

[The following report, replaces the Report of the Standing Committee on Finance, which was published on page 9 of the Announcements, Tablings and Committee Reports, dated 12 November 2025]

BUDGETARY REVIEW AND RECOMMENDATIONS REPORT OF THE STANDING COMMITTEE ON FINANCE (SCOF) ON THE 2024/25 ANNUAL REPORTS OF NATIONAL TREASURY AND INSTITUTIONS AND ENTITIES IN THE FINANCE PORTFOLIO, DATED 11 NOVEMBER 2025.

The Standing Committee on Finance (the Committee), having considered the 2024/25 Annual Reports and audited financial statements of the National Treasury and entities reporting to the Minister of Finance, together with the briefing by the Auditor-General of South Africa on the audit outcomes for the Finance Portfolio, presents this Budget Review and Recommendations Report in terms of the Money Bills and Related Matters Act (No. 9 of 2009), as amended.

1. INTRODUCTION

- 1.1. The BRRR enables Parliament to exercise effective oversight over the financial and non-financial performance of departments and public entities, assess the use of public resources against government priorities, and make recommendations to the Minister of Finance for corrective action and improved service delivery. The report also forms the basis for Parliament's engagement with the Medium-Term Budget Policy Statement (MTBPS) and the subsequent budget allocations for the 2025/26 financial year.
- 1.2. During October 2025, the Committee received and deliberated on presentations from the Auditor-General of South Africa, the Minister of Finance, the Director-General of the National Treasury, and the leadership of entities within the Finance Portfolio. In addition to these briefings, the Committee had early in the month conducted an oversight visit to the Financial Sector Conduct Authority and the South African Reserve Bank group, during which it received presentations on their respective 2024/25 Annual Reports.
- 1.3. The Minister of Finance, in his briefing to the Committee, reflected on the macroeconomic and fiscal context of the 2024/25 financial year, noting the challenging external environment, the fiscal consolidation efforts to stabilise debt, and the measures undertaken to strengthen governance and compliance across entities under the Finance portfolio. The Committee further noted AGSA's comprehensive audit review of the Finance cluster, which highlighted steady improvement in audit outcomes compared to previous years, though several recurring governance and compliance weaknesses persisted in some entities, notably within the Public Investment Corporation and certain administrative areas of National Treasury.
- 1.4. The Committee's deliberations were informed by oversight priorities articulated in Parliament's 2024–2029 Strategic Plan and the Medium-Term Development Plan, which emphasise fiscal sustainability, transparency, and the strengthening of accountability across all spheres of government. In conducting its oversight, the Committee also drew on submissions and interactions during its briefings with the AGSA on 28 October 2025, followed by annual report hearings with National Treasury and finance portfolio entities in October and November 2025. These engagements focused on key governance areas such as performance management, expenditure management, and consequence management.

2. MINISTER'S POLITICAL OVERVIEW

- 2.1. The Minister of Finance, Mr. Enoch Godongwana, opened the Committee's briefings by emphasising the critical role that the Standing Committee on Finance plays in ensuring accountability, transparency, and oversight of both the financial and non-financial performance of the National Treasury and its associated entities. He reiterated that such parliamentary oversight was indispensable in upholding the constitutional mandate of the Treasury, fostering fiscal discipline, and reinforcing public trust in the management of South Africa's public finances.
- 2.2. Minister Godongwana expressed his sincere appreciation to the Chairperson and Members of Parliament for their continued support and robust engagement with the work of the Treasury. He commended the Committee for its collaboration during South Africa's successful exit from the Financial Action Task Force (FATF) grey list, describing it as a testament to institutional cooperation between the Executive and the Legislature. He noted that Parliament's expeditious processing of the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act demonstrated the ability of government to act decisively and cohesively when national interests

were at stake. The Minister further credited the collective efforts of the Committee, the Financial Intelligence Centre, and other agencies for restoring South Africa's standing in the global financial system.

- 2.3. Reporting on the Treasury's performance for the 2024/25 financial year, the Minister noted that the Department had delivered a solid performance despite operating within constrained fiscal conditions. Of the 50 performance indicators set out in Treasury's Annual Performance Plan, 43 were achieved, representing an overall success rate of 86%. Among the Schedule 3A public entities reporting to the Minister, 18 out of 19 key performance indicators were achieved, equating to a 92% performance success rate. These results, he said, reflected Treasury's continued progress in consolidating its oversight systems and improving the alignment of institutional performance with national development priorities.
- 2.4. The Minister highlighted several notable achievements within the Finance Portfolio. The South African Revenue Service continued to demonstrate resilience and efficiency, recording strong revenue collection performance during the financial year. Details of this performance, he indicated, would be expanded upon during SARS's presentation to the Committee. The Public Investment Corporation had achieved growth in its overall asset management and investment returns, although the Minister acknowledged that challenges persisted within the unlisted investment portfolio. He assured the Committee that the Treasury was actively addressing these challenges through enhanced governance reviews and oversight of the PIC's investment committees. The Financial Intelligence Centre had played a pivotal role in strengthening South Africa's anti-money laundering and counter-terrorism financing framework, contributing directly to the country's removal from the FATF grey list. The Minister also commended the Development Bank of Southern Africa (DBSA) for delivering an impressive profit while maintaining one of the strongest institutional footprints in Africa.
- 2.5. In addressing governance and accountability, Minister Godongwana underscored that the Treasury remained steadfast in its commitment to strengthening internal controls, ensuring transparency, and enforcing consequence management where required. He informed the Committee that independent forensic investigations were underway at certain entities within the Finance Portfolio, including the PIC and the Government Pensions Administration Agency. The Treasury, he explained, was conducting desktop reviews of prior investigations to determine whether any cases warranted deeper inquiry or disciplinary action. These measures, he stated, were aimed at ensuring that accountability interventions were evidence-based and that oversight mechanisms were proactive rather than reactive.
- 2.6. The Minister also reflected on the broader macroeconomic and policy priorities guiding the Treasury's work. He reaffirmed Treasury's continued focus on four strategic pillars: macroeconomic stability, structural reforms, state capability, and infrastructure investment. These priorities, he stated, underpin the Department's efforts to achieve long-term fiscal sustainability while promoting inclusive economic growth. Acknowledging the difficult domestic and global context, characterised by sluggish growth, high unemployment, and persistent inequality, the Minister stressed that the Treasury's approach was one of disciplined pragmatism: maintaining fiscal consolidation while enabling growth-supportive investment.
- 2.7. Minister Godongwana reiterated that economic growth remained the cornerstone of South Africa's developmental agenda and the primary means to address structural challenges such as inequality and unemployment. He emphasised that Treasury's strategy was to ensure coherent and coordinated economic policymaking aimed at stimulating investment, raising real gross domestic product per capita, and reducing the cost of living. The focus for the forthcoming year, he said, was on translating policy into tangible improvements in people's lives, through sound fiscal governance, targeted infrastructure spending, and a more transparent public finance system.
- 2.8. Minister Godongwana concluded by expressing his gratitude to the Committee for its constructive engagement and rigorous oversight. He stressed that strong, evidence-based questioning from Members was not a source of friction but an essential component of a functioning democracy. The Minister reiterated his commitment to continued collaboration with Parliament to strengthen fiscal management, promote transparency, and ensure that the financial governance architecture of the state remains resilient, ethical, and responsive to the needs of South Africans.

3. OVERVIEW OF AGSA AUDIT'S FINDINGS ON THE FINANCE PORTFOLIO (2024/25)

- 3.1. The Auditor-General of South Africa team, led by Business Executive Ms Nompakamo Matanzima, briefed the Standing Committee on Finance on the audit outcomes of the Finance Portfolio for the 2024/25 financial year. AGSA found that the portfolio continued to demonstrate relatively strong performance in financial management and governance, though persistent weaknesses remained in investment oversight, information technology controls, and consequence management.

- 3.2. The overall audit outcome showed a slight improvement, with 70 percent of entities receiving clean audits, up from 65 percent in 2023/24, and 23 percent unqualified with findings, while only one audit (GPAA) remained outstanding due to the late submission of financial statements. Submission timeliness improved significantly from 79 percent in 2023/24 to 93 percent in 2024/25, reflecting better compliance with statutory deadlines. Entities with sustained clean audits included SARS, FIC, FSCA, FAIS Ombud, IRBA, SASRIA, ASB, and GTAC. AGSA attributed these successes to ethical leadership, well-resourced internal audit units, and effective oversight by audit committees.
- 3.3. However, the report noted persistent challenges at several key entities. The PIC, Land Bank Group, and its subsidiaries (LBIC and LBLIC) continued to struggle with preparing annual financial statements (AFS) and annual performance reports (APRs) free from material misstatements, resulting in “unqualified with findings” outcomes. At the PIC, material non-compliance persisted in expenditure management, the prevention of irregular expenditure, asset management, and procurement and contract management.
- 3.4. The PIC also recorded two new material irregularities in 2024/25 relating to inadequate due diligence in investment transactions that caused potential financial loss. These matters were under investigation, with one case already referred to law-enforcement authorities. In addition, AGSA confirmed a long-standing material irregularity at National Treasury involving R400 million in fruitless and wasteful expenditure on the Integrated Financial Management System (IFMS) since 2016/17; the Treasury has taken the SIU’s final report on this matter under judicial review.
- 3.5. The quality of financial statements showed mixed results. While the overall integrity of post-audit financials was strong, material misstatements were detected in the statements submitted by the Land Bank Group, LBIC and LBLIC. These were corrected during the audit process, preventing qualification but demonstrating ongoing weaknesses in internal controls. AGSA urged leadership to develop root-cause-based audit action plans and strengthen oversight by accounting officers and audit committees.
- 3.6. Performance reporting showed a mild regression. Three entities, the PIC, LBIC and LBLIC, had material findings on performance information, compared to one entity in the prior year. At the PIC, some targets were not well-defined or measurable, while the Land Bank insurers failed to provide reliable evidence to support reported achievements. In contrast, National Treasury itself improved, with no material misstatements in its annual performance report.

TABLE 1: AUDIT OUTCOMES OF ENTITIES IN THE FINANCE PORTFOLIO (2024/25)

Entity	Audit Opinion (2024/25)	Findings / Material Irregularities	Irregular Expenditure (R million)	Fruitless & Wasteful Expenditure (R million)	Clean Audit Status	Key Comments
National Treasury	Clean Audit	Non-disclosure of cumulative R400 million fruitless and wasteful expenditure relating to the IFMS material irregularity;	-	R400 million cumulative IFMS-related fruitless and wasteful expenditure (material irregularity)	✓	IFMS remains key risk; matter under judicial review following SIU report
South African Revenue Service	Clean Audit	Minor compliance weaknesses noted (supply chain security contracts)	49.5	0.88	✓	Strong revenue collection; enhanced use of AI in compliance systems
Public Investment Corporation	Unqualified with Findings	Two material irregularities identified (investment due diligence lapses)	0.6	19.2	✗	One case referred to law enforcement; corrective actions in progress
Financial Intelligence Centre	Clean Audit	No material findings	–	–	✓	Commended for AML/CFT leadership and role in greylisting removal
Financial Sector Conduct Authority	Clean Audit	No findings	–	–	✓	Maintained full compliance and 100% performance target achievement
Financial and Fiscal Commission	Unqualified with Findings	Delayed supplier payments; weak recordkeeping; capacity gaps	–	–	✗	Improvement plan under implementation; unqualified but not yet clean
Development Bank of Southern Africa	Clean Audit	No material findings	–	–	✓	Sustained profitability; R193m dividend to shareholder; strong balance sheet
Government Pensions Administration Agency	Audit Outstanding (Late submission)	CFO/COO vacancies; control deficiencies under review	–	–	✗	Audit delayed; investigations into previous irregularities ongoing
Government Technical Advisory Centre	Clean Audit	Minor administrative weaknesses	–	–	✓	Improved procurement controls; leadership stability achieved
Accounting Standards Board	Clean Audit	No findings	–	–	✓	High-quality financial statements; governance assessed as sound
Office of the Pension Funds Adjudicator	Clean Audit	No findings	–	–	✓	Fully compliant with PFMA and Treasury regulations
Office of the Tax Ombud	Clean Audit	No findings	–	–	✓	Fully compliant; improved stakeholder engagement

						mechanisms
South African Special Risks Insurance Association	Clean Audit	No findings	–	–	✓	Strong solvency position and successful claim management reforms
Financial Advisory and Intermediary Services Ombud	Clean Audit	No findings	–	–	✓	Maintained strong control environment and high case-resolution rate
Independent Regulatory Board for Auditors	Clean Audit	No findings	–	–	✓	Stable audit environment; implementation of new inspection framework
Land Bank Group	Unqualified with Findings	Delays in finalising audit adjustments; ongoing governance remediation	1,250.0	53.6	✗	Largest contributor to unresolved irregular and fruitless expenditure
Land Bank Insurance Company	Unqualified with Findings	Material misstatements in AFS; corrected during audit	–	–	✗	Weaknesses in performance reporting; internal audit oversight limited
Land Bank Life Insurance Company	Unqualified with Findings	Material misstatements in performance data; poor evidence trail	–	–	✗	Internal control improvement plan under implementation

- **Clean Audits: 12 of 18 entities (70%)**
- **Unqualified with Findings: 6 of 18 entities (23%)**
- **Outstanding Audit: 1 of 18 entities (GPAA)**
- **Irregular Expenditure: R1.31 billion (Land Bank Group ±R1.25 bn; SARS R49.5 m; PIC R0.6 m; National Treasury R0.36 m)**
- **Fruitless & Wasteful Expenditure: R75 million (Land Bank R53.6 m; PIC R19.2 m; SARS R0.88 m)**
- **Material Irregularities Identified: 2 (PIC), 1 (National Treasury/IFMS – cumulative historical case)**

- 3.7. The portfolio's overall service-delivery performance remained relatively strong, though partial achievement persisted at several institutions. AGSA reported that National Treasury achieved 84 percent of its targets, SARS 85 percent, PIC 58 percent, and DBSA 83 percent, while the FSCA and OPFA achieved 100 percent. AGSA warned that underperformance at key entities such as SARS and the PIC could affect revenue collection, taxpayer confidence, and the long-term financial sustainability of state investment portfolios.
- 3.8. Compliance with legislation remained generally sound, but material non-compliance persisted at the PIC, Land Bank Group, and LBLIC, mainly relating to procurement and contract management, prevention of irregular expenditure, and quality of financial reporting. At the PIC, two material irregularities and R0.6 million in irregular expenditure were identified, along with R20 million in fruitless and wasteful expenditure, including R16.3 million in interest charges to SARS following a voluntary disclosure agreement and R3.47 million in unused software licences. At SARS, irregular expenditure of R49.5 million related to non-competitive security tenders and R0.88 million was recorded as fruitless expenditure for lease restoration costs. At National Treasury, R0.36 million in irregular expenditure was linked to payments without valid contracts for the SafetyWeb system.
- 3.9. Although the total value of irregular expenditure fell significantly, from R1.52 billion in 2023/24 to R1.31 billion in 2024/25, AGSA warned that most of this expenditure (R1.25 billion) remained not dealt with, primarily due to incomplete investigations at the Land Bank Group and delayed condonement at National Treasury. Similarly, the balance of fruitless and wasteful expenditure increased slightly to R75 million, of which R74 million (99 percent) had not been recovered or condoned. The largest contributors were the Land Bank (R53.6 million), PIC (R19.2 million), and SARS (R0.88 million). AGSA recommended that the Committee intensify oversight of the investigation and finalisation of these cases and ensure that timelines for disciplinary and recovery actions are set and enforced.
- 3.10. Financial management in the portfolio remained broadly sound, with most entities classified as financially healthy. National Treasury's guarantee exposure declined from R31 billion to R11.1 billion as borrowers repaid Eurobond and loan guarantees issued through the DBSA and the South African Reserve Bank. The DBSA and PIC paid R193 million in dividends to the shareholder department. However, SARS recorded a deficit of R860 million, or 17 percent of its opening surplus, due to personnel expansion costs funded only in the subsequent financial year.
- 3.11. On governance and institutional capability, AGSA found steady progress in filling key executive vacancies across the portfolio. The CFO post at National Treasury and the CEO post at the PIC had been filled, strengthening leadership stability. However, the COO and CFO positions at the GPAA and the accounting officer post at GTAC remained vacant. Internal audit units were assessed as effective, and most audit committees demonstrated sound oversight except at the Land Bank, where deficiencies in financial review persisted.
- 3.12. AGSA also identified IT-related governance and security risks at National Treasury and the Land Bank, which continued to operate on outdated platforms lacking security updates. At the PIC, delays and cost overruns in the e-Front system implementation were noted, while the DBSA and SARS were commended for leading digital transformation projects aligned with government's governance and citizen engagement priorities.
- 3.13. AGSA commended the Finance Portfolio for maintaining a high level of financial discipline and transparency. Nevertheless, it urged the Committee to closely monitor three priority risk areas: (i) the resolution of the IFMS litigation and its impact on Treasury's financial reporting, (ii) the finalisation of the PIC material irregularities and improvement of its investment oversight systems, and (iii) the timely conclusion of investigations and recovery actions for irregular, fruitless and wasteful expenditure. AGSA emphasised that continuous oversight by Parliament is essential to sustain ethical governance and to prevent a recurrence of non-compliance and inefficiencies in the Finance Portfolio.

4. OVERVIEW OF PERFORMANCE ACROSS THE FINANCE PORTFOLIO ENTITIES

NATIONAL TREASURY PERFORMANCE (2024/25)

- 4.1. The National Treasury achieved an overall performance rate of 86 percent for the 2024/25 financial year, meeting 43 out of 50 performance indicators, with 3 partially achieved and 4 not achieved. This outcome was consistent with the Minister's presentation that the Department continued to implement its mandate in line with its legislative responsibilities, within the context of prevailing economic and fiscal pressures. NT's annual performance plan covered nine programmes, with most achieving between 83 and 100 percent of their planned targets.

- 4.2. NT's audit outcome remained unqualified with no material findings, consistent with the prior year. The Auditor-General confirmed that there were no material misstatements in the annual financial statements or performance information, and that no unauthorised, fruitless, or irregular expenditure was reported during the year.
- 4.3. Programme-level performance recorded delivery across National Treasury's core policy and fiscal management functions. Programme 1 (Administration) met all planned targets, meeting or exceeding the set targets for ICT uptime, risk-management implementation, and training expenditure, and maintained a clean audit outcome. Programme 2 (Economic Policy, Tax, Financial Regulation and Research) achieved 83.3 percent of targets, producing 45 research papers, tax legislation, and five economic forecasts (against a planned four). The planned submission of financial sector legislation to Cabinet was not achieved within the reporting period.
- 4.4. Programme 3 (Public Finance and Budget Management) achieved 91.7 percent of its targets. Outputs included the tabling of the Appropriation Bill, Adjustments Appropriation Bill, Estimates of National Expenditure, and the Medium-Term Budget Policy Statement. Two Division of Revenue Bills were completed, and four fiscal framework reforms were introduced at provincial and local levels. The Department disbursed R7.576 billion in grant funding under this programme and supported 104 technical advisors through the Municipal Finance Improvement Programme (MFIP). The target for the completion of mandatory financial recovery plans within 90 days was achieved at 57.1 percent, below the 100 percent target.
- 4.5. Programme 4 (Asset and Liability Management) achieved 66.7 percent of its targets. Reviews of all corporate plans, guarantee applications, and borrowing requirements were completed. Annual reports were reviewed at 96 percent, and borrowing limit applications at 75 percent, within the scheduled timeframe.
- 4.6. Programme 5 (Financial Accounting and Supply Chain Management Systems) achieved 75 percent of targets. The programme reported 98 percent system availability and produced 19 statutory reports. The publication of amendments to the Public Finance Management Act (PFMA), Municipal Finance Management Act (MFMA), and draft public procurement regulations was not finalised within the year under review.
- 4.7. Programme 6 (International Financial Relations) achieved all planned targets, producing economic surveillance responses and engagement strategies, hosting one advocacy forum on development finance, and preparing ten analysis reports on South Africa's participation in global and regional forums. Programme 7 (Civil and Military Pensions and Other Benefits) achieved 100 percent of its targets, validating all payments within prescribed timeframes and maintaining data integrity at 99.99 percent.
- 4.8. On human capital, Treasury reported a vacancy rate of 11.5 percent, with a total staff complement of 1,031 out of 1,165 funded posts. Senior management posts (levels 13–16) recorded a vacancy rate of 17.25 percent, while lower and middle-skilled levels averaged below 10 percent. Of the total staff complement, 90 percent were black, 57 percent were female, and 0.83 percent were persons with disabilities. Treasury reported that 96 percent of Senior Management Service (SMS) members signed performance agreements, with disciplinary measures initiated in respect of those who did not comply.
- 4.9. In financial performance terms, National Treasury had a final budget of R33.3 billion, with actual expenditure of R32.62 billion, representing 98 percent of the total appropriation. The underspending of R716 million (2 percent) was mainly attributed to lower-than-expected invoices for the G20 Summit, delays in consultancy contracts (including those for FATF greylisting work and asset-liability management system maintenance), and reduced transfer payments to the Common Monetary Area (CMA) due to lower yield estimates from the South African Reserve Bank. Certain items, including R478 million in advances for infrastructure and support programmes, had not been expensed by year-end.
- 4.10. Significant financial disclosures included the transfer of R64 billion to Eskom, of which R40 billion was converted to equity, under the debt relief framework. Treasury also received R200 billion from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA), comprising R100 billion surrendered to the National Revenue Fund and R100 billion appropriated to establish the South African Reserve Bank contingency reserve. As at 31 March 2025, Treasury held R226 million in cash, R56 billion in loans, and R36.6 billion in investments.
- 4.11. As presented to the Committee, National Treasury achieved 86 percent of its planned performance indicators, spent 98 percent of its final appropriation, and recorded underspending of 2 percent (R716 million). The Auditor-General's briefing indicated an unqualified audit opinion with no material findings and no reported unauthorised, fruitless, or irregular expenditure for the 2024/25 financial year.

SARS PERFORMANCE OVERVIEW (2024/25)

- 4.12. The South African Revenue Service reported net revenue collections of R1.855 trillion for the 2024/25 financial year, against a revised estimate of R1.846 trillion, representing an over-collection of R8.8 billion (0.48 percent). This outcome was an increase of R165 billion compared with the R1.69 trillion collected in 2023/24. SARS attributed the improvement to enhanced compliance, modernisation gains, and stronger administrative efficiency despite weak economic conditions.
- 4.13. In the revenue composition, personal income tax (PIT) accounted for 39 percent of total collections, followed by value-added tax (VAT) at 27 percent, corporate income tax (CIT) at 20 percent, customs duties at 4 percent, and other taxes and non-tax revenue at 10 percent. SARS noted that customs and excise receipts were affected by slower import volumes and changes in trade dynamics, though partial recovery occurred in fuel levy and excise collections.
- 4.14. SARS achieved 19 of its 22 annual performance indicators, representing an 86 percent achievement rate, up from 84 percent in 2023/24. Underperformance was recorded in specialised audit coverage and transfer-pricing investigations, mainly due to staff shortages in the Audit and Legal Divisions and the ongoing system integration process within the modernisation programme.
- 4.15. The Auditor-General issued a clean audit opinion for SARS for the 2024/25 financial year, with no material misstatements or compliance findings. SARS reported irregular expenditure of R49.5 million, representing 0.24 percent of total expenditure, primarily linked to fringe-benefit tax irregularities related to employee accommodation in customs operations. Fruitless and wasteful expenditure totalled R0.881 million, mainly arising from lease restoration costs. SARS indicated that all these cases were disclosed in the annual financial statements and that corrective measures, including training for Supply Chain Management officials and enhanced internal controls, were implemented to prevent recurrence.
- 4.16. SARS's total operational expenditure amounted to R13.5 billion against an adjusted budget of R14.0 billion, reflecting 97 percent spending and underspending of R485 million (3 percent). The variance was mainly due to delays in filling key ICT and audit vacancies and the postponement of some digital-system enhancement contracts.
- 4.17. In respect of human resources, SARS reported a staff complement of 12,475 employees with a vacancy rate of 7.5 percent. The workforce profile was reported as 58 percent female and 87 percent black employees, with a representation of 1.2 percent persons with disabilities. SARS indicated that training and recruitment were focused on specialised audit, transfer pricing, and digital skills to support its modernisation programme.
- 4.18. SARS informed the Committee that the implementation of artificial intelligence (AI) and data analytics systems was aimed at improving compliance risk profiling and case selection. SARS stated that all applications of AI were governed by confidentiality provisions under the Tax Administration Act (TAA) and that taxpayer data were processed internally within SARS systems.
- 4.19. On compliance enforcement, SARS reported that it maintained a permanent illicit economy unit, working with the South African Police Service, the Financial Intelligence Centre, and the National Prosecuting Authority. The unit's work included investigations into customs fraud, illicit tobacco, fuel and alcohol smuggling, and tax evasion cases. SARS reported that several of these cases were under active prosecution or asset forfeiture proceedings.
- 4.20. The Committee raised questions regarding SARS's approach to debt collection, noting that the total outstanding tax debt stood at R243 billion at year-end. SARS indicated that about 61 percent of this debt was either under dispute or in active collection, while the remainder related to insolvent or inactive accounts. SARS undertook to provide a detailed debt composition analysis in its next quarterly report to the Committee.
- 4.21. AGSA's briefing to the Committee noted that SARS continued to maintain effective financial controls and internal audit systems. AGSA highlighted that while SARS had sustained its clean audit outcome, there remained a need for faster resolution of irregular expenditure cases and for finalisation of consequence management actions in respect of historical compliance findings.
- 4.22. SARS reported that its budget allocation increased by R1.3 billion in 2024/25 to support modernisation, enforcement, and technology infrastructure. The additional funding enabled the rollout of the digital case management system, predictive risk engine, and expanded customs-control systems, which collectively enhanced compliance and revenue performance.

OFFICE OF THE TAX OMBUD PERFORMANCE OVERVIEW (2024/25)

- 4.23. The Office of the Tax Ombud (OTO) reported on its performance for the 2024/25 financial year in accordance with its mandate under the Tax Administration Act, 2011 (Act No. 28 of 2011), which

empowers it to review and address taxpayer complaints concerning service, procedural, or administrative matters arising from actions by the South African Revenue Service. The OTO's focus during the year was to strengthen taxpayer confidence, improve accessibility, and address emerging systemic issues in tax administration.

- 4.24. The OTO achieved 100 percent of its annual performance targets for 2024/25. It continued to demonstrate strong performance in implementing its six strategic objectives under the 2020–2025 Strategic Plan, which include effective complaint resolution, strengthening governance and risk management, and promoting stakeholder engagement and awareness.
- 4.25. During 2024/25, the OTO received 4,913 complaints, reflecting a 6.39 percent increase compared with 4,618 complaints in 2023/24. Of these, 2,265 complaints (46.1 percent) were accepted for investigation, 996 (20.3 percent) were terminated, and 1,652 (33.6 percent) were rejected, mainly because complainants had not exhausted SARS's internal complaint channels. The OTO reported that 86.7 percent of the rejected complaints were attributable to this procedural non-exhaustion.
- 4.26. The OTO reported significant operational improvements in turnaround times. It captured 98.10 percent of complaints within two business days, reviewed 98.37 percent within eight business days, and actioned 99 percent of close-out reports within four business days of receipt from SARS. This represented consistent improvement from the start of the 2020–2025 strategic cycle, when corresponding rates were 86 percent, 89 percent, and 87 percent, respectively.
- 4.27. SARS demonstrated high compliance with OTO recommendations, implementing 2,374 of the 2,390 recommendations issued (99.33 percent). Only 16 recommendations (0.67 percent) were not implemented due to taxpayer-related issues such as failure to provide supporting documentation, incorrect banking details, or prescription of assessments. To address delayed implementation, the OTO issued 391 notices under section 20(2) of the Tax Administration Act requiring SARS to provide reasons for delays; 299 recommendations were implemented following these notices, and 92 remained unresolved at year-end.
- 4.28. The OTO identified two possible systemic issues during the year, both reviewed within the prescribed five-month period. Neither issue was determined to be systemic. At the start of the year, 19 systemic issues were open; SARS resolved two, leaving 17 unresolved by year-end.
- 4.29. The OTO exceeded its communication and stakeholder engagement targets, achieving 177.9 percent of its community outreach objectives and 185.9 percent of its stakeholder engagement targets. A total of 264 outreach activities and 121 stakeholder engagements were conducted, including exhibitions, public forums, webinars, and thought-leadership events. The OTO estimated that over 77,000 people accessed its website during 2024/25, representing a 130 percent increase from the previous year, while media exposure generated public-relations value of approximately R23 million.
- 4.30. The OTO obtained a clean audit outcome for 2024/25 with no findings. The total available budget for the year amounted to R57.85 million, inclusive of a retained surplus from 2023/24. Total expenditure amounted to R48.89 million (85 percent), resulting in underspending of R8.96 million primarily due to delays in implementing the Microsoft Dynamics 365 Customer Portal. Personnel expenditure accounted for R41.7 million (85 percent of total costs), ICT-related expenses for R3.5 million, and other operational and support costs for R3.7 million.
- 4.31. The OTO reported a staff complement of 34 employees at 31 March 2025, with 15 vacancies and five resignations. Of these, 58.8 percent were female and 88.2 percent black employees. No employees with disabilities were recorded.
- 4.32. The Office noted that it continues to face capacity and funding constraints, particularly in expanding its systemic investigation and legal review units. The Ombud indicated that discussions with National Treasury regarding proposed legislative amendments to strengthen the OTO's institutional independence under the Tax Administration Act were ongoing at year-end.

FINANCIAL INTELLIGENCE CENTRE PERFORMANCE OVERVIEW (2024/25)

- 4.33. The Financial Intelligence Centre (FIC) is South Africa's national centre for the collection, analysis, and dissemination of financial intelligence, established under the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001). The Centre's mandate is to identify the proceeds of unlawful activities, detect and deter money laundering, terrorist and proliferation financing, and implement targeted financial sanctions arising from United Nations Security Council resolutions. The FIC does not conduct investigations but provides intelligence to competent authorities, including law enforcement, the National Prosecuting Authority, the South African Revenue Service, AGSA, the Financial Sector Conduct Authority, and international counterparts.

- 4.34. As of 31 March 2025, the FIC employed 275 staff members, of whom 233 (84.7 percent) were from designated race groups, 173 (63 percent) were female, and 6 employees (2.2 percent) were persons with disabilities. The organisational structure comprised five key divisions: Legal and Policy, Compliance and Prevention, Monitoring and Analysis, Shared Forensic Capability, and Corporate Services.
- 4.35. For the 2024/25 financial year, the FIC achieved 18 out of 20 annual performance targets (90 percent), exceeding eight and achieving ten of its planned indicators. The two partially achieved targets related to the completion of sectoral compliance reviews and the roll-out of the next-generation data analytics system, which were delayed pending system integration approvals from National Treasury.
- 4.36. The FIC maintained its clean audit opinion with no findings for 2024/25. The Auditor-General confirmed that the Centre's financial statements were free of material misstatements and that there was no unauthorised, irregular, fruitless, or wasteful expenditure reported for the period.
- 4.37. The FIC processed a total of 13.4 million regulatory reports during the year, comprising 570,283 suspicious and unusual transaction reports (STRs), 9.7 million international funds transfer reports (IFTRs), and 3.1 million cash threshold reports (CTRs) for transactions exceeding R49,999.99. By the end of the reporting period, 55,262 accountable institutions were registered with the FIC under the FIC Act.
- 4.38. Financial intelligence was disseminated through 3,104 reactive responses and 1,092 proactive referrals to law enforcement, investigative, and prosecutorial bodies. The FIC also produced 51 reports on illicit financial flows and delivered training to partner agencies on the use of financial intelligence reports. Collectively, these outputs supported asset recovery and criminal investigations across multiple sectors.
- 4.39. Between 2020 and 2025, the FIC issued 896 Section 34 directives for the freezing of assets linked to suspicious transactions, with an average rand value of R273.1 million per annum. For the 2024/25 year alone, the Centre issued 164 directives, reflecting a cumulative trend toward more targeted and higher-value interventions compared to prior years.
- 4.40. The value of assets seized or recovered through the application of FIC intelligence totalled R144 million in 2024/25, compared with R98 million in 2023/24 and R5.8 billion in 2022/23. Cumulatively, the total recoveries facilitated through FIC financial intelligence between 2020 and 2025 amounted to R14.4 billion, averaging R2.9 billion per year.
- 4.41. The FIC's partnerships and inter-agency initiatives remained a cornerstone of its operational strategy. The reformed Fusion Centre registered 562 cases in 2024/25 and contributed to the recovery of approximately R93 million in proceeds of crime, while the Asset Recovery Hub initiated 11 investigations, resulting in recoveries exceeding R33 million. The Shared Forensic Capability Unit enrolled 14 cases, issued 11 forensic products, and supported the recovery of R14.37 million in criminal assets.
- 4.42. The FIC continued to expand its global and domestic cooperation footprint, maintaining memoranda of understanding with 102 international jurisdictions and 42 domestic entities for information exchange. The Centre successfully implemented all 30 United Nations Security Council designation amendments within 24 hours of publication, demonstrating compliance with South Africa's international obligations on financial sanctions.
- 4.43. During 2024/25, the FIC and supervisory partners conducted 556 inspections across accountable institutions, of which 288 (52 percent) were based on risk and compliance return analysis. The Centre received 9,281 risk management and compliance returns, including 19,512 Directive 6 and 4,844 Directive 7 submissions. Enforcement actions during the year resulted in total sanctions and penalties of R2.23 million imposed by the FIC, including R782,000 in sanctions, R266,000 arising from 2023/24 appeal decisions, and R1.18 million for non-compliance. In comparison, the South African Reserve Bank's Prudential Authority imposed R143.65 million, and the FSCA R7.4 million in penalties for sector-related violations.
- 4.44. In financial performance terms, the FIC's total expenditure amounted to R442.1 million for 2024/25. Of this, personnel costs totalled R247.7 million (56 percent), operating costs R170.5 million (39 percent), and capital expenditure R23.9 million (5 percent). Expenditure by programme reflected R218.8 million (52 percent) for service delivery, R104.6 million (25 percent) for business enablement, and R94.6 million (23 percent) for administration.
- 4.45. The FIC played a central role in South Africa's successful removal from the Financial Action Task Force (FATF) grey list in October 2025. The Centre coordinated technical assistance, monitored implementation of 22 FATF action items, and hosted the on-site assessment visit by the FATF review team.

- 4.46. Looking ahead, the FIC outlined its strategic focus on completing the first cycle of national and sectoral money laundering and terrorist financing risk assessments, enhancing the quality and prioritisation of proactive financial intelligence, and supporting legislative amendments to the Non-Profit Organisations Act, Companies Act, Trust Property Control Act, Prevention of Organised Crime Act (POCA), and the FIC Act. The next FATF mutual evaluation for South Africa is scheduled for October 2027, which will assess the sustainability of reforms and the resilience of the national anti-money laundering and counter-financing of terrorism system.

FINANCIAL SECTOR CONDUCT AUTHORITY OVERVIEW (2024/25)

- 4.47. The Financial Sector Conduct Authority (FSCA) is the market conduct regulator for South Africa's financial institutions, established under the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017). Its mandate is to promote fair treatment of financial customers, integrity and efficiency of financial markets, and financial inclusion through effective regulation and supervision of market conduct across the financial sector.
- 4.48. For the 2024/25 financial year, the FSCA achieved an overall performance rate of 84 percent, meeting 21 of 25 annual performance indicators. The Authority's focus remained on strengthening supervisory frameworks, readiness for the implementing the Conduct of Financial Institutions (COFI) Bill once enacted, improving consumer protection, and embedding transformation within the financial sector.
- 4.49. The FSCA received an unqualified audit opinion with no material findings for 2024/25, maintaining a consistent clean audit outcome for the fifth consecutive year. The AGSA confirmed full compliance with the PFMA, with no unauthorised, irregular, or fruitless and wasteful expenditure reported. Audit improvements were observed in procurement controls, financial statement accuracy, and performance reporting.
- 4.50. The FSCA's total revenue amounted to R1.36 billion, compared to R1.25 billion in 2023/24, reflecting a 9 percent increase, mainly from levies and fees charged to regulated entities. Other income increased by R23.7 million due to penalties and cost recoveries. Total expenditure stood at R1.29 billion, resulting in a surplus of R68 million, which will be retained to strengthen operational capacity and fund key transformation projects in 2025/26.
- 4.51. Personnel expenditure accounted for R944 million (73 percent) of total costs, followed by administrative and IT expenses of R177 million (14 percent) and professional fees of R89 million (7 percent). The FSCA maintained a cost-to-income ratio of 95 percent, reflecting improved cost discipline compared to 98 percent in 2023/24.
- 4.52. The FSCA supervised 11,632 licensed entities across all financial subsectors, including banking, insurance, collective investment schemes, retirement funds, and financial advisory and intermediary services (FAIS). During the year, 756 on-site inspections and 1,240 desk-based reviews were conducted, resulting in 116 enforcement actions and R83.4 million in administrative penalties. The Authority also processed 1,065 new licence applications and 893 licence renewals, reflecting continued activity in the financial services sector.
- 4.53. The Enforcement Division concluded 38 market abuse investigations, resulting in five criminal referrals to the National Prosecuting Authority (NPA) and ten administrative settlements totalling R26.5 million. In collaboration with the Financial Intelligence Centre (FIC), the FSCA identified 98 institutions for risk-based anti-money laundering (AML) reviews, focusing on non-bank financial intermediaries.
- 4.54. Under the Market Conduct Strategy, the FSCA launched phase two of the Retail Distribution Review (RDR) and finalised the Draft COFI Bill consultation process, engaging over 150 industry stakeholders. Implementation of the Twin Peaks regulatory model progressed, with harmonisation of licensing, supervisory, and enforcement functions between the FSCA and the Prudential Authority.
- 4.55. In promoting transformation, the FSCA monitored 24 transformation plans submitted by major financial institutions under the Financial Sector Code, while 48 new black-owned financial intermediaries were supported through incubation and capacity-building programmes. The FSCA approved R28.4 million in transformation support and R12.6 million in consumer education grants, reaching 3.2 million individuals through financial literacy initiatives, with a focus on township and rural outreach.
- 4.56. The FSCA's Financial Inclusion Strategy achieved 90 percent of its objectives, expanding access to financial products through fintech innovations and alternative distribution channels. The Innovation Office registered 19 new fintech start-ups under its regulatory sandbox programme, with 7 advancing to commercialisation stages.

- 4.57. On the human capital front, the FSCA maintained a staff complement of 702 employees (up from 679 in 2023/24), with a vacancy rate of 6.2 percent. Women represented 52 percent of total staff and 48 percent of senior management. Employment equity indicators showed 86 percent black representation, exceeding FSCA's 2024 Employment Equity targets. The Authority invested R17.8 million in staff development, with 212 employees completing compliance and leadership training.
- 4.58. The FSCA's IT Transformation Programme, initiated in 2023, achieved 88 percent completion by March 2025, including rollout of the new e-Licensing Portal, migration of supervisory systems to a cloud-based data environment, and the implementation of an AI-assisted case management system. System availability remained at 99.6 percent, with no major cybersecurity breaches reported.
- 4.59. On governance and compliance, the FSCA Board met 11 times during the year, maintaining full quorum in all statutory meetings. The Risk Committee reviewed 17 enterprise risks, including systemic conduct risks in the insurance and savings sectors. The Internal Audit Unit achieved 93 percent implementation of its audit coverage plan and reported no significant control weaknesses.
- 4.60. The FSCA's consumer protection function handled 33,765 complaints, of which 82 percent were resolved within prescribed timelines. Top categories included unauthorised debit orders (22 percent), insurance claims (19 percent), and investment product misrepresentation (14 percent). The Authority's new Online Complaint Management System, launched in December 2024, reduced case turnaround time by 37 percent.
- 4.61. The Financial Sector Transformation Council (FSTC), supported by the FSCA, approved its 2024/25 transformation scorecard methodology. Early findings indicated that 37 percent of institutions had achieved Level 4 or better on B-BBEE ratings, while microfinance institutions and fintech players lagged in compliance, prompting targeted transformation interventions.
- 4.62. As part of its international obligations, the FSCA represented South Africa at the International Organisation of Securities Commissions (IOSCO) and Financial Stability Board (FSB) meetings, contributing to workstreams on digital assets regulation, sustainability disclosures, and climate-risk management. South Africa's regulatory framework was rated as "largely compliant" in the IMF–World Bank FSAP 2024 assessment, with the FSCA commended for proactive supervision and enforcement capacity.
- 4.63. The FSCA's balance sheet remained strong, with total assets of R1.52 billion, liabilities of R563 million, and accumulated surpluses of R957 million. Cash reserves stood at R421 million, ensuring sufficient liquidity for operational and capital expenditure in 2025/26.
- 4.64. Looking ahead to 2025/26, the FSCA will prioritise: implementing of the COFI framework once enacted and harmonising sectoral conduct rules, finalisation of the Transformation Strategy Framework and measurement tool for financial inclusion, expansion of the regulatory sandbox to cover crypto-asset service providers (CASPs) and insurtechs, and enhancement of data analytics for proactive supervision of systemic conduct risks.

PRUDENTIAL AUTHORITY PERFORMANCE OVERVIEW (2024/25)

- 4.65. The Prudential Authority (PA) is a regulatory body established under the Financial Sector Regulation Act, 2017, operating within the administration of the South African Reserve Bank. Its mandate is to promote and maintain the safety and soundness of financial institutions that provide financial products and services, and to protect financial customers against systemic risks. The PA's work is guided by the Twin Peaks model, functioning alongside the Financial Sector Conduct Authority (FSCA) as part of the broader financial sector regulatory framework.
- 4.66. During the 2024/25 financial year, the PA achieved 92 percent of its key performance indicators (12 of 13 targets), maintaining strong regulatory oversight across the banking, insurance, and financial conglomerate sectors. The Authority received an unqualified audit opinion with no material findings, marking the fifth consecutive clean audit.
- 4.67. The Authority's total revenue for 2024/25 amounted to R1.96 billion, up from R1.84 billion in 2023/24, representing a 6.5 percent year-on-year increase mainly due to higher levies collected from regulated entities and interest income. Total expenditure amounted to R1.93 billion, yielding a surplus of R31.8 million, compared to a deficit of R22.4 million in 2023/24. The improved financial performance was attributed to savings on professional fees and enhanced cost containment on administrative expenses.
- 4.68. The PA's regulatory coverage included 33 registered banks, 45 insurers, 6 reinsurers, 11 cooperative banks, 16 conglomerate groups, and 28 financial market infrastructures. Supervisory reviews were conducted on all systemically important financial institutions, while thematic reviews focused on climate-related financial risks, cyber resilience, and Basel III liquidity compliance. The

Authority also completed 25 on-site inspections and 88 off-site monitoring reviews across its supervisory domains.

- 4.69. In the banking sector, the PA reported that the capital adequacy ratio remained strong at 16.5 percent (well above the regulatory minimum of 11 percent), and non-performing loans (NPLs) declined marginally from 5.3 percent to 5.0 percent. The banking sector remained profitable, with aggregate return on equity at 13.4 percent and total assets reaching R6.6 trillion. However, credit growth remained subdued, particularly in household lending, due to weak economic activity and high interest rates.
- 4.70. In the insurance sector, the Authority monitored 66 long-term and short-term insurers under the Insurance Act, 2017, ensuring compliance with solvency and capital requirements. The average solvency coverage ratio for long-term insurers stood at 1.95 times the minimum capital requirement, and 1.62 times for short-term insurers, indicating robust capitalisation. The PA approved 5 new insurance licences and finalised 12 regulatory enforcement actions, primarily for delayed financial reporting and governance non-compliance.
- 4.71. The financial conglomerates supervisory framework was implemented fully during 2024/25. The Authority finalised conglomerate-level supervision plans for major groups including FirstRand, Standard Bank, Old Mutual, and Sanlam, integrating cross-sectoral risk analysis into prudential reviews. This included the adoption of the IAIS Insurance Capital Standard (ICS) implementation plan, aimed at improving capital comparability across multinational insurance groups.
- 4.72. On policy and regulatory development, the PA published several key discussion and position papers, including:
 - 4.72.1. The Climate Risk Guidance Note (GN 2025/01), establishing supervisory expectations on climate-related risk management and disclosure for financial institutions.
 - 4.72.2. The Operational Resilience and Cybersecurity Framework, outlining minimum resilience standards for critical financial infrastructures.
 - 4.72.3. The Draft Prudential Standard for Digital Banks, setting entry and licensing requirements for new digital banking models.
- 4.73. The PA continued its active participation in international standard-setting bodies such as the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, and the Financial Stability Board. It also coordinated South Africa's inputs into the IMF Financial Sector Assessment Program review, focusing on macroprudential policy alignment and financial stability metrics.
- 4.74. The Authority's workforce stood at 408 employees, with a vacancy rate of 8.3 percent, concentrated mainly in actuarial, data analytics, and risk modelling roles. Staff diversity included 54 percent female representation and 82 percent black representation. The PA invested R23.4 million in staff training and development, focusing on quantitative risk, stress testing, and cyber risk supervisory capacity.
- 4.75. The Authority identified several emerging risks, including persistent macroeconomic uncertainty, sovereign rating pressures, and the growing systemic importance of fintech and crypto-asset activities. To mitigate these, it established a Digital Financial Surveillance Unit and strengthened collaboration with the FSCA and the FIC under the Inter-Agency Coordination Committee to monitor illicit finance flows and technology-based risks.
- 4.76. Looking ahead to 2025/26, the Prudential Authority's priorities include strengthening climate-risk supervision, completing implementation of the Basel III Endgame standards, advancing IFRS 17 monitoring in the insurance sector, and enhancing supervisory technology ("SupTech") adoption to improve data-driven regulation.

OMBUD COUNCIL PERFORMANCE OVERVIEW (2024/25)

- 4.77. The Ombud Council was established under the Financial Sector Regulation Act, 2017 (FSR Act) to ensure that financial customers have access to affordable, effective, independent, and fair dispute resolution processes. Its statutory mandate includes the supervision and recognition of ombud schemes, promoting co-ordination between schemes, and addressing jurisdictional overlaps. The Council oversees both statutory and industry ombud schemes, namely the Ombud for Financial Services Providers, the Pension Funds Adjudicator, the National Financial Ombud Scheme, and the JSE Ombud Scheme.
- 4.78. The Ombud Council operates through two core programmes. Programme 1: Administration focuses on governance, human resources, procurement, financial management, and risk management. Programme 2: Regulation and Oversight undertakes supervisory functions, conducts inspections, develops reporting frameworks, and issues rules to harmonise ombud system operations.

- 4.79. For the 2024/25 financial year, the Ombud Council achieved a clean audit outcome for the second consecutive year. The Council was confirmed to be fully compliant with the PFMA and the Generally Recognised Accounting Practice (GRAP) standards. There were no instances of irregular, fruitless, or wasteful expenditure, and all supplier invoices were paid within 30 days. The audit outcome confirmed that all financial management systems and controls were operating effectively.
- 4.80. The Council reported that it had achieved the target of filling all eight posts on its organisational structure, thereby reaching full operational capacity. The staff profile at year-end reflected 63 percent female and 37 percent male representation, with 88 percent black employees and 12 percent white employees. The Council did not meet its 2 percent disability target, noting that the small staff complement made percentage achievement statistically difficult.
- 4.81. The Ombud Council achieved full operational independence from 1 April 2024, implementing its own financial, procurement, ICT, and HR policies. It also appointed a Board Secretariat service provider to strengthen governance and reporting to the Council's Board. The Council's governance structure comprised eight members, six non-executive members appointed by the Minister of Finance, the Chief Ombud (Chief Executive Officer), and the Commissioner of the Financial Sector Conduct Authority as a non-voting member. Two Board committees, namely the Audit and Risk Committee and the Remuneration and Human Resources Committee, operated throughout the financial year with formally approved terms of reference.
- 4.82. In respect of funding, the Council confirmed that levy collection mechanisms were successfully implemented under a memorandum of understanding with the FSCA, ensuring sustainable funding for its operations. Revenue for 2024/25 amounted to R27.63 million, compared with R32.19 million in 2023/24, a 14 percent decrease, due to the non-recurrence of an R8 million contingency fiscal allocation received in the prior year.
- 4.83. Total expenditure for the year was R23.25 million, representing 86 percent of the approved budget. This was 136 percent higher than the prior year's base expenditure of R9.87 million, reflecting the full transition to independent operations and the filling of all vacancies. The Council recorded a surplus of R4.39 million for 2024/25, compared to R22.32 million in 2023/24, as a result of higher operational spending aligned to the expanded mandate. The three largest expenditure categories were employee costs, consumer education and awareness campaigns, and other operating expenses.
- 4.84. Under Programme 1 (Administration), the Council achieved all planned governance and capacity targets. It confirmed that internal audit arrangements were fully implemented, with no significant findings. Risk management, ICT systems, and procurement functions operated under Council-approved policies.
- 4.85. Under Programme 2 (Regulation and Oversight), the Council achieved most of its planned regulatory milestones. It finalised the new Ombud Council Rules for the FAIS Ombud, while the rules for the Pension Funds Adjudicator were under consultation and deferred to 2025/26 due to resource constraints and the "two-pot" retirement reform process. The Council also completed an updated Regulatory Plan, and all industry ombud schemes submitted reports in accordance with the approved reporting framework.
- 4.86. The Council achieved 38 percent of the full-year milestones under its Regulatory Plan, against a target of 80 percent, due mainly to the deferral of consultations on OPFA rules. However, all interim reporting frameworks for statutory schemes were completed and approved, and a new reporting methodology aligned with National Treasury was developed for implementation from the first quarter of 2025/26.
- 4.87. The Council conducted four on-site inspections of ombud schemes to assess compliance and performance. Written feedback and agreed action plans were provided to each scheme, including the National Financial Ombud Scheme. No major cases of non-compliance or performance failures were reported.
- 4.88. In respect of consumer awareness, the Council implemented a multi-channel communication and education campaign to promote public understanding of the ombud system. These activities included advertising, outreach, and participation in the National Financial Consumer Education Committee. The Council achieved 64 percent of its stakeholder engagement plan deliverables, below the 80 percent target, due to the delayed appointment of a Communications Officer. The position has since been filled to support future campaigns.
- 4.89. The Ombud Council supported National Treasury in the development of legislative and policy reforms aimed at creating a simpler and stronger financial sector ombud system, in line with Treasury's 2024 policy paper. The Council's regulatory and technical inputs were fully submitted to stakeholders, and the Council contributed to the drafting of amendments that will underpin future ombud system harmonisation.

- 4.90. The Council continued to identify and monitor systemic risks in the financial ombud system. Key trends included:
- Digital banking fraud, which accounted for 30 percent of complaints received by the NFO Banking Division.
 - Abuses of “value-added services” in credit agreements within the NFO Credit Division.
 - Funeral insurance-related complaints under the NFO Life Insurance Division.
 - Motor and homeowner insurance claim disputes, particularly rejections due to maintenance issues, under the NFO Non-Life Insurance Division; and
 - Non-payment of pension contributions, representing approximately 80 percent of cases before the Pension Funds Adjudicator.
- 4.91. The Council stated that these complaint trends inform ongoing oversight and regulatory responses to ensure consistent standards across ombud schemes. It will continue to strengthen inter-scheme coordination, ensure better data collection and reporting, and enhance accessibility for financial consumers.

OFFICE OF THE FAIS OMBUD PERFORMANCE OVERVIEW (2024/25)

- 4.92. The Office of the Ombud for Financial Services Providers (FAIS Ombud) was established under the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002). Its statutory mandate is to resolve complaints by consumers against Financial Services Providers (FSPs), commonly referred to as brokers or advisors, who render financial advice or intermediary services. Complaints are resolved through alternative dispute resolution methods such as mediation, conciliation, or recommendation, and, where necessary, the Ombud may issue determinations that carry the same enforceability as civil court judgments.
- 4.93. During the 2024/25 financial year, the FAIS Ombud received 15,404 new complaints, compared to 10,574 in 2023/24, reflecting a 45.7 percent increase attributed to greater consumer awareness and outreach activities. The Office closed 3,543 formal and premature complaints during the period, compared with 5,046 closures in the prior year. The average turnaround time for finalising cases was 59.28 working days, compared to 63.33 days in 2023/24.
- 4.94. The largest proportion of complaints related to long-term insurance, particularly funeral policy disputes, which constituted 52.84 percent of all complaints. Complaints related to short-term insurance and investment products made up 27 percent and 11 percent, respectively. Complaints were geographically concentrated in Gauteng (38.5 percent), followed by KwaZulu-Natal (18 percent) and Western Cape (12 percent).
- 4.95. In 41 percent of closed complaints, the outcome was in favour of the complainant through either settlement or award, compared to 35 percent in the previous year. The total monetary value of awards and settlements amounted to R31.75 million, compared to R39.53 million in 2023/24, with the reduction attributed to the finalisation of a number of older, high-value legacy cases in the prior year. The Office issued three determinations during 2024/25 (compared with two in 2023/24) and recorded 79 applications for reconsideration lodged with the Financial Services Tribunal, of which 94.59 percent were refused leave to appeal.
- 4.96. The FAIS Ombud achieved 20 of 23 annual performance targets (86.96 percent), compared to 82.6 percent in the previous year. Most targets under the core mandate exceeded their set benchmarks. These included:
- Customer satisfaction rated at 85.93 percent (target 85 percent).
 - 100 percent of complaints acknowledged within 4 days (target achieved).
 - 99.19 percent of complaints finalised within 9 months (target 92 percent).
 - 98.08 percent finalised within 6 months (target 85 percent).
 - 91.41 percent finalised within 3 months (target 75 percent).
 - Only 3.69 percent of active complaints were older than nine months (target less than 20 percent).
 - Efficiency ratio reached 93.32 percent, exceeding the target of 80 percent.
- 4.97. The FAIS Ombud maintained a clean audit outcome for the 2024/25 financial year. The Auditor-General reported no material findings, no repeat findings, and no instances of irregular, fruitless, or wasteful expenditure. Seven minor internal control findings were raised, all of which were resolved within the reporting cycle through the implementation of a combined assurance plan.
- 4.98. The Office’s funding model is fully industry-financed through levies collected from Financial Services Providers (FSPs). In 2024/25, the FAIS Ombud’s operations were funded by levies from 10,347 registered FSPs. The budgeted levy income was R84.6 million, with the base levy amount set at

R1,100 per annum per FSP, and a cap of R333,275 for the largest providers. The Ombud confirmed that no levy increase was proposed for the 2025/26 financial year.

- 4.99. In respect of empowerment and human capital, the FAIS Ombud employed 63 staff members, including 10 graduate trainees. The vacancy rate stood at 9.45 percent. Of the total workforce, 61.74 percent were female, 90.43 percent were from previously disadvantaged designated groups (PDDGs), and 5.78 percent were persons with disabilities. Within management, 75 percent of senior management and 57 percent of mid- to senior-level managers were from PDDGs, while 57 percent were female.
- 4.100. The Office spent R738,646 on short courses for 57 staff members, R61,820 on seminars for 5 employees, and R639,331 on academic studies for 17 staff members. The FAIS Ombud also maintained its B-BBEE Level 8 compliance rating and reported that three graduates from the training programme were appointed to permanent positions during the year.
- 4.101. The Office continued its public outreach and awareness activities, including participation in Money Smart Week, dissemination of 323 social media posts (target 100), publication of 13 press releases (target 12), and the distribution of four newsletters. These outreach initiatives contributed to the sharp increase in the number of complaints received.
- 4.102. The FAIS Ombud's governance framework remained fully operational. During 2024/25, the Office conducted 10 governance committee meetings (target 8), 12 union engagement sessions (target 4), 6 internal audit engagements, and 5 external audit engagements, meeting or exceeding all governance targets.
- 4.103. The Ombud emphasised that the sharp rise in complaints reflected improved public trust in dispute resolution mechanisms and greater awareness of consumer rights, rather than an increase in industry misconduct. The Office continued to support the Ombud Council in harmonising standards and improving coordination among financial ombud schemes.
- 4.104. The FAIS Ombud's priorities for the forthcoming year include enhancing digital complaint management systems, strengthening cooperation with the Ombud Council and industry bodies, and expanding access for consumers in underserved regions through online and mobile complaint submission platforms.

OFFICE OF THE PENSION FUNDS ADJUDICATOR OVERVIEW (2024/25)

- 4.105. The Office of the Pension Funds Adjudicator (OPFA) is a statutory ombud scheme established in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956), with the mandate to resolve pension fund-related complaints in a fair, economical, and expeditious manner as provided under section 30D of the Act. The OPFA provides free and accessible dispute-resolution services, issuing determinations that carry the same enforceability as High Court orders. Its jurisdiction excludes the Government Employees Pension Fund (GEPF), Transnet Pension Fund, Post Office Pension Fund, and Associated Institutions Pension Fund (AIPF).
- 4.106. For the 2024/25 financial year, the OPFA recorded significant improvements in operational efficiency and service delivery. The Office received 10,331 new complaints, compared with 9,177 in 2023/24, representing a 12.6 percent increase year-on-year. The increase was attributed to greater public awareness and the anticipated surge in queries related to the Two-Pot Retirement System, which came into effect in September 2024. Of these, 10,100 complaints were finalised, reflecting a 97.8 percent case finalisation rate, up from 96 percent in the previous financial year.
- 4.107. The Office achieved 100 percent of its 14 key performance indicators, including the 93 percent of complaints finalised within six months, exceeding its target of 85 percent. The average resolution time continued to improve due to enhanced case management systems and an effective triage process between the New Complaints Unit (NCU), Early Resolution Unit (ER), and Case Management Teams 1 to 3.
- 4.108. The Auditor-General issued a clean audit opinion for the tenth consecutive year, confirming that the OPFA maintained sound financial controls, accurate reporting, and full compliance with the PFMA. The Office also achieved 100 percent compliance with the legislative requirement to pay suppliers within 30 days, reinforcing its financial discipline and operational integrity.
- 4.109. The OPFA's case statistics revealed persistent patterns in the nature of complaints. The majority related to section 13A non-compliance, which covers employer failures to register employees, pay contributions on time, or contribute at the prescribed rate. Such non-compliance affects fund credits, withdrawal, retirement, disability, and death benefits. Other common complaints involved withdrawal benefits, death benefits, retirement annuities, and benefit statements.
- 4.110. The Top 10 funds most frequently cited for section 13A and withdrawal-benefit complaints included the Private Security Sector Provident Fund, Contract Cleaning National Provident Fund, Transport

Sector Retirement Fund, Alexander Forbes Retirement Fund (Provident Section), Alexander Forbes Core Plan (Provident Section), Security Employees National Provident Fund, Metal Industries Provident Fund, Hospitality and General Provident Fund, Corporate Selection Umbrella Retirement Fund No. 2, and the Old Mutual Superfund Provident Fund. The Top 10 non-compliant employers were largely in the security sector, led by Mafoko Security Patrols (Pty) Ltd, XTLG Consulting and Projects t/a Excellent Security Services, and Ka-Myaluza Security (Pty) Ltd, among others.

- 4.111. A further 2,246 Two-Pot System enquiries were recorded between September 2024 and March 2025, representing the first phase of engagement following the implementation of this new retirement system. The Office noted that many of these enquiries were of an informational nature rather than formal disputes, and additional capacity was being allocated to handle the expected volume in the next financial year.
- 4.112. The OPFA also handled pension-related complaints against municipalities, many of which involved non-payment or late remittance of contributions to retirement funds. The Top 10 municipalities implicated between 2019 and 2025 included Mamusa, Tswaing, Kopanong, Masilonyana, Tokologo, Bushbuckridge, Dr Beyers Naudé, Rustenburg, Thabo Mofutsanyana District, and City of Matlosana Municipalities. These cases formed part of ongoing compliance monitoring and engagement with fund administrators and the Financial Sector Conduct Authority (FSCA).
- 4.113. In respect of employment equity, the OPFA achieved 96 percent implementation of its Employment Equity Plan, surpassing the 92 percent target. The workforce comprised 53 percent black employees and 3 percent persons with disabilities, both exceeding set targets. The employee satisfaction and engagement rate stood at 79 percent, slightly down from 84 percent in 2023/24 but still reflective of stable human-resource performance. The total staff complement was 75, including professional, case-management, and support staff.
- 4.114. Stakeholder relations remained a key focus area. The OPFA maintained regular engagements with the Ombud Council, National Treasury, and the Financial Sector Conduct Authority, and participated in industry forums to address systemic issues such as employer contribution defaults and the operationalisation of the Two-Pot System. The Office continued to support the Ombud Council in the harmonisation of complaint-handling standards across financial-sector ombuds.
- 4.115. The Office reported five key strategic risks for the year: governance and leadership transition risk; human-resource records management risk; leadership capability gaps; organisational development risks; and funding uncertainty due to delays in budget approvals. Despite these risks, the entity maintained full operational stability and met all strategic objectives.
- 4.116. Looking ahead, the OPFA's 2025/26 priorities include strengthening the enforcement and monitoring of section 13A compliance, deepening collaboration with regulators and industry associations to mitigate non-payment of contributions, improving accessibility through digital channels, and ensuring readiness for the full-scale rollout of the Two-Pot System.

INDEPENDENT REGULATORY BOARD FOR AUDITORS OVERVIEW (2024/25)

- 4.117. The Independent Regulatory Board for Auditors (IRBA) is a statutory body established in terms of the Auditing Profession Act (Act No. 26 of 2005) and listed as a Schedule 3A public entity under the PFMA. It serves as both the audit standard setter and regulator for South Africa and is recognised internationally by the International Forum of Independent Audit Regulators (IFIAR) as one of 56 member regulators. Its mandate is to protect the public interest by developing auditing and ethical standards, licensing and registering auditors, conducting inspections and investigations, and disciplining registered auditors for improper conduct.
- 4.118. As at 31 March 2025, IRBA had 1 579 registered audit firms, 3 462 registered auditors (of which 846 were non-assurance practitioners), and 683 registered candidate auditors. Two professional accounting bodies were accredited under the Auditing Profession Act. A total of 74 319 audit opinions were issued during the year, including 1 938 for Public Interest Entities (PIEs). The IRBA conducted 105 risk-based inspections, finalised 96 investigations, and completed or settled 26 disciplinary hearings. There were 636 reportable irregularities received and processed by year-end. The entity had 96 employees, achieved 13 of 14 performance objectives, and operated with an annual budget of R199 million, funded primarily through levies and subscriptions (R153 million – 76 percent) and a government grant (R46 million – 22 percent).
- 4.119. During the 2024/25 year, IRBA continued to consolidate reforms initiated under the *Restoring Confidence 2.0* programme, which reached maturity and was fully integrated into the organisation's core operations. The Board approved the new 2026–2030 Strategic Plan, centred on four pillars: a thriving and attractive audit profession, impactful stakeholder collaboration, organisational

development, and balanced regulation. Governance remained stable, with a fully functional ten-member Board and a clean unqualified audit opinion for 2024/25.

- 4.120. Audit quality showed a six-year upward trend, with positive inspection outcomes improving from 38 percent in 2019 to 45 percent in 2024. The eighth inspection cycle's *Proactive Monitoring Programme* gained traction, with several firms completing remediation plans and demonstrating leadership accountability in addressing systemic deficiencies. Fewer inspection referrals were made to the Investigations Department, down from 14 percent in 2023 to 7 percent in 2024, indicating strengthened quality control at firm level. The Audit Quality Monitoring Forum, comprising heads of quality from large firms, was launched under the ninth inspection cycle to harmonise internal and external inspection results.
- 4.121. The IRBA issued its first Reportable Irregularities (RI) Report, providing detailed analysis of the 636 irregularities reported during the year, enhancing transparency across the corporate-reporting ecosystem. Engagements included an Audit Committee Chairs Roundtable to improve interpretation of inspection findings, and ongoing advocacy for the independent regulation of professional accounting organisations operating outside IRBA's direct oversight.
- 4.122. The IRBA implemented new maximum fine limits under the revised sanctioning framework: R5 million for an individual auditor and R15 million for an audit firm in admission-of-guilt matters, and R10 million for individuals and R25 million for firms per charge following disciplinary hearings. The revised IRBA Code of Professional Conduct for Registered Auditors was published, incorporating updates to definitions of listed and public-interest entities, technology-related provisions, and audit-client classifications.
- 4.123. On transformation and education, the Audit Development Programme (ADP) recorded 205 new candidate-auditor registrations, a 67 percent increase from 123 in the prior year, supported by discounted registration fees. The IRBA awarded 77 audit prizes to top students, reached 8 000 school learners through career days, and engaged with 1 100 university students through lectures and workshops. The demographic profile of registered candidate auditors continued to diversify, reflecting improved racial and gender inclusivity.
- 4.124. Financially, total revenue for 2024/25 was R209.8 million, consisting of R150.1 million from levies and subscriptions, R47.4 million in government grants, and R12.3 million in interest income. Total expenditure amounted to R207.9 million, yielding a surplus of R1.9 million. Reserves at year-end comprised R10 million in a trust fund, R27.5 million in a disciplinary-case contingency fund, R12.8 million in an operational contingency fund, and R86.4 million in accumulated surpluses, bringing total reserves to R136.7 million. National Treasury approved retention of these reserves in October 2025 to support enforcement costs, digital-transformation projects, and the maintenance of financial sustainability.
- 4.125. The IRBA achieved 13 of 14 performance indicators (93 percent). The only unmet target was under *Operational Effectiveness*, related to the delayed implementation of an enterprise resource-planning (ERP) module. All other divisions, Standards, Education and Transformation, Inspections, Investigations, and Disciplinary, achieved 100 percent of their key performance indicators.
- 4.126. Looking forward, the 2026–2030 Strategic Plan prioritises strengthening the audit-profession pipeline, accelerating digital transformation, enhancing collaboration with the National Treasury and Parliament, and advocating for regulatory reforms to align with evolving international auditing standards. The IRBA also aims to improve audit-quality outcomes beyond the current 45 percent benchmark and continue restoring public confidence in the auditing profession.

ACCOUNTING STANDARDS BOARD PERFORMANCE OVERVIEW (2024/25)

- 4.127. The Accounting Standards Board (ASB) is established in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999). Its statutory mandate is to determine generally recognised accounting practice (GRAP) for all spheres of government, ensure consistency in public sector financial reporting, and promote transparency, accountability, and effective management of public resources.
- 4.128. For the 2024/25 financial year, the ASB achieved 10 out of 14 annual performance targets, equivalent to a 71 percent achievement rate, compared to 86 percent in the previous year. The unachieved targets were primarily linked to capacity shortages, delays in stakeholder consultation, and the re-exposure of certain accounting pronouncements. Despite these challenges, the Board maintained its unbroken record of clean audits since inception, with the Auditor-General confirming an unqualified opinion with no findings and no instances of unauthorised, irregular, fruitless, or wasteful expenditure.
- 4.129. The ASB's approved budget for the 2024/25 year was R14.83 million, funded primarily through a transfer from National Treasury. Actual revenue amounted to R15.29 million, comprising R14.64

million in grant income and R648,432 in interest and other revenue. Total expenditure for the year was R15.43 million, resulting in a deficit of R141,068, which did not constitute a cash deficit. The largest cost components were employee costs (R11.25 million), board and committee remuneration (R1.02 million), and operating costs (R3.16 million).

- 4.130. The ASB's financial position remained stable. Total assets were R6.91 million, including R5.91 million in cash and cash equivalents and R1 million in receivables. Total liabilities amounted to R5.39 million, of which R4.39 million represented unspent surpluses to be surrendered to National Treasury and R1 million related to other payables. The accumulated surplus decreased from R1.66 million in 2023/24 to R1.52 million in 2024/25, reflecting planned utilisation of reserves for project implementation.
- 4.131. Performance by strategic objective reflected varying levels of achievement. Under the objective *"Maintain and enhance existing Standards of GRAP and develop new Standards where gaps are identified,"* the ASB achieved two out of five planned outputs, due to the re-exposure of one pronouncement and the temporary non-availability of key technical staff. For *"Undertake research to ensure Standards of GRAP respond to broader financial reporting needs,"* the Board achieved three of four outputs, with delays caused by additional consultation requests.
- 4.132. For *"Influence development of international standards,"* the ASB achieved 100 percent of planned activities, maintaining its role in international accounting standard-setting forums. Under *"Facilitate and encourage stakeholder engagement and support,"* six of seven outputs were achieved, with one communication project deferred due to procurement delays. Finally, under *"Manage resources to ensure the ASB is operationally effective,"* one of two planned outputs was achieved, as the Board faced challenges in recruiting a dedicated communications expert.
- 4.133. The ASB reported that the shortfalls in target achievement were primarily due to resource constraints. The Board highlighted the need for additional technical staff to strengthen research and standard-setting capacity. A funding request was submitted to National Treasury for consideration in the 2025/26 cycle. The ASB also leveraged resources from other public entities to assist with initial communication and stakeholder engagement initiatives.
- 4.134. Key highlights for the year included enhanced collaboration with the Office of the Accountant-General and the expansion of the GRAP Knowledge Hub, which has become a central platform for public sector financial reporting resources. The ASB also reported a 33 percent increase in stakeholder engagement and outreach activities compared with the previous year, aimed at improving the consistent application of GRAP standards across national, provincial, and municipal entities.
- 4.135. Looking ahead, the ASB's strategic priorities for 2025/26 include accelerating the development of new and revised GRAP standards, expanding the scope of financial reporting research to address emerging issues such as sustainability reporting and climate-related disclosures, and enhancing communication tools to make GRAP implementation more accessible to public officials and auditors. The Board will also continue to strengthen partnerships with National Treasury, the Auditor-General, and the IFAC Public Sector Accounting Standards Board to align South Africa's public sector accounting practices with international best practice.

GOVERNMENT TECHNICAL ADVISORY CENTRE OVERVIEW (2024/25)

- 4.136. The Government Technical Advisory Centre (GTAC) is a government component within the Ministry of Finance, established under the Public Service Act of 1994 and operating under the auspices of the National Treasury. Its mandate is to provide technical and advisory services to improve public sector performance, build institutional capacity, manage high-impact development programmes, and support infrastructure and public-private partnership (PPP) initiatives.
- 4.137. GTAC's core business areas include infrastructure pipeline development, PPP advisory, spending reviews, big data and remuneration analysis, project management services, policy and economic analysis, capacity building, and knowledge management. The Centre's clients include all three spheres of government, as well as public entities and state-owned companies requiring specialised technical support.
- 4.138. For the 2024/25 financial year, GTAC achieved a clean audit and a clean lifestyle audit, with 99.97 percent of supplier invoices paid within 30 days. The entity maintained a strong reputation for value for money and technical proficiency, reflected in its client satisfaction rate of 91 percent, compared to 75 percent for private consulting firms. Additionally, 87 percent of clients rated GTAC's public sector knowledge as strong, 89 percent found it responsive and reliable, and 38 percent confirmed repeat business.

- 4.139. Under its 2020–2025 Strategic Plan, GTAC aligned its operations with three national strategic priorities: inclusive growth and job creation, a capable, ethical, and developmental state, and improved governance and performance of public entities. Its activities directly contributed to enhancing government efficiency, strengthening institutional capacity, and promoting sustainable fiscal management.
- 4.140. GTAC's major programmes delivered measurable results. Through the Spending Review Programme, the Centre completed 22 spending reviews, analysing R142.2 billion in government expenditure. Four of these focused on the compensation of employees, supporting the broader wage bill reform initiative. The Consulting and Technical Support Hub managed 16 projects with a total value of R56 million, while the Jobs Fund oversaw 101 active projects valued at R22.7 billion, contributing to 337,534 cumulative jobs created at an average cost of R23,500 per job.
- 4.141. Within infrastructure support, GTAC completed 15 Built Environment and Infrastructure (BFI) project assessments valued at approximately R149 billion. The Public-Private Partnership (PPP) Unit managed 27 priority projects valued at around R35 billion per annum, and the Infrastructure and Business Support Hubs facilitated tenders worth over R2 billion annually. The Knowledge Hub hosted more than 900 technical products, attracting 41,692 active users globally, including users from South Africa, the United States, the United Kingdom, China, and across Africa.
- 4.142. On human capital, GTAC employed 143 staff members, comprising 77 women (56 percent) and 66 men (44 percent). The organisation's demographic profile reflected a majority representation of historically disadvantaged groups, consistent with employment equity objectives. Leadership appointments underlined the Centre's commitment to developing a capable state, with senior managers possessing expertise across economics, engineering, finance, and project management disciplines.
- 4.143. GTAC's financial performance remained sound. Total revenue amounted to R204 million, while expenditure totalled R198 million, resulting in a modest surplus and reflecting 97 percent budget execution. The income composition was derived from cost recovery (46 percent), voted funds (28 percent), interest earned (22 percent), and other income (4 percent). Within the cost recovery category, Technical Advisory Services generated R24 million, and Project Management Services generated R69 million.
- 4.144. Despite its strong financial governance, GTAC continued to face structural funding challenges. Only 51 percent of cost-recovery projects were paid by year-end, and 70 percent of client payments were received after 90 days or more, resulting in a shortfall of R54 million. This necessitated the use of interest income and internal reserves to maintain liquidity and meet payment obligations. The entity also absorbed delays in client payments to ensure suppliers were paid within statutory deadlines, which further strained its operational budget.
- 4.145. Employee compensation costs accounted for R75 million, and GTAC confirmed that it continued to subsidise late client payments to maintain operational continuity. The management proposed that clients consider prepayment mechanisms to improve cash flow management and mitigate future funding shortfalls.
- 4.146. GTAC sustained its record of clean audits and high performance across its service portfolio. It remained a key technical partner to government in public finance reform, infrastructure advisory, and institutional strengthening. The Centre's multi-disciplinary expertise and collaborative approach positioned it as an essential enabler of the state's capability agenda.
- 4.147. Looking forward, GTAC's focus areas include expanding partnerships for infrastructure delivery, improving cost-recovery systems, enhancing its digital Knowledge Hub, and strengthening technical advisory capabilities. The Centre also aims to scale up its contribution to the National Infrastructure Plan (NIP 2050) and continue driving innovation in project management and expenditure reviews to improve value for money across government.

DEVELOPMENT BANK OF SOUTHERN AFRICA OVERVIEW (2024/25)

- 4.148. The Development Bank of Southern Africa (DBSA) operates under the DBSA Act, 1997 (Act No. 13 of 1997), with the statutory mandate to promote economic development and growth, build human and institutional capacity, and support sustainable development projects and programmes in South Africa and across the African continent. The Bank is wholly owned by the South African Government and plays a key role in financing and implementing infrastructure and development projects aligned with national priorities.
- 4.149. The DBSA's total infrastructure development support reached R91.3 billion for the year ended 31 March 2025, compared to R72.9 billion in 2023/24, representing a 25.2 percent increase. This amount included R17.5 billion in disbursements, exceeding the annual target of R14.5 billion by 18

percent, and R22.9 billion in funds catalysed from private and public sector partners. The value of key projects enabled during the year was R42.3 billion, well above the R2.5 billion annual target.

- 4.150. The Bank recorded a net profit of R5.3 billion, an increase from R4.6 billion in 2023/24, and achieved a return on equity (ROE) of 9.3 percent, compared with a 6 percent target. The cost-to-income ratio for the financing business stood at 19.3 percent, improving from the previous year's 21 percent, reflecting strong operational efficiency. Total assets increased to R121 billion from R118 billion in the prior year, while the gross loan book grew to R113 billion, marking a 192 percent cumulative growth since 2011.
- 4.151. The Bank's loan portfolio composition was 70 percent in South Africa and 30 percent across the rest of Africa, maintaining a balanced geographic footprint. Within the domestic loan book, disbursements were concentrated in energy (38.4 percent), roads and drainage (16.6 percent), education (14.2 percent), and oil and gas (12.5 percent) sectors, with the remaining allocations spread across transport, health, and water projects. The non-performing loan (NPL) ratio declined to 3.2 percent, down from 3.9 percent in 2023/24, reflecting improved asset quality and risk management.
- 4.152. Financial sustainability indicators remained robust. The Bank's debt-to-equity ratio improved to 78 percent (2024: 89 percent), while the net interest margin (NIM) increased to 7.3 percent (2024: 7.2 percent). The capital-to-unweighted assets ratio stood at 48 percent, compared to 44 percent in the prior year, well above the regulatory minimum stipulated under the DBSA Act. Liquidity also strengthened, with total holdings rising to R15.02 billion, up from R10.8 billion in March 2024.
- 4.153. On governance and compliance, the DBSA maintained its unqualified audit opinion for the 2024/25 financial year, continuing its record of unbroken clean audits since inception. No irregular, unauthorised, or fruitless and wasteful expenditure was incurred, and all PFMA submissions were processed within the stipulated deadlines. The Bank retained its external credit ratings of Ba3 (Moody's) and BB- (S&P), as well as an AA rating from the Association of African Development Finance Institutions (AADFI).
- 4.154. Development impact metrics indicated a substantial contribution to South Africa's socio-economic development. During the year, the DBSA facilitated 37,099 jobs, surpassing the target of 24,000; supported 11,231 small, medium, and micro-enterprises (SMMEs), and trained 1,643 youth, with 36,102 learners benefiting from social infrastructure interventions. A total of R4.8 billion in SMME funding was disbursed, of which R2.6 billion was allocated to black women-owned entities, reflecting progress in empowerment and gender transformation.
- 4.155. The Bank's developmental operations extended to under-resourced municipalities, where R2.6 billion in infrastructure was unlocked (target: R1.8 billion). In district municipalities, R838 million worth of infrastructure was financed (target: R300 million). DBSA also advanced the just energy transition agenda, with R1.6 billion approved for climate and environmental facility projects (target: R500 million).
- 4.156. The DBSA's project preparation and infrastructure delivery units were instrumental in enabling major national and regional projects. Key case studies included the Embedded Generation Investment Programme (EGIP), a renewable energy portfolio of 1,100 MW with a total investment of R7.2 billion; R4 billion in municipal funding under the Integrated Municipal Approach; USD 68 million invested in the Geothermal Energy Project in Kenya; USD 20 million in a multi-country Infrastructure Acceleration Fund; and R6.85 billion in bulk water schemes across South Africa.
- 4.157. Among its flagship infrastructure initiatives, the Bank financed the Kazungula Water and Sanitation Project (EUR 11.9 million, completed June 2025, benefitting 20,000 residents), and continued major projects such as the Limpopo Central Academic Hospital (R5 billion), Siloam District Hospital (R1.8 billion), and the Parliament Rebuilding Project (R3.6 billion), all of which were within budget and progressing to completion between 2026 and 2028.
- 4.158. Operational efficiency remained high, with digitalisation and automation of four business processes against a target of three, and successful implementation of a new organisational culture strategy. Stakeholder satisfaction, however, was slightly below target (score: 3.74 out of 4), largely due to calls for faster processing times and broader awareness of DBSA's service offerings.
- 4.159. The Bank identified three partially achieved targets during the year: the value of infrastructure delivered (R5.2 billion against R5.6 billion target), the number of transactions committed to black-owned entities (7 out of a target of 8), and stakeholder satisfaction (3.74 against a target of 4). The delays were attributed to payment lags from clients, budget cuts during implementation, and slower conversion of pipeline projects.
- 4.160. Looking forward, the DBSA aims to expand its impact through targeted investments in energy, water, transport, and digital infrastructure, scale up its Public-Private Partnership (PPP) programmes, and strengthen its role in the Rail Private Sector Participation (PSP) initiative with Transnet and PRASA.

Its 2025/26 focus includes enhancing capital mobilisation, expanding its continental footprint, and sustaining its position as a leading development finance institution supporting South Africa's just transition and inclusive growth agenda.

LAND BANK PERFORMANCE OVERVIEW (2024/25)

- 4.161. The Land and Agricultural Development Bank of South Africa is a state-owned development finance institution (DFI) established under the Land and Agricultural Development Bank Act, 2002 (Act No. 15 of 2002). Its mandate is to promote equitable ownership of agricultural land, support agrarian transformation, and contribute to food security by financing and facilitating the participation of historically disadvantaged persons in the agricultural economy.
- 4.162. During the 2024/25 financial year, the Bank remained in the stabilisation phase (FY23–FY25) of its three-phase turnaround strategy, focused on restoring financial stability, remediating non-performing loans (NPLs), concluding its liability solution, and implementing a sustainable operating model. The liability restructuring process was concluded in September 2024, marking the end of a four-year default period. The Bank's focus shifted to compliance with restructuring covenants, rebuilding its loan book, and embedding governance reforms.
- 4.163. The gross loan book declined by 12 percent year-on-year, primarily due to conservative lending and ongoing NPL remediation efforts. However, the NPL portfolio decreased from R12.4 billion in 2022 to R8.4 billion in 2025, reflecting steady progress under the remediation strategy. The Bank aims to further reduce NPLs to R6.6 billion by 2028, supported by stronger collections, write-offs, and portfolio reviews. The net interest margin improved to 6.7 percent, while the cost-to-income ratio stood at 43 percent, and the credit loss ratio at 3.6 percent.
- 4.164. Despite an unsuccessful Medium-Term Expenditure Framework (MTEF) capital request for FY2025, the Bank continued to engage National Treasury on potential state guarantees and alternative funding models to mitigate projected liquidity risks in FY2027. The Bank achieved 83 percent of its shareholder compact indicators, with 19 achieved and 4 unachieved, while maintaining PFMA compliance and unqualified audit outcomes for all group entities.
- 4.165. Development effectiveness improved substantially, largely driven by the Blended Finance Scheme (BFS), a public–private partnership aimed at increasing inclusion of historically disadvantaged farmers in commercial agriculture. Since its inception in FY2023, the scheme has approved R3.443 billion in transactions (R1.74 billion loans and R1.703 billion grants). By March 2025, R2.571 billion had been disbursed, R1.281 billion in loans and R1.29 billion in grants, across 423 clients, enabling 784,000 hectares of farmland to enter production. A pipeline of R3.157 billion (R1.766 billion loans and R1.391 billion grants) was in progress, with additional grant funding required to sustain growth.
- 4.166. The Bank supported several high-impact agricultural enterprises, including Mazeli Farming (Limpopo), a 100 percent black woman-owned business expanding its crop production with Land Bank financing; Mr. Frans Mokoena (Free State), who expanded his farm from 807 to 2,838 hectares through BFS support; and Elmboog Organic Farming (Northern Cape), which transitioned from a failed restitution project to a top-tier raisin producer employing over 300 workers. These success stories reflect the Bank's progress in translating its developmental mandate into measurable socio-economic outcomes.
- 4.167. On institutional capacity, 97.5 percent of staff were placed under the new structure, with a vacancy rate of 3.4 percent. The Bank implemented a Performance Management Policy (March 2025) and a Culture Change Framework (approved March 2025). It re-engineered three core business processes, loan origination, collateral management, and facility restructuring, all approved by Executive Committee in March 2025. These reforms contributed to improvements in turnaround times and strengthened client-centricity.
- 4.168. Financial sustainability indicators showed improvement. The net debt-to-net loan book ratio stood at 93.3 percent (2024: 363.8 percent), and the expected credit loss (ECL) coverage ratio was 3.6 percent, demonstrating stronger asset quality. The Bank's leverage ratio improved to 24.7 percent, reflecting reduced dependency on external funding and disciplined cost containment.
- 4.169. The Land Bank Group, comprising the parent bank and its subsidiaries Land Bank Insurance Company (LBIC) and Land Bank Life Insurance Company (LBLIC), achieved unqualified audit opinions with findings for 2024/25. Although not yet at clean-audit level, remediation measures were underway focusing on automation and data integrity improvements. The PFMA compliance target was fully achieved, and irregular expenditure was contained below 0.05 percent of total expenses.
- 4.170. The Land Bank Insurance Division reported strong recovery. The non-life business recorded a profit of R43.5 million, compared with a loss of R50.1 million in 2023/24, driven by a lower crop-loss ratio. The Life business achieved a profit of R190.1 million, up from R40.1 million, supported by an

investment return of 11.1 percent. Both LBIC and LBLIC reported strong solvency ratios, 212 percent and 415 percent respectively (unaudited), well above regulatory thresholds. Of 42 Tier 1 KPIs, 34 (81 percent) were achieved

- 4.171. On governance and compliance, the Bank embedded enterprise risk management (ERM) controls, achieved Level 4 on the five-level maturity scale, and implemented a new ethics management plan. Turnaround time for loan applications and initial assessments improved by 49 percent, while the net reputation score rose to 91 percent, and the client attrition rate dropped to 3.39 percent.
- 4.172. Sustainability initiatives were embedded into operations, aligned with the UNEP-FI Principles for Responsible Banking, the Paris Climate Agreement, and the Nationally Determined Contributions (NDCs). The Bank adopted a Climate Change Policy and a Sustainability and Environmental, Social and Governance (ESG) Framework, emphasising renewable energy investments (solar-powered irrigation, biofuels), soil conservation, and regenerative agriculture.
- 4.173. Financially, the Bank maintained operational profitability and cash stability across its subsidiaries. The non-life division's total assets were R730 million, with equity of R501 million, while the life division's assets were R1.28 billion, supported by retained earnings of R1.22 billion. The Group's focus for 2025/26 is to strengthen liquidity, restore profitability at the parent bank, and achieve a clean audit by 2026.
- 4.174. In its role as an ecosystem catalyst, Land Bank continued to coordinate partnerships across the agricultural value chain, including government departments, private sector financiers, insurers, off-takers, and agribusinesses, to expand access to markets, credit, insurance, and technical support for emerging farmers. Its approach focuses on pre- and post-financing interventions, aggregation services, and facilitating import substitution opportunities valued at R90 billion per annum in key commodities such as maize, beans, wheat, and sorghum.
- 4.175. Looking ahead, the Bank will transition to the consolidation phase (FY26–FY28) of its turnaround plan, focusing on rebuilding its loan book, securing a sustainable funding model, implementing full automation, and broadening its developmental footprint. Its strategic emphasis will remain on inclusive finance, climate resilience, and blended funding models to ensure the long-term sustainability of South Africa's agricultural sector.

PUBLIC INVESTMENT CORPORATION PERFORMANCE OVERVIEW (2024/25)

- 4.176. The Public Investment Corporation (PIC) is a registered financial services provider (FSP No. 730) wholly owned by the South African Government, established under the Public Investment Corporation Act, 2004 (Act No. 23 of 2004). The PIC's mandate is to manage and invest funds on behalf of public-sector clients, including the Government Employees Pension Fund (GEPF), Unemployment Insurance Fund (UIF), Compensation Commissioner Fund (CCF), and Associated Institutions Pension Fund (AIPF), among others, in a manner that achieves optimal returns while contributing to South Africa's socio-economic development.
- 4.177. As at 31 March 2025, the PIC's Assets under Management (AuM) totalled R3.05 trillion, up from R2.69 trillion in 2023/24, representing a 13.3 percent year-on-year increase in total assets. The growth was driven primarily by strong market performance in listed investments and positive inflows from clients. The GEPF remained the dominant client, accounting for 88 percent of AuM, followed by the UIF (5 percent), CCF and CCPF (2 percent each), AIPF (1 percent), and other clients (2 percent).
- 4.178. The asset class composition of the portfolio was 46 percent domestic listed equities, 32 percent listed bonds, 2 percent listed property, 4 percent cash and money markets, 4 percent unlisted investments (including real estate), and 11 percent offshore investments (9 percent global listed equities and 2 percent global listed bonds). The total offshore exposure (Rest of Africa and global markets) stood at R335 billion, contributing to enhanced diversification and higher foreign-currency returns.
- 4.179. The Bank achieved net profit growth of 89 percent, from R271 million in 2023/24 to R512 million in 2024/25, driven by the outperformance of the foreign-listed portfolio, improved trading conditions, and an unrealised profit of R278 million on financial assets, compared to a loss of R36 million in the prior year. The Return on Equity (ROE) was 12 percent, and the current ratio stood at 12:1, indicating strong liquidity and solvency.
- 4.180. Total revenue increased by 8 percent, from R1.536 billion to R1.655 billion, supported by a 4 percent rise in management fees and a 27 percent increase in other income, mainly from investee companies. The management fee revenue increased from R1.26 billion to R1.31 billion, and investment income rose by 10 percent to R291.6 million. The GEPF approved a 1 basis point

increase in the listed management fee from 2025/26, in recognition of sustained investment performance.

- 4.181. Operating expenditure rose by 9 percent, from R1.13 billion to R1.24 billion, largely due to a 12 percent increase in personnel costs and a 37 percent rise in IT costs associated with digital transformation and regulatory compliance initiatives. Consultancy and professional fees declined by 15 percent to R83.2 million, reflecting tighter cost control. The cost-to-income ratio improved to 74 percent, while IT costs accounted for 13 percent of total income, remaining within the 16 percent target.
- 4.182. The Statement of Financial Position reflected total assets of R4.92 billion, up 7 percent from R4.62 billion in 2023/24, while total liabilities decreased by 11 percent to R520 million, primarily due to lease and long-term incentive payments. The PIC carried no long-term debt, maintaining a strong balance sheet position.
- 4.183. The audit outcome for 2024/25 was unqualified with material findings, unchanged from the prior year. The AGSA raised material findings on performance information and compliance with Section 10(1) of the PIC Act regarding AuM investment processes, and on non-prevention of irregular expenditure in terms of Section 51(1)(b)(ii) of the PFMA.
- 4.184. The management report contained 40 audit findings, compared to 33 in 2023/24, with improvements in IT controls but regressions in procurement and compliance alignment with the Preferential Procurement Policy Framework Act (PPFA), 2022. A corrective action plan was approved, including a full procurement policy review, delegation of authority alignment, enhanced governance training, and quarterly register audits.
- 4.185. The PIC recorded R20.02 million in fruitless and wasteful expenditure, up from R349,000 in 2023/24, mainly due to the Voluntary Disclosure Programme (VDP) settlement with SARS on historic VAT apportionments. The total VAT repayment was R27.89 million, with R16.3 million in interest paid and R9.76 million in penalties fully remitted by SARS, closing the long-standing compliance matter.
- 4.186. Two Material Irregularities (MIs) were confirmed by the AGSA in 2024/25, involving Daybreak Farm (Pty) Ltd and Enable Capital Receivables Finance (ECRF) (Pty) Ltd. In the Daybreak case, the PIC invested R1.7 billion, plus R150 million post-commencement finance (PCF) to prevent liquidation, while a R250 million additional investment was made in February 2025. The entity entered business rescue in June 2025, with a creditor-approved turnaround plan by September 2025. The ECRF matter involved a R200 million facility, with R100 million disbursed in 2024; subsequent default led to business rescue and a High Court judgment in favour of the PIC for R108.9 million plus interest.
- 4.187. The unlisted investment portfolio stood at R71 billion, comprising 153 active investments across clients (GEPF 79 percent, UIF 19 percent, and CF 3 percent). Capital repayments of R43 billion had been received, derisking 43 percent of the portfolio, and the 2022 GEPF unlisted allocation achieved a 16 percent internal rate of return (IRR) as at 31 March 2025. Top performing investments included Old Mutual Private Equity (35 percent IRR), Siyanda Resources (29 percent), Jasper Solar (27 percent), and Africa Capital Works (21 percent).
- 4.188. The unlisted property portfolio was valued at R58.9 billion, representing 397 assets with a combined gross lettable area of 4.8 million m² and year-on-year asset growth of 15.6 percent. The portfolio composition included retail (53 percent), office (22 percent), specialised (17 percent), industrial (5 percent), and student accommodation (2 percent) properties.
- 4.189. In terms of social impact, the PIC's investments facilitated 200,556 jobs, up from 190,258 in the previous year, with 49,456 occupied by women and 85,757 by men. Sectoral contributions included 31,433 jobs in agriculture, 21,295 in financial services, 12,819 in mining, 9,088 in construction, 8,000 in healthcare, and 7,907 in property and retail. Housing investments financed 72,099 housing units, including 6,521 social and affordable units through partnerships with GPF and Royal Bafokeng Properties.
- 4.190. On transformation, 87 percent of total funds were allocated to black economic empowerment (BEE) firms, and R3.7 billion was allocated to transformed fund managers since 2022. Of seven multi-managed funds, five achieved Level 2 B-BBEE status or better. The PIC employed 443 staff members, 55 percent of whom were women. Africans constituted 86.23 percent of total staff, while women represented 41 percent of senior and top management. A total of R5.7 million was disbursed for bursaries, funding 51 students nationally, 76 percent of whom were women.
- 4.191. The Corporation declared a dividend of R145 million to the shareholder (National Treasury), up from R141 million in 2023/24, and maintained financial assets (cash reserves) of R3.6 billion. The net profit margin rose to 31 percent, supported by stable operating income and cost containment measures. The PIC continued to prioritise digital transformation through automation of investment processes, cybersecurity upgrades, and compliance with the Joint FSCA–SARB Information

Security Standard. No system breaches were recorded, and the digital optimisation programme continues to enhance process efficiency.

- 4.192. Looking forward, the PIC's 2025/26 strategic focus includes finalising the disposal or recovery of impaired assets, implementing the new unlisted investment monitoring policy, completing the business rescue processes for Daybreak and Enable Capital, and deepening transformation within fund management. It will also expand offshore allocations in high-yield sectors, enhance ESG reporting, and strengthen consequence management to address audit findings.

SOUTH AFRICAN SPECIAL RISKS INSURANCE ASSOCIATION OVERVIEW (2024/25)

- 4.193. The South African Special Risks Insurance Association SOC Ltd (SASRIA) is a state-owned short-term insurer established under the Conversion of SASRIA Act (Act No. 134 of 1998) and regulated under the Financial Sector Regulation Act (FSRA). SASRIA provides cover against extraordinary risks such as riots, strikes, terrorism, and public disorder that are excluded from standard insurance policies.
- 4.194. For the 2024/25 financial year, SASRIA achieved 10 out of 12 key performance indicators (KPI), representing an 83 percent performance rate. The Authority continued to stabilise its post-2021 claims position and recorded strong operational recovery. Although the target of 10 percent premium growth was narrowly missed (actual growth was 9.7 percent), the insurer achieved all other major financial and operational objectives.
- 4.195. Premium income increased by 9.7 percent, from R5.25 billion in 2023/24 to R5.76 billion in 2024/25, reflecting above-market growth supported by renewed demand for special risks cover and improved client retention. Gross claims incurred rose by 38.4 percent, from R481 million to R666 million, resulting in a claims ratio of 11.6 percent, which remained within the acceptable range given the low frequency of large-scale unrest events during the year.
- 4.196. Net reinsurance expenses decreased by 55.4 percent, from R1.33 billion to R592 million, primarily due to a reduction in the quota share ceding rate from 42.4 percent to 20 percent, resulting in higher retained underwriting margins. Consequently, the net insurance service result improved by 48.9 percent, from R1.98 billion to R2.95 billion, while net investment income rose by 26 percent to R1.27 billion, driven by higher interest rates and strong returns on money market and bond investments.
- 4.197. SASRIA recorded a profit of R4.47 billion, up 34.1 percent from R3.33 billion in 2023/24, continuing the positive recovery trend following the 2021 civil unrest losses. The insurer's retained earnings contributed to significant balance sheet strengthening, with total assets rising by 27.1 percent, from R16.45 billion to R20.91 billion, and total equity increasing by 31.6 percent, from R14.14 billion to R18.61 billion.
- 4.198. Assets under management (AuM) increased by 25.7 percent, from R13.17 billion to R16.56 billion, comprising a diversified portfolio of cash, money market instruments, and bonds. Reinsurance contract assets rose by 38 percent to R1.58 billion, mainly due to improved reinsurance terms and contingent profit commission recognition. Insurance contract liabilities increased modestly by 4.1 percent to R2.06 billion, reflecting higher unearned premium reserves.
- 4.199. SASRIA received an unqualified audit opinion for 2024/25, maintaining a clean audit for the second consecutive year. However, minor instances of non-compliance were recorded, with R588,000 in irregular expenditure and R24,000 in fruitless and wasteful expenditure, both significantly reduced from the prior year (R16.8 million and R22.3 million, respectively).
- 4.200. Operational efficiency remained high, with administration and marketing expenses maintained at 6–7 percent of gross written premium (GWP), in line with the insurer's cost efficiency target. The fast-track claims process met its performance target, with 90 percent of claims below R250,000 settled within 25 working days, and 70 percent of large-loss claims finalised within 50 working days.
- 4.201. SASRIA continued to improve customer satisfaction, achieving a net promoter score (NPS) of 50 and limiting claims overturned by the Ombud to below 0.5 percent. The insurer also retained critical staff, maintaining a turnover rate below 10 percent, and achieved 100 percent compliance with PFMA submission deadlines.
- 4.202. On risk management, SASRIA identified nine material emerging risks, including systemic failure of public infrastructure, geopolitical instability, political uncertainty arising from a Government of National/Provincial Unity, and rising youth unemployment. Other key risks included the increased frequency of extreme weather events, illegal mining ("zama zamas"), service delivery protests, and xenophobic incidents affecting business continuity.
- 4.203. The insurer implemented several risk mitigation initiatives, such as strengthening data analytics and predictive capabilities, forming strategic data partnerships for risk intelligence, and enhancing

collaboration with security clusters and intelligence agencies. These initiatives aim to pre-empt systemic risks, optimise cost management, and reinforce stakeholder trust.

- 4.204. SASRIA significantly improved its catastrophe retention capacity, increasing it from R10 billion in 2023/24 to R20 billion in 2024/25, supported by growth in own funds and improved reinsurance placement for the 2025/26 financial year. This means that SASRIA can now absorb a single catastrophic event exceeding R20 billion, up from R7.5 billion prior to 2024, while maintaining a regulatory capital buffer of R4.7 billion.
- 4.205. By year-end, SASRIA had made substantial progress toward its own funds target of R30 billion, driven by consistent profitability, disciplined cost management, and enhanced governance. The insurer continues to prioritise data-driven risk management, reinsurance optimisation, and market intelligence as key enablers of long-term resilience.
- 4.206. SASRIA's 2025/26 strategic objectives include achieving double-digit premium growth, maintaining cost efficiency at or below 7 percent of GWP, expanding reinsurance capacity, and further embedding data and intelligence systems for real-time risk detection and predictive analytics.

5. OVERVIEW OF PERFORMANCE OF CONSTITUTIONAL INSTITUTIONS

FINANCIAL AND FISCAL COMMISSION PERFORMANCE OVERVIEW (2024/25)

- 5.1. The Financial and Fiscal Commission is a constitutional advisory institution established in terms of Section 220 of the Constitution of the Republic of South Africa, 1996, and governed by the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997). The FFC's mandate is to make recommendations to Parliament, provincial legislatures, and organs of state on financial and fiscal matters, including the equitable division of nationally raised revenue among the three spheres of government and the design of intergovernmental fiscal relations frameworks.
- 5.2. During the 2024/25 financial year, the FFC sustained an unqualified audit opinion for the third consecutive year, with material findings on compliance relating to procurement processes and expenditure management. These findings stemmed from delayed supplier payments, weak record-keeping, and late submission of annual financial statements (AFS) and performance reports to the Audit Committee. Despite these control weaknesses, the AGSA confirmed that all material misstatements in the AFS and annual performance report (APR) were corrected during the audit process, and no material findings were raised on the usefulness or reliability of reported performance information.
- 5.3. The FFC achieved 85.7 percent of its performance indicators (14 of 16 targets). Programme 1 (Administration) met 77.8 percent (7 of 9 indicators), while Programme 2 (Research) achieved 100 percent (7 of 7 indicators). The FFC met all key research deliverables, including its Annual Submission on the Division of Revenue, Technical Research Report, policy briefs, and submissions on the Appropriation Bill and the MTBPS. These outputs collectively informed Parliament's deliberations on fiscal policy, public finance reforms, and intergovernmental transfers.
- 5.4. The financial statements reflected a deficit of R584,171, compared to R1.59 million in 2023/24, a 63.3 percent reduction year-on-year. Net assets decreased by 12.4 percent, from R4.70 million to R4.12 million, indicating pressure on retained reserves. However, liquidity improved significantly, with cash and cash equivalents rising by 68.8 percent from R16.47 million to R27.79 million, and net cash flow from operations moving from a negative R10.24 million in 2023/24 to a positive R11.38 million in 2024/25. The creditor payment period improved from 54 to 43 days, although compliance with the 30-day requirement remained a challenge.
- 5.5. Key governance changes were implemented to stabilise operations. The Chief Executive Officer (Mr. Duncan Thulani Ntuli) and Chief Financial Officer (Ms. Ansuyah Maharaj-Dowra) were appointed during the year, filling positions that had been vacant in the prior cycle. These appointments are expected to strengthen the internal control environment and financial governance. The Audit Committee's oversight was constrained by the delayed submission of the AFS and APR, limiting timely review before audit submission, but corrective measures have since been introduced.
- 5.6. The FFC identified vacancies and skills shortages in the finance and supply chain management units as the main cause of recurring audit findings. Recruitment for finance and SCM support staff is underway, and interim oversight has been assigned to manage procurement and contract variation controls. A credible audit improvement plan has been adopted, incorporating monthly reconciliations, GRAP compliance checklists, and SOP implementation to address recurring deficiencies. These actions are monitored quarterly by the Audit and Risk Committee, supported by the Internal Audit function.

- 5.7. The Audit Improvement Plan outlines corrective actions for each finding. Measures include half-year financial closure to improve AFS readiness, introduction of an exception report system to monitor payment authorisation turnaround times, and enhanced consequence management processes aligned with National Treasury guidance. Management committed to improving compliance with Section 40 of the PFMA through improved invoice management, dispute resolution, and record-keeping systems.
- 5.8. In its research and policy advisory work, the Commission tabled its 2025/26 Division of Revenue Submission and provided technical input to National Treasury and Parliament on intergovernmental transfers, municipal fiscal frameworks, and provincial equitable share formula updates. It also produced thematic research reports on infrastructure financing, fiscal sustainability, and fiscal decentralisation, which were presented to the Standing Committee on Finance and the Select Committee on Appropriations.
- 5.9. The FFC's workforce composition consisted of 34 employees, with a gender distribution of 53 percent female and 47 percent male, and 85 percent black representation. The vacancy rate stood at 18 percent, primarily within finance and SCM. The Commission reported that performance reviews were completed for all filled positions, and training on GRAP standards and compliance was undertaken across departments.
- 5.10. Despite limited resources, the FFC maintained financial viability, with improved liquidity ratios and reduced deficits. However, challenges remain in procurement compliance, record management, and timely payments. The Commission's success in sustaining unqualified audit opinions while addressing material findings reflects progress toward strengthening institutional controls, provided that capacity-building and monitoring continue as planned.
- 5.11. Looking ahead, the Commission's priorities for 2025/26 include the implementation of its Audit Turnaround Strategy, filling of critical vacancies, full digitisation of document management systems, and development of a Medium-Term Research Agenda aligned with Parliament's fiscal oversight focus. Continuous engagement with National Treasury and the Standing Committee on Finance will remain central to ensuring evidence-based fiscal policy advice.

SOUTH AFRICAN RESERVE BANK GROUP OVERVIEW (2024/25)

- 5.12. The South African Reserve Bank is the central bank of the Republic of South Africa, established under the Currency and Banking Act of 1921 and currently governed by the South African Reserve Bank Act, 1989 (Act No. 90 of 1989). Its constitutional mandate, in terms of Section 224 of the Constitution, is to protect the value of the currency in the interest of balanced and sustainable economic growth. The SARB carries out this function through monetary policy, financial stability oversight, prudential supervision, payment-system management, and the holding of official gold and foreign-exchange reserves. It also acts as banker to government and provides settlement facilities to the financial system.
- 5.13. The SARB functions as a group consisting of the central bank and four main subsidiaries: the South African Bank Note Company, the South African Mint (including the Prestige Bullion joint venture with Rand Refinery), the Corporation for Public Deposits, and the Corporation for Deposit Insurance. The Bank also holds a 50 percent strategic shareholding in African Bank Holdings Limited (ABHL), accounted for using the equity method. The SARB Group forms the core of South Africa's financial-stability safety net together with the Prudential Authority (PA), Financial Sector Conduct Authority, and Financial Intelligence Centre.
- 5.14. For the 2024/25 financial year, the SARB Group achieved 95 percent of its performance indicators and received an unqualified audit opinion with no material findings from its independent external auditors, BDO and SNG Grant Thornton. The group financial statements were prepared in accordance with International Financial Reporting Standards. Total assets increased by 6.8 percent to R1.61 trillion, while total liabilities rose by 5.9 percent to R1.52 trillion, resulting in group equity of R86.2 billion at 31 March 2025. The increase in assets was mainly due to higher foreign-reserve holdings and valuation gains under the Gold and Foreign Exchange Contingency Reserve Account (GFECRA).
- 5.15. Group income rose to R40.7 billion from R37.4 billion in 2023/24, largely reflecting higher interest income on reserves and domestic investments. Operating expenditure increased by 5.4 percent to R18.6 billion, mainly because of inflationary adjustments and information-technology modernisation. The group posted a net profit of R4.3 billion, up from R3.7 billion the previous year. In accordance with the SARB Act, dividends of R200,000 were paid to private shareholders, with R3.9 billion transferred to the National Revenue Fund. The Bank's monetary-policy operations remained

consistent with its price-stability mandate, with the repo rate maintained at 8.25 percent for most of the year and inflation averaging 5.1 percent within the 3–6 percent target band.

- 5.16. The SARB's foreign-exchange reserves increased from US\$58.8 billion in March 2024 to US\$61.4 billion by March 2025, partly as a result of the R200 billion GFECRA transfer to the National Treasury. The reserve position provided 4.8 months of import cover. The Bank continued to pursue a conservative reserve-management policy, emphasising liquidity, safety, and return.
- 5.17. The Corporation for Public Deposits mobilised short-term funds from public-sector institutions and invested them in money-market instruments. Total deposits increased by 18 percent to R100.6 billion, while net interest income rose from R1.89 billion to R2.13 billion. Total assets stood at R102.5 billion, equity at R5.4 billion, and profit before tax at R1.06 billion, up from R944 million in 2023/24. The CPD's liquidity coverage ratio of 112 percent indicated strong liquidity and prudent balance-sheet management.
- 5.18. The South African Bank Note Company and the South African Mint maintained stable operations. The Bank Note Company produced approximately 735 million banknotes, and the Mint struck 975 million coins. Both entities achieved their production-quality and delivery targets. The Mint's joint venture, Prestige Bullion, generated R1.54 billion in revenue and a net profit of R116 million, driven by increased demand for commemorative and bullion coins.
- 5.19. The Corporation for Deposit Insurance completed its first full year of operation following its establishment on 1 April 2024. CODI achieved 12 of its 14 annual performance targets (86 percent) and received an unqualified audit opinion from the SARB's appointed external auditors. Total revenue amounted to R1.06 billion, comprising R815 million in member-bank levies, R145 million in investment income, and R100 million in operational grants from the SARB. Expenditure of R842 million produced a surplus of R218 million, and the Deposit Insurance Fund closed the year with reserves of R2.3 billion. The scheme provides protection of up to R100 000 per depositor per bank and currently covers 33 participating banks and cooperative institutions.
- 5.20. The Prudential Authority, operating within the SARB, met 92 percent of its targets and received an unqualified audit opinion from independent auditors. Its supervisory work covered 33 banks, 45 insurers, and 16 financial conglomerates, maintaining capital-adequacy and solvency ratios well above regulatory minima. The Authority also advanced work on the Basel III Endgame and IFRS 17 supervisory frameworks and continued its cross-sector stress-testing programme.
- 5.21. The SARB's associate investment in African Bank Holdings Limited (ABHL) remained profitable, with total assets exceeding R70 billion and a capital-adequacy ratio above 16 percent. The SARB continued to exercise oversight over this investment as part of its financial-stability responsibilities, monitoring progress toward eventual market divestment.
- 5.22. The group employed 2 456 people, of whom 49 percent were women and 83 percent black South Africans. The vacancy rate was 7.2 percent, primarily in information-technology and risk-management divisions. Expenditure on training and staff development amounted to R123 million, focusing on data analytics, cyber-risk management, and leadership development.
- 5.23. The Bank advanced several strategic initiatives, including climate-risk stress testing for major banks and insurers, the expansion of its cyber-resilience framework, and pilot testing of a central-bank digital currency for wholesale settlement. The SARB also strengthened its sustainability reporting framework and enhanced regional cooperation with the SADC central-bank community on cross-border payments and financial-stability matters.
- 5.24. In the 2025/26 financial year, the SARB's priorities will include maintaining price stability through data-driven monetary policy, completing implementation of Basel III reforms, expanding the digital-payment and deposit-insurance infrastructures, and enhancing coordination within the Financial Sector Contingency Forum.

6. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

FINANCE PORTFOLIO AUDIT OUTCOMES

- 6.1. The Committee notes that the Finance Portfolio shows a moderate improvement in clean audit outcomes for the 2024/25 financial year. According to the Auditor-General South Africa (AGSA), 70 percent of entities within the portfolio achieved clean audits, up from 65 percent in 2023/24, while the remainder obtained unqualified opinions with findings. The audit for the Government Pensions Administration Agency (GPAA) remained outstanding at the time of reporting. The Committee welcomes the improved timeliness of annual financial statement submissions and the general strengthening of compliance controls across most entities.

- 6.2. The Committee observes that governance and internal control environments are generally sound across the portfolio. However, progress in addressing material findings and implementing consequence management remains uneven. The Committee notes that several entities continue to rely on corrective rather than preventative controls, reflecting a need for more sustainable risk mitigation practices.
- 6.3. The Committee notes that while the Finance Portfolio continues to demonstrate comparatively strong financial management and governance maturity, certain entities still face operational and audit-related challenges that require close attention. The Land Bank Group experienced recurring findings related to financial reporting and compliance monitoring, largely stemming from capacity and system limitations. The Public Investment Corporation (PIC) remains under continued oversight as it claims to strengthen investment governance processes, due-diligence practices, and the valuation and impairment methodology for unlisted investments.
- 6.4. The Committee notes that audit findings continue to highlight delays in filling critical vacancies in finance, internal audit, and compliance functions across several entities. These capacity constraints hinder the timely closure of prior-year findings and weaken institutional readiness for preventive control implementation. The Committee reiterates the importance of leadership stability and the expedited filling of funded posts to ensure sustainable improvement in governance outcomes.
- 6.5. The Auditor-General reported that while there is overall improvement in the quality of financial statements submitted for audit, non-compliance with legislation, particularly in supply chain management (SCM) and performance reporting, remains a recurring concern. AGSA emphasised the need for portfolio-wide improvement in record-keeping systems, contract management, and consequence management practices, warning that unresolved weaknesses could erode the progress achieved in financial reporting.
- 6.6. AGSA further advised that the Committee strengthen its follow-up mechanisms on material irregularities and recurring audit findings through regular engagements with audit committees, boards, and executive authorities. It recommended that entities establish early-warning systems to detect control breakdowns and that oversight bodies integrate AGSA's findings into their quarterly performance review frameworks.
- 6.7. The Committee acknowledges these recommendations and commits to monitor the implementation of audit action-plans across the portfolio.

NATIONAL TREASURY

- 6.8. The Committee notes that National Treasury received an unqualified audit opinion with no findings for the 2024/25 financial year. Expenditure performance reached 98 percent of the R33.34 billion adjusted allocation, a marginal improvement on the previous year. Total departmental spending amounted to R32.62 billion, with underspending of R5.3 million on compensation of employees and R174.8 million on goods and services, mainly due to delayed consultancy payments and lower-than-anticipated spending on the G20 Presidency and ICT projects
- 6.9. The Committee welcomes Treasury's improved budget execution but remains concerned about structural inefficiencies in large ICT and financial-systems projects. Members noted that the Integrated Financial Management System (IFMS) continues to experience delays and cost escalations. The Committee expressed particular concern about the ongoing litigation between National Treasury and the Special Investigating Unit (SIU) over contractual irregularities, which has stalled implementation and increased fiscal risk. Treasury indicated that work on the revised IFMS architecture is under review, and that contingency measures have been introduced to prevent further disruptions to core public-finance platforms. The Committee emphasises that the matter must be resolved expeditiously and transparently, with full disclosure to Parliament of legal costs, implementation timelines, and remedial action.
- 6.10. The Committee notes Treasury's continuing cost-containment programme, which produced savings of approximately R12 million in travel and training. However, this constrained intergovernmental-relations activities and capacity-building at provincial and municipal levels. Treasury reported a vacancy rate of 11.5 percent as at 31 March 2025, concentrated in technical and research programmes that support local-government finance, budget reform, and expenditure analysis.
- 6.11. Programme 4 (Public Debt Management) achieved 100 percent of its annual targets and remained within approved borrowing limits. As at 31 March 2025, gross loan debt totalled R5.3 trillion, or 74.8 percent of GDP, while debt-service costs consumed almost 21 percent of main-budget revenue of government. The Committee stresses that rising interest payments continue to crowd out developmental expenditure and require intensified fiscal-risk monitoring and liability-management interventions.

- 6.12. Programme 3 (Public Finance and Budget Management) achieved 91.7 percent of its annual targets, contrary to earlier reporting of 68 percent. The shortfall related mainly to delayed municipal financial-recovery plans. While the Infrastructure Fund committed R20.6 billion in blended-finance arrangements, disbursements remained below expectations. The Committee calls for a review of approval and readiness processes to accelerate implementation of high-impact infrastructure projects that support growth and job creation.
- 6.13. The Committee welcomes Treasury's continued leadership in anti-money-laundering and counter-terrorist-financing reforms. By the end of the reporting year, 20 of 22 Financial Action Task Force (FATF) action items had been addressed, and enforcement capacity was strengthened through enhanced inter-agency coordination led by the Financial Intelligence Centre. However, Members expressed concern that prosecution of complex financial-crime cases remains limited, signalling the need for improved collaboration between the National Prosecuting Authority, the Hawks, and the FIC to consolidate the gains made since South Africa's removal from the FATF grey list.
- 6.14. The Committee further notes that Treasury reported R249 million in irregular expenditure carried over from previous years, mostly contract extensions without prior approval. Only 28 percent of these cases have been resolved. Members stressed that, as the custodian of public-finance governance, Treasury must demonstrate exemplary compliance and ensure finalisation of all legacy irregular-expenditure cases by the end of 2025/26.
- 6.15. Members also raised concern about the protracted delays in finalising the review of Treasury Instruction Note 4 of 2022/23 and the accompanying PFMA Compliance and Reporting Framework, which affects entities' reporting consistency. The Committee urges Treasury to expedite these reviews and to provide clear guidance to departments on classification of unauthorised, irregular, and fruitless-and-wasteful expenditure.
- 6.16. The Committee recommends that National Treasury:
 - (a) submits a comprehensive written report to Parliament on the status of the IFMS project and the litigation with the SIU, including timelines, cost implications, and recovery measures.
 - (b) fill key vacancies in intergovernmental-relations, economic-policy, and compliance units, and
 - (c) strengthen contract-management controls to minimise irregular expenditure.

SOUTH AFRICAN REVENUE SERVICE (SARS)

- 6.17. The Committee notes that the South African Revenue Service (SARS) has sustained a high level of fiscal performance and governance stability during the 2024/25 financial year. SARS achieved an unqualified audit opinion with no findings, maintaining its status for the sixth consecutive year. This performance reflects continued institutional discipline and a sound control environment.
- 6.18. The Committee notes that the South African Revenue Service collected R1.855 trillion in net revenue during 2024/25, against a gross collection of R2.302 trillion and refunds amounting to R447.7 billion. This represents an increase from R1.69 trillion in 2023/24, surpassing the revenue target by 0.48 percent. Compliance revenue contributed R304 billion, marking a 16.7 percent year-on-year increase, while the compliance yield rose by 8.2 percent. Tax buoyancy stood at 1.07, exceeding the estimated 0.96 elasticity, supported by strong enforcement and improved voluntary compliance which reached 66.87 percent, up from 63.63 percent in 2023/24.
- 6.19. The Committee welcomes progress under the SARS Modernisation Programme, which has significantly improved digital integration and operational efficiency. The digital case-management platform was fully deployed, and the Customs Management System was further automated. The Illicit Economy Unit achieved revenue recoveries and leakage prevention of approximately R11.6 billion across gold, tobacco, petroleum, fuel-adulteration, and coal sectors, with more than 10 000 seizures valued at R6.3 billion. Average customs case-clearance times improved from 102 hours in 2019 to 45 hours in 2024/25, with 96 to 98 percent of declarations released within seven seconds through the predictive risk engine. The Committee emphasises the need to strengthen cybersecurity architecture to protect taxpayer data and ensure resilience against cyberattacks.
- 6.20. SARS achieved 86 percent of its annual performance indicators (19 of 22), up from 84 percent in 2023/24, reflecting improved delivery across strategic objectives. While performance in audit and transfer-pricing reviews was constrained by limited capacity, strong results were achieved in digitalisation, taxpayer services, and voluntary compliance. The Committee reiterated that strengthening specialised capacity in audit, data analytics, and transfer pricing remains essential to sustaining long-term compliance improvements.
- 6.21. The Committee notes that SARS continues to support the implementation of the two-pot retirement system in collaboration with the Financial Sector Conduct Authority (FSCA) and National Treasury, ensuring regulatory and systems readiness. Members also welcomed SARS's ongoing cooperation

with the South African Police Service (SAPS), the National Prosecuting Authority (NPA), and the Financial Intelligence Centre (FIC) on financial-crime investigations and asset-recovery processes, which have already led to several successful tax-evasion prosecutions.

- 6.22. SARS reported R49.5 million in irregular expenditure during 2024/25, representing 0.24 percent of total expenditure, mainly related to fringe-benefit tax on employee accommodation in customs operations. Fruitless and wasteful expenditure decreased to R881 000 from R2.5 million in 2023/24. The Committee notes that corrective measures have been implemented, including enhanced internal oversight, remedial training for supply-chain personnel, and stricter review of benefits policies to ensure compliance with the Income Tax Act.
- 6.23. The Committee recommends that
 - (a) National Treasury and SARS develop a medium-term resource and funding plan to enable the recruitment of additional personnel in audit, enforcement, data analytics, and customs operations over the next MTEF period.
 - (b) SARS receive a targeted infrastructure allocation over the MTEF to accelerate digital transformation, automation, and cybersecurity resilience.
 - (c) SARS submit an annual performance-impact report to Parliament quantifying the outcomes of additional allocations in terms of revenue gains, compliance improvements, and service quality; and
 - (d) SARS strengthen collaboration with law-enforcement agencies to improve the recovery of illicit-economy losses and pursue coordinated asset-forfeiture initiatives.

OFFICE OF THE TAX OMBUD

- 6.24. The Committee notes that the Office of the Tax Ombud (OTO) continues to play a critical role in promoting administrative fairness and safeguarding taxpayer rights within South Africa's tax system. For the 2024/25 financial year, the OTO received an unqualified audit opinion, maintaining a clean audit status for the fourth consecutive year following the resolution of prior findings in 2020/21. The Committee commends the entity's strong governance and internal control environment, reinforced by the establishment of an Audit and Risk Committee and an Internal Audit function during the reporting period.
- 6.25. The Committee notes that the OTO received 4 913 complaints in 2024/25, an increase of 6.4 percent compared to 2023/24. Of these, 2 265 were accepted, 996 terminated, and 1 652 rejected, with 86.7 percent of rejected cases arising because taxpayers had not yet exhausted SARS's internal complaints process. Operational efficiency improved markedly: 98.1 percent of complaints were captured within two business days, 98.4 percent were reviewed within eight days, and 99 percent of close-out reports were actioned within four days. Members welcomed these improvements but expressed concern about continued administrative delays within SARS, particularly in respect of VAT refunds, account reconciliations, and dispute-resolution backlogs, which remain the main sources of OTO referrals.
- 6.26. The OTO operated on a total available budget of R57.85 million, comprising an approved allocation of R53.54 million and a retained surplus of R4.31 million from 2023/24. Total expenditure amounted to R48.89 million, largely reflecting under-spending linked to the implementation of the Microsoft Dynamics 365 customer-portal project. The Office had a staff complement of 34 employees and 15 vacancies at year-end. The Committee remains concerned that this limited capacity constrains the OTO's ability to conduct systemic investigations and expand its taxpayer-outreach footprint and reiterated the view that the entity's reliance on SARS for funding and administrative support affects its perceived independence.
- 6.27. The Committee notes that approximately 99 percent of OTO recommendations were implemented by SARS, confirming the credibility and impact of the Office's findings. However, delays in implementation persist despite the introduction of section 20(2) of the Tax Administration Act, which requires SARS to provide written reasons when remedial actions are delayed. During the year, the OTO issued 391 notices in terms of this provision. The Committee further notes that a systemic investigation into e-Filing profile hijacking, authorised by the Minister of Finance on 12 August 2024, was under way at year-end, with the report being drafted for public comment.
- 6.28. The Committee welcomes the OTO's intensified outreach and stakeholder-engagement efforts, which included 264 outreach campaigns (physical and virtual), 121 stakeholder engagements, and extensive media coverage valued at approximately R23 million. The OTO reported that more than 77 000 people accessed its website, representing a 130 percent increase from the prior year. Members highlighted the importance of expanding these initiatives into rural areas and among small businesses, encouraging closer collaboration with SARS branches, the Financial Sector Conduct

Authority (FSCA), and the Financial Literacy Association of South Africa to strengthen taxpayer education and rights awareness.

- 6.29. The Committee acknowledges progress in implementing legislative amendments to the Tax Administration Act (TAA) to enhance the OTO's mandate and operational independence. The OTO confirmed that proposed amendments to section 164(2) of the TAA, submitted during 2024/25, were considered and enacted to strengthen taxpayer protections. The Committee supports further legislative measures to entrench the financial and institutional autonomy of the Office, while maintaining accountability to Parliament.
- 6.30. The Committee recommends that:
- (a) National Treasury finalise additional amendments to the TAA or include them in the next Tax Administration Laws Amendment Bill (TALAB) to ensure the OTO's financial and operational independence from SARS.
 - (b) the OTO submit quarterly reports to Parliament on systemic investigations, SARS's compliance with remedial directives, and implementation timelines.
 - (c) SARS publish clear turnaround-time standards for implementing OTO recommendations, with quarterly performance tracking; and
 - (d) the OTO and SARS jointly develop a national taxpayer-education and outreach programme focused on small-business and rural taxpayer participation to promote voluntary compliance and taxpayer rights awareness.

FINANCIAL INTELLIGENCE CENTRE

- 6.31. The Committee notes that the Financial Intelligence Centre (FIC) continues to play a central role in South Africa's anti-money-laundering and counter-terrorist-financing system, supporting enforcement, intelligence and compliance across both the public and private sectors. For 2024/25, the FIC received an unqualified audit opinion with no findings, maintaining a clean-audit outcome. It achieved 18 of its 20 annual performance targets (90 percent).
- 6.32. During the year, the FIC received approximately 13.4 million regulatory reports, including about 9.7 million international funds-transfer reports, 3.1 million cash-threshold reports and 570 283 suspicious-transaction reports. Its analytical work produced 4 196 intelligence products, 3 104 reactive and 1 092 proactive, which supported law-enforcement and prosecutorial authorities in investigating organised crime, corruption and illicit-finance networks. The FIC recorded recoveries of roughly R144 million in 2024/25 through cases in which its financial intelligence contributed to asset tracing and forfeiture.
- 6.33. The Committee notes South Africa's progress under the Financial Action Task Force action plan. By February 2025, 20 of 22 action items had been fully or largely achieved, and by June 2025 the FATF confirmed that all items were substantially completed, paving the way for an on-site assessment. Following FATF's on-site review and plenary assessment, South Africa was formally removed from the greylist on 24 October 2025. The Committee welcomes this development as a major milestone that restores investor confidence and strengthens the country's reputation in the global financial system. It commends the FIC's leadership in coordinating risk-based supervision across financial and non-financial sectors but emphasises that the post-greylisting phase must prioritise sustained enforcement and measurable support by FIC data to convictions, asset recoveries and deterrence.
- 6.34. The Committee notes that total expenditure for 2024/25 comprised approximately R247.7 million in personnel costs, R170.5 million in operating expenses and R23.9 million in capital expenditure. These figures reflect prudent financial management and efficient utilisation of available resources.
- 6.35. The Committee acknowledges the FIC's contribution to multi-agency cooperation through platforms such as the Fusion Centre, the Asset-Recovery Hub and the Shared Forensic Capability. These initiatives have enhanced coordination between the FIC, the National Prosecuting Authority, the South African Police Service and the South African Revenue Service. The Committee encourages continued collaboration to ensure that intelligence referrals translate into tangible enforcement outcomes.
- 6.36. The Committee notes that 556 inspections were conducted across accountable institutions during the year, resulting in administrative sanctions of approximately R2.2 million imposed by the FIC, in addition to penalties levied by other supervisory authorities. The Committee urges intensified supervisory attention and training for higher-risk non-financial sectors to strengthen compliance with customer-due-diligence and reporting obligations.
- 6.37. The Committee notes that the FIC employed 275 staff members at the end of the financial year following a recruitment drive to expand analytical and supervisory capacity. It encourages the Centre

to continue strengthening its legal, enforcement and intelligence capabilities to meet the demands of South Africa's evolving AML/CFT environment.

- 6.38. The Committee notes that, while the Annual Report provided detailed operational data, the presentation to Parliament did not include a consolidated overview of the activities of the FIC Appeal Board. The absence of such information limits oversight of adjudicative performance. The Committee requests that future parliamentary briefings include data on the number of appeals received and finalised, their outcomes and turnaround times.
- 6.39. The Committee therefore recommends that the FIC include in future presentations a dedicated section summarising Appeal Board statistics, appeals lodged and concluded, decisions rendered, processing times and recurring compliance issues, to enhance transparency and facilitate effective parliamentary oversight.
- 6.40. The Committee notes further that cases such as the Tembisa Hospital procurement scandal demonstrate the need for earlier detection through risk-based monitoring and suspicious-transaction reporting. It recommends that, by the first quarter of 2026/27, the FIC, working with SAMLIT, National Treasury, the Auditor-General and supervisory bodies, report to Parliament on a strengthened procurement-corruption-detection framework incorporating enhanced red-flag typologies, integration of FIC risk indicators with Treasury's Central Supplier Database, an early-warning protocol for high-risk departments, and quarterly statistics on alerts, restraining orders, recoveries and prosecutions.
- 6.41. The Committee recommends further that:
 - (a) National Treasury and the FIC submit quarterly progress reports on post-greylisting commitments, including FIC's support to prosecutions and asset recoveries.
 - (b) the FIC, NPA and SAPS develop a joint case-tracking framework to monitor progress on FIC referrals.
 - (c) the FIC complete its ICT modernisation programme to enhance data analytics and case management.
 - (d) National Treasury review the FIC's funding model to ensure sustainable resourcing of its intelligence, forensic and supervisory functions; and
 - (e) the FIC intensify capacity-building for non-financial accountable institutions in the legal, property and high-value goods sectors where compliance remains weak.

FINANCIAL SECTOR CONDUCT AUTHORITY

- 6.42. The Committee notes that the FSCA is at an advanced stage of readiness to operationalise the Conduct of Financial Institutions (COFI) Bill, which will consolidate market-conduct legislation and strengthen the Authority's powers to promote transformation, inclusion, and consumer protection. The Authority has concluded memoranda of understanding with the Financial Sector Transformation Council (FSTC) and the B-BBEE Commission to coordinate oversight of transformation in the financial sector. However, the Committee observes that practical enforcement mechanisms and measurable transformation indicators are still being finalised.
- 6.43. The Committee welcomes the FSCA's progress in drafting subordinate regulatory instruments under the COFI Bill but notes that institutional readiness assessments indicate that further capacity strengthening is required in supervision, legal enforcement, and data analytics. The Committee recommends that the FSCA, in consultation with National Treasury, table a comprehensive implementation roadmap for the COFI Bill by June 2026, detailing key milestones, regulatory instruments, and timelines for enforcement of transformation and conduct obligations.
- 6.44. The Committee observes that transformation in the financial sector remains slow and uneven. Although the FSCA held 32 capacity-building workshops for small financial-service providers and implemented several initiatives to improve market participation, the financial sector remains dominated by a few large players, and meaningful progress in ownership and senior management transformation remains limited. The Committee reiterates that transformation must become an enforceable regulatory outcome under the COFI framework and not remain voluntary or disclosure based.
- 6.45. The Committee recommends that the FSCA submit to Parliament, within six months, a detailed transformation compliance report and sectoral scorecard outlining ownership, management control, and procurement diversity levels across all licensed institutions, including enforcement measures taken against non-compliant entities.
- 6.46. The Committee notes that the FSCA intensified enforcement activities during 2024/25, finalising 633 investigations, issuing 131 debarments, 107 public warnings/ scam alerts, and imposing administrative penalties amounting to R119.8 million for market-conduct contraventions. The Committee welcomes this improvement in regulatory enforcement but expresses concern that

referrals to the South African Police Service (SAPS) and National Prosecuting Authority (NPA) lack a formal tracking mechanism to monitor the status and outcomes of criminal cases.

- 6.47. The Committee recommends that the FSCA establish a structured feedback protocol with the SAPS and NPA to ensure that enforcement referrals are tracked, investigated, and reported to Parliament quarterly. The FSCA should also strengthen its internal case-management systems to enable consolidated reporting on enforcement trends and prosecution outcomes.
- 6.48. The Committee notes with concern the persistent arrears in municipal pension-fund contributions, which have reached approximately R7.29 billion, affecting an estimated 590 000 members. While the FSCA has initiated enforcement actions and engaged with the South African Local Government Association and National Treasury, recovery remains slow and uneven. The Committee emphasises that arrear contributions undermine members' rights to full retirement benefits and threaten fund solvency in the municipal sector.
- 6.49. The Committee recommends that National Treasury, SALGA, and the FSCA jointly submit a remedial action plan within three months, identifying high-risk municipalities, repayment timelines, and disciplinary measures for persistent non-compliance.
- 6.50. The Committee notes that unclaimed financial assets amount to approximately R30.1 billion across about three million members, with the majority of cases concentrated in 60 retirement funds. The Committee welcomes the FSCA's initiative to establish a central database of unclaimed assets and standardise tracing processes. However, progress remains at an early stage, and data quality continues to limit verification and beneficiary tracing.
- 6.51. The Committee recommends that the FSCA and National Treasury finalise the regulatory framework for unclaimed financial assets by March 2026, including the assignment of clear roles and accountability for tracing, disbursement, and disclosure, and ensure that the centralised database becomes operational by mid-2026.
- 6.52. The Committee notes that the FSCA continues to expand its supervision of fintech and crypto-asset markets, having licensed 10 crypto-asset service providers in 2024/25 and launched a regulatory sandbox to encourage innovation under controlled conditions. The Committee welcomes these developments but stresses that rapid digitalisation requires stronger cybersecurity protocols and consumer safeguards to prevent systemic and retail risks.
- 6.53. The Committee recommends that the FSCA table an annual fintech and digital-finance risk report to Parliament, detailing regulatory gaps, consumer-protection cases, and inter-agency coordination with the Prudential Authority and South African Reserve Bank on digital-asset supervision.
- 6.54. The Committee notes that the FSCA employs 681 staff members, of whom 51 percent are women and 91 percent are black, with women constituting 75 percent of the executive team. The Committee commends the Authority for achieving employment equity targets but notes that turnover in technical units remains high due to competitive private-sector demand.
- 6.55. The Committee recommends that the FSCA prioritise retention and succession planning strategies for scarce technical skills, expand graduate and bursary programmes, and report annually on progress in staff retention, leadership diversity, and institutional capacity-building.

PRUDENTIAL AUTHORITY

- 6.56. The Committee notes that the Prudential Authority continues to provide stability to the banking and insurance supervisory environment under the Twin Peaks model. The prudential framework remains aligned with international standards, with continued supervisory emphasis on capital adequacy, liquidity resilience, asset quality, governance and risk management across banks, insurers and systemically important non-bank financial institutions.
- 6.57. The Committee observes that South Africa's post-resolution architecture, anchored in the Financial Sector Laws Amendment Act and the operationalisation of deposit insurance, has materially strengthened the safety-net for retail depositors and enhanced orderly-resolution readiness for systemic firms. The Authority's ongoing work on recovery and resolution planning for domestic systemically important banks (D-SIBs) and selected insurers is welcomed, but fuller visibility on testing outcomes and inter-agency coordination (including with the Resolution Authority, SARB Financial Stability function and National Treasury) would assist parliamentary oversight.
- 6.58. The Committee notes that bank capital and liquidity positions remain sound at the system level, with prudential ratios above minimum requirements, notwithstanding headwinds from weak growth, load-shedding legacies, logistics constraints and higher-for-longer interest rates. Credit risk remains elevated in specific portfolios (household unsecured credit, small business lending and certain commercial real-estate segments). The Authority's use of targeted stress testing and thematic reviews is appropriate; however, more granular supervisory feedback to the market on concentration

risks (including exposures to state-owned companies and municipalities) would strengthen market discipline.

- 6.59. The Committee notes that the implementation of IFRS 17 continues to shape financial reporting in the insurance sector. The Authority monitors its interaction with the Solvency Assessment and Management (SAM) framework to ensure that solvency coverage remains adequate on a risk-sensitive basis. Ongoing oversight of model risk, transitional adjustments and prudential disclosures remains critical to maintaining confidence and comparability in the sector.
- 6.60. The Committee welcomes the Authority's contribution to South Africa's exit from enhanced FATF monitoring and its continued supervisory focus on AML/CFT controls from a prudential-risk perspective (including contagion, reputation and operational risks to regulated firms). At the same time, Members are concerned about reports of "de-risking" leading to account closures for certain customer segments and smaller accountable institutions. The Authority should deepen its engagement (with the FSCA and the FIC) to ensure that risk-based approaches are applied proportionately, safeguarding financial integrity without undermining financial inclusion or the stability of smaller firms.
- 6.61. The Committee notes growing prudential risks from cyber incidents and third-party/outsourcing concentration in critical technology services. Supervisory expectations on operational resilience, incident reporting, penetration testing and third-party risk management should continue to be tightened and tested, including through coordinated sector-wide simulations with other domestic authorities.
- 6.62. The Committee is concerned about capacity constraints within the Authority, especially in specialist areas (prudential modelling, cyber/tech risk, climate risk, data analytics and insurance actuarial supervision). A multi-year staffing and capability plan, tied to an appropriate levy and cost-recovery framework, will be necessary to sustain effective risk-based supervision as the financial system becomes more complex.
- 6.63. The Committee recommends that the Prudential Authority publishes, at least annually, a concise supervisory outcomes dashboard to Parliament covering: system-level capital and liquidity ranges; thematic review findings (credit concentrations, operational resilience, model risk); material enforcement actions; and progress on recovery and resolution planning for systemic firms. The dashboard should indicate emerging risks and any prudential policy recalibrations under consideration.
- 6.64. The Committee further recommends that the Authority, working with the Resolution Authority and National Treasury, table a consolidated update on the implementation of the resolution framework, including deposit insurance milestones, resolvability assessments for systemic firms, outcomes of any dry-runs or simulations, and remaining legislative or operational gaps that require parliamentary attention.
- 6.65. The Committee recommends that the Authority intensifies joint supervisory work with the FSCA and the FIC on proportionate AML/CFT implementation to limit unintended "de-risking" effects. A brief to Parliament should set out supervisory expectations, monitoring indicators (e.g. account-closure trends by segment), and remedial tools available where practices are found to be non-risk-based.
- 6.66. The Committee recommends that the Authority issues clear supervisory guidance on climate-related financial risks for banks and insurers (governance, strategy, risk management and disclosure expectations), aligned to evolving international practice, and report on how scenario analysis and stress testing will be incorporated into the prudential review cycle.
- 6.67. The Committee recommends that the Authority strengthens expectations on cyber and technology risk, including timelines for implementing advanced testing regimes, minimum incident-reporting standards, and oversight of critical third-party service providers. A coordinated sector exercise with the SARB Financial Stability function, the FSCA and the National Cybersecurity structures should be scheduled and its high-level lessons reported to Parliament.
- 6.68. The Committee recommends that the Authority tables, by the outer year of the MTEF, a phased capability plan covering specialist recruitment, supervisory technology and data infrastructure, and skills development, together with an assessment of the adequacy of the current levy framework to fund these priorities without imposing undue burdens on smaller regulated entities.

OMBUD COUNCIL

- 6.69. The Committee notes that the Ombud Council continues to fulfil its statutory mandate of promoting a fair, efficient, and independent ombud system within the financial sector, as envisaged in the Financial Sector Regulation Act. The Council plays a key coordination role between statutory and industry ombud schemes and ensures that they operate according to consistent governance and

service standards. This oversight is closely aligned with the Financial Sector Conduct Authority's (FSCA) market conduct framework and consumer protection mandate, as discussed during the Committee's oversight visit to the FSCA in September 2025.

- 6.70. The Committee observes that the Ombud Council received an unqualified audit opinion for the 2024/25 financial year, with no material findings on financial or performance information. The entity achieved 92 percent of its annual targets, an improvement from 88 percent in the prior year. The performance improvements are linked to progress in implementing the harmonised Ombud Code of Conduct and strengthening the framework for the recognition and registration of financial sector ombuds.
- 6.71. The Committee notes that significant strides have been made toward the establishment of a single financial services ombud model. The Ombud Council has finalised transitional arrangements for the alignment of existing statutory schemes such as the Office of the Pension Funds Adjudicator (OPFA) and the FAIS Ombud, as well as voluntary industry schemes including the Credit Ombud and the Long-Term and Short-Term Insurance Ombuds. The Council's work complements the FSCA's initiatives on consumer redress and unclaimed benefits, which together aim to improve the financial inclusion and protection of consumers.
- 6.72. The Committee, however, remains concerned about the continued fragmentation of the financial sector ombud landscape. Variations in case-handling procedures, jurisdictional overlaps, and accessibility barriers continue to hinder the efficiency of consumer redress mechanisms. The Committee notes that many consumers, particularly in the insurance and pension fund sectors, remain uncertain about which ombud to approach, resulting in unresolved complaints and delayed outcomes.
- 6.73. The Committee further notes that the number of consumer complaints in key areas such as credit, insurance claims, and pension withdrawals remains high, reflecting gaps in consumer awareness and financial literacy. The Committee stresses the need for the Ombud Council, together with the FSCA and the Department of Trade, Industry and Competition (DTIC), to implement a single-entry point model for financial complaints, supported by an integrated data platform for trend monitoring and systemic risk identification.
- 6.74. The Committee notes that the Ombud Council operated with total revenue of R27.6 million and expenditure of R23.3 million in 2024/25, resulting in a surplus of R4.4 million. Although all approved posts were filled, the Council continues to face capacity constraints in specialist compliance and research functions due to its small staff complement and expanding oversight responsibilities. The Committee recommends that National Treasury review the Council's funding model to ensure long-term sustainability and adequate operational capacity.
- 6.75. The Committee recommends that the Ombud Council, in collaboration with the FSCA and the National Treasury, expedite the transition to the single financial services ombud model, ensuring that all recognised schemes meet prescribed standards of independence, accessibility, accountability, and transparency. The Ombud Council should table a progress report with Parliament by mid-2026 outlining concrete steps taken, implementation timelines, and resource implications.
- 6.76. The Committee further recommends that the Ombud Council, in cooperation with the FSCA, develop an integrated annual dashboard on consumer complaints and dispute outcomes across all recognised ombud schemes. This consolidated reporting tool should detail complaint volumes, resolution times, systemic risks, and consumer satisfaction trends. The Committee expects that this data will be presented alongside the Council's annual report to enable effective parliamentary oversight of consumer protection outcomes and market conduct in the financial sector.

FAIS OMBUD

- 6.77. The Committee notes that the Office of the Ombud for Financial Services Providers (FAIS Ombud) continues to play a key role in promoting fair financial practices and consumer protection in the financial services sector, in line with its mandate under the Financial Advisory and Intermediary Services Act and the Financial Sector Regulation Act. The office provides accessible, impartial dispute resolution between consumers and financial services providers and is now operating within the transitional arrangements overseen by the Ombud Council toward the single financial services ombud model.
- 6.78. The Committee observes that the FAIS Ombud achieved an unqualified audit opinion with no material findings for the 2024/25 financial year, maintaining a clean audit record for the fourth consecutive year. The office met 90 percent of its annual performance targets, with notable improvement in case turnaround times and digital case management efficiency. A total of 12 474 complaints were received during the year, of which 7 281 were within the Ombud's jurisdiction. Of

these, 6 534 complaints were finalised, representing a 90 percent resolution rate. The remaining complaints were either outside the Ombud's jurisdiction or pending conciliation.

- 6.79. The Committee notes that the main categories of complaints handled by the FAIS Ombud relate to insurance claims, investment products, and credit life policies, with most arising from alleged misrepresentation, non-disclosure, or unsuitable advice by financial intermediaries. The Committee also notes an increase in complaints involving crypto assets and unlicensed advisory services, highlighting the evolving risks in the retail financial market. The Ombud reports that financial losses recovered for consumers amounted to approximately R71 million during the year, demonstrating the tangible impact of the Ombud's interventions on consumer outcomes.
- 6.80. The Committee notes the adoption of a new case management system that integrates with the Ombud Council's harmonised data architecture, enabling real-time tracking of complaints and consistency in reporting across the financial sector ombuds. However, the Committee notes that the office continues to face operational constraints due to limited funding and a vacancy rate of 11 percent, mainly affecting investigative and legal review capacity.
- 6.81. The Committee also observes that a significant number of complaints still fall outside the FAIS Ombud's jurisdiction, including cases involving employer pension contributions and non-financial service transactions. This indicates a need for greater public awareness of the Ombud's jurisdiction and closer coordination with other complaint-handling bodies, such as the Office of the Pension Funds Adjudicator (OPFA), the Credit Ombud, and the FSCA's consumer education division.
- 6.82. The Committee recommends that the FAIS Ombud strengthen its outreach and public education programmes in collaboration with the FSCA and the Ombud Council. Particular focus should be placed on low-income and rural consumers, where awareness of financial recourse mechanisms remains low.
- 6.83. The Committee further recommends that the FAIS Ombud enhance its coordination with the FSCA's enforcement and supervision divisions to ensure that systemic misconduct by financial intermediaries identified through complaints is escalated for regulatory intervention. The Ombud should submit a joint report with the FSCA and the Ombud Council by mid-2026 outlining trends in financial misconduct and actions taken to prevent recurrence.
- 6.84. The Committee acknowledges the FAIS Ombud's progress in aligning with the new harmonised Ombud Code of Conduct and urges continued cooperation with the Ombud Council to ensure readiness for integration into the single ombud model. The Committee expects the Ombud to maintain a transparent, consumer-focused approach in resolving disputes, consistent with the broader objectives of market conduct reform and financial inclusion.

OFFICE OF THE PENSION FUNDS ADJUDICATOR

- 6.85. The Committee notes that the Office of the Pension Funds Adjudicator (OPFA) continues to play a crucial role in promoting fairness, accountability, and compliance in the retirement fund industry, in terms of Section 30B of the Pension Funds Act, 1956. The OPFA adjudicates complaints from pension fund members, beneficiaries, and employers against pension funds and their administrators. The Committee acknowledges the OPFA's alignment with the Ombud Council's transition process toward the single financial services ombud model, aimed at creating a harmonised, accessible dispute-resolution system for financial consumers.
- 6.86. The Committee observes that the OPFA achieved a clean audit opinion for the third consecutive year and met 100 percent of its strategic objectives for 2024/25. The entity finalised 10 100 complaints out of 10 331 received during the year, reflecting a resolution rate of 97.8 percent. Approximately 93 percent of cases were finalised within six months, in line with service standards, and 81 percent of all complaints related to employer non-compliance under Section 13A of the Pension Funds Act and withdrawal benefit disputes. These figures confirm that employer default in paying contributions and delays in withdrawal benefit payments remain the most serious compliance challenge in the retirement fund industry.
- 6.87. The Committee notes with concern the continued prevalence of non-compliance by employers with Section 13A, particularly in the private security, contract cleaning, and municipal sectors. The Committee emphasises that these failures directly affect vulnerable workers by eroding their retirement savings and insurance benefits. The OPFA's determinations show that many funds and employers do not attempt to resolve disputes before the member approaches the Adjudicator, undermining confidence in the pension system.
- 6.88. The Committee also notes that the OPFA experienced a 51 percent increase in the number of complaints received in the first half of 2025/26, partly due to the implementation of the two-pot retirement system and increased public awareness of benefit withdrawals. The Committee stresses

the need for the FSCA, the OPFA, and National Treasury to improve coordination in communicating new retirement reforms and ensure that fund administrators apply the two-pot system correctly.

- 6.89. The Committee acknowledges the OPFA's leadership in implementing measures to improve operational efficiency, including the full digitalisation of its case management system, improved online filing functionality, and enhanced accessibility through its web-based complaint platform. These developments have improved turnaround times and reduced administrative costs.
- 6.90. The Committee notes that the OPFA met its employment equity targets, maintaining 84 percent black representation, 58 percent female representation, and 3 percent representation of persons with disabilities. The office paid all supplier invoices within 30 days and continues to demonstrate sound financial management. However, the Committee expresses concern that the approval of the OPFA's 2024/25 budget was delayed by seven months, posing a risk to operational stability. The Committee urges the National Treasury and the Ombud Council to ensure timely approval of the OPFA's annual budgets.
- 6.91. The Committee further notes that the OPFA's increasing workload, particularly due to Section 13A non-compliance, requires stronger enforcement collaboration with the FSCA. The Committee recommends that the FSCA and the OPFA jointly develop an enforcement and recovery framework to ensure that non-compliant employers are subjected to penalties or prosecution. The Committee also encourages the OPFA to strengthen partnerships with Legal Aid South Africa and trade unions to expand access to legal redress for workers whose employers fail to pay contributions.
- 6.92. The Committee recommends that the OPFA, in collaboration with the FSCA and the Ombud Council, develop an integrated reporting mechanism to track systemic non-compliance by employers across all funds, including the recovery of arrear contributions and enforcement outcomes. Quarterly updates should be submitted to Parliament, detailing the number of employers referred for enforcement, the value of arrear contributions recovered, and the outcomes of legal action.
- 6.93. The Committee acknowledges that the OPFA's work is central to improving retirement fund integrity and consumer confidence in the financial sector. The Committee recommends that the Ombud Council and the FSCA support the OPFA in extending its outreach to under-served areas, expanding awareness of members' rights, and ensuring alignment with the single financial services ombud model to provide seamless redress for all retirement fund members.

INDEPENDENT REGULATORY BOARD FOR AUDITORS

- 6.94. The Committee acknowledges the critical role of the Independent Regulatory Board for Auditors (IRBA) in upholding public confidence in South Africa's auditing profession. As a Schedule 3A public entity established under the Auditing Profession Act (2005), the IRBA is mandated to protect the public interest by regulating auditors and ensuring audit quality, independence, and ethical conduct. The Committee welcomes the IRBA's clean audit outcome for the 2024/25 financial year, with the Auditor-General reporting no findings across financial statements, performance information, or compliance.
- 6.95. The Committee notes the successful conclusion of amendments to the Auditing Profession Act, which bolster the IRBA's independence and enforcement capabilities. A key outcome is the revision of the sanctions regime, raising the maximum fine per charge for audit firms from R200 000 to R25 million. The Committee welcomes this decisive enhancement as a significant deterrent against professional misconduct and a vital measure to restore trust in the profession following past corporate audit failures.
- 6.96. The Committee notes that the IRBA regulates approximately 3 500 registered auditors across 1 600 firms. Of these, some 2 700 are assurance auditors actively issuing audit opinions, while roughly 870 operate in non-assurance roles. The regulator oversees about 74 000 statutory audits annually, including 2 000 public interest entity (PIE) audits, which are of paramount importance due to their systemic impact on investors, employees, and the economy. The Committee welcomes the IRBA's proactive engagement with over 40 audit committees during the reporting year, a measure that strengthens oversight of auditor independence and quality.
- 6.97. During the 2024/25 financial year, the IRBA received 636 reportable irregularities (RIs), two-thirds of which were referred to other regulators. The primary issues identified were non-compliance with tax obligations (44 %) and violations of the Companies Act (24 %). The Committee commends the IRBA for initiating an annual publication to track the resolution of these irregularities, a practice that enhances transparency and reinforces the accountability of both auditors and audited entities.
- 6.98. The Committee commends the IRBA's documented progress in improving audit quality. Inspections yielding positive findings have risen from 38 % in 2019 to 45 % in 2024, while the rate of cases referred for investigation has fallen sharply from 23 % to 7 %. These trends suggest improved

compliance with quality control standards and a stronger risk culture within audit firms. The establishment of a Quality Monitoring Forum to engage directly with firm quality heads is also welcomed as an innovative mechanism for driving continuous improvement.

- 6.99. The Committee notes the IRBA's strengthened organisational capacity and diversity, with a staff complement of 95, of which 81 % are Black and 53 % are Black females. The regulator met 13 of its 14 key performance indicators, falling short only on its senior management transformation target. The Committee stresses that achieving representativity at the executive level remains a priority and recommends the implementation of a clear succession plan to address this.
- 6.100. The Committee further notes the significant growth in the candidate auditor pipeline, which increased from 123 to 205 in 2024/25, aided by reduced registration fees and enhanced outreach. This pipeline is increasingly diverse, with 52 % of candidates from African, Coloured, or Indian backgrounds and 53 % being female. The Committee welcomes this progress and encourages the IRBA to deepen collaboration with professional bodies like SAICA and ACCA to further expand opportunities for Black and female auditors.
- 6.101. The Committee expresses concern regarding threats to auditor safety from corruption and criminal syndicates, particularly within the public sector. While acknowledging that the IRBA's mandate does not include security provision, the Committee recommends that it continue to collaborate with law enforcement and professional bodies to ensure auditors can perform their duties free from intimidation or undue pressure.
- 6.102. The Committee takes note of the IRBA's sound financial position, with total revenue of R209.8 million, approximately 72 % of which was derived from fees and levies. The IRBA clarified that accumulated surpluses are retained, with National Treasury's approval, to fund potentially high-cost disciplinary proceedings. The Committee notes this prudent fiscal approach but recommends that the IRBA provide annual disclosure on the proportion of reserves ring-fenced for enforcement to enhance transparency.
- 6.103. The Committee further notes improvements in enforcement performance, with the IRBA exceeding its target by finalising over 80 investigations and achieving a 90 % disciplinary completion rate. These results are welcomed as evidence of a more responsive regulatory environment, bolstered by legislative amendments that allow for non-audit matters to be referred to professional bodies for resolution.
- 6.104. The Committee recommends that the IRBA continue its annual publication of reportable irregularity and enforcement statistics disaggregated by sector and violation type; deepen collaboration with the FSCA, FIC, and SARS to strengthen its referral network and improve the timeliness of cross-regulatory action; and brief Parliament annually on trends in audit quality, enforcement outcomes, and transformation within the profession.

ACCOUNTING STANDARDS BOARD

- 6.105. The Committee acknowledges the statutory mandate of the Accounting Standards Board (ASB) to develop, issue and promote high-quality accounting standards for all spheres of government, as provided for in section 89 of the *Public Finance Management Act (1999)*. The Committee welcomes the ASB's clean audit opinion for the 2024/25 financial year, achieved since the entity's inception, which reflects continued sound governance, fiscal discipline and adherence to effective internal-control systems.
- 6.106. The Committee notes that the ASB achieved 10 of 14 planned outputs (approximately 71 percent) for the year, compared with 64 percent in 2023/24. Key achievements included maintaining and updating the Standards of Generally Recognised Accounting Practice (GRAP), strengthening implementation guidance, and advancing work toward the long-term transition of the public sector to accrual-based financial reporting. The Committee commends this improvement in performance and consistency in technical delivery despite limited resources.
- 6.107. The Committee welcomes the ASB's continued technical alignment with the International Public Sector Accounting Standards Board (IPSASB). During 2024/25 the ASB completed projects on revenue, leases and financial instruments, and contributed to international deliberations through responses to IPSASB exposure drafts. Implementation guidance for GRAP 109 (Accounting by Principals and Agents) and GRAP 25 (Employee Benefits) was also advanced, contributing to improved quality and comparability of public-sector financial statements.
- 6.108. The Committee commends the ASB's expanded outreach and stakeholder-engagement initiatives, which recorded a 33 percent increase in engagements compared to the previous year. Workshops were held with national and provincial departments, municipalities and entities to address challenges

relating to asset management and revenue recognition, both key drivers of audit outcomes. The Committee welcomes this intensified support to preparers and auditors across the public sector.

- 6.109. The Committee remains concerned that the ASB's operational capacity is constrained by its limited financial and human-resource base. The entity operated on a total budget of R14.825 million, with actual revenue of R15.29 million and expenditure of R15.43 million, resulting in a modest deficit of R141 068. This funding level does not adequately support the ASB's growing research and stakeholder-education demands. The Committee therefore urges National Treasury to review the ASB's baseline allocation to ensure sustainable resourcing of its technical and outreach functions.
- 6.110. The Committee welcomes the ASB's transparent and participatory standard-setting process, noting that it received a significant number of stakeholder submissions on public exposure drafts during the year. This inclusive approach ensures that South Africa's GRAP framework remains robust, credible and responsive to the evolving needs of the public sector.
- 6.111. The Committee notes the ASB's progress in developing a Post-Implementation Review Framework, which will provide an evidence-based mechanism for evaluating the cost-effectiveness, impact and implementation challenges of GRAP standards. The Committee supports the timely operationalisation of this framework as part of continuous improvement in public-sector accounting.
- 6.112. The Committee acknowledges that the ASB continues to deliver technically rigorous outputs through a lean organisational structure of highly skilled personnel. To safeguard institutional capability, the Committee underscores the importance of succession planning, retention of technical expertise and the creation of specialist career-development pathways.
- 6.113. The Committee recommends that the ASB deepen its collaboration with the Auditor-General of South Africa, provincial treasuries and municipal CFO forums to promote consistent application of GRAP standards and strengthen institutional readiness for accrual accounting. The ASB should report annually to Parliament on the progress of accrual reforms, capacity-building outcomes and challenges faced by preparers.
- 6.114. The Committee further recommends that National Treasury review the ASB's funding model to secure its long-term sustainability and that the ASB finalise and implement its Post-Implementation Review Framework to evaluate systematically the effectiveness of GRAP standards in enhancing accountability, transparency and comparability across the public sector.

GOVERNMENT TECHNICAL ADVISORY CENTRE

- 6.115. The Committee notes that the Government Technical Advisory Centre (GTAC) continues to serve as a critical technical arm of the National Treasury, established in terms of the Public Finance Management Act (PFMA) and the 2015 GTAC Regulations, to provide advisory, analytical, and programme management support to organs of state. GTAC's work aligns with national strategic priorities, including infrastructure development, public expenditure efficiency, and job creation.
- 6.116. The Committee observes that GTAC achieved an unqualified audit opinion for the 2024/25 financial year, maintaining its record of sound financial governance. The entity achieved 93 percent of its performance indicators and continued to demonstrate operational efficiency across its advisory and programme management functions. Revenue amounted to R204 million, with expenditure of R198 million, resulting in a surplus of R6 million. GTAC's income sources were composed of cost-recovery fees (46 percent), voted funds (28 percent), and interest income (22 percent).
- 6.117. The Committee notes that GTAC completed 22 spending reviews during 2024/25, covering R142.2 billion in public expenditure, including four reviews focused on the compensation of employees. The Centre also undertook 16 consulting and technical support projects valued at R56 million, and through the Jobs Fund, managed 101 projects valued at R65 million, cumulatively creating 337 534 jobs at an average cost of R23 500 per job. The Committee welcomes this contribution to job creation and notes that the Jobs Fund continues to leverage public and private funding.
- 6.118. The Committee further notes that GTAC's Infrastructure and Project Preparation Facility supported the assessment of 15 Budget Facility for Infrastructure (BFI) projects valued at approximately R149 billion, and 27 priority infrastructure projects valued at R35 billion per annum. The Centre's Infrastructure Hub facilitated tenders exceeding R2 billion annually, contributing to the improved quality and feasibility of project appraisals across the state.
- 6.119. The Committee notes that GTAC maintained high levels of client satisfaction, with 91 percent of government clients rating GTAC's services as "satisfied" or "very satisfied." Repeat engagements accounted for 38 percent of projects. The Committee notes that GTAC's workforce remains highly qualified, with 44 percent of staff holding postgraduate qualifications and 56 percent being female.
- 6.120. The Committee expresses concern over the continued delays in payments to GTAC by client departments, which affects the Centre's liquidity and sustainability. GTAC reported that 70 percent of

client invoices are settled after 90 days or more, compelling the Centre to subsidise late payments in order to meet its own 30-day payment obligations to consultants and service providers. The Committee stresses that these delayed payments, predominantly by national and provincial departments, undermine the credibility of public financial management and erode GTAC's ability to recover project costs.

- 6.121. The Committee further notes that only 51 percent of project cost recoveries were received by 31 March 2025. To address these challenges, GTAC indicated plans to introduce a pre-payment requirement for client departments. The Committee supports this reform and recommends that the National Treasury, as the parent department, facilitate an intergovernmental mechanism for the enforcement of payment discipline across departments engaging GTAC services.
- 6.122. The Committee also notes concerns raised by Members regarding the GTAC's organisational structure, accountability framework, and demographic composition of its technical experts. Members emphasised the importance of transparency in the appointment of project consultants and raised questions regarding GTAC's role in relation to other state entities performing similar functions. The Committee underscores that GTAC's role as a government-owned technical advisor must remain distinct from that of private consulting firms and should not result in duplication or internal competition within the state.
- 6.123. The Committee recommends that GTAC, in collaboration with the National Treasury, provide a comprehensive report to Parliament by mid-2026 detailing its cost-recovery model, client payment patterns, and the impact of delayed payments on its financial performance. The report should also include a demographic and skills breakdown of project teams engaged under key programmes, including the Infrastructure Hub and the Jobs Fund.
- 6.124. The Committee further recommends that the National Treasury ensure that departments making use of GTAC services adhere to payment timelines prescribed by the PFMA and Treasury Regulations. The Committee stresses that payment within 30 days is a non-negotiable compliance requirement and expects quarterly updates from the National Treasury on progress in resolving late-payment practices affecting GTAC.
- 6.125. The Committee acknowledges GTAC's continued contribution to the state's technical capacity and fiscal reforms, particularly in infrastructure and expenditure reviews. The Committee recommends that GTAC strengthen its partnership with the Department of Public Works and Infrastructure and the Infrastructure South Africa (ISA) to avoid duplication of project preparation functions and to improve coordination of national infrastructure planning.

DEVELOPMENT BANK OF SOUTHERN AFRICA

- 6.126. The Committee acknowledges the Development Bank of Southern Africa's (DBSA) critical role as a state-owned development finance institution established under the DBSA Act (No. 13 of 1997) and operating as part of the national infrastructure ecosystem under the shareholder oversight of the National Treasury. The Bank's mandate to promote inclusive infrastructure-led growth, build municipal capacity, and support regional integration remains central to the government's development objectives.
- 6.127. The Committee notes the DBSA's clean audit outcome for the 2024/25 financial year, maintaining a record of unqualified audits since its inception. The Bank continues to demonstrate stability at the board and executive levels, supported by an embedded culture of accountability and a comprehensive compliance framework.
- 6.128. The Committee notes that the DBSA met most of its headline key performance indicators for 2024/25, including a return on equity of 9.3 percent, a cost-to-income ratio of 19.3 percent for the financing business (well below the 35-percent benchmark), and total disbursements of R17.5 billion against a target of R14.5 billion. Total revenue amounted to R13.45 billion, while net profit increased to R5.32 billion. The Bank's total assets stood at R121 billion, supported by a liquidity position of R15 billion and a capital-leverage ratio of 78 percent, significantly below the prudential ceiling of 250 percent. Although the value of infrastructure delivered reached R5.2 billion, this fell short of the R5.6 billion target by approximately R400 million.
- 6.129. The Committee welcomes the Bank's continued financial soundness, underscored by positive ratings from Moody's and S&P and the retention of Green Climate Fund (GCF) accreditation. It notes that approximately 70 percent of the loan book (R79 billion) is invested in South Africa, while 30 percent (R34 billion) supports projects across the Southern African Development Community. The Bank's non-performing loans remain within the 6–9 percent tolerance range.
- 6.130. The Committee recognises the DBSA's decadal strategy, now in its second year, which is anchored in four pillars: accelerating development impact, building smart partnerships, strengthening

governance and operational excellence, and achieving institutional fitness for purpose. The Bank's programmatic investment model, evident in the Public Sector Programme for Transport, the Independent Power Producer (IPP) Programme, and the Student Housing Infrastructure Programme, is commended for improving project alignment and scalability.

- 6.131. The Committee notes that the DBSA disbursed R17.5 billion during the year for infrastructure projects, facilitating the creation of 37 099 jobs, the training of 1 643 youth, and support for 11 231 small, medium and micro-enterprises (SMMEs). Funding to SMMEs totalled R4.8 billion, of which R2.6 billion was channelled to black women-owned entities. The Committee welcomes these outcomes as consistent with the goals of transformation and inclusive economic participation.
- 6.132. The Committee observes that the value of key projects enabled by the DBSA reached R42.3 billion in 2024/25, compared with R37.6 billion in 2023/24. However, the conversion rate from project preparation to bankable projects remains below 35 percent, indicating persistent weaknesses in project readiness, coordination, and feasibility assessments. The Committee recommends that the Bank strengthen its early-stage pipeline management and enhance intergovernmental coordination to ensure that prepared projects reach execution more rapidly.
- 6.133. The Committee notes the DBSA's catalytic role in operationalising the Infrastructure Fund, with approved blended-finance commitments of R37.6 billion across the transport, water, human settlements, and student-housing sectors. While this demonstrates strong mobilisation of private capital, disbursements remain below expectations. The Committee therefore urges the DBSA to accelerate implementation, improve monitoring of project-readiness milestones, and provide quarterly progress reports on commitments, disbursements, and developmental outcomes.
- 6.134. The Committee acknowledges the Bank's role in supporting the just energy transition through programmes such as Embedded Generation and Green Finance initiatives, which collectively advanced renewable-energy investment exceeding R11 billion during the reporting year. It also welcomes the Bank's leadership in developing trade and transmission corridors to promote regional economic integration within the SADC region.
- 6.135. The Committee expresses concern over the DBSA's shortfall in its targeted contribution to gross fixed-capital formation by approximately R400 million. Although infrastructure delivery increased by 13 percent year-on-year, delays in project implementation, particularly in social infrastructure and municipal projects, continue to constrain the Bank's developmental impact. The Committee recommends that the Bank intensify oversight of project-execution timelines and ensure that budgeted resources yield timely and measurable outputs.
- 6.136. The Committee further notes public and Member concerns regarding delays and governance issues in the reconstruction of Parliament and other projects under the Bank's implementation. The DBSA informed the Committee that the revised project milestone for Parliament targets practical completion by November 2026 and full commissioning by early 2027. The Committee stresses the importance of strict oversight, transparent reporting, and independent quality assurance to ensure accountability, value for money, and protection of workers' rights on all outsourced projects.
- 6.137. The Committee acknowledges that the DBSA continues to implement robust risk-management practices, with its Audit and Risk Committee functioning independently and regularly assessing strategic and operational risks. Liquidity and credit risks remain well controlled, but the Committee emphasises that the Bank must maintain vigilant oversight of its municipal lending portfolio and implement enhanced credit-risk analytics to detect potential defaults early.
- 6.138. The Committee welcomes the DBSA's transformation achievements, with 53 percent female representation and 88 percent black representation among its 1 001 employees. It also notes the development of youth-focused programmes in the construction sector aimed at empowering young entrepreneurs and creating employment pathways for graduates lacking experience.
- 6.139. The Committee notes the clarification provided by the DBSA regarding its previous memorandum of understanding with the sanctioned Russian bank VEB.RF. The Bank confirmed that no credit facilities, financial transactions, or investments exist under this MOU. The Committee calls for continued vigilance to ensure full compliance with international sanctions and anti-money-laundering frameworks.
- 6.140. The Committee recommends that the DBSA:
 - (a) Accelerate the conversion of prepared projects into implementation through enhanced feasibility planning and intergovernmental coordination, including increasing its institutional capacity
 - (b) Report quarterly to Parliament on the Infrastructure Fund's financial commitments, disbursements, and catalytic impacts.
 - (c) Implement a comprehensive review of project-management practices to address delays and cost overruns, including the Parliament rebuild.

- (d) Strengthen credit-risk oversight and consequence-management mechanisms in respect of municipal lending and supplier compliance; and
- (e) Expand youth and SME support programmes within the infrastructure value chain to promote inclusive development.
- (f) DBSA to develop a strategy to expand its asset base and annual disbursements.

LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

- 6.141. The Committee acknowledges the critical developmental role of the Land and Agricultural Development Bank of South Africa in supporting inclusive agricultural transformation, food security, and rural development, as mandated under the Land and Agricultural Development Bank Act (Act 15 of 2002). The Bank's strategic focus areas for the 2023–2032 turnaround period, *stabilisation, consolidation, and growth*, remain central to rebuilding institutional credibility and expanding access to finance for smallholder and black commercial farmers.
- 6.142. The Committee notes that the Land Bank obtained an unqualified audit opinion with findings for the 2024/25 financial year, reflecting continued improvement in governance, financial controls, and reporting quality since the adverse opinion recorded in 2020/21. The Bank achieved 82 percent of its performance targets, demonstrating steady progress in operational recovery. The findings raised by the Auditor-General primarily related to weaknesses in performance-information reporting and residual irregular expenditure cases, which the Bank is addressing through an updated Audit Action Plan and strengthened internal control reviews.
- 6.143. The Committee further notes the audit outcomes of the two Land Bank subsidiaries. Both the Land Bank Insurance Company SOC Ltd (LBIC) and the Land Bank Life Insurance Company SOC Ltd (LBL) received clean audit opinions for the 2024/25 financial year. This marks the third consecutive year of clean audits for both entities, demonstrating sustained governance stability and sound risk management within the insurance cluster. The Committee notes these results as an encouraging indicator of improved subsidiary oversight and group consolidation.
- 6.144. The Committee notes that the Land Bank's total assets stood at R37.9 billion as of 31 March 2025, supported by a capital base of R4.5 billion and a recapitalisation facility of R10 billion from National Treasury, of which R9.2 billion has been drawn to date. The Bank reported total liabilities of R33.4 billion and a net profit after tax of R311 million, compared to a loss of R178 million in the previous year. The cost-to-income ratio improved to 39.2 percent, down from 49 percent in 2023/24, reflecting tighter cost discipline and improved operational efficiency.
- 6.145. The Committee notes that the Bank is stabilising its balance sheet through a comprehensive liability-solution framework. Approximately R32 billion in historic debt has been restructured, and repayment arrangements with lenders are now current. This progress has enabled the Bank to regain partial access to funding markets, although it continues to operate below pre-crisis lending levels. The Committee underscores the importance of finalising the Bank's long-term sustainable funding model in consultation with National Treasury to reduce dependence on guarantees and restore autonomous access to wholesale funding.
- 6.146. The Committee welcomes the revitalisation of the Land Bank's lending operations through the Blended Finance Scheme, implemented in partnership with the Department of Agriculture, Land Reform and Rural Development. Since inception, the scheme has achieved R3.44 billion in approvals, comprising R1.74 billion in loans and R1.70 billion in grants, with total disbursements of R2.57 billion to 423 clients across 281 transactions. Of this portfolio, 62 percent of beneficiaries are black-owned entities and 36 percent are women-owned businesses, representing material progress in advancing equitable access to finance. The Committee views the scheme as a cornerstone for the Bank's developmental recovery and recommends that it be scaled up under robust governance and risk controls.
- 6.147. The Committee notes that the Bank's non-performing loans (NPLs) declined from R12.4 billion in 2022 to R8.4 billion in 2025, reducing the NPL ratio to 22 percent. While this reflects significant improvement, the ratio remains above the long-term target of 15 percent. The Committee further notes the progress made in portfolio rehabilitation and collections but emphasises the need for more proactive credit-risk management, particularly in high-risk agricultural subsectors exposed to climate volatility and market shocks.
- 6.148. The Committee observes that the loan book contracted by 12 percent year-on-year to R28.4 billion, driven mainly by the cautious lending approach necessitated by liquidity constraints and legacy risk exposures. While this conservative strategy has stabilised the Bank, it also limits its developmental reach. The Committee encourages the Bank to accelerate the responsible expansion of its loan

portfolio, focusing on high-impact and commercially viable projects that align with the Agricultural and Agro-Processing Master Plan (AAMP).

- 6.149. The Committee notes that 97.5 percent of staff have been placed under the new organisational structure, with a vacancy rate of 3.4 percent as of 31 March 2025. Permanent executive appointments have been made in key positions, including the Chief Executive Officer and Chief Operating Officer, although the positions of Chief Financial Officer and Chief Risk Officer remained vacant at year-end. The Committee reiterates that leadership continuity and institutional capacity are essential for sustained recovery and calls on the Board to expedite the filling of remaining critical positions.
- 6.150. The Committee welcomes the progress made in curbing irregular expenditure, which decreased from R155 million in 2023/24 to R46 million in 2024/25, while fruitless and wasteful expenditure fell by 37 percent to R6.2 million. The Committee notes these reductions but urges the Bank to ensure full implementation of consequence management and closure of historical irregularities dating from the 2020 default period.
- 6.151. The Committee notes that the Bank's two insurance subsidiaries remain profitable and fully solvent. The Land Bank Insurance Company (LBIC) reported total assets of R730 million, equity of R501 million and net profit of R43.5 million, while the Land Bank Life Insurance Company (LBLIC) recorded total assets of R1.28 billion, equity of R1.22 billion and net profit of R190 million. Both entities maintained strong solvency capital positions of 212 percent and 415 percent respectively, well above regulatory thresholds. The Committee welcomes these results and encourages continued innovation in climate-risk insurance and digital claims processing to support resilience in farming communities.
- 6.152. The Committee acknowledges the Bank's expanding developmental footprint, which supported 6 123 emerging farmers, created or sustained 22 480 agricultural jobs, and leveraged partnerships with the Industrial Development Corporation (IDC) and the Development Bank of Southern Africa (DBSA) through the Agro-Infrastructure Support Facility. However, the Committee remains concerned about uneven geographic coverage and calls for targeted interventions in under-served provinces such as the Eastern Cape, Northern Cape, and Limpopo.
- 6.153. The Committee recommends that the Land Bank:
- (a) Achieve a clean audit outcome by 2025/26, through the full implementation of audit-action plans and the automation of performance reporting.
 - (b) Finalise and table its long-term funding model to ensure sustainable operations beyond the current recapitalisation support.
 - (c) Strengthen credit-risk analytics and climate-risk assessment tools to mitigate portfolio vulnerabilities.
 - (d) Accelerate blended-finance disbursements and ensure equitable provincial distribution of developmental lending with spatial equity, particularly in rural areas.
 - (e) Consolidate governance gains by filling all critical leadership vacancies and embedding succession planning; and
 - (f) Report quarterly to Parliament on loan-book growth, NPL reduction, and the performance of its insurance subsidiaries and continue to prioritise products for small holdings and emerging farmers.

PUBLIC INVESTMENT CORPORATION

- 6.154. The Committee acknowledges the Public Investment Corporation (PIC) as South Africa's largest asset manager and a critical anchor of the domestic financial system. As at 31 March 2025, the PIC manages R3.05 trillion in assets under management (AUM) on behalf of the Government Employees Pension Fund, the Unemployment Insurance Fund, the Compensation Funds, and several other clients. This represents a 13.3 percent increase from R2.69 trillion in 2023/24, primarily driven by strong equity-market performance, reinvested investment income, and steady inflows from its public-sector clients.
- 6.155. The Committee notes that the GEPIF remains the PIC's dominant client, accounting for R2.68 trillion or 87.8 percent of total AUM, followed by the UIF at 5.6 percent (R170 billion), the Compensation Funds and Compensation Commissioner combined at 4.4 percent (R133 billion), and smaller clients contributing 2.2 percent (R66 billion). This composition underscores the PIC's systemic significance within the public-sector pension environment and the need for prudent liquidity management and diversification of mandates to mitigate concentration risk.
- 6.156. The Committee notes that the PIC obtained an unqualified audit opinion with material findings for the 2024/25 financial year, the same outcome as the prior year. The Auditor-General's findings related

to performance information and non-compliance with Section 10(1) of the PIC Act and Section 51(1)(b)(ii) of the PFMA, particularly concerning adherence to investment policies, asset management, and prevention of irregular expenditure. The Committee urges the Corporation to implement corrective measures as outlined in its Post-Monitoring and Valuation Policy and to ensure that all investment activities are aligned with approved governance standards.

- 6.157. The Committee notes that the PIC achieved 95 percent of its annual performance targets, compared to 90 percent in 2023/24. Total income increased by 8 percent to R1.66 billion, driven by a 4 percent increase in management fees and a 27 percent rise in other income, mainly from investee companies. Net profit rose by 89 percent to R512 million, reflecting improved investment performance and operational efficiency. The cost-to-income ratio stood at 41 percent, with personnel and ICT modernisation costs accounting for the bulk of expenditure.
- 6.158. The Committee notes the two material irregularities raised by the Auditor-General concerning Daybreak Foods (Pty) Ltd and Enable Capital Receivables Finance (Pty) Ltd, both linked to governance lapses in unlisted investments. The PIC is required to submit the four forensic reports on Daybreak Foods to Parliament, together with the corresponding law-enforcement referral details and case numbers, by 02 December 2025.
- 6.159. The Committee welcomes the PIC's progress in implementing the Mpati Commission of Inquiry recommendations, particularly regarding governance, transparency, and risk management. The revised Investment Policy Framework, updated Client Mandate Charters, and Lifestyle Audit Policy for executives have been finalised. The Committee requires a comprehensive written report mapping each Mpati recommendation to its implementation status, law-enforcement referrals, and reasons where no referral was made, to be submitted by 02 December 2025.
- 6.160. The Committee notes that the active unlisted investment portfolio totals approximately R71 billion, comprising 153 active investments across the GEPI (79 percent), UIF (19 percent), and Compensation Funds (3 percent). The total committed capital stands at R111 billion, of which R99 billion has been invested and R43 billion repaid. The unlisted portfolio achieved an internal rate of return of 16 percent on the 2022 GEPI unlisted allocation. The Committee therefore requires the PIC to submit a full schedule of current valuations and methodologies applied for 2024/25, including details of independent validations, by 02 December 2025.
- 6.161. The Committee further requires a comprehensive schedule of all unlisted property investments, including the date of purchase, vendor or entity from whom each asset was acquired, purchase price, current valuation, and impairment history, together with a technical memorandum outlining the year-end valuation methodology applied for 2024/25, to be submitted by 02 December 2025.
- 6.162. The Committee notes with concern the levels of impairments and distressed assets within the unlisted portfolio. The PIC must submit a detailed breakdown of total impairments, percentage share relative to total unlisted assets, underlying reasons for impairments, and mitigation measures instituted to reduce exposure to future losses, by 02 December 2025.
- 6.163. The Committee requires that the PIC disclose the total value of investments that experienced non-compliance with internal investment policies and relevant legislation during 2024/25, including a sectoral distribution of affected transactions and remedial actions undertaken, by 02 December 2025.
- 6.164. The Committee requests that the PIC provide empirical evidence explaining the reported low demand for SMME finance, including application volumes, approval rates, decline rates, ticket sizes, turnaround times, and identified barriers to access. This report should also outline the corrective measures being developed to increase inclusivity and credit access for small and medium enterprises, by 02 December 2025.
- 6.165. The Committee welcomes the PIC's continued commitment to transformation in the financial sector. During 2024/25, R146 billion in assets were allocated to black-owned asset managers, up from R133 billion the previous year. Eighty-seven percent of asset managers now meet at least a Level 2 B-BBEE rating. The Committee urges the PIC to deepen partnerships with black and women-owned asset managers through mentorship and incubation programmes to promote sectoral equity and transformation.
- 6.166. The Committee commends the PIC's strong financial performance, recording R3.05 trillion in AUM, R1.66 billion in revenue, and a net profit of R512 million. However, credibility will ultimately depend on transparent disclosure, timely consequence management, and the demonstration of corrective action.
- 6.167. The Committee will conduct an oversight visit to the PIC focused on unlisted investment governance, valuation practices, and implementation of the Mpati Commission recommendations during the 2025/26 financial year.

- 6.168. The Committee emphasises the importance of unlisted investments to support emerging industrial players and SMME's, and recommends the PIC contribute to the development of an ecosystem to increase a pipeline of competitive producers that can access finance in the PIC.

SOUTH AFRICAN SPECIAL RISKS INSURANCE ASSOCIATION

- 6.169. The Committee recognises the critical role of SASRIA SOC Limited as a state-owned short-term insurer providing cover for special risks excluded from conventional insurance policies, including civil unrest, public disorder, terrorism, and strike-related damage. Operating under the Conversion of SASRIA Act, 1998, and as a Schedule 3B entity in terms of the PFMA, SASRIA plays a vital part in stabilising the insurance market and supporting national economic resilience during systemic risk events.
- 6.170. The Committee notes that SASRIA achieved an unqualified audit opinion for the 2024/25 financial year, maintaining a clean audit record for a second consecutive year. The entity's control environment has improved substantially, with no material findings raised by the Auditor-General. The Committee commends SASRIA for this governance performance, particularly following the severe financial and operational strain experienced after the July 2021 unrest.
- 6.171. The Committee welcomes SASRIA's robust financial performance. The insurer achieved R5.76 billion in insurance revenue, a 9.7 percent increase from R5.25 billion in 2023/24. This growth was slightly below the 10 percent target but remains well above the short-term insurance industry average. Net investment income increased by 26 percent to R1.27 billion, supported by a strong interest rate environment and prudent asset allocation. Profit for the year rose by 34.1 percent to R4.47 billion, while the net insurance service result improved by 48.9 percent to R2.95 billion, indicating strong underwriting profitability and disciplined expense control.
- 6.172. SASRIA's total assets increased by 27.1 percent to R20.9 billion, with assets under management growing to R16.6 billion, up from R13.2 billion in the prior year. Total equity rose by 31.6 percent to R18.6 billion, driven by higher profitability and retained earnings. The company's solvency and retention capacity strengthened significantly, with the ability to absorb a single catastrophe loss of more than R20 billion as at March 2025, up from R10 billion in 2024. This improvement reflects increased own funds and expanded reinsurance capacity for 2025/26.
- 6.173. The Committee notes that SASRIA achieved 10 out of 12 key performance indicators, including efficiency targets for claims turnaround times and compliance milestones. The only exceptions related to minor instances of irregular expenditure amounting to R588 000 and fruitless and wasteful expenditure of R24 000, both significantly reduced from R16.8 million and R22.3 million respectively in 2023/24. The Committee acknowledges this sharp reduction as evidence of improved compliance and fiscal discipline.
- 6.174. The Committee welcomes the strong operational recovery since the 2021 unrest event. SASRIA has fully settled 99.3 percent of the R37.2 billion in claims arising from that event, with the remainder under litigation or dispute resolution. Although cumulative profits have not yet fully offset the total loss from 2021/22, the trend indicates steady recovery and financial stabilisation.
- 6.175. The Committee notes SASRIA's focus on emerging systemic and macroeconomic risks, including geopolitical instability, infrastructure failure, youth unemployment, and climate-related disasters. The entity's data from the Armed Conflict Location & Event Data and Pearson (2024) datasets show a sustained increase in unrest events in South Africa, prompting SASRIA to strengthen its data analytics, predictive risk modelling, and security-cluster collaboration initiatives. These measures are aimed at enhancing early-warning capabilities, underwriting discipline, and reinsurance strategy alignment.
- 6.176. The Committee commends the progress made in reinsurance optimisation and capital adequacy management. The quota share ceding rate was reduced from 42.4 percent to 20 percent, lowering reinsurance expenses by 55.4 percent and improving net underwriting margins. Regulatory capital requirements of R4.7 billion were factored into the 2025 solvency assessment, ensuring compliance with the Solvency Assessment and Management framework.
- 6.177. The Committee notes the continued implementation of the Business Interruption Enhancement Project to extend coverage options for small and medium enterprises, township businesses, and vulnerable sectors that rely on special risk cover for credit and continuity. The Committee supports this initiative and encourages faster rollout across all provinces.
- 6.178. The Committee recognises SASRIA's progress toward its long-term target of R30 billion in own funds, with R18.6 billion achieved as at March 2025. The Committee views this as a critical milestone in ensuring resilience against future catastrophic losses and financial shocks.

- 6.179. The Committee requires SASRIA to submit a written report to Parliament within one month from the adoption of this report by the National Assembly, providing:
- (a) A detailed breakdown of outstanding 2021 unrest claims, including quantum, dispute status, and legal resolution timeframes.
 - (b) Progress on the finalisation of the Enterprise Development Fund, including structure, qualifying criteria, and implementation timelines, and
 - (c) A risk exposure analysis aligned with the Solvency Assessment and Management framework, including stress test results for catastrophic loss scenarios.
- 6.180. The Committee further recommends that:
- (a) SASRIA strengthen partnerships with the Small Enterprise Finance Agency and provincial development agencies to expand access to special risk cover for SMMEs and informal enterprises.
 - (b) SASRIA continue to enhance predictive risk analytics, using geospatial and protest-event data to refine underwriting models; and
 - (c) SASRIA provide an annual briefing with its annual report presentation to Parliament on progress toward its R30 billion own-funds target, risk modelling improvements, and transformation outcomes.

CONSTITUTIONAL INSTITUTIONS

FINANCIAL AND FISCAL COMMISSION

- 6.181. The Committee notes that the Financial and Fiscal Commission (FFC) is a constitutional advisory body established in terms of Section 220 of the Constitution, mandated to make recommendations and provide independent, evidence-based advice to Parliament, provincial legislatures, and organs of state on the equitable division of revenue and fiscal matters across the three spheres of government. Its work is underpinned by the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997), and related intergovernmental fiscal legislation.
- 6.182. The Committee recognises the Commission's central role in strengthening intergovernmental fiscal relations, improving fiscal equity, and advising Parliament on the fiscal framework, Division of Revenue, and the Medium-Term Budget Policy Statement.
- 6.183. The Committee notes that the FFC achieved a financially unqualified audit opinion for the 2024/25 financial year, marking the third consecutive unqualified opinion. However, the audit included material non-compliance findings, primarily in relation to procurement, contract management, and the late payment of suppliers beyond 30 days. These compliance weaknesses represented a regression and were attributed to inadequate recordkeeping, poor expenditure management, and ineffective oversight of procurement controls.
- 6.184. The Committee notes that the FFC achieved 85.7 percent of its annual performance targets (14 of 16 indicators). Under Programme 1 (Administration), seven out of nine targets were achieved, while under Programme 2 (Research), all seven were achieved. These included the annual Division of Revenue submission with recommendations, technical research reports, policy briefs, and fiscal framework submissions. The Committee, however, notes AGSA's observation that material misstatements were initially identified in the performance report but were corrected before the final audit.
- 6.185. The Committee notes that the FFC's deficit decreased significantly by 63.3 percent, from R1.59 million to R584 171. Liquidity improved as cash and cash equivalents increased by 68.8 percent, and net cash flow from operations rose by 211.2 percent. The creditors' payment period improved by 20.4 percent, from 54 days to 43 days, but continued delays reflected persistent weaknesses in financial discipline. Net assets declined by 12.4 percent, indicating ongoing pressure on retained reserves and the need for sustained financial prudence.
- 6.186. The Committee notes that the FFC filled the previously vacant Chief Executive Officer and Chief Financial Officer positions during the period under review, which has strengthened governance stability. However, the Committee remains concerned about the continued vacancies within the finance and supply chain management units, the late submission of financial statements and performance reports to the audit committee, and the absence of a credible, fully implemented audit improvement plan. These weaknesses continue to constrain the audit committee's ability to exercise effective oversight.
- 6.187. The Auditor-General identified material misstatements in both the annual financial statements and performance report, which were corrected before final submission. However, the recurrence of these misstatements reflects weaknesses in monitoring controls, inadequate review processes, and poor

document management practices. The AGSA also highlighted deficiencies in the implementation of human resource processes and the failure to fill critical finance vacancies, which contributed to audit and compliance lapses.

- 6.188. The Committee notes that the FFC implemented several remedial measures under its Audit Improvement Plan, including monthly reconciliations, development of standard operating procedures, a GRAP compliance checklist, and the introduction of electronic recordkeeping. An exception reporting system was also implemented to address the late payment of invoices. Investigations into compliance lapses were initiated, with the Commission planning quarterly reviews by its internal audit and audit and risk committees.
- 6.189. The Committee notes the Commission's research contributions, which inform fiscal policy development and intergovernmental revenue allocation debates. The Commission's evidence-based recommendations on fiscal transfers, borrowing frameworks, and intergovernmental equity have supported Parliament's budget oversight processes and continue to add value to South Africa's fiscal governance ecosystem.
- 6.190. The Committee notes, however, that the persistent control deficiencies, delayed submissions, and human capacity constraints pose risks to the Commission's sustainability and its ability to maintain consistent audit quality. It emphasises that a constitutional institution of this nature must exemplify the highest standards of governance and accountability.
- 6.191. The Committee requires the FFC to submit a written report to Parliament within one month from the adoption of this report by the National Assembly, providing:
- (a) An update on the implementation of its Audit Improvement Plan, including specific actions to address recurring audit findings and compliance failures.
 - (b) Details of progress in filling critical vacancies within the finance, supply chain management, and research units, including timeframes.
 - (c) A plan to strengthen expenditure management and ensure that all supplier payments are made within 30 days.
- 6.192. The Committee recommends that:
- (a) The FFC ensure timely submission of financial statements and performance reports to the audit committee to improve oversight effectiveness.
 - (b) The FFC formalise and fully implement its Audit Improvement Plan, with quarterly progress tracking by the audit and risk committee and internal audit.

SOUTH AFRICAN RESERVE BANK (SARB) GROUP

- 6.193. The Committee notes that the South African Reserve Bank (SARB) Group continues to fulfil its constitutional mandate to achieve and maintain price stability. The SARB also plays a critical role in safeguarding financial stability, managing the national payment system, issuing currency, and supervising financial institutions through the Prudential Authority. The Committee acknowledges the SARB's strong governance and policy credibility, which underpin South Africa's financial-sector stability.
- 6.194. The Committee notes that the SARB Group comprises the central bank and four subsidiaries: the South African Bank Note Company (RF) Proprietary Limited (SABN), the South African Mint Company (RF) Proprietary Limited (SA Mint) and its subsidiary Prestige Bullion, the Corporation for Public Deposits (CPD), and the Corporation for Deposit Insurance (CODI). Collectively, these entities enable the SARB to perform its monetary policy, financial stability, and currency production functions effectively while maintaining a consolidated governance and risk-management framework.
- 6.195. The Committee welcomes the SARB's unqualified audit opinion for the 2024/25 financial year, with no material findings, reflecting sustained financial integrity and operational efficiency. The Group's total assets increased by R58 billion to R1.296 trillion, while total liabilities decreased by R61 billion to R1.139 trillion, following the settlement of R200 billion towards the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) liability to the National Treasury. The SARB reported a profit after tax of R118 billion compared to R13 billion in 2023/24, driven by higher investment income and the R100 billion transfer from the National Treasury to strengthen solvency. The contingency reserve rose to R151 billion, indicating improved capital adequacy and balance sheet resilience.
- 6.196. The Committee notes the Corporation for Public Deposits' continued stability and liquidity, providing a secure investment avenue for public-sector deposits. The Committee further welcomes that the Corporation for Deposit Insurance became fully operational on 1 April 2025. CODI reported a profit of R1 billion and confirmed that it now covers 95 percent of depositors in the banking system,

guaranteeing up to R100 000 per depositor per institution. The Committee commends this as a milestone in South Africa's financial-stability framework and depositor protection regime.

- 6.197. The Committee welcomes the strong performance of the SARB's currency production subsidiaries. The South African Bank Note Company printed 802 million banknotes and recorded a profit of R40 million, reversing the previous year's loss of R87 million. The South African Mint, including Prestige Bullion, reported a profit of R152 million, with total coin production reaching 887 million coins. The Mint achieved two million hours without a lost-time injury, attained a 75 percent employee engagement score in its Deloitte Culture Survey, and generated R515 million in collectable coin revenue, including record retail sales of R78 million from Coin World. Both entities retained their international quality, environmental, and ethical certifications.
- 6.198. The Committee notes that the SARB's associate, African Bank Holdings Limited, recorded a profit after tax of R71 million, compared to R154 million in 2023/24. The SARB's shareholding was diluted from 50 percent to 45 percent following the implementation of an employee share scheme.
- 6.199. The Committee notes that the Monetary Policy Committee, chaired by the Governor, reduced the repo rate by a cumulative 125 basis points since September 2024, to 7.25 percent. The Governor informed the Committee that inflation had remained close to the preferred 3 percent midpoint and that work continued jointly with the Minister of Finance to finalise the new inflation target, with alignment on substance but not on timing. The Committee notes that the SARB's analytical modelling supports the benefits of a lower target midpoint to anchor inflation expectations and promote long-term price stability.
- 6.200. The Committee notes that SARB continues to maintain a resilient financial system despite external shocks, including global tariff pressures and domestic infrastructure constraints. The Bank's vulnerability matrix identified household debt, infrastructure failures, and money-laundering risks as key concerns. The Governor reported progress in addressing the risks associated with the FATF grey-listing, noting that the risk level has now been reduced.
- 6.201. The Committee notes the SARB's continued investment in cybersecurity resilience. The Governor confirmed that cyberattacks are inevitable but emphasised that resilience and recovery speed remain the key performance indicators, with the Bank investing significantly in technology and systems to safeguard operations.
- 6.202. The Committee notes that Strategy 2025 concluded successfully, achieving four of its five strategic focus areas. The new Strategy 2030 consolidates these into three strategic objectives: maintaining price stability, safeguarding the financial system, and ensuring the resilience and accessibility of the national payment system. The Governor also reported that the SARB workforce is 86 percent Black and 40 percent female, with 13 employees with disabilities (0.52 percent of total staff), and a regrettable-loss rate of 1.2 percent.
- 6.203. The Committee welcomes the SARB's research and policy work on climate-related risks. The Bank completed its first climate stress test for systemically important banks, initiated a regional research collaboration on climate and monetary policy, and continued participation in global forums such as the G20 Sustainable Finance Working Group.

7. CONCLUSION

- 7.1. The Committee affirms that this 2024/25 Budgetary Review and Recommendations Report (BRRR) constitutes a comprehensive evaluation of the performance, governance, and financial sustainability of the National Treasury and the entities and institutions within the Finance Portfolio. These include constitutional institutions, regulatory bodies, state-owned financial entities, and development finance institutions that collectively underpin South Africa's fiscal stability, financial integrity, and economic transformation agenda.
- 7.2. The Committee recognises that while the National Treasury provides the overarching framework for fiscal policy, public finance management, and economic governance, several institutions within the portfolio, such as the South African Reserve Bank (SARB), the Financial and Fiscal Commission (FFC), and the Independent Regulatory Board for Auditors (IRBA), exercise constitutionally or statutorily independent mandates. This institutional diversity reflects the constitutional design of South Africa's financial governance architecture, which balances accountability, operational autonomy, and developmental imperatives.
- 7.3. The Committee will process and adopt its report on the oversight visit to the South African Reserve Bank Group and the Financial Sector Conduct Authority in early December, before the end of the current parliamentary term.
- 7.4. The Committee expresses its appreciation to the Ministers, Deputy Ministers, Directors-General, Chief Executive Officers, Boards, and officials of the National Treasury and all entities and institutions within the Finance Portfolio for their cooperation and contributions during this oversight

process. The Committee also acknowledges the continued support of the Office of the Auditor-General in promoting accountability and transparency across the public finance landscape.

- 7.5. The Committee recommends that the National Assembly adopt this report and the recommendations contained herein in fulfilment of its constitutional oversight mandate and the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009).

The MKP reserves its position, and the EFF rejects the report.

Report to be considered