

Thursday, 11 July 2024]

No 8—2024] FIRST SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

THURSDAY, 11 JULY 2024

TABLE OF CONTENTS

ANNOUNCEMENTS

National Council of Provinces

- | | | |
|----|---|---|
| 1. | Referral to Committees of papers tabled | 2 |
| 2. | Membership of Committees | 2 |

TABLINGS

National Assembly and National Council of Provinces

- | | | |
|----|-------------------------------|---|
| 1. | Speaker and Chairperson | 3 |
|----|-------------------------------|---|

National Council of Provinces

- | | | |
|----|-------------------|---|
| 1. | Chairperson | 4 |
|----|-------------------|---|

COMMITTEE REPORTS

National Assembly

1.	Home Affairs	5
2.	Water and Sanitation	24
3.	Public Service and Administration.....	46
4.	Public Service and Administration.....	61
5.	Defence and Military Veterans.....	77
6.	Defence and Military Veterans.....	86
7.	Communications and Digital Technologies	112
8.	Small Business Development.....	130

ANNOUNCEMENTS

National Council of Provinces

The Chairperson

1. Referral to Committees of papers tabled

(1) The following paper is referred to the **Select Committee on Appropriations** for consideration:

- (a) The Financial and Fiscal Commission 2025/2026 annual submission for the Division of Revenue Bill, tabled in terms of section 9(1) of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), as amended.

2. Membership of Committees

(1) The following members have been elected Committee Chairpersons, with effect from 11 July 2024:

Select Committee on Education, Sciences and Creative Industries

Feni, Mr M

Select Committee on Social Services

Fienies, Ms DW

Select Committee on Security and Justice

Mananiso, Ms JS

Select Committee on Public Petitions and Executive Undertakings

Mokae, Mr OJ

Select Committee on Economic Development and Trade

Boshoff, Ms HS

Select Committee on Agriculture, Land Reform and Mineral Resources

Modise, Mr MG

Select Committee on Public Infrastructure and Minister in the Presidency

Badenhorst, Mr FJ

Select Committee on Cooperative Governance and Public Administration

Kaunda, Mr TM

Select Committee on Finance

Ndhlovu, Ms S

Select Committee on Appropriations

Legwase, Ms TI

TABLINGS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

- (a) Submission of the Financial and Fiscal Commission on the Division of Revenue Bill for 2025/26, tabled in terms of section 9(1) of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), as amended.
- (b) Report of Commission for Gender Equality - The State of Gender Transformation within Local Government (2023/2024).
- (c) Report of Commission for Gender Equality - Gender Transformation in the South African Mining Industry (2023/2024).
- (d) Report of Commission for Gender Equality - The State of Maternity and Neonatal Health Care in the Eastern Cape (2023/2024).
- (e) Report of Commission for Gender Equality – Progress Report: Gender Transformation in Public and Private Sectors (2023/2024).
- (f) Report of Commission for Gender Equality - The State of Gender Transformation at Tertiary Institutions (2023/2024).

- (g) Report of Commission for Gender Equality - Gender Mainstreaming and Transformation within Correctional Services (2023/2024).

National Council of Provinces

1. The Chairperson

- (a) STATEMENT OF INVESTIGATION ISSUED IN TERMS OF SECTION 106(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT NO. 32 OF 2000) ON ALLEGATIONS OF MALADMINISTRATION, FRAUD, CORRUPTION OR ANY OTHER SERIOUS MALPRACTICES WITHIN ENDUMENI LOCAL MUNICIPALITY, KWAZULU-NATAL.

Referred to the **Select Committee on Cooperative Governance and Public Administration** for consideration.

- (b) STATEMENTS OF INVESTIGATIONS ISSUED IN TERMS OF SECTION 106(1)(b) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT NO. 32 OF 2000) ON ALLEGATIONS OF MALADMINISTRATION, FRAUD, CORRUPTION OR ANY OTHER SERIOUS MALPRACTICES WITHIN ILEMBE DISTRICT MUNICIPALITY AND ABAQULUSI LOCAL MUNICIPALITY, KWAZULU-NATAL.

Referred to the **Select Committee on Cooperative Governance and Public Administration** for consideration.

- (c) CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT 2022/2023 FINANCIAL YEAR, GAUTENG PROVINCE.

Referred to the **Select Committee on Cooperative Governance and Public Administration** for consideration.

- (d) PROGRESS REPORT ON THE STATUS OF INTERVENTIONS ISSUED IN TERMS OF SECTION 139(1)(b) OF THE CONSTITUTION, 1996 TO MPOFANA, MSUNDUZI, INKOSI LANGALIBALELE AND MTUBATUBA LOCAL MUNICIPALITIES AND UMZINYATHI, UTHUKELA AND UMKHANYAKUDE DISTRICT MUNICIPALITIES, KWAZULU-NATAL PROVINCE.

Referred to the **Select Committee on Cooperative Governance and Public Administration** for consideration and report.

COMMITTEE REPORTS

National Assembly

1. REPORT: PORTFOLIO COMMITTEE ON HOME AFFAIRS 2024-25 VOTE 5 BUDGET & ANNUAL PLANS, DATED 10 JULY 2024

1. Introduction

After appointing its new chairperson, Hon. Mosa, Chabane; the Portfolio Committee on Home Affairs (the Committee) of the 7th Democratic Parliament met on Budget Vote 5 on 9 July 2024. The Committee was briefed by the leadership of the Department of Home Affairs (DHA), the Border Management Authority (BMA), the Government Printing Works (GPW) and the Electoral Commission (IEC) on their budgets and Annual Performance Plans (APPs) for the 2024/25 financial year.

The newly elected Chairperson thanked the members of the Committee for their support in his re-appointment and indicated that the DHA and BMA followed by the IEC and GPW would brief the Committee on their budget allocations and APPs for 2024-25 financial year.

On 10 July, the Committee met to adopt the report on the briefings and discussions summarised below:

2. 2024/25 BUDGET AND APP PRESENTATIONS FOR DHA, BMA, IEC and GPW

2.1 DHA

The new Minister, Dr. Schreiber, made opening remarks, followed by the Director General (DG), Mr. Mr Makhode presenting on the APP and Chief Financial Officer Mr Hollamby on the Budget.

The Department of Home Affairs derives its mandate from the Constitution, various acts of Parliament and policy documents. The DHA's mandate entails the management of citizenship and civil registration, international migration, and refugee protection. It allows the DHA to be a key enabler of national security, citizen empowerment, efficient administration and socioeconomic development. These functions must be managed securely and strategically. The DHA's services are divided into two broad categories: civic services and immigration services. It is also mandated to manage the immigration system, which impacts directly on national security, social cohesion and achievement of development goals.

DHA Vision and Mission

The vision of the DHA is "A South Africa where identity, status and citizenship are key enablers of citizen empowerment and inclusivity, economic development and national security."

The DHA has a very broad mission, which is described, structured and carried out in line with its commitment to citizen empowerment and inclusivity, economic development and national security, by:

- Being an efficient and secure custodian of citizenship and civil registration;
- Securely and strategically managing international migration;
- Efficiently managing asylum seekers and refugees;

- Efficiently determining and safeguarding the official identity and status of persons.

1.1 DHA Mandate, Outcomes and Structure

According to the Department of Home Affairs' Annual Performance Plan 2024/25, the DHA has three (3) main mandates, which include:

- Mandate 1: Management of citizenship and civil registration
- Mandate 2: Management of international migration
- Mandate 3: Management of refugee protection

DHA identified the following outcomes for the 2020 – 2025 period:

- Secure management of international migration resulting in South Africa's interests being served and fulfilling international commitments,
- Secure and efficient management of citizenship and civil registration to fulfil constitutional and international obligations,
- Efficient asylum seeker and refugee system in compliance with domestic and international obligations,
- Secure population register to empower citizens and enable inclusivity, economic development and national security, and
- DHA positioned to contribute positively to a capable and developmental state

The DHA is structured into four programmes following the Estimates of National Expenditure Framework. These programmes are:

Programme 1: Administration - Provide strategic leadership, management and support services to the department.

Programme 2: Citizen Affairs - Provide secure, efficient and accessible services and documents to citizens and lawful residents.

Programme 3: Immigration Affairs - Facilitate and regulate the secure movement of people through ports of entry into and out of the Republic of South Africa. Determine the status of asylum seekers and regulate refugee affairs.

Programme 4: Institutional Support and Transfers - Provide institutional support and transfer funds to the Electoral Commission, the Represented Political Parties' Fund and the Border Management Authority.

DHA MSTF 2019 TO 2024 & SONA 2024 COMMITMENTS

The DHA's apex priorities align with the MSTF 2019 to 2024 Commitments, thus, to achieve priority 2: economic transformation and job creation, the Department aimed to implement a revised visa regime through 95% of visa applications adjudicated within 4 weeks by 2022/23 (critical skills visas). However, the commitment was not achieved and included in the 2024/25 APP. In order to contribute to priority 6: social cohesion and safe

communities, the Department set a target of establishing and rolling out BMA, and this was achieved.

To fulfil its commitment to Introducing remote worker visa and special dispensation to high-growth start-ups, the DHA has set out a target to have the *Citizenship, Immigration and Refugees Bill* submitted to Cabinet for approval for public consultation. In realizing its SONA commitment of publishing new regulations to reform the visa system, which will make it easier to attract the skills that the economy needs and create a dynamic ecosystem for innovation and entrepreneurship (2024), the DHA has activated the E-Visa system for study, business and intra-company transfers for five additional countries (Spain, Italy, United Kingdom, Kenya and Uganda).

DHA ANNUAL PERFORMANCE INDICATORS AND TARGETS

Below is a summary of the DHA's annual performance indicators and targets per branch for the 2024/25 financial year

Civic Services – this branch has outlined **four (4) targets** for the 2024/25 financial year as follows:

- The number of births registered within 30 calendar days per year, the target set is **750 000**.
- For the number of smart ID cards issued to citizens 16 years of age and above per year, the target is sitting at **2.5 million** for the 2024/25 FY.
- The DHA aims to achieve **90%** of machine-readable adult passports (live capture system) issued within 13 working days for applications collected and processed within the RSA per year.
- DHA also aims to achieve **90%** of machine-readable passports for children (live capture system) issued within 18 working days for applications collected and processed within the RSA per year.

Immigration Services – this specific branch has set out **five (5) targets** for the 2024/25 FY, which are:

- Percentage (%) of permanent residence applications for critical skills (S27b), general work (S26a) and business (S27c) adjudicated within 8 months for applications collected within the RSA per year, the DHA aims to achieve **85%** of this target during this FY.
- Percentage (%) of critical skills visa applications adjudicated within 4 weeks for applications processed within the RSA per year, the target is set at **95%**.
- Percentage (%) of business visa applications adjudicated within 8 weeks for applications processed within the RSA per year, target set is **90%**.
- Percentage (%) of general work visa applications adjudicated within 8 weeks for applications processed within the RSA per year, target here is also **90%** for the year.
- Number of DHA-led law enforcement operations/ inspections conducted for targeted areas per year to ensure compliance with immigration legislation, such as Spaza shops, restaurants, transport & logistics companies, farms and mines, with a target of **2000** for the year, and broken down as **800 Spaza, 460 restaurants, transport & logistics 260, farms 300 and mines 180**.

Information Services – this branch has outlined **three (3) targets** for the 2024/25 financial year as follows:

- Number of health facilities with automated birth functionality, for this particular indicator the DHA has set a target of **41** for this financial year and aims to achieve 20 in the 3rd quarter and another in the 4th quarter.
- Number of offices with live capture functionality for smart ID cards and passports, the DHA has a target of **5 and identified offices Masisi (LP), Seshego (LP), Madikwe (NW), Ventersdorp (NW) and Lady Frere (EC)** for this purpose.
- Number of countries with e-Visa system activation for study, business and intra-company transfer visas, target herein is **5 for the 2024/25 FY and an additional 10 for the 2025/26 FY.**

Director-General's Office (DGO) - this branch has outlined **three (3) targets** for the 2024/25 financial year as follows:

- Tabling of the Citizenship, Immigration and Refugees Bill in Parliament by 2026/27 is the first indicator of this branch, and the DHA aims to have **the *Citizenship, Immigration and Refugees Bill* submitted to Cabinet for approval for public consultation in the 2024/25 FY.**
- Tabling of the DHA Bill in Parliament for processing of Bill is the second indicator, and the Department aims for the **Draft Bill to be submitted to Cabinet for approval for publication for public comments in the 4th quarter of the 2024/25 FY.**
- The number of interventions implemented in support of the Communication Strategy and Action Plan per year is the third indicator and DHA has set out the **implementation of the Communication Strategy and Action Plan as a target, with 24 Media engagements, 6 Outreach engagements, and 3 Campaigns targeted for the 2024/25 financial year.**

Operations – for the 2024/25 financial year, this branch has outlined **three (3) targets** as follows:

- DHA aims to **digitise 27,8 million civic records** by the end of the financial year.
- Rollout of online birth registration system in 95 Priority 4 health facilities.
- U-AMP 2025/2026 submitted to National Treasury and copied to DPW&I for infrastructure budget determination.

Human Resource Management & Development – this branch of the DHA has the following targets:

- To implement the DHA Gender-Based Violence and Femicide plan in the 2024/25 FY.
- The branch aims to conclude **70%** of Misconduct cases within 90 working days per year.

Counter Corruption & Security Services - this branch has set out **four (4) targets**, and they are as follows:

- The branch aims to achieve **16 business processes reviewed** to identify vulnerabilities to fraud, corruption and security breaches (per year).

- Achieve **80% of reported fraud and corruption cases** finalised within 90 working days (per year).
- Conduct **40 Threat and Risk Assessments (TRAs) per year** in accordance with the requirements of Minimum Information Security Standards (MISS) and/or Minimum Physical Security Standards (MPSS) to mitigate risks.
- Complete 400 vetting files referred to the State Security Agency (SSA) for evaluation (per year).

Finance & Supply Chain Management – this branch has outlined only one target for the 2024/25 FY. The branch aims to achieve 20% of public procurement to women-owned businesses.

DHA BUDGET ANALYSIS

The DHA received an additional R1.3 billion over the medium term to fund the shortfall arising from the 2023/24 public sector wage agreement and to prevent a significant decrease in the number of personnel. This allocation is also intended to maintain the department's operating capacity. The table below shows the Vote 5: Home Affairs budget allocation per programme.

Budget Allocations DHA

Programme	Budget		Nominal increase/decrease in 2024/25	2025/26
	2023/24 (Adjusted Appropriation)	2024/25 (Current)		
R million	R'000	R'000	R'000	R'000
1. Administration	2 904.1	2 534.1	-370.0	2 658.4
2. Citizen Affairs	4 241.0	3 023.4	-1 208.6	3 194.3
3. Immigration Affairs	811.0	897.0	86.0	939.7
4. Institutional Support & Transfers	4 423.9	4 032.0	-391.9	3 946.5
Total	12 380	10 495.5	-1 884.5	10 783.8

Source: National Treasury (2024) and own calculations

The DHA received an allocation of R10.5 billion for the 2024/25 financial year, which is a drop of R1.88 billion from the R12 380 billion which was allocated in the 2023/24 financial year. Compared to the previous financial year, the budget allocation of three out of four programmes was reduced. **Programme 1** saw a decrease of R370 million from the R2.9 billion that was allocated in the 2023/24 financial year, while the budget of **Programme 2** was cut by R1.21 billion, and then **Programme 4** was reduced by R391.9 million, from R4.42 billion in 2023/24 to R4.03 billion in 2024/25.

Programme 4- Institutional Support and Transfers, with the main objective of transferring funds to the Border Management Authority, Electoral Commission and the Represented Political Parties' Fund, remains the programme that receives the highest budget allocation, while Programme 2 - Citizen Affairs receives the lowest budget allocation.

R208 million is allocated in 2024/25 in the Admissions Services subprogramme in the Immigration Affairs programme to support the implementation of a risk-based approach to immigration, which contributes to *Modernising ICT infrastructure*. In addition, R15 million is allocated in the 2024/25 budget in the Transversal Information Technology Management subprogramme of **Programme 1 Administration**. To improve access to enabling documents such as smart identity cards and passports, a further R15 million in 2024/25 in this subprogramme is allocated for rolling out the functionality to apply for passports and smart identity cards in an additional 5 front offices.

In terms of economic classification, *Current payments* are equal to R6.42 billion for 2024/25, which is a decrease of R714 million for the adjusted period of 2023/24. A huge budget under this specific economic classification is directed to the *Compensation of employees*, sitting at R3.98 billion for the 2024/25 financial year. *Goods and Services*, decreased by R1.15 billion in 2024/25 from the R3.64 billion allocated in 2023/24.

A sharp decrease was in the budget allocated for *Payments for capital assets*, which was R14.6 million for the 2024/25 financial, compared to the R 786.8 million that was allocated in the previous financial year.

Transfers and Subsidies for 2024/25 equal R4.06 billion which is a decrease of R390 million from the R4.45 billion adjusted amount of 2023/24. More details on the BMA, GPW and IEC can be found in the separate sections on these entities which follow.

Programme 4- Institutional Support and Transfers (entities)	Budget		Nominal increase/decrease in 2024/25	2025/26
	2023/24 (Adjusted Appropriation)	2024/25 (Current)		
R million	R'000	R'000	R,000	R'000
1. Border Management Authority	1 341.2	1 407.7	66.5	1 473.1
2. Electoral Commission	2 232.3	2 302.2	69.9	2 137.9
3. Represented Political Parties' Fund.	850.3	322.1	-528.2	335.5
Total	4 423.9	4 032.0	-391.8	3 946.5

2.2 BMA Budget and APP

Dr Mike Masiapato, the BMA Commissioner made the presentation and he indicated the BMA was established by 1 April 2023 as a separate entity from the DHA.

BMA is a new Schedule 3A Public Entity which was established on 1 April 2023 responsible for the execution of frontline border law enforcement functions related to, inter alia, port health; immigration control; access control; biosecurity; food safety and phytosanitary control; land border infrastructure.

Total Allocations

Year	Allocation	Percentage increase	Decrease after inflation of 5.2%
------	------------	---------------------	----------------------------------

2023/24	R1.341 billion		
2024/25	R1.407 billion	4.92%	(-0.3%)
2025/26	R1.473 billion	4.69%	(-0.5%)
2026/27	R1.540 billion	4.55%	(-0.65%)

Budget Allocation Per Programme 2024/25:

- Corporate Services: R81 million (12.4% increase from 2023/24)
- BMA Operations: R1.327 billion (4.49% increase from 2023/24)

Programme 1: Corporate Services

To provide strategic leadership, management, and support services to the BMA

- Output 1.1: Standardized Communications Framework Implementation
 - Key Targets:
 - Implement a standardized communications framework to unify the BMA's brand and messaging.
- Output 1.2: Disaster Management Plan Updates
 - Key Targets:
 - Update the Disaster Management Plan to ensure business continuity in case of disruptions.
- Output 1.3: Roll-out of Business Continuity Management Plans at Ports of Entry (PoEs)
 - Key Targets:
 - Roll out Business Continuity Management Plans to 13 PoEs to enhance resilience.
- Output 1.4: Modernization of ICT Infrastructure and Systems
 - Key Targets:
 - Install and connect LAN and WAN at 13 PoEs to improve communication and integration.

Programme 2: BMA Operations

Execute the core business functions of the BMA, including border control and law enforcement, and managing the movement of people and goods.

- Output 2.1: National Targeting Centre (NTC) Operationalization
 - Key Targets:
 - Sign agreements with relevant institutions (CBRTA, SAPS, SARS, RTMC) for data sharing to enhance the NTC's analytical capacity.
- Output 2.2: Information Exchange
 - Key Targets:
 - Achieve 100% execution of information exchange requests as per standard operating procedures (SOPs).
- Output 2.3: BMA Roll-out at Community Crossing Points (CCPs)
 - Key Targets:
 - Recommend one additional CCP to the Minister of Home Affairs for BMA roll-out.
- Output 2.4: Joint Law Enforcement Operations
 - Key Targets:

- Conduct 40 joint law enforcement operations within the border law enforcement area and with neighbouring states.
- Output 2.5: Effective Law Enforcement at PoEs
 - Key Targets:
 - Ensure 100% of detected illegal persons are refused entry or deported.
- Output 2.6: Efficient Facilitation of Legal Travelers
 - Key Targets:
 - Process 100% of legal travellers at PoEs within 5 minutes through the movement control system.
- Output 2.7: Port Health Services Compliance
 - Key Targets:
 - Ensure 20 PoEs rendering port health services comply with International Health Regulations (2005).
- Output 2.8: Legal Importation of Health-Related Consignments
 - Key Targets:
 - Monitor 100% of imported health-related consignments for compliance at PoEs.
- Output 2.9: CITES Compliance
 - Key Targets:
 - Inspect 100% of booked CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) consignments for compliance at designated PoEs.
- Output 2.10: Quarantine of Imported Live Animals
 - Key Targets:
 - Process 100% of imported controlled live animals for quarantine within the border law enforcement area.
- Output 2.11: Import and Export of Regulated Agricultural Goods
 - Key Targets:
 - Process 100% of regulated agricultural goods for import and export at designated PoEs and the Border Law Enforcement Area.
- Output 2.12: Redevelopment of Land Ports of Entry
 - Key Targets:
 - Conclude the bid adjudication process for selecting preferred bidders for the redevelopment of six land PoEs.

Key Risks and Mitigations

1. Coordination and Cooperation:
 - Risk: Inability to meet targets due to trust deficits, competing priorities, and communication breakdowns.
 - Mitigation: Clear communication plan and sufficient resources to implement the plan.
2. Trade and Socio-Economic Development:
 - Risk: Inability to enforce biosecurity and biodiversity compliance measures, and high inflation limiting PPP participation in port redevelopment projects.

- Mitigation: Recruit additional agricultural health and environment specialists, capital injection through DBSA, and local content emphasis.
3. National Security
 - Risk: Inability to contain illegal entry of goods and people
 - Mitigation:
 - IT systems at the PoE-level aligned and integrated
 - BMA participation in high-level structures such as the NATJOINTS, JCPS and Inter Ministerial Committee on Migration, and the presidency
 - Functionality of the national targeting center.
 4. Corporate governance and ethical leadership

Risks	Mitigation
Cyber-attacks on critical systems	<ul style="list-style-type: none"> ○ Procurement of an Integrated Threat, Event and Vulnerability Management Solution. ○ IT security specialist to be appointed.
Inability to deliver on APP targets	<ul style="list-style-type: none"> ○ Individual performance agreements aligned to the APP targets ○ Quarterly performance reviews ○ Capacitation of the internal audit unit ○ Business continuity plan developed and monitored
Fraud and corruption	<ul style="list-style-type: none"> ○ Counter-corruption and fraud prevention strategy developed and approved ○ Code of good conduct in place ○ Constant systems and process review ○ Governance committees in place
Negative brand equity and public perception	<ul style="list-style-type: none"> ○ Communication forum with key stakeholders in the border management environment ○ Constant communication about the Authority's work on public platforms ○ Governance committees established and function efficiently

2.3 IEC Budget & APP

Vice Chairperson Love made opening remarks followed by the Chief Electoral Officer, Mr Sy Mamabolo presenting.

The IEC is an independent constitutional body (Chapter 9 Institution) which manages free and fair elections of legislative bodies and institutions through the participation of citizens, political parties and civil society in deepening electoral democracy.

Budget Allocations per Programme and Main Costs

1. Administration Programme
 - 2023/24: R820,582,000 allocated
 - 2024/25: R911,632,000 allocated
 - Percentage Change: Approximately 11.1% increase (5.9% after inflation)
2. Electoral Operations Programme

- 2023/24: R758,349,000 allocated
 - 2024/25: R808,149,000 allocated
 - Percentage Change: Approximately 6.6% increase (1.4% after inflation)
3. Outreach Programme
- 2023/24: R654,000,000 allocated over the MTEF period
 - 2024/25: R592,642,000 allocated
 - Percentage Change: Approximately -9.4% decrease (4.2% after inflation)
4. Party Funding Programme
- 2023/24: R15,887,000 allocated
 - 2024/25: R25,000,000 allocated
 - Percentage Change: Approximately 57.4% increase (52.2% after inflation)

Outcomes and Key Changes

Programme 1: Administration

Purpose: Strengthen institutional effectiveness, governance, and financial management.

- Outcomes:
 - Management: Focuses on refining governance arrangements, oversight, and monitoring.
 - Corporate Services: Enhances human capital development, adheres to performance standards, and supports core business processes.
 - Financial Management: Ensures compliance with legal financial management practices.
- Key Targets:
 - Review the strategic risk register quarterly.
 - Maintain 90% network and application systems availability.
 - Achieve 90% of funded positions filled.
 - Obtain a clean audit outcome annually.
- Changes: Increased focus on human capital development, compliance with climate change policies, and enhanced ICT governance.

Programme 2: Electoral Operations

Purpose: Deliver free and fair elections, manage voter registration, and improve election logistics.

- Outcomes:
 - Electoral Operations Management: Strategic management of electoral operations.
 - Electoral Matters: Manages voter registration, candidate registration, and election logistics.
 - Logistics and Infrastructure: Provides necessary infrastructure for voting stations and electoral materials.
 - Provincial and Local Offices: Resources and support for provincial operations.
 - Electoral Capacity Building: Salaries, allowances, and training for electoral staff.
- Key Targets:
 - Ensure 0% of elections are set aside due to non-compliance.
 - Maintain a credible national voters' roll with a target of 26,500,000 registered voters by March 2024.

- Improve the accessibility and suitability of voting facilities.
- Changes: Increased budget for better infrastructure and technology to support election processes.

Programme 3: Outreach

Purpose: Inform and engage citizens in electoral democracy through education and communication.

- Outcomes:
 - Outreach Management: Strategic management of outreach activities.
 - Education and Research: Provides civic and democracy education and conducts research on voter behavior.
 - Communications: Manages the Commission's reputation and communicates with stakeholders.
 - Stakeholder Relations Management: Engages with domestic and international stakeholders to promote electoral principles.
- Key Targets:
 - Achieve 80,000 face-to-face civic and democracy education (CDE) events annually.
 - Conduct 3 research initiatives per year.
 - Hold 75 meetings with key stakeholders annually.
 - Achieve 250 million impressions via multimedia communication activities.
- Changes: Shift towards more efficient communication and outreach methods, resulting in a reduced budget allocation.

Programme 4: Party Funding

- Purpose: Manage the funding and compliance of political parties.
- Outcomes:
 - Party Funding Management: Ensures compliance with funding regulations and promotes transparency.
- Key Targets:
 - Ensure compliance with the Political Party Funding Act.
 - Enhance transparency and regulatory compliance.
- Changes: Significant budget increase to enhance transparency and regulatory compliance.

2.4 GPW Budget and APP

Ms Alina Fosi, the Chief Executive Officer; and Mr Ian Van Der Merwe, Chief Financial Officer made the presentation.

GPW is responsible for manufacturing security printed matter, such as passports and visas, and related publishing, production and dissemination services of the highest quality for government institutions. Today, it ranks as one of the most progressive security printing specialists in Africa, boasting a high-tech production plant with world-leading equipment.

Total Budget Allocation:

- 2023/24: R1.341 billion
- 2024/25: R1.407 billion 4.9% increase from 2023/24 (-0.3% real decrease after 5.2% inflation)

Budget Allocations per Programme:

1. Office of the CEO:
 - 2023/24: R50 million
 - 2024/25: R52 million (4% increase; real change: -1.2%)
2. Manufacturing and Engineering:
 - 2023/24: R450 million
 - 2024/25: R470 million (4.44% increase; real change: -0.76%)
3. Operations Management:
 - 2023/24: R200 million
 - 2024/25: R210 million (5% increase; real change: -0.2%)
4. Corporate Services:
 - 2023/24: R300 million
 - 2024/25: R315 million (5% increase; real change: -0.2%)
5. Financial Services:
 - 2023/24: R341 million
 - 2024/25: R360 million (5.57% increase; real change: 0.37%)

Programme/Branch and Sub-Programmes

Programme 1: Office of the CEO

1. Internal Audit:
 - Targets:
 - 100% implementation of the Annual Internal Audit Plan
 - Quarterly progress targets: 20%, 30%, 30%, 20%
2. Enterprise Risk Management:
 - Targets:
 - 100% implementation of the Business Continuity Management Plan
 - Quarterly progress targets: 100% implementation each quarter

Programme 2: Manufacturing and Engineering

1. Identity Documents Production:
 - Targets:
 - 100% of Identity Documents produced conform to client specifications
 - Quarterly progress targets: 100% conformity each quarter
2. Travel Documents Production:
 - Targets:
 - 100% of Travel Documents produced conform to client specifications
 - Quarterly progress targets: 100% conformity each quarter
3. Examination Papers Production:
 - Targets:
 - 100% of Examination Papers produced conform to client specifications
 - Quarterly progress targets: 100% conformity each quarter
4. High Security Certificates Production:
 - Targets:
 - 99% of High Security Certificates produced conform to client specifications

- Quarterly progress targets: 99% conformity each quarter

Programme 3: Operations Management

Sub-Programmes:

1. Government Gazettes Publication:
 - Targets:
 - 100% of Government Gazettes published conform to client specifications
 - Quarterly progress targets: 100% conformity each quarter
2. SADC Region Engagement:
 - Targets:
 - Follow-up engagements with 8 potential customers in the SADC region
 - Quarterly progress targets: 2 engagements each quarter

Programme 4: Corporate Services

Sub-Programmes:

1. Artisan and Graduate Skills Development:

Targets:

 - 20 unemployed young people recruited for Artisan and Graduate skills development programmes
 - Quarterly progress targets: Skills identified, intake advertised, shortlisting, and offer letters issued
2. Workforce Training:

Targets:

 - 70% of total workforce trained as per critical WSP identified priorities
 - Quarterly progress targets: 10%, 25%, 25%, 10% training completion
3. Change Management Implementation:

Targets:

 - 60% implementation of Change Management Plan
 - Quarterly progress targets: 10%, 20%, 20%, 10% implementation
4. Gender-Based Violence and Femicide Plan Implementation:

Targets:

 - 60% of GPW Gender-Based Violence and Femicide Plan implemented
 - Quarterly progress targets: Plan developed, 20% each subsequent quarter
5. ICT Ecosystem Development:

Targets:

 - 15% of the required GPW Information Systems and Digital Services Ecosystem Platform achieved
 - Quarterly progress targets: Implementation report, 5% each subsequent quarter
6. Security Management Plan Implementation:

Targets:

 - 100% implementation of the approved security management plan
 - Quarterly progress targets: 100% each quarter
7. Facilities Management:

Targets:

 - 90% refurbishment of GPW's Headquarters building
 - Quarterly progress targets: Project Execution Plan, 25%, 60%, 90% completion

Programme 5: Financial Services

Sub-Programmes:

1. Cost and Management Accounting:
 - 2024/25 Allocation: R180 million
 - Targets:
 - Ensure effective financial management and supply chain services

3. Budget & APP Deliberations

In relation to the budget and APP presentations, the members of the Committee raised the following concerns and questions:

DHA

- 3.1. There was a concern that the Minister of Home Affairs extended the visas who were already in the country thus increasing the impact of migrants in the country rather than focusing on needs of citizens.

The Department stated that the concessions for migrants made by the Minister were not the first ones, and it had been done several times in the past to address backlogs arising primarily during the COVID pandemic lockdown. The extension of the visas is for people who came legally into the country, it is either that they applied to move to other visas or were extending their stay.

- 3.2. There was concern if the BMA or the DHA had the capacity to ensure that illegal migrants leave or are deported from South Africa.

The BMA stated that its work was at the border environment and once the person was in the country illegally, it was the responsibility of the immigration inspectorate. There is a need for additional staff in both cases but this must also be supported by improved surveillance technology.

- 3.3. The Committee expressed concern about long queues and network downtime at the offices of the DHA and whether the war on queues was yielding results after the Council of Scientific & Industrial Research (CSIR) project to assist the DHA.

The DHA reported that there was progress and there are trial projects to use the CSIR network at offices such as the Wynberg the Epping and the Menlyn Mall where queues had been addressed. The Branch Appointment Books System (BABS) where people can make an appointment to apply for passports, identity documents and collections had also reduced queues where it had been introduced.

- 3.4. The Committee indicated that the gaps that were identified by the Lubisi report on the processing of visas and permits should be closed.

The DHA reported that the matters that were raised in the report continued to be investigated by the Special Investigation Unit (SIU). The United Nations High Commissioner for Refugees (UNHCR) would also be approached to resume funding on the asylum seeker backlog.

- 3.5. The Committee raised a concern regarding the escape of 69 illegal migrants who were detained at the Lindela Repatriation Centre waiting for deportation.

The DHA reported that the National Treasury was investigating the contract of the service provider.

- 3.6. In the 6th Parliament, the then Committee raised the matter of naturalized citizens who were unable to apply for Smart ID Cards. The Committee also raised the issue of loss of citizenship by South Africans who have taken a second nationality. The courts found that it was unconstitutional, and will the DHA identify the persons to restore their South African citizenship?

The DHA reported that work on both naturalized and loss of citizenship was underway.

- 3.7. The Committee indicated the need for the DHA to join more joint law enforcement operations of spaza shops in Johannesburg with environmental health at the municipal level given the potential health risks of these operations.

The DHA reported that in the 6th administration, the then Minister of Home Affairs convened a meeting with all stakeholders on the issue of spaza shops. The Department of Cooperative Governance and Traditional Affairs was tasked with the development of the by-laws in this respect and the by-laws were now out for public comments.

The passing of the DHA Bill would also allow for after office hour shifts to join evening operations.

- 3.8. The Committee was concerned that the project to digitize 340 million records did not receive funding this financial year.

The DHA reported that this would affect the project and the R300 million that was allocated to the project this year by the Department came from reallocation from other business units.

- 3.9. The target for the issuance of Smart ID Card per annum was at 2.5 million for the Medium Term and the Committee recommended that it should be increased to 3 million along with the related budget implications.

BMA

- 3.10. The Committee was concerned if the budget from other departments that were involved in the border environment was also transferred to the BMA because the Authority was grossly underfunded.

The BMA indicated that the transferred staff came with the salaries, however, not all the goods and services were small and in other instances, the equipment was old and needed to be replaced by BMA. Many goods and services came from the DHA.

- 3.11. The Committee wanted to establish the assignment of staff along of the borderline that was manned by the BMA.

The BMA indicated that the country has 71 ports of entry, and BMA has 400 guards across these, which is insufficient. The deployment of border guards was at 15 percent along the vulnerable segments of the borderline and the rest was still the responsibility of the South African National Defence Force (SANDF).

- 3.12. The BMA has a target that 100 percent of the detected illegal migrants were refused entry to South Africa and the Committee was interested in those who are not detected entering the country illegally.

The BMA reported that at present, it could not know how many enter the country illegally. The BMA needed better surveillance such as drones to patrol along the borderline.

- 3.13. The Committee was concerned that the BMA was underfunded and had been given huge responsibilities to secure our borders without financial resources.

Unfortunately the BMA had been established in era of significant budget reductions across the government. It was reported that out of the budget of R1.4 billion, the amount of R1.2 billion was Compensation of Employees (COEs).

IEC

- 3.14. There was concern about the reported R200 million allocated to the Represented Political Party Fund (RPF) and the undue influence of wealthy single donors.

It was indicated that money does tend to influence the political landscape of the country but that the R200 million was allocated from National Treasury across all parties according to votes won.

- 3.15. The Committee indicated that there were about 27 million who had registered to vote in the previous election and the voter turnout was low. A matter was raised that the Electoral Act should be amended to have an automatic registration of young people when they reach the age of majority. The Committee raised sharply concerns about voter education.

The IEC indicated automatic registration would not necessarily result in high voter turnout and in fact to more wasted expenditure on unused ballot papers. It was also stated that voter turnout also needed political parties to increase their campaigning and that research polls indicated disillusionment by voters in the political landscape.

- 3.16. The Committee also indicated that the Political Party Funding Act regulations on limits needed to be put in place particularly over private funding and consideration should be given to conduct research on the impact of the political party funding act on parties in South Africa.

The IEC indicated that regulations were being awaited from the Presidency and that research that had already been conducted would be shared with the Committee.

GPW

- 3.17. The Committee wanted to establish if the GPW was printing ballot papers on behalf of the IEC.

The IEC responded that it has previously interacted with the GPW on this matter. The issue was to sort out the procurement modality and the competitiveness. The IEC further cautioned the Committee on the reputational risk of two government components in the same budget/ministerial portfolio printing ballots and administering elections. The issue could be revisited.

- 3.18. The Committee raised a concern with the security features because Ireland wants to withdraw visa exemption for South African citizens.

The GPW indicated that for the past 14 years, the new South African passport had not been reproduced. There might be other reasons for Ireland to retract the visa. The South African passport is amongst the top ten secure passports in the world.

- 3.19. The GPW has indicated that the current rebate of documents sold to DHA was not sustainable and it wants to increase tariffs for different services including Identity Documents and passports. The Committee was of the view that this would impact GPW's competitiveness.

- 3.20. Although the Committee observed that there were some improvements in addressing the audit findings by the GPW, the many IT issues were still outstanding issues.

The GPW reported that it has an audit tracker and a matrix. The audit was still underway, and the figures would continue to improve.

0

4. Committee Recommendations.

DHA

- 4.1. The DHA should clear the backlog on the processing of visas and permits to ensure that there are no further concessions in future. Capacity should be increased within the permit and refugee sections.
- 4.2. The capacity within the immigration inspectorate should be increased to deal with the issue of undocumented migrants and those with expired permits who are already in the country.
- 4.3. The CSIR network project should be rolled out to all the high-volume offices to ensure that the long queues are dealt with, and the Branch Appointment Booking System (BABS) should be expanded and also include other services to address long queues.

- 4.4. Applications for Smart ID Cards for naturalized citizens and those citizens born abroad should be prepared for as soon as possible.
- 4.5. The DHA should be prepared that loss of citizenship by South Africans who acquired a second nationality could be restored as it was found by the courts that it was unconstitutional.
- 4.6. The target for the issuance of Smart ID Card per annum was at 2.5 million for the Medium Term and the Committee recommended that it should be increased to 3 million.
- 4.7. There needed to be better intergovernmental cooperation at municipal level on joint operations.

BMA

- 4.8. The Committee supports the Minister of Home Affairs' argument of the economic and security justification as well as Natural Treasury feedback to the Committee for increasing the funding of the BMA to deal with illegal crossing of the border into South Africa.
- 4.9. In particular the proportion of goods and services funding for improved surveillance and other technology should be increased significantly.
- 4.10. Plans for the allocations and roll out of the BMA Coast Guard should be accelerated in line with increasing duties as new patrol vessels are procured.

IEC

- 4.11. The IEC should make a renewed financial case for improving funding for voter education on the importance of voting and research on how to improve participation.
- 4.12. The IEC should report to the Committee on the assessment of the 2024 elections when its report was ready.
- 4.13. The impact of the Political Party Funding Act on parties in South Africa should be researched and shared with the Committee.
- 4.14. The regulations on party funding donation thresholds should be finalised as soon as possible. Consideration should be given on how private funding of political parties would be monitored by Parliament.

GPW

- 4.15. The Minister should ensure that GPW addresses the outstanding audit findings in particular related to Information Communications Technology.

- 4.16. Ongoing issues raised in the legacy report of the Committee on GPW needed to be monitored more closely.
- 4.17. The negotiations on addressing the unsustainability of the rebate on documents printed for the DHA by GPW should be concluded as a matter of urgency.
- 4.18. The GPW along with the IEC should report to the Committee on the viability of GPW printing a portion of the Ballot Papers for elections.

Report to be Considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON WATER AND SANITATION ON BUDGET VOTE 41, ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF WATER AND SANITATION AND ENTITIES FOR THE 2024/25 FINANCIAL YEAR, DATED 10 July 2024

The Portfolio Committee on Water and Sanitation (the Committee) received a briefing on Budget Vote 41, Strategic Plan and Annual Performance Plan from the Department of Water and Sanitation (the Department) and reports as follows:

1. Introduction

Vote 41 provides the details of the appropriation for the Department of Water and Sanitation (DWS) and its Entities (Water Boards, Catchment Management Agencies, Trans Caledon Tunnel Authority and Water Research Commission). The purpose of the Vote is to ensure the availability of water resources, facilitate equitable and sustainable socio-economic development, and ensure universal access to water and sanitation services. The Department's legislative mandate, which it derives from the National Water Act (Act No. 36 of 1998) and the Water Services Act (Act No. 107 of 1997) in line with the Constitution, is to ensure that the country's water resources are protected, managed, used, developed, conserved and controlled through regulating and supporting the delivery of effective water supply and sanitation.

The performance of the department has improved tremendously when compared to the beginning of the MTEF period. This success is owed to the aggressive implementation of the financial recovery and turnaround plan that has led to a reduced under-expenditure and irregular, fruitless and wasteful expenditure as well as unauthorised expenditures; Improved audit outcomes of the two accounts (i.e. main and water trading); Stabilisation of senior management through filling of critical vacant positions; The Department positively responded to the President's call of reducing the turnaround time for processing water use license applications from 300 days to 90 working days as well as eradicating the backlog; and the average processing rate of applications within 90 days is currently 70% as from the previous average of 30%.

Previously the Department's major water infrastructure projects experienced delays which have since been unblocked. For example, steps have been undertaken to accelerate the implementation of Phase 2 of Lesotho Highlands Water Project, Ntabelanga Dam on the uMzimvubu River, uMkhomazi Water Project in KZN, and Phase 2 of the Vaal Gamagara regional bulk water project in Northern Cape; Some water infrastructure projects such as the Raising of the Hazelmere Dam and the Nandoni to Nsami raw water transfer pipeline have been completed.

The Department is currently supporting several municipalities to improve their water services, such as uGu, Mopani, Sekhukhune, Mathjabeng, Mangaung, Emfuleni, Rustenburg, Sol Plaatjie, Makana, Knysna and Lekwa. This is in line with findings from the Drop reports and Municipal Strategic Self-Assessment (MuSSA) reports.

The municipal debt (R21.3 billion, May 2024) to water boards and the Department has been increasing which affects the financial sustainability of the entire water sector. This also hampers the ability of the water services sector to self-finance. The Department has standardised the implementation of regulatory actions nationally resulting in the improvement of actions taken against non-compliant water users.

This budget report provides a brief on the processing of the tabled Budget Vote 41 and the Annual Performance Plan (APP) for the Department of Water and Sanitation which includes its Entities and their respective APPs. It also includes the observations and recommendations made by the Committee relating to the budget vote.

2. KEY CONSTITUTIONAL PRESCRIPTS, STATE OF THE NATION ADDRESS 2024, MANDATE AND KEY PRIORITIES UNDERPINNING THE WORK OF THE DEPARTMENT

The work of the Department of Water and Sanitation is underpinned by the prescripts of the Constitution and imperatives noted in the State of the Nation addresses, the transformation agenda directed by the National Development Plan South African Vision 2030: and the

Outcomes-based Approach (Refer to the summary of the 5-Year Strategic Plan 2019-2024) found in the Medium-Term Strategic Framework (MTSF), National Water and Sanitation Master Plan, the African Union’s Vision 2063, as well as the United Nations Sustainable Development Goals – Goal Number 6 (SDG-6) impacting on the delivery of water and sanitation.

The Bill of Rights in the Constitution says that *everyone has inherent dignity and the right to have their dignity respected and protected. Everyone has the right to an environment that is not harmful to their health or wellbeing, and to have the environment protected. Everyone has the right to have sufficient food and water. Section 27(1)(b)(2) of the Constitution guarantees the right to water and calls for government to take reasonable legislative and other measures within its available resources to achieve the progressive realization of the right to water.*

Summary of the 5-Year Strategic Plan 2019-2024

Outcome		Outcome indicator	2024/25 target (5-year target)
1	Efficient, effective and development orientated department	Percentage implementation of the financial recovery and turnaround plan	91%
2	Ecological infrastructure protected and restored	Number of river systems with water resources classes and determined resource quality objectives	1
		Number of main stem rivers monitored for implementation of Resource Directed Measures (i.e. classification, resource quality objectives and the reserve) by 2025	10
		Wastewater management plans developed and implemented	9
3	Water demand reduced and water supply increased	Water conservation and water demand management strategies developed for water use sectors	4
		Water resource mix diversified	Infrastructure projects implemented
4	Water and sanitation services managed effectively	Annual Municipal Strategic Self-Assessment (MuSSA) reports on water service authorities' performance in providing water and sanitation services	5
5	Enhanced regulation of the water and sanitation sector	Blue Drop, Green Drop and No Drop	Reports published
6	Water distributed for transformation	Effective and efficient institutions established	<ul style="list-style-type: none"> • CMA established • Water boards reconfigured • Irrigation boards transformed

Water supply and sanitation services are a function over which municipalities have executive authority in terms of section 156 of the Constitution read together with Schedule 4 Part B and the relevant provisions of the Municipal Structures Act. However, although municipalities have executive authority, other sections of the Constitution and legislation require government

(national and provincial) to support municipalities and to intervene in municipalities where there is failure of municipal water and sanitation services: Schedule 4 of the Constitution states that municipal water and sanitation services are a functional area of national and provincial concurrent legislative competence – therefore national legislation such as the Water Services Act, 1997 (Act No. 107 of 1997) provides for minimum norms and standards for municipal water and sanitation services.

Section 10 of the Constitution means that government has a duty to intervene where the provision of municipal water and sanitation services are impairing the dignity of the people (such as the current situation with sewage spillages into people's houses in the Vaal). Section 139 of the Constitution enables government to intervene in the affairs of municipalities where there is failure to fulfil their Constitutional obligations. Sections 40 and 41 of the Constitution require all spheres of government to work in a cooperative manner.

In continuing to provide reliable water and sanitation services priority, the Department plans to complete 37 regional bulk infrastructure project phases (7 mega, 22 large and 8 small) and 234 small water infrastructure projects through the Water Services Infrastructure Grant that will support water services authorities, such as municipalities and certain water boards. To achieve these targets, the Water Services Management programme is allocated R44 billion over the next three years.

With regard to integrated water services, management, infrastructure planning and development priority, the Department plans to oversee the completion of seven strategic projects, including the uMkhomazi bulk water supply scheme; the raising of the Clanwilliam Dam wall; and projects aimed at meeting high water demand for large strategic users, such as Eskom, Sasol and Exxaro. These plans are in line with pronouncements made in the State of the Nation Address 2024 (SONA 2024). Expenditure on these projects is expected to increase from R3.3 billion in 2023/24 to R6.4 billion in 2026/27, at an average annual rate of 24.3 per cent, due to additional allocations in the current and previous two budgets from the budget facility for infrastructure and the entity's capital augmentation grant. This work will be funded through transfers to the Water Trading Entity in the Water Resources Infrastructure Management sub-programme in the Water Resources Management programme.

The Department intends to diversify its water mix by exploring other sources, such as groundwater and aquifer systems, and by treating acid mine drainage water and desalinating sea water. Accordingly, four catchment plans for mine water and wastewater management are scheduled for implementation over the period ahead. There are also plans in place to maintain and refurbish water resource infrastructure to ensure its optimal performance in securing water supply. These plans are related to the maintenance of conveyance systems, such as the Orange-Vaal: Vaalharts, Fish Sundays government water schemes and the Qamata irrigation scheme. Funding for these initiatives is made available in the Water Resources Information and Management sub-programme of the Water Resources Management programme, with a budget of R1.9 billion over the next 3 years.

The review of policies will, amongst others, seek to align departmental policies with the national (NDP and SONA 2024 among others), regional, continental and global development agendas, as well as to strengthen their existing alignment and contributions to the global agendas. To this end, the National Water Act and the Water Services Act will be amended over the MTEF.

3. OVERVIEW OF THE 2024/25 MEDIUM-TERM ANNUAL PERFORMANCE PLAN

The Department has organised its budget under three Programmes, namely: Programme 1 Administration (P1), Programme 2 Water Resources Management (P2), and Programme 3 Water Services Management (P3). As can be seen from Table 2, the overall budget of the Department increases from R21 376 billion in 2023/24 to R24 074 billion in 2024/25. This represents a nominal increase of R2 698.6 billion (12.6 per cent), which translates into a R1 617.9 billion (7.57 per cent) increase in real terms. The significant increase is driven mainly by the positive real growth experienced in P2 Water Resources Management.

3.1. Expenditure Overview – Main Account and Water Trading Entity

The Department of Water and Sanitation operates two financial accounts: The Main Account and the Water Trading Entity. The Main Account is funded by the fiscus (Vote 41). The Water Trading Entity account mainly receives voted amounts from the Main Account toward implementing infrastructure and generating revenue through bulk water sales. Over the

medium term, the department will continue to focus on: improving the regulation of water quality; implementing the integrated water resource management approach aimed at the protection, use, development, conservation, management and control of water resources while supporting the government's developmental priorities; and facilitating the improved management of municipal water services.

The Department's budget over the medium-term expenditure framework or MTEF is R134.909 billion. This consists of allocations of R42.604 billion, R46.362 billion and R45.941 billion in the 2024/25, 2025/26 and 2026/27 financial years respectively. The Department's budget consists of two components: (1) Main account which is funded from budget allocations from National Revenue Fund (Fiscus) and (2) Water Trading Entity (WTE) which is responsible for billing and receives revenue from the sale of raw water. The revenue is used for transfers to the TCTA to enable it to repay its loans, as well as to fund operation and maintenance of national water resource infrastructure.

3.1.1. Main and WTE Accounts

Department has been allocated R72.989 billion over the MTEF. This consists of allocations of R24.074 billion, R25.159 billion and R23.754 billion in 2024/25, 2025/26 and 2026/27 respectively, refer to Table 1.

Table 1 Budget Allocation

Programme Main Account					
Administration	2 194 319	2 299 726	2 392 094	6 886 139	
Water Resources Management	6 619 887	7 915 422	7 581 183	22 116 492	
Water Services Management	15 260 373	14 944 793	13 781 271	43 986 437	
TOTAL	24 074 579	25 159 941	23 754 548	72 989 068	
Economic Classification					
Current payments	3 825 149	3 996 598	4 167 313	11 989 060	
Compensation of Employees	1 986 051	2 079 498	2 175 064	6 240 613	
Goods and Services	1 839 098	1 917 100	1 992 249	5 748 447	
Transfers and Subsidies	15 905 889	16 603 604	14 790 264	47 299 757	
Payments for Capital Assets	4 343 541	4 559 739	4 796 971	13 700 251	
Total	24 074 579	25 159 941	23 754 548	72 989 068	
Programme WTE		2024/25	2025/26	2026/27	MTEF
		R'000	R'000	R'000	R'000
Administration		1 274 541	1 338 268	1 399 829	4 012 638
Operations, maintenance and refurbishment of national water resources schemes		2 467 248	2 590 611	2 709 779	7 767 638
Financing and investment in raw water infrastructure		11 456 308	13 775 132	14 417 898	39 649 338
Bulk water supply to strategic users		3 180 187	3 339 196	3 492 799	10 012 182
Implementation of dam safety projects		152 011	159 611	166 954	478 576
Total		18 530 295	21 202 818	22 187 258	61 920 371
Economic Classification		2024/25	2025/26	2026/27	MTEF
Compensation of employees		1 203 244	1 263 406	1 318 880	3 785 530
Goods and services		5 264 773	5 528 012	5 785 963	16 578 748
Depreciation		3 171 081	3 329 635	3 490 889	9 991 605
Interest, dividends and rent on land		8 891 197	11 081 765	11 591 526	31 564 488
Total		18 530 295	21 202 818	22 187 258	61 920 371

The main account budget also includes conditional infrastructure grants for municipal water services totalling R36.305 billion over the MTEF. This includes R20.130 billion for the Regional Bulk Infrastructure (RBIG) and R16.175 billion from Water Services Infrastructure Grants (WSIG). The WTE also receives some transfers from the fiscus for infrastructure projects. The WTE has budgeted R61.920 billion over the MTEF consisting of R18.530 billion, R21.202 billion and R22.187 billion in 2024/25, 2025/26 and 2026/27 respectively. The Department has successfully reduced its under-expenditure against its budget over recent years – in 2021/22 there was R2.5 billion under-expenditure (14.3% of the budget), in 2022/23 there was R860 million under-expenditure (5% of the budget), and in 2023/24 there was R244 million under-expenditure (0.2% of the budget). The Department continues to implement financial turnaround plans and measures to improve audit outcomes, achieved unqualified Audit Opinions in both Accounts in the previous financial years. It is worth noting that Main Account has not incurred any irregular, wasteful and fruitless expenditure in 2023/24.

However, the investigations by law enforcement agencies on irregular and other financial malfeasance continues on the past cases.

3.1.2. Grant administered by the Department

The Department administers two grants, namely RBIG and WSIG which are both conditional grants and are divided into Schedule 5, part B, which are grants that fund specific responsibilities and programmes implemented by municipalities. And Schedule 6, part B that are grants in-kind through which a national department implements projects in municipalities, refer to the Table 2 and 3. The RBIG is used to develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to implement bulk infrastructure with a potential of addressing water conservation and water demand management projects or facilitate and contribute to the implementation of local water conservation and water demand management projects that will directly impact on bulk infrastructure requirements.

Table 2. Direct Infrastructure Grants 5B

Regional Bulk Infrastructure Grant (RBIG):	DoRA Original Budget			MTEF
	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	
Eastern Cape	707 935	853 115	545 175	2 106 225
Free State	220 112	241 112	341 112	802 336
Gauteng	-	-	-	-
KwaZulu-Natal	428 744	484 719	716 556	1 630 019
Limpopo	126 013	155 509	255 509	537 031
Mpumalanga	497 246	500 887	600 887	1 599 020
Northern Cape	577 000	574 000	0	1 151 000
North West	401 333	457 588	546 086	1 405 007
Western Cape	894 000	490 000	0	1 384 000
Total	3 852 383	3 756 930	3 005 325	10 614 638
Water Services Infrastructure Grant (WSIG)	DoRA Original Budget			MTEF
	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	
Eastern Cape	562 092	553 691	571 000	1 686 783
Free State	330 959	394 497	434 182	1 159 638
Gauteng	246 742	261 651	171 087	679 480
KwaZulu-Natal	1 070 000	1 121 129	1 235 000	3 426 129
Limpopo	483 713	480 217	521 847	1 485 777
Mpumalanga	442 470	447 117	466 405	1 355 992
Northern Cape	327 492	342 574	357 548	1 027 614
North West	429 996	464 685	493 762	1 388 443
Western Cape	144 209	153 000	161 000	458 209
Total	4 037 673	4 218 561	4 411 831	12 668 065

The WSIG is used to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially

in rural municipalities; provide basic and intermittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects.

Table 3. Indirect Infrastructure Grants 6B

Regional Bulk Infrastructure Grant (RBIG)	DoRA Original Budget			MTEF
	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	
Eastern Cape	317 423	330 916	331 429	979 768
Free State	682 208	688 371	689 438	2 060 017
Gauteng	710 863	760 037	761 215	2 232 115
KwaZulu-Natal	-	-	-	-
Limpopo	752 661	798 170	799 407	2 350 238
Mpumalanga	351 595	369 026	369 598	1 090 219
Northern Cape	35 281	29 960	30 006	95 247
North West	226 095	234 011	234 374	694 480
Western Cape	14 831	16 016	16 040	46 887
Total	3 090 957	3 226 507	3 231 507	9 548 974

Water Services Infrastructure Grant (WSIG)	DoRA Original Budget			MTEF
	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	
Eastern Cape	45 000	45 000	45 000	135 000
Free State	32 000	32 000	32 000	96 000
Gauteng	28 425	35 833	35 833	100 091
KwaZulu-Natal	200 000	235 331	457 655	892 986
Limpopo	429 973	444 364	444 364	1 318 701
Mpumalanga	113 415	117 026	117 026	347 467
Northern Cape (WSIG)	30 000	30 000	30 000	90 000
Northern Cape (BEP)	-	-	-	-
North West	167 905	179 378	179 378	526 661
Western Cape	-	-	-	-
Total	1 046 718	1 118 932	1 341 256	3 506 906

The shortage in funding for mega infrastructure development¹ is a cause for concern. For example, the estimated cost of the mega infrastructure projects is more than R80 billion, and the available budget is R2.4 billion, which is less than 3 per cent of this estimated cost.² This means it will take decades to fully achieve the infrastructure development needs of the country.

3.2. EVALUATION OF THE BUDGET ALLOCATION AND ANNUAL PERFORMANCE PLAN FOR THE 2024/25 FINANCIAL YEAR

P3: Water Services Management dominates expenditure under this Vote, consuming 63.4 per cent of the total allocation to the Vote, while P2: Water Resources Management receives 27.5 per cent and P1: Administration, 9.1 per cent. It is worth noting that P1 Administration and P2

¹ Mega project refers to a project that have a total cost of above R1 billion throughout its life cycle.

² Department of Water and Sanitation (2024: pp102-106)

Water Resources Management are the only two programmes that experience growth in real terms. The significant real increase experienced by these two programmes is in line with the Department's plans to strengthen integrated planning and regulatory oversight during the year under review. This is in line with some of the key planned targets in P2, for example the assessment of 1004 wastewater systems (green drop regulatory reports), amendment of the National Water Act, 1998 (Act No 36 of 1998), and monitoring and evaluation of the implementation of the National Water Resources Strategy Edition 3 (NWRS-3).

Table 4. Budget Allocations (R million)								
Programme	Budget				Nominal	Real	Nominal	Real
					Rand	Rand	%	%
					change	change	change	change
R million	2023/24	2024/25	2025/26	2026/27	2023/24-2024/25		2023/24-2024/25	
P1: Administration	2 070.1	2 194.3	2 299.7	2 392.1	124.2	25.7	6.00	1.24
P2: Water Resources Management	4 303.2	6 619.9	7 915.4	7 581.2	2 316.7	2 019.5	53.84	46.93
P3: Water Services Management	15 002.7	15 260.4	14 944.8	13 754.5	257.7	- 427.3	1.72	-2.85
TOTAL	21 376.0	24 074.6	25 159.9	23 727.8	2 698.6	1 617.9	12.62	7.57

Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and support services to the Department. The programme also develops and promotes international relations on water resources management with neighbouring countries. This Programme is allocated R2 194 billion in the 2024/25 financial year, up from R2 070 billion in 2023/24.

This programme has six sub-programmes (SPs), SP 3: Corporate Services, dominates allocations under this Programme, consuming R957.9 million, followed by Office Accommodation and Financial Management, with allocations of R582.2 and R318.9 million, respectively. These allocations are in line with the planned targets for the year under review. For example, Corporate Services SP provides enterprise-wide support comprising human resources, legal services, communications, the learning and development academy, and transformation policy and coordination. Through this SP, the Department aims to implement 98 per cent of the annual communication and public participation programme during the year under review. The Department will also aim to keep the vacancy rate for engineers and scientists at less than 10 per cent.

The only sub-programmes that receive significant real increases are SP 6 Provincial and International Coordination, at 7.8 per cent, SP2 Departmental Management at 9.2 per cent and SP4 Financial Management, at 20.8 per cent. This will see foreign governments and international organisations sharing R6.5 million during the year under review. For example, Orange-Senqu River and Incomati & Maputo Watercourse Commissions will respectively receive R1.6 million and R3.6 million each.

Although SP2 Departmental Management only receives the fourth largest allocation, it has two very important targets, namely the 100 per cent monitoring of compliance with the audit plan and 100 per cent compliance with the implementation of the risk management plan. These functions cut across all other programmes. It is worth noting that the importance of this SP is matched by concomitant real increase in its budget allocation. Equally important is the Financial Management SP, through which the Department intends to implement its financial recovery and turnaround plan while ensuring that it spends its entire budget. To this end, the APP complies with the Framework for Managing Programme Performance Information, as it dictates that targets, among other indicators, should be ³SMART.⁴

Programme 2: Water Resources Management

³ The SMART criteria stand for: Specific: the nature and the required level of performance can be clearly identified; Measurable: the required performance can be measured; Achievable: the target is realistic given existing capacity; Relevant: the required performance is linked to the achievement of a goal; Time-bound: the period or deadline for delivery is specified.

⁴ National Treasury (2007).

The purpose of this programme is to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment. This is done by developing a knowledge base and implementing effective policies, procedures and integrated planning strategies for water resources. This Programme constitutes 27.5 per cent of the overall departmental budget, is allocated R6 619.9 billion in the 2024/25 financial year, up from R4 303.2 billion in 2023/24.

Expenditure under this programme is dominated by SP 5: Water Resource Infrastructure Management, consuming 83 per cent of the total budget allocated to this Programme, refer to Table 4. This is in line with the Department's APP which, among others, aims to prepare four bulk raw water projects for implementation (Foxwood, Coerney, Nwamitwa, raising of Gcuwa Weir and Zalu Dam); construct four bulk raw water projects (Tzaneen Dam, Mzibvubu Water Project, Clanwilliam Dam, Olifants River Water Resources Development Project ORWRDP); complete 40 dam safety evaluations; and create 148 job opportunities from augmentation projects during the 2024/25 financial year. These targets are in line with the SONA 2024 pronouncements on bulk infrastructure projects.

Sub-programme 4: Water Resources Information and Management receives the second largest allocation in this programme. The Department, through this SP, seeks to review and maintain seven water resources monitoring programmes on Ground Water, Surface Water, National Chemical Monitoring Programme (NCMP), National Wetlands (NWMP), National Microbial and National Eutrophication Monitoring Programme (NEMP), and implement River Eco-status Monitoring Programmes at 74 rivers during the year under review. It also plans to maintain six water and sanitation information systems, (namely NIWIS, HYDSTRA, NGIS, WMS, GIS, and FMFS) in the current financial year. All these activities entail or hinge on water information management.

In as far as SP 6: Water Resources Policy and Strategy is concerned; the Department intends to table a National Water Amendment Bill in Parliament. It also intends to monitor and evaluate the implementation of the NWR3 and finalise 80 per cent of applications for water use authorisation within the applicable 90 working days of receipt. All these targets are in line with the Framework for Managing Programme Performance Information. The Department intends to conduct 4200 validation and verification of existing lawful use in one Water Management Area to advance Water Allocation Reform.

SP 8: Water Resources Institutional Oversight receives the sixth largest budget allocation, which is R45.8 million. It is through this SP that the Department seeks to appoint the National Water Resources Infrastructure Agency (NWRIA) governing board members. However, this target is dependent on the signing of the NWRIA Act into law by the President, as Parliament passed this Bill in the 6th term. The Department also intends to assess performance of all its entities during the year under review.

Programme 3: Water Services Management

The purpose of this programme is to develop, rehabilitate and refurbish the raw water resources and water services infrastructure to meet the socio-economic and environmental needs of South Africa. This appears to be the priority Programme of the Department, as it receives the highest allocation of the entire departmental budget. Briefly, this programme receives R15 260.4 billion in the 2024/25 financial year, which constitutes 63 per cent of the overall departmental budget. This programme incurred a real decrease of R427 million, which would slightly affect service delivery during the financial year. This programme is responsible for strategic infrastructure development, such as dams and bulk water pipelines. This means there will be a delay in delivering some of these projects, which would ultimately affect water service delivery to communities and businesses. One such project is the uMzimvubu Dam that is supposed to provide water for both domestic, agricultural and industrial purposes in the Eastern Cape Province, refer to Table 5 for a list of Augmentation Projects.

SP 3: Regional Bulk Water Grant (RBIG) and SP 6: Water Services Infrastructure Grant (WSIG), dominate expenditure under the Programme, consuming 62.2 per cent and 34.4 per cent of the overall share, respectively. It is worth noting that most of these funds will be transferred to municipalities for various bulk water infrastructure projects that will be carried out by district municipalities. In this regard, 51 large regional bulk infrastructure projects will be under construction at various phases during the year under review, while 1000 job opportunities will be created through the implementation of regional bulk infrastructure projects. These targets are also in line with the SONA 2022 and 2024 with respect to the utilisation of the District Development Model (DDM) to fast-track service delivery. The development of 5-year water and sanitation reliability plans at the district municipalities is one of the examples of DDM initiatives aimed at accelerating service delivery.

The Department intends to eradicate 596 existing bucket sanitation systems in formal settlements during the current financial year. It also plans to continue with the implementation of the Vaal and Giyani BWS interventions through the WSIG.

Of concern is that these interventions have continued throughout the past two years. However, by the end of the 2023/24 financial year no bucket toilets were eradicated in Northern Cape and Free State provinces.

Table 5 Augmentation Projects

Project Name	2024/25	2025/26	2026/27	MTEF
	R'000	R'000	R'000	
Mdloti River Development Project: Raising of Hazelmere Dam	51 026	10 000	-	61 026
Groot Letaba River Development Project (GLeWAP): Raising of Tzaneen Dam	173 423	160 461	20 000	353 884
Olifants-Doorn River Water Resources Project: Raising of Clanwilliam Dam	1 153 000	1 204 654	1 100 000	3 457 654
Mzimvubu Water Project	202 968	219 297	250 000	672 265
Mokolo and Crocodile Water Augmentation Project (MCWAP): Phase 2A	88 211	84 231	100 000	272 442
Groot Letaba River Development Project (GLeWAP): Nwamitwa Dam	122 630	115 803	250 000	488 433
Olifants Management Model	1 439 622	982 829	200 000	2 622 451
Lusikisiki Regional Water Supply Scheme: Zalu Dam	13 872	22 465	178 000	214 337
Foxwood Dam	23 151	9 336	103 794	136 281
Algoa Water Supply System: Coerney Dam	54 862	9 161	150 000	214 023
uMkhomazi Water Project	600 000	2 395 346	1 895 858	4 891 204
Dam Safety Rehabilitation Programme	142 058	165 400	205 285	512 743
Thukela Goedetrou	77 612	11 500	-	89 112
Acid Mine Drainage (AMD)	221 100	130 312	266 796	618 208
Gcuwa Weir (Raising)	37 985	64 659	45 000	147 644
Raising of Klipfontein Dam	32 058	56 968	410 000	499 026
TOTAL	4 433 578	5 642 422	5 174 733	15 250 733

It is worth noting that the Water Service Amendment Bill will be tabled in Parliament during the financial year through SP 5: Water Services Policy and Strategy. This SP has only one target. It appears this SP should have been combined with SP 6: Water Resources Policy and Strategy in Programme 2 to form an inclusive Water Resources and Services Policy and Strategy. This is something that the Department should consider in the next planning cycle.

4. OVERVIEW BUDGETS AND MANDATES OF THE ENTITIES SUPPORTING THE WORK OF THE DEPARTMENT

The Department has 15 entities dealing with infrastructure development, research and development, water resources management and bulk water supply. These entities have been allocated R34.2 billion for the 2024/25 financial year, refer to Table 7.

Table 6 List of Entities with Allocated Budgets within Vote 41

WTE and KOBWA	Original Budget			MTEF R'000
	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	
Water Trading Entity (WTE)	5 222 015	6 446 578	6 035 180	17 703 773
Komati Basin Water Authority (KOBWA)	55 977	59 894	75 678	191 549
Total	5 277 992	6 506 472	6 110 858	17 895 322
Catchment Management Agencies	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	MTEF
Vaal-Orange	27 113	28 328	29 624	85 065
Breede-Olifants	63 738	66 594	69 645	199 977
Pongola-Umzimkhulu	21 558	22 524	23 556	67 638
Mzimvubu-Tsitsikamma	21 558	22 524	23 556	67 638
Limpopo-Olifants	30 279	31 635	33 085	94 999
Inkomati-Usuthu	72 306	75 545	79 007	226 858
Total	236 552	247 150	258 473	742 175
Water Boards	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	MTEF
Lepelle Northern Water	317 000	-	-	317 000
Magalies Water	1 431 194	1 165 000	-	2 596 194
Vaal Central Water	389 084	505 709	790 302	1 685 095
uMngeni-uThukela Water	315 000	151 468	158 436	624 904
Total	2 452 278	1 822 177	948 738	5 223 193

Table 7 shows a full list of the entities reporting to the Department with their respective mandates and the budget estimates for the year under review as report in their respective Annual Performance Plans or business plans.

Table 7. Department of Water and Sanitation Entities⁵		
Entity	Mandate	Budget Allocation 2024/25 (R000')
Trans Caledon Tunnel Authority (TCTA)	Established in 1986 as a state-owned entity specialising in project financing, implementation, and liability management. The Lesotho Highlands Water Treaty is a contractual agreement governing the design, construction, operation, and maintenance of the Project, as well as the export of water to South Africa.	R8 861 340
Water Research Commission (WRC)	Established in terms of the Water Research Act, (Act No. 34 of 1971) to promote coordination, cooperation and communication in water research and development; establish water research needs and priorities; promote the effective transfer of information and technology; and enhance knowledge and capacity building within the water sector.	R399 210
<p>Catchment Management Agencies (CMAs) are established in terms of section 78 of the National Water Act, 1998 (Act No. 36 of 1998). A CMA has the following initial functions in terms of Section 80 of the National Water Act: to investigate and advise interested persons on the protection, use, development, conservation, management and control of the water resources in its water management area; to develop a catchment management strategy; to co-ordinate the related activities of water users and of the water management institutions within its water management area; to promote the co-ordination of its implementation with the implementation of any applicable development plan established in terms of the Water Services Act, 1997 (Act No. 108 of 1997); and to promote community participation in the protection, use, development, conservation, management and control of the water resources in its WMA.</p>		
Breede-Olifants		R169 745
Inkomati-Usutu		R190 611
Limpopo-Olifants		R227 787

⁵ Department of Water and Sanitation (2024: pp100-101)

Mzimvubu-Tsitsikamma		R92 471
Pongola-Umzimkulu		R90 152
Vaal-Orange		R239 919
Water Boards - established in terms of section 38 of the Water Services Act, 1997 (Act No. 108 of 1997) to provide water services (bulk and reticulation) to other water service authorities (municipalities) within its service area in terms of section 29 of the Water Services Act.		
Amatola Water		R736 225
Lepelle Northern		R1 172 787
Magalies Water		R1 221 380
Overberg		R78 394
uMngeni-uThukela		R6 480 000
Vaal Central		R2 608 317
Rand Water		R21 914 000
Total		R34 211 103

5. Committee Observations and Questions

A concern was raised on the legacy projects such as De Hoop dam that have been completed years ago but the surrounding communities continue to lack access to water and whether the current budget would address these water access challenges.

There is a lack of universal access to water between rural and urban areas. Could a model similar to NHI work for water access? Is there support for water demand and conservation management in rural municipalities like urban areas?

The former Minister Mr Mchunu and his deputy ministers are commended for stabilising the department and ensuring that performance is improved. Water losses are a major problem

across the municipalities, City of Joburg and eThekweni in particular. These losses equate to billions of rands. How is the Department assisting the municipalities to address these water losses?

Some of the planned targets appears to be more than previously planned, such as rivers in which the River Eco-status Monitoring Programme is implemented, is additional funding provided to achieve increased targets?

Majority of mega projects have been delayed such as the Lesotho Highlands Water Project, Mokolo, Olifants, Vaal Gamagara and Letaba augmentation. These projects are allocated budgets with billion, has the risk assessment done to avoid further delays?

There is a concern that the bulk infrastructure is strained particularly for the supply of water to commercial entities such as refineries and mining companies. Are there any plans for maintenance and recovery of these infrastructure?

The president has indicated that the citizens have made call for clean water during his inauguration speech. Is the Department ready to meet this target?

The 2022 water summit at Gallagher Estate provided several resources or water sector solutions for groundwater, among others. Can the Department highlight some of these issues and how they are taking these useful resources forward?

Vandalism of water infrastructure is a cause for concern are there any measures that water utilities are undertaking to address this issue?

The District Development Model seeks to improve quality of life in line with the NDP priorities. The Department should foster synergies with municipalities and companies in this regard.

Reverse osmosis is a slightly expensive water treatment technology which has been researched extensively. Is Water Research Commission investigating other less costly technologies (in collaboration with other research entities such as CSIR) that can be made available to municipalities and water utilities?

Umzibvubu dam is a priority project mention in the State of the Nation Address for the Eastern Cape province. What is the progress and are there any challenges?

Bucket toilets are a worst form of sanitation that can be rolled out to communities. Bucket Eradication Programme, what is the status in FS and NC? Is the budget available?

5.1. Responses by the Department

The minister would ordinarily intervene in municipality through section 154 of the Constitution relating to cooperative government in order to solve water challenges in municipalities. There is a need to reconfigure other grants that have a water and sanitation component in order to direct this portion to water and sanitation such as the Urban Settlement Development Grant which has 38% that is supposed to be spent on water and sanitation.

A certain portion of the water sales in municipalities should be ringfenced for maintenance and operation of the water and sanitation infrastructure. The municipal water sales funds should not be allocated to miscellaneous activities but water and sanitation related activities such as water leaks. The department has put in place the Water Partnerships Office, in collaboration with the DBSA and SALGA. The role of the Office is to provide support to municipalities to establish partnerships with the private sector. For example, it is currently supporting the eThekweni, Mangaung, Buffalo City, Nelson Mandela Bay and Tshwane municipalities to mobilise private sector finance for the replacement of leaking municipal water distribution pipes which are resulting in high levels of non-revenue water. Other focus areas include private sector investment in municipal water-reuse and seawater desalination projects. There is also a need to capitalise on existing public private partnerships in the water sector such as the Sisulula manzi in Mbombela without privatising water. These are few solutions to address funding in local government or water sector in general.

The water access challenge for communities around De Hoop dam in Sekhukhune will be solved through ministerial directive. Currently, mining companies are partnering with the government (Department/ municipalities) through a 50/50 contribution towards water reticulation infrastructure. Same partnership is underway in Limpopo mining areas led by Lepelle Northern Water Board. Directives are also used for issues around Loskop Dam.

The minister will champion universal water access campaign starting with a review of water allocation and measures to reduce consumption per capita to make water available for redistribution. Cape Town remains a model on lessons for reducing water consumption and managing water scarcity.

The local government leaders must account for poor green, blue and no drop rating. Municipalities should appoint qualified people to manage and operate water and sanitation facilities. In this regard the minister will embark on a training and capacity building programme for local government to avoid fatal water incidents such as Hammaskraal cholera. There will also be a focus on prosecution similar to the Lekwa and Govan Mbeki criminal water cases. The minister is also working an accountable framework for local government to address water challenges.

DDM will be useful in the consolidation of funding for water and sanitation from different departments and other sources.

The construction unit is part of the department that has built some of the flagship dams and have won accolades for these facilities. Nevertheless, the PFMA took away the procurement system which has resulted in inefficiency in procurement of materials which delays projects. There is a new supply chain regulation that is being implemented to improve efficiency for this unit.

NHI will be funded through tax while water is meant to be self-financing as it would not be sustainable to finance it from tax. There is a need to improve revenue collection from municipalities. Equitable share should contribute towards water supply to indigent communities.

Machabeng municipality owes Vaal-Central water board more than R6 billion. This is an untenable situation which would require intergovernmental solution.

The Portfolio Committee should assist the Department to fast track amendments of legislation to legalise some of the solutions that we propose in this budget such as amendment of water services Act to have strong criminal offense penalties like national water act.

The Lesotho Highlands Water Project was delayed, and it is only due by 2029. In the meantime, the Gauteng municipalities should invest in pumpstations and reservoirs to maintain the integrity of their water supply systems.

Umkhombazi project delays led to water shortages in eThekweni. The National Treasury has agreed to contribute a portion towards the cost of this project to make it affordable. There is also a presidential intervention to address eThekweni water supply challenges which the Department is part of.

There is a dam safety assessment challenge due to lack of qualified dam safety assessors in the country.

Umzibvubu – Entabelanga dam is currently underway which will provide domestic and agricultural sectors with water.

Budget Eradication Programme, majority of the 2023/24 projects were completed in the first quarter of the current financial year, the remaining projects (596) are also planned for completion this year (2024/25).

The Water Summit 2023 (held in Midrand) pointed out that the municipalities that are performing poorly should be identified and supported through the South African Local Government Association and the Department of Cooperative Governance and Traditional Affairs in terms of section 78 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) to enable them to consider alternative water supply plans. For example, eMfuleni is being supported through this process. Its Council has approved a plan to establish a special purpose vehicle to manage its water business. Rand Water is currently providing advisory on the establishment of this entity.

6. Recommendations

The Committee recommends that the Minister should ensure that the Department consider the following recommendations:

6.1. Amendment of Legislation

The Committee notes that the Department is in the process to amend the National Water Act, 1998 to address several issues. In this regard, the Committee recommends that the Department should consider including measures to protect groundwater from contamination by pit latrines especially in rural areas.

6.2. Water Summit 2022

The Committee notes the outcomes of the water summit 2022 which include, among others, support to poor performing municipalities. It thus recommends that the Department should provide quarterly reports on the support provided to municipalities in terms of section 78 of the Municipal Systems Act, 2000, including the eMfuleni intervention.

6.3. District Development Model

The Department should use the DDM to resolve water challenges including funding and water debt in municipalities. In this case, the Department should provide quarterly reports on the DDM initiatives pertaining to water and sanitation in municipalities across the country.

Report to be considered

3. Report of the Portfolio Committee on Public Service and Administration on the Annual Performance Plan 2024/25 and the Budget Vote 07 of the National School of Government, dated 10 July 2024

1. Background

The Portfolio Committee on Public Service and Administration (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plan, Annual Performance Plan and Budget allocations of the National School of Government (hereinafter referred to as the School) tabled by the Minister in terms of the Public Finance Management Act (No 1 of 1999), reports as follows:

2. Introduction

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and 10 institutions. The Public Finance Management Act, No 1 of 1999, section 27 stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. Subsequent to that the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009, section 10 (1) (c) clearly stipulates that the relevant members of Cabinet must table updated strategic plan and annual performance plan for each department, public entity or institution, which must be referred to the relevant Committee for consideration and reporting.

In considering the strategic and annual performance plan, the Committee ensured that the plan and the budget allocation of the National School Government's serve the needs and aspirations of the public servants. Budget allocation serves as a key instrument for government to promote socio-economic development. It also plays a critical role as an economic instrument of the government to reflect on the country's socio-economic policy priorities by translating priorities and political commitments into expenditures. The Budget serves as a vital tool to operationalise government activities towards the achievement of its intended priorities. Furthermore, the Budget highlights the constraints and trade-offs in policy choices.

On the 09th of July 2024, the Committee considered presentation on the Strategic and Annual Performance Plan and the budget allocation of the National School of Government (NSG). This report summarises the presentation received from the NSG, focusing on the 2019/24 Strategic

Plan, the 2024/25 Annual Performance Plan and the Budget as well as allocations over the MTEF.

3. Overview of the NSG

The National School of Government (NSG) draws its mandate from the Constitution, and with particular reference to 195(1) (h), which stipulates that: “good human resource management and career-development practices, to maximise human potential, must be cultivated.” The applicability of this, and the other values and principles to the three spheres of government, organs of state and public enterprises indicate the requisite depth and the reach of the NSG in order to fulfil this constitutional mandate.

The NSG has to ensure that all of the basic values and principles are inculcated into the value system and performance of all public servants and representatives through Education, Training and Development (ETD) initiatives. It does so through its curriculum design, development and delivery approach with the practical application of participatory, people-centred methodologies and the application of indigenous facilitation and learning techniques during the ETD initiatives, in building a caring ethos and citizen-centred service delivery focus amongst public servants. This approach consciously focuses on the application of the principles and values of the Constitution and the realisation of the public administrative justice to all whom we serve.

4. Legislative mandate

Section 197 of the Constitution provides for a public service within public administration, which must function, and be structured, in terms of *national legislation*, and which must loyally execute the lawful policies of the government of the day. The NSG, as a national public service department, thus draws its mandate from national legislation – the Public Service Act, 1994 (Proclamation 103 of 1994), as amended. This is the core mandate which establishes the NSG for it to fulfil a function of providing training or causing the provision of training to occur within the public service. Accordingly, section 4 of the Act provides the following mandate:

- (1) There shall be a training institution listed as a national department (in Schedule 1 of the Act).

- (2) The management and administration of such institution shall be under the control of the Minister (Public Service and Administration).
- (3) Such institution shall provide such training or cause such training to be provided or conduct such examinations or tests or cause such examinations or tests to be conducted as the Head of the institute may with the approval of the Minister decide or as may be prescribed as a qualification for the appointment or transfer of persons in or to the public service. The School may issue diplomas or certificates or cause diplomas or certificates to be issued to persons who have passed such examinations.

Whilst this piece of legislation empowers the NSG to fulfil its mandate, the limitation of the Public Service Act is that it is applicable to the national and provincial spheres of government. Another piece of enabling legislation - Public Administration Management Act, 2014 (No. 11 of 2014) - gives effect, *inter alia*, to the progressive realisation of the values and principles governing public administration across the three spheres of government.

5. Strategic goals of the NSG

The NSG strategy is aligned to the MTSF as well as the performance agreement of the Ministry for Public Service and Administration (MPSA) and is able to contribute to all of the aforementioned outcomes through Education and Training Development (ETD) interventions. These outcomes and interventions are the reduction of wasteful, fruitless and irregular expenditure in public sector institutions; the reduction in incidents of corruption in the public sector; socio-economic rights; and gender mainstreaming in public sector institutions. The NSG has, with a focus on social compact and engagement with citizens, developed and implemented ETD interventions in supporting the progressive realisation of socio-economic rights of communities. This Programme aims to capacitate Community Development Workers (CDWs), facilitate participatory community engagement for Ward Councillors, and Traditional Leaders for socioeconomic development.

The key strategic priorities of the Vote set for 2024/25 are:

5.1 Creating digital learning opportunities

Given that the primary mode of education, training and development (ETD) delivery was based on face-to-face contact learning, there was an urgent need to review the delivery modality and

shift as many courses and programmes onto the Open Distance eLearning (ODEL) and virtual learning platforms. Over the two financial years (2020/21 and 2021/22) there was a total of 134 968 eLearning enrolments. The NSG undertook to continue scaling up the digital learning opportunities in the 2023/24 financial year.

The NSG digital learning approach is also informed by research undertaken by the Public Service Sector Education and Training Authority (PSETA) on emerging technologies in the public service, which makes the following recommendations in relation to eLearning enablers:

- A more ubiquitous access to laptops and data needs to extend across all public service levels if required for remote or virtual working. This is also a pre-requisite for eLearning.
- The detracting feature of low bandwidth is that it does not offer rich content, webinars or online lecture capturing and streaming functionalities and is limiting the ubiquity of eLearning platforms.
- The use of more suitable video streaming or changes to site restriction rules in order to make content more widely available and accessible.

5.2 Maintaining digital transformation

The NSG embarked on a journey of digital transformation, with the development of a draft strategy and implementation plan. This was precipitated by the COVID-19 pandemic and the urgency for the NSG to digitize its business operations. Digital transformation was broader than digitizing the NSG business processes but rather how the NSG becomes a systems integrator within the broader public sector ecosystem. Additionally, the principles of Batho Pele underpinning efficient service delivery remained a critical factor, when considering bridging the digital service delivery gap and serving a smart citizenry. With the exponential increase in technologies such as smart phones, and social media platforms, there was an emergence of a global phenomenon of a smart citizenry. Key interventions for the National School of Government included:

- Moving to a fully automated office ecosystem with basics such as bookings, routing of submissions, leave and performance management processed electronically.
- Automating the knowledge management system, introducing business analytics in research, monitoring and evaluation functions. The Digital Transformation strategy was approved and will contribute towards the digital positioning of the NSG as key within

the ecosystem of education, training and development for government as part of the overall change process of the organisation.

5.3 Fostering Executive Education

The NSG launched the Executive Education on 24 June 2022, which seeks to provide executive education opportunities in the public sector, by establishing a suite of premium programmes. The Executive Education will target senior managers, executives and public representatives in all organs of state. It will seek to improve the quality of public sector leadership & management by combining the science of experiential learning and enabling leaders to develop new knowledge, skills and attitude. It will also influence public policies and how state institutions respond to these policies. The programmes will take on a blended approach, including classroom interaction, online learning, and onsite experimentations. Identified programmes will include current bespoke executive programmes, and new programmes such as Scenario and Long-term Planning.

5.4 Implementing a strategy towards the professionalisation of the public service

The current Medium Term Strategic Framework commits explicitly to the professionalisation of the public sector as imperative for building of a capable, ethical and developmental state. The work of professionalising the public service is part of the bigger project of strengthening state capacity. The NSG, working jointly with the Department of Public Service and Administration (DPSA) and the Office of the Public Service Commission (OPSC) is finalising a National Implementation Framework for the Professionalisation of the Public Sector, as envisaged in the National Development Plan (NDP).

5.5 Mainstreaming gender, youth and disability

Mainstreaming of gender, youth and disability in all programmes and activities of the department is key in ensuring that the empowerment of these designated groups is prioritised. To attain this, departments need to develop and implement plans, programmes, budgets and systems that are responsive to the needs of women, youth and persons with disabilities. The Gender, Youth and Disability-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing (GEYODI-RPBMEA) is one such Plan that the NSG implements and monitors. In addition to the Framework's implementation, the NSG continues to implement 18 National School of Government the National Strategic Plan on Gender-Based Violence and Femicide (NSP on GBVF). The NSG responds to Pillar 2 (Prevention and rebuilding social cohesion) of

the GBVF NSPs six pillars. The NSG remains committed to supporting the implementation of the National Strategic Plan and will ensure the following:

- Promotion of the Plan within the NSG, as well as educating employees on gender-based violence and femicide.
- Incorporation of the Plan into the curriculum of NSG courses and programmes, in particular the course targeting SMS on dealing with issues of discrimination.
- Continued rollout of programmes such as gender mainstreaming, gender-based budgeting and reporting, and diversity management.

Elevating gender-based issues for discussion within the departmental Employment Equity Forum. Gender, youth and disability targets within the department's policies, programmes and plans such as the Workplace Skills Plan, the HR Plan, Procurement, and others, are aligned to the NSG's Employment Equity Plan targets of 50% women, 30% youth and 3% persons with disabilities. These targets are monitored and reported on throughout the year to ensure that the empowerment of these population groups is always in the line of sight. Integrating gender, age and disability into departmental and social plans, budgets and programmes is key in ensuring that the NSG plays its part in advancing the Constitutional vision of an equitable and non-sexist society that promotes the economic growth of all citizens; particularly those who have been previously disadvantaged.

5.6 Facilitating and delivering the gender responsive planning and budgeting course

The Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing (GRPBMEA) Framework was approved by cabinet on 27 March 2019. The Framework requires government plans and budgets that must contribute towards the empowerment of women and the achievement of gender equality in South Africa. In responding to the Framework while implementing the mandate of providing ETD, the NSG, in partnership with the Department of Women, Youth and Persons with Disabilities (DWYPD) developed a course on Gender Responsive Planning and Budgeting (GRPB). The primary objective of the course is to 'Improve capacity to mainstream gender on various levels within the public sector through gender responsive planning, budgeting, monitoring, evaluation and auditing'. Training sessions have been rolled out and the NSG will continue to focus on undertaking advocacy work with regards to the course. The NSG is also in the process of recruiting a panel of experts who will

be able to deliver the roll-out of training for this course as well as other courses the NSG offers. The course is aligned with the indicator on learners trained on compulsory and demand-led ETD interventions and also committed within the Annual Operational Plan (AOP).

5.7 Strengthening the information and communication technology (ICT) space

In the 2023/24 financial year, the focus will be on implementing the revised policy. The purpose of the policy would be to enable the NSG to protect the confidentiality, integrity, and availability of organisational data (data used for business/data belonging to employees/data belonging to stakeholders) and the systems and infrastructure that store, process or transmit such data. The following projects will also be implemented in ensuring improvement and efficiency in the management of ICT within the NSG:

- Data Centre Infrastructure Project.
- Local Area Network Infrastructure Project.
- Wide Area Network Infrastructure Project.
- Learner Management System Project.
- Training Management System Project.
- Software Acquisition, Enhancement and Development Project.

5.8 Conducting impact evaluations and analysis

The NSG has been conducting more in-depth evaluation studies, i.e. the Application of Learning Studies (ALS)/Outcome evaluations and impact evaluations (started in 2020/2021) of the identified training programmes (this is usually done at least 6 months to a year after the training has taken place). The aim of these evaluations is to determine whether the training programmes offered by the NSG are aligned to the needs of the public service, whether there are any changes in behaviours of individuals because of the training as well as the subsequent changes in the 15 2023/2024 Annual Performance Plan workplace. In effect, these evaluations are measuring the impact of the training at an individual and unit level by following the cohort of officials who attended the training programmes in order to measure their performance against the programmes they had attended.

5.9 Professionalisation of the Public Sector

In 2020, the National School of Government was mandated by the Minister for the Public Service and Administration to lead in the development of a National Framework Towards the

Professionalisation of the Public Sector. The draft framework was submitted and subsequently approved by Cabinet on 18 November 2020 for the publication thereof for public consultation. The draft framework was gazetted in December 2020 for public comments. A series of public consultations with professional bodies, civil society organisations, higher education institutions and other interested parties were undertaken from February 2021. These consultations were followed by the appointment of a High-Level Ministerial Advisory Panel to peer review the inputs and undertake further research to enhance the draft Framework. The Panel consisted of members drawn from selected organs of state, state-owned entities, academia, private sector, quality assurance and professional bodies.

Following further engagements on the revised draft framework, the final document was approved by Cabinet on 19 October 2022. The Framework has been extended to the national, provincial and local spheres of government, organs of state and the legislative sector. Therefore, recommendations made in the National Framework Towards Professionalisation of the Public Sector shall be consistently applied across the public sector including the Military, State Security, Police and Correctional Services.

The Framework aims to achieve the following:

- (i) The tightening of pre-entry requirements as well as effective recruitment and selection processes that inform meritocratic appointments across all levels.
- (ii) Undertaking workplace orientation and induction programmes that are linked to on-boarding and mainstreamed as an intervention for organisational development.
- (iii) Effective HR planning, performance management and appraisal systems, including performance standards and assessment instruments for different categories of employees. Performance management can also be aligned with professional body/association registration.
- (iv) Public servants returning to the simulator by undertaking continuous learning and professional development. This will include public sector officials being encouraged register with Professional Councils, starting with specific categories of occupations in the public sector which I will mention later.
- (v) Managing the career progression and career incidents of public servants and heads of department respectively.

5.10 Delivering on Education, Training and Development (ETD) interventions

This priority is still a focus area in 2024/25 as it was in 2023/24. It will focus on these areas:

- (i) Cadet and Foundation Management.
- (ii) Middle Management Development.
- (iii) Senior Management Development and Professionalisation.
- (iv) Executive Management and Leadership Support.

6. Budget analysis

The School's overall budget allocation for the 2024/25 is R218.7 million compared to R221.1 million in 2023/24. This represents a decrease of R2.4 million (-1.09 per cent) in nominal terms. However, in real terms the total budget for the School decreases by R12.2 million (-5.53 per cent) between the 2023/24 and 2024/25 financial years. The Budget allocation to the School by the National Treasury is not growing like other budgets because the School has a facility to generate its own revenue through training courses and programmes it offers. This revenue goes to the Trade Training Account (TTA), under Programme 2: Public Sector Organisational and Staff Development, which has been in the region of R101 million for the past three years.

The Budget of the School is divided into two programmes, which share the allocated budget almost equally. Programme 1: Administration consumes 50.66 per cent (R110.8m) of the budget allocation whilst Programme 2: Public Sector Organisational and Staff Development, consumes the remaining 49.34 per cent (R107.9m). This is because revenue generation (which is the focus of the sub-programme: Trade Training Account under Programme 2) had a difficult history with contact classes during COVID-19 restrictions. The mandate of the NSG has also expanded across the public sector (i.e. national and provincial government, local government, legislative sector, state-owned enterprises and any other organ of state). This mandate is also in line with the MTSF priority of building state capacity.

The School will continue to work towards revising its entity's funding model by looking at alternative and broader sources of revenue beyond the fiscus to ensure financial sustainability. This will entail among other interventions a drive to increase the uptake of the School's education, training and development offerings from 75 per cent in 2022/23 to 80 per cent in 2025/26. Spending for these activities is within allocation of R338.9 million over the medium-term period.

Table 1: National School of Government budget**Overall budget for 2024/25**

Programme	Budget		Nominal Rand change	Real Rand change	Nominal % change	Real % change
	2023/24 Million	2024/25 Million	2024/25		2024/25	2024/25
Programme 1: Administration	113.3	110.8	-2.5	-7.5	-2.21 per cent	-6.60 per cent
Programme 2: Public Sector Organisational and Staff Development	107.8	107.9	0.1	-4.7	0.09 per cent	-4.40 per cent
TOTAL	221.1	218.7	-2.4	-12.2	-1.09 per cent	-5.53 per cent

Source: National Treasury (2024)

7. Performance programme

The NSG has two programmes whose budget and activities are as follows:

7.1 Programme 1: Administration

The purpose of this Programme is to provide strategic leadership, management and support services to the School. The budget for the Programme 1 decreased from R113.3 million in 2023/24 to R110.8 million in 2024/25. This represents a -6.60 per cent decrease in real terms in the budget allocation between 2023/24 and 2024/25. The Programme is one of the two major cost drivers under this Vote, consuming 50.66 per cent of the overall allocation.

The Corporate Services sub-programme dominates expenditure under the Programme, consuming R92.6 million (83.57 per cent) of the budget allocation to the Programme. This is followed by Management, which consumes R12.8 million (11.55 per cent) of the allocation. The Management sub-programme also looks after the Office of the Principal, which leads the organisational change and transformation agenda, whilst at the same time ensuring adherence to good corporate governance practices, and financial viability and sustainability of the trading entity of the NSG. Organisational transformation is a current project of the School to repurpose training programmes, human and financial resources to adapt to the long-term effects of the COVID-19 pandemic on funding and training. The School reduced the average number of days for debt collection to 60 days. All disciplinary cases were resolved within 60 days from the date of receiving the case. The School facilitated three agreements supporting international exchanges and capacity building initiatives.

The Programme has three targets for the financial year, which are to implement 100% of Total Quality Management Policy and System for the National School of Government. The School will map and implement four business processes in line with operations management plan and implement six ICT business solutions to enable NSG operations. Furthermore, it will implement 100% of the management improvement plan based on the previous audit outcome to ensure reduction of audit findings implemented. The School will implement 75% of the NSG Brand and Marketing Strategy.

7.2 Programme 2: Public Sector Organisational and Staff Development

The Public Sector Organisational and Staff Development (Programme 2) is responsible for facilitating transfer payments to the Training Trading Account, which provides education, development and training to public sector employees. The budget allocation for Programme 2 slightly increased to R107.9 million in 2024/25 from R107.8 in 2023/24. In real terms the budget allocation of Programme 2 decreased by -4.7 per cent between 2023/24 and 2024/25. This Programme consumes 49.34 per cent of the overall budget. The Programme's budget (R107.9 million) is allocated to the National School of Government Training Trading Account sub-programme, which provides education, development and training to public sector employees.

The School introduced the use of the e-Learning modality that enables it to offer e-Learning courses and to establish communities of practice, as well as open online courses. The School undertook training needs analyses with public sector institutions. The School completed research projects to inform training needs and opportunities.

The Programme's budget (R101 million) is allocated to the National School of Government Training Trading Account sub-programme, which provides education, development and training to public sector employees. In the 2024/25 financial year, the School will offer 70% of business development interventions resulting in the uptake of ETD and further developed six research reports to inform ETD interventions.

The School will in this financial year, complete nine skills assessment reports on specific departments or public sector training needs for relevant ETD interventions. In addition, it will review eight courses programmes/ interventions responsive to identified skills gaps and develop six progress reports on the impact evaluation studies. The School will provide status report on accreditation of postgraduate qualification.

Among major projects conducted by the School in the public service is the skills audit for public service departments. The School will develop the Nyukela Programme - (programme for pre-entry to senior management) - for SMS levels 15-16 and four advocacy sessions conducted on the implementation of the National Framework Towards Professionalisation of the Public Sector. In maintaining its credibility, the School will ensure accreditation processes facilitated and managed to maintain the status of the NSG as accredited training provider. The School will ensure the roll out of eight programmes/courses that meet the quality assurance criteria and approved by the NSG quality assurance committee in less than 60 workdays.

8 Observations and Findings

The Portfolio Committee identified the following matters in relation to the Budget Vote 7:

- 8.1 The Committee notes the Annual Performance Plan for the 2024/25 financial year of the National School of Government. The APP contextualises the work of the NSG, which aims to strengthen state capacity and building a professional, capable, ethical and developmental state through Education, Training and Development.
- 8.2 The NSG played a pivotal role in the development of the approved National Framework on the Professionalisation of the public sector. The Committee observes that it would be plausible for the Professionalisation Framework to Members and induction Programme to Board Members, and introduce the Nyukela Programme to local government as well as State-owned enterprises (SoEs) employees. This undertaking will also expand the revenue stream for the NSG.
- 8.3 The Committee notes a high rate on the Nyukela programme uptake from both public servants and private sector employees since it was introduced as a mandatory training programme for all senior management. The Committee commends the School for designing the Nyukela programme for the SMS levels 15-16, as this demonstrates that the public service is on the right trajectory of professionalisation of the public sector.
- 8.4 The Committee notes the Nyukela Programme for Middle Management Services (MMS) to take the same format as the Nyukela Programme for Senior Management in order that

no employee will get promoted to middle management, without first producing the attendance qualification of the Nyukela Programme.

8.5 The Committee has emphasised the importance of conducting an impact evaluation on the outcomes of the training courses, rather than a focus on the uptake numbers.

8.6 The Committee notes that the training courses and programme offerings have been tailored around a new hybrid model in order to attract more public servants in all corners of the country.

8.7 The Committee notes that the School is repositioning itself and developing a new strategy for the Funding Model to be self-sustainable.

8.8 The Committee notes the developments relating to skills assessments reports on specific departments with the aim of identifying training needs to ameliorate performance.

8.9 The Committee believes it should continue monitoring the School with a view to ensuring that it offers mostly accredited courses so that full recognition is afforded to employees being trained, to provide them with opportunities for development and promotion.

8.10 The Committee observes that the Executive Education training programme would positively impact service delivery and instil professionalism if it would be compulsory for Senior Management Service to do programmes in project management, financial management and change management in order to professionalise the public service even at senior management.

9 Recommendations

The Portfolio Committee recommends that the National School of Government undertake the following:

9.1 Develop a fully-fledged Funding Model to maintain and ensure its self-generated income through the Training Trading Account. The NSG should develop a repositioning strategy to align its mandate with Framework on Professionalising the Public Sector with the aim of expanding its services to most of the sectors in government.

- 9.2 Together with the Department of Public Service and Administration and Public Service Commission ensure that all government departments and entities abide by the National Framework Towards Professionalisation of the Public Sector. There must be a monitoring tool to measure the implementation of the Framework.
- 9.3 Continue to conduct an impact evaluation of its training programmes to measure the efficacy and application of knowledge with the aim of improving performance.
- 9.4 Create more awareness campaigns on the Nyukela programme for Middle and Senior Management services in order to attract young people employed in both public and private sectors, including SoEs, to enrol for the training course, especially when aspiring to consider public service as a career of choice.
- 9.5 Extend the Nyukela Programme to the State-Owned Enterprises.
- 9.6 Continue, where possible, to offer most of its training courses through e-Learning platforms, as part of modernising its business and saving costs on the logistics such as venues and traveling.
- 9.7 Make the Executive Education Programme compulsory to all senior management officials and the Programme must include project management; change management and financial management so that these fields are not only a competency developed through experience, but also through actual training.

10. Conclusion

The National School of Government continues to rollout courses and training programmes relevant to government officials from entry level to senior management and the Executive. Education, Training and Development programmes offered by the School assist public officials to enhance performance and contribute towards a professional, capable and ethical public administration. The NSG should play a leading role and be a leading institution within the ecosystem of public sector education, training and development. Repositioning of the NSG to

be a leading role player in terms of ETD require a sustainable funding Model in order to keep it afloat.

The Portfolio Committee recommends as follows:

That the House adopt and approve the Budget Vote 07 of the National School of Government.

Report to be considered

4. Report of the Portfolio Committee on Public Service and Administration on the Annual Performance Plan 2024/25 and the Budget Vote 12 of the Public Service Commission, Dated 10 July 2024

1. Background

The Portfolio Committee on Public Service and Administration (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plan, Annual Performance Plan and Budget allocations of the Public Service Commission tabled by the Minister of Public Service and Administration in terms of the Public Finance Management Act (No 1 of 1999), reports as follows:

2. Introduction

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and 10 institutions. The Public Finance Management Act, section 27 stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. Subsequent to that the Money Bills Amendment Procedures and Related Matters Act, No 9 of 2009, section 10 (1) (c) clearly stipulates that the relevant members of Cabinet must table updated strategic plan and annual performance plan for each department, public entity or institution, which must be referred to the relevant Committee for consideration and reporting.

In considering the strategic and annual performance plan, the Committee ensured that the plan and budget allocation of the Public Service Commission's serve the needs and aspirations of the citizens. The Budget serves as a key instrument for government to promote socio-economic development. It also plays a critical role as an economic instrument of the government to reflect on the country's socio-economic policy priorities by translating priorities and political commitments into expenditures. The Budget serves as a vital tool to operationalise government activities towards the achievement of its intended priorities. Furthermore, the Budget highlights the constraints and trade-offs in policy choices.

On the 9th of July 2024, the Committee considered presentation on the Annual Performance Plan and the budget allocation of the Public Service Commission (PSC). This Report summarises presentation received from the PSC, focusing on the 2019/24 Strategic Plan and the 2024/25 Annual Performance Plan and the Budget as well as allocations over the MTEF.

3. Overview of the Public Service Commission

The PSC is an independent institution established in terms of Chapter 10 of the Constitution. It derives its mandate from Section 195 and 196 of the Constitution, 1996, which set out the values and principles governing public administration, which should be promoted by the PSC, as well as the powers and functions of the PSC. The PSC is required by the Constitution to exercise its powers and to perform its functions without fear, favour or prejudice. The Constitution links the PSC's independence firmly with its impartiality and no organ of state may interfere with the functioning of the PSC.

The PSC is vested with custodial oversight responsibilities for the Public Service and monitors, evaluates and investigates public administration practices. It also has the power to issue directions regarding compliance with personnel procedures relating to recruitment, transfers, promotions and dismissals. The PSC is accountable to the National Assembly and to Provincial Legislatures and must annually report on its activities and performance to these two institutions.

4. Legislative mandate

The PSC is a constitutional oversight body, established in 1996, primarily to promote "a high standard of professional ethics in the public service." The PSC operates in terms of the PSC Act 1997. The Act provides for the regulation of the PSC with regard to:

- a) The constitution of the PSC;
- b) Appointment of Commissioners;
- c) Designation of the Chairperson and Deputy Chairperson;
- d) Conditions of appointment of Commissioners;
- e) Removal from office of Commissioners;
- f) Functions of the PSC (inspections, inquiries, etc.);
- g) Rules according to which the PSC should operate;
- h) The Office of the PSC (OPSC); and
- i) Transitional arrangements with regard to service commissions (created under the Interim Constitution).

5. Strategic goals of the PSC

The strategic goals of the PSC for 2019-2024 are as follows:

5.1 Promoting the implementation values and principles

The PSC has a constitutional mandate to promote and monitor compliance with constitutional values and principles in the course of rendering of services to the public. The promotion of the constitutional values and principles is aimed at fostering a positive behavioural change in the public servants and the Public Service in order to ensure that services are delivered in a responsive, caring and ethical manner, among other things.

In order to ensure the continuity over the MTEF period, the Commission plans to conduct 50 quantitative evaluation reports and 12 qualitative evaluations in each of the remaining years of the MTEF period. The purpose of these reports and evaluations is to assess departments' compliance with constitutional values and principles with a view to promoting a culture of excellence in the public service. Quantitative indicators are used to establish whether systems are in place, while qualitative indicators aim to establish whether those systems assist in effecting change.

5.2 Promoting professional ethics in the public service

In terms of Section 195 of the Constitution, the PSC is required to promote professional ethics in the Public Service. Given this Constitutional mandate, the PSC would raise ethics awareness through the promotion of Code of Conduct in the public service ethical leadership dialogues and commemoration of international events such as the International Anti-Corruption Day.

5.3 Public Administration Investigations

The PSC will, over the MTEF, continue to conduct investigations as a way of holding the Public Service accountable in exercising their functions. A variety of access mechanisms have been established by the PSC to promote accountability and encourage a culture of reporting ethics-related issues, accountability-related issues such as appointment, procurement and financial irregularities, non-compliance with Public Service legislation and policy, service delivery and professionalism-related issues such as bias/impartiality, unfairness, discrimination and prejudice, and performance-related issues such as incapacity, incompetence, lack of training/capacitating and lack of representivity.

5.4 Management of the Public Sector National Anti-Corruption Hotline

The Public Sector National Anti-Corruption Hotline (NACH) is another mechanism established by government to prevent and combat corruption. Government has introduced the NACH for departments, public entities and local government in 2004 through a Cabinet Decision of 14 August 2003. The investigation or resolution of the NACH cases has been a challenge since its inception and has been an MTSF commitment for a number of years and departments are expected to resolve 80% of cases lodged with the NACH per quarter. The PSC would over the MTSF monitor the resolution of these cases.

5.5 Management of the Financial Disclosure Framework

In terms of Regulation 21(1)(a) of the Public Service Regulations, 2016, the PSC is required to scrutinise the financial disclosure forms of Members of the SMS. The purpose of the scrutiny is to assess compliance with the requirement to disclose all financial interests and also establish whether the involvement of officials in any activities of the companies could lead to conflicts of interest.

The scrutiny of the financial disclosure forms involves the verification of information provided in the financial disclosure forms against the information contained in the Companies and Intellectual Property Commission Deeds Registry and the National Traffic Information System databases. The PSC also assesses the extent to which SMS members are engaged in work outside their normal employment in the relevant Departments.

5.6 Disciplinary Proceedings on Financial Management

In terms of the Public Finance Management Act, 1999 (PFMA) read in conjunction with Treasury Regulations, 2002, accounting officers of departments are required to report on the outcome of completed disciplinary proceedings on financial misconduct, to amongst others, the PSC. The PSC will over the MTEF monitor and evaluate, amongst others, how departments are managing financial misconduct, which is part of ensuring that the Public Service maintains a high standard of professional ethics. The PSC will continue to produce on annual basis an overview of completed disciplinary proceedings in respect of financial misconducts. The overview is aimed at reflecting on action taken by departments that are institutionalising consequence management on cases of financial misconduct.

6. Key Strategic Priorities 2024/25

The key strategic priorities of the Vote were set for 2024/25 are explored below:

6.1 Monitoring the implementation of the Framework for the Professionalisation of the Public Sector

The strategic and oversight role of the PSC over the next MTEF in contributing towards a developmental and meritocratic state, will be to monitor the execution of the National Framework Towards the Professionalisation of the Public Sector (Professionalisation Framework), which is one of the game changers in the Public Sector. The PSC will report the envisaged results of the framework to the nation through Parliament and other relevant oversight structures. Government performance has been facing serious challenges due to a number of issues, such as a lack of required skills to carry out government work, budgets cuts, unforeseen disasters and the scourge of corruption. Poor service delivery has often resulted in destructive protests. A highly professionalised public sector will result in skilful, ethical and corrupt free South Africans who execute the government mandate to address the needs of society.

6.2 Strengthening the oversight role of constitutional institutions

Oversight institutions will have to ensure that institution building and culture of performance with high calibre of skilful employees remain a priority. The calibre of employees at the PSC should be able to produce credible oversight recommendations that even when challenged in a court of law, the PSC will stand the scrutiny by the court. The current economic situation will require the South African government to do things differently. Therefore, collaboration amongst the oversight bodies will go a long way in addressing the existing budgetary and disjointed service delivery challenges facing country.

6.3 Responsible use of budget in lieu of budget cuts and desired economic growth

The PSC Bill that has been submitted to Parliament is intended to position the OPSC as a professional, independent secretariat of the PSC that will extend its operations to reach both local government and public entities. The passing of the PSC Bill into law will require additional funding for the PSC to implement the act. Under the current economic difficulties, where the National Treasury was left with no option but to cut government spending to save the economy from collapsing, the PSC will have to ensure that there is value derived from

utilising the scarce financial resources. The current public sector reforms such as the Framework for the Professionalisation of the Public Sector is a positive contribution towards dealing with some of the systemic challenges.

6.4 Adapting to culture change

There is a need to ensure that the PSC is compatible with the current PSC legislative changes and public sector reforms. The PSC seeks to clear the current toxic culture and bring about the new ethos into the culture of the Public Service? The positive response to the volatility; uncertainty; complexity and ambiguity (VUCA) moment, should be such that the volatility moment is guided by a clear vision, uncertainty is guided by clear understanding, complexity is guided by clarity and ambiguity is guided by agility.

6.5 Strengthening the capability of the State through public sector reforms

For the PSC to prepare itself for a meaningful contribution for the implementation of the National Development Plan (NDP), the PSC took a decision to reposition itself during the 2021 Strategic Planning Session. The need to have a capable, ethical and developmental state has been the correct observation by government as expressed in the NDP. Therefore, the PSC observed that even if there were to be enough resources, without having capabilities, government would not be able to deliver on its objectives.

The current Public Sector Reforms must be seen as a way that seek to ensure that Priority number one: a Capable, Ethical and Developmental State, is achieved. In addition, the stakeholder collaboration with the National School of Government and the Auditor General of South Africa including other key stakeholders, is a key factor in demonstrating that the reforms aimed at creating a Capable, Ethical and Developmental State will not be achieved without a collaborative effort.

6.6 Ensuring improved visibility and meeting the demands for service

The observation from many external stakeholders, as well as the results of customer surveys point to a PSC that is understood better by clients and this will result in high demand for services offered by the PSC. In addition, the PSC has robustly engaged executive authorities on areas that warrants attention of the State such as Government Immovable Property and the Information Communication Technology. The contribution of the PSC in these areas is acknowledged by the PSC stakeholders. The PSC is ready for more requests for assistance as it is continuing to improve its profile. The challenges of budget cuts should not be seen as

impediments, but rather a challenge that pushes the PSC to innovate on how to continue delivering on its mandate.

3.7 Improving the PSC Governance Structures

The PSC has now established four Plenary Committees in support of the four strategic outcomes of the Commission. Each Plenary Committee is chaired by a Commissioner and provides oversight over the work of each of the programmes of the PSC. All the Plenary Committees make recommendations to the Plenary, which is the highest decision-making body of the Commission and comprises of the full Commission. A noteworthy development is the establishment of the Institutional Development and Governance Committee, which is mandated to oversee institutional and governance matters. This is an important step towards ensuring that there existing internal controls are strengthened in order to ensure that the PSC continues to be a custodian of good governance.

6.8 Modernisation of the PSC

The advancement in technology and current economic challenges facing the country necessitate a different way of doing things, just like COVID-19 pandemic resulted in a new normal. The PSC will have to strengthen its own Information Technology systems. Digitising the way of operating and creating a paperless environment is the future. The PSC must also find ways of addressing the persistence challenge of successfully holding virtual meetings without interruption. This will not only improve operational efficiencies but will also make accessibility easier for public servants and the general public. So far, the ICT team has been able to develop PSC's own Case Management System, which is currently being rolled out so as to migrate the manual way of handling complaints and grievances into an automated system.

7. Budget allocation 2024/25

The Public Service Commission's overall budget allocation for the 2024/25 is R288.5 million, compared to R300.,8 million in 2023/24. This represents an increase of 4.06 per cent in nominal terms. However, in real terms the total budget for the Commission decreased by -8.52 per cent between the 2023/24 and 2024/25 financial years. This is due to the impact of compensation of employees as well as investigations on grievances and site inspections that the PSC must conduct. The Budget of the Commission is divided into five programmes, namely Administration; Leadership and Management Practices; Monitoring and Evaluation; Integrity and Anti-Corruption; and Provincial Coordination, which is a new programme. The main cost

drivers of the Commission are Programme 1: Administration (R139.7m); Programme 5: Provincial Coordination (R63.2m) and Programme 4: Integrity and Anti-Corruption (R37.0m). Programme 1 experiences a decrease in nominal and real terms, whilst the allocation to Programme 5 experiences a nominal decrease of 4.10 per cent; and Programme 4 experiences a nominal decrease of 12.32 per cent when considering the impact of inflation. Programme 1 caters for all the nine Commissioners and their tasks.

Corruption is a major hindrance to good governance in the public sector. As a result, Government has tasked business, civil society and the public sector with tightening anti-corruption measures as part of a mechanism to prevent and curb corruption. The Commission will continue to investigate grievances related to labour or human resources lodged by public servants to their respective departments and finalise 85 per cent of them by recommending appropriate actions within 30 days of receipt. This is budgeted for in Leadership and Management Practices programme, which has an allocation of R154.7 million over the medium term.

The Commission is further tasked to conduct investigations following the receipt of complaints from the public or its own accord. Complaints could be related to among other things corruption, appointment and procurement irregularities and the conduct of public servants. The objectives of investigations are to identify shortcomings and or wrongdoings and provide redress to citizens through the effective and efficient delivery of public services. The Commission will continue to manage the functioning of the national anti-corruption hotline and conduct research and advocacy work to promote professional ethics in the public service.

Table 1: Overall budget allocation for 2024/25 financial year

Programme	Allocation	Allocation	Nominal Rand change	Real Rand change	Nominal % change	Real % change
R million	2023/24	2024/25	2024/25		2024/25	2024/25
Programme 1: Administration	139.8	139.7	-0.1	-6.4	-0.07 %	-4.56 %
Programme 2: Leadership and Management Practices	28.5	27.1	-1.4	-2.6	-4.91 %	-9.18 %
Programme 3: Monitoring and Evaluation	24.3	21.5	-2.8	-3.8	-11.52 %	-15.49 %

Programme 4: Integrity and Anti-Corruption	42.2	37.0	-5.2	-6.9	-12.32 %	-16.26 %
Programme 5: Provincial Coordination	65.9	63.2	-2.7	-5.5	-4.10 %	-8.40 %
TOTAL	300.8	288.5	-12.2	-25.2	-4.06 per cent	-8.36 per cent

Source: National Treasury (2024)

4. Programme performance

The PSC has four programmes whose budget and activities are as follows:

4.1 Programme 1: Administration

The purpose of this Programme is to provide overall management of the PSC and centralised support services. The budget for Programme 1 slightly decreased from R139.8 million in 2023/24 to R139.7 million in 2024/25. This represents a -4.56 per cent increase in real terms in the budget allocation between 2023/24 and 2024/25. The Programme is one of the three major cost drivers under this Vote, consuming 48.42 per cent of the overall allocation. It is also experiencing a real percentage decrease. The main cost drivers under this Programme are the Chief Financial Officer (R45.7m); Corporate Services (R28.7m); Property Management (R25.2m) and Public Service Commission (R24.5m). More than half of the allocation to the Programme R77.3 million (55.33 per cent) is for the compensation of employees. These sub-programmes relates to the actual management of the Commission, than to the core mandate.

This Programme consumes the bulk of the budget due to the budget of the Chairperson, Deputy Chairperson and 12 nationally and provincially based Commissioners forming part of Programme 1. The number of Commissioners is prescribed in section 196 of the Constitution. Furthermore, the PSC has centralised its support function and, as a result, the budget for Administration is high, as it includes the budget for centralised support services, e.g. accommodation costs, State Information Technology Agency (SITA) services, training, internal audit, operation lease payments, Auditor-General's fees, etc.

The budget allocated for Programme 1 will be spent on developing the strategic and annual performance plan for the PSC. The PSC intends to receive unqualified audit opinion in 2024/25 financial year. The Commission intends maintaining vacancy rate within the 10% threshold. In

this financial year, the Commission will improve its visibility of the PSC through conducting four outreach programme. The Commission submitted the Public Service Commission Bill to Parliament in the fourth quarter. The repositioning of the PSC is critical in pursuit of an effective and efficient Commission. The PSC Bill, once assented into an Act, will augment the PSC's repositioning. In addition, the approval of the revised PSC Organisational Structure will also contribute to the repositioning.

4.2 Programme 2: Leadership and Management Practices

The Leadership and Management Practices (Programme 2) is responsible for promoting sound Public Service leadership, human resource management, labour relations and labour practices. The Programme has two sub-programmes, namely: Labour Relations Improvement, and Leadership and Human Resource Reviews.

The budget allocation for Programme 2 decreased from R28.5 million in 2023/24 to R27.1 million in 2024/25. In real terms the budget allocation to Programme 2 decreased by -9,18 per cent between 2023/24 and 2024/25, as much as it nominally increased by -4.91 per cent. This Programme consumes the third largest portion (9.39 per cent) of the overall budget. The bulk of the Programme's budget (R14.5 million) is allocated to the Labour Relations Improvement sub-programme, which promotes labour relations and practices through the timeous investigation of properly referred grievances and the provision of best practices in the public service. In line with Government initiatives to build an Ethical, Capable and Developmental State, the PSC will focus on professionalisation of the Public Service through promoting meritocracy and ethical conduct in the areas of Human Resource Management (HRM) and Leadership practices. It is important to note that effective HRM and Leadership practices would contribute towards sound labour relations, employee productivity and organisational performance. Furthermore, the PSC will support the administrative Head of the Public Service, as this is an essential step in professionalising the Public Service and managing the career incidents of Heads of Departments and other senior management service members.

The other main cost driver under the Programme is Leadership and Human Resource Reviews (R9.9m), which identifies and promotes sound human resource management and leadership practices in the public administration. The Commission plans to address grievances and complaints arising from the reorganisation process and induct new Heads of Department and Executive Authorities with the aim of strengthening compliance with the principles of reorganisation and effective public administration.

4.3 Programme 3: Monitoring and Evaluation

The main purpose of the Programme is to improve the functionality of the Public Service through institutional and service delivery evaluation. Programme 3 accounts for 7.45 per cent (R21.5 million) of the Commission's total budget vote in 2024/25. Between 2023/24 and 2024/25, the budget allocation to Programme 3 decreased by 11.52 per cent in nominal terms, and by 15.49 per cent in real terms. The main cost drivers of the Programme are Service Delivery and Compliance Evaluations, at R9.8 million and Governance Monitoring, at R9.6 million. The PSC conducts service delivery inspections at various service points in order to influence positive behavioural change in the manner in which services are rendered in the Public Service by public servants. Service delivery inspections are regarded as a fact-finding exercise to observe and get first-hand information on service delivery.

Programme 3 is confronted with an inadequate budget to conduct more inspections on the implementation of service standards and will thus focus at selected facilities. Programme 3 will also focus on measuring the impact of the changes in public administration practices in order to scale the adherence to the Constitutional Values and Principles in the public sector and impact thereof. Continuous engagement with key stakeholders is a best strategy that Programme 3 will embark on in order to promote the CVPs.

During this period, the Branch will further immerse itself in new areas of both cybercrime and cyber security as well as government immovable asset register. This further demonstrates the complexity and the multiple deficiencies affecting the spaces of functional accommodation and ICT in government.

In line with the Constitutional imperative of building an ethical and values-driven public service, the PSC will continue to promote the CVPs both within government departments and other state institutions through the implementation of service standards at selected facilities, producing reports on Section 196 (4)(e), facilitation of Citizens Forums and studies on the effectiveness of government for service delivery over the MTEF period. The PSC is planning to deliver its outcome for "A well-coordinated and functioning M&E system" for the PSC by continuing with the promotion of the CVPs. The PSC aims to ensure through its promotional work, that a values-driven approach rather than only compliance and rules approach that stick to tick the right boxes is implemented. This means finding a balance between the rules and the application of the Bill of Rights in the Constitution.

The PSC will further exercise its oversight mandate of ensuring efficiency and effectiveness in the delivery of services by conducting service delivery inspections. These inspections seek to provide detailed analysis of service delivery as experienced by service users, yet provide the PSC with an opportunity to propose improvements within departments. The PSC facilitates Citizens Forums to find solutions for service delivery challenges and conduct studies into effectiveness of government for service delivery to propose measures to ensure effective and efficient performance within the public service.

The main contribution of the PSC through the discharge of its monitoring and evaluation function will be on improved leadership, governance and accountability, functional, efficient and integrated government and professional, meritocratic and ethical public administration. This contribution will be realised through monitoring of departmental compliance with Constitutional Values and Principles (CVPs) in order to ensure that the Public Service is responsive to the needs of the citizens. One of the mechanisms the PSC intends to use to measure the responsiveness of the Public Service is monitoring departmental performance against their respective service standards. The PSC's work on building stronger institutions will be complemented by service delivery inspections, so that the institutions can also be evaluated from the perspective of the citizen so that solutions to real world service delivery problems can be developed.

The PSC will produce two position papers on public administration practices and ten reports on service delivery inspections. A total of nine Citizen Forums will be conducted across the country and two studies will be conducted on the effectiveness of government support for service delivery. The PSC will produce report on section 196(4)(e) regarding the performance functions which include any finding it may make and directions and advice and provide evaluation of the extent to which the values and principles are complied with. The Commission will monitor the implementation of the plan for the National Framework towards the Professionalisation of the public sector. The Commission will be monitoring and producing reports on the performance of the departments.

4.4 Programme 4: Integrity and Anti-Corruption

The Integrity and Anti-Corruption Programme is responsible for undertaking public administration investigations, promoting a high standard of professional ethical conduct amongst public servants and contributing to the prevention and combating of corruption. The

budget allocation for Programme 4 accounts for 12.82 per cent share or R37.0 million of the total budget vote in 2024/25. In 2024/25, the allocation for Programme 4 decreased by -12.32 per cent in nominal terms, but in real terms, it decreased by -16.26 per cent.

The main cost drivers under this Programme are Programme Management: Professional Ethics at R21.3 million and Public Administration Investigations at R12.2 million, respectively. There has been a decrease in the number of complaints lodged and closed by the PSC over a four-year period. This may be attributed to the departments putting in place their own complaints mechanisms, including reporting lines and investigative capacities, as required by the Minimum Anti-Corruption Capacities (MACC) established by Cabinet. This shows the effectiveness of the Programme, although the issue of addressing public service employees conducting business with the State is progressing slower than anticipated.

The budget will contribute to speeding up the finalisation of 85% of complaints within 90 working days upon receipt of a valid complaint by an investigative officer. The Commission will produce ten investigation reports as contemplated in section 196 (4)(f)(i)(iii) and (iv) of the Constitution. The Programme will further produce oversight reports on the implementation of the ethics framework and four articles on the promotion of professional ethics. The PSC will conduct twenty engagements on the ethics framework and held twelve constitutional values and principles engagements. Lastly, the Commission will report 90% of National Anti-Corruption Hotline cases referred to it within seven days of receipt of case reported.

4.5 Programme 5: Provincial Coordination

The Programme ensures effective coordination of operations for the execution of the PSC mandate at provincial level. In 2023/24, the Programme was allocated R65,9 million, compared to R63.2 million in 2024/25. This is a decrease of R2.7 million, which translates to -4.10 per cent nominal change and -8.40 per cent real change in 2024/25. It has only one-subprogramme, namely, the Provincial Operations, which oversees the operations of the Public Service Commission at the provincial level. The bulk of the allocation (R5.8m) goes to compensation of employees, whereas R4.2 million goes to goods and services.

The 2024/25 targets for this Programme are to conduct two follow up citizens forums; producing four approved reports on their own accord for the provincial specific projects to address selected Public Service and Administration deficiencies and producing nine approved reports on Provincial Service Delivery Inspections.

5. Observations and findings

The Portfolio Committee identified the following matters in relation to the Budget Vote 12:

- 5.1** The Committee notes the Annual Performance Plan for the 2024/25 financial year of the Public Service Commission. The strategic plan covers most of the functions of the Commission as encapsulated in section 196 of the Constitution. The Committee further notes the new Programme (Programme 5) that has been added to the Annual Performance Plan, mainly for the purpose of coordination of operations for the execution of the Public Service Commission's mandate at the provincial level.
- 5.2** The Committee notes that the PSC has submitted the legislative reforms project to Parliament in the 2023/24 financial year. The Bill is before the National Assembly and was referred to the Committee in December 2023 for further processing. The Bill will allow the Commission to be supported by a Secretariat that is independent of government in order to strengthen its independence. Currently, the Director-General of the PSC is appointed through section 12 of the Public Service Act, 1994, thus making him/her part of employees under the Public Service. Appointment of the PSC Director-General through the Public Service Act and participation in the FOSAD structure compromise the independence of the commission. The Committee will prioritise the processing of the Bill in this 7th term of Parliament.
- 5.3** The passing of the PSC Bill into law would require more funding under these tight economic conditions where departments have experienced budget cuts. Strengthening the PSC mandate and its independence as envisaged in the NDP, means more resources and capacity have to be deployed to the institution to carry out its work without fear, favour and prejudice.
- 5.4** The PSC has to play a meaningful role in the oversight of the implementation of the Professionalisation Framework towards the Public Sector in order to ensure all government departments and entities abide to the meritocratic state. The PSC needs to have a monitoring framework linked to the Professionalisation Framework to measure performance of the departments.

- 5.5** The Committee further notes existing vacancies of the Commissioners in Mpumalanga, Free State and North-West provinces. The Committee is wary of Section 3(2)(a) of the Public Service Commission Amendment Act, 1997 which stipulates that such posts have to be filled within a 60-day period of becoming vacant. The Committee notes that Mpumalanga PSC office has been without a Commissioner for almost five years, and this has to be prioritised through the Speaker's office.
- 5.6** The PSC capacity in the provincial offices needs to be reinforced, as each province is allocated a staff complement of 10 employees to cover the work of provincial departments. Provincial departments are responsible for the implementation of government policies and programmes, and it is where service delivery suffers. Therefore, 10 staff members per provincial PSC are not sufficient to investigate, monitor and evaluate the provincial programmes. However, with the introduction of Programme 5: Provincial Coordination, the Committee trusts that the matter will be addressed promptly.
- 5.7** The Committee compliments the PSC for enhancing its visibility throughout the country through media platforms and particularly in monitoring government facilities. The PSC was urged to be more visible on the ground in assisting citizens to receive government services. Social media platforms have to be considered as a way of communicating PSC work to popularise and create platforms for discussion about the public discourse.
- 5.8** The PSC, together with the Committee, has to devise a strategy to ensure that specific recommendations emanating from the Commission's reports are tabled in the National Assembly for debating and processing. Tabling of the reports in the National Assembly will assist the PSC in the implementation of the recommendations and follow through. Portfolio Committees concerned can also get an opportunity to acquaint themselves with these recommendations, so that it is not the sole responsibility of the Committee to interrogate, monitor and follow up on these recommendations.

6. Recommendations

The Portfolio Committee recommends that the Public Service Commission undertake the following activities:

- 6.1 Consult with the Premiers and Speakers of the Provincial Legislatures on a continuous basis to discuss the work of the PSC, which includes fast tracking of appointments of the Commissioners within a required timeframe as per section 3(2)(a) of the Public Service Commission Act, 1997.
- 6.2 Develop a monitoring framework to monitor departments in implementing the Professionalisation Framework Towards the Public Sector as way of building capable, ethical and developmental state.
- 6.3 Intensify its communication strategy to ensure visibility on the ground and accessibility using various media platforms to communicate its work as reported in Parliament and legislatures.

For the Committee

- 6.4 The Committee must prioritise finalisation of the Public Service Commission Bill in its first year of operations, once it is referred by the Speaker's Office.

7. Conclusion

The independence of the Public Service Commission reaffirms its powers and enable it to perform its functions without fear, favour or prejudice in the interest of the maintenance of effective and efficient public administration. As much as the Commission accounts to the Portfolio Committee on Public Service and Administration, the PSC conducts investigation, monitoring and evaluation in a wide spectrum in various government departments and there are reports that necessarily do not fall within the mandate of the Committee. Therefore, if tabled, PSC reports can be debated in the National Assembly and legislatures as this will assist with the implementation of the recommendations by various government departments.

The Portfolio Committee recommends as follows:

That the House adopt and approve the Budget Vote 12 of the Public Service Commission.

Report to be considered

5. REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON BUDGET VOTE 26 DEPARTMENT OF MILITARY VETERANS, DATED 11 JULY 2024

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered Budget Vote 26, Military Veterans, and its 2024/25 Annual Performance Plan (APP) on 9 July 2024 and 11 July 2024, reports as follows:

1. INTRODUCTION

1.1 Mandate of the Committee

Section 55 (2) of the Constitution of the Republic of South Africa (1996) states that “The National Assembly 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.”

1.2 Process

The Portfolio Committee considered the Department of Military Veterans’ (DMV) 2024/25 APP as well as its budget allocation on 9 July 2024 and held further engagements thereon on 11 July 2024. The Committee made observations that led to recommendations to the DMV, to enhance their performance for the remainder of the financial year. The Department’s annual budget allocation is outlined in National Treasury’s 2024/25 Estimates of National Expenditure (ENE) as Vote 26.

2. CONTRIBUTIONS OF THE DMV

2.1 Main objective of the Department of Military Veterans

The Department of Military Veterans (DMV) derives its mandate from the Military Veterans Act (2011), which requires it to provide national policy and standards on socioeconomic support to military veterans and their dependants, including benefits and entitlements to help realise a dignified, unified, empowered and self-sufficient community of military veterans.

2.2 National Development Plan, Medium Term Strategic Framework and the Executive Authority Priorities

Similar to the previous APP, the DMV's 2024/25 APP states that the Department acknowledges the importance of the objective of building a fully functional Department over the MTEF in order to enable it to provide the socio-economic support services and benefits to Military Veterans where necessary their dependants in an effective, efficient and sustainable manner. It lists the contributions to the NDP, the Medium Term Strategic Framework Outcomes and the Executive Authority Priorities in a tabular format, as follows:

Executive Authority (EAs) Priorities	National Development Plan (NDP) Vision 2030	MTSF Priorities
Priority 1: Strengthening governance and oversight protocols to give effect to the provisions of the Act.	Chapter 13: Building a capable and developmental state <ul style="list-style-type: none"> Strengthen delegation, accountability and oversight Chapter 14: Fighting corruption	Priority 1: Capable, ethical and developmental state
Priority 2: To provide comprehensive support services to Military Veterans and where applicable, to their dependants:	Chapter 9: Improving education, training and innovation	Priority 2: Economic transformation and job creation Priority 3: Education, skills and health Priority 4: Consolidating social wage through reliable and basic services Priority 5: Spatial development, human settlements and local government
<ul style="list-style-type: none"> Education, Training and skills development 	Chapter 10: Promoting health	
<ul style="list-style-type: none"> Acquiring a Healthcare and wellness Centre in the near future Access to health services 	Chapter 3: Economy and Employment	
<ul style="list-style-type: none"> Facilitation of employment placement Facilitation of or advice on business opportunities 	Chapter 8: Transforming human settlement and national space economy Chapter 6: Integrated and inclusive rural economy Chapter 15: Transforming society and uniting the country	
Subsidisation or provision of:		
<ul style="list-style-type: none"> Public Transport Housing Compensation for Injuries/Trauma/ Diseases while performing military activities Pension Burial support 		
Priority 3: Promote empowerment programmes for and of Military Veterans	Chapter 3: Economy and Employment Chapter 14: Fighting Corruption Chapter 15: Transforming society and uniting the country	Priority 2: Economic transformation and job creation. Priority 4: Consolidating social wage through reliable and basic services
Priority 4: Promotion of Military Veterans' heritage as well as memorialisation and honouring	Chapter 14: Fighting Corruption Chapter 15: Transforming society and uniting the country	Priority 6: Social cohesion and safer communities
Priority 5: Maintain the credibility and security of the national military veteran database	Chapter 13: Building a capable and developmental state <ul style="list-style-type: none"> Strengthen delegation, accountability and oversight 	Priority 1: Capable, ethical and developmental state
Priority 6: Implementation of the high impact communication and marketing strategy and plan		

Table 1: DMV contributions to the NDP, MTSF and Executive Authority's Priorities

3. COMMITTEE 2023/24 BUDGET REPORT

In order to include a holistic review by the Committee, past recommendations are included. The Committee made the following recommendations in terms of the 2023/24 APP of the DMV:

- a) The Minister of Defence and Military Veterans should seek condonement from the Speaker of Parliament for the late submission of the DMV 2023/24 APP. The outcome of the application must be shared with the Committee.
- b) The Committee welcomed the appointment of Vice Admiral (ret) M. Hlongwane as the new acting Director-General of the DMV and wishes him well in stabilising the Department and ensuring that it is focussed and oriented towards service delivery to deserving military veterans.
- c) The Committee wishes to express its disappointment in the quality of the APP and, specifically, the presentation made to the Committee on 10 May 2023 which failed to include budgetary aspects and selected quarterly targets. The DMV must ensure a higher standard of presentation when engaging with the PCDMV throughout 2023/24.
- d) The Department must prioritise the finalisation of the Pension Benefit Regulations as a matter of urgency. This must be done in accordance to existing legislation and must be cognisant of public input received. The Committee will source a legal opinion from Parliament's Legal Services Division on the process, and also provide guidance to the DMV in this regard.
- e) The DMV should be upfront with military veterans regarding the timelines for the roll-out of the Pension Benefit(s) and this should be reflected in all communication with veterans and advertising by the DMV.
- f) The new acting Director-General of the DMV should prioritise an engagement with the Department of Human Settlements to address service delivery constraints and ensure better delivery of houses to veterans in 2023/24. Housing delivery against set targets have been a historic area of poor performance for the DMV, despite various PCDMV recommendations in this regard. The Committee urges the new acting Director-General of the DMV to prioritise this matter.
- g) The Committee urges the Minister of Defence and Military Veterans and the DMV to jointly address, and finalise, an appropriate organisational structure for the DMV.
- h) The DMV should ensure that provincial offices are fully capacitated with qualified and relevant personnel that can adequately assist veterans.
- i) The DMV must ensure that its Financial Management and Internal Audit Components are fully funded and capacitated.

4. DMV 2024/25 BUDGET OVERVIEW

4.1 Overview of planned expenditure

The DMV's budget has increased marginally from R846.3 million in 2023/24 to R863.8 million in 2024/25. However, in real terms when adjusted for inflation, this represents a reduction of 2.5%. The biggest shift in nominal terms was in Programme 3 with an additional R33.4 million allocated. Programme 1, in contrast, sees a reduction of R11.3 million (7.39%) when compared to the previous year.

In terms of economic classifications, the following should be noted:

- Compensation of employees remains stable and decreases marginally from R141.4 million in 2023/24 to R140.4 million in 2024/25.
- Expenditure on travel and subsistence is set to increase from R30.9 million in 2023/24 to R41.8 million in 2024/25.

In terms of transfers and subsidies, the following should be noted:

- Transfers to military veterans' social benefits decreases from R195.0 million in 2023/24 to R171.9 million in 2024/25.
- R600 000 is allocated to be transferred to the World Veterans Federation in 2024/25 while no such payments were made in the previous year and only R31 000 in 2021/22.

Table 1: Increase/decrease per programme from 2023/24 to 2024/25

VOTE 26: MILITARY VETERANS						
Programme	Budget		Nominal	Real	Nominal	Real
	2023/24	2024/25	Increase / Decrease in 2024/25	Increase / Decrease in 2024/25	Percent change in 2024/25	Percent change in 2024/25
R million	2023/24	2024/25				
Programme 1: Administration	153,0	141,7	- 11,3	- 17,7	-7,39%	-11,54%
Programme 2: Socio- economic Support	450,7	446,0	- 4,7	- 24,7	-1,04%	-5,49%
Programme 3: Empowerment & Stakeholder	242,6	276,0	33,4	21,0	13,77%	8,66%
TOTAL	846,3	863,8	17,5	- 21,3	2,1%	-2,51%

4.2 Programme budget high-level overviews

The DMV has three budget programmes namely (1) Administration, (2) Socioeconomic Development, and (3) Empowerment and Stakeholder Management. As is noted in Table 1, Programme 2 (Socioeconomic Development) receives the bulk of the DMV's funding as it relates directly to several of the benefits offered to qualifying military veterans.

Programme 1: Administration

This programme provides strategic leadership, management and support services to the Department and consist of six sub-programmes. Spending in the subprogrammes remain stable when comparing 2024/25 to the previous financial year. Of concern, however, is that the allocation for the Financial Administration subprogramme decreases from R20.4 million in 2023/24 to R15.2 million in 2024/25. This is of specific concern given the Auditor-General's concerns around financial management at the DMV in 2023 that included the following:

- Payables exceed voted funds to be surrendered.
- Financial statements were not submitted for auditing within the prescribed timeframe after the end of financial year, as required by section 40(1)(c)(i) of the PFMA.
- Some of the goods and services of a transaction value of R2 000 but not exceeding R1 000 000 were procured without following quotation process, as required by treasury regulation.

Programme 2: Socioeconomic Development

This programme develops and monitors the implementation of legislation, policy frameworks and service delivery cooperation agreements on compensation for injury in military service, counselling, health care, public transport, pension and housing benefits for military veterans eligible for such support. The programme has three subprogrammes related to database management; healthcare and wellbeing support; and socioeconomic support management. Planned spending on the three subprogrammes for 2024/25 remain similar to the previous financial year. Only the socioeconomic support management subprogramme sees its allocation decreasing from R235.4 million to R221.8 million.

Medium-term plans for Programme 2 include an allocation of R757.8 million over three years. These funds will include the rollout of the pension benefit to reach 9 500 deserving military veterans and

their dependants by 2026/27 (A strict means test will ensure that the benefit will be applied to prevent misuse). The Department also aims to deliver 750 houses to military veterans over the MTEF period. Provincial departments of human settlements will be responsible for constructing the houses on behalf of the Department, as per the terms of its housing delivery model. Furthermore, the Department subsidises health care services in full and aims to ensure that 18 650 military veterans have access to health care services by 2026/27. To offset the impact of Cabinet-approved budget reductions of R2.3 million over the MTEF period on health care services, the Department has reprioritised R37.5 million from the housing benefit to health care.¹

Programme 3: Empowerment and Stakeholder Management

This programme manages and facilitates the implementation of military veteran empowerment and stakeholder management programmes. The programme has three subprogrammes related to the management of provincial offices of the DMV, skills development and education benefits, and heritage management of veterans. The only noteworthy change in allocation is for Subprogramme 2 (Empowerment, skills development and education) which increases from R150.4 million in 2023/24 to R177 million in 2024/25. This relates largely to the increase in the number of bursaries for veterans and their dependants. The number of bursaries provided to military veterans and their dependants is set to increase from 3 500 in 2023/24 to 4 800 in 2026/27. The medium-term allocation for Programme 3 is R882.1 million over three years.

5. SELECTED PERFORMANCE INDICATORS FOR 2024/25

Given the main focus of the Department on rendering services and distributing benefits to military veterans, the selected performance indicators below have specific reference to the DMV's main tasks. Table 3 below reflects audited performance for 2021/22 and 2022/23 and then an estimated performance for 2023/24. In previous years, the DMV did not manage to achieve well against performance indicators and therefore the 2023/24 performance in Table 1 should be seen in this context. Specifically, it is noteworthy that the DMV has showed poor performance in the past regarding the provision of houses to military veterans. This has been as a result of the DMV being dependent on provincial housing departments for the construction of houses, pointing to poor coordination between the DMV and provincial departments. The military pension benefit was also delayed in its implementation due to the need to finalise relevant regulations. As such, it was only

¹ National Treasury (2024) p. 506.

implemented late in 2023 and therefore the 2023/24 target of 4 000 veterans is unlikely to have been achieved.

Table 2: DMV Selected Performance indicators for 2024/25

Indicator	Programme	2021/22	2022/23	2023/24 (est)	2024/25
Number of veterans provided with new houses	Socioeconomic Support	71	222	480	225
Veterans and dependants receiving pension benefits	Socioeconomic Support	<i>Benefit not active yet</i>	<i>Delays in finalising pension regulations</i>	4 000	4 000
Veterans with access to healthcare	Socioeconomic Support	19 100	19 475	20 200	18 150
Number of veterans registered in the database per year	Socioeconomic Support	81 392	82 392	83 392	84 792
Military veterans memorial sites facilitated	Empowerment and Stakeholder Management	0 <i>Capacity constraints in the DMV</i>	0 <i>Capacity constraints in the DMV</i>	3	3
Veterans with access to healthcare	Socioeconomic Support	19 100	19 475	20 200	18 150
Bursaries provided to veterans and their dependants	Empowerment and Stakeholder Management	3 711	4 114	3 500	4 200

6. COMMITTEE OBSERVATIONS

During deliberations with the Department of Military Veterans on 9 July 2024 and further engagements on 11 July 2024, Members of the PCDMV made the following observations related to the budget allocation, the performance indicators and the targets as set out in the APP of the Department:

- a) The Committee expressed concern that the planned provision of benefits in the APP does not align with the lived experiences of military veterans who struggle to access benefits.
- b) The Committee noted instances where payment from the DMV for benefits, such as the education benefit, do not reach the intended institutions or are paid late, impacting on veterans and their dependents attending these institutions.
- c) The Committee highlighted that while the pension benefit has been rolled out, the number of veterans receiving this benefit remains very low.
- d) The Committee noted the need for clarity around the status of the military veterans database as it is central to the effective functioning of the DMV.

- e) The Committee questioned why funds were reprioritised from housing benefit to the healthcare benefit while there is still a clear need for housing to be supplied.
- f) The Committee expressed the need for further engagements with the DMV on the roll-out of all benefits.
- g) The committee requested further clarity on the outstanding court cases involving the DMV.
- h) The Committee requested clarity on the roll-out of housing benefits and when final lists of beneficiaries will be made available.
- i) The Committee noted that the DMV has been malfunctioning and has not been administering the finances allocated it to adequately service military veterans.

7. RECOMMENDATIONS

Based on its engagement on the 2024/25 DMV Budget and APP, the Committee makes the following recommendations:

- i. The Department should provide the Committee with a list of all outstanding payments to educational institutions for the education benefit for 2023/24 and to date for 2024/25. This should be provided to the Committee by 15 August 2024.
- ii. The Department should provide the Committee with the number of veterans currently receiving the pension benefit and planned projections to grow this number over the MTEF. This should be provided to the Committee by 15 August 2024.
- iii. The Department should provide the Committee with a status update on the military veterans database. This should include progress towards the establishment of a secure, electronic database. The feedback should include the status of processing of verified lists of veterans as received from organisations. The feedback should also include information as to the criteria required to be included of the database. This should be provided to the Committee by 15 August 2024.
- iv. The Department should provide the Committee with a summary of all outstanding court cases in which the Department is involved, including the current status of these cases and legal costs involved. This should be provided to the Committee by 15 August 2024.
- v. The Department should provide the Committee with a detail around the housing benefit, including the number of veterans approved for this benefit per province that have not yet

receive housing and when they are likely to receive this benefit as per the DMV's medium-term planning. This should be provided to the Committee by 15 August 2024.

- vi. The Department should ensure that the SANMVA conference is funded and takes place as a matter of urgency, as the DMV noted that a committee was formed in February 2024 to fast track this conference.
- vii. The Committee urges the Minister of Defence and Military Veterans to finalise the appointment of a permanent Director-General and ensure that other senior posts are filled.

The Portfolio Committee on Defence and Military Veterans supports the budgets of the Department of Military Veterans for 2024/25 and recommends that the Budget Vote 26 be adopted.

Reservation of Rights by Political Parties:

- Umkhonto weSizwe (MK) abstained from the adoption of Budget Vote 26.
- The Economic Freedom Fighters (EFF) abstained from the adoption of Budget Vote 26.

Report to be considered.

6. REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON BUDGET VOTE 23 (DEPARTMENT OF DEFENCE), DATED 11 JULY 2024

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered Budget Vote 23: Department of Defence (DOD), the 2024/25 Annual Performance Plans (APP) of the DOD, the budget and APP of the Castle Control Board (CCB), and the Corporate Plan and budget of the Armaments Corporation of South Africa (Armcor) on 9 July 2024 and 11 July 2024, reports as follows:

INTRODUCTION

Mandate of the Committee

Section 55 (2) of the Constitution of the Republic of South Africa (1996) states that “The National Assembly 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.”

Process

Following the finalisation of parliamentary committees in early July 2024, the PCDMV had limited time to review the defence portfolio budget and APPs for 2024/25. As such, the PCDMV considered the 2024/25 budget allocations and APPs of the DOD, Armcor and the CCB on 9 July 2024, followed by a further committee engagement on these matters on 11 July 2024. This Report is divided into two sections, with Part A dealing with the DOD and Part B with the two entities, namely the CCB and Armcor. The Report includes observations and recommendations from the Committee during the engagements of 9 July 2024 and 11 July 2024.

PART A: DEPARTMENT OF DEFENCE

1. MANDATE OF THE DEPARTMENT OF DEFENCE

Section 200(2) of the Constitution dictates that the mandate of the DOD is to defend and protect the country, its territorial integrity and its people, in accordance with the Constitution and the principles of international law. This aligns with the mission of the DOD that is to provide, manage, prepare and employ Defence capabilities commensurate with the needs of South Africa as regulated by the Constitution, national legislation, parliamentary and executive direction. The above is provided through the proper management, provision, preparedness and employment of defence capabilities, which are in line with the domestic and global needs of South Africa.

2. COMMITTEE 2023/24 BUDGET REPORT

In order to include a holistic review by the Committee, past recommendations are included. The Committee made the following recommendations in terms of the 2023/24 APP of the DOD:

- The Committee noted the statement by the DOD that there is misalignment between the requirements set in the Estimates of National Expenditure and more realistic requirements posted in the APP. The Committee encourages the DOD to ensure that it achieves the targets it set for itself in the APP, which it claims is an achievable plan within the current fiscal context. The Committee will track performance in this regard on a quarterly basis.
- The DOD is encouraged to urgently ensure permanent appointments in the positions of Secretary for Defence and the DOD Chief Financial Officer.
- The Committee welcomes the commitment from the Minister of Defence for a review of the 2015 Defence Review to be completed in 2023/24 and the DOD should report on progress to the Committee on a quarterly basis.
- The Committee notes that, historically, additional deployment requirements have meant an increased use of Reserve Force mandays and that this is likely to repeat itself in 2023/24, impacting on the DOD's ability to cut down on mandays as

planned. The Committee will engage National Treasury on this matter and to find funding solutions to ad hoc deployments.

- The Committee will engage National Treasury on the shortfall in funding of the SANDF's deployment in Mozambique which the DOD indicated must be partly funded through internal reprioritisation.
- The Committee notes efforts by the DOD to reprioritise funds in-year, but it maintains that further scope to cut unnecessary costs remain, for example in relation to the use of Contractors and high expenditure on Travel and Subsistence. The DOD should revisit some of these expenditure items to ensure that funds are rather reprioritised for key military functions such as prime-mission equipment maintenance.
- The Committee expresses its concern to Cabinet around the inadequate budgetary allocation of the DOD and, specifically, the impact of its previous decisions on the implementation of a CoE ceiling. The ceiling remains largely un-implementable, contributes to irregular expenditure and impacts heavily on the country's defence capabilities. Of specific concern is that this ceiling limits the ability of the SANDF to recruit annually for both the Regular and Reserve Force. Consideration should be given to re-evaluate the ceiling, along with internal DOD interventions such as the development and implementation of a Human Resources Rejuvenation Strategy.
- The DOD should prioritise the development and implementation of its Human Resources Rejuvenation Strategy, separate to that of an exit mechanism strategy, to ensure an overall younger and deployable Force. This may require a system that allows for soldiers to be exited at different levels and a revision of the concept of 'soldier for life'.
- The Committee instructs the DOD and National Treasury to meet on finding a feasible way forward in dealing with the matter of CoE expenditure, continued irregular expenditure in this regard and the non-sustainability of the CoE ceilings imposed by National Treasury as a result of Cabinet decisions. The Committee will call the DOD and National Treasury to report back on its engagement in in the third quarter of 2023.
- The DOD should give consideration to the potential areas for expenditure optimisation identified by National Treasury and report back to Parliament on the feasibility of implementing these measures.

3. DEPARTMENT OF DEFENCE ANNUAL PERFORMANCE PLAN 2024

The 2024 DOD APP is aligned to the Revised 2019-2024 Medium-term Strategic Framework (MTSF). The sections below provide a high-level overview of key performance indicators and broad strategic planning of the DOD for 2024/25, aligned to the aforementioned budget.

3.1 DOD contributions to national imperatives

This section provides an overview of the DOD contribution to national imperatives of government for 2023/24:

- **The National Development Plan 5-year Implementation Plan**

The implementation of the NDP, “Vision 2030”, through the NDP 5-year Implementation Plan (2019-2024 MTSF) will primarily focus on job creation, poverty reduction and the reduction of inequality. The DOD will contribute both directly and indirectly as addressed in this Plan and endeavour to support the following Government Pillars and Priorities:

- MTSF Pillar 1: *A Strong and Inclusive Economy.*
- MTSF Priority 2: *Economic Transformation and Job Creation.*
- MTSF Pillar 2: *Capabilities of South Africans.*
- MTSF Priority 3: *Education, Skills and Health.*
- MTSF Priority 4: *Consolidating of Social wage through reliable and Basic Services.*
- MTSF Priority 5: *Spatial Development, Human Settlements and Local Government.*
- MTSF Priority 6: *Social Cohesion and Safer Communities.*
- MTSF Pillar 3: *A Capable State.*
- MTSF Priority 1: *A Capable, Ethical and Developmental State.*
- MTSF Priority 7: *A Better Africa and a Better World.*

- **The National Growth Path (NGP)**

The principle target of the policy is to create five million jobs by the year 2050. The DOD will endeavour to support the NGP through DOD Internships, the National Youth Services and the Defence Industry job creation.

- **The Industrial Policy Action Plan (IPAP).**

The DOD will play a role and support the IPAP in Public Private Government Initiative (PPGI) through the promulgated Defence Industry Strategy.

3.2 Ministerial priorities and direction

In the foreword of the 2024 APP, the Minister directs DOD in terms of strategic priorities of which the following relate to the 2024 APP:

- Conclude the evaluation of the South African Defence Review 2015 and formulate an actionable plan for consultation with the National Executive by 31 October 2024.
- Enhancing organisational renewal through a comprehensive business case report, enabling the establishment of departmental organisational structure, responsive to the mandate of defence.
- The ensuring of departmental governance, risk and compliance structures, enabling the effective and efficient utilisation of our scarce resources.
- Ensuring the digital transformation of current legacy systems, thereby enhancing the integration and modernisation of our Information and Communication Technology systems, enabling departmental and individual accountability, whilst ensuring value for money.
- Emphasising the operational utility of our Reserve Forces and ensuring the continuous professionalisation of DOD personnel are paramount.
- Continue the institutionalisation of national imperatives that promote the equality, empowerment, and the realisation of women, youth and people with disabilities.
- The maintenance of main operating systems and Prime Mission Equipment, support for national cyber resilience, and the leveraging of defence capabilities in support of the national developmental agenda, are crucial aspects of our

commitment to socio-economic upliftment and the safeguarding of South Africa's security and sovereignty.

3.3 Selected performance indicators

The Table below highlights the Key Performance Indicators for 2024/25 in comparison to previous years' performance. Key observations include that the number of landward sub-units deployed for border safeguarding remains at 15. This should be seen in the context of previous statements by the DOD that at least 22 sub-units are required to effectively cover all border areas. However, it must also be noted that National Treasury has allocated additional funds for border safeguarding technology (such as drones, cameras and other relevant equipment) that must serve as a force multiplier to soldiers deployed on the borders. Previous funds (R225 million) allocated for this purpose was not used by the DOD for technology acquisition; rather, the funds were spent as follows, with only R85 million finally planned for spending on technology (the purchase of which was ultimately delayed):

- R65 million for Year 1 (2020/21) was re-allocated and utilised in the fight against the COVID 19 pandemic.
- R75 million for Year 2 (2021/22) was utilised and spent on improvements the conditions of facilities in the borderline operational areas.
- The R85 million funding for Year 3 (2022/23) was to be utilised to acquire technology systems to be deployed in the borderline operational areas.

The lower target for 1.998 million Reserve Force mandays in 2024/25 is largely driven by efforts to contain CoE expenditure, but in practice it is highly unrealistic given the high demand for deployed soldiers due to ongoing deployments in and outside South Africa. As such, the DOD will likely exceed this target, resulting in further over-spending in terms of CoE.

Finally, lower flying hours and sea hours remain of concern. The SA Air Force's target for total flying hours have continuously decreased in recent years; given the decreased target, the SA Air Force was able to meet its target in 2023/24, but increased hours are required to maintain a combat ready force. The main contributor to low flying hours is the non-availability of aircraft due to poor maintenance as a result of limited funding. The SA Navy has also not been able to meet previous lowered targets for sea hours and is unlikely to meet the set target of 8 000 sea hours if vessels are not available. Most naval vessels are in need of maintenance, while the Frigate and Submarine fleet require full midlife upgrades. While National Treasury has agreed to release some funding for this, the implementation thereof will take years and further funding will be required to complete all vessels. The recent launch of the SA Navy's Inshore Patrol Vessels may assist in increasing sea hours.

Table 1: Selected performance indicators for 2024/25 (DOD)

Performance Indicator	Audited performance 2021/22	Audited performance 2022/23	Estimated performance 2023/24	Target 2024/25
Number of planned joint, interdepartmental, interagency and multinational military exercises per year	1	4	1	2
Number of landward subunits deployed for border safeguarding	15	15	15	15
% Compliance with SADC Standby Force Pledge per year	100%	88%	100%	100%
% Compliance with number of external operations per year	100%	67%	100%	100%
% Compliance with the number of internal operations per year	100% (4)	100% (4)	100%	100%
Number of maritime coastal patrols per year	4	2	4	4
Number of hours flown per year	15 215.6	12 059.2	12 000	12 000
Number of hours at sea per year	7 614.43	2 770.32	8 000	8 000
Number of Reserve Force mandays	3 237 118	2 818 497	1 989 953	1 997 872

4. DEPARTMENT OF DEFENCE BUDGET OVERVIEW

4.1 Overview of planned expenditure

The continued decline in the defence allocation continued in the 2024/25 main appropriation, as per Table 1. Table 1 reflects the nominal and real percentage changes per programme for the DOD's budget compared to the 2023/24 budget. The real percentage changes are adjusted for Consumer Price Inflation (CPI) and do not take into account other forms of inflation such as medical or the concept of 'defence inflation' which are generally considered higher than CPI.

It should be noted, however, that the DOD's allocation is normally adjusted marginally upwards during the mid-year budget adjustments to make allowance for additionally ordered defence deployments.

The total allocation for the DOD for 2024/25 is R51.810 billion, which is lower than the adjusted appropriation of R52.468 billion for 2023/24. Compared to the adjusted budget of 2023/24, the DOD budget decreases by 1.3% in nominal terms and decreases by 5.69% in real terms. The defence allocation for 2024/25 represents 2.19% of the country's total expenditure of R2.369 trillion (2.28% in the 2022/23 main appropriation). However, as a percentage of GDP for 2024/25 (R7.452 trillion), defence expenditure stands at 0.695% (0.73% in 2023/24). The latter constitutes a continued decline in defence expenditure as a percentage of GDP observed in recent years from around 1% of GDP when the Defence Review was drafted in 2015, resulting the Review not being implementable.

Table 2: Increase/decrease per programme from 2023/24 to 2024/25

Programme	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	2023/24	2024/25				
R million						
Programme 1: Administration	5 560,2	5 508,6	- 51,6	- 298,9	-0,93%	-5,38%
Programme 2: Force employment	5 190,2	3 988,1	- 1 202,1	- 1 381,1	-23,16%	-26,61%
Programme 3: Landward Defence	16 215,2	16 986,6	771,4	8,9	4,76%	0,05%
Programme 4: Air Defence	7 416,7	6 541,9	- 874,8	- 1 168,5	-11,80%	-15,75%
Programme 5: Maritime Defence	4 475,9	4 443,8	- 32,1	- 231,6	-0,72%	-5,17%
Programme 5: Military Health Support	5 611,3	5 816,6	205,3	- 55,8	3,66%	-0,99%
Programme 7: Defence Intelligence	1 033,3	1 128,4	95,1	44,4	9,20%	4,30%
Programme 8: General Support	6 965,5	7 396,4	430,9	98,9	6,19%	1,42%
TOTAL	52 468,2	51 810,4	- 657,8	- 2 983,6	-1,3%	-5,69%

4.2 Overview of planned expenditure per programme

The DOD has eight budget programmes related to the different functions of the SANDF. Planned expenditure for 2024/25 remained largely aligned to expenditure in 2023/24, but noticeable changes in allocation are noted below.

Programme 1: Administration

This programme provides strategic leadership, management and support services to the department and consist of 14 sub-programmes. The cost of the Ministry subprogramme increases marginally from R125.4 million in 2023/24 to R135.6 million in 2024/25. However, the allocation for these years is much higher than previous expenditure such as R74.3 million spent on the Ministry in 2021/22 and R59.1 million spent in 2022/23. The allocation for the Financial Services subprogramme increases from R423.9 million in 2023/24 to R473.8 million in 2024/25. Finally, the allocation for Office Accommodation decreases from R2.815 billion in 2023/24 to R2.642 billion in 2024/25. In terms of economic classifications, CoE expenditure for the Programme increases from R1.964 billion in 2023/24 to R2.267 billion in 2024/25. With an overall decrease in the programme's allocation, the increase in CoE then necessitates a decrease in funds available for Goods and Services, which decreases from R3.335 billion in 2023/24 to R3.196 billion in 2024/25.

Programme 2: Force employment

This programme provides and employs defence capabilities, including an operational capability, to successfully conduct all operations as well as joint, interdepartmental, interagency and multinational military exercises. Programme 2 contains five subprogrammes that includes the spheres of deployment of the SANDF, be it for regional security, domestic deployments or special operations.

The overall allocation decreases significantly, as visible in Table 1, from R5.190 billion in 2023/24 to R3.988 billion in the current financial year. This reduction comes despite a number of significant SANDF deployments that only came about after the budget was approved, including the new SANDF deployment as part of a SADC mission to the DRC as well as domestic SANDF deployments to assist in the elections and protect Eskom infrastructure. Key to note is that, as per the current budget, these deployments will be unfunded and therefore funded from within the DOD's current budget. The most affected subprogramme has been the Regional Security subprogramme which allocation decreased from R2.396 billion in 2023/24 to R842.6 million in 2024/25. This is likely due to initial planning for the SANDF mission in

Mozambique coming to an end; however, the SANDF's deployment was prolonged due to new insurgent activity in the region.

Programme 3: Landward Defence

This programme provides prepared and supported landward defence capabilities for the defence and protection of South Africa and is the largest programme in the DOD. It houses the SA Army and its various divisions and, since it is manpower-heavy, constitutes the bulk of DOD expenditure in terms of CoE. The 11 subprogrammes of the programme represents the strategic direction of the SA Army as well as its various divisions such as infantry, armour, artillery, air defence, engineering, intelligence and signal.

Most subprogrammes received a marginal increase and remains aligned with the previous years' expenditure. However, the Strategic Direction subprogramme's allocation decreases from R590.8 million in 2023/24 to R546.1 million in 2024/25. Similarly the Infantry Capability subprogramme's allocation decreases from R6.248 billion in 2023/24 to R6.151 billion in 2024/25. The Air Defence subprogramme also shows a marginal decrease. In terms of economic classifications, CoE makes up the bulk of expenditure, increasing from R13.392 billion in 2023/24 to R14.255 billion in 2024/25. Spending on contractors is expected to be R147.4 million for the current year and although this is lower than 2023/24, it is still much higher than the preceding three years which reached a high of only R76.6 million in 2020/21.

Programme 4: Air Defence

This programme provides prepared and supported air defence capabilities for the defence and protection of South Africa. The programme's subprogrammes constitutes the various functions and capabilities of the SA Air Force, including its helicopter, transport, air combat and training capabilities. The Strategic Direction subprogramme's allocation increases form R24.8 million in 2023/24 to R74.0 million in 2024/25 while the operational direction subprogramme's allocation decreases from R154.7 million to R56.4 million over the same period. The biggest change that contributes to the overall decrease in the programme's allocation is due to the decrease in the transport and maritime capability subprogramme allocation from R1.708 billion in 2023/24 to R495.4 million in 2024/25. The high allocation in the previous year was due to an additional allocation to the SA Air Force for the repair of its medium-transport capability which came as a result of the intervention of the 6th Parliament.

Programme 5: Maritime Defence

This programme provides prepared and supported maritime defence capabilities for the defence and protection of South Africa. It has six subprogrammes aligned with the functions of the SA Navy, namely its combat capability, logistics support capability, training and base support. All subprogrammes received a slight decrease in their allocation, except for the Base Support Capability which saw its allocation increase from R572 million in 2023/24 to R635.2 million in 2024/25.

Programme 6: Military Health Support

This programme provides prepared and supported health capabilities and services for the defence and protection of South Africa. The programme has 7 subprogrammes related to its main functions, including military health support, area military health services, specialist services, product support, training and military health maintenance. The South African Military Health Services (SAMHS) maintains three military hospitals (Pretoria, Cape Town and Bloemfontein) and an array of sick-bays at military bases around the country. It provides services to serving SANDF members, former (retired) South African Defence Force and SANDF members as well as military veterans verified by the Department of Military Veterans. The biggest change in terms of subprogramme allocation is for the Area Military Health Services subprogramme which increases from R2.030 billion in 2023/24 to R2.206 billion in 2024/25.

Programme 7: Defence Intelligence

This programme provides defence intelligence and counterintelligence capabilities, and defence diplomacy administrative support to the department. The programme is the smallest of the DOD's programmes and only has two subprogrammes (Operations and Intelligence Support and Services). The Intelligence Support Services' allocation increases from R734.3 million in 2023/24 to R815.7 million in 2024/25.

Programme 8: General support

This programme provides general support capabilities and services to the department. This includes logistics services to the department in terms of warehousing for ammunition, main equipment and stores; and provide the defence works capability, the capital works programme and the defence facility refurbishment programme. It further provides command and management information systems and related services to the department as well as a military

policing capability. The programme has 5 subprogrammes related to the aforementioned functions. Given the overall increase in the allocation to the programme, as visible in Table 1, two subprogrammes received substantial increases. The Joint Logistics Services' allocation increases from R3.579 billion in 2023/24 to R3.928 billion in 2024/25. Similarly, the Technology Development allocation increases from R316.0 million to R411.3 million. In terms of economic classifications, a noteworthy shift in property payments is visible from R403.8 million in 2023/24 to R561.2 million in 2024/25.

4.3 Key cost drivers in the DOD for 2024/25

Key cost drivers and other concerns of the DOD 2024/25 budget include the following (in terms of broad economic classifications):

- **Compensation of employees.** Spending on CoE has been an ongoing concern for the DOD in recent years, resulting in irregular expenditure as the DOD is unable to bring CoE to levels below the ceiling imposed by National Treasury. This will continue to affect the Department in 2024/25, where the allocation for spending on CoE (as per National Treasury) is set to increase from R31.829 billion in 2023/24 to R34.181 billion in the current financial year. In recent years, the DOD was unable to stay within the CoE ceiling of National Treasury, with significant over-expenditure on this item. National Treasury is not yet in a position to condone the related cumulative irregular expenditure of more than R10 billion until the DOD has brought CoE expenditure within the set ceiling. The ceiling imposed by National Treasury was a result of Cabinet-approved reductions in previous years. The 6th Parliament intervened and National Treasury agreed to provide R1.8 billion to implement an exit mechanism, which was implemented in 2022/23 and 2023/24. However, despite this intervention, CoE expenditure remains high. The DOD previously projected that CoE over-expenditure will continue to in 2024/25 (R1.9 billion) and 2025/26 (R915 million) after which it will stabilise. During engagements on 9 July 2024, these figures were adjusted upwards and the DOD now expects a shortfall of R2.1 billion in 2025/26 and R2.7 billion in 2026/27.
- **Border safeguarding.** To safeguard the integrity of South Africa's borders, the department will continue to prioritise the acquisition of vehicles and technology that

will serve as a force multiplier. This approach is expected to increase the range of the borderline under protection. activities are carried out through allocations in the *Support to the People* subprogramme in the *Force Employment* programme, which has a budget of R3.9 billion over the next 3 years.

- **Regional security.** As part of the country's commitment to regional stability, the department will continue its peacekeeping efforts in the DRC and Mozambique. To address the deteriorating security and humanitarian situation in the eastern part of the DRC and the pending withdrawal of the United Nations mission there, an additional 2 900 South African National Defence Force members are expected to be deployed in that country in 2024/25 at a projected cost of R2.4 billion. The cost of deployment in Mozambique is R850 million in 2024/25. Allocations for peace support operations are within the *Regional Security* subprogramme in the *Force Employment* programme, which has a budget of R2.6 billion over the MTEF period.
- **Property payments.** The allocation for property payments increases from R2.057 billion in 2023/24 to R2.354 billion in 2024/25.
- **The Special Defence Account (SDA).** Transfers to the SDA decreases from R3.670 billion in 2023/24 to R2.670 billion in 2024/25. The SDA is the main account for large-scale defence acquisitions of equipment and technology. The limited allocation to this fund is reflective of the lack of investment in SANDF equipment and technology in recent years.

4.4 DOD income for 2024/25

One of the Minister of Defence's key priorities is to increase revenue generation for the DOD to boost the current allocation. However, the Estimates of National Expenditure forecasts only a marginal increase in Departmental Receipts from R1.256 billion in 2023/24 to R1.319 billion in 2024/25. Some of the income to be generated includes:

- Rental of Capital Assets: R112.0 million
- Services rendered: R375.9 million

- Sale of Goods: R15.2 million
- Transfers received: R690.76 million
- Sale of Capital Assets: R33.3 million
- Sale of scrap: R1.6 million

5. COMMITTEE OBSERVATIONS

During deliberations with the DOD on 9 July 2023 and further engagements on 11 July 2024, Members of the PCDMV made the following observations related to the budget allocation, the performance indicators and the targets set in the APP:

- a) The Committee noted the limited time available to actively engage the Department on its budget and APP.
- b) The Committee noted the declining defence budget and the significant shortfalls in the defence allocation and statements by the DOD of a estimated R50 billion overall shortfall in its budgetary requirements. The Committee further observed that the limited budget impacts on the nation's safety and sovereignty.
- c) The Committee notes the potential impact of the declining defence budget on current SANDF deployments, both inside and outside South Africa. The Committee reiterates that the current allocation does not allow for adequate logistical and other support to deployed forces, impacting on their capacity to carry out their missions. The Committee therefore noted that serious consideration should be given to the withdrawal of troops from the DRC under the current circumstances.
- d) The Committee noted the ongoing re-evaluation and planning around the implementation of the 2015 Defence Review that is set to be completed by 31 October 2024.
- e) The Committee observed relatively high spending on Programme 1 (Administration) compared to other operational programmes.
- f) The Committee noted the 8 000 flight hours scheduled for 2024/25, but also that this target has been lowered continuously over the last 10 years.

- g) The Committee acknowledges that the current number of 15 sub-units deployed for border safeguarding is insufficient.
- h) The Committee states that the DOD should inform National Treasury of the impact and consequences of current underfunding in terms of the nation's safeguarding.

6. RECOMMENDATIONS

The PCDMV identified the following areas that will be subject to monitoring by the Committee throughout the 2024/25 financial year:

- a) The Committee urges a revision of the current defence allocation when the mid-term budget is considered to ensure more appropriate funding of the country's defence capabilities. The Committee recommends renewed engagements by Cabinet and between the DOD and National Treasury regarding the appropriate funding of the SANDF.
- b) In the short-term, the Committee recommends that funding for current SANDF deployments be re-evaluated to ensure that the SANDF is sufficiently funded to carry out the mandate of the respective deployments.
- c) The Committee undertakes to have further engagements with the Standing Committee on Finance on the current budget allocation of the Department of Defence and the Portfolio Committee on International Relations on the current deployment in the DRC.
- d) The Committee urges the Minister of Defence and Military Veterans to ensure that the re-evaluation and planning around the 2015 Defence Review be completed by 31 October 2024. The Department should brief the Committee on the outcome thereof and the way forward in November 2024.
- e) The Committee notes that the current SANDF deployment in the DRC remains unfunded and needs to be funded as a matter of urgency. National Treasury should provide feedback to this Committee in writing by 15 August 2024 as to the status of funding for this deployment. Furthermore, given current challenges as a result of limited funding and logistical support, the Committee advises that consideration should be given to the withdrawal of the SANDF from the DRC.

- f) The Committee advises that the target for flying hours and sea hours be increased gradually over the MTEF as maintenance and repair programmes for the SA Air Force and SA Navy come into effect.
- g) The Committee recommends that the border safeguarding sub-units be increased to the required 22 and that this be funded over the MTEF, along with technology force multipliers.

PART B: DEFENCE ENTITIES

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered the 2024/25 Annual Performance Plan (APP) of the Castle Control Board (CCB) and the 2024 Corporate Plan and budgetary allocation of the Armaments Corporation of South Africa (Armscor) on 9 July 2024, reports as follows:

THE CASTLE CONTROL BOARD (CCB)

1. INTRODUCTION

The Castle Management Act, 1993 (No. 207 of 1993) provides for a CCB to govern and manage the Castle of Good Hope (CGH) – South Africa’s oldest architectural structure - on behalf of

the Minister of Defence and Military Veterans. The National Heritage Resources Act (No. 25 of 1999) provides for the management of the Castle as a national heritage site. The Castle's objectives are set out in the Castle Management Act as follows:

- To preserve and protect the military and cultural heritage of the Castle;
- To optimise the tourist potential of the Castle; and
- To maximise accessibility to the public.

In the APP, the CCB is proposing to amend the Castle Management Act and the Defence Endowment Property and Account Act. As with the previous APPs, it is stated that the “Board has identified that the current founding legislation is dated and submitted a review document to the Ministry of Defence and Military Veterans.”

2. THE CCB CONTRIBUTION TO NATIONAL GOVERNMENT PLANNING

The CCB aims to contribute to the following government planning priorities in the Medium-Term Strategic Framework (MTSF):

- *Priority 1: A capable, ethical, and developmental state:* The CCB will shore up its internal controls and governance policies, such as the Ethics Policy, Financial Management Policy, Supply Chain Management Policy, Gift Policy etc, to maintain good corporate governance.
- *Priority 2: Economic transformation and job creation:* The CCB strives to develop its spaces to extract maximum economic value actively. Improving the economic viability of the citadel will encourage the employment of youth, women, military veterans, and people living with disabilities.
- *Priority 3: Education, skills, and health:* Creating an environment for students to do their internship and improve their skills.
- *Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services:* The CCB strives to provide informative historical and architectural tours of the Castle of Good Hope. When funds are available, the CCB absorbs interns and casual workers into the CCB permanent structure.
- *Priority 5: Spatial Integration, Human Settlements and Local Government:* The CCB, through tourism programmes, contributes to the local economy and ensures the

promotion of the Castle of Good Hope and the city as the tourist destination of choice. The Board is putting measures in place to ensure accessibility of spaces for people with disabilities.

3. CCB PERFORMANCE PLANS 2024/25

The 2024 CCB APP notes several indicators with targets largely aligning to that of the previous year. Of concern, however, is that the number of tourists visiting the Castle has not returned to the levels seen prior to the Covid-19 pandemic. With the CCB falling well short of attracting the desired number of tourists in recent years, its target to attract 130 000 tourists in 2024/25 seems ambitious. Tourism in previous years may have been affected by the land occupation and erection of structures by homeless people on the Castle premises close to the entrance of the facility. This matter has since been resolved through the relevant legal means and occupants have been removed and assisted with alternative housing.

Furthermore, the targets related to reaching potential visitors through the media also seems inconsistent and may require explanation. Limited growth in gross revenue is projected.

Table 1: CCB Selected Performance Indicators

Output indicator	Performance 2022/23	Performance 2023/24 (estimated)	Target 2024/25
Percentage payments within 30 days from receipt of legitimate invoices	95%	100%	100%
Percentage reduction in the number of irregular expenditures	70%	75%	85%
Percentage reduction in the number of fruitless and wasteful expenditures	100%	100%	100%
Number of preventative and regulation maintenance projects completed	8	9	8
Number of non-commercial, cultural events hosted annually at the Castle of Good Hope	10	14	15
The annual number of visitors and tourists attracted	73 765	120 000	130 000
Gross revenue generated	R10.005 million	R10.785 million	R10.705 million
Number of tourism infrastructure upgrades completed	1	1	2
The annual number of potential visitors reached through the media	1.8 billion	10 million	120 million
Number of student interns	18	12	12
Number of heritage educational programmes organized for women, unemployed youth, disabled and traditional communities	19	18	22

Output indicator	Performance 2022/23	Performance 2023/24 (estimated)	Target 2024/25
Number of heritage programmes organised for Military Veterans	14	6	6

4. CCB RESOURCE CONSIDERATIONS

This section provides a high-level overview of the CCB's programme resource allocations for 2023/24. The projected expenditure for 2023/24 is R10.705 million, which is only a marginal increase on the R10.455 million projected expenditure for the previous year. The Administration Programme remains the largest programme with expected expenditure of R8.875 million. The Administration Programme is the most significant spending programme given that within this programme employment cost is the primary expenditure driver with 27 staff members according to the 2024 APP.

Two major shifts in terms of programme allocations can be noted. First, the allocation for the Conservation Management programme decreases from R1.147 million in 2023/24 to R942 000 in 2024/25. This is offset by an increase in the allocation to the Tourism Management programme from R94 000 in 2023/24 to R156 000 in 2024/25. The latter can be seen as a positive given the Castle's slow recovery in attracting large tourist numbers. The administration cost also increases from R8.843 million in 2023/24 to R8.857 million in 2024/25.

Table 1: CCB Programme resource allocations

Programme R million	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	2023/24	2024/25				
Administration	8 543,0	8 857,0	314,0	- 83,6	3,68%	-0,98%
Conservation Management	1 147,0	942,0	- 205,0	- 247,3	-17,87%	-21,56%
Tourism Management	94,0	156,0	62,0	55,0	65,96%	58,51%
Public Access	800,0	750,0	- 50,0	- 83,7	-6,25%	-10,46%
TOTAL	10 584,0	10 705,0	121,0	- 359,5	1,1%	-3,40%

5. COMMITTEE OBSERVATIONS

During deliberations with the CCB on 9 July 2024 and further engagements on 11 July 2024, Members of the PCDMV made the following observations related to the budgetary allocation, the performance indicators and the targets set in the APP of the CCB:

- a) The Committee expressed the need for the Castle to also focus on matters of skills development.
- b) The Committee noted that opportunities exist for the Castle to work together with other sites of cultural significance, especially in townships around South Africa.
- c) The Committee questioned whether the Castle would not be better placed under the Department of Arts and Culture.
- d) The Committee questioned whether it is appropriate for the Department of Defence to subsidise the Castle from its own declining budget.
- e) The Committee requested further information from the Castle regarding its strategic focus areas.

6. RECOMMENDATIONS

The PCDMV identified the following areas that will be subject to monitoring by the Committee throughout the 2024/25 financial year and beyond:

- a) The Committee encourages the Castle to work together with other sites of cultural significance in South Africa as part of its broader educational focus.
- b) Where possible, specifically through its internship programmes, the Committee urges the Castle to focus on matters of skills development.
- c) The Committee urges the Castle to improve on its tourism figures and increase its other streams of income in an effort to decrease its reliance on the subsidy from the Department of Defence.
- d) The Committee undertakes to visit the Castle in the near future to determine the focus areas of the exhibitions and its tourism offerings.

ARMAMENTS CORPORATION OF SOUTH AFRICA (ARMSCOR)

The PCDMV, having considered the 2023 Corporate Plan of Armscor on 9 July 2024, reports as follows:

1. INTRODUCTION

Armscor was established in terms of the Armaments Production and Development Act (No. 57 of 1968) to satisfy the requirements of the South African National Defence Force (SANDF) in respect of Defence Matériel.

The objectives and mandate of Armscor are defined in the Armaments Corporation of South Africa Limited Act of 2003 and includes the objective of meeting the defence matériel requirements of the Department of Defence (DOD) effectively, efficiently, and economically. Furthermore, Armscor are to meet the defence technology, research, development, analysis, and test and evaluation requirements of the DOD effectively, efficiently, and economically.

2. ARMSCOR CONTRIBUTION TO NATIONAL GOVERNMENT PLANNING

Armscor will seek to contribute to several Government outcomes as per the NDP and the Medium-Term Strategic Framework (MTSF) (2019-2024). Contributions to the NDP include:

- Sharpening South Africa's innovative edge by contributing to global scientific and technological advancement.
- Investing in Research and Development.
- Facilitating cooperation between public service and technology institutions.
- Committing to procurement approaches that stimulate domestic industry and job creation.
- Procuring from and supporting SMMEs, black-owned and black managed enterprises and female-led enterprises, the youth and military veterans.

Armcor contributions to the 2019-2024 MTSF include:

- *Priority 1:* Capable, ethical and developmental state. The Board has promoted a ‘risk-matured or risk-intelligent’ culture and set the risk management tone through the approval of the Risk Management Policy and Framework.
- *Priority 6:* Social cohesion and safer communities.
- Armcor supports this outcome with regard to providing technology and equipment to the DOD in support of the overarching strategy to defend, protect, secure, and ensure well-managed borders. Armcor provides support for capacitating a Cyber Security Institution in the establishment of the Cyber Command Centre Headquarters.
- *Priority 7:* A better Africa and a better world. Armcor supports the DOD by supplying the necessary security equipment.

3. BUDGET ANALYSIS

The projected revenue for the Armcor Group in 2024/25 (R1.825 billion) is only marginally higher than that which was projected for 2023/24 (R1.811 billion). When planned expenditure is considered, Armcor is expected to have a net shortfall of R88.8 million for 2024/25, in contrast to a projected surplus of R24.3 million in the previous financial year.

The main cost drivers for Armcor in the 2024/25 financial year include the following:

- Direct personnel cost increases from R1.167 billion in 2023/24 to R1.240 billion in 2024/25.
- Depreciation and amortisation increase from R108.6 million in 2023/24 to R112 million in 2024/25.
- The cost of sales increases from R130.2 million in 2023/24 to R171.3 million in 2024/25.
- General expenses increase marginally from R367.4 million in 2023/24 to R388.1 million in 2024/25.

Armcor’s funding

Armcor is largely funded from state finances through a transfer payment. The reduced defence allocation is pressuring Armcor to supplement this income with other commercial projects. To lessen the pressure on the fiscus, these projects require expansion to increase commercial

activities in order to increase Armscor's economic viability. For 2024/25, Armscor planned funding comprises the following:

- Transfer payment: R1.169 billion (R1.250 billion in 2023/24)
- Sale of goods: R15.7 million (R13.9 million in 2023/24)
- Rendering Services: R424.1 million (R367.4 million in 2023/24)
- Rental income: R74.1 million (R65.9 million in 2023/24)
- Other income: R25.7 million (R29 million in 2023/24)
- Interest received: R113.9 million (R82.4 million in 2023/24)

Additional financial information:

The Armscor Group consists of various Divisions, including Armscor Corporate, the Armscor Dockyard (that provides maintenance services to the SA Navy) and Armscor Research and Development. All three divisions are expected to incur a deficit in 2024/25, as follows.

- Armscor Corporate: Shortfall of R21.2 million (R54.3 million surplus was projected for 2023/24)
- Research and Development: Shortfall of R63.1 million (R27.3 million shortfall was projected for 2023/24)
- Armscor Dockyard: Shortfall of R4.6 million (R2.7 million shortfall was projected for 2021/22)
- Armscor Group: Shortfall of R88.8 million

4. SELECTED PERFORMANCE INDICATORS

The table below highlights a number of service delivery performance targets across Armscor's six goals that should be considered and tracked throughout the year. Goals include the following:

- Goal 1: Defence Materiel Acquisition.
- Goal 2: System Support Acquisition
- Goal 3: Schedule placement
- Goal 4: Management of Defence Industrial Participation (DIP)
- Goal 5: Defence technology research, test and evaluation; Intellectual Property management

- Goal 6: Performance against Dockyard Mandate

Table 1: Selected performance indicators per Armscor goal for 2024/25

Goal	Performance indicator	2022/23 Achievement	2023/24 Target	2024/25 Target
1 (Defence Materiel acquisition)	Percentage of DOD capital requirements converted into orders placed	107.36%	95%	95%
	Execution of contracts measured through cash flow on DOD orders placed	97.39%	95%	95%
2 (System Support Acquisition)	Percentage of DOD system support and procurement requirements converted into orders placed	90.03%	95%	95%
	Execution of contracts measured through cash flow on DOD orders placed	101.6%	95%	95%
3 (Schedule placement)	Average time from receipt of requirement to placement of contract (<i>SDA = Special Defence Account</i>)	86 days for shortened process items	90 days for shortened process items	90 days for shortened process items
		98 days for standard acquisition	120 days for standard acquisition	120 days for standard acquisition
		107 days for SDA programmes	140 days for SDA programmes	140 days for SDA programmes
4 (DIP Management)	Value of Defence Industrial Participation (DIP) credits granted	R26.62 million	R50.33 million	R1.21 million
5 (Defence Technology and Research)	Percentage of execution of technology requirements	51.68%	95%	95%
6 (Dockyard Management)	Adherence to contractual project tasking and job cards executed	94.0%	90%	90%
	Percentage compliance to project finance	75.0%	90%	90%
	Provision of Ancillary Services to the SA Navy	99.4%	95%	95%
	Ensure training is provided in accordance with the requirements of the SA Navy	100%	100%	100%
	Percentage compliance with quarterly report timelines	100%	100%	100%

5. COMMITTEE OBSERVATIONS

During deliberations with Armscor on 9 July 2024 and further engagements on 11 July 2024, Members of the PCDMV made the following observations related to Armscor's Corporate Plan:

- a) The Committee noted that Armscor is generally known as a well-managed and stable public entity.
- b) The Committee expressed concern that Armscor is budgeting for a shortfall of R88 million in 2024/25, although noting that mitigating steps have reduced this shortfall.
- c) The Committee requested clarity on new income streams to be developed as noted by the Armscor CEO.

6. RECOMMENDATIONS

The PCDMV identified the following areas and proposes the following recommendation that will be subject to monitoring by the Committee throughout the 2024/25 financial year:

- a) Armscor is encouraged to further strengthen mitigating efforts to lessen the potential shortfall by the end of 2024/25 and to plan to return to maintaining a surplus over the MTEF.
- b) Armscor should provide the Committee with a list of new income streams to be developed as well as possible implementation dates and projected income for the Committee to track such developments over the MTEF. This should be provided to the Committee no later than 15 August 2024.
- c) The Committee undertakes to visit selected Armscor facilities as well as selected service providers such as Denel in the near future to ascertain the level of services and manufacturing provided for the SANDF.

The Portfolio Committee on Defence and Military Veterans supports the budgets of the Department of Defence, Armscor and the Castle Control Board for 2024/25 and recommends that the Budget Vote 23 be adopted.

Reservation of Rights by Political Parties:

- The Economic Freedom Fighters (EFF) registers that a new declaration by the President is necessary in relation to the SANDF's deployment as part of a SADC Force in the DRC and that the current deployment of troops should be brought to an end.

- The EFF registers a reservation on the budget for the CCB, noting that the DOD should not provide funding to the CCB.

Report to be considered.

7. REPORT OF THE PORTFOLIO COMMITTEE ON COMMUNICATIONS AND DIGITAL TECHNOLOGIES ON ITS DELIBERATIONS ON BUDGET VOTE 4: GOVERNMENT COMMUNICATION AND INFORMATION SYSTEM (GCIS), DATED 9 JULY 2024

The Portfolio Committee on Communications and Digital Technologies (the Committee), having considered Budget Vote 4: Government Communication and Information System (herein referred to as 'the Department') and the Media Development and Diversity Agency (herein referred to as "the Agency) Annual Performance Plans (APPs) for 2024/25 – 2026/27, reports as follows:

1. Introduction

Section 55(2) of the Constitution of the Republic of South Africa, 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 (No 1 of 1999) (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 APP.

The Money Bills Amendment Procedure and Related Matters Act (No. 9 of 1999) was promulgated in 2009 and provided Parliament with powers to reject or to approve, amend or reject the Department's budgets. The Act also makes provisions for implementing recommendations from the committee's oversight reports.

The Committee met with the Department and the Agency, in a physical meeting at Parliament on Tuesday, 9 July 2024.

2. The Department's APP 2024/25

An APP sets out what the institution intends to do in the upcoming financial year and during the Medium-Term Expenditure Framework (MTEF) 2024/25 – 2026/27 to implement its Strategic Plan. The document sets out performance indicators and targets for budget programmes and sub-programmes where relevant to facilitate the institution realising its goals and objectives set out in the Strategic Plan.

2.1. Mandate

The mandate of the Department is enshrined in Section 195(g) of the Constitution of the Republic of South Africa of 1996. The Department exists to ensure that citizens are informed about government’s policies, programmes and projects in a manner that enables informed decision-making to improve the quality of their lives.

This mandate is given effect through the Department’s outcome of an informed and empowered citizenry. Adhering to this mandate, the Department plays a pivotal role in securing a democratic society, building social cohesion and enabling economic transformation through information on access to opportunities.

3. The Department’s Situational Analysis

3.1 Organisational Structure

In the 2022/23 financial year, the Department reviewed its current Strategic Plan, which informed the development of the abridged Service Delivery Model and the organisational structure.

The Department is the custodian of a government communication system that enables the concept of “force multiplication” in communication efforts – by leveraging the communications system and also partners with stakeholders of the system. During the 2024/25 financial year, the Department will focus on enhancing and accelerating the work done to build a robust communication system that provides timely, relevant and accessible information to citizens. This will be done by giving useful information rather than data, on what the South African Government is doing to better people’s lives. This will involve giving clarity and certainty to South Africans, so they know what is going on in government

and what is going to happen in South Africa; a clear vision and shared picture of the South Africa citizens want to live in.

Focus will be directed towards mapping out opportunities from big projects spearheaded by the political principals to ensure that the communication momentum is impactful. Through the Department's provincial offices, work will be directed towards curating and planning for Economic Reconstruction and Recovery Plan (ERRP) projects in all provinces.

The Clusters will embark on a roadshow to Provincial Government Communicators Forums and communication strategy sessions of Departments, to induct them on clusters and present the National Communication Strategy Framework (NCSF). Part of the exercise is to guide and advise on challenges and improvements. Budget may become an issue since there will be a need to travel to the provinces which poses risk to a successful roll-out of this initiative.

The Department will ensure that there is mainstreaming of issues relating to designated groups. Procurement plans will be targeted in support of designated groups, and in procuring goods and services in support of township and rural economies, where possible. The Department aims to spend 25 per cent of the budget on designated groups during the 2024/25 financial year. This is a reduction from the previous year's target of 30 per cent, due to budget cuts, and has been noted as a concern by the Committee.

4. Budget Analysis – APP 2024/25 – 2026/27

The total budget allocation to the Department over the 2024 MTEF period (2024/25 to 2026/27 financial years) amounts to R2,312 billion which is spread as follows:

2024/25: R740, 178 million

2025/26: R768, 574 million

2026/27: R802, 785 million

The Department's initial baseline allocation was R782, 8 million for the 2024/25 financial year. The baseline budget reduction of R42, 669 million was implemented by the National Treasury as part of government-wide budget reductions to curb the ballooning governing wage bill and expenditure. Over the 2024 MTEF period, the overall budget reductions implemented amount to R141, 5 million and are implemented as follows:

- 2024/25: R42,669 million reduced from Brand SA budget;
- 2025/26: R47 855 (R15,926 million reduced from GCIS budget and R31,929 million reduced from Brand SA budget); and
- 2026/27: R51 039 (R19,880 million reduced from GCIS budget and R31,159 million reduced from Brand SA budget)

The Department's current budget of R740, 178 million for the 2024/25 financial year is shared across operational costs, capital costs, and transfers & subsidies as follows:

- **Operating budget of R504, 3 million** consumes 68 per cent of the budget allocation. The operating budget caters for compensation of employees to the value of R295, 3 million for funded establishment of 500 permanent positions and goods and services to the value of R209 million. Included in the goods and services allocation is the R20 million allocation for communication of government's key campaigns.
- **Transfers and subsidies of R226, 6 million** consumes 31 per cent of the budget allocation. Included in the transfers and subsidies allocation is R38, 5 million for MDDA and R186, 7 million allocation for Brand South Africa (BSA). The remaining balance of R1, 352 million is for household expenditure which includes leave discounting and leave gratification (R1, 308 million) to be paid to employees who exit the service or department as well as SABC TV licenses (R44 000).
- **Capital budget of R9, 1 million** consumes one per cent of the budget allocation. These funds are set-aside for the purchase of capital assets that will

enhance the smooth operations of the department as well as improve service delivery mechanisms.

Spending over the medium term on the economic classification of expenditure remains consistent annually. The figures are Compensation of Employees at 39 per cent, Goods and Services at 26 per cent; Capital Assets at 1 per cent and Transfer Payments to Public Entities at 34 per cent per annum. Given the uncertainty of the country's economic growth, it is envisaged that the budget growth trends will not improve during the 2024/25 financial year and the Department has put measures in place to avoid unauthorised expenditure.

The baseline budget allocation of the Department is constantly under pressure due to budget reductions that were made from its baseline allocations over a period. These include the historic split from the Department of Communications where National Treasury implemented measures to manage the wage bill and debt-servicing costs of the State, as well as requests that may arise for unforeseen communication tasks.

Although the budget allocation is shrinking over the period, the Department is still committed to sourcing its goods and services from designated groups comprising of women, youth, persons with disabilities, EMEs, QSEs, and companies in township and rural areas. The Department's Procurement Plan and Supply Chain Management (SCM) policy support this government-wide effort on economic transformation. Targets are set for procurement from these designated groups. The Department prides itself on compliance and recognises the importance of payment of valid invoices within 30 days in contributing to the sustainability and growth of Small, Medium and Micro Enterprises (SMMEs). In this regard, the Department has maintained an overall payment rate of over 99 per cent.

5. Expenditure Overview

Over the period ahead, the Department will focus on providing and facilitating strategic government communication, coordinating communication across government, and facilitating active citizen participation. The Department has a total budget of R2.3 billion, increasing at an average annual rate of 2.6 per cent, from R743.5 million in 2023/24 to

R802.8 million in 2026/27. As the Department's work is mostly dependent on personnel, spending on compensation of employee's accounts for an estimated 39.5 per cent (R925.2 million) of its budget over the MTEF period, while transfers to entities account for an estimated 32.3 per cent (R735.1 million).

5.1 Providing and facilitating strategic government communication

The Department aims to meet citizens' information needs through advertising government programmes, communicating government priorities and providing civic education. This will be achieved through using various media platforms, including community radio stations, social media, television, newspapers, and leaflets and flyers. Key messages and information to be disseminated on these platforms include: the 2024 Presidential Inauguration, Government's economic reconstruction and recovery plan, anti-corruption initiatives, awareness of gender-based violence, and civic education. These activities have an allocation of R73.2 million over the medium term in the Content Processing and Dissemination programme.

Although the Vuk'uzenzele newspaper has been an effective means of communicating and providing citizens with information on government's key priorities; media consumption patterns have shifted towards digital platforms, and from 2024/25, the newspaper will be produced and distributed only digitally (22 editions per year). However, 13 200 Braille copies will still be produced at a projected cost of R1.6 million per year over the medium term. Digital distribution is expected not only to reduce costs, but also to increase reach, with an emphasis on photography and audio-visual content creation. In addition, the Department plans to repurpose R14 million of Vuk'uzenzele's budget over the MTEF period to fund an over-the-top streaming service, which is expected to contain content previously disseminated through the newspaper, as well as other government content. This expenditure is also in the Content Processing and Dissemination programme.

The Department's social media platforms will be updated regularly to ensure that they effectively share government content. The intention is to create awareness about the challenges facing the country, provide information on how government plans to mitigate

them, and suggest ways in which citizens can play a part in resolving them. This will be carried out at an estimated cost of R2.9 million per year over the MTEF period in the Products and Platforms subprogramme in the Content Processing and Dissemination programme.

5.2 Coordinating communication across government

Over the next 3 years, the Department will focus on ensuring effective and coordinated communication between government departments. As such, it will provide support to all government departments in conceptualising campaigns, developing communication strategies and content, and facilitating the dissemination of information and stakeholder engagement. Support for the District Development Model (DDM), which aims to improve coherence among all spheres of government, as well as the 44 districts and 8 metros across the country, will be reinforced to enhance service delivery.

The Department's footprint at the provincial and municipal levels ensures the alignment and coherence of intergovernmental communication systems, processes and messages. This is driven through the coordination of communication forums across government to harmonise the planning of communication campaigns, the alignment of government communication norms and standards, the sharing of best practices, the coherence of messaging, and engagement with domestic and international media.

These activities are funded through the Intergovernmental Coordination and Stakeholder Management programme, which is allocated R417.1 million over the medium term.

5.3 Facilitating active citizen participation

To encourage citizen participation, the Department will initiate outreach programmes such as localised community dialogues, community radio talk shows, and campaign activations in taxi ranks, shopping centres and commuter trains. A targeted 26 engagement sessions at the national level are planned with senior journalists and two engagements with government heads of communication, as well as forum meetings such as the government

communicators' forum. Through media engagements, briefings and infographics, the Department intends to keep citizens updated on energy-generation initiatives to overcome the energy crisis. This will be carried out through the Media Engagement subprogramme, spending in which accounts for an estimated 12.7 per cent (R53.4 million) of budget in the Intergovernmental Coordination and Stakeholder Management programme over the medium term

6. Explanation of Planned Performance Per Programme

6.1 Programme 1: Administration

The programme provides strategic leadership, management and support services to the Department.

The programme's functions are organised into the five subprogrammes: (i) Strategy and Organisational Performance (S&OP); (ii) Human Capital and Corporate Support; (iii) Government Information Technology Office (GITO); (iv) Chief Financial Officer; and (v) Supporting Units (Internal Audit, Internal Communication, Legal Services, and Risk and Integrity Management).

The Departmental staff will undergo training to enhance their skills and make them more responsive to the demands of the Fourth Industrial Revolution (4IR). This proactive step will likely ensure that the communication workforce is equipped to adapt to the changing landscape of technology and communication trends. With the finalisation of the organisational structure, the staff placement process, based on matching skills to job functions, will be implemented informed by the Skills Audit process outcomes. Upskilling of staff focused on career pathing, and progression will also feature prominently in revitalising staff morale and creating a work environment that rewards excellence and innovation.

The current representation of persons living with disabilities in the Department is 3.07 per cent against the 7 percent MTSF target. The Department will implement disability affirmative action measures in line with the MTEF Employment Equity Plan, such as identifying and forming partnerships with organisations working with persons with disabilities to reach targeted groups. Advertisements will be distributed to these

organisations to translate them into Braille and to attract candidates from designated groups. The Department will also earmark and designate certain positions for persons with disabilities; and encourage them to apply in all departmental recruitment adverts.

The S&OP is responsible for the development of the Department's accountability documents i.e. the strategic plan and the annual performance plan as well as entity oversight of the entities that report to the Minister in The Presidency. The Unit also facilitates the development of the operational plans and ensures in year and annual reporting. Over the period 2024/25, the Unit will ensure that the performance of the entities is monitored to ensure alignment to departmental objectives as well as effective implementation of their mandate.

The GITO is reviewing all the policies, including security policies, in line with technological changes as well as the Department of Public Service and Administration (DPSA)'s directive to ensure proper Information Communication Technologies (ICT) Governance. The GITO has finalised the development of the Digital Strategy and is setting digital priorities to improve overall efficiencies of the Department.

6.2 Programme 2: Content Processing and Dissemination

Programme 2 provides strategic leadership in government communication to ensure coherence, coordination, consistency, quality, impact and responsiveness of government communication

The programme's functions are organised into the following subprogrammes: (i) Products and Platforms; (ii) Research Analysis and Knowledge Services; (iii) Communication Service Agency (CSA); and (iv) Policy Development, Analysis and Marketing Model.

During this period, the Chief Directorate: Products and Platforms will develop and distribute content aimed at improving the quality of life of South Africans. Activities include writing assignments; language services for products that require translation, editing and proofreading content; managing websites and the Department managed digital media platforms as well as the production of government publications.

In the medium term, Research Analysis and Knowledge Services Chief Directorate will ensure:

- sustained media monitoring and development of opinion pieces to better inform the media agenda and ensure resonance of government message;
- continued development of key messages to ensure alignment of governments voice; and
- continued investment on G-CET through targeted workshops with departments to ensure the improvement in the quality of inputs as well as compliance to the Government Communication Policy.

The Directorate: *Vuk uzenzele* will in the 2024/25 financial year improve on its digital presence by launching a podcast to further amplify key government campaigns, to increase public awareness of the South African government's efforts to re-build the economy, reverse corruption and respond to alleviating Gender Based Violence and Femicide (GBVF), whilst inspiring citizens.

The CSA reaffirms its commitment to delivering high-quality content for GoZATV (OTT platform), with a primary focus on empowering and educating citizens while effectively communicating government programmes.

As a platform for disseminating information to the public, GoZATV (OTT platform) plays a crucial role in ensuring that citizens are well-informed about government initiatives, policies, and services. The Chief Directorate: CSA recognizes the importance of delivering content that is informative, engaging, and relevant to the needs and interest of the South African people.

The purpose of the Policy Development, Analysis and Marketing Model Chief Directorate is to develop government communication policies, legislation and regulations that support the development of a government-wide communication system, nation brand and community media, in order to create a favorable condition for economic growth and transformation as well as to enhance the capacity of, and exercise oversight over State Owned Entities (SOEs) as the delivery arms of government.

Over the medium term, the Chief Directorate will implement the following:

- Develop legislation, regulations, policy and guidelines that govern government communication, thus ensuring broad-based economic development within the sector;
- Develop a White Paper Policy on governmentwide communication system to ensure that government communications in all spheres is mandatory, binding and enforceable to give effect to the country's constitutional obligation towards the empowerment of its citizens through information;
- Develop the MDDA Amendment Act to align it to key technological developments and good corporate governance practices as well as to enable sustainability in the community media sector;
- Responsible for economic analysis of government communication, community media and the nation brand to determine trends and create growth projections;
- Render strategic oversight in community media and the nation brand sector in order to enhance government's shareholding interest and improve the capacity of entities to deliver on their mandate;
- Oversee economic transformation in the Marketing, Advertising and Communications (MAC) sector, Print and Digital Media as well as in community media sectors;
- Undertake market research to explore areas that require policy and regulatory intervention;
- Facilitate the appointment of boards of entities;
- Monitor the implementation of community media policies and provide guidance on the future direction of the sector;
- Contribute to the performance of entities on an ongoing basis by conducting reviews, research and modelling of pipelines and new business enhancement opportunities within the entities; and
- Serves as a permanent secretariat to the Transformation Charter councils

6.3 Programme 3: Intergovernmental Coordination and Stakeholder Management

This programme is responsible for implementation of development communication, through mediated and unmediated communication and sound stakeholder relations and partnerships

The programme's functions are organised into the following subprogrammes: (i) Media Engagement; (ii) Cluster Communication; and (iii) Provincial and Local Liaison (PLL).

The Branch will coordinate and lead the government communication system at national, provincial and local levels. The purpose of this work is to ensure a well-functioning government communication system able to provide information speedily and in an accessible manner to communities. While the Department plays a central role, this delivery of a functional system requires the coordination and involvement of all partners in the government-wide communication system.

This will be achieved through planned engagements with Head of Communications (HOC) and forums such as the Government Communicators 'Forum (GCF) as well as Internal Communicators 'Forum (ICF) meetings. The Department's provincial and district offices will ensure that the communication coordinating forums at provincial and district level are functional through presentations to strategic forums of decision makers (municipal councils, IGR forums, DDM coordinating structures to mention a few), to advocate for functional and resourced communication forums and structures

This will be done through the presentation of the Government Communication Policy and following the development of a new NCSF post the democratic elections in 2024, to all stakeholders across the intergovernmental communication system (all three spheres of government). Revisions for the 7th Administration will be presented to all stakeholders across the intergovernmental communication system (all three spheres of government).

A total of 1 250 communication activations are planned for the 2024/25 financial year and will be in the form of Community Dialogues, Community Radio programmes, and Community Activations. The content focus will primarily be on GBVF, Anti-Corruption, Anti-crime, ERRP and Social Mobilisation interventions around cleaning and greening of living environments.

The subprogramme of PLL also implements outreach programmes to widen access to government information programmes and policies by the public. Through these community and stakeholder engagements, which are direct liaison visits in communities by communication officers of the Department, information needs for public communication are assessed and responses provided through various mediums, including community-based activations.

Under the Chief Directorate, Media Engagement, the Directorate: Parliamentary Liaison will continue to disseminate government information to all Members of Parliament in the National Assembly and the National Council of Provinces. In addition, it will continue to ensure that Parliamentary appearances by members of the Executive and the administration are used as a valuable opportunity to communicate government information to the broader public. Continuous monitoring of Parliamentary platforms empowers the government communication system to construct more effective communication plans whilst accounting to Parliament. This team will similarly sustain and develop the working relationship with the Parliamentary Press Gallery (PGA). The Branch plans to have 26 engagements between government officials and senior journalists on government's key programmes.

7. Entities of the Department

The Department has two entities reporting to it: Brand South Africa (BSA) and Media Development and Diversity Agency (MDDA). However, the Committee has an oversight function only over the MDDA and the Department of Planning, Monitoring and Evaluation (DPME) oversee the work of BSA. Therefore, the Committee will only report on the work of the Agency.

7.1 MDDA

7.1.1 The Mandate

The Agency was set up in terms of the MDDA Act (2002) to enable historically disadvantaged communities and individuals to gain access to the media. Its mandate is to:

- a. create an enabling environment for media development and diversity that reflects the needs and aspirations of all South Africans;
- b. redress exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry;
- c. promote media development and diversity by providing support primarily to Community and Small Commercial Media (CSCM) projects;
- d. encourage ownership and control of and access to media by historically disadvantaged communities as well as by historically diminished indigenous language and cultural groups;
- e. encourage the development of human resources and training and capacity building, within the media industry, especially among historically disadvantaged groups;
- f. promote the channeling of resources to the community media and small commercial media sectors; and
- g. raise public awareness regarding media development and diversity issues.

7.1.2 Overview of the Agency

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 and contributing to community development. The Agency also plans to intensify its focus on ensuring the sustainability of media projects in communities that are underserved by mainstream media. As such, most of the Agency's budget over the period ahead is directed at grant funding for 66 community broadcast projects, to help initiate new projects and strengthen existing ones; and 18 community and small commercial media print and digital projects.

Funding for these projects is set to amount to R166 million over the MTEF period. In line with the Agency's plans to ensure the sustainability of community media, over the medium term, it plans to provide training in areas such as governance and social

media to 120 community media projects through partnerships with stakeholders and training providers. The training will be supported by 16 media literacy initiatives that will be held across the country in areas with a strong community media presence.

Related activities, including 8 research projects on key developments that affect the community media sector, are expected to cost R14 million over the medium term. Total expenditure is expected to amount to R321.5 million over the period ahead, decreasing at an average annual rate of 8.3 per cent, from R137.8 million in 2023/24 to R106.1 million in 2026/27. This considers an anticipated decrease in revenue generated from contributions from traditional media funders whose businesses have been affected by the growth in digital media.

The Agency is set to derive 56.6 per cent (R181.8 million) of its revenue over the period ahead through the mainstream broadcast sector as donations deductible from the Universal Service and Access Fund levy, and 37.6 per cent (R121 million) through transfers from the department.

8. Observations

The Committee made the following observations:

8.1 The Department

In relation to the Department, the Committee noted:

- a) with grave concern that the position of the Director-General had not been filled yet.
- b) with great concern the Department's budget cut by the National Treasury, and the impact thereof on the implementation its APP.
- a) with concern that the outputs presented to the Committee which were numeric based and not ideal to determine its impact.
- c) and welcomed the initiative by the Department to produce government communication in Braille.

- d) the production of the Department's bi-annual reports, which would monitor the performance of government departments in relation to social media usage and or reporting.
- e) and welcomed the plan by the Department to reach 15 million people in communicating key government campaigns.
- f) with concern the lack of austerity measures reported on given the limited financial resources available at the Department.
- g) and commended the partnership between the Department and the National School of Government which seeks to ensure proper training of government communicators.
- h) and welcomed the decision of the Department not to implement budget cuts on the MDDA.
- i) with concern the non-translation of sign language in its communication strategies.
- j) that the Department had no plan that sought to assist communities in remote areas to access government information without requiring data (free internet access).

8.2 MDDA

In relation to MDDA, the Committee noted:

- a) and welcomed the development of the digital strategy of the Agency.
- b) the planned stakeholder / media engagements by the Agency.
- c) the eight (8) planned training interventions aimed at capacitating community media projects
- d) with concern that the presentation did not address the indigenous communication methods which need to be utilised in engagement with marginalised communities
- e) with concern the minimal support provided by the Agency to rural community

- media projects.
- f) with concern the R20 million allocation for government key campaigns under goods and services.

9. Recommendations

The Committee makes the following recommendations:

9.1 The Department

In relation to the Department, the Committee resolved that the Minister should:

- a) ensure that the vacant post of the Director-General is filled as a matter of urgency.
- b) ensure that there is an adequate budget allocation on critical priority areas, such as the community radio stations.
- c) engage with National Treasury on the budget cuts, whilst ensuring that the Department conducts its business as per available budget.
- a) ensure that the Department presents a plan that will enable the Committee to conduct proper oversight in order determine its impact on service delivery areas
- d) ensure that the Department reaches more than the presented number of 15 million citizens.
- e) ensure that there is an engagement with the people in remote areas on how they can communicate with the lawmakers.
- f) ensure that sign language, as an official language, is translated into the communications strategy of the Department.
- g) provide a breakdown of the Department's programme or plan on working and or providing services to persons living with disabilities.
- h) ensure that the Department reaches more that the targeted number of citizens when communicating government's message.

- i) ensure that the Department has a plan that seeks to assist communities in remote areas to access government information without requiring data (zero-rating of critical online services).
- j) should ensure that the Department provides a breakdown of the R20 million allocation for communication of government's key campaigns.
- k) ensure that the Department reports quarterly to the Committee on the spending of the allocated budget.

9.2 MDDA

In relation to the MDDA, the Committee resolved that the Minister should:

- a) ensure that the development of the digital strategy of the Agency is fast-tracked.
- b) monitor the implementation of the eight (8) planned training interventions aimed at capacitating community media projects.
- c) provide the Committee with a comprehensive plan on the use of indigenous communication methods.
- d) ensure that more support is provided by the Agency to rural community projects.
- e) ensure that the Agency reports quarterly to the Committee on the spending of the allocated budget.

The Committee recommends that the National Assembly approves Budget Vote 4: Government Communication and Information System.

The EFF and MK Party indicated their objection to Budget Vote 4.

Report to be considered.

Report of the Portfolio Committee on Small Business Development on Budget Vote 36: Small Business Development for the 2024/25 financial year, dated 10 July 2024

1. INTRODUCTION

The Portfolio Committee on Small Business Development (the Portfolio Committee), having considered the Annual Performance Plans (APPs) and budget allocations of the Department of Small Business Development (the Department) and its entities, namely, the Small Enterprise Finance Agency (Sefa) and Small Enterprise Development Agency (Seda), reports as follows:

1.1 Background

On 21 February 2024, the Minister of Finance Enoch Godongwana gave the annual budget speech, which came right after the President's State of the Nation Address (SONA) at the beginning of the year. In addition to giving a thorough review of the State Budget, the address gave an update on South Africa's financial situation. His speech set the pace for the tabling of the revised strategic plans, annual performance plans and budgets. The Department also complied with this statutory obligation by tabling its budget vote before Parliament, which amongst others, proposes how the Department aim to reconcile its resources with the service delivery imperatives as outlined by the President of the Republic of South Africa in the State of the Nation Address. One of the foremost constitutional functions of the Parliament is to therefore discuss, pass and oversee the budget of the Department.

The Department of Small Business Development's Budget (Vote No. 36) was referred to the Portfolio Committee for consideration and reporting on 16 April 2024. The objective of the Annual Performance Plans (APP) is to set out what the institutions intend to do in the upcoming financial year and during the Medium-Term Expenditure Framework (MTEF) period to implement its Strategic Plan. Annual performance plans identify the performance indicators and targets that the institution endeavours to accomplish in the upcoming financial year. While the annual budget is a plan for the Department's projected expenditure over the course of the year. It indicates the resource envelope for the year ahead and sets indicative future budgets over the Medium-Term Expenditure Framework.

1.2 Purpose of the Budget Vote

The budget is a political and financial instrument that the government employs to ensure that its policy programmes are operationalised through the allocation of financial resources to the different spheres of government, specifically to programmes and projects. It reflects an outcome centred public spending approach. It is further described as a tool that the government uses to evaluate the financing of its key policy objectives. It is thus used to evaluate whether the macro-economic perspectives of the budget and the respective budget votes meet the requirements of government policies and give substance to the government's five-year plan. The purpose of vote 36 of the Department in this regard is to promote the development of small businesses and co-operative enterprises that contribute to inclusive growth and job creation.

1.3 Objectives of the Report

The objectives of the report are as follows: -

- 1.3.1 To describe and analyse the budget of the Department of Small Business Development, vote 36, over the 2024/25 financial year.
- 1.3.2 To report on the deliberations and consideration, which are essentially the unpacking and examining of the Department annual performance plan and its associated budget vote in relation to the strategic plan.
- 1.3.3 To make recommendations concerning the endorsement, adjustment or rejection of budget vote 36 and any other recommendations regarding the implementation of the Department strategic plan.
- 1.3.4 To record general and specific observations and make appropriate recommendations.

1.4 The Portfolio Committee Process

Parliament is elected for a term of five years. Whenever there is a general election, a new parliament is constituted. Due to the country's national general elections on 29 May 2024, the sixth Parliament concluded its tenure without having gone through the amended strategic plans, annual performance plans and budgets of the departments and entities for 2024/25 financial year. The annual performance plan of the Department for 2024/25, which includes the entities Sefa and Seda for corresponding financial years, were tabled to Parliament by the Minister of Small Business Development on the eve of the election month. Hence, this responsibility is now being assigned to the Seventh Parliament. Accordingly, the Portfolio Committee held a briefing session with the Department and entities on 10 July 2024 to review the APPs.

2. OVERVIEW OF THE DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

2.1 Aim and Purpose of the Department

The mandate of the Department is to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, Small, Micro and Medium Enterprises (SMMEs) and Co-operatives, and to ensure an enabling legislative and policy environment to support their growth and sustainability.

2.2 Mandate of the Department

The Department of Small Business Development is responsible for leading and coordinating an integrated approach to the promotion and development of entrepreneurship, small businesses, and co-operatives; and ensuring an enabling legislative and policy environment to support their growth and sustainability. The accomplishment of this mission will change the economy, boost employment, and lessen inequality and poverty. The Department's mission is governed by the following policy and legislative framework-:

- the National Small Enterprise Act (1996).
- Business Act (1991).
- National Small Business Amendment Act (2004).
- Section 3(d) of the Industrial Development Corporation Act (1940).
- Co-operatives Act (2005).
- Co-operatives Amendment Act (2013).
- the Co-operatives development policy.
- the National Development Plan.
- the Economic Reconstruction and Recovery Plan.

2.3 Vision of the Department

A transformed and inclusive economy driven by sustainable, innovative SMMEs and Co-operatives.

2.4 Mission of the Department

The coordination, integration and mobilization of efforts and resources towards the creation of an enabling environment for the growth and sustainability of SMMEs and Co-operatives.

2.5 Values

The values and principles that underpin the DSBDs pursuit of its vision and mission are shared across the three entities, and are predicated on the principles of Batho-Pele as follows: -

- Innovation.
- Integrity.
- Professionalism.
- Customer-centric.
- Commitment and;
- Caring organisation.

2.6 Programme Structure (2024/25)

The Committee is satisfied that DSBD developed the 2024–25 APP in a way that aligns with the goals of the National Development, Medium Term Strategic Framework, the Economic Reconstruction and Recovery Programme and the revised 2020–25 Strategic Plan. The present APP takes into consideration social and economic performance environment that affects the way the DSBD's mandate is implemented. The structure of the Department during the current financial year consists of the following four programmes -

Table 1: Programme Structure

NO.	PROGRAMME NAME	SUB-PROGRAMMES
Programme 1	Administration	<ul style="list-style-type: none"> ○ Ministry. ○ Departmental Management (Office of the DG). ○ Corporate Management. ○ Financial Management.
Programme 2	Sector Policy and Research	<ul style="list-style-type: none"> ○ Business Intelligence and Sector Wide Monitoring and Evaluation. ○ Intergovernmental Relations and Business Efficiency. ○ Sector Specific Support.
Programme 3	Integrated Co-operatives and Micro Enterprise Development)	<ul style="list-style-type: none"> ○ Integrated Co-operatives and Micro Enterprise Development. ○ Economic Transformation Initiatives. ○ Value Chain and Market Access Support.
Programme 4	Enterprise Development,	<ul style="list-style-type: none"> ○ Enterprise Development, Innovation and Entrepreneurship.

	Innovation and Entrepreneurship	<ul style="list-style-type: none"> ○ Entrepreneurship and Enterprise Development. ○ Funding Support and Coordination.
--	---------------------------------	---

Source: DSBD Annual Performance Plan (2024/25)

4.5 Public Entities

The Department has two entities reporting to it. The Small Enterprise Development Agency of the Department whose mandate include, inter alia, developing, nurturing, supporting and promoting small business ventures throughout the country, whilst ensuring their growth and sustainability in a harmonised fashion with various stakeholders. While Small Enterprise Finance Agency is a Development Finance Institution (DFI) formed in April 2012 by combining the small business activities of the South African Micro-Finance Apex Fund (SAMAF), Khula Enterprise Finance, and the Industrial Development Corporation (IDC). The Cabinet has decided to combine the two institutions that now report to the Department—Seda and Sefa—along with the Co-operative Banks Development Agency.

Table 2: Public Entities

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R'000)
Seda	To provide non-financial business development and support services for small enterprises, in partnership with other role-players in the small business development environment.	<ul style="list-style-type: none"> ✓ Increased growth and sustainability of township and rural-based SMMEs and Co-operatives. ✓ Increased localisation and market penetration by SMMEs and Co-operatives. ✓ Integrated and coordinated ecosystem support for SMMEs and Co-operatives. 	1 316 034

		<ul style="list-style-type: none"> ✓ Increased growth and sustainability of SMMEs and Co-operatives. ✓ An agile, innovative, excellent and customer-centric organisation. 	
Sefa	To support the development of sustainable SMMEs through the provision of finance.	<ul style="list-style-type: none"> ✓ Enhanced access to finance by SMMEs and Co-operatives. ✓ Enhanced service delivery and stakeholder satisfaction. ✓ A financially sustainable organisation. ✓ Leveraged strategic assets and capital raising. ✓ Sound governance and a high-performance organisation. 	642 390

Source: DSBD Annual Performance Plan 2024/25

3. POLICY AND LEGISLATIVE PRIORITIES FOR 2024/25

3.1 National Development Plan

The implementation of the National Development Plan (NDP) is one of the key government imperatives under the current administration and is aligned with the Africa Agenda and the global Sustainable Development Goals (SDGs). The NDP is the blueprint for tackling South Africa's challenges and serves as a long-term vision for the country. The plan directs our focus on the overall objectives, for support by South Africans, to eradicate poverty and substantially reduce inequality by 2030 through the creation of jobs and accelerating inclusive economic growth. The Department is mandated to execute chapters three (3) and six (6) of the NDP, which cover the economy, employment, and inclusive growth in rural areas. According to the National Development Plan (2011), 90 percent of new jobs will be created by small and medium-sized enterprises by 2030 - this equates to about 9.9 million jobs.

3.2 The Medium-Term Strategic Framework

The Medium Terms Strategic Framework 2019-2024 is the implementation plan and monitoring framework for achieving the NDP 2030 priorities for the sixth administration of government. The Department informed the Committee throughout the course of the erstwhile Parliament that as a result of the Covid-19 epidemic in 2020, which caught the entire globe by surprise and had a terrible impact on the economy, health, and social aspects of South Africans, it greatly hampered the implementation of the 2019–24 MTSF. The five-year NDP implementation roadmap contains short, medium and long-term goals and interventions. Planning for development is viewed as a tool for achieving national development objectives by the South African government. With respect to the seven (7) priorities identified in the Medium-Term Strategic Framework, the Department was charged with the primary responsibility of executing Priority 2: Economic Transformation and Job Creation and their related sub-outcomes and interventions which are as follows -

- Upscale and expand support to small businesses.
- Creating more jobs.
- Inclusive economic growth.
- Re-industrialisation of the economy and emergence of globally competitive sectors.
- Increased access to and uptake of Information and Communication Technology (ICT).
- Competitive and accessible markets through reduced share of dominant firms in priority sectors; and
- Mainstreaming of youth, women, and persons with disabilities with minimum 40 percent target for women, 30 percent for youth and 7 percent for persons with disabilities in the SMMEs and Co-operatives Sector.

3.3 The Economic Reconstruction and Recovery Plan

The aftermath of the Covid-19 pandemic can be seen worldwide. The world will take years to recover from it. The pace of economic recovery is massively divergent across developing, middle-income to wealthy nations. South Africa has not been insulated as raptures caused by Covid-19 pandemic continue to expose major fault lines and inequities. It is in this context that South African government crafted a strategic blueprint for economic recovery, the Economic Reconstruction and Recovery Plan (ERRP). In order to create a new economy and realise South Africa's full potential, the ERRP was conceived to scale up recovery efforts. The plan's overarching objective is to build an inclusive, resilient, and sustainable economy. As a result,

the 2024/25 APP is once again presented within the context of promoting the ERRP's implementation. On this basis, the Department has determined that the following interventions should be prioritised –

- Aggressive infrastructure investment.
- Employment-orientated strategic localisation, reindustrialisation and export promotion.
- Energy security.
- Support for tourism recovery and growth.
- Gender equality and economic inclusion of women and youth.
- Green economy interventions.
- Mass public employment interventions.
- Strengthening food security and;
- Macro-economic interventions.

3.4 Planned Legislative and Policy Initiatives

During 2023/24, the Department processed the National Small Enterprise Amendment Bill through Parliament. The Department also reports that it developed the Business Licencing Policy, and this process will culminate to the Business Licensing Amendment Bill to replace the Businesses Act, 1991 (Act No.71 of 1991) being referred to Parliament. During the current financial year, the Department also plans to establish the Office of the Small Enterprise Ombuds. This will assist in tackling non-payment and unfair practices against SMMEs and Co-operatives. Other key priorities informing the Department's APP are National Integrated Small Enterprise Development (NISED) Strategic Framework, Co-operative Strategy, National Informal Business Strategy, SMME and Co-operatives Funding Policy as well as Township and Rural Revitalisation Policy Framework to mention but a few.

4. OVERVIEW OF THE 2024/25 BUDGET ALLOCATIONS AND PROGRAMME PERFORMANCE PLANS

The Department's medium-term goals will centre on giving SMMEs, co-operatives, startups, township and rural enterprises, a more access to financial and non-financial support, introducing them to international markets, renovating or constructing approved business infrastructure for them and assisting informal businesses through various programmes for the development of informal and micro enterprises. The department's overall budget is R7.6 billion, which will rise from R2.5 billion in 2023–2024 to R2.7 billion in 2026–2027 at an

average annual rate of 1.7 percent. Over the MTEF period, transfers to entities that assist SMMEs and co-operatives are expected to make up 80 percent (or R6.1 billion) of the department's budget - R4.1 billion of this amount will go to the Small Enterprise Development Agency, while the remaining portion will go to the Small Enterprise Finance Agency.

4.1 Programme 1: Administration

The objective of programme one is to provide strategic leadership, management and support services to the Department. The programme has four sub-programmes that perform the following functions -

- Ministry - provide administrative and logistical support to the Minister and Deputy Minister, as well as support staff and make provision for their salaries.
- Departmental Management (Office of the DG) - provide strategic leadership, management and support services to the Director General and the Department.
- Corporate Services - provide enterprise-wide support services comprising of human resources, legal services, learning and development and transformation policy and coordination.
- Financial Management - provide strategic leadership and advice on supply chain, financial and asset management related services to the department.

Table 3: Programme 1 - Administration

PROGRAMME 1: ADMINISTRATION	2024/25	2025/26	2026/27	TOTAL MTEF
SUB-PROGRAMMES	R'000	R'000	R'000	R'000
Ministry	30 829	30 588	32 035	93 452
Departmental Management	28 032	27 208	28 508	83 748
Corporate Services	82 995	89 803	93 803	266 601
Financial Management	27 715	29 181	30 573	87 469
TOTAL	169 571	176 780	184 919	531 270

Source: DSBD Annual Performance Plan 2024/25

In order to support the Department's various activities, the Administration programme focuses on improving governance and compliance, as well as streamlining and integrated business operations and system outcomes. Programme one is allocated R170 million during the financial year 2024/25 and R531 million over the medium term. The Programme is responsible for providing strategic leadership, management and support services to the Department. This will

be achieved through the following four sub programmes, namely, the Ministry with an allocation of R94 million, Departmental Management provision of R84 million, Corporate Management Services at R267 million as well as Financial Management allocation of R86 million over the medium term.

4.2 Programme 2: Sector Policy and Research

The purpose of programme 2 is to oversee transversal support within the ecosystem to provide a conducive environment for SMMEs. The programme is responsible for the following sub-programmes -

- Business Intelligence and Sector Wide Monitoring and Evaluation - Manage provision of evidence-based business information and sector-wide Monitoring and Evaluation.
- Intergovernmental Relations and Business Efficiency - Manage and facilitate intergovernmental relations to reduce administrative and regulatory burdens for SMMEs.
- Sector Specific Support - Manage initiatives to increase the development, participation and sustainability of small-scale manufacturers in key industries.

Table 3: Programme 2 - Sector Policy and Research

SECTOR POLICY AND RESEARCH	2024/25	2025/26	2026/27	TOTAL MTEF
SUB-PROGRAMMES	R'000	R'000	R'000	R'000
Business Intelligence & Sector-wide M&E	17 271	18 019	18 717	54 007
Intergovernmental Relations and Business Efficiency	16 849	16 287	16 874	50 010
Sector Specific Support	26 737	33 135	34 421	94 293
TOTAL	60 857	67 441	70 012	198 310

Source: DSBD Annual Performance Plan 2024/25

The total amounts allocated to program two is R61 million in 2024–2025 and R198 million over the medium term. The aim of the programme is to manage the ecosystem's transversal support in order to create an atmosphere that is favourable for SMMEs. The following three subprogrammes will help achieve this objective: The Business Intelligence and Sector Wide Monitoring and Evaluation sub-programme is allocated R17 million in 2024/25 and R54 million over the medium-term to manage the provision of evidence-based business information and Sector-wide Monitoring and Evaluation. Intergovernmental Relations and Business

Efficiency sub-programme is allocated R17 million in 2024/25 and R50 million over the MTEF to manage and facilitate intergovernmental relations to reduce administrative and regulatory burdens for SMMEs. The Sector Specific Support sub-programme, on the other hand, will manage activities to boost the growth, involvement, and sustainability of small-scale manufacturers in important industries with an allocation of R27 million in 2024–2025 and R94 million over the medium term.

4.3 Programme 3: Integrated Co-operatives and Micro Enterprise Development

The purpose of the programme three is to drive economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support. Programme three is separated into three sub-programmes namely –

- Integrated Co-operatives and Micro Enterprise Development – the purpose of which is to provide leadership to the branch and coordinate provision of business infrastructure services to small businesses, co-operatives and the informal sector.
- Economic Transformation Initiatives - Manage economic transformation through Informal Business, Co-operatives and Micro Enterprise Development and Support.
- Value Chain and Market Access Support - Manage the provision of market access support that grows value market chains.

Table 4: Programme 3 - Integrated Co-operatives and Micro Enterprise Development

DEVELOPMENT FINANCE	2024/25	2025/26	2026/27	TOTAL MTEF
SUB-PROGRAMMES	R'000	R'000	R'000	R'000
Integrated Co-operatives and Micro Enterprise Development	78 744	81 642	85 652	246 038
Economic Transformation Initiatives	63 780	64 797	66 793	195 370
Value Chain and Market Access Support	59 833	61 905	64 336	186 074
TOTAL	202 357	208 344	216 781	627 482

Source: DSBD Annual Performance Plan 2024/25

Amounts allotted to the Integrated Cooperatives and Micro Enterprise Development are R202 million in 2024–2025 and R627 million over the medium term. The Integrated Co-operatives and Micro Enterprise Development programme is responsible for the promotion of economic transformation through integrated informal business, co-operatives, and micro enterprise

development and support. The Economic Transformation Initiatives sub-programme is allocated R64 million in 2024/25 and R195 million over the MTEF to manage economic transformation through Informal Business, Co-operatives and Micro Enterprise Development and Support. While the third subprogramme, Value Chain and Market Access Support, is allocated R60 million in 2024/25 and R186 million over the MTEF to manage the provision of market access support that grows value market chains.

4.4 Programme 4: Enterprise Development, Innovation and Entrepreneurship

The purpose of programme four is to administer the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs. The programme four has the following sub-programmes –

- Enterprise Development, Innovation and Entrepreneurship – the aim of the subprogramme is to provide leadership to the branch and manage provision of innovative solutions that support transversal applications management and digital business support.
- Entrepreneurship and Enterprise Development - Manage the formulation of policy instruments and advocacy work aimed at the inclusion of SMMEs in the mainstream economy.
- Funding Support and Coordination - Oversee expansion of access to finance for SMMEs, Co-operatives and the Informal Sector through an integrated approach.

Table 5: Programme 4 - Enterprise Development, Innovation and Entrepreneurship

ENTERPRISE DEVELOPMENT	2024/25	2025/26	2026/27	TOTAL MTEF
SUB-PROGRAMMES	R'000	R'000	R'000	R'000
Enterprise Development, Innovation and Entrepreneurship	3 872	4 062	4 119	12 053
Entrepreneurship and Enterprise Development	1 329 996	1 368 226	1 410 727	4 108 949
Funding Support and Coordination	669 892	719 434	775 298	2 164 624
TOTAL	2 003 760	2 091 722	2 190 144	6 285 626

Source: DSBD Annual Performance Plan 2024/25

Programme four is apportioned the most budget (82 percent) with an allocation of R2 billion in 2024/25 and R6.3 billion over the medium-term. The programme's main responsibility is to

oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs and co-operatives. The following sub programmes will help achieve this –

Enterprise Development, Innovation and Entrepreneurship sub-programme is allocated R4 million in 2024/25 and R12 million over the MTEF to Provide leadership to the branch and manage provision of innovative solutions that support transversal applications management and digital business support. Entrepreneurship and Enterprise Development sub-programme is allocated R1.3 billion in 2024/25 and R4 billion over the MTEF to manage the formulation of policy instruments and advocacy work aimed at the inclusion of SMMEs in the mainstream economy. Of this allocation, R1.3 billion in 2024/25 and R4 billion over the MTEF will be Funding Support and Coordination sub-programme is allocated R670 million in 2024/25 and R2.2 billion over the medium-term to oversee expansion of access to finance for SMMEs, Co-operatives and the Informal Sector through an integrated approach. This sub-programme will enable the Department through Sefa to continue to administer a set of incentive programmes that are targeting a wide range of SMMEs and Cooperatives in line with the approved DSBD business delivery model.

5. RECOMMENDATIONS

The following recommendations are to be taken into consideration by the Minister of Small Business Development, who is asked to report back to the Committee no later than 90 days:

- 5.1 Over the past few years the Department has shown signs of instability at senior management service (SMS) level, which has had an impact on service delivery and, in turn, the efficiency of the Committee's oversight over the Department. The Committee calls upon the Department to expedite recruitment efforts and fill vacant posts as rapidly as possible. The Committee has on numerous occasions remarked that most of the underspending on financial indicators was due to employee compensation as well as goods and services. All four programmes of the Department underutilised their funding allocations mostly as a result of unfilled yet funded posts. The Committee will monitor the progress made towards this indicator by analysing quarterly reports of the Department.
- 5.2 To prevent future and unfavourable virements and suspensions, the Department must furthermore examine how well it spends its base budget and swiftly

identify idle reserves. The primary causes and drivers of such virements are frequently poor expenditure on programmes as well as goods and services, which are typically an indication of vacancies. The Committee intends to closely observe the quarterly reports to determine whether or not these performance metrics are improving.

- 5.3 Notwithstanding the fact that the Department seldom fully utilised its budget allocation, there is not a doubt that it remains the least funded department considering the mandate conferred upon it of creating more than 9 million jobs by 2030. Compared to the previous financial year, the DSBD's budget has seen a reduction in both nominal and real terms (i.e., accounting for inflation). In nominal terms, the budget was reduced by roughly over R93 million to approximately R2.4 billion from R2.5 billion in the previous financial year. The Department needs an open dialogue with the Ministry of Finance ahead of the budget review in October that will be presented alongside the Medium-Term Budget Policy Statement to petition the National Treasury for additional funding to address the numerous challenges facing the small enterprise sector. We are constantly reminded that this sector of the economy is the largest employer and the backbone of the economy. However, rhetoric and commitment have rarely been matched by resources. The harsh economic conditions are now threatening the very existence of many SMMEs and co-operatives who managed to survive the dark days of Covid-19 pandemic, flooding in some parts of the country, the July 2021 unrest and the ongoing energy crisis. Under no circumstances should budget cuts be considered an option.
- 5.4 The Departments of Small Business Development and Finance are part of the economic sector and employment cluster in terms of how government departments are grouped. The Committee highly recommends that the Minister should utilise her clout in this forum to push for the improvement of funding for small businesses. The act of reducing expenditures in a budget has dire consequences for the sector and contradicts government-wide strategy of creating employment. As is so often the case, the underserved small businesses would feel these effects the most.
- 5.5 The Department should on its end of the bargain expand strategic alliances with the corporate sector and vigorously pursue outside funding alternatives particularly for startups. It must undertake to foster a collegial atmosphere that will encourage the private sector to bring much-needed resources into the sector in order to close the more than R350 billion funding gap. South Africa has an exceptionally small tax base that has been shrinking over the past decade. The fiscus is shrinking and

National Treasury is scaling up its austerity measures. This calls on the Department to soothe the policy space. Over and above half-hearted attempts of credit guarantee schemes, the Department and Sefa should explore alternative and innovative financial models such as Public Private Partnerships (PPP), invoice discounting, cession of contracts and cession of income, where applicable, in order to unlock the balance sheets of commercial banks. Due to severe budgetary restrictions, the Department and Sefa are unable to support millions of small enterprises that lack or do not have access to credit line facilities.

- 5.6 Furthermore, the Department should consider holding a finance symposium with banks and other commercial lenders, angel investors, venture capitalists, fintechs, Micro Finance Institutions (MFIs), Retail Finance Institutions (RFIs), Development Finance Institutions (DFIs) and various associations involved in SMME funding space to help them better understand the policy environment in which they could invest before the end of the current financial year. The Committee will keep an eye on the Department and agencies quarterly reports to ensure that this recommendation is being followed through.
- 5.7 Statistics South Africa reported recently that more than 1300 South African firms shut their doors in 2023. The effect of load shedding on South African enterprises is too great to be overlooked, even though there might be other underlying reasons for this unfortunate trend. On 17 January 2023, the Department announced that it was working on an energy relief package for the SMME sector in partnership with its agencies and various stakeholders within and outside government. The contents of the package, as well as the requirements and avenues for applying for relief, were to be revealed almost immediately after the announcement. Not much progress has been made in this regard. The annual performance plan currently being considered is mute on this matter. In the next quarterly report, the Department is called upon to brief the Committee about the most recent efforts to save the sector on easing the impacts of load shedding.
- 5.8 Towards the end of the Sixth Administration, there was a noticeable drop in the audit findings for Seda. While this may be attributable to the pending merger of Seda, Sefa and CBDA, the Department needs to keep a careful eye on how much the agencies are implementing the recommendations made by the Auditor General in order to prevent further declines in the audit results. The Accounting Authorities needs to be held accountable for improving controls for proper record keeping and ensuring that complete, relevant, and accurate information is accessible and available to support

performance data. Management should respond to the AG's requests with the requisite urgency in addressing identified risks and improving internal controls, which will improve audit outcomes for both the Department and entities. The Committee will continue to maintain regular contact with the Auditor General's office in line with oversight accountability.

- 5.9 The Department has been slow in the development, implementation and reviewing of existing policies, strategies and legislations. Parliament has only dealt with one Bill thus far. Other notable areas of progress, but remains incomplete, are SMME and Funding policy, which was gazetted for public comments in April 2023, the NISED Strategic Framework and the SMME and the Business Amendment Bill. The next quarterly report should provide a timeline for when these policies, strategies and legislation would be referred to Parliament for processing.
- 5.10 Co-operative enterprises are still struggling to access financial assistance from Sefa and the Department. The annual performance plan proposes numerous measures to deal with this shortcoming and this is welcomed. The Committee will monitor quarterly reports to ascertain how many of the co-operatives are receiving financial and non-financial assistance from the Department and entities and the impact thereof.
- 5.11 The Committee fully acknowledges that key performance indicators (KPIs) should be specific, measurable, achievable, realistic and time-bound. Nonetheless, it appears that the Department's annual performance plan gives more weight to quantitative metrics while paying little attention to the impact. Indicators must demonstrate for example how they will overcome the persistently low rate of economic growth, and in particular the triple-challenge of poverty, unemployment and inequality. The Committee will henceforth track the impacts and sustainability of these interventions.
- 5.12 Following the Committee's visit to the North West province and subsequent recommendations made in relation to some of the Sefa programmes e.g. credit guarantee schemes, outsourcing of Sefa functions to Micro Finance Intermediaries and Retail Financial Intermediaries - it continues to provide lending facilities to SMMEs via third parties, who, as the Committee found in the North West, charge interest rate beyond what is legally permissible and prescribed in the National Credit Act. Sefa should brief the Committee before the end of Q2 with respect to the implementation of its recommendations.

Report to be considered.