

Wednesday, 10 June 2026]

No 102—2026] THIRD SESSION, SEVENTH PARLIAMENT

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

WEDNESDAY, 10 JUNE 2026

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Introduction of Bills

(1) The Minister of Police

- (a) **South African Police Service Amendment Bill** [B18–2026] (National Assembly – proposed sec 76) [Explanatory summary of Bill and prior notice of its introduction published in *Government Gazette* No. 53783 of 5 December 2025.]

Introduction and referral to the **Portfolio Committee on Police** of the National Assembly, as well as referral to the Joint Tagging Mechanism (JTM) for classification in terms of Joint Rule 202.

In terms of Joint Rule 196 written views on the classification of the Bill may be submitted to the JTM. The Bill may only be classified after the expiry of at least seven parliamentary working days since introduction.

2. Appointment of whip

- (1) The following member has been appointed as a whip of uMkhonto weSizwe Party in the National Assembly with effect from 3 June 2026:

- (a) Mkhize, Ms P

3. Discharge of whip

- (1) The following member has been discharged as whip of uMkhonto weSizwe Party in the National Assembly with effect from 3 June 2026:

- (a) Mokoena-Zondi, Ms SMN

4. Referral of Matter to Powers and Privileges Committee

- (1) Allegations of contempt of Parliament against Mr JS Malema, MP, (Economic Freedom Fighters) on Tuesday, 9 June 2026, referred to the Powers and Privileges Committee of the Assembly in terms of Assembly Rule 214, for consideration and report, together with the supporting documents.

5. Membership of Committees

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

- (a) **National Coloured Congress**

Portfolio Committee on Tourism

Discharged: Frenchman, Ms S

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Cooperative Governance and Traditional Affairs

- (a) Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the United Kingdom of Great Britain and Northern Ireland on Official Development Assistance (signed: 28 March 2025), tabled in terms of section 231(3) of the Constitution of the Republic of South Africa, 1996.
- (b) Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the United Kingdom of Great Britain and Northern Ireland on Official Development Assistance.

National Assembly

1. The Speaker

- (a) Reply by Minister of Basic Education to *Joint Interim Report of Portfolio Committees on Women, Youth and Persons with Disabilities; Social Development; Health; and Basic Education on the Statutory Rape of Young Girls*, as adopted by the House on 5 March 2026.

Referred to the **Portfolio Committee on Basic Education, Portfolio Committee on Women, Youth and Persons with Disabilities, Portfolio Committee on Health and Portfolio Committee on Social Development**.

- (b) Petition by Major General (Retired) B Holomisa, MP, calling for urgent oversight intervention and constitutional processing of the Joint Task Team Report on the SATBVC Report pension grievances.

Referred to the **Standing Committee on Finance**, and the **Portfolio Committee on Public Service and Administration** for consideration and report, with the two committees conferring.

National Council of Provinces

1. The Chairperson

- (a) Letter from Minister of Agriculture requesting the Chairperson of the Select Committee on Agriculture, Land Reform and Mineral Resources to nominate candidates for the appointment to the Agricultural Research Council, in terms of the Agricultural Research Amendment Act, 1996 (Act No. 16 of 1996).

Referred to the **Select Committee on Agriculture, Land Reform and Mineral Resources**. The Select Committee to consult with the **Portfolio Committee on Agriculture**.

COMMITTEE REPORTS

National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT ON THE OVERSIGHT VISIT TO THE PASSENGER RAIL AGENCY OF SOUTH AFRICA (PRASA) ON THE GENERAL OVERHAUL PROGRAMME FROM 29 – 30 APRIL 2026, DATED 9 JUNE 2026

The Portfolio Committee on Transport, having conducted an Oversight Visit to PRASA on the General Overhaul Programme from 29 to 30 April 2026, reports as follows:

1. INTRODUCTION

In terms of section 42(3) of the Constitution of the Republic of South Africa, 1996, the National Assembly must scrutinise and oversee Executive action. The National Assembly, through the Portfolio Committee on Transport, oversees the work of the Department of Transport and its entities.

The Committee held a meeting with PRASA and the Department of Transport on 24 March 2026 on the management and progress of the General Overhaul (GO) programme following ongoing issues relating to project management and overall progress of the programme. The Committee was of view that the concerns require urgent attention to ensure the programme remains on track and effectively managed. In light of the above, PRASA was requested to present to the Committee on the following matters:

- the project management approach currently in place, as well as any disciplinary or corrective processes that have been undertaken to date in response to performance and governance challenges;
- explain how it will address project management and performance concerns;

- provide feedback on any disciplinary or corrective actions taken to date; and
- implement appropriate measures to strengthen accountability and ensure improved delivery.

Following this meeting the Committee decided to conduct oversight visits at PRASA into the implementation of the general overhaul programme. The purpose of the oversight visit was to do a physical oversight and verification of overhauled coaches by contractors linked to the General Overhaul Project of Prasa in Gauteng and for an update on the signalling recovery programme.

2. DELEGATION

The oversight visit by the Committee to PRASA was conducted on 29 and 30 April 2026 (on 28 April 2026 the Committee met at PRASA with the entity as well as SANRAL and RAF to consider their Annual Performance Plans or Corporate Plans for 2026/27). The following Members of Parliament formed the delegation for the oversight visit: Mr SD Selamolela, MP (ANC) – Leader of the delegation, Mr C Malematja, MP (ANC), Ms NS Nkopane, MP (ANC), Mr N Maduna, MP (ANC), Mr S Vilakazi, MP (DA), Mr T Kubheka, MP (MK), Mr MB Blose (EFF) and Mr S Gana (RiseMzansi)

The Committee was supported by the following members of staff: Ms Valerie Carelse (Committee Secretary), Ms Priscilla Mahlathi (Committee Assistant), Dr Sifiso Ngesi, (Researcher) Adv Alma Nel (Content Advisor) and Mr Sibongile Maputi (Principal Communications Officer).

PRASA's delegation consisted of the Group CEO, Board Chairperson, Board members, Executives and Technical Staff.

3. BACKGROUND TO THE GENERAL OVERHAUL PROGRAMME

The GO Program was launched as a heavy maintenance initiative to extend the life of the existing “yellow trains” by 9 to 12 years. It enabled the refurbishment of critical components such as: Rotating machines, bogies, braking and traction systems, coach body structures and internal systems. The aim was to return trains to near-original performance levels while integrating modern safety and design upgrades. The programme focused on refurbishment of old rolling stock, expanding existing rolling stock fleet by up to 9 to 12 years such as rolling stock currently in use on non-electrified corridors (East London and Gqeberha) as well as the potential future use in Stanger and Main Line Passenger Service (MLPS) to meet demand of long-distance rail service offering. The programme prioritises Locomotives and Coaches where needed. PRASA’s legacy fleet (the yellow trains) had to be maintained and modernised to ensure safety and reliable service until the new fleet is fully delivered and operational by 2033. The GO Programme was initiated as a deliberate time-bound bridging strategy to extend the useful life of key components by 10–15 years, maintain commuter services during the multi-year rolling stock ramp-up and enable safe transition from old to new stock without service collapse.

At the meeting with the Committee on 24 March 2026, PRASA highlighted the Project management and Contractor related challenges experienced in the programme such as mismanagement, contractor performance, legal matters and an investigation.

3.1 Project management and Contractor related challenges

3.1.1 Procurement, Technical and Performance Issues

- **Fragmented Implementation.** There was no unified Programme Management office (PMO); coordination was fragmented across multiple internal units such as regional engineering, SCM, finance.
- **Inconsistent Output and Performance.** The Average turnaround time per coach far exceeds acceptable benchmarks. Some contractors have delivered fewer than 20% of their allocation in two years. There are varying technical quality results across suppliers with increased risk of unsafe deployment.
- **Allocation Disputes and Confusion:** The Contractors assumed allocation guarantees without confirmed schedules. The shift from percentage-based to volume-based expectations led to friction.

3.1.2 Legal Complications

- **Arbitration Against PRASA:** Two of the GO Contractors have filed and served PRASA with Statements of Claims, the disputes are centered on the following: Formation of a Project Steering Committee; outstanding allocations for the first year; and the determination of the Price Book.

3.1.3 Financial (Budget, Exposure, Risk)

- **Expenditure vs Performance Mismatch:** The R3.5 billion was spent by 2024/25, with significantly fewer coaches delivered than planned.
- **Overpayment Concerns:** There was suspected overbilling by some contractors. The post-payment verification controls during the early disbursements were weak. An independent company has been appointed to verify invoices. The report was due by the end of March 2026.

Following a written complaint from one of the GO Contractors in April 2024 and management concerns at the time, PRASA commissioned a forensic investigation to determine the veracity of the allegations of potential breaches of contract, financial mismanagement and operational inefficiencies. PRASA received a Forensic Report in May 2025 in respect of the investigation conducted into allegations relating to the mismanagement of the General Overhaul Programme. The report is strictly confidential and legally privileged. The forensic Investigation report identified serious and systematic irregularities in the management of the GO Programme, which included inter alia the following:

- Corrupt relationships identified between two PRASA employees and GO contractors, including payments made via third-party entities;
- Systematic overcharging by some contractors, with independent experts confirming price inflation ranging from 200% to 1 700% on certain items;
- Manipulated and fabricated invoices, including same-day authorisation of quotations, completion certificates and invoices, indicating weak or bypassed controls; and

- Contraventions of the Prevention of Crime and Combating of Corrupt Activities Act (PRECCA) and Prevention of Organised Crime Act (POCA) by implicated individuals and contractors.

3.2 PRASA Roadmap to address challenges

Action	Progress / Estimated Timeline
Legal Notices: Draft and prepare formal notices to be issued by PRASA.	Complete
Arbitration Support: Present forensic report to MBA Incorporated to assist with two ongoing arbitrations.	Complete
Supplier Investigation: Consult on irregular links between suppliers and the GO team.	In Progress: Estimated completion by 31 March 25.
Feasibility Assessment: Assess GO Contract feasibility regarding funds spent versus coaches in use.	In Progress: Estimated completion by 31 Mar 25.
Remunerative Work Audit: Review declarations of interest to identify employees doing unauthorized extra work.	Complete
Forensic Audit: Complete review of scope, variations, allocations, invoices, and certificates since inception.	In Progress: 17 February 25 to 30 April 25 (Aims to quantify claims).
Pricing Schedule Review: Review SCM-approved pricing schedules.	Complete
Policy Updates: Update Mobile Computing Policy regarding device sales; develop quality assurance record-keeping protocols.	Complete
TMS Programme Review: Assess need for review of the lapsed TSM Programme for similar irregularities. TSM discontinued.	Complete
Disciplinary Action (Management): Suspension and disciplinary proceeding.	Planned: 01 March 25 to 31 March 25.

Criminal Reporting (PRECCA): Reporting under the Prevention and Combating of Corrupt Activities Act.

Complete

3.3 General Project Details

Contract Value	R7.5 Bn
Spend to Date	R3.5 Bn
Number of coaches and Locomotives refurbished (shunted, work in progress and finished goods)	958 coaches/ 80 train sets (615 GO, 338 Ad-hoc)

3.4 Implementation of the forensic investigation recommendations

3.4.1 Disciplinary Matters

Employees

PRASA has initiated disciplinary actions against all implicated employees per the recommendations in the Forensic Report. Two disciplinary hearings were immediately concluded late last year upon the release of the draft forensic investigation report. These two employees were subsequently dismissed for wrongdoing and are no longer in PRASA's employ. The dismissals were not challenged by the dismissed employees. 11 more employees in the rolling stock value chain, are currently undergoing disciplinary hearings, and the disciplinary processes are at different stages.

3.4.2 Project Governance and Internal Controls

Strengthening of Internal Controls and Project governance

To prevent the reoccurrence of irregularities, e.g. ensuring that processes are aligned with PRASA's policies, PFMA and all relevant legislation, PRASA Capital has implemented reviews of internal controls. These include:

- Providing monthly progress reports on the implementation of the recommendations of the forensic report findings;
- Engagement with relevant stakeholders, including the GO Contractors, to ensure that all parties are aligned with the corrective measures and that any outstanding issues are resolved promptly; and
- Establishment of project steering committee and contractor performance monitoring.

3.4.3 Legal, civil recoveries and contract cancellation

3.4.3.1 PRECCA and Criminal Referrals

- The Forensic investigation outcomes were reviewed against PRECCA thresholds. Criminal referrals were initiated/prepared where evidence met prosecutorial standard. Matters were referred to SAPS/SIU with supporting forensic packs. Internal disciplinary processes were concluded for implicated officials. Further cases are ongoing;
- Legal gatekeeping was applied to avoid prejudicing civil recovery or arbitration matters;
- Selected contractors and individuals are under active criminal review; and
- Evidence preservation and chain-of-custody controls are in place.

3.4.3.2 Civil Recoveries (Damages and Overpayments)

- Mechanisms were introduced for the identification of overpayments, non-delivery, and unjustified claims per contractor;
- Civil recovery pathways were activated;
- Recovery actions were aligned with forensic findings and legal opinions;
- Claims were structured to protect PRASA against counter-litigation risk;
- Recovery matrices were finalized per contractor; and
- Civil claims were bundled with contract closure strategy.

3.4.3.3 Contract Cancellation and Legal Closure

- Contracts were assessed against breach notices and termination processes were issued where warranted. One contract was already terminated while others are under structured legal review; and
- Non-performing/ non-compliant contractors have exited or are indicated as having been terminated. The remaining contracts are managed to expiry with strict allocation control.

4. SITE VISIT TO YNF

4.1 Background to YNF

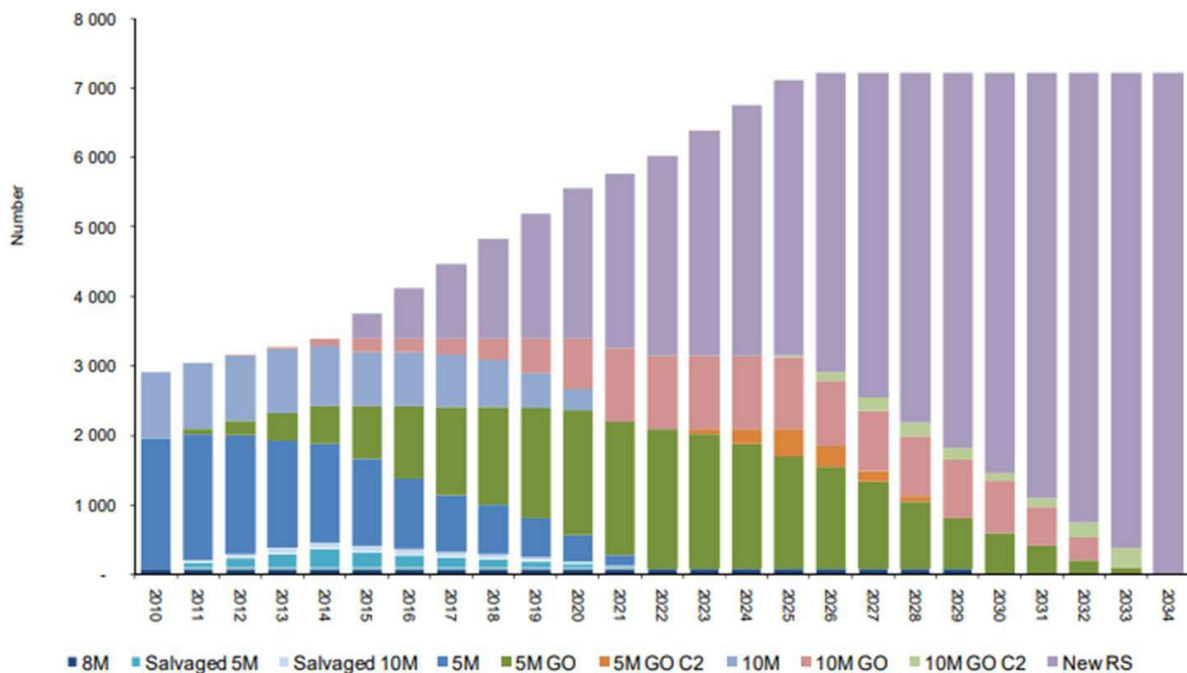
The Committee visited one of the GO Contractor's, YNF, at its Isando Facility on 29 April 2026. The visit comprised of a briefing on the YNF participation in the GO programme and company background followed by a walkabout of the facility. The GO programme has been ongoing for several years. The current phase of contracts started from 2022/23. PRASA and YNF presented on the numbers processed by YNF, indicating that the company is one of the best performers. YNF also does work on locomotives and coaches for Transnet at their Pretoria West Facility. The company is a 100% black female owned company. They have 3 facilities in Isando, Industria and Pretoria West. The Isando coach capacity is 111, but the current number of coaches at the facility is 87.

The Committee noted that YNF presented a number of 268 coaches delivered from the company, while in a presentation to SCOPA in September 2025, PRASA indicated the number of coaches and locomotives till end of March 2025 by YNF was 334. PRASA clarified the discrepancy in these numbers during the debriefing on 30 April 2026 indicating that the figure presented to Parliament included coaches and locomotives that are allocated to YNF both in the pipeline to be refurbished as well as finalised and sent back to PRASA, whereas the numbers presented by YNF covered those coaches completed only. The 3 manufacturing sites are in close proximity to PRASA depots to ensure fast technical Response Time. The Industria north site is 10 500 sqm and has a headcount of 186 staff members. Pretoria West is 12 700 sqm and has a headcount of 154 staff members. The facility has a capacity for 54 coaches, while the current load is 40. The projects to date are overhaul of GE, GM and class 34, 35, 36 and 18E

rolling stock. The 74 000 sqm Isando Site has a headcount of 163. The site has capacity for 111 coaches, with the current load at 87.

The company made capital investments for spray paint booths, shot blast booths, water test facilities, structure gauges, 3kV Test Lines, lifting jacks, rail tracks, cranes, machinery, tools and equipment and inspection pits. The company noted that the industry decline from 2014 to 2019 lead to the closing of contractors and the supply chain services linked to these refurbishment type services, as well as skills lost to other industries. This left commuters without affordable transport and the economic knock-on effect to the extended families of contractors and second-tier suppliers.

4.2 Envisaged Phase Out of Old vs Introduction of The New Fleet



Phase out with planned but not executed GO Repairs as presented by PRASA. The target date by when the old “yellow” fleet would be worked out of the system is 2034.

The Isando facility is focused on Metro coaches, locomotives and manufacturing of wagons. The Pretoria West facility is focused on Metro coaches, Shosolozha Meyl coaches and locomotives. The current PRASA Fleet are the 10M and 5M2A coaches. The company gave an overview of how it could modernise the 5M and 10M coaches through adding a number of

upgrades to the coaches that could provide more modern services should these upgrades be approved by PRASA.

4.3 Payback from Revenue Generation

The Company provided estimated figures on what value or revenue could be derived from a coach that has been overhauled and how many of these coaches had already been finalised under the contract for PRASA.

Coaches delivered from YNF	268
Equivalent Trainsets	23
Max Passengers per Trainset	3000
Average trips per Trainset per day	5
Passengers per Trainset per day	15000
Cost per trip	R10
Revenue per day	R150 000
Revenue per Trainset per year (220 days)	R33 000 000
Revenue per year for 23 Trainsets	R759 000 000
10 Year potential revenue	R7 590 000 000

4.4 Opportunities

YNF outlined the opportunities that could be explored in the GO Programme such as integrating YNF into the National Strategy by using the historical partnerships to create future partnerships, refurbishing the existing fleet , including YNF in a Skills Transfer program for new fleet for after warranty repairs and allowing YNF to participate in the after-market for new EMU trains. YNF further support the Modernization Programme and the deployment of

existing “Yellow Trains” to rehabilitated corridors to gain support from communities and taxpayers. It supports the extension of the current GO Program to build capacity and selecting 100 x 5M/10M coaches for a Modernization Pilot Project. YNF will develop the potential upgrade solutions to be agreed on with PRASA based on budget or time constraint, and utilize the collective 132 years of rail management experience within YNF to provide workable solutions that will support the commuter and in turn the economy.

4.5 Observations at YNF

After the discussions and the walkabout which showed coaches in various stages of repair, and from shell to completion, members made the following observations:

- 4.5.1 Considering the cost of fuel increases affecting the cost to travel by general commuters, the members indicated that the need for bringing as many functional coaches online and into service in order to increase rail passenger volumes is crucial;
- 4.5.2 These types of upgraded train sets could be sent to the Eastern Cape to service the passengers who cannot benefit from the new EMU train designs currently;
- 4.5.3 It was noted that PRASA indicated that YNF was one of the best companies, but the Committee should also see the contractors that did not perform to standard;
- 4.5.4 The company did not give an overview of accidents or incidents at the facilities and was asked to provide this information in writing;
- 4.5.5 The presentation showed that there was a return on investment when one compares the refurbishment values with the potential income the train could generate over the 10-year lifespan;
- 4.5.6 The socio-economic impact of the GO programme and skills retention is appreciated. PRASA should deliver a briefing to the committee on the future of the GO programme once the 18-months left in the contract are over. The committee does not want to see the loss of these skills or services and the drastic impact that this may have on the contractors who may see large job losses.

5. VISIT TO THE BRAAMFONTEIN DEPOT AND GO COACHES

Members were given an overview of the Braamfontein Depot facility after the site visit at YNF on 29 April 2026. The facility services old yellow fleet at new EMU blue fleet. The facility also has a clinic on site where drivers are able to receive annual medical checks for safety compliance and services for injuries on site are provided. Some coach scrapping also occurs at the facility while the facility in Pretoria also does scrapping. Scrapping is done of coaches that have been in accidents, derailments or at the end of their lifespan (once a coach reaches 50 years, the CEO and Board considers whether it is better to scrap than to continue overhauling).

The process of the Braamfontein Depot rehabilitation and development is at an advanced stage with designs ready, the same applies for the Benrose facility. These are projects under the Depot Modernisation programme. Since the facility is older, the maintenance and work on new blue EMUs are not optimal but interim measures are applied to ensure continued maintenance can occur at the facility. PRASA has sufficient capacity to service the yellow fleet at the facility. Many EMUs that come for maintenance are still under their warranty with Gibela, so Gibela has space on site with PRASA to ensure in-warranty maintenance of EMUs are done by their staff.

When coaches come for maintenance or general overhaul, PRASA works with a block set strategy to ensure that coaches that were completed and maintained at the same time are blocked together as a set which makes it easier for coaches to be maintained or repaired as a set. TSSSA contract ensures that upskilling of own staff occurs and there are yearly timelines for technical team training and conversions for the 19 years of the contract.

During the walkabout members were taken to the maintenance workshop, a section of the yard, the security control room and the clinic. During the visit at the security control room, members were briefed on the CCTV roll-out as well as the walling project.

6. PRASA TRAIN RIDE AND VISITS TO CONTROL AND OPERATION CENTRES

6.1 Mabopane Station

The Committee took a train ride from Mabopane Station to Pretoria North Station on 30 April 2026 and received an overview of the Mabopane station prior to the train ride. The following were noted during the walkabout:

- The Station, although practical, is made up of four main buildings or facilities comprising of an integrated transport facility to the one side mainly for bus services which has fallen into a state of disrepair, the main station and platform area which is rather dark when moving through the turnstiles to the ticket office, the traders and vendors facility which houses informal traders currently as the facility building is not finalised and also in a state of disrepair.
- Next to the station, opposite Soshanguve Mall, there is a taxi and bus rank which is currently used since the other facility on the opposite end of the station is not finished and not in use. The rank facility appeared clean and to have sufficient shading for vehicles and passengers who make use of the station. There are limited parking facilities at the station for passengers who chose to park their vehicles and use the train which is not shaded. There is a large community of informal traders operating at the station and some of the spaces they occupy are also poorly lit with uneven surfaces.
- The intermodal facility and traders' facility linking with the station are at a standstill due to these properties being on land that is owned by different parties namely PRASA, the City of Tshwane, the Department of Public Works and Infrastructure and a private landowner. PRASA indicated that there are agreements in place with some and others are being finalised for the modernisation project of the station to commence.
- Trains to and from the station are staggered in 20-to-25-minute intervals during peak periods and 40 minute intervals for off-peak. During peak some trains reach capacity of 2400 (2 coupled trains with 12 coaches). The station has a police station next to it for both SAPS and PRASA Rail Police services, but the station also serves the local community.
- Completion of the station project is estimated at 24 months to complete both the walling project and the building works. PRASA has a turn-key contractor which must ensure the design and construction is done. This work is done in phases starting with the feeder facilities, commercial development for traders and the bridges required to link all the facilities. The budget is around R250 mil.
- There is also a traction substation next to the station which has been walled and the corridor walling is in progress – these are also in phased projects and phase 2 has 3

work packages with two contractors appointed. The wall can take hits of 60km/h without sustaining damage. The timelines for the walling project have been pushed to mid-2026/27 financial year, with 15 November 2026 as a target date for this corridor. Work on this is impacted by weather and black clay pockets on which you cannot build. Off-site work and on-site work are underway, this involves clearing land of vegetation and prepping the sites, pegging for land parcels to ensure walls are on PRASA land and also requires an under dig with portions of the wall underground to prevent under-digging by criminals and a height of 3 meters. The panels are pre-cast and slotted into each other on site with cranes. At the end of phase 2 and during phase 3 the CCTV systems will be installed to ensure monitoring can commence in a similar way to the control centre seen at the Braamfontein depot. At those sections where the concrete walling is not installed, PRASA makes use of Military grade clear-vu style fencing at different projects throughout the country. For this route, 8 bridges will be constructed to ensure ease of safe movement for passengers that need to cross the railway and to ease access to the stations. There are also 14 work packages to deal with storm water drainage along the route.

- Regarding community involvement, PRASA indicated that the 30% target does create some difficulty in some instances, but they do have a team for stakeholder management which work with contractors in identifying packages where community involvement is possible from equipment supply to employment.
- The signalling for the Gauteng region has been modernised under two contracts and members were given an explanation of how the physical signalling works at the station and along the route as well as seeing the command-and-control centres for signalling later in the day. Point machines along the route are interlocked with the signalling system. The previous system allowed for 5-to-15-minute intervals in a uni-direction, but the new system allows for flexibility. Currently the line runs 3 trains at 20 minute intervals, however, the target is to reach 12 to 18 trains per hour once all the work for signalling and track repairs are finalised.
- Mabopane also has a “balloon” track allowing the turning around of the train as this is the final stop on the line from Pretoria. Once the walling project is finalised there will be the option to allow for the station to serve as stationing for the trains but also to store or stage more trains at the Wolmerton Depot.

- With regard to universal access, some ramps were visible at the station. The station is indicated to have lifts that go from the trading facilities to the platform and PRASA is working on improving ramp access.
- At its arrival to the Mabopane station, the committee had a negative impression given the state of the facility from the outside as well as the condition of the roads and overgrown vegetation around the station.

Members embarked on the train ride from 09:32 to 10:05, disembarked at the Pretoria North Station and walked over to the Central Traffic Control (CTC) centre. At this station there is also coach scrapping being done of those coaches that can no longer be used safely. PRASA had 131 coaches 2 months ago, scrapped 40 in the first month and the remaining coaches should be done in the coming weeks. They process 2 coaches a day. The aim is to clear these lines of the coaches for scrapping so that the lines can be used for other operations. PRASA leases a locomotive to push the coaches to the scrapping station, they use shears to cut the body and the excavator moves the scrap piles onto low bed trucks which go to a weighbridge to verify the scrap metal weight and the contractor pays PRASA market related value for the scrap metal per tonnage.

On the way to the CTC facility members commented on the freshly cut grass on one side of the track compared to the other part of the track and questioned whether this was merely done due to the visit by the Committee. PRASA replied that this was not the case as they had many grass cutting contracts and the grass was cut due to overgrowth caused by heavy rain that the region had.

6.2 Visit to the Pretoria North CTC

Members took a walkabout of the CTC after the safety and operations briefing. Members received an overview of the following facilities:

- Members were informed that the signalling equipment room which feeds into the CTC and controls will move to the Gauteng Nerve Centre, although this centre will remain as a backup in case of failure at the nerve centre. Both old signalling and new equipment are displayed at the facility. Where signalling failures or damage occurs, the centre still

ensures manual authorisation is done. This is done by cell phone communication to the trains, but the new communications system is being installed to speak to the new EMU driver cabin via the onboard radio capability with cell phones reverting to back-up communication form.

- The main switch network system is also on the site. A redundant site being built with duplication of the system ensures that continuation is there in case of emergency or damage to the facility.
- Members were also shown the server room.
- The current signalling system seen by members and operational in the region is a Siemens system. Some regions do use other systems nationally, but the Siemens system is predominantly used.

6.3 Visit to the Gauteng Nerve Centre (GNC)

The Committee received a safety briefing outside the facility and conducted a walkabout of the outside of the facility. Alternative and additional powers sources were pointed out to members. There is also a connection to the Transnet substation and once upgraded the Genashley substation will be the connection. There is consistent power-flow to the facility with MV transformers and there are also diesel refill facilities available on site.

The Committee visited the signalling server room/data centre and the control room via the viewing deck. They use a private network system for signalling operations to prevent unauthorised access and limit possibilities of hacking into the system. They did a hack test run in the previous year, and this picked up where the system needs to be improved on. Technicians are trained on the digital system and where needed there will be implementation of enhancements and computer-based maintenance.

There are some vacancies for the centre. An overview of the control room was given, and the briefings were done from the viewing deck.

After the walkabout PRASA gave a presentation on the signalling recovery project for the Gauteng Region to date. The presentation outlined the timelines and scope of work and indicated that work packages run concurrently. PRASA indicated that the restoration of the

Trunk, Mabopane–Naledi, albeit at low capacity, is recovered, including seven (7) feeder lines namely:

- Mabopane - Pretoria
- Pienaarspoort - Pretoria
- Saulsville - Pretoria
- De Wildt - Pretoria
- Hercules - Koedoespoort
- Pretoria – Kempton Park
- Leralla – Germiston
- Germiston – Johannesburg
- Naledi - Johannesburg
- Johannesburg – Randfontein
- Germiston – Kwesine
- Midway – Partial
- Vereeniging (Slots approval process – TFR)

The North service lines are recovered. There are no train services on the Daveyton, Springs, Nigel, Oberholzer and “Jikeleza” lines, including Midway to Vereeniging. Out of the total number of 217 Stations, 59 North and 158 South, 86 are active stations, including 11 halts with basic functionality. Approximately 68 EMUs are deployed for active operations.

6.4 Update on Gauteng Operations

6.4.1 Gauteng Service lines Status

The following table indicates the progress per the indicated lines for work on the perway, stations, signalling and telecommunications.

No	Commuter Service Lines	PERWAY	OHTE	STATIONS	SIGNALING	TELECOMS
1	Mabopane - Pretoria	97,8%	91,1%	91,1%	95,2%	69,7%
2	De Wildt - Pretoria	97,8%	91,1%	91,1%	95,2%	69,7%
3	Pienaarspoort - Pretoria	85,9%	91,1%	91,1%	0,0%	0,0%
4	Saulsville - Pretoria	94,8%	91,1%	91,1%	95,2%	69,7%
7	Naledi - Johannesburg	91,4%	85,0%	94,5%	23,9%	19,8%
8	Leralla - Johannesburg	84,6%	89,8%	94,5%	0,0%	0,0%
11	Pretoria - Johannesburg (Centurion)	79,1%	91,1%	91,1%	0,0%	10,0%
12	Centurion - Johannesburg	92,4%	94,5%	94,5%	0,0%	9,9%
16	Daveyton - Dunsward - Germiston	29,2%	0,0%	0,0%	4,8%	5,0%
17	Vereeniging - George Goch(via MDY) Incl NSC, WST, FAR	38,9%	0,0%	0,0%	0,0%	0,0%
18	Kwesine - Germiston	95,0%	98,0%	80,0%	4,8%	9,9%
23	Springs - Germiston	29,2%	0,0%	60,0%	4,8%	5,0%
24	Randfontein - Johannesburg	68,1%	86,0%	30,0%	4,8%	5,0%
25	De Wildt - Hercules - Belle Ombre	88,9%	100,0%	100,0%	100,0%	59,7%
28	Mabopane - Pienaarspoort (via Capital Park)	98,7%	100,0%	100,0%	47,6%	29,9%
29	New Canada - Houtheuvel	30,0%	95,0%	47,2%	4,8%	5,0%

6.4.2 Line Status, Growth and 2025-26 Performance

Average Train Frequency (minutes) in peaks										
Lines	Trainsets	Trips	Peak Frequency	Off-Peak Frequency	Kilometers	Running Speed	Travel Time	Active Stations	Inactive Stations	Additional Speed Restrictions
Mabopane - Pretoria	12	57	23 min	23-70 min	38,62	60km/h	60 min	11	8	Hercules - Bosman(30km/h)/ Mountainview - daspoort (30km/h), Wintersnest - Akasiaboom (30km/h)
Saulsville - Pretoria	7	88	14 min	35 min	13,21	60km/h	25 min	6	0	Cordelfos - Kalafong(30km/h), Pretoria station platform 4&5 (15km/h)
Pienaarspoort - Pretoria	8	66	15 - 55 min	30 - 165 min	26,58	60km/h	45 min	12	3	Greenview - Pienaarspoort (15km/h)
Germiston - Leralla	6	34	20 - 75 min	25 - 75 min	46,6	60km/h	65 Min	7	6	Germiston - Elandsfontein (30km/h), Kaalfontein - Leralla (30km/h)
Germiston - Johannesburg	4	35	40 min	80 min	13,85	30km/h	32 min	2	8	Geldenhuis - Tooronga (15KM/h)
Naledi - Johannesburg	8	28	30-60 min	60 - 100 min	27,37	60km/h	50 min	16	0	After tamping section Speed restriction of 30km/h was imposed over points
Pretoria - Kempton Park	3	36	20- 70 min	70 min	41,53	60km/h	60 min	5	3	Kaalfontein - Olifantsfontein (30KM/h), Irene - Centurion (30km/h) Pinedene sink hole (15km/h)
De Wildt - Pretoria	8	55	23 min	23-70 min	40,19	30km/h	60 min	4	3	Mountainview - daspoort (30km/h)
Mabopane - Belle Ombre	4	24	60m	60-80 min	30,3	60km/h	60 min	1	0	Mabopane baloon(15km/h)
Hercules - Koedoespoort	1	8	70 min	No service	9,96	30km/h	40 min	2	4	Hercules station(15km/h), Queenswood- Piemeefrust(15km/h)
Johannesburg - Midway	2	12	150 min	180 min	25,1	30km/h	65 min	6	0	Kliptown - Tshiwelo (15km/h)
Germiston - Kwesine	4	29	55-60 min	120 min	15,46	30km/h	48 min	5	1	
Johannesburg - Randfontein	4	31	120 min	150 min	43,58	30km/h	110 Min	9	9	Industria - Westbury (15km/h) - JHB - RFR 110 Minutes journey including 10 minutes interchange
Vereeniging - Union	0	0	No service	No service	67,05	0	0	0	0	
	71	503						86	45	

PRASA noted that there is a need for accelerated funded infrastructure programmes, associated with migration from limited service to optimisation, and indicated the following:

- 71 EMUs are scheduled to deliver 503 train trips per weekday;
- Peak frequencies average between 49 and 63 minutes;
- Running speed is kept at 60km/h: RSR prohibition where the signalling system is not operational;
- Average travelling time is 55 minutes; the shortest being Saulsville at 25 minutes and the longest being Pretoria to Johannesburg at approximately 2 hours 30 minutes;

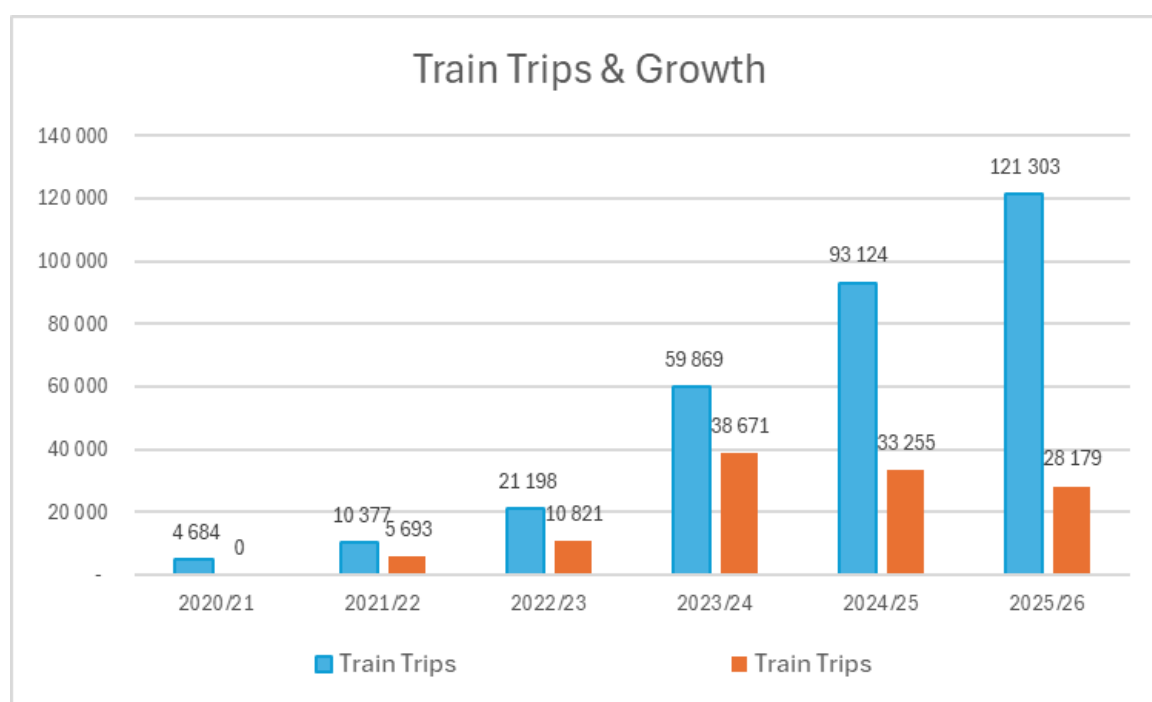
- Albeit basic functionality, 86 stations are operational, which includes the two additional stations, Gezina and Villeria, commissioned at the end of March 2026;
- More than 19 open line areas are impacted by speed restrictions;
- At the main, Gauteng is affected by the Signalling System and Drainage, including formation challenges;
- Five packages for signalling restoration are awarded for an 18-to-24-month recovery programme;
- 14 Drainage Packages went to the market, were evaluated and are awaiting funding allocation to finalise the adjudication;
- For safety, 4 bridges at Daspoort and Elandsfontein, Grosvenor and Mzimhlophe had been demolished, with one outstanding at Meyerton station. The refurbishment of bridges at Dube and Roodepoort stations are underway and the Elandsfontein station construction was in progress; and
- The On-Track-Machine programme is underway. The wash-away area from 9 December 2022 at Midway-Lenz was underway. Completion is expected by the end of April 2026.

6.4.3 Impact of signalling systems on capacity

The PRASA delegation indicated that train scheduling and capacity are influenced by signalling availability thus having a direct impact on staff productivity. Network Electrification, whilst necessary, recovering it without the signalling programme does not necessarily provide the increase to full utilisation of staff or respond to the commercial service demand. There was a need for re-alignment to achieve increases in service capacity and productivity.

6.4.4 Train Trips Run 2020-2026: Benefit of Signalling System to Patronage Growth

		FY Year Performance							
Corridor	Service Line	FY Year of Operation	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total Since Resumption
North	Mabopane - Pretoria	2020/21	613	1 857	6 335	6 917	9 207	11 144	36 073
	Pienaarspoort - Pretoria	2020/21	1 368	857	3 684	11 124	16 003	16 235	49 271
	Saulsville - Pretoria	2020/21	580	4 056	5 818	7 546	11 847	21 687	51 534
	De-Wildt - Pretoria	2022/23	-	-	2 214	5 963	9 147	12 499	29 823
	Mabopane - Belle Ombre	2023/24	-	-	-	1 280	3 880	6 742	11 902
	Hercules - Koedoespoort	2023/24	-	-	-	24	1 931	1 858	3 813
Total North			2 561	6 770	18 051	32 854	52 015	70 165	182 416
South		FY Year of Operation	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total Since Resumption
	Johannesburg - Leralla	2020/21	865	1 290	225	4 840	6 253	7 808	21 281
	Johannesburg - Naledi	2020/21	838	1 412	2 140	6 315	5 224	6 810	22 739
	Germiston - Vereeniging	2020/21	420	905	736	835	-	-	2 896
	Johannesburg - Pretoria	2022/23	-	-	46	11 186	9 101	9 654	29 987
	Johannesburg - Midway	2023/24	-	-	-	6	2 767	3 196	5 969
	Germiston - Kwesini	2023/24	-	-	-	10	4 361	6 787	11 158
	Germiston - Johannesburg	2023/24	-	-	-	3 817	9 041	9 436	22 294
	Johannesburg - Randfontein	2023/24	-	-	-	6	4 362	7 447	11 815
Total South			2 123	3 607	3 147	27 015	41 109	51 138	128 139
Total			4 684	10 377	21 198	59 869	93 124	121 303	310 555
Growth (number)			0	5 693	10 821	38 671	33 255	28 179	
Growth (%)			0%	122%	104%	182%	56%	30%	



In Gauteng, train trips grew by 30%. The lines with a functioning signalling system posted higher growth even with the screening occupation during 2025-2026. Mabopane experienced

21% growth, Saulsville 83%, De-Wildt 37% and Belle Ombre 74%. Lines without a function Signalling System failed to show significant growth. The extension of services from Centurion/Irene to Kempton, led to a reduction due to longer travel time and low frequencies. Signalling system remains a game changer for the province. It enables higher frequencies even under perway constraints such as bad drainage, formation and rail tracks. There is a need for a signalling system to support exponential growth. Gauteng contributes 60 % to the national targets. PRASA indicated that the EMUs can travel at speeds of 90km/h or over once the signalling and infrastructure issues are resolved.

7. OBSERVATIONS AT GNC

The Committee made the following observations after the visits to the GNC:

- 7.1 The Committee noted that the GNC is a state-of-the-art facility and indicated that the Mabopane train station should also reach state of the art status.
- 7.2 The Committee noted that the GNC server room is located in the basement and cautioned PRASA about possible flood risks.
- 7.3 Passengers and communities experience a high cost of transport while PRASA can provide cheap and safe transport. PRASA must make sure there is more awareness about the cheap travel options and ticket prices as well as the corridors that were recovered and operational. The off-peak volumes should be improved on.
- 7.4 PRASA has clean, on-time, affordable trains and there needs to be an assessment as to why passenger numbers are not improving faster. The entity should consider running a promotion with free train rides over a month or two-month period to regain patronage and for people to see how the services have improved.
- 7.5 Where locomotives are needed for services where EMUs cannot operate, PRASA must ensure that all facilities are ready. There is a need to ensure a balance in the restoration of the network with continued receipt of new EMUs.
- 7.6 Members were encouraged by the complexity of the work done by PRASA and further welcomed the mix in demographics of staff. The Committee commends the organisational culture, and this must be continued to be sustained from the security at reception up to the executive management.

- 7.7 The outside cleaning of the trains can be better attended to ensure that coaches are washed regularly as clean and safe trains will bring more passengers back onto rail services.
- 7.8 Regarding the scrapping of rolling stock, the entity must fast track the sale of these and consider sale for repurposing of the carriages for townships where the shells can still be used for various purposes.
- 7.9 The entity needs more funds to finish the modernisation of the Mabopane station and once complete should invite the President back to see the improvements of the station and the performance improvements on the line.

8. RECOMMENDATIONS

The Committee made the following recommendations following the oversight visits:

- 8.1 PRASA needs to ensure continuous positive marketing and to maintain the security presence at their facilities to draw more passengers back;
- 8.2 PRASA should work on completing the signalling as well as depot modernisation and roll-out, and ensure that this is online nationally as soon as possible; and
- 8.3 PRASA should ensure that the Committee receives quarterly briefings on progress made under the GO Programme as well as the various modernisation projects.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT ON ITS OVERSIGHT VISIT TO KWAZULU-NATAL PROVINCE FROM 27 – 30 JANUARY 2026, DATED 9 JUNE 2026

The Portfolio Committee on Transport, having conducted oversight in KwaZulu-Natal Province from 27 to 30 January 2026, and having conducted an additional meeting on 2 June 2026, reports as follows:

1. INTRODUCTION

In terms of section 42(3) of the Constitution of the Republic of South Africa, 1996, the National Assembly must scrutinise and oversee Executive action. The National Assembly, through the Portfolio Committee on Transport, oversees the work of the Department of Transport and its entities.

1.1 PURPOSE OF THE OVERSIGHT VISITS

The purpose of the oversight visit was for the Committee to:

- Visit both Integrated Public Transport Network (IPTN) projects of Msunduzi as well as eThekweni to ascertain what progress there has been since the oversight visit to the cities by the 6th Parliament Portfolio Committee on Transport, and receive an update on what the cities were doing to comply with the grant conditions in order to keep receiving the funds for the IPTN services since these were the only two cities in the province that benefit from the Public Transport Network Grant (PTNG) which funds the implementation of IPTNs. This would also allow members to see whether the funds already received have been spent on the provision of IPTN services and that there are or would be public transport services for the inhabitants of these cities that are safe, reliable and affordable;

- While in Msunduzi, the Committee would be briefed by the KwaZulu-Natal Provincial Department of Transport on which roads they have identified to benefit from the Provincial Road Maintenance Grant (PRMG) as well as visit two roads which benefited from the grant. Further to this, the Committee would receive a briefing from the Provincial Department to see how much of the Provincial Department budget adds to the overall budget for the maintenance of provincial roads (this would be the allocations of PRMG along with the Equitable Share).
- Receive a briefing during the visit at ACSA on plans and the budget for King Shaka International Airport (KSIA) projects at the airport and around the aerodrome (including any expansion plans for airfield or roads around the aerodrome, non-aeronautical revenue increase plans, secured access to water for the airport facilities and alternative energy sources). The visits would also ascertain whether the airport had all the required flight procedures and systems in place to ensure aircraft can land safely at the airport and whether the international arrivals passport control system has been streamlined to reduce waiting times for the processing of international arrivals and whether the airport is sufficiently provisioned with jet fuel and technical staff to ensure aircraft delays linked to these issues are reduced.
- Meet with the Ports Regulator of South Africa (PRSA) as an entity of the Department at its offices in eThekweni to receive an update on the work done by the entity as well as the winding up plans of the entity seeing as PRSA will be incorporated into the Transport Economic Regulator (TER) during the 2026/27 and 2027/28 financial years. Of particular concern would be what will be done with the office space as well as a status update on the labour processes to move the PRSA staff to the TER.

1.2 DELEGATION

The delegation consisted of the following members: Mr SD Selamolela, MP (ANC) – Leader of the delegation, Ms NS Nkopane, MP (ANC), Mr C Malematja, MP (ANC), Mr N Maduna, MP (ANC), Mr T Mabhena, MP (DA), Mr P Motubatse, MP (MK), Mr M Blose, MP (EFF) and Mr S Gana, MP (Rise Mzansi).

The Committee was supported by: Ms V Carelse (Committee Secretary), Adv A Nel (Content Advisor), Dr S Ngesi (Researcher), Ms P Mahlathi (Committee Assistant) and Mr S Maputi (Communication Officer).

1.3 PURPOSE OF THE REPORT

This report captures the substantive discussions the Committee had during the oversight visit. The Committee Secretary can be contacted for access to the detailed presentations.

2. OVERSIGHT VISIT ON THE PUBLIC TRANSPORT NETWORK GRANT AND IMPLEMENTATION OF THE INTEGRATED PUBLIC TRANSPORT NETWORK (IPTN) AT MSUNDUZI MUNICIPALITY

The Committee conducted an oversight visit of the IPTN of Msunduzi on 27 January 2026 to ascertain what progress there has been since the last oversight visit to the city by the 6th Parliament Portfolio Committee on Transport and to receive an update on what the city was doing to comply with the grant conditions in order to keep receiving the funds for the IPTN services from the PTNG. At the briefing the city's delegation, led by the Executive Mayor, presented the following report to the Committee on the implementation of the IPTN:

2.1 BACKGROUND TO THE MSUNDUZI IPTN

- The planning and design of the IPTN began in 2008/09, and construction commenced in 2016. The Municipality was suspended from the PTNG in 2019. After its suspension, the Municipality addressed its shortcomings, allocated council funds to prepare a turnaround plan and in 2023 applied for readmission to the PTNG. In 2023, the Municipality was granted pre-readmission into the PTNG and is now in the pre-readmission phase to ensure operations of the system. The revised plan is an incremental plan connecting Edendale with the CBD.

- The total PTNG allocation for the 2025/26 financial year is R100 million. Core to the re-admission to the program is continuous engagements with the taxi industry and other stakeholders including commuters, people with special needs, scholars, and other government departments as part of the rollout of the public transport service.
- The Deputy Mayor is championing engagements with affected taxi operators and the bus industry. Procurement of 22 buses are planned for Phase 1A dependent on consultation with the National Department of Transport (NDOT), the affected public transport operators and a fare collection system to be Cashless from Day 1 of operations.
- The municipality is increasing capacity for the IPTN Business Unit with more vacancies to be prioritized. Due to the multi-disciplinary nature of the IPTN programme, more internal and external resources will be required to support and monitor the implementation of the project.
- The taxi associations identified as affected by the Msunduzi IPTN are engaging the Municipality to formally start negotiations. The parties must establish the Msunduzi Affected Operators Steering Committee (MAO SC) representing these associations and the Vehicle Operating Company (VOC).
- The affected associations are recorded as part of the uMgungundlovu Regional Taxi Council (UTRC), which entered into a Memorandum of Agreement (MOA) with Msunduzi Municipality in January 2025, however, key negotiations remain outstanding and the Municipality needs to work more with the KZN Department of Transport (KZN DOT) to transition affected Operators.

2.2 AFFECTED TAXI AND BUS OPERATORS ENGAGEMENTS

2.2.1 KEY CHALLENGES AND WAY FORWARD

Formal negotiations with affected taxi associations remain stagnant due to recent leadership changes in taxi industry structures. The implementation of the MOA, moratorium on operating licenses, and the structure for the MAO SC still need to be finalized. As a way forward, a preliminary 3-year contract followed by a Negotiated Contract to enter into a 12-year contract with the VOC are dependent on sustainability of the PTNG. Negotiations will be held where a transition model will be presented and a Road Map for the Establishment of the VOC starting

with the establishment of Engagement and Negotiation Structures, Negotiations with the Region and or Affected Associations plus bus operators, Fleet Procurement and VOC Establishment.

The procurement of buses is dependent on affected taxi and bus operator buy-in. The engagements relating to ownership and or a leasing model are not finalized. Once consensus is obtained from the affected operators, the VOC will be established by affected taxi operators. As a way forward, the specifications for Original Equipment Manufacturer (OEM) are developed for Universal Access (UA) Compliant Low-entry buses. The fleet will be mixed due to the topography. Discussions are needed for Pilot Services for suitable vehicles for the Msunduzi transport network, including research on financing, ownership and alternative energy models.

2.3 ADDRESSING INFRASTRUCTURE READINESS CHALLENGES

2.3.1 STATUS

There were only roadways built on Edendale Roads but these have not been commissioned due to other outstanding project components. Bus Stops/Shelters, layover/depot facilities and Fare Collection facilities are yet to be implemented to show operational readiness for Phase 1A.

2.3.2 WAY FORWARD

The Edendale corridor has yet to be completed for safer operations. Infrastructure spend has proved not to be effective in fast-tracking the project, thus the NDOT motivated for Industry engagements and to halt infrastructure implementation, however, bus lanes, upgrades and maintenance, including traffic signalling will need to be done before operations can commence.

Overall, the outstanding negotiations with affected operators inhibit overall project progress including bus procurement which could warrant the completion of incomplete infrastructure. Phase 1A focuses on routes with the highest public transport demand, ensuring that service delivery responds directly to commuter needs in Msunduzi. The operationalization of this phase

is fully aligned with the long-term goals of the IPTN. Bus Lanes, traffic signalling, and maintenance have yet to be completed. To achieve cost-effectiveness, Phase 1A will be introduced in stages, progressively adjusting operations as the service evolves. Once fully implemented, Phase 1A will accommodate approximately 50% of the forecasted demand.

The municipality has demonstrated its commitment to this rollout, with Council formally approving its financial contribution to the IPTN. Furthermore, the KZN DOT has expressed full support for the proposed Phase 1A service, reinforcing the collaborative effort behind its implementation. More engagement is required on the Provincial Regulating Entity (PRE) Functions, Contracting Authority, an MOU in the interim, and Cut-Off Date of current operating licenses for taxis.

High-risk and unaffordable commitments have been paused with emphasis on Industry buy-in. The IPTN approach has shifted from an infrastructure-led rollout to a phased, service-led implementation.

If PTNG funding is reduced or withdrawn, the Municipality will be unable to continue with an impactful public transport service. Existing BRT infrastructure will be repurposed and integrated into a broader multi-modal system. The Municipality remains committed to providing safe, reliable and affordable public transport for residents.

2.4 DEPARTMENT OF TRANSPORT PRESENTATION ON THE MSUNDUZI IPTN

In its presentation the NDOT stated that the planning and design of the IPTN in Msunduzi started in 2008/9, with infrastructure construction beginning in 2016. Implementation faced major delays due to procurement issues, institutional weaknesses, and funding constraints, leading to Msunduzi's suspension from the PTNG in 2019. Despite the suspension, remaining infrastructure works were completed using PTNG funds up to 2021/22. In 2023, the Municipality was reinstated on a pre-readmission basis pending the completion on a department approved operational model and institutional reforms. Several risks remain, with funding shortfalls and limited capacity to carry out the proposed plans.

The Msunduzi Municipality is currently in the pre-implementation phase of its revised IPTN programme, following successful pre-readmission to the PTNG. The Municipality was preparing to operationalise a starter bus service in December 2026; however, this will now be reconsidered in light of the PTNG being wound down. However, the city continues to face challenges that need to be urgently addressed, mainly in the following areas:

- Institutional Capacity and Planning: High staff turnover and lack of skilled personnel due to political instability poses a risk to effectively implement and monitor the plan.
- Industry transition: There is no working agreement with the taxi industry despite ongoing engagements and technical support, a VOC and contract agreements are yet to be established.
- Funding: Affordability remains a major challenge, with PTNG requirements and funding gaps limiting the ability to cover operating costs and further support supply chain processes.

In its way forward the Department said, as communicated to Municipalities, that the PTNG is being discontinued and will be wound down over the next three years. The Municipality has limited infrastructure and contractual obligations, as it has only recently been readmitted to the PTNG and should therefore utilise the remaining MTEF period to complete and close out existing contractual commitments. In managing existing contracts, the City must ensure continued compliance with critical grant conditions. Where contracts have already commenced, opportunities to further rationalise or reduce costs should be assessed, where feasible, without compromising essential deliverables. The NDOT will work with municipalities to identify, review and evaluate existing contracts to ensure alignment with the PTNG wind-down framework.

2.5 MSUNDUZI IPTN SITE VISITS

- For the site visits, the Committee visited two sites along the IPTN route. The first stop was on Moses Mabhida Road near Masons Mill. Msunduzi officials briefed members on the starting point of the route as well as the work package flow that

was implemented during the construction phase. Officials also highlighted some of the challenges faced by the project which caused delays in finalisation of the construction, mainly citing some of the court interdicts and applications they had encountered from local industry operations along the route which would be affected by the route construction (impact on their access roads during construction as well as the possible expropriation of portions of their property to allow for the widening of the road needed for the double lanes to allow for dedicated bus lanes to be built as part of this road).

- At the time of the suspension from the PTNG, the construction phases were still in progress. The route was 4.9km of infrastructure built with the approximate R1 billion expenditure allocated as part of the grant funding to the municipality since inception of the project. Should the city need to retro-fit the route to allow for the use of the route by public transport providers, such as the current taxi operators, the budget needed for that would be R4.5 million. Some members raised the proposal that the municipality should consider retro-fitment along the route that would allow for general road users to make use of the 2 additional lanes constructed for the IPTN but which are not being used at the moment and to do so in a manner that would ease peak traffic flow by allowing city incoming traffic on the lanes for morning peak travel and city outgoing traffic on the lanes for afternoon peak travel (similar to how large bridge or tunnel operators in countries like Australia or America uses peak traffic control measures on bridges to allow better movement of peak travel periods). The Officials indicated that this proposal was part of the study which the city did following the previous oversight visit by the Committee on Transport during the 6th Parliament term.
- Since the municipality indicated that it would not be spending the full PTNG allocation during the coming three financial years, members also questioned whether the shortfall in expenditure for the 2026/27 financial year could not be directed towards ensuring that this retro-fitment could be done on the existing infrastructure. This would have to be a consideration by the municipality and included in their mitigation plan or their way-forward plan to allow for the use of the infrastructure post the winding down of the PTNG.
- During the site visits clarity was sought on the budget or contract allocation for the expert panel for IPTN services tender that was issued by the municipality and which closes on 3 February 2026. No clear response on this was given during the

engagement. Officials indicated that the panel members would be used as and when needed for various aspects of the IPTN project.

- Members noted that the route visited showed that there were no stations, bus shelters or ticketing offices built along the route. The officials in response to this indicated that they would be able to run smaller start-up operations along the route with minimal infrastructure.
- The second site visited was further up the Moses Mabhida Road where it intersects with Archie Gumede Drive. The Content Advisor indicated that the intersection's traffic lights were not operational during the last oversight visit and were still not operational. There are clear indications at the intersection of cable theft as well as damage to the paving that forms part of the IPTN route infrastructure.
- At this site members were informed that at the top or start point of the route there would be sufficient space to construct a station and ticket office.
- From the second site the delegation returned to the City Hall via a drive alongside the IPTN route towards the city. This allowed members to see the majority of the infrastructure built for the IPTN and to note the current condition of the route as well as the curb side furniture linked to the route and the possibilities it could provide for traffic flow if it were used by general traffic or as a dedicated minibus-taxi lane.

2.6 OBSERVATIONS

The Committee made the following observations during the engagements:

- 2.6.1 The PTNG had not been performing per the National Treasury assessment in its entirety for all municipalities. If the municipality revised the projections based on this winding down, it needed to close off outstanding contracts or reconsider negotiations with taxis given their statement that the municipality could not provide this service if the funding was cut.
- 2.6.2 The municipality may need to consider a scaled down operation and not a BRT system such as commencing the service with a small group of busses on a few routes, similar to how SAA is doing to recover, and use the revenue generated thereby to increase operations later.

- 2.6.3 Expenditure patterns show that from 2009 to 2016 the municipality showed a less than 50% expenditure and use of the budget allocation; with no comments indicating why this was so low. The reasons given for under expenditure for 2021 was merely due to the suspension from the grant. Questions were raised as to whether there were disciplinary or accountability measures taken against those officials that contributed to or caused the delay in the project which contributed the Municipality being suspended from the PTNG.
- 2.6.4 The Vision 2040 of the city said it would be a safe city, vibrant and with a smart municipality but the plan presented did not indicate how it would achieve this vision. The presentation did not indicate how the municipality dealt with capacity issues, delays and non-compliance.
- 2.6.5 During the visit of the 6th Parliament Committee in 2022 the municipality indicated that the project was nearing completion, but on this visit the plan was in chaos and taxi VOC negotiations were not completed. The municipality was asked for a breakdown of the VOC, who would own the assets if the grant allocation was used for the procurement of the buses, what the price is for one bus, who would be responsible for maintenance and fleet renewal, whether the project would be self-sustainable and by when the VOC could expect dividends.
- 2.6.6 The municipality was asked why it did not propose 12-year contracts, if the Taxi industry would accept 3-year contracts, as there would be 2 years of uncertainty if the grant funding ends in 3 years, and paying off taxis or busses take at least 5 years. The taxi industry would not negotiate without that certainty. It was noted that the same mistake happened with the implementation of IPTNs in other cities which left no mechanism to enforce compliance by the industry as seen with Rea Vaya in the City of Johannesburg with massive encroachment of taxis on the bus routes, despite some of these taxi operators being part of the VOC.
- 2.6.7 The NDOT should indicate how the municipality was re-admitted and whether their plan was full proof and explain why the city was still in this state of non-implementation. The Department should be held accountable for the re-admission if the city was showing no real progress since its re-admission.
- 2.6.8 It was noted that during the 2022 visit of the previous Committee part of the discussion then was that city should allow taxis and high occupancy vehicles to use the infrastructure while it was working on the implementation of the routes, however, this was currently not being done by the city.

2.7 RECOMMENDATIONS

2.7.1 The Committee recommended that the Msunduzi Municipality consider alternative measures which they can implement for the safe use of the current infrastructure in order to allow for the ease of movement of its residents while the city continues its engagements with the taxi and bus industries towards conclusion of a VOC (dependent on the consultations with NDOT and National Treasury regarding the wind down of the grant);

2.7.2 The Committee programmed a meeting with the NDOT and National Treasury on 2 June 2026 in order to get clarity on the winding-down of the PTNG and determining the best way forward for all grant recipient cities. The information gathered from this meeting have an impact on the recommendations which the Committee would make to the NDOT as well as to the PTNG recipient cities. As a result of this meeting, the NDOT and National Treasury were asked to provide the Committee with a briefing by the end of the 3rd term on the progress made during the consultations regarding the wind down of the grant, followed by quarterly reports thereafter.

3. OVERSIGHT VISIT ON THE PTNG AND IMPLEMENTATION OF THE IPTN AT ETHEKWINI METROPOLITAN MUNICIPALITY: GO! DURBAN

The Committee conducted an oversight visit of the IPTN of eThekweni on 30 January 2026 to ascertain what progress there has been in the project implementation and receive an update on what the city was doing to comply with the grant conditions in order to keep receiving the funds for the IPTN services since the city benefits from the PTNG in implementing its IPTN.

At the briefing the city's delegation, led by the Executive Mayor, presented the following information to the Committee on the status of the GO! Durban Programme, the impacts of changes in the national funding environment and on the revised implementation approach and way forward:

3.1 PTNG FUNDING UPDATE

The City received formal notification from the NDOT in November 2025 to confirm the wind-down of PTNG funding. This triggered a full programme review and the development of a Revised business and operational plans. The DORA Budget allocation is R746,609,000, the Grant Spend to date (YTD Dec 2025) was R112,795,910. The city indicated that challenges around the uncertainty of the grant have impacted the expenditure.

3.2 ETHEKWINI'S STRATEGIC RESPONSE

The city indicated that its early operations would be using existing infrastructure. The implementation would focus on aggressive cost containment and a transition to financially sustainable public transport since PTNG is assumed to be zero from 2029/30. The key objectives will be on commencing the services with minimal new infrastructure to maintain the essential public transport coverage. Expenditure would be aligned to the reduced funding availability to ensure compliance with grant requirements and eliminate operating deficits over time.

The following three priority components were confirmed for the current implementation status: The C3 route is targeted for first operations, with C1 earmarked for subsequent rollout. Interim Corridor Service (ICDS) will be the later phase. The Network scope and Service kilometres was reduced by over 50% to ensure affordability.

3.3 INFRASTRUCTURE READINESS

On the C3 Pinetown to Bridge City route, 24 stops were 100% completed. 11 of the 14 Trunk Stations are completed, with 98.5% of the 27 km row length completed. The midway crossing feeder facility was 100% completed. Of the C1 Bridge City to the CBD route, 4 out of the 14 Trunk Stations were constructed via C3, while 55.5% of the 27 km row length was completed. Of the C9 Bridge City to Umhlanga route 0 out of the 12 Trunk Stations were constructed, while 14.4% of the 16 km row length was completed. The infrastructure readiness will focus on following the minimum intervention delivery approach. Prioritisation will be on completed and partially completed assets, the completed crossroads infrastructure, the 11th Avenue roadworks which were over 50% complete as well as depot upgrades and kerbside operations.

3.4 OPTIMISED OPERATIONS

In terms of the operational model, C3, C1 and ICDS will be the priority corridor. The fleet size would be reduced and aligned with the demand, the feeder network size would be contained, the peak headways on trunk routes would be optimised, and phased services would be activated. The operational readiness will focus on infrastructure and systems readiness checks, establishing of a C3 VOC, concluding contractual negotiations processes, and the finalisation of Timetables, Fleet Deployment and Staff Readiness.

3.5 FINANCIAL SUSTAINABILITY

In terms of the affordability and risk review the city made an assessment of sustainability beyond 2028/29, explored alternative funding scenario modelling, identified post 2028/29 service adjustments and continued engagement with national and provincial stakeholders.

3.6 KEY RISKS AND MITIGATION

The city identified the main risks as funding uncertainty which would be mitigated through phased delivery, infrastructure delays that would be managed through prioritisation, and operational cost pressures that would be addressed via scale reduction.

In conclusion the city said that, going forward, the GO! Durban programme remains stable while the scaled implementation would protect existing investment. Priority services would be enabled within constrained funding while the programme complied with national directives and grant conditions.

3.7 DEPARTMENT OF TRANSPORT PRESENTATION ON ETHIKWINI IPTN

In its presentation the NDOT indicated that the city of eThekweni is working towards a Go-Live date of December 2026 for its first corridor (C3). The eThekweni Transport Authority (ETA) initiated the Go! Durban programme in 2010. The roll-out of IPTN in eThekweni has experienced significant delays due to industry transition and operations challenges. While the city had targeted to Go Live in December 2026, it is unclear if this will take place given the

track record and current challenges, including industry transition, and insufficient municipal capacity etc, as well as the winding down of the PTNG.

The eThekweni Municipality remains in a prolonged pre-operational phase of its IPTN programme. Despite years of investment and multiple strategy revisions, the city has not yet activated services, and key operational plans remain incomplete or outstanding. The Municipality is attempting to shift from an infrastructure-led programme toward operational readiness, but progress remains slow and uncertain. However, the city continues to face challenges that need to be urgently addressed, mainly in the following areas:

- Capacity: The city has reported insufficient municipal capacity as municipal functions often compete with IPTN-related functions.
- Industry transition: There have been significant delays in concluding industry negotiations.
- Infrastructure: Infrastructure expenditure has been misdirected to non-prioritised corridors. The NDOT has instructed the city to halt all infrastructure outside of C3 since 2022.

As communicated to Municipalities, the PTNG is being discontinued and will be wound down over the next three years. The Municipality has limited infrastructure and contractual obligations, as it has only recently been readmitted to the PTNG and should therefore utilise the remaining MTEF period to complete and close out existing contractual commitments, which are predominantly infrastructure-related.

In managing existing contracts, the city must ensure continued compliance with critical grant conditions. Where contracts have already commenced, opportunities to further rationalise or reduce costs should be assessed, where feasible, without compromising essential deliverables. The Department will work with municipalities to identify, review and evaluate existing contracts to ensure alignment with the PTNG wind-down framework. For eThekweni, a decision on the current built infrastructure will form part of the discussions with National Treasury, to repurpose or mothball the infrastructure.

3.8 SITE VISITS

- The Committee did visual inspections of sites of the C3 line from Pinetown to Bridge City.
- The start of the site visit was where the C3 line begins in Pinetown and followed this route down to Bridge City. The start of the route showed the use of a basic bus stop shelter and showed a number of fully enclosed bus stations/shelters with ticketing offices and sliding doors similar to the ones in the City of Cape Town and the City of Johannesburg.
- Along the way there was also a station that was in the “bare bones phase” without the enclosure of the station. This site also had active construction work and is part of the project phase which the city is allowed to finalise and is not regarded as new construction.
- Some of the stations along the route that are located in the centre meridian of the roadway could only be accessed by pedestrian bridges, however, from the road side it was not clear whether these facilities had universal access points for persons with disabilities.
- Along the drive on the road just outside of Pinetown it was noticed that the road had multiple potholes which the city should attend to.

3.9 OBSERVATIONS

- 3.9.1 It was noted that the negotiations and ownership of busses was a challenge, hence the city did not procure the busses and could not operate the C3 line.
- 3.9.2 The uncertainty in the city regarding the PTNG winding down is due to miscommunication from the NDOT but there needed to be a discussion with the Department on what would be done after the funds were withdrawn after 3 years and on the re-prioritisation of the grant. A comprehensive reply was needed from the NDOT and the National Treasury on the winding down of PTNG and what cities would have to do to continue these projects beyond the winding down of the grant funds. It was not clear how cities could implement IPTN projects without PTNG funding since the BRT type systems planned at the start of the programme implementation was very expensive and would be a challenge to manage and maintain without a sustainable funding model.

- 3.9.3 It was noted, that before the PTNG, buses and the train were running in eThekwin, so it was not clear why transport integration projects must come to an end if the grant was removed. The completed infrastructure for this project must be able to be used in a manner that would allow cheaper buses to run on the road infrastructure and to allow use of the infrastructure even if the expensive buses were not bought in order to run on these roads. The expensive buses were not the only way to deliver this service. The city may need to consider smaller bus stops or stations, loading tickets on phones without the need to have an in-person ticket officer to sell tickets.
- 3.9.4 The Committee questioned whether there was still a need for the city to set up a VOC if in 3 years it would not have grant funds to sustain it. It was noted that the city was still negotiating for VOCs and this meant that the city was unlikely to conclude these contracts. More detail was needed on how many VOCs would be in place, the model of the VOCs and on asset ownership, the estimated timeframe for break-even and the mechanisms that would be implemented to prevent encroachment.
- 3.9.5 It was noted that the City of Johannesburg lost millions due to failures in their fare management system. The city was asked to provide information on the type of systems that are in place to prevent theft or fare evasion.
- 3.9.6 The presentation did not talk to how far the city was in addressing the findings by the Portfolio Committee on Transport at its oversight visit in August 2025 regarding the network design and realignment.
- 3.9.7 It was noted that the PTNG funding update said that the allocation was R746 million, but only R112 million was spent in the financial year. The city was asked for its way forward to get to the full budget expenditure.
- 3.9.8 It was noted that the position of the city was similar to that of Msunduzi Municipality, although eThekwin was further along with its infrastructure projects and had bus stations with ticketing offices ready to operate once the VOC is concluded, however, despite the Minister's intervention, nothing much has changed in the past 4 years. It further seemed like the taxi industry was in charge and the city needed their permission to run the IPTN. The NDOT should finalise the framework of the PTNG winding down, because without this, uncertainty would continue and would impact the cities even beyond the 3-year timeframe. All cities will be in the same boat and will not be able to plan effectively on this matter. The KZN DOT was also advised to work with the cities and the NDOT to ensure that the cities have the support needed to finalise their

negotiations with the taxi and bus industries affected along the IPTN routes as well as obtain clarity from the NDOT and National Treasury on the PTNG winddown.

- 3.9.9 At the Committee's visit to King Shaka International Airport, ACSA officials said that the access to the airport was a challenge as there were no Public Transport services and there needed to be a discussion on the plans of the city to provide Public Transport access to the airport.

3.10 RECOMMENDATIONS

- 3.10.1 The City should finalise its current active construction projects linked to the C3 route from Pinetown and ensure that it continues with and concludes the VOC agreement with the affected taxi and bus operators along the route (dependent on the consultations with NDOT and National Treasury regarding the wind down of the grant);
- 3.10.2 Should the VOC agreement not be finalised before the PTNG is wound down, the city should ensure that the infrastructure already built can be used by current public transport operators along the routes to ease traffic flow and improve access to dedicated public transport roads;
- 3.10.3 Regardless of the status of the PTNG, the city must work closely with the KZN DOT, Dube Trade Port Management as well as ACSA KSIA to assist in the provision of licenced public transport operations for passengers and employees to travel more affordably between the airport and the CBD of eThekweni as well as communities near the airport;
- 3.10.4 The Committee programmed a meeting with the NDOT and National Treasury on 2 June 2026 in order to get clarity on the winding-down of the PTNG and determining the best way forward for all grant recipient cities. The information gathered from this meeting have an impact on the recommendations which the Committee would make to the NDOT as well as to the PTNG recipient cities. As a result of this meeting, the NDOT and National Treasury were asked to provide the Committee with a briefing by the end of the 3rd term on the progress made during the consultations regarding the wind down of the grant, followed by quarterly reports thereafter.

4. OVERSIGHT VISIT ON THE IMPLEMENTATION OF THE POVINICAL ROADS MAINTENANCE GRANT (PRMG) IN THE KWAZULU-NATAL PROVINCE

4.1 PRESENTATION BY THE KWAZULU-NATAL DEPARTMENT OF TRANSPORT

The Committee was briefed by the KwaZulu-Natal Department of Transport (KZN DOT) on 28 January 2026 on its implementation of the PRMG in KwaZulu-Natal. The KZN DOT is responsible for 33742,301km of the proclaimed provincial road network, of which 8627,859 km is paved and 25114,442 km is unpaved. The delegation was led by Mr Madela, the Chief Director for Transport Infrastructure. The following information was presented to the Committee:

4.2 PRMG FUNDED PROJECTS FOR THE 2025-26 FINANCIAL YEAR AND ALLOCATIONS

4.2.1 ORIGINAL GRAND FUND FOR THE 2025/26 FINANCIAL YEAR

Grant Funding	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Funding
Percentage	25%	35%	25%	15%	100%
Maintenance and Repairs	438,851,028	614,391,439	438,851,028	263,310,617	1,755,404,111
New or Replaced Infrastructure	61,000,000	85,400,000	61,000,000	36,600,000	244,000,000
Non-Infrastructure	8,122,250	11,371,150	8,122,250	4,873,350	32,489,000
Rehabilitation, Renovations & Refurbishment	329,812,595	461,737,632	329,812,595	197,887,557	1,319,250,378
Upgrading and Additions	27,918,128	39,085,379	27,918,128	16,750,877	111,672,510
Total	865,704,000	1,211,985,600	865,704,000	519,422,400	3,462,815,999

4.2.2 ALLOCATION PER DISTRICT MUNICIPALITY

District Municipality	Original 2025/26 Allocation
Amajuba	111 899 265
EThekweni	94 663 808
Harry Gwala	202 895 525
ILembe	132 241 856
King Cetshwayo	114 299 826
UGu	179 446 708
UMgungundlovu	205 340 496
UMkhanyakude	89 447 435
UMzinyathi	137 701 797
UThukela	122 775 252
Zululand	171 699 569
Upgrades, Reseals , Bailey Bridges and Rehabilitation	1 867 515 463
Totals	3 462 815 999

4.2.3 ALLOCATION PER ACTIVITY

Activity	Original 2025/26 Allocation	Adjustment 2025/26 Allocation	Revised 2025/26 Allocation
Betterment and Regravelling	628,221,485	0	628,221,485
Blacktop Patching and Rut Repair	216,584,440	0	216,584,440
Blading	257,281,374	0	257,281,374

Capacitation: Programme Support	32,489,000	0	32,489,000
Crack Sealing	83,173,542	0	83,173,542
Fog Spraying	38,702,597	0	38,702,597
New Bridge (Welisizwe Rural Bridge Programme)	244,000,000	0	244,000,000
Rehab Roads	1,319,250,378	0	1,319,250,378
Reseals	192,592,574	0	192,592,574
Upgrade Roads	111,672,510	0	111,672,510
Zimbabwe Contractors	338,848,098	0	338,848,098
Totals	3,462,815,999	0	3,462,815,999

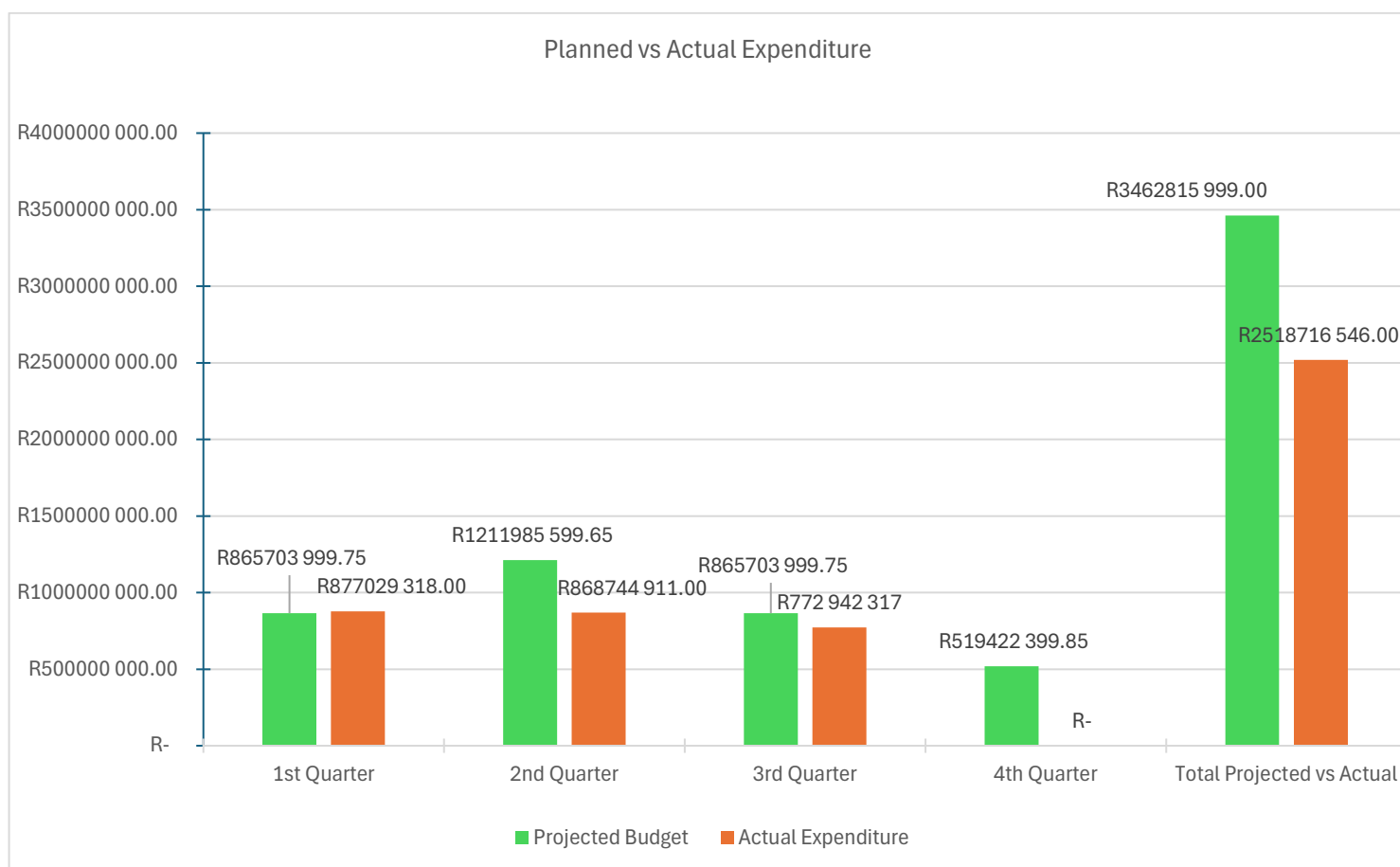
4.3. PROJECTED BUDGET vs EXPENDITURE

4.3.1 ALLOCATION vs EXPENDITURE

Activity	2025/26 Allocation	Expenditure as of 31 December 2025 – Q3
Betterment and Re-gravelling	628,221,485	418,039,748
Blacktop Patching and Rut Repair	216,584,440	126,008,130
Blading	257,281,374	60,675,257
Capacitation: Programme Support	32,489,000	-
Crack Sealing	83,173,542	-
Fog Spraying	38,702,597	-
New Bridge (Welisizwe Rural Bridge Programme)	244,000,000	119,185,861
Rehab Roads	1,319,250,378	1,297,887,961
Reseals	192,592,574	46,497,502

Upgrade Roads	111,672,510	79,052,022
Zimbabwe Contractors	338,848,098	474,921,951
Disaster Allocation	300,500,000	-
Totals	3,763,315,999	2,622,268,432

4.3.2 Q1 TO Q4 PROJECTED vs ACTUAL EXPENDITURE (FINAL)



4.3.3 20205/2026 FINANCIAL YEAR MONTHLY EXPENDITURES QUARTERS 1 AND 2

Activities	April 2025	May 2025	June 2025	July 2025	August 2025	September 2025	Exp. at the end of September 2025 (Q2)
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	First Quarter			Second Quarter			
Betterment and Re-gravelling	128,302,333	29,450,819	36,131,879	22,770,573	33,098,897	38,204,927	287,959,428
Blacktop Patching and Rut Repair	28,988,524	13,385,725	8,231,732	15,966,714	13,989,046	6,612,251	87,173,993
Blading	17,807,629	7,371,870	3,941,334	7,749,625	2,759,795	2,619,824	42 250 077
Welisizwe Rural Bridge Programme	-	-	-	-	136,528,046	-	136,528,046
Rehab Roads	157,771,341	58,595,559	193,857,869	157,913,589	171,428,800	49,024,316	788,591,474
Reseals	6,119,163	10,077,755	1,550,860	12,462,451	1,108,067	1,375,538	32,693,833
Upgrade Roads	-	13,334,634	10,038,565	-	22,514,412	14,790,991	60,678,603
Zibambebe Contractors	43,167,060	55,605,369	53,299,298	53,733,506	52,398,884	51,694,659	309,898,777
TOTAL	382,156,050	187,821,731	307,051,537	270,596,458	433,825,947	164,322,506	1,745,774,229

4.3.4 20205/2026 FINANCIAL YEAR MONTHLY EXPENDITURES QUARTER 3 AND 4

Activities	October 2025	November 2025	December 2025	Jan 2026	Feb 2026	March 2026	Exp. at the end of March 2026 (Q4)
	Third Quarter			Fourth Quarter			
Betterment and Re-gravelling	50,642,109	15,049,226	64,388,985	-	-	-	418,039,748
Blacktop Patching and Rut Repair	13,132,089	7,991,725	17,710,323	-	-	-	126,008,130
Blading	3,332,263	5,861,410	9,231,508	-	-	-	60,675,257
Welisizwe Rural Bridge Programme	-	-	-17,342,185	-	-	-	119,185,861

Rehab Roads	51,337,980	318,735,869	139,222,638	-	-	-	1,297,887,961
Reseals	9,896,860	1,453,853	2,452,955	-	-	-	46,497,502
Upgrade Roads	-	-	18,373,420	-	-	-	79,052,022
Zimbabwe Contractors	49,178,239	64,044,631	51,800,304	-	-	-	474,921,951
TOTAL	177,519,540	413,136,715	182,286,062	-	-	-	2,622,268,432

4.4 SUMMARY OF PRMG TARGETS FOR 2025/2026

Planning Indicators	Q1 Planned	Q1 Achieved	Q2 Planned	Q2 Achieved	Q3 Planned	Q3 Achieved	Q4 Planned	Q4 Achieved	Annual Planned	Annual Achieved
Number of kilometers (km) of surfaced roads visually assessed as per the applicable TMH manual	-	-	-	-	-	-	7 401	-	7 401	-
Number of kilometers (km) of gravel roads visually assessed as per the applicable TMH manual	-	-	-	-	-	-	8 336	-	8 336	-
Physical Indicators	Q1 Planned	Q1 Achieved	Q2 Planned	Q2 Achieved	Q3 Planned	Q3 Achieved	Q4 Planned	Q4 Achieved	Annual Planned	Annual Achieved
Number of square metres of surfaced roads rehabilitated	35 275	34 995	80 521	15 400	170 000	103 700	396 720	-	682 516	154 095
Number of square metres of surfaced roads resealed	-	-	49 000	-	-	-	205 032	-	254 032	-
Number of kilometres of gravel roads upgraded to surfaced roads	-	-	-	-	-	-	3	-	3	-

Number of kilometers of gravel roads re-gravelled	270	205	259	228	358	314	194	-	1 080	747
Number of square metres of blacktop patching	31 746	72 797	72 311	64 127	76 935	58 637	64 052	-	245 045	195 561
Number of kilometers of gravel roads bladed	17 082	13 627	16 028	12 978	22 814	13 556	18 425	-	74 348	40 161

4.5 SOCIAL INDICATORS FOR 2025/26

Social Indicators for all funds	Q1 Planned	Q1 Achieved	Q2 Planned	Q2 Achieved	Q3 Planned	Q3 Achieved	Q4 Planned	Q4 Achieved	Total Achieved
Number of jobs created	40 000	42 953	47 463	44 791	50 712	52 125	52 154	0	52 603
Number of Full-Time Equivalents (FTEs) created	20 302	2 347	0	9 587	5 250	13 736	20 302	0	15 212
Number of youths employed (18 - 35)	23 822	7 326	26 807	8 839	28 107	11 268	28 684	0	11 556
Number of women employed	23 400	37 944	25 200	38 900	27 900	44 108	31 292	0	44 396
Number of people living with disabilities	350	58	533	57	733	284	1 043	0	284
Number of Zibambele participants employed	35 000	36 803	40 000	36 316	41 000	39 650	41 000	0	39 727
Number of jobs created through the Vukayibambe Routine Road Maintenance Programme	4 000	3 518	1 400	6 044	500	6 501	5 900	0	6 429

Contractor Development Indicators	Q1 Planned	Q1 Achieved	Q2 Planned	Q2 Achieved	Q3 Planned	Q3 Achieved	Q4 Planned	Q4 Achieved	Total Achieved
Number of SMMEs	555	379	625	461	505	115	394	0	955
Contractor Development Indicators	Q1 Planned	Q1 Achieved	Q2 Planned	Q2 Achieved	Q3 Planned	Q3 Achieved	Q4 Planned	Q4 Achieved	Total Achieved
Direct Targeting	400	346	470	446	350	580	239	0	1372
Ownership by Youth	140	129	165	144	123	170	84	0	443
Ownership by Women	160	135	188	171	140	77	96	0	383
Ownership by Persons with Disability	20	03	24	05	18	6	12	0	14
Indirect Targeting	155	33	155	15	155	33	155	0	81

4.6 OPERATION VALAZONKE

Operation ValaZonke initiated through the NDOT, August 2022, has been coordinating the registration and mandating the usage of the SANRAL Roads Authority Application (APP) through the PRMG bilateral sittings. The APP allows the in-field capture of information using a smart phone (must have camera and GPS), validates the data when complete and if successful, allows synchronization of the data with SANRAL Integrated Transportation Information System (ITIS) server. The ITIS server references the geotagged locations and references the pothole against the roads authority assets database that has been collected. The KZN DOT has provided SANRAL with Geographical Information System (GIS) information of their respective networks and relevant personnel per area to address all pothole reports submitted through the APP. KZN DOT have identified officials from maintenance teams to be registered on the ITIS Authority APP. These names have been submitted to NDOT and SANRAL.

4.6.1 TOTAL WORK ORDERS REPORTED ON THE VALA ZONKE APP

	District Municipality	Total work orders
KwaZulu Natal	Amajuba	410
	eThekwini	7811
	Harry Gwala	209
	iLembe	818
	King Cetshwayo	705
	uGu	713
	uMgungundlovu	2525
	uMkhanyakude	77
	uMzinyathi	413
	uThukela	1096
	Zululand	1758
	Totals	16 535

4.6.2 PROGRESS TO DATE 2022/2023 AND 2023/2024

Since the inception of the programme in August 2022 to date the following outputs have been achieved to Q3 December 2025 per district as per the pilot phase:

Districts	From August 2022 to March 2023 Outputs (m2)	From April 2023 to March 2024 Outputs (m2)	From April 2024 till March 2025 (m2)	From April 2025 till Dec 2025 (m2)	Total

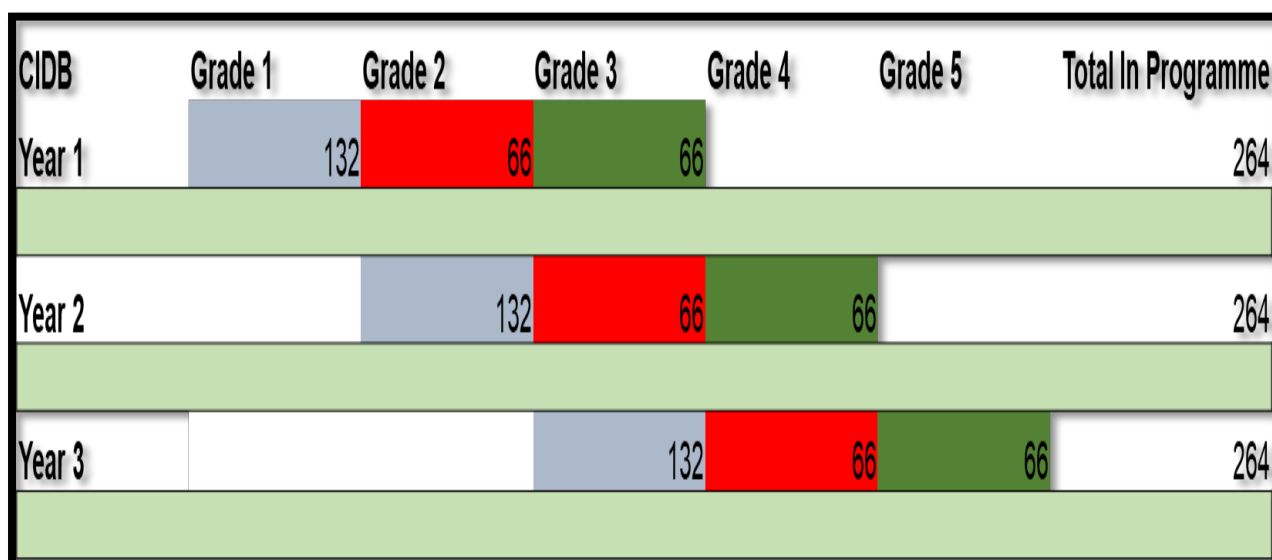
DC26-A Zululand - Ulundi	13 392.17	13 879.07	14594,53	4302,9	28 270.84
DC28 King Cetshwayo	52 525.93	26 061.30	20060,81	5017,24	103665.28
DC27-uMkhanyakude	50 336.44	20 344.11	22617,39	2652,26	95950.20
DC26-B Zululand - Vryheid	18 899.30	12 720.97	21311,826	10925,66	63857.76
DC21-UGU	25 808.38	23 103.02	13078,98	6538,31	68528.69
DC29-ilembe	19 776.81	91 717.34	5736,42	12394,81	129625.38
Eth- eThekwini Metropolitan	117 442.05	98 489.35	41334,93	33393,08	290659.41
DC22-uMgungundlovu	109 463.03	46 240.87	89114,95	21441,3	266260.15
DC43-Harry Gwala	45 740.48	34 445.09	90183,41	9091,45	179460.13
DC23-uThukela	69 209.65	95 935.92	29053,84	14625,51	208824.92
DC24-uMzinyathi	10 292.38	3 443.79	20868,80	21947,06	56552.03
DC25-AMAJUBA	8 621.50	7 955.26	26961,15	12258,72	55796.63
Total	541 508.10	474 336.09	394917,036	154588,3	1209849.53

4.7 STATUS OF THE CONTRACTOR DEVELOPMENT PROGRAMME (CDP)

The Contractor Development Programme (CDP) within KZN DOT is designed around the ethos of training and mentoring emerging contractors with a CIDB CE status, from grades 1 to 3. 264 emerging contractors will be procured in the first year where every district will be required to provide projects of only CE nature as follows: Grade 1: 12 contracts, Grade 2: 6 contracts, Grade 3: 6 contracts, total of 24 contracts per district and a total of 264 contractors will participate in the KZN CDP.

Table on Typical Scope of Work for CDP Contractors:

CIDB Grading Designation	1	2	3
Maximum Value of Contracts	R500 000	R1 000 000	R3 000 000
Main Scope of Works	Grass cutting, Cleaning of pipes, kerbs and channels, Guard rail repairs and installation, Signpost erection and repairs, kilometre post erection, Gabion installation and repairs, Crack sealing and blacktop patching, Culverts and causeways, Kerb and channelling, Subsoil drain installation, Road stud installation, and All drainage works.	Blading, Dig, Load & Cart, Construction of Roads, Culverts and causeways, Kerb and channelling, Patch gravelling, Road betterment, Drainage works, Gabion installation, Road marking, Minor structures, Sidewalks, and All drainage works.	All grade 2 scope and Minor Structures.

4.7.1 CIDB GRADING PROGRESSION OF CONTRACTORS

4.7.2 APPOINTMENT OF THE PROGRAMME MANAGEMENT SUPPORT SERVICES

The tender for the Professional Engineering Service Provider to provide Programme Management support, Mentorship support and Business Training for the Contractor Development Programme for a period of three years was cancelled by the KZN DOT, because the recommended bidders tendered amount was above the allocated budget. A re-advertisement was done on 11 October 2024 and closed on 11 November 2024. The Bid Evaluation Committee had a sitting in July 2025, the tender document for the Programme management was recommended for the Bid Adjudication Committee. The Implementation of the CDP is anticipated to commence in the 2026/2027 Financial Year.

4.8 PROGRESS ON THE WELISIZWE/BAILEY BRIDGES PROGRAM

Phase	Projects	Progress	Actual Expenditure
Phase A	14 Bailey Bridges	12 Bridges have reached completion, and 2 bridges are work in progress	104,178,115
Phase B	24 Bailey Bridges	24 Bridges are work in progress	268,650,284
Phase C (ES)	16 Bailey Bridges	16 Bridges are work in progress	112,693,362
Phase D (BFI) (Current FY)	17 Bailey Bridges	17 Bridges are work in progress	108 621 264
TOTAL	71 Bailey Bridges	12 Bridges have been completed with 59 bridges which are work in progress	594 143 025

4.9 SITE VISITS

The Committee did visual inspections of the P7/2 Slip failure repair site and the Main Road 402 – phase 2 upgrade project site.

- The first site visited was the P7/2 slip failure repair project (road also known as the M70). Officials indicated that detour roads that were used to divert from this area during the repairs were damaged due to the high volume of traffic diverted and this caused a delay in the finalisation of the project as the contractor had to repair those damaged roads as well. One of the Welisizwe Bridge projects bridges (a Bailey Bridge) was near the site visited.
- The second site visit was to the P402 Main Road upgrade site office as well as the start point of the project where the big culvert is located. The officials indicated that the project was managed in-house by the KZN DOT with the construction being done by the current contractor. The designs were done by a different contractor.
- A short presentation was done at the site office by the contractor regarding the scope of their work on the 7.5km road which included the different layering of the road, drainage systems and the like. The project's completion overall stands at 44%, however, the contractor projects that they will be finished with the project by the end of July 2026 – this differs from the finalisation date of December 2026 as presented by the KZN DOT. The early finalisation was raised as a concern by the Committee due to the impact this may have on the cash flow for the KZN DOT to reimburse the contractors when they submit invoices. The KZN DOT indicated that they regularly receive cash flow projections and that there were funds available till the early completion date in July 2026. The contractors indicated that the only aspect that may impact their projected early finalisation would be if there are cash flow issues from the KZN DOT side. The reasons for the early finalisation were indicated as being due to their detailed programming of the work streams for the project and by ensuring they had a diverse team that would allow for a spread of work and the relevant activities were programmed effectively in order to meet their set targets.
- The contractor was asked about what impacts the project has incurred along the way from the take-over by the current contractor and whether they were impacted by extortion incidents. The contractor indicated that they had a general policy to

educate staff and visitors at their sites of the dangers of extortion or how to identify these acts, but have not experienced extortion incidents linked to this project.

- KZN DOT indicated that this was an emergency project with stipulated timeframes set by National Treasury in order to appoint contractors and finalise the project.
- Following the briefing the Committee drove along the route to the end point of the project at the 7.5km marker next to the large box culvert. The road connects to the P7/2 road which the Committee saw during the first site visit and provisions were made in the design to ensure that once the road is tarred it will see seamless connection to the other provincial road with no sections where the road reverts to gravel. The box culvert had issues that posed limitations to the previous contractor.
- The roads used to get to and from the sites visited from the direction of Howick showed several areas of potholes which the KZN DOT should ensure receive attention and are repaired.
- The congestion on the road from Howick to Pietermaritzburg of truck traffic was noted on both the 27th and 28th of January 2026.

4.10 OBSERVATIONS

The Committee made the following observations during the engagements:

- 4.10.1 The presentation covers only information for the 2025/26 financial year. The information for the past 5 years was needed for comparison. It was noted that the general issues were raised in the past on roads that should ordinarily be provincial roads and due to not having enough funding these roads were transferred to SANRAL. The KZN DOT was asked whether it had roads that it believed should be taken over by SANRAL.
- 4.10.2 There had been flood damage over the past few years on KZN roads, along with this one would need information on the associated extent and quantum to repair these roads. However, there was not enough information in the current presentation for the Committee to determine whether there are issues with these flood damaged roads.
- 4.10.3 The Department did not give an overview of contestations in the province regarding construction projects. The Committee needed to see the current and future financial

year information on the how the planned projects may not be delivered by the expected time due to these types of challenges.

- 4.10.4 Clarity was sought on what criteria is applied by the KZN DOT to select roads for PRMG funding and how this aligns with traffic volumes, economic activity and condition of road assessments. Further hereto the KZN DOT was also asked to indicate whether some of these roads are repeat recipients of PRMG funding and whether those instances were due to poor quality of work done and if there were instances found of poor work quality, what consequence management was in place to remedy shoddy quality work. The KZN DOT was also asked to clarify what measures they had in place to remedy underperformance by contractors as well as abandoned sites.
- 4.10.5 The square meter measurement vs number of potholes reported on the Vala Zonke App may need to be indicated in the reported figures in a manner to link with the information via the application.
- 4.10.6 It was noted that the information presented in the report may not be a true reflection of what was happening on the ground and that the Committee needed an honest view on challenges of distribution, implementation and effectiveness on the ground to give assistance. Without the full picture, if the grant in future is to be wound down or less allocation received, the Committee would not be able to assist the province.
- 4.10.7 It was noted that eThekweni received one of the lowest allocations from the grant. The Department was asked to explain what informed this, and why uMgungundlovu received the biggest amounts as the roads did not speak to the effectiveness of the allocation.
- 4.10.8 It was further noted that in terms of the Vala Zonke pothole report eThekweni has the most reports for work to be done and second most was uMgungundlovu but they have a higher allocation. The Committee needed to be informed as to the logic for the allocation of funds compared to the reported need for repairs.
- 4.10.9 The Committee noted that, faced with ageing infrastructure (roads, bridges) impacted by flood damage, bridges need to be upgraded or elevated but only 12 bridges were completed with 59 that are indicated as “work in progress”. This impacted on communities that were hamstrung while children must cross flooded rivers without these bridges. The KZN DOT was asked whether it had the capacity to manage the projects and the required engineers as project managers for the bridge projects, and how soon these projects could be completed.

4.10.10 The KZN DOT is an implementing agent for the entire province but lacks project management skill as seen from the high failure rate of contractors. The Committee appreciated the DPSA engagement and wanted to know whether it means there would be a skills transfer, training of project managers or merely the creation of posts on a new structure for these managers. Having noted that the province was prone to be impacted by weather disasters, the Committee wanted to know whether there was a unit that could do rapid repairs to flood damaged roads.

4.11 RECOMMENDATIONS

4.11.1 The KZN DOT should ensure that the Committee, within 30 days from adoption of this report by the House, receives a report on its PRMG allocation, expenditure, project roads identified (and whether the road has previously benefitted from PRMG funding), timeframes for each project, jobs created per project, community and contractor development projects linked to each road, as well as identify delays on these projects with mitigating measures to address delays for the past 5 financial years;

4.11.2 The KZN DOT should ensure that it continues to work diligently with its contractors and design teams to ensure that any future new or maintenance work on roads are done in such a manner as to limit severe flood damage to roads infrastructure in the province (from new road designs to regular maintenance taking into account inclement weather warnings to ensure storm infrastructure is cleared and in a condition to handle possible flood levels);

4.11.3 The NDOT should ensure that, in line with past Portfolio Committee Reports, the Committee is provided with written Quarterly Reports on PRMG allocations, expenditure and projects for all nine provinces a week before the Committee is scheduled to meet with the NDOT on its quarterly expenditure reports.

5. PORTS REGULATOR OF SOUTH AFRICA (PRSA)

The Committee was briefed by the PRSA and the NDOT on 29 January 2026 at the PRSA offices in eThekweni on the work done by the entity as well as the winding up plans of the entity seeing as it would be incorporated into the Transport Economic Regulator (TER) during the 2026/27 – 2027/28 financial years. Of particular concern for discussion was a briefing on

what would be done with the office space as well as the status update on the labour processes to move the PRSA staff to the TER. The information presented by the Board, Acting CEO and the NDOT was as follows:

5.1 PRSA OVERVIEW, TRANSITIONAL FOCUS AREAS, CAPACITY OVERVIEW AND STAKEHODLER MANAGEMENT CONSULTATIONS

The PRSA presented a board overview of its mandate and functions, statistics on its Tribunal Activity for the current 2025/26 financial year to date, as well as a review of its 2024/25 financial year annual performance plan performance. The NDOT followed with a review of the Transport Economic Regulator (TER) legislation as well as the envisioned incorporation of economic regulators into the TER with the migration plan towards a functioning TER and outlined specifically how this impacts the PRSA.

The following PRSA transitional focus areas are highlighted in further detail given the purpose of the specific oversight visit to the entity:

5.1.1 OFFICE ACCOMMODATION

The lease is for a period of 3 years from 1 October 2025 to 30 September 2028. In terms of the approved business case, dated 30 June 2024, two offices were recommended for TER, one in Gauteng and one in Durban. Most of the PRSA staff are KZN born and have deep roots in their homes as some had not been exposed to working outside of Durban.

5.1.2 LABOUR RELATIONS PROCESS

A person in the employ of the PRSA before the effective date becomes an employee of the TER on the effective date. The transfer must be effected in accordance with section 197 of the Labour Relations Act, 1995, therefore requiring that the terms and conditions of office or employment of a person are identical to the terms and conditions of office or employment immediately before the effective date.

The Labour relations process has not yet commenced. The NDOT committed to developing a plan that will be consulted on for implementation. PRSA employees are unionised with effect

from October/November 2025 (under SATAWU), this is a new development since the establishment of the Entity.

5.1.3 MOVING PRSA: TRANSITIONAL PROVISIONS AND OTHER CONTINUITY CONSIDERATIONS

In terms of Regulatory continuity, the detail of regulatory regime is contained in subsidiary regulation and instruments such as the Tariff Methodology. Consultations have been held between NDOT and PRSA on the content of the regulations, it is important for this to be continuous in order to reduce risk of disruption.

Transitional Provisions: Tariff Determination: A tariff in effect immediately before the effective date remains in effect until the date on which the TER first determines and publishes a new price control. Section 56 and 57 agreements that have already been concluded remain in force. Economic Regulation of Transport Act, 2024 (ERTA) regulations need to be passed before the ERTA becomes effective – so the National Ports Authority Act, 2005, regulations, strategies and methodologies will hold until that happens.

Stakeholder consultations: There have been limited consultations to date with industry stakeholders in the ports sector about the implications of the changes. It is critical to begin the consultation process as soon as possible, to allay stakeholder concerns and reduce perception of potential risk.

Staff continuity remains an ongoing priority: Planning around the future location of the TER is a key practical concern. Indications as to the process for appointing the Panel would be welcomed.

Ports Regulator vacancies overview: The entity has a twenty-seven (27) staff complement including the Chief Executive Officer (CEO). PRSA has four (4) vacancies including that of the CEO.

5.1.4 PRSA TRANSITION: EXTERNAL STAKEHOLDER ENGAGEMENTS

The PRSA has identified and analysed its stakeholders as part of its regulatory functions. The following stakeholders will need to be engaged as they are directly impacted by the mandate and decisions of the PRSA. Port users which include: Shipping Lines, Cargo owners, Terminal Operators/Lessees, and Licensed service providers. Other critical stakeholders that the PRSA is collaborating with or has Memoranda of Understanding (MOUs) with include: The National Port Consultative Committee (NPCC and NPCCs), Maritime Chambers and SMMEs, Government Departments and Agencies, Other Regulatory Bodies (NERSA/Competition Commission/B-BBEE Commission/Commission for Gender Equality) and Academic Institutions.

5.1.5 RECOMMENDED APPROACH

The PRSA participates as an observer in the National/Port Consultative Committee (N/PCC) meetings held quarterly and chaired by the NDOT. Part of the feedback that the PRSA shares is to advise of the upcoming transition of the PRSA into TER, however, this is not in detail. The port users have requested detailed progress on this and concerns have been raised to the extent to which the work of the PRSA will be diluted with its absorption into TER. The dates for the 3rd Quarter PCC meetings have been scheduled, it is therefore proposed that NDOT and the PRSA request the N/PCC Secretariat to present on TER progress in these sessions. Prior the commencement of the PCC meetings, it is important that the regulated entity (National Ports Authority) be the first to be officially engaged in this process.

5.2 OBSERVATIONS

The Committee made the following observations during the engagements:

- 5.2.1 The unionisation of the staff was noted and the uncertainty expressed regarding the transition. Transitions and change management are difficult in its nature and causes uncertainty and discomfort. Unionisation shows there may be uncertainty and challenges to the transition from the PRSA to the TER. The NDOT must improve on information sharing in this process and resolve the unresolved issues in the transition process. The HR team must have a thorough skills audit and manage the process with transparency and consultation with employees to curb corruption, nepotism and collusion in the process. The presentation from the PRSA seemed to suggest anticipated challenges in this process in relation to Section 197. A skills mismatch may be an

unintended consequence when merging more than one regulator into one entity where you may have several officials with the same specialisation (such as Information Technology management, Supply Chain Management, Finance or Human Resource Management), and this would need to be managed in the transfer process to ensure job security for the staff of the PRSA and future incorporated regulatory bodies in the transition to the TER.

- 5.2.2 Members noted that the stakeholder and change management with stakeholders or regulated bodies must be managed well and requested clarity on steps that will be taken not to disrupt the regulation of port tariffs within this first phase of incorporation/transfer of the PRSA to the TER.
- 5.2.3 It was noted that the consolidation of regulators for the transport sector regulation would be challenging. Since the TER looks at sector wide regulation and the PRSA mandate was specific, this may lead to diluted regulation. In the TER there needs to be sector specific focus like sub-committees to ensure the specialised or sector specific focus is not lost. The skills of the TER Board must be balanced over the regulated sectors to avoid regulatory confusion.
- 5.2.4 The role of the Transport Economic Council (TEC) was critical as there may be overlapping mandates in future, and protracted legal challenges must be avoided. One concern raised in the presentation is that decision making processes may be slowed which will affect the regulated sectors.
- 5.2.5 It was noted that centralised pricing authority resting with the TER could lead to overregulation and send wrong signals into the market. The presentation already indicated that port stakeholders are jittery and uncertain over the transition.
- 5.2.6 The Board dissolution, lease and labour issues need to be carefully addressed as it may negatively impact on the PRSA tribunal and regulator's current work.
- 5.2.7 The performance of the entity and its clean audit outcomes was appreciated and noted by the Committee.
- 5.2.8 The NDOT must ensure that the determination of the office location for the TER does not leave anyone behind or prevent effective tariff regulation at the largest ports in the country for example. There should be consideration of having offices in-land as well as a major port city like Durban.

5.3 RECOMMENDATIONS

5.3.1 The NDOT must ensure that it improves on the sharing of information regarding the incorporation of economic regulating entities into the TER with the affected entities as well as their respective stakeholders. Ineffective communication to and uncertainty created for industries such as the maritime sector may have dire impacts on the economy if merchant shipping business moves outside of South African ports for fear of the impact which the TER may have on port tariff regulation. For staff of regulating entities, the section 197 process must be clearly explained with thorough consultations and discussions taking place to prevent staff losses of skilled and specialised employees within the regulated sectors;

5.3.2 The Committee will programme a follow-up meeting on this matter during the 2026/27 financial year in order to receive a progress report from the NDOT and the regulating entities that will be incorporated into the TER.

6. OVERSIGHT VISIT AT THE KING SHAKA INTERNATIONAL AIRPORT (KSIA)

The Committee conducted an oversight visit at KSIA on 29 January 2026 for a briefing by ACSA on its plans and budget for KSIA projects at and around the aerodrome (including any expansion plans or airfield or roads around the aerodrome, non-aeronautical revenue increase plans, secured access to water for the airport facilities and alternative energy sources). The Committee was further briefed by the Air Traffic and Navigation Services (ATNS) on whether the airport has all the required flight procedures and systems in place to ensure aircraft can land safely at the airport and by ACSA with the Border Management Authority (BMA) on whether the international arrivals passport control system has been streamlined to reduce waiting times for the processing of international arrivals. The presentation further focused on whether the airport is sufficiently provisioned with jet fuel and technical staff to ensure aircraft delays linked to these issues are reduced. The delegations from the KSIA, ATNS and the BMA, reported as follows:

6.1 PRESENTATION BY ACSA REGIONAL MANAGEMENT: KING SHAKA INTERNATIONAL AIRPORT (KSIA)

6.1.1 KSIA MAINTENANCE PROJECT PLAN AND BUDGET

KSIA currently has a capacity of 7.5 million passengers per annum. The airport is designed to accommodate Code F aircraft, including the Airbus A380. The best annual performance of 6.1million passengers was achieved in the 2019/20 financial year with 14 airlines operating. Data on the number of passengers for the 2025/26 financial year up to November 2025 indicated that the airport processed 3.68 million passengers with 10 airlines operating. A high level overview of the airport Master Plan was provided and compared planned designs with current designs.

An overview was given of the following maintenance project plans and budgets:

- **Accelerated Asset Replacement** (People Movers, Heating Ventilation and Air Conditioning (HVAC) equipment and Air-conditioning split units, Airfield Ground Lighting (AGL) upgrade, Instrument Landing System (ILS), Passenger Loading bridges, baggage handling system and carousels, Seating replacement, luggage trolleys). The 24 projects are budgeted at R 371 102 373.00.
- **Refurbishment of Critical Asset and Infrastructure** (Terminal building, Ablutions facilities, Parkades, Waterproofing, Roads, Pavements and surfaces, Sewerage system, Taxiways and apron stands rehabilitation). The 47 Projects are budgeted at R 263 238 755.00.
- **Utilities supply security** (Replacement of Standby Diesel Generators and control systems, Upgrade of Water System Pipes, Alternative Energy Source (Solar PV), Water harvesting systems). The 27 projects are budgeted at R393 138 748.84.
- **Fuel supply** (Refurbishment of Bulk Fuel Storage, Fuel hydrant system pits, Fuel hydrant Valve chambers, Fuel hydrant pipes, Valve replacement). The 10 Projects are budgeted at R 89 445 202.00.
- **Efficiency and Smart building technology** (Mechanical energy and water efficiency initiative, Power Quality Improvement, Electricity Smart Metering Systems). The 8 Projects are budgeted at R 39 792 598.00.

6.1.2 JET A-1 FUEL FARM CAPACITY

KSIA has an onsite Jet A-1 fuel storage facility with a capacity of about 6 million litres. This fuel farm supplies aviation jet fuel directly to aircraft on the apron at the airport. The High-Volume storage capacity provides KSIA with an average of 10 days stock and Durban has been used to help build reserves during national supply disruptions. The operation and maintenance of fuel farm and into plain fuelling is outsourced to a competent service provider to ensure Joint Inspection Group (JIG) requirements are met.

6.1.3 ELECTRICAL CONTINGENCIES AND WATER STORAGE CAPACITY

KSIA maintains backup power infrastructure (generators and uninterruptible power supply (UPS) systems) to ensure continued operation during power failures such as load shedding or grid outages. The Airport is supplied by 3 x Main Feeder primary supply from eThekweni Municipality i.e., 2 x 10 Megavolt-Ampere (MVA) from La Mercy Major and 1 x 5MVA from Umdloti Major. KSIA has diesel standby generators installed to support essential electrical loads in the event of disruptions. The airport has 32 standby generators producing backup power for essential services and 158 UPSs spread across the precinct to sustain critical systems when the main grid fails. The airport has undertaken UPS replacement projects to ensure uninterrupted power delivery to critical systems in the terminal (e.g., check-in counters, security systems, IT infrastructure). ACSA procures and upgrades UPS capacity at KSIA to maintain operations while standby generators are activated.

ACSA plans to implement a Trigenation (Tri-Gen) plant at King Shaka International Airport. The Tri-Gen system will produce electricity, cooling (chilled water), and heat. This will reduce dependence on Eskom and improve energy security. KSIA is part of ACSA's long-term sustainability and resilience rollout. Targeted construction between 2029 and 2031 for all three international Airports.

KSIA's main water storage tank capacity is at 3 million litres with an average daily consumption of +/- 650 000 litres per day. There is additional backup tank capacity of 216 000 litres. The total stock supports 3 to 5 days of airport operations.

6.1.4 PUBLIC TRANSPORT HUB

The project is aimed at producing a calibrated Parking Model to inform the landside transport facilities and infrastructure. Also identify location, size of the required staging, parking, waiting pick-up & drop-off areas in line with the master and precinct plans. The hub will improve airport connectivity, Brand reputation, Support Aerotropolis development through airport accessibility and enhance regulatory and licensing requirements.

6.1.5 PROJECTS IN EXECUTION

KSIA has several projects (listing 6 in their presentation) in the pipeline for terminal and airport buildings as well as runway, apron, taxiway, etc. From the construction of a Conference Centre to the Bravo Taxiway Extension, these projects have completion dates ranging from November 2026 to April 2027 with a aggregate value of R670 million.

Alongside the airport specific projects, there are also Aerotropolis projects in the pipeline at the inception and design phases, some of these being a Hotel Development and Acute Care Hospital.

6.2 PRESENTATION BY THE AIR TRAFFIC AND NAVIGATION SERVICES (ATNS)

The ATNS delegation indicated that the ATNS Instrument Landing System (ILS) approach procedures are published and currently in use, enabling safe landings on both runway ends, even during poor weather conditions.

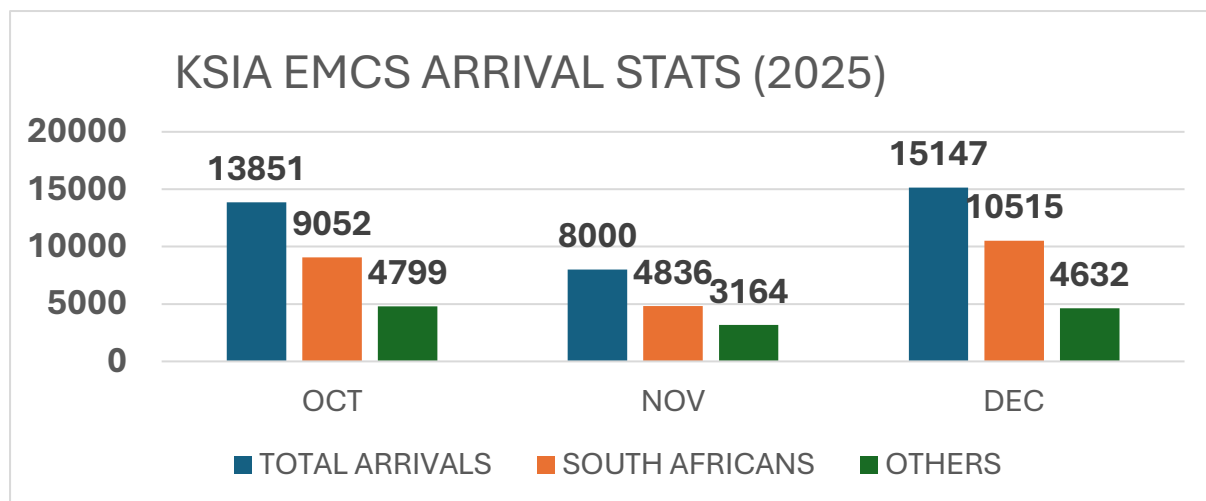
Backup instrument approach procedures (RNP) have been designed for both runway ends. These will ensure continued operations if the ILS becomes unavailable and will be finalized soon. A published Surveillance Minimum Altitude Chart (SMAC) enables Air Traffic Control to use radar to keep aircraft safely separated from terrain and obstacles. Additional procedures that improve the efficiency of the airspace—such as arrivals and departures—are currently undergoing routine maintenance. At KSIA, any recent disruptions to Air Traffic Operations were not caused by the availability or readiness of flight procedures.

For continuous improvement, planned airspace reviews will ensure that the inter-dependencies between KSIA, Virginia, Pietermaritzburg, and Richards Bay Airports remain safe and efficient. Instrument Approach Procedures for Richards Bay and Pietermaritzburg have been

maintained, published, and are currently in use, supporting safe and reliable operations at both airports. Virginia Airport cannot accommodate Instrument Approach Procedures due to airspace constraints — the airspace is too limited and is located in close proximity to KSIA — making such procedures unsuitable

6.3 PRESENTATION BY THE BORDER MANAGEMENT AUTHORITY (BMA)

The BMA presentation focused on whether the international arrivals passport control system have been streamlined to reduce waiting times for the processing of international arrivals at KSIA. An overview was given of the BMA staff capacity at the airport with figures indicating the pre - and post-Covid arrivals and on the reduction of waiting times at Immigration Services (IMS) arrivals. The Electronic Movement Control System (EMCS) and Biometric Movement Control System (BMCS) statistics on arrivals were presented as follows:



Arrival (BMCS/EMCS)

- Counters 1-2 processed Diplomatic and/or Assisted passengers (50/50)
- Counters 3-6 processed other arrivals (50/50)
- Counters 7-12 processed South-Africans (67/33)

6.4 SITE VISIT

The site visit included a visit to the KSIA ATNS tower. The basic operation of controllers was explained to members during the site visit as well as the layout of the KSIA.

6.5 OBSERVATIONS

The Committee made the following observations during the engagements:

- 6.5.1 The expansion and Public Transport access plans were noted and how these were prioritised. Particular mention was made of space allocated for the operation of e-hailing at the precinct given the limited public transport options available to access the airport. The possibility of touting by e-hailers or airport taxi operators was highlighted as a risk to passengers who enter a car that they did not pre-book or a taxi service that is not airport accredited. KSIA management was asked whether they were aware of people approaching drivers to help them exit the airport parking for a lower fare.
- 6.5.2 It was noted that at peak travel times there may be limited check-in counters and security check-points open for domestic departures. KSIA was asked whether it was building the capacity of technical staff to avoid delays caused by system failures.
- 6.5.3 The presentation by ATNS on its performance at KSIA was noted, and its comments that no delays from KSIA was because of ATNS. However, ATNS was asked to explain flights delayed for two hours on 3 January 2026 at the airport with SAA passing the blame to ATNS. ATNS was further asked to also clarify the impasse with SACAA and the calibration services.
- 6.5.4 Having noted the BMA presentation, BMA was asked whether tour operators have processes to verify that tourists do not overstay their visa validity period, and on its working relationship with ACSA. BMA was asked to give reasons for what caused the issues with the biometric system and whether the personnel were sufficiently trained on these systems.
- 6.5.5 It was noted that the projects of ACSA for KSIA were major projects. Clarity was required on how these projects were prioritised in the budget, and how the plans aligned to projected passenger and cargo growth.
- 6.5.6 An ACSA integrated transport plan was needed for eThekwinini but there needed to be clarity on who would build the public transport related infrastructure. It was noted that the eThekwinini Metro had challenges with the implementation of their IPTN and that there were no routes coming to the airport. The presentation on the aerotropolis was noted. However, more information was needed on any possible plans for settlements near the airport to access the airport via public transport as it would alleviate challenges of the workforce using multiple taxis and busses to the airport. Access to the airport was a critical matter to address and may have to be discussed with the city.

- 6.5.7 More information was needed on the takeover of facilities from oil majors by ACSA, on who would benefit from that process in terms of volumes and capacity and on the impact of this on revenue.
- 6.5.8 The KSIA strategy seems not to be aligned with that of the ACSA CEO. KSIA did not present on the move to IGS strategy.
- 6.5.9 The year-on-year performance and capacity for 7.5mil passengers at KSIA was noted. KSIA was asked whether 2025/26 was the worst year with 69% performance and what the reasons were for this drop in the performance.
- 6.5.10 More information was needed on the impact on KSIA of a proposed second airport discussions reported in the media between Transnet and eThekweni.

6.6 RECOMMENDATIONS

6.6.1 ACSA, ATNS and BMA would need to ensure that critical infrastructure relied upon at the airports are maintained and upgraded to the highest standards in order to return airport operations and passenger movements to pre-Covid passenger and aircraft numbers and continue the quality performance achieved by South African Airports as is evident from the number of international aviation awards received by the major ACSA airports of OR Tambo, Cape Town and King Shaka; and

6.6.2 The NDOT must ensure that KZN DOT, ACSA, PRASA, eThekweni Municipality, Dube Trade Port and public transport operators meet regularly to plan for and deliver safe, affordable and reliable public transport services that would allow for access to the KSIA precinct in order to improve passenger access to and from the airport.

7. BRIEFING BY THE NATIONAL DEPARTMENT OF TRANSPORT AND NATIONAL TREASURY ON THE WINDING DOWN OF THE PTNG

The Committee held a meeting with the Department and National Treasury on the winding down of the PTNG on 2 June 2026 following a request to postpone the briefing until consultations have been completed regarding the wind down process.

7.1 BRIEFING BY THE DEPARTMENT OF TRANSPORT

In its presentation the Department stated that persistent structural challenges have driven poor IPTN outcomes and led to the decision to wind the grant down. A breakdown was given of the explanation per category:

Category	Explanation
Municipal capacity	Cities lack capability to plan and manage systems
Industry transition	Difficult engagement and sometimes weak VOC readiness
Financial sustainability	Costs exceed revenue; low ridership impact
Infrastructure model	Overdesigned, capital-heavy, poorly utilised
Governance and Compliance	Weak enforcement and persistent non-compliance

7.1.1 KEY CHALLENGES FACING IPTNs

IPTN delivery has been much slower than planned, despite significant expenditure. This was mainly due to constraints within local municipalities and other implementation challenges.

The Department highlighted the following constraints:

- **Local Municipality Capacity Constraints**

Local municipalities lack capacity to plan, implement and manage Public Transport (PT) systems. They are faced with high staff turnover, prolonged recruitment times and excessive reliance on large and expensive Programme Monitoring Units of external consultants. Where there is competent support, there are limited measures to facilitate skills transfer

- **Industry Transition Challenges**

Mini-bus taxi and bus industry engagements are often prolonged and difficult. Industry fragmentation and infighting causes further delays. VOCs are often not capacitated to run formal, scheduled bus services

- **Affordability**

Fare revenues are often over-estimated due to over-optimistic passenger demand expectations and ongoing route competition despite compensation. There is a lack of adherence to the minimum mandated rates base contribution by some municipalities along with mismanagement and misuse of funds. Grant funds and municipal contributions are often insufficient to cover the full cost of implementation and other revenue sources must be considered.

- **Infrastructure and construction**

Infrastructure is overdesigned, informed, in part, by overestimated passenger demand. Ongoing spatial fragmentation creates more complexity and imposes higher costs. There was also poor infrastructure contract management.

- **Institutional Issues**

The institutional challenges comprise of poor planning and governance, lack of political will and an uneven commitment to operationalise.

- **Lack of compliance and consequence management**

Lack of compliance with grant conditions and the PTNG Framework has been an ongoing and persistent issue. An overall lack of consequence management means some municipalities have previously received funding despite not meeting the conditions of the grant. The Department has put cities on notice that this would no longer be permitted and has acted. In 2023, Buffalo City, Mbombela and Msunduzi Municipality were suspended from the PTNG.

The Department stated that the reasons for the winding down was a misalignment between expenditure and outcomes, the funding architecture was fragmented and there was an over-emphasis on capital versus operations. In addition, institutional capacity faced constraints and the long-term financial costs had poor returns.

7.1.2 WIND DOWN IMPLEMENTATION

The Department presented a flowchart for the proposed process for the winding down of cities, based on operational status, VOC arrangements, other contracts, and compensation. The wind

down was being executed in a considered fashion. While winding down, the Department noted that it was important to avoid serious undesired consequences, and that National and Local Government have a shared responsibility to chart and carry out a cost-effective and principled way forward. Reductions should be done in a principled fashion. The desired effects were to save money and display fiscal prudence, reduce waste and redirect resources to a newer, more effective framework. The undesired effects that the Department want to avoid are:

- Damage to Gross Domestic Product (GDP): IPTNs support significant economic activity;
- End viable systems that passengers depend on;
- Contractual and legal challenges, due to existing contracts and commitments;
- Further erode trust between national and local government;
- Damage relationships between mini-bus taxi (MBT) operators and local governments; and
- Stranded infrastructure leading to fruitless and wasteful expenditure;

The Department outlined the risks of the wind-down and transition that are being considered.

Risk	Issue	Impact	Mitigation
Service continuity	Disrupted services during wind-down	Loss of access, lower ridership, public backlash	Phase transition, protect core routes
Infrastructure & assets	Stranded or unused infrastructure	Wasteful spend, reputational risk	Repurpose assets, align to remaining services
Intergovernmental coordination	Misaligned roles across spheres	Delays, gaps, disputes	Clarify roles, formalise coordination
Reform delivery	Wind-down undermines new fund	Delayed reform, loss of confidence	Link transition clearly to new model
Funding certainty	Unclear future funding	Delays, stalled contracts, service instability, e.g. CFOs refuse to sign contracts	Provide early funding clarity

Fiscal mismatch	Commitments exceed funding	Shortfalls, cancellations, legal risk	Prioritise, renegotiate, align to budget
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7.1.3 TRANSITION OVERVIEW

The PTNG will undergo a managed transition over 3 years to the New Road Based Transport Fund. During this process the PTNG will shrink in a managed fashion over 3 years, public transport strategy will be reviewed, contractual obligations will be honoured, unviable BRT expansions will be wound down and unviable projects and projects that have not yet launched will be cancelled. Cities will be invited to join a new regime that will focus on revised funding mechanisms, true spatial integration and flexible models and capacitation as a prerequisite.

During the wind down project PTNG/PTOG contracts, integration potential and VOC arrangements and compensation will be assessed. Agreements will be made on the respective roles and commitments. Joint operations plans and tender will be developed, followed by the execution of the wind-down.

The Key objectives during the transition are:

- **Protection of essential mobility:** Preserve high-demand, economically viable corridors to avoid service collapse;
- **System performance and ridership:** Operational track record, cost per passenger as key metrics, to drive efficiency;
- **Readiness to operate:** Favour systems with ongoing operations or confirmed launch dates, to avoid wasting funds on failing systems;
- **Contractual exposure:** Respect legal obligations; avoid defaults, to avoid legal risk; and
- **Alignment with future regime:** Prioritise integrated, flexible models (MBT + hybrid) to improve Value for Money.

7.1.4 ROLES OF THE NATIONAL DEPARTMENT AND CITIES

- **NATIONAL DEPARTMENT OF TRANSPORT (leading, monitoring, capacitating)**

During the winding down the Department will help apply principles, score cities and assist in managing contractual exits. The Department will further help cities build robust operational plans aligned to the new funding regime.

- **CITIES (implementing, innovating)**

The cities will gather and evaluate contracts for early termination and develop practical plans to re-use infrastructure in the new regime. Cities will identify innovative ways to crowd in private sector investment and prepare for the integrated hybrid systems.

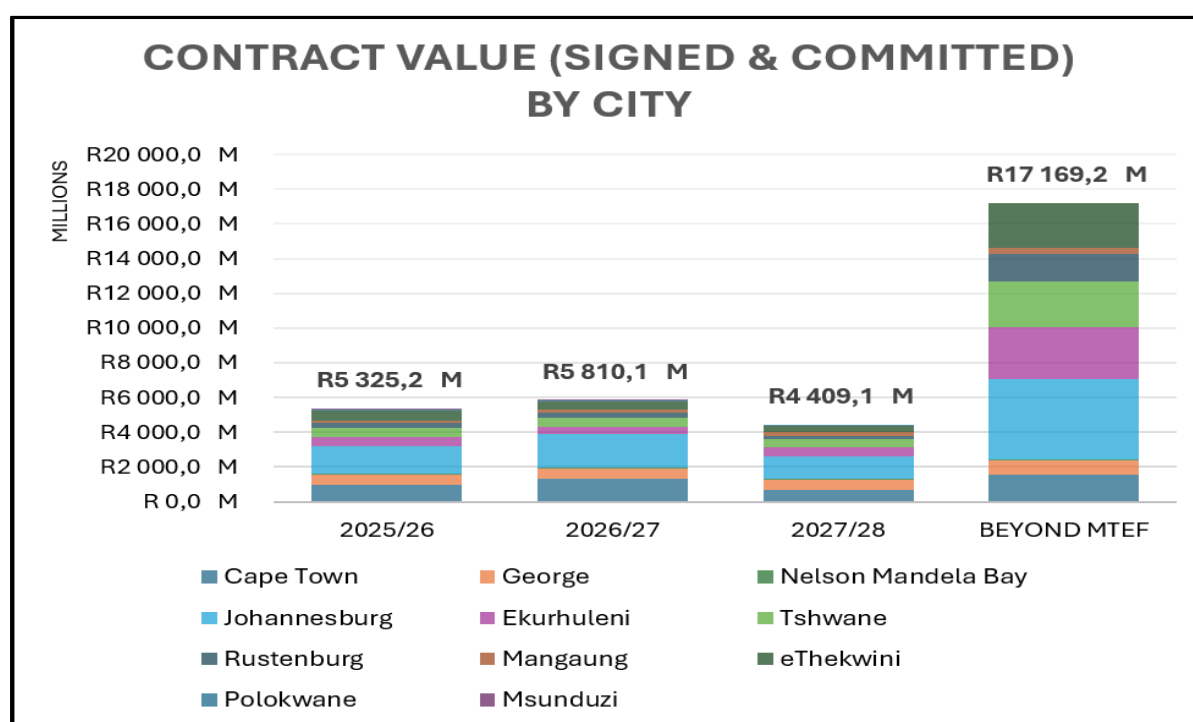
The Department has gathered information from PTNG funded cities on their contractual obligations and provided the following information:

Signed and Committed Contract Values*, by city				
City	2025/26 (R'000)	2026/27 (R'000)	2027/28 (R'000)	BEYOND MTEF (R'000)
Cape Town	R 977,80	R 1 317,300	R 670,30	R 1 578,100
George	R 592,00	R 563,70	R 569,90	R 801,60
Nelson Mandela Bay	R 51,70	R 60,20	R 61,90	R 48,70
Johannesburg	R 1 586,700	R 1 947,900	R 1 281,500	R 4 631,200
Ekurhuleni	R 500,80	R 438,70	R 544,60	R 2 961,000
Tshwane	R 561,60	R 528,90	R 456,70	R 2 662,700
Rustenburg	R 295,30	R 273,70	R 177,80	R 1 609,200
Mangaung	R 78,80	R 152,50	R 266,80	R 310,70
eThekweni	R 604,50	R 500,90	R 362,20	R 2 566,100
Polokwane	R 71,10	R 22,30	R 17,30	R 0,00

Msunduzi	R 4,90	R 4,00	R 0,00	R 0,00
Total	R 5 325,200	R 5 810,100	R 4 409,100	R 17 169,200

**As self-reported by cities and subject to verification through bilateral engagements in June. Includes high risk contracts for phases that are in construction, but have not been signed yet.*

Most of these commitments continue well past 2028 and cannot be cancelled without consequences. These contracts are long-term, operationally critical, inflexible and centred on large cities. Examples include VOC contracts and Automated Fare Collection (AFC) systems and future phases that are currently under construction (e.g. Cape Town Phase 2).



7.1.5 PROPOSED CHANGES UNDER THE NEW MODEL

Under the new model the following factors will be phased out:

- **Redundancy:** Multiple grants funding overlapping services, and fragmented PTOG/PTNG services;
- **Heavy Infrastructure:** Infrastructure led IPTNs;
- **Compensation-led Approaches:** Existing compensation agreements will be honoured, but future approaches will minimise compensation;

- **Taxi Recap Programme (TRP):** The TRP will be concluded; the existing pipeline will be expeditiously closed out.

The following factors will be included in the new model:

- **Single Public Transport Fund:** A single fund with a unified set of standards to fund road-based public transport;
- **Operations-led Service Reform:** The fund will focus on operations, not infrastructure (other grants). Net contracts and Section 21 agreements will support this approach;
- **Consolidate Integrated Networks:** Redundant and separate networks will be merged, contractually and operationally;
- **Funds for derisking:** Mini-bus taxis will be derisked in a programme that drives formalisation, industry right sizing and Operating Licence compliance with access to capital subsidies.

The Department indicated that the Proactive Stakeholder Engagement was underway and will include the following elements:

- **Initial Public Transport Funding Workshop:** The NDOT will present the high-level reform approach and proposed operating model to Provinces and Municipalities;
- **Bilateral with National Treasury:** The NDOT will engage National Treasury on the draft Public Transport Plan;
- **Follow-up Public Transport Funding Workshop:** Provinces and Municipalities to provide detailed technical and operational inputs following circulation of the draft Public Transport plan and supporting submissions;
- **Engagement with Industry Representatives and other key stakeholders:** Targeted stakeholder engagements to discuss the proposed reforms, implementation implications, and industry transition considerations;
- **Cabinet Submission:** The draft plan will be refined following stakeholder engagements and submitted to Cabinet for consideration.

7.1.6 PRACTICAL PLANS TOWARDS THE NEW REGIME

During the Baseline Phase the focus will be on the validation and finalisation of contractual exposure across all cities and on resolving of discrepancies in municipal contractual data. This phase will further confirm operating, infrastructure and compensation commitments.

The Planning Phase will jointly develop and review clear, city-specific wind-down plans and identify core corridors to retain. Non-performing elements will be phased out. Plans will be aligned with contractual and funding constraints.

The Funding Phase will confirm forward funding envelopes for PTNG wind-down, including open contracts and compensation.

During the Stabilisation Phase clear direction will be provided to cities on which projects to proceed and which are paused or cancelled. Continued negotiations with operators will be enabled. Disruption to existing services will be avoided.

The Public Transport Fund design will be finalised in the Implementation Phase. This will be the beginning of the aligning systems to the operations-first model and the identification of integration opportunities across PTNG and PTOG.

7.2 NATIONAL TREASURY

During its review of the Budget process in 2024, National Treasury found that its process was incremental, input and compliance driven. Assumptions in which process was designed are no longer true, and gaps have persisted over time, resulting in unaccommodated spending pressures, across the board spending cuts, fiscal risks expanding and process dynamic focused on compilation and adjustment. In 2025, the focus shifted towards expenditure efficiency and effectiveness. Identifying and removing low priority and underperforming programmes that do not meet objectives, by using multi-criteria analysis to identify these programmes.

13 Cities are part of the PTNG programme, with 3 suspended in 2018. Persistent underspending was a signal of broader challenges in the execution of the programme. While performance has never been 100%, it has worsened over time. 7 years' underspending has averaged almost 30% underspending. National Treasury provided the following breakdown on the spending over the 7 years.

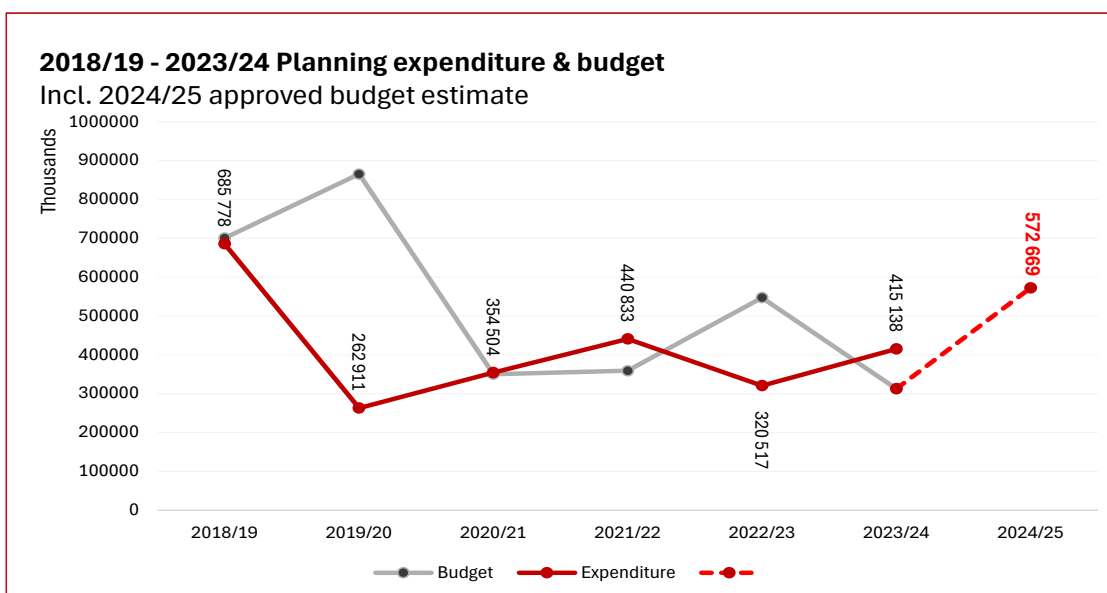
7.2.2 VARIATION IN PROJECTED AND ACTUAL PASSENGERS RESULT IN SIGNIFICANT REVENUE UNDER-COLLECTION

2017/18 - 2023/24			
Operating/Fare Revenue	Budget Revenue	Outcome	Over/Under Collection
Cape Town	1,595,683.20	1,376,855.58	(218,827.62)
City of Joburg	1,113,387.73	691,917.89	(421,469.84)
CoT	274,731.91	93,303.06	(181,428.85)
eKurhuleni	227,683.91	80,673.40	(147,010.52)
eThekwini	534,061.05	211,734.80	(322,326.26)
George	507,087.01	284,802.33	(222,284.68)
Mangaung	97,904.61	-	(97,904.61)
Msunduzi	-	-	-
NMB	447,792.32	357,225.54	(90,566.78)
PLK	110,104.19	22,660.05	(87,444.14)
RLM	156,934.12	24,384.65	(132,549.46)
Grand Total	5,065,370.06	3,143,557.30	(1,921,812.76)

7.2.3 2017/18 - 2023/24 TOTAL PLANNING COSTS

Significant amounts were spent on planning and preparatory phases, yet several systems continued to face implementation delays and operational challenges years later. Despite substantial planning budgets and expenditure over multiple years, progress from planning to fully functional operations remained limited in several municipalities. The 2024/25 outcome estimates and the 2017/18 budget estimates are not included as they were not provided.

2017/18 - 2024/25 - Total planning costs		
	Budget	Expenditure
Cape Town	646 815	527 329
City of Joburg	82 511	6 379
CoT	436 371	375 486
eKurhuleni	665 290	348 406
eThekweni	790 728	561 837
George	194 581	167 287
Mangaung	410 446	187 604
Msunduzi	78 762	31 698
NMB	144 015	89 139
PLK	228 012	246 436
RLM	121 602	135 013
Total	2 462 035	1 149 906



7.2.4 REPORTED DIRECT VEHICLE OPERATING COST RATIOS FALL OUTSIDE THE ACCEPTABLE RANGE

A considerable portion of reported direct vehicle operating cost ratios fall outside the acceptable range, suggesting elevated operating costs relative to revenue kilometres. The assessment is further constrained by incomplete and inconsistent municipal data submissions.

Direct vehicle operating costs / Revenue km								
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25

	Acceptable Range R25 - R42							
Cape Town	32	31	-	49	51	-	48	49
Ekurhuleni	-	-	-	341	135	148	125	127
eThekwini	-	-	-	-	-	-	-	-
George	23	-	57	41	44	52	52	-
Joburg	18	36	43	43	53	-	52	37
Mangaung	-	-	-	-	-	-	-	-
Msunduzi	-	-	-	-	-	-	-	-
Nelson Mandela Bay	37	36	31	40	30	26	311	80
Polokwane	-	-	-	-	62	58	64	19
Rustenburg	-	-	-	-	-	27	25	33
Tshwane	57	152	63	-	-	-	180	111

**Acceptable range for 2024/25 changed to R35 – R65.*

7.2.5 INSUFFICIENT FARE REVENUE TO COVER DIRECT VEHICLE OPERATING COSTS

Programme design assumed that revenue from fares will cover direct vehicle operating costs. Fare revenue collection remained weak relative to operational costs. Reported municipal ratios fall outside acceptable benchmark ranges, suggesting ongoing operational inefficiencies and weak financial sustainability across the board.

Fare revenue / Direct vehicle operating cost: 30% - 70%							
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Cape Town	41%	42%		24%	32%		36%
Ekurhuleni		0%		4%	13%	10%	19%
eThekwini			0%	0%	0%		0%
George	42%	34%	22%	18%	20%	17%	23%

Joburg	38%	35%	25%	18%	14%	0%	19%
Mangaung		0%		0%	0%	0%	0%
Msunduzi	0%						0%
Nelson Mandela Bay	40%	40%	16%	7%	13%	18%	2%
Polokwane	0%	0%	0%	0%	6%	33%	20%
Rustenburg	0%	0%		0%	0%	8%	24%
Tshwane	22%	0%	11%	0%	9%		8%

7.2.6 OVER RELIANCE ON GRANT TO COVER INDIRECT OPERATING COSTS

The grant was initially designed to cover 70% of indirect operating costs in the first 2 years of operating a new phase, and 50% thereafter. Reported figures across several municipalities fall outside the acceptable benchmark range of 50%–70%.

Indirect PTNG allocation / Indirect Operating Expenditure: <50% or <70%

Cape Town	76%	59%		77%	53%		47%
Ekurhuleni		100%		2041%	616%	100%	100%
eThekweni			100%	100%	100%		0%
George	155%	81%	90%	68%	81%	159%	133%
Joburg	53%	70%	64%	81%	66%	100%	67%
Mangaung		70%		0%	0%	0%	0%
Msunduzi	0%						0%
Nelson Mandela Bay	70%	70%	100%	100%	100%	100%	100%
Polokwane	0%	0%	280%	51%	61%	74%	70%
Rustenburg	50%	0%		0%	0%	70%	139%
Tshwane	70%	0%	100%	0%	155%		100%

7.2.7 EARLY SIGNS OF UNSUSTAINABILITY FOR OPERATING CITIES IN 2014

Average ratio of actual between 2009 and 2013, and projection over 2014 MTEF	Projections for cities in operational phase	Actual for cities in operational phase
% of direct costs covered by fare revenue	72%	34%
Fare revenue as a % of total costs	35%	22%
PTNOG as % of total costs	31%	31%
Remaining % of total costs to be covered by city and other income	38%	47%

7.2.8 SIGNIFICANT VARIATION IN COMPENSATION TO MINI-BUS TAXIS

According to the calculations by the National Treasury, there was a significant variation in compensation to mini-bus taxi operators in the different cities.

Compensation to licence holders	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Grand Total
Cape Town	-	-	-	-	-	-	-	-
Ekurhuleni	-	-	-	28 000 000	-	-	-	28 000 000
eThekweni	-	51 150 047	-	-	-	-	-	51 150 047
George	-	11 007 004	5 191 874	455 095	8 967 592	-	-	25 621 564
Joburg	-	9 577 000	-	-	154 642 630	371 557 460	99 000 000	634 777 090
Mangaung	-	-	-	-	27 200 000	-	40 800 000	68 000 000
Msunduzi	-	-	-	-	-	-	-	-
Nelson Mandela Bay	2 541 003	17 784 045	4 603 748	-	5 853 344	-	17 613 000	48 395 140
Polokwane	-	-	155 125 000	-	-	-	-	155 125 000
Rustenburg	735 270	-	-	-	68 851 087	188 851 755	288 360 039	546 798 151
Tshwane	112 500 000	37 653 278	24 165 000	-	32 220 000	147 757 735	32 200 000	386 496 013
Grand Total	115 776 273	127 171 374	189 085 621	28 455 095	297 734 653	708 166 950	477 973 039	1 944 363 005
Licences compensated	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Grand Total
Cape Town	-	-	-	-	-	-	-	-
Ekurhuleni	-	-	-	-	-	-	-	-
eThekweni	-	57	-	-	-	-	-	57
George	-	292	31	331	331	-	536	1 521
Joburg	-	-	-	-	152	505	80	737
Mangaung	-	-	-	-	-	-	68	68
Msunduzi	-	-	-	-	-	-	-	-
Nelson Mandela Bay	100	198	198	-	200	-	198	894
Polokwane	-	125	125	125	-	-	-	375
Rustenburg	-	-	-	-	-	258	202	460
Tshwane	-	-	-	-	-	-	-	-
Grand Total	100	672	354	456	683	763	1 084	4 112
Average costs	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Grand Total
Cape Town	-	-	-	-	-	-	-	-
Ekurhuleni	-	-	-	-	-	-	-	-
eThekweni	-	897 369	-	-	-	-	-	897 369
George	-	37 695	167 480	1 375	27 092	-	-	16 845
Joburg	-	-	-	-	1 017 386	735 757	1 237 500	861 299
Mangaung	-	-	-	-	-	-	600 000	1 000 000
Msunduzi	-	-	-	-	-	-	-	-
Nelson Mandela Bay	25 410	89 818	23 251	-	29 267	-	88 955	54 133
Polokwane	-	-	1 241 000	-	-	-	-	413 667
Rustenburg	-	-	-	-	-	731 984	1 427 525	1 188 692
Tshwane	-	-	-	-	-	-	-	-
Grand Total	1 157 763	189 243	534 140	62 402	435 922	928 135	440 935	472 851

7.2.9 COST OF COLLECTING FARES

In assessing the cost of collecting fares, the National Treasury found that this cost formed a significant share of the expenditure and that it was more than the revenue collected.

AFC ops as % of fare revenue	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Grand Total
Cape Town	37%	42%	#DIV/0!	61%	45%	24%	22%	36%
Fare system ops/maint	78 690 295	90 723 787		88 914 000	78 046 419	59 012 824	68 000 000	463 387 325
Total fare revenue	214 155 683	214 490 742		145 000 000	173 672 044	243 679 204	302 943 279	1 293 940 952
Ekurhuleni	#DIV/0!	#DIV/0!	#DIV/0!	0%	0%	269%	63%	128%
Fare system ops/maint		31 834 000		-	-	50 000 000	21 186 000	103 020 000
Total fare revenue		-		7 100 000	21 403 003	18 585 393	33 585 000	80 673 396
eThekweni	#DIV/0!	2%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	3%
Fare system ops/maint		4 462 424	2 609 881	-	-	-	-	7 072 305
Total fare revenue		211 734 795	-	-	-	-	-	211 734 795
George	16%	48%	56%	64%	50%	#DIV/0!	45%	47%
Fare system ops/maint	6 145 509	22 623 118	23 120 759	24 222 792	24 271 945		32 288 989	132 673 111
Total fare revenue	37 990 225	47 114 388	41 423 372	38 007 158	48 529 280		71 737 907	284 802 330
Mangaung				-	-	-	-	-
Fare system ops/maint				-	-	-	-	-
Total fare revenue				-	-	-	-	-
Msunduzi	-	-						-
Fare system ops/maint	-	-						-
Total fare revenue	-	-						-
Joburg	14%	39%	74%	110%	49%	#DIV/0!	65%	56%
Fare system ops/maint	17 056 000	61 128 000	94 843 783	108 015 000	47 445 280		56 532 000	385 020 063
Total fare revenue	124 374 000	158 730 959	127 442 294	98 018 841	95 914 549		87 437 252	691 917 895
Tshwane	227%	#DIV/0!	0%	#DIV/0!	340%	307%	346%	249%
Fare system ops/maint	59 000 000	10 304 972	-	-	51 054 168	53 000 000	58 839 254	232 198 394
Total fare revenue	26 000 000	-	18 000 000	-	15 023 059	17 280 000	17 000 000	93 303 059
Nelson Mandela Bay	0%	0%	0%	#DIV/0!	0%	#DIV/0!	5%	0%
Fare system ops/maint	-	-	-		-		34 718	34 718
Total fare revenue	153 653 806	185 476 604	10 444 258		6 882 578		768 299	357 225 544
Polokwane	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	794%	129%	115%	180%
Fare system ops/maint	-	-	6 000 000	-	8 184 990	15 649 298	10 938 013	40 772 301
Total fare revenue	-	-	-	-	1 030 589	12 132 374	9 497 090	22 660 053
Rustenburg	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	484%	187%	272%
Fare system ops/maint	-	-	-		-	21 248 423	20 572 178	41 820 601
Total fare revenue	-	-	-		-	4 387 142	11 002 120	15 389 262

7.2.10 PTNG DOES NOT PAY FOR DIRECT VEHICLE OPERATING COSTS, WHICH IS MOSTLY COVERED BY MUNICIPAL PROPERTY RATES

Provincial transfers to George Municipality, for example, grew from R32 million 2014/15 to over R263 million 2025/26, covering operational shortfalls, bus operations, and long-term system implementation.

Direct vehicle op cost as % property	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Cape Town	5.4%	0.0%	5.8%	6.4%	5.8%	7.0%
Ekurhuleni	1.6%	0.0%	3.2%	2.0%	2.3%	2.0%
eThekweni	0.0%	0.0%	0.0%	0.0%	5.9%	5.6%
George	0.0%	63.4%	65.4%	71.4%	0.0%	70.0%
Joburg	0.0%	4.0%	4.1%	4.9%	0.0%	2.7%
Mangaung	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Msunduzi	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nelson Mandela Bay	0.0%	2.8%	0.0%	2.0%	0.0%	1.1%
Polokwane	0.0%	0.0%	0.0%	3.4%	6.4%	8.0%
Rustenburg	0.0%	0.0%	0.0%	0.0%	11.7%	8.9%
Tshwane	4.5%	2.1%	0.0%	0.0%	2.1%	2.1%

National Treasury indicated that the work to ensure a targeted approach to reductions continues. The top slicing grant by historical trend reflected an underperformance of about 30%. The work by the Technical Task Team was ongoing and starts with cessation of pre-planning activities that stalled, rollout of uncommitted infrastructure and revision of illegal interim contracts. The process will include the regularisation of interim contracts that are about to conclude, assessment of legitimate commitments in the baselines and the review of funding and institutional arrangements that will allow for functional integrated public transport planning and integration of all forms of public transport, especially as rail is revitalised. There will be institutional agreements changes/implementation for contracting authorities.

National Treasury indicated that creating a single transport fund requires key necessary conditions to be met. Fragmented public transport funding was a function of the fragmented powers and functions across various spheres of government, with fragmented planning, regulatory and contracting responsibilities. Coordination across national, provincial and local government was weak, despite requirements set out in the National Land Transport Act. Current urban spatial layout generates a transport demand pattern that makes public transport expensive for government and commuters. Land-use, public transport and low-income housing planning are fragmented. This was exacerbated by functions across the 3 spheres of government. Pricing for road infrastructure was inefficient and ineffective. Models for regularising the mini-bus taxi industry was further highlighted as a necessary condition to be met.

7.3 OBSERVATIONS

Members made the following observations during the discussions:

- 7.3.1 It was noted that a lot of consultation must still be done regarding the winding down and the presentations did not clarify what would be done in the next 3 years to address capacity challenges at municipal level and issues regarding expenditure linked to the grant. Clarity was sought on commitments for the next 3 years such as, for example, what would occur in instances where busses may need to be replaced and/or maintained at the Cities of Johannesburg and Cape Town. More information was requested on commitments beyond 3 years and on whether it was anticipated that the new fund would carry those commitments beyond the MTEF, on whether it would be linked with enhancing capacity for municipalities and on whether the capacity would be linked to multiple grants versus one grant.

- 7.3.2 In the eThekweni Metro there was significant infrastructure that still needed to be completed to run the service in the city. If the grant was terminated in 3 years it would impact on incomplete infrastructure projects. The Department was asked whether this would lead to unfinished infrastructure projects and whether it would not be better to finish these and change bus options to purchasing of normal cheaper buses.
- 7.3.3 It was noted that the presentations were open and frank about the challenges, but that the Department still put the blame on municipalities, whereas its role was to coordinate and manage the grants. The buck should have stopped with the Department and National Treasury and there needed to be consequence management of officials responsible for the non-performance of these projects.
- 7.3.4 The Department and National Treasury was asked why it continued funding the projects despite knowing of these challenges and failure to comply by some cities since 2014, and why sufficient Municipal capacity was not a pre-requisite to receive the funding. The Department and National Treasury were asked to explain what oversight it provided over the project since concerns were raised by members regarding oversight over the project to date, and which interventions they provided to assist cities to comply with grant conditions.
- 7.3.5 In its presentation the Department reports more than R32bil in current and future contractual commitments. The Department was asked to clarify how much of this amount was legally unavoidable, how much could be renegotiated and the amounts that would be spent on litigation linked to these contracts.
- 7.3.6 Having noted the model for consolidating 3 funding models, the Department was asked what safeguards were in place to prevent the new models from inheriting the challenges and risks of the PTNG and how planning, budgeting and coordination would be done to avoid the key weaknesses of the current systems being transferred into the new fund. The Department was asked how it would ensure that non-operational cities like eThekweni and Msunduzi did not transfer to the new fund without improving outcomes and to provide more information on what legal advice was received regarding early termination of VOC and AFC system contracts and on the estimated liabilities linked to these contracts.
- 7.3.7 Clarity was sought on how BRT stations, depots and dedicated lanes would be used to prevent them from becoming fruitless and wasteful expenditure and on the mechanisms

in place to protect commuters in Cape Town and the City of Johannesburg if the services were reduced or cancelled before the new fund is operational.

- 7.3.8 It was noted that the objective of the grant was to improve infrastructure and bus operations and there was evidence on the ground that in many cases things were done with good intentions and a good outlook such as in Polokwane and Ekurhuleni. The Department was asked whether municipalities supported the wind down and cooperating since it pointed at significant loopholes in the presentation such as municipal buy-in, timelines and engagements with cities. The Department was asked what would happen to the implementing cities that refused to wind down or did not support the new fund.
- 7.3.9 More clarity was sought on the amounts of poor return on investment and funds wasted and the impact on stakeholders and bus users. The Department was further asked to give more information on challenges regarding mini-bus taxi funding and VOC ownership and capacity constraints.
- 7.3.10 The Department was asked whether there would be independent monitoring in the transition to ensure this is managed without service collapse or contract breaches.

7.4 RECOMMENDATIONS

The Committee recommends that the Minister, through the Department, ensure the following:

- 7.4.1 The Department should provide quarterly reports on progress with the wind down consultation as well as quarterly updates from the 13 cities on current operations or progress on the projects benefitting from the grant.

Report to be considered.

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT AND TRADE ON BUDGET VOTE 38: STRATEGIC PLAN AND THE 2026/27 ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF TOURISM AND SOUTH AFRICAN TOURISM, DATED 10 JUNE 2026

The Committee, having considered *Budget Vote 38, the 2026/27 Annual Performance Plans and Strategic Plans of the Department of Tourism (the Department) and South African Tourism (SAT)*, reports that it met on 20 May 2026, when the Department and SAT outlined the budget and spending plans.

Department of Tourism Economic and Spending Context

1. The tourism sector continues to be recognised as a critical driver of South Africa's economic growth, employment creation, and inclusive development, as emphasised in the 2026 State of the Nation Address. Strong recovery trends are evident, with international tourist arrivals reaching approximately 10.5 million in 2025, exceeding pre-pandemic levels and confirming sustained global and domestic demand for South Africa as a destination.
2. This recovery has been supported by improved demand conditions, regional travel growth, and targeted marketing initiatives, while domestic tourism has stabilised following the post-pandemic rebound. The sector's role extends beyond economic contribution, serving as a catalyst for regional development, investment attraction, and job creation, particularly in labour-intensive tourism value chains.
3. At a macroeconomic level, tourism operates within a constrained fiscal environment characterised by moderate economic growth, projected at approximately 1.6 per cent in 2026, and a declining but still tight fiscal framework. Government's focus on fiscal consolidation, infrastructure investment, and efficiency improvements shapes the resource envelope within which tourism policy must be implemented.

4. Within this context, the Department of Tourism's 2026/27 budget allocation of approximately R2.54 billion reflects modest nominal growth of about 4.3 per cent, which translates into limited real growth after inflation. This indicates constrained fiscal space and highlights the need for improved prioritisation and efficiency in the allocation and utilisation of resources within the tourism sector.
5. A significant structural feature of tourism spending is the allocation of approximately 57 per cent of the budget to transfers and subsidies, primarily to South African Tourism. While this supports destination marketing and international positioning, it reflects a heavy reliance on a marketing-driven expenditure model, with comparatively limited investment in infrastructure development and product diversification.
6. This expenditure pattern raises concerns regarding the alignment between tourism spending and long-term sector growth objectives. Insufficient funding for infrastructure, rural tourism development, and transformation initiatives constrains the sector's ability to expand beyond traditional tourism nodes and limits its potential to drive inclusive growth in villages, townships, and small towns.
7. In addition, weaknesses in expenditure effectiveness remain a key policy issue. There is limited evidence of systematic cost-benefit analysis, weak linkage between spending and measurable outcomes, and inadequate monitoring systems to assess return on investment in tourism programmes, particularly in marketing and promotional activities.
8. Governance and institutional challenges further undermine the impact of tourism spending. Persistent issues within South African Tourism, including weak internal controls, accountability gaps, and audit concerns, affect financial management and reduce confidence in the effective use of public resources allocated to the sector.
9. From a policy and legislative perspective, delays in the finalisation of the Tourism Amendment Bill and the review of outdated sector strategies limit the sector's ability to respond to emerging trends and structural challenges. This includes the need to modernise the policy framework to support digital transformation, enhance competitiveness, and strengthen the regulatory environment.
10. Overall, while the tourism sector demonstrates strong economic recovery and significant growth potential, its ability to deliver sustained and inclusive outcomes is constrained by limited fiscal space, an imbalanced spending model, governance weaknesses, and policy delays. Addressing these systemic challenges will require a

strategic shift toward infrastructure-led investment, improved expenditure efficiency, stronger accountability, and enhanced coordination across all spheres of government.

High Level Spending Over 2026 Medium Term

Table 1: 2026 Spending Outlook

Programmes											
1. Administration											
2. Tourism Research, Policy and International Relations											
3. Destination Development											
4. Tourism Sector Support Services											
Programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
R million	2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26		2026/27	2027/28	2028/29	2025/26 - 2028/29	2026/27 - 2028/29
Programme 1	323.5	303.1	340.5	364.2	4.0%	14.0%	392.4	403.9	409.4	4.0%	15.3%
Programme 2	1 395.1	1 367.5	1 319.1	1 408.0	0.3%	57.6%	1 377.3	1 431.0	1 483.3	1.8%	54.3%
Programme 3	411.6	360.0	298.0	331.1	-7.0%	14.7%	420.8	439.9	453.7	11.1%	16.6%
Programme 4	343.5	341.7	294.6	331.6	-1.2%	13.8%	350.1	365.8	376.3	4.3%	13.8%
Subtotal	2 473.7	2 372.3	2 252.1	2 434.9	-0.5%	100.0%	2 540.6	2 640.6	2 722.7	3.8%	100.0%
Total	2 473.7	2 372.3	2 252.1	2 434.9	-0.5%	100.0%	2 540.6	2 640.6	2 722.7	3.8%	100.0%
Change to 2025 Budget estimate				-			(7.2)	(22.4)	(59.9)		
Economic classification											
Current payments	759.8	722.3	742.4	835.2	3.2%	32.1%	969.4	1 132.2	1 153.9	11.4%	41.2%
Compensation of employees	353.3	364.4	377.2	432.9	7.0%	16.0%	451.8	472.2	486.9	4.0%	17.9%
Goods and services ¹	406.5	357.9	365.2	402.4	-0.3%	16.1%	517.6	660.0	667.0	18.4%	23.3%
of which:											
Computer services	19.5	17.3	39.7	26.9	11.3%	1.1%	39.0	41.4	45.1	18.8%	1.6%
Consultants: Business and advisory services	22.1	14.3	14.4	20.1	-3.0%	0.7%	44.3	16.9	17.3	-5.0%	1.0%
Agency and support/outsourced services	110.2	71.5	104.7	69.7	-14.2%	3.7%	37.9	56.3	58.4	-5.7%	1.9%
Operating leases	29.6	29.8	46.5	43.2	13.5%	1.6%	40.6	42.3	44.3	0.8%	1.6%
Travel and subsistence	61.7	48.8	44.6	74.7	6.6%	2.4%	106.5	109.0	107.9	13.1%	4.1%
Training and development	51.1	52.2	38.5	39.7	-8.1%	1.9%	141.2	282.0	291.7	94.4%	9.0%
Interest and rent on land	-	0.0	0.0	-	0.0%	0.0%	-	-	-	0.0%	0.0%
Transfers and subsidies ¹	1 564.7	1 527.0	1 431.3	1 489.3	-1.6%	63.1%	1 446.1	1 503.1	1 563.2	1.6%	57.1%
Departmental agencies and accounts	1 424.1	1 501.3	1 248.4	1 305.3	-2.9%	57.5%	1 278.1	1 328.0	1 376.8	1.8%	50.4%
Foreign governments and international organisations	2.2	2.7	2.5	2.9	8.7%	0.1%	3.0	3.1	3.3	4.5%	0.1%
Public corporations and private enterprises	134.7	18.7	172.1	176.6	9.4%	5.3%	151.6	161.6	172.3	-0.8%	6.1%
Non-profit institutions	0.4	0.4	0.5	0.5	2.7%	0.0%	5.6	5.8	6.1	133.0%	0.2%
Households	3.2	3.8	7.9	4.1	8.8%	0.2%	7.9	4.5	4.7	4.6%	0.2%
Payments for capital assets	148.3	122.7	78.4	110.4	-9.4%	4.8%	125.1	5.4	5.6	-63.0%	1.7%
Buildings and other fixed structures	139.9	115.0	61.8	104.7	-9.2%	4.4%	119.8	-	-	-100.0%	1.5%
Machinery and equipment	7.8	7.7	16.6	5.7	-10.2%	0.4%	5.3	5.4	5.6	-0.5%	0.2%
Software and other intangible assets	0.5	-	-	-	-100.0%	0.0%	-	-	-	0.0%	0.0%
Payments for financial assets	0.9	0.3	0.0	-	-100.0%	0.0%	-	-	-	0.0%	0.0%
Total	2 473.7	2 372.3	2 252.1	2 434.9	-0.5%	100.0%	2 540.6	2 640.6	2 722.7	3.8%	100.0%

Source: 2026 Estimates of National Expenditure, National Treasury

Over the medium term, the Department will continue its efforts to protect and reignite demand for tourism in South Africa. This forms part of the broader objective of ensuring that the tourism sector realises its full potential to contribute to economic growth, employment creation and inclusive development. To achieve this, the Department will focus on accelerating growth

and development in the sector, and on enhancing and maintaining core tourism assets while creating work opportunities through them.

Expenditure is set to increase at an average annual rate of 3.8 per cent, from R2.4 billion in 2025/26 to R2.7 billion in 2028/29. An estimated 57.1 per cent (R4.5 billion) of total expenditure over the period ahead is allocated to transfers and subsidies, mainly to South African Tourism to support its operations and promote South Africa as a leading domestic and international destination for business and leisure travel.

Accelerating growth and development in the sector

The Department will focus on leveraging South Africa's natural, cultural and economic diversity, improving infrastructure and safety, streamlining visa processes, and enhancing marketing to showcase its value and unique offerings and strengthen the country's position as a destination of choice. This is also expected to advance transformation and stimulate growth in the tourism sector, and will result in expenditure of an estimated R553.9 million over the medium term in the Tourism Incentive Programme subprogramme in the Tourism Sector

Support Services programme.

Additional funding for growth and diversification will be made available through complementary initiatives across departmental programmes, including the Tourism Equity Fund, the Tourism Transformation Fund, the market access support programme, and the tourism grading support programme. The green tourism incentive will continue to provide financial support to private tourism enterprises to adopt environmentally sustainable practices through the installation of solutions that improve the efficient use of electricity and water. This incentive is expected to reduce pressure on the national electricity grid and scarce water resources and facilitate a reduction in operational costs for enterprises over the long term by improving the sector's resilience. These activities are funded through the Tourism Sector Support Services programme, which is allocated R1.1 billion over the MTEF period.

Enhancing and maintaining core tourism assets and infrastructure and creating work opportunities

The Department will prioritise labour-intensive projects through the Working for Tourism programme, focusing on unemployed young people, including the rollout of multi-year spatial planning and infrastructure projects aimed at supporting rural and township economies. Key activities include infrastructure maintenance and beautification programmes at state-owned

attractions in Gauteng, KwaZulu-Natal, North West and the Northern Cape, complemented by non-financial support through skills development and capacity-building programmes. These interventions provide targeted assistance to community-based tourism enterprises and community museums, and are expected to create a targeted 19 083 work opportunities over the period ahead. Funds to carry out these activities, amounting to R959.9 million over the next three years, are in the Destination Development programme. In addition to supporting growth in the tourism sector, the Department is expected to promote more equitable participation in the sector by enabling communities, particularly those located around key tourist attractions in rural areas and small towns, to share in the economic benefits of tourism. This will be done by helping community-based entities to register as businesses, obtain the required licences, and register for tax. Expenditure for these activities is expected to amount to R118 million over the medium term in the Destination Planning and Investment Coordination subprogramme in the Destination Development programme.

The work of the Department is divided into four functional areas:

Programme 1: Administration, which provides strategic leadership, management and support services to the Department. For the 2026/27 financial year, Programme 1 is allocated R392.4 million, representing 15.4 per cent of the total departmental budget and a nominal increase of 7.74 per cent from R364.2 million in 2025/26. Key deliverables in this programme include the following:

- Ensuring an unqualified audit on financial statements and non-financial performance information
- 75 per cent of budget directly spent on growth and job creation
- Maintaining vacancy rate below 10 per cent
- 100 per cent compliance in terms of payment of invoices within 30 days
- Implementation of the outcomes and recommendations of the organisational capacity alignment project

Programme 2: Tourism Research, Policy and International Relations, which seeks to enhance the strategic policy environment, monitor the tourism sector's performance, and enable stakeholder relations. Key deliverables in the programme include the digitisation and enhancement of three departmental platforms – the National Tourism Information Monitoring System (NTIMS), the National Register for Tourist Guide Information System (TGIS), and the

Tourist Growth Partnership Plan (TGPP) dashboard. Deliverables further include outreach programmes to prioritised markets and the implementation of eight structured cooperation activities under international agreements. A further key deliverable includes the development of the Tourism Amendment Bill, which seeks to address legislative gaps in a changing tourism landscape, enhance safety, and accelerate transformation. For the 2026/27 financial year, Programme 2 is allocated R1.377 billion (54.2 per cent of the total vote), though this is primarily attributable to the R1.278 billion transfer to South African Tourism (92.8 per cent of the programme budget).

Programme 3: Destination Development, which seeks to facilitate and coordinate tourism destination development. Key deliverables in this programme include the management of a pipeline of nationally prioritised investment opportunities (greenfield and brownfield projects) and the hosting of one promotional platform. Further key deliverables include the handover of seventeen community-based tourism projects submitted to the owning entities to support enhancement initiatives at tourist attractions. For the 2026/27 financial year, Programme 3 receives an allocation of R420.8 million, a substantial nominal increase of 27.1 per cent (22.91 per cent in real terms) from R331.1 million in 2025/26.

Programme 4: Tourism Sector Support Services, which seeks to enhance transformation, increase skill levels, and support the development of the sector to ensure that South Africa is a competitive tourism destination. Key deliverables include the implementation of three incentive programmes to stimulate growth and job creation. These initiatives include the Green Tourism Incentive Programme (GTIP), the Tourism Transformation Fund (TTF), which is managed by the Small Enterprise Development Finance Agency, and the Market Access Support Programme (MASP). Further key deliverables include the training and placement of 1 500 tourism monitors and the implementation of twelve integrated District Development Model (DDM) stakeholder outreach sessions. For the 2026/27 financial year, Programme 4 is allocated R350.1 million, a 5.6 per cent nominal increase (2.11 per cent in real terms) from R331.6 million in 2025/26.

South African Tourism

The Tourism Act of 2014 mandates South African Tourism (SAT) to market South Africa internationally and domestically as a preferred tourism and business events destination while monitoring the performance of the tourism sector.

The work of SAT is divided into four programmes, namely:

Programme 1: Corporate Support which seeks to provide effective support services to the entity as well as ensure compliance with statutory requirements, ensure strategy development and integration with business performance monitoring, governance and evaluation.

Programme 2: Business Enablement, which seeks to enhance collaboration with various stakeholders and provide centralised tourism intelligence to support evidence-based decision-making.

Programme 3: Leisure Tourism Marketing, which seeks to grow leisure tourism demand and strengthen market access.

Programme 4: Tourist Experience, which seeks to ensure the delivery of quality-assured tourist and visitor experiences that are diverse, unique and enriched.

SAT highlighted its work in provinces, noting that for the 2026/27 financial year, it intends to implement nine collaborative engagements in all provinces as well as in terms of leisure tourism marketing, it intends to implement sixteen distribution channel initiatives in the domestic market and implement four provincial tourism showcases.

Over the MTEF period, the entity will intensify its focus on increasing business events tourism by supporting a targeted 375 bids to host international and regional business meetings, conferences and exhibitions across different provinces, including rural areas and small towns. Successful bids will lead to events that stimulate economic activity across various sectors, including mining and minerals, manufacturing, travel and tourism, agriculture, finance, and wholesale and retail trade. The entity plans to improve the visibility of and access to South Africa's tourism market through a combination of platforms, such as Africa's Travel Indaba and Meetings Africa, as well as participation in strategic international platforms that profile South African tourism products and SMMEs to global buyers and associations. These activities are expected to be carried out within a budget of R903.5 million over the medium term.

Total expenditure over the period ahead is estimated at R4.2 billion, with spending on goods and services accounting for an estimated 82.5 per cent (R3.5 billion) of this amount. A significant portion of these funds is earmarked for marketing South Africa as a premier tourist and business destination. Over the period ahead, the entity expects to derive 93.2 per cent (R3.9 billion) of its revenue, which is in line with expenditure, through transfers from the Department, and the remainder through voluntary levies collected from the private sector, grading fees, exhibition income and interest earned on investments.

For the 2026/27 financial year, SAT receives R1.278 billion (50.3 per cent) of the Department's total budget allocation of R2.540 billion through Programme 2 of the Department of Tourism.

Committee Engagements-High level Key Points

The Committee welcomed the detailed report.

- Concern was raised that growth and job creation spending lacked clear figures, measurable targets, and expected outcomes. The Department noted identified job opportunities, but the Committee stressed future reports must show concrete data and employment outcomes.
- Clarity was requested on the GroupWise contract, migration costs to Microsoft Exchange, and new contract terms. The Department undertook to provide written details.
- Regarding Tourism Monitors Programme, the Committee sought clarity on the programme's purpose. The Department explained that monitors support tourist safety, provide information, assist visitors, and report incidents, but are not security officers.
- About the International Relations initiatives, questions were raised about allocations for international engagement versus domestic tourism. The Department explained that international spending supports agreements, investment facilitation, and market access to boost inbound tourism.
- The Committee requested proof of how much tourist activity stems directly from Department and national tourism entity work or spending. This is to determine the spending impact in relation to the growth and development of the sector. A written response was promised.

- In terms of Tourism Experience Programme, the Committee asked for a clear explanation. The Department said it focuses on product development, SME support, quality assurance, and improving visitor experiences.
- The Committee raised instability at the national tourism entity. The Department noted an interim arrangement is in place and board appointments are underway.
- The Committee questioned limited funding for destination development and labour-intensive programmes. The Department said marketing remains core, but funding is shifting toward skills and labour-intensive initiatives.
- About the Meetings Africa Budget, the Committee requested clarity on the event's budget and the Ministry's allocation. The Department confirmed the event's multi-year arrangement and promised written clarification on the Ministry's figures.
- Regarding the Tourism Equity Fund, the Committee requested updates on implementation, beneficiaries, and repayments. The Department said the fund has resumed, reports are being received, and repayment applies mainly to loan components. Defaults are too early to assess.
- About the job creation costs, concerns were raised about high costs per job. The Department explained interventions vary widely, but the Committee insisted future reports must show clearer value-for-money outcomes.
- Regarding provincial spending breakdown, the Committee emphasised the need for provincial-level reporting to strengthen oversight.
- In terms of audit and reporting, the Committee welcomed commitments to clean audits, SMMEs support, and improved reporting systems, but stressed these must be demonstrated in practice.
- Regarding geopolitical instability effect, the Committee asked about impacts on tourism flows. The Department confirmed ongoing assessments and strategy adjustments, though data delays remain a challenge.
- In terms of domestic tourism promotion, the Committee requested more detail on promotion across provinces, especially rural and township areas. The Department said development is collaborative with provinces, with precinct support provided.
- Regarding employment reporting, the Committee asked for clearer reporting on temporary vs permanent jobs, youth participation, women-focused initiatives, and access to transformation funding. The Department explained current efforts and challenges.

- Concerns were raised about continued transfers despite governance failures at SA Tourism. The Department said monitoring has been strengthened and improvements are expected this financial year.
- The Committee noted partnerships in the APP lacked measurable indicators. The Department explained their purpose, but the Committee insisted on stronger reporting.
- Regarding infrastructure concerns, the Committee questioned investments where municipalities fail to maintain services, citing sewage issues at the Cradle of Humankind. The Department said governance and operational support are provided, with a written response promised on the specific issue.

Recommendations

Following engagement with the Department and South African Tourism, the Committee proposed the following recommendations to the Minister of Tourism:

1. The Minister must reprioritise transfers from South African Tourism towards destination development and sector support programmes to ensure equitable provincial economic impact by 2028/29.
2. Further, the Minister must engage Minister of Finance to increase allocation in line with the sector's GDP and employment growth contribution potential.
3. The Department working in collaboration with provinces and local government must table nine provincial tourism implementation plans with clear targets for jobs, SMMEs and tourism growth within six months to strengthen NCOP oversight and intergovernmental coordination.
4. The Department must implement a Tourism Employment Conversion Framework to ensure that some of the temporary jobs transition into permanent employment or enterprises annually from 2027/28.
5. The Department must introduce performance-based transfers to SA Tourism linked to clean audits, governance improvements and measurable tourism growth outcomes from 2027/28.
6. Over the 2026 medium term, the Minister through the Department must develop comprehensive domestic tourism strategy stimulate and sustain tourism growth and development thus to mitigate external shocks and seasonality.

7. The Minister must table the Tourism Amendment Bill and complete the review of outdated tourism strategies by the end of the 2027/28 financial year to strengthen the policy framework.
8. The Department working in collaboration with provinces and local government must expand tourism safety programmes to all provinces, including rural and township areas, with full national coverage achieved by 2028/29.
9. The Department must increase number of tourism development programme with vulnerable groups as targeted beneficiaries from 2026/27 beyond. In addition, with a focus on rural and township economies.
10. The Department must implement a national tourism performance dashboard with provincial disaggregation by 2027/28 to track expenditure, jobs and tourism growth outcomes.

Report to be considered.

2. REPORT OF THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT AND TRADE ON BUDGET VOTE 36, STRATEGIC PLAN, 2026/2027 ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF SMALL BUSINESS DEVELOPMENT, DATED 10 JUNE 2026

1. Introduction

The Select Committee on Economic Development and Trade, having considered Budget Vote 36 of the Department of Small Business Development, together with its 2025–2030 Strategic Plan and 2026/27 Annual Performance Plan (APP), reports as follows:

The Committee received a briefing on 27 May 2026, during which the Department and the Minister outlined the strategic priorities, budget allocations, and planned interventions to support micro, small and medium enterprises (MSMEs), cooperatives, and the informal economy.

The Minister emphasised that MSMEs remain central to employment creation and inclusive growth, with government targeting expanded support to enterprises and linking interventions to measurable job creation outcomes. Further, the Minister noted ongoing delays in processing funding applications, especially through SEDA and SEFA, and explained that a new digitised platform is being introduced to improve the process. The system will help reduce turnaround times, make compliance checks easier, and link entrepreneurs with institutions such as SARS, Home Affairs, the police, and UIF. It will also support entrepreneurs in building stronger credit records, which can improve their chances of accessing finance in the future.

Overall, the Minister highlighted a move toward a more coordinated and digital approach to small business support—one that lowers barriers, improves access to markets and finance, and helps ensure that assistance leads to lasting business growth and job creation.

According to the Department of Small Business Development, the 2025–2030 Strategic Plan and the 2026/27 Annual Performance Plan (APP) were developed through extensive consultation with internal and external stakeholders across the MSME ecosystem. These plans are aligned with the findings of the 30-year and 10-year reviews of the National Development Plan (NDP), the revised 2019–2024 MTSF

Close-up reports, as well as the 2014–2029 MTDP priorities and NDP goals relating to MSMEs. The Committee assessed these plans within the framework of the National Development Plan (NDP), the Medium-Term Development Plan (MTDP), and prevailing economic and fiscal conditions.

2. Economic and Policy Context

The Committee notes that the Department operates in a constrained but stabilising fiscal environment, characterised by low economic growth, high unemployment, inequality, and structural barriers to enterprise development.

MSMEs are recognised as a key driver of economic transformation; however, the sector continues to face:

- Limited access to finance and markets
- Weak productivity and sustainability outcomes
- Regulatory constraints, particularly at municipal level
- Weak integration into value chains

The Minister further highlighted persistent challenges relating to business licensing, outdated municipal systems, and lack of coordination, necessitating reforms such as the Business Licensing Bill and municipal e-registration systems.

The Committee emphasises that achieving inclusive growth requires a shift from policy intent to effective, coordinated execution and measurable outcomes.

3. Budget and Spending

3.1 Budget Overview

The Department's allocation is approximately R3.0 billion in 2026/27, rising to about R3.3 billion over the medium term. Approximately 71.7 per cent of expenditure is allocated to transfers and subsidies. Of which 63.3 per cent is transferred to SEDFA. Expenditure is projected to grow at an average annual rate of approximately 3.7 per cent over the medium term.

Spending is directed towards the following priorities and focus areas:

- Financial and enterprise support (including blended finance instruments)
- Informal economy and township enterprise development
- MSME infrastructure (hubs, incubation facilities)

- Market access and export promotion
- Localisation and sector development initiatives
- Regulatory reform and red tape reduction

Further, the Department also aims to:

- Establish 30 SMME hubs
- Support targeted enterprises with machinery, infrastructure and working capital
- Expand global market exposure programmes
- Support informal enterprises and vulnerable groups (youth, women, rural)

Table 1: Medium Term Expenditure Outlook

Programmes											
1. Administration											
2. Sector Policy and Research											
3. Integrated Cooperatives and Micro Enterprise Development											
4. Enterprise Development, Innovation and Entrepreneurship											
Programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
R million	2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26		2026/27	2027/28	2028/29	2025/26 - 2028/29	2026/27 - 2028/29
Programme 1	122.5	142.6	165.7	203.2	18.4%	5.7%	217.1	226.3	235.1	5.0%	7.2%
Programme 2	20.9	14.4	37.3	67.2	47.7%	1.3%	83.6	86.6	90.1	10.3%	2.8%
Programme 3	113.7	130.8	142.7	482.7	61.9%	7.8%	532.2	520.0	538.0	3.7%	16.8%
Programme 4	2 536.4	2 435.7	2 323.2	2 165.0	-5.1%	85.2%	2 203.6	2 325.3	2 393.2	3.4%	73.2%
Subtotal	2 793.4	2 723.6	2 668.9	2 918.1	1.5%	100.0%	3 036.5	3 158.3	3 256.4	3.7%	100.0%
Total	2 793.4	2 723.6	2 668.9	2 918.1	1.5%	100.0%	3 036.5	3 158.3	3 256.4	3.7%	100.0%
Change to 2025				–			(13.5)	(29.6)	(74.6)		
Budget estimate											
Economic classification											
Current payments	236.0	319.9	370.8	829.4	52.0%	15.8%	874.3	872.0	907.1	3.0%	28.1%
Compensation of employees	144.4	181.5	218.4	263.5	22.2%	7.3%	277.1	289.6	298.6	4.3%	9.2%
Goods and services ¹	91.6	138.4	152.4	565.8	83.5%	8.5%	597.2	582.4	608.5	2.5%	18.9%
of which:											
Communication	1.1	0.6	2.7	7.3	89.1%	0.1%	14.9	17.1	17.7	34.5%	0.5%
Consultants: Business and advisory services	7.1	5.7	6.8	23.4	48.6%	0.4%	31.6	25.1	26.4	4.1%	0.9%
Inventory: Other supplies	29.7	57.5	46.6	407.3	139.3%	4.9%	404.2	403.4	421.5	1.1%	13.0%
Operating leases	9.5	10.2	11.1	12.7	10.4%	0.4%	13.3	14.1	14.7	4.9%	0.4%
Travel and subsistence	22.0	31.7	41.7	54.4	35.1%	1.3%	72.2	60.5	63.6	5.4%	2.1%
Venues and facilities	1.6	3.2	15.1	13.0	100.8%	0.3%	15.1	15.8	16.4	8.1%	0.5%
Transfers and subsidies¹	2 550.5	2 394.5	2 290.9	2 080.3	-6.6%	83.9%	2 154.4	2 278.2	2 340.8	4.0%	71.7%
Departmental agencies and accounts	915.8	1 404.5	1 317.2	1.4	-88.4%	32.8%	1.0	1.0	1.0	-11.4%	0.0%
Public corporations and private enterprises	1 625.0	981.2	962.7	2 068.9	8.4%	50.8%	2 151.6	2 276.2	2 338.8	4.2%	71.6%
Non-profit institutions	8.6	8.0	9.4	8.5	-0.6%	0.3%	1.0	1.0	1.0	-50.9%	0.0%
Households	1.1	0.8	1.6	1.4	8.2%	0.0%	0.8	–	–	-100.0%	0.0%
Payments for capital assets	6.9	6.7	7.2	8.5	7.0%	0.3%	7.8	8.1	8.5	0.2%	0.3%
Machinery and equipment	6.9	6.7	7.1	8.5	6.8%	0.3%	7.8	8.1	8.5	0.3%	0.3%
Software and other intangible assets	–	–	0.0	0.0	0.0%	0.0%	–	–	–	-100.0%	0.0%
Payments for financial assets	–	2.5	0.0	–	0.0%	0.0%	–	–	–	0.0%	0.0%
Total	2 793.4	2 723.6	2 668.9	2 918.1	1.5%	100.0%	3 036.5	3 158.3	3 256.4	3.7%	100.0%

Source: 2026 National Treasury Estimates of National Expenditure

Over the medium term, the Department will focus on supporting MSMEs, cooperatives, and informal businesses by providing equipment, tools, machinery, technology, and energy solutions. It will also refurbish or build approved business infrastructure, extend financial assistance to township and rural enterprises, and continue to create opportunities for MSMEs and cooperatives to access global markets. Total expenditure is projected to grow at an average annual rate of 3.7 per cent, increasing from R2.9 billion in 2025/26 to R3.3 billion in 2028/29. Of this, an estimated 71.7 per cent (R6.8 billion) is earmarked for direct MSME support. A further 63.3 per cent (R6 billion) of the Department's budget will be transferred to the Small Enterprise Development and Finance Agency (SEFA) to fund operations and deliver programmes in technology, capacity building, blended finance, and township and rural entrepreneurship.

Regarding supporting MSMEs. The Department will strengthen the network of hubs across all districts, the Department, in partnership with municipalities, plans to establish 30 MSME hubs over the medium term. These hubs will provide accommodation, shared equipment, and common infrastructure for formal and informal businesses. Spending on this initiative is expected to reach R555 million under the Integrated Cooperatives and Micro Enterprise Development programme. In the same programme, 150 MSMEs and cooperatives will receive targeted support through equipment, tools, machinery, technology, and energy interventions, backed by R424.5 million.

The Department is committed to broadening participation by empowering women, young people, and persons with disabilities. Over the next three years, 600 MSMEs and cooperatives will be exposed to global market opportunities, while 9 000 informal businesses will receive targeted support. To achieve these outcomes, R204.6 million is allocated under the Value Chain and Market Access Support and Economic Transformation Initiatives subprogrammes. Additional efforts will focus on rural, township, and peri-urban enterprises, with R675 million allocated under the Funding Support and Coordination subprogramme to assist 2 700 enterprises with machinery, equipment, working capital, and raw materials.

The Department's work is structured across four functional areas, ensuring a coordinated approach to enterprise development, innovation, and inclusive growth. The following are functional policy programmes, Programme 1: Administration; Programme 2: Sector Policy and Research; Programme 3:

Integrated Co-operatives and Micro Enterprise Development and Programme 4: Enterprise Development, Innovation and Entrepreneurship.

Programme 1 is responsible for providing strategic leadership, management, and administrative support services to the Department. For the 2026/27 financial year, the programme's budget increased by R4.8 million, from R212.3 million in the March 2026 APP to R217.1 million in the final May 2026 APP. The most significant adjustment was an increase of R4.8 million to the Ministry sub-programme, while Financial Management received an additional R1.7 million and Departmental Management increased marginally by R391 000. These increases were partially offset by a R2 million reduction in Corporate Management Services.

About Programme 2: Sector Policy and Research, seeks to create a conducive environment for MSMEs through policy development, research, monitoring and evaluation, and intergovernmental coordination. The programme's budget was reduced by R2.7 million, declining from R86.3 million to R83.6 million. The only area that received additional funding was Intergovernmental Relations and Business Efficiency, which increased by R1.4 million. In contrast, Business Intelligence and Sector-Wide Monitoring and Evaluation was reduced by R1 million, while Sector Specific Support experienced the largest reduction of R3.1 million. The budget changes indicate a strategic shift towards strengthening intergovernmental coordination and business efficiency initiatives, particularly those related to the implementation of the Intergovernmental Relations Framework and municipal red-tape reduction programmes.

Regarding Programme 3: Integrated Co-operatives and Micro Enterprise Development, aims to drive economic transformation through the development and support of informal businesses, co-operatives, and micro-enterprises. The programme's budget was marginally reduced by R1.5 million, from R533.7 million to R532.2 million. Budget reductions were recorded in the Integrated Co-operatives and Micro Enterprise Development sub-programme, which decreased by R1.6 million, and Economic Transformation Initiatives, which declined by R954 000. These reductions were partly offset by an increase of R1 million for Value Chain and Market Access Support. The revised APP also introduced several refinements to priority allocations. Funding for the Business Infrastructure Support Programme was reduced from R316.8 million to R314 million, while the Informal Micro Enterprise Development Programme allocation declined from R55 million to R53.5 million. At the same time, specific

allocations were confirmed for initiatives such as the Co-operatives Development Support Programme (R63.5 million), the Small Business Exporters Development Scheme (R34 million), and the Proudly SA Collaboration (R2 million).

Regarding Programme 4: Enterprise Development, Innovation and Entrepreneurship. The is responsible for promoting entrepreneurship, innovation, and enterprise development to support the establishment, growth, and sustainability of MSMEs. The programme recorded the largest budget adjustment among all programmes, with an overall reduction of R14.1 million between the March and May 2026 APP versions. While the overall allocation remains approximately R2.1 billion, significant internal reallocations occurred. The Enterprise Development, Innovation and Entrepreneurship sub-programme received an additional R10.5 million, increasing from R9.9 million to R20.4 million. However, Entrepreneurship and Enterprise Development was reduced by R19.5 million, while Funding Support and Coordination declined by R5.1 million. Adjustments were also made to specific initiatives, including a reduction in the Asset Assist Programme allocation from R217.3 million to R215 million. In contrast, funding for the Small Enterprise Manufacturing Support Programme remained unchanged at R282.8 million, while allocations for the Youth Start-up Fund (R33.3 million) and the establishment of the Small Enterprise Ombuds Service (R10 million) were maintained.

4. High level Committee Deliberations:

1. In relation to SEDFA Institutional Effectiveness. The following was highlighted:
 - Concerns regarding vacancies and operational readiness post-merger.
 - Department indicated most executive posts filled, with CEO recruitment underway.
2. In terms of Service Delivery Delays:
 - Notable delays in delivery of equipment and support (e.g., infrastructure, machinery). The issues were linked to compliance issues, supplier registration, and procurement processes.
3. Regarding the Business Infrastructure Support Programme (BISP). The following issues were raised:
 - Concerns over re-advertisement and burdens on applicants. The Department cited annual funding cycles and implementation constraints.
4. In terms of 4 Procurement and Payment Systems:

- Concerns about late payments and limited MSME participation. The Department highlighted that it is in the process to pursuing digitisation and improved SOPs.
- 5. Regarding the Regulatory Environment, the Committee raised concerns about the slow progress in red tape reduction at local level. The Department indicated that the Business Licensing Bill and municipal reforms are underway.
- 6. Market access constraints remain an inhibitor. The following was noted:
 - Continued exclusion of MSMEs from procurement and value chains. The highlighted it is strengthening trade intelligence and export support.
- 7. In terms of the informal economy and inclusive participation, it was noted that there is insufficient scaling of informal sector support. Thus, stronger emphasis required on township, rural, youth and women enterprises.
- 8. It was emphasised the need to rollout of integrated digital platform in order to:
 - Improve turnaround times;
 - Streamline compliance;
 - Enable access to financing and services.

5. Recommendations

The Committee highlighted that while the Department's policy framework is aligned with national development priorities, significant weaknesses remain in execution, coordination and measurable impact. Strengthening implementation, improving spending effectiveness, and enhancing institutional accountability are critical to ensuring that MSME development contributes meaningfully to inclusive growth and employment creation.

The Committee recommends that the Minister:

1. Operationalise an integrated MSME coordination framework over the medium term to reduce fragmentation and align national, provincial and municipal interventions.
2. Align departmental programmes to measurable outcomes in the next budget cycle, with annual reporting on job creation, enterprise growth and sustainability.
3. Scale blended finance and private sector partnerships over the medium term to expand access to finance.

4. Implement a targeted informal economy support framework within 12–24 months to improve productivity, inclusion and formalisation pathways.
5. Accelerate regulatory reform and municipal e-registration systems over the medium term to reduce compliance costs and delays.
6. Expand MSME participation in procurement and value chains within the MTEF period, with clear access and inclusion indicators.
7. Establish a centralised MSME data and digital platform within 12–18 months to strengthen planning and monitoring.
8. Strengthen institutional capacity within the Department and SEDFA, including filling vacancies and improving operational systems.
9. Rationalise and streamline MSME support programmes to reduce duplication and improve efficiency.
10. Implement an integrated enterprise development model linking finance, support and market access to improve sustainability and job outcomes.

Report to be considered

3. Report of the Select Committee on Education, Sciences and Creative Industries on Budget Vote 37: Department of Sport, Arts and Culture, Dated 09 June 2026

The Select Committee on Education, Sciences and Creative Industries (the “Committee”), having considered the 2026/27 Annual Performance Plan (APP), and the budget of the Department of Sport, Arts and Culture, Vote 37, reports as follows:

1. Introduction

The Department of Sport, Arts, and Culture (the Department) derives its mandate from the United Nations Sustainable Development Goals, the National Development Plan, and the Medium-Term Strategic Framework, to shape its plans, such as the Strategic Plan and the Annual Performance Plans.

The Select Committee on Education and Technology, Sports, Arts and Culture (the Committee) considered the Budget and the 2026/27 Annual Performance Plan (APP) of the Department of Sport, Arts, and Culture (the Department) on Tuesday, 26 May 2026. The budget review briefing acquainted the 7th Parliament Select Committee with the Department's mandate, programmes, and priorities.

This report summarises the Department's presentation to the Committee, focusing mainly on the 2026/27 Annual Performance Plan and the Medium-Term Expenditure Framework (MTEF) allocations. The report also provides the Committee's key deliberations and recommendations relating to Vote 37.

2. Summary of the 2026/27 Annual Performance Plan

The Department will contribute to the MTDP strategic priorities by pursuing the following seven outcomes for the period 2025-2030:

- DSAC Outcome: *Increased Market Share of and Job Opportunities Created in Sport, Cultural and Creative Industries*

The prioritisation of the Cultural and Creative Industries (CCIs) sector as one of the seven focus areas in the country's revised industrial policy is encouraging. Especially as the creative economy accounts for 6% of all employment in South Africa (an estimated 1 million jobs), the Mzansi Golden Economy (MGE) strategy seeks to create economic and job opportunities in the arts, culture, and heritage sector. This is achieved by supporting programmes that develop audiences, stimulate demand, increase market access, and build skills. In 2026/27, the Department aims to create 12,000 job opportunities across the workstreams and cultural development programmes of the Mzansi golden economy strategy and 40,000 job opportunities through the presidential employment initiative.

- DSAC Outcome: *A Diverse, Socially Cohesive Society with a Common National Identity*

DSAC's strategic interventions are designed to lower barriers to participation while stimulating economic activity within the creative economy. In 2026/27, the Department aims to create approximately 10,000 work opportunities through the creative sector stimulus, predominantly benefiting youth and supporting youth advancement in the cultural and creative industries. Complementary initiatives such as entrepreneurship platforms, career expos, mentorship schemes, and talent development pipelines will further strengthen transition pathways from skills development to sustainable livelihoods.

- DSAC Outcome: *Transformed, Capable and Professional Sport, Arts and Culture Sector*

In 2026/27, the Department will continue with its efforts to transform the sector through capacity building. This is done through, among other interventions, the provision of bursaries in heritage and language practice; support for national sporting federations; and incubators and other capacity-building initiatives. It is encouraging to note that the face of the creative economy is changing, with younger workers becoming more representative of the country's demographics. Given the Creative Industry's changing skills requirements as the sector pivots to digital platforms in the Fourth Industrial Revolution (4IR), education and skills development must remain a priority.

- DSAC Outcome: *Integrated and Accessible SAC Infrastructure and Information*

Infrastructure development is critical to attaining South Africa's long-term economic and social goals. The construction of infrastructure generates employment and broad-based black economic empowerment opportunities, further contributing to the goals of the National Development Plan (NDP). The ERRP highlights infrastructure investment as one of the key initiatives that are intended to ensure employment opportunities, skills transfer and development, and much-needed economic growth. With the ongoing challenges in implementing certain infrastructure projects, DSAC has identified the resuscitation of the internal Infrastructure Committee as a priority to monitor projects and finalise the implementation of the norms and standards framework. This, however, depends on the availability of funding.

- DSAC Outcome: *Compliant and Responsive Governance*

Towards achieving compliant and responsive governance, the Department capacitates human resources through the internship programme, whilst service delivery is enhanced by timeously paying invoices, by modernising manual Information Technology (IT) services and by holding at least nine (9) focused engagements (izimbizo) with small groups of people on an annual basis.

The Department has devised a range of high-impact projects to address the outcomes and focus areas. These include, among others, the amalgamation of entities; the provision of Government support to anti-doping agencies; support for high-performance athletes to achieve success at international events; and support to practitioners through the SAC academies, centres of excellence and incubators.

The 2026/27 Annual Performance Plan (APP) represents the second year towards achieving the objectives contained in the Department's 2025 – 2030 Strategic Plan. The Department's presentation to the Committee outlined its approach to the government-wide National Development Plan (NDP) and to Sport, Arts and Culture sector priorities. The intention was to ensure programme activities in the sector were aligned with medium and long-term goals. The annual performance plan (APP) sets out the Department's plans for the 2026/27 financial year and

over the medium-term period in implementing its strategic plan. Table 1 below is the summary of Programme Performance Indicators for the 2026/27 financial year.

Table 1: Summary of DSAC Programme Performance Indicators for the 2026/27 financial year

Programmes: Higher Education and Training	2026/27 Targets	2026/27 Planned Targets			
		No. of indicators per programme	Annual	Quarterly	Bi-annual
1. Administration	5	5	2	3	0
2. Recreation Development and Sport Promotion	9	9	6	3	0
3. Arts and Culture Promotion and Development	12	12	7	3	2
4. Heritage Promotion and Preservation	8	8	5	3	0
Total Distribution	34	34	20	12	2
Percentage Distribution	100%	100%	59%	35%	6%

Source: DSAC (2026)

The Number of targets for 2026/27 is 34. Of the 34, 20 are annual targets, 12 are quarterly targets, and 2 are biannual targets.

Table 2: 2026/27 APP New and reintroduced output indicators

Programme	Sub-programme	Output Indicator	MTEF targets		
			2026/27	2027/28	2028/29
Programme 1	4: Corporate Services	ADMIN 1.2: Number of Communication and Marketing reports produced on the SAC programmes supported to profile the work of the Department (NPI)	4	4	4
	5: Office of the Chief Financial Officer	ADMIN 1.4: Percentage implementation of the audit action plan (NPI)	100%	100%	100%
		ADMIN 1.5: Number of oversight reports produced on the performance of DSAC Public Entities (NPI)	10	10	10
Programme 2	1: Winning Nation	RDSP 2.3: Number of sport and recreation initiatives against Gender-	2	2	2

		Based Violence and Femicide supported (NPI)			
Programme 3	2: Cultural and Creative Industries Development	ACPD 3.5: Number of provincial community arts development programmes supported	9	9	9
		ACPD 3.7: Number of cultural and creative industries sector clusters supported (NPI)	17	17	17
	4: International Cooperation	ACPD 3.12: Number of international engagements coordinated (NPI)	15	15	15
Programme 4	1: Heritage Promotion	HPP 4.4: Number of heritage initiatives against Gender-Based Violence and Femicide implemented (NPI)	1	1	1
	2: National Archives Services	HPP 4.6: Number of public awareness programmes conducted about archival services	1	1	1

Source: Department of Sport, Arts and Culture. (2026). *Annual Performance Plan 2026/27*. Pretoria, Department of Sport, Arts and Culture.

3. SUMMARY OF BUDGET EXPENDITURE (2026/27)

The table below reflects the budget allocation for 2026/27 and over the medium term.

Table 3: Overall Budget Allocation 2025/26 – 2028/29

Programme	Programme purpose	Adjusted appropriation	Medium-term expenditure estimate		
		2025/26	2026/27	2027/28	2028/29
1: Administration	Purpose: Provide strategic leadership, management and support services to the Department.	516,7	555,8	560,9	576,8
2: Recreation Development and Sport Promotion	Purpose: Support the provision of mass participation opportunities, the development of elite athletes, and the regulation and maintenance of facilities.	1 267,2	1 340,6	1 393,1	1 438,7
3: Arts and Culture Promotion and Development	Purpose: Promote and develop arts, culture and languages, and implement the national social cohesion strategy.	1 725,3	1 809,2	1 472,1	1 516,9

4: Heritage Promotion and Preservation	Purpose: Preserve and promote South African heritage, including archival and heraldic heritage. Oversee and transfer funds to libraries.	2 800,8	2 911,7	3 034,9	3 131,2
Total expenditure estimates		6 309,9	6 617,3	6 460,9	6 663,5

Source: National Treasury ENE (2026)

The following points are for noting when considering the budget over the medium term:

The Department is allocated R19.7 billion over the MTEF period, with transfers and subsidies to its entities accounting for an estimated 34.8 per cent (R6.9 billion) of total expenditure. Total expenditure is expected to increase by 5.6%, from R6.31 billion in 2025/26 to R6.67 billion in 2028/29. Transfers and subsidies account for an estimated 80.4% (R15.22 billion) of the Department's spending over the medium term.

Table 4: Expenditure by economic classification showing change in allocation 2025/26-2026/27 and budget allocation for the outer years of the MTEF

Economic classification	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change	Budget	
	2025/26	2026/27	2025/26 – 2026/27		2025/26 – 2026/27		2027/28	2028/29
R million								
Current payments	1 063,8	1 225,1	161,3	121,0	15.2%	11.4%	1 190,2	1 221,5
Compensation of employees	434,4	454,6	20,2	5,3	4.7%	1.2%	475,1	489,7
Goods and services	629,4	770,5	141,1	115,8	22.4%	18.4%	715,1	731,7
Transfers and subsidies	5 106,2	5 289,5	183,3	9,4	3.6%	0.2%	5 179,0	5 364,3
Payments for capital assets	140,0	102,7	-37,3	-40,7	-26.6%	-29.1%	91,6	77,8
Payments for financial assets	-	-	-	-	-	-	-	-
Total	6 309,9	6 617,3	307,4	89,8	4.9%	1.4%	6 460,9	6 663,5

Source: National Treasury. (2026). *Estimates of National Expenditure*, own calculations.

The budget for Current payments increases from R1.06 billion in 2025/26 to R1.23 billion in 2026/27. This represents a nominal increase of R161.3 million (15.2%). The Compensation of employees (CoE) budget grows from R434.3 million in 2025/26 to R454.6 million in 2026/27. In

the outer years of the MTEF, this budget grows to R475.1 million in 2027/28 and further to R489.7 million in 2028/29.

Goods and services see an increase from R629.4 million in 2025/26 to R770.5 million in 2026/27, representing a nominal increase of R141.1 million (22.4%). The budget increases to R715.1 million in 2027/28, and then to R731.7 million in 2028/29.

The allocation for Transfers and subsidies increases from R5.11 billion in 2025/26 to R5.23 billion in 2026/27. This represents a nominal increase of R183.3 million (3.6%). For the outer years of the MTEF, the allocation decreases slightly in 2027/28 to R5.18 billion and then increases to R5.36 billion in 2028/29.

Payments for Capital Assets decrease from R140.0 million in 2025/26 to R102.7 million in 2026/27. The allocation thus decreases by R37.3 million (26.6%). The allocation decreases further to R91.6 million in 2027/28 and yet again in 2028/29 to R77.8 million.

The report now considers budgetary allocations per programme.

3.1. Budgetary allocations per programme

Programme 1: Administration

Purpose: Provide strategic leadership, management and support services to the Department.

This programme plays an important role in giving effect to the priority of the NDP, that is, building a capable, ethical and developmental state. This priority is also expressed in the MTDF for the five-year term 2020-2025 as a crucial mode required to achieve Vision 2030.

Programme 1 ensures compliant and responsive governance by strengthening internal systems, financial management, oversight, and communication. It prioritises institutional efficiency, as well as consistent communication and marketing. In addition, the programme emphasises sound

financial discipline, reinforces accountability, and promotes good governance, financial integrity, operational efficiency, and overall institutional performance.

Table 5: Programme 1 Budget Allocation 2025/26 – 2026/27

Sub-programme	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change
R million	2025/26	2026/27	2025/26 – 2026/27		2025/26 – 2026/27	
1: Ministry	5,5	5,8	0,3	0,1	5.5%	2.0%
2: Management	67,6	72,6	5,0	2,6	7.4%	3.9%
3: Strategic Management and Planning	19,5	18,9	-0,6	-1,2	-3.1%	-6.3%
4: Corporate Services	169,1	185,4	16,3	10,2	9.6%	6.0%
5: Office of the Chief Financial Officer	71,6	82,5	10,9	8,2	15.2%	11.4%
6: Office Accommodation	183,3	190,7	7,4	1,1	4.0%	0.6%
Total	516,7	555,8	39,1	20,8	7.6%	4.0%

Source: National Treasury. (2026). *Estimates of National Expenditure*, own calculations.

For the 2026/27 financial year, the budget allocation for this programme is R555.8 million, representing 8.4% of the total budget. Compared to the previous financial year, this represents a nominal increase of R39.1 million, or 7.6%. When considering the projected inflation rate of 3.4%, the allocation increases by R20.8 million, or 4.0%. The budget allocated to Programme 1 shows a cumulative growth rate of 3.2% over the MTEF period but remains unchanged when adjusted for projected inflation over the medium term.

The number of output indicators for Programme 1 increased from two (2) in 2025/26 to five (5) in 2026/27. The indicators relate to the number of systems developed to automate manual functions and the percentage of valid invoices paid within 30 days. In addition, the Department introduced three new performance indicators (NPIs) to: Communication and Marketing reports on programmes supported to profile the Department's work and strengthen visibility and stakeholder engagement; achieve 100% implementation of the audit action plan to demonstrate continued improvements in governance, compliance and internal controls; and produce oversight reports on the performance of public entities.

Programme 2: Recreation Development and Sport Promotion

Purpose: Support the provision of mass participation opportunities, the development of elite athletes, and the regulation and maintenance of facilities.

The outputs of Programme 2 are key to advancing the Department's strategic outcomes, with a primary focus on fostering a diverse and cohesive society, developing a transformed and capable sports sector, and enhancing access to recreational and cultural infrastructure. Through strategic financial support, the Department empowers community organisations to lead sustainable initiatives in organised community sport and recreation, promoting accessible, locally driven opportunities for participation.

The objectives of Programme 2 will ensure, amongst others:

- 600 active sport and recreation activities organised and/or supported in communities. This represents an increase of 474 activities compared to the 126 supported in 2025/26, and an increase of 510 activities (567%) from 90 activities supported when the target was first introduced in 2024/25;
- the construction of 100 community outdoor gyms and children's play parks (target remains unchanged from 2025/26); and
- assistance is provided to 53 municipalities over the medium term to comply with facility norms and standards by providing technical and/or management support during the construction phase of sport and recreation facilities (target increased from 52 in 2025/26).

National Treasury's selected performance indicators for the 2026/27 financial year include:

- 3,500 hubs, clubs or schools provided with equipment and/or attire to enable participation in sport and/or recreation (target unchanged from 2025/26);
- All (100%) compliant sport and recreation bodies supported (performance indicator introduced in 2025/26).

In the 2026/27 financial year, the Department introduced an NPI relating to the number of sport and recreation initiatives supported to address Gender-Based Violence and Femicide (GBVF).

Two (2) such initiatives are planned for each year of the MTEF. These initiatives are in addition to those planned for implementation under Programme 3.

Table 6: Programme 2 Budget Allocation 2025/26 – 2026/27

Sub-programme	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change
R million	2025/26	2026/27	2025/26 – 2026/27	2025/26 – 2026/27	2025/26 – 2026/27	2025/26 – 2026/27
1: Wining Nation	246,7	381,3	134,6	122,1	54.6%	49.5%
2: Active Nation	712,6	727,3	14,7	-9,2	2.1%	-1.3%
3: Infrastructure Support	307,9	232,0	-75,9	-83,5	-24.7%	-27.1%
Total	1 267,2	1 340,6	73,4	29,3	5.8%	2.3%

Source: National Treasury. (2026). *Estimates of National Expenditure*, own calculations.

For 2026/27, the budget allocation for Programme 2 is R1.34 billion, representing 20.3% of the total budget. Compared with 2025/26, this programme's budget allocation has increased by R73.4 million, or 5.8% in nominal terms. Over the medium term, the estimated cumulative growth rate for Programme 2 is 4.3% in nominal terms, but in fact increases by just 1.1% when accounting for inflation.

The budget allocation for sub-programme 1: Winning Nation has increased from R246.7 million in 2025/26 to R381.3 million in 2026/27. The sub-programme receives the second largest share (28.4%) of the total allocation for Programme 2. This allocation has increased from 19.5% in 2025/26. The total increase for the sub-programme in the 2026/27 budget represents a nominal increase of R134.6 million (54.6%) and a real increase of R122.1 million (49.5%). It should be noted that R100.0 million has been allocated within this sub-programme for the licence fees associated with hosting the LIV Golf South Africa tournament in March 2026. This allocation is made on a contingency basis and will only be utilised if the licence fees are not secured through private sponsorship. No budget provision has been made for this tournament in the 2027/28 or 2028/29 financial years.

Sub-programme 1: Winning Nation plans to support nine athlete development programmes through provincial academies. To this end, R80.9 million is allocated over the medium term to fund the Mass Participation and Sport Development Grant. In addition, an estimated 60 sports and

recreation bodies are set to receive R367.3 million over the medium term to implement programmes, provide training, participate in competitions, and cover administrative costs.

Sub-programme 2: Active Nation receives the largest share of the programme budget, amounting to R727.3 million (54.3%). While the allocation has increased from R712.6 million in 2025/26, Programme 2's share of the total allocation has decreased from 56.2%. The 2026/27 budget represents a nominal increase of R14.7 million (2.1%) and a real decrease of R9.2 million (1.3%).

The Department promotes lifelong participation in sport and recreation to improve the well-being of South Africans. Over the medium term, this objective will be advanced by supporting 600 community-based sport and recreation programmes for R48.7 million, funded through the Mass Participation and Sport Development Grant within sub-programme 1: the Active Nation. In addition, the Department plans to support 624 school sport programmes at district and/or local level at an estimated cost of R189 million, enable 15,000 learners to participate in the National School Sport Championships at a projected cost of R220 million, and provide equipment and/or attire to 10,500 hubs, clubs or schools at an estimated cost of R248 million over the medium term.

Sub-programme 3: Infrastructure Support has been allocated R232.0 million, representing 17.3% of the total programme budget. As a share of the total programme allocation, funding for this sub-programme has declined by 7.0% from its 24.3% allocation in 2025/26. The sub-programme allocation reflects a nominal reduction of R75.9 million (24.7%) and a real decrease of R83.5 million (27.1%).

Conditional Grant: Mass Participation and Sport Development Grant

The Department administers the Mass Participation and Sport Development Grant (“Mass Participation Grant”), a Conditional Grant transferred to provinces to assist the sport sector in implementing the objectives of the National Sport and Recreation Plan (NSRP). The purpose of the Mass Participation Grant is to facilitate participation in sport and active recreation and to empower communities in partnership with relevant stakeholders. The outcomes, as outlined in the Division of Revenue Bill [B5—2026], include increased and sustained mass participation in sport and active recreation as well as improved sector capacity to deliver sport and active recreation,

with greater emphasis on provincial and district academies. The grant has been allocated R652.6 million in 2026/27, R678.7 million in 2027/28, and R699.8 million in 2028/29 and contributes primarily to Government Priority 6: Social Cohesion and Safe Communities.¹

For information purposes, the table below provides an overview of allocations transferred to provinces.

Table 7: Conditional Grant: Mass Participation and Sport Development Grant allocations to provinces showing change in allocations 2025/26 – 2026/27

Province	2025/26 R'000	2026/27 R'000	Forward estimates	
			2027/28 R'000	2028/29 R'000
Eastern Cape	75 137	80 960	84 826	87 568
Free State	48 583	42 344	47 426	48 587
Gauteng	120 265	139 835	123 717	128 188
KwaZulu-Natal	114 343	104 409	117 730	121 990
Limpopo	68 893	74 936	78 344	80 811
Mpumalanga	53 667	54 737	61 389	63 140
Northern Cape	34 079	34 951	38 464	39 033
North West	49 219	54 626	55 405	56 903
Western Cape	63 058	66 090	71 362	73 535
Total	627 244	652 618	678 663	699 755

Source: Division of Revenue Act (Act No. 2 of 2025); Division of Revenue Bill [B5—2026].

The provincial allocation must be utilised as set out below. However, based on their provincial dynamics, provinces may apply to the transferring officer, i.e. the Department, to change these suballocations:

- school sport: 40%
- community sport and active recreation: 39%
- sport academies: 9%
- transversal matters (provincial programmes and activities implemented by provincial confederations): 4%

¹ Division of Revenue Bill [B5—2026].

- management: 8%.

While the Department will evaluate the performance for 2025/26 by the end of July 2026 for submission to National Treasury, the following is an outline of service delivery performance for 2024/25:

- R606.0 million (97.5%) of the R622.0 million available and transferred to provinces was spent;
- 90 community-based sport and recreation activities were organised;
- 123 school sport leagues were supported at a district level;
- 4,923 schools, hubs and clubs were provided with equipment and/ or attire to enable participation in sport and/or recreation;
- The sport academies supported nine (9) athlete development programmes.

The grant continues until 2028/29, subject to review.

Programme 3: Arts and Culture Promotion and Development

Purpose: Promote and develop arts, culture, and languages, and implement the national social cohesion strategy.

In 2026/27, the Department will advance outcomes in increased economic impact, social cohesion, sector transformation, and governance through targeted investments in language development, creative industries, employment stimulation, and international partnerships. Programme 3 is key to advancing these outcomes. The core budget allocation focuses on expanding South Africa's cultural and creative industries, which are central to the Government's strategy to promote the arts and culture sector as a driver of economic growth and social development. The MGE strategy is central to this and, through its programmes and activities, focuses on job creation, economic transformation, and inclusivity.

The outputs delivered in Programme 3, while contributing to all departmental outcomes, contributes predominantly to four departmental outcomes, including Outcome 1: Increased economic impact of sport, recreation, arts, culture, and heritage sector; Outcome 2: A diverse, socially cohesive society with a common national identity; Outcome 3: Transformed, capable and

professional sport, recreation, arts, culture and heritage sector; Outcome 4: Accessible sport, recreation, arts, culture and heritage infrastructure and information.

Key priorities include strengthening digital language inclusion through four Human Language Technology projects and supporting 140 language students to build long-term capacity. In the creative industries, 16 projects will be supported to expand access to local and international markets, alongside major events such as national arts, music, and book initiatives.

Transformation and inclusion efforts include four youth programmes, nine community arts initiatives, support for 17 sector clusters, and an intervention addressing gender-based violence. Through the MGE programme, the Department will fund 16 capacity-building projects, support 90 creative projects, while the creative sector stimulus aims to create 10,000 work opportunities. Two initiatives will promote social cohesion and national identity, while 15 international engagements will strengthen cultural diplomacy and global market access.

Within the MGE strategy, the Artists in Schools programme, implemented through a Memorandum of Understanding (MoU) between the Department and the Department of Basic Education (DBE), does not find expression in the medium-term planning following its placement in abeyance in late 2024.

Performance indicator ACPD 3.4 has been reworded between the 2025/26 and 2026/27 financial years. In 2025/26, the indicator focused on the number of programmes supported that contribute to the transformation of the cultural and creative industry sector. In 2026/27, the indicator measures the number of programmes that support youth participation in the cultural and creative industries, signalling a strategic shift towards targeted youth development. This includes, among other initiatives, the Arts Curriculum and Education Support Programme, which supports the Implementation Protocol Agreement (MoU) between the Department and DBE.²

² Department of Sport, Arts and Culture. (2026). *Annual Performance Plan 2026/27*, pp.166-168. Pretoria, Department of Sport, Arts and Culture.

The Department notes that the 20 MGE Open Call projects planned under the market access indicator for 2025/26 were not audited, and that the estimated performance has not been officially validated in departmental reports. For 2026/27, the target for this performance indicator is to support 90 projects.³

National Treasury's selected performance indicators for the 2026/27 financial year include:

- support four (4) multiyear human language technology projects;
- support 140 university students to study languages (target unchanged from 2025/26); and
- support 34 projects to enable local and international market access (target unchanged from 2025/26).

Table 8: Programme 3 Budget Allocation 2025/26 – 2026/27

Sub-programme	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change
R million	2025/26	2026/27	2025/26 – 2026/27		2025/26 – 2026/27	
1: National Language Services	66,8	69,5	2,7	0,4	4.0%	0.6%
2: Pan South African Language Board	131,7	139,2	7,5	2,9	5.7%	2.2%
3: Cultural and Creative Industries Development	137,0	163,1	26,1	20,7	19.1%	15.1%
4: International Cooperation	71,1	42,2	-28,9	-30,3	-40.7%	-42.6%
5: Social Cohesion and Nation Building	54,4	50,6	-3,8	-5,5	-7.0%	-10.0%
6: Mzansi Golden Economy	625,9	680,7	54,8	32,4	8.8%	5.2%
7: Performing Arts Institutions	358,1	372,6	14,5	2,2	4.1%	0.6%
8: National Film and Video Foundation	153,7	159,9	6,2	0,9	4.0%	0.6%
9: National Arts Council	126,6	131,4	4,8	0,5	3.8%	0.4%
Total	1 725,3	1 809,2	83,9	24,4	4.9%	1.4%

Source: National Treasury. (2026). *Estimates of National Expenditure*, own calculations.

For the 2026/27 financial year, the budget allocation for this programme is R1.81 billion, representing 27.3% of the total budget. Compared with the 2025/26 financial year, when the budget

³ Department of Sport, Arts and Culture. (2026). *Annual Performance Plan 2026/27*, p.66. Pretoria, Department of Sport, Arts and Culture.

allocation was R1.73 billion, this represents a nominal increase of R83.9 million (4.9%). Over the medium term, the estimated allocation will decrease by 4.2%, and when accounting for projected inflation, it will decrease by 7.2%.

To advance transformation and professional capability within the sector, the Department has allocated R42.4 million over the medium term to support 12 human language technology projects, and R17.2 million to provide bursary support to 420 university students studying languages through Sub-programme 1: National Language Services.

The Department will implement 30 cultural and creative industry projects over the medium term to expand access to local and international markets and support job creation. These initiatives will focus on market exposure, touring ventures, awards and partnerships, and will be supported by an allocation of R201 million under Sub-programme 3: Cultural and Creative Industries Development. The subprogramme receives a total of R492 million over the medium term, including R23 million earmarked for four youth-focused inclusion and skills development programmes.

Sub-programme 5: Social Cohesion and Nation Building is allocated R156.8 million over the MTEF to support initiatives that promote dialogue, social cohesion and national heritage, including 15 community conversations and six national days. In addition, R30 million has been allocated for 2026/27 to fund mentorship-based initiatives aligned with the national strategy on GBVF.

The largest share within Programme 3 is allocated to sub-programme 6: Mzansi Golden Economy (MGE), which receives R680.7 million (37.6%) of the programme's total budget. This reflects a nominal increase of R54.8 million (8.8%) from the R625.9 million allocated in the previous financial year. Over the MTEF period, the sub-programme is allocated R886.7 million to support targeted workstreams and development programmes aimed at creating an estimated 33,000 job opportunities in the cultural and creative industries sector. Allocations amounting to R96 million over the medium term are earmarked to provide technical and financial support to nine (9) provincial community arts development programmes, delivered through provincial agencies. The projected average annual decrease of 21.1% in the sub-programme's expenditure over the medium

term is attributable to the once-off allocation in 2025/26 for the creative industries stimulus, implemented as part of the PESP.⁴

In sub-programme 8: National Film and Video Foundation (NFVF), Cabinet has approved a once-off increase of R178.1 million for the PESP programme in 2026/27. Spending is expected to decrease at an average annual rate of 22.7%, from R390.1 million in 2025/26 to R180.1 million in 2028/29. This decline is mainly due to the once-off PESP allocation made in 2025/26. Over the MTEF period, the NFVF expects to receive R675.8 million (96.2%) of its revenue through transfers from the Department. Revenue is projected to decrease in line with expenditure.

In sub-programme 9, the National Arts Council (NAC) received Cabinet approval for a once-off increase of R165.8 million in 2026/27 to implement the PESP programme. Over the medium term, both revenue and spending are expected to decrease at an average rate of 16.3% per year, from R246.1 million in 2025/26 to R144.1 million in 2028/29. This decrease is mainly due to the once-off allocation made in 2025/26 for the PESP programme. Over the MTEF period, the Council is expected to receive R574.8 million (98.4%) of its revenue, totalling R574.8 million, through transfers from the Department, with the balance from interest earned.⁵

For 2026/27, the economic classification Transfers and subsidies amounts to R1.51 billion (83.7%) of the total programme budget. An amount of R1.24 billion within this economic classification is directed towards Departmental agencies and accounts, including all performing arts institutions reporting to the Department, as well as the NAC, NFVF, PanSALB, and the MGE programmes.

Programme 4: Heritage Promotion and Preservation

Purpose: Preserve and promote South African heritage, including archival and heraldic heritage. Oversee and transfer funds to libraries.

Programme Four plays a critical role in advancing DSAC's strategic outcomes, particularly fostering a diverse and socially cohesive society, transforming and professionalising the heritage

⁴ National Treasury. (2026). *Estimates of National Expenditure*, pp.800-801. Pretoria, National Treasury.

⁵ National Treasury. (2026). *Estimates of National Expenditure*, pp.800-801. Pretoria, National Treasury.

sector, and enhancing access to cultural infrastructure and information. By promoting the development, preservation, and protection of heritage, this programme ensures that South Africa's rich history and national identity are celebrated and safeguarded for future generations. The Department notes "the 2026/27 resource distribution prioritises broad public access (libraries), sector capacity development (bursaries), preservation and redress (archives and restitution), and nation-building initiatives. Key resource risks include infrastructure maintenance pressures, digitisation capacity constraints, and the need for strengthened monitoring to ensure value for money and measurable social impact".⁶

Through its sub-programmes, this Programme will, *inter alia*:

- support the development, preservation, protection and promotion of heritage by *inter alia*, the South African Geographical Names Council (SAGNC) drafting three (3) reports of proposed geographical name changes for the Minister's consideration; analysing progress and drafting a report on the implementation of the National Policy on the Repatriation and Restitution of the Human Remains and Heritage Objects;
- support 45 tertiary students to study heritage practice at an institution of higher learning, and facilitate the placement of unemployed heritage graduates within the sector; and
- financially support 18 libraries through the Community Library Services Conditional Grant.

National Treasury's selected performance indicators for the 2026/27 financial year include:

- financially support 18 libraries (target decreased from 22 in 2025/26); and
- Award 45 students with heritage bursaries (target increased from 25 in 2025/26).

The Department has introduced a new performance indicator, namely HPP 4.4: Number of heritage initiatives against GBVF implemented. One such initiative is planned for 2026/27.

⁶ Department of Sport, Arts and Culture. (2026). *Annual Performance Plan 2026/27*, p.75. Pretoria, Department of Sport, Arts and Culture.

It should be noted that, in 2025/26, Programme 4 included output indicator HPP 4.6, which read “Number of gazette notices on standardised geographical names published”. In the 2026/27 APP, the corresponding output indicator (HPP 4.8) now reads “Number of reports of proposed geographical name changes recommended to the Minister by the South African Geographical Names Council (SAGNC)”.

Table 9: Programme 4 Budget Allocation 2025/26 – 2026/27

Sub-programme	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change
R million	2025/26	2026/27	2025/26 – 2026/27		2025/26 – 2026/27	
1: Heritage Promotion	58,4	67,0	8,6	6,4	14.7%	11.0%
2: National Archive Services	59,8	64,8	5,0	2,9	8.4%	4.8%
3: Heritage Institutions	694,2	708,0	13,8	-9,5	2.0%	-1.4%
4: National Library Services	164,8	171,6	6,8	1,2	4.1%	0.7%
5: Public Library Services	1 669,6	1 740,1	70,5	13,3	4.2%	0.8%
6: South African Heritage Resources Agency	72,0	75,0	3,0	0,5	4.2%	0.7%
7: South African Geographical Names Council	4,4	4,6	0,2	0,0	4.6%	1.1%
8: National Heritage Council	77,5	80,7	3,2	0,5	4.1%	0.7%
Total	2 800,8	2 911,7	110,9	15,2	4.0%	0.5%

Source: National Treasury. (2026). *Estimates of National Expenditure*, own calculations.

For the 2026/27 financial year, the budget allocation for this programme is R2.91 billion, representing 44.0% of the total budget. Compared with the 2025/26 financial year, when the budget allocation was R2.80 billion, this represents a nominal increase of R110.9 million (4.0%). However, when the projected inflation rate of 3.4% is taken into account, the allocation increases by only R15.2 million (0.5%). Over the medium term, the estimated allocation will increase by 3.8%; however, after adjusting for inflation, it increases by just 0.5%.

Of the 2026/27 allocation for this programme, R2.78 billion (95.5%), is classified as Transfers and subsidies. Through this programme, the Department funds a significant number of entities, including national museums, the National Heritage Council (NHC), the South African Heritage Resources Agency (SAHRA), SAGNC, the National Archive Services, and public library services.

The highest allocation in Programme 4 is to sub-programme 5: Public Library Services, which receives R1.74 billion (59.7%) of the programme's total budget and represents a nominal increase of R70.5 billion (13.3%) from the R1.67 billion allocated in 2025/26. This sub-programme transfers funds to provincial departments, through the Community Library Services Grant (CLSG) for constructing and upgrading libraries, hiring personnel and purchasing library materials. The CLSG is outlined later in this section of the report.

The lowest allocation in the programme is directed towards sub-programme 7: South African Geographical Names Council, which receives R4.6 million (0.2%) of the total programme budget. The allocation increases slightly from R4.4 million in 2025/26. This sub-programme transfers funds to the SAGNC, an advisory body that facilitates name changes by consulting with communities to advise the Minister of Sport, Arts and Culture.

The highest percentage nominal increase in allocation is seen in sub-programme 1: Heritage Promotion, which supports heritage transformation initiatives and legacy projects, and promotes national symbols through the Bureau of Heraldry, including public awareness activities and related policy and legislative work. This sub-programme increases from R58.4 million in 2025/26 to R67.0 million in 2026/27, representing a nominal increase of R8.6 million (14.7%). Through sub-programme 1: Heritage Promotion, the Department plans to implement 90 public awareness initiatives to promote national symbols and distribute 1,050 flags to educational institutions and other beneficiaries, at a projected cost of R9 million over the medium term. In addition, the Department aims to award 135 heritage bursaries over the next three years at an estimated cost of R17 million.

Sub-programme 3: Heritage Institutions sees the smallest nominal increase in budget allocation in the programme. The allocation for this sub-programme increases from R694.2 million in 2025/26 to R708.0 million in 2026/27. This represents an increase of R13.8 million (2.0%). In real terms, the allocation decreases by R9.5 million (1.4%). This sub-programme funds and determines policy for declared cultural institutions and heritage bodies, ensuring that funds to these institutions are used to preserve, research, protect, and promote heritage.

The institutions are expected to derive R3.2 billion (77.8%) of their revenue over the period ahead through transfers from the Department, with the balance generated through entrance fees, donor assistance and sponsorships. The Cabinet has approved a one-off baseline increase of R26 million for the National Museum: Bloemfontein in 2026/27 to implement the PESP. Overall expenditure is projected to grow in line with revenue at an average annual rate of 1.8 per cent, from R1.3 billion in 2025/26 to R1.4 billion in 2028/29.

Sub-programme 6 transfers funds to the South African Heritage Resources Agency (SAHRA) to support key heritage conservation and development initiatives. Over the period ahead, the agency plans to declare and mark 12 national heritage sites, rehabilitate and erect 12 monuments and memorial sites, and conclude 12 strategic partnership agreements. An amount of R21.3 million has been budgeted for these activities over the next three years. Total expenditure and revenue are projected to increase at an average annual rate of 2.8 per cent, increasing from R79.4 million in 2025/26 to R86.4 million in 2028/29. SAHRA is expected to derive R236.3 million (93.4%) of its revenue over the MTEF period from departmental transfers.

Subprogramme 8 transfers funds to the National Heritage Council (NHC), which focuses on expanding access to heritage, promoting inclusivity, and enhancing its visibility across communities. Over the MTEF, NHC plans to distribute R20 million to support at least 90 heritage projects through public calls for proposals. The Council derives its revenue from departmental transfers. The Cabinet has approved a one-off baseline increase of R27 million for 2026/27 to implement the PESP. Overall expenditure and revenue are projected to increase at an average annual rate of 3.7%, increasing from R77.5 million in 2025/26 to R86.5 million in 2028/29.

Conditional Grant: Community Library Services Grant

The Community Library Services Grant (CLSG) is a conditional allocation managed by the Department. It is strategically designed to provide South African society with equitable access to knowledge and information to improve socio-economic status, with a primary focus on previously disadvantaged urban and rural communities. The grant contributes to the attainment of the NDP Outcome 15: Social Cohesion and Nation-Building. Key strategic outcomes include modernising

library facilities and systems software across all provinces; delivering library and information services to all communities, including specialised services for the visually impaired at five libraries per province; maintaining a workforce of contract staff and appointing new staff members to support the shifting of library functions to provincial levels; and ultimately improving the national culture of reading and literacy development.

The Department performs critical oversight and coordination functions to ensure the effective administration of the CLSG. This includes, but is not limited to, ensuring financial transparency by recording capital transfers in national infrastructure reporting and in regular reporting to the National Treasury. The Department is also responsible for determining annual outputs and targets with provincial departments, identifying implementation risks, and developing mitigation strategies.

Based on the conditional grants review process undertaken by the National Treasury, the grant is expected to be phased into the provincial equitable share from 2028/29. This transition, which commenced with the Compensation of Employees component at the end of the 2025/26 financial year, will be implemented progressively.

Table 10: Conditional Grant: Community Library Services Grant allocations to provinces showing change in allocations 2025/26–2026/27

Province	2025/26 R'000	2026/27 R'000	Forward estimates	
			2027/28 R'000	2028/29 R'000
Eastern Cape	187 261	196 125	203 274	211 885
Free State	188 126	195 296	204 274	212 887
Gauteng	184 727	193 370	200 388	208 996
KwaZulu-Natal	197 862	205 902	215 375	223 997
Limpopo	161 431	169 153	175 036	183 618
Mpumalanga	179 385	185 722	194 250	202 851
Northern Cape	187 737	194 936	203 897	202 465
North West	160 181	166 431	174 054	182 637
Western Cape	202 279	211 662	219 537	218 248
Total	1 648 989	1 718 597	1 790 085	1 847 584

Source: Division of Revenue Act (Act No. 2 of 2025); Division of Revenue Bill [B5–2026].

For the 2026/27 financial year, the total grant allocation is R1.72 billion, with projected increases to R1.79 billion in 2027/28 and R1.85 billion in 2028/29. Allocations are based on the Department's 2024/25 evaluation report, which identified community library needs and priorities for 2026. Audited outcomes for 2024/25 show that the full allocation of R1.65 billion was transferred to provinces, with 100% of the funds spent by the end of the national financial year.

By the end of the 2026/27 financial year, the Department plans to finance 18 new library structures, with construction and completion scheduled over the next two financial years. To support this initiative, an allocation of R178.7 million has been made for 2026/27 under sub-programme 5: Public Library Services, with completion earmarked for 2027/28.

Additional outputs outlined in the Division of Revenue Bill [B5—2026] for the CLSG for the 2026/27 financial year include, among others:⁷

- 40 maintained library structures completed;
- 280,000 library materials purchased;
- new services established for the visually impaired at five identified community libraries in all provinces
- five upgraded library structures completed;
- 2,936 existing contract library staff maintained in all provinces; and
- 35 new staff appointed at public libraries to support the shifting of the function to provinces.

The Grant serves as a vital mechanism to address historical disparities and foster social cohesion through modernised infrastructure and expanded literacy programmes.

4. COMMITTEE OBSERVATIONS

4.1. Observations in relation to the Department of Sport, Arts and Culture

Having considered and examined the 2026/27 Annual Performance Plan with associated budgets, the Committee made the following observations:

⁷ Division of Revenue Bill [B 5—2026], pp.202-204.

- The committee argued that the Department's budget presentation did not adequately reflect commitments and public statements previously made by the Minister. Referring specifically to the Dan Qeqe Stadium, it was emphasised that, despite the Minister having previously committed to refurbishing the stadium, there was no indication in the budget presentation of any financial resources allocated for the project in the current financial year. This includes the deteriorating Kuyga sports complex in Gqeberha, for which refurbishment commitments were also made.
- The committee raised concerns over the dilapidated state of the Red Location Museum in New Brighton, which they argue should fall under the responsibility of the DSAC, rather than the municipality. They recommend that the department intervene in the refurbishment of this museum within its budget.
- The committee requested more information as to when the payment of athletes' prize monies for the 2025 Soweto Marathon would be finalised, and as to whether criminal charges have been laid against the organisers for failure to pay athletes.
- The committee raised concerns about the Department's expenditure of approximately R100 million on the LIV golf tournament, describing it as a private organisation. It was questioned whether those funds would not have been better directed toward underfunded community sports clubs and federations.
- The committee raised concerns over the implementation of the Video Assistant Referee (VAR) system. Clarity was requested on the total cost of implementing VAR and on why it is prioritised. At the same time, many children in disadvantaged communities still lack access to basic opportunities to participate in sports.
- The committee raised concerns that the Department is appearing to organise sporting events directly, instead of focusing on its policy implementation mandate. Referring to one of the presentation slides, it was argued that many of the listed events should ordinarily be organised by sports federations rather than the Department itself, and a request was made for clarity on the DSAC's role.
- The committee referred to the memorandum of understanding (MOU) between the DSAC and the Department of Basic Education (DBE) regarding school sport. It was reported during a previous engagement with the DBE that it was still awaiting DSAC funding to

implement the MOU. Therefore, the committee requested clarification on the status of the agreement and the funding arrangements.

- In terms of infrastructure procurement and governance processes, the committee asked what procurement and internal audit controls had been introduced in the Department's 2026/27 framework to prevent delays in infrastructure projects, and to address poor performance by contractors.
- The committee further requested clarity on what concrete actions the Department was taking to address recurring challenges affecting infrastructure delivery, including construction delays, abandoned projects, interference by local business forums, and poor readiness by municipalities to implement projects effectively.
- The committee questioned what binding maintenance and operational agreements the Department required before new infrastructure projects were approved or existing facilities upgraded. It was emphasised that there's a need to prevent sports facilities from becoming non-functional or underutilised shortly after construction.
- The committee welcomed the Department's commitment to support 53 municipalities in infrastructure planning but stressed the need for practical intervention in neglected rural areas. A small town in Mpondoland was cited as having produced internationally recognised marathon runners despite lacking proper sports facilities, with young athletes in the area forced to train and entertain themselves on open land because there were no adequate sports grounds or infrastructure.
- Drawing on oversight visits undertaken in the North West, the committee expressed concern about weak monitoring systems within the Department. It was indicated that although some sports facilities existed, municipal maintenance and oversight were poor. In some areas, municipalities appeared to clean facilities only shortly before the committee's oversight visits, giving the impression that proper maintenance occurred when, in reality, no maintenance or activity was taking place.
- The committee was of the impression that inadequate departmental monitoring created the perception that funds transferred to municipalities were not being properly managed or effectively utilised.
- The committee acknowledged the importance of social cohesion as part of the Department's mandate. However, the members expressed concern that the APP lacked

sufficient clarity on what the social cohesion initiatives would entail in practice and how they would be implemented.

- In the presentation of the APP, there is no mention of support for community theatres and community arts programmes, despite their important role in telling the stories of South Africa's past, present, and future. Over the past two years, community theatres have received little or no support from the Department
- The committee warned against APP targets becoming "tick-box exercises" that lacked measurable value, echoing concerns previously raised by the Auditor-General of South Africa (AGSA).
- Concerns were raised about the Department's anti-GBVF initiatives, stating that there was insufficient clarity on what the campaigns would involve, how funds would be used, and what measurable outcomes were expected. The committee stressed that any GBVF strategy should include efforts aimed at preventing the grooming and abuse of young men and women.
- On what appeared to be an overlap between the DSAC and the DBE regarding references in the APP to curriculum development for arts programmes, the committee was of the impression that curriculum development ordinarily fell within the DBE's mandate, and requested clarification on DSAC's role.
- A broader concern was related to transfers and subsidies, which constituted the majority of the Department's budget. The committee argued that there appeared to be inadequate oversight and accountability mechanisms for these transfers and that the government could not continue spending public funds without ensuring measurable returns or impact. Further information was requested on how the funds were being distributed geographically.
- Drawing on oversight visits conducted by the Committee, it was asserted that many sports stadiums across provinces were deteriorating and failing to function effectively, despite significant funding allocations. Similar concerns regarding libraries, cultural heritage initiatives, and arts development programmes were also observed, suggesting that transfers and subsidies were not yielding visible improvements on the ground.
- The committee requested information on why the Department had terminated the surfing competition in Jeffreys Bay and Kouga. It was argued that such events generated significant economic benefits for local communities across income groups, and that the

Department could not claim to support economic development while obstructing these initiatives.

- Clarity was requested regarding what the Department meant by “optimisation” within administration, arguing that the APP used broad statements without sufficient detail or measurable indicators.
- The committee raised concerns about the Mzansi Golden Economy (MGE) programme, which had long been associated with allegations of fraud and corruption. The committee requested information on the steps taken to clean up the programme, recover stolen funds, and ensure accountability, including possible criminal consequences for those implicated in wrongdoing.
- Regarding the Department’s target of creating 10,000 jobs through the MGE programme, the committee requested historical data on how many jobs had been created annually in previous years. This information was necessary to determine whether the new target was realistic, or merely an “empty promise.”
- On school sport, the committee raised concerns about DSTV school sports coverage, observing that televised competitions appeared to focus predominantly on Quintile 5 schools. The committee further argued that universities often used school sports platforms to identify learners for bursaries and questioned why lower-income and rural schools were not receiving similar exposure. A question was posed as to whether this reflected inadequate planning, implementation, or funding for sports development in poorer communities.
- The committee raised concerns over the Department’s oversight of sports federations, noting that substantial amounts of money were allocated to federations despite little visible evidence of impact at the local level. Clarity was requested regarding the Department’s monitoring and evaluation mechanisms for federations, as many local sports structures appeared not to be fulfilling their mandates effectively.
- The committee raised several concerns regarding the Department’s budget allocations for supporting artists and cultural groups. Clarity was requested regarding the geographical reach of Programmes 2 and 3, as the presentation did not indicate which provinces benefited from the funded programmes and activities. The Department was also requested to provide a provincial breakdown showing where the allocated funds were being spent.

- The committee questioned the R307 million infrastructure support allocation under Programme 2, specifically asking whether any portion of the budget had been allocated for security services at sports facilities. It was argued that vandalism and poor security were among the biggest challenges affecting sports infrastructure nationwide. It was also noted that municipalities were often unable to provide adequate protection because they were already struggling to deliver basic services. This was a recurring observation during the committee's oversight visits to provinces.
- The committee sought clarity on whether the Department was still pursuing the establishment of a conditional grant for arts and culture, noting that such a proposal had previously been discussed.
- The committee expressed concern that local artists and cultural groups continued to struggle without sufficient support from the Department. It was argued that the Department was failing to look after artists and cultural organisations adequately.
- Concerns were raised regarding rural heritage preservation, equitable funding allocations, and the implementation of heritage and sports development programmes in remote communities. The committee referred to Programme 4, which deals with heritage promotion and preservation. Clarity was sought on whether any specific percentage of the provincial heritage budget had been explicitly earmarked for rural districts in Limpopo, including Mopani, Vhembe, and Sekhukhune, rather than concentrating projects in urban centres such as Polokwane.
- Concerns were also raised about undocumented heritage sites, and how such sites were identified, mapped and protected, when local communities often lacked the technical capacity to navigate complex heritage application systems. For example, the committee referred to heritage sites such as Thathe Vondo Forest and Lake Fundudzi in Vhembe, questioning how the Department intended to ensure their preservation and formal recognition.
- The committee sought clarity on how the Department's 2026/27 APP would address previous failures relating to the under-expenditure of conditional grants and non-compliance in remote municipalities. Clarity was sought on the corrective measures introduced following challenges experienced during the 2025/26 financial year.

- The committee enquired about how the Department intended to ensure equitable rural access to creative industries funding and sports development programmes. It was noted that rural provinces and remote communities frequently lagged in resource allocation and, therefore, requested concrete indicators within the 2026/27 APP that would guarantee that communities such as those in Vhembe and other remote areas would receive a fair share of funding from the Mzansi Golden Economy programme and broader sports development initiatives.
- The committee raised concerns over the lack of consequence management for senior officials when APP targets were not met. It was argued that targets appeared to be adjusted downwards rather than enforcing accountability or improving performance standards, and it was asked what disciplinary or corrective measures were in place to address repeated underperformance.
- The committee questioned the impact of reduced funding allocations, specifically referring to a reported reduction of approximately R109.3 million in provincial conditional grants. It was enquired how this cut would affect the delivery of municipal sports infrastructure, particularly in rural provinces where facilities were already in poor condition.
- Concerns were raised about value-for-money and risk in large provincial events, with clarity sought on what frameworks were used to assess whether publicly funded major events delivered real returns. The committee further enquired into the assumptions underlying sponsorship-driven funding models and the exposure the Department would face if expected private sponsorships did not materialise.
- Referring to Programme 4, the committee enquired what criteria were used to select commemorative and heritage projects, and how inclusivity across communities was ensured. It also questioned why archival digitisation targets had been significantly adjusted, arguing that previous targets appeared misaligned with actual funding realities, and requested assurance that revised methodologies would produce accurate and achievable outcomes.
- The committee enquired about several issues related to the Mzansi Golden Economy (MGE) programme, programme implementation, and infrastructure. They described the MGE programme as inefficient and lacking measurable impact, calling for clearer, verifiable job-creation metrics and questioning how the Department monitored the

economic returns on large-scale cultural and creative investments. Concerns were raised about how funding was tied to open call allocations and how success was measured in practice, especially after the establishment of cultural and creative industry clusters.

- The committee also raised concerns about digital rights, identity protection, and cybersecurity, referencing ongoing debates about likeness protection and unauthorised use of individuals' identities. The members enquired about what minimum cybersecurity controls would be implemented in the current financial year, noting that similar concerns had been raised since 2024 without concrete implementation. The need for stronger cyber readiness, identity protection frameworks, and compliance mechanisms to mitigate growing digital and reputational risks was emphasised.
- Concerns were also raised across three main areas: infrastructure spending, programme sustainability, and support for artists and community heritage initiatives.
 - Regarding office accommodation, the committee questioned the allocation of approximately R190 million for rented office space, suggesting the Department was over-reliant on privately owned buildings and should invest in owning permanent office infrastructure to reduce long-term rental expenditure.
 - On sports and community infrastructure, the widespread deterioration of facilities funded through public budgets, such as stadiums and community centres in rural areas, was highlighted. Examples of neglected debate and sports facilities in rural communities, including Sekhukhune, that had become dilapidated or were being repurposed for private use were cited. The committee questioned what monitoring systems were in place to prevent neglect and ensure maintenance of state-funded infrastructure.
 - Broader concerns about programme implementation and social impact were also raised, arguing that many facilities were not being maintained or utilised effectively, particularly in rural areas, and called for stronger departmental oversight and monitoring mechanisms.
- Support for former athletes and artists was another area of concern, with the committee expressing worry that many who contributed significantly to sport, culture, and

entertainment later experienced financial hardship. It enquired about the support mechanisms in place to ensure dignity and assistance for retired sportspeople and artists.

- The committee requested information on whether a recurring heritage-related event held in November in a rural village, Mamone, was funded by the Department, requesting clarification on its budgetary status and support structure.
- The committee also focused its attention on equitable provincial funding, rural infrastructure neglect, and project delivery failures, particularly in the sports and community development sectors.
- A broader concern about the division of revenue between provinces was raised, arguing that poorer, rural provinces consistently received smaller allocations compared to wealthier provinces. This was framed as an issue of fairness and constitutional equity, stressing that provinces with weaker economic bases could not generate sufficient revenue on their own and depended heavily on equitable national transfers. The committee questioned whether the current budgeting approach adequately addressed historical inequality and rural disadvantage, particularly regarding sports development and community infrastructure.
- Another major concern raised by the committee was the lack of maintenance and sustainability of infrastructure projects funded by the Department. It was noted that municipalities often received infrastructure support but struggled to maintain facilities afterwards due to limited resources. The committee asked what post-construction support mechanisms existed, especially for rural municipalities that could not sustain upkeep of sporting facilities and other infrastructure.
- A specific case study of the Limpopo softball stadium project in Bolobedu is grossly behind schedule. It is driving up project costs to approximately R180 million, noting that, despite repeated oversight visits, there appeared to be little or no progress over several years. A detailed update from the Department on the status, delays, and implementation challenges affecting this project was requested.
- Furthermore, the committee reiterated that many of these issues reflected a broader pattern of neglect of rural sporting codes, infrastructure decay, and weak implementation monitoring, calling for stronger departmental oversight to ensure that funded projects were completed and maintained effectively.

4.2. Responses by the Department of Sport, Arts, and Culture regarding members' observations

The Department responded to questions raised by the committee as follows:

4.2.1. Infrastructure Delivery

- The Department reported that infrastructure delivery continues to face challenges related to municipal implementation delays, inadequate maintenance funding, and weak oversight mechanisms.
- Sports facility upgrades are costed through site assessments before funds are allocated through grants to municipalities.
- Several stadium refurbishment projects have been completed or are underway across various provinces.
- Maintenance remains a significant concern because funding often covers construction but not long-term maintenance and upkeep, security, and operational costs.
- The Department reported that delivery timelines improved when projects were implemented directly rather than through external implementing agents.
- The Department raised concerns that municipalities frequently fail to allocate the expected portion of Municipal Infrastructure Grant (MIG) funding to sports and arts infrastructure.

4.2.2. Sport as an Economic Sector

- The Department reported that sport should be viewed not only as recreation or entertainment but also as a significant contributor to economic growth.
- It was reiterated that investment in major sporting events has reportedly generated substantial economic returns, tourism benefits, and international exposure.
- The use of major sporting events can be a catalyst for local economic development and GDP contribution.

4.2.3. On VAR

- The Department also expressed strong support for the implementation of the Video Assistant Referee (VAR) system, arguing that it promotes fairness, strengthens governance, reduces opportunities for corruption, and aligns domestic football administration with international standards.

4.2.4. Governance, Oversight and Financial Controls

- The Department acknowledged ongoing challenges relating to:
 - Misuse of funds at the municipal level;
 - Compliance failures among some sports federations; and
 - Limited oversight capacity.
- In response, the Department reported that funding transfers are increasingly being withheld until compliance requirements are met.
- Oversight mechanisms are being strengthened to improve accountability.
- Performance indicators within the Annual Performance Plan (APP) have been reviewed to improve measurability and reduce audit findings.
- Cybersecurity protections are being enhanced in response to growing cyber threats.
- Reforms are underway to strengthen the administration and monitoring of grants and subsidies.
- The Department further noted that a relatively small oversight unit is responsible for monitoring numerous public entities receiving substantial transfers, and that this structure is currently under review.

4.2.5. Infrastructure Funding and Intergovernmental Challenges

- The Department reported that reliance on external implementing agents has historically contributed to project delays and that direct implementation has, in some cases, resulted in improved delivery timelines.
- The Department further indicated that the Municipal Infrastructure Grant (MIG) remains the largest source of infrastructure funding.
- Municipalities often fail to allocate sufficient funding toward sports and arts infrastructure despite existing expectations.
- Many facilities deteriorate after construction due to insufficient maintenance budgets.
- Discussions are underway with relevant stakeholders to develop improved frameworks for maintenance and operational funding.
- The Department also highlighted concerns regarding the current National Treasury funding formula, arguing that allocations based primarily on population size may disadvantage smaller provinces and do not always adequately reflect developmental needs.

4.2.6. Provincial Funding and Grant Allocations

- The Department explained that provincial allocations are distributed through a formula that considers factors such as population size, socioeconomic conditions, employment levels, and geographic considerations.
- The Department noted that smaller provinces may receive lower allocations due to population-based calculations.
- Corrective allocation mechanisms are used to provide additional support to under-resourced provinces.
- Proposed grant rationalisation measures could potentially reduce the Department's ability to implement sports development programmes effectively, particularly at the community level.

4.2.7. Heritage, Libraries and Cultural Development

- The Department reported that a significant portion of Programme 4 funding is directed toward library services, particularly in rural and peri-urban communities.
- Funding supports construction, upgrading, and maintenance of libraries, Procurement of books and educational materials, and the development of accessible facilities for persons with disabilities, including visually impaired users.
- The Department further reported that substantial funding is allocated to heritage institutions and museums, as well as to bursaries and internship programmes aimed at developing skills within the heritage sector.
- In addition, the national symbols programme continues to provide for the installation, replacement, and maintenance of flags and flagpoles at schools.
- Digitisation targets have increased significantly due to expanded capacity created through internship programmes.

4.2.8. Heritage Governance and Preservation

- The Department acknowledged ongoing challenges in heritage governance, particularly at the provincial and local government levels, where capacity constraints affect the identification, grading, declaration, and protection of heritage resources.
- The Department reported that efforts are underway to strengthen institutional capacity through collaboration across the different spheres of heritage governance.

- Regarding specific heritage projects, the Department clarified that certain facilities remain the responsibility of local government and that governance arrangements and local conditions constrain national intervention.

4.2.9. On Soweto Marathon

- The Department reported that it was still held up in engagements regarding the payment of athletes and would report back to the committee in due course.

4.2.10. Arts and Culture Funding Reforms

- The Department reported that work is continuing on the possible establishment of a dedicated arts and culture conditional grant. A feasibility study has already been conducted in collaboration with the National Treasury to explore mechanisms to strengthen financial support and sustainability in the sector.
- The Department also reported that reforms are underway in relation to programmes affected by allegations of corruption, including measures to strengthen oversight, improve grant administration, and enhance accountability.

4.2.11. Outstanding Matters

- The Department indicated that some matters raised during the meeting require further follow-up and that additional written responses would be provided where necessary.
- The Department also noted that progress on certain legacy projects falls within the mandate of other government departments and may require engagement with the relevant authorities before comprehensive updates can be provided.
- The Department reported that progress has been made in infrastructure development, sports promotion, heritage preservation, governance reforms, and programme delivery. However, significant challenges remain regarding municipal implementation, infrastructure maintenance, oversight capacity, accountability, and funding mechanisms.
- The Department emphasised that future efforts would focus on strengthening financial controls, improving monitoring systems, enhancing infrastructure delivery, expanding maintenance planning, and ensuring more effective implementation of sport, arts, culture, and heritage programmes across the country.

5. RECOMMENDATIONS

It is requested that the Minister of Sport, Arts and Culture consider the following recommendations and report back to the Committee by the specified due dates, or by the end of the 2026/27 financial year if no specific date is provided.

- The implementation of the new MOU on school sport between DBE and DSAC is to be reported back to the committee by the end of September 2026.
- The Department is to provide a written update on the refurbishment of Dan Qeque stadium and the Kuyga Sports Complex by no later than 31 August 2026.
- The Department is to ensure that all libraries have stable internet and must provide feedback on the state of internet connectivity by no later than September 2026.
- The Committee emphasised that while the Minister was entitled to make political statements, those statements must be supported by clear financial costing so that commitments made to communities could be implemented in practice. It was not sufficient for proposals or announcements to remain at a policy or political level without being accompanied by the detailed financial implications and implementation plans.
- The committee requested that the Department provide written submissions addressing the outstanding questions, including responses to issues raised by the Minister.
- The committee further stressed that the department must respond with evidence on the return on investment on the R100 million spent by the Department in LIV Golf.
- Action on the Soweto Marathon organisers, as well as payment of athletes, must be concluded by no later than 30 June 2026.
- The Department is to provide a written report on the feasibility of the VAR system, the full cost of the project, a maintenance plan and future funding of the system going forward. The report must be submitted to the committee by no later than 31 July 2026.
- The Department is to consider the support provided to community theatres in ensuring that the infrastructure is maintained.
- The Department is to monitor the progress of all MIG projects within the current financial year, work with municipalities to improve technical capacity and project management capabilities in these projects, and report back to the committee on the state of the projects by no later than 30 September 2026.

- The Department is to ensure that there is an increased number of learners participating in school sports in under-resourced communities and ensure that opportunities are created for talented athletes from lower quintile schools to have access to high-exposure competitions.
- The Department, working with the DBE, is to ensure that there's an increase in the number of quintile 1-3 schools that offer sporting codes.
- The Department is to minimise its spending on events and rather redirect funds within Programme Two to grass-roots sports development through community sports clubs and federations.
- The Department is to ensure that all governance and financial compliant federations are provided with their annual grant allocation.
- The Department is to ensure that all libraries have access to a stable internet.
- In terms of heritage, the Department is to engage the National Department of Cooperative Governance and Traditional Affairs (COGTA) in collaboration between both DSAC and local municipalities to work together in preserving the heritage assets that are under the municipality's control. This engagement needs to take place by no later than 30 June 2026.
- The Department, in collaboration with COGTA, is to work on a sports and heritage facilities maintenance plan for municipalities that are under financial distress and unable to maintain their facilities. This maintenance plan must be concluded by no later than 30 August 2026.
- The Department is to closely monitor the use of conditional grants to provincial governments and municipalities.
- The Department is to provide an update report on the implementation of the arts and culture conditional grant to the committee by not later than 31 August 2026.
- The Department is to ensure that the construction of the softball stadium in Polokwane is no longer delayed and must submit a report to the committee on the revised completion date and costs involved. The Department is also to include the reasons for the delays in completing the stadium and the financial losses incurred in the process.
- The Department is to focus its attention on working with the Limpopo provincial government in the preservation and promotion of undocumented heritage projects in the Vhembe region, including the Thathe Vondo Holy Forest and Lake Fundudzi.

- The Department is to implement the recommendations of the Auditor General's findings as per the 2025-26 Audit report.
- The Department is to conclude on the appointment of its Senior Management Positions, including the Deputy Director General for Arts and Culture promotion, by no later than 30 September 2026.
- The implementation of the recommendations provided above must be reported back to the committee on the dates provided.

6. CONCLUSION

Having satisfied itself in its engagement with the Department of Sport, Arts, and Culture on its Annual Performance Plans and the Budget, the Select Committee on Education, Technology, Sport, Arts, and Culture recommends that the House approve Budget Vote 37 on condition that the recommendations of the committee contained in this report are implemented in the 2026/27 financial year.

Report to be considered.

4. REPORT OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND PUBLIC ADMINISTRATION ON CONSIDERATION OF 2026/27 ANNUAL PERFORMANCE PLANS AND BUDGET ESTIMATES OF THE DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, DATED 10 JUNE 2026

The Select Committee on Cooperative Governance and Public Administration (Traditional Affairs, Water & Sanitation and Human Settlement) having considered the 2026/2027 Annual Performance Plans, and Budget Estimates of the Department of Cooperative Governance (DCOG), the Department of Traditional Affairs (DTA) and the Municipal Infrastructure Support Agency (MISA) reports to the National Council of Provinces as follows:

1. Legislative Framework

- 1.1. The National Treasury regulations provide the basis for the development and submission of Strategic Plans and related quarterly performance reporting. The revised framework on Strategic Plans and Annual Performance Plans requires departments to: institutionalise planning, budgeting, reporting, monitoring and evaluation and align, the planning process and all the planning documents (Strategic Plans (SPs), Annual Performance Plans (APPs) and Annual Operational Plans (AOPs) with the MTSF, and to describe outputs that are their direct responsibility in the list of programmes / sub-programmes. Any outputs from implementing agencies should be reflected in an annexure to the APP.
- 1.2. The Money Bills Amendment Procedures and Related Matters Act (2009) empower Parliament to recommend, reject or amend budgets of National Departments and Organs of State. The Act also enjoins Committees of

Parliament to compile and adopt Budget Vote Reports, based on interactions with the relevant Departments - and Entities reporting to them on their Strategic Plans, Annual Performance Plans and Budgets.

- 1.3. In terms of the 1996 Constitution and the Rules of the National Council of Provinces, the Select Committee on Cooperative Governance Public Administration is empowered to exercise oversight over the Department of Cooperative Governance (DCoG), Department of Traditional Affairs (DTA), Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities (CRL Rights Commission), the South African Local Government Association (SALGA), the Municipal Demarcation Board (MDB), and the Municipal Infrastructure Support Agent (MISA).
- 1.4. On 19 May 2026, the Select Committee on Cooperative Governance and Public Administration had briefing sessions with the Department of Cooperative Governance (DOCG), the Department of Traditional Affairs (DTA) and the Municipal Infrastructure Support Agent (MISA) to consider their 2026/2027 Annual Performance Plans budget allocations
- 1.5. The purpose of this consolidated report is therefore to account to the National Council of Provinces on the consideration of the Annual Performance Plans and Budget Votes. In terms structural arrangement, the consolidated report is structured into three sections.
- 1.6. Section 1 reports on presentation made by the Department of Cooperative Governance. Section 2 on the presentation by the Department of Traditional Affairs and the final section on presentation by Municipal Infrastructure Support Agency and the South African Local Government

Association on mandate and support provided to the municipalities in terms of section 154 of the Constitution. In each section of this report, information is provided on planned outputs, annual targets and budget allocations, observations and recommendations of Select Committee.

2. BREIFING ON 2026/2027 ANNUAL PERFORMANCE PLAN AND BUDGET ESTIMATES OF THE DEPARTMENT OF COOPERATIVE GOVERNANCE (DCOG)

- 2.1. The Department of Cooperative Governance presented the 2026/2027 Annual Performance Plan and Budget Estimates. The presentation focused on outputs, indicators and annual targets and budget allocation related to five programmes of the Department, namely Administration; Local Government Support and Intervention; Institutional Development; National Disaster Management Centre; Community Work Programme and budget allocations over the Medium-Expenditure Term Framework.
- 2.2. The Department Cooperative Governance indicated that it has aligned its 2026/2027 annual performance plan with the Medium-Term Development Plan focusing on priorities related to driving inclusive growth and job creation, reducing poverty and tackling the high cost of living and building a capable, ethical and developmental state. The department also indicated that the annual performance plan has been aligned with the sector priorities, 2026 State of the Nation, inputs from the Department of Monitoring and Evaluation.

3. Programme on Administration

- 3.1. The purpose of this programme is to provide strategic leadership, management and support services to the department. The 2026/2027 outputs and targets of this programme include ensuring that 40%

procurement spent on entities owned by women by 31 March 2027, 30% procurement spent on entities owned by youth by 31 March 2027, 7% procurement spent on entities owned by persons with disabilities by 31 March 2027, 100% of valid invoices paid within 30 days of receipt by 31 March 2027 and 70% of intergovernmental forum agendas focus on MTDP priorities by 31 March 2027

4. Programme 2: Local Government Support and Intervention

- 4.1. The purpose of this programme is to facilitate and coordinate improvements in the functionality of provinces and municipalities. Strengthen coordination across the different spheres of government and support improvements in the delivery of services to households and communities
- 4.2. The 2026/2027 outputs annual targets of this departmental programme include monitoring the implementation of 44 districts/metros monitored on two DDM catalytic projects from the DDM One Plans by 31 March 2027, provision of support to 38 distressed municipalities to improve performance by 31 March 2027, ensuring that 83% of MIG receiving municipalities spend at least 60% of 2026/27 MIG allocations by 31 March 2027, ensuring that 65% of priority WSA municipalities receiving MIG spend at least 10% of 2026/27 MIG allocations on water services infrastructure repairs and refurbishment by 31 March 2027 and providing support to 4 priority municipalities to implement DWS Blue-Drop corrective action plans by 31 March 2027

5. Programme 3: Policy, Governance and Administration

- 5.1. The purpose of this programme is to facilitate efficient municipal administrative systems. coordinate policy. conduct research, monitoring

and evaluation to build institutional resilience in provinces and municipalities

- 5.2. The 2026/2027 outputs and annual targets of programme 3 include proposing revenue improvement recommendations for implementation by 22 priority municipalities in the 2027/28 financial year by 31 March 2027, proposing credit control and debt collection recommendations for implementation by 22 priority municipalities in the 2027/28 financial year by 31 March 2027, supporting 4 priority municipalities with the implementation of the budget funding plan targets by 31 March 2027, supporting 4 priority municipalities with the implementation of the short-term financial management pillar recovery plans by 31 March 2027, supporting 6 priority municipalities with the implementation of the Eskom Debt Relief action plan targets by 31 March 2027.
- 5.3. The 2026/2027 policy and legislative outputs and annual targets of this programme include submitting Local Government: General Laws Amendment Bill to Cabinet by 31 March 2027, ensuring that 100% of cases of municipal staff members dismissed for misconduct or who resigned prior to the finalisation of disciplinary proceedings are recorded on the national database by 31 March 2027, supporting 9 provincial CoGTAs in institutionalising the Revised Municipal Planning and Performance Management Regulations of 2001 by 31 March 2027 and ensuring that 100% of policy commitments from the reviewed White Paper on Local Government are achieved in accordance with deliverables specified in the implementation plan by 31 March 2027.

6. Programme 4: National Disaster Management Centre

- 6.1. The purpose of this programme is to promote an integrated and coordinated system of disaster management with special emphasis on prevention and mitigation by all role players and stakeholders. The critical outputs of this programme include implementation of National Disaster Management Framework, improvement of the functionality of Municipalities through implementation of the National Fire Safety and Prevention Strategy.
- 6.2. The 2026/2027 outputs and annual targets of this programme include supporting 8 Organs of state in the implementation of disaster funding arrangements in terms of the Disaster Management Act by 31 March 2027, supporting 14 municipalities in the implementation of DRR strategies to prevent, prepare and mitigate disaster risks and enhance climate protection through applicable disaster management plans by 31 March 2027, supporting 20 municipalities in the implementation of the National Fire Safety and Prevention Strategy by 31 March 2027 and development of a functionality assessment tool for the reviewed disaster management response capabilities by 31 March 2027.

7. Programme 5: Community Works Programme

- 7.1. The purpose of this programme is to create income security and work experience for participants and promote social and economic inclusion by targeting areas of high unemployment. The 2026/2027 outputs and targets of this programme include ensuring that 160 000 people participating in the CWP by 31 March 2027, 3 200 CWP participants who have completed accredited training programmes by 31 March 2027, 12 800 CWP

participants who have completed personal development training initiatives through community development partnerships by 31 March 2027.

8. Observations of the Select Committee

- 8.1. The Select Committee has noted that the Minister of the Department of Cooperative Governance and Traditional Affairs tabled to Parliament the 2026/2027 Annual Performance Plan of the Department of Cooperative Governance (DCOG) in accordance with the requirement of Section 65(1) of the Public Finance Management Act (No.1 of 1999)
- 8.2. The Select Committee has also noted that the Departmental Annual Performance Plan has been aligned with the 2024/2029 Medium-Term Development Plan (MTDP) with focus on priorities related to driving inclusive growth and job creation, reducing poverty and tackling the high cost of living and building a capable, ethical and developmental state.
- 8.3. The Select Committee has noted the 2026/2027 Annual Performance Plan of the Department of Cooperative Governance (DCOG) has included outputs and targets in departmental programmes to provide support to 38 distressed municipalities to improve performance by 31 March 2027, to provide support to 44 districts/metros to implement two DDM catalytic projects by 31 March 2027, to provide support to 4 priority municipalities to implement DWS Green-Drop corrective action plans by 31 March 2027.
- 8.4. The Select Committee has also noted that the 2026/2027 Annual Performance Plan has included outputs and targets to provide support to 20 rural municipalities to meet the minimum standards for access to basic services by 31 March 2027, provide support to 50% of districts/ metros to achieve 50% of DDM One Plan targets by 31 March 2027.

- 8.5. The Select Committee has further noted that the Annual Performance Plan has included outputs and targets to provide support to 4 priority municipalities with the implementation of the short-term financial management recovery plans by 31 March 2027, to provide support to 4 priority municipalities with the implementation of the Eskom Debt Relief action plan and implementation of disaster management to prevent, prepare and mitigate disaster risks by 31 March 2027 .
- 8.6. While welcoming the commitments contained in the departmental outputs and targets, the Select Committee has however noted with serious concerns during engagement with the Auditor-General of South Africa and engagements with municipal stakeholders during the oversight visits, challenges related to lack of impact of section 139 interventions, lack of progress on the implementation of the recommendations emanating from the section 106 forensic investigations, political interference in administration, non-functionality of governance structures, poor service delivery, lack of consequence management, allegation of fraud, maladministration and corruption, unfunded budget, poor audit outcomes, skills deficit, recurrence of unauthorized, fruitless and wasteful expenditures, lack of value for money for appointments of consultants, unspending of infrastructure grants, non-compliance with procurement legislations, violation of water and sanitation right of the communities by municipalities and debts owed by government departments and public entities to the municipalities .

9. Recommendations of the Select Committee

9.1. Having considered and deliberated on 2025/2026 Annual Performance Plan, 2025/2029 Strategic Plan and Budget Estimate of the Department of Cooperative Governance, the Select Committee reports to the National Council of Provinces as follows:

- 9.1.1. That the Coordinating Institutions, namely the Premiers, Provincial Department of Cooperative Governance and Traditional Affairs and Provincial Treasuries to develop and intensify mechanisms to reduce over reliance by municipalities on the use of consultants
- 9.1.2. That the coordinating institutions, namely, the National, Provincial Treasuries and Departments of Cooperative Governance provide a full report on action to resolve the high amounts owed by Provincial Departments and Public Entities to local municipalities which contributes to municipality financial burdens
- 9.1.3. That the coordinating institutions, namely, the National, Provincial Treasuries and Departments of Cooperative Governance develop and implement measures to prevent recurring municipalities to submit unfunded budgets and that consequence management is implemented.
- 9.1.4. That the coordinating institutions, namely, the National, Provincial Treasuries and Departments of Cooperative Governance should develop measures to strengthen financial management in local government to improve revenue collection capturing of indigent registry

- 9.1.5. That the Minister of the Department of Cooperative Governance and Traditional Affairs in line with the provisions of section 134 of the Municipal Finance Management Act (MFMA) to collaborate with the MECs of Local Government and South African Local Government Association to provide post audit support interventions in terms of section 154 of the Constitution to municipalities to address issues raised by the Auditor-General in audit reports on financial statements of municipalities.
- 9.1.6. That the National and Provincial Departments of Cooperative Governance and Traditional Affairs, National, Provincial Treasuries, South African Local Government Association and MISA to strengthen their monitoring responsibilities to ensure the functionality of oversight committees in the municipalities.
- 9.1.7. That the coordinating institutions, namely, the National, Provincial Treasuries and Departments of Cooperative Governance to help municipalities in the Eastern Cape, Limpopo, Northern Cape, Northwest and Free State provinces to reduce their reliance on the use of consultants.
- 9.1.10. That the National and Provincial Departments of Cooperative Governance and Traditional Affairs as well as the South African Local Government to implement the Framework on Professionalization of the Public Service as approved by Cabinet in November 2022, to ensure that qualified and competent officials are appointed within the municipalities.

- 9.1.11. That the Departments of Cooperative Governance and Traditional Affairs and National Treasury in collaboration with Provincial Department of Cogta and South African Local Government Association to ensure functionality and effectiveness of the Municipal Public Account Committees (MPAC) and the Financial Mismanagement Disciplinary Boards through capacity building initiatives to ensure consequence management, accountability, understanding of legislations and due diligence in processing unauthorized, irregular, fruitless and wasteful expenditure
- 9.1.12. That the role- players within the accountability ecosystem to ensure the institutionalization and the implementation of the District Development Model to improve planning, budgeting, coordination, accountability, and monitoring in municipalities on matters related to service delivery.
- 9.1.13. That the Department of Cooperative Governance and Traditional Affairs in collaboration with the Provincial Department of Cooperative Governance and Traditional Affairs should fast track the implementation of the record management projects in selected municipalities to assist with the development and strengthening of record management practices to help municipalities improve their audit outcomes and reduce the number of disclaimed audit's opinion.

- 9.1.14. That the Department of Cooperative Governance should provide the Select Committee on Cooperative Governance and Public Administration with the Reports on of all pilots' projects implementation on District Development Model, Report on Presidential Working Group in eThekweni and Johannesburg Municipalities and debts by Government Departments and Public Entities to Municipalities
- 9.1.15 That the Department of Cooperative Governance should provide lists of the municipalities that would be assisted to implement the National Fire Safety and Prevention Strategy, municipalities in priority disaster areas that would be supported to implement a disaster management strategy to prevent, prepare for and mitigate disaster risks in terms of the Disaster Management and post disaster recovery plan
- 9.1.16. That the local municipalities should create internal capacity to deal with criminality and that water tankers must be insourced where possible to deal with phenomenon of water mafias.
- 9.1.17. That the Select Committee should align its quarterly programs in line with the annual targets of the Department of Cooperative Governance and schedule meetings to allow the department to table quarterly reports on the implementation of the 2026/2027 Annual Performance Plan.

- 9.1.18. As part of strengthening parliamentary oversight and ensuring executive accountability, the Select Committee on CoGPA should conduct proactive oversight visits in selected Local, Metro and District Municipalities in order to assess the implementations of the District Development Model, Integrated Urban Development Framework, SPLUMA, National Fire Safety and Prevention Strategy, Integrated Local Government Capacity-Building Framework, Small Town Regeneration Strategy, recommendations emanating from forensic investigations conducted in terms of section 106 of the Local Government: Municipal Systems Act of 2000 and Municipal Audit Outcomes conducted by the Auditor-General, business licencing of spaza shops and enforcement of regulations.

10. BRIEFING ON 2026 /2027 ANNUAL PERFORMANCE PLAN AND OF THE DEPARTMENT OF TRADITIONAL AFFAIRS (DTA)

- 10.1. The Director-General presented the 2026/2027 Annual Performance Plan and of the Department of Traditional Affairs. The presentation focused on outputs, indicators and annual targets related to departmental programmes namely, Administration; Research, Policy and Legislation; Institutional Support and Coordination and Budget Allocation over the METF period
- 10.2. The 2026/2027 APP operationalises government's agenda to build a Capable, Ethical, and Developmental state, with emphasis on traditional and Khoi-San leadership as partners in inclusive development, through strengthening their participation in local governance.

- 10.3. The 2026/2027 Annual Performance Plan was tabled on 30 March 2026. The APP responds to the MTDP's overarching goals. The MTDP outlines 5 key Goals aligned with the National Development Plan (NDP). To achieve these goals, the MTDP has identified three key strategic priorities for implementation.
- 10.4. The Department of Traditional Affairs has an important role to play towards achieving Strategic Priority 3: "Building a capable, ethical and developmental state." This Plan prioritises contributing to this outcome by focusing on empowering Traditional and Khoi-San leadership within a framework of cooperative governance. The Department also indirectly contributes to the MTDP Strategic Priority 2: Reduce poverty and tackle the high cost of living, under outcome priority on social cohesion and nation building.

11. Programme on Administration

- 11.1. The purpose of the administration programme is to provide strategic leadership, effective administration, executive support, monitoring and evaluation of Traditional Affairs performance and financial services
- 11.2. The 2026/2027 outputs and annual targets of this programme include implementation of 88% of compliance indicators in the approved Organisational performance information compliance management plan, implementation of 88% of actions in the approved CFM compliance management plan, ensuring 85% of DTA employees trained through various interventions as per the approved Training Plan

12. Programme on Research, Policy and Legislation

- 12.1. The purpose of programme on research, policy and legislation is to develop, review, coordinate and monitor the implementation of traditional affairs policies, norms and standards, and support traditional affairs entities to restore the integrity and dignity of traditional leadership.
- 12.2. The 2026/2027 outputs and annual targets of this programme include documentation of 1 Kingship's/ Queenship's/Principal Traditional Leadership's (Ks/Qs/PTLs) Royal family for which customary laws of succession and genealogies, capacitation of 6 Local Houses of Traditional and Khoi- San Leaders on the documentation of customary laws of succession and genealogies, documentation of 25 Senior Traditional Leaders' Royal families for which customary laws of succession and genealogies, monitoring of 9 PICCs on compliance with the Customary Initiation Act in respect of customary initiation seasons
- 12.3. The other 2026/2027 annual targets of the programme include monitoring compliance of 9 Provincial Initiation and Coordinating Committees with the Customary Initiation Act in respect of customary initiation seasons, monitoring 8 Provincial Initiation Coordinating Committees on traditional Leadership screening of relevant initiation role players and inspections in initiation schools, conducting 2 Customary Initiation Act Awareness campaigns in hotspot districts in North- West, Eastern Cape or Free State, publication of Customary Initiation Regulations in a government gazette for implementation, publication in a government gazette Ministerial Determinations on the fees paid for customary initiation for implementation and development of a discussion document on proposed legislative amendments to the Customary Initiation Act developed

13. Programme on Institutional Support and Coordination

- 13.1. The purpose of this programme is to provide comprehensive support to the institutions of traditional leadership, including Khoi-San leadership structures, to coordinate traditional affairs across all 3 spheres of government.
- 13.2. The 2026/2027 outputs and annual targets of the institutional support and coordination programme 3 include ensuring that 30 Traditional and Khoi-San Leaders participating in government planning implementation and implementation processes, supporting 20 Traditional Councils in the establishment and implementation of socio-economic development partnership agreements, supporting 7 local houses of Traditional and Khoi-San leaders in collaborating with local government for socio-economic development and capacitating 8 Local Houses of Traditional and Khoi-San Leaders to perform their legislative mandate in relation to Disaster Management Act.

14. Observations of the Select Committee

- 14.1. The Select Committee has noted that the Department of Cooperative Governance and Traditional Affairs has tabled the 2026/2027 Annual to Parliament in accordance with the requirement of Section 65(1) of the Public Finance Management Act (No.1 of 1999).

- 14.2. The Select Committee has also noted that the 2026/27 Annual Performance Plan of the Department of Traditional Affairs will over the medium term, continue to focus on monitoring the implementation of the Traditional and Khoi-San Leadership Act (2019), ensuring that customary initiation is practised safely, as guided by the Customary Initiation Act (2021), monitoring the nine Provincial Initiation Coordinating Committees (PICC) on compliance with the Customary Initiation Act in respect of customary initiation seasons, mobilizing communities to adhere to the health and safety standards provided for in the Act, thereby contributing to reducing illegal customary initiation schools and casualties
- 14.3. The Select Committee has further noted that the annual plan of the department entails monitoring the development of principal and senior traditional leadership in royal families' customary laws of succession and genealogies in 8 provinces per year over the period ahead to mitigate against disputes and claims, in line with the provisions of the Traditional and Khoi-San Leadership Act (2019).
- 14.4. While welcoming the executive undertaking made by the Department of Traditional Affairs to deal with illegal mushrooming of initiation schools, provide tools of trade to Provincial Houses of Traditional and Khoisan Leadership, support the legal and constitution establishment of the traditional councils, the Select Committee has noted however, that the Department of Traditional Affairs is still facing challenges related to unresolved succession disputes due to undocumented genealogies and customary laws leading to instabilities and litigations, weak integration of traditional leaders into municipal planning and development, uneven provincial support and inequity in resourcing traditional leaders, limited

human and financial resource of the Provincial Departments and Traditional Institutions and the Constitutional Court invalidation of Traditional and Khoisan Leadership Amendment Act which is currently before Parliament with the deadline to be completed in July 2027.

15. Recommendations of the Select Committee

15.1. Having considered and deliberated on 2026/2027 Annual Performance and Budget Estimate of the Department of Traditional Affairs, the Select Committee recommends to the National Council of Provinces as follows:

- 15.1.1. That the Department of Traditional Affairs should provide a provincial breakdown of the dispute claims of traditional leaders including nature, challenges and progress
- 15.1.2 The Department of Traditional Affairs should provide technical support to the traditional and Khoisan Leaders to facilitate effective and efficient participation in municipal councils, implementation of SPLUMA, Intergraded development planning, and District Development Model
- 15.1.3. That the Department of Traditional Affairs should provide quarterly progress reports on the implementation and achievements of annual targets as contained in the departmental 2026/2027 Annual Performance Plan and Budget Estimate

- 15.1.4. That the Department of Traditional Affairs should fast-track the process of tabling to parliament the legislative amendments to the Customary Initiation Act
- 15.1.5. That the Department of Traditional Affairs should conduct a assessment on how to strengthen the role of traditional leadership within local government structures be it through dedicated part in the IDP process and or doing certain duties like the issue of Proof of Address to residents to ensure they play a role in local government.
- 15.1.6. That the Department of Traditional Affairs should review how any municipalities have functional Traditional Council and how to enhance their participation in local government structures.
- 15.1.7. That the Department of Traditional Affairs should fast track the progress made in supporting the development of Khoi and San languages, in collaboration with the Department of Sport, Arts and Culture, and ensure the implementation of language revitalization initiatives under the Traditional and Khoi-San Leadership Act
- 15.1.8. That the Select Committee Cooperative Governance and Public Administration should align its 2026 parliamentary quarterly programs in line with the annual targets of the Department of Traditional Affairs and schedule briefing meetings to allow the department to table quarterly reports on the implementation of the 2026/2027 Annual Performance Plan

16. BRIEFING ON 2025/2026 ANNUAL PERFORMANCE PLAN AND 2025/2030 STRATEGIC PLAN OF THE MUNICIPAL INFRASTRUCTURE SUPPORT AGENT (MISA)

- 16.1. The Chief Executive Officer presented the 2026/2027 Annual Performance Plan; and Budget Estimates of the Municipal Infrastructure Support Agent. The presentation focused on outputs and annual target of the programmes related to Administration, Technical Support Services and Infrastructure Delivery Management Support

17. Programme on Administration

- 17.1. The purpose of programme of administration is to ensure effective leadership, strategic management and administrative support to the Municipal Infrastructure Support Agent in line with applicable legislation and best practice.
- 17.2. The 2026/2027 output and targets include implementation of 100% of the deliverables in the ethics management plan by 31 March 2027, 20implementation of 95% of 100% of the deliverables in the approved CSIP by 31 March 2027, implementation of 100% of the deliverables in the approved ICT Annual Operational Plan by 31 March 2027 and impact evaluation of MISA infrastructure projects and technical skills capacity programmes.

18. Programme on Technical Support Services

- 18.1. The purpose of the programme is to enhance the capabilities of municipalities for improved municipal infrastructure planning, delivery, operations and maintenance.

- 18.2. The 2026/2027 output and targets of this programme include provision of support to municipalities with Labour Intensive Construction (LIC) technical support, provision of support to municipalities with technical support in electricity provision to households, provision of support to municipalities with electricity demand management, provision of support to Water Service Authorities with Operations & Maintenance functionality, provision of support to municipalities to implement Water Conservation and Water Demand Management (WC/WDM), provision of support to municipalities with MIG utilization, provision of support to municipalities to implement the development of spatial planning and land use management programs/spatial plans, provision of support to municipalities with monitoring reviewal of the Blue & Green Drop Corrective Action Plans (CAPs) and provision of support to municipalities with the development of disaster and climate change adaptation measures

19. Programme on Infrastructure Delivery Management Support

- 19.1. The purpose of the programme is to support the efficient delivery of municipal infrastructure programmes and projects, build a credible project pipeline for long-term infrastructure investment, as well as to support municipalities with infrastructure procurement.
- 19.4. The 2026/2027 output and annual target of this programme include mobilisation of R500m for municipal infrastructure projects through alternative and innovative funding mechanisms, 6 infrastructure projects prepared for bankability, 4 Districts supported with facilitation of infrastructure investments for catalytic projects and 18 municipalities with improved infrastructure procurement compliance, governance enhance operational efficiency and self-reliance.

20. Observations of the Select Committee

- 20.1. The Select Committee has noted that MISA has aligned its annual performance plan and Strategic Plan with priorities 1 and 3 as captured in the approved Medium Term Development Plan to support 5 outcomes and 22 outcome indicators.
- 20.2. The Select Committee has noted that the Department of Cooperative Governance (DCOG) has allocated an amount of R150 million towards the Eastern Seaboard Project, which was to be spent over a three-year period starting in 2022/23 i.e. R50m per annum. During the 2025/26 financial year MISA was granted a rollover for three additional years. To date, the select committee has noted that MISA has managed to spend R41,719 million and R92,082 million remains uncommitted and is earmarked as seed funding for the establishment of the ESD Special Purpose Vehicle (SPV).
- 20.3. The Select Committee has also noted that MISA has committed funds to the value of R57,917 million and will be engaging National Treasury on retention of surplus funds for 2026/27 financial year.
- 20.4. The Select Committee has further noted that MISA has been appointed by Department of Cooperative Governance to be its implementing agent for projects affected by conversion of Municipal Infrastructure Grant from Schedule 5B to 6B. The 6B Funding for the 2026/27 financial year is R 535 million in addition to the R 82 million transferred from DCOG in the 2025/26 financial year for use in 2026/27. This takes available 6B funding to R617 million in the current year

- 20.5. The measurable outcomes identified by MISA include increasing employment opportunities and job creation; improving service delivery to local government; building a capable and professional public service and increasing infrastructure investment and job creation.
- 20.6. While welcoming the 2025/2026 Annual Performance Plan and the 2025/2030 Strategic Plan of the Municipal Infrastructure Support Agent and alignment with the Medium-Term Development Plan, the Select Committee noted however, that the annual targets contained in the 2025/2026 annual performance plan did not provide provincial breakdown per municipality on the technical support to be provided to implement disaster and climate change adaptation measures; infrastructure investment for catalytic projects; water conservation and water demand management; spatial planning and land use management spatial plans.
- 20.7. While acknowledging the plan of MISA to enable municipalities to access infrastructure funding through institutions such as development finance institutions and the jobs fund, the Select Committee however, raised concerns lack of internal capacity in municipality to develop funding proposals, continuing reliance and dependence of municipalities to use consultants and external service providers at the expense of service delivery to the communities and sustainability of the municipality.

21. Recommendations of the Select Committee

- 21.1. Having considered and deliberated on 2025/2026 Annual Performance Plan, 2025/2030 Strategic Plan and Budget Estimates of the Municipal Infrastructure Support Agency, the Select Committee recommends to the National Council of Provinces as follows:

- 21.1.1. That the Municipal Infrastructure Support Agent should provide the Select Committee with provincial breakdown per municipality on the technical support to be provided to implement disaster and climate change adaptation measures; infrastructure investment for catalytic projects; water conservation and water demand management; spatial planning and land use management spatial plans, increase household access to basic service and comply with government infrastructure supply chain management policies, procedures and strategies.
- 21.1.2. That the Chief Financial Officers of the Municipal Infrastructure Support Agent should table to the National Council of Province a National Report on the state of municipal infrastructure and technical support provided to the municipalities in terms of section 154 of the Constitution
- 21.1.3. That the Select Committee on Cooperative Governance and Public Administration should as part of monitoring and overseeing align its 2026 quarterly programs in line with annual targets of the Municipal Infrastructure Support Agent and schedule briefing sessions to ensure tabling of quarterly reports on the achievements and challenges related to implementation of the 2025/2026 outcome indicators and annual targets.

- 21.14. That as part of ensuring executive accountability, the Select Committee on Cooperative Governance and Public Administration should during the 2026 parliamentary third term conduct proactive oversight visits in selected Local, Metro and District Municipalities to assess the support provided by Municipal Infrastructure Agent in the implementation of disaster and climate change adaptation measures; infrastructure investment for catalytic projects; water conservation and water demand management, increase household access to basic service and compliance with government infrastructure supply chain management policies, procedures and strategies to implement Spatial Planning and Land Use Management Act (SPLUMA).

Report to be considered

5. REPORT OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND PUBLIC ADMINISTRATION (TRADITIONAL AFFAIRS, WATER & SANITATION AND HUMAN SETTLEMENTS) ON CONSIDERATION OF 2026/27 ANNUAL PERFORMANCE PLAN AND BUDGET VOTE OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION: DATED 10 JUNE 2026

The Select Committee on Cooperative Governance and Public Administration (Traditional Affairs, Water & Sanitation and Human Settlements) having considered the 2026/2027 Annual Performance Plan and Budget Vote of the Department of Public Service and Administration, reports to the National Council of Provinces as follows:

1. Legislative Framework

- 1.1. The National Treasury regulations provide the basis for the development and submission of Strategic Plans and related quarterly performance reporting. The revised framework on Strategic Plans and Annual Performance Plans requires departments to: institutionalise planning, budgeting, reporting, monitoring and evaluation and align, the planning process and all the planning documents (Strategic Plans (SPs), Annual Performance Plans (APPs) and Annual Operational Plans (AOPs) with the MTSF, and to describe outputs that are their direct responsibility in the list of programmes / sub-programmes.
- 1.2. The Money Bills Amendment Procedures and Related Matters Act (2009) empower Parliament to recommend, reject, or amend budgets of National Departments and Organs of State.
- 1.3. The Act also enjoins Committees of Parliament to compile and adopt Budget Vote Reports, based on interactions with the relevant Departments and Entities reporting to them on their Strategic Plans, Annual Performance Plans, and Budgets allocations.
- 1.4. On 2nd June 2026, the Select Committee on Cooperative Governance and Public Administration (Traditional Affairs, Water & Sanitation, and Human Settlements had

briefing sessions with the Department of Public Service and Administration to consider 2026/2027 annual performance plan and budget allocations to departmental programmes and Entities

- 1.5. The report provides information on planned outputs, annual targets and budget analysis of the departmental programmes as well as the observations and recommendations of the Select Committee on Cooperative Governance and Public Administration.

2. BRIEFING ON 2026/2027 ANNUAL PERFORMANCE PLAN AND BUDGET ALLOCATIONS OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

- 2.1. The Deputy Director General presented the 2026/2027 Annual Performance Plan of the Department of Public Service and Administration. The presentation focused performance indicators and targets related to administration, human resource management and development, negotiation, labour relation and remuneration management and eGovernment services and information management programmes of the department

3. Programme 1: Administration

- 3.1. The main purpose of the Programme is to provide strategic leadership, management and support services to the Department, and coordinate the Department's international relations. The purpose of the Programme is to provide policy, coordinated strategic and overall administrative support services to enable the Ministry and the Department to deliver on mandates
- 3.2. The 2026.2027 indicator and targes of the administration programme include submission of four (4) quarterly reports on fruitless, wasteful and irregular expenditure to National Treasury, bi-annual assessment of the department's status of compliance with the Broad-Based Black Economic Empowerment (BBBEE) Prescripts, monitoring of the implementation of interventions for the empowerment and development of Women, Youth and Persons with Disabilities (WYPD).

- 3.3. The other indicators and targets of the programme include monitoring of the implementation of affirmation action measures for the appointment of women into SMS positions in the department, against the departments affirmative action target of 60%, monitoring of the implementation of affirmation action measures for the appointment of persons with disabilities in the department against the government's target of 3% and monitoring of the appointment of youth (ages 18-35 years) in the department against the government's target of 30%

4. Programme 2: Human Resource Management and Development

- 4.1. The main purpose of this Programme is to manage and oversee the setting and translation of public administration norms and standards into administrative policy instruments using research and policy analysis techniques. It is also responsible for managing organisational functionality assessments of Public Service efficiency and effectiveness for public administration reform
- 4.2. The 2026/2027 indicators and annual targets of programme 2 include monitoring of 80% of the appointments of Public Service Director's – General (DGs) /Heads of Department (HOD's), that meet legislated qualifications and experience, monitoring of the trends in the tenure of serving Accounting Officers (Director's-General (DGs) /Heads of Department (HOD's) in National and Provincial departments,
- 4.3. The other indicators and annual targets programme 2 include the monitoring of the implementation, by national and provincial departments, of 80% of the indicators in the 2024 Volume 1 directives towards the professionalisation of the Public, analyses of the root causes for the non-compliance with the mandatory requirements for conditionally granted incapacity leave by eight (8) provincial and four (4) national departments and evaluation of the appropriateness of public administration norms and standards on appointments in private offices of Executive Authorities

5. Programme 3: Negotiation, Labour Relation and Remuneration Management

- 5.1. The main purpose of the Programme is to manage, oversee and facilitate organisational development, job grading, macro-organisation, remuneration, human resource

information systems, conditions of service, labour relations and dispute management in the public service. It also administers the implementation of the Government Employees Housing Scheme and the macro-organisation of the State and ensures coordinated collective bargaining

- 5.2. The 2026/2027 indicators and annual targets of the programme 3 include undertaking of the collective bargaining processes on other conditions of service, undertaking research on the state's organisational capacity in relation to service delivery since 1994 to 2024, monitoring of the implementation of the recommendations of the 2022 Personnel Expenditure Review (PER) by sectoral departments of Health, Social Development, Correctional Services, Public Works and Infrastructure and Justice and Constitutional Development
- 5.3. The other indicators and annual targets of the programme 2 include monitoring of the utilisation of the Central Register for verification of disciplinary processes against Public Servants, by national and provincial departments, monitoring of the progress made by national and provincial departments, with disciplinary cases backlogs, in reducing their disciplinary cases backlogs and monitoring of compliance by national and provincial departments with the conducting of lifestyle audits (reviews and investigations) for all Public Service designated groups

6. Programme 4: eGovernment Services and Information Management

- 6.1. The main purpose of the Programme 4 is to manage, oversee and facilitate ICT governance, e-enablement, ICT infrastructure, information and knowledge management, and innovation in the public service and coordinate and facilitate ICT stakeholder management. Information and Communication Technology (ICT) is playing an ever-increasing role as a strategic enabler of public service delivery.
- 6.2. The 2026/2027 indicators and annual targets of programme 4 include the revision of the Government-Wide Enterprise Architecture (GWEA) Framework (reflecting the Digital Public Infrastructure (DPI) as per the Roadmap for Digital Transformation of public services and development of the Public Service Cybersecurity awareness strategy.

7. Programme 5: Government Access and Improvement

- 7.1. The main purpose of the Programme 5 is to manages and facilitates the improvement of service delivery in Government. The 2026/2027 indicators and annual targets of programme 5 include development of the Productivity Measurement Directive, monitoring of the implementation of the 2022 Batho Pele Revitalisation Strategy by national and provincial departments, monitoring of the implementation of the Complaints and Compliments Management Framework by national and provincial departments, through the Batho Pele Forum, bi-annual assessment of the status of implementation of the African Peer Review Mechanism's national action plan by National Treasury, Department of Cooperative Governance, Department of Justice and Constitutional Development, and Department of Forestry, Fisheries and the Environment.

8. Analysis of 2026/2027 Budget Allocations to Departmental Programmes

- 8.1. Programme 5: Government Services Access and Improvement include the budget allocation for the Centre of Public Service Innovation (CPSI) that are transferred monthly in line with their cash flow projections. The compensation of Employees contributes to $\pm 73\%$ of the allocated budget excluding CPSI.
- 8.2. Also included in this programme is an allocation of R1,1 million; R1,1 million and R1,2 million operational funding for payment of board members for African Peer Review Mechanism-National Governing Council. Included under the economic classification Transfers and Subsidies is R2,6 million; R2,8 million and R2,9 million per year over the three years towards the Open Government Partnership membership fee. The budget allocated for travel costs is R3,7 million; R4,5 million and R4,3 million per year respectively over the medium-term period.
- 8.3. The compensation of Employees makes up almost 88% of the allocated budget in Programme 4: E-Government Services and Information Management. Most of the funding is allocated under the item Computer Services (R615 000; R588 000 and R717 000) and relates to the development of guidelines identified in the compliance report and external resources to assist in upskilling government Departmental Information

Security Officers (DISOs) to improve information security governance. The travel budget is below a million per year at R974 000; R1 million and R938 000 respectively over the three years.

9. Observations of the Select Committee

- 9.1. The Select Committee has noted that the draft 2026/27 Annual Performance Plan was submitted to the Auditor-General of South Africa (AGSA) on the 16th of March 2026 and that all findings raised by the Auditor-General were responded to and the 2026/27 APP was tabled in Parliament on the 30th of March 2026.
- 9.2. The Select Committee has noted that the department has revised its 2025/2030 strategic plan and included new three performance indicators. The first indicator relates to undertaking research on the state's organisational capacity in relation to service delivery since 1994 to 2024.
- 9.3. The second indicator relates to monitoring the implementation of the Government-Wide Enterprise Architecture directive by National and Provincial departments and the third indicator relates to monitoring the 3-year implementation of the Public Service Cybersecurity awareness strategy in National and Provincial departments.
- 9.4. The Select Committee has also noted that the department has removed the target related to the monitoring of the implementation of the Public Service Remuneration Policy by national and provincial departments. The reason for removal is because the remuneration policy will be finalized after the implementation of the Personnel Expenditure Review (PER) recommendations as approved by the Cabinet in 2022.
- 9.5. The Select Committee has noted that the recommendations are being implemented by the departments of Health, Social Development, Correctional Services, Public Works and Infrastructure and Justice and Constitutional Development.
- 9.6. The Select Committee has noted the executive commitments made by the Department to monitor the implementation of the National Framework towards the

Professionalisation of the Public Sector as guided by 2024 Volume 1 Directive submitted to the Director-General on 31 March 2026.

- 9.7. The Select Committee has also noted the executive commitments to monitor 80 per cent of the appointments of public service Director's General (DGs) and Heads of Department to ensure all processes meet the legislated qualifications and experience.
- 9.8. In terms of service delivery to the citizens, the Select Committee has further noted the executive commitment to undertake collective bargaining processes on other conditions of service to ensure that the conditions of service for public service employees create an enabling environment that supports productivity which will result in the desirable standards of service delivery to the citizens. The critical indicator noted is the departmental commitment to undertake research on the state's organisational capacity in relation to service delivery since 1994 to 2024.
- 9.9. In terms of the backlog of disciplinary cases, the Select Committee has noted the executive commitment under programme 3 to monitor utilisation of the Central Register for verification of disciplinary processes against public servants by national and provincial departments in reducing their disciplinary cases backlogs.
- 9.10. Under this programme, the Select Committee has also noted the executive commitment to monitor the compliance of national and provincial departments in conducting lifestyle audits (reviews and investigations) and application of consequence management for all public service designated groups.
- 9.11. In terms of data governance and protection, the Select Committee has noted the executive commitment under programme 4 to develop the Public Service Cybersecurity awareness strategy and issue a Directive on Public Service Data Architecture Framework to the national and provincial departments to prescribe how the data of departments must be governed to protect it against unauthorised access by third parties.
- 9.12. In terms of Batho Pele principles, the Select Committee has noted the executive commitment under programme 5 to utilise budget for monitoring the implementation of the Complaints and Compliments Management Framework by national and

provincial departments through the Batho Pele Forum and to annually assess the status of implementation of the African Peer Review Mechanisms national action plan of identified departments.

- 9.13. In terms of support for implementation of lifestyle audit, referrals for investigations and recovery of funds, the Select Committee has noted that the Department will be providing support to five provinces and signing a Memorandum of Understanding (MOU) with Special Investigation Unit (SIU) and State Security Agency (SSA)
- 9.14. In term of the progress report on the termination of contracts of Contract Workers in Free State Provincial Government, the Select Committee has noted with concerns that the Office of the Provincial Director- General of the Free State Provincial Government could not provide the Department of Public Service and Administration of the status report as requested by the Select Committee. The Select Committee resolved that the Free State Provincial Government and the Department of Public Service and Administration should table the progress report seven days after the meeting scheduled on 2 June 2026.
- 9.15. In terms of monitoring mechanism for skills audit and transfer, the Select Committee has noted that the department has developed the skills development methodology framework, skills audit methodology, skills development training programme to enable departments to reduce reliance on consultants and develop their own skills audits. The select committee has noted that the Western Cape and KwaZulu-Natal provincial governments are in the process of concluding their skills audits while other provinces are at the developmental stage.

10. Recommendations of the Select Committee

- 10.1. Having considered the 2026/2027 Annual Performance Plan and Budget Allocation of the Department of Public Service and Administration, the Select Committee recommends to the National Council of Provinces as follows:

- 10.1.1. That the National Council of Provinces notes the executive commitments made in 2026/2027 and budget allocation of the Department of Public Service and Administration.
- 10.1.2. That the Minister of the Department of Public Service and Administration to provide quarterly reports on the implementation of the performance indicators and targets contained in each departmental programme including the lists of provinces supported to implement of lifestyle audits and skills audits.
- 10.1.3. That the Select Committee on Cooperative Governance and Public Administration should during the 2026 parliamentary third term schedule meeting to engage the Minister of the Department of Public Service and Administration on quarterly report on the implementation of 2026/2027 Annual Performance Plan
- 10.1.4. That the Minister of the Department of Public Service and Administration together with Public Service Commission should during the 2026 parliamentary third term provide consolidated report on the state of financial disclosures and lifestyle audits of accounting officers in Public Service and Administration
- 10.1.5. That the Select Committee of Cooperative Governance and Public Administration should during the 2026 parliamentary third term conduct oversight visits to KwaZulu-Natal, Northern Cape and Western Cape and engage the Premiers and Provincial Public Service Commissions on the state of public service with focus on lifestyle audits, skills audits, compliance with financial disclosures, state of disciplinary cases, protection of whistleblowers, ICT governance, e governance and access to service and implementation of the National Framework towards the Professionalisation of the Public Sector .

Report to be considered

6. REPORT OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, WATER, SANITATION AND HUMAN SETTLEMENTS ON CONSIDERATION OF 2026/2027 ANNUAL PERFORMANCE PLAN AND BUDGET VOTE OF THE DEPARTMENT OF WATER AND SANITATION: DATED 27 MAY 2026

The Select Committee on Cooperative Governance and Public Administration (Traditional Affairs, Water & Sanitation and Human Settlements) having considered the 2026/2027 Annual Performance Plan and Budget Vote of the Department of Water and Sanitation reports to the National Council of Provinces as follows:

1. Contextual Background

- 1.1. This report accounts to the National Council of Provinces on assessment process undertaken on 19 May 2026 by the Select Committee on Cooperative Governance and Public Administration in considering Budget Vote 41 of the Department of Water and Sanitation, 2026/2027 Annual Performance Plan and budget allocations to departmental programmes.
- 1.2. The departmental plans and resource allocation were assessed against key policy priorities derived from the 2026 State of the Nation Address (SONA), the National Development Plan (NDP), Medium-Term Development Plan, the Estimates of National Expenditures (ENE) from the National Treasury, and the 2026 Budget Speech by the Minister of Finance
- 1.3.1 Against this backdrop, this report is structured as follows: It presents a legislative framework, briefing on 2026/2027 Annual Performance Plans, the key priorities, outcomes, targets and expenditure estimates of the

Department of Water and Sanitation and its entities. The report also captures observations and recommendations of the Select Committee to be considered by the National Council of Provinces.

2. Legislative Background

2.1. The Money Bills Amendment Procedure and Related Matters Act (Act No.9 of 2009) empower Parliament to recommend, reject or amend budgets of National Departments and Organs of State. The Act also enjoins Committees of Parliament to compile and adopt Budget Vote Reports, based on interactions with the relevant Departments and entities on their respective strategic, annual performance plans and budgets.

2.2. On 19 May 2026, the Select Committee on Cooperative Governance and Public Administration had interactive briefing session with the Department of Water and Sanitation to consider its 2026/2027 Annual Performance Plan and budget allocations to departmental programmes, namely, administration, water resources management and water services management.

3. BRIEFING ON 2026/2027 ANNUAL PERFORMANCE PLAN AND BUDGET ALLOCATION OF THE DEPARTMENT OF WATER AND SANITATION

3.1. The Deputy Minister, Hon Mahlobo indicated in his political overview that the 2026/2027 Annual Performance Plan of the Department of Water and Sanitation has been aligned with the priorities identified in 2026 State of the Nation Address (SONA) and contained in 2024/2029 Medium -Term Development Plan (MTDP).

- 3.2. Deputy Minister indicated that during the 2026 State of the Nation Address, the President identified water as a critical issue, comparable to electricity and highlighted that many people in cities, towns and villages were experiencing more frequent water shortages due to failing infrastructure.
- 3.3. The Deputy Minister informed the Select Committee that the Department of Water and Sanitation will during the 2026/2027 financial year address challenges related to water security, sustainability and sanitation supply in local government.
- 3.4. The Deputy Minister made undertaking that the Department of Water and Sanitation will be introducing a utility model to separate the roles of water service authorities and water service providers to ensure utilities function as business entities while remaining under state ownership.
- 3.6. The Deputy Minister informed the Select Committee that the Department Water and Sanitation has developed water turnaround plan focusing on five pillars of reviewing delivery models; increasing investment through financing options; enhancing operational capacity and efficiency; building partnerships to create water-resilient communities; and combating criminality and corruption.
- 3.7. The Deputy Minister further informed the select committee that the President indicated during the 2026 State of the Nation Address that the real challenge lies not in the availability of water, but in getting water to people's taps. The President also indicated that water outages are a symptom of a local government system that is not working and that, in the

short term, we need to address the immediate crisis where water outages are being experienced.

- 3.8. The President further announced the establishment National Water Crisis Committee, which is chaired by the President. This structure brings together all existing efforts into a single coordinating body. It will deploy technical experts and resources to address the challenges. The Committee will use the powers enshrined in the Constitution and in the Water Services Act to intervene in municipalities where necessary.
- 3.9. The Deputy Minister indicated that the processes to establish the necessary structures of the National Water Crisis Committee are underway. The Department of Water and Sanitation and other stakeholder Department are an integral part of the National Water Crisis Committee
- 3.10 The Director-General presented the 2026/2027 Annual Performance Plan of the Department of Water and Sanitation. The presentation focused on outputs, indicators and annual targets and budget allocation related to departmental programmes namely, Administration, Water Resource Management and Water Service Management.

4. Programme 1: Administration

- 4.1. 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

- 4.2. The 2026/2027 performance indicators and annual targets of the administration programme include Compliance with corporate governance regulatory prescripts, implementation of Annual Communication and Public Participation Programme, implementation of preferential procurement to support SMMEs, implementation of Financial recovery and turnaround plan, implementation of annual stakeholder management and partnership programme, streamlining water resource management institutional arrangements, development of integrated water resource plans, implementation of strategic water resources infrastructure projects, development of Wastewater management plans and implementation of water resource regulatory prescripts.

5. Programme 2: Water Resource Management

- 5.1. 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.
- 5.2. The 2026/ 2027 performance indicators and annual targets include development of integrated water resource plans, implementation of Strategic water resources infrastructure projects, development of Wastewater management plans, development and implementation of water resource regulatory prescripts and implementation of wastewater monitoring programmes,

6. Programme3: Water Service Management

- 6.1. 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.
- 6.2. The 2026/2027 performance indicators and annual targets of the water service management programme include, implementation of Water resource regulatory prescripts, implementation of Wastewater monitoring programmes, development, monitoring and evaluation of Municipalities with five-year reliability plans and implementation of regional bulk infrastructure project

7. Overview of the 2026/2027 Medium Term Financial Estimate (MTEF)

- 7.1. In terms of budgetary analysis, the Department's budget over the Medium-Term Expenditure Framework is R130,125 billion. This consists of allocations of R40,784 billion, R40,942 billion and R48,399 billion in the 2026/27, 2027/28 and 2028/29 financial years respectively.
- 7.2. The Department's budget consists of two components namely main account funded from budget allocations from NT and the Water Trading Entity which receives revenue from the sale of raw water.
- 7.3. On the main account, the Department has been allocated R71,121 billion over the MTEF. This consists of allocations of R21,957 billion, R21,295 billion and R27,869 billion in the 2026/27, 2027/28 and 2028/29 respectively. Included in the main account budget are conditional infrastructure grants for municipal water services totalling R39.232 billion

over the MTEF. This includes R21,420 billion for the Regional Bulk Infrastructure and R17,811 billion Water Services Infrastructure Grants.

- 7.4. The Water Trading Entity has also received some transfers from the fiscus for infrastructure projects. The Water Trading Entity has budgeted R59,003 billion over the MTEF consisting of R18,827 billion, R19,647 billion and R20,530 billion in 2026/27, 2027/28 and 2028/29 respectively. The Water Trading Entity budget will be realigned during the incorporation and establishment of the South African National Water Resources Infrastructure Agency SOC Limited.

8. Observations of the Select Committee

- 8.1. The Select Committee has noted that the Department of Water and Sanitation has aligned its 2026/2027 Annual Performance Plan with priorities contained in the National Development Plan (NDP), Sustainable Development Goals (SDGs), Medium-Term Development Plan (MTDP) and State of the Nation Address (SONA)
- 8.2. In terms of budget estimates and allocation to departmental programmes, the Select Committee has noted that the Department of Water and Sanitation has organised its budget under three Programmes, namely: Programme1 on Administration, Programme2 on Water Resources Management and Programme3 on Water Services Management.
- 8.3. In terms of progress on 2025 Water and Sanitation Indaba, the select committee has noted that all eight Metropolitan Municipalities are participating in the National Treasury Reform of Metropolitan Trading

Services Programme, which includes requiring Metropolitan Municipalities to ringfence revenue from the sale of water for the water function.

- 8.4. The Select Committee has also noted the Waterboards have been mobilized to provide more assistance to municipalities e.g. uMgeni-uThukela Water Board assisting eThekweni with wastewater management.
- 8.5. In terms of priorities, The Select Committee has noted that the department of water and sanitation has prioritized the implementation of projects to augment bulk water resource infrastructure, lead the development of water resource, support the municipalities on water and sanitation services, strengthening of regulatory intervention to address pollution of environment and water, improve revenue collection across the water value chain and reduce irregular, unauthorized and waste full expenditure and ensure consequence management for financial misconduct.
- 8.6. The Select Committee has noted that the Department's budget over the medium-term expenditure framework or MTEF is R130,125 billion. This consists of allocations of R40,784 billion, R40,942 billion and R48,399 billion in the 2026/27, 2027/28 and 2028/29 financial years respectively.
- 8.7. The Select Committee has also noted that the Department's budget consists of two components namely the main account funded from budget allocations from NT and Water Trading Entity from the revenue of the sale of raw water 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

- 8.8. In terms of the main account, the Select Committee has further noted that the Department has been allocated R71,121 billion over the MTEF. This consists of allocations of R21,957 billion, R21,295 billion and R27,869 billion in the 2026/27, 2027/28 and 2028/29 respectively. Included in the main account budget are conditional infrastructure grants for municipal water services totalling R39.232 billion over the MTEF. This includes R21,420 billion for the Regional Bulk Infrastructure and R17,811 billion Water Services Infrastructure Grants.
- 8.9. The Water Trading Entity also receives some transfers from the fiscus for infrastructure projects. The Water Trading Entity has budgeted R59,003 billion over the MTEF consisting of R18,827 billion, R19,647 billion and R20,530 billion in 2026/27, 2027/28 and 2028/29 respectively.
- 8.10. The Select Committee has noted and welcomed the executive commitment by the Department of Water and Sanitation to work together with the Department of CoGTA to accelerate and ramp up interventions and support in poorly performing municipalities as part of the implementation of the National Water Action Plan.
- 8.11. The Select Committee has noted that in the current financial year, the Department of Water and Sanitation has been allocated R12.3 billion for infrastructure grants and that the Regional Bulk Infrastructure Grant or RBIG will fund 70 bulk infrastructure projects across all provinces, while the Water Services Infrastructure Grant or WSIG will support 341 projects.
- 8.12. In terms of prioritization, the Select Committee has noted and welcomed the executive commitment by the Department of Water and Sanitation to work with the Department of COGTA and National Treasury to ensure that

all national water-related infrastructure grants to municipalities are reprioritized to focus on projects and interventions which bring water to peoples' taps.

- 8.13. This joint departmental initiative will include the completion of long-delayed incomplete projects; projects which reduce non-revenue water; projects which improve the reliability and quality of water supply; projects which provide access to unserved communities; and projects which diversify the water mix, including groundwater, reuse and desalination.
- 8.14. In terms of interventions and support to dysfunctional and poor municipalities, the Select Committee has noted that the Department of Water and Sanitation will be invoking and applying the existing legal framework for national government intervention, such as Section 139 of the Constitution and Section 63 of the Water Services Act.
- 8.15. Where existing water services providers are failing, the Select Committee has also noted that municipalities will be supported to consider alternative service delivery mechanisms and the department of water and sanitation will be putting in place partnerships with the private sector and civil society to increase access to unserved communities, including funded bulk infrastructure projects, boreholes, protected springs and rainwater harvesting.
- 8.16. In terms of the 2025 Green Drop, Blue Drop and No Drop Risk rating results, the Select Committee has noted and welcomed the executive undertaking by the Department of Water and Sanitation to utilise during the 2026/2027 financial year the Drop Reports as the national performance baseline for municipal water and sanitation services and to restore

functionality and improve compliance performance using measures such as infrastructure stabilisation, grant alignment, capacity, institutional strengthening and strengthening of regulatory systems.

- 8.17. While welcoming the 2026 /2027 Departmental Annual Performance Plan, budget allocation to departmental programmes and executive undertakings to support municipalities, the Select Committee has noted with concerns the budget cuts to conditional grants, the emergence of water and sanitation mafias, the findings of the South African Human Rights Commission on the violation of water and sanitation rights of the communities by the municipalities, outsourcing of water tankers, allegations of maladministration, fraud and corruption in the provision of clean water and decent sanitation to the communities within the jurisdiction of the Local and District Municipalities across the country.

9. Recommendations of the Select Committee

- 9.1. Having considered and deliberation on 2026/2027 Annual Performance Plan and Budget Vote 41 of the Department of Water and Sanitation, the Select Committee recommends to the National Council of Provinces as follows:

- 9.1.1. That the Department of Water and Sanitation should fast-track the process of submitting the National Water Amendment Bill to Cabinet for timeous approval by Parliament during the 2026/ 2027 financial year.
- 9.1.2. That the Department of Water and Sanitation should during the 2026 parliamentary third term provide consolidated report on the status of water

and sanitation projects in the provinces including the support provided to the municipalities in the entire country

- 9.1.3 The Department of Water and Sanitation should during 2026 parliamentary third term provide audited 2025 Green Drop Report which include full wastewater value chain, including sewer networks, pump stations and treatment systems
- 9.1.4. The Department of Water and Sanitation should during the 2026 parliamentary third provide consolidated report on 2025 Blue Drop Risk Rating (BDRR) assessment with focus on critical risk areas within water services provision. municipalities identification and prioritization of the critical risk areas within their drinking water quality management process and corrective measures.
- 9.1.5. The Department of Water and Sanitation should during the 2026 parliamentary third term provide consolidated report on 2025 No Drop Risk Rating (NDRR) assessment detailing key risk areas (KRAs) on the status of the Water Services Authorities' (WSA's) Water Conservation and Water Demand Management (WC/WDM).
- 9.1.6. The Department of Water and Sanitation should during 2026 parliamentary third term progress reports on section 63 intervention invoked in terms of the Water Service Act in Local and District Municipalities
- 9.1.7. The Department of Water and Sanitation and Rand Water should during the 2026 parliamentary third term provide consolidated report on budget allocated, transfers and breakdown of expenditure on the implementation of section 63 of the Water Service Act in Emfuleni Local Municipality

- 9.1.8 The Department of Water and Sanitation should during the 2026 parliamentary third term provide consolidated report on flood disaster support provided to affected local and district in KwaZulu-Natal, Limpopo, Mpumalanga, Easter Cape and North-West Provinces including mechanisms to mitigate corruption and misappropriation of allocated resources
- 9.1.9. That the Department of Water and Sanitation should provide progress report on war on leaks programmes including findings of and recommendations of forensic investigations
- 9.1.10. That the Department of Water and Sanitation should provide quarterly progress reports on achievements of performance indicators and annual targets as contained in the 2026/2027 Annual Performance Plan and Budget allocation to departmental programmes, namely, Administration, Water Resources Management and Water Services Management
- 9.1.11. That as part of ensuring executive accountability and performing robust parliamentary oversight, the Select Committee should align its quarterly programme in line with the 2026/2027 Annual Performance Plan and Budget allocation of the Department of Water and Sanitation to monitor the implementation of the priorities developed by the department during the current financial year.

Report to be considered