SOUTH AFRICA YEARBOOK 2023/24

Finance and Economy

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Economic activity in South Africa remained fairly stagnant in the fourth quarter of 2023 as real gross domestic product (GDP) expanded by 0.1% following a contraction of 0.2% in the third quarter. Increased activity was recorded in the secondary and tertiary sectors, while activity decreased in the primary sector. On an annual basis, real economic growth slowed significantly from 1.9% in 2022 to 0.6% in 2023, weighed down by energy and logistical constraints as well as lower domestic and global demand. Nevertheless, annual output in 2023 was still 0.9% more than the pre-pandemic 2019 level.

Real gross value added (GVA)

The real GVA by the primary sector contracted further in the fourth quarter of 2023 due to a further sharp contraction in agricultural output as the production of field crops as well as horticultural and animal products decreased. By contrast, mining output reverted to an increase in the fourth quarter as the production volumes of especially platinum group metals (PGMs), coal, chromium ore and diamonds increased.

The slight increase in real output of the secondary sector in the fourth quarter of 2023 was largely driven by increases in the real GVA by the manufacturing and electricity, gas and water sectors, while that by the construction sector decreased further. Manufacturing production reverted to a marginal increase as output increased in 6 of the 10 manufacturing subsectors.

However, the sector was still facing a challenging operating environment due to rising input costs related to the ongoing electricity load-shedding and logistics disruptions at Transnet as well as weaker domestic and global demand. The level of real economic activity in the sector supplying electricity, gas and water increased further in the fourth quarter of 2023.

A notable turnaround in both electricity production and consumption reflected an improved electricity generation capacity at Eskom which eased electricity load-shedding somewhat and supported economic activity in the energy-intensive mining and manufacturing sectors. The further contraction in the real GVA by the construction sector reflected lower civil construction and residential building activity in the fourth quarter of 2023.

Economic activity increased slightly further in the tertiary sector in the fourth quarter of 2023 as the real output of the transport, storage and communication services; finance, insurance, real estate and business services; and personal services sectors increased, while that of the commerce and general government services sectors decreased. The real GVA by the transport, storage and communication sector increased at a faster pace in the fourth quarter, underpinned by increased activity in road transportation, transport support and communication services, while rail freight transportation activity decreased further. The expansion in the finance, insurance, real estate and business services sector resulted from increased activity in the financial markets, real estate and business services subsectors. The real GVA by the commerce sector contracted for a third successive quarter in the fourth quarter of 2023, reflecting weaker domestic demand amid constrained household finances. Real economic activity decreased in the retail, wholesale, motor trade as well as catering and accommodation subsectors in the fourth quarter.

Real gross domestic expenditure (GDE)

Real GDE increased by 1.0% in the fourth quarter of 2023 following a decrease of 3.0% in the third quarter. Real final consumption expenditure by households increased slightly alongside a moderate accumulation in real inventory holdings, while real final consumption expenditure by general government and gross fixed capital formation contracted in the fourth quarter. The change in real inventory holdings contributed the most to growth in real GDP in the fourth quarter of 2023, while real net exports subtracted the most.

Real final consumption expenditure by households increased by 0.2% in the fourth quarter of 2023 following two successive quarterly decreases, supported by a marginal increase in the real disposable income of households in the fourth quarter. Real outlays on services and durable goods reverted to an increase in the fourth quarter of 2023, with the latter led by increased spending on personal transport equipment; computers and related equipment; as well as recreational and entertainment goods.

The further contraction in household spending on non-durable goods in the fourth quarter was broad-based among the subsectors, while the reduced outlays on semi-durable goods reflected lower spending on motorcar tyres, parts and accessories; clothing and footwear; and miscellaneous goods.

Household debt

Household debt as a percentage of nominal disposable income decreased slightly to 62.3% in the fourth quarter of 2023 from a revised 62.4% in the third quarter as the increase in nominal disposable income narrowly exceeded that in household debt. Households' cost of servicing debt as a percentage of disposable income remained unchanged at 9.0% in the fourth quarter of 2023.

Annual growth in household debt accelerated slightly in 2023, with the ratio of household debt to nominal disposable income increasing to 62.4% from 62.0% in 2022. Households' cost of servicing debt relative to nominal disposable income increased to 8.8% in 2023 from 7.3% in 2022, reflecting the cumulative 125 basis point increase in the prime lending rate in 2023 as well as the higher outstanding stock of debt.

Households' net wealth increased in the fourth quarter of 2023 as the market valuation of their total assets increased more than their total liabilities. The higher asset valuation emanated largely from higher share prices as the FTSE/JSE All-Share Index (Alsi) increased in the fourth quarter of 2023 and, to a lesser extent, slightly higher residential property prices. On an annual basis, households' net wealth increased only marginally relative to their disposable income in 2023, with net wealth remaining at around 3.9 times the value of their annual disposable income in both 2022 and 2023.

The net wealth of households was supported by domestic share prices in 2023 as the Alsi, on balance, increased by 5.3% in rand terms in 2023 compared with a decline of 0.9% in 2022 and, to a lesser extent, by the higher value of housing stock. Growth in nominal residential property prices remained subdued and slowed further in 2023, remaining below headline consumer price inflation amid higher interest rates and weak domestic economic activity in the opening months of 2024.

Real gross fixed capital formation contracted marginally further in the fourth quarter of 2023 as the public sector further reduced fixed investment spending, while capital spending by the private sector remained unchanged. Measured by asset type, real fixed investment spending decreased on all asset categories except for non-residential buildings and other assets, which comprise research and development, computer software, mineral exploration and cultivated biological resources.

Total real capital expenditure increased by 4.2% in 2023, marking the third consecutive annual increase. Consequently, the ratio of nominal gross fixed capital formation to nominal GDP increased to 15.2% in 2023 from 14.2% in 2022.

Employment

Total household-surveyed employment decreased for the first time since the third quarter of 2021 when it contracted by 22 000 (0.1%) in the fourth quarter of 2023. Employment in the formal sector decreased as significant job losses were recorded in the community, social and personal services sector, with the agricultural sector also shedding jobs. Conversely, more people were employed in the informal and private household sectors in the fourth quarter. Employment contracts of a limited duration decreased the most in the fourth quarter of 2023, reflecting the termination of employment contracts related to Phase IV of the Presidential Youth Employment Initiative (PYEI) that commenced in February 2023.

The official unemployment rate increased from 31.9% in the third quarter of 2023 to 32.1% in the fourth quarter as the total labour force increased slightly to 24.6 million, reflecting an increase in the total number of unemployed persons. The not economically active population increased by 111 000 persons in the fourth quarter of 2023 despite a decrease of 107 000 in the number of discouraged work seekers. Consequently, the expanded unemployment rate, which includes discouraged work seekers, decreased for a ninth consecutive quarter to 41.1% in the fourth quarter of 2023.

The year-on-year pace of increase in formal non-agricultural nominal remuneration per worker moderated marginally further to 3.7% in the third quarter of 2023 as growth in nominal remuneration per worker slowed sharply in the public sector, largely due to the notable increase in the number of lower-earning temporary employees. The average wage settlement rate in collective bargaining agreements was 6.3% in 2023 compared with an annual average of 6.0% in 2022.

Growth in labour productivity in the formal non-agricultural sector slowed for a fourth successive quarter from an increase of 3.5% in the third quarter of 2022 to a decrease of 2.0% in the third quarter of 2023, as year-on-year growth in employment accelerated, partly due to the marked increase in temporary public sector employment over this period, while output growth slowed.

Growth in nominal unit labour cost in the formal non-agricultural sector accelerated from 4.2% in the second quarter of 2023 to 5.9% in the third quarter, as year-on-year growth in total remuneration accelerated and that in output slowed. Growth in economy-wide nominal unit labour cost moderated slightly to 5.7% in the fourth quarter, following an acceleration in the third quarter of 2023.

Domestic inflationary pressures eased during most of 2023, with headline consumer price inflation decelerating from a recent peak of 7.1% in March, largely due to base effects from lower food and transport price inflation. Headline inflation then quickened in the three months to October 2023, largely reflecting cost pressures emanating from non-core items such as electricity, food and fuel, before receding again to 5.1% in December. Subsequently, consumer price inflation accelerated to 5.6% in February 2024 following an acceleration in fuel and health insurance services price inflation.

Underlying inflationary pressures remained fairly contained, with core inflation remaining close to the midpoint of the inflation target range up to January 2024, before accelerating to 5.0% in February.

Trade surplus

South Africa's trade surplus with the rest of the world narrowed to R88.1 billion in the fourth quarter of 2023 from R181 billion in the third quarter as the value of merchandise imports increased at a faster pace than the value of merchandise and net gold exports.

The increase in the value of merchandise imports reflected higher volumes and prices, while that of exports reflected higher prices. South Africa's terms of trade deteriorated further in the fourth quarter of 2023 as the rand price of imported goods and services increased more than that of exports.

The value of merchandise exports increased by 0.8% in the fourth quarter of 2023 as increases in the value of manufacturing and agricultural exports outweighed the decrease in mining exports. The lower mining exports reflected a decrease in the export values of pearls, precious and semi-precious stones as well as base metals and articles thereof, which outweighed the higher export value of PGMs.

The value of manufacturing exports increased for a sixth consecutive quarter in the fourth quarter of 2023, mainly reflecting higher exports of chemical products; prepared foodstuffs, beverages and tobacco; and paper and articles thereof. Agricultural exports were boosted by the increased exports of fruit, in particular grapes, in the fourth quarter of 2023.

The value of merchandise imports increased by 5.6% in the fourth quarter of 2023 as the value of mining and agricultural imports increased. Mining imports were buoyed by mineral products, reflecting further increases in the imports of crude oil and refined petroleum products, especially distillate fuel (diesel). The value of crude oil imports surged by 85.4% in the fourth quarter of 2023 as both the physical quantity and the realised rand price thereof increased. The value of manufactured imports decreased slightly in the fourth quarter of 2023, largely due to lower imports of machinery and electrical equipment.

The shortfall on the services, income and current transfer account increased from R215 billion in the third quarter of 2023 to R254 billion in the fourth quarter. The larger deficit resulted from a wider deficit on the income account, mostly reflecting higher net dividend and interest payments, while the deficits on the services and current transfer accounts decreased.

This, together with the smaller trade surplus, resulted in a widening of the deficit on the current account of the balance of payments from R34.4 billion (0.5% of GDP) in the third quarter of 2023 to R166 billion (2.3% of GDP) in the fourth quarter. On an annual basis, the deficit on the current account widened from R30.0 billion (0.5% of GDP) in 2022 to R112 billion (1.6% of GDP) in 2023.

The net flow of capital on South Africa's financial account of the balance of payments (excluding unrecorded transactions) switched to an outflow of R1.1 billion in the fourth quarter of 2023 from an inflow of R39.7 billion in the third quarter. On a net basis, all financial account categories except portfolio investment recorded inflows.

South Africa's total external debt increased slightly from US$155.5 billion at the end of June 2023 to US$156.1 billion at the end of September. However, expressed in rand terms, South Africa's total external debt decreased slightly from R2 944 billion to R2 932 billion over the same period as the exchange value of the rand appreciated against the United States (US) dollar.

South Africa's positive net international investment position (IIP) decreased from R2 130 billion at the end of June 2023 to R1 924 billion at the end of September as the rand value of foreign assets decreased more than that of foreign liabilities. The removal of the cross-holding structure between Naspers Limited and Prosus N.V. in the third quarter of 2023 that was initially implemented in the third quarter of 2021, resulted in a significant decline in both foreign assets and foreign liabilities.

Nominal Effective Exchange Rate (NEER)

The NEER of the rand decreased by 1.7% in the fourth quarter of 2023 following an increase of 2.5% in the third quarter. The decrease was driven by, among other factors, the ongoing concerns over global economic growth, particularly in South Africa's major trading partners, persistent geopolitical tensions and the constrained domestic fiscal position. However, the exchange value of the rand appreciated by 1.1% against the US dollar in the fourth quarter of 2023, largely due to a change in interest rate expectations in the US. The NEER increased by 1.0% from the end of 2023 to 15 March 2024.

The yield on 10-year South African rand-denominated government bonds decreased from 12.23% on 4 October 2023 to 10.96% on 20 December, reflecting the notable appreciation in the exchange value of the rand, lower domestic headline consumer price inflation and increased demand for domestic bonds by non-residents. The yield then increased to 11.72% on 15 March 2024 following the subsequent depreciation in the exchange value of the rand, along with an acceleration in domestic consumer price inflation.

The total nominal value of outstanding listed and unlisted rand-denominated debt securities issued by residents and non-residents in the domestic primary debt market increased by 8.1% year on year to R6.3 trillion at the end of 2023.

General government's net issuance of listed debt securities in 2023 was 6.8% more than in 2022, while the net issuance by financial corporations of R108 billion in 2023 was 45.7% lower than in 2022. This mainly reflected a lower net issuance of unlisted debt securities by banks due to reduced funding needs as investor demand for credit slowed amid weak economic growth.

Broadly defined money supply (M3)

Growth in M3 decelerated from 7.6% in December 2023 to 6.6% in January 2024, resuming its downward trend since mid-2023. The quarter-to-quarter seasonally adjusted and annualised growth in M3 slowed from a recent high of 13.6% in the fourth quarter of 2022 to 2.6% in the fourth quarter of 2023 – the slowest rate of increase since the second quarter of 2021 – as growth slowed across all three main maturity categories.

Corporate sector deposits, notably those of financial companies, sustained the growth in M3 in the first half of 2023 but moderated sharply thereafter. By contrast, household deposits remained firm throughout 2023, supported by higher interest rates.

Year-on-year growth in total loans and advances extended by monetary institutions to the domestic private sector slowed significantly from 9.7% in January 2023 to 3.3% a year later. The quarter-to-quarter seasonally adjusted and annualised growth in total loans and advances also slowed notably from 7.4% in the first quarter of 2023 to 4.0% in the fourth quarter as growth in credit extension to companies decelerated at a faster pace than that to households.

The broad-based moderation in credit extension occurred amid the higher interest rates and a tightening of lending standards by banks that coincided with weak domestic economic activity and weaker consumer spending.

The preliminary non-financial public sector borrowing requirement increased significantly by R187.5 billion year on year to R249.4 billion in the first nine months (April–December 2023) of fiscal 2023/24. This reflected the substantially larger deficit of the consolidated general government, in particular national government. National government's higher deficit can largely be attributed to higher cash payments due to increased interest payments on national government debt and intergovernmental transfers, along with lower cash receipts from operating activities related to weak revenue collection in most tax categories.

National government's cash book deficit increased by R111.3 billion year on year to R284.8 billion in the first nine months of fiscal 2023/24 as expenditure increased at a faster pace and revenue contracted slightly compared to the same period of the previous fiscal year. National government's total gross loan debt increased by R439 billion (9.3%) to R5 153 billion as at 31 December 2023 compared with a year earlier.

National Treasury

National Treasury's legislative mandate is based on Section 216(1) of the Constitution of the Republic of South Africa of 1996, which calls for the establishment of a national treasury to ensure transparency, accountability and sound financial controls in the management of South Africa's public finances. This role is further elaborated on in the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999) as well as the Municipal Financial Management Act (MFMA), 2003 (Act 56 of 2003).

The department is mandated to:

- promote national government's fiscal policy and the coordination of macroeconomic policy;
- ensure the stability and soundness of the financial system and financial services;
- coordinate intergovernmental financial and fiscal relations;
- manage the budget preparation process;
- enforce transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities, and constitutional institutions; and
- oversee the implementation of the provincial and local government infrastructure portfolio.
- ensure financial management governance and compliance with the PFMA of 1999 and the MFMA of 2003 across all spheres and entities in government.

Section 5(2) of the MFMA of 2003 further mandates the department to monitor municipal budgets, and promote good budgeting and fiscal management by municipalities. The mandate extends to the issuance of regulations on all aspects of the Act, including investments, borrowing, budgeting, accounting, assets, reporting, competencies, expenditure, cost containment, supply chain, public-private partnerships, financial misconduct and criminal procedures.

Over the medium term, the department will focus on enhancing fiscal sustainability through implementing a credible tax system; supporting sustainable employment; supporting infrastructure development and economically integrated cities and communities; managing future spending growth, fiscal risk and government's assets and liabilities; streamlining government procurement; strengthening financial management in government; and facilitating regional and international cooperation.

The department has a budget of R3.3 trillion over the medium term, of which 57.9% (R1.9 trillion) is for transfers to provincial governments for the provincial equitable share. Cabinet has approved budget increases to the provincial equitable share amounting to R101.5 billion over the MTEF period for adjustments related to compensation of employees in the education and health sectors, and to the South African Revenue Service (SARS) amounting to R1 billion per year in 2024/25 and 2025/26 to improve tax collection capacity. Over the same period, a decrease of R61.5 billion was implemented on non-compensation areas within the provincial equitable share. Debt-service costs account for an estimated 37.3% (R1.2 billion) of direct charges against the National Revenue Fund over the period ahead.

Enhancing and enforcing a credible tax system

To enhance fiscal sustainability and stability, over the medium term, the department will continue with the implementation of a credible fiscal framework to meet government's revenue requirements, and the promotion of a fair tax system. This will entail having to balance declining tax revenue with increasing government expenditure priorities.

In its efforts to achieve this, the department will continue to provide responsive tax proposals that target improved environmental sustainability, less inequality and more revenue over the period ahead. To this end, allocations to the Tax Policy subprogramme in the Economic Policy, Tax, Financial Regulation and Research programme amount to R97.8 million over the period ahead, comprising 20.5% of the programme's budget.

Supporting sustainable employment

The Jobs Fund offers matched funding grants across 4 windows – enterprise development, work opportunities through infrastructure development, support for work seekers and institutional capacity building. It will continue to crowd-in the private sector and other resources to achieve greater social impact, and seek to disseminate the knowledge and lessons derived through robust evaluations of its portfolio of projects.

Since its inception in April 2011, the fund has disbursed R6.4 billion to various projects. An additional R13.4 billion has been raised in matched funding from project partners. After eight funding rounds, the fund has contracted R8.5 billion to a portfolio of 146 projects with the potential to create an estimated 259 250 permanent jobs, 56 930 short-term jobs and 26 695 internships, and train 306 702 beneficiaries by 2025/26.

Over the medium term, the fund will continue to support competitive interventions that are expected to result in sustainable and scalable solutions that create jobs. It is allocated R1.1 billion over the period ahead in the Government Technical Advisory Centre (GTAC) subprogramme in the Public Finance and Budget Management programme.

The cities public employment programme establishes a framework for metropolitan municipalities to propose, develop and secure funding for employment programmes. The funds are intended for initiating new projects or enhancing existing city-led projects such as upgrading informal settlements; maintaining, developing and managing public spaces and assets within human settlements and economic hubs; promoting greening and cleanliness initiatives; enhancing community safety measures; providing environmental services and management; and promoting community tourism.

For this purpose, R650 million is in 2024/25 allocated to the neighbourhood development partnership grant through the Facilitation of Conditional Grants subprogramme.

Supporting infrastructure development and economically integrated cities and communities

The department will continue to enhance the ability of cities and metros to make sustainable contributions to economic development and generate tax revenue by implementing the catalytic infrastructure and development support programme and facilitating conditional grants.

Through the implementation of township economic development strategies in five targeted metros (City of Cape Town, City of Ekurhuleni, eThekwini, Nelson Mandela Bay and City of Tshwane), the cities support programme will continue to provide support for spatialised, integrated and participatory economic development planning.

This is expected to result in 35 catalytic projects over the medium term in strategically targeted areas within metropolitan cities, intermediate cities and rural towns. Similarly, through the neighbourhood development partnership grant, the department will aim to implement urban network plans through 20 infrastructure development projects in targeted metros.

The municipal finance improvement programme will continue supporting the financial management reform agenda to address financial management problems in local government. The department plans to comprehensively redesign the programme in 2024/25 to enhance the support provided to all spheres of government to improve financial management compliance, support, monitoring and oversight in local government. To this end, over the medium term, the Catalytic Infrastructure and Development Support Programme subprogramme is allocated R2.9 billion, while conditional grants amount to R6.1 billion in the Facilitation of Conditional Grants subprogramme. Both subprogrammes are in the Public Finance and Budget Management programme and account for 21.2% and 53% of the programme's budget, respectively.

The department plans to introduce the smart meters indirect grant over the medium term. This grant is aimed at supporting local government efforts to improve efficiency, billing accuracy and service delivery by empowering municipalities to deploy smart meter technology.

This is expected to enhance revenue generation and cost recovery, and underscores the department's commitment to sustainable development and the prioritisation of investing in energy infrastructure at the local government level. Amounts of R500 million in 2024/25, R650 million in 2025/26 and R800 million in 2026/27 are allocated for this purpose in the Catalytic Infrastructure and Development Support subprogramme in the Public Finance and Budget Management programme.

Managing future spending growth, fiscal risk and government's assets and liabilities

National Treasury will continue to implement proactive measures to manage expenditure and maintain fiscal discipline over the medium term to steer the country towards fiscal stability and ensure sustainable growth amid prevailing uncertainties.

To pursue these objectives, R89.3 million over the medium term is allocated in the Programme Management for Public Finance and Budget Management subprogramme in the Public Finance and Budget Management programme. Central to this is enforcing prudent financial management through financial analysis and oversight, with a focus on reforming the size, structure and efficiency of the state, including stateowned entities.

Furthermore, the reviewing of all corporate plans, annual reports and guarantee applications from state-owned entities will continue over the medium term. To carry out these activities, R412.6 million is allocated over the medium term in the Asset and Liability Management programme.

Streamlining government procurement

In 2024/25, the Office of the Chief Procurement Officer will focus on finalising regulations required to enforce the procedures proposed in the Public Procurement Bill to promote transparency and value for money in the public procurement system. Compliance is expected to be further strengthened by publishing approved supply chain management (SCM) directives, and increasing the coverage of transversal-term contracts and the roll-out and institutionalisation of the strategic procurement framework and good practice guides. To this end, R225.9 million is allocated to the Office of the Chief Procurement Officer in the Financial Accounting and SCM Systems programme.

Strengthening financial management in government

The Office of the Accountant-General will continue to promote good financial governance with the aim of improving capacity and competency in all spheres of government and public entities.

This entails improving understanding and the practical implementation of financial reforms, which is expected to contribute towards improved monitoring, reporting and enforcement of the legal framework, as contained in the PFMA of 1999 and the MFMA of 200).

Central to this is the implementation of amendments to the legislative obligations stipulated in both acts. The proposed amendments include reviewing the definitional elements of irregular and fruitless and wasteful expenditure. The proposed amendments of the PFMA of 1999 have addressed matters pertaining to the disclosure of these regulatory concepts in the annual financial statements and annual report.

The proposed amendments to the MFMA of 2003 will also address how municipalities and municipal entities detect and address irregular expenditure, including the implementation of consequence management.

To pursue these objectives, R427.9 million over the medium term is allocated in the Financial Management Policy and Compliance Improvement subprogramme, R380 million is allocated in the Financial Reporting for National Accounts subprogramme and R1 billion is allocated in the Financial Systems subprogramme, all of which are in the Financial Accounting and SCM Systems programme.

The department will continue to develop the integrated financial management system, which is aimed at enhancing the effectiveness and efficiency of the back-end public service functions, for which R15.5 million is allocated over the medium term.

Facilitating regional and international cooperation

The department will continue to advance South Africa's interests through representation in international and regional financial institutions, as well as by managing bilateral and multilateral relationships through regional engagements.

Work on the development of the country partnership framework and engagement strategies will continue over the medium term, with focus on the implementation of the Southern African Customs Union's 2022-2027 Strategic Plan. National Treasury will oversee the implementation of country partnership programmes aligned with the uptake of development funding to South Africa from the African Development Bank Group, the World Bank Group and the New Development Bank. To this end, R33.4 million over the medium term is allocated in the Programme Management for International Financial Relations subprogramme in the International Financial Relations programme.

International commitments for the acquisition of shares in the African Development Bank and World Bank, along with related transfer payments, constitute an estimated 37.2% (R3.2 billion) of spending in the International Financial Relations programme over the MTEF period. An amount of R5.1 billion over the medium term is earmarked in the programme for facilitating regional cooperation within the Common Monetary Area. These funds are for compensation payments to Namibia, Lesotho and Eswatini for the use of the rand currency.

The African Integration and Support and the International Projects subprogrammes are allocated R101.8 million over the medium term for providing technical support to regional capacity-building institutions such as the Collaborative Africa Budget Reform Initiative, the International Finance Facility for Immunisation, the Commonwealth Fund for Technical Cooperation, the African Institute for Economic Development and Planning, and the African Regional Technical Assistance Centre for Southern Africa.

Legislation and policies

National Treasury's mandate is determined by Chapter 13 of the Constitution and various laws. Some of the key laws are the:

- PFMA of 1999, which applies national and provincial departments and government components, national and provincial public entities and constitutional institutions;
- MMFMA of 2003, which applies to municipalities and municipal entities;
- Preferential Procurement Policy Framework Act, 2000;
- Financial Sector Regulation (FSR) Act, 2017 and other financial sector laws;
- Annual budget legislation;
- Various taxation laws;
- Government Employees Pension Law and other government related pension laws
- Legislation of various public entities in the portfolio of the Minister of Finance, e.g. SARS, Development Bank of Southern Africa (DBSA), Financial Sector Conduct Authority (FSCA), Financial Intelligence Centre (FIC), Public Investment Corporation (PIC), Land and Agriculture Development Bank, Independent Regulator for Auditors, Accounting Standards Board (ASB) and South African Special Risks Insurance Association (SASRIA);
- Division of Revenue Act, 2023 (Act 5 of 2023);
- Division of Revenue Amendment Act, 2022 (Act 22 of 2022).

Entities

Accounting Standards Board

The ASB was established to develop uniform standards of generally recognised accounting practice for all spheres of government in terms of section 216(1)(a) of the Constitution and the PFMA of 1999. The board also promotes transparency in and the effective management of the revenue, expenditure, assets and liabilities of the entities to which the standards apply. The board's Taking Stock programme assesses the development, approval and adoption of generally recognised standards by organs of state.

Upon completion of the programme in 2026, the board intends to focus on enhancing the use of information obtained from financial statements and on aligning existing standards with international best practice. The generally recognised standard on social benefits is expected to be approved by the Minister of Finance in 2024/25 and the development of guidelines on non-exchange expenses is set to commence in 2025/26.

Spending on compensation of the board's seven (7) employees is expected to increase at an average annual rate of 6.7%, from R10.5 million in 2023/24 to R12.8 million in 2026/27, in line with inflation. Expenditure on goods and services is expected to decrease at an average annual rate of 5.5%, from R4.2 million in 2023/24 to R3.5 million in 2026/27, due to the board having closed down its physical office in favour of remote work after the COVID-19 pandemic.

Total expenditure is expected to increase at an average annual rate of 3.4%, from R14.8 million in 2023/24 to R16.3 million in 2026/27. The board derives 98.9% (R46.5 million) of its revenue through transfers from the department. Revenue is expected to increase at an average annual rate of 3.4%, from R14.8 million in 2023/24 to R16.3 million in 2026/27.

Development Bank of Southern Africa

The DBSA was reconstituted in terms of the DBSA Act of 1997 as a development finance institution with the primary purpose of promoting economic development and growth.

The bank also promotes human resource development and institutional capacity building by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa and other Southern African countries.

Over the medium term, the bank aims to focus on infrastructure development. It is committed to supporting government's economic recovery by disbursing infrastructure funding in priority areas such as energy, transport and ICT; and aims to contribute towards the development of municipal capacity in the provision of electricity, water and sanitation. In support of these aims, the bank intends to disburse R15.9 billion by 2026/27. Spending on compensation of employees is projected to increase at an average annual rate of 8.1%, from R1 billion in 2023/24 to R1.3 billion in 2026/27, due to salary increases and performance incentives. Total expenditure is expected to increase at an average annual rate of 8.1%, from R8.5 billion in 2023/24 to R10.7 billion in 2026/27. The bank is set to derive 96.5% (R40.2 billion) of its revenue over the period ahead through interest from investments and fees charged.

Financial and Fiscal Commission (FFC)

The FFC derives its mandate from the FFC Act of 1997, which requires the commission to advise relevant authorities on financial and fiscal requirements for national, provincial and local spheres of government in terms of section 220 of the Constitution.

Other legislation that informs the commission's mandate includes the Borrowing Powers of Provincial Governments Act of 1996, the Intergovernmental Fiscal Relations Act of 1997, the Provincial Tax Regulation Process Act of 2001, the MFMA of 2003, the Municipal Systems Amendment Act of 2003, the Municipal Fiscal Powers and Functions Act of 2007 and the Money Bills Amendment Procedure and Related Matters Act of 2009.

Over the medium term, the commission remains committed to delivering recommendations to stakeholders, including Parliament, to improve the credibility of financial stewardship over fiscal resources and augment the efficacy of public spending. Spending on goods and services is expected to increase at an average annual rate of 9%, from R26.3 million in 2023/24 to R34 million in 2026/27, mainly as a result of increased ICT and other operational costs.

Spending on compensation of employees is expected to decrease at an average annual rate of 0.4%, from R33.7 million in 2023/24 to R33.3 million in 2026/27, due to a freeze on the filling of nonessential posts. Total expenditure is expected to increase at an average annual rate of 3.9%, from R60.3 million in 2023/24 to R67.7 million in 2026/27. The commission is set to derive 97.5% (R189.1 million) of its revenue over the MTEF period through transfers from the department.

Financial Intelligence Centre

The FIC was established in terms of the FIC Act of 2001 to combat money laundering activities and the financing of terrorist and related activities, identify the proceeds of unlawful activities, exchange information with law enforcement and other local and international agencies, supervise and enforce compliance with the act, and facilitate effective supervision and enforcement by supervisory bodies in terms of the act.

To deliver on this mandate and protect the integrity of South Africa's financial system, the act works in conjunction with other legislation, including the Prevention of Organised Crime Act of 1998, the Protection of Constitutional Democracy Against Terrorist and Related Activities Act of 2004, and the South African Police Service Act of 1995. The FIC was in the process of scaling up its forensic work to provide effective support on high-impact investigation cases. This is expected to contribute to reducing costs that the state incurs through the use of private forensic service providers, in line with the recommendations of the Financial Action Task Force.

The scaling up drive is expected to cost R265.2 million over the MTEF period. The centre also intends to invest in fintech over the period ahead to help fight financial crime in the digital financial environment. The investment ensure that its systems remain relevant, secure, stable and able to support complex operations.

Spending on compensation of employees is set to increase at an average annual rate of 12%, from R225.5 million in 2023/24 to R317.2 million in 2026/27, in line with a projected increase in the number of personnel from 316 to 337 over the same period. Total expenditure is expected to increase at an average annual rate of 7.6%, from R391.9 million in 2023/24 to R487.9 million in 2026/27. An estimated 98.5% (R1.3 billion) of the centre's revenue over the medium term is expected to be generated by transfers from the department.

Financial Sector Conduct Authority

The FSCA was established in 2018 by the FSR Act of 2017 as 1 of the 2 pillars of the twin peaks model for regulating the financial sector. It is mandated to enhance the efficiency and integrity of financial markets, promote fair customer treatment by financial institutions, provide financial education and promote financial literacy, and assist in maintaining financial stability. Its mandate has been expanded to include the administration of the Financial Sector and Deposit Insurance Levies Act of 2022.

Over the medium term, the authority will focus on regulating and supervising the financial services sector's market conduct; ensuring the integrity and efficiency of formal markets and allied institutions; protecting consumers of financial services; and improving access, which includes providing financial literacy programmes.

Spending on compensation of employees is expected to increase at an average annual rate of 7.4%, from R650 million in 2023/24 to R804.9 million in 2026/27. This is in line with an anticipated increase in the number of personnel, from 751 in 2023/24 to 790 in 2026/27, to build capacity to meet the expanded mandate. Total expenditure is expected to increase at an average annual rate of 5%, from R1 billion in 2023/24 to R1.2 billion in 2026/27.

The authority generates revenue mainly through levies raised from financial institutions and fees for their licensing. Revenue is expected to increase at an average rate of 4.9%, from R985.1 million in 2023/24 to R1 billion in 2026/27.

Government Pensions Administration Agency (GPAA)

The GPAA provides pension administration services to the Government Employees Pension Fund in terms of the Government Employees Pension Law of 1996 and the Associated Institutions Pension Fund

Act of 1963. Post-retirement medical subsidies are administered as provided for andregulated by resolutions of the Public Service Coordinating Bargaining Council; military pensions are administered in terms of the Military Pensions Act of 1976; injury-on-duty payments are administered in terms of the Compensation for Occupational Injuries and Diseases Act of 1993; and special pensions are administered in terms of the Special Pensions Act of 1996.

Over the medium term, the agency intends to focus on accelerating the modernisation of business solutions such as IT systems and payment processes, to enable it to effectively deliver on its strategic outcomes by optimising the core support it provides. This is expected to result in a more capable and reliable administration system with digitised processes and efficient case and admissions management.

These interventions, in turn, are expected to lead to a reduction in turnaround times for processing and paying benefits from 45 days to less than 25 days, and an improvement in the management and accuracy of client data. Once the modernisation is complete, the agency expects to be able to reach 65% of its clients through digital platforms. Spending on compensation of employees is expected to increase at an average annual rate of 4.8%, from R641.6 million in 2023/24 to R739.1 million in 2026/27, while spending on goods and services is projected to increase at an average annual rate of 4.3%, from R591.3 million in 2023/24 to R670.2 million in 2026/27.

Total expenditure is expected to increase at an average annual rate of 4.6%, from R1.4 billion in 2023/24 to R1.6 billion in 2026/27. The agency derives its revenue mainly through administration fees charged to its major clients – the Government Employees Pension Fund (GEPF) and National Treasury. Revenue is expected to increase in line with expenditure.

Government Employees Medical Scheme (GEMS)

GEMS is South Africa's largest restricted membership medical scheme, with 805 544 principal members and more than 2.1 million beneficiaries. GEMS was created specifically to provide healthcare cover for public service employees beginning of GEMS was a historic moment when in 2002, the Cabinet approved a framework policy on a restricted (closed) medical scheme for further development by an interdepartmental working group.

The approved framework policy centred on the principles of equity, efficiency and differentiation:

- Equity where employees have equal access to the most extensive set of equal basic benefits under equitable remuneration structures, subject to affordability.
- Efficiency regarding the costs and delivery of benefits.
- Differentiation, where employees choosing more extensive cover have equal access to higher benefits subject to their needs.
- Government's commitment to an equitable and affordable medical scheme.

GEMS was registered on 1 January 2005, in terms of the Medical Schemes Act, 1998 (Act 131 of 1998), specifically to meet the healthcare needs of government employees. The implementation of GEMS is a positive step that positions government as an employer of choice that truly cares for the health and wellbeing of its employees.

Government Employees Pension Fund

The GEPF is a defined benefit fund that manages pensions and related benefits on behalf of government employees in South Africa. Established in 1996, it is the largest pension fund in South Africa and one of the largest pension funds in Africa and the world. Its current benefit structure offers members:

- Withdrawal benefits;
- Retirement benefits;
- Ill-health or Disability benefits; and
- Death benefits.

The GEPF is governed by the Government Employees Pension (GEP) Law of 1996. The executive authority of the GEPF is the Board of Trustees ("Board"). The GEPF has outsourced its administration and investment activities to the GPAA and the PIC respectively.

Government Technical Advisory Centre

The GTAC was established in terms of the Public Service Act of 1994 and is mandated to help organs of state build their capacity for efficient, effective and transparent financial management. The centre's overarching objectives are to render consulting services to government departments and other organs of state, provide specialised procurement support for high-impact government initiatives, render advice on the feasibility of infrastructure projects, and provide knowledge management and ancillary support for projects. These objectives serve as the centre's ongoing focus areas.

Spending on compensation of employees is set to increase at an average annual rate of 5.3%, from R151.2 million in 2023/24 to R176.5 million in 2026/27. Spending on goods and services is projected to decrease at an average annual rate of 3.9%, from R124.1 million in 2023/24 to R110 million in 2026/27, mainly due to Cabinet-approved reductions to transfers to the entity amounting to R24 million over the medium term.

Total expenditure is expected to increase at an average annual rate of 0.8%, from R283.5 million in 2023/24 to R290.4 million in 2026/27. The centre derives revenue through transfers from the department, cost recovery, donor funds, administration fees and interest. Revenue is expected to increase in line with expenditure.

Independent Regulatory Board for Auditors (IRBA)

The IRBA was established under the Auditing Profession Act of 2005. The board is mandated to: protect the public by regulating audits performed by registered auditors; improve the development and maintenance of internationally comparable ethical and auditing standards for auditors that promote investment and, as a consequence, employment in South Africa; set out measures to advance the implementation of appropriate standards of competence and good ethics in the auditing profession; and provide for procedures for disciplinary action in instances of improper conduct.

Over the medium term, the board will focus on ensuring that it is sustainable and relevant; ensuring the quality of industry audits; facilitating comprehensive stakeholder engagements; and conducting disciplinary hearings and investigations, which will require the appointment of consultants.

Over the medium term, the board will focus on developing and maintaining internationally comparable auditing and ethical standards; providing an appropriate framework for the education and training of adequately qualified auditors; inspecting and reviewing the work of registered auditors; and investigating and taking appropriate action against registered auditors who do not comply with standards and are guilty of improper conduct.

The entity plans to undergo a digital transformation by upgrading its ICT infrastructure over the MTEF period. Accordingly, spending on goods and services is projected to increase at an average annual rate of 10.2%, from R60.8 million in 2023/24 to R81.4 million in 2026/27. Spending on compensation of employees is expected to increase at an average annual rate of 4.9%, from R132.4 million in 2023/24 to R152.9 million in 2026/27. Total expenditure is expected to increase at an average annual rate of 6.7%, from R197.8 million

The board expects to receive 22% (R148.7 million) of its revenue over the period ahead through transfers from the department and the remainder through the registration of auditors and trainees, annual renewal fees, and fees for the inspection of registered auditors. Revenue is expected to increase in line with expenditure.

Land and Agricultural Development Bank of South Africa

As a development finance institution, the mandate of the Land and Agricultural Development Bank of South Africa is to address agricultural and rural development in South Africa. It operates in the primary agriculture and agribusiness sectors and is regulated by the Land and Agricultural Development Bank Act of 2002 and the PFMA of 1999.

The bank is expected to play a pivotal role in advancing agriculture and rural development on an ongoing basis. Its broader mandate is to promote the equitable ownership of agricultural land, particularly by historically disadvantaged people; agrarian reform, land redistribution or development programmes for historically disadvantaged people; land access for agricultural purposes; productivity, profitability, investment and innovation in agriculture; the growth of the agricultural sectors and better use of land; rural development andjob creation; commercial agriculture; and food security.

Spending on interest accounts for an estimated 53.2% (R2.6 billion) of total expenditure over the period ahead, decreasing at an average annual rate of 22.6%, from R1.5 billion in 2023/24 to R696.3 million in 2026/27 as the bank places a strong emphasis on reducing its debt. Expenditure on goods and services is expected to decrease at an average annual rate of 2.8%, from R404.9 million in 2022/23 to R372.2 million in 2026/27, due to cost-cutting measures implemented in line with the projected reduction in the loan book. Spending on compensation of employees is expected to increase at an average annual rate of 4.8%, from R433.1 million in 2023/24 to R497.9 million in 2026/27.

Total expenditure is expected to decrease at an average annual rate of 12.4%, from R2.4 billion in 2023/24 to R1.6 billion in 2026/27. The bank expects to generate R6.1 billion in revenue over the medium term, 97.5% of which is expected to be derived through interest income, decreasing at an average annual rate of 8.1%, from R2.5 billion in 2023/24 to R1.9 billion in 2026/27, in line with the projected reduction in the loan book.

Office of the Ombud for Financial Services Providers (FSPs)

The mandate of the Office of the Ombud for FSPs is stated in the Financial Advisory and Intermediary Services (FAIS) Act of 2002, in terms of which the organisation was established. The act gives the ombud statutory powers to consider and dispose of complaints against financial services providers, primarily intermediaries selling investment products.

Over the medium term, the ombud will focus on ensuring that cases are properly assessed and appropriately handled up to finalisation, informing stakeholders on the role and functions of the ombud, acquiring and retaining appropriate skills to properly discharge its mandate, ensuring that risk is adequately managed across the enterprise, and ensuring that appeals or reviews of decisions are appropriately dealt with.

Spending on compensation of employees is expected to increase at an average annual rate of 4.6%, from R49.9 million in 2023/24 to R57.2 million in 2026/27. Total expenditure is expected to increase at an average annual rate of 2.3%, from R83.5 million in 2023/24 to R89.5 million in 2026/27. The office generates revenue mainly through the levies it collects. Revenue is set to increase at an average annual rate of 2.3%, from R83.5 million in 2023/24 to R89.5 million in 2026/27, in line with the introduction of the special levy on financial institutions.

Office of the Pension Funds Adjudicator (OPFA)

The mandate of the OPFA is to investigate and determine complaints lodged in terms of section 30B of the Pension Funds Act of 1956. The adjudicator is required to ensure the procedurally fair, economical and expeditious resolution of complaints by: ensuring that its services are accessible to all; investigating complaints in a procedurally fair manner; resolving complaints justly and expeditiously, in accordance with the law; incorporating innovation and proactive thought and action into its activities; and supporting, encouraging and providing opportunities for individual growth. The OPFA's strategic objectives are aligned with the National Development Plan's (NDP) vision of building a capable and developmental state, and supporting Priority 1 (Economic Transformation, Job Creation and Social Protection) of government's mediumterm strategic framework.

The office's main cost driver is compensation of employees, spending on which is expected to increase at an average annual rate of 5.6%, from R58.1 million in 2023/24 to R68.5 million in 2026/27. Total expenditure is expected to increase at an average annual rate of 5.9%, from R99.8 million in 2023/24 to R118.5 million in 2026/27.

The OPFA generates revenue by collecting levies from pension funds. Revenue is projected to increase at an average annual rate of 9.4%, from R90.4 million in 2023/24 to R118.5 million in 2026/27.

Ombud Council

The Ombud Council derives its mandate from the FSR Act of 2017. Its role is to help in ensuring that financial customers have access to, and are able to use, affordable, effective, independent and fair alternative dispute resolution processes for complaints about financial institutions.

The ombud also recognises financial industry ombud schemes, promotes cooperation and coordination among ombuds, promotes public awareness and access to ombud schemes, resolves jurisdictional overlaps between ombud schemes, monitors the performance of ombud schemes, and supports financial inclusion in terms of the act. The council has oversight powers over both statutory and industry financial sector ombud schemes.

Spending on goods and services is expected to decrease at an average annual rate of 16.3%, from R14.3 million in 2023/24 to R8.4 million in 2026/27, due to a cost-containment instruction from National Treasury. This decrease is not expected to have a significant impact on the council's performance.

Spending on compensation of employees is expected to increase at an average rate of 19.6%, from R8.6 million in 2023/24 to R14.7 million in 2026/27. Total expenditure is expected to increase at an average annual rate of 0.3%, from R22.9 million in 2023/24 to R23.2 million in 2026/27. The council derives revenue through levies collected on its behalf by the Financial Sector Conduct Authority. Revenue is projected to decrease at an average annual rate of 9.2%, from R30.9 million in 2023/24 to R23.2 million in 2026/27. This is due to a fiscal allocation of R13 million received only in 2023/24.

Public Investment Corporation

The PIC is a registered financial services provider in terms of the FAIS Act of 2002. It is wholly owned by the South African Government, with the Minister of Finance as shareholder representative. The corporation is registered as a financial services provider and manages assets for its clients, all of which are public entities. Its ongoing focus is to invest funds on behalf of its clients based on their investment mandates and approved by the FSCA.

As the corporation anticipates an increase of assets under its management, it plans to appoint more specialised human resources. Over the period ahead, it anticipates an increase in the number of personnel from 385 in 2023/24 to 445 in 2026/27.

As such, spending on compensation of employees is expected to increase at an average annual rate of 15.7%, from R490 million in 2023/24 to R759.9 million in 2026/27, constituting an estimated 42.4% (R2.2 billion) of the corporation's total expenditure.

To procure ICT equipment for the new recruits and accommodate them, expenditure on goods and services is expected to increase at an average annual rate of 11.7%, from R487.8 million in 2023/24 to R679.5 million in 2026/27. Total expenditure is expected to increase at an average annual rate of 11.6%, from R1.2 billion in 2023/24 to R1.6 billion in 2026/27.

The corporation derives revenue mainly through fees for managing its client's assets, interest income and board fees. Revenue is expected to increase at an average annual rate of 15%, from R1.6 billion in 2023/24 to R2.4 billion in 2026/27, due to an increase in management fees and anticipated growth in the corporation's portfolio.

South African Revenue Service

In terms of the SARS Act of 1997, the SARS is mandated to collect all revenue due to the state and administer trade to support government in meeting its key developmental objectives for growth. This involves facilitating legitimate trade, protecting South Africa's ports of entry, and eliminating illegal trade and tax evasion.

As its principal contribution to South Africa's economic and social development, the revenue service's focus over the medium term will continue to be on providing government with more than 90% of the revenue it requires to meet its policy and delivery priorities. It aims to do this by modernising its ICT systems to encourage eFiling, improve the experience of taxpayers, monitor compliance and make tax collection more efficient.

Spending on compensation of employees is expected to decrease at an average annual rate of 3%, from R8.9 billion in 2023/24 to R8.2 billion in 2026/27, as performance bonuses are not expected to be awarded over the period ahead.

Spending on goods and services is expected to increase at an average annual rate of 2.9%, from R3.9 billion in 2023/24 to R4.3 billion in 2026/27, driven mainly by ICT-related projects. Total expenditure is expected to decrease at an average annual rate of 1.6%, from R13.5 billion in 2023/24 to R12.9 billion in 2026/27, as a result of the decrease in spending on compensation of employees.

Transfers from the department account for an estimated 95.6% (R37.7 billion) of the entity's revenue over the medium term, decreasing at an average annual rate of 2%, from R13.2 billion in 2023/24 to R12.4 billion in 2026/27. The decrease is due to Cabinet-approved reductions on transfers from the department.

South African Special Risks Insurance Association

The SASRIA was established in 1979 and registered in terms of the Companies Act of 1973. Its mandate is prescribed and informed by the Reinsurance of Damages and Losses Act of 1989 and the Conversion of SASRIA Act of 1998.

Its ongoing focus is on providing insurance for special risks such as civil commotion, public disorder, strikes, riots and terrorism. The association is mandated to make a positive contribution to transforming the financial services industry, in line with the NDP's vision to create a better and sustainable economic environment for all South Africans.

Spending on compensation of employees is set to increase at an average annual rate of 1.1% from R180.7 million in 2023/24 to R186.6 million in 2026/27, and spending on goods and services at an average annual rate of 2.5%, from R5.2 billion in 2023/24 to R5.6 billion in 2026/27.

Total expenditure is expected to increase at an average annual rate of 2.7%, from R5.4 billion in 2023/24 to R5.8 billion in 2026/27. The association generates revenue through insurance premiums. Cover is provided to individuals, corporate and commercial customers, sold as a coupon attached to an underlying insurance policy.

Revenue is expected to increase at an average annual rate of 8.8%, from R6.2 billion in 2023/24 to R8 billion in 2026/27, as a result of organic growth, greater brand and product awareness, and the introduction of new and enhanced products..

Compliance levels

Tax Register

The SARS continues to broaden the tax base and expand its taxpayer and trader register. Contributing positively to the ease of registration are bulk registrations at places of employment and an online facility to register staff when submitting their monthly Pay As You Earn returns.

The SARS registration policy stipulates that everyone formally employed, regardless of their tax liability, must be registered for Personal Income Tax. If employees are not registered, it is the duty of the employer to register them with the SARS.

Tax compliance

Tax compliance is mirrored in the tax collected from the various types of tax. It is the duty of every taxpayer to ensure that they are registered for the necessary taxes, that all tax returns are submitted by the relevant due dates and that all taxes are paid as and when is required.

Payment channels

The majority of taxpayers are now using electronic payment platforms which significantly improve turnaround times. Cash collections at branches have been reduced because of the risks associated with them. From 1 May 2020, cheque payments in South Africa may not be in excess of R50 000. Payment methods other than branch payments are:

- eFiling: this requires a taxpayer to register as an eFiling client in order to make electronic payments using this channel; and
- payments at banks: taxpayers can make either an internet banking transfer or an over-the-counter deposit.

Voluntary Disclosure Programme

A permanent Voluntary Disclosure Programme was introduced in terms of the Tax Administration Act of 2011, in October 2012. The programme is part of a package of compliance measures aimed at encouraging non-compliant taxpayers to regularise their tax affairs.

International tax treaties

South Africa has a number of double taxation agreements and tax information exchange agreements. In 2014, the Organisation for Economic Cooperation and Development, working with the Group of Twenty countries and other stakeholders, developed the Standard for Automatic Exchange of Financial Account Information – the Common Reporting Standard (CRS).

The CRS requires the reporting to tax authorities by certain financial institutions of information in relation to financial accounts they hold for non-resident taxpayers. This information is then automatically exchanged between tax authorities each year in order to tackle cross-border tax evasion. South Africa is an early adopter of the CRS.

The USA Foreign Account Tax Compliance Act Intergovernmental Agreement is also in force between the governments of the USA and South Africa to exchange information automatically under the provisions of the double taxation agreements between the two countries.

Role players

Auditor-General of South Africa (AGSA)

The AGSA strengthens South Africa's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. The AGSA is one of the Chapter 9 institutions mandated by the Constitution to fulfil certain functions.

These institutions are not part of government and do not have a duty to be part of the mechanisms of cooperative government. The independence of the AGSA is, therefore, respected and strengthened.

As mandated by the Constitution and the Public Audit Act, 2004 (Act 25 of 2004), the AGSA is responsible for auditing national and provincial departments and administrations, all municipalities and any other institution or accounting entity required by national and provincial legislation to be audited by the AGSA. Various business units provide auditing services, corporate services and specialised audit work, such as performance audits, information system audits and audit research and development. The AGSA also has an international auditing complement.

Financial sector

South African Reserve Bank

The primary purpose of the SARB is to achieve and maintain price stability in the interest of balanced and sustainable economic growth in South Africa. Together with other institutions, it also plays a pivotal role in ensuring financial stability. The SARB is the central bank of South Africa. It was established in 1921, in terms of a special Act of Parliament and the Currency and Banking Act, 1920 (Act 10 of 1920), which was the direct result of abnormal monetary and financial conditions that had arisen during and immediately after World War I.

The SARB is governed by the SARB Act of 1989, as amended. In terms of the Constitution, it has been given an important degree of autonomy in the execution of its duties. Since its establishment, the SARB has always had private shareholders who have limited rights. It has more than 700 shareholders. Its shares are traded on the over-the counter share-trading facility managed by the SARB. Its operations are not motivated by a drive to return profits, but to serve the best interests of all South Africans.

The SARB's head office is in Pretoria and it has cash centres in Cape Town, Durban and Johannesburg. The SARB must submit a monthly statement of its assets and liabilities to National Treasury and an annual report to Parliament.

The Governor of the SARB holds regular discussions with the Minister of Finance and appears before the Parliamentary Portfolio and other select committees on finance, from time to time. The SARB has a unique position in the economy, as it performs various functions and duties not normally carried out by commercial banks. Although the functions of the SARB have changed and expanded over time, the formulation and implementation of monetary policy has remained one of the cornerstones of its activities.

The SARB publishes monetary policy reviews, and regular regional monetary-policy forums are held to provide a platform for discussions on monetary policy with broader stakeholders from the community.

Functions

The primary function of the SARB is to protect the value of South Africa's currency. In discharging this role, it takes responsibility for, amongst others:

- ensuring that the South African money, banking and financial system as a whole is sound, meets the requirements of the community and

keeps abreast of international developments;
- assisting the South African Government, as well as other members of the economic community of southern Africa, with data relevant to the formulation and implementation of macroeconomic policy; and
- informing the South African community and all stakeholders abroad about monetary policy and the South African economic situation.

System of accommodation
The SARB's refinancing system is the main mechanism used to implement its monetary policy. Through its refinancing system, the SARB provides liquidity to banks, enabling them to meet their daily liquidity requirements. Specifically, banks are required to hold balances at the SARB worth 2.5% of their liabilities, which ensures they have adequate liquidity to settle interbank transactions. The main instrument for providing liquidity is repo transactions, whereby the SARB lends against high-quality collateral at an interest rate – the repo rate – which is set by the Monetary Policy Committee.

The repo rate is the key operational variable in the monetary-policy implementation process, affecting short-term rates throughout the financial system and transmitting from there to the economy at large. The refinancing system also provides for supplementary and automated standing facilities to meet the banking sector's overnight liquidity needs.

Creating a liquidity requirement
The SARB creates a liquidity requirement – also known as a money market shortage – to ensure that banks seek financing at the SARB, and thereby pay the repo rate. To affect this shortage, the SARB uses a variety of tools to drain surplus liquidity. It can remove liquidity from the market by issuing debentures, or by engaging in reverse repos or FX swaps. It can also shift government's deposits from the market to the SARB.

Promoting the efficient functioning of domestic financial markets
To promote price discovery in the domestic money market, the SARB calculates the South African Benchmark Overnight Rate, which includes the overnight foreign exchange rate. The SARB also conducts surveillance on the calculation of the Johannesburg Interbank Average Rate (Jibar), which is widely used as reference rate.

Following the review of the rate setting of the Jibar and the subsequent code of conduct, additional initiatives involve the improvement and broadening of existing money-market benchmark and reference rates according to global guidelines.

Service to government
The SARB manages the country's official gold and foreign exchange reserves. In addition, the SARB provides portfolio management, debt issuance, and custody and settlement services to government and other clients/counterparties, while also managing the inherent market and operational risks associated with these services.

Banker and adviser to government as well as funding agent
As the funding agent for government, the main services provided are administering the auctions of government bonds and Treasury bills, participating in the joint standing committees between the SARB and National Treasury, and managing the flow of funds between the exchequer account and tax and loan accounts. The SARB also acts as banker to government and as such, manages the Exchequer and Paymaster General Accounts in the books of the SARB.

Administration of exchange control
The SARB is responsible, on behalf of the Minister of Finance, for the day-to-day administration of exchange controls in South Africa.

Provision of economic and statistical services
The bank collects data and compiles economic statistics, which are then interpreted and published in its *Quarterly Bulletin* and other statistical releases on the SARB's website to inform the public and policy formulation.

Prudential Authority
The passing of the FSR Act, 2017 (Act 9 of 2017) marked an important milestone on the journey towards a safer and fairer financial system that is able to serve all citizens. The Act gave effect to three important changes to the regulation of the financial sector by:
- giving the SARB an explicit mandate to maintain and enhance financial stability.
- creating a prudential regulator, the PA. The authority is responsible for regulating banks, insurers, cooperative financial institutions, financial conglomerates and certain market infrastructures.
- establishing a market conduct regulator, which is located outside of the SARB.

The PA is a juristic person operating within the administration of the SARB and consists of four sections: Financial Conglomerate Supervision; Banking, Insurance and Financial Market Infrastructure Supervision; Risk Support; and Policy, Statistics and Industry Support.

Banker to other banks
The bank acts as the custodian of the cash reserves that banks are legally required to hold or prefer to hold voluntarily, with the bank.

Banknotes and coins
The SARB has the sole authority to produce, issue and destroy South African currency, and is entrusted to ensure the availability and integrity of the South African rand. The Currency Management Department (CMD), is responsible for managing and overseeing the cash supply chain, from planning, distribution and issuance to destruction of cash; as well as the integrity of our currency, ensuring it is used with confidence and pride by regularly improving security features and mitigating counterfeiting. This mandate is embedded within sections 10 and 14 of the SARB Act 90 of 1989.

The CMD operates in conjunction with two subsidiaries of the SARB; the South African Mint Company (RF) Proprietary Limited, mints coins on behalf of the SARB while the South African Bank Note Company (RF) Proprietary Limited, prints banknotes on behalf of the SARB. The legal tender status of South African banknotes and coins is derived from Section 17 of the SARB Act 90 of 1989.

The SARB also ensures the availability and adequacy of banknotes and coins throughout the country, in line with section 10(1)(a)(i)–(v) of the SARB Act 90 of 1989. It is responsible for the bulk issuance and distribution of banknotes and coins, and for meeting public demand for cash.

Banknotes are distributed from the SARB's three cash centres into the cash supply chain, while coin distribution has been outsourced to SBV Services. The CMD is responsible for ensuring an adequate supply of banknotes to meet seasonal demand and for the quality of banknotes in circulation.

Monetary policy
The SARB is responsible for monetary policy in South Africa. Its constitutional mandate in this regard is to protect the value of the currency in the interest of balanced and sustainable economic growth. To give effect to this mandate, the SARB uses a flexible inflation targeting framework, which aims to maintain consumer price inflation between 3% and 6%.

The SARB has expressed its preference for inflation expectations to converge towards the mid-point of the target range, so as to minimise the risk of prolonged deviations from target in the event of unexpected price shocks.

The microlending industry
The NCA of 2005 allows the credit market to function in a robust and effective manner. The Act replaced the Usury Act, 1968 (Act 73 of 1968), and the Credit Agreements Act, 1980 (Act 75 of 1980). It regulates the granting of consumer credit by all credit providers, including micro lenders, banks and retailers. The NCR and the National Consumer Tribunal play a vital role in ensuring enforcement, promoting access to redress and adjudicating contraventions of the Act. Out of a population of over 54 million, South Africa has over 18 million credit-active consumers.

The NCR is responsible for regulating the South African credit industry. Its mandate includes:
- carrying out education, research and policy development;
- registering industry participants;

- investigating complaints; and
- ensuring that the Act is enforced.

In terms of the Act, the NCR has to promote the development of an accessible credit market to meet the needs of people who were previously disadvantaged, earn a low income or live in remote, isolated or low-density communities.

The National Consumer Tribunal adjudicates various applications and hears cases against those who contravene the Act. The Act provides for the registration of debt counsellors to assist overindebted consumers. Debt counsellors are required to undergo training approved by the NCR through approved training service providers appointed by the regulator.

Operation Vulindlela (OV)

OV, a joint initiative of The Presidency and National Treasury, is accelerating implementation of the Economic Reconstruction and Recovery Plan (ERRP) by accelerating priority structural reforms. OV aims to modernise and transform network industries, including electricity, water, transport and digital communications.

These network industries are the bedrock of economic growth, and are essential to creating a globally competitive economy. In addition, reforms to the visa regime are being prioritised to attract skills and promote growth in tourism.

The implementation of structural reforms is crucial to sustain our economic recovery and to address the underlying causes of low economic growth and high unemployment. Many of these reforms have been delayed for a number of reasons, but their urgency is increased by the need to support a swift economic recovery. OV monitors progress and actively supports implementation.

Its aim is to fast-track the implementation of high-impact reforms, addressing obstacles or delays to ensure execution on policy commitments.

South Africa Investment Conference (SAIC)

The 6th SAIC will be hosted in November 2025 in Johannesburg. A series of five successful SAICs concluded in March 2023 exceeding the target of R1.2 trillion, with a total of R1.51 trillion of investment commitments and creating a platform for government and investor engagement.

Planning has turned to the future of this initiative with the 6th installment of the SAIC set to take place in November 2025. Since the inaugural conference in 2018, thousands of delegates from across the globe have come together to discuss opportunities for economic growth and development in the country.

This trend will be sustained with an estimate of 1,250 delegates attending the conference in person.

The 6th annual SAIC will serve as a platform at which South Africa and its representatives can:

- Position South Africa as a globally relevant player and partner in trade and investment that can compete with the best in the world.
- Showcase South Africa's capabilities and strategic importance in the region.
- Profile the country's economic recovery strategy & implementation.
- Reinforce South Africa's position as an attractive business, investment, and tourism destination.
- Showcase investment opportunities that will transform the economy and create employment opportunities.
- Emphasise South Africa's continued commitment towards zero tolerance for corruption and the fight against it in all sectors of society.

Department of Trade, Industry and Competition (the dtic)

The dtic's overarching objective is to implement the reimagined industrial strategy, which presents a multipronged approach to industrial development with an emphasis on building partnerships with the private sector to secure investment that creates jobs. This entails supporting the implementation of key interventions of South Africa's ERRP.

To give expression to this, the department's medium-term focus will be on providing industrial finance, developing industrial infrastructure, and enhancing competitiveness and localisation. The department's expenditure is expected to decrease nominally at an average annual rate of 0.7%, from R10.7 billion in 2023/24 to R10.5 billion in 2026/27.

This is mainly driven by the Social Employment Fund in the Transformation and Competition programme only being funded until 2024/25. The Incentives programme, which is mainly responsible for providing industrial financial assistance to businesses, accounts for an estimated 49.2% (R14.7 billion) of the department's total budget over the next three years.

Cabinet has approved reductions on the department's budget amounting to R3.1 billion over the MTEF period. This includes a R2.2 billion reduction in funding for incentive schemes and a R649.3 million reduction on transfers to entities. As a result, the value of investment the department expects to facilitate is set to decrease from R200 billion in 2023/24 to R180 billion in 2026/27, which is expected to have a direct effect on the number

of beneficiaries these schemes will reach. However, to support social economic activities in the communities through the presidential employment stimulus, R1.1 billion in 2024/25 is reprioritised towards the Social Employment Fund, which aims to create 50 000 part-time employment opportunities through work for the common good.

Providing industrial finance

The department provides financial support to businesses for the acquisition of new plants and equipment, with R16.4 billion over the period ahead earmarked for business incentives across different programmes. Of the tota amount allocated to incentives, manufacturing development incentives account for 46.6% (R7.7 billion), followed by the services sector with an allocation of R3 billion and the special economic zones sector with an allocation of R2.3 billion.

Following Cabinet's approval of the 2023 Electric Vehicles White Paper, R964 million is reprioritised from various programmes to support the transition from internal combustion engines to electric vehicles, in line with global trends.

A further R600 million is reprioritised towards incentives in the services sector, which include the global business services, and film and television development incentives. The film and television development incentive is expected to help create 1 500 jobs from the additional funds and attract R3 billion in foreign investment over the MTEF period.

The global business services incentive is expected to help sustain and create 9 000 jobs over the period ahead and generate R3 billion in export revenue.

Developing industrial infrastructure

A critical part of the ERRP requires the department to make interventions that catalyse investment through infrastructure development. Accordingly, over the period ahead, the department plans to subsidise bulk infrastructure and factories in special economic zones, and revitalise a targeted 16 industrial parks.

These subsidies are provided mainly through the Infrastructure Investment Support subprogramme in the Incentives programme, in which R2.3 billion is allocated for special economic zones, R156.3 million for industrial parks and R417.6 million for critical bulk infrastructure such as water, electricity and sewerage connections.

Enhancing industrial competitiveness and localisation

The department will focus on increasing industrialisation, enhancing competitiveness and creating decent jobs through various sector interventions over the next three years. Master plans premised on collaboration and common vision among government, business and labour are key to achieving this as they encourage ownership and accountability among stakeholders, which helps to build trust and policy certainty.

The department will continue to coordinate the implementation of existing collaborative master plans for the automotive, poultry, sugar, steel and metal fabrication, clothing and textiles, and furniture sectors.

A master plan for the medical devices sector is expected to be approved and implemented over the period ahead. The department will also continue to implement sectoral programmes for aerospace and defence; electro-technical industries; white goods; construction; chemicals; plastics; cosmetics; and pharmaceuticals. This work is coordinated in the Sectors programme, which has a budget of R4.9 billion over the medium term.

Legislation

The mandate of **the dtic** is derived from a broad legislative framework, which includes the:

- Broad-Based Black Economic Empowerment (B-BBEE) Act, 2003 (Act 53 of 2003);
- Companies Act, 2008 (Act 71 of 2008);
- Competition Act, 1998 (Act 89 of 1998), as amended;
- Consumer Protection Act, 2008 (Act 68 of 2008);
- Industrial Development Act, 1940 (Act 22 of 1940);
- International Trade Administration Act, 2002 (Act 71 of 2002);
- Manufacturing Development Act, 1993 (Act 187 of 1993); and
- SEZs Act, 2014 (Act 16 of 2014).

Entities

Companies and Intellectual Property Commission (CIPC)

The CIPC was established in terms of Section 185 of the Companies Act of 2008 to register companies, close corporations, cooperatives, trademarks, patents, designs and copyright, and enforce rules and regulations.

Over the medium term, the commission will continue to focus on creating a reputable business environment by regulating the behaviour of companies and the intellectual property system. The commission will also continue to improve its capabilities to protect intellectual property, increase knowledge and awareness of intellectual property rights, and promote compliance with company law and relevant legislation.

The number of company registrations is expected to increase over the MTEF period, in line with the trend of professionals leaving their jobs to pursue entrepreneurship. Expenditure is expected to increase nominally at an average annual rate of 1.1%, from R718.7 million in 2023/24 to R743 million in 2026/27. Compensation of employees accounts for an estimated 62% of total spending over the period ahead, increasing at an average annual rate of 5%, from R419.6 million in 2023/24 to R485.4 million in 2026/27.

The commission expects to derive 95% (R2.1 billion) of its revenue over the medium term through fees charged for the registration of companies, cooperatives, trademarks, patents and copyrights. Interest income from accumulated funds invested with the Reserve Bank is expected to amount to R145 million over the MTEF period. Total revenue is projected to increase at an average annual rate of 3.5%, from R705.5 million in 2023/24 to R782.1 million in 2026/27.

Companies Tribunal

The Companies Tribunal was established in 2011 as a juristic person in terms of the Companies Act of 2008 and became operational in 2012. It is mandated to mediate and adjudicate disputes between companies and make orders in a manner that is simple, ethical, efficient, equitable, transparent, accountable and impartial, without fear, favour or prejudice.

Over the medium term, the tribunal will continue to facilitate the resolution of company disputes through mediation, conciliation and arbitration, thereby contributing to the creation of a just, fair and ethical regulatory business environment. Through its work, the tribunal aims to support sustainable enterprise development and create a business environment that attracts investment.

To improve interactions between tribunal members and clients while allowing for cases to be managed more efficiently over the period ahead, the tribunal will aim to increase applicants' uptake of the case management system from 60% in 2023/24 to 70% in 2026/27, while maintaining 95% of decisions and orders issued within prescribed timelines.

Total expenditure is expected to increase at an average annual rate of 5%, from R28.7 million in 2023/24 to R33.2 million in 2026/27, while revenue is set to increase at an average annual rate of 4.4%, from R28.8 million in 2023/24 to R32.8 million in 2026/27. The tribunal expects to derive more than 97.8% (R92.3 million) of its revenue over the MTEF period through transfers from the department.

Competition Commission

The Competition Commission is a statutory body constituted in terms of the Competition Act of 1998, as amended. It is empowered to investigate, control and evaluate restrictive business practices, including the abuse of dominant positions and mergers, and to promote the advocacy of competition issues to achieve equity and efficiency in the South African economy.

Over the medium term, the commission will continue to focus on strengthening its internal capacity to enable the execution of its expanded mandate, which includes the prosecution and criminalisation of certain offences, such as the abuse of dominance, in terms of the Competition Amendment Act of 2018.

This has led the commission to review its organisational structure, resulting in an increase in personnel from 264 in 2023/24 to 279 in 2026/27. As such, spending on compensation of employees, the commission's main cost driver, is projected to increase at an average annual rate of 5.8%, from R311.5 million in 2023/24 to R368.7 million in 2026/27. Total expenditure is expected to increase nominally at an average annual rate of 4.2%, from R486.9 million in 2023/24 to R550.1 million in 2026/27.

The commission expects to derive 83.2% (R1.3 billion) of its revenue over the medium term through transfers from the department and the remainder through fees for filing for mergers and acquisitions. Revenue is expected to increase in line with expenditure.

Competition Tribunal

The Competition Tribunal was established in terms of the Competition Act of 1998 to promote and maintain competition in South Africa by adjudicating matters pertaining to restrictive practices, the abuse of dominant positions and mergers. The tribunal's work supports national and departmental priorities aligned with economic transformation, job creation and the facilitation of a capable, ethical and developmental state.

Over the medium term, the tribunal will focus on building internal capacity to adjudicate cases in a timeous, responsive and reliable manner. Expenditure in the responsive and reliable adjudication programme is expected to account for 50.1% (R106.1 million) of total spending over the medium term, increasing at an average annual rate of 3.1%. Spending on compensation of employees is expected to increase at an average annual rate of 5.1%, from R41.1 million in 2023/24 to R47.7 million in 2026/27.

The tribunal expects to derive 63.5% (R124.6 million) of its revenue over the next three years through transfers from the department and the remainder through fees for merger applications. Revenue is expected to increase at an average annual rate of 5%, from R58.8 million in 2023/24 to R68.1 million in 2026/27.

Export Credit Insurance Corporation (ECIC)

The ECIC was established in terms of the Export Credit and Foreign Investments Insurance Act of 1957, as amended, to provide political and commercial risk insurance on behalf of government for the facilitation of export trade and cross-border investments.

By providing comprehensive export credit and investment insurance solutions to South African exporters doing business in risky sectors or countries, the corporation contributes to the expansion of exports, economic growth and the creation of jobs.

Over the medium term, the ECIC will focus on attracting business from new and existing customers to facilitate more exports and cross-border investments. It expects to do this by absorbing political and commercial risks, and protecting financial institutions and exporters through its insurance products. Over the period ahead, the entity plans to spend R112.7 million to approve 12 projects worth a total of US$1.7 billion. In addition, 24 export companies are set to benefit from the export passport training programme.

Total expenditure is expected to decrease at an average annual rate of 10.1%, from R1.1 billion in 2023/24 to R809.7 million in 2026/27, mainly due to reduced spending on liability for the interest make-up scheme, from R427.1 million in 2023/24 to R138.3 million in 2026/27, as the programme winds down. Revenue is expected to increase at an average annual rate of 8.9%, from R1.3 billion in 2023/24 to R1.7

billion in 2026/27, mainly due to the anticipated increase in projects underwritten over the medium term and income earned on invested insurance premiums.

Industrial Development Corporation (IDC)

The IDC is a development finance institution established in terms of the Industrial Development Act of 1940 to lead the development of industrial capacity by investing in individual business enterprises, and by acting as a catalyst for the creation or revitalisation of industries. The corporation's mandate includes proactively maximising its development impact through driving an ambitious programme of inclusive and sustainable employment to create and improve industrialisation in South Africa and the region.

The IDC planned to facilitate investment of more than R160 billion over the medium term to contribute to the creation of employment and an inclusive economy. Of this amount, R22.4 billion will be provided to black industrialists and R36.6 billion will be earmarked for companies owned by historically disadvantaged groups, including women and young entrepreneurs. This funding is aimed at supporting businesses operating in targeted industries such as manufacturing, agriculture and agro-processing, mining and minerals beneficiation, and special economic zones that promote localisation.

The corporation expects to bring in a strategic equity partner to take over some of the equity in its major subsidiaries, resulting in a significant decrease in expenditure and revenue as the operational activities of subsidiaries shift to the partner. Accordingly, expenditure is expected to decrease at an average annual rate of 22.2%, from R20.9 billion in 2022/23 to R9.8 billion in 2025/26.

Similarly, revenue is expected to decrease at an average annual rate of 12.2%, from R23.6 billion in 2022/23 to R16 billion in 2025/26. The corporation expects to generate 87.6% (R50.6 billion) of its revenue over the medium term through interest income from loans and other revenue streams, such as dividends from equity investments. The sale of goods and services by the corporation's subsidiaries accounts for the remaining 12.4% (R2 billion).

International Trade Administration Commission (ITAC)

The ITAC was established in terms of Section 7 of the International Trade Administration Act of 2002. It is mandated to foster economic growth and development, raise income levels, and promote investment and employment in South Africa and the common customs area by establishing an efficient and effective administration system for international trade.

The commission's core functions are to conduct customs tariff investigations, institute trade remedies, and provide import and export controls. Its ongoing strategic focus is on contributing to the growth and development of local industries and providing continued support to the department and government. The ITAC plans to achieve this over the medium term by regulating the movement of specific goods across South Africa's borders; conducting trade remedy investigations in accordance with policy, and domestic and international law; and setting tariffs in an effort to promote domestic manufacturing activity, employment retention and creation, and international competitiveness. In carrying out its duties over the medium term, the commission plans to issue 16 000 import and 12 000 export permits per year, conduct 120 scheduled container inspections and 1 800 unscheduled container inspections, and initiate investigations on 80% of new anti-dumping cases.

The commission will continue to focus on strengthening its internal capacity over the medium term to enable the execution of its expanded mandate, which includes the development, establishment and management of the metal trade licensing regime. This includes implementing the scrap metal trade strategy to curb damage to critical economic infrastructure as a result of higher demand for scrap metal locally and internationally. Expenditure is expected to increase at an average annual rate of 1.5% , from R120.5 million in 2023/24 to R126 million in 2026/27, with compensation of employees constituting an estimated 81.8% (R298.8 million) of total spending.

Transfers from the department account for an estimated 97.5% (R353.5 million) of the commission's revenue over the period ahead. Revenue is set to increase in line with expenditure.

National Consumer Commission (NCC)

The NCC was established in terms of section 85 of the Consumer Protection Act of 2008, with jurisdiction across South Africa. The commission conducts investigations against suppliers allegedly engaging in prohibited conduct; promotes the resolution of disputes between consumers and suppliers; and promotes compliance with the act through advocacy, education and awareness.

The commission will continue to focus on enforcing compliance with the act over the medium term by ensuring that cases of noncompliance by suppliers are investigated and prosecuted. To minimise noncompliance, the commission plans to conduct 105 education and awareness campaigns over the MTEF period to ensure that consumers have greater awareness of their rights.

In doing so, the commission intends to ensure that consumers receive redress by finalising 95% of investigations and finalising further enforcement action against non-compliant suppliers. The commission also plans to roll out the opt-out registry to the public to protect consumers against unwanted marketing. Implementation is pending the approval of the regulations dealing with issues around tariffs or fees to be paid by direct marketers.

As the commission's work is labour intensive, compensation of employees accounts for an estimated 67.1% (R152.7 million) of projected spending over the medium term. Total expenditure is expected to increase at an average annual rate of 1.8%, from R74.8 million in 2023/24 to R78.9 million in 2026/27. The commission expects to derive 94.8% (R214.3 million) of its revenue over the next three years through transfers from the department and the remainder through interest on investments.

National Consumer Tribunal

The National Consumer Tribunal was established in terms of the National Credit Act of 2005 as an independent adjudicative entity. It is mandated to review decisions made by the National Credit Regulator (NCR) and the NCC, and adjudicates on applications and referrals in terms of the National Credit Act of 2005 and the Consumer Protection Act of 2008.

Various parties bring cases before the tribunal, including the NCR, the NCC, consumers, credit providers, debt counsellors and credit bureaus. The tribunal may impose remedies and/or administrative penalties, as provided for in the Acts.

Over the medium term, the tribunal will spend most of its budget on adjudicating cases and improving efficiency by aiming to reduce the average number of days it takes to issue orders to filing parties from 55 in 2023/24 to 50 in 2026/27.

Due to the nature of the tribunal's work, compensation of employees accounts for an estimated 71.3% (R160.9 million) of its total budget. Expenditure is expected to increase at an average annual rate of 3%, from R70.8 million in 2023/24 to R77.4 million in 2026/27. The tribunal expects to derive 73.3% (R161.3 million) of its revenue over the medium term through transfers from the department. Revenue is set to increase in line with expenditure.

National Credit Regulator

The NCR was established in terms of Section 12 of the National Credit Amendment Act, 2019 (Act 7 of 2019), and is responsible for regulating the South African credit industry. It is mandated to promote the development of an accessible credit market, particularly to address the needs of historically disadvantaged people, low-income individuals, and remote, isolated or low-density communities.

Over the medium term, the regulator will continue carrying out education, research and policy development; registering industry participants; investigating complaints; and enforcing the National Credit Act of 2005. Accordingly, it plans to: conduct 1 480 investigations into the cost of credit and take enforcement action in 86% of cases where noncompliance is detected; conduct 1 280 investigations into reckless lending and/or collection of prescribed debt and take enforcement action in 85% of cases where noncompliance is detected; and conduct 15 investigations into the removal of debt records and take enforcement action in 86% of cases where noncompliance is detected.

It also plans to evaluate all annual compliance reports submitted by credit bureaus and certified by independent auditors and take enforcement action in 86% of cases where noncompliance is detected.

To enable the regulator to meet these targets, expenditure is expected to increase at an average annual rate of 4.9%, from R141.7 million in 2023/24 to R163.7 million in 2026/27. Spending on compensation of employees accounts for an estimated 60.1% (R278.5 million) of total expenditure over the medium term.

The regulator plans to conduct 470 public awareness activities over the period ahead to encourage unregistered credit providers to register in terms of the National Credit Act of 2005. This is set to drive an increase in spending on goods and services at an average annual rate of 8.4%, from R48.3 million in 2023/24 to R61.5 million in 2026/27.

Accordingly, revenue from registration fees is expected to increase at an average annual rate of 12%, from R51.5 million in 2023/24 to R72.5 million in 2026/27. The regulator expects to derive 53.9% (R245.2 million) of its revenue over the MTEF period through transfers from the department and the remainder through registration fees.

National Empowerment Fund (NEF)

The NEF was established in terms of the NEF Act, 1998 (Act 105 of 1998), to promote and facilitate BEE and economic transformation. In providing financial and non-financial support to black businesses and structuring accessible retail savings products for black people, the fund is mandated to implement the codes of good practice for BEE.

Funding is disbursed to beneficiaries through five core divisions:

- SMMEs;
- Rural development;
- Venture capital;
- Corporate finance; and
- Women empowerment.

Over the medium term, the fund will focus on supporting businesses in priority sectors such as manufacturing, agro-processing, minerals beneficiation, infrastructure and tourism. As most businesses have recovered from the impact of the COVID-19 pandemic, funding approvals are projected to decrease from R1.2 billion in 2023/24 to R875 million in 2026/27.

This is attributable to reduced allocations to the uMnotho Fund, the iMbewu Fund, the Rural, Township and Community Development Fund, the Strategic Projects Fund and the Women Empowerment Fund due to the high impairment rate. As a result, the number of job opportunities supported is expected to decrease from 4 985 in 2023/24 to 2 809 in 2026/27.

Expenditure is expected to decrease at an average annual rate of 1.5%, from R429.3 million in 2023/24 to R410.5 million in 2026/27, mainly as a result of an anticipated decrease in spending on travel and related costs due to a decrease in approvals.

Spending on compensation of employees constitutes an estimated 64% (R837.4 million) of total expenditure, increasing at an average annual rate of 6.6%. The entity derives revenue mainly through interest and dividends. Revenue is expected to decrease nominally at an average annual rate of 1.9%, from R435.8 million in 2023/24 to R410.9 million in 2026/27, driven by the expected decrease in lending activities.

National Gambling Board (NGB)

The NGB was established in terms of the National Gambling Act of 2004. It is mandated to maintain a legal, safe and crime-free gambling environment, and protect gamblers from exploitation.

The board's ongoing focus is on monitoring the socioeconomic patterns of gambling activities; conducting research on the impact of addictive and compulsive gambling; maintaining a national central electronic monitoring system, a national registry of gambling machines and devices, and other prescribed national registers; and conducting public education and awareness campaigns about the dangers of gambling.

Over the medium term, the board will focus on finalising policies and regulations intended to establish uniform norms and standards for the gambling industry across all spheres of government. In an effort to promote responsible gambling, the board plans to intensify public awareness about its risks and socioeconomic impact by conducting 90 broad-based public educational interventions across the country over the period ahead.

Through the board's licensing regime, the board aims to promote the economic participation of historically disadvantaged individuals in the mainstream gambling industry by assessing the level of their participation.

Expenditure is expected to increase at an average annual rate of 2.6%, from R287.5 million in 2023/24 to R310.3 million in 2026/27. Spending on goods and services accounts for 79% (R717.3 million) of total expenditure over the medium term, mainly driven by management fees for the national central electronic monitoring system.

The board expects to generate 85.2% (R776 million) of its revenue over the medium term from the national central electronic monitoring system and the remainder through transfers from the department. Revenue is expected to increase in line with spending.

National Lotteries Commission (NLC)

The NLC has a dual mandate to regulate and prohibit lotteries and sports pools, provide for matters connected therewith, and to ensure that funds are distributed equitably and expeditiously to advance the socio-economic well-being of communities in need.

Over the MTEF period, the commission will focus on restoring its public image, fighting corruption and strengthening its regulatory mandate. This is intended to ensure that players are protected through the regulation of lotteries and sports pools, and that charitable disbursements have positive effects on communities.

The entity will focus on the award of the fourth lottery licence during the period under review as the current licensee's contract expires in May 2025. The commission plans to disburse R2 billion to beneficiaries over the medium term, significantly less than the previous MTEF period owing to the expected revenue disruption during the transition. Expenditure is expected to increase at an average annual rate of 2.6%, from R653.1 million in 2023/24 to R706.2 million in 2026/27. Compensation of employees accounts for an estimated 50.9% of total spending, increasing at an average annual rate of 3.3%, from R329.1 million in 2023/24 to R363.2 million in 2026/27.

Revenue is expected to increase marginally over the medium term, at an average annual rate of 2.6%, from R653.1 million 2023/24 to R706.2 million in 2026/27. The entity derives the bulk of its revenue from a portion of lottery ticket sales.

National Metrology Institute of South Africa (NMISA)

The NMISA is mandated by the Measurement Units and Measurement Standards Act, 2006 (Act 18 of 2006), to ensure that South Africa has a scientifically valid and internationally comparable and accepted measurement system, and that the international system of units is correctly applied.

Without this measurement infrastructure, it is difficult to manufacture to international specifications and ensure the integrity of export and import commodities. The entity's work is, therefore, important for health, safety and law enforcement.

Over the medium term, the institute intends to ensure accurate measurements for the country and the region, and promote the integrity of measurements at various stages within the value chains of different commodities and manufactured products. This will be achieved through investing in the development of new and improved national measurement standards, reference materials and reference methods in line with industrial requirements.

To this end, the institution plans to develop 53 new and improved national measurement standards, reference materials and methods over the medium term. It also plans to train an additional 135 metrologists over the period ahead.

Expenditure is expected to increase at an average annual rate of 3.2%, from R187.5 million in 2023/24 to R206.3 million in 2026/27, due to the low baseline in 2023/24. The institute expects to derive 83.2% (R513.1 million) of its revenue over the medium term through transfers from the department and the remainder through services rendered and interest income. Revenue is set to increase in line with expenditure.

National Regulator for Compulsory Specifications (NRCS)

The NRCS was established in terms of the NRCS Act of 2008, as amended, to administer compulsory specifications, otherwise known as technical regulations. To ensure that it implements relevant, up-to-date regulations that take into account changes brought about by the global environmental crisis, the regulator aims to increase investment on research over the medium term.

A domestic example of this is the anticipated transition to electric vehicles, which is going to have an impact on the South African economy and regulation of the automotive sector. The regulator's modernisation project will improve efficiency and accuracy in the regulatory system by improving turnaround times, data quality and reporting to inform decision-making. The regulator's implementation of its new enterprise resource planning software is expected to be completed in 2024/25.

The next phase, which is set to be completed in 2026/27, entails the creation of a central regulatory system that will combine all regulatory systems. Expenditure is expected to decrease nominally at an average annual rate of 0.8%, from R571.5 million in 2023/24 to R558.6 million in 2026/27, with compensation of employees accounting for an estimated 82.2% (R1.3 billion) of spending over the medium term.

The regulator expects to derive 69.5% (R1.1 billion) of its revenue over the medium term through levies charged to manufactures and the remainder through transfers from the department. Revenue is expected to increase in line with spending.

South African Bureau of Standards (SABS)

The SABS was established as a statutory body in terms of the Standards Act, 2008 (Act 8 of 2008), and is part of South Africa's standardisation, quality assurance, accreditation and metrology technical infrastructure institutions.

The bureau is mandated to develop, promote and maintain South African national standards; render conformity assessment services; and promote the quality of commodities, products and services in an effort to protect the integrity of the South African market, protect consumers, create a competitive advantage, and facilitate access for South Africans to local and international markets.

Over the medium term, the bureau will continue to implement the digital transformation and infrastructure plan, revitalise testing operations and implement local content verification projects submitted to the bureau by government entities. The bureau also intends to improve its standard development processes to enable faster turnaround times and industrialisation. It expects to do this by enhancing digital collaborative tools to effectively engage with stakeholders that participate in its technical committees. This project, however, is still at an early stage.

Expenditure is expected to increase at an average annual rate of 4.3%, from R860.2 million in 2023/24 to R975.1 million in 2026/27. Spending on compensation of employees accounts for 56.1% (R1.6 billion) of the bureau's projected spending over the medium term. The bureau expects to generate 67.9% (R2 billion) of its revenue over the MTEF period through fees for certification, testing, the sale of publications, and consulting and training services, and the remainder through transfers from the department. Revenue is expected to increase in line with expenditure.

South African National Accreditation System (SANAS)

The SANAS was established in terms of the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, 2006 (Act 19 of 2006). It is mandated to accredit or monitor for good laboratory practice and compliance; promote accreditation as a means of facilitating international trade to enhance South Africa's economic performance and transformation; and promote the competence and equivalence of accredited bodies, and good laboratory practice facilities compliant with the act.

The SANAS provides accreditation services that directly affect conformity assessment bodies (accredited organisations), industry sectors and the economy by facilitating national, regional and international acceptance of test inspection and certification results. This work significantly reduces the risk of South Africa's goods and services being rejected.

Over the medium term, the entity will focus on expanding the acceptance of its results for conformity assessments. The African Continental Free Trade Agreement, which came into effect from the beginning of 2021, requires the entity to reduce or eliminate technical barriers to trade within the continent by playing an active role in all matters related to the acceptance of conformity assessment results.

Expenditure is set to increase at an average annual rate of 5.2%, from R134.3 million in 2023/24 to R156.6 million in 2026/27, with compensation of employees constituting an estimated 53% (R237.8 million) of total expenditure over the period ahead.

The SANAS expects to generate 67.1% (R302.4 million) of its revenue over the medium term through fees collected from accredited facilities, new applications, commercial training and interest income; and the remainder through transfers from the department. Revenue is expected to increase in line with expenditure.

Takeover Regulation Panel

The Takeover Regulation Panel was established in terms of section 196 of the Companies Act of 2008 as an organ of state within the public administration, but as an institution outside of the public service. Its mandate is to regulate takeovers (referred to as "affected transactions" in the act), with the primary focus on protecting the interests of minority shareholders and maintaining market integrity.

The panel will continue to engage stakeholders over the medium term by giving lectures on takeover law to master's students at universities and by participating in international engagements with peer regulators.

Expenditure is expected to increase at an average annual rate of 3.4%, from R32.3 million in 2023/24 to R35.8 million in 2026/27, with compensation of employees constituting an estimated 62.4% (R61.5 million) of total spending over the period ahead. However, it is expected to decrease at an average annual rate of 1.2%, from R22.2 million in 2023/24 to R21.4 million in 2026/27, as the entity attempts to reduce its salary bill. Revenue is expected to increase at an average annual rate of 2.2%, from R34.3 million in 2023/24 to R36.6 million in 2026/27. The entity derives its revenue from annual levies and fees charged for the services that it provides to companies listed on the stock exchange.

Industrial parks/SEZs

SEZs are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country.

The purpose of the SEZ Programme is to:

- expand the strategic industrialisation focus to cover diverse regional development needs and context;
- provide a clear, predictable and systemic planning framework for the development of a wider array of SEZs to support industrial policy objectives, the Industrial Policy Action Plan (IPAP) and the New Growth Plan;
- clarify and strengthen governance arrangements, expand the range and quality of support measures beyond provision of infrastructure; and
- provide a framework for a predictable financing framework to enable long-term planning.

There are currently five operating Industrial Development Zones (IDZs) in South Africa:

- The Coega is the largest IDZ in southern Africa. It was designated in 2001 and became South Africa's first IDZ. It lies in the Nelson Mandela Bay Metropolitan Municipality in the Eastern Cape, which is strategically located on the east-west trade route to service both world and African markets. The Coega IDZ leverages public sector investment to attract foreign and domestic direct investment in the manufacturing sector with an export orientation. It has attracted investment in the agro-processing, automotive, aquaculture, energy, metals logistics and Business Process Services (BPS) sectors. This has advanced socio-economic development in the Eastern Cape region through skills development, technology transfer and job creation.
- The Richards Bay IDZ is a purpose-built and secure industrial estate on the north-eastern South African coast. The N2 business corridor links the province's two major ports, Durban and Richards Bay, and connects with Maputo in Mozambique and, ultimately, areas in East Africa. It is linked to an international sea port of Richards Bay, tailored for manufacturing and storage of minerals and products to boost beneficiation, investment, economic growth and, most importantly, the development of skills and employment. First-world infrastructure allows for the full exploitation of the area's natural and strategic advantages. Through the superb industrial infrastructure, well-established network of shipments, tax and duty-free incentives,

the IDZ aims to encourage international competitiveness and the attraction of export-orientated manufacturing investment.

- The East London IDZ has become a prime industrial park in South Africa, renowned for its customised solutions for various industries, including automotive, agro-processing and aqua-culture. The IDZ offers growth-oriented companies a specialised manufacturing platform, innovative industrial and business solutions access to new markets and strategic industry networks. The IDZ, one of the country's leading specialised industrial parks, is located in Buffalo City, the municipal area which also incorporates Bisho, the province's capital and King William's Town. It was one of the first IDZs in South Africa to become operational and represents an ideal choice for the location of exported manufacturing and processing. Its location provides investors with connections to major markets both locally and across the globe.
- The Saldanha Bay IDZ in the Western Cape is expected to serve as the primary oil, gas and marine repair engineering and logistics services complex in Africa, servicing the needs of the upstream oil exploration industry and production service companies operating in the oil and gas fields off sub-Saharan Africa. Situated approximately two hours north of Cape Town, the IDZ will include logistics, repairs and maintenance, as well as fabrication activities.
- The Dube TradePort is a catalyst for global trade and a portal between KwaZulu-Natal and the world. It is the only facility in Africa that brings together an international airport, a cargo terminal, warehousing, offices, a retail sector, hotels and an agricultural area. Located 30 km north of Durban, the Dube TradePort is positioned between the two biggest sea ports in southern Africa and linked to the rest of Africa by road and rail. The following two areas have been designated as comprising the IDZ: the Dube TradeZone and the Dube AgriZone.

The Dube TradeZone aims to focus on manufacturing and value addition primarily for automotive, electronics and fashion garments. The facility involves warehousing, manufacturing, assembling real estate resources, complete with a single facility in which all freight forwarders and shippers are located (Dube TradeHouse), which enjoys a direct link to the adjacent Dube Cargo Terminal via an elevated cargo conveyor system.

The Dube AgriZone – a high-tech, future farming facility and host to the continent's largest climate controlled growing area under glass – will focus on high-value, niche agricultural and horticultural products. The AgriLab will look into specialised tissue culture, greenhouses, flowers and plants, all of which require swift air transportation.

A number of incentives are available to ensure SEZs growth, revenue generation, creation of jobs, attraction of foreign direct investment and international competitiveness. These SEZ incentives include:

- **Preferential 15% Corporate Tax:** Businesses (prescribed in Section 24 (4) of the SEZ Act of 2014, that are located in a SEZ may be eligible for tax relief, including the reduced rate of corporate income taxation. In addition to satisfying the requirements of the Act, further criteria for some of the available tax incentives are stipulated in the Income Tax Act, 1962 (Act 58 of 1962).
- **Building Allowance:** Businesses and operators (prescribed in Section 1 of the SEZ Act of 2014) operating within a SEZ may be eligible for tax relief, including the building allowance, subject to requirements contained in the Income Tax Act of 1962.
- **Employment Incentive:** Businesses and operators operating within a SEZ may be eligible for tax relief, including the employment tax incentive, subject to requirements contained in the Employment Tax Incentive Act, 2013 (Act 26 of 2013).
- **Customs Controlled Area:** Businesses and operators located within a customs-controlled area of a SEZ will be eligible for tax relief as per the Value-Added Tax (VAT) Act, 1991 (Act 89 of 1991), the Customs and Excise Act, 1964 (Act 91 of 1964), the Customs Duty Act, 2014 (Act 30 of 2014), and the Customs Control Act, 2014 (Act 31 of 2014).
- **12i Tax Allowance:** The 12i Tax Incentive is designed to support Greenfield investments (new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (expansions or upgrades of existing industrial projects). The new incentive offers support for both capital investment and training.

Black industrialists

The Black Industrialists Policy aims to leverage government's capacity to unlock the industrial potential that exists within black-owned and managed businesses that operate within the South African economy through deliberate, targeted and well-defined financial and non-financial interventions as described in the IPAP and other government policies.

This policy targets entities that should have extensive experience, operations and track record in their respective or envisaged industrial sectors and value chains. It is expected that the entities supported will:

- expand their current operations or businesses to become major players in the domestic and/or global markets within 10 years of being in the programme;
- start a new operation or business that can enable them to become major players in the domestic and/or global markets within 10 years of being in the programme; and
- acquire an existing or new business that can enable them to become major players in the domestic and/or global markets within a specified period.

Such entities should be operating in the manufacturing sectors of the economy in line with the industrialisation path as articulated in the IPAP.

Black Business Supplier Development Programme (BBSDP)

The BBSDP is a cost-sharing grant offered to black-owned small enterprises to help them improve their competitiveness and sustainability, to become part of the mainstream economy and create employment. The BBSDP provides grants to a maximum of R1 million: R800 000 for tools, machinery and equipment on a 50:50 cost-sharing basis; and R200 000 for business development and training interventions per eligible enterprise to improve their corporate governance, management, marketing, productivity and use of modern technology.

The objectives of the incentive scheme are to:

- draw existing SMMEs exhibiting potential for growth into the mainstream economy;
- grow black-owned enterprises by fostering linkages between black SMMEs and corporate and public-sector enterprises;
- complement current affirmative procurement and outsourcing initiatives of corporate and public-sector enterprises; and
- enhance the capacity of grant-recipient enterprises to successfully compete for corporate and public-sector tenders.

Role players

Presidential Infrastructure Coordinating Commission (PICC)

In November 2024, President Cyril Ramaphosa concluded the inaugural PICC under the Seventh Administration. The council convened to discuss amongst others, a plan on dealing with crime and extortion at construction sites, the level of implementation of priority infrastructure projects and programmes, as well as strategic initiatives that are being developed to accelerate the pace and quality of infrastructure investments in the country.

The Council is constituted by the President, Deputy President, Ministers designated by the President, Premiers of Provinces, Executive Mayors of Metropolitan Councils and the chairperson of the South African Local Government Association. Per the Infrastructure Development Act, the Council is tasked with, among others:

- Coordinating the development, maintenance, implementation and monitoring of the national infrastructure plan;
- Coordinating the determination of priorities for infrastructure development;
- Ensuring that infrastructure development in respect of any strategic integrated project is given priority in planning, approval and implementation;
- Ensuring co-operation between organs of state affected by projects undertaken;
- Promoting investment and identifying and develop strategies to cause the removal of impediments to investment;

The administration has prioritised scaling up investment in infrastructure to grow the economy, create more jobs, improve access to basic services, and improve the quality of life of the citizens.

Continuing the work of the sixth administration, it is working to involve the private sector in achieving its infrastructure development goals. According to Stats SA, public sector institutions in 2023 had a combined capital expenditure of R233 billion, which was a 11% increase on the previous year. There are 19 Completed Strategic Integrated Projects (SIPs) valued at R26 billion, of which six (6) are in Transport, three (3) in Water and Sanitation, one (1) in Energy, four (4) in Human settlements and five (5) in Student accommodation. By end of 2024, some 82 projects valued at R437 billion were in construction.

In addition to providing technical assistance and resources to help project sponsors prepare comprehensive business cases, ensuring they are economically viable and socially beneficial, ISA has played a pivotal role in supporting project sponsors to expedite approvals, authorisations, licences, permissions and exemptions with relevant authority.

Over 654 requests for regulatory unblocking were lodged with ISA between 2020 and 2024, with 497 approvals granted and 157 in progress by end of 2024. The total project value of SIP projects gazetted between 2020 and 2024 has grown to R3 trillion, with the key drivers being the Eskom Programme (SIP 8, 9 and 10), the Embedded Generation National Programme and the Green Hydrogen National Programme (SIP 20E).

The PICC decided to enhance the municipal infrastructure service delivery model using ISA's methodology, which emphasises project preparation using the five (5) Case Model, planning and prioritisation, development of business cases, mobilisation of funds from private and public sectors, implementation of innovative solutions and effective monitoring. This model will be piloted in four local municipalities and leverage external resources and technical capacity stemming from local and international partners.

The following four municipalities will benefit from the "adopt a municipality" pilot initiative: Govan Mbeki Local Municipality in Mpumalanga, Kagisano-Molopo Local Municiapity in North West, Umngeni Municipality in KwaZulu-Natal and Metsemaholo Local Municipality in the Free State. This initiative, spearheaded by ISA, was expected to address critical service delivery challenges, including persistent incomplete projects and infrastructure issues.

ISA aimed to drive urgent improvements, with some projects being completed during this timeframe. ISA will hold further consultations on the next cohort of municipalities to be added to the initiative.The PICC has lauded the contribution of the construction industry to job growth in the second and third quarters. According to Stats SA's QLFS, the construction sector added 176 000 jobs, playing a pivotal role in reducing the national unemployment rate by 1.4% in the third quarter.

The construction industry is vital for socio-economic development, employment, and infrastructure improvement and therefore crime and extortion on construction sites must be condemned in the strongest possible terms.

The deal with increasing trends in criminal activities on construction sites, the PICC recommended that:

- law enforcement be allocated more resources to deal with criminal activity and violence on construction sites;
- policy reforms in the construction sector be prioritised;
- industry adopt best practices in social facilitation and invest in security measures;
- infrastructure project leads enhance community engagement and encourage communities to actively participate in project planning.

The PICC has identified eight (8) pathways to driving infrastructure investment and growth in the next five years, which include:

- **Pathway 1:** Institutional Coordination: Affirming ISA as a Single Point of Entry for priority infrastructure projects.
- **Pathway 2:** Centralised Planning and Prioritisation: Establish a gateway mechanism for projects and programme that are deemed strategic/catalytic.
- **Pathway 3:** Budget Reforms: Accelerate the Implementation of Broader Reforms to enable infrastructure investment.
- **Pathway 4:** Address Regulatory Bottlenecks: Streamline regulatory and approval processes to fast-track implementation of infrastructure projects.
- **Pathway 5:** Municipal Bulk Infrastructure: Address funding and financing of municipal bulk infrastructure.
- **Pathway 6:** Unlocking other sources of funding: Increase and diversify sources of funding for both project preparation and infrastructure funding and financing.
- **Pathway 7:** Economic Regulation in Construction: Strengthen regulatory framework governing construction industry.
- **Pathway 8:** Cancellation of tenders, social unrest, damage to infrastructure and crime : Improving governance of infrastructure projects and ensure close collaboration with law enforcement agencies.

Business Partners Limited

Business Partners Limited is a specialist risk-finance company that provides customised financial solutions, technical assistance, mentorship, business premises and other added-value services for formal small and medium enterprises in South Africa and selected African countries.

The company considers financing applications up to R50 million in all sectors of the economy — with the exception of on-lending activities, direct farming operations, underground mining and nonprofit organisations — to those formal small and medium businesses whose gross assets are under R100 million, where annual turnover does not exceed R200 million and/or employees are less than 500. Applications for financing below R500 000 are usually not considered; and the company does not operate in the informal or micro enterprise sectors.

South African Women Entrepreneurs' Network (SAWEN)

The SAWEN is a South African national network that facilitates and monitors the socio-economic advancement of women entrepreneurs and their positive impact on the country's economy. The objectives of SAWEN are to:

- provide a national vehicle that brings women and women's groups together to address the challenges they face;
- lobby government, public and private institutions on such issues, but not limited to policy, legislation and/or proposed legislation affecting either directly and indirectly the trade and commerce activities of women entrepreneurs;
- align itself with other bodies or organisations with similar business interests at both national and international level, and to leverage the relationships arising out of these alignments for the benefit of its members;
- facilitate access to business resources, information and opportunities for South African women entrepreneurs in a way that promotes their effective participation in the global economy; and
- profile and affirm women in business leadership positions in both public and private sectors.

Isivande Women's Fund (IWF)

The IWF is an exclusive fund that aims to accelerate women's economic empowerment by providing more affordable, usable and responsive finance than is currently available. The IWF assists with support services to enhance the success of businesses. It pursues deals involving start-up funding, business expansion, business rehabilitation, franchising and bridging finance. The fund is managed by the IDC on behalf of **the dtic** through a development fund manager.

Identity Development Fund (IDF) Managers

This is a small to medium enterprise financier aimed at supporting the creation of self-sustaining black-owned and women-owned businesses in South Africa by providing primarily financial and nonfinancial support to its investee companies. The IDF Managers are responsible for reviewing eligible business plans requiring funding of R30 000 to R2 million.

The enterprises have to meet the following criteria:

- At least six months in operation;
- Requires early stage, expansions and growth capital;
- 50% plus one share owned and managed by women;
- Have potential for growth and commercial sustainability; and
- Improved social impact in the form of job creation.

Department of Public Enterprises (DPE)

The DPE has been dissolved with its responsibilities moved to The Presidency, however, the Department of Planning, Monitoring and Evaluation has been tasked with the coordination of the state-Owned

Enterprises (SOEs) and the advancement of the establishment of a holding company bill, National State Enterprises Bill, under which the SOEs will fall.

In August 2024, President Ramaphosa assigned shareholder responsibility for each of the SOEs that previously fell under the DPE to the respective line-function ministries.

He signed proclamations which, in terms of Section 97 of the Constitution of the Republic of South Africa of 1996, transfer the administration, powers and functions entrusted by the specified legislation as follows:

- **Alexkor:** Ministry of Mineral and Petroleum Resources.
- **Denel:** Ministry of Defence and Military Veterans.
- **Eskom:** Ministry of Electricity and Energy.
- **Safcol:** Ministry of Forestry, Fisheries and the Environment.
- **South African Airways:** Ministry of Transport.
- **South African Express:** Ministry of Transport.
- **Transnet:** Ministry of Transport.

In addition, certain sections of the Overvaal Resorts Limited Act of 1993 and Overvaal Resorts Limited Act Repeal Act of 2019 are vested with the Minister of Water and Sanitation.

The President signed a proclamation appointing the Minister in The Presidency responsible for Planning, Monitoring and Evaluation, Maropene Ramokgopa, as the Executive Authority of the DPE, which will continue to exist and operate until the human and financial resources are transferred appropriately. This appointment empowers the Minister to exercise with respect to the DPE all relevant powers and functions under the Public Service Act of 1994 and the PFMA of 1999.

The Minister was also assigned the responsibility to finalise the National State Enterprise Bill, which will set out the exercise of shareholder responsibility for respective SOEs which will be transferred in a phased manner into the envisaged national enterprise holding company.

Department of Small Business Development (DSBD)

The DSBD is tasked with the responsibility of leading and coordinating an integrated approach to the promotion and development of entrepreneurship, small businesses and cooperatives; and ensuring an enabling legislative and policy environment to support their growth and sustainability. The realisation of this mandate is expected to lead to a transformed and inclusive economy driven by sustainable, innovative small, medium and micro enterprises (SMMEs) and cooperatives.

Over the medium term, the department will focus on enabling greater access to financial and non-financial support for SMMEs, cooperatives, startups, and township and rural enterprises; exposing SMMEs and cooperatives to global market opportunities; refurbishing or building approved business infrastructure for SMMEs and cooperatives; and supporting informal businesses through the informal and micro enterprise development programme. The department has a total budget of R7.6 billion, increasing at an average annual rate of 1.7%, from R2.5 billion in 2023/24 to R2.7 billion in 2026/27. Transfers to entities to support SMMEs account for an estimated 80,4% (R6.1 billion) of the department's budget over the MTEF period. To enable a new generation of job creators to contribute to economic transformation, the department aims to support 30 000 young entrepreneurs over the next three years. This entails providing opportunities for selfemployment through the young entrepreneurs programme at a projected cost of R98.5 million over the period ahead in the Enterprise Development, Innovation and Entrepreneurship programme.

To provide financial and non-financial support to a targeted 3 000 crafters over the period ahead, the craft customised sector programme is allocated R38.4 million in the Enterprise Development, Innovation and Entrepreneurship programme. To provide access to information, business development support services, business infrastructure and working capital to informal and micro enterprises in a targeted 21 product markets, the product markets programme is allocated R198 million over the MTEF period in the Integrated Cooperatives and Micro Enterprise Development programme. An estimated R111 million of this amount is allocated for these enterprises to obtain necessary equipment.

Over the MTEF period, the department aims to link 600 SMMEs and cooperatives to international market opportunities through events at which they can showcase their products, with emphasis on enterprises run by women, young people and people with disabilities. For this purpose, R60 million is allocated over the medium term in the Integrated Cooperatives and Micro Enterprise Development programme.

Legislation and policies

The DSBD's mandate is guided by a legislative framework that includes the:

- IDC Act, 1940 (Act 22 of 1940);
- National Small Business Act, 1996 (Act 102 of 1996);
- National Small Business Amendment Act, 2004 (Act 29 of 2004);
- Small Business Development Act, 1981 (Act 112 of 1981);
- Cooperatives Act, 2005 (Act 14 of 2005); and
- Cooperatives Amendment Act, 2013 (Act 6 of 2013).

Entity

Small Enterprise Development and Finance Agency (Sedfa)

As of 1 October 2024, the Sedfa commenced its operations after it was formed when the Small Enterprise Finance Agency, the Small Enterprise Development Agency and the Cooperative Banks Development Agency officially merged under the National Small Enterprise Amendment Act of 2024.

Department of Public Works and Infrastructure (DPWI)

As set out in the Government Immovable Asset Management Act of 2007, the DPWI is mandated to be the custodian and portfolio manager of government's immovable assets. Since the establishment of the Property Management Trading Entity (PMTE) in 2015/16, the department's role includes policy formulation, coordination, regulation and oversight relating to the provision of accommodation and expert built environment services to client departments at the national level; and, through the entity, the planning, acquisition, management and disposal of immovable assets in the department's custody.

The department is further mandated to coordinate and provide strategic leadership in initiatives for the creation of jobs through the implementation of the Expanded Public Works Programme (EPWP). The planning and implementation of public works is constitutionally designated as a concurrent function exercised at the national and provincial levels of government.

Over the medium term, the DPWI will continue to focus on creating work opportunities by leading and coordinating the expanded public works programme, providing policy and sector oversight, building state capacity to facilitate skills development and strengthen the skills pipeline, and supporting sponsors of priority public infrastructure projects.

Expenditure is expected to decrease at an average annual rate of 0.5%, from R8.4 billion in 2023/24 to R8.3 billion in 2026/27. An estimated 81.8% (R19.8 billion) of the department's total budget over the next three years is allocated to transfers and subsidies for the operations of its entities, the payment of wages by non-profit institutions for people employed through the expanded public works programme, and for conditional grants to provinces and municipalities for implementing the expanded public works programme.

An estimated 16.7% (R4 billion) of spending over the period ahead is allocated to compensation of employees (R1.9 million) and goods and services (R2 million). To accommodate Cabinet-approved reductions of R5 billion over the MTEF period, the department will reduce its transfers and subsidies budget by R4.8 billion, its goods and services budget by R176.7 million, and its payments for capital assets budget by R3.8 million. To absorb the reductions, the department has stopped, suspended or delayed certain projects.

Of the Cabinet-approved reductions, transfers and subsidies to entities have been reduced by R54.1 million over the medium term. This is due to the devolution of funds for management services from the PMTE to the South African Human Rights Commission and Public Protector of South Africa to enable these institutions to budget and pay for their own accommodation.

In addition, R2.5 billion of the reductions over the period ahead entail reprioritising funds from transfers to the expanded public works programme's non-state sector and integrated grants for provinces and municipalities towards government's Presidential Employment Stimulus. The decrease in the budget for the EPWP has resulted in a reduction in planned work opportunities for the programme.

Coordinating the EPWP

The department will continue to lead and coordinate the expanded public works programme, which aims to create work opportunities using labour-intensive methods across the three spheres of government.

An estimated R6.1 billion is allocated over the medium term for transfers and subsidies, mainly to public bodies such as provinces and municipalities across government, including non-profit organisations, to carry out activities as part of the programme. In its efforts to continually improve the programme, the department plans to monitor and evaluate reports and impact studies on the programme's implementation over the period ahead, and provide a targeted 200 public bodies with technical support in the infrastructure, social, environment and culture sectors.

All departmental activities related to the EPWP are carried out through the EPWP, which is allocated R7 billion over the next three years. Of this amount, an estimated R658.6 million will be spent on compensation of employees for the administration of the expanded public works programme, and an estimated R604.9 million is allocated for goods and services, particularly for data capturing and verification, monitoring and evaluation.

Providing policy and legislative oversight

The department plays an oversight role in the implementation of key legislation and policy frameworks in the public works sector. These include the Intergovernmental Relations Framework Act of 2005 and the District Development Model, which guide the implementation of the public works function at the provincial and municipal levels.

The department gives effect to these frameworks by supporting joint programmes across all three spheres of government through its provision of coordination and intervention services, which are aimed at improving the coherence and impact of government's service delivery across the country.

The department's work in this regard involves regular meetings with sector governance structures such as the committee of the Public Works and Infrastructure Minister and members of the executive council. For the department to carry out its oversight role, R83.3 million is allocated over the period ahead in the Intergovernmental Relations and Coordination subprogramme in the Intergovernmental Coordination programme.

Building state capacity to strengthen the skills pipeline

Central to the department's work is building state capacity in the property management and built environment sectors. To improve the delivery of infrastructure in the public works sector, the department plans to increase the productive capacity of built environment graduates.

This is facilitated by the department's skills pipeline strategy, which makes provision for technical bursary schemes, internships, learnerships, property management training and artisan development, with structured workplace training to expedite professional development and registration. Accordingly, the department will aim to increase the number of beneficiaries participating in skills pipeline intervention programmes, such as the ERRP, from 1 200 in 2023/24 to 1 300 in 2026/27. For this purpose, R90 million is allocated over the period ahead in the Professional Services subprogramme in the Intergovernmental Coordination programme.

Providing support to public infrastructure projects

The department's Infrastructure South Africa division provides direct support through the allocation of project preparation services to sponsors of priority public infrastructure projects with the aim of expediting investorfriendly projects.

The department will support sponsors with business planning packaging, pre-feasibility and feasibility studies, technical designs, and legal and regulatory approvals in line with the Infrastructure Development Act of 2014, as amended. To prepare these projects, R563.4 million over the period ahead is allocated in the Infrastructure Development Coordination subprogramme in the Property and Construction Industry Policy and Research programme.

Legislation and policies

The DPWI's mandate is guided by a legislative framework that includes the:

- Government Immovable Asset Management Act, 2007 (Act 19 of 2007);
- Infrastructure Development Act, 2014 (Act 23 of 2014);
- Land Affairs Board Act, 1987 (Act 101 of 1987;
- Construction Industry Development Board Act (CIDB), 2000 (Act 38 of 2000);
- Council for the Built Environment (CBE) Act, 2000 (Act 43 of 2000);
- State Land Disposal Act, 1961 (Act 48 of 1961);
- Municipal Property Rates Act, 2004 (Act 6 of 2004);
- Spatial Planning and Land Use Management, 2013 (Act 16 of 2013);
- National Environmental Management Act, 1998 (Act 107 of 1998);
- Integrated Coastal Management Act, 2008 (Act 24 of 2008);
- Occupational Health and Safety Act, 1993 (Act 181 of 1993);
- National Building Regulations and Building Standards Amended Act, 1984 (Act 36 of 1984);
- Water Services Act, 1997 (Act 108 of 1997);
- Critical Infrastructure Protection Act, 2019 (Act 8 of 2019);
- PFMA of 1999;
- Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000);
- Public Service Act,1994 (Act 30 of 1994), as amended;
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000);
- Employment Equity Act, 1998 (Act 55 of 1998);
- Public Administration Management Act, 2014 (Act 11 of 2014);
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997);
- B-BBEE Act of 2003;
- Labour Relations Act, 1995 (Act 66 of 1995), as amended;
- Protected Disclosure Act, 2000 (Act 26 of 2000);
- Promotion of Access to Information Act, 2000 (Act 2 of 2000); and
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000).

Entities

Agrément South Africa

Agrément South Africa was established by the Agrément South Africa Act of 2015. Its functions include evaluating the fitness for purpose of non-standardised products or systems used in the construction industry for which a national standard does not exist.

As the implementation of the entity's mandate depends on synchronising its work plan with government's national priorities and other national plans, the entity has indirect links with strategic national planning documents. The department, and legislation and mandates governing the built environment, guide its functioning and operations.

Over the medium term, Agrément South Africa will focus on the implementation of programmes that promote social cohesion and safer communities. This will be achieved over the medium term by issuing a targeted 40 ecolabelling schemes, conducting annual quality and compliance inspections, and certifying a further 44 products and systems. To achieve this, R51.7 million is allocated over the MTEF period in the technical services programme, accounting for an estimated 44.9% of the entity's budget.

Expenditure is expected to increase at an average annual rate of 1.9%, from R37.8 million in 2023/24 to R40 million in 2026/27, with compensation of employees accounting for an estimated 67.1% (R78.2 million) of this spending. The number of personnel is expected to remain constant over the period ahead to remain within the entity's revised budget following Cabinet-approved reductions amounting to R12 million over the MTEF period.

The entity expects to receive 88.4% (R99.8 million) of its revenue over the period ahead through departmental transfers and the remainder through application and annual fees from certificate holders. Revenue is expected to increase in line with spending over the period ahead.

Construction Industry Development Board

The CIDB is a schedule 3A public entity established in terms of the CIDB Act of 2000.

The board is mandated to:

- provide strategic leadership to construction industry stakeholders to stimulate sustainable growth;
- oversee the transformation of the construction sector by encouraging and facilitating the participation of historically disadvantaged groups;
- establish and promote best practices among public and private sector role players in the construction delivery process;
- ensure the uniform application of policy across all spheres of government;
- set and uphold ethical standards across the industry;
- ensure improved procurement and delivery management and more equitable procurement practices; and
- develop systematic methods for monitoring and regulating the performance of the industry and its stakeholders, including the registration of projects and contractors.

The board's focus over the medium term includes offering development support to contractors and clients as part of the initiative to attain transformation and contribute to inclusive growth; monitor and evaluate the industry's performance to ensure that it contributes towards development; and strengthen regulatory compliance in the construction sector.

The board continues to implement the best practice project assessment scheme, which is focused on improving capacity and developing small and emerging contractors in the sector. The scheme continues to generate revenue, amounting to an estimated R210 million over the period ahead. These funds will be used to enable the entity to implement its developmental strategies, including providing developmental finance. Provincial capacity-building programmes in the infrastructure delivery management system are planned toreach 390 clients at a cost of R112 million over the medium term.

These programmes seek to provide workplace learning opportunities on construction projects for artisans, technicians and built environment candidates. Over the next three years, the board plans to develop at least six guidelines and instruction notes to strengthen regulatory compliance in the sector. This work will be carried out in the procurement and development programme, which is allocated R34 million over the MTEF period.

Expenditure is expected to increase at an average annual rate of 7.9%, from R252 million in 2023/24 to R316.4 million in 2026/27, with spending on compensation of employees accounting for an estimated 51% (R444.5 million) of the entity's budget over the medium term.

Transfers from the department account for an estimated 27.8% (R235.2 million) of the board's revenue over the period ahead. The remainder is set to be generated by registration fees charged and interest on investments. Revenue is expected to increase in line with spending.

Council for the Built Environment

The CBE is a statutory entity established by the CBE Act of 2000. The Act mandates the council to:

- promote and protect the interests of the public regarding built environment issues;
- promote and maintain a sustainable built and natural environment;
- promote the ongoing development of human resources in the built environment;
- promote the sound governance of built environment professions;
- facilitate participation by built environment professionals in integrated development in the context of national goals;
- ensure the uniform application of norms and guidelines set by councils for professions throughout the built environment;
- promote appropriate standards of health, safety and environmental protection within the built environment;
- promote cooperation with government on training issues that affect the sector and the standards of such training; and
- serve as a forum where built environment professionals candiscuss relevant issues.

The council is an overarching body that coordinates the six councils for built environment professions: architecture, engineering, landscape architecture, project and construction management, property valuation and quantity surveying. One of the council's key interventions is to transform and build partnerships and collaborations, with an emphasis on including women and young graduates in the pipeline.

Accordingly, over the medium term, the council plans to continue focusing on coordinating and enabling the built environment skills pipeline. This entails implementing the structured candidacy programme by establishing a functional database of built environment professionals to mentor candidates employed by the state. These activities are expected to be carried out in the professional skills and capacity development programme, which is allocated R3.3 million over the medium term.

Another key intervention is aimed at ensuring an increase in demand for and productivity in the built environment sector. A targeted 4 transformation advisory reports are expected to be developed per year over the medium term to detail the progress made in the built environment. An estimated R16.7 million is set aside to acquire expert advisory services in this regard.

Expenditure is expected to increase at an average annual rate of 1.5%, from R58.7 million in 2023/24 to R61.4 million in 2026/27. The council is set to derive R160.1 million of its revenue over the MTEF period through transfers from the department and the remainder through levies collected from built environment councils. Revenue is expected to increase in line with expenditure.

Independent Development Trust (IDT)

The IDT was established in 1990 as a grant-making institution for the development of disadvantaged communities in South Africa, particularly in rural areas. It is listed as a schedule 2 public entity in terms of the PFMA of 1999.

The trust's key strategic goals are to implement projects commissioned by national and provincial departments, and implement transformative mechanisms geared towards empowering communities through the use of social infrastructure programmes. The trust will focus on empowering poor communities over the medium term by providing project management services for delivering and refurbishing social infrastructure such as schools, clinics and community centres, mainly in rural areas.

Over the MTEF period, the trust expects to create 240 000 work opportunities, mainly through the expanded public works programme, and 14 335 work opportunities through other programme portfolios. These activities are expected to be carried out in the programme management programme, which is allocated R554 million over the medium term.

Expenditure is expected to increase at an average annual rate of 9.6%, from R455.2 million in 2023/24 to R600.1 million in 2026/27, with compensation of employees accounting for an estimated 44.7% (R745.2 million) of the spending over this period.

The IDT derives the bulk of its revenue, amounting to R1.2 billion over the medium term, through management fees charged to the DPWI and other client departments. Revenue is expected to decrease at an average annual rate of 10%, from R471.9 million in 2023/24 to R344 million in 2026/27, mainly due to an anticipated reduction in management fees revenue arising from reduced demand for the trust's services..

Property Management Trading Entity

The PMTE was established after a decision in 2006 to devolve accommodation costs from the department to client departments. The entity performs immovable asset management functions on behalf of the department, including the provision of residential and office accommodation for user departments at the national government level; and acquires, manages, operates, maintains and disposes of immovable assets in the department's custody.

The entity was established to apply professional business approaches in managing and optimising the state's immovable asset portfolio for maximum return. On a cost-recovery basis, the entity finances the purchase, construction, refurbishment and maintenance of nationally owned government properties, and manages the leases of privately owned properties accommodating national departments.

Over the medium term, the entity will focus on developing precincts to support efficient and integrated government planning by grouping departments that provide similar services, and refurbishing and maintaining government buildings in its portfolio. To achieve these objectives, the entity plans to spend R56.3 billion over the medium term, which includes R5.6 billion allocated for ad hoc building maintenance. The entity plans to carry out refurbishment, repair and capital projects for 24 departments, including correctional centres, police stations, courts and office buildings.

These projects are expected to cost R12.7 billion over the medium term. Spending on goods and services accounts for an estimated 72.3% (R32.7 billion) of the entity's total budget over the medium term, of which R19.9 billion is allocated for operating leases. The entity generates revenue mainly through charging management fees to client departments for accommodation.

Revenue is expected to decrease at an average annual rate of 2.6%, from R21.4 billion in 2023/24 to R19.8 billion in 2026/27, due to a projected decrease in the collection of management fees as a result of the devolution of the municipal utilities payment function to client departments. Transfers from the department are expected to account for 22.3% (R13 billion) of the entity's total revenue over the medium term.

Department of Employment and Labour (DEL)

The mandate of the DEL is to regulate the labour market through policies and programmes developed in consultation with social partners. These aim to:

- improve economic efficiency and productivity;
- facilitate the creation of decent employment;
- promote labour standards and fundamental rights at work;
- provide adequate social safety nets to protect vulnerable workers;
- promote and enforce sound labour relations;
- promote equity in the workplace;
- eliminate inequality and unfair discrimination in the workplace;
- enhance occupational health and safety awareness and compliance in the workplace; and
- give value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for the competitiveness of enterprises, balanced with the promotion of decent employment.

The department supports the NDP's vision of eliminating poverty and reducing inequality by facilitating the resolution of workplace disputes, improving labour relations, enhancing occupational health and safety, and facilitating job creation.

In its efforts to give effect to this vision over the medium term, it will focus on increasing safety and fairness in the workplace, providing support to work seekers, and regulating the workplace to establish minimum working conditions and fair labour practices.

The department has a budget of R11.6 billion over the medium term following the implementation of Cabinet-approved net reductions of R697.4 million. Despite these reductions, the department plans to maintain and, in some cases, slightly increase its delivery of core services. Combined, compensation of employees (R4.7 billion) and transfers and subsidies (R4.6 billion) comprise almost 80% of the department's total budget.

Increasing safety and fairness in the workplace

Work in the Inspection and Enforcement Services programme is intended to ensure increased compliance with labour laws, guided by three pillars: advocacy, inspections and enforcement.

Over the MTEF period, activities linked to the advocacy pillar include 12 seminars and six conferences that focus on improving fairness in the workplace (especially for young people, people with disabilities and women) and helping workers transition from the informal to the formal economy.

As part of the drive to advocate for and measure compliance with labour laws related to occupational health and safety standards, the department, through the Compliance, Monitoring and Enforcement Services subprogramme, plans to conduct 894 996 employer inspections over the period ahead at a projected cost of R1.6 billion.

The programme will continue to implement the case management system in 2024/25 to ensure that its business processes are fully modernised. This is expected to result in, among other things, more focused inspections.

The department plans to improve and strengthen its enforcement function over the next three years. This entails ensuring that 65% of employers who fail to comply with served notices are issued with fines and/or penalties and are referred for prosecution within 30 calendar days; and that 95% of noncompliant employers are served with legal notices within 14 calendar days.

To carry out these activities, the Inspection and Enforcement Services programme is allocated R2.1 billion of the department's budget over the medium term, increasing at an average annual rate of 4.5%, from R632.1 million in 2023/24 to R721.7 million in 2026/27.

Providing support to work seekers

Facilitating access to decent employment is central to the department's work. Over the medium term, the department plans to register 3 million work seekers, provide counselling to 810 000 work seekers and place 210 000 work seekers in registered employment opportunities.

Expenditure for these activities is within the Work Seeker Services subprogramme's budget of R650.2 million over the medium term. This subprogramme is in the Public Employment Services programme, which is allocated R2.3 billion of the department's budget over the period ahead, decreasing at an average annual rate of 10.4%, from R997.8 million in 2023/24 to R717.7 million in 2026/27

The department is allocated R250 million in 2024/25 as part of the presidential employment stimulus to continue the national pathway management network, the innovation fund, and to employ intern counsellors at labour centres. These initiatives are expected to create opportunities for employment, support increased access to relevant education and training interventions, help young people make choices about learning and/or earning, and identify barriers to entry in the labour market.

Following the finalisation of an updated South African national employment policy in 2023, activities in the Public Employment Services programme over the period ahead include prioritising drafting a proposed new migration policy and amending the Employment Services Act of 2014.

The implementation of these amendments is likely to provide more employment opportunities for young South Africans, particularly in the hospitality, tourism and agriculture sectors. To successfully carry out these activities, a targeted 127 employment services practitioners will be needed to deal with labour migration to and from South Africa at a projected cost of R56.7 million over the period ahead.

Emphasis will be placed on implementing an accessible framework for active labour market policies that provide work seeker support, placement and viable employment pathways.

This includes, among other things: incentivising employers (in both the public and the private sectors) to employ first-time hires under the age of 35 through free placement and psychometric assessment services; creating viable pathways into the workplace for South African work seekers, in collaboration with the departments of basic education and higher education and training; and working with the national pathway manager to stimulate demand and supply activities.

To determine an approach to employment growth in a broader and more sustainable way, the department plans to establish an external employment war room in 2024/25 comprising other national departments, business experts, and labour and community organisations.

To extend the wage subsidy scheme for people with disabilities to all provinces to cover more disability types, including dyslexia, thereby increasing the number of participants to at least 10 000 by 2026/27, the department has budgeted R68.2 million over the period ahead.

The department plans to install Wi-Fi routers in all new youth employment centres, including labour centres, to improve access to the Employment Services of South Africa system at a cost of R10 million.

Regulating the workplace

Over the period ahead, the department plans to conduct annual reviews of the national minimum wage. This includes developing monitoring mechanisms to measure its impact on the economy, collective bargaining and the reduction of income differentials.

The Commission for Conciliation, Mediation and Arbitration (CCMA) spearheads the department's efforts in this regard and is set to receive an estimated 77.5% (R3.1 billion) of the Labour Policy and

Industrial Relations programme's allocation over the medium term.The department also expects to finalise instruments and systems of the employment equity policy over the period ahead.

These include regulations on the Employment Equity Amendment Act of 2022, employer reporting forms on employment equity, and proposed employment equity targets. Expenditure for these activities is within the Employment Equity subprogramme's allocation of R44.4 million over the MTEF period.

Legislation and policy

The DEL derives its legislative mandate from the Constitution of the Republic of South Africa, 1996, particularly the Bill of Rights, which is given effect through a number of Acts that regulate labour matters in South Africa. The most important of these are the:

- Labour Relations Act of 1995;
- Basic Conditions of Employment Act of 1997;
- Employment Equity Act of 1998;
- Occupational Health and Safety Act of 1993; and
- Employment Services Act, 2014 (Act 4 of 2014).

Entities

Commission for Conciliation, Mediation and Arbitration

The CCMA derives its legislative mandate primarily from the Labour Relations Act of 1995, as amended. In terms of the Act, the commission is expected to advance, among other deliverables, economic development, social justice, labour peace and the democratisation of the workplace.

This mandate is extended by other statutes dealing with employment law. Spending on compensation of employees' accounts for an estimated 61.3% (R1.9 billion) of the commission's budget over the period ahead.

The commission anticipates that its caseload will increase by 23%, from 184 075 in 2023/24 to 226 426 in 2024/25, due to the constrained economic environment. In response to the increased caseload, the council has allocated 72.4% (R2.2 billion) of its budget over the period ahead to dispute resolution, enforcement, mediation and capacity-building processes to ensure workplace fairness.

The commission is moving ahead with the implementation of its ICT strategy to improve the efficiency of its hybrid working model. As a result, there is a growing need to acquire tools of trade and enhance certain core systems to improve the efficiency and effectiveness of services rendered. Accordingly, 8.8% (R273.3 million) of the commission's budget over the MTEF period is allocated to fund the ICT strategy.

Cabinet has approved reductions on the department's transfer to the entity amounting to R386 million over the medium term. Expenditure and revenue are expected to increase nominally at an average annual rate of one per cent, remaining at R1.0 billion over the period ahead. Revenue is derived almost entirely through transfers from the department, which amount to R3.1 billion over the next three years.

Compensation Fund

The Compensation Fund is mandated to administer the Compensation for Occupational Injuries and Diseases Act of 1993. The Act makes provision for compensating employees who are disabled as a result of occupational injuries sustained and diseases contracted at work, and the compensation of the nominated beneficiaries of employees who die as a result of such injuries or diseases.

Over the medium term, the fund will focus on improving all services provided to beneficiaries and other stakeholders. This is expected to be achieved by improving the turnaround time for the adjudication and processing of all accepted and approved claims from 90% within 10 working days in 2023/24 to 95% within 30 working days in 2026/27.

The fund plans to enhance its capacity to deliver services through advocacy sessions aimed at improving performance, administration and operational efficiency targeting beneficiaries and external stakeholders. Expenditure is expected to increase at an average annual rate of 5%, from R12.4 billion in 2023/24 to R14.3 billion in 2026/27.

This is mainly driven by spending on goods and services, which comprises an estimated 24.5% (R12.6 billion) of total projected spending over the period ahead. The fund is set to derive 44.6% (R35.5 billion) of its revenue over the MTEF period through assessment levies on active registered employers and 55.4% (R41.8 billion) from investments.

Revenue (from transfers received) is expected to increase at an average annual rate of 11.8%, from R8.9 billion in 2023/24 to R12.4 billion in 2026/27. This is due to an increase in a number of returns on earnings assessments in 2023/24 and the increase in tariffs of assessment, which came into effect in March 2021 and will be phased in until 2024/25.

National Economic Development and Labour Council (Nedlac)

The Nedlac is a statutory body established by the Nedlac Act of 1994. Other relevant legislation includes provisions of the Labour Relations Act of 1995, which seeks to promote economic development, social justice and labour peace, and promote democratisation in the workplace.

Given persistent slow economic growth and high levels of poverty and unemployment, over the medium term, the council will focus on promoting economic recovery; contributing to the realisation of affordable and reliable energy; enhancing intra-continental and global trade; providing support for small, medium and micro enterprises and the informal economy; and promoting job creation.

The council also plans to coordinate the contributions of social partners to formulate South Africa's position at the World Trade Organisation's interministerial conference. Public finance management issues will remain central to the council's work over the period ahead. This includes convening sessions in which social partners will provide input into the Medium-term Budget Policy Statement and the national Budget.

As technology is one of the key drivers of change globally, the council will engage on measures to enhance digital transformation and enable inclusion in the digital economy. As such, work will continue on labour law reform. This includes considering the implications of remote work, the just transition to a low-carbon future and how to accommodate non-standard employment relations.

The council's secretariat will continue to support social partners in building understanding and trust through sharing information and engaging on policy and legislation. The Presidential Climate Commission and its budget have been shifted from the Department of Forestry, Fisheries and the Environment to the DEL and will be temporarily housed at the council. Of the council's total budget, 40.9% (R124.1 million) is earmarked for the commission's operations.

This arrangement will cease once the Climate Change Bill is passed and the commission is established as a standalone public entity. The climate commission will continue to focus on policy advice on the just transition to a low-carbon future and adaptation challenges. Cabinet has approved reductions on the department's transfer to the entity amounting to R24.6 million over the MTEF period.

As a result, expenditure is expected to decrease at an average annual rate of 0.7%, from R107.5 million in 2023/24 to R105.1 million in 2026/27. The council is set to derive 96.9% (R291.6 million) of its revenue over the MTEF period through transfers from the department.

Productivity South Africa

Productivity South Africa was established in terms of section 31 of the Employment Services Act of 2014. In terms of the Act, it is mandated to promote employment growth and productivity, and thereby contribute to South Africa's socio-economic development and competitiveness.

Over the medium term, the entity will focus on supporting the improvement of South Africa's competitiveness and the sustainability of enterprises – specifically small, medium, and micro enterprises – through its competitiveness improvement services, and business turnaround and recovery programme.

Cabinet has approved reductions on the department's transfer to the entity amounting to R13.6 million over the MTEF period. To mitigate the impact of the reductions, the entity plans to use its own revenue to cover expenditure and freeze vacancies that are not self-funded. It has implemented a financial turnaround and sustainability strategy, which focuses on business development and expanding service offerings that are expected to generate additional revenue.

Accordingly, revenue generated from sale of goods and services is expected to increase at an average annual rate of 11.5%, from R41 million in 2023/24 to R56.9 million in 2026/27. Total expenditure and revenue are expected to increase at an average annual rate of 5.4%, from R167.6 million in 2023/24 to R196.4 million in 2026/27. The entity expects to receive 72.1% (R400.8 million) of its revenue over the period ahead through transfers from the DEL; **the dtic**; and the Unemployment Insurance Fund (UIF).

Unemployment Insurance Fund

The UIF is mandated to alleviate poverty by providing effective short-term unemployment insurance to all workers who qualify for unemployment and related benefits, as legislated in the Unemployment Insurance Act of 2001. Over the medium term, the fund will focus on providing social insurance benefits and improving coverage to vulnerable groups and contributors.

The fund's primary operations include registering employers and employees, collecting contributions from employers, and paying benefit claims to eligible contributors. The architectural and organisational review and the integrated claims management system projects that are under way within the department should enable the fund to institute improved systems and capabilities.

This is expected to result in updated employer and employee registers and linked systems for the lodging and payment of claims within shorter turnaround times. As a result, the fund plans to pay 97% of all approved claims within 15 working days by 2026/27 at an estimated cost of R84.7 billion over the medium term. The 126 labour centres across all provinces have traditionally been the main channel through which the fund services clients.

Over the period ahead, the fund plans to enhance the functionality and capabilities of its mobile applications to provide a range of services that are expected to alleviate queues in labour centres, among other things. To enhance the capabilities of labour centres over the medium term, the fund plans to deploy mobile buses with kiosks in KwaZulu Natal, Gauteng and North West.

Through its temporary employer/employee relief scheme, the fund provides support to distressed businesses that seek to retain their employees. On behalf of the fund, the CCMA is responsible for the administration of the scheme and adjudicating applications. Under the scheme, 75% of an employee's basic salary, up to a maximum of R17 119.44 per month, is funded for a maximum of 12 months. In 2024/25, the fund plans to finalise 90% of all valid normal applications received within 20 working days.

Through its flagship labour activation programme, the fund aims to enhance the employability of 250 000 participants over the MTEF period by placing them in training and/or job opportunities at a projected cost of R14.8 billion. By the end of the training or placement contract period, these recruits are expected to be placed in job opportunities. Total expenditure is expected to amount to R112.9 billion, increasing at an average annual rate of 8.1%, from R32 billion in 2023/24 to R40.4 billion in 2026/27. Benefit payouts account for an estimated 74.6% (R84.7 billion) of the fund's expenditure over the next three years. The fund expects to derive 68% (R80.1 billion) of its revenue over the period ahead through contributions from employees and employers, as legislated by the Unemployment Insurance Contributions Act of 2002.

The remaining income is set to be received through interest on investments. Total revenue is expected to increase at an average annual rate of 4.7%, from R35.8 billion in 2023/24 to R41.1 billion in 2026/27.