



ANNUAL PERFORMANCE PLAN 2026-2027

Innovate, Integrate, Deliver: Digitally Transforming Public Services



SITA

state information technology agency



ACCOUNTING AUTHORITY STATEMENT BY THE CHAIRPERSON

By the Interim Chairperson of the Board of Directors



As the Accounting Authority of the State Information Technology Agency (SITA), the Board affirms that information and communication technology (ICT) is a foundational enabler of South Africa's economic development, industrialisation and state capability. In a rapidly digitising global economy, public sector ICT must be purposefully positioned as a strategic asset and a proactive driver of government-wide digital transformation that supports productivity, competitiveness, skills development and inclusive growth.

SITA operates within a complex and rapidly evolving environment marked by fiscal constraints, accelerating technological change, cybersecurity risks, and rising expectations from citizens and government alike for transparency, efficiency, cost-effectiveness and high-quality public services. Within this context, SITA plays a pivotal role in advancing digital government across all three spheres of government and supporting the development of a responsive, secure and capable state.

The organisation's mandate is central to the modernisation of the public sector, including the improvement of digital public infrastructure, the renewal of legacy systems and the enablement of data-driven programmes. In fulfilling this mandate, SITA is committed to investing in improved infrastructure that provides reliable and efficient services at competitive and transparent pricing; advancing data and digital sovereignty to protect national interests; ensuring secure stewardship of public data and strengthened resilience across

the digital ecosystem. To accelerate digital transformation across government, SITA continues to promote platform-based and marketplace models that expand access to digital solutions, enhance interoperability and stimulate innovation.

The Board recognises that the achievement of sustainable impact is contingent on financial sustainability, sound governance, commercial discipline and operational resilience. Accordingly, SITA is focused on expanding its market presence through proactive client engagement and optimising its service offerings to deliver value for money. Improving service delivery remains a strategic priority, with particular emphasis on customer responsiveness, enhanced user experience, fit-for-purpose pricing and service catalogues, as well as the reliability and availability of services.

Strong governance, accountability and performance discipline underpin the Board's strategic oversight. The Board remains committed to SITA strengthening its governance frameworks, improving internal efficiencies, modernising the operating environment and fostering a high-performance organisational culture that enables execution excellence and institutional renewal.

As SITA advances the national digital transformation agenda, the Board will continue to provide clear strategic direction and oversight to ensure that initiatives are coherent, measurable and aligned to an integrated roadmap that balances immediate service delivery imperatives with long-term sustainability, institutional capability and national development priorities.

Looking ahead, we are confident that, through collective effort, sound leadership and effective partnerships, SITA will function as a capable ICT catalyst and strategic integrator for government digital services and driver of secure, inclusive and innovative digital solutions, which improve the lives of all South Africans. The Board also remains committed to work towards positioning SITA as a trusted strategic ICT partner that enables digital government, supports economic growth and contributes meaningfully to South Africa's digital future.

**Interim Chairperson of the Board of Directors:
Ms Sedzani Mudau**

State Information Technology Agency SOC Ltd



ACCOUNTING OFFICER STATEMENT BY THE ACTING MANAGING DIRECTOR

By the Acting Managing Director



As the SITA, we remain steadfast in our mandate to enable a digitally transformed public sector through the provision of reliable, secure and innovative ICT solutions that enhance service delivery to all South Africans.

The digital era demands an agile, integrated and resilient state. SITA's strategic direction is anchored in digital transformation, service excellence and infrastructure modernisation. Guided by the Board and reinforced by a commitment to accountability, execution excellence and delivery capability, the Agency is positioning itself to support a responsive and future-ready public service.

Our strategic priorities include the modernisation of ICT infrastructure, cloud enablement and digital platforms, enhanced system interoperability, improved service reliability and responsiveness, as well as strengthened cybersecurity and data protection. These priorities are implemented through four strategic themes: customer-centricity; transforming the public sector; transforming SITA; and governance. Collectively, these themes support SITA's repurposing agenda, which provides a coherent and measurable roadmap to align organisational structures, skills and systems to sustainable improvement and long-term impact.

A key enabler of this transformation is the automation of supply chain management processes, which is improving procurement turnaround times, strengthening transparency and auditability, enhancing supplier engagement and enabling real-time reporting. This initiative represents a critical step towards efficient, ethical and accountable governance. In parallel, SITA continues to use procurement as a lever for inclusive economic transformation, with increased participation by Small, Medium, and Micro Enterprises (SMMEs) and black-owned Exempted Micro Enterprises (EMEs) in line with national development objectives.

Significant investments have been made to strengthen government's digital backbone. SITA has redesigned its core network infrastructure and achieved high-levels of availability while transitioning to a software-defined networking architecture. This ensures stable, secure and high-speed connectivity across government. In the same period, the Agency completed information security assessments and implemented cybersecurity awareness initiatives across multiple government departments. This contributes to reinforcing government's overall security posture as services increasingly migrate online.

Internally, SITA is undergoing a deliberate and comprehensive transformation focused on prudent financial management, organisational effectiveness and a renewed employee value proposition. Our culture index has emerged as a key indicator of organisational health, reflecting progress towards leadership alignment, performance discipline and a values-driven culture.

While acknowledging its operational challenges, SITA continues to fulfil its role as a leading digital transformation catalyst for government. The Agency's investments and services have, and continue to, benefit millions of South Africans. Lessons drawn from recent audit outcomes have further strengthened our governance, risk management and internal control environment. The Board and Executive Management remain resolute that governance integrity, transparency and disciplined execution are non-negotiable foundations for sustainable performance.

The Agency is also leveraging data as a strategic asset to enhance decision-making, service delivery and innovation. Our digitalisation efforts are guided by international standards and focused on meeting the expectations of government customers and citizens, ensuring that technology investments translate into tangible public value.

Digital transformation is inherently collaborative. SITA continues to strengthen partnerships across government, industry, academia and emerging entrepreneurs to accelerate innovation, localise technology, transfer skills and nurture future ICT talent within the public sector. A particular focus is being placed on AI-driven data analytics and digital solutions that respond to the growing expectations of citizens and stakeholders.

Looking ahead, the next phase of SITA's repositioning will require focus, agility and unwavering commitment to excellence. As a public entity governed by the Public Finance Management Act, SITA remains deeply committed to ethical conduct, compliance and value-for-money outcomes. Our goal is to operate as a high-performing, customer-centric organisation that delivers reliable, secure and affordable digital solutions in support of a capable and developmental state.

The continued transformation journey will modernise SITA's operating model, establish a national digital architecture framework and introduce governance mechanisms that promote accountability, data sovereignty and policy coherence across government ICT environments. Through this evolution,

SITA will increasingly function as the State Digital Services Agency, serving as the primary conduit for government digital procurement and platform delivery, driving whole-of-government digital transformation and ensuring citizens experience seamless, secure and efficient digital services.

With the dedication of our employees, the support of our stakeholders and the trust of our clients, I am confident that SITA will continue to play a defining role in building a modern, connected and capable state. Together, we are enabling the digital future of government.



Acting Managing Director:
Mr Gopal Reddy

State Information Technology Agency SOC Ltd



OFFICIAL SIGN-OFF

It is hereby certified that this APP:

- (a) was developed by the management of the State Information Technology Agency under the guidance of the Board and in consultation with the Department of Communication and Digital Technologies;
- (b) considers all relevant policies, legislation and other mandates for which SITA is responsible; and
- (c) accurately reflects the outcomes and outputs that SITA will endeavour to achieve during the 2026/27 financial year.

Mr Sidima Ntsangani

Executive: Applications Development and Maintenance

Mr Musa Kumalo

Acting Executive: IT Infrastructure Services

Ms Elize van Herk

Acting Executive: Service Management

Mr Fanie van der Walt

Acting Executive: Supply Chain Management

Mr Edwin Mashatola

Acting Executive Human Capital Management and Facility Management

Ms Stokie Lekabe

Acting Executive: Corporate and Digital Strategy

Ms Priscilla Mateta

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Mr Gopal Reddy

Acting Managing Director

Ms Sedzani Mudau

Interim Chairperson of the Board



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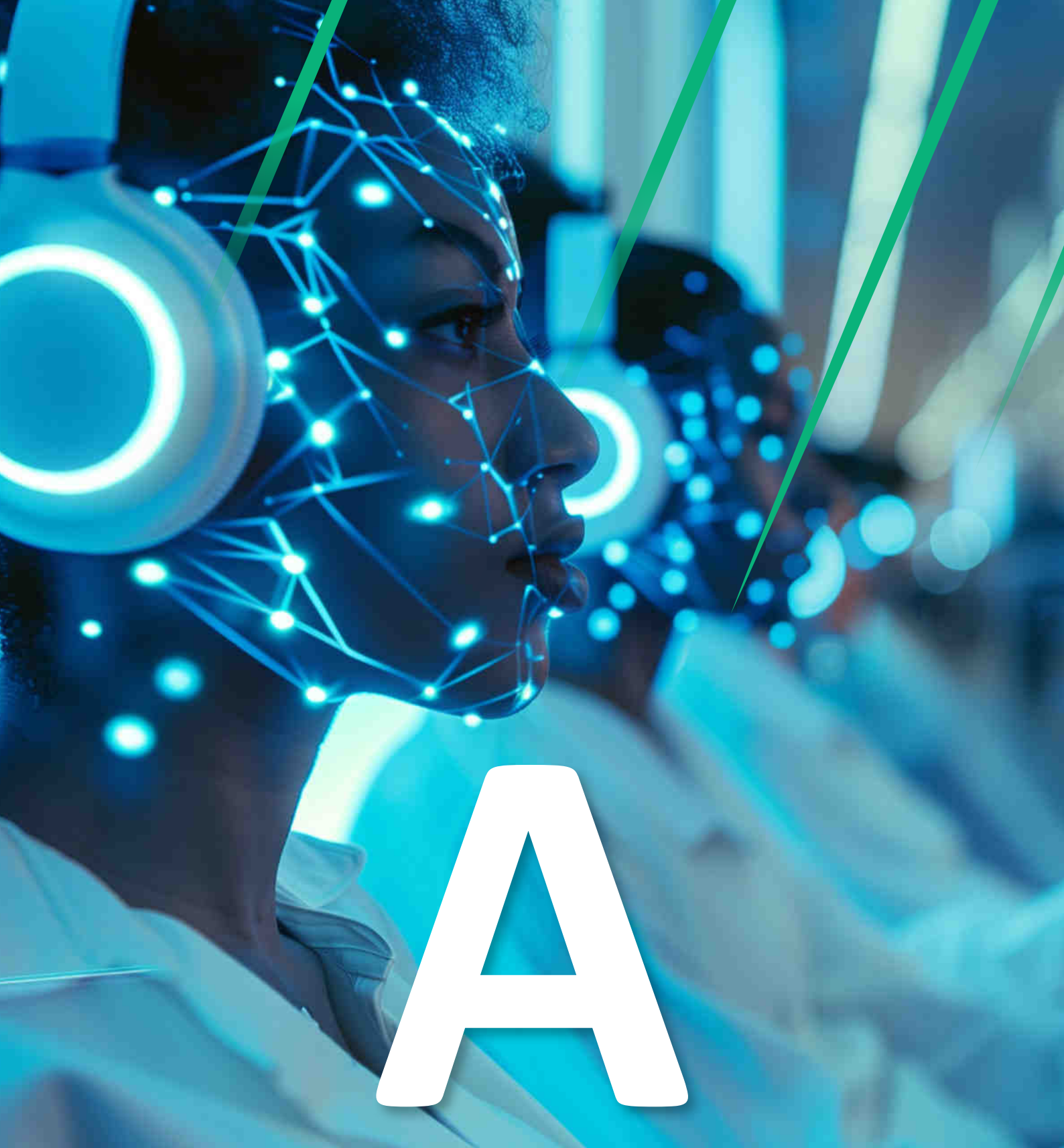
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A

OUR
MANDATE

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

The efficient implementation of the SITA Annual Performance Plan (APP) is contingent upon alignment with essential national policies, including the recent amendments to the PFMA Regulation 16 affecting procurement, amendments to the Protection of Personal Information Act (POPIA) to strengthen consent regulations, the National AI Strategy, and the development of emerging artificial intelligence (AI) policies, which should incorporate AI governance, model risk management, and ethics-by-design in digital service provisions.

The amendment to PMFA Regulation 16, effective 1 June 2025, simplifies the approval process for public-private partnerships (PPPs) valued under R2 billion by exempting them from certain Treasury approval processes and delegating sign-off authority to accounting officers. This regulatory change creates opportunities for SITA to engage in collaborative projects with private sector partners, driving service delivery improvements and digital transformation initiatives.

The POPIA amendment (April 2025) enhances complaint process accessibility and strengthens data subjects' rights, particularly regarding consent. Key changes include revised definitions (e.g. "complaint"), an e-portal for reporting security breaches, and increased responsibility for managing requests to amend or delete personal information. In response, SITA must align its data processing practices with the revised POPIA, focusing on consent and data subject rights, and enhance its compliance requirements accordingly.

The South African National AI Policy Framework's emphasis on developing ethical, safe, and inclusive AI solutions has significant implications for SITA, given its pivotal role in implementing government-wide AI initiatives. SITA is expected to take the lead in creating AI governance frameworks that adhere to the policy's requirements for ethics, openness and data protection. To facilitate the responsible deployment of AI across departments, the framework mandates that SITA improve its data management, cybersecurity and cloud infrastructure. Moreover, SITA is required to incorporate accountability measures, bias mitigation strategies, and AI risk management into their procurement procedures.

Moreover, the release of the National AI Strategy underlines the necessity for SITA to incorporate AI governance, ethical protections and innovation-fostering platforms within its service delivery framework, which aspires to make public sector ICT decisions accountable, transparent and effective. The Department of Public Service and Administration's Corporate Governance of ICT Policy complements this by offering a comprehensive governance framework aimed at enhancing ICT maturity, shared services and interoperability throughout the State. As a result, SITA must reinforce its own systems for managing ICT, make sure it complies with the DPSA's Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF), and strive for more efficient and ethical administration of IT in government.

In the preceding financial year, the Minister of Communications and Digital Technologies amended Regulation 17.8 of the SITA Act, empowering government agencies to procure IT goods and services directly from alternative providers when SITA is unable to meet their requirements, within prescribed timeframes. This regulatory change necessitates that SITA enhance its service offerings, prioritise customer satisfaction, and bolster its competitiveness in the government IT services market to mitigate potential revenue implications.

SITA's strategic focus is influenced by constitutional mandates and the overarching vision articulated in the National Development Plan (NDP) 2030, the Medium-Term Development Plan (MTDP), which is a strategic planning tool used by South Africa to implement the NDP 2030, and other significant governmental initiatives. These initiatives direct SITA in fostering equitable growth, generating employment and promoting an ethical, competent public service.

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

2.1 Institutional policies

Consistent with prior financial years, SITA conducted a comprehensive assessment and modification of its institutional policies during the 2025/26 financial year to align with its evolving operating objectives and strategy. These policies aim to assure adherence to national legislation, enhance organisational efficiency and protect accountability in all operations.

The financial management and supply chain management (SCM) policies, conform to the PFMA and National Treasury rules to ensure prudent financial governance, transparent procurement and efficient resource utilisation. Human capital management (HCM) policies direct recruiting, performance evaluation, skills development, employment equity and wellness initiatives, facilitating SITA's ability to attract, retain and empower proficient staff. Information security and data protection policies, enhanced in line with POPIA and cybersecurity frameworks, delineate methods for the safety of government data, the management of cyber risks, and the assurance of business continuity. The Data Governance Policy, that is aligned to the Department of Public Service and Administration's Corporate Governance of ICT Framework, provides standards for technology planning, solution delivery and service quality. Corporate governance rules, encompassing risk management, ethics, anti-fraud measures and corporate social responsibility, bolster accountability, integrity and public trust in the agency's activities.

2.2 Institutional strategies

SITA has developed the following implementation strategies to enable the implementation of the 2026-2030 corporate strategy and provide for the period beyond the end of the Medium Term Strategic Framework (MTSF):

- (a) **Digital Transformation Strategy:** Intends to use digitalisation to fundamentally change the way government operates and provides services.
- (b) **Digital Infrastructure and Cloud Strategy:** This strategy emphasises the modernisation and expansion of South Africa's governmental digital infrastructure. SITA is establishing a Government Private Cloud Environment (GPCE) and enhancing the National Broadband Network (NGN) to guarantee safe, dependable connection and scalable computing resources.
- (c) **Cybersecurity and Data Governance Strategy:** Ensures that governmental ICT systems are safe, robust and adhere to frameworks such as the cybersecurity Policy Framework of South Africa and POPIA.

3. UPDATES TO RELEVANT COURT RULINGS

There are no court rulings impacting the mandate and strategic direction of SITA.



OUR
STRATEGIC FOCUS

4. UPDATED SITUATIONAL ANALYSIS

4.1 Strategic overview



4.1.1 VISION

The vision of SITA is as follows:

“To be a leading customer centric digital services agency”.



4.1.2 MISSION

The mission of SITA is as follows:

“To provide cost effective, innovative, digital solutions, that are secure, trusted and fit for purpose”.



4.1.3 VALUES

In a quest to achieve its mission and vision, SITA has adopted and seeks to promote the following values:

CUSTOMER-CENTRICITY

▶ Exceed customer expectations by providing the best appropriate services and solutions.

INNOVATION

▶ Pursue innovation by demonstrating thought leadership and proactive behaviour on the use of ICT to enhance public service delivery.

INTEGRITY

▶ Conduct our business with integrity at all times to inculcate a culture of honesty, respect and accountability among all our employees.

AGILITY

▶ Be adaptive and responsive in an evolving environment to maintain relevance and competitive advantage

COLLABORATION

▶ Cooperate with, and support, each other in pursuit of our shared goals to achieve synergies and greater productivity.

EMPATHY

▶ Understand and support each other in our different perspectives.

4.2 External environment analysis

4.2.1 Global acceleration of digital transformation and imperatives

SITA operates under a constantly changing external landscape shaped by technological, economic, social, political and regulatory influences that affect the Agency's capacity to provide secure, innovative and cost-efficient ICT services to the government. The global acceleration of digital transformation, comprising improvements in cloud computing, AI, automation, and data-driven decision-making, presents prospects for the modernisation of government ICT infrastructure and the provision of citizen-centric digital services. In a South African context, these trends are bolstered by the release of the National AI Strategy and the ongoing pursuit of e-government platforms, interoperability and digital inclusiveness. The financial and economic landscape remains challenging. The limited national budget and continuous re-prioritisation initiatives by National Treasury requires SITA to implement cost-optimisation strategies and value-for-money service models. On the other hand, socio-economic pressures – such as chronic unemployment, inequality and demands for enhanced service delivery – exacerbate expectations for SITA to utilise technology as a catalyst for efficiency, accessibility and openness in government.

4.2.2 G20 digital economy development and cooperation initiatives

The G20 digital economy development and cooperation initiatives establish a framework that fosters inclusive, sustainable and innovation-oriented digital economies worldwide. These programmes underscore cross-border collaboration, digital inclusivity, resilient infrastructure, emerging technologies and skills development, all of which are directly aligned with SITA's objectives. As South Africa actively participates in the G20, SITA will capitalise on these pledges to expedite the nation's digital transformation and enhance government ICT capabilities.

In a South African context, this framework is founded on seven distinct pillars:

- broadband and connectivity;
- investment in the ICT sector;
- entrepreneurship and digital transformation;
- e-commerce cooperation;
- digital inclusion;
- small, medium and micro enterprises (SMMEs); and
- policy and regulatory frameworks.

In its role as a G20 member, South Africa will work to advance these goals, especially in the following areas: digital public infrastructure; connectivity; inclusive digital transformation; and the responsible application of new technologies such as AI.

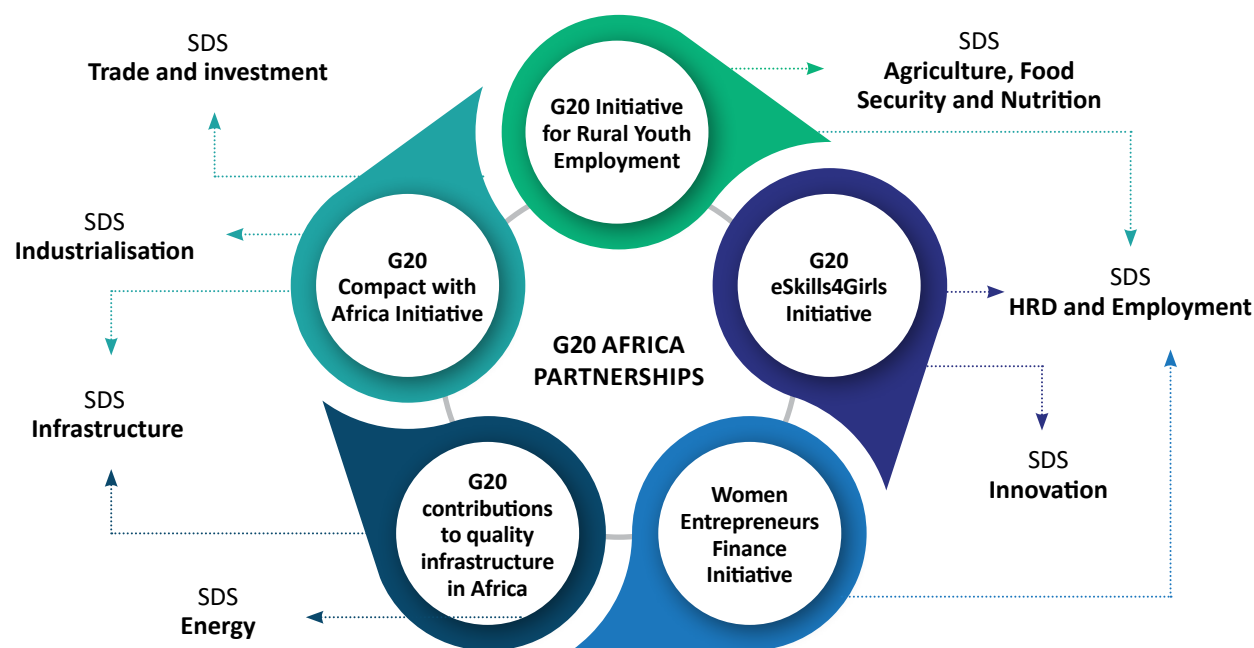


Figure 1 – The G20 Africa partnership in the framework of the G20 Action Plan on the 2030 Agenda

Working in tandem with these initiatives would help SITA achieve its 2026/27 digital transformation objectives of modernising government ICT systems, promoting digital sovereignty, and improving service delivery. These initiatives provide direction towards developing innovation ecosystems, constructing resilient digital infrastructure, ensuring trust and security, and bridging digital divides. They are at the heart of South Africa's national priorities, including the NDP 2030, the Digital Economy Masterplan, and the SA Digital transformation Roadmap.

4.2.3 UN Sustainable Development Goals digital dimensions

The United Nations' Sustainable Development Goals (SDGs) provide a universal blueprint for addressing global challenges such as poverty, inequality, climate change and sustainable growth. In the digital era, technology has emerged as a powerful cross-cutting enabler that accelerates progress across all **17 goals**. Digital solutions – from AI and big data analytics to mobile platforms, blockchain and the Internet of Things (IoT) – are reshaping how societies deliver services, measure impact and foster inclusion.

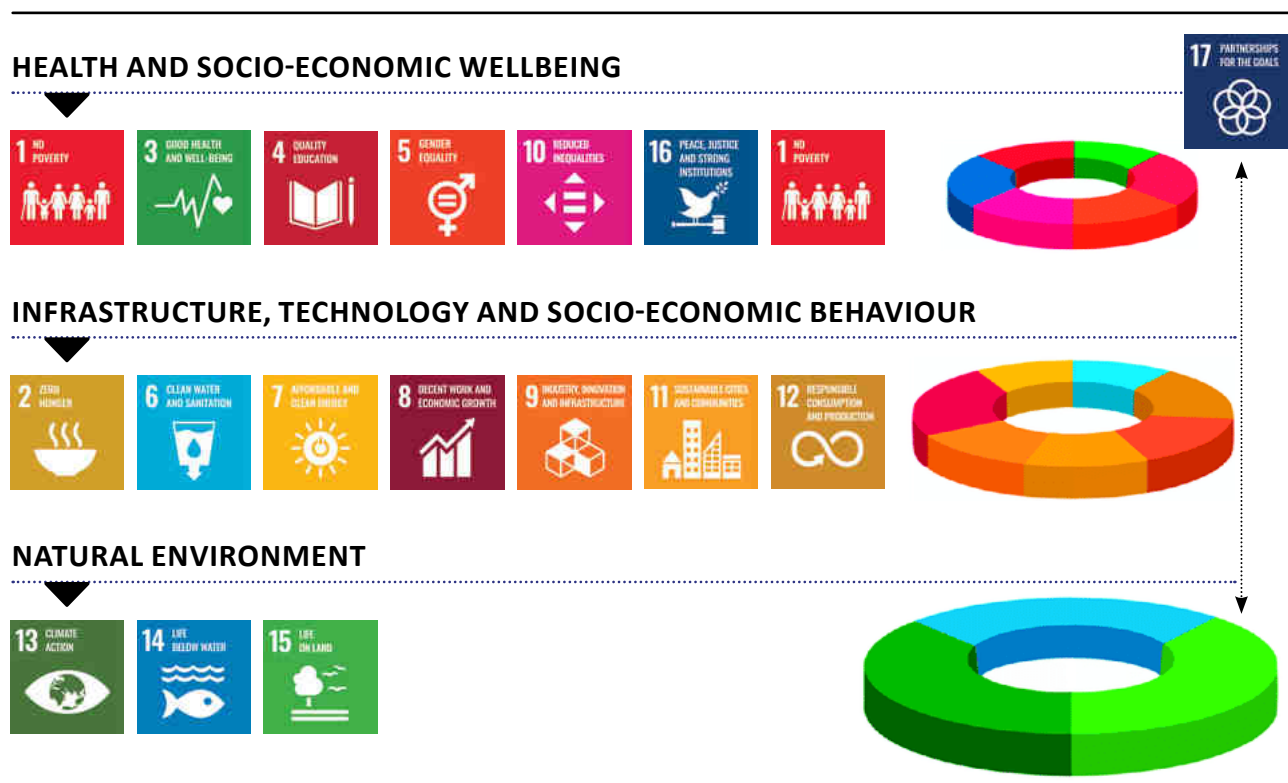


Figure 2 – UN Sustainable Development Goals

As South Africa's lead ICT agency, SITA has a strategic role in aligning digital transformation with the UN SDGs. Digital technologies are central enablers of sustainable development, and SITA's mandate places it at the intersection of government service delivery, innovation and inclusive growth. By embedding digital dimensions into national ICT initiatives, SITA supports South Africa's commitment to the 2030 Agenda.

SITA advances **SDG 1 (No Poverty)** and **SDG 8 (Decent Work and Economic Growth)** through digital inclusion programmes, e-government platforms and support for SMMEs in the ICT sector. By enabling mobile platforms, e-services and digital skills development, SITA enhances access to opportunities for marginalised communities.

In the sphere of **SDG 3 (Good Health and Well-being)** and **SDG 4 (Quality Education)**, SITA contributes by building digital infrastructure for health information systems, telemedicine platforms and e-learning solutions. This ensures continuity of essential services and expands access to education and healthcare across urban and rural areas.

Education (SDG 4) revolutionised by e-learning platforms, AI-driven systems and digital literacy programmes, ensure equitable access to knowledge remains SITA's top priority, and the agency is working hand in glove with the shareholder (Department of Communications and Digital Technologies, DCDT) to ensure each citizen of this country has access to broadband. Importantly, technology is centred around many SITA initiatives to also address **gender equality (SDG 5)** by narrowing the digital gender divide, creating online opportunities for female entrepreneurs, and safeguarding against gender-based violence through reporting apps and digital awareness platforms.

SITA also supports **SDG 9 (Industry, Innovation and Infrastructure)** by developing secure ICT infrastructure, fostering local digital innovation and driving the adoption of emerging technologies such as AI, cloud computing and data analytics. These digital innovations enhance service delivery, strengthen national competitiveness and support South Africa’s participation in the global digital economy.

Furthermore, SITA’s work is critical for **SDG 16 (Peace, Justice and Strong Institutions)**. Through digital government services, cybersecurity frameworks and integrated data systems, SITA strengthens accountability, transparency and citizen trust in public institutions. Its partnerships with industry contribute directly to **SDG 17 (Partnerships for the Goals)** by facilitating knowledge-sharing, capacity-building and collaborative innovation for digital development.

By embedding digital dimensions into its strategies and operations, the SITA ensures that South Africa’s digital transformation journey is inclusive, sustainable and aligned with both national priorities and the global SDG framework.

4.2.4 African Union Digital Transformation Strategy for Africa (2020-2030)

The African Union Digital Transformation Strategy for Africa (DTS 2020-2030) aims to foster a unified and inclusive digital society and economy across the continent. The main goal is to utilise digital technologies and innovation to transform African cultures and economies, promote integration, generate inclusive economic growth, stimulate job creation, bridge the digital divide and eradicate poverty.

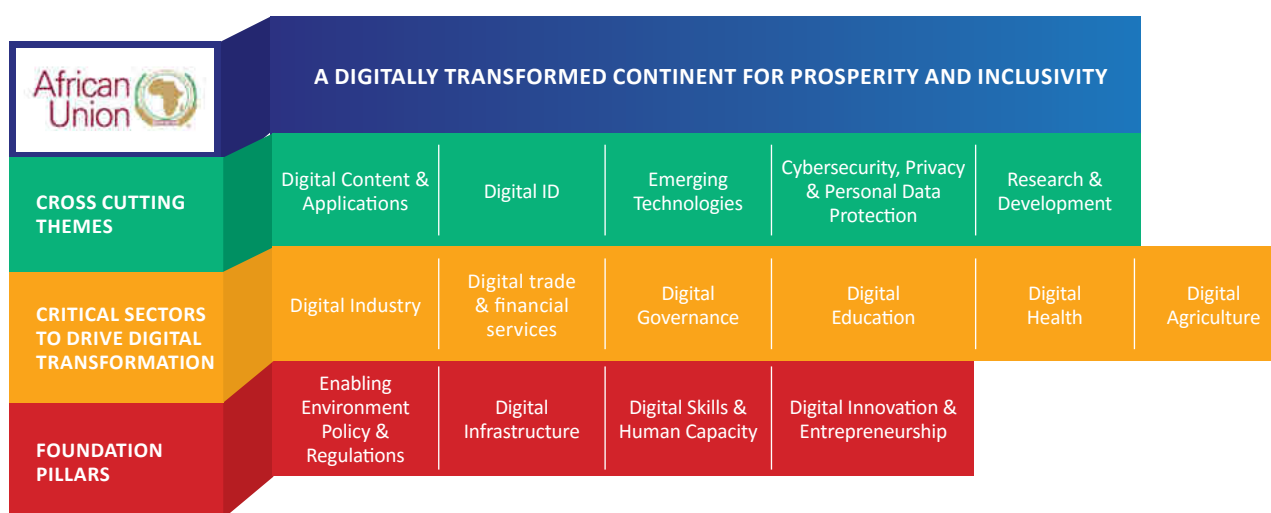


Figure 3 – Themes and pillars of the AU’s Digital Transformation Strategy

From its inception to its current state of substantial execution, the following are the accomplishments (as of 2025) that have been cited in prominent worldwide academic journals:

- (a) **Digital Payment Networks:** In the 2024/25 financial year, Africa’s digital payment networks surpassed the earmarked 1.1 billion mobile subscribers, enabling transactions over \$1.1 trillion and incorporating millions into the global economy (World Economic Forum [WEF], 2025).
- (b) **Digital Economy initiatives:** In line with the DTS’ goal, the Digital Economy for Africa Initiative (DE4A) of the World Bank continues to connect all African people, companies and governments to the digital economy by the year 2030.
- (c) **Monitoring and Evaluation Framework:** With the use of instruments for measuring advancement towards its goal, the Monitoring, Evaluation and Learning (MEL) Framework has been created to continually keep tabs on the DTS’ performance and impacts.

4.2.5 Organisation for Economic Cooperation and Development Digital Government Policy Framework

To assist progressive governments plan, implement and monitor their digital transformation initiatives, the Organisation for Economic Cooperation and Development (OECD) has established the Digital Government Policy Framework (DGPF). This further helps governments make the transition from a paper-based government, including digitising processes, to digital government, which strategically incorporates technology to improve government, services and citizen participation.

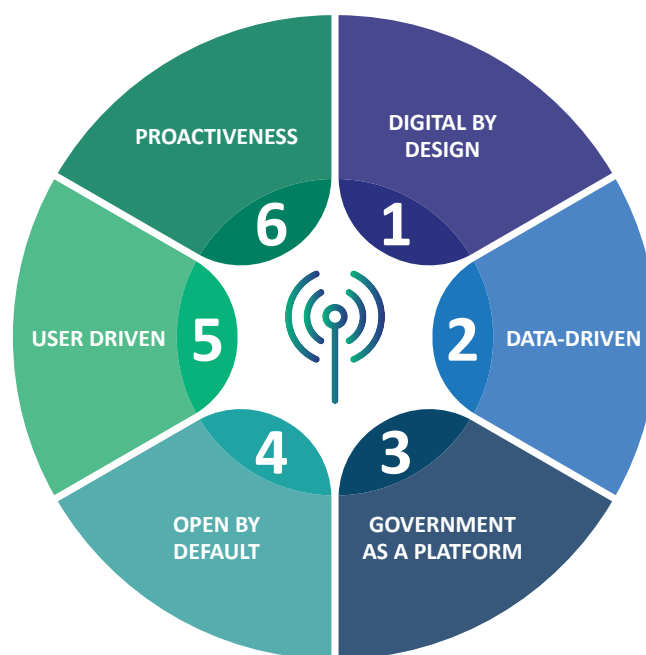


Figure 4 – The OECD Digital Government Policy Framework

SITA is pivotal in South Africa's public sector efforts to make these elements a reality. The following six policy frameworks are applicable to SITA's present policy framework:

- (a) **Government as a platform:** Developing digital infrastructure, standards and services for the government as a whole that may be used on a continual basis.
- (b) **Digital by design:** Advancing beyond mere "digitisation of existing processes" and creating digital-first services necessitates the incorporation of digital technology into policies, programmes and services from the outset.
- (c) **Data-driven public sector:** Utilising data as a strategic resource for decision-making, service delivery and innovation.
- (d) **User- (customer) driven:** Structuring services to prioritise the requirements of citizens and businesses over governmental frameworks, while engaging users in co-creation, feedback and the ongoing enhancement of services.
- (e) **Proactiveness:** Delivering seamless services to citizens before they actively request them (e.g. automated benefits or registrations) using predictive analytics and AI-driven platforms; this helps to anticipate user wants.
- (f) **Open by default:** Open data, open innovation and participatory governance are used to promote openness and accountability, as well as to ensure that individuals and enterprises can access, reuse and co-create public sector information.

4.3 SITA’s strategic alignment with national policies and the national priorities

The broad policy frameworks and national priorities of South Africa are perfectly in sync with the SITA’s mandate and 2026 to 2030 strategic focus. To ensure that investments in ICT rapidly lead to better service delivery, socio-economic development and inclusive growth, SITA, as the leading customer-centric digital services agency, facilitates government’s digital transformation.

- (a) **NDP 2030:** With its efficient, secure and interoperable digital platforms, SITA enables the NDP to achieve its objective of a “capable and developmental state” through facilitating service delivery, innovation and transparency.
- (b) **MTDT:**
 - (i) SITA conforms to the government’s medium-term planning objectives by expediting e-government services, promoting digital inclusiveness, and ensuring that ICT fosters job creation and economic competitiveness.
 - (ii) SITA actively participates in efforts to reduce the digital gap and cultivate a workforce prepared for the use of advanced technologies, such as 4IR and 5IR through ICT capacity-building and digital skills programmes.
- (c) **National Integrated ICT Policy White Paper:** SITA continues to implement policy objectives relating to universal access, digital inclusion and effective ICT governance through its shared services and digital government platforms.
- (d) **Cybersecurity Policy Framework:** SITA continues to strengthen the integrity of governmental systems and citizen data by expanding the provisioning of cybersecurity solutions and secure digital infrastructure.

4.3.1 South Africa’s Digital Economy Masterplan

The goal of the South African Digital Economy Masterplan is to transform the country’s digital economy to become more innovative, inclusive and competitive. The document highlights the significance of digital technologies in driving economic growth, improving services and bringing about social change. Its goal is to take advantage of these opportunities to further the nation’s long-term development goals, such as the NDP 2030, the MTSF, and the alignment with the Digital Transformation Strategy (2020-2030) of the AU.

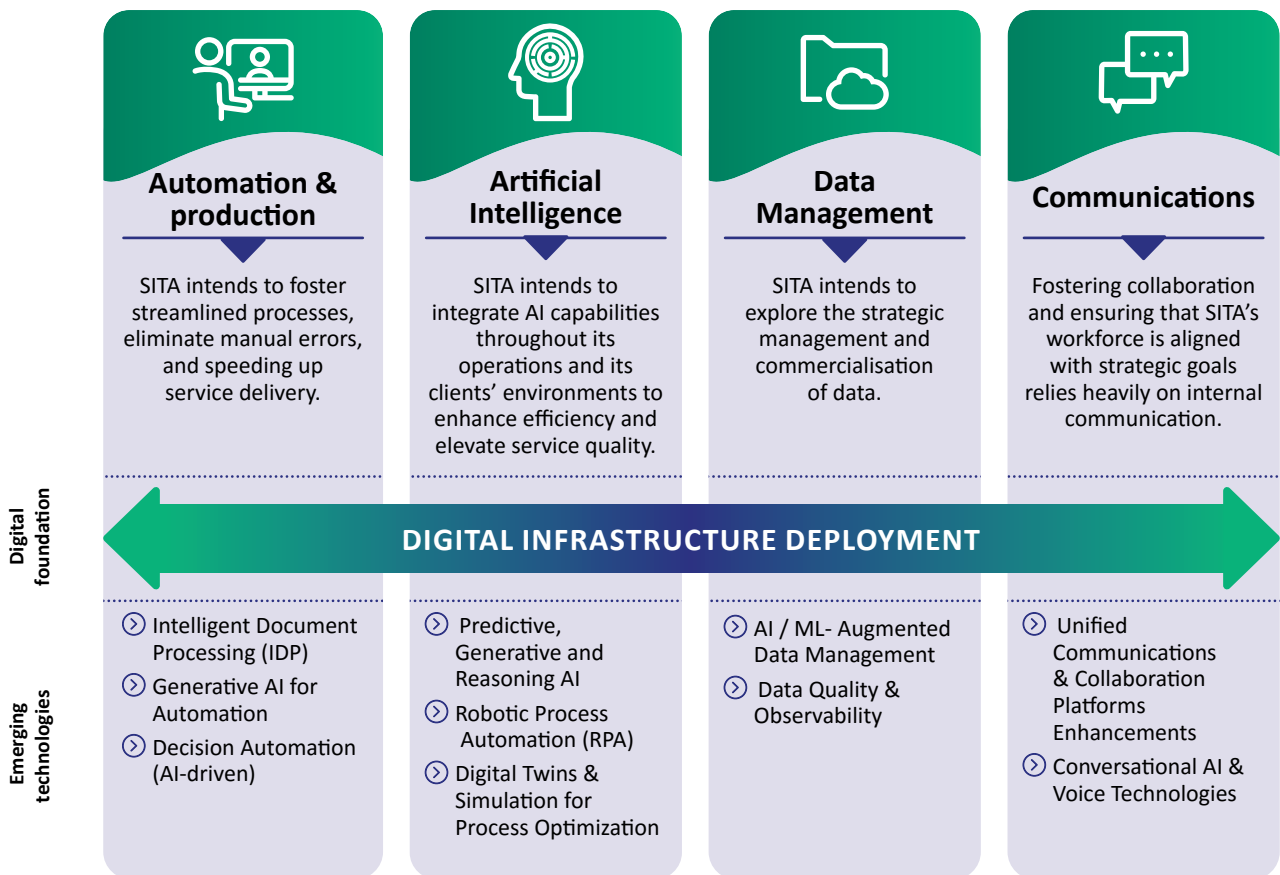


Figure 5 – Digital Economy Masterplan

SITA, as the government's leading ICT agency, is pivotal for carrying out this goal throughout the public sector digital transformation agenda. With its role of fostering digital governance, enhancing ICT infrastructure and promoting innovation, SITA continues to ensure the masterplan's objectives yield real outcomes for citizens, businesses and government. SITA's response to the four foundational pillars of the digital economy masterplan (automation and production, AI, data management, and communication) hinges on the following four components:

- (a) **Digital infrastructure:** Investment in cloud computing, cybersecurity and data centres; expansion of connectivity to the internet and the rollout of 5G; and maintenance of open standards and interoperability across systems.
- (b) **Digital transformation of government and industry:** Platforms for e-government that enable Industry 4.0 and 5.0 technologies such as blockchain technology, AI and the IoT, including digital transformation initiatives (i.e. digital health, digital ID, e-Education, e-Justice).
- (c) **Innovation and entrepreneurship:** Establishing research networks, incubators and innovation hubs; promoting public-private partnerships for supporting local content production; and enabling SMMEs in accessing digital marketplaces.
- (d) **Policy, regulation and governance:** Reforming ICT regulations to be more inclusive and flexible, establishing regulations for data protection, cybersecurity and digital identification while improving cooperation between the public and businesses.

4.3.2 National Digital and Future Skills Strategy

The National Digital and Future Skills Strategy serves as South Africa's framework for preparing citizens, workers and institutions for the requirements of the digital economy and 4IR and 5IR. It underlines that digital competencies are vital facilitators of economic expansion, social integration and efficient public service provision. The strategy is closely integrated with the NDP 2030, the Digital Economy Masterplan and the AU Digital Transformation Strategy (2020-2030).

Within government and the wider digital ecosystem, the SITA supports and advances this plan as the State's ICT enabler. The goals of the strategy demand advanced digital capabilities, equitable access to opportunities for skills development and universal proficiency in digital technologies is reinforced directly by SITA's mandate to deliver, modernise and protect government ICT systems. Citizens have the chance to access online platforms and participate in digital learning through the deployment of digital infrastructure. A culture of sharing knowledge, innovation and digital empowerment is fostered across the public sector by SITA through GovTech and related platforms. In line with the strategy's emphasis on specialist and advanced ICT and skills, SITA fosters the development of government capacity in areas like cybersecurity, data science, cloud computing and AI.

4.3.3 National Artificial Intelligence Strategy

The National AI Strategy serves as South Africa's policy framework for the ethical development, deployment, and governance of AI-related technologies. It identifies AI as a pivotal catalyst of 4IR and 5IR and strives to establish the nation as both a producer and consumer of AI-driven solutions. The strategy promotes inclusive economic growth, enhanced public service delivery, ethical technology use and the advancement of a globally competitive digital economy.

With the emergence of widespread advanced technologies, AI is regarded as a crucial facilitator of inclusive socio-economic development, innovation and improved governance. SITA, as a government ICT agency, is optimally positioned to foster and amplify the use of AI in the public sector, thereby enhancing public service delivery, state efficiency and citizen well-being.

4.3.4 SITA’s strategic alignment with national and shareholder priorities

4.3.4.1 Alignment to Medium-Term Development Plan

SITA’s strategic direction for 2026 to 2030 is fully aligned with South Africa’s national development agenda and the DCDT priorities. This alignment ensures that the agency’s programmes directly contribute to government’s broader socio-economic objectives of eradicating poverty, reducing inequality, promoting inclusive growth and building a capable, ethical and developmental state.

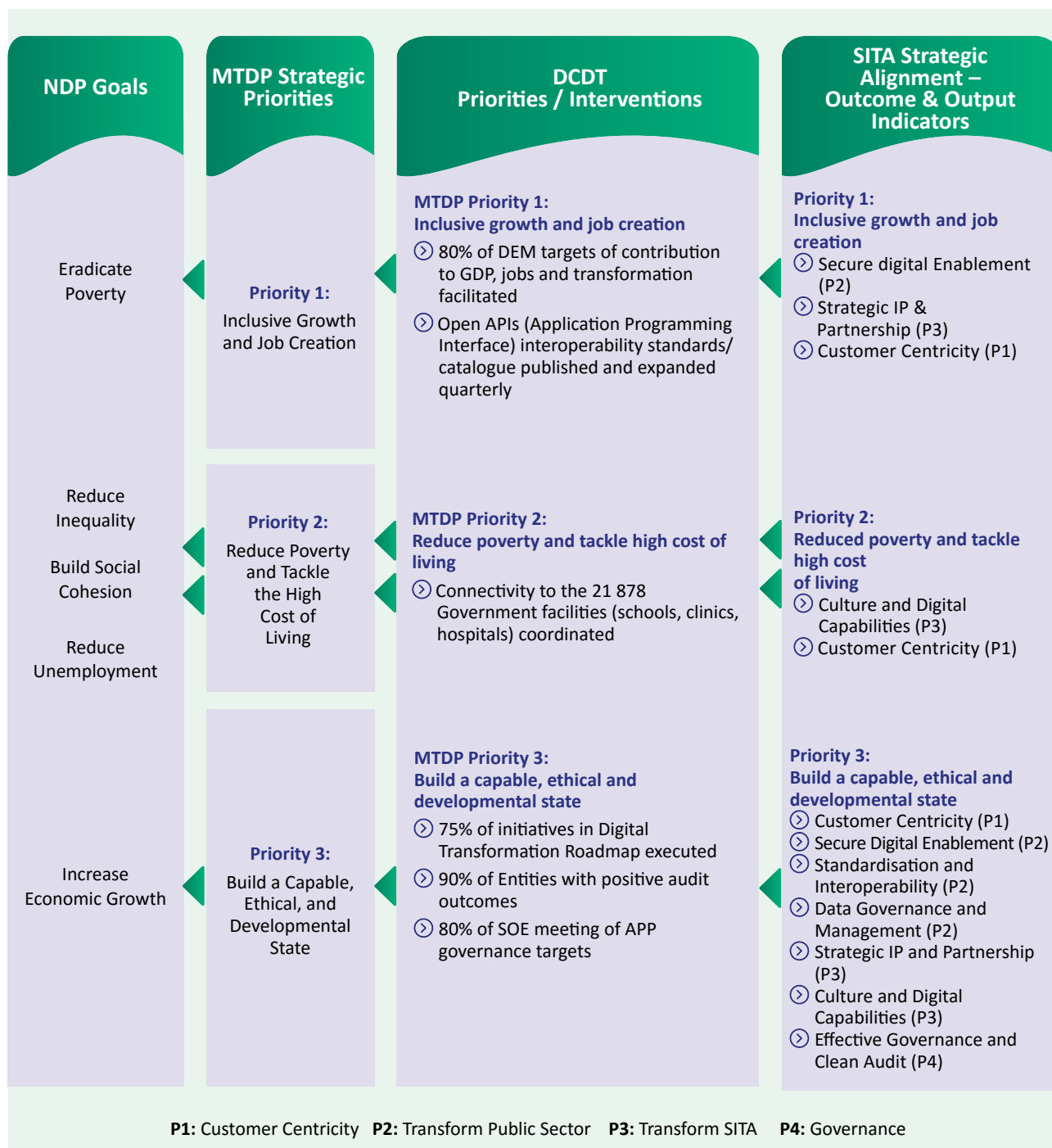


Figure 6 – Mapping of the NDP goals, MTDP strategic priorities, DCDT priorities and SITA strategic alignment

As shown in the above figure, the NDP 2030 and the Medium-Term Development Plan (MTDP) establish three overarching priorities: (1) inclusive growth and job creation, (2) reduced poverty and the high cost of living, and (3) building a capable and ethical state. These are reinforced through the DCDT's Digital Transformation Roadmap, which promotes universal connectivity, digital inclusion and the digitalisation of government services.

SITA's Strategic Plan and APP translate these priorities into measurable outcomes and outputs through four strategic programmes. Under inclusive growth and job creation, the agency advances secure digital enablement and strategic partnerships to stimulate digital innovation and employment. In addressing poverty reduction and cost of living, SITA builds digital capabilities and drives a culture of innovation across the public sector. To build a capable and ethical state, SITA strengthens customer-centricity, interoperability, data governance and cybersecurity while upholding effective governance and audit integrity.

This integrated alignment ensures that SITA's interventions not only support shareholder priorities but also accelerate South Africa's digital transformation agenda, contributing to a more connected, transparent and citizen-oriented public service.

4.3.4.2 Alignment to South Africa's Digital Transformation Roadmap

SITA's Strategic Plan 2030 is fully aligned with the national Roadmap for the Digital Transformation of Government, which provides a unified, whole-of-government approach to modernising public service delivery through secure, inclusive and people-centred digital solutions.

As the State's IT agency, SITA plays a key enabling role in delivering the roadmap's vision by providing the foundational ICT infrastructure, cybersecurity, interoperability standards and key digital platforms needed to implement DPI at scale, as depicted in the figure below.

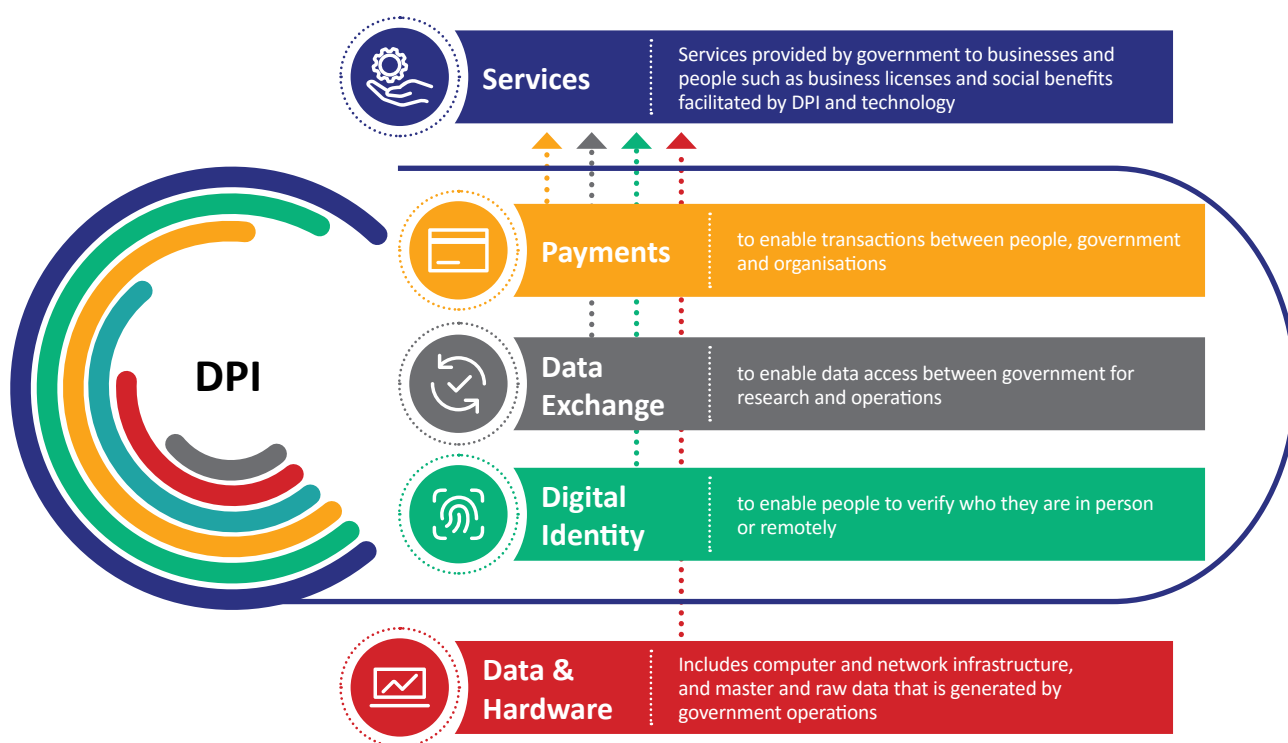


Figure 7 – Government's digital public infrastructure stack

SITA's strategic programmes directly support core roadmap initiatives, such as universal digital identity, integrated data exchange, modern digital payments and the roll-out of trusted digital channels like the MyMzansi platform.

Through its strategic pillars – customer experience, digital services and infrastructure, operational efficiency, and governance — SITA is strengthening the State's digital capabilities and partnering across the public and private sectors to unlock innovation and ensure no citizen is left behind. In doing so, SITA contributes to the NDP 2030, 4IR readiness, and South Africa's commitments under the G20 Digital Economy Working Group.

By aligning its operations, programmes and performance targets with the roadmap, SITA remains central to accelerating South Africa's transition to an inclusive, secure and citizen-centric digital government.

4.3.5 Technology and industry trends

Rapid technological advancement is changing public expectations, government operations and the ICT industry. Preparing for, adjusting to, and leading the integration of necessary technical and industrial developments is essential for SITA to remain relevant and to fulfil its mandate. SITA intends to align its strategic goals with major industry and technology changes impacting digital governance for the financial year (2026/27). Cloud and edge computing, cybersecurity resilience, data-driven governance, next-generation connectivity (5G and IoT), digital identity systems and AI-related solutions and automation will constitute the main areas of emphasis.

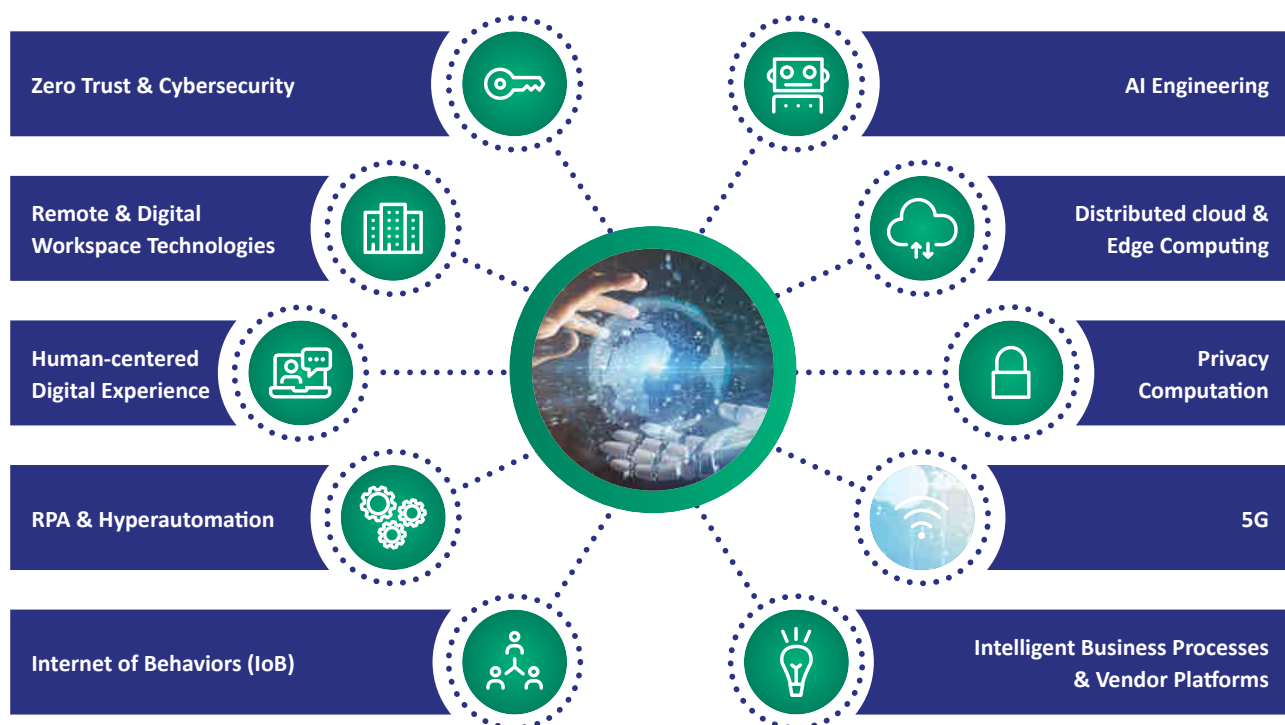


Figure 8 – ICT industry trends

It is expected that these advancements will strengthen digital trust, enhance service delivery and transform governmental processes. SITA will further cement its role as South Africa's digital transformation facilitator by tackling these tendencies and offering innovative, safe and modern ICT capabilities that improve service delivery, encourage inclusivity and boost productivity. To provide sustainable and ecologically conscious digital infrastructure, SITA intends to track and test technologies such as blockchain, immersive reality and quantum computing while fostering green ICT practices.

4.3.6 Customer digital demands

As SITA positions itself as the lead digital transformation catalyst for government, customers' expectations – national departments, provincial administrations, municipalities and, ultimately, citizens – are constantly changing. Digitalisation, driven by technological advancements and global service standards, is transforming how customers interact with the government.

SITA's customer digital demands pertain to the changing expectations and requirements of government departments, public bodies, and individuals that SITA serves in its role of facilitating digital governance in South Africa. These demands stem from the need for effective, secure and citizen-focused digital services that correspond with the nation's digital transformation and e-government objectives. The information provided below is a systematic summary of the implications of these digital demands and their impact on SITA.

(a) Digital transformation and modernisation:

- (i) Government departments and customers increasingly expect modern, flexible and scalable ICT solutions that improve service delivery and internal efficiency. This includes the transition from legacy systems to cloud and hybrid environments, the roll-out of intelligent government platforms, electronic services and mobile-centric applications.
- (ii) From a stakeholder perspective, government and the shareholder expect SITA to drive alignment with national priorities, stabilise operations, strengthen governance and accountability, and deliver improved services efficiently through digital innovation. Customers, in turn, expect innovative, competitively priced solutions, faster turnaround times and tangible progress on digital transformation to meet evolving public service needs.
- (iii) **Impact on SITA:** SITA is required to accelerate digital innovation, modernise its service portfolio and strengthen interoperability across government. This reinforces SITA’s role as a central enabler of transversal digital platforms and integrated e-government services, as reflected in the figure above.

(b) Improved cybersecurity and data protection:

- (i) As digital adoption increases, customers and stakeholders expect secure, resilient and trusted ICT environments. This includes robust data hosting, strong access controls, protection of sensitive government and citizen information, and compliance with cybersecurity and data protection standards.
- (ii) Government and the shareholder place strong emphasis on sound governance, accountability and risk management, while customers expect stable and secure infrastructure that supports uninterrupted service delivery.
- (iii) **Impact on SITA:** SITA must continue strengthening its cybersecurity posture, including the enhancement of the cybersecurity Operations Centre, advanced security solutions, as well as identity and access management systems. These expectations underscore SITA’s responsibility to safeguard national digital assets and maintain stakeholder confidence, as depicted in the figure above.

(c) Digital inclusion and accessibility:

- (i) Departments and public entities require ICT systems that support inclusive, multi-channel service delivery – spanning mobile, web-based platforms and walk-in service points – to ensure equitable access to government services for all citizens.
- (ii) The ICT industry further expects SITA to promote technology adoption, support public-private partnerships, foster joint innovation, and build digital skills and capacity within the public sector to enable inclusive digital growth.
- (iii) **Impact on SITA:** SITA continues to design and implement digital services and platforms informed by user-experience principles, accessibility standards and inclusive technology approaches. This enables citizen-centred service delivery while supporting industry collaboration and innovation, reinforcing SITA’s strategic positioning outlined in figure 10.

4.4 Internal environment analysis

While SITA’s mandate positions it as the State’s lead ICT enabler, the organisation continues to face several internal challenges that constrain its ability to deliver optimally and sustain stakeholder confidence. These constraints, as depicted in the figure below, collectively result in service delivery underperformance and eroding stakeholder credibility. Addressing these internal challenges is therefore critical to restoring confidence, improving operational agility, and ensuring that SITA fulfils its transformation mandate as a trusted, high-performing digital services agency.

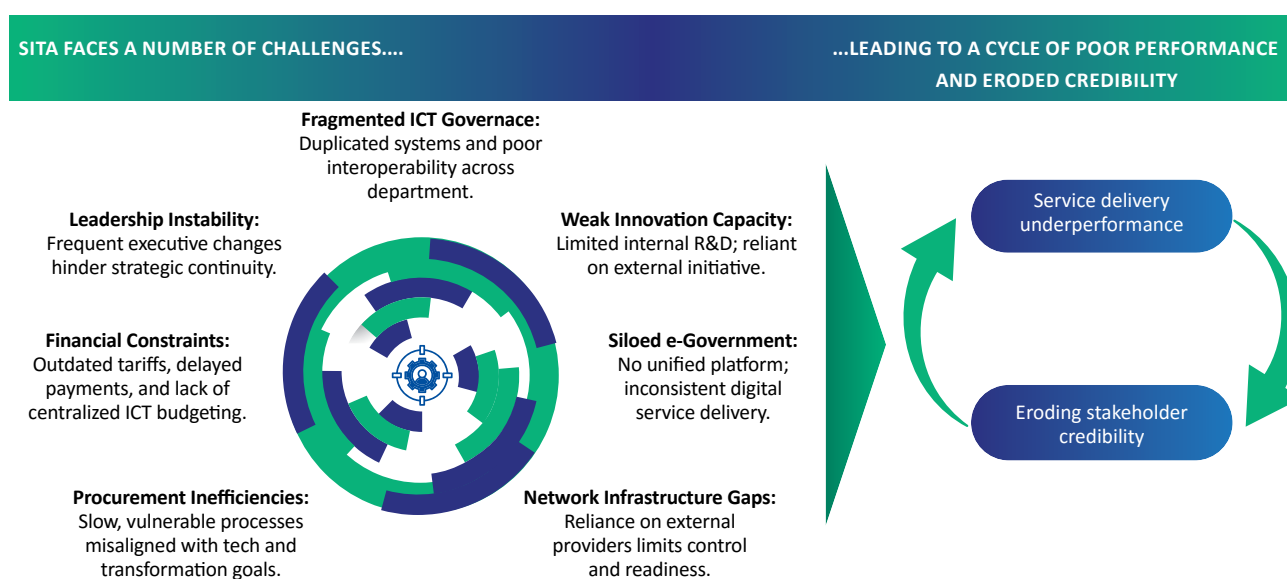


Figure 9 – Challenges facing SITA

4.4.1 Organisational structure

Figure 10 below presents SITA's current macro-organisational structure, aligned to the strategic intent of the SITA Strategy 2026–2030 and the principle that the structure should enable effective strategy execution. The organisational structure is presently under review to ensure it remains fit-for-purpose and capable of supporting SITA's transformation agenda and evolving strategic priorities. The outcome of this review may result in changes to the structure to better enable delivery, governance, and operational effectiveness.

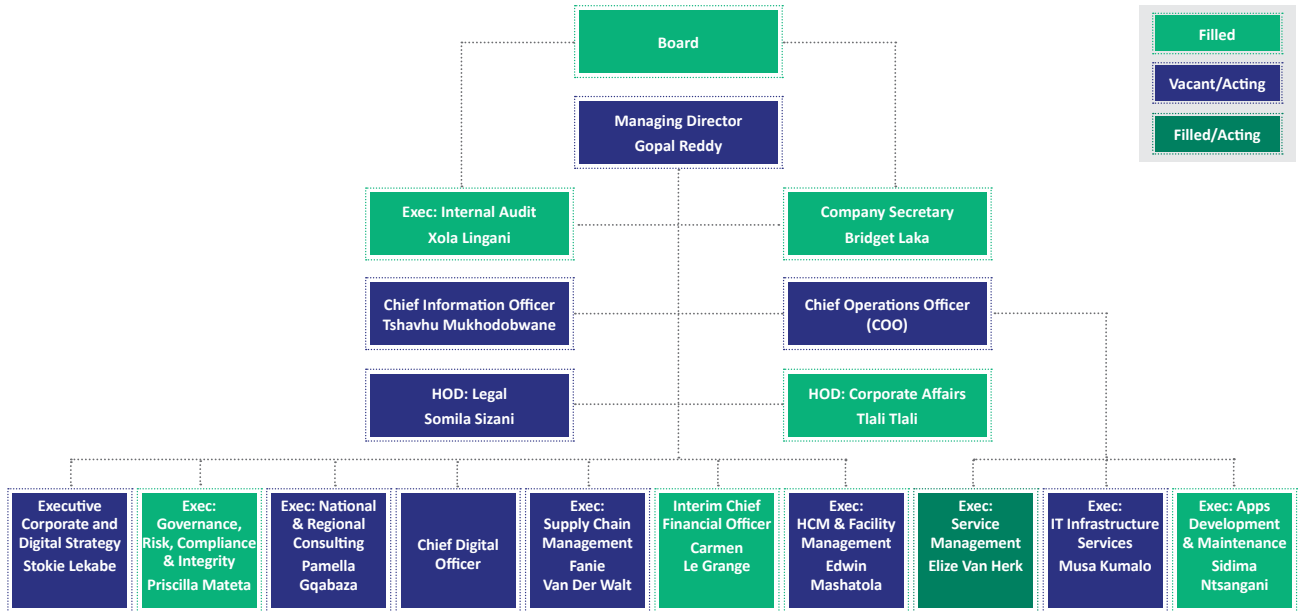


Figure 10 – SITA macro-organisational structure

5. STRATEGIC RESPONSE FRAMEWORK

SITA’s strategic pillars form the foundation of its transformation agenda for 2026-2030. These pillars define the agency’s focus areas and ensure coherence between organisational priorities, operational delivery and the national digital transformation agenda. Each pillar translates SITA’s mandate into actionable objectives, supported by key enablers and measurable outcomes across programmes and initiatives.

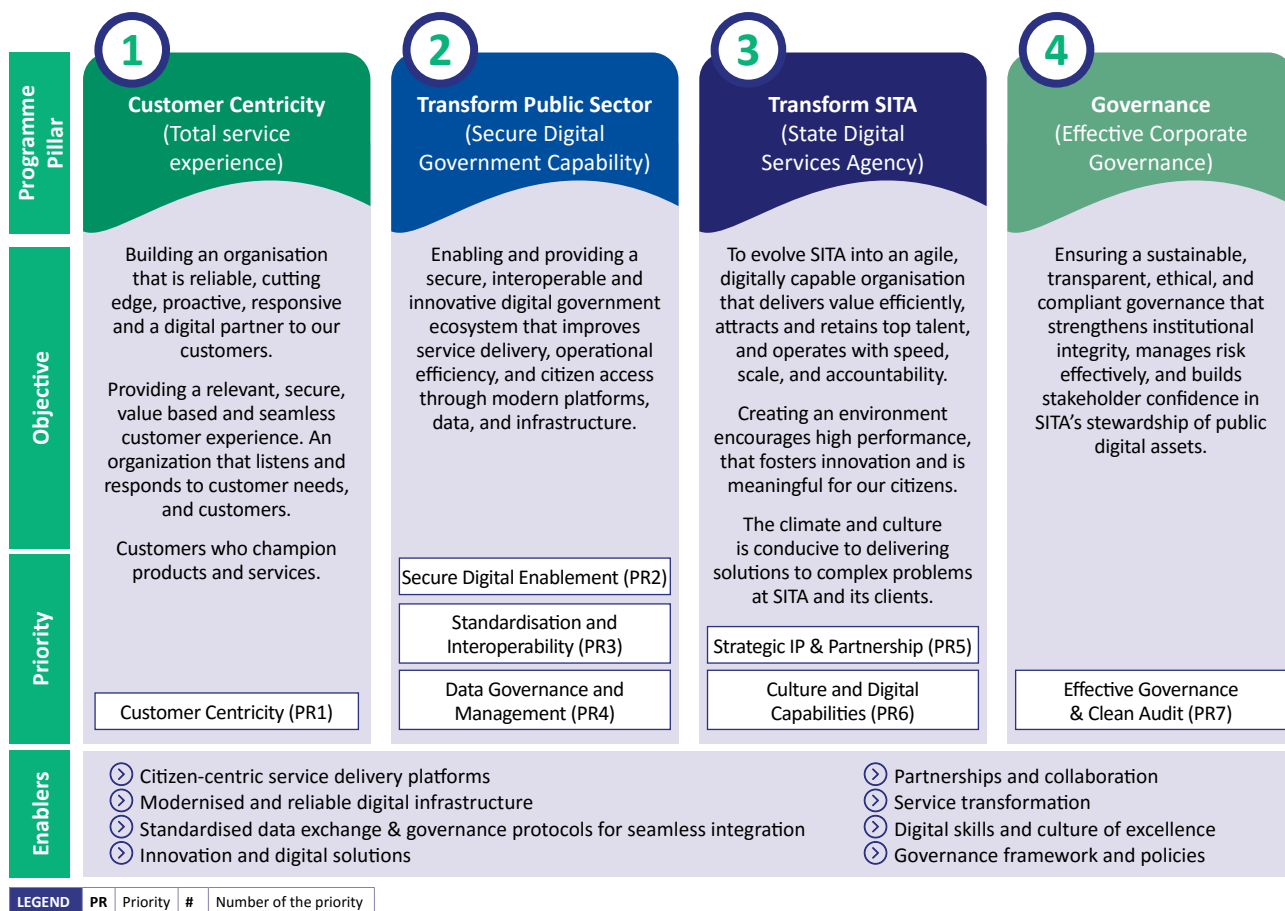


Figure 11 – Strategic pillars, objectives, priorities and enablers

Each pillar is designed to deliver targeted interventions that support both internal transformation and external value delivery to government and citizens.

- (a) **Pillar 1 – Customer-centricity (total service experience):** this pillar focuses on building a reliable, responsive and innovative organisation that delivers a seamless, value-based customer experience. It positions SITA as a trusted digital partner that proactively shapes, aggregates and responds to customer demand, driving measurable satisfaction, adoption and advocacy.
- (b) **Pillar 2 – Transform public sector (secure digital government capability):** This pillar aims to provide a secure, interoperable and modern digital government ecosystem that improves service delivery, operational efficiency and citizen access through shared platforms and data infrastructure.
- (c) **Pillar 3 – Transform SITA (State Digital Services Agency):** This pillar drives the evolution of the agency into the SDSA that is agile, high-performing and innovation-driven. It focuses on fostering a culture of excellence, collaboration and digital capability within the organisation.
- (d) **Pillar 4 – Governance (effective corporate governance):** This pillar ensures the sustainability, transparency and accountability of SITA’s operations. It strengthens institutional integrity, enhances risk management and reinforces stakeholder confidence in the agency’s stewardship of public digital assets.

Together, these strategic pillars provide a unified framework for achieving SITA’s long-term vision, namely digital transformation.

6. THEORY OF CHANGE

A large portion of the population in South Africa is now strongly involved in digital and mobile connections, which has led to the fast adoption of the digital environment in the country. What this does is lay the groundwork for SITA to utilise technology to close the gaps in service delivery that have been discovered. The ICT landscape has witnessed tremendous improvements in areas such as data analytics, artificial intelligence, and cloud computing on a global scale. These technologies have the potential to revolutionise the delivery of public services, making them more affordable, more responsive to the needs of citizens, and more citizen centred.

Despite the potential of these transformative technologies, the South African public sector continues to face significant challenges, including outdated ICT infrastructure, fragmented systems, cyber-security vulnerabilities, and a persistent digital divide, all of which limit effective adoption and utilisation.

There is a direct correlation between the efficiency and effectiveness of the procedures and systems utilised by the government and the delivery of services by the public sector. On the other hand, the public sector of the country continues to struggle with insufficient coordination among government agencies and a dearth of digital procedures that are standardised. In addition, the government's inability to properly harness these disruptive technologies is hindered by its antiquated ICT infrastructure, fragmented systems, cybersecurity vulnerabilities, and the digital divide. The consequence of this is that residents frequently face challenges while attempting to gain access to important services, such as healthcare, education, and social welfare resources.

6.1 Theory-of-change context

The government's services will be more efficient, transparent and accessible in the medium term (2026-2027) attributable to these outputs, which will also increase citizen trust in digital platforms, stimulate more local ICT businesses to get involved, and fortify the public sector's digital capabilities. In the end, the Theory of Change aims to create a digital state that is safe, focused on its citizens, and that promotes economic growth, innovation and public institution resilience while driving socio-economic progress. To facilitate South Africa's digital transformation, SITA will ensure that ICT investments are in line with national priorities and that reliable digital infrastructure is built. The Theory of Change is anchored in SITA's Strategic Plan 2026-2030, which is guided by a revised strategic framework comprising four strategic themes: customer-centricity, transforming the public sector, transforming SITA, and governance.

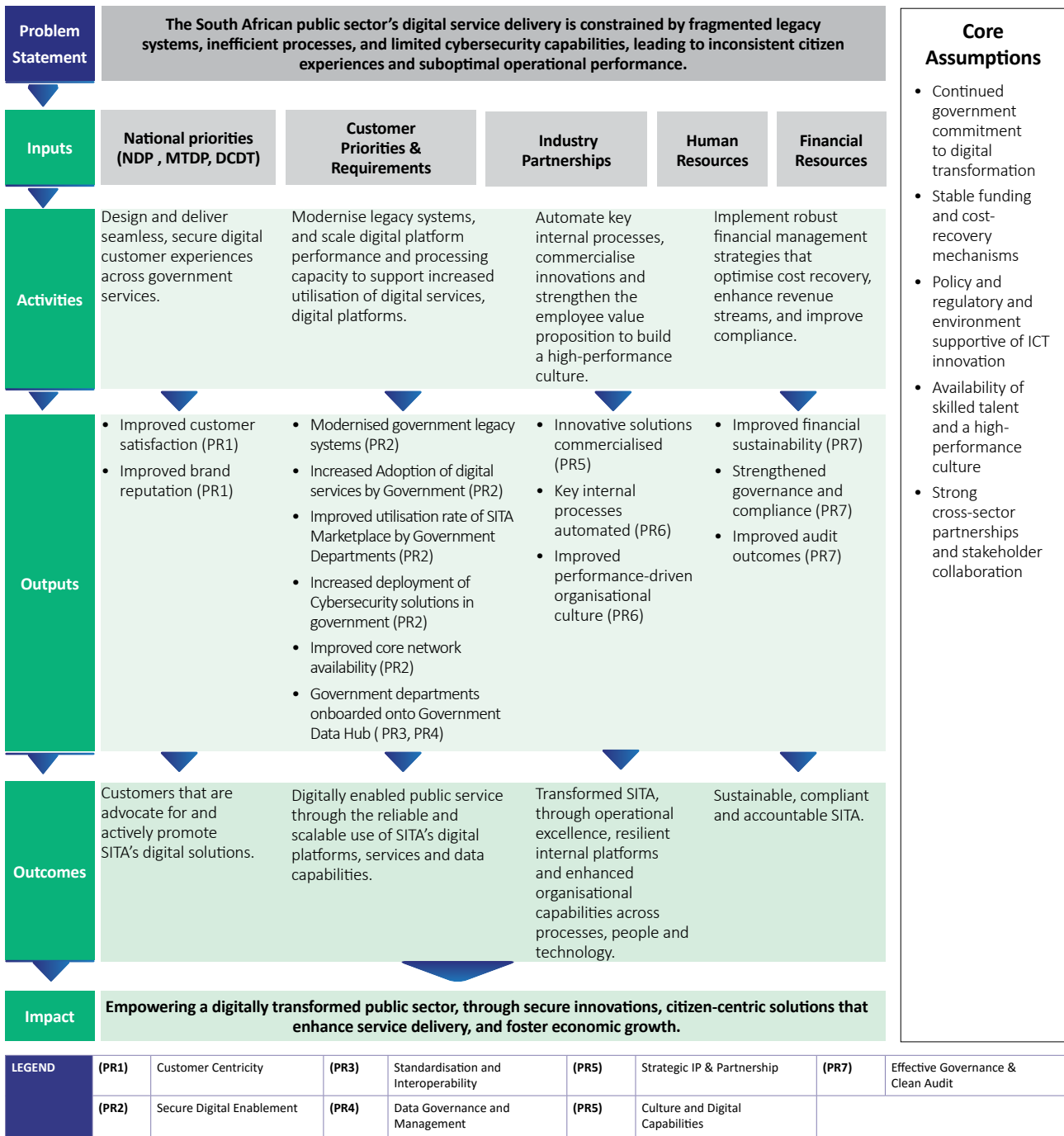


Figure 12 – The Theory of Change

6.2 Problem statement

The South African public sector continues to face challenges in achieving seamless and secure digital service delivery. These challenges stem from fragmented legacy systems, inefficient business processes and limited cybersecurity capabilities. Collectively, these weaknesses result in inconsistent citizen experiences, poor interoperability between government systems, and suboptimal operational performance.

To address this, SITA's strategic intent is to modernise and integrate digital platforms across the public sector, improving service reliability, security and accessibility, while ensuring that government departments can effectively deliver on their developmental mandates.

6.3 Assumptions

SITA's repurposing into the SDSA provides the institutional foundation for its Theory of Change, ensuring structural coherence, strengthened capability and integrated digital delivery. Through this reform, the agency will unlock synergies between digital infrastructure, innovation and service delivery across government.

The government's ICT and digital transformation remain national priorities, bolstered by robust political leadership ensuring strategic coherence. Cabinet-level support for alignment with the National Digital and Future Skills Strategy, Digital Economy Masterplan and National AI Strategy has enabled SITA to capitalise on technological advancements while transforming government agencies. The agency has consistent budget obligations to enhance infrastructure, invest in cybersecurity and promote DPI. Collaborations with academic institutions and SMMEs, together with public-private partnerships, address resource deficiencies. Line departments, municipalities and various state entities collaborate with SITA to deploy shared platforms and systems. Individuals, enterprises and SMMEs utilise digital platforms to facilitate service acceptance.

6.4 Inputs

SITA's transformation journey is anchored in core national and institutional enablers that support the delivery of its Theory of Change, including alignment with national priorities such as the NDP 2030, the MTDP and policy directives from the DCDT. Customer priorities and requirements inform service design and delivery through feedback and satisfaction measures that reflect service quality and trust, while strategic industry partnerships enable innovation, skills development and the adoption of global best practices. SITA will leverage its legislated mandate and aggregated government demand to negotiate competitive market pricing and ensure value-for-money outcomes across ICT procurement.

Human and financial resources are central to effective execution, supported by targeted capacity-building, prudent financial management, and sustained attention to governance outcomes. This includes addressing audit findings and recommendations, strengthening institutional capability and process maturity, and ensuring that SITA's transformation is well grounded, adequately resourced, and responsive to national and stakeholder expectations.

6.5 Activities

Based on the enabling context described under the inputs, SITA has identified a set of focused activities to drive change within the organisation and across government digital services. These activities align directly with the Theory of Change and support SITA's mandate to enhance service delivery, modernise government systems and strengthen institutional capability. The activities include the following:

- (a) **Improved digital customer service experience:** SITA designs and delivers secure, customer-centric digital services that improve service accessibility, responsiveness and user experience for government departments and public sector entities.
- (b) **Continued digitalisation of government services:** SITA modernises legacy systems and implements scalable digital and social platforms to expand the uptake of e-government services, improve operational efficiency and enable accessible digital public services.
- (c) **Automation of internal processes and innovation enablement:** SITA automates key internal processes and commercialises innovative solutions to strengthen operational performance, improve turnaround times and support sustainable value creation.
- (d) **Expansion of e-government services and platforms:** SITA expands its portfolio of digital platforms and services to support government modernisation while enabling new revenue opportunities through reusable, shared and transversal digital solutions.
- (e) **Implementation of robust financial and governance management:** SITA implements sound financial management and governance practices to optimise cost recovery, enhance revenue sustainability and ensure compliance, accountability and organisational resilience.
- (f) **Implementation of sound financial and governance management:** SITA optimises cost recovery, enhances revenue sustainability, and establishes a clearly defined breakeven trajectory that underpins long-term financial viability.

6.6 Outputs

- (a) Programme 1 outputs prioritise customer satisfaction and strengthened brand reputation.
- (b) Programme 2 outputs focus on the modernisation of government legacy systems, increased adoption and utilisation of digital services by government through SITA platforms, the onboarding of government departments onto the Central Government Data Hub, increased deployment of cybersecurity solutions in government, and the achievement of optimal core network availability.
- (c) Programme 3 outputs prioritise the commercialisation of innovative solutions, the automation of key internal processes, and embedding a performance-driven organisational culture.
- (d) Programme 4 outputs aim to improve financial sustainability through strengthened governance and compliance and improved audit outcomes.

6.7 Impact

The desired impact of SITA's Theory of Change is the establishment of a secure, citizen-centric and digitally enabled public sector that leverages technology to improve service delivery, strengthen public trust and advance inclusive socio-economic development.

To begin with, the Theory of Change will help bring about a state that is citizen-centric, digitally empowered, and where all communities, even those in underserved and rural areas, have access to safe and reliable government services. Public sector accountability, service delivery and resource duplication can all be improved by increased openness and compatibility among government ICT systems.

Second, by encouraging a thriving digital economy, the effects spread to societal and economic progress. To promote innovation in new technology areas like cloud computing, AI and cybersecurity, as well as to increase employment opportunities, SITA will integrate local ICT businesses, especially SMMEs, into its procurement and innovation processes.

Thirdly, online safety and confidence are both bolstered by the Theory of Change. More adoption rates and more engagement in the digital ecosystem will result from residents and businesses having more faith in digital government services, which can be achieved through strong cybersecurity measures and compliance with data protection laws.



**MEASURING
OUR PERFORMANCE**

7. IMPACT STATEMENT

SITA's Strategic Plan 2030 sets out the agency's vision to enable a future-ready digitally empowered government. The impact statement below reflects SITA's commitment to delivering secure innovative and citizen-focused digital solutions that strengthen public service delivery drive digital inclusion and contribute to South Africa's socio-economic development.

Impact statement

Empowering a digitally transformed public sector through secure innovations citizen-centric solutions that enhance service delivery and foster economic growth.

7.1 Programme 1: Customer-centricity (total service experience)

7.1.1 Programme purpose

The purpose of the programme is to build a customer-centric culture that enhances the overall service experience by prioritising customer needs driving continuous service improvement and strengthening SITA's brand reputation through innovative fit-for-purpose ICT solutions and responsive support.

7.1.2 Outcomes outputs performance indicators and targets

Table 1 – Programme 1 performance indicators and medium-term targets

Outcomes	Outputs	Output indicators	Estimated performance 2025-2026	Medium-term targets		
				FY2026/27	FY2027/28	FY2028/29
Customers who are advocates and promoters of SITA's products and services	Customer satisfaction level	Percentage customer satisfaction level	100% implementation of Service Improvement Plan	55% customer satisfaction level	60% customer satisfaction level	65% customer satisfaction level
	Improved brand reputation	Brand reputation index	47% brand reputation index	50% brand reputation index	55% brand reputation index	60% brand reputation index

7.1.3 Output indicators: Annual and quarterly targets

Table 2 – Programme 1 quarterly targets

Output indicators	Annual target 2026/27	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Percentage customer satisfaction level	55% customer satisfaction level	25% implementation of Service Improvement Plan milestones	50% implementation of Service Improvement Plan milestones	95% implementation of Service Improvement Plan milestones	55% customer satisfaction level
Brand reputation index	50% brand reputation index	25% implementation of brand reputation improvement plan	50% implementation of brand reputation improvement plan	95% implementation of brand reputation improvement plan	50% brand reputation index

7.2 Programme 2: Transform public sector (secure digital government capability)

7.2.1 Programme purpose

The purpose of the programme to enable a secure digital and efficient government by modernising legacy systems increasing data processing capacity strengthening cybersecurity and providing scalable digital services products and platforms that improve access reliability and ICT governance across the public sector.

7.2.2 Outcomes outputs performance indicators and targets

Table 3 – Programme 2 performance indicators and medium-term targets

Outcomes	Outputs	Output indicators	Estimated performance 2025-2026	Medium-term targets		
				FY2026/27	FY2027/28	FY2028/29
Digitally enabled public service through the use of SITA's secure innovative and reliable digital platforms and services	Increased adoption of SITA digital services by government	Percentage of government entities adopting SITA digital services	4 government services available via digital platforms	10% of government entities adopting SITA digital services	25% of government entities adopting SITA digital services	40% of government entities adopting SITA digital services
	Modernised government legacy systems	Percentage of SITA-maintained legacy systems modernised	New indicator	15% of SITA-maintained legacy systems modernised	30% of SITA-maintained legacy systems modernised	35% of SITA-maintained legacy systems modernised
	Increased deployment of cybersecurity solutions in government	Percentage of SITA in-house cybersecurity solutions developed	100% of customers provided with CSC capability as per defined scope	25% of SITA in-house cybersecurity solutions developed	30% of government entities adopting SITA in-house developed cybersecurity solutions	40% of government entities adopting SITA in-house developed cybersecurity solutions
	Central Government Data Hub platform architecture designed	Central Government Data Hub platform architecture	New indicator	Central Government Data Hub platform architecture design approved	Central Government Digital Data Hub piloted	40% of government departments onboarded onto the Central Government Data Hub
	Improved core network availability	Percentage core network availability	New indicator	99.80% core network availability	99.80% core network availability	99.90% core network availability
	SITA Marketplace operationalised as a digital ecosystem for public-sector services	Percentage digital marketplace capabilities established as per defined scope	2 government department utilising the SuperApp as per defined scope	95% digital marketplace capabilities established as per defined scope	40% of government departments utilising SITA Marketplace	60% of government departments utilising SITA Marketplace

7.2.3 Output indicators: Annual and quarterly targets

Table 4 – Programme 2 quarterly targets

Output indicators	Annual target 2026/27	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Percentage of government entities adopting SITA digital services	10% of government entities adopting SITA digital services	-	3% of government entities adopting SITA digital services	6% of government entities adopting SITA digital services	10% of government entities adopting SITA digital services
Percentage of SITA-maintained legacy systems modernised	15% of SITA-maintained legacy systems modernised	-	Solution architectures developed for 15% of SITA-maintained legacy systems	Modernisation system development completed for 15% of SITA-maintained legacy systems	15% of SITA-maintained legacy systems modernised
Percentage of SITA in-house cybersecurity solutions developed	25% of SITA in-house cybersecurity solutions developed	-	-	-	25% of SITA in-house cybersecurity solutions developed
Central Government Data Hub platform architecture	Central Government Data Hub platform architecture design approved	-	-	-	Central Government Data Hub platform architecture design approved
Percentage of core network availability	99.80% core network availability	99.80% core network availability	99.80% core network availability	99.80% core network availability	99.80% core network availability
Percentage digital marketplace capabilities established as per defined scope	95% digital marketplace capabilities established as per defined scope	25% digital marketplace capabilities established as per defined scope	50% digital marketplace capabilities established as per defined scope	75% digital marketplace capabilities established as per defined scope	95% digital marketplace capabilities established as per defined scope

7.3 Programme 3: Transform SITA (State Digital Services Agency)

7.3.1 Programme purpose

The purpose of the programme to transform SITA into a high-performing digital services agency that leads government digital transformation through innovation operational excellence and employee engagement enabling efficient agile and sustainable service delivery across all internal processes.

7.3.2 Outcomes outputs performance indicators and targets

Table 5 – Programme 3 performance indicators and medium-term targets

Outcomes	Outputs	Output indicators	Estimated performance 2025-2026	Medium-term targets		
				FY2026/27	FY2027/28	FY2028/29
Transformed SITA through a culture of operational excellence in our processes and employee outcomes	Innovative solutions commercialised	Number of innovative solutions commercialised	2 innovative products and services piloted	3 innovative solutions commercialised	4 innovative solutions commercialised	4 innovative solutions commercialised
	Key internal processes automated	Percentage of key internal processes automated as per defined scope	New indicator	40% of key internal processes automated as per defined scope	60% of key internal processes automated as per defined scope	80% of key internal processes automated as per defined scope
	Improved performance-driven organisational culture	Percentage high performance culture index	New indicator	50% high-performance culture index	60% high-performance culture index	70% high-performance culture index

7.3.3 Output indicators: Annual and quarterly targets

Table 6 – Programme 3 quarterly targets

Output indicators	Annual target 2026/27	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of innovative solutions commercialised	3 innovative solutions commercialised	1 innovative solution commercially packaged	2 innovative solutions commercially packaged	1 innovative solution commercialised	2 innovative solutions commercialised
Percentage of key internal processes automated as per defined scope	40% of key internal processes automated as per defined scope	10% of key internal processes automated as per defined scope	20% of key internal processes automated as per defined scope	30% of key internal processes automated as per defined scope	40% of key internal processes automated as per defined scope
Percentage high-performance culture index	50% high-performance culture index	30% high-performance culture index initiatives implemented	70% high-performance culture index initiatives implemented	90% high-performance culture index initiatives implemented	50% high-performance culture index

7.4 Programme 4: Governance (effective corporate governance)

7.4.1 Programme purpose

The purpose of the programme is to strengthen SITA's corporate governance accountability and financial sustainability by ensuring regulatory compliance risk mitigation and prudent financial management that builds stakeholder confidence and long-term organisational integrity.

7.4.2 Outcomes outputs performance indicators and targets

Table 7 – Programme 4 performance indicators and medium-term targets

Outcomes	Outputs	Output indicators	Estimated performance 2025-2026	Medium-term targets		
				FY2026/27	FY2027/28	FY2028/29
Sustainable compliant and accountable SITA	Total year-on-year service revenue growth on the FY25/26 baseline	Percentage total year-on-year service revenue growth on the FY25/26 baseline	10% year-on-year growth in service revenue on the FY2024/25 baseline	10% total year-on-year service revenue growth on the FY25/26 baseline	11% total year-on-year service revenue growth on the FY26/27 baseline	12% total year-on-year service revenue growth on the FY27/28 baseline
	Revenue growth from new business opportunities	Percentage revenue growth from new business opportunities on the FY25/26 baseline	New indicator	10% revenue growth from new business opportunities on the FY25/26 baseline	10% revenue growth from new business opportunities on the FY26/27 baseline	10% revenue growth from new business opportunities on the FY27/28 baseline
	EBITDA as a percentage of revenue	Percentage EBITDA as a percentage of revenue	11% EBITDA as a percentage of revenue	7% EBITDA as a percentage of revenue	10.41% EBITDA as a percentage of revenue	11.35% EBITDA as a percentage of revenue
	Improved audit outcome	Audit opinion	Achieve an unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Clean audit

7.4.3 Output indicators: Annual and quarterly targets

Table 8 – Programme 4 quarterly targets

Output indicators	Annual target 2026/27	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Percentage total year-on year service revenue growth on the FY25/26 baseline	10% total year-on-year service revenue growth on the FY25/26 baseline	-	-	-	10% total year-on-year service revenue growth on the FY25/26 baseline
Percentage revenue growth from new business opportunities on the FY25/26 baseline	10% revenue growth from new business opportunities on the FY25/26 baseline	-	-	-	10% revenue growth from new business opportunities on the FY25/26 baseline
Percentage EBITDA as a percentage of revenue	7% EBITDA as a percentage of revenue	-	-	-	7% EBITDA as a percentage of revenue
Audit opinion	Unqualified audit opinion	-	-	-	Unqualified audit opinion

8. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

SITA plans to continue to implement several types of strategic programmes with the overarching goal of enhancing the customer experience that will ultimately lead to better overall service. Other priorities include fostering innovation and partnerships enhancing digital services and infrastructure increasing revenue and ensuring financial sustainability streamlining operations and establishing sound governance. For this financial year each programme’s intended performance is detailed below including the anticipated results outputs and objectives.

8.1 Programme 1: Customer-centricity

Over the medium term SITA will prioritise the restoration of customer trust and stakeholder confidence through measurable service improvements stronger customer-centric practices and consistent engagement. The customer experience remains one of the most visible measures of SITA’s performance and reputation within the public sector. The Agency acknowledges the persistent dissatisfaction with service quality slow turnaround times and communication inefficiencies highlighted by its customers and other stakeholders. These challenges have constrained value delivery and weakened perceptions of SITA’s capability within the public sector.

Over the medium term SITA will work to strengthen and sustain improvements in customer satisfaction and brand reputation supported by improved service reliability structured client engagement activities and the implementation of targeted service improvement initiatives across priority services.

Ultimately this programme represents a decisive shift from transactional service delivery to a citizen- and client-centric partnership model where government departments experience value through reliability transparency and impact. By fast-tracking service improvements customer engagement and brand visibility SITA seeks to demonstrate measurable progress that restores confidence among clients oversight bodies and the public — reaffirming its role as the digital engine of the State.

8.2 Programme 2: Transform public sector

SITA continues to progress its digital transformation plan by modernising outdated systems increasing data processing capacity and enhancing cybersecurity skills across government. The agency is replacing obsolete platforms with new interoperable cloud-ready technologies that boost efficiency scalability and service delivery. These initiatives directly contribute to the outcome of a digitally enabled public service through secure innovative and reliable digital platforms and services.

To support improved access to government services SITA will progressively increase the number of government services available via digital platforms enabling departments to deliver services more efficiently and consistently. In parallel SITA will modernise priority legacy government systems based on approved proposals and value propositions ensuring that high-impact systems designed to underpin service delivery are upgraded to reduce technical debt improve security and enable integration with modern digital platforms.

As part of strengthening digital capabilities SITA will continue the phased establishment of digital marketplace capabilities in line with an approved scope providing a scalable platform for digital solutions and services. In support of digital sovereignty and reduced reliance on external providers SITA will also develop in-house cybersecurity solutions progressively increasing the proportion of cybersecurity capabilities developed internally to strengthen protection of government ICT environments.

These initiatives are underpinned by a stable and available core network which will continue to maintain availability levels of 99.80% to support uninterrupted delivery of critical government ICT services. In addition SITA will focus on establishing the Central Government Data Hub platform architecture to enable improved data integration analytics and evidence-based decision-making across government. Together these outputs contribute to a modern secure and interoperable digital government environment that supports improved service delivery operational efficiency and the long-term transformation of the public sector.

8.3 Programme 3: Transform SITA

This programme focuses on transforming SITA into a high-performing efficient and digitally enabled organisation by strengthening internal processes and embedding a performance-driven organisational culture. Innovation remains a key enabler of transformation. Over the medium term SITA will increase the number of innovative digital products or services commercialised leveraging emerging technologies to improve operational performance agility and the overall customer experience.

Furthermore SITA will prioritise the automation of key internal processes to improve operational efficiency reduce manual intervention and enhance consistency accuracy and turnaround times across the organisation. This will enable improved service delivery stronger governance and better utilisation of resources. To support this transformation SITA will progressively automate priority internal processes as defined within approved scopes increasing automation coverage from 40% in FY2026/27 to 80% by FY2028/29. The automation of internal processes is a critical enabler of operational excellence supporting improved accountability streamlined workflows and more responsive organisational performance.

In parallel SITA will continue to strengthen a performance-driven organisational culture through the implementation of high-performance culture initiatives aligned to the approved High-Performance Culture Framework. These initiatives are aimed at reinforcing performance discipline accountability collaboration and execution across the organisation. Over the medium term SITA will implement a defined number of high-performance culture initiatives annually to embed sustainable behavioural and performance improvements.

Together the automation of internal processes and the strengthening of a performance-driven culture will enhance SITA's internal capability operational maturity and organisational resilience. These outputs collectively support the transformation of SITA into a more agile efficient and accountable organisation capable of delivering on its mandate and supporting the broader digital transformation of the public sector.

8.4 Programme 4: Governance

Over the medium term SITA's financial strategy will focus on strengthening revenue growth improving cost recovery and building long-term financial resilience. The agency aims to ensure that its services are both cost-effective and sustainable supporting reinvestment into innovation and infrastructure modernisation while maintaining affordability for government clients.

The Annual Report 2024/25 revealed modest financial performance with total revenue growth of 4% below target largely due to delays in implementing revised pricing models and the accumulation of client debt. These challenges coupled with slow payment cycles and limited diversification of revenue streams have placed pressure on cash flow and restricted investment capacity. The recent review of SITA's performance over the past medium term emphasised the need for a more agile and transparent financial model to enable predictable income improved accountability and sustainable service delivery.

In response SITA has a financial turnaround plan centred on three key levers:

- (a) revenue diversification through new digital products transversal platforms and cybersecurity services aligned to SP2030;
- (b) pricing reform guided by the revised service catalogue and benchmarking study ensuring tariffs are cost-reflective and competitive; and
- (c) debt management optimisation via the Debt Collection and Escalation Framework which institutionalises CFO-to-CFO and MD-level engagements for improved recovery.

Through these interventions SITA will gradually improve its EBITDA margin from 7% in FY2026/27 to 11.35% by FY2028/29 while targeting revenue growth of 10% year-on-year over the medium term.

These initiatives are underpinned by the broader financial sustainability framework outlined in SP2030 which aims to shift SITA from dependency on transactional ICT sales toward platform-based and subscription-driven revenue models that promote efficiency and scalability. The integration of cost-optimisation measures such as digital process automation, vendor management efficiencies and shared service platforms will further stabilise the organisation's cost base.

Over the medium term, the Agency's financial recovery will serve as a key enabler of SITA's transformation. Improved liquidity, revenue diversification and cost reduction combined with improved debt collection efforts that translates into positive cash flow will create the fiscal space to invest in innovation, talent development and infrastructure upgrades. Ultimately, Programme 4 aims to ensure that SITA is financially sustainable, strategically agile and capable of delivering affordable, high-quality digital services, thereby restoring confidence among clients, Parliament and the public in the agency's long-term viability.

9. FINANCIAL RESOURCES

9.1 Overview of the 2026/27 budget and MTEF estimates

9.1.1 Revenue

Revenue for FY2026/27 is budgeted at R8.788bn. This assumes an increase of 10.9% from the revised forecast amount of R7.9bn in FY2025/26. The anticipated increase in revenue is expected to be achieved through continued efforts to build on SITA's business development strategies for revenue growth, harnessing more value and achieving a larger share of the current approved ICT spend. It is further anticipated that the growth in revenue will be achieved through:

- (a) improving customer satisfaction;
- (b) sustaining and strengthening existing business lines, products and services;
- (c) introducing new services that respond to modern government demands;
- (d) retaining current business/customers;
- (e) extending full incorporation to national departments and provinces;
- (f) growing business in strategic departments and provinces;
- (g) growing business at local government level; and
- (h) focusing on the digitalisation strategic roadmap and linking SITA's service offerings accordingly.

Any unplanned increase in revenue will result in a corresponding increase in cost of sales in order to sustain this revenue.

9.1.2 Cost of sales and operational expenditure

Cost of sales is projected to increase by 2% from the FY2025/26 forecast to R6.318bn in FY2026/27, in line with the agreed cost-containment and cost-cutting initiatives currently in place.

Operational expenditure (Opex) is expected to increase by 32% from a FY2025/26 forecast of R1.600bn to an estimated R1.994bn in FY2026/27. This increase is primarily driven by investments to build internal capability and strengthen operational capacity to effectively deliver on SITA's strategy and transformation agenda. The increase also reflects higher costs of products and services due to inflationary pressures and related factors, including the upgrade and maintenance of facilities and computer equipment.

The human capital components included in the budget (both direct and indirect labour) are for planning purposes only and do not constitute a commitment. Actual expenditure will be informed by operational requirements and other prevailing factors, including filling critical vacancies and approved remuneration adjustments.

9.1.3 EBITDA

A more coordinated and disciplined approach to managing the components of EBITDA will support an improvement in the operating surplus, enabling greater internal funding for capital expenditure. In FY2026/27, EBITDA is projected to decrease to 7.2% as SITA invests in enabling internal efficiencies and strengthening its infrastructure. These investments are expected to materialise in the outer years of the MTEF period and consequently drive an EBITDA of 10.41% in FY2027/28 and 11.35% in FY2028/29.

It is further envisaged that EBITDA growth can be driven not only through the expansion of existing service offerings, but also by diversifying revenue streams and introducing annuity-based income opportunities. This will be achieved through a review of current pricing models for both existing and new services, as well as by leveraging strategic partnerships and investment vehicles that enable the commercialisation of intellectual property and allow SITA to participate in profit-share arrangements with selected partners.

9.2 Budgeted statement of financial performance

Description	Actual	Actual	Actual	Forecast	Budget	Medium Term Budget		
	2022/23 (Restated)	2023/24	2024/25	2025/26	2025/26	2026/27	2027/28	2028/29
Total Revenue:	6 458 272	6 899 970	7 506 943	7 918 452	8 372 183	8 787 928	9 666 721	10 633 393
Service Revenue	5 698 514	5 986 814	6 231 978	6 878 863	7 477 834	7 728 306	8 501 137	9 351 250
GovTech Revenue	-	-	-	-	-	59 000	64 900	71 390
Agency Revenue	759 759	913 156	1 274 965	1 039 589	894 349	1 000 622	1 100 684	1 210 753
Total Cost of Sales:	4 702 596	4 813 612	5 274 272	6 202 431	5 860 631	6 318 568	6 639 924	7 278 917
Agency Cost of Sales	701 889	920 410	1 103 359	1 008 401	863 447	955 454	1 051 000	1 156 100
Direct Labour	1 078 669	1 159 949	1 277 097	1 937 446	1 403 437	1 721 166	1 893 282	2 082 611
Service Delivery Expenses	2 683 334	2 559 394	2 726 894	3 054 500	3 311 557	3 385 421	3 473 963	3 796 359
Direct Depreciation	238 703	173 859	166 922	202 084	282 190	201 526	221 679	243 847
Govtech Costs	-	-	-	-	-	55 000	60 500	66 550
Gross Margin - overall	1 755 676	2 086 358	2 232 671	1 716 021	2 511 553	2 469 361	3 026 797	3 354 477
Gross Margin % - overall	27%	30%	30%	22%	30%	28%	31%	32%
Gross Margin - services	1 432 763	1 877 603	1 990 259	1 684 833	2 109 675	2 236 255	2 236 255	3 228 433
Gross Margin % - services	30%	35%	33%	24%	33%	31%	34%	35%
Gross Margin - agency	35 560	67 340	71 380	31 188	75 663	80 203	80 203	54 653
Gross Margin % - agency	8%	-1%	13%	3%	3%	5%	5%	5%
Other Income	88	62 053	113 449	56 876	78 952	11 042	12 146	13 361
Total Operating Expenses:	1 503 627	1 788 637	1 762 094	1 599 500	1 994 093	2 109 137	2 320 050	2 477 055
Indirect Labour	998 894	1 006 393	1 098 641	841 435	1 217 648	1 005 401	1 105 941	1 216 535
Marketing expenses	-	-	4 336	66 112	66 112	28 063	30 869	33 956
Indirect Depreciation	24 548	31 135	30 790	37 616	45 997	59 938	65 932	72 525
Other Indirect Costs	480 185	751 109	594 853	577 047	577 047	918 714	1 010 586	1 036 644
Research and Development	-	-	-	17 500	17 500	15 000	16 500	18 150
Performance Bonus	-	-	-	-	10 000	10 000	11 000	12 100
Training	-	-	33 474	59 789	59 789	72 020	79 222	87 144
Operating Surplus	339 679	359 774	584 026	173 398	596 411	371 266	718 893	890 782
Net Finance Income	138 781	172 648	167 559	109 513	109 513	162 623	178 885	196 774
Profit Before Tax	478 460	532 422	751 585	282 911	705 924	533 889	897 778	1 087 556
Income tax payable	(27 941)	(176 130)	(337 003)	(79 215)	(190 600)	(144 150)	(242 400)	(293 640)
Net Profit	450 518	356 292	414 582	203 696	515 325	389 739	655 378	793 916

9.3 Budgeted statement of financial position

Description	Audited Actual		Audited Actual		Audited Actual		FY 2025/26 Budget		FY 2026/27 Estimates		Medium Term Budget	
	FY 2021/22 (Re-Stated)	FY 2022/23 Re-stated	FY 2023/24 Re-stated	FY 2024/25 Actual	FY 2025/26 Budget	FY 2026/27 Estimates	FY 2027/28 Estimates	FY 2028/29 Estimates				
ASSETS												
CURRENT ASSETS	3 420 849	3 969 669	4 403 396	4 918 896	4 548 718	4 708 009	4 902 456	4 803 967				
Cash and cash equivalents	2 227 789	2 437 793	2 219 662	1 618 321	1 907 986	1 910 574	1 850 660	1 864 755				
Trade and other receivables	883 601	1 121 203	1 984 840	3 059 011	2 440 827	2 481 422	2 648 719	2 505 771				
Income Tax receivable	136 556	218 982	-	53 637	-	145 330	203 172	223 542				
Prepayments	139 165	178 435	185 445	177 181	199 904	170 681	199 904	209 899				
Inventory	33 737	13 256	13 449	10 746	-	-	-	-				
NON-CURRENT ASSETS	1 233 360	1 259 657	1 578 400	1 741 353	2 310 793	2 946 966	3 340 491	3 527 558				
Property plant & equipment	954 213	1 035 909	1 136 267	1 303 151	1 751 150	2 132 854	2 388 969	2 522 751				
Intangible assets	279 147	222 843	436 580	395 844	559 643	814 112	951 522	1 004 807				
Non Current Portion of Prepayments	-	905	5 553	42 358	-	-	-	-				
TOTAL ASSETS	4 654 208	5 229 326	5 981 796	6 660 249	6 859 511	7 654 975	8 242 947	8 331 526				
LIABILITIES												
CURRENT LIABILITIES	919 805	962 403	1 354 041	1 552 174	1 188 791	1 405 666	1 322 228	1 390 136				
Creditors	497 610	519 409	807 307	694 263	758 890	949 416	864 187	907 396				
Other payables	168 817	199 782	237 538	322 454	131 000	156 674	158 675	166 609				
Income received in advance	219 219	221 872	280 293	502 683	293 495	295 495	293 495	309 931				
Post-retirement employee benefits	2 427	2 713	3 324	3 676	3 656	2 284	4 022	4 247				
Finance lease liability	30 341	16 878	23 976	27 732	-	-	-	-				
Long service award benefit	1 392	1 749	1 603	1 366	1 751	1 798	1 850	1 954				
NON-CURRENT LIABILITIES	248 191	280 648	285 197	350 935	251 697	252 214	250 424	270 302				
Post-retirement medical liability	112 271	118 535	120 959	127 343	133 055	133 055	133 055	146 361				
Finance lease liability	14 359	96 106	90 773	3 882	-	-	-	-				
Long service award benefit	12 010	10 952	10 466	10 523	11 430	11 945	10 156	10 725				
Deferred tax liability	109 551	55 056	62 998	209 187	107 212	107 214	107 213	113 217				
TOTAL LIABILITY	1 167 996	1 243 051	1 639 238	1 903 109	1 440 488	1 657 880	1 572 652	1 660 437				
TOTAL NET ASSETS	3 486 212	3 986 275	4 342 558	4 757 140	5 419 023	5 997 095	6 670 295	6 671 089				
TOTAL LIABILITIES AND EQUITIES	4 654 208	5 229 326	5 981 796	6 660 249	6 859 511	7 654 975	8 242 947	8 331 526				
NET ASSETS ANALYSED AS FOLLOWS												
Equity contributed	-	-	-	-	-	-	-	-				
Non-distributable reserves	627 335	627 335	627 335	627 335	627 335	627 335	627 335	627 335				
Accumulated surplus	2 858 877	3 358 940	3 787 077	4 129 805	4 791 688	5 369 760	6 042 960	6 043 754				
3 486 212	3 986 275	4 414 412	4 757 140	5 419 023	5 997 095	6 670 295	6 671 089	6 671 089				

9.4 Budgeted Cashflow statement

Description	Audited Actual	Audited Actual	Audited Actual	Medium Term Budget			
	FY 2022/23 R'000	FY 2023/24 Actual R'000	FY 2024/25 Actual R'000	FY 2025/26 Budget R'000	FY 2026/27 Estimates R'000	FY 2027/28 Estimates R'000	FY 2028/29 Estimates R'000
Cash from operating activities	389 418	234 111	(155 390)	2 207 292	1 002 588	740 086	814 095
Cash flows from investing activities	(152 435)	(419 774)	(423 216)	(1 000 000)	(1 000 000)	(800 000)	(800 000)
Cash flow from financing activities	(26 982)	(32 466)	(22 735)	-	-	-	-
Increase/(decrease) in cash and cash equivalents	210 001	(218 129)	(601 341)	1 207 292	2 588	(59 914)	14 095
Cash and cash equivalents beginning of year	2 227 789	2 437 791	2 219 662	700 694	1 907 986	1 910 574	1 850 660
Cash and cash equivalents end of year	2 437 791	2 219 662	1 618 321	1 907 986	1 910 574	1 850 660	1 864 755

9.5 Budget per programme

Description	Programme 1: Customer centricity	Programme 2: Transform public sector	Programme 3: Transform SITA	Programme 4: Governance	Total
Total Revenue:	2 421 525	6 307 404	-	59 000	8 787 928
Service Revenue	1 679 077	6 049 230	-	-	7 728 306
GovTech Revenue	-	-	-	59 000	59 000
Agency Revenue	742 448	258 174	-	-	1 000 622
Total Cost of Sales:	2 087 853	4 175 715	-	0	6 318 568
Agency Cost of Sales	712 790	242 664	-	-	955 454
Direct Labour	538 590	1 182 576	-	-	1 721 166
Service Delivery ExOpenses	823 597	2 561 824	-	-	3 385 421
Direct Depreciation	12 876	188 650	-	0	201 526
Govtech Costs	-	-	-	55 000	55 000
Gross Margin - overall	333 672	2 131 689	-	59 000	2 469 361
Gross Margin % - overall	14%	34%	0%	0%	28%
Service Gross Surplus/(Deficit)	304 014	2 116 179	-	0	2 420 193
Service Gross Margin %	18%	35%	0%	0%	31%
Agency Gross Surplus/(Deficit)	29 658	15 510	-	-	45 168
Agency Gross Margin %	4%	6%	0%	0%	5%
Other income	-	-	-	11 042	11 042
Total Operating Expenses:	337 154	698 773	108 820	964 390	2 109 137
Indirect Labour	240 669	346 503	72 163	346 067	1 005 401
Marketing Expenses	743	12	-	27 308	28 063
Depreciation Expenses	2 238	36 030	160	21 510	59 938
Other Indirect Costs	93 505	316 228	21 497	487 485	918 714
Research & Development	-	-	15 000	-	15 000
Performance Bonus	-	-	-	10 000	10 000
Training	-	-	-	72 020	72 020
Operating Surplus	(3 482)	1 432 916	(108 820)	(894 348)	371 266
Net Finance Income	-	-	-	162 623	162 623
Profit Before Tax	(3 482)	1 432 916	(108 820)	(731 725)	533 889
Income tax payable	940	- 386 887	-	197 566	(188 381)
Net Profit	(2 542)	1 046 029	(108 820)	(534 159)	345 508

10. UPDATED KEY RISKS AND MITIGATIONS

The table below presents the critical risks linked to the achievement of SITA's FY26/27 strategic outcomes together with the planned mitigation measures. As SITA advances the implementation of its long-term digital government agenda the organisation must remain vigilant about evolving risks that could affect customer confidence service quality financial resilience and operational efficiency.

SITA's risk management approach emphasises proactive identification early response and integration of mitigation actions into programme execution. This ensures that emerging risks such as rapid shifts in technology cyber-threats financial pressures or capacity constraints are addressed before they compromise delivery. The mitigations proposed are consistent with SITA's mandate of providing secure reliable and citizen-focused digital services while reinforcing organisational accountability sustainability and trust among stakeholders.

Table 9 – Key risks and mitigations

Outcomes	Key risks	Mitigations
Customers who are advocates and promoters of SITA's products and services.	Increased customer dissatisfaction and negative branding	<ul style="list-style-type: none"> Establish improved marketing, public relations and branding initiatives Establish proactive media monitoring initiatives Conduct customer satisfaction surveys to assess satisfaction levels Develop and implement service improvement plans for identified service deficiencies
	Delay in adopting modern technologies due to lack of innovation – limited innovation capability to meet evolving client needs	<ul style="list-style-type: none"> Strengthen research and innovation capability and capacity through defined governance processes and targeted investments to identify pilot (through POCs), and scale innovative products and solutions Explore opportunities for strategic partnerships in the digital innovation space to leverage their expertise and networks Modernisation of legacy, transversal and unique systems maintained by SITA for government departments Develop a digital product management strategy with an approved list of planned innovative products and services Establish new integrated services available via digital channels
Digitally enabled public service through the reliable and scalable use of SITA's digital platforms, services and data capabilities	Information security and privacy risks- Cybersecurity breach and data sovereignty failures	<ul style="list-style-type: none"> Improve cybersecurity posture for SITA managed services by implementing and recommending security hardening initiatives Conduct yearly SITA maturity assessment and implement the improvement initiatives Establish and enhance SOC capability across SITA services Impose security requirements to third-party service providers and strengthen information protection through enforced confidentiality obligations Enhance comprehensive protocols to manage and recover from cybersecurity breaches/incidents
	Inability to continue with operation (client or SITA) – business continuity failure	<ul style="list-style-type: none"> Design and implement high-availability systems with redundant infrastructure, automated failover, load balancing and geographic redundancy to minimise service disruptions Develop and implement a power generation strategy Develop adequate business continuity plans and processes Implement/provide redundancies to address single points of failure Implement critical electrical and mechanical infrastructure upgrades and modernisation of data centres Redesign and implement the new Internet architecture to provide seamless failover and direct peering to (other) internet exchanges Expand the capacity of the compute and storage capacity on the SITA CFI to accommodate increasing demand for compute and storage and backup requirements

Outcomes	Key risks	Mitigations
Digitally enabled public service through the reliable and scalable use of SITA's digital platforms, services and data capabilities	Procurement delays and inefficiencies	<ul style="list-style-type: none"> • Implementation and integration of the bid specification centre of excellence within the SCM process • Automate the end-to-end SCM process • Review SCM policies and SOPs • Introduce and formalise supplier performance monitoring and reporting to governance structures • Promote ethics and anti-corruption measures
Transformed SITA, through a culture of operational excellence in our processes, employees and innovations	Talent shortages and skills mismatch to address current and future business demand	<ul style="list-style-type: none"> • Build internal digital skills through investing in ongoing training and development initiatives to close skill gaps in alignment with WSP • Fill vacant positions to capacitate core, critical and scarce business roles while stabilizing executive and management leadership • Establish targeted retention programmes for critical and core skills • Reposition, strengthen the employee value proposition, and implement identified initiatives
Sustainable, compliant and accountable SITA	Unfavourable audit outcomes (qualified, adverse and disclaimer)	<ul style="list-style-type: none"> • Review and strengthen finance policies and procedures to ensure improved oversight and compliance • Upgrade financial management systems • Strengthen finance's capability and capacity • Enhance financial management capability for all employees through awareness initiatives • Monitoring and reporting on the status of the implementation of the AGSA recommendations
	Threatened financial sustainability	<ul style="list-style-type: none"> • Develop additional sources (new clients, new services, long-term contracts) of income and new business opportunities, i.e. investment in digital services to reduce the reliance on concentrated revenue streams • Commercialisation of innovative solutions/products piloted • Implement structural cost-optimisation and workforce cost management – without job losses
	Governance failure	<ul style="list-style-type: none"> • Enhance governance structures and anchor governance in oversight structures, not individuals to ensure that oversight committee charters call for consistent operations • Strengthen compliance with existing code of conduct through mandatory training/awareness, and zero tolerance for violations • Oversee the adherence to the ICT Governance Framework and report status to the Exco and ICTRDI quarterly
	Increased existential threat – loss of strategic relevance	<ul style="list-style-type: none"> • Enhance stakeholder engagement and transparency • Secure ministerial backing and demonstrate strategic relevance by positioning SITA as critical to national priorities • Use public partnerships to deliver on complex infrastructure and services projects



**TECHNICAL
INDICATOR DESCRIPTIONS**

11. TECHNICAL INDICATORS

11.1 Percentage customer satisfaction level

Definition	Customer satisfaction level measures the extent to which SITA's services meet or exceed customer expectations, based on feedback from CSI surveys. It is expressed as a percentage reflecting the proportion of customers satisfied with service quality, responsiveness and overall experience.
Data/evidence source	Customer satisfaction survey
Method of calculation	As per results of customer survey conducted
Means of verification	Customer satisfaction survey report
Assumptions	(a) The preliminary assessment of improvements implemented in previous financial years will be conducted in quarter 1 (b) Targeted focus for service delivery in high-impact clusters like Social and Security clusters will have a positive spill-over effect on the overall customer satisfaction improvements (c) Supply chain management reforms will be implemented (procurement request completed within agreed target times)
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	National and provincial
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	55% customer satisfaction level
Indicator responsibility	Executive: National and Regional Consulting

11.2 Brand reputation index

Definition	This indicator measures the overall public perception of a brand by taking into account various factors such as brand loyalty, media coverage, social media sentiment and customer and employee satisfaction to create a comprehensive picture an organisations brand's reputation.
Data/evidence source	Brand reputation survey
Method of calculation	As per the results of the brand reputation survey conducted
Means of verification	Brand reputation report
Assumptions	Independent service provider will perform the survey with due diligence
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	National and provincial
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	50% brand reputation index
Indicator responsibility	Head of Department: Corporate Affairs

11.3 Percentage of government entities adopting SITA digital services

Definition	This indicator is measures actual adoption of SITA digital services by government entities, ensuring that government services are digitised, improved service delivery, interoperability and value realisation across government.
Data/evidence source	SITA digital marketplace report and/or government entity website
Method of calculation	(Actual number of government entities that have adopted SITA digital services / Total number of government entities as per SITA defined list) * 100 Note: (a) Government entities refer to all three spheres of government, i.e. national, provincial and local. (b) List of number of government entities will be defined by SITA, and it will consider changes in configuration of departments (e.g. new additions, merged or dissolved). (c) Exclusions will be government entities that opt not to utilise SITA's digital services due to various reasons such as budget, priorities, availability, changes due to customer requirements etc.
Means of verification	Project charter and plan Digital services deployment certificate
Assumptions	(a) The required services are fully developed, tested and made accessible on digital platforms, ensuring they are ready for government-wide use (b) There will be a formal directive mandating all government entities to adopt and use the SITA digital services, creating a top-down push for implementation
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Calculation type	Cumulative (year-end)
Reporting cycle	Quarterly
Desired performance	10% of government entities adopting SITA digital services
Indicator responsibility	Executive: National and Regional Consulting

11.4 Percentage of SITA-maintained government legacy systems modernised

Definition	This indicator measures the proportion of government legacy systems that have been modernised or re-engineered to align with current technology standards, improve efficiency, enhance security, and ensure system interoperability and sustainability.
Data/evidence source	Approved project charter and plan
Method of calculation	(Actual number of SITA-maintained government legacy systems modernised / Planned number of SITA-maintained government legacy systems modernised) *100 Note: (a) The percentage achievement excludes scope changes due to customer requirements, i.e. systems retired, project termination or project placed on hold (b) List of the number of SITA-maintained government legacy systems will be defined by SITA. (c) Exclusions will be customers that opt not to modernise the identified SITA-maintained government legacy systems due to various reasons such as budget, changes in priorities, availability, etc.
Means of verification	Client acceptance certificate
Assumptions	(a) Dependencies on departments for access to legacy systems are managed effectively (b) Infrastructure and integration platforms support modernised applications
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	National, provincial and local
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	15% of SITA-maintained government legacy systems modernised
Indicator responsibility	Executive: Application Maintenance and Development

11.5 Percentage of SITA in-house cybersecurity solutions developed

Definition	This indicator measures the percentage of cybersecurity solutions developed by SITA for deployment across government departments to protect information systems, digital platforms, and data against cyber threats. The indicator monitors the implementation and assimilation of fundamental cybersecurity capabilities.
Data/evidence source	Project plan and charter
Method of calculation	(Actual number of planned milestones / Total number of planned milestones) * 100
Means of verification	(a) Signed design documents (b) Test reports and remediation status (code review, penetration and vulnerability reports) (c) Security incident management reports
Assumptions	(a) Availability of training for skilled resources (b) Human resource support for capacitation (c) Organisational readiness and change management (d) Measurable outcomes and governance
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	25% SITA in-house cybersecurity solutions developed
Indicator responsibility	Executive: Service Management

11.6 Central Government Data Hub platform architecture

Definition	This indicator measures the development and formal approval of a comprehensive platform architecture for the Central Government Data Hub, which defines the logical, technical, security, interoperability and governance design required to enable secure, standardised and integrated data-sharing across national, provincial and local government institutions.
Data/evidence source	Approved project charter and plan
Method of calculation	(Actual number of planned milestones / Total number of planned milestones) * 100
Means of verification	Approved Central Government Data Hub platform architecture document
Assumptions	(a) Alignment with DCDT, National Treasury and client departments (b) Availability of cloud, data and cybersecurity skills (c) Departmental readiness for phased future onboarding (d) Stable national network connectivity
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Central Government Data Hub platform architecture design approved
Indicator responsibility	Executive: IT Infrastructure Services

11.7 Percentage core network availability

Definition	This indicator is intended to meet and exceed contracted network availability service levels with clients, which includes continual service improvement interventions.
Data/evidence source	Network monitoring systems report (NMS)
Method of calculation	(a) % availability of switching centres = Sum of availability of all SITA switching centres / Number of switching centres (for the period under review – month, quarter, year-to-date) (b) % reachability of all core links = Sum of reachability of SITA core links / Number of core links (for the period under review – month, quarter, year-to-date) (c) % core network availability performance= Average between % availability and % reachability (for the period under review – month, quarter, year-to-date) Exclusions are as follows: All planned downtime, and all downtimes related to force majeure as defined in client SLA
Means of verification	Report from NMS
Assumptions	The network upgrade project will be finalised timeously to improve performance
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	99.80% core network availability
Indicator responsibility	Executive: IT Infrastructure Services

11.8 Percentage digital marketplace capabilities established as per defined scope

Definition	This indicator measures the percentage of government departments that have been formally onboarded onto the Central Government Data Hub, in accordance with approved onboarding standards, data-sharing agreements and technical integration requirements, during the reporting period.
Data/evidence source	Project charter and plan
Method of calculation	(Actual number of planned milestones / Total number of planned milestones) * 100
Means of verification	(a) Milestone tracking reports demonstrating achievement of planned digital marketplace capabilities for the reporting period (b) Signed milestone completion sign-offs
Assumptions	(a) Industry partner onboarding completed as planned (b) Cross-divisional coordination: Collaboration between ADM, Corporate and Digital Strategy, Infrastructure, Service Management and Governance functions (c) Technical infrastructure readiness: Hosting, networking and security environments (WAN, LAN, cloud, monitoring platforms) are prepared to support iterative releases
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	95% digital marketplace capabilities established as per defined scope
Indicator responsibility	Executive: Applications Development and Maintenance

11.9 Number of innovative solutions commercialised

Definition	This indicator measures the number of new or improved innovative solutions that have been successfully commercialised and made available as part of SITA's products or services through the application of new technologies or innovative approaches.
Data/evidence source	Project charter and plan SITA product and services catalogue
Method of calculation	Actual number of innovative solutions commercialised
Means of verification	SITA commercialisation pack
Assumptions	(a) Alignment with government priorities (b) Collaborative partnerships with industry and academia (c) Increasing the percentage of innovative solutions will improve SITA's service delivery and overall customer satisfaction.
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	3 innovative solutions commercialised
Indicator responsibility	Executive: Corporate and Digital Strategy

11.10 Percentage of key internal processes automated as per defined scope

Definition	This indicator aims to improve key internal processes by streamlining them to accelerate the delivery of essential services with efficiency and thus boost the organisation's overall productivity.
Data/evidence source	As defined in the project charter
Method of calculation	$(\text{Key internal processes automated} / \text{Planned key internal processes automated}) * 100$
Means of verification	Approved project charter and plan UAT certificates
Assumptions	(a) Key internal processes are clearly identified and defined for automation (b) Necessary technological infrastructure and tools are in place (c) Identified processes are standardised and ready for automation (d) Automation aligns with broader organisational objectives (e) Automation complies with government regulations and industry standards
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	40% of key internal processes automated as per defined scope
Indicator responsibility	Chief Information Officer

11.11 Percentage high-performance culture index

Definition	This indicator provides a measurable view of organisational culture and performance maturity, enabling SITA to track progress in embedding a high-performance culture that supports strategy execution, accountability and sustained organisational effectiveness.
Data/evidence source	Project charter and plan
Method of calculation	As per results of the high-performance culture index survey
Means of verification	Deliverables as per high-performance culture implementation project plan
Assumptions	(a) Organisational support: Leadership and management are committed to the project and actively support its goals and implementation (b) Stakeholder engagement: All key stakeholders, including employees at various levels, will be engaged and provide inputs during planning and execution
Disaggregation of beneficiaries (where applicable)	Target for women = Yes Target for youth = Yes Target for people with disabilities = Yes
Spatial transformation (where applicable)	National and provincial
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	50% high-performance culture index
Indicator responsibility	Executive: Human Capital Management

11.12 Percentage total year-on-year service revenue growth on the FY25/26 baseline

Definition	The percentage growth in service revenue is calculated using the previous years' service revenue as per the Annual Financial Statements as the basis and calculating the increase in revenue year-on-year.
Data/evidence source	Quarterly Finance reports Annual Financial Statement
Method of calculation	$\frac{[(\text{Current period total revenue} - \text{New growth linked to business growth plan}) - \text{Total revenue per previous year financial statements}]}{\text{Total revenue per previous year's financial statements}}$
Means of verification	SITA Enterprise Resource Planning (ERP) system/general ledger data
Assumptions	(a) Synchronisation between national/provincial consulting and units responsible for delivering the actual services (b) Departments will obtain the necessary funding for digitalisation
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	10% total year-on-year service revenue growth on the FY25/26 baseline
Indicator responsibility	Chief Financial Officer

11.13 Percentage revenue growth from new business opportunities on the FY2025/26 baseline

Definition	This indicator measures the percentage growth in revenue generated from new business opportunities secured within the financial year. It captures revenue growth as per the new revised pricing models for network and internet services.
Data/evidence source	Quarterly Finance reports Annual Financial Statements
Method of calculation	Revenue generated from new business opportunities secured during the financial year/ FY2025/26 new business baseline opportunities secured) x 100 Revenue from new business opportunities includes: (a) All new network lines activated and billed (b) All new service contracts/revenue streams within FY as tracked by NRC and aligned to the revised pricing model (c) New revenue sales plan FY revenue planning must be adjusted with impact of SCM tender delays
Means of Verification	SITA Enterprise Resource Planning (ERP) system/general ledger data
Assumptions	(a) Synchronisation between National and Provincial Consulting and units responsible for delivering the actual services (b) Departments will obtain the necessary funding for digitalisation
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	10% revenue growth from new business opportunities on the FY2025/26 baseline
Indicator responsibility	Executive: National and Regional Consulting

11.14 EBITDA as percentage of revenue

Definition	EBITDA is measured as a percentage of revenue
Data/evidence source	Budgeted income statement, quarterly statement of financial performance, financial statements
Method of calculation	(Net surplus before tax + Depreciation + Amortisation- Interest received + Interest paid) / Revenue
Means of Verification	Financial reports and financial statements
Assumptions	(a) Improved financial governance across the organisation (b) Managing HCM-related cost as well as recoverability rates
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	7% EBITDA as a percentage of revenue
Indicator responsibility	Chief Financial Officer

11.15 Audit opinion

Definition	This indicator refers to an unqualified audit opinion with no material findings on performance information or compliance with legislation.
Data/evidence source	Audit report issued by the Auditor-General of South Africa
Method of calculation	Unqualified audit opinion with no material findings on performance information or compliance with legislation as per the audit report from the Auditor General of South Africa
Means of Verification	The final audit report issued by the Auditor General of South Africa. Note: Final results for this target will be produced upon conclusion of the external audit
Assumptions	Improved financial controls
Disaggregation of beneficiaries (where applicable)	Target for women = N/a Target for youth = N/a Target for people with disabilities = N/a
Spatial transformation (where applicable)	N/a
Desired performance	Clean audit
Indicator responsibility	Chief Financial Officer



ANNEX A: ABBREVIATIONS

AI	Artificial Intelligence
APP	Annual Performance Plan
AU	African Union
Capex	Capital expenditure
CFO	Chief Financial Officer
DCDT	Department of Communication and Digital Technologies
DOD	Department of Defense
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ERP	Enterprise Resource Planning
FY	Financial Year
G20	Group of Twenty
HCM	Human Capital Management
ICT	Information and communication technology
IoT	Internet of Things
MD	Managing Director
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan
NT	National Treasury
OECD	Organisation for Economic Co-operation and Development
Opex	Operating expenditure
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
PPP	Public-Private Partnership
SA	South Africa
SaaS	Software-as-a-Service
SAPS	South African Police Service
SCM	Supply Chain Management
SDGs	Sustainable Development Goals
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SOC	State-Owned Company
SP2030	SITA Strategic Plan 20256–2030



ANNEX B: MATERIALITY AND SIGNIFICANCE FRAMEWORK

B.1 Introduction

- (a) SITA, which is classified as a schedule 3A public entity, is governed by the SITA Act, PFMA, Treasury Regulations issued by the National Treasury and by the Companies Act.
- (b) In terms of the Treasury Regulation (TR) 28.3.1, SITA's accounting authority must, for purposes of "material" and "significant" in terms of sections 54(2) and 55(2) of the Public Finance Management Act (PFMA), develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.
- (c) Section 55(2) (b) (i) of the PFMA: "The annual report and financial statements referred to in subsection (1)(d) must include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the year."
- (d) Section 54(2) of the PFMA: "Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transactions to its executive authority for approval of the transaction:
 - (i) establishment or participation in the establishment of a company;
 - (ii) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
 - (iii) acquisition or disposal of a significant shareholding in a company;
 - (iv) acquisition or disposal of a significant asset;
 - (v) commencement or cessation of a significant business activity; and
 - (vi) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement."
- (e) In terms of TR 30.1, the accounting authority for a public entity must annually submit a proposed strategic plan for approval by the executive authority to the designated department (DCDT). In terms of TR 30.1.3(e), the strategic plan must include a materiality/significance framework.
- (f) The King IV Report on Corporate Governance (2016) requires that the governing body should approve management's bases for determining materiality for the purpose of deciding which information should be included in external reports.
- (g) This framework was developed considering the "Practice Note on Applications under section 54 of the PFMA Act no.1 of 1999 (as amended) by public entities" issued by the National Treasury. The framework will be reviewed annually and updated if necessary.

B.2 Definition of materiality and significance

- (a) The Accounting Standards Board (ASB) defines materiality as "the magnitude of an omission or misstatement in the financial statements, which individually or collectively, makes it probable that a reasonable person relying on those statements would have been influenced by the information or made a different judgement if the correct information had been known".
- (b) From an external audit point of view, ISA 320 defines materiality as follows: "Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point (quantitative), rather than being a primary qualitative characteristic which information must have if it is to be useful."
- (c) The Concise Oxford Dictionary defines significant as "extensive or important enough to merit attention" and may, therefore, be interpreted as of relative importance to the public entity as a whole. Transactions may be significant based on the monetary value of the transactions or due to the nature of the transactions. Thus, a transaction will be significant if conducting the transaction is vitally important in order to fulfil the public entity's mandate and for it to operate effectively.
- (d) "Significant" may also be interpreted as those transactions that in the case of SITA, would require approval from the executive authority or National Treasury and would include, but are not limited to the participation in a significant partnership, trust, unincorporated joint venture or similar arrangement, the acquisition or disposal of a significant shareholding in an organization, the acquisition or disposal of a significant asset and commencement or cessation of a significant business activity.

- (e) From the interpretations above, there is a difference between “material” and “significant”. Significant is larger than material as a significant transaction impacts the public entity as a whole. An occurrence may be material but not necessarily significant, whereas any occurrence that is significant will be material. This argument is supported by Treasury regulations 28.3.1 which is stated as follows: “For purposes of material [section 55(2) of the Act] and significant [section 54(2) of the Act], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.
- (f) As Treasury Regulation 28.3.1 also has an expectation of qualitative reporting, this framework will be dealt with in two main categories, namely quantitative and qualitative aspects. The policy set out hereunder should be appropriately presented in the Annual Report as required.

B.3 Determination of the acceptable levels of significance and materiality limits

B.3.1 Quantitative factors

The guidelines contained in the National Treasury Practice Note on Applications under section 54 of the PFMA by public entities will be used as the basis for determining the quantitative materiality and significance. The guideline recommends certain elements of financial statements to be considered as base purposes of this determination. The table below outlines the financial statement elements and the percentage ranges that can be used.

Element	% range to be applied against R value
Total assets	1% - 2%
Total revenue	0.5% - 1%
Profit after tax	2% - 5%

Total assets have been deemed to be an appropriate basis for which these levels are determined, as it is more reflective of the activities undertaken by the company. This is based on the fact that SITA's main business is the development of ICT infrastructure and provision of ICT services on these infrastructure platforms. The entity is also engaging in the refurbishment of its asset base. The significance amount will therefore be set at R133 million which is 2% of total assets.

SITA has governance structures that are in place and that are fully operational. As a result, the materiality amount will be set at R133 million as well, which is 2% of total assets.

Losses in excess of R50 000 arising from criminal conduct are considered to be material and will be disclosed in terms of section 55 of the PFMA.

The 2024/25 audited financial statements have been used to determine the appropriate materiality and significance.

B.3.2 Qualitative factors

Materiality is not merely related to the size of SITA and/or the elements of its financial statements. Misstatements may also be material on qualitative grounds. These qualitative grounds include amongst other:

- unusual transactions entered into that are not of a repetitive nature and are disclosable purely due to nature thereof (due to knowledge thereof affecting the decision making of the user of the financial statements);
- transactions entered into that could result in reputational risk to SITA;
- any fraudulent or dishonest behaviour of an officer or staff of SITA (for example, losses resulting from criminal conduct may be seen as material, based on the public accountability of SITA, regardless of the monetary value of the amount); and
- procedures/processes required by legislation or regulation.

B.4 Materiality and significance framework

Section	Requirement	Material/significant	Underlying principle
Section 50(1)	<p>The accounting authority for a public entity must – (c) On request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority.</p>	<p>SITA submits quarterly reports to the executive authority which include all relevant information which may influence the decisions or actions of the executive authority. These reports cover all transactions/ventures not included in the SITA strategic plan and SITA mandate and all other information as requested/required by the Minister.</p>	<ul style="list-style-type: none"> The PFMA is not intended to affect the autonomy of SITA, but its objectives are to ensure transparency, accountability and sound management of revenue, expenditure, assets and liabilities of the entity to which the Act applies. Therefore, the legislature could not have intended for the public entities to report and seek approval on matters of a daily basis. The operations of SITA are conducted within the framework of the mandate, objects and powers of the SITA Act, as well as the operational and financial direction set out in the strategic plan. SITA also has defined accountability and approval structures from the accounting authority, as the stakeholder representative, to the MD and management. The responsibility for day-to-day management of SITA vests in line management through a defined organisational structure and through formally delegated authorities.
Section 51(1)(g)	<p>An Accounting Authority for a public entity must promptly inform the National Treasury on any new entity which that public entity intends to establish or in the establishment of which it takes the initiative.</p>	<p>SITA will inform the National Treasury of individual transactions covered by this section irrespective of the materiality or significance of the transaction. The application will be done simultaneously with the section 54 application to the DCDT.</p>	
Section 54(2)	<p>Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:</p>	<p>1. Quantitative factors 1.1 Sections 54(2)(a)-(f): Any specific transaction will be regarded as significant if its rand value exceeds R133 million as determined above. Unless indicated to be excluded based on factors documented below.</p>	

Section	Requirement	Material/significant	Underlying principle
	(a) establishment or participation in the establishment of a company;	<p>2. Qualitative factors: The following qualitative factors will be considered when determining the significance of transactions:</p> <p>2.1 Any transaction of this nature that causes any interest (equity or loans) to be taken by SITA in the company to be established requires approval from the Executive Authority irrespective of its materiality or significance.</p> <p>2.2 Concerning participation in the establishment of a company, where an interest (equity or loans) is to be taken by SITA in the company to be established, any involvement by SITA in the establishment process will necessitate an application for approval, regardless of the degree of involvement by SITA.</p>	
		<p>2.3 Flowing from 1 and 2 above, where no interest (equity or loans) is to be held by SITA in the company to be established, for instance, where SITA is only facilitating the formation on behalf of or with other parties in pursuance of a social objective, such participation need not necessitate an application for approval.</p> <p>2.4 The establishment (or participation in the establishment) by SITA of any company that is domiciled outside the Republic of South Africa requires approval from the Executive Authority irrespective of the materiality or significance of the transaction.</p> <p>2.5 For purposes of establishment of an entity as envisaged under section 51(1)(g), the above principles will also apply.</p>	
	(b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	<p>2.6 Any transaction that entails incorporation under the Companies Act (or similar foreign legislation) should be dealt with under 2.1 to 2.5 above.</p> <p>2.7 For transactions not entailing incorporation, any transaction will be considered as significant -</p> <p>2.7.1 If participation is in any partnership, trust, unincorporated joint venture or similar arrangement that is located outside the Republic.</p>	

Section	Requirement	Material/significant	Underlying principle
	(c) acquisition or disposal of a significant shareholding in a company;	<p>2.8 Transactions are to be regarded as significant where -</p> <p>2.8.1 ownership control is affected; or</p> <p>2.8.2 SITA's right to pass or block a special resolution is affected; or</p> <p>2.8.3 there is a change in shareholding of at least 20%; or</p> <p>2.8.4 for an acquisition, any transaction results in a shareholding of at least 20% in a company.</p> <p>2.8.5 With the approval of the Cabinet, transfer to any person the shares of the Agency in a subsidiary company in accordance with the Companies Act (SITA Act 3A (3a)).</p>	
	(d) acquisition or disposal of a significant asset;	<p>2.9 Although the acquisition or disposal of shares or of an interest in an unincorporated vehicle, as envisaged by sections 54(2)(b), (c) and (f), would also be an acquisition or disposal of an asset, such transactions are more appropriately dealt with under the guidelines for those sections.</p> <p>2.10 Assets classified as current assets according to GRAP are not regarded as falling under this subsection and therefore are excluded from being considered significant.</p> <p>2.11 The acquisition or disposal of an asset other than those referred to in 2.9 and 2.10 above should be regarded as significant if its rand value falls within the parameters outlined in 1.1 above.</p> <p>The replacement (acquisition and disposal) of assets for operational reasons will be approved by the Board and will not be submitted to the Executive Authority as this is intended to maintain, renew, modernise and expand current business operations and not create entirely new streams of revenue or close business operations and related revenue streams. Therefore, such transactions are excluded from being considered significant.</p>	

Section	Requirement	Material/significant	Underlying principle
		<p>2.12 Regarding the acquisition of assets through a finance lease, the principles in 2.11 above will apply.</p> <p>2.13 In line with section 19 (4) of the SITA act, SITA may sell fixed assets only with the approval of the accounting authority, in consultation with the Minister of Communications.</p>	
	(e) commencement or cessation of a significant business activity; and	2.14 The commencement of SITA services as mandated to SITA by section 7 of the SITA Act will not be regarded as falling under this subsection and therefore are excluded from being considered significant	
	(f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	<p>2.15 The significance of a change in interest should only be considered if the participation in the partnership, trust, unincorporated joint venture or similar arrangement was originally regarded as significant.</p> <p>2.16 Where the nature changes between any of the vehicles (that is between a partnership, trust, unincorporated joint venture or similar arrangement), this will be regarded as significant.</p> <p>2.17 Any transaction that results in a cumulative interest of at least 20% in the vehicle (partnership, trust, unincorporated joint venture or similar arrangement) is regarded as significant.</p> <p>2.18 Any subsequent transaction that results in an increase of the cumulative interest by at least 10% in the vehicle (partnership, trust, unincorporated joint venture or similar arrangement) is regarded as significant.</p>	
Section 55(2)	<p>The annual report and financial statements referred to in subsection 55(1)(d) must –</p> <p>(b) include particulars of –</p> <p>(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.</p>	<p>2.19 Losses in excess of R50,000 arising from criminal conduct are material and will be reported in accordance with the provisions of section 55(2) of the PFMA.</p> <p>2.20 Any individual transaction arising from irregular expenditure and fruitless & wasteful expenditure will be considered to be material and will be dealt with in accordance with the provisions of section 55(2) of the PFMA irrespective of the rand amount involved.</p> <p>2.21 Amounts (Account balances) will be regarded as being material for disclosure purposes in the financial statements if that amount exceeds R133 million, which is 2% of the total assets of the audited 2024/25 annual financial statements.</p>	<ul style="list-style-type: none"> In line with good business practice, as well as the requirements of the PFMA, SITA is committed to the prevention, detection of and taking appropriate action on all irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies. To this end, SITA's systems and processes are designed and continually reviewed to ensure the prevention and detection of all such expenditure, irrespective of the size thereof.

B.5 Responsibility for the materiality and significance framework

B.5.1 Accounting authority

- (a) The accounting authority is responsible for developing and agreeing, with the executive authority, a framework of acceptable levels of materiality and significance.
- (b) The accounting authority has the responsibility to ensure that all material and significant transactions are dealt with in accordance with the prescripts of the relevant legislation.

B.5.2 Executive committee (Exco)

The Exco is headed by the managing director (MD) and is accountable to the accounting authority for designing, implementing and monitoring the framework of acceptable levels of materiality and significance and integrating it with the day-to-day activities of the company.

B.5.3 Internal Audit

Internal Audit assists management in monitoring the framework of acceptable levels of materiality and significance to ensure compliance with applicable legislation.



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