------	---	---

<p>Transport Economic Regulator</p>	<p>Although not indicated in the NT Estimates of National Expenditure, the TER tabled a SP and APP.</p> <p>The Transport Economic Regulator (TER) derives its mandate from the Constitution of the Republic of South Africa, 1996, which provides the overarching legal and governance framework within which all public institutions must operate. The Constitution establishes the foundational values of public administration and requires that all organs of state exercise their powers and perform their functions in a manner that promotes democratic governance, accountability, and the rule of law.</p> <p>As a statutory body, the TER is required to align its institutional design, decision-making processes, and regulatory practices with the constitutional imperatives, ensuring that its actions are lawful, rational, and consistent with the broader public interest.</p>	<p>TER received funding from the DoT – line item 2026/27 allocation R18 170 000 (per the ENE) – note that the APP indicates a budget of R18.7 million.</p>
-------------------------------------	--	--

(Source: National Treasury Estimates of National Expenditure (2026))

## 5. COMMITTEE OBSERVATIONS

Members made the following observations during the discussions:

5.1 Observations specific to the Department and DLCA:

5.1.1 On the quality of APPs/Corporate Plans:

5.1.1.1 APPs/Corporate Plans must be linked to the mandate and budget of the entity and Department, with clear, realistic and measurable targets, which could be seen or experienced by

how these targets and outcomes affect the ordinary South African citizen. As an overall observation for the Department and its entities, the Committee indicated that the APPs/Corporate Plans need to be streamlined in order to ensure that the targets are realistic, linked to the available budget and ensure that these documents can be used by the Department, as well as the Committee to ensure effective oversight over the entities. There are also discrepancies in some entity APPs/Corporate Plans when these are compared with the budget allocations presented in the National Treasury Estimates of National Expenditure document for the 2026/27 financial year and this impacts the Committee's ability to perform credible oversight on presented figures. Examples of targets that need clarity on how they will be met are:

- a) The Department needed to clarify the specific interventions that would be implemented to achieve the targeted 45% reduction in fatalities by 2029;
- b) The targets of programme 8 should be expanded in such a way that would ensure that oversight of urgent matters should be central to its work. Given that past Budget recommendations and Budget Review Recommendation Report recommendations linked to quarterly progress reports from entities of the Department were not always responded to by the Department, with the establishment of this new programme, the Department would have to ensure that its quarterly reports to the Committee include reports for each entity under the transport portfolio;
- c) The 14% reduction in the rail budget was noted. The Department was asked how this reduction would align with the programmes and targets;
- d) It was noted that an austerity budget would not assist the Department to achieve its targets. The 77% decrease in the budget for Aviation oversight may lead to collapse in oversight as the cut in capacity did not translate into a reduction in the oversight responsibility. The Department sets itself up for failure due to the misalignment between the APP and the budget, as it was not clear which targets would be reduced to reflect the reduction in budget;
- e) The Department introduced many targets, but its core mandate was missed and Members were of the view that they could not see the benefits to ordinary road and transport users in the APP. It was not clear how the APP fed into achieving core targets. The 2025/26 APP looked similar to the 2026/27 APP. If roughly 94% of the Department's budget goes to transfers and subsidies, the issues concerning the leadership of the DoT should reside in

how recipients of the grants such as provinces operate and how entities perform and there is a need to see how projects funded by the grants are overseen and monitored in the APP. The APP spoke very little to transport users. The Department must clarify to what extent the APP is making an impact on transport users and ordinary South Africans. To link performance with the allocated budgets, the Department must ensure that the targets set by it and its entities are aligned. The Committee was of the view that the Minister and the Department must strengthen their oversight over the entities and provincial administrations which receive these funds in order to ensure value for money is received and services are rendered to the public;

f) There was a concern on the credibility of base line figures in the Rail and Maritime Transport Programmes. The Department was asked to clarify figures;

g) The APP was weak on strategies and timelines to meet targets. Human Resources must be capacitated to implement the strategy;

h) The APP did not speak to oversight on the implementation of the National Land Transport Amendment Act in industries such as the e-hailing industry;

i) The Department was asked to clarify the budget decreases in the oversight functions linked to the Aviation and Rail programmes and what the reasons were for the decreases and whether the programmes will be able to meet their targets despite the budget decreases;

#### 5.1.2 On the filling of vacancies:

5.1.2.1 The Department must ensure that board members are the best candidates for the respective entities they will serve on and that sufficient planning is in place for the appointment process to be finalised in time to ensure there are no board vacancies when terms come to an end. For unplanned board vacancies, the Department must move with urgency to process new candidates by ensuring they have a streamlined process that will have a quick turnaround time. Linked to the appointments is the monitoring by the Department of the functionality and performance of the boards. Some concerns raised regarding board vacancies are as follows:

a) The Department was asked whether the current executives and Board of Transnet was the best suited given that they failed in achieving the targets they set themselves. It was noted that the Board doubled its board fee payments and did not meet 50% of its targets;

5.1.2.2 The Department and its entities must ensure that senior management vacancies are filled and that the time staff spend on suspension is no longer than six months. Disciplinary procedures must be implemented per institution policies and done in a manner that will result in a speedy resolution of the matter. Some concerns raised regarding institutional vacancies are as follows:

- a) The Department was asked for the reasons it struggled to decrease its vacancy rate and finalise appointments;
- b) Having noted the indication during oversight engagements with SAA and Transnet that some relevant staff from the former Department of Public Enterprises have been moved to the Department of Transport, as well as the work done under Programme 8 covering Oversight over SOEs under the transport portfolio in the Strategic Plan and Annual Performance Plan, the Department should inform the Committee as soon as the staff movements have been completed and how this affects the Department organogram;
- c) Further to this, there were also indications during the engagement with RTMC that staff from the DLCA would be absorbed into the Department. For that reason, the Department should inform the Committee on when this will be done and how it will impact the organogram;

5.1.3 On the need for contingency plans:

5.1.3.1 The Department and its entities must ensure that they have sufficient and suitable contingency plans in place to deal with risks, budget shortfalls or missed targets. Examples of these concerns are:

- a) Clarity was sought on the planned interventions or contingency plans to ensure rail entities meet their targets by 2030 and to address operational failures at Transnet seeing that the current crane movements are not near the set target;

5.1.4 On the need for alternative funding options, investments and business cases:

5.1.4.1 The Department and its entities must work with National Treasury and other stakeholders to consider the best suited funding models, investment options and financially sound business cases are considered for the entities of the transport portfolio, as well as private sector participation (PSP) and public-private partnerships projects. Examples of these concerns are:

a) The Department was asked why it was not looking at borrowing or getting investments from the PIC, GEPF or other state institutions, to allow for government guarantees with better payment terms to maintain strategic assets that would be lost if it is privatised like at the ports;

b) Clarity was sought as to whether there was a business case used for the PSP and perceived “privatisation” of the Durban Container Terminal, and, if it was run at a profit, whether the stake would be sold to private interest companies. Further clarity was sought to the value of the terminal and to whether the terminal would be run by South African or Philippines companies;

#### 5.1.5 On proposed legislation and target dates for tabling of legislation:

5.1.5.1 The Committee has, in several previous reports, indicated to the Department that to ensure the Committee and the Select Committee have sufficient time to process tabled legislation, the target years for tabling of the bills should be within the first four years of the administrative term. Bills that are tabled within the fifth year of the term will often lapse mid-way through the parliamentary process and will need to be revived. Bills that are also withdrawn by the Department after tabling must find their way back into the APP of the Department if the intention remains to table these bills. It remains important for the Committee’s planning and oversight linked to proposed legislation that the Committee be furnished with a detailed list that provides an outline of proposed planned legislation for the 5-year period at the start of the term, which must be updated annually. Examples of bills that are of concern to the Committee given their withdrawal or planned tabling dates are as follows:

a) A concern was raised about the projected tabling of the RABS Bill in Parliament by 2028/29. The Department was asked to treat the challenges at RAF and RABS with urgency and where possible to table the bill earlier;

b) The Department was asked to reconsider the timeframes set for tabling legislation and asked to explain why the Merchant Shipping Bill and the Aeronautical and Maritime Search and Rescue (AMSAR) Bills were not reflected in the APP;

#### 5.1.6 On the use of consultants by the Department and its entities:

5.1.6.1 The Department has been requested in several previous Committee Reports to reduce the reliance on the use of consultants and where these services are inevitably required, to ensure that there is a skills transfer to the internal staff in order to improve in the Department and its entities' internal capacity to perform the tasks or duties outsourced currently to consultants. Given the vacancy rate of the Department and the entities, the continued reliance on consultants will not assist in the filling of vacancies to ensure the Department and its entities are sufficiently capacitated to perform the functions they are mandated to discharge. The concerns regarding reliance on consultants were indicated as follows:

- a) Having noted the increase in consultant spending while the Department had vacancies and a reduced COE budget, the Department was asked what outputs were delivered by consultants and why these tasks were not internalised. The Department was asked to clarify which outputs would be delivered by consultants and which would be done internally;

5.1.7 On the allocation of grants, transfers and subsidies:

5.1.7.1 The Committee indicated that since over ninety percent of the Department's budget goes to the allocations of grants, transfers and subsidies, there is a need for the Department to ensure oversight over projects linked to these funds and implement thorough performance monitoring and evaluation. This, in turn, will allow the Department to have accurate and reliable information for purposes of audits, as well as to report back on this expenditure to the Committee on a quarterly basis. Should there be a withdrawal of grant funding due to non-compliance with the grant conditions or a winding down of grant allocations (such as was experienced with the PTNG), then the Department must be able to brief the Committee on the decision, the reasons leading thereto, the impact thereof on recipients of these funds, as well as the projects linked to the funds, the impact of these decisions on the ordinary road and transport users and the future plans in place once the grant funding is withdrawn. Quarterly briefings on all grants, transfers and subsidies will assist the Committee in its oversight over the Department and enable Members to better engage on these matters with the communities impacted by these decisions. Apart from regular updates on these issues to the Committee, there was also a need to see how these matters are addressed in the APP of the Department. Concerns raised regarding these matters were as follows:

- a) There was no clarity in the APP on how the IPTNs and the PTNG would be implemented going forward. There must be plans in place for when the grant was taken away from the cities so that the current infrastructure did not become white elephants;
- b) The monitoring and delivery of grants and transfers to provinces should be reflected in the APP in terms of the specific measurable conditions attached to transfers and on the withholding of transfers conditional on performance milestones. The Department's performance could not be merely judged on receipt of reports. The conditions of provincial and municipal roads and the apparent lack of routine maintenance of these roads to and from strategic economic nodes continue to adversely impact all road users. The view continues that the responsible departments are not ensuring speedy repairs to potholes or regular maintenance of roads, leading to an increase in pothole numbers and size, as well as further degradation of the road network;
- c) Concerns continue to be raised over the IPTN systems and the expenditure on these projects in the targeted eleven cities per the Department APP. Further concerns were raised regarding the broader public transport plans that would also ensure public transport access to rural communities. The Committee remains of the view that there is a clear need to receive regular quarterly reports on the implementation of the following grants: PRMG, Rural Road Asset Management Systems Grant (RRAMS), Municipal Infrastructure Grant (MIG), Expanded Public Works Programme Integrated Grant for Municipalities, PTOG and PTNG (the PTNG report should also show plans for the expansion of public transport access to rural communities);

#### 5.1.8 On projects of special interest:

5.1.8.1 The Committee requires regular briefings and updates by the Department on several projects that have been listed in the Strategic Plan and APP. These projects seek to address various issues from safe bridge crossings in rural areas, non-motorised transport options for scholars, projects to address the scourge of potholes, projects to advance the oceans economy, the promotion of the use of community skills and labour for road maintenance projects and the removal of unsafe and unroadworthy public transport vehicles from our roads. Briefings are requested and concerns raised as follows:

- a) Considering the expenditure on various projects by the Department like the *Welisizwe* Rural Bridges Programme, *Shova Kalula* bicycle project, *S'hamba Sonke* roads maintenance project, Operation *Vala Zonke* pothole project, and Operation *Phakisa* oceans economy projects, the Committee was of the view that there is a need to schedule update report briefings on these projects and there may be a need to ensure some of these are joint meetings with its relevant counterpart Committees responsible for oversight over the departments that manage these (such as the Department of Defence, as well as the Department of Public Works and Infrastructure for the *Welisizwe* project) to consider how these projects are progressing, clarify how challenges in execution of the projects may be remedied and what recommendations could be made on the way forward;
- b) The funding for the taxi recapitalisation programme was decreasing, and it continues to fail in removing unroadworthy mini-bus taxis. Members were of the view that the Department did not consider the input from the Committee in the previous year when it indicated that merely having a 100% scrapping target was inadequate and that there needs to be a review of the programme that would lead to improved motivation to scrap unroadworthy vehicles. Education on overloading was needed for drivers in the taxi industry. There remains a need to receive regular feedback from the Department on the work done to address the 2020 National Taxi *Lekgotla* Resolutions, especially work done towards the formalisation of the industry, lack of progress in uptake of the recapitalisation project and there was a need to receive a briefing on the progress made following consultations on the draft national public transport subsidy policy document. Further hereto, the Committee would need to be briefed on what the status was on the work done by the World Bank with the Department on the recapitalisation programme and what outcomes there may have been from this work;

#### 5.1.9 On the impacts and progress of policies:

- 5.1.9.1 The Committee raised concerns over the slow progress in moving freight and passengers from road to rail transport, and how this impacts the targets set by the rail entities (Transnet and PRASA), as well as increases in the work to be done by road entities like SANRAL that have to deal with the damage to road infrastructure by over loaded trucks, as well as

entities like RTMC and RAF which are impacted by road collisions that cause injuries and fatalities. Also noted by the Committee are the unintended consequences of policies on the financial models of entities where, for instance, a green transport strategy and road to rail policy may reduce the number of vehicles on the road which might lead to fewer claims against the RAF, it will inevitably also lead to fewer fuel purchases from which RAF derives its fuel levy or reduce toll road income for SANRAL. The Department is cautioned to ensure that funding models of entities are updated and consider the impacts that the various policies of the Department may have on the budgets of the entities, as well as their abilities to achieve targets in the Strategic Plans and APPs. Some examples of the concerns raised by the Committee are:

- a) The plans to move freight from road to rail and specific targets for freight movement by Transnet were noted, but the current performance of entities that must achieve these goals were not on track to reaching these goals and the likelihood is that they are set up for failure as they lacked capacity to achieve these goals. Transnet has a current target of moving 180 million tons and only moved 160 million tons per year, up from 140 million tons. The introduction of PSPs would lead to taking away profit from Transnet and this impacted how they operate as an entity. There was an over-reliance on rail recovery with limited details on contingency plans;
- b) It was further noted that moving freight to rail would also reduce the income received towards the RAF fuel levy;

#### 5.1.10 On issues linked to the DLCA:

5.1.10.1 The Committee continues to raise concerns over the DLCA linked to vacancies at the entity, slow progress in meeting targets in the APP of the entity, the extension of the validity period of the driving licence card, the digression in meeting timelines from the receipt of the order for a driving licence card at a Driving Licence Testing Centre to the eventual delivery of ordered cards to drivers, the volatility of the old card printing machine and the challenges linked to contracting for a new printing machine, as well as the contingency plans in place to assist in the interim, and the resolution of ongoing human resource concerns raised by the staff during the last oversight visit to the offices by the Committee. Stronger oversight is needed by the Department over the

entity and regular reporting to the Committee will be needed during the year. Some of the issues highlighted by Members in regard to the DLCA were:

- a) Operations at the DLCA continue to be a cause for concern to the Committee, some of these concerns are the constant breakdowns of the old current card machine which would cause backlogs of unprocessed card applications, vacancies in the leadership at the DLCA, the employee concerns raised during engagements with the entity in October 2024 are still not reported back on and the movement of DLCA staff to the RTMC was not moving ahead due to concerns raised by National Treasury linked to the purchase of a new card machine;
- b) Clarity was sought on the DLCA APP target to decrease the number of licence cards produced next year (2027) and what informs this targeted decrease. The DLCA was also requested to ensure that the targets presented in slide 44 regarding the planned annual performance targets were corrected in the table APP through the submission of a revised APP;
- c) Clarity was sought on how the DLCA addressed its backlogs and on plans to reduce waiting times for issuing of licences. The Department was also asked to provide information on timelines for the implementation of the 8 years validity period for driving licence cards;
- d) Clarity was also sought on what steps the DLCA are taking following the court judgment indicating that the tender for the new card machine had to be re-advertised and what progress there was on the work with government printing works;

#### 5.1.11 On PSP and Public-Private Partnerships (PPP):

5.1.11.1 The Department and its entities are linked to several PSP and PPP projects and plans are in place to conclude more of these types of projects in the coming years. Members raised concerns over the long-term sustainability of entities linked to these projects and impacts these projects may have on the asset register of entities. Regular briefings to the Committee would be needed to monitor the projects linked to PSP's and PPP's and how these impact the entities. Some concerns linked to this issue were raised as follows:

- a) Projects under the Department linked to PSP were noted. There were concerns raised that this may lead to cherry picking by third party operators that would not ensure the sustainability of the system in its entirety. Concerns were also raised that the current PSP model may not lead to efficiency gains. There was a view that if these are to be implemented, they must ensure that there is investment in the system by third party operators. The Department was also cautioned to ensure that operational risks are catered for in these agreements, if they are concluded.
- b) The Department was asked to ensure that the Committee received the PSP privatisation plan that has been developed and ensure that the Committee is briefed on the roll-out of these projects/contracts, specifically in the rail sector. Along with the plan, the Committee would also need to be briefed on whether the proposed PSP projects were costed, whether feasibility studies were conducted for each line or service falling under the agreement, the details of these agreements to show the conditions of operations, whether reinvestment would be required by participants in the rail infrastructure for the term they are allowed to operate on the state infrastructure and how the onboarding of these participants would affect PRASA or Transnet income generation streams on lines where third party operations may be in place;

#### 5.1.12 On the tabling of APPs/ Corporate Plans and Revised Strategic Plans:

5.1.12.1 The Committee noted that there were very few revised strategic plans tabled with the APPs this year, but that some revisions were tabled for Strategic Plans in the third quarter of 2025/26. It was also the second year that the Department did not table the APPs/Corporate plans of ACSA, ATNS, SAA and Transnet for the 2025/26 and 2026/27 financial years. The failure by the Department to table the plans for ACSA and ATNS which never failed to table their annual plans prior to 2025 could not be accepted by the Committee. The Committee noted that some plans of section 2 entities may compromise their competitive edge in their respective fields, however, there were ways in which these plans could be published and tabled without compromising the entity;

#### 5.2 Observations specific to the SAMSA:

##### 5.2.1 On income sources and budget:

5.2.1.1 The Committee has in the past raised concerns over the funding model of SAMSA and given the increasing impact of global events on maritime shipping, some clarity was needed on the proposed tariffs and levies that would feed into the revenue generated by the entity for the 2026/27 year. Work was noted on the proposed new funding model for SAMSA. The entity and the Department were urged to ensure that the transition to a new funding model would not create revenue shortfalls and that budget reductions did not compromise maritime safety. Some aspects raised by Members that needed clarity were captured as follows:

- a) Clarity was sought on the tariff increase in terms of the exact percentage increase in levies recommended for the 2026/27 financial year and how this compared with industry benchmarks. The entity was asked how the budget cuts would impact on crucial projects and whether this would impact negatively on maritime safety;
- b) The entity was asked to clarify how the current budget would ensure financial sustainability and what risks there were should the new funding model be delayed. It also had to indicate the impact of the budget reduction in labour and operations on inspections, certification and enforcement without compromising maritime safety. The entity was asked to clarify the changes that would be introduced with the new funding model and how it would manage the 12-month transition without revenue shortfalls. Clarity was sought on what diversification strategies were in place regarding income derived from levies on tonnages given the risks in maritime trade as impacted by global trade fluctuations;
- c) The entity was asked how competitive its tariffs were compared to other maritime safety organisations in the continent and globally;

5.2.2 On transformation in the maritime sector:

5.2.2.1 The Committee raised concerns over the pace of transformation in the maritime sector. South Africa's 3 900 km coastline spans two oceans (Atlantic and Indian) and is a major international shipping artery, with over 30 000 vessels sailing around it annually. This provides many opportunities for South African flagged vessels to also enter this market and provide the much-needed training opportunities for South African seafarers and maritime logistics companies to participate in this sector. Transformation in this sector is centred on digitalization, automation, decarbonisation to enhance operational efficiencies, safety and

sustainability. It also provides opportunities to upgrade the maritime sector work force and prompts international collaboration. The view of the Committee was that the entity needed to increase its targets to register vessels and continue working towards increasing the number of South African flagged vessels operating within the country's maritime space and continue to increase training opportunities for South African seafarers and cadets. Some issues linked to transformation highlighted by the Committee were the following:

- a) It was noted that the maritime sector was one of the most untransformed sectors, and very little was said about transformation in the APP. The entity was asked whether registering one vessel per year was a reasonable target. SAMSA was asked to provide the Committee with the number of South African flagged vessels currently on the register, with a breakdown according to race and gender of the vessel owners;
- b) The entity was asked to provide more details on the implementation of the legislative reforms to ensure transformation in the sector, and to clarify the state of SAMSA, in terms of its relationship to the board and the Department and the relationship with shareholders. The entity was further asked how it would address the strategic risks that it presented on;
- c) The entity was asked for the number of South African owned ships that are also used to train local cadets and seafarers;
- d) Clarity was further sought on the number of emerging fishers and the compliance of the industry to the required safety measures;

### 5.2.3 On digitisation and ICT:

5.2.3.1 The Committee noted that digitisation is part of the transformation of the sector, will improve on record-keeping for audit purposes, as well as improve on cyber-security of the entity which has been a victim to cyber-attacks in the past. Clarity was sought on this aspect as follows:

- a) The digitisation under the ICT programme was a good initiative. More information was requested on the budget for this programme. It was noted that SAMSA should ensure 100% implementation of this programme given the impact of cyber-attacks on SAMSA in the past and the sensitivity of the environment it operated in;

### 5.2.4 On vacancies at the entity:

- a) The Committee indicated that, in the past, the entity was notorious for having senior management vacancies, especially for the Chief Executive Officer (CEO) position. There was a need to ensure that all vacancies at the entity were filled with suitably qualified and experienced personnel. Clarity was sought on the reasons for the high vacancy rate at SAMSA and the plans to fill the vacancies at the entity;

#### 5.2.5 On the quality of the APP:

- a) The Committee noted that SAMSA tabled an exemplary plan that could be emulated by other entities, as it was linking priorities with the targets and the budget was also directly linked to targets in the APP. However, since its mitigation steps to the risks were not providing sufficient detail, the entity was requested to expand on these aspects;

### 5.3 Observations specific to the PRASA:

#### 5.3.1 On the General Overhaul (GO) Programme, Signalling, Depot and Station Modernisation Programmes:

5.3.1.1 The Committee welcomed the progress of PRASA's rolling-stock fleet-renewal programme and the roll out of the Gibela built "blue" X'Trapolis Mega train sets also referred to as the Electric Multiple Units (EMU) sets or the "People's Train". The Committee noted the pace at which Gibela was producing and delivering the trains per their contract with PRASA and that this pace was exceeding PRASA's ability to take collection of these sets due to limited storage availability at the current depots, the fact that all rail corridors were not operational yet and that infrastructure and signalling projects were not advanced enough to run more of these sets more regularly. Linked hereto was the progress made on the general overhaul programme. The Committee raised concerns during the 2025/26 financial year regarding the expenditure on refurbishing of old train coaches which were used on only four corridors as indicated in discussions with PRASA during the 2025 Budget consideration, while the aim of PRASA is to roll out the new EMU trains. Having noted the most recent presentations on the GO Programme and the progress made in bringing the old refurbished trains back into service, Members were of the view that, although there may be a need to run these older train sets on lines which do not have the required electrified lines through using diesel locomotives, there is a need to consider

running these trains with diesel locomotives in areas where communities could benefit from re-introduction of rail serviced and for the older units that could not be utilised they should be sold, leased or if they are unfit for repairs or operation they must be scrapped in order to use that generated income or redirected funds allocated for those refurbishments to other much-needed projects within the entity. The Committee did note the progress in scrapping of old coaches during its oversight visit of 29 and 30 April 2026. The Committee noted that PRASA indicated it would not be spending additional funds on the GO project since the programme was coming to an end in 18 months and that the assets would be wound down from this year onwards and that some prospective sales to African countries were on the cards. The sale of these old coaches would also assist the entity in freeing up space required at depots and staging yards for storage, repairs and maintenance of the new EMUs. Progress on the signalling modernisation programme was also noted and how this, along with railway maintenance and station modernisation, impacted the ability to run more trains in shorter intervals and at faster speeds. The following clarity was sought from PRASA on these issues:

- a) The Committee requested further details from the entity on the current figures of coaches to be refurbished, coaches to be sold, leased or scrapped, information on possible customers considering leasing of these coaches, the provisions of such lease agreements, details on the companies appointed to perform the general overhaul work, along with the scope of those agreements, length of those contracts and the amount that would be spent on these;
- b) Gibela was operating well and producing the coaches for PRASA, but an exponential increase in numbers of passengers was needed to fully use the number of blue trains (EMUs) coming from Gibela. PRASA was asked to provide more details on measures to address this, such as ensuring sufficient storage or staging facilities for EMUs not in use, as well as progress in the restoration of signalling and lines where these EMUs can operate to ensure more trains can run on more frequent intervals in order to increase passenger numbers;
- c) Progress on the recovery of critical corridors by PRASA was noted. The entity was cautioned to ensure that the relevant measures are in place to prevent future encroachment of lines and rail reserves, vandalism, cable theft and illegal connections to its infrastructure. The speed strictions applicable on some lines, limiting the speed to 30 kilometres per hour

does not assist the entity to be competitive with other modes of transport and the entity was requested to ensure that the required work is done to bring up the operational speed on its corridors. This would also be assisted by ensuring the signalling issues are addressed nationally, all stations and lines are brought back online, regular maintenance is done on the lines to prevent incidents, railway crossings are appropriately secured and marked to prevent incidents and all safety measures for passengers and employees are in place. The Department was further requested to ensure that its rail entities work together to ensure that regular rail infrastructure maintenance is done to ensure that safety is not compromised;

- d) Concerns were raised regarding the indication by PRASA that a small percentage of its corridors had signalling that was digitised (for example, in the Gauteng Region there were only 3 service lines with full signalling), but the progress on signalling rollout was noted, as well as the target to finalise the roll out by February 2032. Clarity was sought regarding the devolution strategy for rail operations, the updated statistics on the refurbishment contracts for old PRASA coaches, tenders issued or awarded for the signalling contracts and along which lines these were for both PRASA and Transnet, as well as the outcomes of various investigation reports linked to PRASA and Transnet (signalling projects, Weber Wentzel, general overhaul and refurbishment projects, SIU investigations, “ghost employees” issue);

5.3.2 On increasing passenger numbers through marketing and restoration of rail corridors and stations:

5.3.2.1 Having noted the targeted numbers for passenger volumes over the next four years going up exponentially compared to current audited figures, Members indicated that PRASA should, in addition to the modernisation and maintenance programmes, improve on its marketing and proposed options that the entity could consider which would assist in drawing passengers back to passenger rail. Some clarity-seeking questions and proposals were made as follows:

- a) Members wanted to know whether the entity considered the impact of the fuel levy on ticketing prices, especially for lines using diesel locomotives, and the formula that would be used to calculate ticket prices given the fuel price hikes. Conversely, PRASA was asked to consider a marketing strategy that would draw more passengers to their services given

the high cost of road-based transport modes which have escalated prices linked to the fuel increases. PRASA was also asked whether it was considering alternative fuel options for the propulsion of its trains;

- b) PRASA was asked about their plans to ensure services are restored to stations like Nasrec which can service large events at the FNB Stadium to serve as additional income generation opportunities for the entity, reduce traffic congestion around stadiums, as well as ensure more access for commuters to these events;

#### 5.3.3 On the filling of vacancies:

- a) The Committee noted the slow filling of vacancies at the entity. Updates were requested on the filling of vacancies for positions of Chief Financial Officer (CFO), Chief Operations Officer (COO), Legal Executive and other senior personnel;

#### 5.3.4 On the implementation of audit action plans to address the AGSA findings with specific focus on procurement, SCM and payments of invoices:

5.3.4.1 The Committee, through its oversight, needs to monitor the implementation of audit action plans of the Department and its entities and how they will address the various audit findings raised by the AGSA. One of the main problem areas reside with SCM and procurement. The Committee would need quarterly briefings on the implementation of audit action plans from entities. PRASA is one of the entities that had Material Irregularities in the past, as well as AGSA findings linked to non-compliance with the SCM policies and slow implementation of disciplinary measures. For PRASA, the following was highlighted:

- a) It was noted that SCM issues continue to plague transport entities. Members noted the emphasis placed by PRASA on providing improved passenger services but noted that the entity must ensure that SCM staff were capacitated and trained, and those found to be at fault undergo disciplinary measures. PRASA was asked for more detail on how it addressed the SCM challenges, especially those identified by the AGSA;
- b) PRASA was asked how it addressed the delays of payment of invoices of SMMEs, and whether the R396 million revenue from 2024/25 was a sufficient baseline to reach its R1 billion target;

- c) PRASA was asked what it was doing to fast-track the procurement of the outstanding 70 busses. It was noted that taxis would push back if busses were brought on the road, but the entity must remain focused on providing affordable services to its passengers;

### 5.3.5 On the Main Line Passenger Services (MLPS):

5.3.5.1 The Committee observed that there was less emphasis on long distance train service which needed to receive more attention. More information was requested:

- a) It was noted that travelling in the economy class in the MLPS was the most preferred option, but more information was needed on whether PRASA had or are considering concessions for the tourist class services;

### 5.3.6 On the APP of PRASA:

5.3.6.1 The Committee was of the view that the APP needs to be reviewed and improved on and that some targets would need to be reconsidered. The following recommendations for improvement were made and clarity was needed:

- a) There was a view that PRASA was over-relying on narratives in its APP. PRASA was asked to outline the measurable indicators linked to the statements and review the plan to address these issues and provide quantifiable targets to ensure the gap between the ambition of the APP and the operational details are covered. One example raised was the passenger growth targets which the entity failed to achieve as a target in the 2025/26 financial year. It was not clear how the entity would meet the new targets for 2026/27, and how it would achieve targets given the constraints of an aging fleet, limited EMU roll-out, etc.;
- b) Clarity was sought on the reasons for the low target of 30% achievement in preventing security incidents. It was noted that key risks such as security threats, finances and interruptions, and the target to reduce cable theft were not addressed in the APP;
- c) More information was requested on the targets to ensure passengers arrive on time with limited safety or incident occurrences;
- d) Clarity was asked on its specific targets to operationalise the digital transformation for ticketing, system off time, data integration since the digital transformation appears mostly conceptual and not operational yet. PRASA was asked to clarify what specific targets there were to operationalise this for ticketing, system off time and data integration;

- e) Clarity was also sought on the portion of capital recovery that was fully funded and the potential risks for areas that were not fully funded;
- f) PRASA was asked how it would achieve the target of creating 9 000 jobs and how many of these jobs will be within PRASA and indirect from stakeholders or contractors linked to PRASA projects. Clarity was sought on the numbers of youth, women, people living with disabilities that were identified for the job targets, and how the entity would verify the information and targets if it is reliant upon contractors achieving the targets;
- g) More information was required on the reasons for the testing and commissioning of 3 lines each year and whether more lines could be tested. The entity was also asked to indicate whether this target is due to funding constraints or project management capabilities;
- h) It was noted that although the entity spent 100% of the capital grant allocation, there were challenges with contractors and 95% spending was likely to be more realistic;

#### 5.3.7 On the funding constraints:

5.3.7.1 The Committee noted the advancements and progress made by PRASA in bringing the rail corridors back into service and the challenges faced with recovering these on a shorter timeline due to the funding challenges faced by the entity. In a country that requires affordable, safe, reliable and accessible public transport more than ever given the global impact on fuel supplies and oil prices impacting the cost of fuel, there is a need to ensure that PRASA is sufficiently funded in order to provide world-class passenger rail services. The Committee also noted that more of the Department budget goes to road entities and road projects than towards the promotion of passenger rail services, which seems to be contradicting the road to rail policy targets of the Department;

#### 5.4 Observations specific to the RAF:

##### 5.4.1 On concerns linked to RAF operations and management of claims:

5.4.1.1 The Committee indicated concerns remain regarding the RAF operations and management, as well as how the entity and Department plan to streamline the claims process and how they will improve information access for claimants. The Committee noted that the Ministry is consulting on a way forward on ensuring stability and continued operations of the entity, as well as the proposed tabling of the RABS Bill per the APP of the Department;

#### 5.4.2 On the audit action plans:

5.4.2.1 The Committee noted that RAF did not indicate how it would address the AGSA audit outcomes and findings of the 2025/26 financial year in its targets for the 2026/27 financial year. Clarity on this was requested as follows:

- a) The entity was asked how it would address the repetitive adverse findings;
- b) The entity was further asked to clarify its targets linked to audit outcomes and why it does not appear it is targeting the eventual obtainment of a “clean audit”;

#### 5.4.3 On the filling of vacancies:

5.4.3.1 The Committee noted that other than having an interim board, the entity also had several acting appointments in senior management due to a number of suspensions of staff over the past 6 months and ongoing disciplinary procedures. These include critical leadership vacancies of the CEO and CFO. Not forgetting that there are also several RAF staff that have been on paid suspension for between one and four years. The entity was urged to ensure that disciplinary processes were finalised as a matter of urgency and that vacancies were filled as soon as possible. The Department was urged to ensure that the process to appoint a new board was completed as soon as possible. Clarity was sought on this matter as follows:

- a) The entity was asked when it would fill its vacancies and to explain whether the leadership instability affected the RAF operations and to outline what was done to ensure leadership stability for the next 5 years. Members noted that the entity now had its 3<sup>rd</sup> layer of acting appointments and wanted an update on how far the process was to deal with suspensions over the past 6 months, as delays of appointments would be linked to how long the disciplinary processes took to be concluded. The delays in the appointment of a permanent board were also noted as a question that the Minister or Deputy Minister should provide a response to;

#### 5.4.4 On the APP and budget:

5.4.4.1 The Committee indicated that some targets and budgets linked to those targets required clarity. There was also a view that some targets relied heavily on activity-based indicators

and internal processes which did not address how they would deal with changing targets or challenges identified in the SWOT analysis. Some concerns were also raised over the baseline targets given the dispute regarding the accounting standard affecting the reliability of the financial statements. The following aspects required clarity or further information:

- a) Clarity was sought on the budget of the ICT information system that would be deployed in 2026/27 and on how it would reduce the processing time of claims;
- b) On the percentage target indicated in the APP for settlement of claims, it means that 20% of claims will not be settled which will eventually create a massive backlog by year 5 of the strategic plan;
- c) The APP did not include the targets related to a communications campaign by RAF for the road safety seasons on projects aimed at reducing fatalities. The entity was asked how much it spent on communications in the past for road safety and what it has planned on its current budget. The entity was also asked whether there is a link between aggressive road safety marketing and the reduction in road fatalities or severe injuries from road crashes. These statistics can be provided in writing to assist the Committee in its engagements on road safety statistics later this term;
- d) It was noted that the APP seemed too over-reliance on activity-based indicators which did not provide information on targets that changed but rather focused on internal processes. It was further noted that the link between challenges/weaknesses and targets could be emphasised more, but the APP did not give time-bound interventions to address these and that the setting a baseline as a target to be achieved without defined percentage targets made it difficult to exercise oversight over these targets;
- e) Although the RAF faced increasing claims, insolvency and contingent liabilities, and could be regarded as technically insolvent, the APP did not provide the specifics on how it would respond to the challenges. In the SWOT analysis, it appeared that the strengths cancelled out the weaknesses. The entity was asked to clarify how it would reconcile its workforce with an improved customer experience and how it would reduce and remedy its weaknesses. Another view was that the SWOT analysis was inadequate and that this presented SWOT analysis needs to be amended;
- f) The entity was further asked to clarify why digital transformation targets were not addressing all ICT weaknesses and threats, and why there was no baseline for compliance

claims lodged on digital platform. Linked hereto was the question of why the framework document is a goal, instead of the implementation of the framework;

- g) Clarity was sought on why the entity did not plan to attend to 100% of the AGSA findings. It was noted that there were no targets on the strengthening of the board and on the strengthening of consequence management. There is a dire need for the entity to improve on its governance and controls to prevent the high number of incidents of corruption and that high level proposals to resolve these issues may not be sufficiently captured in the APP. The detection of incident targets must match the resolution thereof;
- h) Some indicators and outputs seem to speak to the same issue such as those linked to the settlement of claims. Further thereto some indicators or outputs seem to be misplaced under governance and control where these would be better placed under claims management. The entity seems to be setting weak targets to escape accountability;
- i) Clarity was sought on the fluctuations in the projected income and how the entity would account for increases in employee costs. Further clarity was sought on how RAF would achieve the targets for claims paid to claimants and what would lead to a R1 billion cash equivalents target compared to the amount the entity opens the year with;
- j) It was noted that AGSA indicated that RAF's targets were not in line with its core mandate, there was no clarity on how it would ensure it paid the correct claim amounts to the correct claimants, and that the improved responsiveness, set at 60% and 80%, should be higher;
- k) The customer experience target was inadequate, and the current indicator was too vague and not clear;
- l) Clarity was asked on why there was no target for the increased accessibility to RAF in the next financial year;
- m) Validation of claims should be at a 100% target because those not validated in 60 days become valid under law;
- n) If the entity wanted to reduce its legal bills, the targets for settlement of claims must be higher;
- o) Given the likelihood that existed when the APP was drafted that the court would declare the new RAF 1 form invalid, why did RAF projections still show that claims will decrease over the years seeing that those claims that were rejected based on the New RAF 1 form

will re-enter the system and could be regarded as valid claims pushing their number of claims up;

- p) There was no evidence of stakeholder engagement;
- q) Clarity was sought on the accounting policy, in terms of the projections made for the budget an on whether actuarial reports were used for these projections. An update was requested on progress made to ensure the use of GRAP instead of IPSAS;

5.4.5 On the payment of claims and the impacts of default judgments and recent Supreme Court of Appeal judgments on operations and management of the RAF:

5.4.5.1 The Committee noted two recent judgments from the Supreme Court of Appeal linked to RAF operations. The first being the judgment indicating that RAF could not reject claims of illegal foreign claimants purely on their immigration status and the second being that the new RAF 1 form (post 2008) was invalid and that the RAF would need to reinstate the use of the 2008 RAF 1 form for processing and determining validity of claims. Both judgments have an impact on the claims' deficit of the entity, as well as the determination and registration of valid claims numbers. These judgments also add to the legal bill of the entity and may impact the Integrated Claims Management System which was designed and based on the new RAF 1 form (this system can however be modified and programmed to use the 2008 RAF 1 form without additional costs to RAF). Members noted that some of these aspects may be contained in the RABS Bill which would seek to address the submission of claims, as well as the issues of foreign claimants, among others. The following clarity was sought from RAF on these matters:

- a) The SCA judgment awarding payments to illegal foreign claimants was noted as a concern that should be remedied in co-operation with Parliament;
- b) Clarity was sought on the payment to lawyers and to direct claims out of the R4 billion payment per month;
- c) RAF was asked to provide the information on the total amounts paid in 2025/26 on default judgments;
- d) RAF was also asked for clarity on why the amounts paid for claims had not decreased, although there was a reduction in registered claims from 2019 to 2024, and to further explain why the new RAF 1 form was only available in English, and, given the latest SCA

judgment, whether the entity was expected to translate this into other non-South African languages as well;

- e) The entity was asked whether it had a list of law firms prioritised for payments, what the status was of the relationship of RAF with the legal practitioners and how issues were resolved to ensure the claims process was smooth;

5.4.6 On the impact of the temporary fuel levy reprieve and unintended consequences of general fuel levy increases:

5.4.6.1 The Committee noted that although RAF received a seven-cent increase in RAF fuel levy for this year, the entity may be indirectly impacted by the increase in the cost of oil and the impact thereof of the cost of fuel. There were some concerns regarding the possible impact of the temporary fuel levy reprieve and whether this included a reduction in the RAF fuel levy. The concerns were raised as follows:

- a) Clarity was asked on the impact of the fuel levy cut on the RAF levy. It was noted that if there were less people on the roads due to fuel being expensive, then the number of accidents should reduce, resulting in fewer claims from RAF. Conversely less driving would limit the money going to RAF. If there was a reduction in crashes, theoretically the entity should settle more claims;

5.4.7 On the signing-off of strategies or policy documents:

5.4.7.1 Concerns were raised since it appeared that the board approved strategies that applied to a specific year very late in the financial year, whereas the APP indicated that the board seemed to have approved a 2025/26 strategy in January of 2026 which would be three months before that financial year closed. The board was cautioned on this practice, having noted that it may be due to the interim board appointment having been made late in the same financial year;

5.4.8 On the continued leasing of equipment and facilities:

5.4.8.1 The Committee noted the costs to lease equipment and property by RAF. Given that the entity was working towards improving settlements and claims finalisation, the aim should

be to eventually move away from leasing to ownership. The clarity that was sought in this regard was as follows:

- a) The entity was asked when it would have its own facilities, instead of renting offices and office furniture.

## 5.5 Observations specific to the SANRAL:

### 5.5.1 On the APP:

5.5.1.1 The Committee noted that the entity's APP could link its budget to the predetermined targets, however, deficits were noted in the projections and this raised concerns that some targets may be cut if an additional funding allocation was not made during the adjustment budget phase. The entity manages high value labour-intensive infrastructure roads and bridge projects throughout the country which seek to ensure quality roads of significant economic importance are built and maintained. Despite this work, a large proportion of the country's road infrastructure is nearing the end of its lifespan and although SANRAL has recently taken over a number of provincial roads that have been transferred to its assets register, the entity is nearing the cap in kilometres of roads that it can take on and maintain in good condition. Aspect that required clarity linked to the APP were captured as follows:

- a) Given the R9.8 billion deficit projected for the 2026/27 financial year, clarity was asked on the APP targets that the entity would cut if National Treasury did not increase or approve an additional grant. The entity was further asked whether it was facing a future liquidity crisis due to the sharp drop in cash brought forward from R36.6 billion in 2025/26 to R18 billion in the 2026/27 financial year. Clarity was sought on whether its cash was used to fund current projects, on the type of account the cash was held and what percentage interest was earned on cash in those accounts. Clarity was sought on its long-term financial sustainability and on whether its APP was fully funded and executable;
- b) The entity was asked on whether it currently implemented projects with the DBSA and on the nature of this work;
- c) The entity was commended for the quality done on some roads in KwaZulu-Natal Province, as well as on the quality of the presentation of its APP and budget as it reflected technical understanding of its core mandate;

- d) More clarity was requested on the job creation targets, whether it was linked to specific projects and how these would be verified. The inclusion of youth on the board was welcomed;
- e) Some errors and duplications in the presentation had to be rectified by the entity and re-submitted to the Committee;
- f) The targets for investigation of incidents of corruption should also include resolution of these incidents;

#### 5.5.2 On the plans to resurface, maintain or new road construction projects:

5.5.2.1 Concerns were raised regarding SANRAL's targets to build new roads, while it had a large portion of its asset base requiring maintenance and repairs. Noting that the first priority of the entity is the maintenance of its current asset base, the Committee also agreed that there will be projects where new roads would be built as part of green fields projects which link to road projects like the N2WCR project where feeder routes are being built as new roads, as well as the new route that is proposed for the N2 Corridor which is linked by new bridges. Clarity on this approach of SANRAL was sought as follows:

- a) SANRAL was asked to expand on the plans to resurface the old network, whether money was allocated for the project, and whether there was a project team to conduct follow-ups on the condition and lifespan of roads and to plan and budget accordingly;
- b) It was noted that SANRAL set targets that suggest that network conditions would be maintained and, in some instances, improved while new projects were implemented. The entity was asked whether the targets were realisable if it was doing maintenance while it was expanding its network, and to explain how it would address the shortfall projected. Given its limited resources, the entity was asked to indicate how it prioritises which roads to maintain and which would be allowed to further deteriorate. SANRAL was also asked to indicate that gains users would experience if a road was resurfaced other than merely meeting the target of resurfaced kilometres. An update was requested on the status of routine road maintenance contracts;
- c) Clarity was further sought on the appointment of the contractor of the N1 Makhado to Musina, and on the projects on the N12 and N11;

### 5.5.3 On concessions:

5.5.3.1 The Committee noted that some of the contracts of the current concessionaires with SANRAL were coming to an end over the next 5 years. This would impact the amount of work that the entity would need to take over from the concessionaires and how the entity would thereafter run the toll gantries and ensure maintenance is kept up on these roads that used to be maintained by the concessionaires. The clarity sought on this was as follows:

- a) Clarity was sought on the massive jump in the capital expenditure under tolled roads, whether concessions were for new tolled roads or existing toll roads, and whether the private sector was contributing towards this. SANRAL was asked for the total cost of the project and whether they receive a management fee if they complete the project;
- b) Clarity was sought to the whether the N3 concession ended already and on the revenue collected with the new management contract, as well as whether there was a toll road that for some reason saw reduction in toll fees. The entity was asked whether the adjustment of toll fees was linked to CPI and whether this impacts the projected revenue figures that seem to increase minimally. The entity was asked to provide the information on concessions that were coming to an end, on the plan to deal with it and on how the concessions fit into its financial model;

### 5.5.4 On flood damaged road repairs:

5.5.4.1 The Committee noted that over the past six years, several roads and bridges (national assets under SANRAL as well as provincial and municipal infrastructure) were damaged by flooding and other natural disasters which required urgent and unplanned work to be completed. The Committee noted that not all of these roads are on the SANRAL asset register but that in some instances the entity was contracted to assist with repairs on behalf of provinces or municipalities. Progress reports to the Committee on this work was needed on a quarterly basis. Clarity was sought as follows:

- a) SANRAL was asked to expand on its role to fix flood damaged roads in Limpopo and Mpumalanga, and on the impact of stoppages on its flagship projects, especially on the N2. Further clarification was asked on the turn-around time to repair flood damaged roads and on the status of the routine road maintenance contracts. Since the country is experiencing an increase in flood damage to infrastructure, the Department was requested to put

measures in place to ensure that the roads and other transport infrastructure adversely affected by flooding are repaired as speedily as possible;

#### 5.5.5 On the funding model:

5.5.5.1 The Committee is concerned about the long-term financial sustainability of SANRAL, a concern which is echoed by the AGSA in its presentations to the Committee. It is imperative that the entity is sufficiently funded to maintain the current asset register and where new roads are transferred to it, the required funding must follow suit. Clarity was sought as follows:

- a) Clarity was sought on SANRAL's long-term financial sustainability model;
- b) The entity was asked to indicate how long the GFIP payments would remain on its books;
- c) Clarity was sought on the provincial road transfers regarding funding for the work required to bring these roads up to SANRAL standards and whether the entity was not being overburdened by roads without the needed funding to perform the required work.

#### 5.5.6 On transformation in the road construction industry:

5.5.6.1 The Committee noted that SANRAL is responsible for high-value labour-intensive infrastructure projects which is perceived to be done mainly by a small group of large construction companies. It is imperative that transformation be seen in all entities of the transport portfolio. It was also noted that SANRAL has an extensive stakeholder consultation process for its projects and that it ensures that its contractors and subcontractors are in good standing in terms of Broad-Based Black Economic Empowerment (B-BBEE) status and that they ensure local communities are drawn into the projects as much as possible through equipment, services or labour supplied. The following was requested from SANRAL:

- a) SANRAL was asked to focus more on transformation in the road construction industry. There was a need to see the impact of opportunities for SMMEs through SANRAL's work.

#### 5.6 Observations specific to Transnet:

5.6.1 The Committee indicated in its discussion with the Department that the ability of Transnet to meet its debt obligations remains a concern. Because of this, more information was

requested from the Department on the guarantees granted and proposed to be granted to assist Transnet, as well as the conditions linked to these guarantees.

## **6. COMMITTEE RECOMMENDATIONS**

The Committee recommends that the Minister, through the Department, ensure the following:

- 6.1 The Department should brief Parliament on the breakdown of the budget allocation for 2025/26 per province, as well as the annual targets of the number of jobs to be created per province. Moreover, Parliament should conduct oversight visits to some of the areas where the PRMG is implemented with a view to ascertaining whether the grant is used for its intended purpose, and whether the Department gets value for money. In addition, Parliament should ascertain whether the PRMG addresses the “triple challenges” (unemployment, poverty alleviation and inequality);
- 6.2 Parliament should continue monitoring the spending on the PTNG by the Bus Rapid Transit (BRT) implementing municipalities or cities. In this regard, the Department should brief Parliament on the amount spent by each receiving municipality since the inception of the BRT systems. Moreover, the Department and National Treasury should provide regular updates to Parliament on the scaling down of the PTNG owing to the grant failing to meet its objective and the inability of some cities “to get the projects off the ground”;
- 6.3 The Department should brief Parliament on the implementation on the PTOG. The briefing should include, inter alia, the beneficiaries of this grant and the criteria used in selecting them;
- 6.4 Given the persistent carnage on the country’s roads, Parliament should continuously monitor whether the road safety programmes, or strategies implemented by the Department, RTMC and RTIA are yielding positive results. In addition, the Department should brief Parliament on the National Road Safety Strategy;
- 6.5 Parliament should monitor the use of consultants by the Department and ascertain whether the services they render provide good value for money. In addition, the Department should indicate whether the consultants transfer relevant skills to the employees of the Department;

- 6.6 Parliament should monitor the filling of vacancies by the Department to ensure that service delivery is not compromised;
- 6.7 Given Transnet's critical role in the South African economy through providing the necessary infrastructure and logistics services for domestic and international trade, Parliament should monitor the entity to ensure that it discharges its mandate optimally. In addition, the Department and Transnet should provide Parliament with regular updates on the implementation of the road-to-rail strategy;
- 6.8 Owing to PRASA's historic underspending on its capital programmes, the entity should give Parliament regular updates on its rolling stock fleet renewal or general overhaul programme, the refurbishment of coaches, as well as the upgrading of signalling systems. These briefings should encompass the budget spent per programme, the timeframes thereof, as well as the progress made. In addition, Parliament should enhance its oversight over PRASA to ensure that the Agency delivers on its legislative mandate. Finally, PRASA should provide Parliament with a comprehensive plan or strategy to combat theft and vandalism of the rail infrastructure;
- 6.9 SANRAL should brief Parliament on the progress made on the implementation of the N2 Wild Coast Project, as well as on the R573 (Moloto Road) Development Corridor. The briefing should include, but not limited to, the amount spent to date, number of jobs created and the breakdown of these per small, medium and micro-enterprises (SMMEs), women, youth and people with disabilities. In addition, Parliament should conduct oversight visits on these project sites;
- 6.10 The Department must provide quarterly reports on the following:
  - 6.10.1 Quarterly performance of each entity under the Department, as well as urgency oversight reports per entity to address pertinent matters (including but not limited to ongoing and/or resolved court matters, progress on the resolution of AGSA audit findings per the audit action plans, progress on identification and resolution of irregular expenditure, fruitless and wasteful expenditure and unauthorised expenditure incidents, progress in improving policy and compliance with procurement and SCM services, as well as capacitating staff in the SCM environment, filling of vacancies) that may arise per quarter;
  - 6.10.2 Quarterly progress reports on how the DLCA is addressing the card printing delivery times and intermittent backlogs;

- 6.10.3 Quarterly reports to the Committee on current figures for passenger trips on the various IPTNs identified in the APP, to indicate how close operators are coming to reaching the targets set in their respective APPs;
- 6.10.4 Given the persistent carnage on the country's roads, the Department should brief Parliament quarterly on the National Road Safety Strategy and how the different entities are implementing programmes to implement this strategy along with the expenditure on these programmes (this will be over and above the briefings on festive road safety programmes and the subsequent briefings on road crash fatalities);
- 6.10.5 Quarterly reports on the use of consultants and indicate which programmes/projects make use of consultants, what budget is allocated for the use of consultants and whether the consultants transfer relevant skills to the employees of the Department to prevent future need to use consultants for the same programme/project;
- 6.10.6 Quarterly reports on progress made on the Road Maintenance Funding strategy, Operation *Vala Zonke*, the *Welisizwe Rural Bridges Programme*, *Shova Kalula* bicycle project, *S'hamba Sonke* roads maintenance project and Operation Phakisa oceans economy projects. Concerning *Welisizwe Rural Bridges Programme*, the Department should brief Parliament on a quarterly basis on where it will be spending the allocation to the *Welisizwe Rural Bridges Programme*, as well as the criteria used in identifying these areas;
- 6.10.7 Quarterly reports on the various municipal, provincial and national projects, with the specific focus on pothole repairs. This report should also include the available platforms or methods for reporting potholes to the responsible sphere, the quarterly expenditure on pothole specific repairs, any public-private partnership (PPP) or community partnerships in place for ensuring pothole repairs, as well as the legal or departmental expenditure by each sphere on claims against the sphere for vehicle damage or personal injury claims due to potholes;
- 6.10.8 Quarterly reports on the filling of Board vacancies so that Board memberships are filled well in time to have functioning Boards to prevent a recurrence of the Annual Report delays, as well as to ensure effective and efficient control over and fiduciary duty fulfilment in all entities of the Department;
- 6.10.9 Quarterly reports on the filling of vacancies in senior positions within the Department and its entities;

- 6.10.10 Quarterly reports on the implementation of the following grants: PRMG, RRAMS, MIG, Expanded Public Works Programme Integrated Grant for Municipalities, PTOG and PTNG (the PTNG report should also show plans for the expansion of public transport access to rural communities). These reports must indicate the past 5-year budget allocation for these grants to each province and municipality benefitting from these, what projects have benefitted from these grants in the past 5 years, what projects are projected to benefit from these grants in the next 5 years, status of projects (planning phase/in progress/completion dates), details for each project on ensuring universal access design, as well as functional universal access infrastructure, if grant allocations were suspended give reasons for the suspensions and possible grounds or conditions for re-admission, progress on ring-fencing of provincial allocations of provincial departments which are poor performers, if funds are ring-fenced or suspended there must be an indication of which projects would be affected by such and what these original budget allocations were;
- 6.10.11 In addition to the report in 6.10.10 for the PRMG, the Department should provide quarterly reports with the breakdown of the PRMG budget allocation for 2026/27 per province, as well as the annual targets of the number of jobs to be created per province. The Department must provide a quarterly road maintenance report on the national, provincial and municipal road maintenance work and expenditure, this must also include: the road number and location, the responsible sphere, the assessed condition of the road (good/fair/poor), information on when the last maintenance was of the road and what work was done and the cost/expenditure on this work, future planned maintenance projects with budget allocations;
- 6.10.12 In addition to the report in 6.10.10 for PTOG, the Department should brief Parliament on a quarterly basis on the implementation on the PTOG. The briefing should include, inter alia, the beneficiaries of this grant and the criteria used in selecting them;
- 6.10.13 The Department and the DLCA must provide quarterly reports on the process towards acquisition of a new card production machine;
- 6.11 The Department and PRASA must provide quarterly reports on progress on bringing the full passenger rail service back online, as well as the progress on new train rollout and depot/staging yard finalisation for maintenance and to store these trains safely;

- 6.11.1 The report must also contain information on the appointment and rollout of the security plans to prevent vandalism of-, theft of- and encroachment onto PRASA infrastructure and rail reserves. Owing to PRASA's historic underspending on its capital programmes, the entity should give Parliament quarterly updates on its rolling stock fleet renewal programme, the refurbishment of coaches, as well as the upgrading of signalling systems;
- 6.11.2 The report should encompass the budget spent per programme, the timeframes thereof, as well as the progress made. In addition, PRASA should provide Parliament with a comprehensive plan to combat theft and vandalism of the rail infrastructure, within one month of consideration of this report in the National Assembly;
- 6.12 The Department and SANRAL should brief Parliament quarterly on the progress made on the implementation of the N2 Wild Coast Project, as well as on the R573 (Moloto Road) Development Corridor. The briefing should include, but not limited to, the amount spent to date, number of jobs created and the breakdown of these per SMMEs, women, youth and people living with disabilities, progress on the road infrastructure projects, public transport provision along the Moloto corridor and expenditure on these for each quarter;
- 6.13 In addition to the report in 6.11 PRASA should provide a report to the Committee within a month of adoption of this report on the progress made into restoring all rail corridors and bringing all stations back to full service;
- 6.14 Transnet along with its subsidiaries or divisions should provide a briefing to the Committee within a month of the adoption of this report from the various boards of the subsidiaries (if appointed at that time) on progress to date on the implementation of the turn-around strategy of Transnet for each subsidiary or division as well as progress made on issues raised by the Committee during its February and March 2025 Oversight reports;
- 6.15 The Department should reach a final decision on whether the DLCA should be integrated into or migrated to the RTMC, determine what would be needed to be done in order to do this and by when this will be possible and report back to the Committee on the final outcomes of this consideration;

- 6.16 The Department should provide a report to the Committee within a month of adoption of this report on the devolution strategy and the status of the strategy;
- 6.17 The Department and RTMC should provide a progress report to the Committee within a month of adoption of this report on the national rollout of the 24/7 traffic law enforcement shift work;
- 6.18 Given the SONA focus on passenger rail services and the proposals for a high speed rail service to be introduced, the Minister, along with the Minister of Finance, are advised to consider an increase in the budget allocation for passenger rail services under PRASA, specifically to focus on the faster recovery of rail lines through maintenance and line recovery of rail infrastructure; faster recovery of stations under the station modernisation programme as well as rolling out new digital signalling along all corridors.

The Committee recommends that the National Assembly approve the budget of the Department.

The uMkhonto weSizwe Party reserves its rights on this report.

**Report to be considered.**

**ANNEXURE A: LIST OF ABBREVIATIONS/ACRONYMS**

<b>Abbreviation/Acronym</b>	<b>Meaning</b>
AARTO	Administrative Adjudication of Road Traffic Offences
ACSA	Airports Company South Africa
AGSA	Auditor-General of South Africa
AI	Aviation Infrastructure
AMSAR	Aeronautical and Maritime Search and Rescue
ANSP	Air Navigation Service Provider
APP	Annual Performance Plan
ATNS	Air Traffic Navigation Services
AU	African Union
B-BBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transport
Cat	Civil Aviation Technical
C-BRTA	Cross-Border Road Transport Agency
C-BRTRF	Cross-Border Road Transport Regulators Forum
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoE	Compensation of Employees
DG	Director-General
DLCA	Driving Licence Card Account
DPE	Department of Public Enterprises
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
EE	Employment Equity
EI	Effective Implementation
EMUs	Electric Motor Units
ENaTIS	Electronic National Traffic Information System
ESEID	Economic Sectors, Employment and Infrastructure Development

ESIEID	Economic Sectors, Investment, Employment and Infrastructure
FRRMP	Freight Road to Rail Migration Plan
GFIP	Gauteng Freeway Improvement Project
GHG	Greenhouse Gas
HSR	High Speed Rail
IA	Issuing Authority
ICAD	International Civil Aviation Day
ICAO	International Civil Aviation Organisation
ICT	Information and Communications Technology
ICTS	International Cooperation, Trade and Security
IMO	International Maritime Organisation
IMSAS	IMO Member State Audit Scheme
IPTNs	Integrated Public Transport Networks
IPTTP	Integrated Public Transport Turnaround Plan
IT	Information Technology
JCPS	Justice, Crime Prevention and Security
KPI	Key Performance Indicator
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework (2019-2024)
NA	National Assembly
NADP	National Airports Development Plan
NCOP	National Council of Provinces
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NLTA	National Land Transport Act
NRSS	National Road Safety Strategy
NRTA	National Road Traffic Act
NT	National Treasury
PFMA	Public Finance Management Act

PPP	Public-Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PRASA	Passenger Rail Agency of South Africa
PREs	Provincial Regulatory Entities
PRSA	Ports Regulator of South Africa
PRMG	Provincial Roads Maintenance Grant
PSP	Private Sector Participation
PTNG	Public Transport Network Grant
PTOG	Public Transport Operations Grant
RAF	Road Accident Fund
RFS	Road Freight Strategy
RSA	Republic of South Africa
RSR	Railway Safety Regulator
RTIA	Road Traffic Infringements Agency
RTMC	Road Traffic Management Corporation
RTRP	Revised Taxi Recapitalisation Programme
SACAA	South Africa Civil Aviation Authority
SADC	Southern African Development Community
SAMSA	South African Maritime Safety Authority
SANRAL	South African National Roads Agency Limited
SEIA	Socio-Economic Impact Assessment
SEIAs	Socio Economic Impact Assessment System
SMME	Small, medium and micro enterprises
SONA	State of the Nation Address
SP	Strategic Plan
STER	Single Transport Economic Regulator
TAT	Transport Appeals Tribunal
TEC	Transport Economic Council
TER	Transport Economic Regulator
TNPA	Transnet National Ports Authority

ToR	Terms of Reference
TRP	Taxi Recapitalisation Programme
UDAP	Universal Design and Access Plan
UN	United Nations
UNDA	United Nations Decade of Action for Road Safety 2020-2030

## **5. REPORT OF THE PORTFOLIO COMMITTEE ON WATER AND SANITATION ON BUDGET VOTE 41 OF THE DEPARTMENT OF WATER AND SANITATION AND ITS ENTITIES FOR THE 2026/27 FINANCIAL YEAR, DATED 05 MAY 2026**

The Portfolio Committee on Water and Sanitation (the Committee) considered Budget Vote 41, as well as the Strategic Plan and Annual Performance Plan of the Department of Water and Sanitation (the Department) and its entities, as tabled, and reports as follows:

### **1. Introduction**

The Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) requires the National Assembly, through its committees, to scrutinise and report on departmental budget votes and those of their entities, with reference to approved strategic and annual performance plans. In fulfilling this mandate, the Committee undertook a comprehensive review of Budget Vote 41 for the Department of Water and Sanitation and its entities. The purpose of this review was to determine whether the proposed budget allocations are adequately aligned with national priorities and policy objectives, and whether they support effective and efficient service delivery.

In undertaking this assessment, the Committee compared the proposed budget against the Department's strategic plans to determine whether resources are allocated efficiently and effectively. It also evaluated the extent to which the allocations support the key performance indicators and targets outlined in the 2026/27 Annual Performance Plan (APP), particularly in advancing improved water and sanitation service delivery, and assessed whether the stated targets are specific, measurable, attainable, realistic, and time-bound (SMART). Based on this analysis, the Committee developed recommendations to the Minister aimed at strengthening fiscal discipline, enhancing spending efficiency, and ensuring better service delivery outcomes.

Accordingly, this Budget Vote Report serves as a primary accountability mechanism through which the Department of Water and Sanitation reports to the Committee, and ultimately Parliament, on its financial planning and projected expenditure.

The Committee considered Budget Vote 41, together with the Department's Annual Performance Plan (APP) for 2026/27 to 2028/29 and the associated medium-term financial estimates, during meetings held on 21 and 28 April 2026. Budget Vote 41 sets out the appropriations for the Department of Water and Sanitation and its entities, namely Water Boards, Catchment Management Agencies (CMAs), the Trans-Caledon Tunnel Authority (TCTA), and the Water Research Commission (WRC) and is aimed at ensuring the availability and sustainable management of water resources, supporting equitable socio-economic development, and advancing universal access to water and sanitation services. This mandate is underpinned by key legislation, including the National Water Act, 1998 (Act No. 36 of 1998), the Water Services Act, 1997 (Act No. 107 of 1997), and the Water Research Act, 1971 (Act No. 34 of 1971), which collectively give effect to Sections 24 and 27 of the Constitution concerning environmental protection and access to sufficient water. In fulfilling this mandate, the Department is responsible for the protection, management, development, conservation, and control of the country's water resources, as well as for regulating and supporting the effective delivery of water supply and sanitation services.

Over the medium term, the Department will focus on four key priorities. Priority 1 focuses on water services, aimed at improving access to and reliability of water and sanitation services through targeted interventions. Priority 2 relates to national water resource management and infrastructure development, with an emphasis on diversifying the water resource mix. This includes reducing reliance on surface water by increasing the use of alternative sources such as groundwater, water reuse, and desalination, while also protecting and restoring ecological infrastructure.

Priority 3 centres on strengthening regulation to arrest declining performance and improve the functioning of water services systems, including wastewater treatment works, water treatment plants, and distribution networks. Priority 4 focuses on administration and governance, including the implementation of digitalisation initiatives to enhance operational efficiency and support the development of a capable, ethical, and developmental state, as well as interventions aimed at improving the financial sustainability of departmental entities.

To enhance regulatory oversight and intervention capacity in municipalities experiencing service delivery failures, the Department prioritises water conservation, demand management, and the reduction of non-revenue water. These initiatives are funded through the Water

Services and Local Management subprogramme, with expenditure projected to grow at an average annual rate of 1.5%, from R462.3 million in 2025/26 to R483.2 million in 2028/29.

Water quality and regulatory compliance remain central to the Department's agenda. Through the Green Drop Programme, 1,004 wastewater systems are scheduled to be assessed for compliance in 2027/28, at an estimated cost of R667.3 million over the medium term. Concurrently, the Blue Drop and No Drop Programmes will assess 1,138 water supply systems in 2026/27, 1,032 systems in 2028/29, and all 144 water services authorities for non-revenue water compliance. These regulatory activities, funded at R1.3 billion over the medium term, are expected to drive improvements in system performance, with expenditure in Water Services Regulation increasing by an average of 9.4% annually to R215.4 million in 2028/29. The Department also aims to improve water use licence processing efficiencies, targeting finalisation rates of 85% in 2026/27 and 95% by 2028/29.

To secure long-term water supply, the Department will continue implementing 18 strategic water resource infrastructure projects over the medium term. Key projects include Phase 2 of the Welbedacht pipeline in the Free State; refurbishment of the Balkfontein and Virginia water treatment works; the Sol Plaatje Integrated Water Project in the Northern Cape; Nwamitwa Dam in Limpopo; the Lusikisiki Regional Water Supply Scheme; Gcuwa Weir and Foxwood Dam in the Eastern Cape; the uMkhomazi Bulk Water Supply Scheme in KwaZulu-Natal; and the raising of the Clanwilliam Dam wall in the Western Cape. In addition, phases of the Olifants Management Model Programme will expand bulk water distribution infrastructure, while targeted interventions will support major strategic users, including Eskom, Sasol, and Exxaro.

As part of efforts to diversify the national water mix and enhance resilience, the Department will also invest in water reuse technologies, groundwater development, seawater desalination, and the rehabilitation of existing water transfer infrastructure. A total of R11.4 billion is allocated for these initiatives through transfers to the Water Trading Entity under the Water Resources Infrastructure Management subprogramme. Expenditure in this programme is projected to increase significantly, from R5 billion in 2025/26 to R8.8 billion in 2028/29, largely due to the rescheduling of funds from the Budget Facility for Infrastructure.

Overall, the Budget Vote 41 is tabled within a shrinking fiscal framework, with the Department's allocation dropping from R23.4 billion in 2025/26 to R22.0 billion in 2026/27,

reflecting both nominal and real-term declines. Over the medium term, the baseline totals R130.1 billion, but key programmes face notable reductions. Programme 2 (Water Resources Management) contracts significantly, while Programme 3 (Water Services Management), although still the largest share at about 67% of the Vote, also declines in real terms. These reductions heighten risks to maintaining reliable services and addressing critical needs such as backlog eradication, infrastructure refurbishment, and asset maintenance.

In the end, Committee flags persistent systemic challenges and risks, including declining water supply reliability, widespread wastewater non-compliance, underperformance of grant programmes in weaker municipalities, escalating municipal debt to water boards, and delays with cost overruns on major infrastructure projects. In response, the Committee calls on the Minister to implement firm, time-bound corrective actions to stabilise the sector and improve delivery outcomes.

## **2. Overview of the Alignment of the Departmental Strategic Plan with National and Global Development Priorities**

This section summarises how the Department's 2026/27 policy priorities and planned reforms align with national constitutional and policy imperatives, as well as regional and global development frameworks. It highlights the key alignment themes that inform the Department's strategic direction and planned legislative and institutional changes over the MTEF.

An in-depth analysis of the Department's Strategic Plan demonstrates clear alignment of the Department's policy priorities for 2026/27 with the Constitution (1996), the 2026 State of the Nation Address (SONA 2026), the National Development Plan (NDP), and the Medium-Term Development Plan (MTDP), as well as the National Water and Sanitation Master Plan, the African Union's Vision 2063, and the United Nations Sustainable Development Goals in general and SDG 6 (clean water and sanitation) in particular.

The Constitution affirms that everyone has inherent dignity and the right to have that dignity respected and protected. It also guarantees the right to an environment that is not harmful to health or wellbeing and requires that the environment be protected. Everyone has the right to sufficient food and water as part of these fundamental socio-economic rights. Section 27(1)(b)

and (2) specifically guarantee the right to water and oblige the state to take reasonable legislative and other measures, within available resources, to progressively realize this right.

Water supply and sanitation services fall primarily under the executive authority of municipalities in terms of Section 156(1)(a) of the Constitution. This authority is reinforced by Schedule 4 Part B and legislation such as the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000). Despite this municipal responsibility, national and provincial governments are required to support municipalities and to intervene when water and sanitation services fail. Schedule 4 of the Constitution places municipal water and sanitation services within concurrent national and provincial legislative competence. As a result, national legislation such as the Water Services Act of 1997 sets minimum norms and standards for these services. Sections 40, 41, 100, and 139 of the Constitution emphasize cooperative governance and empower higher spheres of government to intervene when municipalities fail to fulfil their constitutional obligations.

The SONA 2026 elevated water security, infrastructure upgrades, and improved municipal water services delivery as key national priorities. These priorities further advance the objectives of the NDP Vision 2030, particularly the goal to ensure that all South Africans have access to reliable, safe, and affordable water and sanitation services. The NDP also emphasises the importance of expanding equitable access to basic services and supporting inclusive economic growth by modernising infrastructure and promoting sustainable resource management.

The MTDP 2024–2029 positions water and sanitation as central to inclusive growth, human settlements, and climate resilience, with a strong focus on reversing infrastructure collapse and restoring basic service delivery. Priority is given to rehabilitating and expanding bulk and municipal water infrastructure, completing regional bulk schemes, and rolling out small-scale water projects to reduce supply disruptions, especially in drought-affected and rural areas. The plan also emphasises integrated water-resource planning, better storage and transfer capacity, and reduced pressure on over-exploited surface-water systems, while promoting water-use efficiency and demand-side management across sectors.

In addition, the MTDP prioritises restoring and maintaining wastewater and water-treatment plants, reducing raw sewage discharge into rivers, and upgrading stormwater and drainage systems linked to sanitation failures. It supports the progressive elimination of unsafe on-site

sanitation and the upgrading of facilities in schools and informal settlements, integrating safe sanitation into broader human-settlements and public-health goals. It further emphasises the strengthening regulation of water quality and service delivery, including expanded use of Blue Drop, Green Drop, and “no-drop” performance-based schemes to monitor municipalities and utilities. It also highlights more active intervention in municipalities where water and sanitation services are deteriorating, with a focus on water-use efficiency, demand management, and reducing non-revenue water.

The review of policies will, among others, seek to align departmental policies with national priorities (including the NDP, the MTDP, and SONA 2026), as well as regional, continental, and global development agendas, and to strengthen existing alignment with, and contributions to, these agendas. To this end, the National Water Act and the Water Services Act will be amended over the MTEF, while the establishment of the National Water Resources Infrastructure Agency (NWRIA) will be finalised during the year under review. (See the Strategic Plan priorities and targets for 2025–2030 below.)

<b>Strategic Plan Priorities and Targets for 2025-2030</b>				
<b>Priority 1 Water Services</b>				
<b>Outcome #</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Baseline</b>	<b>2029/30</b>
1	Reliability of water services improved	Percentage of water services and reliability improved	68	80
2	Reduction of unserved communities	Percentage of unserved communities for water reduced	3	0
		Percentage of household access to sanitation increased	83,3	90
<b>Priority 2 National water resource management and national water infrastructure (%)</b>				
3	Water mix diversified	Surface water proportion in the water mix reduced	69,95	68,36
		Ground water proportion in the water mix increased	23,03	21,35
		Re-use of effluent proportion in the water mix increased	6,61	9,22

		Desalination proportion in the water mix increased	0,41	1,07
4	Ecological Infrastructure protected and restored	Decline in ecological condition of rivers reduced (%)	6	5
<b>Priority 3 Regulation</b>				
5	Decline in the performance of municipal water and sanitation services halted	Percentage of water systems in critical condition reduced	47	32
		Percentage of wastewater systems in critical condition reduced	40	25
		Percentage reduction of national average for non-revenue water	47	32
<b>Priority 4 Administration and Governance</b>				
6	Efficiency and effectiveness in organisational operations improved	Number of additional digitalisation initiatives implemented	21	5
7	Entities' sustainability improved	Percentage of unsustainable entities reduced	33	0

### 3. Overview of the Public Sector Infrastructure and Public Private Partnerships – Water and Sanitation

This section outlines major public-sector infrastructure programmes and selected public-private partnership initiatives in water and sanitation over the medium term. It provides an overview of flagship projects, delivery status, indicative costs, and timelines to support oversight of implementation risk.

Public-sector infrastructure investment in the water and sanitation sector continues to prioritise high-impact bulk water augmentation schemes, the refurbishment of ageing infrastructure, and

strategic projects that support economic hubs and household water security. These investments focus on integrated water services, effective water management, and long-term infrastructure planning and development.

Phase 2 of the Lesotho Highlands Water Project is progressing, with the Trans-Caledon Tunnel Authority (TCTA) having raised R24 billion towards the revised total capital requirement of R53.3 billion, inclusive of water delivery to South Africa. Construction is under way on the Polihali Dam, the Polihali–Katse transfer tunnel, and the Senqu Bridge, with progress exceeding 35 per cent on the dam and 45 per cent on the tunnel. While progress remains below planned baselines due to contractor performance and challenging geological conditions, the latest completion window is projected between September 2029 and June 2031, with first water delivery anticipated in the 2029/30 financial year. The second phase of the Mokolo-Crocodile River Water Augmentation Project is targeted for completion in 2030, at an estimated cost of R12.3 billion. Once completed, the scheme will supply approximately 75 million cubic metres of water annually, supporting local communities and meeting the water requirements of Medupi Power Station’s flue gas desulphurisation system. Funding has been secured through a blended finance model facilitated by TCTA.

The uMkhomazi Water Augmentation Project is scheduled for completion by 2032, with a projected capital investment of R24 billion. This includes a R12 billion allocation from the Budget Facility for Infrastructure, supplemented by credit enhancement mechanisms to leverage private-sector participation. Phase 2 of the Olifants Management Model Programme is expected to be completed by 2030, with an estimated investment of R25 billion. The Department of Water and Sanitation has appointed the Badirammogo Water User Association as the implementing agent, with the Budget Facility for Infrastructure providing significant funding support for key pipeline components and the phased expansion of bulk water infrastructure.

The Berg River–Voëlville Augmentation Scheme is scheduled for completion by 2027, at an estimated cost of R1.1 billion. Financial close was reached in June 2025 under the implementation of TCTA, supported by government guarantees and financing from development finance institutions and commercial lenders.

## 4. Overview of the 2026/27 – 2028/29 Medium Term Financial Estimates

This section summarises the Department’s medium-term budget framework, including the split between the Main Account and the Water Trading Entity, and highlights key spending drivers. It is intended to clarify the scale, composition, and trends of allocations over the MTEF to inform oversight of affordability and delivery risk.

The Department’s budget over the Medium-Term Expenditure Framework (MTEF) amounts to R130.125 billion, with allocations of R40.784 billion in 2026/27, R40.942 billion in 2027/28, and R48.399 billion in 2028/29. This budget is structured around two key components, namely the Main Account and the Water Trading Entity (WTE).

### 4.1. Main Account

The Main Account is funded through direct budget allocations from National Treasury and has been allocated R71.121 billion over the MTEF period. This comprises R21.957 billion in 2026/27, R21.295 billion in 2027/28, and R27.869 billion in 2028/29. A significant portion of this allocation is directed towards conditional infrastructure grants for municipal water services, totalling R39.2 billion over the MTEF. These grants include R21.4 billion for the Regional Bulk Infrastructure Grant (RBIG) and R17.8 billion for the Water Services Infrastructure Grant (WSIG). Table 1 provides details of the Main Account budget allocation.

#### Table 1 Budget Allocation – Main Account

<b>Programmes</b>	<b>2026/27 (R'000)</b>	<b>2027/28 (R'000)</b>	<b>2028/29 (R'000)</b>	<b>MTEF (R'000)</b>
Administration	2 540 346	2 606 503	2 662 551	7 809 400
Water Resources Management	4 702 249	3 563 599	9 940 577	18 206 425
Water Services Management	14 714 477	15 125 014	15 266 142	45 105 633
<b>Total for Programmes</b>	<b>21 957 072</b>	<b>21 295 116</b>	<b>27 869 270</b>	<b>71 121 458</b>

#### **Economic Classification**

<b>Current payments</b>	<b>4 159 438</b>	<b>4 388 470</b>	<b>4 516 477</b>	<b>13 064 385</b>
Compensation of employees	2 195 116	2 294 407	2 365 719	6 855 242
Goods and services	1 964 322	2 094 063	2 150 758	6 209 143
<b>Transfers and subsidies</b>	<b>12 991 697</b>	<b>11 959 557</b>	<b>18 243 722</b>	<b>43 194 976</b>
Provinces and municipalities	8 291 621	8 429 779	8 355 930	25 077 330
Departmental agencies and accounts	3 028 186	1 738 932	7 800 757	12 567 875
Foreign governments and international organisations	64 163	66 742	69 219	200 124
Public corporations and private enterprises	1 523 850	1 681 505	1 974 011	5 179 366
Non-profit institutions	3 084	3 159	3 185	9 428
Households	80 793	39 440	40 620	160 853
<b>Payments for capital assets</b>	<b>4 805 937</b>	<b>4 947 089</b>	<b>5 109 071</b>	<b>14 862 097</b>
Buildings and other fixed structures	4 583 024	4 758 637	4 906 538	14 248 199
Machinery and equipment	119 543	107 219	124 740	351 502
Software and other intangible assets	103 370	81 233	77 793	262 396
<b>Total economic classification</b>	<b>21 957 072</b>	<b>21 295 116</b>	<b>27 869 270</b>	<b>71 121 458</b>

## **4.2. Water Trading Entity**

The WTE is funded through a combination of revenue generated from the sale of raw water and transfers from the fiscus for infrastructure projects. Its budget over the MTEF amounts to R59 billion, consisting of R18.8 billion in 2026/27, R19.7 billion in 2027/28, and R20.5 billion in 2028/29, Table 2 provides details of the WTE budget allocation. Revenue generated by the WTE is primarily used to fund the operation and maintenance of national water resource infrastructure and to enable transfers to the TCTA for loan repayments associated with bulk raw water infrastructure.

The Department reported that the WTE budget will be realigned during the process of incorporation and establishment of the South African National Water Resources Infrastructure Agency SOC Limited (NWRIA), to ensure improved governance, financial sustainability, and infrastructure delivery.

**Table 2 Budget Allocation - Water Trading Account**

<b>Programme</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>MTEF</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration	1 423 399	1 485 459	1 552 156	4 461 015
Operations, maintenance and refurbishment of national water resources schemes	2 763 837	2 884 340	3 013 847	8 661 987
Financing and investment in raw water infrastructure	10 908 002	11 383 590	11 894 714	34 186 304
Bulk water supply to strategic users	3 562 200	3 717 526	3 884 443	11 164 169
Implementation of dam safety projects	169 100	176 432	184 354	529 886
<b>Total</b>	<b>18 826 500</b>	<b>19 647 347</b>	<b>20 529 514</b>	<b>59 003 361</b>
<b>Economic Classification</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>MTEF</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Compensation of employees	1 847 400	1 927 900	2 014 500	5 789 800
Goods and services	5 716 300	5 965 500	6 233 300	17 915 100
Depreciation	3 452 500	3 603 200	3 764 900	10 820 600
Interest, dividends and rent on land	7 810 300	8 150 747	8 516 814	24 477 861
<b>Total</b>	<b>18 826 500</b>	<b>19 647 347</b>	<b>20 529 514</b>	<b>59 003 361</b>

#### 4.3. Overview of the Allocations to the RBIG and WSIG

The Department administers two conditional grant programmes, namely the RBIG and the WSIG. These grants are structured under Schedule 5, Part B and Schedule 6, Part B of the Division of Revenue framework. Schedule 5, Part B provides for grants that support specific responsibilities and programmes implemented directly by municipalities, while Schedule 6, Part B provides for in-kind grants through which the national department implements infrastructure projects on behalf of municipalities, as reflected in Tables 3 and 4.

The RBIG is primarily aimed at the development, refurbishment, upgrading, and replacement of ageing bulk water and sanitation infrastructure of regional significance. This includes infrastructure that links water resources to supply systems serving areas across municipal boundaries, as well as large regional bulk systems that provide services to multiple communities within a municipality. In addition, RBIG supports the implementation of bulk infrastructure projects that promote water conservation and water demand management, or that facilitate and complement local water conservation and demand management initiatives with a direct impact on bulk infrastructure requirements.

**Table 3. Direct Infrastructure Grants 5B**

<b>Regional Bulk Infrastructure Grant</b>				
<b>Region</b>	<b>2026/27 (R'000)</b>	<b>2027/28 (R'000)</b>	<b>2028/29 (R'000)</b>	<b>MTEF (R'000)</b>
Eastern Cape	293 290	466 079	517 006	1 276 375
Free State	636 621	499 983	507 421	1 644 025
Gauteng	-	-	-	-
KwaZulu-Natal	549 441	616 556	694 239	1 860 236
Limpopo	688 100	869 600	560 800	2 118 500
Mpumalanga	550 887	555 767	630 721	1 737 375
Northern Cape	579 000	490 000	254 000	1 323 000
North West	379 407	366 732	484 815	1 230 954
Western Cape	225 000	-	-	225 000
<b>Total</b>	<b>3 901 746</b>	<b>3 864 717</b>	<b>3 649 002</b>	<b>11 415 465</b>
<b>Water Services Infrastructure Grant</b>				
<b>Region</b>	<b>2026/27 (R'000)</b>	<b>2027/28 (R'000)</b>	<b>2028/29 (R'000)</b>	<b>MTEF (R'000)</b>
Eastern Cape	578 196	599 474	618 390	1 796 060
Free State	400 290	415 020	429 654	1 244 964
Gauteng	241 745	276 802	269 230	787 777
KwaZulu-Natal	1 116 221	1 233 798	1 286 345	3 636 364
Limpopo	487 847	507 939	530 745	1 526 531
Mpumalanga	549 243	507 247	501 792	1 558 282
Northern Cape	355 548	368 426	384 971	1 108 945
North West	489 243	507 450	530 234	1 526 927
Western Cape	170 719	148 050	154 697	473 466
<b>Total</b>	<b>4 389 052</b>	<b>4 564 206</b>	<b>4 706 058</b>	<b>13 659 316</b>

Over the medium term, the Department focuses on ensuring reliable water and sanitation services by supporting municipalities and selected water boards to implement 48 phases of regional bulk infrastructure projects (15 mega, 28 large and 5 small) and 374 small water infrastructure projects. These interventions are funded through the RBIG and the WSIG under the Water Services Management programme, which is allocated R45.1 billion over the medium term. The WSIG allocation totals R17.8 billion over three years and is aimed at accelerating water supply provision and reducing backlogs, particularly in rural communities across 27 district municipalities, while RBIG allocations of R21.4 billion support large-scale bulk infrastructure development.

The WSIG is applied to support the planning and implementation of a range of water and sanitation infrastructure projects aimed at accelerating the eradication of service backlogs and improving the long-term sustainability of services, particularly in rural municipalities. The grant enables the provision of basic and intermittent water supply and sanitation services to identified and prioritised communities, including initiatives such as spring protection and groundwater development. WSIG further assists municipalities in the implementation of water conservation and water demand management interventions to optimise the use of existing

resources. In addition, the grant supports the completion of the Bucket Eradication Programme (BEP) in formal residential areas and provides funding for drought-relief interventions to ensure continued access to water during periods of water scarcity.

**Table 4 Indirect Infrastructure Grants 6B**

Region	Regional Bulk Infrastructure Grant			
	2026/27 (R'000)	2027/28 (R'000)	2028/29 (R'000)	MTEF (R'000)
Eastern Cape	301 429	348 000	358 788	1 008 217
Free State	695 700	723 910	756 415	2 176 025
Gauteng	746 221	749 372	772 603	2 268 196
KwaZulu-Natal	-	-	-	-
Limpopo	782 722	796 861	833 384	2 412 967
Mpumalanga	385 638	384 382	369 944	1 139 964
Northern Cape	105 000	80 000	83 592	268 592
North West	198 112	243 748	254 692	696 552
Western Cape	-	16 843	17 599	34 442
<b>Total</b>	<b>3 214 822</b>	<b>3 343 116</b>	<b>3 447 017</b>	<b>10 004 955</b>

Region	Water Services Infrastructure Grant			
	2026/27 (R'000)	2027/28 (R'000)	2028/29 (R'000)	MTEF (R'000)
Eastern Cape	45 000	47 000	48 457	140 457
Free State	67 833	61 250	35 109	164 192
Gauteng	-	-	-	-
KwaZulu-Natal	450 730	461 632	482 669	1 395 031
Limpopo	444 364	503 848	526 471	1 474 683
Mpumalanga	132 526	122 877	128 394	383 797
Northern Cape	14 500	4 050	-	18 550
North West	179 378	186 922	209 604	575 904
Western Cape	-	-	-	-
<b>National Total</b>	<b>1 334 331</b>	<b>1 387 579</b>	<b>1 430 704</b>	<b>4 152 614</b>

The Budget Vote 41 is fully aligned with the Department's Annual Performance Plans for the 2026/27 financial year, and the Department continues to implement its financial turnaround initiatives to strengthen expenditure management, improve revenue collection, and enhance overall financial sustainability.

## **5. Analysis of Budget Allocations per Programme for the 2026/27 Financial Year**

This section analyses the 2026/27 Vote by programme, focusing on material shifts in allocations and their implications for service delivery, regulation, and infrastructure outcomes. It highlights the main risks arising from budget reductions and identifies where prioritisation and execution discipline are most needed.

The Department's total budget declines from R23.4 billion in 2025/26 to R22 billion in 2026/27, representing a nominal reduction of 6.1% and a real term decrease of 9.1%. This downward adjustment is largely attributable to the completion and rescheduling of several large-scale infrastructure projects, particularly within Programme 2. Despite the overall reduction, Programme 3 continues to account for the largest share of expenditure, comprising approximately 67% of the Vote, although both Programmes 2 and 3 experience nominal decreases in allocations. Table 5 provides budget allocations per programme.

<b>Table 5: Budget Allocation Per Programme</b>						
<b>Programme</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Nominal % Change</b>	<b>Real % Change</b>
<b>1: Administration</b>	2 319.2	2 540.3	2 606.5	2 662.6	9.5%	5.93
<b>2: Water Resources Management</b>	6 030.8	4 702.2	3 563.6	9 940.6	-22.0%	-24.59
<b>3: Water Services Management</b>	15 032.7	14 714.5	15 125.0	15 266.1	-2.1%	-5.34
<b>TOTAL</b>	23 382.7	21 957.1	21 295.1	27 869.3	-6.1%	-9.09

In light of the Department's mandate and strategic objectives, as well as priorities outlined in the SONA 2026, the MTDP, and the NDP, a continued and strengthened focus on Programme 3: Water Services Management remains appropriate. Programme 3 plays a central role in addressing the country's most urgent water and sanitation challenges through infrastructure development, refurbishment, and the eradication of service delivery backlogs. These interventions are critical given the widespread deterioration of infrastructure and persistent service delivery constraints. While effective governance and administrative support are essential enablers, the realisation of national objectives for reliable, safe, and affordable water and sanitation services depends primarily on sustained and accelerated investment in infrastructure. Accordingly, prioritising and progressively strengthening allocations to Programme 3 is vital to enable the Department to fulfil its mandate, address systemic failures, and contribute to inclusive growth and sustainable development in line with the long-term vision of the NDP and MTDP.

### ***Programme 1: Administration***

This programme is responsible for providing strategic leadership, management, and corporate support services to the Department, as well as promoting international cooperation on water resource management. It has been allocated R2.5 billion for the 2026/27 financial year, an increase from R2.3 billion in 2025/26. This growth occurs despite the overall reduction in the Department's budget and reflects a continued prioritisation of leadership capacity, institutional support, and governance. The sustained increase in funding suggests a deliberate effort to strengthen oversight, enhance internal controls, and improve organisational effectiveness.

Within Programme 1, the Corporate Services sub-programme receives the largest share of funding, with an allocation of R1.1 billion in 2026/27, up from R1.0 billion in the 2025/26 adjusted appropriation. This increase underscores the ongoing emphasis on core support functions such as human resource management, legal services, information systems, and internal communications, which are essential for enabling service delivery across the Department.

The Financial Management sub-programme is the third-largest within the programme and shows a significant increase in allocation, rising from R292.2 million in 2025/26 to R400.4 million in 2026/27. This substantial growth signals a strong focus on improving financial governance, strengthening internal controls, advancing the Department's financial recovery initiatives, and ensuring full compliance with audit findings, risk management frameworks, and regulatory requirements.

The Provincial, Entity Governance and International Cooperation sub-programme is the fifth-largest component of Programme 1, with an allocation of R163.5 million in 2026/27. This sub-programme supports South Africa's obligations to regional and international water resource management institutions, including the Orange-Senqu River Commission and the Incomati and Maputo Watercourse Commissions. These contributions are critical to meeting international agreements, facilitating cooperative water governance, and safeguarding shared water resources with neighbouring countries.

Key outputs planned for 2026/27 under Programme 1, as outlined in the Annual Performance Plan, include the finalisation of the establishment of the National Water Resources

Infrastructure Agency (NWRIA). This process involves the integration of the TCTA, the WTE, and the Department's infrastructure branch, and is intended to improve coordination, efficiency, and sustainability in the planning, financing, and delivery of national water resource infrastructure.

### ***Programme 2: Water Resources Management***

Programme 2 aims to ensure that South Africa's water resources are protected, managed, developed, conserved, and used in a sustainable and equitable manner. For the 2026/27 financial year, the programme has been allocated R4.7 billion, down from R6 billion in 2025/26, representing a significant nominal and real reduction. This decline is largely attributable to the completion and rescheduling of major capital projects and indicates a shift away from large-scale capital expansion towards the consolidation, maintenance, and sustainability of existing infrastructure. The reduction is particularly evident in the Water Resources Infrastructure Management sub-programme, which was previously a key driver of budget growth. Careful management of this transition will be required to ensure that water resource security and continuity of services are not compromised.

Despite the overall reduction, the Water Resources Infrastructure Management sub-programme remains the largest component of Programme 2, receiving R3.6 billion in 2026/27, although this is lower than in the previous year. This allocation reflects the continued prioritisation of capital-intensive interventions such as dam safety, rehabilitation of existing water resource assets, and the implementation of strategic bulk raw-water infrastructure projects. The prominence of this sub-programme aligns with commitments articulated in the SONA 2026, which emphasised sustained investment in dam construction, asset refurbishment, and large-scale water infrastructure to secure national water resources. Its significant share of the programme budget underscores its central role in maintaining and strengthening South Africa's water resource infrastructure and long-term water security.

The Water Resources Information and Management sub-programme is the second-largest allocation within Programme 2, with a budget of R630.3 million in 2026/27. This sub-programme supports the Department's modernisation agenda, particularly the digitalisation of water resource management systems and enhanced monitoring of water sector performance. As outlined in the Annual Performance Plan, a key focus is the development of

a National Digitised Integrated Water and Sanitation Monitoring System, which contributes to improved data-driven decision-making. The sub-programme also plays a critical role in monitoring the implementation of the National Water Resource Strategy (NWRS-3), which serves as the primary instrument for translating Sustainable Development Goal 6 (SDG) into national policy and action, ensuring alignment between domestic water priorities and South Africa's global development commitments.

### ***Programme 3: Water Services Management***

Programme 3 aims to develop, rehabilitate, and refurbish water services infrastructure to meet South Africa's socio-economic and environmental needs. It continues to receive the largest share of the Department's budget, reflecting the centrality of water and sanitation service delivery within the Department's mandate. This prioritisation is aligned with the commitments outlined in the SONA 2026, particularly with respect to infrastructure investment as a catalyst for water security and economic development. For the 2026/27 financial year, Programme 3 has been allocated R14.7 billion, underscoring its strategic importance.

The programme accounts for approximately 67% of the total Budget Vote 41 allocation, significantly exceeding allocations to Programme 1: Administration (R2.5 billion) and Programme 2: Water Resources Management (R4.7 billion). Despite its dominant share, the programme experiences a real decrease of 5.3%, which may constrain the Department's capacity to reduce infrastructure backlogs, accelerate service delivery, and adequately maintain existing assets. These pressures could slow progress towards universal access and full regulatory compliance, particularly in historically under-served and rural communities. The extent to which service delivery targets are achieved will therefore depend on the effective prioritisation, coordination, and management of available resources.

Programme 3 focuses on high-impact interventions, including the RBIG, the WSIG, and regulatory programmes such as Blue Drop, Green Drop, and No Drop. These initiatives are designed to accelerate service delivery, improve water quality, and strengthen the sustainability of water and sanitation services nationwide. In contrast, Programmes 1 and 2 primarily support governance, administration, and national water resource management and operate with comparatively smaller budgets and fewer large-scale infrastructure interventions.

The RBIG and WSIG remain the largest sub-programme components within Programme 3, ranked first and second respectively, with allocations of R8.0 billion for RBIG and R5.8 billion for WSIG in 2026/27. These grants are the Department's primary mechanisms for supporting municipal water and sanitation infrastructure development and for accelerating the reduction of service delivery backlogs. Their substantial share of the programme's budget highlights their critical role in addressing historic inequalities and expanding access to reliable water and sanitation services across municipalities.

The Water Services Regulation sub-programme, ranked fifth, receives an increased allocation of R198.5 million, signalling a renewed focus on strengthening oversight, compliance, and enforcement. This increase supports regulatory initiatives such as the Blue Drop, Green Drop, and No Drop programmes. Key outputs planned for 2026/27 include the completion of seven bulk sewer projects, implementation of eight WSIG intervention projects, and the assessment of 1 139 water supply systems against Blue Drop standards. These outputs are essential for advancing universal access and improving regulatory compliance, as emphasised in SONA 2026, and are closely aligned with the NDP's objective of ensuring safe, affordable, and reliable water and sanitation services for all by 2030, as well as the MDTP priorities on infrastructure expansion, maintenance, and sustainable service delivery.

## **6. Overview of the Budget Allocations to the Departmental Entities**

This section provides an overview of medium-term allocations to the Department's entities and describes how these transfers support bulk infrastructure delivery, water-resource management, and research functions. It highlights notable trends and concentration of funding to inform oversight of governance, sustainability, and performance.

Over the Medium-Term Expenditure Framework (MTEF), the Department has allocated funding to its entities to support bulk water infrastructure development, water resource management, water services provision, research and development. As reflected in the Table 6, allocations are spread across three categories: the Water Trading Entity and Komati Water Basin Authority, Catchment Management Agencies, and Water Boards.

**Table 6 Budget Allocations to Entities**

<b>Water Trading Entity and Komati Water Basin Authority</b>	<b>2026/27 (R'000)</b>	<b>2027/28 (R'000)</b>	<b>2028/29 (R'000)</b>	<b>MTEF (R'000)</b>
Water Trading Entity	2 634 324	1 355 185	7 403 638	11 393 147
Komati Basin Water Authority	46 895	49 133	50 820	146 848
<b>Total</b>	<b>2 681 219</b>	<b>1 404 318</b>	<b>7 454 458</b>	<b>11 539 995</b>

<b>Catchment Management Agencies</b>	<b>2026/27 (R'000)</b>	<b>2027/28 (R'000)</b>	<b>2028/29 (R'000)</b>	<b>MTEF (R'000)</b>
Vaal-Orange Catchment Management Agency	78 854	82 246	85 524	246 624
Breede-Olifants Catchment Management Agency	69 285	72 035	74 281	215 601
Pongola-Umzimkhulu Catchment Management Agency	32 527	33 866	35 054	101 447
Mzimvubu-Tsitsikamma Catchment Management Agency	32 527	33 866	35 054	101 447
Limpopo-Olifants Catchment Management Agency	69 474	72 426	75 212	217 112
Inkomati-Usuthu Catchment Management Agency	103 989	81 718	84 267	269 974
<b>Total</b>	<b>386 656</b>	<b>376 157</b>	<b>389 392</b>	<b>1 152 205</b>

<b>Water Boards</b>	<b>2026/27 (R'000)</b>	<b>2027/28 (R'000)</b>	<b>2028/29 (R'000)</b>	<b>MTEF (R'000)</b>
uMngeni-uThukela Water Board	157 618	163 908	169 003	490 529
Vaal Central Water Board	786 222	817 597	843 008	2 446 827
<b>Total</b>	<b>943 840</b>	<b>981 505</b>	<b>1 012 011</b>	<b>2 937 356</b>

The WTE receives by far the largest allocation among the entities, with a total of R11.39 billion over the MTEF. Funding increases significantly in the outer year, rising from R2.63 billion in 2026/27 and R1.36 billion in 2027/28 to R7.41 billion in 2028/29, reflecting the ramp-up of major bulk raw water infrastructure projects and increased funding requirements linked to capital investment and debt servicing. In contrast, the Komati Water Basin Authority receives a comparatively modest allocation of R146.8 million over the MTEF, with gradual increases across the three years to support the operational management of the Komati Basin.

The Catchment Management Agencies (CMAs) collectively receive R1.15 billion over the MTEF, with relatively stable annual allocations of R386.7 million in 2026/27, R376.2 million in 2027/28, and R389.4 million in 2028/29. Among the CMAs, the Inkomati-Usuthu CMA receives the highest funding at R269.9 million over the MTEF, followed by the Vaal-Orange CMA at R246.6 million and the Limpopo-Olifants CMA at R217.1 million. Table 7 provides allocations for 2026/27 from Vote 41. The CMAs generate their revenue from the water resources management fees, waste discharge charges and the parliamentary grant (Vote 41).

<b>Table 7 Budget Allocations for 2026/27 Financial Year (R'000)</b>				
<b>CMA</b>	<b>Area of Operation (Province)</b>	<b>2025/26</b>	<b>2026/27 (Overall)</b>	<b>Vote 41 - Allocation – 2026/27</b>

Breede-Olifants	Western, Northern and Eastern Cape	R196 952	R207 080	R69 285
Inkomati-Usuthu	Mpumalanga	R149 397	R237 634	R103 989
Limpopo-Olifants	Limpopo, Gauteng, Northwest, Mpumalanga	R292 218	R288 826	R69 474
Mzimvubu-Tsitsikamma	Eastern Cape	R125 950	R130 128	R32 527
Pongola-Umzimkulu	KwaZulu Natal	R77 187	R155 640	R32 527
Vaal-Orange	Gauteng, Free State, Northern Cape	R213 960	R342 019	R78 854
<b>TOTAL</b>		<b>R1 055 664</b>	<b>R1 361 327</b>	<b>R386 656</b>

These allocations support integrated water resource management functions, including water use regulation, catchment protection, and stakeholder coordination. The relatively even distribution across years indicates a focus on sustaining core regulatory and management functions rather than expanding activities. The CMAs collectively contribute to the Department's strategic Outcome 4 - Decline in ecological condition of rivers reduced.

Allocations to Water Boards amount to R2.94 billion over the MTEF, increasing steadily from R943.8 million in 2026/27 to R1.01 billion in 2028/29. The Vaal Central Water Board accounts for the bulk of this funding, with R2.45 billion over the MTEF, reflecting its role in supplying bulk water to large economic and industrial hubs. The uMngeni-uThukela Water Board receives R490.5 million over the MTEF, supporting bulk water supply and regional water security in KwaZulu-Natal.

Overall, the distribution of allocations underscores the Department's strategic emphasis on bulk water infrastructure financing through the Water Trading Entity, sustained catchment-level water resource management, and the ongoing role of Water Boards in ensuring reliable bulk water supply to municipalities and key economic regions. The funding pattern reflects a balance between large-scale infrastructure investment and the continued operation and regulation of South Africa's water resources system.

## 7. Committee Observations, Questions and Responses

This section records the Committee's key oversight observations and questions, together with the Department's responses, as they relate to budget credibility, delivery constraints, and

accountability. It is structured to highlight recurring risks and the specific explanations and undertakings provided to the Committee.

Having considered the presentations by the Department of Water and Sanitation (DWS), the Trans-Caledon Tunnel Authority (TCTA), the Water Research Commission (WRC), and the Catchment Management Agencies (CMAs), the Committee raised several questions and observations, mainly on budget allocations; water services delivery issues (non-revenue water, water pollution, and municipal debt to water boards); infrastructure maintenance and development; and research and innovation. The Committee's observations on CMAs focused mainly on the composition of governing boards, performance measures, budget shortfalls, transformation and inclusivity, the roles of CMAs versus water boards, and operational challenges.

### **7.1. Water Access, Reliability and Water Service Delivery**

*The Committee observed that while the Department reports that approximately 90% of South Africans have access to water infrastructure, this figure is increasingly contradicted by declining reliability, frequent service interruptions, water tankers dependency and unsafe water sources in many communities. Members emphasised that access without sustained reliability and quality cannot be regarded as meaningful access to water services. In this context, the Committee asked how the Department reconciles reported access statistics with deteriorating service delivery realities on the ground and what measures are being implemented to restore reliability.*

The Department acknowledged that infrastructure access figures do not reflect reliability and conceded that water reliability has declined due to long-term under-investment, ageing infrastructure and weak municipal capacity. The Department indicated that the current focus is on stabilising and rehabilitating existing infrastructure, improving asset management and addressing operational inefficiencies rather than expanding access figures. The Department further indicated that Green Drop and Blue Drop reports are intended to transparently reflect these shortcomings and inform remedial action.

### **7.2. National Water Crisis Committee**

*The Committee observed that the establishment of the National Water Crisis Committee signals acknowledgement of the severity of the water crisis but raised concern that the Committee may become a coordination structure without decisive impact if not driven by technical expertise. Members questioned whether the structure would intervene directly in failing municipalities and prevent a further layering of bureaucracy.*

The Department responded that the National Water Crisis Committee plan is still being finalised and was scheduled for adoption at executive level. The Department indicated that the intervention framework will comply with constitutional provisions and will include water boards, state entities, private sector expertise and professional engineers to support failing municipalities. The Department undertook that once the plan is finalised and adopted, it will be shared with Parliament for oversight.

### **7.3. Wastewater Management, Green Drop Results and Pollution**

*The Committee expressed serious concern regarding the Green Drop findings, noting that only a small fraction of wastewater systems is compliant and that the majority are performing below acceptable standards. Members highlighted that ongoing sewage pollution continues to contaminate water resources while enforcement processes remain slow and largely reactive. The Committee asked what immediate measures are in place to stop pollution and whether consequence management is sufficiently effective.*

The Department acknowledged the gravity of the wastewater crisis and confirmed that municipalities scoring critically are required to submit corrective action plans within prescribed timeframes. Where non-compliance persists, the Department issues directives under the National Water Act, 1998 and lays criminal cases. However, the Department conceded that legal processes are slow and do not always result in immediate cessation of pollution. As a result, the Department is pursuing legislative amendments, including the licensing of water services providers, separation of authority and provider functions, and strengthening remedial and enforcement powers. The Department also indicated that the Waste Discharge Charge System is being reconsidered as a mechanism to ensure that polluters pay for environmental damage.

### **7.4. Infrastructure Grants (RBIG, WSIG) and Municipal Underperformance**

*The Committee observed that infrastructure grants continue to be allocated to municipalities that consistently fail to plan, implement and maintain water infrastructure projects. Members questioned why funds are not more decisively redirected to capable implementing agents such as water boards and the Trans-Caledon Tunnel Authority (TCTA).*

The Department responded that it has increasingly converted direct grants into indirect grants in municipalities with persistent capacity constraints. This approach allows water boards, TCTA and other implementing agents to manage projects on behalf of municipalities. The Department indicated that this approach has Treasury support and will be expanded in high-risk municipalities to prevent continued poor performance.

### **7.5. Municipal Debt to Water Boards**

*The Committee noted with concern the continued non-payment by several municipalities to water boards, posing a serious risk to water board liquidity and service sustainability. Specific reference was made to payment arrangements and service level agreements (SLA) entered into, by the Matjhabeng Local Municipality that is heavily indebted to Vaal Central Water board (VCW). The Committee requested that a copy of the SLA and the Payment Plan between Matjhabeng and VCW must be submitted to the Committee.*

The Department confirmed that a Payment Plan has been negotiated and that an SLA has been concluded following a Matjhabeng Local Council meeting. The SLA binds Matjhabeng to pay R30 million per month to Vaal Central Water. These payment arrangements are subject to ongoing review and monitoring, with provincial interventions and administrators supporting financial recovery processes. The Department noted that this payment is less than the Arbitration Council-ordered *de facto* minimum payment of R62 million per month. However, this is a step in the right direction, to guarantee the VCW's cash flow and its ultimate strong liquidity position. It is equally worth noting that the *Matjhabeng Local Municipality's* monthly consumption of water is R70 million as per the telemetry, which means that at any given time and based on the R62 million, it is likely to pay R8 million short of its total consumption. The Department undertook to submit written updates to the Committee on payment compliance and sustainability.

## **7.6. Delays and Cost Escalations in Major Infrastructure Projects**

*The Committee observed that several strategic bulk water and wastewater projects have experienced significant delays, cost escalations and planning challenges, while funding continues to be allocated to incomplete projects. Members expressed concern about the lack of project-specific reporting with respect to delays.*

The Department indicated that delays are attributable to several factors, including projects not being bankable, land and servitude disputes, procurement challenges, and community resistance. It cited the Mzibvubu Project as an example of delays resulting from bankability issues, while the Upper uMkhomazi Project was highlighted as having been delayed due to land disputes and community resistance.

The Department further confirmed that funding has now been secured for priority strategic projects and that construction has commenced in certain cases, including the Mzibvubu Project. It also undertook to submit detailed, project-specific status reports, including updated timelines and funding arrangements.

## **7.7. Budget Reductions in the Context of a National Water Crisis**

*The Committee observed with serious concern that the Department's baseline allocations, including reductions to the Regional Bulk Infrastructure Grant (RBIG), are declining at a time when South Africa is facing an increasingly severe national water crisis. This concern is reinforced by the Department's overall budget reduction from approximately R23 billion to R21 billion, which the Committee has described as fundamentally misaligned with the scale and urgency of the country's water challenges. These budget cuts are "at odds with the country's water reality" and risk deepening an already critical situation, with significant socio-economic consequences, particularly for communities experiencing persistent water shortages and service instability.*

The Department acknowledged the Committee's concerns and explained that the reductions to baseline allocations reflect broader fiscal constraints and reprioritisation decisions across government rather than a diminished recognition of the severity of the national water crisis. It emphasised that water and sanitation remain national priorities and indicated that total

investment in the sector extends beyond baseline allocations, with additional funding mobilised through blended finance instruments, infrastructure finance windows, development finance institutions, and cross-government programmes. The Department further noted that funding requirements for major infrastructure projects will continue to be motivated through the Medium-Term Expenditure Framework (MTEF) process to address priority water security interventions.

The Department also highlighted measures being implemented to mitigate the impact of reduced baselines, including improved expenditure efficiency, tighter prioritisation of high-impact projects, strengthened project planning and management, and targeted support to municipalities, particularly to address non-revenue water and infrastructure failures. While acknowledging the constraints posed by budget reductions, the Department reaffirmed its commitment to working with National Treasury and other partners to secure sustainable financing solutions and ensure that critical water and sanitation interventions continue despite the challenging fiscal environment.

#### **7.8. Governance and Relevance of CMAs**

*A view was raised regarding the continued existence of Catchment Management Agencies (CMAs) as separate entities, questioning whether their functions could be absorbed into Water Boards to avoid duplication of structures and reduce administrative costs. And that maintaining separate boards, management structures and staffing components may constitute an inefficient use of public resources.*

The Minister responded that CMAs and Water Boards have distinct mandates as defined in the National Water Act, and that integration of these entities is not permissible under the current legislative framework. The Minister emphasised that the CMAs were established based on functional differences in water resource management and cannot be merged without legislative amendment. The Department elaborated further that CMAs decentralise water resource management and strengthen governance at the catchment level. By shifting responsibility from a centralised system to localised institutions, CMAs enable more responsive and context-specific management of water resources. They are mandated to protect, use, develop, conserve, manage, and control water resources within designated water management areas. Their core functions include monitoring water quality, regulating water use, promoting conservation and

demand management, facilitating water use authorisations, and supporting integrated water resource management in collaboration with municipalities and other stakeholders.

### **7.9. Financial Sustainability of CMAs**

*The Committee expressed serious concern regarding the financial sustainability of CMAs, noting their continued reliance on augmentation funding from the fiscus and the slow progress towards becoming self-sustaining entities. Members highlighted risks associated with poor revenue collection, particularly from municipalities, and questioned the long-term viability of the current funding model.*

The Department acknowledged that CMAs are still in a developmental stage and are expected, over time, to transition toward financial sustainability through water resource management charges and waste discharge levies. However, the Department indicated that significant challenges remain, including non-payment by municipalities, tariffs that are not fully cost-reflective, and incomplete implementation of pollution charges. The Department further confirmed that financial sustainability plans are being developed and that government support will continue in the short to medium term to ensure stability of these entities.

### **7.10. Administration related Activities as key Cost Drivers**

*The Committee noted with concern the high levels of expenditure on administrative components, particularly employee costs, office rentals, and board-related expenses. Members highlighted instances where rental expenditure reached substantial levels and questioned whether these costs are aligned with the core mandate of water resource management.*

In response, CMAs indicated that measures are being implemented to reduce expenditure, including downsizing office space, introducing remote working arrangements, and exploring opportunities for shared accommodation with the Department. The Department further confirmed that consolidation of office space is under consideration, subject to the finalisation of staff transfer processes from the Department to the CMAs.

### **7.11. Human Resources and Organisational Capacity in CMAs**

*The Committee raised concerns regarding the high proportion of expenditure allocated to employee costs relative to operational delivery and project implementation. Members questioned whether CMAs are appropriately structured or whether they are overly administrative in nature, potentially detracting from their core technical functions.*

CMAs responded that the nature of their mandate requires highly specialised technical personnel, particularly in water resource management, and that these skills are costly to retain. The entities further indicated that organisational restructuring processes have been undertaken to improve efficiency, reduce duplication, and align staffing with strategic priorities.

### **7.12. Water Quality Monitoring and Enforcement**

*The Committee expressed deep concern regarding ongoing water pollution, particularly from wastewater treatment failures at municipal level, and questioned the effectiveness of enforcement actions undertaken by CMAs. Members highlighted cases where pollution incidents were not responded to within required timeframes and emphasised the need for stronger consequences against polluters.*

The Department acknowledged that water pollution remains a systemic challenge and confirmed that CMAs are empowered to issue directives and initiate legal action against non-compliant entities. However, the Department conceded that enforcement processes are often slow and that CMAs cannot directly address failing municipal infrastructure, which remains the responsibility of municipalities. The Department indicated that broader legislative and institutional reforms are being pursued to strengthen accountability and improve wastewater management outcomes.

### **7.13. Performance Targets and Service Delivery**

*The Committee noted weaknesses in operational performance, including low compliance levels, delayed responses to pollution incidents, and limited enforcement capacity in some CMAs. Members expressed concern that targets such as an 80% compliance or response rate*

*for enforcement action taken against non-compliant water users may not be sufficiently ambitious, given the severity of water security challenges.*

The Department responded that the current targets have been standardised across CMAs to allow for practical implementation, particularly where incidents occur late in the financial year. The Department further indicated that performance targets will be progressively strengthened as capacity improves, and that additional resources and systems are being introduced to enhance operational efficiency.

#### **7.14. Deployment of Artificial Intelligence Technologies in Management of Water Resources**

*The need for improved monitoring systems and the utilisation of advanced technologies, including artificial intelligence, to better track pollution, enforce compliance, and measure impact was highlighted. It was further emphasised that data collected through monitoring mechanisms should be systematically analysed to strengthen decision-making and enhance accountability.*

CMAs reported that they are currently using tools such as drones, satellite data and water quality monitoring systems, and are working with research institutions to improve data collection and analysis. However, they acknowledged that the use of advanced analytics and integrated systems remains limited and that further investment is required to fully leverage technology for water resource management.

#### **7.15. Transformation and Equity in Water Use Allocation**

*The Committee noted ongoing efforts to support historically disadvantaged individuals in accessing water resources but raised concerns about the pace of transformation, particularly in areas where existing users retain significant allocations.*

The Department indicated that mechanisms such as compulsory licensing and targeted support programmes are in place to address historical imbalances. In addition, financial relief measures have been introduced, including phased payment structures for disadvantaged users, to facilitate broader participation in the water sector.

## **7.16. Intergovernmental Coordination for Sustainable Water Resources Management**

*The Committee emphasised that persistent failures in municipal wastewater infrastructure continue to undermine the effectiveness of CMAs and the overall water management system. Members highlighted that fragmented responsibilities across spheres of government contribute to ongoing challenges in managing pollution and water quality.*

The Department acknowledged these challenges and confirmed that interventions are being implemented, including infrastructure upgrades, partnerships with water boards, and reforms through pending legislation such as the Water Services Amendment Bill. The Department stressed that improved coordination across all spheres of government will be critical to addressing systemic challenges in the water sector.

## **8. Recommendations**

This section sets out the Committee's recommendations and reporting timelines to strengthen execution and accountability across the water and sanitation sector. Having considered the Budget Vote 41 and Annual Performance Plans of the Department of Water and Sanitation and its Entities, the Committee makes the following recommendations to the Minister:

- 8.1. That the Department should provide a detailed report within 14 days on the status, timelines, and implementation progress of major water infrastructure projects, including, but not limited to, Lesotho Highlands Phase II; the Mzimvubu Water Project; the Mokolo Crocodile Water Augmentation Project; and the uMkhomazi Water Project. The report on delayed projects should outline cost overruns, causes of delays, and corrective actions taken.
- 8.2. That the Department should provide the Committee with detailed information on grant allocations converted from direct to indirect grants, including project progress, implementing agents, and performance outcomes across municipalities within 14 days.
- 8.3. That the Department should provide within 14 days, a full breakdown of funding flows across the water sector (including grants, blended finance, and other funding streams) to

give the Committee a complete picture of available resources and expenditure, in light of the current budget reduction.

- 8.4. That the Department should provide quarterly progress reports on municipalities under intervention (Section 63 of the Water Services Act, 1997 and Section 139 of the Constitution), including payment plans, compliance with service level agreements, and debt repayment to water boards, particularly those with high levels of indebtedness.
- 8.5. That the Department should strengthen and report on enforcement mechanisms against non-compliant municipalities, including progress on notices, directives, and criminal cases, and measures to ensure immediate mitigation of ongoing pollution by 30 June 2026.
- 8.6. That the Department improve monitoring and evaluation of the National Water Resource Strategy III (NWRS3) by reporting not only on monitored indicators but also on measurable impact and outcomes prior to 2030. This should be clearly reported in the Annual Report throughout the medium term.
- 8.7. That the Department should engage with relevant stakeholders to strengthen coordination between national, provincial, and municipal planning frameworks (including water service development plans (WSDPs) and integrated development plans (IDPs) and report back on measures to address misalignment within 90 days.
- 8.8. That the Department should provide a report on the National Water Crisis Committee, including its composition, implementation plan, and timelines for interventions in municipalities by 30 June 2026.
- 8.9. That all Catchment Management Agencies should submit, in writing, within 14 days, a detailed report to the Committee on (i) total board and governance costs, (ii) number of board/committee meetings held, and (iii) a full breakdown of governance and board-related expenditure.
- 8.10. That the Vaal-Orange CMA should submit a comprehensive operational Annual Performance Plan (APP) scorecard, including baseline performance, current estimates and future targets, to the Committee within 14 days.

- 8.11. That the IUCMA (Governance and board expenditure, meeting costs) LOCMA (Staff composition, technical and admin cost split, expenditure structure) and PUCMA (Revenue collection and debt recovery operations) provide additional financial and operational breakdowns, including staff composition, technical versus administrative expenditure, and other cost structures, to the Committee within 14 days.
- 8.12. That the Department should provide a detailed report to the Committee on the status of the intervention at Emfuleni Local Municipality, including progress on infrastructure upgrades, timelines and expected outcomes in reducing sewage pollution within 14 days.
- 8.13. That the Department should provide a Hartbeespoort Dam Status Report, including interventions undertaken, progress made, and measures in place to address pollution and water quality challenges by 30 June 2026.
- 8.14. That all the Catchment Management Agencies should submit to the Committee within 14 days their revenue collection and debt recovery strategies, including measures to address non-payment by municipalities and the use of debt collection mechanisms used or planned.

**Report to be considered.**

## **6. REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM FOR BUDGET VOTE NO. 38: TOURISM, DATED 5 MAY 2026**

The Portfolio Committee on Tourism, having considered Budget Vote 38: Tourism, together with the Annual Performance Plans (2026/27) of the Department of Tourism (Department) and South African Tourism (SA Tourism) reports as follows:

### **1. INTRODUCTION**

The Minister of Tourism tabled the 2026/27 Annual Performance Plans for the Department and SA Tourism to Parliament on 31 March 2026. The Portfolio Committee on Tourism (the Committee) is cognisant that the tourism sector in South Africa is recovering steadily, having achieved a landmark recovery in 2025, with international arrivals reaching 10.5 million, a 17.7 per cent increase from 2024, and exceeding 2019 pre-pandemic levels by 2.6 per cent as reported by Statistics South Africa. The Committee is also aware that the recovery is driven by regional African travel, which accounts for 75.2 per cent of arrivals, and enhanced by improved air access, visa reforms, and targeted marketing, significantly boosting job creation and economic growth. The Committee is pleased with the economic impact of the tourism sector, with approximately 1.88 million direct and indirect jobs being supported by the sector, cementing tourism as major driver of employment.

The Committee has considered the 2025 – 2030 Five Year Strategic Plans and the 2026/27 Annual Performance Plans of the Department and SA Tourism. The Annual performance Plans set out the work to be done by the Department and its Entity during the 2026/27 financial year, and shapes the oversight tone of the Committee during the MTEF period. Having considered the Annual Performance Plans, the Committee held a view that the documents fell short in some critical respects, and recommended to the Minister that addendums be developed and submitted to the Committee to comprehensively deal with all the issues that the Committee deem necessary for the full recovery of the sector, improving governance, transformation and geographical spread.

The Committee is cognisant that about 54 percent of the budget appropriated to Vote 38 is transferred to SA Tourism. The governance challenges at the Entity, together with financial performance remain critical issues for Committee oversight as more than half of the appropriated

budget is transferred to SA Tourism. As an extension of the National Assembly, the Committee has considered its mandate and functions as derived from Rule 227 of the National Assembly, Section 57 (2) (a) of the Constitution of the Republic of South Africa (Act 108 of 1996) as read with Rule 225 of the National Assembly and made various recommendations that need the attention of the Minister of Tourism and the Board of SA Tourism.

## **2. COMMITTEE PROCESS**

The Committee held a meeting with the Department and SA Tourism on 21 April 2026 to consider the 2026/27 Annual Performance Plan as informed by the adopted Government of National Unity (GNU) Medium Term Development Plan (MTDP), including the budget appropriated to Vote 38. The Committee then adopted its report on 5 May 2026.

## **3. DEPARTMENT OF TOURISM**

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

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

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

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

### **3.1 Policy mandate**

The Department derives its mandate from a myriad of government policy prescripts. Chief amongst these is the Constitution of the Republic of South Africa (Act 108 of 1996) and the White Paper on the Development and Promotion of Tourism in South Africa of 2024. Other key policies include the Economic Reconstruction and Recovery Plan (ERRP); Tourism Sector Recovery Plan (TSRP) which was revised and adopted as the Tourism Sector Masterplan (TSMP) in 2023; National Development Plan (NDP); the National Tourism Sector Strategy (NTSS) and the Medium-Term Development Plan (MTDP: 2024-2029). The summary of the policy mandates is as follows:

- (i) White Paper on the Development and Promotion of Tourism in South Africa (2024) – provides the framework and guidelines for tourism development and promotion in South Africa.
- (ii) National Development Plan (NDP – the 2030 vision for the country) - the NDP recognises tourism as one of the main drivers of employment creation and economic growth and envisages the promotion of South Africa as a major tourist and business events destination.

- (iii) National Tourism Sector Strategy (NTSS: 2016 - 2026) – is a blueprint for the tourism sector and sets bold commitments for the sector. The NTSS advocates for a coherent approach to promoting South Africa as a preferred destination of choice.
- (iv) Medium-Term Development Plan (MTDP: 2024-2029) – is a strategic framework guiding South Africa’s development priorities in the next five years. It builds on the National Development Plan (NDP) and is the Government of National Unity (GNU) blueprint in achieving inclusive growth, improved service delivery, and better living condition. The MTDP focusses on three key priorities, namely, inclusive growth and job creation, poverty reduction and cost of living, and building a capable, ethical and developmental state.
- (v) Tourism Sector Masterplan (2023-2026) - is derived from the Tourism Sector Recovery Plan. It aims to galvanise Government, industry, and labour to collectively share a common vision that will position the sector on an inclusive and sustainable competitive path for the benefit of all South Africans.
- (vi) Tourism Growth Partnership Plan (TGPP: 2025-2030) - is a five-year plan set to position tourism as a key driver of inclusive economic growth and job creation in South Africa. It is also aligned with the Growth and Inclusion Strategy (GAIN).
- (vii) State of the Nation Address (SONA) - in the 2026 State of the Nation Address (SONA) delivered on February 12, 2026, President Cyril Ramaphosa highlighted tourism as a key economic growth driver, recording a historic 10.5 million international arrivals in 2025. The address focused on strengthening tourism through safety measures, promoting diverse cultural/rural attractions, and enhancing sector jobs

### **3.2 Strategic priorities for 2026/27**

In line with its vision of complementing the national priorities, the Department identified objectives that will accelerate service delivery in the tourism sector. Outlined below are the strategic outcomes of the Department, as stated in the 2025/26–2029/30 Strategic Plan, which correlate with the Government’s Outcomes, as depicted in Table 1.

**Table 1 : MTDP Priorities and Performance outcomes (2025 – 2030)**

<b>MTDP Priority</b>	<b>MTDP Outcomes</b>	<b>NDT Outcome Indicator</b>
<b>Priority 1:</b> Inclusive Growth and Job Creation	Promote trade, tourism, and investment	<ul style="list-style-type: none"> <li>• Increase international tourist arrivals and the value of spend.</li> <li>• Increase the number of domestic trips and the value of spend.</li> </ul>
<b>Priority 3:</b> Build a capable, ethical and developmental state	Professionalisation of the public sector to improve delivery and efficiency	<ul style="list-style-type: none"> <li>• Audit outcomes on financial and non-financial performance.</li> <li>• Digital maturity rating</li> <li>• Ethics and fraud risk rating</li> </ul>

### 3.3 Institutional policy reviews

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

- National Tourism Sector Strategy, 2016
- Tourism Sector Masterplan, 2023
- White Paper on the Development and Promotion of Tourism in South Africa, 2024
- Tourism B-BBEE Charter

As indicated in the previous financial year, the Committee is concerned that the Department has not listed the following sector strategies which are due for review:

- (i) National Heritage and Cultural Tourism Strategy (2013).
- (ii) Domestic Tourism Growth Strategy (2012 -2020).

- (iii) National Rural Tourism Strategy (2012).
- (iv) National Tourism Service Excellence Strategy (2016).
- (v) Tourism Climate Change Plan (2010)

The Committee would like to refer the Minister and the Department to the UN Tourism (formerly UNWTO) strategy and tourism plans guidelines which emphasises that tourism plans require regular review, typically aligned with medium-term frameworks of 3–5 years, to ensure sustainability and resilience. The Medium-Term Strategic Plans are generally formulated for a 3 - 5 year period, allowing for actionable, measurable growth targets, while longer-term frameworks may span roughly 10 years. Many of the departmental sector plans are more than 10 years old.

### **3.4 Budget allocation for 2026/27**

The Department receives a total budget of R7.9 billion over the medium term. Transfers to SA Tourism account for an estimated 57.1 per cent (R4.5 billion) of this amount over this period. Budget allocations are expected to increase at an average annual rate of 3.8%, from R2.4 billion in 2025/26 to R2.7 billion in 2027/28.

The Department's 2026/27 budget allocation amounts to R2.54 billion. Of this amount, R451.8 million is allocated to fund the Compensation of Employees. An amount of R517.6 million is budgeted for Goods and Services, R1.44 billion for Transfers and Subsidies and R125.1 million for the payment of Capital Assets. Table 2 indicates that the overall budget allocation to the Department increases nominally by 4.3 per cent from R2.43 billion in 2025/26 to R2.54 billion in 2026/27. Taking inflation (real change) into account, the budget merely increases by 1 per cent.

The main cost driver under this Vote is Programme 2 (Tourism Research, Policy, and International Relations), which accounts for more than half (approximately 54.2%) of the total Vote allocation. This is due to the significant transfer to the Department's Entity, SA Tourism (SAT). As the national destination marketing organisation, SAT plays a critical role in increasing inbound tourism, promoting South Africa as a business destination, and growing the domestic tourism market. The functions of SAT are aligned with Priority 1 of the MTDP, namely Drive Inclusive

Growth and Job Creation. Despite its strategic significance, this is the only programme that experiences a nominal decrease of about 2.1 per cent in allocation.

**Table 2: Overall Budget Allocation 2025/26 – 2028/29**

Programme	Budget (R million)				Nominal Rand Change	Real Rand Change	Nominal % change	Real % change
	2025/26	2026/27	2027/28	2028/29				
Administration	364.2	392.4	403.9	409.4	28.2	15.3	7.74%	4.20%
Tourism Research, Policy and International Relations	1 408.0	1 377.3	1 431.0	1 483.3	-30.7	-76.0	-2.18%	-5.40%
Destination Development	331.1	420.8	439.9	453.7	89.7	75.9	27.09%	22.91%
Tourism Sector Support Services	331.6	350.1	365.8	376.3	18.5	7.0	5.58%	2.11%
<b>TOTAL</b>	<b>2 434.9</b>	<b>2 540.6</b>	<b>2 640.6</b>	<b>2 722.7</b>	<b>105.7</b>	<b>22.2</b>	<b>4.3%</b>	<b>0.91%</b>

**Source:** National Treasury ENE (2026/27)

A significant nominal increase in allocation of 27.1 per cent can be observed for Programme 3 (Destination Development). This is reassuring, as the Programme's budget was decreased by 9.98% in the previous financial year. This programme includes the Working for Tourism sub-programme, which focuses on both infrastructure development and enhancement and job creation.<sup>10</sup> This cost driver, Working for Tourism, also experiences an increase in allocation from R256.6 million in 2025/26 to R342.3 million in the current financial year. This has positive implications for the achievement of both the Department's strategic outcomes and Priority 1 of the MTDP, as it pertains to tourism.

### 3.5 Relevance of the Annual Performance Plan per programme

The Annual Performance Plan (APP) sets out performance indicators and targets for budget programmes and sub-programmes, where relevant, to facilitate the Department in realising its goals and objectives, as set out in the Strategic Plan. The APP covers the upcoming financial year and the MTEF period. The 2026/27 APP specifies actions that will be undertaken by the Department for the country to drive inclusive growth and job creation, reduce poverty, tackle the high cost of living, and build a capable, ethical, and developmental state.

### 3.5.1 Programme 1: Administration

The Programme is allocated R392.4 million in the 2026/27 financial year, which equates to 15.5 per cent of the overall departmental budget. Table 3 below reflects the allocation of funds per sub-program

**Table 3: Programme 1 Budget Allocation 2025/26 – 2026/27**

Administration R million	Budget		Nominal Increase/Decrease in 2026/27	Real Increase/Decrease in 2026/27	Nominal % change in 2026/27	Real % change in 2026/27
	2025/26				2026/27	
Ministry	36.6	43.3	6.7	5.3	18.31%	14.42%
Management	2.9	3.1	0.2	0.1	6.9%	3.38%
Corporate Management	212.9	227.5	14.6	7.1	6.86%	3.34%
Financial Management	67.2	71.9	4.7	2.3	6.99%	3.48%
Office Accommodation	44.5	46.5	2.0	0.5	4.49%	1.06%
<b>TOTAL</b>	<b>364.2</b>	<b>392.4</b>	<b>28.2</b>	<b>15.3</b>	<b>7.7%</b>	<b>4.20%</b>

**Source:** National Treasury ENE (2026/27)

As seen in Table 3, the budget allocation for Programme 1 increases by 7.7 per cent in nominal terms. This is an increase from R364.2 million in 2025/26 to R392.4 million in the current financial year. Of this amount, R206.6 million (52.6%) is for the Compensation of Employees. The allocations for all the sub-programmes have been increased for the financial year, with the biggest increase under the Ministry sub-programme. The number of funded posts for the Administration programme decreased from 269 in 2025/26 to 263 in 2026/27.

### 3.5.2 Programme 2: Tourism Research, Policy and International Relations

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

The Programme receives a budget allocation of R1.37 billion for 2026/27, of which R1.27 billion is transferred to SA Tourism . This represents 92.7 per cent of the Programme's budget allocation. The remaining allocation available for the Programme is R99.5 million, of which R68.9 million (69.2%) is allocated to the Compensation of Employees. This leaves the programme with R30.6 million for the rest of its projects. Some of the projects under the programme include research

partnerships with universities, policy development and evaluation, international relationship management through bilateral agreements and memberships at several fora. Table 4 below reflects the allocation of funds per sub-programme:

**Table 4: Programme 2 Budget Allocation 2025/26 – 2026/27**

Tourism Research, Policy and International Relations R million	Budget		Nominal Increase/Decrease in 2026/27	Real Increase/Decrease in 2026/27	Nominal % change in 2026/27	Real % change in 2026/27
	2025/26	2026/27				
Tourism Research, Policy and International Relations Management	10.1	9.7	-0.4	-0.7	-3.96%	-7.12%
Research and Knowledge Management	38.6	40.7	2.1	0.8	5.44%	1.97%
Policy Planning and Strategy	17.4	17.7	0.3	-0.3	1.72%	-1.62%
SA Tourism	1 300.2	1 277.8	-22.4	-64.4	-1.72%	-4.95%
International Relations and Cooperation	41.7	31.3	-10.4	-11.4	-24.94%	-27.41%
<b>TOTAL</b>	<b>1 408.0</b>	<b>1 377.3</b>	<b>-30.7</b>	<b>-76.0</b>	<b>-2.2%</b>	<b>-5.40%</b>

The figures in Table 4 indicate that the budget allocation for Programme 2 decreases by 2.2 per cent in nominal terms, from R1.40 billion in 2025/26 to R1.37 billion in 2026/27. This is contrary to the budget increase of 5.4 per cent in the previous financial year. The programme focuses on research collaborations, policy development and international cooperation.

The main cost driver under this Programme is the transfer to SA Tourism, which has, in nominal terms, decreased by 1.72 per cent. In 2025/26, the allocation to the Entity was increased by 4.55 per cent. The Entity has a mandate to promote the country as both a leisure and business events destination.

### 3.5.3 Programme 3: Destination Development

The purpose of the programme is to facilitate and coordinate tourism destination development.

The budget for this Programme is R420.8 million for 2026/27, the bulk of which, i.e. R342.3 million (81.3%), is allocated to the Working for Tourism sub-programme. A total of R227.9 million is allocated to Goods and Services for the programme. Table 5 below reflects the allocation of funds per sub-programme:

**Table 5: Programme 3 Budget Allocation 2025/26 – 2026/27**

Destination Development R million	Budget		Nominal Increase/ Decrease in 2026/27	Real Increase/ Decrease in 2026/27	Nominal % change in 2026/27	Real % change in 2026/27
	2025/26	2026/27	2026/27			
Destination Development Management	12.3	12.0	-0.3	-0.7	-2.44%	-5.65%
Tourism Enhancement	27.4	28.9	1.5	0.5	5.47%	2.01%
Destination Planning and Investment Coordination	34.7	37.6	2.9	1.7	8.36%	4.79%
Working for Tourism	256.6	342.3	85.7	74.4	33.40%	29.01%
<b>TOTAL</b>	<b>331.1</b>	<b>420.8</b>	<b>89.7</b>	<b>75.9</b>	<b>27.1%</b>	<b>22.91%</b>

As seen in Table 5, the budget allocation for Programme 3 increases by 27.1% in nominal terms, from R331.1 million in 2025/26 to R420.8 million in 2026/27. This is encouraging since the programme's budget was decreased by 10% in the previous financial year. This programme is aligned with the Department's infrastructure and maintenance programme. The main cost driver under the programme, at R342.3 million, is the Working for Tourism expanded public works programme. The sub-programme experiences the largest increase, by 33.4 per cent in nominal terms, for the financial year. This is encouraging, as its budget was significantly reduced, by 13.81%, in the 2025/26 financial year. The sub-programme entails various skills development programmes and tourism infrastructure projects. Through these, the Department plans to create 19,083 work opportunities over the medium term, in line with the MTDP's job creation priority.

The budget allocation was marginally increased for both sub-programme 2: Tourism Enhancement and sub-programme 3: Destination Planning and Investment Coordination. These programmes add value to the Department's programmes that focus on the enhancement of tourist attractions, which in turn result in an improved tourist experience. They are also aligned with the Department's policy priorities of increasing both domestic travellers and international tourist arrivals.

#### 3.5.4 Programme 4: Tourism Sector Support Services

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

The Programme is allocated R350.1 million for the 2026/27 financial year. This includes the Compensation of Employees with a budget allocation of R103.1 million and the Tourism Incentive Programme (TIP) with a budget allocation of R173.4 million. The projects within TIP include tourism market access, tourism grading support, tourism destination development and energy-

efficient projects. The TIP consumes 49.5 per cent of the total Programme budget, whilst the Enterprise Development and Transformation sub-programme consumes 13.5 per cent. Table 6 below reflects the allocation of funds per sub-programme:

**Table 6: Programme 4 Budget Allocation 2025/26 – 2026/27**

Tourism Sector Support Services R million	Budget		Nominal Increase/Decrease in 2026/27	Real Increase/Decrease in 2026/27	Nominal % change in 2026/27	Real % change in 2026/27
	2025/26	2026/27	2026/27			
Tourism Sector Support Services Management	12.0	8.9	-3.1	-3.4	-25.83%	-28.27%
Tourism Human Resource Development	35.1	87.1	52.0	49.1	148.15%	139.99%
Enterprise Development and Transformation	56.5	47.4	-9.1	-10.7	-16.11%	-18.86%
Tourism Visitor Services	30.8	33.3	2.5	1.4	8.12%	4.56%
Tourism Incentive Programme	197.2	173.4	-23.8	-29.5	-12.07%	-14.96%
<b>TOTAL</b>	<b>331.6</b>	<b>350.1</b>	<b>18.5</b>	<b>7.0</b>	<b>5.6%</b>	<b>2.11%</b>

As seen in Table 6, the budget allocation for Programme 4 increases by 5.6 per cent in nominal terms, from R331.6 million in 2025/26 to R350.1 million in 2026/27. A substantial nominal increase of 148.2 per cent can be observed under sub-programme 2 (Tourism Human Resource Development).

#### 4. SA TOURISM

SA Tourism, through the Tourism Act (No. 3 of 2014), is mandated to market South Africa internationally and domestically as a preferred tourism and business events destination, ensure that tourist facilities and services are of the highest standard and monitor and evaluate the performance of the tourism sector.

Over the medium term, the Entity will continue to focus on marketing South Africa to domestic, regional and international markets as a premium tourist destination for business and leisure. The implementation of these activities is projected to cost R2.8 billion over the medium term in the leisure tourism marketing programme.

The Entity will aim to drive business tourism over the medium term by bidding to host events such as corporate meetings, conferences and exhibitions in all provinces, including in rural areas and small towns. These initiatives are aimed at increasing tourism in a variety of industries, including leisure travel, manufacturing, agriculture, finance, wholesale and retail trade, and mining and minerals. To this end, R788.2 million is allocated over the period in the business events programme to host a targeted 345 international and regional business events.

Expenditure is expected to increase at an average annual rate of 5.5 per cent, from R1.4 billion in 2024/25 to R1.7 billion in 2027/28. This is mainly driven by spending on goods and services, which accounts for an estimated 85.3 per cent (R4.1 billion) of total expenditure over the medium term, the bulk of which is designated for promoting South Africa as a top travel and business destination.

The Entity will derive 94.5 per cent (R4.5 billion) of its revenue over the medium term through transfers from the Department of Tourism, with the remaining revenue sourced from the private sector through voluntary levies, income from grading fees and exhibitions, and interest on investments.

#### **4.1 Policy Mandate**

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

#### **4.2 Strategic Priorities for 2026/27**

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

events over the medium term and participate in key strategic events through an allocation of R230 million.

Over the medium term, the Entity will intensify its focus on increasing business events tourism by supporting a targeted 375 bids to host international and regional business meetings, conferences, and exhibitions across different provinces, including rural areas and small towns. It will focus on improving the visibility of and access to the country's tourism market through a combination of platforms, such as Africa's Travel Indaba and Meetings Africa. It will also participate in strategic international platforms that profile SA Tourism products and small medium, micro enterprises (SMMEs) to global buyers and associations. Spending on the activities will amount to R903.5 million over the medium term.

Total expenditure over the medium term is estimated at R4.2 billion, with spending on goods and services accounting for an estimated 82.5 per cent (R3.5 billion) of this amount. A significant portion of these funds is earmarked for marketing the country as a premier tourist and business destination.

The Entity will derive 93.2 per cent (R3.9 billion) of its revenue over the medium-term through transfers from the Department of Tourism, with the remaining revenue sourced from the private sector through voluntary levies, income from grading fees and exhibitions, and interest from investments.

#### **4.3 Budget allocation for 2026/27**

The Entity's 2026/27 budget allocation is R1.34 billion, of which R235.2 million is allocated to fund the Compensation of Employees, and a further R1.09 billion is allocated for Goods and Services. Table 7 below reflects the allocation of funds per programme:

**Table 7: Overall Budget Allocation 2024/25 – 2027/28**

SA Tourism R million	Budget		Nominal Rand Change		Real Rand Change	Nominal % change		Real % Change
	2025/26	2026/27	2027/28	2028/29		2025/26 – 2026/27		
Corporate Support	203.6	194.3	209.3	207.4	-9.3	-15.7	-4.57%	-7.71%
Business Enablement	90.2	86.1	92.7	91.3	-4.1	-6.9	-4.55%	-7.68%
Leisure Tourism Marketing	787.0	747.9	806.0	805.5	-39.1	-63.7	-4.97%	-8.09%
Business Events	301.0	231.5	251.2	247.0	-69.5	-77.1	-23.09%	-25.62%
Tourist Experience	83.0	79.2	85.3	84.7	-3.8	-6.4	-4.58%	-7.72%
<b>TOTAL</b>	<b>1 464.8</b>	<b>1 339.0</b>	<b>1 444.5</b>	<b>1 435.9</b>	<b>-125.8</b>	<b>-169.8</b>	<b>-8.59%</b>	<b>-11.59%</b>

**Source:** National Treasury ENE (2026/27)

As indicated in Table 7, the budget allocation for the Entity decreased by -8.59 per cent or R125.8 million in nominal terms from R1.46 billion in the 2025/26 financial year to R1.33 billion in the 2026/27 financial year. However, in real terms, it decreases by 11.59 per cent, which equates to R169.8 million. All the sub-programmes experienced decreases in allocation for the current financial year. In the 2025/26 financial year, the Entity received an increase in allocation of 7.4 per cent (R104.9 million).

A significant decrease, by 23.1 per cent (R69.5 million), in allocation can be observed in Programme 4 (Business Events). The Programme is the hub of the National Conventions Bureau, and the Entity states that it be intensifying its investment on the MICE (meetings, incentive, conferences and exhibitions) sector over the medium term. However, the decreased allocation does not align with this strategic objective.

In nominal terms, the budget allocation for Programme 3 (Leisure Tourism Marketing) has decreased by 4.97% from the previous financial year. Both Programme 3 (Leisure Tourism Marketing) and Programme 4 (Business Events) form part of the core mandate of the Entity.

## 5. OBSERVATIONS

The Committee made the following observation regarding Vote 38: Tourism and accompanying 2026/27 Annual Performance Plans for the Department and SA Tourism:

### 5.1 Budget allocation

The Committee noted the following salient issues with regard to the allocated budget in the MTEF period and the 2026/27 financial year in particular:

- The total budget allocated to the Department of Tourism (Vote 38) in the 2026/27 financial year according to the National Treasury Estimates of National expenditure is R2.540 billion.
- The Department of Tourism's budget increased from R2.434 billion in 2025/26 to R2.548 billion in 2026/27, reflecting a modest growth aimed at strengthening infrastructure, transformation, and governance capacity.
- The allocated budget and its distribution over the four departmental Programmes reflects the Department's commitment to driving inclusive economic growth, enhancing tourism infrastructure, and supporting transformation and sustainability in the sector, which is aligned to Committee priorities in the 7<sup>th</sup> Parliament. The key observations for the Committee is that :
  - SA Tourism: Receives the largest share of the budget, with R1.278 billion allocated under Programme 2.
  - Working for Tourism: A significant portion of Programme 3's budget (81%) is allocated to the Working for Tourism sub-programme, which focuses on creating work opportunities through labour-intensive methods.
  - Compensation of Employees: Across all programmes, a substantial portion of the budget is allocated to compensation of employees.
  - The allocated budget is inadequate to fulfil the tourism mandate in the country.

- Whilst the tourism sector contributes close to 10 percent to the Gross Domestic Product of the country, it receives meagre allocation in the Estimates of National Expenditure, which is incommensurate with the significance of the sector in the role it plays in the economic growth and job creation in South Africa.

## **5.2 Alignment of the 2026/27 Annual Performance Plan with the priorities of the Government of national Unity and the Five-Year Strategic Plan of the Department**

The Committee that the Government of National Unity (GNU) resolved to dedicate the work of the 7<sup>th</sup> Administration to actions that will advance three strategic priorities, namely:

- (i) Drive inclusive growth and job creation.
- (ii) Reduce poverty and tackle the high cost of living.
- (iii) Build a capable, ethical and developmental state.

These three priorities are further enhanced by specific actions to be delivered under each of them. The Department has been able to capture the three priorities, and developed Programmes that are aligned with its Five-Year Strategic Plan. The Annual Performance Plan has spread these across the four Programmes of the Department, namely, Programme 1 – Administration; Programme 2 - Tourism Research, Policy and International Relations; Programme 3 - Destination Development, and Programme 4 - Tourism Sector Support.

The 2026/27 Annual Performance Plan aligns with the GNU priorities in the following way:

- Inclusive Economic Growth & Job Creation

The APP emphasises tourism as a driver of jobs and small business opportunities. It commits to creating work opportunities through infrastructure and skills projects, empowering youth via the Tourism Graduate Recruitment Programme, and supporting SMMEs and women-owned businesses through initiatives like the Green Tourism Incentive Programme (GTIP) and the Tourism Transformation Fund (TTF). The Executive Authority's Statement highlights that Tourism is more than a leisure industry; it is a pathway to dignity and prosperity for the citizens.

- Building a Capable, Ethical, and Developmental State

The Accounting Officer's statement notes that the APP is implemented in line with the GNU's Priority 3, which focuses on strengthening state capacity. This includes digital transformation projects, organisational capacity realignment, and improved governance structures to ensure accountability and delivery. The Accounting Officer's Statement also highlights that "Digital transformation projects, departmental capacity realignment and the partnerships with stakeholders will support the 7th Administration's Priority 3, which focuses on building a capable, ethical, and developmental State."

- Improved Living Conditions and Enhanced Well-being

The plan highlights tourism's role in reducing poverty and uplifting communities, particularly in townships, villages, and small towns (VTSD's). This is also in line with the Committee priorities in the 7<sup>th</sup> Parliament. The Tourism Growth Partnership Plan (TGPP) is designed to ensure that tourism benefits are spread equitably, aligning with GNU's focus on inclusion and dignity for all citizens. However, the Department could have done more to implement more initiatives that drive tourism growth in the VTSD's.

- Partnerships and Collaboration

The 2026/27 Annual Performance Plan emphasises cooperation between government, industry, and communities, reflecting the GNU's emphasis on collective action. The Deputy Minister underscores that tourism must not only grow but also include, uplift, and deliver lasting value for the people of South Africa.

### 5.3 Governance

The Committee raised concerns about governance, financial transparency, implementation, and the effectiveness of programmes. In the main, the Committee raised concerns about continued governance challenges at SA Tourism, with the Board not taking accountability through appearing before the Committee for the presentation of the 2026/27 Annual Performance Plan. The Minister echoed the sentiments of the Committee and alluded that she had only received the apology in the morning of the meeting, just as the Committee had received an apology just before the meeting started. The Committee regarded the actions of the Board as being delinquent in not performing

its fiduciary duties of reporting to Parliament. The Committee also called for clarity on the Tourism Amendment Bill, noting that it had been referenced in policy discussions with the Minister before and some information had been provided. However, it was not clear when would the Bill be tabled in Parliament. The Committee emphasised that the legislative framework was crucial for enabling meaningful reform within the tourism sector, and delays in this process could hinder progress.

SA Tourism also has a target of building a high-performance culture, but there were no mechanisms presented to the Committee to achieve. Coupled with this, is a lack of detail on how SA Tourism intended to improve audit outcomes, strengthen internal controls, and enhance staff performance. This information is critical as previous audit findings at SA Tourism had yielded a qualified audit with Material Irregularity and the Committee wants SA Tourism to put measures in place to implement sufficient internal controls to prevent a recurrence of past challenges, particularly in procurement, financial management and financial reporting.

#### **5.4 Lack of clear targets, key performance indicators and impact assessment**

It was noted that the Annual Performance Plans were comprehensive in scope and implementation of the mandate of the Department and SA Tourism. However, several critical areas lacked sufficient detail, particularly on implementation timelines and measurable outcomes. While strategic intentions were clearly articulated, the plans did not adequately demonstrate how these intentions would be translated into action. It was observed that the Annual Performance Plans of the Department and SA Tourism contained ambitious targets as driven by the Tourism Growth Partnership Plan. However, the plans lack clear and detailed breakdowns of how funds would be spent across specific programmes and initiatives, especially at SA Tourism. There is no clear indication of how the impact assessment of all the planned targets will be done, which raises concerns about how the Committee will conduct its oversight on performance measurement and evaluation of targets. There are open ended targets, such as a number of tourist arrivals by 2030 without indication how this will be measured and monitored. With the lack of relevant details, it would be difficult for the Committee to fulfil its oversight role and to determine if public funds were being used economically and efficiently. As a result, there is a need for both the Department and SA Tourism to table addendums providing all the relevant details. It was alluded that a more integrated and visible approach was needed to reassure both domestic and international tourists.

The following issues were also raised by the Committee:

- While acknowledging that the plans contained implementation programmes, there was a lack of concrete measures to ensure that historically marginalised groups would benefit meaningfully from tourism growth. The Department had to ensure that rural communities, women, youth, and persons with disabilities were not only included, but actively empowered within the sector.
- concerns were raised about the absence of robust monitoring and evaluation frameworks. without clear indicators and measurement tools. It would be difficult for Parliament to assess if the Department was achieving its objectives, and therefore there is a need for systems to be put in place to track performance and ensure accountability.
- emphasis was put on the importance of conducting a comparative analysis to the previous strategic plan cycle. There is a need for the Department to assess its performance over the 2020–2025 period, including which targets had been met and which had not. Such an analysis was essential for identifying lessons learned and ensuring that the new plan addressed past shortcomings.
- There was lack of clarity on the feasibility of certain targets, particularly those for domestic tourism. While ambitious targets were important, they needed to be supported by realistic and detailed strategies that addressed existing challenges such as affordability, safety, and accessibility.
- the Committee called for the cost-benefit analysis on allocation budget to be conducted for the initiatives in the tabled Annual Performance Plans. It is important to ensure that resources are allocated efficiently and that programmes delivered measurable value.
- a concern was raised about Tourism Route Marketing Development Plan, in that while the plan had been developed, there were no clear milestones or indicators to demonstrate how progress would be measured.

## 5.5 Inclusive growth, job creation and community involvement in VTSDs

The Committee reiterated that its primary priorities are to ensure that tourism initiatives contributed meaningfully to improving livelihoods, particularly for young people, women, and communities in rural and underdeveloped areas. A concern was raised about the nature of job opportunities being created through tourism programmes, questioning if these were sustainable or merely short-term interventions. The Committee is concerned that the government-supported programmes create temporary work opportunities that do not lead to long-term employment. The Department has no tracking mechanism to check whether the temporary jobs created through the Working for Tourism Expanded Works Programme create meaningful employment later. There is also no mechanism to track whether the people trained through the tourism programmes are absorbed in the sector. This is another matter that needs to be included in the addendum, on how the Department tracks how temporary jobs are converted into permanent jobs and how skills training programmes lead to permanent jobs. This includes the need to create clear pathways for individuals who participated in training or work opportunity programmes to transition into permanent jobs or entrepreneurial opportunities within the tourism sector.

The Committee further underscored the significance of community participation in tourism development. The Department and SA Tourism seemed not to be doing enough to involve communities in the villages, Townships and Small Towns/Dorpias. The names of the villages that will benefit from SA Tourism programmes were also not provided in the Annual Performance Plan. This is another matter that should be included in the addendum to be tabled to Parliament. The Committee called for tourism development programmes to reach villages, Townships, and Small Towns/Dorpias. These include marketing initiatives as well.

The Committee noted that while Annual Performance Plans refer to transformation and inclusive growth, it was not clear how small-scale and informal tourism operators were being integrated into these plans. The Committee called for mechanisms to be put in place to ensure that the SMMEs operators were able to participate meaningfully in the tourism value chain. It was also emphasised that there is a need to support cultural and heritage tourism, particularly in rural and township areas. These segments of the sector held significant potential for driving local economic development and preserving cultural identity. However, there are no clear plans on how the Department and SA Tourism will do this.

An observation was also made that whilst the Department implements transformation programmes, there were no clear targets and measurable outcomes for supporting women, youth, and persons with disabilities within the tourism sector. In this regard, the Committee alluded that transformation should not be treated as a broad objective, but should be supported by concrete actions and measurable results. It is therefore important for the Department to closely monitor the work done by the Tourism Transformation Council of South Africa.

### **5.6 Safety and security for tourists**

It was observed that safety and security for tourists poses a genuine concern for reputational damage to South Africa as a destination. The tourism safety initiatives are only confined to mainstream destinations and attractions, without due regard of the townships. A further concern was expressed about South Africa's reputation as a tourist destination as safety issues in the country continues to feature prominently in international media, including false information about White Genocide, which could negatively affect tourist arrivals. The Committee called for concrete measures to be implemented to improve both the actual safety of tourists and the perception of safety. Addressing safety was not only about deploying personnel, but also about ensuring coordination between stakeholders, including law enforcement agencies, local authorities, and the private sector. An observation was also made that the Tourism Monitors are not deployed to the VTSDs. An addendum should specify where the Tourism Monitors will be deployed, specifically in the VTSDs.

### **5.7 Strategies to address seasonality and recovery in the main tourism hubs only**

An observation was made in regard to a lack of strategies to address seasonality within the tourism sector, with limited interventions by SA Tourism and the Department. A concern was raised that tourism remained heavily concentrated in peak periods, which created uneven economic benefits and placed pressure on infrastructure during high-demand seasons, while leaving many destinations underutilised during off-peak periods. This was exacerbated by lack of specific strategies that are implemented to promote tourism during non-peak times of the year. In particular, the Department and SA Tourism had identified targeted campaigns, incentives, or partnerships that would encourage both domestic and international tourists to travel during quieter periods.

However, seasonality was essential for ensuring more stable and consistent economic activity within the sector.

A concern was also raised about the vulnerability of the tourism sector to external shocks, such as the geopolitical instability and the war going on in the Middle East. This is worsened by the tourism's high sensitivity to economic downturns, global disruptions, and environmental challenges. Taking these concerns into consideration, the Committee is of the opinion that the tabled Annual Performance Plans do not have strategies to anchor the sector on domestic tourism and there are no mechanisms to ensure resilience-building, and protect the sector in the medium term to withstand such shocks. These disruptions often occurred unpredictably and therefore required systems that were not only reactive but also proactive. The Committee called for the Department and SA Tourism to develop contingency plans or adaptive strategies that would allow them to respond quickly to changing conditions.

### **5.8 Effectiveness of the marketing campaigns**

The Committee raised concerns about lack of detailed financial information on specific programmes, particularly on marketing campaigns and the implementation of the Tourism Marketing Route Development Plan. There is lack of a clear breakdown of how allocated budgets would be spent, including line-item details that would allow the Committee to assess if funds were being used efficiently. Without such detail, it would be difficult to determine if programmes were achieving value for money. There is also lack of information on how SA Tourism would conduct formal evaluations to determine if its marketing campaigns were translating into increased tourist arrivals and economic benefits. It was not sufficient to report on the number of campaigns or initiatives undertaken. Instead, there needed to be clear evidence of outcomes, such as increased bookings, longer stays, or higher spending by tourists. There are also no systems used by SA Tourism to measure success and track conversion rates from marketing efforts to actual tourism activity. The Committee has a responsibility to ensure that public funds were not being misused or wasted, and transparency was essential on this. As such, such information should be included in the addendum to be tabled to the Committee.

## **5.9 Poor implementation of the infrastructure projects**

The Committee raised concerns about delays in the implementation of tourism infrastructure projects. The Committee had previously raised project delivery matters and the Department had not reported, or included in the tabled Annual Performance Plans it intended to mete consequence management against underperforming service providers. Delays in infrastructure projects were also raised as serious concern as they lead to unnecessary project cost overruns, which increases the project costs and affect the service delivery by the Department. The Committee called for the Department to develop mechanisms that will ensure that projects were completed on time and within budget.

Serious concerns were about the performance of the Development Bank of Southern Africa (DBSA) as an implementing agent for the Department. The Committee noted that there had been many delays and increased scope of work, with some service providers having been terminated. However, there was no information provided to the Committee about the mitigating strategies to improve the performance of DBSA and retestify the situation stalled projects or where projects have been delayed.

## **5.10 Issues with the tourism grading scheme in South Africa**

The Committee raised concerns about the reduction in projected revenue from grading fees, and why this adjustment had been made, and the implications it would have for quality assurance within the sector, and country as a destination. A concern was also raised about the Basic Quality Verification programme, noting that it appeared to be limited to certain provinces. The Committee called for the Programme to be expanded nationally to all the provinces.

## **5.11 Legislative, policy and strategy matters**

In the same way as the issues raised in the previous 2025/26 financial year, the Department has indicated that the following policies and strategies are due for review within this medium term:

- (i) The Tourism Act, 2014.
- (ii) National Tourism Sector Strategy, 2016.
- (iii) Tourism B-BBEE Sector Codes.

The Committee hold the view that it is imperative for the Department to introduce Tourism Amendment Bill to Parliament in this 2026/27 financial year, and this should be closely monitored. There are other departmental sector strategies that need to be reviewed.

## **6. RECOMMENDATIONS**

Having considered the 2026/27 Annual Performance Plans of the Department, and SA Tourism, the Committee recommends that the Minister of Tourism must:

- 6.1 Engage the Minister of finance to allocate a budget commensurate to the mandate and contribution of the tourism sector to economic growth and creation of employment in South Africa.
- 6.2 Introduce the Tourism Amendment Bill to Parliament and ensure seamless processing of this Bill to make certain that the Act is passed in the current 2026/27 financial year.
- 6.3 Ensure that both the Department and SA Tourism table addendums to the 2026/27 Annual Performance Plans within 90 days, in line with the observations made by the Committee in Section 5 above.
- 6.4 Ensure that both the Department and SA Tourism conduct impact assessment of all the programmes implemented in the 2026/27 financial year.
- 6.5 Ensure that both the Department and SA Tourism put sound measures in place to improve governance, financial management and finance reporting in the Annual Financial Statements.

- 6.6 Strengthen oversight over SA Tourism, especially ensuring that the Board fulfils its fiduciary duties. The new permanent Board to be appointed should not be allowed to undermine their reporting duties to the Committee/ Parliament as the current delinquent Board is doing.
- 6.7 Ensure that the Department immediately fill the vacancies created through employees who took early retirement through the special retirement dispensation offered by the Department of Public Service and Administration. The posts at a senior management level should be prioritised.
- 6.8 Oversee that the Department prioritises finalisation of the organisational realignment project and align this with personnel kills, to allow the Department to effectively implement its 2026/27 Annual Performance Plan.
- 6.9 Ensure a seamless process of appointing a permanent Board of SA Tourism expeditiously.
- 6.10 Conduct stringent oversight over the Board of SA Tourism to expeditiously conclude the disciplinary process against the suspended Chief Executive Officer, and filling all the executive leadership positions, including that of the Chief Executive Officer.
- 6.11 Include the Tourism Growth Partnership Plan Dashboard in all quarterly reporting meetings with the Committee.
- 6.12 Ensure that all the community-based infrastructure projects handed over to owning agents are in operational state, and have a post implementation sustainability plan, similar to the Cape Agulhas Lighthouse Project.
- 6.13 Ensure that SA Tourism should develop a dashboard tracking the implementation of the Tourism Route Development Marketing Plan, and presents this on quarterly basis to the Committee.
- 6.14 Ensure that both the Department and SA Tourism report quarterly on their digitisation programmes, for both organisational operations and sector enablement.

- 6.15 Ensure that SA Tourism conducts impact Assessment of all its marketing campaigns to determine the rate of conversion from campaigns to actual bookings.
- 6.16 Ensure that the Department and SA Tourism intensify their work on Villages, Townships, and small Towns/Dorpiess.
- 6.17 Engage the Tourism Business Council of South Africa (TBSA) on the TOMSA Levy. This is in relation to what is TBCSA doing with the TOMSA Levy funds that were not released to SA Tourism, at the funds were not released to SA Tourism in the 2025/26 and also reflect as zero in the 2026/27 financial year.
- 6.18 Ensure that the Department reports quarterly on all the infrastructure investment projects on the progress made to secure funding for bankable projects that have gone through the infrastructure investment summit. This will assist in assessing the impact of the infrastructure investment summits.
- 6.19 Ensure that in the next reporting period, SA Tourism provides information to the Committee on the amount spent on creating jobs to determine Return on Investment.
- 6.20 Ensure that the Department publishes the names of Tourism Transformation Fund beneficiaries, but in doing so, not contravene any laws of the country. This is important as these are beneficiaries of public funds.
- 6.21 Ensure that SA Tourism aligns budget allocation to set objectives, and that the cost-benefit analysis of the budget is conducted against the set objectives.
- 6.22 Ensure that the Department tracks the conversion of jobs created through the Expanded Public Works Programme and skills training programmes into permanent jobs.
- 6.23 incorporate transformation targets that align to GNU priorities and SDGs 8, 10, and 12, focusing on SMME development, youth and women ownership, rural/VTSD geographic spread, and skills transfer, with specific measurables to be included in the addendum.

- 6.24 Include timeframes for all plans and programmes in the addendum.
- 6.25 Table the National Tourism Safety Strategy to the Committee and provide progress in its implementation to date.

## 7. CONCLUSION

The Committee continues to hold the view that the budget allocated to the Tourism Vote is insufficient to enable the Department and its Entity to fully implement their mandate. Considering the contribution of the sector to the economic growth and job creation, the 7<sup>th</sup> Administration should reconsider how it determines the budget allocated to Vote 38:Tourism. Having said that, the Committee is urging the Minister to address all the governance issues at SA Tourism that lead to poor financial management and reporting, including causes of Material Irregularity to enable the Minister of Finance to make an objective assessment based on the budget expenditure patterns in Vote 38.

As indicated in the recommendations based on the observations, the Committee is of the view that the 2026/27 Annual Performance Plans for both the Department and SA Tourism are comprehensive, albeit lacking in mechanisms to measure impact and value-for-money. In this regard, the Committee holds a strong view that the addendums should be developed and submitted to the Parliament as per areas identified

Report to be considered

## **7. Report of the Portfolio Committee Electricity and Energy on the revised Strategic Plan 2025 - 2030, 2026/2027 Annual Performance Plan and Budget Vote No. 10 of the Department of Electricity and Energy and its entities, dated 06 May 2026.**

In the Sixth Administration, energy and mineral resources were integrated into the Department of Mineral Resources and Energy. Following the general elections on 29 May 2024, the Department of Mineral Resources and Energy was restructured into two distinct entities: the Department of Mineral and Petroleum Resources and the Department of Electricity and Energy. Consequently, two new portfolio committees were established: the Portfolio Committee on Mineral and Petroleum Resources and the Portfolio Committee on Electricity and Energy. The Department of Electricity and Energy became a standalone Department on 01 April 2025.

The Portfolio Committee on Electricity and Energy (hereafter, the Committee), having considered the revised Strategic Plan 2025-2030, 2025/26 Annual Performance Plan (APP) and Budget Vote No. 10 of the Department of Electricity and Energy (DEE), reports as follows:

### **1. INTRODUCTION**

The Parliament of the Republic of South Africa (Parliament) has a constitutional obligation to oversee the work and spending of public resources by the Executive as outlined in Section 55:2 [(a), (b)] of the Constitution of the Republic of South Africa, 1996. Furthermore, Section 77 (3) of the Constitution stipulates that an Act of Parliament must provide for a procedure to amend money Bills before Parliament. This Constitutional provision resulted in Parliament passing the *Money Bills Amendment Procedure and Related Matters (Act No. 9 of 2009)* (the Money Bills Act). The Money Bills Act sets out the process that allows Parliament to make recommendations to the Minister of Finance to approve, reject or amend the budget of a National Department.

Therefore, Parliament, through its Committees and other mechanisms, should be the guardian of the use of State resources, the overseer of fiscal discipline and cost-effectiveness for the common good of all the citizens. Therefore, Parliament should assess the plans and conduct

regular performance reviews and annual performance assessments of the DEE and its entities. The Department's APP's forms part of the Medium-Term Development Framework (MTDF) of government and provides strategic direction to the Department, Provincial Departments, and entities, statutory bodies and the sector as a whole inclusive of the Department's social, and business partners. The APP is premised on government's priorities as espoused in the MTDF 2024-2029 and build towards attainment of the National Development Plan (NDP): Vision 2030 aspirations.

The purpose of this report is to report to the National Assembly (NA) on the Portfolio Committee on Electricity and Energy's findings after evaluating and assessing the Strategic Plan, Annual Performance Plan and Budget Vote No. 10 of the DEE.

## **2. THE COMMITTEE PROCESS**

The APP, Strategic Plans and Budgets of the Departments and their entities are due for tabling to Parliament at the end of the preceding financial year, i.e. 31 March 2025. The financial year of the national government runs from 1 April to 31 March. For instance, the current financial year, 2026/27 runs from 1 April 2026 to 31 March 2027.

The Committee received briefings by the Department of Electricity and Energy, Eskom, the South African Nuclear Energy Corporation (NECSA), the National Energy Regulator of SA (NERSA), the National Nuclear Regulator (NNR), the National Radioactive Waste Disposal Institute (NRWDI) and the South African National Energy Development Institute (SANEDI) on its respective Strategic Plans, Annual Performance Plans and Budgets on 22, 23 and 29 April 2026.

## **3. THE DEPARTMENT OF ELECTRICITY AND ENERGY (DEE)**

### **3.1. Overview of the 2025/26 financial year**

The 2025/26 financial year is the first year in which the Department operates as a stand-alone department after its split from the Department of Mineral Resources and Energy mid-2024. The purpose of the Department is to formulate energy policies, regulatory frameworks and legislation, and oversee their implementation, to ensure energy security, sustainability and

access to affordable and reliable energy. Thus, the Department is mandated to ensure the secure and sustainable provision of energy to support socioeconomic development.

Over the 2025/26 medium-term, the Department stated it would focus on ensuring and extending reliable access to electricity, enhancing energy efficiency, and managing nuclear energy in accordance with international commitments. This work is intended to ensure that South Africa has an adequate and disruption-free supply of electricity to sustain productivity and economic activity.

Expenditure was expected to increase at an average annual rate of 5.5 per cent, from R6.1 billion in 2024/25 to R7.1 billion in 2027/28, with transfers and subsidies to public entities and municipalities accounting for an estimated 86.8 per cent (R17.9 billion) of the department's planned spending over the Medium Term Expenditure Framework (MTEF) period. Most of this was allocated for activities in the integrated national electrification programme, which is set to receive R13.2 billion through the Energy Programmes and Projects programme (Programme 3 of the department's programmes).

The Department had an original appropriated total budget of R6 669.3 million in February 2025 for the 2025/26 financial year. However, during the adjustments budget period, the budget increased to R6 675.5 million. The increase in the budget was due to the following:

- R1.2 million was rolled over for non-grid electrification projects and oversight, monitoring and evaluation.
- R5 million was rolled over for the payment of venues for the G20 second and third energy transitions working group meetings.

Expenditure for the Department amounted to R4.7 billion by the end of December 2025 or 70.6 per cent of the total budget. Under expenditure of R190.3 million or 3.9 per cent against projections was mainly due to slow spending of R162.1 million on the Integrated National Electrification Programme.

### 3.2. Performance per programme

The **Administration** programme provides strategic leadership, management and support services for the Department. The programme has an adjusted appropriated budget of R264.4 million, of which expenditure by the end the third quarter amounted to R157.0 million or 59.4 per cent of the adjusted budget. This resulted in under expenditure of R7.6 million or 4.6 per cent of the projected expenditure of R164.5 million, which was due to delays in filling vacant posts, as well as slow spending on goods and services.

The purpose of **Programme 2: Energy Planning and Policy Development** is to formulate, maintain and implement integrated energy policies to promote and encourage investment in the energy industry and improve security of supply. The programme has an adjusted appropriated budget of R7.3 million, of which expenditure by end of the third quarter amounted to R35.1 million or 47.9 per cent of the adjusted budget. This resulted in under expenditure of R6.6 million or 15.8 per cent of the projected expenditure of R41.7 million, which was due to delays in filling vacant posts, as well as slow spending on goods and services, particularly on consultants due to the delayed appointment of service providers for the Fuel Sampling and Testing project, Grand Inga project, and the Gas Master Plan.

**Programme 3: Energy Programmes and Projects** manage; coordinates and monitors programmes and projects focused on access to energy resources. The programme has an adjusted appropriated budget of R4.8 billion, of which expenditure by the end of the third quarter amounted to R3.0 billion or 63.0 per cent of the adjusted budget. This resulted in under expenditure of R162.1 million or 5.1 per cent of the projected expenditure of R3.2 billion, which was due to slow spending on goods and services, mainly on consultants, due to delays in the appointment of service providers for the non-grid project to provide electricity access in areas where grid connection is not feasible. The Department cautions that the entire budget for the non-grid project may not be spent by the end of the financial year. Slow spending is further impacted by transfers to Integrated National Electrification Programme (INEP): municipal conditional grant due to withholding of funds from some municipalities as a result of non-compliance with the Division of Revenue Act (DoRA).

The purpose of **Programme 4: Nuclear Energy Regulation and Management** is to oversee and regulate the South African nuclear energy industry, control nuclear materials in line with international obligations and standards and develop national legislation and policies to ensure the peaceful use of nuclear energy. The programme has an adjusted appropriated budget of R1.5 billion, of which expenditure for the third quarter amounts to R1.5 billion or 98.0 per cent of the adjusted budget. This resulted in under expenditure of R8.9 million or 0.6 per cent of the projected expenditure of R1.5 billion, which resulted from outstanding cost-of-living adjustments to personnel. Slow spending on consultants resulted from the delayed commencement of the Nuclear New Build Programme (NNBP) financing model study, which would only start after the revised Nuclear Strategy 2.0 is finalised.

**Programme 5: State-Owned Companies Support Services** provides and enforces state-owned companies' governance, legal assurance, and financial and non-financial performance monitoring, evaluation and reporting systems in support of the shareholder to ensure alignment with government priorities. The programme has an adjusted appropriated budget of R39.8 million, of which expenditure by the end of the third quarter amounts to R10.3 million or 25.9 per cent of the adjusted budget. This resulted in under expenditure of R5.2 million or 33.8 per cent of the projected expenditure of R15.5 million, which resulted from slow spending on compensation of employees, due to delays in filling vacant posts and cost-of-living adjustments.. Spending on goods and services was also impacted by consultants due to the delays in finalising the board appointment processes for its public entities, and legal services due to pending claims not yet received from the State Attorney's office.

### **3.3. Policy priorities and alignment with national, regional, continental and global development agendas**

The Department of Electricity and Energy was established to address South Africa's persistent energy challenges and provide dedicated oversight and coordination of electricity and energy. The Department's mandate is to provide oversight and coordination of electricity and energy security. The Department also plays a critical role in supporting climate change commitments, modernising energy infrastructure, and driving industrial growth through energy sector reforms.

The mission of the department is to ensure a stable, secure, and sustainable energy supply that supports economic growth, advances the just energy transition, and modernises infrastructure through effective regulation, transparent governance, and strategic partnerships at national, regional, and global levels. Its vision is a sustainable, inclusive, and efficient energy system that ensures security, affordability, and reliability, driving transformation for all South Africans. The Department has set the following five strategic priorities for the 2024 – 2029 period.

- Achieve universal access: availability, affordability and quality energy
- Attain sovereign and regional energy security: Defend and expand Eskom’s share of generation capacity, drive a catalytic programme – Green hydrogen, reset the role and place of nuclear and expand and modernise transmission.
- Drive industrialisation and lead innovation
- Qualitatively transform energy demographics: elevate the role of women and youth
- Assert South Africa, continental and global energy leadership.

The mandate and priorities of the Department are underpinned by several policy frameworks, including the following:

- National Development Plan
- Medium Term Development Plan (MTDP) 2024 – 2029
- African Union Agenda (AU) 2063
- United Nations’ Sustainable Development Goals (SDGs)

The National Development Plan aims for an integrated energy sector by 2030, promoting economic growth and providing universal electricity access. It emphasises energy security, diversifying energy sources, investing infrastructure, fostering cleaner coal technologies, diversifying ownership, and implementing demand-side management and pro-poor tariffs.

The Department gives effect to Strategic Priority 1 of the MTDP, which is to drive inclusive growth and job growth includes strategic outcome of improved energy security and a just energy transition.

These priorities are also aligned with the African Union’s Agenda 2063 aspiration 1: a prosperous Africa based on inclusive growth and sustainable development. The AU has stated that “harnessing all African energy resources to ensure modern, efficient, reliable, cost-effective, renewable and environmentally friendly energy to all African households, businesses, industries and institutions, through building the national and regional energy pools and grids, and Programme of Infrastructure Development in Africa (PIDA) energy projects.”

The Department is also aligned with Sustainable Development Goal 7: ensure access to affordable, reliable, sustainable and modern energy for all. By 2030, the following needs to be achieved:

- (i). Universal access to affordable, reliable and modern energy services;
- (ii). A substantial increase in the share of renewable energy in the global energy mix;
- (iii). Energy efficiency improved by double the global rate
- (iv). Enhanced international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.
- (v). Expanded infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support.

Closely related to Goal 13: Take urgent action to combat climate change and its impacts. This is in line with the United Nations Framework Convention on Climate Change (UNFCCC), which South Africa is a signatory to, in which South Africa has agreed to “stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.” South Africa ratified the Paris agreement in November 2016 and endorsed the submission of its NDC, which requires that emissions peak in 2020 to 2025, plateau for a ten-year period from 2025 to 2035, and begin to decline from 2036 onward.

The Climate Change Act, 2024 sets out the framework for the regulation of greenhouse gas emitting sectors to reduce greenhouse gas emissions and achieve the goal of net zero by 2050.

## 4. 2026/27 BUDGET ANALYSIS

### 4.1. Overview

Over the medium term, the Department will focus on electricity reforms, ensuring and extending reliable access to electricity, enhancing energy efficiency, and managing nuclear energy in accordance with international commitments.

Table 1 below gives the department's medium-term allocations with the real and nominal increase over the current financial year.

**Table 1. Estimate of Expenditure over the 2026 Medium Term**

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
	R million	2025/26	2026/27	2027/28	2028/29	2025/26-2026/27	2025/26-2026/27	2025/26-2026/27
<b>Programme 1: Administration</b>	275,0	281,0	285,2	294,2	6,0	-3,2	2,18 per cent	-1,18 per cent
<b>Programme 2: Energy Planning and Policy Development</b>	62,6	68,0	73,2	75,4	5,4	3,1	8,56 per cent	4,99 per cent
<b>Programme 3: Energy Programmes and Projects</b>	4 756,7	4 041,9	5 019,6	5 175,6	-714,8	-847,7	-15,03 per cent	-17,82 per cent
<b>Programme 4: Nuclear Energy Regulation and Management</b>	1 541,2	1 625,8	1 646,0	1 274,7	84,6	31,1	5,49 per cent	2,02 per cent
<b>Programme 5: State-owned Companies Support Services</b>	39,8	44,5	50,3	51,6	4,7	3,2	11,70 per cent	8,02 per cent
<b>TOTAL</b>	<b>6 675,5</b>	<b>6 061,2</b>	<b>7 074,2</b>	<b>6 871,6</b>	<b>-614,3</b>	<b>-813,6</b>	<b>-9,20 per cent</b>	<b>2,90 per cent</b>

Source: National Treasury (2026a)

As shown in Table 1 above, there are notable changes in the allocations for each of the Department's programmes, including the following:

- **Programme 3:** Energy Programmes and Projects, accounts for the largest allocation of the Department's overall budget in 2026/27 with a total allocation of R4.0 billion or 66.7 per cent of the total budget. Programme 3 has a nominal decrease of 15.03 per cent in 2026/27, with a real decrease of 17.82 per cent compared to the previous financial year.
- **Programme 4:** Nuclear Energy Regulation and Management received the second biggest allocation in 2026/27 with a total allocation of R1.6 billion or 26.8 per cent of

the total budget. The programme increased by 5.49 per cent nominally in 2026/27 and decreased in real terms by 2.02 per cent compared to the previous financial year.

As part of the 2024 national macro-organisation of government, the department plans to finalise its restructuring process and organisational design by the end of 2026/27. The new structure is envisaged to result in a capacitated, fit-for-purpose, digitally enabled department that can deliver on its mandate. To this end, spending on compensation of employees is expected to increase at an average annual rate of 5.2 per cent, from R358.6 million in 2025/26 to R417.5 million in 2028/29, in line with the anticipated increase in the number of funded personnel from 341 to 396 over the period.

Compensation of employees, which constitutes the department's largest administrative cost driver, amounts to R387.7 million for 2026/27, an increase of 8.11 per cent on R358.6 million in 2025/26. Goods and services amount to R518.0 million, a decrease of 0.59 per cent from R521.1 million in 2025/26. Of the goods and services budget, the use of consultants constitutes 60.5 per cent, while operating leases accounts for 7.6 per cent and travel and subsistence accounts for 9.9 per cent of the goods and services budget for 2026/27. Travel and subsistence increase from R44.6 million in 2025/26 to R51.3 million in 2026/27; while consultants decrease from R326.6 million in 2025/26 to R313.6 million in 2026/27.

## **4.2. Programmes**

### **4.2.1. Programme 1: Administration**

As stated, the purpose of this programme is to provide strategic leadership, management, and support services to the Department. The programme has six sub-programmes, namely, Ministry, Departmental Management, Internal Audit, Finance Administration, Corporate Services, and Office Accommodation.

Over the medium term, the majority of the allocation is within programme 1 is the compensation of employees, which will provide technical and administrative support to the Department. The overall budget for the programme increased by 6.0 per cent from R275.0 million in 2025/26 to R281.0 million in 2026/27. Expenditure on compensation of employees constitutes 54.7 per cent of the programme budget for the 2026/27 financial year. Over the medium term, expenditure on compensation of employees grows at an average rate

of 4.8 per cent. The number of employees in the programme is projected to increase from 151 to 153 employees over the medium term.

Goods and services constitute 42,6 per cent of the budget for the 2026/27 financial year. Goods and services decrease from R123.7 million in 2025/26 to R119.6 million in 2026/27, a decrease of 3.3 per cent. Operating leases and travel and subsistence make up the largest portion of goods and services for the 2026/27 financial year, constituting 33.0 per cent and 19.7 per cent respectively. The balance of the budget for the 2026/27 financial year is for transfers and subsidies of R2.8 million, mostly for the Training Authorities, while R4.9 million is allocated for machinery and equipment.

#### **4.2.2. Programme 2: Energy Planning and Policy Development**

The objective of the programme is to improve energy security over the medium term by:

- Implementing the revised Electricity Regulation Amendment Act (Act No. 38 of 2007) and its regulations
- Amending the 2008 electricity pricing policy
- Amending the Gas Act (Act No. 48 of 2001)
- Operationalising the 2025 integrated resource plan implementation framework
- Publishing 4 energy statistics reports per year.

The programme has two sub-programmes, namely:

- **Nuclear, electricity and gas policy** ensures the development and review policy and legislative frameworks for the nuclear, electricity and gas sectors, conducts research, and monitors the impact of policy implementation.
- **Energy Planning** ensures the secure supply of energy resources through evidence-based planning, manages the development of energy plans, and conducts research and analysis of market trends that inform and influence the energy economy.

The sub-programme Nuclear, electricity and gas policy constitutes 42.13 per cent of the budget at R28.7 million for the 2026/27 financial year. Energy planning constitutes 57.87 per cent of

the programme budget at R39.4 million. The overall budget for the programme increased by 8.63 per cent from R62.6 million in 2025/26 to R68.0 million in 2026/27.

For the 2026/27 financial year, 81.62 per cent of the Programme 2 budget is allocated for spending on compensation of employees. Compensation of employees increased by 13.3 per cent, from R49.1 million in 2025/26 to R55.5 million in 2026/27. Over the medium term, the number of personnel will increase from 37 in 2025/26 to 48 in 2028/29.

Goods and services constitute 18.38 per cent and decreases from R13.5 million in 2025/26 to R12.5 million in 2026/27, a decrease of 7.41 per cent. Consultants: Business and advisory services account for R6.1 million of the goods and services budget, constituting 48.8 per cent of the budget.

#### **4.2.3. Programme 3: Energy Programmes and Projects**

Through this programme, the department has the following objectives:

- Increasing access to electricity by managing the funding and monitoring of the implementation of the integrated national electrification programme on an ongoing basis.
- Increasing public awareness of energy issues while empowering disadvantaged and vulnerable groups by identifying, implementing, managing and coordinating upliftment programmes and projects on an ongoing basis.
- Ensuring the efficient management of electricity supply on an ongoing basis by:
  - enhancing the application of business principles for project management to help programme and project managers
  - coordinating, monitoring and reporting on the implementation of programmes and projects focused on the development, improvement and transformation of the energy generation, refinement, transmission and distribution industry and its infrastructure.
- Promoting the sustainable use and management of energy resources over the medium term by managing the funding and monitoring of energy efficiency interventions at municipalities.

The programme's budget decreases by 15.03 per cent from R4.8 billion in 2025/26 to R4.0 billion in 2026/27. The decrease is mostly within the Integrated National Electrification Programme (INEP).

This programme has five sub-programmes, namely.

The sub-programme **Energy Programmes and Project Management** provide overall management to the programme and impact evaluation for national energy initiatives. The budget for the sub-programme increased by 4.65 per cent from R4.3 million in 2025/26 to R4.5 million in 2026/27.

The sub-programme **Integrated National Electrification Programme** oversees and manages the financing and implementation of the electrification programme and makes transfers to Eskom, municipalities and private providers. The sub-programme sees a decrease of R476.1 million or 11.10 per cent from R4.3 billion in 2025/26 to R3.8 billion in 2026/27. No reason is provided for this decrease year-on-year. Over the medium term, the programme increased at an average growth rate of 4.8 per cent to R4.9 billion in 2028/29.

The sub-programme **Programmes and Projects management office** provides specialised assistance to management to apply project management principles, coordinate project information and report on implementation progress. This subprogramme also coordinates the implementation of a national sectoral transformation framework covering designated groups. The sub-programme has a budget of R25.5 million for the 2026/27 financial year, an increase of 5.81 per cent or R1.4 million on the 2025/26 financial year.

The sub-programme **Electricity Infrastructure and Industry Transformation** oversee the expansion, transformation and investment facilitation of energy infrastructure to improve the electricity generation, transmission and distribution sectors with a focus on enabling independent power producers and market reforms. The sub-programme budget increased by 6.85 per cent or R500 000 from R7.3 million in 2025/26 to R7.8 million in 2026/27 financial year.

**Clean energy** sub-programme advances energy efficiency and renewable energy in South Africa by planning and coordinating initiatives and interventions focused on the energy efficiency and renewable energy market. The sub-programme budget decreased from R431.3 million in 2025/26 to R190.5 million in 2026/27, a decrease of R240.8 million or 55.83 per cent year-on-year. A reason for the decrease in the budget is not provided.

Most of the budget is allocated to Transfers and Subsidies, which amounts to R3.6 billion, of which most goes to the INEP projects. Transfers to provinces and municipalities decreases by 2.11 per cent from R1.94 billion in 2025/26 to R1.90 billion in 2026/27. Transfers to Public Corporations and private enterprises decrease by 30.0 per cent from R2.3 billion in 2025/26 to R1.6 billion in 2026/27.

Compensation of employees increased by 3.1 per cent from R94.7 million in 2025/26 to R97.6 million in 2025/26. The number of personnel in the programme is projected to decrease over the medium term from 104 employees in 2025/26 to 98 employees in the 2028/29 financial year. Goods and services are projected to increase by 0.4 per cent from R362.0 million in 2025/26 to R363.6 million in 2026/27. Consultants decrease by 2.8 per cent from R297.7 million in 2025/26 to R289.5 million in 2026/27. Consultants account for 79.6 per cent of the goods and services budget in the 2026/27 financial year.

#### **4.2.4. Programme 4: Nuclear Energy Regulation and Management**

The programme has the following objectives:

- Improving security of supply for nuclear energy by managing and coordinating the implementation of the nuclear build programme over the MTEF period.
- Strengthening the control of nuclear material, equipment and related technologies by implementing all legislative and international agreement requirements related to nuclear non-proliferation and radiation security on an ongoing basis.
- Strengthening and promote the use of nuclear technology by implementing the technical cooperation programme over the medium term.
- Promoting the use of nuclear technology by interfacing with regional and inter-regional organisations in the nuclear field, and leading South Africa's global participation in

promoting nuclear research, development and technology applications for peaceful use over the medium term.

This programme has three sub-programmes, namely.

**Nuclear Energy Management** provides overall management to the programme and implements the technical cooperation programme regionally and globally through the national liaison officer. The budget for the sub-programme increased by R1.1 million or 10.9 per cent from R10.9 million in 2025/26 to R12.0 million in 2026/27.

The sub-programme **Nuclear Safety and Technology** manages and implements all matters related to nuclear safety and technology as required by legislation and international agreements; implements nuclear energy policy in line with the requirements of the integrated resource plan; and administers all matters related to nuclear technology, safety, liability and emergency management with the aim of improving the governance of the nuclear sector. This subprogramme also makes transfers to the South African Nuclear Energy Corporation, the National Nuclear Regulator and the National Radioactive Waste Disposal Institute and is responsible for paying membership fees to international organisations.

The budget for the sub-programme increased by R81.5 million or 5.38 per cent from R1.5 billion in 2025/26 to R1.6 billion in 2026/27. This amount includes a transfer of R1.4 billion to the South African Nuclear Energy Corporation (Necsa), of which R994.5 million is for the operations, R437.7 million for the multi-purpose reactor project and R8.1 million for capital expenditure.

The sub-programme **Nuclear Non-proliferation and Radiation Security** manages and implements all matters related to nuclear non-proliferation and radiation security, as required by legislation and international agreements. This subprogramme also administers the use of nuclear material, related equipment and facilities, including nuclear technology, to ensure compliance with legislation and international agreements. The budget for the sub-programme increased by R2.0 million or 12.94 per cent from R15.5 million in 2025/26 to R17.5 million in 2026/27.

Compensation of employees increased by 10.83 per cent from R43.4 million in 2025/26 to R48.1 million in 2026/27. The personnel are expected to grow in the medium term from 35 in 2025/26 to 49 in 2028/29. The goods and services budget for the programme will increase by 6.06 per cent from R9.9 million in 2025/26 to R10.5 million in 2026/27. The largest component of the goods and services budget is consultants: business and advisory services at 69.5 per cent. Consultants: business and advisory services increase by 2.8 per cent from R7.1 million in 2025/26 to R7.3 million in 2026/27.

#### 4.2.5. Programme 5: State-Owned Companies Support Services

The objectives of the programme are as follows:

- Ensuring effective shareholder oversight of state-owned companies on an ongoing basis by:
  - providing governance systems and legal support
  - developing and maintaining shareholder risk profiles and mitigating strategies
  - monitoring, evaluating and reporting on financial and non-financial performance, and proposing interventions when required.
- Contributing to the performance of state-owned companies on an ongoing basis by:
  - conducting reviews and research, and modelling pipeline and new business enhancement opportunities within them
  - assessing their operations and developing mitigation instruments in conjunction with regulatory bodies and industry
  - conducting research, modelling job creation and transforming instruments to facilitate alignment with their shareholder compact agreements.

The programme has three sub-programmes, namely:

The sub-programme **Energy Resources** exercises strategic and technical shareholder oversight of energy state-owned enterprises, ensuring alignment with national energy priorities. The sub-programme's budget increased by 18.78 per cent from R20.5 million in 2025/26 to R24.4 million in 2026/27.

The sub-programme **State-Owned Companies Financial Assessment and Investment** conducts financial oversight, investment analysis and sustainability assessments for state-owned energy enterprises to enhance their long-term viability. The sub-programme budget increased by 6.75 per cent from R4.7 million in 2025/26 to R5.1 million in 2026/27.

The sub-programme **State-owned Companies Risk, Governance and Legal Assurance** provides legal, governance and risk management support for the department and state-owned enterprises. It oversees compliance, legislative frameworks and shareholder management systems to improve transparency and accountability. This subprogramme also develops, monitors and advises on legislative and corporate governance and shareholder management systems for the department and its state-owned energy companies, and develops and implements risk and compliance management guidelines and systems. The budget for the sub-programme increased by 3.85 per cent from R14.5 million in 2025/26 to R15.1 million in 2026/27.

The programmes budget is split between compensation of employees and goods and services. Compensation of employees' budget increased by 18.0 per cent from R27.8 million in 2025/26 to R32.8 million in 2026/27. The programmes personnel are expected to increase from 13 to 28 employees over the medium-term period. Goods and services decreases by 2.50 per cent from R12.0 million in 2025/26 to R11.7 million in 2026/27.

## **5. ENTITIES**

### **5.1.South African Nuclear Energy Corporation Limited (NECSA)**

The Nuclear Energy Policy of 2008 states that NECSA should be the anchor for nuclear research, development and innovation in South Africa. Particularly to:

- Participate in the uranium value chain,
- Develop uranium conversion capabilities,
- Explore viable means to establish uranium enrichment capabilities,
- Develop a strategy fabricate nuclear fuel capabilities.

NECSA's mandate is to develop, utilise and manage nuclear technology for national and regional socio-economic development through: Applied research and development (R&D);

commercial application of nuclear and associated technology; contributing to the development of skills in science and technology.

The entity revised their performance areas and targets to reflect the move away from a stabilization phase to a growth phase in their business cycle. The entity has identified 4 key performance areas and 16 key performance indicators, as indicated below.

**Table 1.** NECSA key performance areas and key performance indicators

<b>Key Performance Area</b>	<b>Key performance Indicator</b>	<b>2025/26 Target</b>	<b>2026/27 Target</b>
<b>Financial and Operational Sustainability</b>	NECSA Group Net Profit After Tax (R'm)	57.2	28.65m
	SAFARI-1 availability	New target	287 days
	% Implementation of D&D plan	New target	95%
	DIIR	New target	<1.8
	Environmental index encompassing public dose	New target	1
<b>Research, Development and Innovation</b>	Number of new technologies implemented or commercialise	New target	1
	Research outputs (peer reviewed papers)	20	20
<b>Growth programmes</b>	MPR project in build phase (annual reports)	New target	95%
	Front end fuel supply sustainability assured (programme plan)	New target	95%

	SMR on track (programme plan)	New target	95%
	Commercially viable radioisotope products and services (radioisotope plan)	New target	95%
	Thriving fluorochemical business operational (performance index)	New target	85%
<b>Talent excellence and skills development</b>	Capacity building for the nuclear industry (% revenue growth)	New target	1%
	% performance against the Transformation Plan	New target	50%
	Skills required for the growth programmes are developed	New target	Programme plan developed

Source: NECSA (SOC) Ltd (2026)

Necsa revenue for the 2026/27 financial year is projected at R3.0 billion, with expenditure projected at R3.0 billion. The entity is projecting a net project after tax of R28.7 million for the 2026/27 financial year. With regards to sourcing investment for the unfunded projects, the entity stated that are looking for investment partners to fund the small modular reactor projects, as well as the multi-purpose reactor project. They are looking to partner with interested companies or direct foreign investors.

## 5.2.Eskom

Eskom is South Africa's primary electricity supplier, responsible for generating, transmitting and distributing electricity to industrial, mining, commercial, agricultural, and residential customers. It also sells electricity to municipalities, which in turn redistribute it to businesses, government institutions, and households within their respective areas.

In 2020, Eskom refined its turnaround plan to address the challenges threatening structural, financial and operational sustainability. The plan focuses on four key areas, which are the primary priorities in the short to medium term:

- **Operations recovery** – to ensure that the entity recover generation capacity and availability to enable system adequacy in the medium term in line with the Generation recovery plan. It includes strengthening transmission and distribution networks to support system reliability and the policy direction for the electricity industry.
- **Financial recovery** – to ensure that the entity realise sustainable revenue through cost-reflective tariffs, as well as ensuring that the operating cost base is reduced to sustainable levels. This will be achieved through reductions in primary energy and procurement costs and driving operational efficiencies.
- **Legal separation** – to support the restructuring of Eskom into three legally separated entities wholly owned by Eskom, in terms of the Roadmap for Eskom in a Reformed Electricity Supply Industry.
- **People, culture and ethics** – Empowering and supporting employees to foster a high-performance culture and enable organisational transformation.

For the 2026/27 financial year, the entity identified the following key performance indicators.

**Table 1.** Eskoms actual performance and targets for 2025/26 and targets for 2026/27

KPI	FY26YE	FY26 Target	FY27 Target
	Actual		
<b>Pursue financial and operational sustainability</b>			
Energy availability factor (%)	65,16	70	68
Relative particulate emissions (kg/MWhSO)	1,04	0,35	0,35
Specific water consumption (l/KWhSO)	1,35	1,37	1.36
Generation capacity recovered (MW)	868*	800	
Total electrification connections (Number)	67 578	41 340	33 810
Distribution energy losses (%)	10,38*	11,33	
Distribution technical energy losses (GWh)		New target	5 180
Distribution non-technical energy losses (GWh)		New target	14 007

System Average Interruption Duration Index (Hours)	35,1	37,5	35,5
System Average Interruption Frequency Index (No.)	11,7	14,5	12
System minutes < 1 (minutes)	3,1	3,53	3,53
EBITDA (R'bn)	87,7*	90,02	93,0
Cash Interest cover (Ratio)	2,88*	2,88	3,85
Debt service cover (Ratio)	2,35*	1,69	1,06
Capital payment levels - municipalities (%)	89,74	87,2	88,2
Eskom Payment levels - Non Munic (%)	99,91*	99,55	
Customer delight (index)	3,89*	3,6	
Timely resolution of fraud cases (%)	52	80	88,3
Lost-time injury rate (LTIR) (Rate)	0,18	0,3	0,29
<b>Position Eskom as energy sector leader</b>			
Legal separation (% of milestones)	100%	Submit market operator license	80%
B-BBEE score (level)	3	4	4
Preferential procurement (%)	94,98	80	90
Local Content (%)	83,93	80	85
New Learner enrolments (No.)	741	290	290
CSI committed spend (R'mn)	153,25	146,1	200
International Energy Sales (GWh)	5 486	1 984	2 083
CAIDI (hours)		New target	3,8
Establish a competitive energy market (milestones)		New target	Q1 - Introduce SAWEM Q3 - Launch market operator platform
Independent Transmission Projects - ITPs (milestones)		Eskom board enabled RFP to market	Q1 - Submit structured comprehensive allocation of transmission projects to ITPs
<b>Modernise our power ecosystem</b>			
Transmission lines installed (km)	270,8	423	500

Transmission transformer capacity (MVA)	4 000	3 750	6 000
Distribution lines and cables CO (km)	629	New target	440
Distribution transformer capacity installed and CO (MVA)	280	New target	260
Transmission interconnectors (milestones)		New target	Q4 - Development of regional transmission interconnectors Africa expansion strategy
Digitalisation of procurement process (%)	40	60	70
Smart meter installation (No.)	610 223	800 000	2 000 000
Drive a just and inclusive energy transition			
New capacity added (MW)	-	95	
New capacity added - renewables and gas (MW)	0		170
New capacity added - Nuclear (%) (milestones)		New target	100
JET entrepreneur programme (No.)		New target	20
Copper recycling plant establishment (%)	47,5*	100	
Off-grid electrification connections (No.)	99*	1 225	
Research and development (%)	92,51	90	92,5
Black woman owned (BWO) spend (%)	11,33	New target	12
Black youth owned (BYO) spend (%)	5,85	New target	2
*Q3 results			

Source: Eskom (SOC) Ltd. (2026b) & Eskom (SOC) Ltd (2026a)

Of the 33 key performance indicators (KPIs) outlined in the Shareholders Compact for the 2025/26 financial year, the entity achieved 22 or 67 per cent of targets by the third quarter, an improvement on the 62 per cent achieved in the 2024/25 financial year. Eskom's overall performance showed an improvement from the previous financial year. Eskom also had not implemented loadshedding for more than 341 days by 22 April 2026.

The entity is projecting earnings before interest, tax, depreciation and amortisation (EBITDA) margin of 24.96 per cent. Eskom states that the EBITDA margins remain constrained in the mid-20 per cent range but are sufficient to support ongoing operations, debt servicing, and a positive cash position. Profit before tax is projected at R30.1 billion for the 2026/27 financial year. Eskom states that profit before tax remains positive throughout the planning horizon and strengthens in the outer years, supported by improved operational performance and tighter financial discipline. Eskom's debt remains elevated but stable over the planning horizon, with funding focused on refinancing existing maturities and drawing on committed Direct Foreign Investment (DFI) facilities, and no reliance on new government guarantees. The debt service cover ratio remains constrained in the initial years but improves steadily over the planning horizon, demonstrating increasing capacity to service debt as financial performance stabilises. The debt service ratio is projected to be 1.06 for the 2026/27 financial year.

Eskom plans to invest approximately R55 billion in capital infrastructure in the 2026/27 financial year. This broken down as follows per the entity's strategic objectives.

1. Pursue financial and operational sustainability – R37 billion
2. Modernise our power ecosystem – R9 billion
3. Drive a just and inclusive energy transition – R6 billion
4. Position Eskom as energy sector leader – R3 billion

### **5.3.National Energy Regulator of South Africa (NERSA)**

NERSA has the following strategic objectives or outcomes:

- a) Facilitate entry, setting prices and resolving disputes through efficient regulatory tools on an annual basis
- b) Enable a stable and diverse energy sector system and pricing regime that supports access through regulatory services that are delivered on time (annually) and to quality standards
- c) Review regulatory tools periodically to ensure that they are innovative in response to the transformation of the energy industry

- d) Review the Regulatory Framework periodically to ensure that it is relevant for effective regulation, for the benefit of customers and stakeholders, through regulatory advocacy and stakeholder engagement
- e) Enable the provision of integrated and value-added services in an equitable/a fair manner to customers.

In the 2026/27 financial year, the entity had identified 73 performance targets for the year, compared to 81 performance targets in the 2025/26 financial year. The entity achieved 69 of 75 output indicators or 92 per cent in the 2024/25 financial year. The expenditure budget for the entity amounts to R534.5 million for the 2026/27 financial year.

The entity has five programmes, namely:

**Programme 1: Administration** - is focused on NERSA's regulatory functions and is therefore divided into three sub-programmes. The programme includes the following sub-programmes:

- i. Electricity Industry Regulation
- ii. Piped-Gas Industry Regulation
- iii. Petroleum Pipeline Industry Regulation

For each sub-programme, NERSA sets out key regulatory functions of.

- Setting and/or approval of tariffs and prices;
- Licensing and Registration;
- Compliance monitoring and enforcement;
- Dispute resolution, including mediation, arbitration and handling of complaints;
- Setting of rules, guidelines and codes for regulation.

In total the programme has 50 output indicators for the 2026/27 financial year.

**Programme 2: Advocacy and Engagement** - contributes towards relevant legislation and policies; government's transformation as well as to inform customers and stakeholders.

The programme has 2 sub-programmes, namely *Regulatory and Policy Advocacy*, which has two output indicators, and *Customer and Stakeholder Engagement*, has six (6) performance indicators. The programme indicators remain the same as in the previous financial year.

**Programme 3: Innovation** – to ensure a technology solution that supports the business in delivering integrated and value-added services to customers internally and externally.

The programme has one sub-programme *Integrated and Value-added services* with two performance indicators, the same as in the previous financial year.

**Programme 4: Operational Efficiency and Quality Management** - aims to ensure that NERSA's integrated operational processes, improved planning and project management remain relevant in supporting core business. The programme only has one sub-programme: *Integrated Operations and Research and Analysis*, the purpose of which is to ensure that:

- Relevant research and information analysis is conducted; and
- Organisational and operational processes contribute to improved service delivery.

The sub-programme has 9 performance indicators, compared to 8 output indicators in the year prior. The additional indicator is the number of reports on the implementation of the Hybrid working strategy considered by the relevant subcommittee within the stated time frame.

**Programme 5: People and Organisational Culture** - aims to ensure a conducive work culture and human capacity balanced between specialised skills and generic skill requirements, as well as system development to deliver value to customer and stakeholders' expectations.

The programme has one sub-programme: *Human Resources and Capacity* which aims to facilitate the availability of appropriate skills, organisational culture and human capacity. This sub-programme has five (5) performance targets for the 2026/27 financial year, compared to 6 in the previous financial year.

According to the entity, the total funding requirement for the 2026/27 budget amounts to R544.7 million which is 6.8 per cent higher than the 2025/26 budget. The funding requirement

is obtained by charging levies/licence fees to the regulated electricity, piped gas and petroleum pipelines industries. Refunds to industry ceased during the 2026/27 financial year.

Total revenue for the period is forecast at R544.7 million, which is 23.7 per cent higher than the 2025/26 budgeted amount of R440.3 million. Most of the revenue comes from license fees from the electricity industry budgeted at R315.5 million, which is an increase of 17.4 per cent on the R268.8 million in the 2025/26 financial year.

Operating expenditure for the 2026/27 financial year amounts to R534.5 million, which is 7.1 per cent higher than the R499.3 million budgeted in the 2025/26 financial year. Capital expenditure for the 2026/27 financial year amounts to R10.3 million, which is a decrease of 6.8 per cent than the R11.0 million allocated for the 2025/26 financial year. NERSA has budgeted for breaking even during the 2026/27 financial year.

#### **5.4.National Nuclear Regulator (NNR)**

The NNR supports the mandate of the Department by managing the South African nuclear energy industry and overseeing nuclear material, in alignment with both international obligations and national policies to ensure the peaceful use of nuclear energy and nuclear technologies.

The entity has identified the following strategic pillars and outcomes:

<b>NNR Strategic Pillar</b>	<b>Outcomes</b>	<b>Activities</b>
1. Stakeholder trust and confidence (in the nuclear regulatory role of NNR in ensuring safety of nuclear activities)	Outcome 1: Improved stakeholder trust and confidence in the nuclear safety regulatory role of the NNR	Communication and engagement with key stakeholders – This focus area is aimed at information sharing and communication with stakeholders about nuclear safety and regulatory practices

2. Nuclear safety assurance	Outcome 2: increase assurance of nuclear safety for people, property and the environment	Regulatory control and compliance enforcement – This focus area is aimed at nuclear authorisations, investigations, nuclear emergency planning and preparedness, and compliance with international obligations on nuclear safety.
3. Regulatory excellence and independence	Outcome 3: Enhanced emergency preparedness and response in the event of nuclear incidents	
	Outcome 4: Continuous improvement of regulatory standards and practices through innovations in nuclear safety	Review and updating of safety standards and regulatory practice as appropriate – This focus is aimed at regulatory preparedness for regulating exposure to aircraft crew, emerging technologies such as small modular reactors (SMRs) and the use of artificial intelligence.
4. Financial sustainability	Outcome 5: Process efficiency, high performance, and good governance	Organisational capability – This focus area is aimed at ensuring maintenance of sound financial, human resources and risk management frameworks to facilitate achievement of the mandate of the NNR.
5. Process efficiency, high performance, and good governance		

Source: NNR (2025a)

For the 2026/27 financial year, the entity has identified 5 outcomes and 28 output indicators, compared to the previous financial year's 5 outcomes and 19 output indicators. This will be achieved by the following four programmes:

**Programme 1: Administration** - is responsible for implementing the approved organisational strategy as well as ensuring that the organisation's operations and resources are administered effectively and efficiently. The programme has 3 sub-programmes responsible for 8 performance targets.

**Programme 2: Nuclear Power Plant (NPP)** - provides regulatory oversight over the Koeberg Nuclear Power Station (KNPS). It is responsible for reviewing applications, granting authorisations, and verifying compliance with regulatory requirements for nuclear safety and radiation protection. NPP also recommends the issuing of authorisations for vessels propelled by nuclear power or having radioactive material on board. The programme has 4 performance indicators for the 2026/27 financial year.

**Programme 3: Nuclear Technology and Naturally Occurring Radioactive Material** - grants authorisations and conducts oversight of nuclear technology, waste projects and naturally occurring radioactive material. The Programme has two sub-programmes, both of which ensure compliance with regulatory requirements and conditions of authorisation through a system of compliance inspections, audits, and investigations.

***Sub-programme 1: Nationally Occurring Radioactive Material (NORM)*** is responsible for regulatory oversight of mining and minerals processing facilities and scrap metal dealers who handle or use material subject to regulatory control. The NORM sub-programme is also responsible for the evaluation of radiological contamination associated with previous activities involving NORM and public radiation exposure from Radon.

***Sub-programme 2: Nuclear Technology and Waste Projects (NTWP)*** are responsible for regulatory oversight of various nuclear facilities on the Pelindaba site and the Vaalputs National Radioactive Waste Disposal Facility. Any other matter within the scope of the NNR Act that

deals with nuclear technology, and which is not associated with NPP and NORM primarily falls under the purview of the NTWP sub-programme.<sup>1</sup>

The programme has 8 output indicators, an increase on the 7 in the previous financial year.

**Programme 4: Regulatory Improvement and Technical Services** - to provide cross-cutting nuclear safety services to all NNR technical departments. In terms of its core functions, *Regulatory Improvement and Technical Services (RITS)* performs the following: in-depth nuclear safety reviews and assessments for all regulated facilities, independent verification by computer codes, emergency preparedness and response services, laboratory services, development of regulatory standards and nuclear projects, and coordination of nuclear security and safety and security culture functions.

*The Centre for Nuclear Safety and Security (CNSS)* is the flagship of the programme and aims to develop capabilities to improve regulatory practices related to nuclear safety and security. This is achieved through targeted *Regulatory Research and Development, Education and Training, and Technical and Scientific Support*. To maximise resources, CNSS collaborates with international and local academic and research institutions as well as technical and scientific organisations to execute any activities falling within the mandate of the NNR.

Most of the revenue (75.5 per cent) received by the entity is generated through nuclear licence authorisation fees which amounts to R253.6 million for the 2026/27 financial year, a 5.5 per cent increase on the R240.4 million budgeted in the 2025/26 financial year. The entity also generates revenue from application fees, interest and other income. The entity's own revenue amounts to 85.6 per cent of total revenue. The balance of revenue is received as a transfer from government through the Department of Electricity and Energy, which amounts to R48.4 million for the 2026/27 financial year, an increase of 4.1 per cent on the previous financial year due to budget cuts implemented by the National Treasury. Thus, total revenue amounts to R335.9 million for the 2026/27 financial year, 0.4 per cent increase on the R334.7 million revised budget for the 2025/26 financial year.

<sup>1</sup> Ibid.

As a schedule 3A public entity in terms of the **Public Finance Management Act**, the entity has budgeted for breaking even. Total expenditure is budgeted for R335.9 million, split between Compensation of employees and Goods and services. Compensation of employees constitutes 67.1 per cent of the expenditure at R225.5 million, an increase of 5.5 per cent on the R213.8 million revised budget for the 2025/26 financial year. Goods and services totals R110.3 million for the 2026/27 financial year, a decrease of 58.9 per cent on the R268.7 million revised budget for the 2025/26 financial year.

### 5.5.National Radioactive Waste Disposal Institute

The National Radioactive Waste Disposal Institute Act No. 53 of 2008 (NRWDIA) endorsed the establishment of the **National Radioactive Waste Disposal Institute (NRWDI)**. The functions of the NRWDI are set out in Section 5 of the Act which includes the management of radioactive waste disposal on a national basis; operate the national low-level waste repository at Vaalputs; and manage, operate and monitor operational radioactive waste disposal facilities including related predisposal management of radioactive waste on disposal sites, among others.

The entity has identified the following outcomes for the 2025 – 2030 period.

Outcome	Impact
1. Financially sustainable, capable and well governed organisation	NRWDI must be adequately structured, resourced with skilled personnel who have the correct tools of trade and who work within a supportive, conducive and innovative environment so that they can provide support and expertise towards enhancing service delivery. Good governance and sound financial management are also imperative to achieving the outcome and ultimately the impact.

2. Safe and secure management of the disposal of all classes of radioactive waste	This outcome focuses directly on the safe, secure and environmentally sustainable solutions for radioactive waste disposal.
3. Innovative and effective solutions for the management of radioactive waste disposal	This outcome will contribute towards an infrastructure project which will be designed to allow for safe, secure and environmentally sustainable solutions for radioactive waste disposal. It will contribute to job creation and skills development.
4. Compliance with applicable legislation and regulatory requirements for the disposal of Radioactive Waste	Only if there is compliance with regulatory standards and safety practises for nuclear facilities will the overall impact be achieved.

In the 2026/27 financial year, the entity has identified 4 outcomes with 20 performance targets, compared to 16 performance targets in the 2025/26 financial year.

The entity has the following four programmes.

**Programme 1: Administration** - to ensure that the entity is operationally efficient, cost-effective, properly managed and complies with good corporate governance principles.<sup>2</sup> The programme is divided into three sub-programmes, namely:

- Office of the Chief Executive Officer (CEO)
- Corporate Services
- Finance and Supply Chain Management

The programme has 6 output indicators for the financial year ahead, similar to the 6 in the previous reporting period.

<sup>2</sup> National Radioactive Waste Disposal (2026)

**Programme 2: Radioactive Waste Disposal Operations** - to provide radioactive waste disposal and related services on a national basis that is safe, technically sound, socially acceptable, environmentally responsible, and economically feasible ensuring that no burden is placed on future generations due to past, present, and future involvement in nuclear programmes.

The programme has 4 output indicators and targets for the 2026/27 financial year.

**Programme 3: Science, Engineering and Technology** - to develop and implement radioactive waste management solutions for safe storage and disposal of all classes of radioactive waste through scientific, engineering, and technological means.

The goal of the programme is to promote science to expand knowledge and engineering capability in radioactive waste management and to convert the knowledge into practical, safe and sustainable disposal technologies that serve South Africa's long-term national interest.<sup>3</sup>

The programme has 4 performance indicators, the same as the 4 output indicators for the 2025/26 financial year targets.

**Programme 4: Radioactive Waste Compliance Management** - to ensure that NRWDI's core mandate (disposal of radioactive waste on a national basis) is executed in compliance with quality, health, safety, environmental and nuclear licensing and other statutory requirements, relevant international standards, and best practices. The programme also seeks to provide management systems and resources to discharge the obligations associated with holding a nuclear authorisation. The Radioactive Waste Compliance Management division provides a support function to the Institute in terms of developing and ensuring compliance with the nuclear installation licence including the required safety, health, environment, and quality management systems.

The compliance with quality, health, safety, environmental and nuclear licensing regulatory requirements, relevant international standards and best practices helps to ensure that NRWDI can deliver waste disposal services on a national basis.

The programme has 6 performance indicators, compared to 3 in the previous financial year.

<sup>3</sup> National Radioactive Waste Disposal Institute (2026)

The entity is a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 and thus does not budget for a surplus or deficit. The entity's activities are funded mainly from the provision of a budget from funds voted annually to the Department. The entity will receive R52.0 million or 95.4 per cent of their revenue from the Department as transfers. This is an increase of 4.1 per cent on the R50.0 million budgeted for the 2025/26 financial year. The balance of funds is revenue on interest, dividends and rent on land amounting to R2.5 million for the 2026/27 financial year.

Compensation of employees increased by 4.5 per cent from R45.1 million in the 2025/26 financial year to R47.2 million in the 2026/27 financial year. Compensation of employees' accounts for 86.4 per cent of the R54.6 million budget of the entity. Goods and services accounts for the balance of 13.6 per cent of the entity's budget, amounting to R7.4 million for the 2026/27 financial year, with a decrease of 62.5 per cent on the budget of R19.8 million allocated in the 2025/26 financial year.

### 5.6.South African National Energy Development Institute

SANEDI's authority is derived from Section 7(2) of the National Energy Act, 2008 (Act No. 34 of 2008) (NEA). Section 7(2) of the NEA gives effect to SANEDI's powers and functions and provides for its responsibilities as stated below. SANEDI falls within the purview of the Department of Electricity and Energy (Department) as well as the Department of Science & Innovation.

SANEDI's five-year strategy is fully aligned with the Medium-Term Development Plan (MTDP) policy 2024-2029 that serves as the five-year medium-plan for the government. The entity's strategy and interventions for 2025-2029 will support the MTDP's three national strategic priorities. These are:

<b>MTDP strategic priorities (SP)</b>	<b>Aligned (SO)</b>	<b>Strategic Outcome</b>	<b>Key Performance Areas</b>
SP 1: Inclusive growth and job creation	SO 1:	Increased infrastructure	KPA 3. Skills development, SMME support and jobs

	investment and job creation	<p>KPA 4. Technical and Research Publications</p> <p>KPA 5. Piloting and demonstration</p> <p>KPA 6. Catalyse balanced Just Energy Transition</p> <p>KPA 8. Science and Innovation</p>
	SO 2: Energy security and a just energy transition	<p>KPA 2. Geopolitical energy policy influence and advocacy</p> <p>KPA 5. Piloting and demonstration</p>
SP 2: Reduce Poverty and the cost of living	SO 3: Skills for the economy	<p>KPA 3. Skills development, SMME support and jobs</p> <p>KPA 8. Science and Innovation</p>
	SO 4: Science, technology and innovation for growth	<p>KPA 1. Energy policy influence and advocacy</p> <p>KPA 2. Geopolitical energy policy influence and advocacy</p> <p>KPA 5. Piloting and demonstration</p> <p>KPA 7. Green house gas (GHG) reduction and energy savings through sustainable energy interventions and energy efficiency</p> <p>KPA 8. Science and Innovation</p>
SP 3: A capable, ethical and developmental state	SO 5: A capable and professional public service	KPA 1. Energy Policy influence and advocacy

	SO 6: Effective border management and development in Africa	KPA 2. Geopolitical energy policy influence and advocacy
--	---	--

The entity has the following 5 programmes, namely:

**Programme 1: Administration** - to create an effective delivery environment for SANEDI that is fully compliant with all statutory requirements. The programme has the following sub-programmes:

- a. Human capital and facilities
- b. Information and communications technology (ICT)
- c. Finance, supply chain and logistics
- d. COSEC, governance, legal, risk and compliance
- e. Communications and stakeholder engagement
- f. Project management office
- g. Corporate planning, monitoring and communications

The programme has 15 key performance indicators for the 2026/27 financial year.

**Programme 2: Applied Energy Research, Development and Innovation** - to facilitate knowledge creation that can support energy-related planning and decision-making and accelerate the transformation of the energy sector and landscape in the country. Additionally, this programme plays a vital role in demonstrating and piloting technologies to provide knowledge and decision-making data to primarily inform policy, as well as various stakeholders in both private and public sectors.

The programme has the following sub-programmes:

- a. Cleaner fossil fuels
- b. Renewable energy
- c. Smart grids
- d. Cleaner mobility

- e. Digitalisation
- f. Energy planning
- g. Bioenergy

The programme has 8 key performance indicators for the 2026/27 financial year.

**Programme 3: Energy Efficiency and Demand Side Management** - remains a strategic government intervention aimed at addressing South Africa's electricity supply constraints while contributing to national commitments on greenhouse gas (GHG) emission reductions. During the 2026/27 financial year, SANEDI transitions the programme from pilot-phase interventions to full-scale market facilitation, with a focused emphasis on climate change mitigation, decarbonisation, and enhanced service delivery within the municipal environment.

The strategic objective for FY 2026/27 is to accelerate the shift towards a resource-efficient society by reducing the national electricity demand-supply gap while simultaneously lowering South Africa's carbon footprint. This objective is pursued through an integrated policy and implementation framework that includes fiscal incentives, regulatory instruments, standards development, market stimulation, institutional collaboration, digital innovation, and the professionalisation of the energy services company (ESCO) market.

The programme has the following sub-programmes:

- a. Incentives
- b. Cool surfaces and insulation
- c. Energy performance certificates
- d. Number of ESCO's registered for energy efficiency
- e. Standards and labelling
- f. EEDSM Strategic Initiatives
- g. Balancing energy supply and demand large scale rollout
- h. Lighting

The programme has 8 key performance indicators for the 2026/27 financial year.

**Programme 4: DSTI Energy Secretariat** - The role of the secretariat is to commercialise and upscale knowledge outputs from the RDI portfolio. The outputs will systematically ensure an impact on the National System of Innovation (NSI). The secretariat will monitor and evaluate the implementation of the Energy Science, Technology, and Innovation Plan. Monitor implementation of innovative, alternative, and emerging technology policies influencing the energy landscape. Coordinate and monitor the training of Technical Vocational Education and Training (TVET) and University of Technology (UT) graduates. Deploy scalable technologies with the public and private sectors, as well as academia. Align deployments with the Presidential District Development Model.

The programme has 4 sub-programmes, namely:

- a. Coal CO<sub>2</sub>-X RDI
- b. Energy Storage RDI
- c. Hydrogen SA (HySA)
- d. Renewable energy Hub and spokes

The programme has 4 key performance indicators for the 2026/27 financial year.

**Programme 5: Intergovernmental Relations** – to consolidate DEE strategic interventions into a coherent framework, positioning SANEDI as DEE’s technical partner of choice for policy support, municipal sustainability, regional integration, and funding mobilisation.

The programme has 5 sub-programmes, namely:

- a. Intergovernmental forums
- b. DEE strategic initiatives
- c. Consulting and advisory
- d. Transformation of the energy demographic
- e. Energy markets

The programme has 5 key performance indicators for the 2026/27 financial year.

The entity is a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 and thus does not budget for a surplus or deficit. The entity’s activities are funded

mainly from the provision of a budget from funds voted annually to the Department. The entity will receive R83.9 million or 54.0 per cent of their revenue from the Department as transfers. This is an increase of 4.1 per cent compared to the R80.6 million budgeted for the 2025/26 financial year. The balance of funds is revenue from interest and management fees. New income will come from registration of accredited EPC practitioners. Non-tax revenue increases by 189.9 per cent from R24.9 million in 2025/26 to R71.4 million in the 2026/27 financial year. Total revenue for the entity amounts to R155.4 million for the 2026/27 financial year, an increase of 47.3 per cent on the R105.5 million budgeted in the 2025/26 financial year.

The entity's total expenditure amounts to R155.4 million for the 2026/27 financial year, an increase of 47.3 per cent compared to the R105.5 million allocated budget for the 2025/26 financial year. Compensation of employees increased by 28.5 per cent from R69.4 million in the 2025/26 financial year to R89.2 million in the 2026/27 financial year. Compensation of employees' accounts for 57.4 per cent of the R155.4 million budget of the entity. Goods and services accounts for the balance of 41.6 per cent of the entity's budget, amounting to R64.7 million for the 2026/27 financial year, which is an increase of 83.8 per cent on the budget of R35.2 million for the 2025/26 financial year. Depreciation accounts for R1.5 million or 1.0 per cent of the 2026/27 financial year.

## **6. OBSERVATIONS**

### **6.1. Department of Electricity and Energy (DEE)**

- The Minister of Electricity and Energy, Dr K Ramokgopa acknowledged and highlighted that the department continues to encounter significant challenges.
- Approximately 20 per cent of the total complement of the previous department (Department of Mineral Resources and Energy) had been allocated to the new Department, and a substantial number of positions, particularly at the Executive Committee and senior management level, remained vacant, e.g. Director-General, Chief Financial Officer, Chief Director: Shared Services etc. The Minister cautioned that the processes of making substantive appointments could be protracted.
- Members have been informed that the Department is engaging with non-state actors, institutions, and organizations within the sector, including international bodies, to foster

collaboration and cooperation and these are intended to ensure that the Department is able to access the necessary technical capacity to fulfil its responsibilities.

- Members are encouraged that the Department is working on the Gas Master Plan (GMP), noting that the process is at an advanced stage, although it has taken longer than initially anticipated, however the Minister stated that he is confident that the document will be finalised in due course.
- According to the Minister, other activities undertaken by the Department include, the development of a policy document aimed at articulating the electricity reforms coherently and comprehensively, as the current set of interventions existed in a fragmented form, and that the purpose of the policy position was to consolidate these into a single, coherent framework.
- Members highlighted and pointed out that the review of the electricity pricing policy needs to be prioritized.
- Members questioned the Department's vacancy rate of 10.08 percent, as the existing vacancies will affect the Department's operational capability.
- Members raised concern regarding the Department's fit-for-purpose organisational redesign which is only expected to be completed in the third quarter of 2026/27.
- Members pointed out the funding gap of R1,8 trillion for capital investments, over the next decade.
- Members were informed that the Department is strengthening its Project Management Office, not in a conventional sense, but as a mechanism to enhance project preparation capacity. This will involve collaboration with other organs of state, as well as development finance institutions and infrastructure-focused entities, to establish a coherent project preparation facility. This facility will support both departmental initiatives and those of its entities.
- According to the Department, under the current Free Basic Electricity policy, only approximately 20 percent of intended beneficiaries were receiving the allocated benefit, which itself was limited to 50 kilowatt-hours.
- Members raised concerns relating to Eskom's generation regulatory asset base, i.e. the distinction between the modern equivalent asset value and the actual or historical asset value.
- Members questioned the efficacy of the Department's oversight mechanisms and/or initiatives/interventions of its various entities.

- Members pointed out that the Department had identified a significant electricity access gap, with approximately 1.6 million households still requiring access and questioned the Department's intention to repurpose the universal access programme through a new national roadmap and funding model.
- Members raised concern regarding the municipal electricity distribution, particularly the significant debt burden of approximately R110 billion owed by municipalities. Members highlighted and pointed out that this has broader implications for the sector, including the rollout of the wholesale electricity market.
- Members raised concern that the report did not indicate or highlight the funding for the coal region transition and further questioned if there are proper and effective tracking of whether communities on the ground are receiving meaningful and impactful assistance.
- In Programme 4, Members raised concern regarding the accountability mechanisms in place to ensure that the R1.6 billion transferred to entities produced measurable progress.
- On the Nuclear Build Programme, the Members were informed that preparatory work is already underway, including site investigations, with work having commenced at the Thyspunt site in the Eastern Cape. Environmental impact assessment processes have also begun. As the owner-operator, Eskom is developing the implementation plan, which would be subject to a Section 34 determination by the Minister. The Department explained that this determination would provide the necessary approvals and allow for the issuance of a request for proposals (RFP), after which procurement processes would proceed.

## **6.2. National Nuclear Regulator**

- Some members raised concern regarding the NNRs targets – suggesting these are targets are “too soft”, as in certain instances they consistently achieve over 100 percent.
- Members questioned the NNR's financial sustainability and cost recovery model.
- According to the NNR there was a 63 percent decrease in capital expenditure, due to the completion of the constructed building in the Western Cape, the project had been completed, the expenditure was expected to decline gradually.
- Members noted that the NNR is highly technical in nature in terms of nuclear regulation and a number of these skills might be lost due to retiring, poaching by national and international organisations etc. The NNR is engaging with the department, with the understanding that over the next couple of years, the NNR's appropriation would need to

increase to enable them to rebuild pipelines with universities, strengthen the inflow of young professionals, and attract experienced skills.

- The NNR stated that they are fully aware that the current staffing level of 168 people is not sufficient to undertake the work associated with the expanded programme, which envisaged an additional 5 200 megawatts of nuclear capacity expected to come online between 2036 and 2039.
- Members are encouraged to be informed that currently site licensing processes are underway for both Thyspunt and Duynefontein.

### **6.3. National Energy Regulator of South Africa (NERSA)**

- Members noted NERSA's substantial increases in license fees and levies across all sectors, i.e. electricity, piped gas and petroleum pipelines.
- The Regulator is currently in the process of developing a new pricing methodology that would accommodate the introduction of the wholesale market. This methodology would be published for public consultation, allowing all stakeholders to participate in shaping the new approach to pricing.
- MYPD6 would remain in implementation until March 2028.
- Members raised concern regarding the NERSA's lack of oversight of municipal electricity tariffs and addressing non-compliance, particularly in cases where municipalities failed to align with approved tariff structures or misused electricity revenues. According to NERSA, the tribunal processes which have been initiated will address many of the issues relating to municipalities that are not complying with their license conditions.

### **6.4. South African National Energy Development Institute (SANEDI)**

- Members noted SANEDI's commercialization and impact of research and development performance areas and questioned what its measurable outcomes were, with regards to technologies deployed, private sector uptake, and jobs created.
- Members raised concern that 54 percent of SANEDI revenue comes from the fiscus and 46 percent is externally funded, i.e. heavy reliance on external funding. SANEDI pointed out that this is not sustainable.
- With regard to its energy efficiency and demand side management programmes, the SANEDI confirmed that these are quantifiable and that they have measured its savings.

### **6.5. National Radioactive Waste Disposal Institute (NRWDI)**

- The NNR granted the Vaalputs Nuclear Installation Licence (NIL-43) to NRWDI in July 2025. NRWDI now has full operational control of the National Radioactive Waste Disposal Facility in the Northern Cape. This milestone decision followed a comprehensive regulatory assessment process and marks a critical shift in South Africa's radioactive waste governance.
- Replacement of key critical components necessary for Long Term Operation (LTO) of Koeberg resulted in disposal of large nuclear components such as Original Steam Generators (OSGs). NRWDI is working with Eskom to develop the new disposal solutions for these waste categories and disposal of these components will commence in 2027.
- According to NRWDI, based on preliminary site investigations done in the early 1990s the Vaalputs site is a suitable candidate site for the establishment of the above ground off-site Centralised Interim Dry Storage Facility and Deep Geological Repository (DGR).
- Members noted that NRWDI highlighted the importance of public consultation in the site selection process and therefore wants to assure all stakeholders that they will comply with all the requirements of the National Nuclear Regulator Act and National Environmental Management Act in terms of public participation.
- Establishment of an off-site above ground Centralized Interim Storage Facility (CISF) for spent nuclear fuel by 2030 is underway.
- By obtaining the Vaalputs Nuclear Installation Licence, NRWDI will also be able to generate revenue in the form of waste disposal fees from radioactive waste generators, in particular Necs and Eskom. This will be used for the purpose of the Vaalputs low level waste disposal function.
- Funding to be used mainly for infrastructure projects will, over the long term, be obtained from the Radioactive Waste Management Fund, wherein fees will be raised and collected in line with the polluter payment principle.
- Members noted that NRWDI has a funding model and a financial sustainability plan, both of which were approved. NRWDI explained that the plan looked at issues concerning operational funding as well as capital funding.
- Members raised concern regarding the high cost of personnel (86 percent of the budget).

## **6.6. South African Nuclear Energy Corporation (NECSA)**

- Members were informed that projections indicate that NECSA will be profitable this financial year (might even be double digits), but it will be a decrease on the previous financial year.
- Members pointed out that 56 percent of NECSA's income is dependent on radioisotopes, i.e. SAFARI-1. Members are thus concerned that NECSA's reliance on operations on SAFARI-1 is a risk to the Group.
- Members noted the additional proposed reduction of the grant in the communique from the DEE for the period from FY 2026/27 to FY 2028/29 of R48.12M. This is over and above the R293.173M initial budget cut indicated following. Together these total budget cuts of R341.393M over the MTEF since FY 2024/25.
- Members raised concern regarding the funding of NECSA's front-end fuel supply programme, considering its budget cuts.
- Profits during the previous financial year was R176m, this year they are projecting a profit of R28m – reduction of 80 percent.
- NECSA stated that their new strategy requires R80 billion in investment. Members raised concern as to where the funding for these investments will be coming from. Some members pointed out that the “R80 billion worth of investment is fundable but unfunded”.
- Continuity has been ensured with the new Board appointed for the next three years mid-FY2025/26 to mid-FY2028/29.
- Members raised concerns about the viability of Pelchem, which has consistently posted losses. The entity ensured members that Pelchem would reach breakeven point in the 2026/27 financial year.
- The entity stated that financial results for NTP was below forecast due to the geopolitical situation in the Middle East. NTP's income is dependent on foreign sales. However, the entity assured members that the entity would look to recovering these losses in the new financial year.
- NECSA stated that the MTEF financial estimates are expected to improve as business cases mature, partnerships and funding are confirmed.

## 6.7. ESKOM

- Members noted Eskom's Performance against the Shareholder's Compact improved to 67% (22 of 33 KPIs achieved as of FY26 Q3), a marked increase from 59% in FY24 and 62% in FY25. No loadshedding for more than 341 days as of 22 April 2026. The members noted that the achievement of 67% of its performance targets is not acceptable and the entity should improve on its performance.
- S&P Global Ratings upgraded Eskom's credit rating for the first time in over a decade, citing sustained operational improvement and financial discipline.
- Eskom stated that they have reduced diesel (Open Cycle Gas Turbines) expenditure by 62.46% (~R10bn less) compared to the same period previous financial year.
- The Eskom Board has been reconstituted with skilled professionals, blending continuity with new technical, financial, and governance expertise.
- Eskom stated that it had been selected as a Top Employer for the second consecutive year. However, members questioned this as to who did this certification and on what grounds this certification was received. The entity should rather be rated by how their customers perceive their performance.
- No loadshedding has been implemented since 15 May 2025 (341 days on 22 April 2026); improved reliability of the power system with an EAF of ~66,6% for March 2026.
- The FY2026 Year End (YE) EAF of 65.16% is ~5% point higher compared to FY2025 YE EAF of 60.60%. However, it should be noted that the entity did not meet its target for the 2025/26 financial year of 70%. FY2026 year-end unplanned outage level (UCLF) of 22.88%, showing an improvement in performance relative to the previous financial year (26,05%).
- Over the Summer 2025/26 period, Eskom had ~6GW of coal power stations in cold reserve, indicating a healthy reserve margin to ensure sufficient electricity supply for South Africa.
- Members highlighted that electricity prices are very high in the country and that ordinary citizens are struggling to afford the current prices for electricity. There is thus a need to review the electricity pricing policy.
- Eskom pointed out that they have achieved the 4,000 MVA of transformer capacity, where they have exceeded their targets. However, it's on the transmission lines themselves, where they fell short – target was 423km, and they achieved 270km. The Committee highlighted that this was a drastic shortfall to the target. The entity ensured that the shortfall would be addressed during the 2026/27 financial year.

- Members pointed out that Eskom has not achieved some of its primary targets: i.e. Electricity Availability Factor (EAF), transmission lines installed, installation of smart meters, and the municipal debt continue to increase. Some members questioned the rationality of paying Eskom executives performance bonuses if targets are not met.
- The entity stated that although targets were not met, significant progress was made towards meeting those targets.
- The Committee stated that the Distribution Agency Agreements were not as effective as it was hoped it would be. It was intended to address the rising municipal debt, however, this has not happened as municipal debt continues to increase dramatically.

## **7. RECOMMENDATIONS**

Having considered the planning documents and budgetary allocations for the 2026/27 financial year, the Committee recommends that the Minister of Electricity and Energy, should:

- 7.1. Ensure that the Annual Performance Plans of the Department of Electricity and Energy and its respective entities are aligned.
- 7.2. Ensure that the Director-General post be prioritised and finalised by the third quarter of this financial year.
- 7.3. Ensure that executive posts and other vacant funded posts at both the Department and its respective entities are filled.
- 7.4. Prioritise and finalise the Integrated Electricity Plan and Gas Master Plan, by the end of Q3 2026/27FY.
- 7.5. Prioritise the finalisation of the Electricity Pricing Policy by the end of Q3 2026/27FY
- 7.6. Engage National Treasury to increase the Free Basic Electricity grant allocation as soon as possible, as well as ensure the efficient use of funding allocated to the grant, to ensure all those that qualify receive the benefit of the FBE allocation.
- 7.7. Prioritise the finalisation of the funding and model for the repurposed Integrated National Electricity Programme by Q3 of the current FY.
- 7.8. Address the funding and capacity issues at the National Nuclear Regulator.

- 7.9. Ensure NERSA finalises its revised pricing methodology and make it available for public comment.
- 7.10. Ensure SANEDI in addition to its emissions savings also reflects the emission savings in rands so that it reflects the economic savings.
- 7.11. Prioritise the finalisation of the Radioactive Waste Management Fund Bill, to ensure the financial viability of NRWDI going forward.
- 7.12. Ensure NECSA remains financially viable and that sufficient support is received for the MPR, SMR and front-end fuel projects and presents a comprehensive business plan for these projects by the end of Q3 2026/27FY.
- 7.13. Ensure Eskom meets a minimum of 80 per cent of its targets for the 2026/27 financial year.
- 7.14. Present to the Committee an update on the Distribution Agency Agreements and its effectiveness as well as the challenges faced by the end of quarter 2 of the financial year.

## **8. CONCLUSION**

The Portfolio Committee on Electricity and Energy will continue to fulfil their Constitutional mandate. The Committee is guided by the Parliamentary rules in conducting the oversight on the functioning of the Department of Electricity and Energy. This is done to ensure proper and effective functioning and compliance with the legislation and policy requirements.

**Report to be considered.**

---