No 58—2026] THIRD SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 2 APRIL 2026

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(2) **Marine Oil Pollution (Preparedness, Response and Cooperation Bill)** [B10D–2022] – Act No. 8 of 2025 (assented to and signed by President on 26 March 2026). ***(UMthetho wokuNgcoliseka koLwandle ngoWoyela) (Ukulungiselela, ukusabela kanye nokuBambisana) (isiZulu).***

(3) **Public Service Amendment Bill** [B13D–2023] – Act No. 9 of 2025 (assented to and signed by President on 26 March 2026) ***(Staatsdienswysigingswet) (Afrikaans).***

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(5) **Tax Administration Laws Amendment Bill** [B29–2025] – Act No. 4 of 2026 (assented to and signed by President on 31 March 2026) ***(Wysigingswet op Belastingadministrasiewette) (Afrikaans).***

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National Assembly

The Speaker

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TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Electricity and Energy

(a) Annual Performance Plan of the South African National Energy Development Institute for 2026/27 and Strategic Plan for 2025/2030.

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National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON MINERAL AND PETROLEUM RESOURCES ON THE OVERSIGHT VISIT TO NORTHERN CAPE ON 10 MARCH 2026, DATED 31 MARCH 2026

1. INTRODUCTION

In line with the 7th Parliament Strategic Plan and the adopted Strategic Plan of the Portfolio Committee on Mineral and Petroleum Resources (PCMPR and Committee), the Committee resolved to remain responsive to the lived realities of stakeholders in the mining sector, including mineworkers and affected communities. Accordingly, the oversight visit to Ekapa Mine focused on urgent mine health and safety concerns, particularly the mud rush (an influx of mud, water, and debris) incident that resulted in five (5) mineworkers being trapped underground.

On 17 February 2026, a serious incident occurred at the Du Toitspan shaft of the Ekapa diamond mine in Kimberley, Northern Cape. A mud rush flooded underground workings, trapping several mineworkers and blocking access routes, thereby compromising safe escape. Rescue operations were initiated by Mine Rescue Services (MRS), who worked to pump water and clear debris to access the affected area and assess underground conditions. The Committee engaged with MRS on the rescue operations, underground conditions, and the technical challenges encountered, including the adequacy of resources and emergency preparedness measures.

In addition to the safety concerns, Ekapa Resources and Ekapa Minerals applied to the Kimberley High Court for provisional liquidation following the incident. The Committee therefore engaged with organised labour to understand the impact on workers, including safety conditions, worker protection measures, and the potential implications of liquidation for employees.

Given the severity of the incident, the liquidation application, and the ongoing efforts to recover the trapped mineworkers, the Committee considered the matter to be of significant concern. This necessitated urgent engagement with Ekapa Mine and the Mine Health and Safety

Inspectorate, enabling discussions on the continuation of rescue and recovery operations, the protection of workers, and the broader socio-economic implications for employees and the Kimberley community. At the time of the meeting (10 March 2026) one (1) body was recovered from the underground shaft, with four (4) workers remaining trapped underground.

This report provides a detailed synopsis of the Committee oversight visit.

2. COMPOSITION OF DELEGATION

2.1. Members of Parliament

Name of Member	Political Party
Hon. M G Mahlaule	African National Congress (ANC)
Hon. F Hassan	African National Congress (ANC)
Hon. MM Senne	African National Congress (ANC)
Hon. ML Mofokeng	African National Congress (ANC)
Hon. S Zondi	Democratic Alliance (DA)
Hon. DL Selepe	uMkhonto weSizwe Paty (MKP)
Hon. M Manyi	uMkhonto weSizwe Paty (MKP)
Hon. N Ntlangwini	Economic Freedom Fighters (EFF)

2.2. Parliamentary Staff

Name	Designation
Ms. A Boss	Committee Secretary
Ms. M Masutha	Researcher
Ms. N Mnyovu	Committee Assistant

NB: attendance registers are available from the Secretariat on request.

3. REPORT ON THE OVERSIGHT VISIT

This section provides a synopsis of the oversight visit.

3.1 Day 1: Meeting at Ekapa Mine

On Tuesday, 10 March 2026, the Committee conducted a meeting with Ekapa Mine Management, Mine Rescue Services and Organised Labour (National Union of Metalworkers of South Africa, United Association of South Africa (UASA) and Solidarity).

The following section provides a detailed discussion of the three engagements.

3.1.1. Meeting with Ekapa Mine Management

The Ekapa Mine Management briefed the Committee on the key focus areas identified for the oversight visit.

The Ekapa Mine presentation focused on the circumstances that led to the incident, the measures taken to address the situation, the status of the company's financial position and the liquidation proceedings. The briefing included a walk through the control room which showcased the mine underground in real time and the measures put in place to monitor, manage and coordinate all critical systems and processes of the rescue operations.

In the control room, MRS and Ekapa Mine briefed the Committee on the mud rush incident that occurred on 17 February 2026 at the Du Toitspan shaft. Ekapa Mine Management explained that the incident involved a sudden influx of water, mud and debris which flooded underground workings, trapping five (5) mineworkers and blocking access routes. Management indicated that emergency protocols were immediately activated, including the deployment of MRS and the initiation of life-support drilling to determine whether any of the trapped workers had survived. However, these efforts yielded no positive results, as all drilled holes encountered water and mud, confirming that the affected area was fully flooded. The scale of mud, water and large rocks was illustrated to the Committee in the control room.

In terms of rescue and recovery progress, the company reported that extensive operations had been undertaken to stabilise conditions and gain access to the affected area. This included the pumping of approximately 37,500 cubic metres of water, as well as the removal of significant volumes of mud and debris from both eastern and western sections of the shaft. One of the missing miners had been recovered prior to the meeting. Despite this progress, operations remained slow and methodical due to hazardous underground conditions, including unstable ground, ongoing water seepage, and the presence of large rock obstructions.

Ekapa Management further outlined the significant technical challenges encountered during recovery operations. These included damaged and buried equipment, the presence of explosives in affected areas, and the need to operate within narrow, mud-filled tunnels where conditions remained unpredictable. The recovery teams were working extended hours under difficult conditions, but management emphasised that safety remained the primary consideration, limiting the pace of operations.

With regards to support for affected families, Ekapa indicated that it had established dedicated communication channels and liaison mechanisms, provided counselling services, and ensured regular updates on recovery efforts. The company stressed that families had requested privacy and dignity, particularly in relation to the sharing of information. It was further indicated that families receive daily updates and that family members have been accommodated to better understand recovery operations.

The company also provided context on its financial position, noting that the incident occurred against the backdrop of sustained financial pressure driven by declining natural diamond prices, increased competition from synthetic diamonds, and broader global economic uncertainty. It was confirmed that Ekapa Resources and Ekapa Minerals had applied for provisional liquidation on 26 February 2026, with the application granted on 3 March 2026.

Management indicated that financial distress had been ongoing since September 2025, with measures such as layoffs, salary reductions and unsuccessful Temporary Employee/Employee Relief Scheme (TERS) and Industrial Development Corporation (IDC) related processes preceding the liquidation application.

3.1.2. Mine Rescue Services

Mine Rescue Services (MRS) provided the Committee with a technical briefing of the rescue operations. MRS highlighted the complexity and high-risk nature of the recovery operation. It was explained that the mining method and geological conditions at the site created a particularly challenging environment, with flooded tunnels, unstable mud formations, and large rockfalls obstructing access. Recovery teams were effectively operating “into the unknown,” with conditions likely to change rapidly and unpredictably as work progressed.

MRS further explained that the scale of water ingress was unprecedented (more than 37 000 cubic meters of water), requiring the mobilisation of additional pumping capacity and infrastructure, as the mine was not designed to handle such volumes of water. The process of removing both water and debris was slow and resource-intensive, with each load requiring significant time to transport to the surface. Efforts were underway to optimise recovery operations by reducing haul distances and improving efficiency, although progress remained constrained by safety considerations.

The briefing also noted that recovery operations were supported by the broader mining industry, the Minerals Council, and multiple companies contributing equipment and specialised teams. MRS informed the Committee that the rescue personnel at Ekapa were working extended shifts under physically demanding conditions, including prolonged exposure to water and mud, which further illustrated the difficulty of the operation. It was further emphasised that the risks to the rescue teams are considered “normal” within the context of mining rescue work but that a more cautious approach is being adopted given the scale and unknown nature of the shaft. MRS informed the Committee that there is therefore cautious optimism that access to the affected area could be achieved, however timelines remained uncertain due to the unpredictable underground conditions.

3.1.3. Department of Mineral and Petroleum Resources

The Chief Inspector of Mines, Mr. David Msiza led the presentations engagements with the Department and Inspectorate indicated that while previous inspections had identified water management concerns at the mine, these did not point to a risk of the magnitude experienced during the incident. The Department acknowledged that water ingress had been a known challenge in Ekapa Mine joint shaft operation, however the current incident, the source and scale of the current influx remain unknown.

The Department indicated that previous mine inspections had raised issues requiring compliance by the mine, but that there had been no prior indication of a major uncontrolled water source. The Inspectorate confirmed that eight (8) inspections had been conducted since 2025, including the most recent inspection in February 2026 and that directives had been issued on water management and related risks. It was further noted that section 54 and section 55 notices had previously been issued including those related to water management and real-time monitoring. However, the Department indicated that while risks were identified, they were not at the scale observed in this incident which was described as “unprecedented” and “uncharted”

Mr. Msiza confirmed that investigations were underway to determine the origin of the water, assess the adequacy of monitoring systems, and evaluate whether existing hydrogeological assessments and mitigation measures were sufficient. Including collaboration with Council for Geoscience to conduct detailed scientific analysis to ascertain the source of the water as the main priority.

3.1.4. Organised Labour

Three organised labour unions were present at the meeting, namely NUMSA, UASA and Solidary. NUMSA, presented a strongly critical perspective on the incident, situating it within a broader pattern of labour disputes, safety concerns, and operational decisions at Ekapa Mine. NUMSA indicated that the mine had experienced ongoing safety issues over several years, including fatalities in 2023 and 2024 linked to fall-of-ground incidents and alleged non-compliance with safety procedures.

The union highlighted the impact of restructuring measures under “Project 20,” which included salary reductions, increased working hours, and changes to working conditions without proper consultation. NUMSA argued that these measures contributed to worker fatigue and increased safety risks, while undermining collective bargaining processes.

NUMSA further raised concerns about labour practices, including the placement of approximately 400 workers on unpaid layoff in 2025, dismissals following protected strike action, and the failure to provide UIF documentation, leaving workers without income or access to benefits. It was also highlighted that some workers had worked in February 2026 but had not received salaries, reinforcing concerns that workers were being financially prejudiced.

In relation to the company's financial position, NUMSA criticised the lack of transparency and the failure to provide audited financial statements during engagements on relief measures such as TERS. The union argued that this undermined attempts to stabilise the company and protect workers.

NUMSA strongly condemned the liquidation application, describing it as insensitive and a deliberate attempt to evade accountability. The union advocated for business rescue as a more appropriate alternative. NUMSA further indicated that it is opposing the liquidation application in court, with the return date set for 17 April 2026, and raised concerns that liquidation is being used to avoid payment of worker salaries and obligations.

UASA and Solidarity echoed similar concerns, particularly regarding the timing of the liquidation, worker support mechanisms, and the need for accountability. Concerns were also raised about UIF access, lack of consultation in terms of the Insolvency Act, and the need for a dedicated support mechanism to assist workers with documentation and claims.

4. COMMITTEE OBSERVATION

This section provides a synopsis of key issues observed by the Committee, particularly emanating from the presentations, discussion and site visit. The Committee makes the following observations:

- **Recovery Efforts:** The Committee notes with relief and deep solemnity that the remains of all five (5) mineworkers trapped underground at Ekapa Mine have since been retrieved. The Committee wishes to extend its heartfelt condolences to the families, loved ones, and colleagues of the deceased. The Committee sincerely commends and all who contributed to the recovery operations for their unwavering dedication and compassion throughout this profoundly difficult time.

- **Mine Rescue Service Response**: The Committee applauded the quick and strong emergency response of the MRS to the mud rush incident and the rescue operation. The Committee further welcomed the industry wide support and the confirmation that the Minerals Council has made a commitment to support the Ekapa Mine rescue operations until all five (5) trapped miners are retrieved. However, the Committee is critical that this commitment is not formalised and without a budget.
- **Transparency and Information Sharing:** The Committee appreciated that the communication efforts by Ekapa Mine has improved to ensure the trapped mine workers family and affected workers are updated and informed of all developments following the mud rush incident.
- **Ekapa Workers Support**: The Committee indicated that the trapped mine workers and affected workers require support following the incident including but not limited to psychological support. Therefore, the Committee welcomed the support offered by Ekapa to the workers, and the humanitarian relief pledged by the Provincial government to all Ekapa workers including the retrenched workers.
- **Uncertainty on the Cause of the Mud Rush**: The Committee noted the central finding from the Mine Rescue Service, Ekapa Mine Management and the Department that there is an inability to determine the source of the water despite the presence of technical expertise within the mine. The large amounts of water and uncertainty on its origins raised concerns about the limitations of the current hydrological conditions of the area and future mine operations. The Committee welcomed the collaboration with Council for Geoscience and efforts towards investigating the source of the water.
- **Conditions Underground at the time of the Incident**: Members raised questions about the scheduled work underground just before the incident that may have contributed to any structural instability including drilling, blasting or other operational activities that may have triggered or exacerbated the mud rush conditions.
- **Adequacy of Risk Management:** While the mine and regulator indicated that monitoring systems, inspections, and safety processes were in place, the incident exposed a disconnect between compliance-based systems and actual risk prevention. The Committee raised concerns that Ekapa incident illustrates that it is not absence of systems, but whether those systems are effective in identifying high-impact risks, particularly in environments with known water ingress challenges.

- **Regulatory Oversight:** The Department indicated Ekapa Mine had eight (8) previous inspections and was issued with section 54 and section 55 directives. The Committee questioned whether Ekapa implemented the conditions of the directives and the effectiveness of the Inspectorates enforcement measures. Members raised concerns on whether the Department adequately performed its oversight functions and whether Ekapa adequately addressed risks.
- **Worker Safety for Mines under Financial Distress:** Ekapa indicated it has been in financial distress for a number of years and organised labour raised concerns of whether this has compromised workers safety. NUMSA indicated that Ekapa had implemented cost-cutting, layoffs and was operating under financial strain and questioned whether this may have indirectly weakened safety conditions. These concerns where noted and echoed by the Committee as serious and requires an intervention.
- **Liquidation Implications:** The Committee raised serious concerns on the timing of the liquidation application within the context of the mud rush incident and rescue operations. Members raised questions on the whether rescue operations will continue, whether liquidation may be used as a shield against financial and legal obligations and the impact of the liquidation on worker benefits, compensation and job security. The Committee further highlighted the economic contribution of the mine and the need to ensure the protection of workers, continuity of critical operations and accountability of the incident. As a result, the Committee resolved to look into whether an interdict was a viable option to the liquidation proceedings.
- **Labour Issues at Ekapa Mine:** The Committee welcomed the presentations of organised labour as it illustrated key issues of vulnerable worker protections and labour rights violations. The Committee noted that the unpaid layoffs, lack of UIF access, retrenchments and limited consultation required an urgent intervention. The Committee also noted that there is a breakdown of trust between the mine and organised labour.
- **Legacy and Historical Risk in Mining Operations:** The Committee made reference to previous incidents of historical workings and geological conditions which enable inherited risks from past mining practices and presents accountability challenges when operations change ownership. Ekapa Mine was previously owned by Petra Diamonds and historically De Beers raising concerns about adequacy of due diligence, knowledge transfer and long-term risk management across successive operators.

5. COMMITTEE RECOMMENDATIONS

Having conducted the oversight visit, the Portfolio Committee on Mineral and Petroleum Resources recommends that the House requests the Minister of Mineral and Petroleum Resources to do the following:

5.1. Ensure that an independent, multidisciplinary investigation into the Ekapa mine incident is conducted, involving the Council for Geoscience, to determine the source of the water and the underlying causes of the mud rush.
5.2. Conduct a full compliance audit of Ekapa Mine, focusing on the implementation of Section 54 and Section 55 directives, as well as findings from previous inspections and enforcement actions taken by the Inspectorate. The audit must determine whether regulatory oversight was adequate and whether any lapses contributed to the incident. Where necessary, appropriate disciplinary or corrective action should be taken.
5.3. Develop a framework for enhanced regulatory oversight of financially distressed mines recognising the heighted risk to worker safety.
5.4. In collaboration with relevant department, ensure that Ekapa Mine pays workers unpaid salaries, enables UIF access, and that the pensions and benefits are protected during liquidation processes.
5.5. Ensure that the organised labour of Ekapa and Ekapa Mine Management work towards resolving the September 2025 Temporary Employer/Employee Relief Scheme (TERS) application.
5.6. Ensure that rescue and recovery operations at Ekapa continue without interruption until all five (5) trapped miners are recovered, and ensure the operations are conducted safety and effectively.
5.7. The Minister must ensure that the commitment by the Minerals Council of South Africa to support Ekapa Mine until all trapped miners are recovered is formalised, including a clear budget.
5.8. Initiate a review of section 11 (transfer of mining rights) processes with a specific focus on due diligence requirements for new operators, disclosure of historical risks, and mandatory transfer of technical knowledge and risk data. This is to address risks associated with legacy geological and operational conditions inherited by new operators. The review must consider amendments to ensure that historical operators, including but not limited to Petra Diamonds and De Beers, remain accountable for risks arising from conditions

created during their periods of operation at Ekapa Mine, and must propose mechanisms for enforceable historical liability disclosures as a prerequisite for section 11 approvals.

5.9. Ensure implementation in all business units of the Mine Health and Safety Act Missing Person Locator regulation with a set implementation date, and effective monitoring.

5.10. Direct the Department, in collaboration with the Council for Geoscience, to conduct a national hydrogeological risk assessment of all underground mines operating in geological conditions comparable to those at Ekapa Mine, with particular focus on operations with known water ingress vulnerabilities.

5.11. Regarding the ongoing investigations, there should be consequence management subsequent to the investigations. The Department and the Mine Health and Safety Council must ensure that a thorough and independent investigation into the Ekapa mud rush incident is conducted. Should the investigation establish that the mine was at fault, the Committee recommends that the Minister must open a criminal case against Ekapa Mine and its responsible officials.

5.12. Develop and implement a mandatory escalated oversight protocol applicable to all mines that have been issued with section 54 and/or section 55 directives or any formal warnings in terms of the Mine Health and Safety Act. Where a mine has been issued with repeated or unresolved directives, the Department must escalate oversight further through dedicated monitoring mechanisms until full compliance is demonstrated and verified.

5.13. Ensure that psychological support programme is provided to the families of the five deceased miners, the affected workers and the mine rescue personnel involved in recovery operations at Ekapa Mine.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON MINERAL AND PETROLEUM RESOURCES ON THE OVERSIGHT VISIT TO EASTERN CAPE AND KWAZULU NATAL PROVINCES FROM 27 TO 31 JANUARRY 2026, DATED 31 MARCH 2026

1. INTRODUCTION

The Committee resolved to conduct an oversight visit to the Eastern Cape and KwaZulu-Natal Provinces from 27 to 31 January 2026. The visit focused on illegal sand mining activities in both provinces, as well as the associated regulatory and environmental challenges.

In addition, the Committee undertook oversight visits to the SAPREF Refinery and the Island View Precinct in Durban and conducted a site visit to Richards Bay Minerals (RBM), operated by Rio Tinto, in Richards Bay.

As part of strengthening public engagement and participation, the Committee also met with traditional leaders and representatives of the local business forum in Richards Bay. These engagements provided a platform for stakeholders to share their perspectives on the alleged misuse of funds allocated to the community mining trust associated with RBM.

This report provides a detailed synopsis of the Committees oversight visit.

2. COMPOSITION OF DELEGATION

2.1 Members of Parliament

Name of Member	Political Party
Hon. M G Mahlaule	African National Congress (ANC)
Hon. F Hassan	African National Congress (ANC)
Hon. MM Senne	African National Congress (ANC)

Hon. ML Mofokeng	African National Congress (ANC)
Hon J Lorimer	Democratic Alliance (DA)
Hon. S Zondi	Democratic Alliance (DA)
Hon. DL Selepe	uMkhonto weSizwe Paty (MKP)
Hon. A Nchabeleng	uMkhonto weSizwe Paty (MKP)
Hon. N Ntlangwini	Economic Freedom Fighters (EFF)
Hon. Mhlongo	Inkatha Freedom Party (IFP)
Hon. V Zungula	African Transformation Movement (ATM)

*** Alternate**

2.2 Parliamentary Staff

Name	**Designation**
Ms. A Boss	Committee Secretary
Ms. M Masutha	Researcher
Mr. S Maboda	Content Advisor
Ms. N Mnyovu	Committee Assistant
Mr. M Molepo	Communications

NB: attendance registers are available from the Secretariat on request.

3. REPORT ON THE OVERSIGHT VISIT

This section provides a synopsis of the five (5) days of the oversight visit.

3.1 Day 1: Meeting with the Department of Mineral and Petroleum Resources

On Tuesday, 27 January 2026, the Committee conducted two meetings. Firstly, it met with the Department of Mineral and Petroleum Resources. Secondly, the Committee visited Lloyds Brickworks and Dunci Trading CC.

The following section provides a detailed discussion of the two meetings.

3.1.1 Meeting with Department

The Department of Mineral and Petroleum Resources (DMPR) briefed the Committee on the key focus areas identified for the oversight visit.

The Department's presentation focused on the mining industry in the Eastern Cape, with particular emphasis on industrial minerals and coal. Furthermore, the Department apprised the Committee of matters relating to mineral potential, the licensing process, as well as challenges pertaining to licensing and market-related constraints. The briefing included an overview of South Africa's mining legislative framework.

The Regional Manager for Eastern Cape, Ms Brenda Ngebulana, presented on the above-mentioned matters. The section below summarises the presentations as well engagements of the Committee Members on the issues emanating from the presentation.

Ms Brenda Ngebulana provided an overview of South Africa's mining legislative framework, with specific reference to the Mineral and Petroleum Resources Development Act (MPRDA), the Mine Health and Safety Act (MHSA), and the National Environmental Management Act (NEMA).

The Department indicated that mining in the province contributes to both direct and indirect employment, with the leading mineral sectors being industrial minerals (including aggregates, sand, salt and clays) and, to a lesser extent, coal (anthracite), which remains marginal. It was further noted that employment creation in the sector relies heavily on the development of local downstream industries, particularly infrastructure projects.

The Department reported that mining permit applications significantly outnumber other types of mining applications. Between 2021 and 2025, a total of 114 mining permits were issued, compared to 16 mining rights and 4 prospecting rights.

The Department further reported on applications received across district municipalities for the period 2020 to 2026, with notable activity in the OR Tambo District.

The presentation highlighted that the province's mining sector is driven by industrial minerals, including aggregates and sand, salt, dimension stone, lime and limestone (for cement), clays, and brickmaking materials. These commodities were ranked in terms of their contribution to industry employment, with aggregates and sand constituting the largest share. Demand for these materials is driven by public and private infrastructure development, including housing and road construction, as well as local block yards. The sector is largely confined to local markets due to the bulk and low-value nature of these materials.

Sand and aggregate operations are widely distributed across the Buffalo City Metropolitan Municipality, Chris Hani, Sarah Baartman, Amathole, and OR Tambo District Municipalities. The Department reported that sand and aggregate mining is the largest employer within the provincial mining sector, accounting for approximately 70 per cent of mining employment, followed by the salt sector. Salt operations, located in the Gqeberha and Hofmeyr areas, collectively employ approximately 234 workers.

It was further indicated that most aggregate operations produce manufactured sand, commonly referred to as "crusher dust", which is used extensively by the construction industry, particularly in areas where natural sand is scarce.

Regarding coal, the Department indicated that production in the province is negligible, as it is derived from a minor coalfield. There is currently a single mining right holder, Elitheni Coal, whose operations are in the process of being resuscitated, with a planned restart in June 2025 following a period of business rescue initiated in 2015.

The Department also highlighted several mineral potential opportunities within the province. These include further exploration for anthracite and heavy mineral sands. The Insizwa Complex, located in the Alfred Nzo District, was identified as having potential for platinum group metals (PGMs) exploration and possible mining. Uranium deposits are also present, albeit at low concentrations. The Department noted that junior mining companies could benefit from the Junior Mining Exploration Fund (JMEF), particularly in the exploration of minerals classified as having high and moderate criticality. The licensing process was also outlined to the Committee, and the following licensing-related challenges were identified:

- Fragmented coordination among stakeholders, resulting in delays in the licensing process (e.g. Environmental Assessment Practitioners).
- Community-related issues, including disputes over land ownership.
- Historical mistrust of mining companies.
- Disputes regarding which communities were appropriately consulted.
- Unresolved disputes over traditional leadership positions.
- Prospecting fees imposed on non-revenue-generating entities; and
- Legislative constraints that are not sufficiently accommodative of Historically Disadvantaged South Africans (HDSAs).
- Illegal mining activities.

The following market-related challenges were also outlined:

- Many sand and aggregate operations remain viable only when linked to active infrastructure projects, resulting in inconsistent production and employment.
- The reliance on government-led infrastructure projects, which are often delayed or stalled, threatens the sustainability of operations and may trigger non-compliance with section 25(2)(c) of the MPRDA; and
- The distance between quarries and project sites, which increases logistical costs and reduces commercial viability.

The Department indicated that the majority of these challenges stem from restrictive and/or exclusionary legislative frameworks. It was suggested that these could be addressed through improved alignment of relevant legislation, including the MPRDA, NEMA, and the Interim Protection of Informal Land Rights Act (IPILRA). Furthermore, the integration of departmental systems, particularly between the DMPR, the Department of Cooperative Governance and Traditional Affairs (COGTA), and the Department of Land Reform and Rural Development (DLRRD) was identified as critical to ensuring that the correct communities are consulted during the licensing process.

Regarding **illegal mining**, the Department reported that from 2023 to date, a total of 52 cases has been opened in the Eastern Cape. Most of these cases have been finalised through the issuing of J534 notices and court processes, with approximately 90 per cent of cases concluded.

The Department identified the following areas as illegal mining hotspots in the Eastern Cape: Mzamba, Dutywa, Port St Johns, Bityi, Coffee Bay, Mbashe, and Mqanduli. The following challenges relating to illegal mining were outlined:

- Lack of adequate storage and transportation capacity for confiscated machinery, including shortages of low-bed trucks, technicians, and drivers.
- The issuing of letters by traditional leaders permitting individuals to mine minerals for monetary gain.
- The imposition of lenient penalties on illegal miners by the courts.
- Alleged involvement of State officials and mine employees in illegal mining activities.
- The prevalence of fraudulent permits.
- Health and safety risks posed to illegal miners and surrounding communities.
- Inaccessibility of certain illegal mining sites.
- Acts of lawlessness by some community members in support of illegal mining activities; and
- Safety risks faced by enforcement officials when executing their duties, particularly in dealing with organised illegal mining groups (e.g. zama zamas).

The Department reported the following successes in efforts to combat illegal mining:

- Establishment of working relationships with various government departments and law enforcement agencies.
- Implementation of awareness campaigns targeting affected stakeholders.
- Reduction in illegal mining activities through coordinated disruptive operations with the South African Police Service (SAPS).
- Confiscation of machinery used in illegal mining activities.
- Referral of cases to the National Prosecuting Authority (NPA) for further investigation and prosecution.
- Increased capacity within the Department and other law enforcement agencies.
- Strengthening and sustaining partnerships with key stakeholders, including SAPS.
- Enforcement of compliance among legally operating mining entities; and
- Encouragement and support for community structures to apply for mining permits, rights, and environmental authorisations through the Small-Scale Mining Unit.

The Committee also noted the following key considerations for future interventions:

- Further strengthening of capacity within the Department and law enforcement agencies.
- Sustaining and enhancing intergovernmental and stakeholder coordination, particularly with SAPS.
- Intensifying enforcement of compliance across all legal mining operations; and
- Expanding support to community-based mining initiatives through formalisation and regulatory compliance mechanisms.

Regarding the current Social and Labour Plan (SLP) compliance landscape, the Department indicated that compliance is primarily assessed through inspections, rather than reliance on self-reported submissions by mining right holders. In the region, there are approximately 19 active mining rights, and the Department is expected to conduct 23 compliance inspections annually.

A key challenge identified is that many mining operations are either non-operational or seasonal, which complicates the verification of compliance. In several instances, mines were not operational at the time of inspection, resulting in delays or non-implementation of SLP commitments, particularly those related to community development projects. This often leads to findings of non-compliance.

At the time of the oversight visit, Section 93 notices had not yet been confirmed by Head Office, although affected mining right holders had been informed of the identified transgressions. These entities are required to submit corrective action plans to address the areas of non-compliance.

After the above engagements, **the Committee visited Lloyd Bricks** where there were allegations of illegal sand mining. The Mine is owned by the Chinese. It was alleged that Brickworks operated without clear evidence of a valid mining right or permit in terms of the Mineral and Petroleum Resources Development Act (MPRDA). It was alleged that the current operators relied on a historical application submitted by a previous owner prior to the 2008 mining right conversion deadline, and that the operation continued mining while the conversion process was purportedly underway. Concerns were raised regarding whether such rights could lawfully be transferred or relied upon by new ownership without a fresh application.

It was indicated that departmental officials had suggested that mining could continue if the conversion application had been submitted timeously. However, it was questioned whether sufficient proof exists of a valid pending conversion from an old order right to a new order right, and whether the change in ownership necessitated a new application. During the discussions, department officials confirmed that the company had applied for the older order right to be converted, however there has been a back and forth, requesting the company to amend and add missing information. The department stated that some of the corrections needed could be interpreted as tactics to delay the conversion process. Operating under the previous regulatory framework, Brickworks, for several years, did not contribute to socio-economic development as required under the Mineral and Petroleum Resources Development Act (MPRDA). The company did not have a Social and Labour Plan (SLP) in place during this period.

3.1.2 Discussions

The Committee expressed serious concern regarding the poor enforcement of the MPRDA in the province, which has contributed to the proliferation of illegal sand mining in estuaries, rivers, and coastal areas.

While acknowledging the human resource constraints within the provincial office of the DMPR, the Committee emphasised that regulatory enforcement must be undertaken decisively and in accordance with the law. This includes the application of enforcement measures provided for in the MPRDA, such as criminal prosecution, administrative penalties, and the suspension or revocation of mining licences. The Committee further cautioned that non-compliant companies risk forfeiting their mining rights.

Regarding the company operating in Gqeberha, namely Brickworks, the Committee directed both the company and the Department to resolve all outstanding compliance issues within two weeks. These include, inter alia, the submission of credible SLPs, the proper establishment of community mining trusts, and the implementation of a rehabilitation plan for areas affected by illegal mining activities.

The Committee further urged the Department to strengthen its developmental communication strategy to improve compliance among artisanal and small-scale miners. It noted with concern that, particularly in rural areas, there is a widespread misconception that sand mining is unregulated and does not require formal authorisation. The Committee emphasised that this misconception must be addressed through targeted public awareness and stakeholder engagement initiatives.

During the discussions, officials from the Department were unable to provide adequate factual responses to the questions posed by the Committee. It was therefore proposed that the Department submit written responses for consideration. The Department subsequently submitted written responses, which are summarised below.

- **Mining Applications and Applications Trends**
  - ✓ The regional office received an average of 130 applications annually over the past five years, including permits and rights. Number of applications has remained relatively stable, with no significant increase or decrease reported.
- **Section 93 Orders Issued**
  - ✓ In 2022/23, 27 orders were issued; in 2023/24, 33; in 2024/25, 33; and in 2025/26, 37. Orders include Mine Economics, Social Labour Plans, and other categories, with Social Labour Plans increasing notably in 2025/26.
- **Lloyd Brickworks Trust Rehabilitation Guarantees**
  - ✓ Previously reported financial provision exceeded R200,000, but actual current guarantees total R110,000. Guarantees include R100,000 bank guarantee and R10,000 cash deposit.
- **Update on Lloyd Brickworks Trust SLP**
  - ✓ A meeting held on 28 January 2026 addressed outstanding SLP issues, including learnerships, bursaries, and training. Clarifications were provided on operator training, scarce skills, and bursary eligibility. The mine submitted amended SLPs on 2 and 6 February 2026, which were approved. A positive Record of Decision was drafted on 10 February 2026.
- **Staffing Issues and Impact**
  - ✓ Several key vacancies exist, including Assistant Directors, Environmental Officers, Registry Clerks, and IT Technicians. These vacancies cause delays, increased workloads, and potential environmental and legal compliance risks. Positions are critical for application processing, monitoring, and client service remain unfilled, affecting service delivery and operational efficiency.

3.2 Day 2: Wednesday, 28 January 2026: Meeting with DMPR KZN

The Committee arrived in KwaZulu-Natal on Wednesday morning and met with officials from the Department of Mineral and Petroleum Resources (DMPR) KwaZulu-Natal Regional Office in the afternoon.

The DMPR provided a general overview of mining activities in KwaZulu-Natal, including key challenges affecting the sector. The briefing placed particular emphasis on illegal sand mining in the province and included an outline of the areas to be visited by the Committee during its oversight programme.

The Regional Manager, Mr Tsundeni Ravhugoni, welcomed the Committee and delivered the presentation, supported by his team. The Regional Manager provided a comprehensive overview of the mining sector in KwaZulu-Natal, outlining key commodities, operational trends, and challenges affecting the industry. Overall, the briefing provided the Committee with a detailed understanding of the status of mining activities in the province, key risks, and areas requiring regulatory and oversight attention.

The Department indicated that the province's mining sector is primarily driven by commodities such as heavy mineral sands, coal, sand, and aggregates, with emerging opportunities in lithium and iron ore deposits. The Committee was informed that mining activity in the province has been steadily increasing over the past five years, reflecting growing investment interest.

The briefing further outlined the distribution of mining activities across district municipalities, highlighting that coal mining is concentrated in districts such as Amajuba, uMzinyathi, uMkhanyakude, and Zululand, while heavy mineral sand mining is predominantly located in the King Cetshwayo District.

In terms of economic contribution, the sector currently employs approximately 12,000 workers, with an estimated 5,000 additional job opportunities expected over the next five years. The titanium sub-sector was identified as the largest contributor to both employment and value addition within the province.

The Department also briefed the Committee on illegal mining activities, noting that 33 cases had been opened in KwaZulu-Natal since 2023, with approximately 60% finalised. Key hotspots include areas such as the Mvoti River, Umzumbe River, and parts of Newcastle and Mahlabathini.

Several challenges affecting the sector were highlighted, including infrastructure constraints (particularly rail and port capacity), difficulties in accessing financing for coal projects, regulatory and licensing complexities, and delays in the implementation of Social and Labour Plans (SLPs).

The Department further outlined its role in addressing illegal mining, including compliance monitoring, collaboration with law enforcement agencies, and stakeholder engagement initiatives aimed at improving awareness and promoting legal mining activities.

3.2.1 Discussions

The Committee expressed concern regarding capacity constraints at the regional office of the Department in KwaZulu-Natal. It was noted that the regional office has lost more than 25% of its workforce due to departmental mergers and a moratorium on filling vacancies, implemented through a directive from the National Treasury. While the Committee acknowledged the prevailing fiscal constraints facing government, it emphasised that inadequate capacity at the regional level continues to impede the Department's ability to effectively execute its mandate, thereby limiting the mining sector's potential contribution to economic growth and job creation.

The Committee highlighted the economic significance of recent discoveries of lithium and iron ore in the province, noting their potential to create over 5,000 job opportunities. However, it cautioned that these prospects may be undermined if capacity challenges at the regional level are not urgently addressed. The Committee further noted that such constraints are inconsistent with the objectives of Operation Phakisa, which identifies mining as a key driver of economic growth through the reduction of administrative bottlenecks and the promotion of investment.

The Committee reaffirmed its zero-tolerance stance on illegal sand mining. While it welcomed the collaboration between the Department and law enforcement agencies, it raised concerns regarding the shortage of Environmental Mineral Resource Inspectors and delays in the adjudication of mining applications, which weaken compliance monitoring and enforcement efforts.

Furthermore, the Committee emphasised that focusing solely on the arrest of illegal miners will not eradicate illegal mining. It stressed the importance of targeting and prosecuting organised syndicates that benefit from such activities and deprive the state of revenue.

Members also underscored the need for strengthened oversight of Social and Labour Plans (SLPs) to ensure that mining companies fulfil their obligations to host communities. The Committee called for improved governance of community trusts and enhanced accountability mechanisms to ensure that these structures deliver meaningful socio-economic benefits.

3.3 Day 3: Thursday, 29 January: Meeting with Amakhosi, Community leaders and Richards Bay Minerals

On Day 3, the Committee visited Richards Bay Minerals (RBM) and Traditional Leaders. The Committee had previously engaged the company on several occasions regarding its mining operations in KwaZulu-Natal, as well as challenges related to the governance and functioning of Community Mining Trusts.

The RBM, Mr Verna, delivered a presentation to the Committee. He indicated that the company recognises opportunities to address crime in a sustainable manner as part of its long-term planning, particularly through integrated development initiatives. He noted that relations within host communities remain stable and cohesive, with strong cooperation among community members. However, he emphasised that the primary challenges facing communities relate to inadequate basic service delivery and infrastructure, including shortages of water, electricity, transport resources, and limited support from local cooperatives.

The Managing Director stressed that issues of safety should be considered within a broader development context, including infrastructure investment and mining expansion plans. He noted that while mining companies have made commitments to support development, including infrastructure improvements, progress has not always met community expectations.

He highlighted the historical contribution of mining to local socio-economic development, noting that approximately 4,000 people were previously employed across affected communities, contributing to livelihoods and economic stability. He emphasised that, while community concerns are valid, the historical benefits of mining should also be recognised.

The importance of the Community Trust was underscored, with the Managing Director noting that the Trust exists to serve the public interest rather than individual benefit. Trustees act as custodians on behalf of the community and are expected to uphold principles of transparency, accountability, and proper governance. He acknowledged that misunderstandings and disputes had arisen in the past, resulting in allegations against the company, which were addressed through formal processes based on evidence.

The Managing Director clarified that dividend declarations are not automatic and are subject to due process and agreement within the company's governance structures. He cautioned against misinformation in this regard and encouraged community members to raise concerns through appropriate and constructive channels.

He further indicated that the Trust is an intergenerational institution that must be governed with sound financial management, transparent reporting, and regular communication. The company remains committed to ongoing dialogue, transparency, and accountability to ensure that the Trust benefits both current and future generations.

The presentation also highlighted the impact of recent High Court rulings, particularly in relation to communities that were previously not adequately consulted. It was emphasised that communities are not opposed to mining activities but seek meaningful inclusion, recognition, and participation, including access to employment and procurement opportunities.

The Managing Director stressed the importance of resolving disputes within formal governance structures, noting that breakdowns in formal processes undermine trust and stability. He indicated that communities had been afforded the opportunity to appoint independent advisors to engage with the Trust and the company.

A key development highlighted by Amakhosi was the process underway to appoint independent trustees with the requisite legal, financial, and developmental expertise. An external service provider has been appointed to facilitate this process across affected communities, with finalisation anticipated in the near future. This is expected to strengthen governance, enable amendments to the Trust deed, and improve coordination with the Master of the High Court and other stakeholders.

The Managing Director reiterated that Community Trusts are intended for public benefit and not for individual enrichment, and that transparency, accountability, and proper financial management are essential. He further noted ongoing collaboration with law enforcement agencies to address safety concerns in mining areas.

In conclusion, the Managing Director affirmed the company's commitment to strengthening governance, protecting the public interest, and ensuring that mining activities deliver tangible socio-economic benefits, including employment, infrastructure development, and sustainable economic opportunities for host communities.

3.4 Day 4: Friday, 30 January 2026: Visit to Richards Bay Coal Terminal and meeting with Transnet

The Committee visited the Richards Bay Coal Terminal (RBCT) and Transnet to gain an understanding of the Quattro allocation mechanism, amongst other things. Mr Allan Waller of the RBCT provided a comprehensive briefing on the coal export value chain, including key exporting parties and the operational processes within the terminal.

RBCT was described as one of the world's leading coal export terminals, with a design capacity of 91 million tonnes per annum (Mt/a). Since its commissioning in 1976, the terminal has undergone multiple expansion and upgrade phases to enhance operational efficiency and export capacity. Recent improvements include the C931 De-Bottlenecking Project (2021) and the automation of Stacker Reclaimer 1 (2025).

The Committee was informed that RBCT's infrastructure supports large-scale coal handling across rail, stockyard, and marine operations. The rail export system is designed for 91 Mt/a (approximately 32 trains per day) but is currently constrained to 81 Mt/a due to mainline infrastructure limitations. The stockyard consists of 91 stockpiles with a storage capacity of 8.1 Mt, supported by seven stacker reclaimers. Marine operations include six berths capable of accommodating up to five Cape-size vessels simultaneously, with shiploading capacity ranging between 10,000 and 12,000 tonnes per hour, enabling the loading of approximately 84 vessels per month.

RBCT receives coal from 69 collieries and operates within an integrated value chain in collaboration with Transnet Freight Rail (TFR) and Transnet National Ports Authority (TNPA). These partnerships facilitate the transportation of coal from mines to the terminal and the coordination of port and marine logistics, respectively, through service level agreements, performance standards, and regular planning engagements.

The Committee was further briefed on the Quattro Programme, which is aimed at supporting junior miners. Under this programme, 4 Mt of export entitlement was allocated to 22 junior miners. However, the 2025 allocation was reduced to 3.15 Mt due to a constrained rail capacity of 60 Mt. A 20% volume rebate remains applicable.

In terms of operational performance, tonnage railed improved from 47.92 Mt in 2023 to 56.82 Mt in 2025, while coal exports increased to 57.66 Mt in 2025. The budgeted export target for 2026 is 60 Mt, against a contracted capacity of 63 Mt. Performance continues to be affected by rail availability and broader logistics constraints within the export value chain.

Following the walkabout and presentations at RBCT, the Committee proceeded to the Transnet offices, where it received a further briefing on the Quattro Allocation Scheme. It is important to note that the DMPR was also expected to brief the Committee on the Quattro scheme; however, the relevant officials did not attend the oversight meetings.

The Quattro Scheme was established in 2002 with the objective of enabling access for Junior Black Economically Empowered miners to participate in the export coal value chain. The Scheme comprises 22 members who have access to rail loading sites and mines within the coalfields and surrounding areas. Transnet highlighted the following challenges and solutions relating to the Quattro scheme:

- The Junior miners do not own mines/loading sites, this results in volumes being lost due to prioritization of other customers at the mines.

- ✓ **Efforts from Transnet:** TRIM (Transnet) has started a process to advertise the loading site in the previous year (September 2025), which is aimed at assisting the Junior miners to have a better access to loading sites.
- Due to their relatively small scale, junior miners are unable to independently nominate export vessels at the port, as RBCT primarily accommodates large bulk carrier vessels.

3.4.1 Discussions

The committee commended RBCT and Transnet for interventions aimed at improving logistics infrastructure to facilitate the movement of coal from mines to the port. These interventions include the reinstatement of the signalling system, improvements in operational efficiencies such as reduced processing times, and ensuring the availability of locomotives.

While these initiatives are welcomed, the committee called for enhanced solutions to persistent challenges, including the lack of loading sites for junior miners, the need for co-loading arrangements, and improved market access. It was stated that the urgency of addressing these matters calls for the attendance of the department at the oversight visit programmes of this nature.

The committee further raised concerns about the current volumes allocated to junior miners, noting that these allocations act as a barrier to access and render their operations unsustainable, particularly in a volatile coal export market. The committee highlighted that the 5% allocation to 22 junior miners, translating to approximately 4 million tonnes per annum should be reconsidered.

It was further added that the fact that junior miners have consistently met their allocated volumes should serve as sufficient justification to review and increase these allocations, thereby supporting the sustainability of their investments. The committee has committed to sustained and continuous engagement on the Quattro Scheme, noting its significant potential to transform the coal export sector.

3.5 Day 5, Saturday, 31 January 2026: Visit to SANPAC Refinery and Island View (Transnet)

On Day 5, the Committee conducted an oversight visit to the SAPREF/SANPC refinery following its acquisition by the Central Energy Fund in May 2024. This visit took place against the backdrop of ongoing public debate regarding the transfer of environmental liabilities, the potential financial exposure to the State, and the long-term viability of the refinery.

The Committee sought to assess the condition of the SAPREF infrastructure, understand the scale and nature of inherited liabilities, and evaluate the implications for the State and the broader energy security landscape.

In addition, the Committee conducted an oversight visit to the Transnet Island View Precinct (IVP) in Durban. This visit followed a directive from the Minister of Transport to extend the 25-year lease and aimed to monitor ongoing infrastructure upgrades at the liquefied petroleum gas (LPG) terminal.

3.5.1. Central Energy Fund

The Chairperson of the CEF Group, Ms Ayanda Noah, welcomed the Committee and expressed appreciation for its presence and willingness to engage directly with the entity. She emphasised that government has a responsibility to engage honestly and decisively on the pressing challenges confronting the country.

Ms Noah highlighted that South Africa is endowed with significant natural resources and strategic assets. As an entity with a dual mandate, the CEF Group is required to operate as a commercially viable organisation while simultaneously advancing the country's developmental objectives. However, she acknowledged the existence of a structural deficit, particularly in relation to equity and long-term sustainability. She stressed the importance of prioritising national interests, including sustainability, industrialisation, localisation, and job creation.

The Acting CEO, Dr T. Mokoka, presented an overview of the refinery's finished product pipeline system and strategic infrastructure. He indicated that there are seven finished-product pipelines connecting the refinery to Island View and underscored their critical importance. These pipelines:

- Enable the evacuation of refined products during refinery operations.

- Allow for bi-directional flow of products between the Single Buoy Mooring (SBM), Island View loading facilities, storage tanks, and the crude pipeline system.

Through this infrastructure, the refinery is capable of handling a range of products, including LPG, mogas, jet fuel, gas oil, base oil, crude oil, and naphtha. This existing infrastructure reduces the need for new capital investment and enhances operational efficiency.

He stated that the long-term objective is to restore the refinery to a capacity of 100,000 barrels per day. Dr Mokoka emphasised that this will be a gradual process, with no immediate or short-term gains expected due to the scale and complexity of the operation. Assets currently operational were identified, while others suitable for refurbishment, particularly storage tanks are being prepared for reintegration. Tank cleaning is already underway and forms part of the broader energy generation and Section 79 integration strategy. Outdated process units will be demolished and replaced with modern, environmentally compliant infrastructure aligned with international standards.

Although the refinery is not fully operational, several assets are currently in use and support ongoing operations, particularly in maintaining LPG supply to the Durban market. The site also hosts third-party operators, including EasyGas, with shared infrastructure supporting both current and future activities.

In terms of energy and future developments, Dr Mokoka reported that the CEF Group is advancing several strategic projects, including, Jet fuel and LPG initiatives; Repurposing of tanks previously used for heavy fuel oil (HFO); Development of blending facilities for diesel and unleaded petrol (ULP); Near-completion of LPG storage to support imports via LNG and SBM. These initiatives are aimed at strengthening supply capabilities and supporting trading operations.

A feasibility study is underway to assess the reinstatement of the refinery, with long-term potential to scale up to 400,000 barrels per day. A key advantage is that the refinery already has access to a SBM capable of handling such volumes, eliminating the need for a new oil port and significantly reducing capital costs and timelines.

3.5.1.2 Update on PetroSA and SARS

The CEF also provided an update on PetroSA and South African Revenue Service (SARS) matters.

Financial Position and Debt Obligations: PetroSA continues to face significant financial and operational challenges. A summary of the company's key financial issues includes:

- ✓ **SARS Audits:** South African Revenue Service (SARS) conducted audits from May 2015 to March 2027, assessing R1 billion in tax liabilities and R3.4 billion in Diesel Accounting System (DAS) debt.
- ✓ **Historical Debt:** PetroSA's historical debt totals approximately R14 billion, excluding penalties. Current outstanding debt is R2 billion, which the company is unable to settle in full.
- ✓ **Tariff Reclassification:** SARS reclassified PetroSA tariffs, creating potential overpayment refunds estimated at R10 billion.
- ✓ **Letter of Intent:** SARS issued a R2 billion Letter of Intent related to audits and assessments.
- ✓ **Delicensing Risk:** The Mossel Bay Virtual Mine (VM) license is at risk of cancellation due to non-operation of the GTL refinery, which has been on care and maintenance since December 2020.

SARS Tax Disputes and Legal Actions: PetroSA's legal challenges primarily relate to tax and customs compliance disputes:

- ✓ SARS assessed PetroSA R1 billion for alleged customs non-compliance. The High Court ruled in PetroSA's favour, but SARS filed an appeal.
- ✓ The Supreme Court of Appeal hearing was postponed due to a third-party case. Subsequently, the Constitutional Court upheld Tholo Energy's appeal, potentially exposing PetroSA to a R1 billion SARS liability.
- ✓ DAS debt currently stands at R3.4 billion, inclusive of interest and penalties. According to PetroSA, payment plans and detailed analyses are ongoing. PetroSA reportedly proposed a structured payment plan as follows:
  - Total repayment: R34 billion over 33 months (starting April 2026)
  - Monthly payment: R20 million

- Requests for partial waiver of penalties are included.

Tariff Re-determination and Refunds: PetroSA identified overpayments of approximately R10 billion due to incorrect tariff classification (TH 2710.12.30.1 vs. TH 2710.19). While the tariff classification was corrected, retrospective legislative amendments (December 2024) hindered the company's ability to claim refunds. PetroSA Senior Counsel has advised pursuing constitutional review, with notices to be issued within 180 days from June 2025. SARS confirmed the classification correction in June 2025. Legal proceedings are ongoing, with SARS requesting an extension until February 2026.

SARS Letter of Intent and Export Claims: SARS claims R2 billion based on an audit of exports from May 2020 to April 2022, amounting to R91 billion including penalties and interest. Disputes relate to Meter reading discrepancies, Export documentation, and DAS loss allowances. PetroSA received a demand letter on December 2, 2025, and is seeking suspension of payment pending dispute resolution.

Delicensing of Mossel Bay VM License: SARS proposed delicense due to non-operation as the Gas-to-Liquids (GTL) refinery has been on care maintenance since December 2020. Engagement with SARS reportedly suggests possible reactivation of the license by **2029**, with consideration of transition mechanisms. The license cancellation process is underway, with legal remedies being explored, including, Interdicts**,** Amendments to the VM license or temporary blending solutions**.** PetroSA submitted a legal response on January 7, 2026, and PetroSA was awaiting SARS' reply by January 22, 2026.

3.5.2 Briefing by Transnet on Island View Precinct

Following the engagement with the Central Energy Fund (CEF), the Committee proceeded to meet with Transnet regarding the Island View Precinct (IVP). This visit was particularly timely in light of ongoing engagements among the Portfolio Committees on Trade, Industry and Competition; Transport; Mineral and Petroleum Resources; and Electricity and Energy, concerning the Minister of Transport's recent directive on the IVP.
The Transnet Island View Precinct, located within the Port of Durban, is a strategic national asset that plays a critical role in South Africa's fuel import, storage, and distribution value chain.

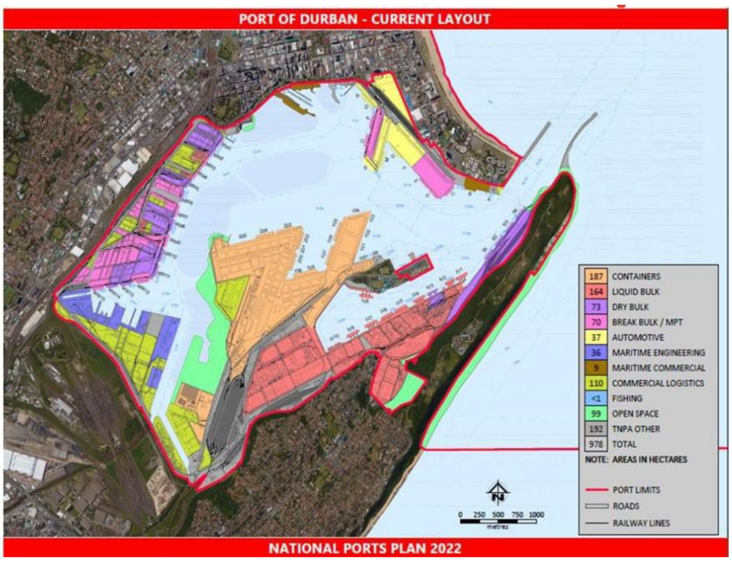
Due to time constraints, the Committee proceeded directly to a site tour. While on route, an overview of the Port of Durban and the Island View Precinct (IVP) was presented and discussed.

Figure 1: Port of Durban Overview

TOTAL LAND AREA	58 BERTHS:	20 MARINE CRAFT:
1 854 ha	7 CONTAINER	9 TUGS
	13 DRY BULK	2 PILOT BOAT
	11 BREAK BULK	5 LAUNCHES
	7 LIQUID BULK	2 PILOT HELICOPTERS
	3 AUTOMOTIVE	1 FLOATING DOCK
	1 PASSENGER	

CONTAINER	3.1 million TEU
AUTOMOTIVE	900 000 units (3 days Dwell Time)
DRY BULK	11 million tons
BREAK BULK	3.6 million tons
LIQUID BULK	22 million kl
SHIP REPAIR	350.5m long dry dock

HEADCOUNT	
PERMANENT	1061
NON-PERMANENT	2
TRAINEE	14
TOTAL	1077



Source: Transnet, (2026)

Figure 2: Location of Island View Precinct

Source: Transnet, 2026

The IVP is a major petrochemical hub and a critical component of South Africa's fuel supply chain. It facilitates the import and export of liquid bulk products, including petroleum, chemicals, and oils. The precinct plays a vital role in ensuring security of supply for fuels, chemicals, and lubricants. Key features include:

- Operation by 15 terminal operators under 74 lease agreements.
- 10 berths with a total capacity of approximately 24 million kilolitres.
- Integration with the Multi-Product Pipeline (MPP).
- Leased land measuring approximately 2,121,959 m^2.
- 807 storage tanks with a combined capacity of 1,776,846 m^3.

3.6 Visit to illegal Mining Sites

Following the tour of the IVP, the Committee proceeded to the Valley of a 1000 Hills, located approximately 25 to 35 minutes west of the Durban city centre, to conduct an oversight visit of illegal sand mining sites.

The Committee was informed that illegal sand mining activities in the area occur predominantly between 22:00 and 06:00, during which time there is heightened activity. This has resulted in numerous complaints from local residents. Evidence presented indicated that the condition of the site had deteriorated significantly since it was first inspected, with visible land degradation and excavation.

It was reported that attempts have been made by local stakeholders, to stabilise sections of the site due to the dangerous and unstable conditions created by illegal mining. Of particular concern is the proximity of the site to a road used by school children. The excavation has created a steep and hazardous drop, posing a serious risk of injury or fatality, with no safety measures in place.

It was reported that the landowner has raised persistent concerns regarding ongoing illegal activities. Despite repeated efforts to secure the site, including fencing off access points, operators continue to forcibly gain entry and extract sand. It is estimated that sand to the value of over R3 million per day is being illegally removed in substantial volumes. These operators do not pay for the extracted material and reportedly sell it onward, including to contractors involved in projects linked to the eThekwini Municipality Roads Department.

In addition, trucks transporting illegally mined sand have been using residential roads as alternative routes to avoid main transport corridors, particularly the Hillcrest route. This has resulted in significant disruption, infrastructure strain, and safety concerns for residents.

Community members and councillors present on site were requested to engage directly with the Compliance Officer from the DMPR, Advocate Nkuna. The matter was to be escalated through Mr Nkuna, who was on site, to ensure that it is addressed decisively and resolved.

Figure 3: Illegal Mining at Valley of 1000 Hills, Durban

Source: S Maboda, 31 January 2026

4. COMMITTEE OBSERVATIONS

This section provides a synopsis of the key issues observed by the Committee, particularly emanating from the presentations, discussions, and the sites visit. The Committee makes the following observations:

- **The Quattro Scheme and Junior Miners:** The Committee observed that the Richards Bay Coal Terminal (RBCT), in collaboration with Transnet, plays a critical role in South Africa's coal export value chain and has implemented notable infrastructure and operational improvements to enhance efficiency. However, rail constraints and broader logistics challenges continue to limit optimal export capacity. The Committee further noted that, despite the intentions of the Quattro Scheme to support junior miners, significant barriers remain, including limited access to loading sites, constrained export allocations, and restricted market access. These challenges undermine the sustainability and growth of junior miners, despite their demonstrated ability to meet allocated volumes.
- **Illegal Sand Mining and Enforcement Failures:** The prevalence of illegal sand mining in both the Eastern Cape and KwaZulu-Natal reflects serious weaknesses in regulatory enforcement. The continued extraction of sand without regulation is causing significant environmental degradation, safety risks, and loss of state revenue.
- **Valley of 1000 Hills and sand mining:** The Committee observed that illegal sand mining in the Valley of a 1000 Hills poses serious safety, environmental, and socio-economic risks. Mining occurs predominantly at night, resulting in land degradation, hazardous conditions, and threats to public safety, particularly near roads used by school children.
- **Capacity Constraints within the DMPR:** The Committee noted severe capacity constraints within regional offices, where staffing levels have declined significantly. These constraints negatively affect licensing processes; compliance monitoring; enforcement of the MPRDA; oversight of Social and Labour Plans (SLPs). The current capacity limitations are inconsistent with government's stated objectives of promoting investment and economic growth in the mining sector.
- **Licensing and Regulatory Challenges:** The licensing system remains complex, fragmented, and slow, with insufficient coordination between departments such as

DMPR, COGTA, and DLRRD. Persistent community disputes, unclear land ownership, and mistrust of mining companies continue to delay approvals. There is misalignment between legislation, particularly the MPRDA, NEMA, and IPILRA, which contributes to regulatory uncertainty.

- **Social and Labour Plan (SLP) Compliance:** The Committee observed that SLP compliance remains inconsistent, particularly where mining operations are non-operational or seasonal. Weak monitoring and enforcement mechanisms result in limited socio-economic benefits to host communities. Governance challenges within community trusts, including those associated with mining operations, remain a concern.
- **Energy Security and Strategic Infrastructure Risks:** The Committee notes that infrastructure such as the SAPREF refinery and the Island View Precinct is critical to national energy security. Over-reliance on the Island View Precinct creates a single point of failure risk in the fuel supply chain. The refinery reinstatement programme presents an opportunity to Enhance local refining capacity; Reduce import dependence; and Strengthen energy security.
- **PetroSA Financial and Legal Exposure:** PetroSA remains under significant financial distress, with high levels of historical debt and ongoing operational losses. The ongoing disputes with the South African Revenue Service (SARS) present material financial risks, including Potential liabilities; Delays in recovering overpayments; Regulatory uncertainty. The possible delicensing of the Mossel Bay facility raises concerns about long-term operational sustainability.

5. COMMITTEE RECOMMENDATIONS

Having conducted the oversight visit, the Portfolio Committee on Mineral and Petroleum Resources recommends that the House requests the Minister of Mineral and Petroleum Resources to do the following:

5.1 In collaboration with relevant institutions, strengthen governance and accountability in mining trusts by enforcing mandatory transparency measures, including regular public disclosure of audited financial statements and project reports.

5.2 Expand support for small-scale and artisanal mining through improved access to permits, environmental authorisations, and technical assistance, while ensuring that licensing requirements do not exclude Historically Disadvantaged South Africans (HDSA).

5.3 Urgently verify the legal status of mining operations at Lloyd Bricks, including compliance with the Mineral and Petroleum Resources Development Act (MPRDA), and submit a progress report to the Committee by the first quarter of the 2026/27 financial year.

5.4 Ensure that regional offices are adequately capacitated to perform their functions effectively and submit an update on human resource capacity across provinces by the third quarter of the 2026/27 financial year.

5.5 Brief the Committee on the Quattro Allocation Scheme in the third quarter of the 2026/27 financial year. The briefing to include a possible review and potential increase of export allocations under the Quattro Scheme to support the sustainability of junior miners, including improving access to loading sites, co-loading arrangements, and market access opportunities.

5.6 In collaboration with law enforcement agencies, SAPS and local municipalities, take urgent and decisive action to address illegal sand mining. This should include strengthened monitoring, enforcement of compliance, and prosecution of offenders.

5.7 Prioritise the alignment of relevant legislation, including the Mineral and Petroleum Resources Development Act (MPRDA), the National Environmental Management Act (NEMA), and the Interim Protection of Informal Land Rights Act (IPILRA), to reduce regulatory fragmentation, eliminate contradictions that delay licensing processes, and provide greater certainty to investors and communities. A comprehensive legislative review report should be submitted to the Committee by the second quarter of the 2026/27 financial year.

5.8 In collaboration with the National Treasury and the Central Energy Fund (CEF), develop and present to the Committee a credible financial restructuring plan for PetroSA, which must include a definitive resolution strategy for outstanding SARS disputes, a structured approach to settling historical debt, and measures to safeguard the Mossel Bay Virtual Mine licence. The plan must clearly articulate the fiscal risk to the State and identify mechanisms to prevent further accumulation of liabilities. This report should be submitted to the Committee by the first quarter of the 2026/27 financial year.

5.9 Develop and present to the Committee a phased reinstatement roadmap for the SAPREF refinery, inclusive of defined milestones, timelines, funding mechanisms, and environmental liability mitigation measures. Given the strategic importance of the refinery to South Africa's energy security and the potential to reduce import dependency, the roadmap must also include an assessment of the refinery's feasibility to scale to 400,000 barrels per day as indicated in the feasibility study and specify the associated regulatory and capital requirements. This roadmap should be submitted to the Committee by the second quarter of the 2026/27 financial year.

5.10 Facilitate, within the bounds of applicable legislation and in line with the Minister's coordinating mandate, the establishment of a formal and permanent Intergovernmental Coordination Mechanism involving the Department of Mineral and Petroleum Resources (DMPR), the Department of Cooperative Governance and Traditional Affairs (COGTA), and the Department of Land Reform and Rural Development (DLRRD) to streamline community consultation processes, resolve land ownership disputes that impede licensing, and improve integration of departmental systems. The mechanism must include clear timelines for resolving disputes and a reporting framework to the Committee. A progress report on its establishment should be submitted to the Committee by the second quarter of the 2026/27 financial year.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON THE FIRST AND SECOND QUARTERLY REPORT REGARDING THE PERFORMANCE OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR AND ITS ENTITIES IN MEETING STRATEGIC OBJECTIVES FOR 2025/26, DATED 1 APRIL 2026

1. INTRODUCTION

The Portfolio Committee on Employment and Labour ("the Committee"), having considered the First and Second Quarterly Performance Reports of the Department of Employment and Labour (DEL) and its entities for the 2025/26 financial year, reports as follows. The Committee convened formal oversight engagements with the Department and its public entities to assess performance for the periods 1 April to 30 June 2025 (Quarter 1) and 1 July to 30 September 2025 (Quarter 2). These engagements form part of the Committee's constitutional obligation, in terms of sections 55(2) and 92 of the Constitution of the Republic of South Africa, to scrutinise and oversee executive action and ensure accountability in the use of public resources. The 2025/26 financial year represents the first year of implementation of the Department's 2025–2030 Strategic Plan and the corresponding Annual Performance Plan (APP). As such, the first two quarters are critical.

The Department of Employment and Labour (Department) derives its legislative mandate from the Constitution, particularly the Bill of Rights. Some of the relevant sections include section 9 - Equality; section 10 - Human dignity; section 18 - Freedom of association; section 23 – Sound labour relations; section 24 – Environment; section 27 – Health care, food, water and social security; section 28 – Children; and section 34 – Equal access to courts. These Constitutional rights are given effect through various pieces of legislation, including the Labour Relations Act (1995); the Basic Conditions of Employment Act (1997); the Employment Equity Act (1998); the Occupational Health and Safety Act (1993); the Employment Services Act (2014); and the National Minimum Wage Act (2018).

Policy Mandate of the Department

- Improved economic efficiency and productivity.
- Creation of decent employment.

- Promoting labour standards and fundamental rights at work.
- Providing adequate social safety nets to protect vulnerable workers
- Sound labour relations.
- Eliminating inequality and discrimination in the workplace.
- Enhancing occupational health and safety awareness and compliance in the workplace.
- Give value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises, which is balanced with the promotion of decent employment.

This report covers the First and Second Quarters of the 2025/26 financial year, spanning 1 April 2025 to 30 September 2025.

2. THE FIRST AND SECOND QUARTER PERFORMANCE REPORT OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

2.1. Programmes of the Department

The functions of the Department are structured into four programmes, namely:

- Programme 1: Administration
- Programme 2: Inspection and Enforcement Service (IES)
- Programme 3: Public Employment Services (PES)
- Programme 4: Labour Policy and Industrial Relations (LP&IR)

2.2. The Department's Non-Financial Performance Q1 and Q2 of 2025/26

The Department reported on its first and second-quarter non-financial performance as reflected in Table 1.

Table 1: Non-Financial Performance per Branch in Q1 and Q2 of 2025/26

Programme	Q1 Planned Targets	Q1 Achieved	Q1 %	Q2 Planned Targets	Q2 Achieved	Q2 %	Performance Trend
Administration	9	6	67%	9	6	67%	No change – persistent underperformance
Inspection & Enforcement Services (IES)	4	3	75%	4	4	100%	Improvement in Q2

Public Employment Services (PES)	4	4	100%	4	3	75%	Decline in Q2
Labour Policy & Industrial Relations (LP&IR)	4	4	100%	3	3	100%	Sustained performance
Overall Departmental Performance	**21**	**17**	**81%**	**20**	**16**	**80%**	Stable above 80%

Source: Presentation to the PC on Employment and Labour dated 03 December 2025

As reflected in Table 1, the Department achieved 81% of its planned non-financial targets in Quarter 1 and 80% in Quarter 2. While overall performance remained above the 80% threshold, the marginal decline between quarters indicates that performance gains achieved in certain programmes were offset by regression in others. Table 1 shows that Programme 1 (Administration) remained at 67% achievement in both Q1 and Q2. This consistent underperformance signals systemic challenges rather than isolated implementation gaps. The programme's weaknesses are linked to delays in digital transformation implementation, incomplete vacancy advertisement targets, and non-compliance with the 100% 30-day invoice payment requirement. The stability at 67% suggests that remedial actions implemented between quarters did not yield measurable improvement.

Programme 2 (Inspection and Enforcement Services) improved from 75% in Q1 to 100% in Q2. This upward trajectory indicates effective corrective action and strengthened operational execution in the second quarter. The improvement aligns with Semester 1 inspection outputs, which exceeded targets. However, the Committee emphasises that quantitative overachievement must be assessed alongside qualitative enforcement outcomes, particularly case finalisation and prosecution timelines. Programme 3 (Public Employment Services) declined from 100% achievement in Q1 to 75% in Q2. This volatility is a concern, as PES is central to employment facilitation and labour market interventions. The regression suggests emerging implementation constraints in Q2, potentially linked to capacity limitations or shifting operational priorities. Sustained performance consistency is required, given the programme's strategic importance to inclusive growth and job creation. Programme 4 (Labour Policy and Industrial Relations) maintained 100% achievement in both quarters. This demonstrates strong compliance with planned legislative and regulatory outputs. However, the Committee stresses that output compliance should translate into measurable improvements in labour relations stability, dispute prevention, and strengthened regulatory frameworks. Table 1 reveals three key patterns: persistent underperformance in Administration, operational improvement within IES, and volatility in PES. Although aggregate departmental performance appears stable, programme-level disparities highlight structural capacity constraints, uneven implementation strength, and the need for targeted oversight interventions in the remainder of the financial year.

2.3. The Department's Financial Performance

The Department reported on its First and Second quarter financial performance as reflected in Table 2.

Table 2: Financial Performance per Programme in Q1 and Q2 of 2025/26

Programme	2025/26 Original Appropriation (R'000)	Q1 Expenditure (R'000)	% Exp. Q1	Q2 Expenditure (R'000)	% Exp. as at 30 Sept 2025
Administration	1 098 733	176 498	16%	540 427	49%
Inspection & Enforcement Services	664 352	66 484	10%	295 823	45%
Public Employment Services	1 056 556	189 968	18%	427 008	40%
Labour Policy & Industrial Relations	1 333 496	334 981	25%	675 831	51%
Total	**4 153 137**	**767 931**	**18%**	**1 939 089**	**47%**

Source: Presentation to the PC on Employment and Labour dated 03 December 2025

As reflected in Table 2, total departmental expenditure amounted to R767.9 million (18% of the annual appropriation) by the end of Quarter 1, increasing to R1.939 billion (47% of the annual appropriation) by 30 September 2025. At the mid-point of the financial year, overall spending at 47% is broadly aligned with the 50% time-elapsed benchmark, indicating moderate expenditure pacing. However, programme-level variations reveal uneven spending patterns. Labour Policy and Industrial Relations recorded the highest expenditure rate at 51% by the end of Q2, suggesting relatively strong budget utilisation and implementation momentum. Administration and Inspection and Enforcement Services recorded 49% and 45% expenditure respectively, reflecting moderate alignment but also indicating potential capacity constraints, particularly in IES, where underspending in Q1 (10%) was significant. Public Employment

Services recorded 40% expenditure by the end of Q2, which is below the mid-year benchmark and may signal slower implementation or delayed programme roll-out.

The Committee further notes that underspending on Compensation of Employees, attributable to vacant posts, has contributed to restrained expenditure levels; while overspending in Goods and Services, particularly travel and subsistence, places pressure on operational budgets. Delays in capital asset procurement and infrastructure projects have also affected spending patterns. Overall, while aggregate expenditure appears reasonable at mid-year, the programme-level disparities and structural vacancy constraints require close monitoring to prevent year-end spending pressures and ensure alignment between financial inputs and performance outputs in the remainder of the financial year.

Table 3: Financial Performance by Economic Classification in Q1 and Q2 of 2025/26

Economic Classification	**2025/26 Original Appropriation (R'000)**	**Q1 Expenditure (R'000)**	**% Exp. Q1**	**Q2 Expenditure (R'000)**	**% Exp. as at 30 Sept 2025**
Current Payments	2 293 196	302 364	13%	1 116 549	49%
Compensation of Employees	1 598 407	122 270	8%	703 707	44%
Goods and Services	694 789	180 094	26%	412 842	59%
Transfers and Subsidies	1 738 908	452 379	26%	798 990	46%
Payments for Capital Assets	121 033	13 188	11%	23 539	19%
Payments for Financial Assets	—	—	—	11	—
Total	**4 153 137**	**767 931**	**18%**	**1 939 089**	**47%**

Source: Presentation to the PC on Employment and Labour dated 03 December 2025

As reflected in Table 3, total expenditure reached 47% of the annual appropriation by the end of Quarter 2, which is broadly aligned with the mid-year benchmark. However, expenditure trends across economic classifications reveal structural imbalances that require closer scrutiny. Current Payments accounted for 49% of the allocation by the end of Q2. Within this category, Compensation of Employees stood at 44%, below the proportional mid-year benchmark, primarily due to vacant funded posts and delayed appointments. While this has contributed to aggregate underspending, it raises concerns regarding capacity constraints and the potential impact on service delivery performance. In contrast, Goods and Services expenditure reached 59% by the end of Q2, exceeding the time-elapsed benchmark. This higher expenditure trajectory, partly attributable to travel and subsistence costs, suggests the need for tighter cost containment and monitoring to prevent budgetary pressure in the latter half of the financial year.

Transfers and Subsidies reflected 46% expenditure by 30 September 2025, which is moderately aligned with the annual spending trajectory. However, the timing of transfers to entities and other beneficiaries may result in uneven expenditure patterns across quarters. Payments for Capital Assets remained significantly under-spent at 19% by Q2, largely due to delays in infrastructure projects and procurement processes. Persistent under-expenditure in this category may affect long-term institutional capacity and ICT modernisation objectives. While aggregate expenditure appears broadly reasonable at mid-year, the divergence between underspending on Compensation of Employees and overspending on Goods and Services, coupled with slow capital investment, indicates underlying planning and capacity challenges. The Committee emphasises the importance of aligning personnel recruitment, operational spending, and capital investment to ensure sustainable financial management and improved performance outcomes in the second half of the financial year.

3. ENTITIES OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

The entities reporting to DEL are:

- Supported Employment Enterprises (SEE)
- Productivity South Africa (PSA)
- National Economic Development and Labour Council (NEDLAC)
- Unemployment Insurance Fund (UIF)
- Compensation Fund (CF)
- Commission for Conciliation Mediation and Arbitration (CCMA)

3.1. Supported Employment Enterprises

Supported Employment Enterprises (SEE) is a government entity under the Department of Employment and Labour (DEL) in South Africa. It is mandated to create employment opportunities for Persons with Disabilities (PWDs) by providing vocational training, skills development, and sustainable job placements within its network of factories and business operations. SEE plays a crucial role in promoting the economic

Inclusion of PWDs by integrating them into the workforce and ensuring they have access to stable employment. SEE operates 13 factories across South Africa, specialising in the production of office furniture, hospital linen, school furniture, protective clothing, and other goods for both government and private sector clients. To sustain its operations, SEE actively engages in business development and partnerships with government departments, state-owned entities, and private companies to secure contracts and long-term orders. Additionally, the enterprise provides on-the-job training to enhance the skills of employees, improving their career prospects and self-sufficiency.

SEE products can be categorised into:

- Textile (hospital linen)
- Wood (school and office furniture)
- Steel (money safes, etc.)

3.1.2. SEE Q1 and Q2 Performance for 2025/26

Table 4: Supported Employment Enterprises (SEE) – Non-Financial Performance (Q1 and Q2, 2025/26)

Output Indicator	Annual Target 2025/26	Q1 Target	Q1 Actual	Q1 % Achievement	Q2 Target	Q2 Actual	Q2 % Achievement	Performance Trend
Number of additional persons with disabilities employed in SEE factories by 31 March 2026	100	25	0	0%	50	0	0%	No improvement
Number of SEE marketing and communicatio	4	1	1	100%	2	2	100%	On track

ns campaigns conducted annually								
Number of customer agreements entered into annually	7	—	—	—	2	2	100%	On track
% Reduction of AFS qualification paragraphs in AGSA audit report	50%	—	—	—	50%	14%	28% of the annual target	Underperforming

Source: Presentation to the PC on Employment and Labour dated 03 December 2025

As reflected in Table 4, the non-financial performance of Supported Employment Enterprises (SEE) in the first two quarters of 2025/26 presents a mixed and concerning picture. While certain operational indicators relating to marketing and customer agreements are on track, the core mandate indicator, employment of additional persons with disabilities, recorded no progress in both Q1 and Q2. The annual target to employ 100 additional persons with disabilities shows zero placements against a Q1 target of 25 and a Q2 cumulative target of 50. This represents a critical underperformance in relation to SEE's primary strategic objective.

The stagnation is attributed to limited production capacity, budget constraints, and prolonged operational inefficiencies in certain factories. The Committee views this as a material risk to mandate fulfilment, particularly given that employment expansion is central to SEE's legislative and social purpose. By contrast, SEE achieved its marketing and communication campaign targets in both quarters and met its Q2 target for customer agreements. While these achievements indicate effort toward revenue generation and market positioning, they have not yet translated into expanded production output or employment growth. This disconnect suggests structural challenges between commercial activities and operational capacity. The audit improvement indicator further reflects underperformance. Against an annual target of reducing audit qualification paragraphs by 50%, SEE achieved only 14% progress by Q2.

This slow progress in addressing audit findings indicates ongoing weaknesses in financial management and internal controls. Without accelerated corrective action, SEE remains at risk of continued qualified audit outcomes. The Committee notes that while some supporting indicators are progressing, SEE's performance remains fundamentally constrained in its core employment mandate and financial governance improvements. The absence of employment growth in the first half of the financial year significantly heightens the risk of annual target non-achievement and underscores the need for a comprehensive operational and financial turnaround strategy.

3.1.3. Challenges at the Entity

The Semester 1 performance report highlights several structural and operational challenges affecting Supported Employment Enterprises (SEE) in Q1 and Q2 of 2025/26. The primary challenge is limited production capacity across factories, with reports indicating that a significant portion of employees are not fully utilised. In Q1, only 30% of employees were reported to be in active production. In Q2, it was further indicated that certain factory workers, particularly within woodwork operations, have been without meaningful work for extended periods. This directly contributed to the failure to employ additional persons with disabilities against the annual target of 100, with zero new placements recorded in both quarters. Financial sustainability constraints are also evident. SEE is reportedly operating under deficit conditions, necessitating the sourcing of additional business to augment revenue and stabilise operations. While marketing campaigns and customer agreements are progressing, these have not yet translated into increased production or employment growth.

Governance and financial management weaknesses remain a material concern. The target to reduce audit qualification paragraphs by 50% showed limited progress, with only 14% improvement achieved by Q2. The report attributes this to capacity constraints within the finance unit and the need for consultancy support and possible National Treasury deviation processes to address internal limitations. Slow progress in resolving prior-year audit findings suggests weaknesses in internal controls and financial oversight. Human resource dynamics also reflect instability. The number of factory employees declined from 997 in Q1 to 988 in Q2, partly due to retirements and the closure of the Durban factory. This contraction further constrains production capacity and undermines SEE's core mandate of expanding employment for persons with disabilities. SEE faces interlinked challenges of underutilised production capacity, financial deficits, weak internal controls, limited employment growth, and operational inefficiencies. Without a structured

With a turnaround strategy addressing revenue generation, governance reform, and operational restructuring, the entity remains at risk of continued underperformance against its strategic objectives.

3.2. Productivity SA

Productivity SA (PSA) was established in 1969 as the National Productivity Institute and later reconstituted under Section 31 of the Employment Services Act, No. 4 of 2014, as a Schedule 3A Public Entity under the Department of Employment and Labour (DEL). Its primary mandate is to promote employment growth, improve productivity, and enhance South Africa's socio-economic development and competitiveness. PSA plays a crucial role in fostering workplace efficiency, supporting Small, Medium, and Micro Enterprises (SMMEs), and ensuring that struggling businesses remain sustainable through various enterprise support programmes.

The organisation operates through strategic business units and programmes designed to enhance productivity across industries, promote full and productive employment, and facilitate wealth creation and income growth. PSA also focuses on workplace collaboration and dialogue to create a more competitive and resilient economy. Despite its significant contributions, PSA faces challenges related to financial stability, delays in funding agreements, and staff retention issues, all of which impact its ability to fulfil its mandate effectively. Addressing these concerns through sustainable funding and strategic policy interventions is essential to ensuring the PSA's continued success in driving economic growth and job creation.

3.2.1. Productivity SA Q1 and Q2 Performance per Strategic Objective

Productivity SA reported on its first and Second quarter of 2025/26 performance per strategic objective as reflected in Table 5.

Table 5: Productivity SA Q1 and Q2 Performance per Strategic Objective (2025/26)

Strategic Objective	Annual Planned Indicators	Q1 Achieved	Q1 Not Achieved	Q1 Aggregate Performance	Q2 Achieved	Q2 Not Achieved	Q2 Aggregate Performance
1. Strengthen institutional	3	–	–	–	–	–	–

capacity and financial sustainability (Corporate Services & HRM)							
2. Improve productivity for sustained inclusive economic growth and competitiveness (CIS)	2	2	0	100%	2	0	100%
3. Support enterprises in economic distress and prevent job losses (BT&R)	3	3	0	100%	3	0	100%
4. Generate and disseminate productivity-related research and statistics (RIS)	2	1	0	100%	–	–	–
5. Promote a culture of productivity and competitiveness (CIS &	2	2	0	100%	2	0	100%

Corporate Relations)							
Overall Performance	**12**	**8**	**0**	**100%**	**7**	**0**	**100%**

Source: Presentation to the PC on Employment and Labour dated 28 January 2026

As reflected in Table 5, Productivity SA achieved 100% of its planned targets in both Quarter 1 and Quarter 2 of the 2025/26 financial year. In Q1, 8 out of 8 applicable indicators were achieved, and in Q2, 7 out of 7 applicable indicators were achieved, resulting in full aggregate performance in both quarters. Strategic Objective 2, which focuses on improving productivity for sustained inclusive economic growth through the Competitiveness Improvement Services (CIS) programme, achieved all its indicators in both quarters. This reflects strong performance in enterprise support, capacity building, and productivity enhancement interventions. Similarly, Strategic Objective 3, relating to Business Turnaround and Recovery (BT&R), achieved 100% of its targets in Q1 and Q2, indicating effective support to enterprises in distress and significant progress in job retention initiatives.

Strategic Objective 5, which promotes a culture of productivity and competitiveness through advocacy and stakeholder engagement, also recorded full achievement across both quarters. Strategic Objective 4 (Research, Innovation and Statistics) achieved its applicable indicator in Q1, with research outputs progressing in line with the Annual Performance Plan. While the entity's performance against strategic objectives reflects strong operational execution in Semester 1, the Committee notes that these achievements must be considered alongside financial sustainability challenges, including revenue underperformance and structural cost pressures. Sustained performance in the second half of the financial year will depend not only on programme delivery but also on stabilising the entity's financial position and strengthening institutional capacity.

3.2.2. Productivity SA Q1 and Q2 Performance per Programme

Productivity SA reported on its first and second quarters of 2025/26 performance per programme as reflected in Table 6.

Table 6: Productivity SA Q1 and Q2 Performance per Programme (2025/26)

Programme	Annual Planned	Q1 Achieve	Q1 Not Achieve	Q1 Aggregate	Q2 Achieve	Q2 Not Achieve	Q2 Aggregate

	Indicators	d	d	Performance	D	d	Performance
Programme 1: Administration – Corporate Services (CS)	2	–	–	–	–	–	–
Programme 1: Administration – Human Resource Management (HRM)	1	–	–	–	–	–	–
Programme 1: Administration – Corporate Relations (CR)	1	1	0	100%	1	0	100%
Programme 2: Competitiveness Improvement Services (CIS)	3	3	0	100%	3	0	100%
Programme 3: Business Turnaround and Recovery (BT&R)	3	3	0	100%	3	0	100%
Programme 4: Research, Innovation and Statistics (RIS)	2	1	–	–	–	–	–
Overall Performance	**12**	**8**	**0**	**100%**	**7**	**0**	**100%**

Source: Presentation to the PC on Employment and Labour dated 28 January 2026

As reflected in Table 6, Productivity SA achieved 100% of its planned programme-level targets in both Quarter 1 and Quarter 2 of 2025/26. Programme 2 (Competitiveness Improvement Services) and Programme 3 (Business Turnaround and Recovery) demonstrated consistent full achievement across both quarters, reflecting strong operational execution in enterprise support, job retention, and productivity enhancement interventions. Programme 1 (Corporate Relations) also achieved full compliance with its planned advocacy and awareness outputs in both quarters. Programme 4 (Research, Innovation and Statistics) achieved its applicable indicator in Quarter 1, with research outputs progressing in line with the Annual Performance Plan. While programme performance reflects strong delivery against planned outputs, the Committee notes that programme success must be balanced against the entity's financial sustainability risks, including revenue underperformance and structural cost pressures. Continued monitoring will be required to ensure that programme achievements are sustained without compromising long-term financial stability.

3.2.3. Financial Report

Table 7: Financial Performance per programme

Programme	2024/25 Audited Outcome (R m)	2025/26 Approved Budget (R m)	2025/26 YTD Actual (R m)	2025/26 YTD Budget (R m)	Variance (R m)	Variance (%)	Commentary
Administration	70.246	87.894	35.817	44.381	8.564	19%	Under-spending due to delayed goods and services expenditure and unfilled vacancies affects the compensation of employees.
Competitiveness Improvement Services	25.511	34.514	11.993	15.835	3.842	24%	Slow project implementation affecting goods

							and services; vacancies contributing to compensation savings.
Business Turnaround and Recovery	26.951	55.069	14.175	23.191	9.016	39%	Lower-than-expected project implementation costs; significant goods and services savings; vacancies impacting compensation.
Research, Innovation and Statistics	6.156	8.736	3.302	4.281	0.979	23%	Compensation savings due to unfilled posts; cost containment measures on goods and services.
Total Expenditure	128.865	186.213	65.287	87.688	22.401	26%	System-wide under-expenditure driven by vacancies and delayed implementation across programmes.

Source: Presentation to the PC on Employment and Labour dated 28 January 2026

The year-to-date financial performance indicates material under-expenditure across all programmes, with total spending of R65.287 million against a YTD budget of R87.688 million, resulting in a shortfall of R22.401 million or 26 per cent. This deviation is significant at this stage of the financial year and reflects systemic implementation constraints rather than isolated programme inefficiencies. The pattern of under-spending is consistent across all branches, suggesting structural issues affecting the Department's overall spending capacity. A primary driver of the variance is the persistent vacancy rate across programmes, leading to savings on the compensation of employees. While these savings may superficially appear fiscally prudent, they reflect operational capacity gaps that may undermine programme delivery. Repeat reference to unfilled posts indicates either delays in recruitment processes or challenges in attracting and retaining skilled personnel. If these vacancies are not filled timeously, performance targets linked to funded positions may be at risk.

Programme-level analysis reveals differentiated risk exposure. Administration, with a 19 per cent variance, is moderately below budget due to delays in goods and services expenditure and unfilled critical posts. Since this programme provides institutional support functions, continued under-spending may weaken governance, internal controls, and service support systems. Competitiveness Improvement Services is 24 per cent below budget, largely due to slow project implementation affecting goods and services. This suggests delays in procurement or project execution, which may compromise output delivery if not accelerated in the next quarter. The most concerning variance is within Business Turnaround and Recovery, which is 39 per cent below its YTD budget. Given the substantial increase in its 2025/26 allocation compared to the prior year's audited outcome, the current spending trajectory raises questions about absorptive capacity and implementation readiness. Lower project implementation costs may reflect efficiency gains, but more likely indicate stalled or delayed interventions. This programme presents a high oversight risk, particularly if targets are output-driven and time-sensitive.

Research, Innovation and Statistics show a 23 per cent variance, driven by cost containment measures and deferred filling of posts. Although the absolute monetary variance is relatively small, delays in research outputs and statistical reporting could have broader strategic implications, particularly for planning, monitoring, and evidence-based policy formulation. The Department's financial performance suggests a misalignment between approved budget allocations and operational execution capacity. If corrective measures are not implemented in the next quarter, there is a risk of year-end expenditure pressure, compromised service delivery outcomes, and potential erosion of budget credibility within the MTEF framework. Immediate attention to recruitment, procurement efficiency, and project pipeline management is necessary to mitigate these risks

Table 8: Productivity SA Financial Report for Q1 and Q2 of 2025/26 (YTD as at Q2)

Financial Item	2025/26 Approved Budget (R'000)	Actual YTD (R'000)	Budget YTD (R'000)	Variance (R'000)	Variance (%)	Commentary
Total Revenue	186 213	64 300	93 223	(28 923)	(31%)	Revenue below budget due to slow project implementation and the timing of grant recognition
Consulting Income	53 825	12 253	27 839	(15 586)	(56%)	Underperformance linked to delayed BT&R and CIS projects
Government Grants (Total)	131 052	51 416	64 776	(13 360)	(21%)	Recognition aligned with the stage of work completed
Total Expenditure	186 214	65 288	87 687	22 399	26%	Expenditure below budget due to vacancies and delayed spending
Compensation of Employees	103 054	41 253	49 888	8 635	17%	Savings due to unfilled vacancies
Goods and Services	83 159	24 035	37 799	13 764	36%	Savings mainly from the delayed BT&R project spending
Net Result (Surplus/Deficit)	0	(988)	5 536	(6 524)	(118%)	YTD deficit position

Source: Presentation to the PC on Employment and Labour dated 28 January 2026

As reflected in Table 8, Productivity SA recorded total revenue of R64.3 million year-to-date against a budget of R93.2 million, resulting in a negative variance of R28.9 million (31% below budget). The primary contributor to this shortfall was consulting income, which was R15.586 million below budget due to the slow commencement of projects within the Business Turnaround and Recovery (BT&R) and Competitiveness Improvement Services (CIS) programmes. Government revenue was also below budget.

by R13.360 million, as revenue recognition is aligned to work completed, and project implementation was slower in the first half of the year. Total expenditure amounted to R65.288 million against a budget of R87.687 million, reflecting an underspending of R22.399 million (26%). Compensation of Employees was R8.635 million below budget due to unfilled vacancies, while Goods and Services reflected savings of R13.764 million, largely attributable to delayed project implementation, particularly within the BT&R programme.

Although expenditure control contributed to reduced spending, the underspending also signals capacity constraints and slower operational rollout. The entity recorded a year-to-date deficit of R988 thousand against a planned surplus position. While the deficit is relatively modest at mid-year, the combination of revenue underperformance, vacancy-related savings, and escalating legacy cost pressures, such as post-retirement medical aid liabilities, raises concerns regarding financial sustainability. The Committee notes that sustained programme performance in the second half of the financial year will depend on accelerated project implementation, improved revenue generation, and strengthened cost management to stabilise the entity's financial position.

3.2.4. Challenges at Productivity SA (Q1 and Q2, 2025/26)

Productivity SA faces a set of structural, financial, and institutional challenges that, while not immediately reflected in its 100% performance achievement, pose medium- to long-term sustainability risks. The most significant pressure relates to financial sustainability. Revenue is 31% below the year-to-date budget, with consulting income underperforming by R15.586 million due to the slow start of BT&R and CIS projects. Non-exchange revenue (government grants) is also below budget because revenue recognition is tied to work completed, creating timing mismatches between performance and income flows. This volatility affects cash flow stability. Escalating post-retirement medical aid obligations represent a structural cost risk. The projected increase in monthly medical aid costs following a court order outcome may raise annual liabilities to approximately R5.35 million, placing additional strain on the operating budget.

These legacy costs reduce fiscal space for programme expansion and operational strengthening. Vacancies contribute both to underspending and operational risk. Savings of R8.635 million on Compensation of Employees reflect unfilled posts. While this improves short-term expenditure control, it may undermine institutional capacity and affect delivery momentum if not addressed timeously. The vacancy of the Chief Executive Officer position further presents leadership and strategic continuity risks. The funding model presents limitations. The entity indicated that short-term project contracts, particularly within the BT&R programme, affect programme stability and workforce continuity, and that longer-term funding arrangements (e.g., a five-year UIF contract) are required for sustainability. Additionally, the current funding structure constrains equitable service expansion across provinces. Although Productivity SA achieved all its planned performance targets in Semester 1, it operates within a constrained financial and institutional environment characterised by revenue volatility, legacy cost pressures, vacancy-related capacity gaps, and structural funding limitations. Addressing these challenges will be critical to maintaining operational effectiveness and ensuring long-term financial sustainability.

3.3. National Economic Development and Labour Council (NEDLAC)

The National Economic Development and Labour Council (NEDLAC) is South Africa's statutory social dialogue institution established in terms of the NEDLAC Act, No. 35 of 1994. It serves as the country's apex forum for consultation and consensus-building between government, organised business, organised labour, and the community constituency on socio-economic policy and labour market matters. NEDLAC was created to promote inclusive economic decision-making following South Africa's democratic transition. Its core mandate is to facilitate dialogue and reach agreement on proposed labour legislation, social and economic policy, and significant national programmes before they are introduced in Parliament. The institution, therefore, plays a central role in fostering cooperative governance, labour market stability, and inclusive development.

The work of NEDLAC is structured through four chambers:

- Public Finance and Monetary Policy Chamber (PFMPC) – deals with fiscal, monetary and macroeconomic matters.
- Trade and Industry Chamber (TIC) – addresses industrial policy, trade, and economic transformation.
- Labour Market Chamber (LMC) – focuses on labour legislation and employment-related issues.
- Development Chamber – considers broader social and developmental policy matters.

In addition, NEDLAC supports structured dialogue initiatives such as the National Dialogue process and works closely with entities such as the Presidential Climate Commission (PCC). Its functions include convening negotiations, facilitating policy engagement, monitoring parliamentary processes related to socio-economic legislation, and building constituency capacity to participate effectively in social dialogue. As a Schedule 3A public entity reporting to the Department of Employment and Labour, NEDLAC is funded primarily through parliamentary appropriations and is accountable to Parliament through the Portfolio Committee on Employment and Labour.

3.3.1. Nedlac Non-Financial Performance per Programme in Q1 and Q2

Nedlac reported on its non-financial performance per programme as follows:

Table 9: Nedlac Performance per programme in Q1 and Q2 of 2025/26

Programme	Indicators Applicable (Q1)	Q1 Achieved	Q1 Not Achieved	Q1 % Achievement	Indicators Applicable (Q2)	Q2 Achieved	Q2 Not Achieved	Q2 % Achievement
Administration	2	1	1	50%	4	3	1	75%
Core Operations	2	2	0	100%	2	2	0	100%
Capacity Building	1	1	0	100%	1	1	0	100%
Presidential Climate Commission (PCC)	0*	0	0	N/A	1	0	1	0%
Overall	**5**	**4**	**1**	**80%**	**8**	**6**	**2**	**75%**

*No PCC targets were planned for Quarter 1.

Presentation to the PC on Employment and Labour dated 28 January 2026

As reflected in Table 9, NEDLAC achieved an overall performance of 80% in Quarter 1 and 75% in Quarter 2 of the 2025/26 financial year. While overall performance remained above the 70% threshold, there was a slight decline in Quarter 2, driven primarily by underperformance within Administration and the Presidential Climate Commission (PCC) component. In Quarter 1, Administration achieved 50%, with one indicator not met due to delays in implementing the approved training plan. In Quarter 2, Administration performance improved to 75%, although one target remained unachieved. The delay in appointing training providers due to unresponsive RFQs and staff deferrals to later quarters affected implementation timelines. This indicates persistent internal capacity and procurement-related constraints.

Core Operations maintained 100% performance in both quarters, reflecting strong execution of NEDLAC's primary mandate of facilitating social dialogue, legislative engagement, and multi-sector negotiations. Capacity Building also sustained full achievement across both quarters, demonstrating effective constituency strengthening and stakeholder participation support.

The PCC component recorded no planned targets in Quarter 1; however, in Quarter 2, it achieved 0% against one planned indicator. The shortfall was attributed to funding limitations and the departure of a responsible staff member, resulting in delayed project implementation. This highlights the vulnerability of programme delivery to funding certainty and staffing stability. While NEDLAC's core mandate performance remains strong, the entity faces operational risks linked to training implementation delays, procurement processes, funding constraints, and staffing capacity. Sustained attention to internal management processes will be necessary to prevent further decline in overall performance in subsequent quarters.

3.3.2. Nedlac Financial Performance Q1 and Q2 of 2025/26

Nedlac reported on its financial performance as follows:

Table 10: NEDLAC Financial Performance – Q1 and Q2 (YTD as at Quarter 2, 2025/26)

Financial Item	Approved Budget 2025/26 (R'000)	Q2 YTD Actual 2025/26 (R'000)	Q2 YTD Budget 2025/26 (R'000)	Variance (R'000)	Commentary
Revenue					
Grant Income	80 109	45 390	40 055	+5 335	Higher revenue due to National Dialogue funding recognised
Interest & Other Income	1 580	1 042	790	+252	Slightly above budget
Donor Funding Income	7 000	3 344	3 500	-156	Minor variance from planned donor receipts
Total Revenue	88 689	49 775	44 345	+5 431	Positive variance largely due to National Dialogue funds

Expenditure					
Compensation of Employees	63 070	29 563	31 535	-1 972	Savings due to vacancies
Goods & Services	25 619	19 213	12 810	+6 403	Overspending driven by National Dialogue-related costs
Depreciation & Amortisation	–	851	–	-851	Accounting adjustment
Total Expenditure	88 689	49 627	44 345	+5 283	Higher spending linked to dialogue activities
Surplus / (Deficit)	–	148	–	+148	Small surplus recorded at mid-year

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As reflected in Table 9, NEDLAC recorded total revenue of R49.775 million against a year-to-date budget of R44.345 million, resulting in a positive variance of R5.431 million. The variance is primarily attributable to additional funding received for the National Dialogue, which was not part of the original approved budget but has since been incorporated into the revised 2025/26 budget. Donor funding income was slightly below budget, while interest and other income marginally exceeded projections. Total expenditure amounted to R49.627 million compared to a budget of R44.345 million, reflecting an overspending variance of R5.283 million.

Goods and services expenditure exceeded budget by R6.403 million, largely due to National Dialogue-related costs and accruals for contractual commitments. Compensation of employees was below budget by R1.972 million due to vacancies during the reporting period. Despite higher-than-budgeted operational spending, NEDLAC recorded a small surplus of R148 thousand at the end of Quarter 2. While the mid- year position appears stable, the Committee notes that the sustainability of this position depends on continued alignment between National Dialogue expenditure and recognised revenue, as well as effective management of vacancies and cost controls in the second half of the financial year.

3.3.3. Challenges facing NEDLAC (Q1 and Q2, 2025/26)

NEDLAC's performance in the first half of 2025/26 reflects strong progress in core operations; however, several operational and structural challenges were identified. A key challenge relates to training implementation and procurement delays. In both quarters, the implementation of the training plan was affected by delays in appointing service providers due to unresponsive RFQs, as well as staff deferring participation to later quarters. Although remedial measures such as revising the Terms of Reference template were introduced, these delays impacted the Administration's performance. Capacity and funding constraints affected the Presidential Climate Commission (PCC) component. In Quarter 2, a planned PCC indicator was not achieved due to a lack of funding and the departure of the responsible staff member in Quarter 1. The target was subsequently revised in the adjusted Annual Performance Plan, highlighting vulnerability to staffing instability and budget limitations.

Stakeholder participation challenges also emerged. In Quarter 1, organised business withdrew from participation in the Cost-of-Living Rapid Response Task Team engagements due to internal capacity constraints. Although commitments were made to address these constraints and review the task team's terms of reference, such withdrawals affect the inclusivity and effectiveness of social dialogue processes.
Financially, goods and services expenditure exceeded the budget due to National Dialogue-related activities, which were not part of the original approved budget. While corresponding revenue was recognised, the additional operational demands associated with large-scale dialogue processes place pressure on planning, cash flow management, and budget alignment. NEDLAC's key challenges relate to procurement delays, staffing capacity, funding constraints within specific components, and the operational demands of expanded dialogue initiatives such as the National Dialogue. Addressing these risks will be essential to sustaining performance and institutional stability in the remainder of the financial year.

3.4. Unemployment Insurance Fund (UIF)

The Unemployment Insurance Fund (UIF) is a Schedule 3A public entity established in terms of the Unemployment Insurance Act, 2001 (Act No. 63 of 2001) and administered by the Department of Employment and Labour. Its primary mandate is to provide short-term financial relief to workers who become unemployed or are unable to work due to specific contingencies, and to support labour market reintegration. The UIF provides benefits in the following categories: unemployment, illness, maternity, parental, adoption, dependants' (death) benefits, and the Temporary Employer/Employee Relief Scheme

(TERS), where applicable. These benefits are funded through compulsory contributions from employers and employees, as prescribed by legislation. The Fund is financed primarily through:

- Contributions from employers and employees (a percentage of remuneration),
- Investment income generated from accumulated reserves, and
- Recoveries and other minor income streams.

UIF also funds Labour Activation Programmes (LAP), which aim to reintegrate unemployed beneficiaries into the labour market through training, enterprise development, and job placement initiatives. This aligns the Fund's role beyond passive income support toward active labour market interventions. Governance of the UIF is overseen by a Board representing organised labour, organised business, and the state. The Fund operates nationally through provincial offices and labour centres, supported by digital platforms such as uFiling for benefit applications and contribution declarations. Given its contributory funding model and large investment portfolio, the UIF plays a dual role as a social insurance mechanism providing income protection and a financial institution responsible for prudent fund management to ensure long-term sustainability. The Fund reports to Parliament through the Portfolio Committee on Employment and Labour and is subject to audit by the Auditor-General of South Africa.

3.4.1. UIF Performance per Programme in Q1 and Q2 of 2025/26

The UIF reported on its performance per programme in the first and second quarters of 2025/26 as reflected in the following table. The Unemployment Insurance Fund (UIF) Q1 and Q2 Performance Report for 2025/26 highlights key achievements and challenges across its three core programmes: Administration, Business Operations, and Labour Activation Programme (LAP). Below is a breakdown of each programme's performance during the quarter.

Table 11: UIF Performance per Programme in Q1 and Q2 of 2025/26

Programme	Q1 Planned Targets	Q1 Achieved	Q1 %	Q2 Planned Targets	Q2 Achieved	Q2 %	Semester 1 Performance
Administration	4	3	75%	4	3	75%	75%
Business Operations	5	3	60%	5	3	60%	60%
Labour Activation Programmes (LAP)	2	1	50%	2	1	50%	50%

Overall	**11**	**7**	**64%**	**11**	**7**	**64%**	**62% (8/13 cumulative targets achieved)**

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As reflected in Table 11, UIF recorded moderate performance in the first half of the 2025/26 financial year, with cumulative Semester 1 achievement of 62% (8 out of 13 targets achieved). Quarterly performance remained largely consistent throughout Q1 and Q2, with limited improvement between reporting periods. Programme 1: Administration achieved 75% in both quarters. While this reflects relatively stable internal governance and support functions, outstanding targets indicate ongoing challenges in areas such as audit action plan implementation and internal systems improvement. Programme 2: Business Operations recorded 60% achievement in both Q1 and Q2. This programme includes benefit processing and claims management, experienced underperformance due to system limitations, weak monitoring mechanisms, non-adherence to standard operating procedures, and ICT infrastructure constraints. Delays in TERS processing and in-service/deceased claims further contributed to missed targets.

Programme 3: Labour Activation Programmes (LAP) achieved 50% in both quarters. Performance was affected by delays in enterprise support verification, legal vetting processes, and slow project implementation. Given the strategic importance of LAP in facilitating labour market reintegration, the underperformance raises concerns regarding the Fund's ability to shift from passive income support to active employment interventions. While UIF continues to deliver substantial benefit payments to millions of beneficiaries, programme-level performance below 70% indicates operational inefficiencies that require focused corrective action. ICT modernisation, strengthened monitoring systems, improved legal turnaround times, and vacancy filling will be critical to improving performance outcomes in the second half of the financial year.

3.4.2. UIF Financial Performance Report – Q1 and Q2 2025/26 (YTD as at 30 September

Table 11: UIF Financial Performance Report – Q1 and Q2 2025/26 (YTD as at 30 September 2025)

Income Performance (R'000)

Income Category	YTD Actual 30-Sep-25	YTD Actual 30-Sep-24	Variance % (YoY)	YTD Budget 30-Sep-25	Variance % vs Budget

Contribution Revenue	13,166,614	12,760,960	+3.18%	13,533,744	-2.71%
– Contributions Received	12,977,054	12,584,546	+3.12%	13,358,944	-2.86%
– Penalties Received	98,252	100,537	-2.27%	105,745	-7.09%
– Interest from Debtors	91,308	75,877	+20.34%	69,055	+32.23%
Other Income	25,719	21,361	+20.40%	16,366	+57.15%
Investment Revenue	3,267,767	5,777,065	-43.44%	6,372,410	-48.72%
Total Income	**16,460,100**	**18,559,386**	**-11.31%**	**19,922,520**	**-17.38%**

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The income performance for the UIF as at 30 September 2025 reflects a structurally stable contribution base but significant pressure from investment revenue underperformance. Contribution revenue amounts to R13.167 billion, reflecting moderate growth of 3.18 per cent year-on-year. Contributions received increased by 3.12 per cent, indicating that the core funding stream remains resilient. However, revenue is 2.71 per cent below budget, suggesting that employer registration growth or wage projections were slightly overestimated during budgeting. The shortfall is not severe but indicates softer-than-expected expansion in the contributor base. Penalties received declined by 2.27 per cent year-on-year and are 7.09 per cent below budget. This may reflect improved compliance behaviour or weaker enforcement recoveries. While not financially material in aggregate terms, it may warrant a review of enforcement effectiveness. Interest from debtors increased sharply by 20.34 per cent year-on-year and exceeds budget by 32.23 per cent. This indicates improved recovery of arrear contributions. However, sustained growth in debtor interest can also signal elevated outstanding balances, which should be monitored from a compliance risk perspective. Other income increased by 20.40 per cent year-on-year and is 57.15 per cent above budget. The presentation attributes this largely to the recovery of overpayments. This is a positive governance indicator, but it represents non-recurring revenue and should not be treated as a stable funding source. The principal pressure point is investment revenue, which declined by 43.44 per cent compared to the prior year and is 48.72 per cent below budget. This materially weakens total income performance. Given UIF's reliance on investment returns to supplement contribution revenue, such volatility introduces sustainability risk. The report notes backlog issues in capturing investment transactions, but the magnitude of decline suggests broader market or asset performance challenges.

As a result, total income stands at R16.460 billion, down 11.31 per cent year-on-year and 17.38 per cent below budget. The income shortfall is therefore predominantly investment-driven rather than operational. The UIF's income structure remains fundamentally contribution-supported and stable in the short term. However, heavy dependence on investment returns exposes the Fund to financial market volatility. If investment underperformance persists while benefit payments continue to grow, medium-term actuarial sustainability ratios will tighten. The central oversight issue is therefore investment governance and portfolio performance rather than contribution collection stability.

3.4.3. UIF Financial Performance Report – EXPENDITURE (YTD as at 30 September 2025, R'000)

Table 12: Expenditure Summary

Expenditure Category	YTD Actual 30-Sep-25	YTD Actual 30-Sep-24	Variance % (YoY)	YTD Budget 30-Sep-25	Variance % vs Budget
Benefit Payments	10,275,414	9,347,783	+9.92%	9,507,527	+8.08%
– Unemployment, RWT, COV & WABU	8,741,901	7,942,820	+10.06%	8,130,999	+7.51%
– Illness Benefits	239,156	231,160	+3.46%	196,742	+21.56%
– Maternity & Parental	1,023,966	909,399	+12.60%	807,219	+26.85%
– Adoption & Parental	167	93	+79.57%	222	-24.77%
– Dependants Benefits	270,238	263,948	+2.38%	372,345	-27.42%
Poverty Alleviation Schemes	1,451,871	294,100	+393.67%	5,739,999	-74.71%
Administration	569,167	505,524	+12.59%	628,502	-9.44%
Other Operating Expenses	638,378	1,208,073	-47.16%	967,960	-34.05%
Employee Costs	1,083,904	848,807	+27.70%	1,386,510	-20.83%
Fair Value Adjustment	(4,660,377)	(12,330,191)	+62.20%	1,688,842	-375.95%
Total Expenditure	**9,375,439**	**(110,354)**	—	**18,721,827**	**-49.92%**

Presentation to the PC on Employment and Labour dated 18 February 2026

UIF's expenditure performance for Q1 and Q2 (YTD to 30 September 2025) reflects a mixed position characterized by benefit pressure, operational under-spending, and significant investment valuation effects. Benefit payments amount to R10.275 billion, which is 9.92 per cent higher than the previous year and 8.08 per cent above budget. This indicates upward pressure on core social protection obligations. The increase is concentrated in unemployment-related benefits (R8.742 billion, +10.06 per cent year-on-year) and maternity and parental benefits (+12.60 per cent year-on-year, 26.85 per cent above budget). The overspending is attributed to manual continuation payments caused by uFiling system constraints. This suggests a system-control weakness rather than purely demand-driven growth. If continuation processing inefficiencies persist, expenditure may continue to exceed projections in subsequent quarters.

Poverty Alleviation Schemes expenditure stands at R1.452 billion, reflecting a sharp increase compared to the prior year (+393.67 per cent). However, spending is 74.71 per cent below the 2025/26 budget allocation. This divergence indicates timing and implementation delays rather than fiscal stress. The risk lies in potential year-end spending compression or underachievement of programme targets if implementation does not accelerate. Employee costs amount to R1.084 billion, 27.70 per cent higher than the previous year but 20.83 per cent below budget. This under-expenditure is linked to delayed recruitment due to the ongoing organizational structure review. While this suppresses short-term spending, it signals capacity constraints that may be contributing to operational bottlenecks, particularly in claims processing and monitoring.

Other operating expenses are 34.05 per cent below budget and 47.16 per cent lower than the prior year. This suggests expenditure containment in non-core areas. While fiscally conservative, prolonged compression of operational expenditure may weaken institutional effectiveness if critical service inputs are deferred. The fair value adjustment of negative R4.660 billion reflects unrealized investment valuation movements. Although improved relative to the prior year's larger negative adjustment, it introduces volatility into the overall expenditure profile and underscores the Fund's sensitivity to financial market conditions.

The total expenditure of R9.375 billion is significantly below the YTD budget of R18.722 billion, largely due to investment valuation accounting effects and slower-than-anticipated programme implementation. The primary financial risks are sustained growth in benefit payments above budget; operational inefficiencies linked to ICT system constraints; delayed filling of funded posts affecting service capacity;

and continued investment income volatility influencing the Fund's financial sustainability trajectory. From an oversight perspective, the central issue is not solvency in the short term, but expenditure alignment with budget assumptions and the structural drivers behind benefit growth and operational under-execution.

Table 13: Financial Position for the first and second Quarter 2025/26

Indicator	30-Sep-25	30-Sep-24	YTD Budget 30-Sep-25
Total Income	16,460,100	18,559,386	19,922,520
Total Expenditure	9,375,439	(110,354)	18,721,827
Surplus / (Deficit)	**7,084,661**	**18,669,740**	**1,200,693**

The financial position as at 30 September 2025 reflects a positive surplus position, but with notable year-on-year contraction and material deviations from budget projections. Total income amounts to R16.460 billion, which is R2.099 billion (11.31 per cent) lower than the R18.559 billion recorded in the prior year. Against the YTD budget of R19.923 billion, income is underperforming by R3.462 billion (17.38 per cent). This shortfall is primarily attributable to weak investment revenue performance rather than a decline in contribution revenue. The income base, therefore, remains operationally stable, but financially sensitive to market returns. Total expenditure is reported at R9.375 billion. This is significantly below the YTD budget of R18.722 billion (49.92 per cent under budget). However, the prior-year comparative figure of negative R110 million reflects the impact of large fair value adjustments in 2024, making the direct year-on-year comparison distorted. The 2025 expenditure level indicates moderate operational spending relative to income, with the main cost driver being benefit payments.

The resulting surplus of R7.085 billion is substantially lower than the R18.670 billion surplus recorded in the previous year (a 62.05 per cent decline). Despite this contraction, the surplus is significantly above the budgeted surplus of R1.201 billion (approximately 490 per cent higher than projected). This suggests that expenditure containment and investment valuation movements have produced a stronger-than-anticipated interim position. From a sustainability perspective, three conclusions emerge. First, the Fund remains solvent and cash-generative in the short term. Second, the sharp decline in surplus relative to the previous year signals increasing pressure from lower investment returns and rising benefit payments. Third, the large variance against budget (both income under-collection and expenditure under-spending) indicates forecasting weaknesses, particularly in investment income assumptions and programme execution timing. While the UIF retains a healthy mid-year surplus, the declining income trajectory and benefit growth trend warrant close monitoring to protect medium-term sustainability.

3.4.4. Challenges facing UIF (Q1 and Q2, 2025/26)

The Unemployment Insurance Fund (UIF) is experiencing a combination of operational, financial, and governance challenges that are affecting both service delivery and financial performance. A primary constraint is the instability and limitations of the uFiling system, which has required manual processing of continuation payments. This has contributed to overspending and inefficiencies in claims administration. In addition, poor ICT infrastructure in some Labour Centres and limited utilisation of the Business Intelligence monitoring tool have weakened real-time oversight of claims processing and turnaround performance.

Claims management remains an area of concern. Performance targets for in-service and deceased benefit claims were not achieved in the first two quarters due to insufficient monitoring, non-adherence to procedures, and the processing of backlogged claims from prior financial years. Delays in the approval of TERS applications were also recorded, largely due to bottlenecks created by consolidated submission and legal vetting processes. These procedural inefficiencies are slowing turnaround times and affecting compliance with service standards. Additionally, human resource capacity constraints further compound operational pressures. Although the vacancy rate remains within the acceptable threshold, employee cost expenditure is below budget due to delays in filling funded posts linked to the ongoing organizational structure review. This has limited adjudication, monitoring, and legal capacity, thereby affecting overall performance efficiency.

Financially, the most significant challenge is the sharp decline in investment revenue, which is substantially below both the previous year and the current budget. Given the Fund's reliance on investment returns to supplement contribution income, this exposes the UIF to market volatility and medium-term sustainability risks. While contribution revenue remains relatively stable, it is slightly below projections due to lower-than-anticipated employer registrations, indicating forecast weaknesses during budget planning. Expenditure pressures are also evident, with benefit payments exceeding budget due to increased claims volumes and manual processing inefficiencies. At the same time, certain programmes such as Poverty Alleviation Schemes are significantly under-spent relative to the budget, suggesting implementation delays and potential year-end spending compression. Collectively, these challenges point to structural weaknesses in systems integration, investment management, workforce planning, and budget alignment. While the Fund remains solvent in the short term, sustained corrective action is necessary to stabilize operational performance and protect long-term financial sustainability

3.5. Compensation Fund

The Compensation Fund (CF) is a statutory entity of the Department of Employment and Labour established in terms of the Compensation for Occupational Injuries and Diseases Act (COIDA). Its core mandate is to provide compensation for disablement caused by occupational injuries or diseases sustained in the course of employment, and to pay benefits to dependents in cases of work-related fatalities. The Fund operates as a social insurance mechanism financed primarily through compulsory employer assessments, supplemented by investment income and interest in outstanding accounts.

The Fund's mandate extends beyond cash compensation. It also covers medical expenses, rehabilitation services, orthotic and assistive devices, and reintegration support to help return injured employees to work. This dual function positions the CF as both a social protection instrument and a contributor to labour market stability and productivity. Its operations are therefore directly linked to poverty reduction, income security, and economic inclusion objectives. For the 2025/26 financial year, the Fund's strategic direction is aligned with the Medium-Term Development Plan (MTDP) priorities. These include driving inclusive growth and job creation, reducing poverty and addressing the high cost of living, and building a capable, ethical, and developmental state. The Fund has identified three internal strategic focus areas to support these priorities: strengthening internal controls and maintaining financial soundness; ensuring efficient and cost-effective delivery of benefits to intended beneficiaries; and contributing to employment and economic growth through rehabilitation and reintegration programmes.

Institutionally, the Compensation Fund is structured into four main programmes: Administration; COID Services; Medical Services; and Orthotic and Rehabilitation Services. Administration provides governance, finance, human resources, ICT, and corporate support. COID Services manages the registration, adjudication, and payment of compensation claims. Medical Services processes and settles medical invoices related to occupational injuries and diseases. Orthotic and Rehabilitation Services oversee assistive devices and return-to-work interventions. Financially, the Fund manages a multi-billion-rand annual budget. Revenue is largely generated through the Return of Earnings (RoE) process, where employers submit payroll declarations for assessment. Investment in income from funds managed through the Public Investment Corporation (PIC) constitutes a significant secondary revenue stream. The Fund must maintain financial sustainability while ensuring timely benefit payments and compliance with governance standards. The Compensation Fund is a critical component of South Africa's social security framework, designed to protect workers against occupational risk while promoting rehabilitation, economic participation, and institutional financial stability.

3.5.1. Performance per Programme in Q1 and Q2 of 2025/26

Table 14: Performance per programme in Q1 and Q2 of 2025/26

Programme	Q1 Planned Targets	Q1 Achieved	Q1 Achievement %	Q2 Planned Targets	Q2 Achieved	Q2 Achievement %	Performance Trend
Programme 1: Administration	1	1	100%	1	1	100%	Stable
Programme 2: COID Services	2	1	50%	2	1	50%	Stable (Below Target)
Programme 3: Medical Services	2	2	100%	2	2	100%	Stable
Programme 4: Orthotic & Rehabilitation	1	1	100%	1	1	100%	Stable
Total	**6**	**5**	**83%**	**6**	**5**	**83%**	No Change

Source: Presentation to the PC on Employment and Labour dated 18 February 2026

The programme performance for Q1 and Q2 of 2025/26 reflects overall stability at an aggregate level, with total achievement remaining constant at 83 per cent in both quarters. Five out of six planned targets were achieved in each quarter, indicating consistent execution across most functional areas. Programme 1 (Administration) achieved 100 per cent in both quarters. This suggests that governance, financial management, and corporate support functions operate within planned parameters. Stable administrative performance is important given its role in supporting claims processing, ICT systems, and internal controls.

Programme 3 (Medical Services) and Programme 4 (Orthotic and Rehabilitation) also sustained 100 per cent achievement across both quarters. This indicates strong performance in medical invoice processing, assistive device approvals, and rehabilitation services. These areas are critical to reducing hardship for injured workers and facilitating reintegration into employment. The principal area of concern remains Programme 2 (COID Services), which achieved only 50 per cent of its planned targets in both Q1 and Q2.

The persistence of this underperformance signals a structural issue rather than a temporary fluctuation. Given that COID Services is responsible for core claims adjudication and benefit payments, sustained underperformance directly affects service delivery outcomes and public confidence. This aligns with the reported challenges in meeting the 95 per cent target for approved benefits paid within 10 working days. The absence of performance improvement between Q1 and Q2 suggests that mitigation measures implemented after Q1 did not materially shift outcomes within the second quarter. From an oversight perspective, the critical question is whether corrective interventions, particularly around payment verification processes and system improvements, are sufficient to recover performance in subsequent quarters. While overall programme performance appears stable at 83 per cent, this stability masks a persistent weakness in COID Services. The Fund demonstrates operational strength in administrative, medical, and rehabilitation functions, but its core claims and payment functions remain a risk area requiring focused management intervention.

3.5.2. Financial Information

Table 14: Programme Expenditure Performance and Projections as at 30 September 2025

Programme	Revised Allocation 2025/26	Actual Expenditure (30 Sept 2025)	Variance Under/(Over)	% Spent	Annual Projection (31 March 2026)	Annual Projected Variance	Annual Projected %
Programme 1: Administration	8 574 034	703 706	7 870 328	8%	7 134 232	7 166 622	83%
Programme 2: COID Services	2 298 353	996 524	1 301 829	43%	2 145 701	305 304	93%
Programme 3: Medical Services	5 036 238	2 012 880	3 023 358	40%	4 530 999	1 010 478	90%
Programme 4: Orthotic &	590 050	359 186	230 864	61%	555 869	(128 322)	94%

Medical Rehabilitation							
Total Budget	**16 498 675**	**4 072 297**	**12 426 378**	**25%**	**14 366 802**	**8 354 081**	**87%**

Source: Presentation to the PC on Employment and Labour dated 18 February 2026

As at 30 September 2025 (mid-year), total expenditure against the 2025/26 revised allocation of R16.499 billion amounted to R4.072 billion, representing 25 per cent of the total budget. The annual projection to 31 March 2026 is R14.367 billion (87 per cent of the total allocation), implying a projected under- expenditure of R8.354 billion when measured against the full-year budget at this stage of the reporting cycle. This indicates significant spending backloading in the second half of the financial year. Programme 1: Administration has a revised allocation of R8.574 billion after approved shiftings of R2.449 million. By 30 September 2025, expenditure amounted to R703.706 million (8 per cent of the allocation), reflecting a variance of R7.870 billion. The programme is projected to spend R7.134 billion (83 per cent) by year-end, suggesting a projected under-expenditure of R7.167 billion relative to the total allocation at this reporting point. Spending performance is materially below the 50 per cent benchmark expected at mid-year.

Programme 2: COID Services has a revised allocation of R2.298 billion following a downward shift of R1.657 million. Mid-year expenditure stands at R996.524 million (43 per cent), with a variance of R1.302 billion. The annual projection is R2.146 billion (93 per cent of the allocation), indicating a projected under-expenditure of R305.304 million. Performance is closer to the mid-year benchmark compared to Programme 1, although still below the ideal 50 per cent level. Programme 3: Medical Services reflects a revised allocation of R5.036 billion after a R415,000 reduction through shiftings. Expenditure by 30 September 2025 amounts to R2.013 billion (40 per cent), leaving a variance of R3.023 billion. The projected year-end expenditure is R4.531 billion (90 per cent of the allocation), with a projected under- expenditure of R1.010 billion. Spending is moderate but remains below the linear spending trajectory expected at mid-year.

Programme 4: Orthotic and Medical Rehabilitation has a revised allocation of R590.050 million following a R377,000 shifting. Expenditure to 30 September 2025 totals R359.186 million (61 per cent), resulting in a variance of R230.864 million. This programme is spending above the 50 per cent mid-year benchmark. The projected year-end expenditure is R555.869 million (94 per cent), implying a projected under- expenditure of R128.322 million. In aggregate, spending performance is uneven across programmes.

Programme 4 demonstrates accelerated expenditure, while Programme 1 reflects significant under- spending at mid-year. Although annual projections suggest improved spending by 31 March 2026, the current trajectory raises oversight concerns regarding implementation delays, cash flow management, and the credibility of year-end expenditure forecasts

Table 15: Compensation Fund – Financial Overview (Q1 2025/26 as at 30 June 2025)

Revenue Category	Revised Budget 2025/26	Q1 Actual (30 June 2025)	Variance	% of Budget Achieved
Revenue from Assessments	12 400 000	9 956 596	2 443 404	80%
Interest & Penalties	3 221 135	551 754	2 669 380	17%
Investment Income	7 938 899	2 394 400	5 544 499	30%
Interest on Bank Account	292 688	50 252	242 436	17%
Dividends Received	1 046 047	503 976	542 072	48%
Other Revenue	40 000	–	40 000	0%
Rental Income	1 755	1 435	319	82%
Administrative Contributions	54 725	55 536	(811)	101%
Total Revenue (Before Fair Value Adj.)	**24 995 249**	**13 513 950**	**11 481 299**	**54%**
Fair Value Adjustments	2 484 761	3 968 392	(1 483 632)	160%
Total Revenue (After Adjustments)	**28 401 989**	**17 668 345**	**11 105 650**	**62%**

Source: Presentation to the PC on Employment and Labour dated 18 February 2026

The Compensation Fund's revenue performance in Q1 of 2025/26 reflects a strong inflow position largely driven by employer assessments through the Return of Earnings (RoE) process. Revenue from assessments reached R9.957 billion, representing 80 per cent of the annual target at the end of the first quarter. This indicates that the Fund's primary funding base remains stable and responsive to the RoE cycle. However, interest and penalties generated only R551.8 million, or 17 per cent of the annual budget, suggesting weaknesses in debt recovery despite statutory receivables exceeding R30 billion. Investment income of R2.394 billion reflects 30 per cent of the annual target, broadly aligned with expected quarterly performance, but it highlights the Fund's reliance on market returns. Fair value adjustments of R3.968 billion exceeded budget projections, strengthening the reported revenue position, though such gains are non-cash and market-sensitive. Overall, total revenue after adjustments stood at R17.668 billion, equivalent to 62 per cent of the annual estimate, largely influenced by seasonal assessment inflows and favourable investment valuations.

On the expenditure side, financial execution remains significantly below expected quarterly benchmarks. Total expenditure amounted to R1.691 billion, representing only 10 per cent of the R16.499 billion annual budget. Programme 1 (Administration) recorded extremely low spending at 2 per cent of its allocation, mainly due to unprocessed doubtful debt provisions, slow ICT procurement processes, and recruitment delays affecting the compensation of employees. Programme 2 (COID Services) spent 20 per cent of its allocation, which is closer to expected levels, although programme performance remained constrained at 50 per cent, indicating operational bottlenecks rather than funding shortages. Programme 3 (Medical Services) spent 19 per cent of its budget, broadly aligned with medical claims volumes, while Programme 4 (Orthotic and Rehabilitation) spent 23 per cent, the closest to the expected quarterly benchmark, demonstrating relatively sound financial alignment. The Fund reported a net surplus of R15.977 billion at the end of Q1. While this indicates short-term financial strength, the surplus is partly driven by fair value adjustments and slow expenditure execution rather than accelerated service delivery. In overall terms, the Compensation Fund remains financially stable and revenue-generative, but expenditure underperformance, weak debt recovery, and reliance on investment-related gains present medium-term management and sustainability considerations.

3.5.3. Challenges facing the Compensation Fund (CF)

The Compensation Fund (CF) is facing a combination of operational, financial, and governance challenges that affect both service delivery and financial execution. A primary operational challenge relates to benefit payment turnaround times. Although the target for adjudicating registered claims within 30 working days was achieved (90% in Q1 and improved to 92% in Q2), the indicator for approved benefits paid within 10 working days was not achieved in both quarters. Performance declined from 93.87% in Q1 to 90% in Q2 against a 95% target. The presentation attributes this largely to Account Verification Service (AVS) rejections caused by discrepancies between beneficiary master data and bank records. This indicates weaknesses in data integrity and payment validation processes, directly affecting beneficiaries.

Financial execution is another significant concern. By the end of Q1, only 10% of the annual budget had been spent, well below the expected 25% quarterly benchmark. Programme 1 (Administration) spent just 2% of its allocation. The under-expenditure is driven by the delayed processing of a R5 billion doubtful debt provision, slow ICT procurement (pending BEC and BAC processes), and recruitment constraints affecting compensation of employees. This suggests systemic procurement and human resource bottlenecks. Debt recovery and statutory receivables present a structural financial risk. The Fund reports statutory receivables exceeding R30 billion, while interest and penalties revenue achieved only 17% of its annual target in Q1. This points to weak debt collection capacity and reliance on procurement of external debt collection services to strengthen recovery efforts. Recruitment and vacancy management also pose constraints. Although the vacancy rate improved to below 10% by Q2, compensation of employees spending remains below projection due to unsuccessful recruitment processes and delays in filling funded posts. This has implications for operational capacity, especially in claims processing and financial control functions.

Investment reliance introduces exposure to market volatility. While Q1 reflected positive fair value adjustments, the Fund remains dependent on investment income to supplement assessment revenue. Market fluctuations could materially affect revenue projections and the actuarial position of the Fund. The entity's main challenges include delayed benefit payments due to verification failures, slow budget execution, weak debt collection performance, procurement delays, recruitment bottlenecks, and exposure to investment market volatility. While the Fund remains financially strong in the short term, operational inefficiencies and structural constraints require focused management intervention to ensure sustained performance and financial sustainability.

3.6. Commission for Conciliation, Mediation and Arbitration (CCMA)

The Commission for Conciliation, Mediation and Arbitration (CCMA) is an independent statutory body established in terms of the Labour Relations Act (LRA), 1995. Its primary mandate is to promote social justice and economic development in the labour market by resolving workplace disputes through conciliation, arbitration and other alternative dispute resolution mechanisms. The CCMA operates as a neutral institution, providing accessible and cost-effective dispute resolution services to employers and employees across South Africa. The institution plays a central role in maintaining labour market stability. It conciliates disputes such as unfair dismissals, unfair labour practices, retrenchments, wage disputes and mutual interest matters. Where conciliation fails, the CCMA conducts arbitration proceedings and issues binding awards. It also facilitates collective bargaining processes, manages essential services determinations through the Essential Services Committee (ESC), and implements job-saving interventions under section 189A of the LRA.

Strategically, the CCMA's 2025/26–2029/30 theme, titled "The Momentum – Empowering Progress, Embracing Change," aligns its work with broader national development priorities. Its performance framework is structured around three national priorities: driving inclusive growth and job creation; reducing poverty and addressing the high cost of living; and building a capable, ethical and developmental state. These priorities are operationalized through measurable service delivery indicators such as case turnaround times, arbitration award timeliness, job-saving rates, return-to-work index performance, training interventions, and ICT system uptime.

Institutionally, the CCMA is funded through parliamentary appropriation and manages an annual budget exceeding R1 billion. It operates nationally through provincial offices and relies on both full-time and part-time commissioners to manage caseload volumes. Financial oversight includes monitoring expenditure by economic classification, case disbursement costs (including commissioner fees, venue hire and travel), and compliance with irregular and fruitless expenditure controls. The CCMA is a core labour market institution responsible for dispute resolution, employment preservation, and industrial peace. It functions as both a dispute resolution body and a preventative intervention mechanism aimed at sustaining employment, ensuring compliance with labour legislation, and promoting equitable labour relations.

3.6.1. Detailed breakdown of the 2025/2026 Q1 and Q2 Non-Financial Performance

Table:16 Detailed breakdown of the 2025/2026 Q1 and Q2 Non-Financial Performance

Area / Indicator	Q1 Performance	Q2 Performance	Status	Key Finding
Overall Target Achievement	7/7 (100%)	12/13 (92%)	Slight decline	High overall performance maintained; one target not achieved in Q2
HR Plan Implementation	Not applicable (Q1 indicator phased)	48.5% vs 50% target	Not Achieved	Technical misalignment between APP phasing and HR Plan; delivery reportedly on track
Training Interventions Delivered	9 vs 7 target	21 vs 16 target	Exceeded	Additional requested training interventions delivered
ICT System Uptime	98.8% vs 90% target	99.8% vs 90% target	Exceeded	Strong ICT stability supporting operations

Conciliable Cases Heard Within 30 Days	99.4% vs 99% target	99.4% vs 99% target	Achieved	Consistent compliance with legislated target
Arbitration Awards Issued Within 14 Days	99.9% vs 99% target	99.9% vs 99% target	Achieved	Strong procedural efficiency
Mutual Interest Matters Settled/Withdrawn	Not applicable (Q1 phased)	63% vs 54% target	Exceeded	Improved regional follow-up and mediation efforts
Jobs Saved Indicator	Not applicable (Q1 phased)	52% vs 38% target	Exceeded	Stronger receptiveness to job-saving strategies
Return-to-Work Index	Not applicable (Q1 phased)	7% vs 6% target	Exceeded	Effective provincial/regional interventions
Essential Services Interventions	100% of targets achieved	100% of targets achieved	Achieved	Monitoring and awareness activities delivered as planned
Self-Initiated Essential Service Reviews	Not applicable (Q1 phased)	2 vs 1 target	Exceeded	Proactive response to essential service confusion

Source: Presentation to the PC on Employment and Labour dated 18 February 2026

The CCMA's non-financial performance for Q1 and Q2 of 2025/26 reflects sustained operational efficiency, strong legislative compliance, and targeted over-performance in strategic areas, with limited and largely technical underperformance. In Quarter 1, the Commission achieved 100 per cent of its planned targets (7 of 7). This indicates full delivery against the approved Annual Performance Plan indicators. Performance in core dispute resolution functions remained particularly strong. The percentage of conciliable cases heard within 30 days reached 99.4 per cent against a 99 per cent target, while arbitration awards issued within 14 days achieved 99.9 per cent against the same 99 per cent benchmark. These are legislated efficiency standards, and consistent compliance reflects strong internal controls, daily regional monitoring reports, and case flow management systems. ICT system uptime also exceeded the target at 98.8 per cent against a 90 per cent threshold, suggesting a stable digital infrastructure supporting case management and operational continuity. Training and capacity-building indicators also exceeded the target in Q1, with 9 training interventions delivered against a target of 7. This over-performance included both planned and department-requested interventions, indicating institutional responsiveness and flexibility. Essential services-related indicators interventions, monitoring of designations, and awareness sessions were all achieved, demonstrating continued compliance with statutory obligations under the Labour Relations Act.

In Quarter 2, overall performance declined marginally to 92 per cent (12 of 13 targets achieved). The single underperformance related to the percentage implementation of the Human Resource Plan, which recorded 48.5 per cent achievement against a 50 per cent target. However, management clarified that this shortfall arose from misalignment between the phasing assumptions in the APP and the scheduling in the HR Plan itself. All 17 activities planned for Q1 and Q2 were delivered, but the APP expected 50 per cent completion at mid-year, whereas the HR Plan scheduled 48.5 per cent for that period. This indicates a technical planning inconsistency rather than substantive implementation failure. Importantly, management reported over-delivery in some areas, which will be recognised at year-end. Operational dispute resolution indicators remained robust in Q2.

Conciliation performance remained stable at 99.4 per cent compliance, and arbitration award turnaround sustained 99.9 per cent achievement. These figures confirm continuity in procedural efficiency. Performance in strategic impact indicators improved notably. The percentage of mutual interest matters settled or withdrawn reached 63 per cent against a 54 per cent target, attributed to proactive regional follow-up and mediation support. The jobs saved indicator significantly exceeded target, achieving 52 per cent against a 38 per cent benchmark. This suggests effective facilitation of section 189A consultations and improved receptiveness by parties to job-saving interventions. However, management cautioned that this indicator remains vulnerable to external economic shocks, including tariff pressures affecting certain sectors.

The Return-to-Work Index also exceeded the target at 7 per cent against a 6 per cent target, driven by provincial and regional interventions by the national collective bargaining team. While positive, management indicated that some regions have not yet met the target, suggesting uneven performance across geographic areas. Essential services indicators in Q2 continued to reflect full compliance, with additional over-performance in self-initiated essential service reviews (2 conducted against a target of 1), demonstrating proactive regulatory oversight. The CCMA's non-financial performance profile indicates strong institutional stability and compliance with statutory mandates. Core efficiency indicators consistently exceed legislated thresholds, while strategic impact measures such as job preservation and dispute settlement rates show measurable improvement. The only underperformance relates to a technical HR Plan phasing issue, which does not reflect systemic operational weakness. From an oversight perspective, the main considerations are the sustainability of over-performance in job-saving measures under changing economic conditions, and alignment between planning instruments to avoid future reporting discrepancies.

3.6.2. CCMA Total Expenditure (YTD – Q1 & Q2 2025/26)

Table 17: CCMA Total Expenditure (YTD – Q1 & Q2 2025

Economic Classification	YTD Budget (R'000)	YTD Expenditure (R'000)	Variance (R'000)	% Variance
Employee Costs	312 402	303 557	8 845	2.8%
Administration Expenses	93 901	74 398	19 503	20.8%
Depreciation & Amortisation	20 175	16 038	4 137	20.5%
Finance Costs	516	329	187	36.2%
Subsidies	3 333	3 277	55	1.7%
Case Disbursement	87 518	85 144	2 374	2.7%
Operating Expenses	12 299	6 212	6 088	49.5%
Foreign Exchange Loss/Gain	1 186	407	780	65.7%
Total	**531 330**	**489 362**	**41 968**	**7.9%**

Source: Presentation to the PC on Employment and Labour dated 18 February 2026

The CCMA's year-to-date expenditure for Q1 and Q2 of 2025/26 amounts to R489.362 million against a YTD budget of R531.330 million, resulting in a favourable variance of R41.968 million (7.9 per cent). In annual terms, this represents 46.9 per cent of the approved R1.044 billion budget spent at mid-year, which is broadly aligned with the 50 per cent benchmark, though slightly below projection. Employee costs constitute the largest expenditure category at R303.557 million, reflecting a modest variance of R8.845 million (2.8 per cent). This indicates relatively stable personnel spending, with the variance attributed to timing differences in filling critical vacancies. Given that employee costs account for more than half of the annual allocation (R624.304 million), expenditure control in this category remains central to overall financial stability.

Administration expenses show a larger favourable variance of R19.503 million (20.8 per cent). This suggests delayed spending in variable administrative costs rather than structural savings. While cost containment is positive from a fiscal control perspective, sustained under-execution in administrative inputs could affect operational support functions if not aligned with performance demands.

Expenses are the highest proportional variance at 49.5 per cent below the YTD budget. The R6.088 million underspend is linked to lower travel, recruitment, building maintenance, and training costs, some of which are demand-driven and incurred on an as-needed basis. While this indicates prudent financial management, it may also reflect reduced physical case activity or greater reliance on virtual platforms. Case disbursement expenditure, which directly supports dispute resolution operations (including part-time commissioners, interpreters, and sheriffs), is closely aligned with the budget at only 2.7 per cent below projection. This suggests that core service delivery costs are being managed in line with operational workload. Notably, part-time commissioner fees exceeded the budget slightly due to case load pressures, while travel and venue costs were lower due to increased virtual hearings. Depreciation and amortisation show a 20.5 per cent favourable variance, reflecting timing differences in asset acquisition. Finance costs and foreign exchange adjustments are minor in quantum and do not materially affect overall performance. The expenditure profile reflects sound financial control with moderate underspending driven primarily by timing differences rather than systemic execution failures. Importantly, financial performance aligns with the strong non-financial performance reported for Q1 and Q2, indicating that service delivery outcomes were achieved without excessive budget strain. The key oversight consideration is whether underspending in administrative and operating categories will normalise in the second half of the financial year to prevent late-year expenditure compression while sustaining performance standards.

3.6.3. Challenges of the entity

The CCMA's overall performance in Q1 and Q2 of 2025/26 remains strong; however, several structural and operational challenges are evident from the briefing and Committee engagement. A primary challenge relates to planning alignment and performance phasing. In Q2, the Commission recorded 92% performance due to a technical shortfall in the Human Resource Plan implementation indicator (48.5% achieved against a 50% target). Although management indicated that all planned activities were delivered, the misalignment between the Annual Performance Plan (APP) phasing and the HR Plan scheduling exposed weaknesses in internal planning synchronisation. Such discrepancies can create artificial underperformance and reduce reporting credibility.

Workload pressure remains a structural risk. While conciliable cases heard within 30 days (99.4%) and arbitration awards issued within 14 days (99.9%) exceed legislative targets, this performance is highly dependent on commissioner availability and efficient case flow management. Any increase in case referrals, particularly in a deteriorating economic climate, could strain part-time commissioner capacity and threaten turnaround compliance. The jobs saved indicator and mutual interest settlement rates exceeded targets in Q2, but these outcomes are sensitive to macroeconomic conditions. Retrenchment cycles, sectoral downturns, or external trade shocks could reduce the Commission's ability to sustain high job preservation outcomes. The Commission has limited control over these external drivers, making this indicator inherently volatile.

Human resource constraints present a moderate risk. Although employee cost variance is minimal, recruitment timing and specialist skill availability, particularly in dispute resolution and essential services functions, remain critical to sustaining operational efficiency. Any delays in filling funded posts could affect adjudication and mediation throughput. Financial execution is broadly stable, but certain categories (administration expenses, operating costs, depreciation) show timing variances. While cost containment is positive, prolonged underspending in operational inputs such as training, building maintenance, or technology upgrades may impact long-term institutional resilience if not monitored carefully. Digital transformation and ICT dependency represent another strategic exposure. The Commission's high ICT uptime supports virtual hearings and operational continuity; however, increased reliance on digital platforms introduces cybersecurity, data protection, and disaster recovery risks. In addition, expanded virtual hearings may present access challenges for rural or digitally excluded participants. Finally, regional performance disparities may affect uniform service delivery. While national indicators exceed targets, uneven performance across provinces, particularly in return-to-work outcomes and mediation follow-ups, suggests the need for closer regional monitoring.

4. COMMITTEE OBSERVATIONS

4.1 Department of Employment and Labour (DEL)

Committee Observation	Recommendation
• Overall performance at 77% in Q2 (Below optimal benchmark).	DEL to submit a consolidated performance recovery plan with clear quarterly milestones.
• Programme 1 (Administration) performance at 67%.	Provide a detailed root cause analysis and corrective action timeline for Programme 1.
• High cumulative expenditure (Approximately 75% by mid-year).	Submit detailed cash-flow projections and expenditure smoothing plan for Q3 and Q4.
• Inspection and Enforcement Services (IES) achieved high inspection numbers.	Provide inspection quality assurance audit, including compliance enforcement outcomes and repeat offender statistics.

• Public Employment Services (PES) reports strong outputs.	Submit placement sustainability data (3–6 month retention rate) and employer feedback analysis.
• Project 20K (graduate inspector deployment) implementation ongoing.	Provide deployment statistics, mentorship structure, and absorption outcomes tracking. It is recommended to digitalise the employment application process by implementing an automated system that selects qualified candidates, thereby reducing the time spent manually uploading applications and expediting the overall implementation phase.
• Vacancy challenges persist in critical posts.	Submit the vacancy rate trend report and recruitment acceleration plan with deadlines.
• Slow progress on digital modernisation in certain service areas.	Provide an ICT modernisation roadmap with deliverables and timelines.
• Coordination across entities is uneven.	Develop an integrated performance dashboard across DEL entities.
• Labour Centres are facing infrastructure and capacity pressures.	Provide Labour Centre infrastructure audit and staffing adequacy report.
• Budget alignment between performance targets and spending.	Submit programme-level budget-to-performance alignment analysis.
• Monitoring and evaluation (M&E) reporting improvements required.	Strengthen the M&E framework to include outcome and impact indicators.
• Economic shocks affecting the employment environment.	Provide scenario-adjusted performance projections where relevant.
• The department's financial management revealed underspending on compensation due to unfilled posts and delays in infrastructure projects, contrasted with overspending on goods and services such as travel and subsistence.	Enhance financial oversight by tightening controls on variable expenses (e.g., travel) and expedite filling vacancies to optimise expenditure of allocated budgets and align spending with strategic priorities.
• Public Employment Services underperformed with only 75% target	Implement targeted capacity-building and process improvement programs for underperforming branches

achievement, potentially limiting inclusive growth and job creation efforts.	like Public Employment Services to enhance service delivery effectiveness and employment facilitation.

4.2 Supported Employment Enterprises (SEE)

Committee Observation	Recommendation
• Decline in capacity utilisation across factories.	Submit a factory-by-factory capacity utilisation report with recovery strategy and timelines.
• Reduced order volumes from government departments.	DEL and SEE to engage the National Treasury on strengthening preferential procurement compliance; quarterly report on confirmed orders pipeline.
• Revenue target of R90 million critical for viability.	Provide quarterly sales performance against target with client diversification breakdown.
• Heavy reliance on DEL transfers for operational stability.	Develop a medium-term financial sustainability strategy, including a diversified client base and pricing review.
• SEE's low productivity and prolonged workforce inactivity hindered its employment growth capacity.	Implement targeted productivity improvement initiatives and workforce reactivation programs to enhance SEE's operational efficiency and employment growth.
• The entity showed weak financial and compliance performance, addressing only 14% of audit issues due to poor controls and limited financial management capacity.	Strengthen internal controls and enhance financial management capacity to improve compliance and address audit findings effectively.
• SEE fell short in meeting strategic employment targets for persons with disabilities and conducted fewer marketing campaigns than planned, limiting outreach and growth potential.	Intensify efforts to convert memorandum of understandings (MOUs) into active orders, expand market engagement, and implement programs to increase employment of persons with disabilities aligned with organisational goals.

• Cost containment measures implemented.	Submit an impact assessment of cost-saving measures on productivity and workforce stability.
• The PFMA framework constrains commercial agility.	Present a formal proposal on the PFMA exemption or regulatory flexibility, including legal feasibility and Treasury engagement status.
• Marketing and business development functions are limited.	Submit marketing and sales strategy, including dedicated business development capacity.
• Inventory management and production planning challenges.	Provide the inventory turnover ratio and production lead-time metrics quarterly.
• Limited product diversification.	Develop a product innovation and diversification roadmap aligned to government procurement demand.
• Wage bill pressure relative to revenue base.	Provide wage-to-revenue ratio analysis and productivity benchmarking per factory.
• Governance and oversight dependency on DEL.	Clarify governance reform proposals and operational autonomy framework.
• Skills development for employees with disabilities.	Provide a structured skills development and upskilling programme plan.
• Ageing infrastructure and machinery.	Submit a capital replacement and refurbishment plan with a funding strategy.
• Intergovernmental coordination gaps.	Develop an integrated support framework with PES and Productivity SA for worker development pathways.

4.3 Productivity SA (PSA)

Committee Observation	Recommendation
• 100% performance achievement in both Q1 and Q2.	Productivity SA to submit a sustainability plan outlining how performance levels will be maintained over the MTEF.
• Enterprise Support Programme and Turnaround Solutions Programme show positive job retention outcomes.	Submit independently verified job retention and productivity improvement data, including sectoral breakdown.
• Focus on SMMEs and distressed companies	Provide 6–12-month post-intervention tracking

aligns with national job preservation priorities.	data on enterprise survival and employment retention.
• High dependency on grant funding from DEL.	Develop and present a revenue diversification strategy, including private-sector partnerships and fee-based services.
• Vacancy challenges reported in technical and specialist positions.	Submit vacancy rate report, critical skills plan, and recruitment timelines.
• Increased demand for productivity interventions from enterprises.	Provide workload-to-advisor ratio and turnaround time metrics.
• Monitoring and evaluation framework in place, but impact indicators require strengthening.	Enhance the M&E framework to include productivity index improvement, profitability growth, and employment stability indicators.
• Alignment with national priorities (job preservation, inclusive growth).	Provide a contribution analysis linking Productivity SA interventions to MTDP and industrial policy objectives.
• Limited digital transformation integration in productivity advisory services.	Present digital productivity enhancement strategy and advisor's upskilling plan.
• Intergovernmental coordination (UIF TERS legacy and CF distressed sectors overlap).	Develop a coordinated support framework with UIF, CF and DEL PES to avoid duplication.
• Productivity-SA exceeded job-saving targets but faces financial strain from rising Post-Retirement Medical Aid costs and 26% underspending due to vacancies and delays	Address Post-Retirement Medical Aid cost pressures and improve spending efficiency by filling vacancies and accelerating expenditure.

4.4 National Economic Development and Labour Council (Nedlac)

Committee Observation	Recommendation
• Overall performance declined from 80% in Q1 to 75% in Q2.	Nedlac to submit a Q3 recovery plan outlining measures to improve throughput and restore performance above 80%.

• Delays in finalising policy and legislative engagements within Chambers.	Provide a Chamber-by-Chamber backlog report with projected resolution timelines.
• Stakeholder coordination challenges across constituencies.	Submit a stakeholder engagement strengthening strategy, including meeting frequency and dispute resolution mechanisms.
• Limited measurable impact reporting on	Develop and report on outcome-based indicators

concluded agreements.	(e.g., number of agreements implemented, legislative amendments influenced).
• Capacity constraints within Secretariat.	Provide staffing levels, vacancy rate trends, and recruitment plans for critical posts.
• Budget utilisation closely aligned with performance outputs.	Submit a medium-term financial sustainability outlook under the current funding envelope.
• Increased complexity of socio-economic issues (e.g., tariffs, labour reforms, economic instability).	Present scenario-based workload planning and resource adequacy assessment.
• Limited public visibility of social dialogue outcomes.	Develop a public communication and reporting strategy to enhance transparency.
• Need for alignment with national development priorities (MTDP and SONA commitments).	Provide an alignment matrix linking Nedlac engagements to MTDP and SONA priorities.
• NEDLAC achieved 100% core operations but faced stakeholder capacity issues, including Business constituency withdrawal from task teams and unmet training targets due to procurement and capacity constraints.	Address stakeholder capacity gaps and procurement challenges to ensure full participation and training target achievement.

4.5 Unemployment Insurance Fund (UIF)

Committee Observation	Recommendation
• Overall performance at 62% in Q2.	Submit a detailed performance recovery plan with timelines for Programme 3 improvement.
• Programme 3 (Labour Activation Programmes) at 50%.	Provide a comprehensive LAP monitoring framework, including job placement, duration, and sustainability metrics.
• Investment income declined significantly year-on-year.	Submit investment portfolio risk assessment and stress-testing scenario analysis.
• Contribution revenue slightly below budget.	Provide revised revenue forecasting methodology and employer compliance trend analysis.

• Benefit payments exceeded budget (8% above YTD target).	Provide claims trend analysis and updated actuarial sustainability projection.
• Manual continuation payments due to uFiling limitations.	Submit the ICT stabilisation roadmap with implementation milestones and performance monitoring indicators.

• Employee cost under-spending due to vacancies.	Accelerate recruitment and provide quarterly vacancy and workload ratio reports.
• Poverty Alleviation Schemes are significantly below budget execution.	Provide an implementation acceleration plan and revised cash-flow forecast.
• Fair value adjustments materially affecting surplus position.	Provide analysis separating operational surplus from investment valuation effects.
• Debt recovery and compliance monitoring are inconsistent.	Submit the quarterly debt collection dashboard and enforcement outcomes report.
• Turnaround time for certain claims is not consistently meeting targets.	Provide claims processing time analysis by benefit category and region.
• Partnerships were introduced to improve efficiency.	Report on cost-benefit and service delivery improvements arising from partnerships.
• The UIF's overall Q1/Q2 performance was below targets (62% achievement rate) due to the death benefits claim linked to the ICT challenges.	Enhance and upgrade UIF's ICT infrastructure and systems to streamline death benefits processing and reduce manual interventions. Implement stronger monitoring and accountability measures using BI tools to improve claims turnaround times.
• UIF succeeded in high youth participation through the Presidential Youth Employment Initiative (PYEI), but administrative delays in legal vetting of TERS applications and payment processes undermine job retention and enterprise support goals.	UIF should fast-track legal vetting capacity for TERS applications and streamline payment verification to remove administrative bottlenecks, ensuring timely fund disbursement to critical job creation and retention programs, thus amplifying the impact on economic transformation and social protection.
• Employee costs were 20.83% below budget due to delays in filling funded posts.	The UIF needs to accelerate the organisational structure review process and implement interim staffing plans to fill critical provincial vacancies, preventing under-resourcing from impeding service delivery targets and improving programmatic outcomes.

4.6 Compensation Fund (CF)

Committee Observation	Proposed Recommendation

• Overall performance at 83% in Q1 and Q2.	Submit a targeted recovery plan to address underperforming indicators.
• Approved benefits paid within 10 working days below 95% target (declined from 93.87% to 90%).	Provide AVS rejection analysis by category and a corrective intervention plan with measurable reduction targets.
• Claims adjudication improved (90% to 92%).	Maintain daily monitoring dashboards and report on regional backlog levels.
• Q1 expenditure is only 10% of the annual budget.	Submit Q2 cumulative expenditure update and spending acceleration strategy.
• Programme 1 (Administration) spent only 2% of its allocation in Q1.	Provide a status update on R5 billion doubtful debt provision and audit implications.
• Statutory receivables exceed R30 billion.	Submit the debt collection performance dashboard and timeline for the procurement of external debt collectors.
• Investment income and fair value adjustments materially influence surplus.	Provide stress-testing scenario analysis on investment portfolio performance.

• Recruitment delays are affecting the compensation of employees' spending.	Submit vacancy rate trends and workforce capacity modelling report.
• AVS rejections are causing payment delays.	Provide system improvement roadmap and progress tracking metrics.
• Medical services expenditure aligned with claims volumes.	Provide claims volume forecasting and medical cost containment strategy.
• High surplus position in Q1 (R15.977 billion).	Distinguish operational surplus from valuation-driven surplus in reporting.
• ICT procurement delays (pending BEC/BAC processes).	Submit procurement status report and revised ICT implementation timeline.
• The CF excelled in claims processing, achieving 90% adjudication within 30 working days and up to 99% in claim reopenings and medical invoice finalisations.	It is recommended that the CF continue leveraging current claims processing strategies to sustain high adjudication rates and explore further automation to maintain or exceed the 90%-99% performance levels.
• Critical underperformance is evident as only 10% of the R16.498 billion budget was spent by Q1, hindered by unresolved R5 billion doubtful debts and delays in ICT, procurement, and HR functions.	Accelerate resolution of doubtful debts and streamline ICT, procurement, and HR processes to improve budget utilisation and operational efficiency.
• High statutory receivables and interest on late returns indicate weak financial governance and threaten Fund stability.	The CF should implement stringent debt management and timely debt book clean-up to enhance financial governance and safeguard Fund stability.
• Workforce balancing interventions ongoing.	Provide regional workload-to-staff ratio analysis.

4.7 Commission for Conciliation, Mediation and Arbitration (CCMA)

Committee Observation	Recommendation
• Overall performance strong: 100% in Q1 and 92% in Q2.	Align APP phasing with HR Plan scheduling to prevent technical reporting discrepancies.
• Conciliable cases heard within 30 days at 99.4% (above 99% target).	Provide case referral trend analysis and backlog risk forecast.

• Arbitration awards are issued within 14 days at 99.9%.	Submit the commissioner workload ratio and part-time commissioner utilisation report.
• Mutual interest matters settlement rate at 63% (above 54% target).	Provide sectoral breakdown and mediation follow-up tracking.
• Jobs saved indicator at 52% (above 38% target).	Provide verified job retention data with 6-month follow-up validation.
• Return-to-Work Index exceeded target (7% vs 6%).	Submit regional comparative performance analysis.
• ICT system uptime consistently above 98%.	Provide an ICT resilience, cybersecurity, and disaster recovery readiness report.
• Employee cost expenditure slightly below YTD budget (2.8% variance).	Submit the vacancy trend and recruitment timeline report.
• Administration and operating expenditure	Assure that cost containment does not affect service

below budget.	quality.
• Case disbursement closely aligned with budget (2.7% variance).	Maintain a quarterly alignment report linking case volume to expenditure.
• Financial expenditure at 46.9% by mid-year.	Submit Q3 expenditure forecast and variance explanation.
• Increased reliance on virtual hearings, reducing travel costs.	Provide access, equity analysis and mitigation measures for rural participants.
• The CCMA achieved strong operational delivery, exceeding dispute resolution targets, but missed the Human Resource Plan target due to misalignment between the Annual Performance Plan (APP) and actual HR scheduling.	The CCMA should rectify the misalignment between the APP and HR Plan to ensure strategic targets are accurately reflected in performance reporting and accelerate filling critical vacancies to stabilise human resource capacity.
• The use of part-time commissioner is legislated. Also, among others, it is supposed to assist in prudent financial management, but in the quarters under review, it has been observed as one of the cost drivers.	Conduct a cost-benefit analysis of the part-time commissioner's role to assess its financial impact and explore alternative governance models.

Report to be considered.

4. REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT ON THE PETITION FROM THE AMADIBA COMMUNITY REQUESTING THE NATIONAL ASSEMBLY TO INVESTIGATE THEIR CONCERNS REGARDING THE N2 WILD COAST TOLL HIGHWAY PROJECT (MS N MBUTHUMA), DATED 31 MARCH 2026

The Portfolio Committee on Transport, having considered the petition filed by Ms Mbuthuma, reports as follows:

1. INTRODUCTION

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

2. BACKGROUND TO THE PETITION

The petition was referred to the Committee for consideration and report on 10 September 2025. The petition called for changing the route of the N2 Wild Coast highway (N2WCH) between the Mtentu and Mtamvuna Bridges and to conduct a midterm evaluation of the N2 Wild Coast Highway Project. The petition members of the Amadiba community submitted the petition in terms of sections 56(d) and 69(d) of the Constitution of the Republic of South Africa, 1996 and the National Assembly Rules on petitions, to register their objection to the route close to the coast for the highway to be constructed. The petitioners proposed what they deemed a viable alternative route that will promote development for the whole of Amadiba. The petition proposes that an alternative development and infrastructure plan should be considered as part of the proposed mid-term evaluation of the N2WCH project.

3. KEY POINTS RAISED BY THE PETITION

The Committee was briefed on the petition by the Amadiba Crisis Committee on 16 October 2025. The following matters were highlighted:

- The residents and community members in Amadiba believe that development is important for the area, and that improving road infrastructure is vital, particularly when it is integrated within the community connectivity requirements without losing the core values of a national highway. The question is which route must be followed.
- The environmental and social impact research and assessments of the N2WCH some twenty years ago, are now outdated considering new knowledge and experiences of road building in the Eastern Cape.
- The community's rights and voices have been overlooked and the consequences of displacement, loss of livelihood and cultural and heritage degradation will be immense and irreparable if the alignment is not changed.
- It is the petitioners' view that there has not been meaningful engagement by the Department of Transport ("DOT"), the South African National Roads Agency Limited (SANRAL), the Department of Public Works and Infrastructure and National Treasury about the project for such consultation to comply with the relevant statutory and customary law under the constitution including the principle and process of free prior informed community consent.
- The N2WCH in its current form is therefore not informed by coordinated development, which is informed by the spatial development planning processes, which emphasize local stakeholder input and inclusiveness.
- The petition seeks appropriate redress of the nature that will enable the DOT, SANRAL and all other relevant organs of state to reconsider the administrative decision taken in 2011 to approve the N2WCH, including the controversial alignment between the Mtamvuna and Mtentu rivers. The appropriate redress sought through the petition includes a decision to subject the N2WCH to a mid-term review, in particular its alignment between Mtamvuna and Mtentu. The inland and coastal Amadiba community requests that the Committee advise DOT and SANRAL to consider a community-backed alternative that is more sustainable, less damaging to the coastal

environment and economy, more cost-effective to construct and more developmentally inclusive.

The petition outlined the impact of the coastal route as follows:

3.1 Economic impact and community livelihood

The Amadiba community lives on the North-Eastern seaboard of the Eastern Cape in an area that has a 35 km coastline along the Indian Ocean. Amadiba is a large traditional area within the greater Mpondoland region between the Mtamvuna and Mtentu rivers. Many residents in inland Amadiba engage in small scale and subsistence farming but don't sell surpluses to the market in Durban and elsewhere, as do farmers on the coast. It is the view of the petitioners that the authorized route will cut cultivated community land on the coast in half. This, together with ribbon development would destroy the way of life on the coast and the traditional system of land tenure. It will also disrupt the coastal economy of agriculture and its attraction for eco-tourism.

Since the approval of the proposed N2WCH coastal alignment between East London and Durban in 2011, the proposed route between the Mtentu and Mtamvuna bridges will result in permanent negative effects for at least the Amadiba/Umgungundlovu community on the coast and forego the following positive effects in the inland Amadiba/Dangeni and the whole of Amadiba:

- Displacement of families and destruction of approximately two thirds more homesteads on the coast than with the N2 instead continuing in the centre of Amadiba between Mtentu and Mtamvuna bridges.
- Loss of too much agricultural land, grazing fields, and community livelihoods on the coast, compared to in the center of Amadiba.
- Desecration of ancestral graves and places of cultural and spiritual significance to a much higher extent than in the inland because of much higher social impact.
- Increased poverty and social disintegration due to forced relocations to a much higher extent on the coast than in the centre, where the road can be built on top of an existing road for over 10 km and where expected ribbon development will not have devastating effects.

3.2 Construction, time frames and costs

The cost of the project has increased from R6.5bn in the 2008 official socio-economic report to R23.5bn in March 2024, according to the SANRAL 2024 Annual Report. The coastal N2 requires 3 additional 55-60m high and over 200m long bridges over deep river gorges on the coast, and a 93m high and 350m long bridge over the Mzamba river; whilst the alternative inland road needs a 43m and 500m long bridge over Mzamba and 3-12m low bridges in four places on its way to Mtentu because there are no additional river gorges to cross in the centre of Amadiba.

3.3 Illegal sandmining

Ribbon development along a highway on the coast will trigger increased levels of illegal sand mining closer to the coast, whilst a development corridor in the centre of Amadiba moves this problem on the Wild Coast to an area without environmental protection (classified as 'Other Natural Area'). The use of R61 from 8km in a free landscape after Lurholweni and building the highway on top of gravel roads for more than 10km in inland rural Amadiba, will reduce the need for relocating homesteads by two thirds and the road building cost substantially.

3.4 Environmental impact

Environmental degradation including pollution and loss of biodiversity habitats, with a higher risk for water contamination on the coast than in the centre of Amadiba, where the land is not environmentally protected but classified as "Other Natural Areas."

It is the view of the petition that the alternative inland road would promote commercial economic and business development on the route which is the centre of Amadiba; the risk of water contamination will be greatly reduced; avoids disturbance to agricultural areas on the coast; consequences of illegal sand mining and ribbon development will be far away from environmentally sensitive areas; increase travel time by approximately 15 minutes and length by 13 km for the stretch between East London and Port Edward compared to SANRAL's preferred route. The project cost will be reduced since the inland route is aligned with the R61 for 18 km and built on existing gravel roads for 10.5 km. The relocations will be reduced by two thirds and the complicated intersection by Mtamvuna will be avoided.

4. SUGGESTED RECOMMENDATIONS FROM THE PETITION TO THE COMMITTEES AND DEPARTMENTS

The petitioners made the following recommendations to the Committees regarding the roads project:

4.1 Parliament is respectfully requested to consider the petition, thoroughly investigate all adverse issues presented herein, and ensure full accountability, as well as implementation of corrective measures to mitigate potential prejudice and injustice facing our community. The requests submitted for Parliament's consideration include:

4.2 Parliament is requested to invite the Amadiba community to present and elaborate on key concerns raised in this petition, alongside relevant Departments, implementing SOCs such as SANRAL, supervisory state entities such as the PICC and Infrastructure SA and the SAHRC. These stakeholders should be given the opportunity to respond, and Parliament is encouraged to conduct an onsite inspection to independently verify and better comprehend the reported impacts.

4.3 Parliament to exercise its oversight powers over the DOT, SANRAL, and all relevant state organs by instituting an investigation into compliance with the laws and policies including the rights contained in the bill of rights.

4.4 SANRAL and the DOT should explain to Parliament why they should not take steps to change the route between the Mtentu and Mtamvuna bridges in accordance with the community's proposal and in light of the evidence presented by the community and other petitioners.

5. SANRAL AND THE DEPARTMENT OF TRANSPORT RESPONSES TO THE PETITION

SANRAL and the Department of Transport responded to the petition on 4 November 2025. The entity outlined how the concerns of the petitioners were addressed:

5.1 Environmental impact

SANRAL stated that it was guided by the principles to Avoid, Minimise and Mitigate. The use of high-level bridges across the Myameni, Kulumbe, Mphalane and Mzamba gorges ensures the road passes high overhead the sensitive vegetation within all gorges and minimises human access into the gorges (vs passes and low bridges). The design of bridges, culverts and drainage structures are all required to minimise potential negative impacts as part of their design, e.g. energy dissipating and flow spreading structures, stilling basins, etc. The strict Environmental management plans that are or will be in place for all construction contracts can be seen to be effective on the Msikaba Bridge Contract (Ref. ECO and Auditor reports to the EMC). In terms of the Biodiversity Offset Programme every 1km of the 80m wide N2 is mitigated by approximately 2km² of new protected area (80 000 m² footprint vs 2 000 000 m²). In the Amadiba area this will see the creation of the Mtentu Gorge/Gobodweni Community Nature Reserve, Myameni Gorge Protected Environment. Search and Rescue of all Threatened Or Protected Species (TOPS) will occur ahead of all construction. SANRAL road reserves are actually often sanctuaries of pristine natural vegetation.

5.2 Siltation Concerns

Siltation arising from the completed roads is a very low risk. All cut and fill slopes are rehabilitated and vegetation re-established to ensure minimal chance of erosion within the road reserve. Stormwater and drainage design requirements ensure water running off from the road does not cause erosion. The surfacing of a number of existing gravel type local and provincial roads as well as the improvement of stormwater infrastructure for these roads will somewhat help reduce the current siltation load on local watercourses. During construction strict measures are required to be in place to minimise and monitor siltation including silt traps, upstream and downstream water quality monitoring on all crossings, etc. The upstream and downstream water monitoring results as well as historical aerial photographs unequivocally prove that the siltation at the Mtentu river mouth was not caused by the construction of the Mtentu Bridge but rather follows a natural historical cycle of building up over time until opened up again by a large flood event. The current silt load in the Mtentu river as well as all other rivers across the Amadiba area all arise in their catchment areas from natural erosion exacerbated by various human activities such as illegal sand mining, crop farming, gravel roads, tracks and footpaths.

5.3 Illegal Sandmining Concerns

This is a major concern shared by many Government, public and private bodies. Illegal sand mining is a countrywide phenomenon, particularly but not exclusively, in traditional authority areas. It is not a problem for only the Amadiba area nor is the Pondoland Centre of Endemism the only threatened biome. Sand mining needs to be understood as largely a socio-economic problem largely driven by desperation in the absence of many feasible alternative legal means of generating income in rural municipalities. To start; sand mining requires a fairly low capital investment (price of a flatbed truck) and so is a relatively easy way for 'entrepreneurs' to start generating income and to employ a few persons with (unfortunately) relatively low risk. There are many reasons why community leaders and residents either don't want to or can't stop the illegal theft of sand in their areas. The minutes of the N2WCR, ACC and EMC meetings show that extensive time and effort is being spent by several parties on trying to address the problem.

There are already task teams and programmes in place, and because of the sensitivity of the Pondoland Biome it is getting higher priority and greater attention.

The N2 construction activities together with future economic opportunities the road will bring will provide many and major legitimate alternative opportunities for entrepreneurs and work seekers. This will reduce the attraction or need to resort to illegal sand mining to generate an income. Community, traditional and political leaders should be better able to discourage sand miners pointing out legitimate and legal alternative business opportunities now available. Local public sympathy and support for sand miners because they created some of the only local jobs around should also diminish. The opening up of several new quarries for construction will provide crusher dust as an alternative and legal sand source for the area. By only allowing Contractors to buy legally sourced sand, SANRAL is already helping grow the few legal licenced and sustainable sources such as dredging of sand from the Umzimvubu River. Whether SANRAL builds the approved route or the proposed alternative route, sand mining will remain an issue that needs to be addressed by all parties. The ACC can play its part in dissuading illegal miners from uncontrolled and unsustainable activities.

5.4 Loss of rangelands

The N2 road reserve is 80m wide. This is to ensure enough space to build a future double carriageway once/should it be needed. The 80 meters also means SANRAL does not have to be too concerned about enforcing a setback line for buildings built close to the fence line which is difficult to enforce in traditional areas as 80m ensures sufficient run-off/buffer space alongside the road for safety reasons. The amount of actual grazing land lost by communities will be minimal and will not cause a shortage of grazing areas in the Amadiba area. Numerous under and overpasses will ensure communities retain easy access to each other and to their grazing and other natural resource harvesting areas. The approved route being significantly shorter results in less area "lost" for grazing and other resource gathering activities than the alternative inland route.

5.5 Ribbon development

Ribbon development was identified as one of the primary risks under the Environmental Impact Assessment (EIA). Settlements immediately adjacent national roads are a huge problem for SANRAL particularly where people start taking direct access and/or cause pedestrian issues. Learning from these problems and minimising this risk forms part of SANRAL's design philosophy for the entire greenfield route. This is being done by not just building a highway but improving, expanding and upgrading local road networks, connecting these local networks to the new N2 at regular safe interchanges (not at-grade intersections) and upgrading and surfacing alternate routes linking communities to the major towns (Port St Johns, Lusikisiki, Flagstaff and Mbizana). This provides surfaced routes at an appropriate level of service (class 3 and 4 rather than class 1) to allow natural development along these routes rather than alongside the highway. Addressing current and future pedestrian and Non-motorised Transport (NMT) patterns through walkways and sufficient under/overpasses along desire lines. SANRAL is also urging traditional leaders not to grant new Right To Occupy (RTO's) next to the N2.

Due to the proximity to Port Edward, there will be a natural desire from persons, particularly those living on the northern edge of Lurholweni to move to the Sigidi – Mahaha corridor and potentially also around Mdatya once the road is opened in the next approximate five years. Similarly, the surfacing of the Mbizana – Mbongweni – Baleni road will create another development focus towards Bizana. It is important for all relevant stakeholders, i.e.

municipality, Traditional leaders and these communities to discuss and plan for this eventuality. The Winnie Madikizela-Mandela (WMM) Local Municipal Spatial Development Framework possibly needs to refine/further develop settlement plans for these nodes; and/or Communities together with their traditional leaders and councillors could/should together make decisions on how many and where new residents will be accommodated, what areas will be kept strictly for rangeland, etc. i.e. develop a 'town plan' for their village/areas, adopt it by community resolution and ensure these settlement plans are clearly communicated and known by all traditional leaders and residents.

5.6 Local Development Concerns

The new N2 will be a class 1 high mobility corridor serving regional and inter provincial freight (approximately 40% of vehicle numbers), regional and inter provincial vehicular traffic (Incl. public transport), inter and intra municipal local freight, public transport and vehicular traffic.

Through the strategic placement of interchanges and the development of the correct level of service/functionality local road network (i.e. class 3 (minor arterial) and class 4 (collector streets)) linking to these interchanges, local communities will be provided with an appropriate road network with the correct hierarchical levels of service and interconnectivity necessary for local economic and social development through access to markets and other economic opportunities, access to and by social services e.g. ambulances, access by tourists and other visitors, lower transport costs and shorter travelling times. Outside of the training of local labour, SANRAL will also be implementing skills and business training, support and mentoring for local entrepreneurs. The pilot ABCD project is underway in Lambasi and Vellum.

5.7 Local Economic Development Concerns

In terms of Standard for Infrastructure Procurement and Delivery Management (SIPDM) requirements from National Treasury, all SANRAL capital projects are required to go through certain 'gateways' to confirm they are financially justifiable for funding. SANRAL utilises a sophisticated computer modelling programme known as Highway Development and

Management Model (HDM-4) to calculate each project's life cycle Return on Investment (RoI). If a project does not achieve an 8% RoI it is not approved, i.e. RoI must be higher than the cost of borrowing the money.

Due to it being an integrated greenfield project, the nine N2WCR greenfield projects, 2 KZN R61 South Coast upgrades and the R61 Mthatha to PSJ were modelled as one integrated project with various alternatives (extent of dualling predominately). These were modelled against maintaining and upgrading the existing N2 and R61 routes. The project is calculated to give an RoI of approximately 12% and even with a 20% cost increase as a sensitivity check it would retain a 10% RoI. The 12% RoI is before any additional exogenous benefits such as local and regional economic growth are added, i.e. 12 % RoI is just on the time and cost savings for road users alone.

SANRAL noted that all of the concerns identified are legitimate and valid concerns. These risks and issues are however all known to SANRAL and other relevant stakeholders. The environmental concerns are being addressed through appropriate 'avoid, minimise or mitigate' measures. The sand mining problem is receiving attention from relevant authorities however the N2 construction projects can be used to encourage these miners to abandon these illegal activities for legitimate work by local leadership. The ribbon development concerns are partially addressed by SANRAL's development of interchanges and a secondary road network which will move all-natural development and densification onto secondary roads and nodes linked to either the N2 or to the local major towns. However, municipality, traditional leaders and communities, not just in WMM but also Ingquza Hill (IH) and Port St Johns(PSJ), should look at their spatial development frameworks and timeously develop local 'town plans' for settlements likely to be affected by these future pressures. The local economic development concerns are addressed through the development of an appropriate local/secondary Amadiba road network. The route went through comprehensive economic benefit analysis and does not just serve and benefit "BMW drivers".

5.8 Public Participation Process

Notification of the EIA for the proposed project was placed in national, regional and local newspapers. A Background Information Document (BID) on the proposed project was compiled and distributed to over 3700 Interested and Affected Parties ("I and APs) on the database on 5 and 6 August 2005. The BID was available in English, Afrikaans, isiXhosa and isiZulu.

The Draft Scoping report (DSR) was released for an 8-week public review period in April 2006. 13 public information sharing meetings were held at key centres along the route. Meetings were advertised in 17 local, regional and national newspapers and on 3 community radio stations and in the letter distributed to the 3 738 "I and APs" on the Project database at the time. Pre-recorded radio announcements in isiXhosa and isiZulu were also used to target people in the rural areas of the Eastern Cape. The public review process also included 124 additional meetings in the form of authority meetings, focus groups, special interest group meetings and imbizos with rural communities. These meetings were arranged through contact with representatives of the organizations or institutions in question, invitation letters to people on the registered "I and AP" database from those sectors or towns being targeted, and liaison with ward councillors and traditional leaders.

The meetings in the Amadiba Tribal Authority area were arranged in consultation with Headman Kaliphile Baleni of the Amadiba Administrative Area (AA) and Headman Ndabazakhe Baleni of the Mgungundlovu AA as well as the various sub-headmen of the respective villages where the meetings took place including Sub-Headman Macikacika Bhele of Mdatya village and Sub-Headman Nawana Dlamini of Sigidi Village. These traditional leaders all attended the meetings that they helped to arrange. Approximately 6000 people attended these meetings in total. The community in the Mgungundlovu AA, which includes the villages of Sigidi and Mdatya, submitted comments signed by Headman Ndabazakhe Baleni on 6 June 2006 during the Draft Scoping Report (DSR) comment period. The submission indicated strong support for the N2 Wild Coast Toll Highway from the local community.

5.8.1 Alternative Alignment Workshop and Site Visits

A number of alternative alignment proposals other than those assessed in the DSR were submitted by "I and APs". As it was considered important to assess the viability of all proposed alternative alignments, a workshop was convened with all the other "I and APs" who had submitted alternative alignments for consideration. The workshop was held at the SANRAL

Offices on Tuesday 4 July 2006. A meeting was then arranged for Thursday, 27 July 2006 in Harding. A site visit was conducted from 15 to 19 October 2006 to look at the new alignments that had been put forward by “I and APs”. This site visit was attended by representatives of SANRAL, the environmental consultant, social, botanical and economic specialists, National Department of Environmental Affairs and Tourism (DEAT), SANParks and the “I and APs” who proposed the alternative alignments.

5.8.2 Presentation at meetings

A standard audio-visual presentation on the DSR was given at all meetings. The presentation was available in English, isiXhosa and isiZulu. The presentation covered: What is an EIA, History of the previous EIA, RoD, Appeals and the setting aside of the RoD, the new application and appointment of independent consultants, the purpose of the meeting and the process undertaken during the current Scoping, the description of the proposed project and improvements, a description of the anticipated impacts of the project, a description of the process for completion of the EIA, the issuing of the RoD, the appeals process, final decision on the project and the intent to toll process and tender.

5.8.3 Final Scoping Reports Distribution

All “I and APs” on the project database were informed in writing of the availability of the Final Scoping Report (FSR) in April 2007. This included the hand delivery of the letter of notification and executive summary to the FSR to all rural villages in the Eastern Cape and traditional councils in KwaZulu-Natal. The DEAT accepted the Final Scoping Report and the Plan of Study for EIA on 22 May 2007. All “I and APs” on the project database (10 139 at the time) were notified by letter in June 2007 of DEAT’s decision and further informed that the Impact Assessment Phase of the EIA would be commencing.

5.8.4 Review of Draft Environmental Impact Report (EIR)

The Draft EIR was made available for public review from Monday 10 November 2008 to Friday 9 January 2009. Advertisements announcing the availability of the Draft EIR and the libraries where it could be viewed were placed in 22 national, regional and local newspapers. Pre-recorded radio announcements in English, isiXhosa and isiZulu were also used to target people in the rural areas of the Eastern Cape and KwaZulu-Natal who have limited access to newspapers. 9 538 “I and APs” on the EIA process database were sent a cover letter together with a copy of the executive summary to the Draft EIR. The Draft EIR was also made available on the CCA Environmental consultants and SANRAL websites.

The Public Open Days were held at central locations along the route and transport was provided from outlying areas to the nearest Public Open Day venue. Venues for the Public Open Days were selected in consultation with the relevant traditional leaders and ward councillors for the area. Venues at the Mahaha Junior Secondary School, Baleni Clinic and Wild Coast Casino, which served the communities in the Amadiba area, were chosen in consultation with Chief Lunga Baleni of the Amadiba Traditional Authority. Contributions received during this process (and throughout the EIA process) were included in the comments and response tables. A full colour information brochure was also produced in English / isiXhosa and English / isiZulu.

The Basic Information Brochure provided information on the project, EIA process, the availability of the Draft EIR and where it could be viewed, the Public Open Days, the overall findings of the EIA and the way forward. It also contained a fold out map showing the route of the proposed project and the location of the Public Open Day venues. A total of 10 000 brochures were produced in English / isiZulu and 25 000 in English / isiXhosa. The brochures were distributed at voter registration stations throughout the study area on the weekend of 8 and 9 November 2008. These were also distributed to ward councillors and traditional leaders of Traditional Councils in KwaZulu-Natal and Administrative Areas in the Eastern Cape. The information that was displayed at the Public Open Days was in the form of posters in both English and the local language, either isiZulu or isiXhosa, depending on the location of the meeting. These posters highlighted both the positive and negative potential impacts of the proposed project and the recommended mitigation measures to reduce or eliminate negative impacts. These posters contained visual images, where possible, to illustrate the information that was being conveyed. Large aerial photographs were displayed which clearly showed the houses, schools, existing roads and local landmarks which enabled local people to locate the proposed project in relation to their own homes.

The Final EIR was made available for information purposes from Monday 8 March 2010 and a total of 17 157 “I and APs” on the project database were notified in writing and sent a copy of the executive summary to the Final EIR. This included the hand delivery of the letter of notification and executive summary to 3 743 people in rural villages in the Eastern Cape and traditional councils in KwaZulu-Natal. A full copy of the Final EIR together with a letter was distributed to all regional authorities.

5.8.5 Notification of record of decision

On 19 April 2010 the Department of Environmental Affairs issued a Record of Decision (“ROD”) to SANRAL. Within 10 days of the issue of the ROD, a copy of the ROD was placed in all libraries and public venues along the proposed route. An advert providing notification of the ROD and appeal procedure was placed in all newspapers specified in the ROD (with the exception of the Wild Coast Herald which no longer existed). The notification was also announced on seven community radio stations throughout the study area. All ward councillors of wards through which the proposed route passes were notified in writing of the ROD and appeal procedure by letters delivered by hand and through registered mail. Written notification was also sent to all 16984 “I and APs” on the project database. Hand delivery of letters to 3743 people in rural villages in the Eastern Cape and traditional councils in KwaZulu-Natal.

5.8.6 Appeals

Following the authorisation, there were 49 appeals lodged with the Minister of Environmental Affairs. All appeals were dismissed as not raising anything new or substantive or already considered and the decision by the Department of Environmental Affairs was upheld.

5.8.7 Legal Challenge

Sinegugu Zukulu vs Min. DEA et al

The case was brought by Zukulu, Amadiba Traditional Authority, Kimbili Property Association, Baleni, Mdatya and Sigidi communities and sought to overturn the Environmental Approval for N2WCTH. All applicants except Zukulu withdrew. The case was heard in Pretoria High Court in December 2018. The application was dismissed on all grounds on 07 March 2019. In her Ruling the Judge wrote that the N2WCTH public participation process followed by SANRAL was likely the most comprehensive public participation process ever carried out in South Africa to that date and that "[t]here was no indication at any stage by any party that the public participation process was contravening customary law". The Judge also ruled that "it is clear that all the relevant alternative routes were identified, investigated, assessed and considered as required". The application for Leave to Appeal was denied on 23 April 2019. The Application for Leave to Appeal was made to the Supreme Court of Appeal in June 2019 and although granted was never pursued.

5.9 Analysis of Alternative Inland Alignment

The "Inland Mzamba" route was considered as part of the initial public Environmental Scoping Study. Neither the Inland Mzamba nor either of the 2 Coastal routes were found to be a feasible alternative.

5.9.1 Alternative Inland Route vs Inland Mzamba

Inland Mzamba

The road is a 100-120km/h high mobility road which requires two 500m+ bridges across the Mzamba and Ntlakwe river valley at a major additional cost. It requires major upgrading of the R61 through Lurholweni at a major additional cost and major social disruption due to required relocation of several hundred families.

Alternative Inland Route (AIR)

It is a very similar horizontal route to Inland Mzamba but goes around rather than through several wetlands. It requires ‘15,5 km’ of 60km/h sections. To avoid the huge additional cost of 2 very expensive major bridges, the AIR proposes two steep (60km/h) passes and lower, shorter bridges across Mzamba and Ntlakwe river valleys. To avoid the fatal flaw of the unacceptable social and financial costs of massive relocations, AIR proposes no major upgrading to the existing 11km of R61 through Lurholweni, only minor safety improvements like pedestrian bridges and speed calming.

Crossing the Ntlakwe and Mzamba river valleys requires 2 passes back-to-back totalling 8km. The maximum grades ranging from 8% to 10%. Anything over 5% grade for mobility and freight routes is considered ‘steep’. Of the 19km along the current R61 alignment 11 km passes through the Lurholweni informal settlement at 60km/h. This includes approximately 10km of steep grades ranging up to 9% with limited existing climbing passing lanes and no descending passing lanes. There is no space to widen the road within existing Road reserve. Several horizontal and vertical curves are 60-80km/h max with many cross-traffic turning movements due to numerous at-grade intersections and direct accesses that will remain. The heavy pedestrian traffic both alongside and crossing will remain. The local public transport route with Taxi’s frequently stopping to pick-up and drop passengers along virtually the entire length will remain.

The route twists and turns to try avoiding wetlands where possible with only a 100km/h alignment. The route appears to still cross 6 major and smaller wetlands, runs immediately alongside several additional major wetlands and runs mostly upstream not downstream of wetlands. The alignment cannot be straightened to achieve 120km/h without impacting the wetlands it is trying to avoid. Extensive work is required to cross and/or safeguard these wetlands.

The SANBI map is missing information on several km of the AIR. This in not 16 km of “other” but 16 km of “no information provided” by SANBI on the environmental sensitivity of several wetlands and forest patches. The sensitivity comparison made to the SANRAL route is therefore incomplete.

5.9.2 Effect of compromised alignments on the AIR

The Mzamba and Ntlakwe River passes safety and travel time and cost are negative. The construction cost will have minimal advantage. Heavy vehicles will only be able to travel 30-40km/h over most of the 8km. The route would require passing lanes for almost entire lengths of uphills and downhills, i.e. 8km of 4 lanes required in steep terrain at a major additional cost. Where 60 to 80 km/h speed restrictions are in place on high mobility routes in South Africa smaller vehicles tend to exceed the speed limit. Large speed differentials between heavy and light vehicles may lead to major accidents, as with steep and twisting passes. The Road Traffic Management Corporation (RMTC) estimates that every fatal crash costs the South African economy over R17 million (2022, with 10 611 fatal crashes costing R188.13 billion, and every major crash costs the economy over R 1 million).

The 11km of 60km/h through Lurholweni rated negative in terms of safety and travel and time cost. The construction cost was the only positive aspect. Many heavy vehicles will only be able to travel 40-50km/h. The road already has clashing class 2 (Major arterial) and class 4 (Collector Street) road functions (80+km/h and 50km/h). 40% of fatalities on South African roads are pedestrians and this section of road has a very high pedestrian count. The problem of crossing pedestrian movement cannot be solved using elevated pedestrian bridges as they simply do not work. The N2 Port Shepstone to Eastern Cape is being upgraded to 100-120 km/h. The current Lurholweni R61 cannot safely carry additional N2 traffic and cannot safely function as a combination class 1 and 4 road. To add the additional N2 traffic onto the existing R61 through Lurholweni without major upgrading to address these known safety issues could be viewed as professionally and ethically negligent.

Using the Department of Transport December 2022 information, R 4.92/km rate for a 1.8l vehicle and R500/day for a driver to approximate costs, the additional cost per light vehicle to utilise the AIR would be approximately R 86.00 (this is an underestimate). Multiplied by 1440 light vehicles/day x 365 days this would add R 45 million per annum direct additional cost to the economy. Using R 1600/ day plus R 18.00/km for a 20-ton truck and R650/day for a driver (*https://www.jhbtruckhire.co.za/Truck-Hire-Rates.jma*) 80% to approximate actual costs, the additional cost per heavy vehicle to utilise the AIR is approximately R 290.00. Multiplied by 960 heavy vehicles/day x 365 days, this would add R 102 million per annum direct additional cost to the economy.

In conclusion, the entire AIR route rated negative in terms of safety, travel cost and time. Without a major upgrade, the current R61 through Lurholweni as well as the steep Mzamba and Ntlakwe River passes will become accident hot spots. Most of the fatalities can be expected to be locals and every fatal accident cost R17 million to the economy. SANRAL noted that, because it has an approved and significantly safer alternative route it should be recognised as morally and professionally unacceptable to add the anticipated additional N2 traffic to the current R61 through Lurholweni without significant upgrading.

The AIR route doubles travelling time and will cost the economy well over 4 billion rands over a 30-year life cycle. This would drop the N2WCR RoI by approximately 1 to 1.5%. While the overall RoI should remain above the minimum 8% the margins become slim particularly if construction costs come in significantly higher than allowed for in the Highway Development and Management Model (HDM4) calculations.

The Construction Cost's relatively small advantage is heavily outweighed by the additional consequential costs.

More information is required for the AIR's 16km through the wetlands to compare, so the route is probably not as advantageous as claimed. A full new EIA would be required in order to construct the AIR, and there would be a significant time delay to conduct all the necessary specialist studies. Due to the major negative social impact within Lurholweni (safety) the AIR will not compare well with the alternative currently approved route and thus may well not be authorised. A New EIA opens up a huge risk of new appeal process and court challenges indefinitely delaying the project. SANRAL is of view that the AIR is clearly not a viable alternative route and the entity would rather have to consider and try to resolve or mitigate stakeholders concerns with the current approved route.

5.10 First Proposed Way forward from SANRAL

In its first proposed way forward, SANRAL stated that it recognised that stakeholders have legitimate and valid concerns. Many of these concerns are shared by the entity who indicated that they have been and will be taking measures to avoid, minimise or mitigate these concerns. SANRAL proposed to:

- Acknowledge and address these concerns through public and stakeholder meetings and information sharing in the Amadiba area, explain to stakeholders that it had studied the AIR proposed by the ACC but that it is unfortunately not viable as an alternative.
- Explain how SANRAL will also be improving the local Amadiba road network to improve access and create mobility loops within the Amadiba area and the benefits this will bring.
- Help extend the Myameni gorge protected area and finalise the proclamation of both Myameni and Mtentu Gorge by the Eastern Cape Parks and Tourism Agency (ECPTA)and the Gobodweni Community Nature reserve
- Work with the ACC, traditional leaders and WMM local municipality to create settlement development plans for all Amadiba villages along the N2WCR particularly Sigidi and Mdatya and help to have these adopted by each village, incorporated into the WMM local municipality Spatial Development Framework and implemented by all traditional authorities.

Following engagements with the Portfolio Committee on Transport, the Chairperson requested that the petitioners and SANRAL meet within 3 weeks to draft a way forward report. On request of the petitioners, the Chairperson delegated a meeting facilitator, Ms Nkopane, to chair the sessions between the parties.

6. FACILITATION REPORT ON ENGAGEMENTS BETWEEN SANRAL AND THE PETITIONERS' REPRESENTATIVES TO DETERMINE A WAY FORWARD

The following facilitation report was presented by Ms Nkopane to the Committee on 17 February 2026.

The facilitated meetings were Chaired by Ms Nkopane on behalf of the Committee on 17, 24 November and 3 December 2025 in Gqeberha and East London.

During these sessions the petitioners as well as SANRAL made presentations to address some concerns for each side following the presentations made to the Committee. These presentations were nearly identical to those presented at the Committee. Each side highlighted their areas of objection or disagreement to some of the requested actions proposed to the Portfolio Committee.

During the final facilitation meeting, both parties presented their proposed way forward with recommendations to the Committee.

6.1 Amadiba Petitioners' Representatives Final Signed Proposed Way Forward dated 5 December 2025[1]

Having considered the detailed petition of 79 petitioners from the Amadiba Community ("petitioners") as well as the responses to the petition by SANRAL, the Portfolio Committee on Transport ("Committee") resolved, among others, that further engagements between SANRAL and the ACC Technical Team needed to take place to find common ground and report back to the Committee within 15 days of the resolution.

The ACC's Technical Team (ACC TT) made a written request to the Committee for a facilitator to be appointed to facilitate discussions between the parties. The Committee acceded to this request by appointing Hon Nkopane, MP as the facilitator. Notably, Hon Nkopane's key role was mainly focused on encouraging objective and constructive engagement rather than to adjudicate the matters under discussion.

Mandated by the Petitioners, ACC's technical team (ACC TT) held meetings with SANRAL on 17, 24 November and 3 December in Gqeberha & East London, chaired by Hon. Ms. Nkopane of the Portfolio Committee for Transport. The 17 November meeting was very short. The outcome of the meetings was inconclusive. We emphasize that the role of the Chair at the meetings was facilitation. It was not to adjudicate who is right and who is wrong. We therefore expect an objective report to the Portfolio Committee (PC) on Transport from the engagements between the ACC TT and SANRAL.

6.1.1. The PC can be confident that this Petition is with Parliament precisely because the Amadiba Community, inland and coastal, have approached local authorities, provincial authorities and relevant departments (as reported in the Petition). Attempts to meaningfully

[1] The content of section 1.1 is taken word for word from the signed version of the way forward submitted by the petitioners' representatives.

engage with SANRAL have been going on for years. It is because those avenues have been exhausted or not followed through that the petition route was embarked upon. It is a requirement for petitions that all other remedies or routes have been exhausted.

6.1.2. The Petitioners' argument for conducting a Midterm Review of the N2WCTH project has been strengthened during the engagement. SANRAL maintained an intransigent position; both on the issue of the need for a Midterm Review and on the Petitioners' proposal to meaningfully consider moving the alignment of N2WCTH to the centre of Amadiba. An impasse has been reached with SANRAL. The ACC is therefore seeking the intervention of an authority above SANRAL as the agency and implementer of the N2WCTH project. The ACC would like Parliament to exercise its right to hold the executive branches of the government and SANRAL to account, discuss changes in the project and propose remedies for what is not working.

6.1.3. During the engagements, SANRAL avoided engagement with documented facts and figures as presented by the ACC TT. On the 4 November, at the PC of Transport, SANRAL repeated old technical objections against placing the N2WCTH in the centre of Amadiba. This was rebutted by the ACC TT in their presentation (presentation of 17 November 2025). SANRAL abandoned the matter, including the suggested route through Lurholweni township. No explanation has yet been given for the budget increase from R8bn to R20bn in 2017 and why the Department of Transport remained unaware of this till 2019, as evidenced in the Petition. No explanation was given for the recent hike from R20bn stated in the 2024/25 Annual Report to R28bn in a presentation to the PC on Transport on 8 October, despite the fact that the subject matter was that Annual Report. SANRAL stayed clear from queries on this anomaly by answering in general, that they report to the Dept of Transport who reports to the National Treasury. Clearly the PC will pursue the budgetary anomalies.

Additional experiences and ACC TT notes from the engagements

6.1.4. SANRAL maintained the position that the historic socio-economic and environmental considerations regarding the selected alignment remains determinative, including in Amadiba. ACC's TT argues that much has changed and needs to be taken into account in any review, as reflected in the 2023 regional SDF under SPLUMA.

6.1.5. Today, early concerns about the alignment are even more relevant. The Final 2009 Environmental Report warned of a lack of land development control, possible ribbon development along the N2WCTH, and that additional projects would lead to the route being "ecologically not sustainable". The 2023 Eastern Seaboard RSDF found that land administration in Eastern Cape has "collapsed". ACC TT has presented glaring evidence that these trends, the absence of land administration and land development management, remain a very clear reality in EC.

6.1.6. Of course, nonfunctioning land administration will also affect an inland alignment but be of less significance. This is not an environmentally classified area.

6.1.7. SANRAL has acknowledged these problems but pointed out that SANRAL takes responsibility for the road reserve and will defend it from intrusions. The response to this by ACC TT was that it is an argument for a Midterm Review and lifting the matter of unintended consequence outside SANRAL's mandate to other Portfolio Committees and Departments.

6.1.8. SANRAL held that a midterm review is "not legislated" and that its function is performed by a range of executive and oversight state bodies. However, in 2011, Parliament called for a midterm review of the Gauteng Freeway Improvement Project (GFIP) and at the time, imposed changes on the GFIP project. Thus, there is a precedent for a midterm review. In this case, it is obvious that a midterm review is called for.

6.1.9. SANRAL's system of communication is not working. Nonhle Mbuthuma pointed out that a MEC Mr Nqatha, Chair of the Political Oversight Committee on 7 July 2025, directed the WMMLM and SANRAL to sit down and discuss the demands in the 12 May Amadiba Memorandum within 14 days. The WMMLM is avoiding the meeting as prescribed by the MEC. SANRAL has taken no initiative to facilitate this discussion.

6.1.10. The Political Oversight Committee in October 2023 published a video. In the video, the ACC was criticized for "challenging" the N2WCTH project "and Xolobeni mining". To resolve this matter, the MEC of COGTA requested that there be a meeting between ACC and the POC. ACC immediately availed itself to meet with the POC and the traditional leaders. Unfortunately there was no response to the letter requesting a meeting.

6.1.11. The building of the two mega bridges, Msikaba and Mtentu, should continue, but the alignment in Amadiba should be paused and reconsidered. The Petition should be discussed by all relevant Portfolio Committees who can call the counterpart departments to discussions.

6.1.12. As for the costs for a Midterm review and work to change the route, SANRAL objected to this based on money already spent on preparations for the coastal alignment, saying that it would be Fruitless and Wasteful Expenditure. But the costs for the proposed changes would be less than one percent of the recent budget hike of R8bn. ACC's TT's view is that it is an invalid argument and that a N2 in the centre of Amadiba would be less costly to build. The proposed N2 will be with us for 100 years to come. Costs for not realigning the route will be immense and local developmental gains will be sidelined.

6.1.13. Issues of convergence emerged that needs to be taken into account by the PC in its consideration of the scope of a midterm review and the participation of the executive authorities that supervise SANRAL:

• The focus should not be on from destination-to-destination developmental impacts, but factor in recognition of local economic development in the long term, increasingly and much more so had emphasis on the route been established in at least 2006.

• Agreement on the importance of development and improved road infrastructure, including secondary road networks.

• Shared recognition of the need to mitigate environmental harm and address biodiversity impacts.

• Acknowledgement of the value in technical discussions on offsets, secondary roads, and sand mining.

• Agreement in 2023 engagements that Lurholweni route viability requires joint assessment.

• SANRAL recognizes the right of the Amadiba petitioners to have made the requests via the petition.

• SANRAL agrees that questions can be asked of its conduct even if the consequences of questions and recommendations may involve that certain (unstated) expenses may become wasted.

• The parties are in agreement that meaningful and constructive engagements may happen through the Political Oversight Committee established by the provincial government, the EMC and other structures.

• The parties agree that the Portfolio Committee for Transport can invite further input on next steps from other stakeholders including the other relevant portfolio committees, other departments, the Presidential Infrastructure Coordinating Committee, Infrastructure SA and others.

6.1.14. It is clearly the oversight responsibility of Parliament to address the very serious concerns raised by the Petitioners.

6.2 SANRAL Final Proposed Way Forward (dated 4 December 2025)[2]

6.2.1. Purpose

The session was held on 24 November 2025 as a follow up to a petition to the Portfolio Committee on Transport (PCOT) by the Amadiba Crisis Committee (ACC), for the ACC and SANRAL to engage further on the issues raised in the petition, as a constructive basis for moving forward.

The Chair steered the conversation towards defining a pragmatic way forward and written position or summary from each party.

6.2.2. SANRAL's Position

The N2 Wild Coast Highway Road (N2WCHR) is a strategic national infrastructure project spanning approximately 460 km between East London and Mtamvuna River, of which about 112 km constitute new greenfield sections. This infrastructure project is hugely significant for the economy of the Eastern Cape Province and it is registered as a Strategic Infrastructure Project (SIP 3) aimed at the development of the South-East Node and Corridor.

6.2.2.1. The route alignment remains unchanged, as all engineering, environmental, and socio-economic considerations underlying its selection continue to be relevant, and substantial construction progress has already been achieved. Furthermore, the legal and legislative framework supporting its selection is still in effect.

6.2.2.2. SANRAL, as a State-Owned Entity, has an effective governance structure including its independent Board of Directors, and is accountable to various government institutions across

[2] The content of section 1.2 is taken word for word from the final signed version of the way forward submitted by SANRAL.

the Executive (National Department of Transport), Legislature (Portfolio Committee on Transport). In addition to routine monitoring and internal auditing, this project is subject to oversight by among others the Auditor-General of South Africa, National Treasury, Infrastructure South Africa, the Portfolio Committee on Transport, the NCOP, and relevant national and provincial departments. The requested "mid-term review" is not legislated and is already effectively addressed through the existing oversight and review mechanisms. SANRAL is established in terms of the SANRAL Act, which entrusts the agency with the responsibility of financing, managing, controlling, planning, developing, maintaining and rehabilitating the South African National Roads. The functions of the agency are in Chapter 3 of the Act and the accountability of the Agency is in Chapter 4 of the Act, as well as in the Public Finance Management Act. The kind of review envisaged in the proposed mid-term review constitutes acts already undertaken by SANRAL management in fulfilment of its accounting responsibilities to the Board, the Minister, Portfolio Committee on Transport, National Treasury and Auditor General of South Africa. SANRAL shall not undertake a process outside its normal government processes but is willing to incorporate any useful inputs to enhance its regular reviews of its operations. Accordingly, SANRAL shall not suspend any of its current and planned operations in favour of the proposed mid-term review.

6.2.2.3. In terms of consultation with relevant stakeholders and affected parties, SANRAL has a system of social facilitation and land acquisition, inclusive of routine and regular engagement with local Government Authorities, Traditional Authorities, organised community formations and organised business, among others. The Provincial Government has furthermore established a Political Oversight Committee which convenes the various stakeholders for regular updates and discussions on matters of import pertaining to the project. The Amadiba community, inclusive of its Traditional leader, Chief Baleni have been a regular part of the engagements referred to in the fore going statements. SANRAL is of the view that the Amadiba Crisis Committee (ACC) should participate in the various consultations and engagements which constitutes part of the social facilitation of the project. We rather propose that ACC engages meaningfully in the existing stakeholder committees.

6.2.2.4. In terms of the technical elements of the project, the original plan was to construct the 112km long stretch of road from Ndwalane to Mtamvuna River, that is known as the greenfield portion. The works entailed the construction of new road sections and seven major bridges and two mega bridges. The implementation of the N2 Wild Coast Highway Road (N2WCHR) was reconfigured in 2019 to link various villages by providing additional 200km of new surfaced roads and a further 100km of new gravel roads. In addition, the community beneficiation programme was added by means of training targeted enterprises, as well as additional road safety considerations.

6.2.2.5. There is a team of environmental professionals and specialists appointed to supervise construction activities and an Environmental Monitoring Committee established to monitor the project compliance, to make recommendations and advise the regulatory authorities as appropriate. The ACC has been participating in the processes of the EMC and is encouraged to continue making inputs at the committee so as to help ensure full environmental compliance by SANRAL.

6.2.2.6. SANRAL has also entered a Biodiversity Offset Agreement with the Eastern Cape Parks and Tourism Agency (ECPTA), with a budget of R373 million to formally protect 15 000 hectares of land including wetland, forest and grassland ecosystems. Thus far, it has exceeded the target and currently has 23 000 hectares which it envisages to be declared a protected area. SANRAL is committed, within the framework of the law and in compliance with all relevant statutory authorities responsible for environmental affairs, to cooperate and collaborate with the ACC in addressing all valid environmental concerns.

6.2.2.7. The uncontrolled development and land occupation along the N2WCHR forecast by the ACC is statutorily to be managed and mitigated by relevant authorities, including Traditional leaders, local and district municipalities, the Departments of Cooperative Governance and Traditional Affairs; Rural Development and Land Reform, Economic Development; Forestry, Fisheries and Environment; Tourism; Public Works & Infrastructure; and Transport. On its part, SANRAL undertakes to ensure that its own road reserve is not overridden by illegal occupation thereof. Effective collaboration and implementation of by-laws. SANRAL will remain responsible to protecting its road reserve against encroachment. With all of this said, SANRAL is therefore not in a position to relocate the current road inland considering, as well, the fact that any realignment would annul approved plans and designs that have been in existence for years and whose annulment would lead to fruitless, wasteful and irregular expenditure and costly loss of time as new processes would take years to complete.

6.2.3. Conclusion

SANRAL is grateful to the Portfolio Committee for according it the opportunity to meet with the ACC and consider, importantly, the request for a mid-term review and relocation of the road inland from the coast. We draw the Committee's attention to SANRAL's considered response to the issues raised by the ACC as articulated in the foregoing paragraphs, and we reaffirm SANRAL's commitment to the implementation of the N2WCHR, the strengthening of community beneficiation initiatives and the rigorous application of environmental safeguards under the existing statutory oversight and review mechanisms.

6.3 Recommendations Proposed by Facilitator

The facilitator presented the following recommendations to the Committee on 17 February 2026:

6.3.1 SANRAL cannot unilaterally change the route of a road project without the approval from the Minister of Transport given that they derive their funding from the Department of Transport Budget allocation. SANRAL implements funded projects according to the planning cycle and budget received from the Department.

6.3.2 Some Amadiba Community members who used to be part of the Amadiba Crisis Committee (ACC) are currently benefitting from the N2CWR project as sub-contractors.

6.3.3 A dim view was taken regarding a newspaper (Mail and Guardian) article that was published a day before the final meeting which did not give SANRAL an opportunity to respond to the allegations that they were not open to consultations with the ACC. The ACC submitted a written response regarding the article via e-mail.

6.3.4 SANRAL is willing to work with relevant authorities to prevent encroachment along their road reserve. Encroachment that occurs outside of their road reserve must be addressed by the relevant authorities in law enforcement and municipal authorities.

6.3.5 SANRAL accounts to various bodies like the PC on Transport, Treasury and AGSA on their projects and expenditure.

6.3.6 ACC must improve its relationships with ward councils and municipal councils. To influence decisions via the relevant decision makers, there is a need to polish relationships with the people that must submit these views to the upper structures. (Note that this recommendation was opposed to by the ACC during the engagement "it would be a misrepresentation" "factually incorrect"– they dispute that they have a strained relationship with municipality, councils or traditional leaders)

6.3.7 Political Oversight Committee (POC) established by the Premier ensures that gaps are closed if there are issues of personal interest. This allows questions and doubts to be ironed out and address hinderances. Reports from this committee are periodically presented to the Premier's Infrastructure Coordinating Council (PICC) and this is relevant to process developmental initiatives. It is important to ensure the community views are captured in these provincial bodies.

6.3.8 There are no funds for the proposed in-land route as requested by the petitioners.

6.3.9 Signed submissions from SANRAL and the Petitioners' representatives are incorporated into the report.

6.3.10 There is a need to engage with local, district municipalities as well as provincial authorities to ensure these issues are in their development plans. This will allow the local and provincial governments and legislatures to decide on issues raised by the petitioners. This will close the gap identified during the engagements.

6.3.11 On selective consultation, the ACC indicated that consultations with the community did not include sufficient community representations but rather public transport operators. On these bodies that participate in these meetings, there are allegations that some of these members have made death threats against one of the ACC members. The facilitator and SANRAL requested information on the threats as these issues are treated seriously and must be reported to the relevant authorities and be investigated.

6.3.12 There were several issues raised from the time when the community consulted with previous SANRAL officials, as well as the suspension of plans and that the ACC wanted SANRAL to suspend its current plan for the road while there is a mid-term review. Because of the need to get a mandate from the Department, the proposed mid-term review should be taken to the relevant offices in the Department. SANRAL must continue and fast track the development in the N2WCR project.

Members welcomed the facilitator's report but noted that there was no movement towards an outcome for the petition since the last meeting as the impasse was not resolved and the attempt to resolve the issues did not lead to an agreement between the two parties. It was further noted that the report did clarify some issues raised by the parties, but the outcome would not satisfy both parties. The facilitator noted that the policy and mandate of SANRAL were clearly tabled regarding the community beneficiation and participation in existing projects and access roads construction. The ACC should bring reports forward on the threats to its member and participate in local development structures. The facilitator indicated that a conclusion that was reached following the engagements was that the ACC would be happy for SANRAL to visit the Amadiba community and continue engagements.

The Chairperson appreciated the participation of the parties at the facilitated engagements and noted that the recommendations would be considered in the Committee's report on the petition. The ACC requested a copy of the report to respond to matters raised. The Chairperson, in the way forward, said that the Committee's draft report would be forwarded to the ACC and SANRAL for comment before the end of the week. Both parties should submit their input by 24 February 2026.

7. COMMITTEE OBSERVATIONS

The Committee, having considered the initial engagements as well as the presentations in the facilitated session, made the following observations:

7.1 The Committee cautioned that when one deals with major road infrastructure projects of this nature, one would not always be able to please all parties involved and that in cases where large infrastructure road projects were involved, some communities may feel like they were not benefitting equally to their neighbouring communities. Further thereto, the recommendations to be made by the Committee should be recommendations falling within the mandate of the Committee as well as fall within the mandate, powers and functions of SANRAL and the Department of Transport. Where issues are raised that fall outside of the mandate of the Committee, such as the illegal sand mining and ribbon development, those issues will be forwarded to the relevant Parliament Committees for consideration and/or the Committee may decide on scheduling joint committee meetings on these topics.

7.2 The Committee was of the view that SANRAL had the required environmental approvals before commencement of the project as well as the required measures in place to address breaches of conditions if they occur. In addition to this SANRAL ensured continued consultations with affected stakeholders in order to continue with the work that they are doing on the N2WCR project. SANRAL has presented sufficiently grounded arguments towards the continuation of the project along the current project design and routes.

7.3 The Committee has in the past made recommendations that require quarterly reports on this project to be provided by the Department and SANRAL to the Committee. These reports would allow the Committee to continue its oversight over the N2WCR project and make additional recommendations where needed.

7.4 Although some issues may have been clarified during the facilitated sessions, it was clear that the petitioners' representatives and SANRAL would not agree on the request for a mid-term review in the format that was requested by the petition, SANRAL will not be able to halt the project while a review of the project is undertaken as requested, and SANRAL would not be able to move the route of the road at this juncture since it already has an approved design and route for the current funded road project.

7.5 An admission was made during the final facilitation session that one of the Amadiba Crisis Committee (ACC) members had received death threats prior to the engagements with the Portfolio Committee. All parties were in agreement that such threats are taken seriously and should be condemned in the strongest terms. The ACC was urged to ensure that the relevant bodies be informed of such threats as and when they are received in order to ensure the safety of their members.

8. COMMITTEE RECOMMENDATIONS

The Committee made the following recommendations:

8.1 The Committee noted that the provision of updated progress reports on the project to the Committee by SANRAL falls within the existing oversight mandate and functions of the

Committee and fall within the reporting lines for the entity. It is already an Oversight Report (dated 24 June 2025) recommendation to the Minister of Transport that the Department and SANRAL are to provide quarterly updates on the N2WCR project as well as the Mtentu and Msikaba Bridge Projects to the Portfolio Committee. In addition to these quarterly reports, the Committee would also require quarterly reports on inland road projects linked to the N2WCR that benefit and/or affect the Amadiba community. The Committee also requests a focussed and detailed report from SANRAL on the N2WCR project from its inception to date – requiring information on budget projections, expenditure to date and future budgeted amounts (including reasons for deviations from the original budget estimates) until estimated date of completion; consultations and community engagements on the project from planning phases to date, details on which communities benefit from this project as well as current and future planned socio-economic development projects linked to the Eastern Cape Region affected by the N2WCR project; environmental authorisation and/or approvals obtained for the entire scope of the project, risks and mitigating factors linked to environmental considerations and what steps SANRAL can do or take to ensure contractors comply with environmental requirements of the projects; and measures in place by SANRAL to prevent ribbon development within its road reserves. The Committee believes that these reports would be sufficient and there is therefore no need to recommend an independent or multi-Departmental review of this project now.

8.2 Inter-governmental relations (IGR) are critical for the success of roads projects as they provide the necessary framework for coordinating, planning and implementing infrastructure projects across the three spheres of government. Given that road infrastructure often crosses municipal boundaries and in some instances requires shared funding, IGR ensures that these projects are aligned with broader developmental goals and helps to minimise duplication of roles. SANRAL has continuously indicated their willingness to engage and consult on their road projects with all interested parties and IGR bodies involved and the Committee urges SANRAL to continue to do so. As was indicated by the petitioners, although they state that they have good relationships with local and district leadership, there was an instance where a meeting was mandated by the Premier of the Eastern Cape between the municipal authorities and SANRAL and that this meeting has to date not occurred. It is not within the authority of the Committee to interfered in this decision, except to indicate that the Committee sees no reason why SANRAL would not participate in such an engagement, however, also noting that it is not SANRAL's obligation to call, host or make the arrangements to call such a meeting – the concerns regarding the lack of coordination for this meeting should be directed to the Office of the Premier of the Eastern Cape or the relevant municipal authority. The petitioners are also urged to raise their concerns regarding illegal sand mining and possible land encroachment with the relevant Provincial and Municipal structures within whose mandate those issues fall.

8.3 Environmental impact assessments (EIAs) are critical, systematic processes used to identify, predict, and mitigate potential environmental, social, and health effects of road projects before approval. They are vital for promoting sustainable development, ensuring legal compliance, and incorporating mitigation measures to protect natural habitats, ecosystems, and communities from construction-related damage. Effective enforcement, including monitoring of EIA approval conditions and Department of Forestry, Fisheries and the Environment (DFFE) (previously under DEAT) compliance standards is the responsibility of the DFFE in the main and of the developer or contracting agent as SANRAL in this instance, which also has a duty to ensure compliance. The Committee recommends that SANRAL ensures that its contractors and sub-contractors comply with the EIA conditions and DFFE compliance standards and where there is a failure to comply, that SANRAL ensures such non-compliance is addressed, reported to the relevant enforcement agency and further non-compliance is prevented. The Committee will forward the petitioner's concerns linked to environmental impact aspects of the N2WCR project to the Minister of DFFE to alert that Department to the concerns raised and to allow DFEE to consider an independent review or investigation into compliance by SANRAL and its contractors in this regard.

8.4 The Committee is not proposing a change in the planned route of the N2WCR project. This multi-year project has already undergone massive expenditure from its planning to its construction phases, multiple and continuous community consultations and engagements, monitoring by the National Treasury as well as the Department of Planning, Monitoring and Evaluation of these major infrastructure projects and continued Parliamentary oversight. Since this is a major infrastructure project, the Committee may assume that this project is also under the radar of the Presidential Infrastructure Coordinating Commission (PICC) Council as well and that the Portfolio Committee on Public Works and Infrastructure also has its eye on the project. The Committees will continue to highlight concerns raised by communities in relation to the SANRAL projects and will continue to urge the entity to be prudent with its expenditure, comply with environmental compliance standards and ensure that they deliver quality roads for the citizens of South Africa.

8.5 Given the nature and scope of the project, as well as the various aspects highlighted by the petitioners, the Committee will share the petition concerns specific to each sector linked to the N2WCR project and/or where the Committee programme allows it will schedule joint meetings on the N2WCR project with the Portfolio Committees on Agriculture; Cooperative Governance and Traditional Affairs; Forestry, Fisheries and Environment; Human Settlements; Land Reform and Rural Development; Planning, Monitoring and Evaluation; Public Works and Infrastructure; Small Business Development; Tourism; Water and Sanitation.

8.6 Performance audits of large-scale infrastructure projects such as the N2 Wild Coast Road are essential to ensure accountability, transparency, and prudent use of public resources. By assessing project implementation against planned objectives, budgets, and compliance requirements, the Auditor-General strengthens governance and safeguards the public interest. The Committee requests the Auditor General of South Africa, within its constitutional and legislative mandate, to undertake a performance audit of the SANRAL N2 Wild Coast Road project from inception to date and to present the findings to the Committee.

Report to be considered.