

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 1

WEDNESDAY, 25 MARCH 2026

PROCEEDINGS OF THE NATIONAL ASSEMBLY

The House met at Nieuwmeester Dome at 15:00.

The Speaker took the Chair and requested members to observe a moment of silence for prayer or meditation.

QUESTIONS FOR ORAL REPLY

CLUSTER 4 - ECONOMICS

Question 260:

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: Hon Speaker, hon members, you would say the question reflects a panic in society, and as a mine worker one thing I learned quite early in life is that panic kills.

Despite the heightened geopolitical risks, including the disruption in the Middle East shipping routes, the Republic's current petroleum supply security arrangements remain robust.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 2

The latest monitoring report confirms the overall supply is stable across petroleum products, with imports arriving as planned through mid-April 2026.

Inland supply is supported by stable refining, Sasol, the SA Petroleum Refineries, Sapref, and the coal-to-liquid refinery in Secunda, ensuring that there is reliable supply of energy.

Even the refinery maintenance shutdown in Cape Town will end at the end of April. That means it will add to the reliability of the supply in the country.

Planned imports are covering the duration of the shutdown and contingent measures. *Liquified Petroleum Gas*, LPG, supply remains stable, as this product is sourced in the Atlantic Basin.

Let me explain this in simple terms. Our crude oil is sourced from Africa and the Atlantic Basin, not in the Middle East. It is processed products that are sourced from the Middle East. So every arrangement that we have supplements what we normally source from the Middle East. Our refining capacity gives us 40% security in energy supply.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 3

However, forward imports are covering for a longer period as we look for diversification. I'm sure if you monitor the news you will appreciate that even ... the Strait of Hormuz ... allows cargos that come to South Africa ... without interruption. So that means we have a chance of having a stable supply over a long period.

Leave everybody else who makes the announcement ... that tried to plant panic in society. There should be no panic in society. Panic kills.

Now, companies operating in the petroleum sector have already pursued diversification to reduce reliance on the one source. So, as a business requirement for companies that actually supply security of energy, that is already done by companies.

Therefore, it is important to know as we import from the Middle East and the Atlantic Basin, that is more reliable than the Middle East in terms of security. Nigeria is a major supplier of crude. We then process that crude in our refining capacity. So, that's where we are.

There's no reason to panic. Supply is secured. I can tell you now up to the end of April, including jet fuel, which has been

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 4

announced as ... short ... It is not ... short ... The price has gone up dramatically. It's almost double the price, but there's no shortage in the supply of jet fuel in South Africa.

Ms F HASSAN: Minister, given that South Africa's refining capacity has declined significantly, what steps is the department taking to rebuild domestic refining capabilities? I know you touched on it just a moment ago.

Also, what are you going to be doing to strengthen the role of the SA National Petroleum Company, SANPC, in domestic refining potential in order to reduce our exposure to global supply shocks and price volatility? And, what feasibility assessments or financial models have been commissioned to evaluate the viability of repurposing, rehabilitating or converting existing refinery infrastructure in order to serve its mandate? Thank you.

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: ... one piece of advice. You don't try to do what you didn't do during normal times because there's a crisis. We bought Sapref after the damage. We're building it. We're not going to do anything extraordinary to ensure that it supplies crude. We import crude.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 5

We process it in what is already there. We'll continue rebuilding Sapref. We'll continue rebuilding the Petroleum Oil and Gas Corporation of SA, PetroSA, and increase our refining capacity.

However, for this current crisis, we depend on what is in place. We should not try to avoid it and try to look for something else.

That is where we are. We have a reliable supply of energy, and people should relax and not panic. Even companies in this sector diversify their source of energy and that secures ...

So, refining capacity will be grown over a period of time, not now. You don't try to do something extraordinary because there's a crisis.

Mr J R B LORIMER: Minister, it's a two-part question, so I've got a two-part follow up.

The first part is as follows. Approximately how many barrels of crude oil are available right now and where are they located?

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 6

The second part of my question concerns processed fuels. Can you give us a rough percentage of what fuels have been sourced from which countries over the past couple of months?

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: We have eight million barrels of oil in the strategic fuel stock; that is in the Strategic Fuel Fund, SFF, which is actually secured by the SFF. It's eight million barrels. That is not being used. It will be used when there is a real crisis.

Our supply of energy is divided into two. A total of 60% is imported processed products and 40% is processed by our own refineries and Sasol. So, it's 60-40 in various countries, ranging from month to month, but 60% is imported refined products and we process 40% in our refineries. [Applause.]

Dr W J BOSHOFF: Hon Speaker and hon Minister, I think we are all clear on the fact that there should be no shortages of fuel, as the ships which left have not arrived here yet ... those who left when the war started.

However, the basic problem at this moment is with the unavailability of diesel, which is quite unwarranted. According

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 7

to information I have, PetroSA has 25 million litres of diesel available while they tell wholesalers and retailers that they have no stock.

Could you assure us that the department has control over what PetroSA says and what is the truth? Also, that the big oil companies do not recover the increase from wholesalers now and again with a slate refund a month later. Thank you.

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: We do monitor that situation. We are receiving various reports which say that people are holding ... diesel in anticipation of a price increase.

That is illegal. If we find you doing that, we are going to pursue you legally because it is unfair to want to make a profit out of the diesel you bought at a particular price and you hold it ... so that ... there is an increase in price, then you will supply. We have received ... those instances, and we are monitoring and pursuing everybody who is reported to be doing that.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 8

The reality of the matter is that there is no shortage of diesel, there is no shortage of petrol, there is no shortage of paraffin, there is no shortage of jet fuel at this point in time. Anybody who holds ... diesel in anticipation of a price increase is actually behaving in an illegal way.

Mr W M THRING: Minister, in light of the growing concerns around energy security, supply disruptions and the resilience of or threats to South Africa's petroleum sector, there are obviously concerns around the exogenous shocks and preparedness of our energy sector.

Can you inform this House whether your department has conducted a recent risk assessment on the operational readiness of the energy sector to withstand these supply shocks and what measures are in place to ensure co-ordination between government, state-owned entities, SOEs, private-sector stakeholders in the event of a supply shock, particularly with regard to energy distribution, price stabilisation and the prevention of fuel shortages at a retail level. Thank you.

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: The reason why we are confident, hon Thring, is because our department meets

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 9

all of the petroleum producers twice a week to monitor the situation. So, when we articulate a position, we are not only talking for the SOEs. We are talking for everybody, because we meet those companies twice a week.

In terms of trading, SOEs ... PetroSA is doing what it has always been doing well. What is not working in PetroSA is the refinery, and that refinery must work.

The SANPC is operational and is doing the work, and PetroSA is a subsidiary of the SANPC, and therefore the SANPC is providing reliable complementary supply to private-sector suppliers. We meet them twice a week, we understand their position exactly, one by one. That is what we do to ensure there is stability of supply.

Ms F HASSAN: Thank you very much, Minister, for dealing with this issue with the necessary urgency it deserves. Given the current state of strategic reserve days and diversification agreements on the security of supply, what is the current role of the Central Energy Fund, CEF, and its subsidiaries in actively managing strategic petroleum product stock, as well as the emergency procurement capacity? And, secondly, has the

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 10

department conducted any joint energy security scenario planning with any of the Brics partner nations to develop a credible alternative in terms of supply chains that would be activated in the event of a sustained Strait of Hormuz closure? Thank you.

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: Let me first explain the structure. Currently, the SANPC is a subsidiary of the CEF until the Act which is before Parliament is promulgated. Before that promulgation, PetroSA, the SA Gas Development Company, iGas, and SFF are subsidiaries of CEF. Therefore, when we talk of the public sector and the supply of energy, we talk of the CEF co-ordinating everybody. That is the first thing.

We are talking to the Brics partners, but that is not the starting point. The starting point is ... in the Strait of Hormuz there is only one requirement which they want. Go through if you are not a partner or you are ... in alliance with America or Israel. If you are not in alliance with them, you are allowed through.

The second condition is that you will pay us in yuan, not in dollars. That in itself is a political decision taken by the Islamic Republic of Iran ... that if you go through there, you

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 11

can't be an ally of a person who has attacked us without us provoking them. That is why I said at the beginning, all the cargos coming to South Africa are allowed through the Strait of Hormuz. There is no fear in that, not unless you want to identify yourself with America or Israel.

Question 249:

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you very much, hon Speaker and hon Hlazo-Webster. Indeed, in 2024-25 financial year, the department committed to recruit 360 000 unemployed persons through the labour division programme. To date, the department has recruited 257 208 unemployed persons through this programme, of which 161 000 were in pay jobs.

The commitment of 360 000 was based on the anticipated partnerships with both the public and the private sector partners. Members would recall that in 2024, the High Court in Pretoria set aside the R5 billion contract between Thuja Holdings (Pty) Ltd and the Unemployment Insurance Fund, which was concluded in December 2022. This matter and subsequent due diligence on some of projects which were recommended and approved highlighted the potential pitfalls where some of the

WEDNESDAY, 25 MARCH 2026

Page: 12

contracts were subjected to further probity to ensure that we check and avoid repeat of the same.

The fund focuses on subjecting all contracts to probity and due diligence. An initial probity into approved projects indicated that due to the passage of time, some projects were no longer backed by the original commitments submitted by the partners. This process was necessary to protect public funds and ensure that projects only proceeded where actual jobs placements were guaranteed.

In the same financial year, 28 563 unemployed persons were placed into work and or paid employment through the employability programme nationally. This is due to the fund focusing on control measures, including probity that I have mentioned and due diligence to safeguard workers' funds.

In 2026, unemployed persons placed into work and or paid employment through the employability programmes nationally grew to 257 208. This growth is due to pivoting lab to focus on partnerships that both the employed people are stepping stones to their future employability. The The Presidential Youth Employment Initiative Basic Education Employment Initiative

programme is a flagship project in this regard. Employment of educator assistants helped to strengthen the learning environment by supporting teachers in the classroom, freeing up time for teaching and providing additional support to learners to improve education outcomes. This programme was implemented in collaboration with the Department of Basic Education and the Industrial Development Corporation. It provided important experience and stepping stone towards future opportunities for participants. The implementation of this project which commenced in June 2025, successfully recruited and placed over 155 000 young people in schools as educator assistants. We will expand partnerships with such large scale employers based on contracts with clear deliverables and demonstrated capacity to implement.

The variance between the initial targets and actual placements can be attributed to mitigating factors such as the risk of nonperformance where an entire cohort is trained but not absorbed. Projects are being implemented in phased approach, with the roll-out of subsequent phases determined by satisfactory absorption rates of the preceding phases. Thank you, Madam Speaker.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 14

Mrs N L HLAZO-WEBSTER: Thank you, Speaker. Minister, you have repeatedly stated that programmes like the labour activation programme would assist to move us towards the National Development Plan's, NDP's, goal of 6% unemployment. When you look at the actual figures versus what had been forecasted: Do you believe that these programmes, in the way that they have been designed and framed, will still get us to that target of 6% unemployment especially given that the dependencies which you have now stated and which you have given as a reason for that gap that you see? With that being as it is: Do you think there is cause to review these programmes and how they are implemented? Secondly, regarding the numbers that you speak of: Can you please define what type of jobs these are? Are they permanent jobs? Are they contract jobs? What is the definition of these jobs that you have alluded to? Thanks.

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you, member. Hon Speaker, If I may remind the House that the Labour activation programme is an intervention by government that started in 2009, after the economic recession. It is an intervention whilst we wait for the economy to perform. It is not an end unto itself. There is an expectation that once the economy starts to perform, the labour market will be able to absorb the labour force. But

WEDNESDAY, 25 MARCH 2026

Page: 15

the government can't sit back and watch and not come with interventions. It is part of the public employment programmes that are done by government across departments in our country. It is not on its own expected to take us to the target unemployment rate, but we are dependent on the performance of the economy. That is why we are happy with the green shoots that have since been reported that our economy is performing well after interventions that were done, in particular by the Ministry of Electricity and Energy and by the Ministry of Trade, Industry and Competition ensuring that we also improve the international trade in our country and in the globe.

We are working together with the private sector in particular. That is the one that must play a major role in ensuring that the labour force of our country is absorbed. We are confident if our economy performs, we will be able to reach the target.

Again, we have since assessed ourselves. The National Strategy, NS, 2025-26, was the only first year to implement a massive programme as we budgeted R23 billion for over three years. We could not move 2024-25, as you can hear the dismal performance of 28 000 vis-à-vis the target of 360 000 because there was an issue of reported fraud and we had to dedicate 2024-25 to be the

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 16

year of probity and reopen the due diligence. But we are not ending there. We are moving forward. We are even looking at the ... [Time expired.]

Mr M P MOTUBATSE: Thanks, Speaker. Speaker, we welcome the report that is coming through that there is progress that has been registered. But can you ... because that's general, and we want specifics. From the 33% that we have currently in terms of trying to get our people out of the jungles of unemployment: What contribution of what you are reporting has to the activation to make sure that that percentage goes down? Secondly, is this not another "popayi" [mockery] programme, which is the Expanded Public Works Programme, EPWP, programme, whereby we don't have tangible points that says these people are employed, where they are employed and they are permanently employed? If you can just give us specifics to say they are employed in this particular sector, and not just a response that is general in terms of where people are employed so that our people could be released from this dungeon of unemployment. Thank you.

The MINISTER OF EMPLOYMENT AND LABOUR:

IsiXhosa:

WEDNESDAY, 25 MARCH 2026

Page: 17

English:

Speaker, I don't understand when the member says my response is general. I am responding to a specific question by the hon member, and as such I expect the follow-up question to be in relation to that. I have specifics that are giving numbers in responding to the question. They say you targeted 360 000 for 2024-25: How many have you been able to deliver up to so far? I want to start there.

Secondly, regarding the issue of the unemployment, we agree that it is affecting South Africans. It is not 33% now, it is 31,4% in terms of the fourth quarter of 2025 of the Statics SA report.

But the most affected people are the young citizens who don't have matric or only have matric. It is for that reason that the interventions by the department, which is part of the intervention that is government-wide, are focusing on skills which are six months for those who have matric or less. We are focusing on learnerships. We understand that broadly there is an issue of graduates who are not employed, those who as we speak, are just above 11% in terms of unemployment rate. It is important as we intervene that we don't forget those who are in the category that is said to be not in employment and not in

WEDNESDAY, 25 MARCH 2026

Page: 18

education or training. It is a programme of ensuring that we impart skills to the most needy, not like EPWP. The Expanded Public Works Programme as far as I can recall does not have a training programme. We are providing skills to these individuals who could not afford to go beyond matrices so that at least they can stand a chance to be employed, hence employability.

But we did not end there. We ended with a clause in our contacts with the service providers to say that you must promise us that after training them you will at least introduce them to the world of work. Hence the clause that says we require or expect them to employ them. It is not a permanent solution, but at least if you give a skill it is going to help our citizens so that they stand a better chance to be employed. That's what employability is all about.

Mr M V DANIELS: Thank you, Speaker. Good afternoon, hon Minister. Hon Minister, we welcome this programme. But I would like to know: Did your department go an extra mile to do an assessment to look at sustainability and the duration of such opportunities through this programme? If you did not, why not? And if you did, what were your findings around such assessments done pertaining to this programme? Thank you.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 19

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you, hon member.

Hon Speaker, as I said, the programme comes as far back as 2009.

The reality is that when we stand and look back we cannot fully account for those who participated before. It is for that reason that we used our position as the chairperson of the Government Business Committee that is focusing on jobs, skills and small and medium enterprises that we have instructed the Presidency, the Department of Employment and Labour and the Higher Education and Training to help us understand the skills that are needed by the labour market so that the skills that we provide to our people are those that are demanded by the labour market. Post the training there should be no discussion whether people can be absorbed by the labour market or not. We are starting to do that and we are improving, as I said.

Our policy is being looked at very seriously. Initially, we used to throw the net very wide - generic approach. We would invite every partner who says I am training on this particular skill. We must be a department that is unique, a department that appreciates and understands the labour market. As such going forward, we will only be working with those employers and public entities that will provide skills that are needed by the labour market.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 20

Xitsonga:

Tat S M GANA: Ndza khensa, Xipikara. Holobye...

English:

... one of the skills that is required by the labour market as announced by the President, is the 10 000 labour inspectors. The President in the state of the nation address indicated that there will be 10 000 additional labour inspectors that will be appointed in your department. I want to know: How are you linking the labour activation programme, LAP, and the 10 000 opportunities that have now been opened by the President? How many of these graduates or young unemployed people who have gone through the Labour activation programme will be considered for the opportunity of the labour inspectors announced by the President in the state of the nation address?

Xitsonga:

Ndza khensa swinene, Mutshamaxitulu.

English:

The MINISTER OF EMPLOYMENT AND LABOUR: Speaker, just as a reminder, the intervention through the Labour activation programme is not a formal skill. We have a lot of those who are

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 21

graduates who are unemployed. Even before the President made that announcement, we were taking an undertaking that we shall hit two birds with one stone by looking at the graduates that are not employed and the issue of the lack of capacity in the department when it comes to inspecting the businesses that are noncompliant. Then we came up with a special project in line with the Unemployment Insurance Act that says the Minister may come up with job creation schemes. And we said we are going to recruit unemployed graduates who qualify in terms of the Acts that we are inspecting - the Basic Conditions of Employment Act, the Compensation for Occupational Injuries and Diseases Act and the Occupational Health and Safety Act. We recruited 20 000. We started a programme of recruiting 20 000 inspector internships. The 10 000 is supposed to be recruited this financial year and the other 10 000 next financial year.

We appreciate the intervention by the President because he understands that the 2 300 inspectors that we have cannot inspect satisfactorily the two comma something million companies that are not complying.

We welcome that. We will be offering a permanent jobs and not only linking it to the labour activation programme. As I said,

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 22

the labour activation programme is targeting those who don't have postmatric education. With the labour inspectors we want graduates who qualify, who shall be employed permanently. We are working with the Treasury to ensure that there is money made available for us to implement the pronouncement by the president during the Sona.

The SPEAKER: Hon Mama Khawula, as you are walking to your seat I'm sure you will put on your jacket. My sister there, an hon member who is also having a black T-shirt, put on your red jacket because it has the emblem of the party at the back, and in terms of our Rules, it is not allowed. Thank you very much for complying.

Mrs N L HLAZO-WEBSTER: Minister, the first part of my first supplementary question was based on a statement that you had made more than once. Will the programmes like the labour activation programme contribute to achieving the NDP's unemployment target? Today, you are describing them as temporary interventions while we wait for the economy to perform. This raises a fundamental concern about the department's approach and how and whether it is actually geared towards structural job creation. That's the first.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 23

Secondly, the question that I raised was: Are the jobs that you are reporting under the programme short-term placements or permanent? If you can, confirm what proportion of these opportunities translate to sustained employment beyond the program period.

The MINISTER OF EMPLOYMENT AND LABOUR: Thank you Speaker and hon member. You are correct to say these interventions are an attempt to contribute towards the achievement of that rate of unemployment as envisaged in our NDP. But as I said earlier on, they are not the only ones. They are not the major ones. What we want to see is to have our people absorbed by the labour market depending on the performance and also on the availability of those skilled South Africans. We appreciate the fact that since the dawn of democracy many South Africans, in particular black South Africans, have access to education. As we speak now, the struggle of the youth of 2026 is different from the struggle of the youth of 1976 who struggled for access to education. Now, massive numbers of young South Africans have accessed to postmetric education through the interventions of government.

What we would like to see now is them being absorbed. As I said earlier on, their absorption depends on the economy because it

WEDNESDAY, 25 MARCH 2026

Page: 24

cannot be government that is expected to create jobs. It is the private sector which is also guided or is dependent on the performance of the economy.

We have specifics in terms of saying how many are in permanent jobs and how many are in temporary jobs. Our target is to give them a skill because being a contributor to the economic growth does not necessarily mean you must be a worker and get a salary. We train them. We want to partner with departments like the Small Business Development so that those who are trained on technical skills can be able to be given new ventured creation skills to run their own businesses. To us, we also take that as a contribution to the economy.

We are partnering with the Department of Small Business Development so that those who don't want to be employed can work as entrepreneurs. We can provide information in terms of saying how many are in temporary jobs and how many have been absorbed in permanent jobs from those who have participated in the labour activation programme. Thank you, hon member.

Question 300:

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 25

The MINISTER OF FINANCE: Hon Speaker, National Treasury has implemented several legislative and oversight measures grounded in the Constitution and the Division of Revenue Act to ensure that municipalities with persistent governance failures, weak financial management and poor performance are subject to stronger accountability and corrective action rather than continuing to receive transfers without consequences. Section 216 of the Constitution requires legislation to establish a National Treasury and to prescribe measures to ensure transparency and expenditure control in each sphere of government.

In subsection 2, it further provides that National Treasury must enforce compliance with these measures and empowers it to stop the transfer of funds to any organ of state that commits a serious or persistent material breach. This provides the principal basis for intervention in municipalities that consistently demonstrate poor financial management. In line with this conditional injunction, section 17 of the Division of Revenue Act provides the transferring officer and where appropriate the National Treasury to withhold conditional grants allocation for 30 to 120 days where a municipality does not comply with the conditions of the Act.

Section 18 of the Division of Revenue Act provides for stopping conditional grants grant allocations where persistent non-compliance or underperformance continues despite prior intervention. This includes section 17 of withholding the funds. Section 19 of the Division of Revenue Act allows the National Treasury, once an allocation has been stopped, to reallocate the funds to other provinces or municipalities and to alternative implementing agents provided the funds are still applied or used for their original purpose and within the same financial year.

Section 20 of the Division of Revenue Act enables the National Treasury upon request and after consultation with the transferring officer, to convert an allocation from a direct Schedule 5 grant to an indirect Schedule 6 grant, particularly in cases where municipalities have a history of poor performance or limited capacity. National departments that act as transferring officers for conditional grants are responsible for monitoring both the financial and nonfinancial performance of programmes funded through this allocation as per section 10 of the Division of Revenue Act. In contrast, unconditional transfers such as the local government equitable share cannot be intervened in the same manner as conditional grants due to their constitutional nature. National Treasury can only stop these

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 27

transfers through withholding in terms of section 216 of subsection 2 of the Constitution, which is read together with section 38 subsection 1 of the Local Government Act. Thank you.

The SPEAKER: Thank you, hon Minister. The first supplementary question is from the hon K H Wakelin.

Mr K H WAKELIN: Thank you, Speaker. Hon Minister, thank you. Based on your answer and as a way by example in the City of Tshwane there was a failed water infrastructure tender in Hammanskraal. This led to a further R777 million water tanker corruption scandal. Minister, will you commit today National Treasury to formally investigate and to enforce decisive action including the withholding, delaying or conditioning of equitable shares and grant transfers to the City of Tshwane and to ensure accountability and to prevent any further misuse of our public funds. Thank you.

The MINISTER OF FINANCE: Hon Minister. If there was a misuse of public funds, indeed the National Treasury will make the necessary intervention. We will investigate. I don't have the information at my disposal at the moment to make a firm commitment. Thank you.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 28

The SPEAKER: Thank you. Hon Dr M J Maswanganyi? Hon Maswanganyi?

Dr M J MASWANGANYI: Sorry, Speaker. Let me get my things better organised, and I will come back. Sorry. [Interjections.]

The SPEAKER: I did not hear you, hon Dr M J Maswanganyi. What is the problem? [Interjections.] Okay, in order not to waste the time, can we allow the hon Maotwe to ask a question. I am not sure who is taking the question on her behalf.

Mr S LONZI: Thank you, Chair. It's very disappointing for the whole chairperson of the committee not to have his house in order and to be organised. That shows the government that is leading this country. Minister, if you were following Parliament, you would have seen that the President of the Republic, Mr Cyril Ramaphosa, agreed with the President of the EFF on insourcing. You often complain about the lack of capacity in municipalities. You also complain about municipalities sending money back to Treasury because they outsource many core services of the municipality. President Cyril Ramaphosa stood here a week ago or two weeks ago and said he is declaring war on outsourcing, inspired by the insourcing Bill of the EFF.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 29

The question is, now that the President who leads your party and government is agreeing with the EFF on insourcing, what measures are you putting in place for the immediate implementation of insourcing so that we can get rid of outsourcing in government, more especially in our municipalities? Thank you.

The MINISTER OF FINANCE: I don't know the relevance of this question ... [Interjections.] ... to the performance of municipalities. That's what I am dealing with at the moment. Thank you. [Interjections.]

The SPEAKER: Order. Hon member Ntlangwini?

Mrs E N NTLANGWINI: Thank you very much, Speaker. Speaker, we have dealt with this several times and we are back here yet again with a Minister that is refusing to answer and is running away from answering a question. The question is clear and if you didn't hear it, you could have just said that you didn't hear what the hon Lonzi have asked. He would have repeated it.

The SPEAKER: Hon member, you should speak through the Speaker because it's a point of order you are raising.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 30

Mrs E N NTLANGWINI: Sorry Speaker, my apologies.

The SPEAKER: I think you have raised a valid point of order.

Mrs E N NTLANGWINI: Thank you, Speaker, but we can't deal with this all the time, with Ministers that are bluntly refusing to answer. This follow-up question is irrelevant to the question that is asked. And so for him to ask and say that ...

The SPEAKER: Hon Ntlangwini, can you take a seat?

Mrs E N NTLANGWINI: For what now?

The SPEAKER: I think the point you have raised is valid, and now you should allow the Speaker to rule.

Mrs E N NTLANGWINI: No, but Speaker, you must rule him out of order. He must answer.

The SPEAKER: Allow the Speaker to rule. You have raised your point of order.

Mrs E N NTLANGWINI: He must answer.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 31

The SPEAKER: Thank you very much. Hon Ntlangwini, I have heard your question, and I also heard the question from the hon Lonzi. I also heard the Minister's answer. You would recall that when we dealt with these questions regarding quality of answers from Ministers, I also cautioned that as members we should also have our questions appropriate. So, what the Minister is saying is in respect of the main question, he doesn't know how the question asked by the hon Lonzi is relevant to what he is supposed to answer.

I am saying that on both counts we have a responsibility as members to also make sure that our follow-up questions follow on the main question. That is what the hon member also raised, and the hon Minister of Labour addressed when answering one of the questions. I would like to point to you ... hon Lonzi, I have seen your hand. Rule 142, subsection 6, says that a supplementary question must arise directly from the original question and the reply given thereto may not constitute a new question. Several times - and I think members must also appreciate - Ministers have actually at times gone even beyond what is the original question to satisfy members' questions. I am just saying when we criticise Ministers, the other fingers

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 32

must also point back at us, at times including how we raise those questions. Hon Lonzi, what is your question?

Mr S LONZI: Thank you very much, Speaker. The Minister must not run away from a question cowardly. Speaker, if you look at the main question, I'll advise that you look at it with me. It speaks about governance failures. If you look at the third last sentence, it speaks about financial management and poor service delivery outcomes. That speaks directly to the services that are being provided by the municipalities. If you are talking about insourcing and outsourcing, that is service delivery. It speaks to financial mismanagement because it's the Auditor-General that says our municipalities are overusing consultancy agencies and they are not delivering services to our people. You can't say a question of insourcing which speaks to service delivery is not relevant to the main question. Minister, stop cowardly running away from this question.

The SPEAKER: Can you please allow the Speaker to rule? Hon Lonzi, with all due respect, in trying to argue your question on insourcing and the way you framed your question, it was a totally new question. [Interjections.] No, no, no. Hon members. No. Hon Ntlangwini? Hon Ntlangwini? The question, the way it was

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 33

framed, clearly related to an insourcing issue. It wasn't about the weakness of municipalities. Let me advise you, hon Ntlangwini. If the member at least indicated that, in our view, part of the weakness with service delivery arises from insourcing, then you will have a relevant question. But for now, I hear you. It will depend on the Minister whether he wants to deal with the new question. But it is a new question, hon member. Minister, do you want to deal with the new question as it has been raised?

The MINISTER OF FINANCE: Not at all.

The SPEAKER: Hon Maswanganyi, have you sorted your papers?

Dr M J MASWANGANYI: Thank you, Speaker, and sorry for the IT glitch that I experienced. Minister, National Treasury has adopted a new approach of moving from oversight to active structural interventions. What shift will be implemented to support local municipalities, in contrast to the measures being undertaken through the performance-based conditional grants to strengthen metro trading services? And what lessons can be drawn from the support of eThekweni? Thank you, Speaker.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 34

The MINISTER OF FINANCE: Let me start with eThekweni. The lessons in eThekweni have been the effectiveness of co-ordinating across the board. What happened in eThekweni, the President set up what is called the Presidential Task Team, which mobilise all stakeholders in eThekweni to work for a common purpose. And that, to me, is quite an important strategy. We need to draw a lesson from that.

In terms of the reforms in municipalities, you'll recall that in the metro, we have set what is called the Metro Trading Services, whose intention is to assist metros to begin to make sure that the utilities that the municipalities and metros use are given an autonomy so that they should be able to function as business units. That is an important point. In terms of the different municipalities, but in particular the local ones, some of them do not have the capacity to perform. As part of that, we are assisting the municipalities via a district municipality. In certain circumstances where the district municipality also doesn't have the capacity, we will be bringing in some of the state-owned enterprises, such as Municipal Infrastructure Support Agent, Misa, and the Development Bank of Southern Africa to assist them. Thank you.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 35

The SPEAKER: Thank you. Hon Ntlangwini? I will come to you, hon Swart.

Mrs E N NTLANGWINI: Thank you very much, Speaker. Speaker, this is quite concerning. It can't be Ministers who determines which question is new and which question is old. It can't be them. We invited ministers here to answer questions. It can't be them that determines to us which questions to ask and which questions not to ask. It is quite concerning that the hon Lonzi has asked a question and he has taken time from his constituency to construct this question. And then the Minister just decided, cowardly, runs to the corner and says that it's a new question. It can't happen. It cannot be for the Minister to decide which questions to answer and which to ignore. Otherwise, he is declaring your work, that you are not competent to be a Speaker. It should have been up to you to have raised that from the get-go, not the Minister.

The SPEAKER: Could you please take your seat? I have dealt with that matter and that matter excludes. I don't think it is of relevance now. Hon Swart?

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 36

Mr S N SWART: Thank you, Speaker. Hon Minister, the ACDP shares deep concerns about the dire financial state of many of our municipalities, including metros, and basic services such as water and sanitation are, as a result, not provided. Hon Minister, the ACDP believes that revenue collected for a specified function must be used for that specific function before any cross-subsidisation occurs. And this is a foundational principle of fiscal integrity. For example, Joburg Water receives R11,9 billion from revenue, but only R1,3 billion is allocated for capital expenditure. This cannot be correct. Hon Minister, what will you be doing to ensure that cross-subsidisation does not occur to the detriment of the people and the taxpayers, and the detriment within service delivery is not provided? Thank you, hon Minister.

The MINISTER OF FINANCE: Hon member, the metro trading services system is intended to deal precisely with that question. Its intention is to say, ring-fence revenue from the water utility, ring-fence revenue from the electricity utility, as separate entities, and any revenues generated must be brought back to sustain those entities. To the extent that there is profit that can be given to the municipality for cross-subsidisation, that

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 37

should happen. But in principle, that's the intention of the metro trading services. Thank you.

Mr K H WAKELIN: Thank you, Speaker. Hon Minister, let me first compliment you on the R12 billion savings on the Targeted and Responsible Savings, Tars. Hon Minister, given the introduction of the Targeted and Responsible Savings - Tars, has a mechanism to enforce fiscal discipline and re-prioritise expenditure. How is National Treasury applying Tars in the context of transfers to municipalities, in particular in relation to the issuing of conditional grants, transfers, and can the Minister indicate whether any municipalities have had their allocation reduced, delayed, or withheld under Tars due to the persistent nonperformance, weak financial management, or corruption? And if not, why has the Tars mechanism not been utilised to prevent continued funding of failing municipalities? Thank you, Minister.

The MINISTER OF FINANCE: The hon member will know that the Targeted and Responsible Savings is a new instrument we have developed. Therefore, we have started with that new instrument at a national level to deal with nonperforming municipalities. I am sure that the hon member must have heard that even in

WEDNESDAY, 25 MARCH 2026

Page: 38

newspapers, with the SA Local Government Association, Salga, and everybody attacking me precisely for utilising Section 216 to withdraw funds for nonperforming municipalities. I have done that several times, even in December.

So, we have applied for Section 216 to deal with those municipalities. Let me just give you an example: we have taken a view that in certain circumstances, such as in 2024, we gave certain municipalities a disaster funding. In 2025, the same municipalities were affected by disaster. We had to pay the same municipalities only to find that the 2024 resources have not been utilised and doesn't really relate to the capacity of those municipalities. That is why we have decided that in municipalities such as those, it is not that money is being misused, it's a question of capacity. Where it is a question of capacity, we intend utilising other district municipalities or certain state agencies that have got the capacity to help those institutions because not mismanagement is a capacity issue. Thank you.

Question 261:

The MINISTER OF ELECTRICITY AND ENERGY: House Chair, please allow me to extend my well wishes, happy birthday to hon

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 39

Steenhuisen on his 50th birthday. I wish you good health. I wish you wisdom. May the Almighty continue to bless and protect you. [Applause.] Just to say thank you ... [Interjections.]

Mrs E N NTLANGWINI: We must get all the Uber Eats in it.

The MINISTER OF ELECTRICITY AND ENERGY: That is rude. Chair, my time there.

The HOUSE CHAIRPERSON (Ms Z Majozi): Sorry, Minister. Apologies. Your time is allocated. You are fine. You can continue.

The MINISTER OF ELECTRICITY AND ENERGY: Thank you very much. Just to say thank you very much to hon Mvana for the brilliant question. Maybe just to say the following in answering the question, that 1994 marks a point of political inflection - the victory of the democratic project over a system that was categorized as a crime against humanity. The democratic government then took a decision that one of its objectives is to ensure that we can achieve universal access. On the back of that, we have been able to register tremendous progress. The levels of penetration have moved from 38%, and now, as I speak to you, they are sitting at 94%. Then the second observation

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 40

that was made in the life of the democratic project in 2003 was that the electricity, although it was now available to many of the households, remained expensive, and therefore access was not democratized. On the back of that, we introduced a policy of free basic electricity for indigenous households, and we capped that at 50 kW per hour, per month. That was based on science. They looked at the profile of consumption, and that is how we arrived at that number.

Twenty-three years later, that number is no longer relevant because the profile of consumption has changed. An average poor household now has a television. Some of them have bought an electric kettle. They have refrigerators, so the consumption has changed. So, as part of our intervention, hon Mvana, we are revising that number. But in revising that allocation, we are not going to place a burden on the fiscus because it is under constraint. As announced yesterday, we will come out with a policy on electricity pricing. Firstly, we are also dealing with the question of the allocation of the free basic electricity. We are arguing that it should be increased. We have a figure of how it should look. We will announce it when we come out without placing a burden on the national fiscus. So, it will increase.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 41

Secondly, we are designing instruments on how we are going to support that. The primary driver of electricity is the cost of primary energy. In that policy framework, we say something about how we deal with that primary energy. Once the public has given their comments, we will then answer your second question, hon Mvana, on when it is going to start. Yes, it will increase. It will not place a burden on the fiscus. We are going to use a multiplicity of primary energy sources. In that way, the ideal of universal access to affordable electricity will be achieved. Thank you.

The HOUSE CHAIRPERSON (Ms Z Majozi): Hon Minister, before I recognize the first supplementary question, I am told that there is a member who lost their car keys inside the House. So, if anyone finds the car keys, can you please show them to the Parliament staff, and then they will bring them forward. The first supplementary question will be asked by hon Mvana.

Ms N Q MVANA: Minister, considering the revised free basic electricity, what would be the different allocation model for the free basic electricity? Has the department considered ... rather than a flat rate increase, which might fail to address the energy, poverty, and indigent households, which will remain

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 42

off-grid? How are the complementary non-grid households' support benefits when compared to the free basic electricity policy revision? Thank you.

The MINISTER OF ELECTRICITY AND ENERGY: Hon Mvana, yes, I think in the quest for broadening access, we will answer the quantum of free basic electricity. We will also answer the question of universal access. Remember that there are about 1,69 million households that still do not have access to electricity. So, we are going to address that. We are using modern technology, a hybrid of Solar, Photovoltaic, PV, and battery. We have done it already on a large scale. In Musina, in Madimbo village, we are providing that. We are expanding that across the country. Our ambition is to ensure that we reach out to about 50 villages. The second one you will see when the policy comes out is the use of various energy sources. We think that there is a strong case for us to replace cooking from using on-grid solutions to going to other sources like gas. So, we are talking with the industry on the sourcing of that gas, ensuring that there is sufficient reticulation. So, we are putting different types of configurations in place on how we are going to bring down the cost of electricity. But yes, I think its ambition is about price, it is about access, like I said, universal access, and

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 43

ensuring that we use modern technology to ensure that we suppress the exponential increase in electricity. We are confident that when the policy comes out, there is going to be a great level of appreciation of the intervention, and we can benefit from the comments from the public. Thanks, Chair.

[Applause.]

Mr K J MILEHAM: Minister, yesterday you called me incompetent because you did not listen to what I was saying. So, today, if you pay attention, maybe you can respond accurately. My question is: By what percentage will the tariffs for non-indigent residential and small business consumers increase to cross-subsidize this free basic electricity allocation? And how does this align with the department's stated goal of reducing the cost of electricity? Thank you.

The MINISTER OF ELECTRICITY AND ENERGY: Well, my comments of yesterday remain valid, and you just reconfirmed them today ...

[Applause.] ... So, I made the following points: the primary driver of the cost of electricity is the cost of primary energy. I have just made the point in responding to hon Mvana that we are not going to place a burden on the fiscus, and we are going to use other alternative sources of energy, for example, the

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 44

point I made about Musina, what is the primary source of energy when you use PV? It is the sun. What is the cost of the sun? It is free. So, it is not driven by any market forces like now, as we are experiencing the war of choice in the Middle East. The price of coal has gone up. That might have implications for the price of energy. So, this indigent intervention on the cost of electricity will not have any material impact on other classes or categories of consumers, in that we are not advocating for cross-subsidization. We are advocating for the reconfiguration of the mix. It is a structural reconfiguration of the mix that is going to help us to achieve this ambition. And as I said, I think my comments of yesterday remain valid, and you just confirmed them now. Thank you. [Applause.]

Mr A NCHABELENG: Hon Minister, considering the prolonged stagnation of the free basic electricity allocation at 50 kW per hour, which you know, right now it is not even passed over to our people. They are not getting it, right? What specific fiscal policy and policy constraints have prevented its adjustment to reflect the current household energy needs, and what measures are being taken to overcome these barriers? Fifty kilowatts in our houses, all of us, it is less than three hours, and we are passing it to the poor. So, considering that, what are the

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 45

barriers currently, measures taken to make sure that we overcome these barriers? Thank you so much.

The MINISTER OF ELECTRICITY AND ENERGY: Thank you very much, hon Nchabeleng, for that brilliant question. So, two parts to your question. The first one is that it is not passed on. And that observation is correct. There are 2,1 million houses that qualify for free basic electricity. But only a fraction - 400 000 of them - get that free basic electricity. And yet the Minister of Finance, on an annual basis, makes the transfer to municipalities, but that does not find its way to the end consumer. So, what is the first correction we are making? The installation of smart meters to remotely load of this free basic electricity at the beginning of every month. We do not have to go through a conduit or call a municipality because our relationship is with the customer. So, that is the first one. The second part of your question is: What is the fiscal pressure? My critique of how we have been relating to this question was that we were looking at the Minister of Finance to support this increase. And your observation is correct. I mean, it does not take a lot of sacrifice from middle-income households for them to have an appreciation of what a 50 kW looks like, but for the poor, it is a meaningful intervention.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 46

So, we have been looking for fiscal support. Our approach is that, no, we do not have to bother the Minister of Finance. Our answer is in the configuration of the mix. Technology allows us, and we have real examples now. When we go into villages, where we have installed microgrids, the hybrid of solar and PV, we can suppress the cost of electricity. So, it is not about a fiscal allocation. It is about a choice of technology, because we have accepted that in that calculus of how you determine the tariff, as you know, as a scholar of energy complex, the primary driver is the cost of energy. And that is why we are going to use our endowments to suppress that increase. And in this way, we think we should be able to achieve our ambition. But when the policy goes out, many people like yourselves will make that contribution to the conversation, and I am sure that you are going to find a cogent answer ... [Time expired.] ... an indication in responding to this question, hon Nchabeleng. [Applause.]

Mr W M THRING: Minister, the ACDP understands the need to bridge the gap between the indigent and the more advantaged in society, because electricity, in every household, is a transformative catalyst. Now, Minister, municipal indigent policies for free basic electricity differ from one municipality to another. The

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 47

national framework, while guiding indigent policy, allows municipalities to implement their own indigent policies, for example, Ray Nkonyeni Local Municipality's indigent policy requires households to prove income below a threshold to qualify. Now, will your department standardize these criteria nationally to ensure equitable access to free basic electricity? If yes, by when? If not, why not? Thank you.

The MINISTER OF ELECTRICITY AND ENERGY: Hon Thring, an exceptionally great question, and I think it is beginning to direct the conversation. I agree with your characterisation of electricity at the household level, as you put it, it is a transformative catalyst, and I think that the more the democratic state denies the poor their access to electricity, the more it undermines the ability to enjoy the dividends of the victory of the democratic project. So, it is an indictment, if you like, on the democratic project. And it is something that we seek to address. So, to your question, you are right. So, what the policy ... one of the arguments we are making there is about the standardization of what it means to be indigent - the definition of indigent. It is a function of the earning capacity at the household level. So, we need to determine what that threshold is. You are right. When you move from one municipality

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 48

to another, the number keeps on changing. The long and short of it is that yes, there will be that standardization. And the answer by when is a function, as I said, we will take the policy for public consultation, and I am sure that the minds like yours will make that contribution, including in the portfolio committee. It is the richness in the diversity of the contributions that is going to ensure that we have something cogent, solid, and resilient going into the future. So, once we approve that, then it will come into place. But thank you very much for the extraordinarily great questions. Thanks.

[Applause.]

Ms N Q MVANA: Minister, I hear you talking about going from municipality to municipality. I just want to ask what other concrete measures you will put in place to standardize and enforce the implementation of this free basic electricity across these municipalities, knowing that there are many - I will say - exclusions of many qualifying indigent and poor households? Thank you.

The MINISTER OF ELECTRICITY AND ENERGY: Well, thank you very much again for a great question, hon Mvana. As a former mayor, once a mayor, always a mayor, always a councillor. So, I am

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 49

always on the side of municipalities. So, I might be bringing my own prejudices. So, firstly, municipalities have original powers when it comes to distribution. So, if you go to the Constitution, it does say that it is an area that is the exclusive domain of the municipality. There are normally cases where Eskom is reticulating because of historical legacies and invitations by municipalities to say we do not have the capacity to execute this. What is the bigger point I am making? We will determine a policy at the national level. The only lever we have in how that policy gets to be exercised is how the Minister of Finance is going to ensure that that allocation filters through to the end consumer. So, in that sense, we need to have that relationship with municipalities. From my engagement with the SA Local Government Association, Salga, we are aligned on this question. Also, the exploitation of technology, like I said, smart meters. It means that from the National Treasury, once that allocation comes, we can directly subsidize the end consumer without having to go through the conduit of the municipality. And we find that the money must be redirected to other spending pressures of municipalities, undermining the efficacy of this instrument. So yes, standardization will happen, and how we get the money to the end consumer is

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 50

something we will work out with the National Treasury so that this program is not undermined. Thanks, Chair. [Applause.]

The HOUSE CHAIRPERSON (Ms Z Majozi): Thanks, hon Minister. Hon Lonzi.

Mr S LONZI: Chair, can you tell Gogo Godongwana to be inspired by the Minister of Energy, who does not run away from questions, irrespective of how difficult they may be?

The HOUSE CHAIRPERSON (Ms Z Majozi): Hon Lonzi, that is not a point of order, and it is not sustained. Hon members, as I had requested before about the loss of a key, I have been informed that the key has been found in the House. Thank you.

Question 282:

The MINISTER OF PETROLEUM AND MINERAL RESOURCES: Hon House Chair, a conflict of the magnitude of what we see in an oil-rich region like the Middle East was bound to have an impact on us. Whether it is Russia, Ukraine or Iraq, once there is a war in the world, because we are part of the globe, it would have an impact on us. This one is particularly unique in the sense that the region that is affected is an oil-rich region and we source

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 51

a lot of energy from them and therefore its impact on us is unavoidable.

Therefore, the only way that we would save ourselves from this, is to drill in the Orange River basin, drill in the Karoo for shale gas, drill everywhere and produce our own petroleum and not be overly dependent on imported processed products. If we would do that, we would overcome and reduce the risk that is inherent now.

Secondly, the question of the oil price is a unique one in the sense that it is not determined in the country. It is a crude oil pricing that is announced globally and therefore we have to announce and adjust to that. We are indeed looking into revisiting the system we are using but we must get a system that will give us an advantage where we actually review the regulatory accounting system or methodology that we utilise as a department and introduce a new system. But that is in the long term.

We tried something, it did not work. We will try everything else to adapt. But most importantly to me is that ... I must hasten to add that crude oil prices form the basis of the price

WEDNESDAY, 25 MARCH 2026

Page: 52

mechanism. So, once you announce that crude oil is at \$116 a barrel, you must know that it talks to you directly. It does not talk to everybody else. Sometimes there is an expectation that we will do this and that.

Last time, we took some strategic fuel stock and cushioned the impact on the individual. I still owe the Minister of Finance money for that. I owe him R6 billion. I still owe him.

Therefore, if we take that route, we will know that we are indebting our department to the Treasury and that will continue all the time and the barrels will not increase automatically. Thank you.

The HOUSE CHAIRPERSON (Ms Z Majozi): Hon members, I have been informed that hon Nchabaleng will take charge of the first question on behalf of hon Selepe, in accordance with Rule 137(10)a). I now recognise hon Nchabaleng.

Mr A NCHABALENG: Hon Chair, given that Minister has previously announced various interventions such as the exploration of the Strategic Fuel Fund, SSF, the introduction of Petroleum Products Amendment Act and the expansion of the Clean Fuels Programme, can the Minister provide a specific timeline with measurable

WEDNESDAY, 25 MARCH 2026

Page: 53

milestones for when these interventions will tangibly reduce the volume of refined petroleum imports and what the financial implications are for the fiscals should these timelines not be made, given the current crisis in the Middle East? Thank you so much

The MINISTER OF PETROLEUM AND MINERAL RESOURCES: There are few interventions that are necessary. The starting point is to drill but you know you are in South Africa because every time we drill oil or gas, we end up in court. The court system is wrong. It actually repels all the investors from investing in oil and gas. That is one issue that we should overcome. Another way of overcoming it, is to develop a system where there are special courts dealing with environmental disputes. If we do that, we will actually go a long way.

Secondly, we need to increase our refining capacity. If we do not increase refining capacity, we are having an inherent risk in terms of the supply of energy sources. So, the question of refining capacity is quite important. That is why we have committed ourselves to rebuilding reservoirs and actually revive PetroSA. But we need more than that, because at this current rate where our refining capacity only supplies 40% of energy,

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 54

the risk is inherent. So, we will have to do all those interventions to ensure that we cushion our economy from external pressures of wars.

Ms M M SENNE: Hon House Chair and hon Minister, noting that South Africa is generally a price taker in the global petroleum markets due to its reliance on imported refined petroleum products, what have been some of the department's practical steps to strengthening the strategic role of SSF and Suntech by maintaining buffer stocks of petroleum products to mitigate sharp price increases and potential supply disruptions? Thank you.

The MINISTER OF PETROLEUM AND MINERAL RESOURCES: The first issue that we should understand is that, you are stating correctly when you say we are a price taker because crude oil price is not set country by country. It is announced globally and impacts on everybody. If we have our own sources of energy, we can mitigate the increase in prices but when we do not have, we cannot mitigate. We are actually vulnerable. That is the first thing.

The second thing is that we do have the strategic fuel stock that we have kept to cushion ourselves in case of crisis. That

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 55

is an intervention that actually minimises the risk of an attack on us by fuel prices and fuel supply. That is another mitigation strategy. Basically, what is important is that our sector must be able to generate its own sources of energy. So, the question of the Orange River Basin and the Karoo shale gas explorations are alternatives that we must look at seriously to cushion ourselves from the risk. If we do not do it, the risk is high. Thank you.

Mrs E N NTLANGWINI: House Chair and Minister, I see that you are inspired by Donald Trump in saying we must drill and drill until drilling is no longer ... Secondly, to that Minister, it was in your Cabinet or when you were the secretary general of the ANC, that the former Minister sold our strategic reserves of oil. What steps are you going to take immediately so that we can stop this thing of only operating when we are in a crisis mode? Are you going to ensure that the fuel price hike does not worsen suffering already existing in people within our communities who are already struggling to make ends meet? Will you also ensure that the specifications of the fuel that are already there are not compromised because we do know your department is also struggling at times with the fuel specifications that are compromised. So, what steps are you going to ensure that the

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 56

fuel specifications are not compromised and stockpiling is up yet? Thank you.

The MINISTER OF PETROLEUM AND MINERAL RESOURCES: The difference between being operational and being a spectator is that you can theorise anything and say anything you think but when you are dealing with the reality practically, you know what to do. That is why I said we are having eight million barrels of crude oil in reserves for strategic stock. That is what we have. It is not what it should be because we used part of it when there was a crisis before and we used part of that stock but it is still there.

Now, what I cannot do is to try and give answers for errors committed by my predecessors. I am not going to do that. I am not going to attempt that. All I am saying is that we must drill and I am not imitating Trump. I have been saying that even when everybody was saying fossil fuel must not be touched. The price of coal is good now because it is at \$129 a tonne and is going up to \$139. Therefore, people who wrote off coal did that prematurely because it is still around and is going to be our source of energy. That is what Sasol is doing. That is why two weeks ago, we were in Sasol launching a de-stoning plant to

WEDNESDAY, 25 MARCH 2026

Page: 57

remove stones from coal for processing for internal consumption. So, we are doing a number of interventions to ensure that the risk is minimised.

Ms B E MACHI: Minister, in light of the recent domestic pressures including rising transport costs, food price inflation and the disproportionate burden on rural provinces such as KwaZulu-Natal and Eastern Cape, how is your department strengthening co-ordination with the National Treasury and other relevant departments to ensure that fuel price shocks do not further infringe inequality and undermine economic recovery at the household levels? Thank you.

IsiXhosa:

UMPHATHISWA WEZIMBIWA NEPETROLIYAM: Uyabona ke xa uphambanisa igama leendwendwe uthethe ngabavakashi uza kusenzela ingxaki. Uza kusenza sibhideke kuba udibanisa ...

English:

... a cost of living in general with the price of fuel. The price of fuel that we are dealing with today is an outcome of a war that is ongoing in the Middle East and that should be separated and be ringfenced. You need to appreciate what we can

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 58

do and what we cannot do because we are part of the globe. If there is war on Iran, that war will affect us. When ships cannot go through the Strait of Hormuz, those cargoes will not come here and the price of petrol is going to increase.

First of April, we must expect a fuel price increase. It will come and that war ... we must all pray that it must be shorter and ultimately the price will come down. Other issues will be multiplier effects of an increased price of petroleum.

Therefore, that you cannot afford. That is why I put a disclaimer from the beginning that there is very little we can do with a war that is in the Middle East when we are in South Africa. To us, we are dealing with consequences rather than the original.

Mr A NCHABALENG: Hon Minister, you are aware that the current moratorium to stop the drilling of the shale gas is as a result of your own government? Noting that the review of the oil price model, specifically the scrutinization of the Basic Fuel Price, BFP, component such as the Regulatory Accounting System, Ras, and the pipeline tariff determination has been under discussion for several years. Will the Minister confirm which specific stakeholders and regulatory body are responsible for the delay

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 59

in finalising this review? What consequence management has been applied to ensure that this transition to our own energy reliance solutions is no longer held hostage by legacy pricing structures. Thank you so much, Minister.

The MINISTER OF PETROLEUM AND MINERAL RESOURCES: Hon Nchabaleng, I will take the liberty to respond though your question is irrelevant but I am going to give you the answer. Okay, I am going to give... There you are.

IsiXhosa:

I-EFF iyandixwaxwa kodwa ndithe ndiza kuphendula. I-EFF ifuna into nje yokuxwaxwa. Mamela ke.

English:

I do not know if you are aware that there is a court ruling on the moratorium. That court ruling says we must expect regulation from the Department of Forestry, Fisheries and the Environment. We have not received those regulations from the the Department of Forestry, Fisheries and the Environment. It is not a government decision. It is another arm of the state called the judiciary that has imposed that ruling. We are engaging with the Department of Forestry, Fisheries and the Environment and we are

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 60

about to resolve that issue. Once we get those regulations, we will lift the moratorium. Once we lift the moratorium, we will see if there is interest in drilling for shale gas or not. That will be determined by the needs and the appetite that people have. I hope you will have partners who want to drill. Then we will drill. To me, that is what will reduce the risk. Let us drill in the Karoo. Let us drill in the Orange River mouth and we will reduce the risk. It is not going to eliminate it because we are part of the world.

Mr A NCHABELENG: So, you agree that your government is holding up the process?

Question 320:

The MINISTER OF FINANCE: This is the easiest one. If you read the question, it is whether he will appeal? That's the question. So, here's the answer. The declaration of invalidity of section 7(4) of the Value-Added Tax Act, 1991, in the order of the Western Cape High Court, is subject to the confirmation or otherwise by the Constitutional Court. I have sought legal advice and will make a decision based on that advice. At the moment, I have not formed up a decision. Thank you.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 61

The HOUSE CHAIRPERSON (Ms Z Majozi): Hon Members, I have been informed that hon Matiase will take charge of the question on behalf of hon Maotwe, in accordance with Rule 137 10(a). I will now recognise hon Matiase.

Mr N S MATIASE: House Chair, according to the Minister, this is the simplest question, but he had to read the preprepared notes from officials. However, may I quickly hasten to say that the Western Cape High Court was patently clear that section 7(4) of the VAT was and is invalid and your actions were inconsistent with the Constitution.

So, Minister, don't you think that you should be prioritising and upholding the Constitution rather than defending and maintaining the fiscal measures which are rigid in their nature, are inconsistent with the Constitution, whereas do not advance the aspirations of the working class and the poor?

Don't you think that is a necessary thing that you ought to do to enforce these draconian, rigid fiscal measures which, really, from the deepest of your conscience, you know that this is not in the interest of the poorest of the poor? Can you, please, answer these questions?

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 62

The MINISTER OF FINANCE: The hon member is asking me a moral question. I'm dealing with a legal issue. And that legal issue suggests that I'm not making any decision that I will continue or not. All that I'm saying is that I'm waiting for a legal opinion which will guide me. Even if I were to comply with the court decision, the court requires me 24 months to make necessary changes in the Act.

So, even if I were to do that, I would still need a legal opinion to proceed in that direction. So, I can't answer the moral question, I will answer the legal question before me which will help me to give effect to the court decision. Thank you.

Mrs E N NTLANGWINI: With all due respect, it seems that the Minister of Finance don't want to be here today and he don't want to answer any of our questions. This can't persist and it can't continue. With all due respect, we have taken our time to construct these questions from our constituencies.

Even on the one that the hon Maotwe have given to him on written format to respond here in the House today, he gave a response that is like less than even ... I mean, there was no answer. It

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 63

can't continue like this. The Minister don't want to answer any question today.

It's either he tell us that he don't want to answer and then we put it over to another time but this can't persist. He don't get to decide which ones he answer and which ones he doesn't get to answer. He doesn't get to decide. He's invited here on our authority. This is our House and we ought to be protected, please.

The HOUSE CHAIRPERSON (Ms Z Majozi): Thank you, hon Ntlangwini. In response to that, though it didn't need a response because you didn't ask, maybe, a question, but I will say that the Minister, I think, alluded to the fact that he is still waiting for the legal advice and he will not then answer a question that is legally informed with a moral question of how then does he perceive the Constitution. So, I heard the response from the Minister.

What I would advise is, if maybe you did not get the response of the full question of which part that you did not get full satisfaction, maybe if he has reserved time, I will then afford him the time to do so.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 64

Ms D R NTULI: Hon House Chair, on behalf of hon Gcaleka-Mazibuko, I'm hon Dipuo Ntuli. My question is, various money Bills empower the Minister to adjust tax rates for regulations. Is the National Treasury reviewing other tax Bills that have a similar provision impacted by the Western Cape High Court judgement? Thank you.

The MINISTER OF FINANCE: Those will be consequential amendments arising out of the decision of the court. Those will be consequential amendments. But for me to get into consequential amendments, I need clarity on what I will do with the existing judgment. And then, once I have clarity on what to do with the existing judgment, then I'll have to say what are the consequential amendments we need to give effect to. Thank you.

Dr M J BURKE: Minister, the original question stated that section 7(4) of the VAT Act is unconstitutional and that you do not have the power to unilaterally increase value-added tax. A subsequent and related court ruling indicated that you do have the power to unilaterally and suddenly increase or decrease fuel levies.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 65

One of your Government of National Unity, GNU, partners proposed a funded model this morning on how we can avoid a cost of living catastrophe. Will you use your court approved powers to decrease the fuel levies by 50% before prices go up next week?

The MINISTER OF FINANCE: I'm not dealing with the fuel levies now, I'm dealing with the question that arises out of the VAT case. The question arises out of the VAT case whether I will ... read it properly. The question is, whether I will appeal that decision? I said ... I'm answering that question. I'm saying, I've not made a decision to appeal that decision. That question raises a new question. Thank you.

Mr S M GANA: Minister, I know you might say that this is a new question but it's related. We have entered an era wherein tax proposals will be subjected to court challenges to the point that hon Minister Mantashe was raising around the litigious nature in South Africa. One of the tax proposals that is on the table is the national online gambling tax.

How will you ensure that this particular tax is not subject to prolonged court processes that delay its implementation? Thank you very much.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 66

Xitsonga:

Ndza khensa, Mutshamaxitulu.

English:

The MINISTER OF FINANCE: Let me start by saying, I'm appealing to colleagues. There's a question which is coming. That question is posed by hon Bateman. It's too generic on taxes. If people want to ask me about any other taxes, whether the gambling tax, whether the fuel tax, when we debate that question ... because he has asked me a tax question which is general. I'm appealing that that one as well is irrelevant in the current discussion.

Mr N S MATIASE: Minister, against the background of the Western Cape High Court ruling and given the recent increase in the fuel levy which follows a similar regressive impact and the draconian fiscal measures, you have stopped from imposing to suffocate the poor. Will you reconsider and reverse the decision to increase the fuel levy?

How does your government intend to shield the poor households and the economy from potential severe consequences, particularly in the light of the escalating geopolitical conflicts, including developments in the Middle East with the potential closure of

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 67

the Strait of Hormuz? Please answer this question, otherwise you will be provoking us.

The MINISTER OF FINANCE: No, no, do not threaten about provocation. I have to answer the question that are posed to me and relevant here. Don't threaten ... I was going to be saying this time, you know that you want me to withdraw what I will do. What I would do is that, despite this fact, I would be generous to you. Now, you want me to withdraw that generosity. No, no ... I'm not patronising ... Don't threaten me.

Mr N S MATIASE: Don't patronise us, answer the question.

The HOUSE CHAIRPERSON (Ms Z Majozi): Hon Minister. Hon Matiase, please, can we give an opportunity to the hon Minister to respond.

The MINISTER OF FINANCE: I will not live under threats that I will provoke people. I will answer a question because it is appropriate. Now, I was going to say hon Matiase, in this particular case, although this question is there because of its public interest, I will respond to it. Because of its public interest and say, the Cabinet has set up a committee and that

WEDNESDAY, 25 MARCH 2026

Page: 68

committee will look at the impact of the war in general. Among its terms of reference, is to say what is the suggestion of government to do on the fuel price. It's not a decision of the Minister of Finance alone. That matter is getting attention.

I'm answering it because it's in the public interest, that the public has to know that government is seized with this matter. Minister Mantashe, Minister Ramokgopa and myself are members of that committee. We will make the appropriate recommendations to government of how to deal with that matter. Thank you.

Question 262:

The MINISTER OF AGRICULTURE: House Chair, thank you to the hon Davids for the question. Yes, it has been scientifically proven that if 70% to 80% of the susceptible population, particularly in high-risk areas, are vaccinated, the disease can stop spreading.

The target of December 2026 to vaccinate 80% of the national herd is reasonable and within our roll-out strategy. This roll-out strategy leverages both public and private veterinarian practitioners. It will also have achieved the risk-based vaccination, together with the attendance of emergencies, within

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 69

a reasonable radius, which is normally 10 kilometres around the infection, and that this will arrest the spread of the disease.

This is backed up by the procurement of batches of millions of vaccines we have imported so far this year; 1,5 million Biogenesis-Bago vaccines, 1,5 million Dunevax vaccines, and there are more arriving in the coming weeks. These have been rolled out across the country by private veterinarians and private animal health technicians, working alongside state veterinarians and state animal health technicians.

The number of vaccines that we intend to import will ensure that we meet the first stage of the strategy that we have implemented in South Africa to beat the foot-and-mouth, FMD, disease once and for all, arresting both the current outbreak, but also allowing us to transition to a status of FMD-free, with vaccination, which will then open up 94 different markets around the world for South Africa's red meat products that have been closed for the past two decades. I thank you.

Ms S W DAVIDS: House Chair, to the hon Minister, vaccinating 80% of the herd by the year-end is a significant and ambitious goal. What concrete plan has the department put in place to ensure the

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 70

targets, especially to reach farmers in all provinces, including those in remote and rural areas, and how will progress be monitored to ensure the targets are met? Will the Minister submit to provide regular updates to Parliament on the FMD vaccination rollout and outbreak status, for example, quarterly reports and presentations of herd vaccinated, and new outbreak numbers so that we can track whether the campaign is on schedule and hold the department accountable for delays? I thank you.

The MINISTER OF AGRICULTURE: House chairperson, we can do one better than that. I think, as the hon Davids knows, the Department of Agriculture now appears weekly at the parliamentary portfolio committee at the request of the portfolio committee, where the figures of outbreaks, the heatmap of the recent outbreaks, as well as the rollout progress on the vaccines is presented to the committee so that the committee itself can be updated and appraised of where we are at.

I believe fundamentally that, given the volumes of vaccines that can now flow into the country, as a result of us breaking the monopoly of a single vaccine supplier into the country, that the type of quantities that we can see now, batches of 5 million and

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 71

6 million, will take us way into the target of 28 million vaccines that we wish to have implemented by December.

That means that not only would all the national herd have been vaccinated once, but the whole national herd would have then received a second vaccination. Working together with the provincial departments of agriculture, we have been rolling these out, and it has been successful, largely to date.

There have been some teething issues in some of the provinces, but we've been working together with our private sector partners, as well as the provincial state veterinarians, to ensure that we can overcome these obstacles.

This is the first time in South Africa's history that we have embarked upon such a large rollout of vaccination in the agriculture sector. Of course, there will be teething problems, but that is why I have created an industry co-ordinating council, alongside a Ministerial task team, made up of scientists, academics, and others from both the private and public sector, to ensure that we are able to iron out any of the issues as they relate to rollout in the various provinces. Thank you very much.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 72

Ms M L MATHOPA: House Chair, to the Minister, the food and mouth disease outbreak and vaccine shortage reflect a serious failure in preparedness. Why was the country not adequately prepared with sufficient vaccine stock despite known outbreak risks? Additionally, how is the department prioritising the limited vaccine supply to affected areas, and what support measures are being provided to impacted farmers, particularly small-scale and emerging farmers?

The MINISTER OF AGRICULTURE: It's a very good question, because what has happened over the last two decades is that South Africa's biosecurity systems have been allowed to lapse, and South Africa lost the ability to be able to produce its own foot-and-mouth disease vaccines. What we have now done, since coming into office, is prioritise re-establishing South Africa's biosecurity ecosystem. It starts with reinforcing the work being done by the Agricultural Research Council, ARC, and Onderstepoort Biological Products, OBP, and recapacitating those operations that have been neglected and damaged by acts of omission and commission over a number of years. We are investing heavily in both of those, improving the capacity to the point now where the first 12 900 of locally manufactured vaccines were able to roll off the shelf.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 73

South Africa has traditionally relied on vaccines from the Botswana Vaccine Institute, and they were able to provide us with the initial batches that we need. We ordered 2 million from them last year, which were delivered. However, they notified us in November that they had an issue at their factory and would be unable to fulfil the orders that we had placed for another 2 million in the November month to carry us over December and January.

That necessitated us having to look elsewhere in the world to bring in vaccines and that process took some time because the vaccines had to be matched. The international vaccines had to be matched against the field strains that we have here. That process is now being completed and as a result thereof, we've been able to, this year, import almost three 3,5 million vaccines from Argentina and Turkey. From next month, batches of 5 million to 6 million from each of those suppliers will begin to roll into South Africa, and we look forward to that. I think that ... [Time expired.]

Ms M P KOBE: House Chair, to the hon Minister, due to your intransigent response to the foot-and-mouth disease outbreak, the Southern African Agri Initiative, SAAI, Sakeliga and Free

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 74

State Agriculture have been compelled to take your department to court demanding private animal vaccination administration, just to assist you along and ensure that you ultimately reach the 80% target that you promised to devastated farmers.

In light of the court judgement that was handed to you by the Gauteng High Court yesterday, which proposes that the Minister finalise a comprehensive section 10 scheme by 28 April 2026, hon Minister, will your department allow small farmers and emerging farmers who are already devastated by the outbreak to privately procure and administer the vaccination? Thank you very much, House Chair.

The MINISTER OF AGRICULTURE: House Chair, I note that the hon Trollip, the usual questioner, is not here, but after his shellacking at the committee yesterday, I'm not surprised he doesn't want to show his face again in the House because it's exactly that type of question that shows up the ignorance of the hon Trollip's party ... [Interjections.] ... Let me explain ...

The HOUSE CHAIRPERSON (Mr W Horn): Hon Minister, just hold on for a moment. I will recognise one member. Hon Kobe, why do you want to be recognised?

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 75

Ms M P KOBE: House Chair, can you please protect us from this House degenerating. Can the Minister answer the substance of the question, and leave the personality politics aside? Thank you very much, House Chair.

The HOUSE CHAIRPERSON (Mr W Horn): Thank you, hon Kobe. Hon Minister, to the substance.

The MINISTER OF AGRICULTURE: Lots of substance before the Madlanga Commission about their party this last week, I must say ... [Laughter.] ... They went to court yesterday, and let me tell you, the hon Trollip was singing their praises in the committee. What did they get? They didn't get a single one of the prayers that they asked for in court yesterday ...

The HOUSE CHAIRPERSON (Mr W Horn): Hon Minister, just hold on. Hon Kobe?

Ms M P KOBE: Hon House Chair, I am going to ask you once again to protect this House from a Minister who does not seem to understand the gravity of the foot-and-mouth disease to emerging and small farmers. Can he answer the substance of the question? [Applause.]

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 76

The HOUSE CHAIRPERSON (Mr W Horn): Thank you, I have your point of order. Hon Kobe, it is within the rights of the Minister to reference what has been said in the portfolio committee by other members in his answer. Let's allow him. Hon Minister?

The MINISTER OF AGRICULTURE: I don't think they should be talking about foot-and-mouth; I think they should be talking about foot in mouth.

Let me just say that SAAI and Sakeliga went to court with a whole lot of prayers to try and get an urgent interdict by the court ...

The HOUSE CHAIRPERSON (Mr W Horn): Hon Minister, just hold on. Hon Beesley, why do you want to be recognised?

Mr A D BEESLEY: House Chair, I appreciate that he comes from your same political party, but he is out of order here. He is personalising an issue, and he is not answering the question. Foot-and-mouth is a serious factor, and he is not answering the substance of the question ...

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 77

The HOUSE CHAIRPERSON (Mr W Horn): Thank you, hon Beesley. Hon members, order. Hon members, whilst we can disagree with the jab - in the context of vaccinations, I don't want to sound clever - but the jab that the Minister is getting in, it doesn't mean that he is personalising in his answer. Let's allow the Minister and if at the end of his response you are still aggrieved, you are well within your rights to feel so.

Hon Minister?

The MINISTER OF AGRICULTURE: These organisations went to court yesterday and their prayers were for an urgent interdict to stop the state from interfering in this, the next thing, to allow mass private vaccinations to allow a vaccine free for all. What did they leave the court with? ...

Mr V G REDDY: Hon House Chair?

The HOUSE CHAIRPERSON (Mr W Horn): Hon Reddy, why do you want to be recognised? Let me ask you not to unmute before you are recognised. I will allow you this time, but please don't do that.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 78

Mr V G REDDY: Hon House Chair, the problem is that your Table Staff cannot see me seated here. The Rules say that when there is a bridge of the Rules, order must be stated at that point, not after the debate or after the Minister makes all his statement. While I am on the podium, we want to wish the Minister a happy birthday. Thank you.

The HOUSE CHAIRPERSON (Mr W Horn): Thank you, hon Reddy. I am sure that will sort of help defuse the situation, although it is a yet another interruption. Hon Minister, happy birthday, and please continue.

The MINISTER OF AGRICULTURE: Thank you, and I would like to thank my right hon friend for the birthday wishes. We go back a long way to the Durban City Council I appreciate that.

What did SAAI go to court with? They went with all these prayers. What did they leave with? They left with an agreement that I would release the section 10 that we were already been working on and has already been before the Ministerial Task team for the last three weeks. It has already been to the Industry Co-ordination Council, ICC, for the last three weeks. If you are

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 79

taking foot-and-mouth disease so seriously, can you please come with serious questions?

Ms M P KOBE: The Minister did not answer ...

The HOUSE CHAIRPERSON (Mr W Horn): No, hon Kobe, don't do that.

Why do you want to be recognised, hon Kobe?

Ms M P KOBE: House Chair, I am aggrieved because the Minister did not answer our question. He went on about the court judgement that we are speaking about. He did not answer my question. My simple question was: Will he allow small and emerging farmers to privately vaccinate their herds? He still didn't answer, and the DA will pay dearly for it.

The MINISTER OF AGRICULTURE: House Chair, it's not a serious question ...

The HOUSE CHAIRPERSON (Mr W Horn): No, no, no. Hon Minister, please don't do that. I have not recognised you.

Hon Lonzi, I am first dealing with this point of order.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 80

Hon Kobe, I have taken note of your grievance. However, let me just say from the chair's side, you did also, at the first part of your question, reference this court case. So, I don't think it is fair to say that the Minister didn't respond to your question. He might have not been able to get to the second part, and maybe in the next follow up, he can go there. I don't think in the circumstances it is fair to say that he didn't deal with your question. Thank you.

Hon Lonzi, why did you want to be recognised?

Mr S LONZI: House chair, I want to call an order on the Minister. He has not waited for you to rule on the point of order which was raised. He immediately opened his mic and started speaking. That is something that you caution other members. So, please tell him that he is not leading you here in his Parliament; you are the one presiding over this Parliament.

The HOUSE CHAIRPERSON (Mr W Horn): Thank you, hon Lonzi. I did, if you paid attention, say to the Minister, no, hon Minister, don't do that.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 81

Hon members, the fourth supplementary question has been allocated to the hon Boshoff.

Dr W J BOSHOFF: Hon House chair, to the hon Minister, according to several veterinarians and experts on the disease, two conditions have to be met. The one is that the national herd has to be vaccinated in, say, two months, maybe a week or two above that, but in that kind of time frame to really reach herd immunity. The other is, of course, that while there has to be repeated inoculations, those animals that have been vaccinated have to be marked adequately. I just want to know, if we are on track for that, are we going to be done after two months since the beginning of this whole campaign, or how would the Minister comment on those two conditions? Thank you.

The MINISTER OF AGRICULTURE: I'm unsure where that veterinary information has come from. The Ministerial Task Team has been very clear, as well as the vaccine manufacturers, that as long as you do the booster shot within four to six months, it will suffice. Obviously, the introduction of the new strong vaccines, the Biogenesis Bago and the Dollvet vaccine, has led to far greater areas of immunity and disease resistance. The goal is to

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 82

have 80% of the national herd by December and to have done them twice. That would have meant that we can reach herd immunity.

As it relates to marking of animals, I'm sure the hon member is aware that because we've changed the policy and that we're going to vaccinate the national herd, it means that we've done away with things like the F brand, that have been particularly stigmatising for small-scale and more rural farmers. We are using RFID ear tags and other types of identification that are on the ear to mark those animals that have been vaccinated. Where we've had shortages of ear tags in the provinces, we have had assistance from the Red Meat Industry Services, RMIS, and industry bodies who serve on the Ministerial ICC, who have been able to assist us.

I think it has been very good to see the partnership between the private and the public sector in this fight against foot-and-mouth disease. The Milk Producers Organisation have provided vehicles to help move vaccines to maintain cold chain around a variety of provinces. They are assisting with veterinarians and vaccinators. The Stud Breeders Association, the Red Meat Producers Organisation, and of course our agriculture unions have been able to help cascade the information down.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 83

I'm confident that this plan will lead South Africa out of the path of having ... [Time expired.] [Inaudible.]

Ms S W DAVIDS: House Chair, to the hon Minister, given that only 1 million vaccine doses have been distributed so far on a risk prioritised basis, how will the department secure and distribute the additional millions of doses that will come to immunise the bulk of national cattle herd? Furthermore, does the department have sufficient veterinary personnel and cold chain logistics in place to ensure such a massive vaccinating programme? If vaccinated shortages or logistical bottlenecks threaten the FMD contained effort, what plans does the department have in place? Will the Minister facilitate emerging impact on extra vaccines? Thank you.

The MINISTER OF AGRICULTURE: We haven't set out 1 million vaccines. The vaccination programme commenced last year with 2 million vaccines that were procured by the state and the private sector that were administered last year. To date, we have distributed 2,5 million vaccines; 1,5 million from Biogenesis Bago, 1 million from Dunevax, and of course the 12,900 that were produced by the ARC. As of the end of this month, the ARC will be able to provide us with 20 000 doses per

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 84

week, which we'll be using for the rollout. That's done in conjunction with the large batches that we are now able to import. For instance, in the last 48 hours, Dollvet received the licence from the South African Health Products Regulatory Authority, SAHPRA, to import 6 million vaccines into the country, and Biogenesis Bago is awaiting a per-Brite result that would be able to see us import 5 million of that. They are able to provide those amounts on a monthly basis. So, I'm very confident we will have enough vaccines to be rolled out.

These vaccines are being rolled out on a priority basis, starting first with those areas where the outbreaks are at their worst, the epicentres, and then moving outwards from there. That is why there has been a bias towards KwaZulu-Natal, the Free State, and the Northwest Province in terms of the allocation of those.

No, the department doesn't have enough capacity, and that's precisely why we have pulled in the private sector to assist with both storage and distribution of those vaccines, and we are very grateful for that partnership that has been shown. It is very important to understand that the state will not be able to do this alone, and that's precisely right from the very first

WEDNESDAY, 25 MARCH 2026

Page: 85

Imbizo that we had on foot-and-mouth disease. It has been a very determined effort to bring the private sector along with us. It is why the private sector ... [Time expired.] [Inaudible.] ... and ICC. Thank you.

Question 302:

The MINISTER OF FINANCE: Hon House Chair, South Africa's direct tax burden on individuals and businesses is relatively high when compared internationally. This is evident in the Personal Income Tax and Corporate Income Tax to gross domestic product, GDP ratios, as well as in the corporate tax rate and top tax rate applied to individuals.

Personal Income Tax has a narrow base, 650 000 taxpayers, about 1% of the population, contribute half of the Personal Income Tax revenue. In the 2026 Budget, I stated that raising tax is would be a last resort. If all goes well and in line with the projections on economic growth and spending, it will not be necessary to increase taxes over the medium term, unless there are significant negative shocks, in terms of which we are monitoring the situation in the Middle East closely.

We're keenly aware that raising taxes can hurt economic growth. The best way to raise revenue to fund public goods and services is through economic growth. Previous periods of high economic growth, for example in the 2 000s until the global financial crisis, have shown how tax revenue can grow even while tax relief is provided. This is why there is an emphasis on growth supporting structural reforms to ensure that, for example, there's a stable supply of electricity and water, that business can get output to the ports efficiently, and that local municipalities are better equipped to deliver on their service delivery mandates.

These structural reforms are intended to make South Africa more attractive and competitive for investment, which should lead to job creation and economic growth, and ultimately increase the main tax base, profits, employment, income, and consumption. The 2026 Budget has shown that if the economy does well, tax revenue increases, and there are opportunities to provide inflationary relief and encourage small businesses and savings.

Any consideration for tax relief over the medium term will depend on tax bases growing structurally because the economy is growing, and the tax base being broad and well protected.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 87

Decision in this regard will also consider the overall fiscal position, spending needs, and the debt-to-GDP ratio.

Improving administrative efficiency at SA Revenue Service, Sars is also key to boosting revenue, to reduce the tax gap, and improve fairness by ensuring that individuals and businesses are registered, declare and pay whatever they are meant to.

IsiXhosa:

Lona ke umbuzo ngugalelebhayini, ...

English:

... any tax question, I can take.

Mr A G BATEMAN: Hon Minister, thank you for your reply, which I largely agree with, although I would like to see more detail in terms of the strategy for making our taxes competitive. We all agree that our top priority is economic growth and creating jobs, but currently our business taxes, including the Dividends Tax, are higher than many similar countries, which makes it harder to attract investment. It reduces the profits available for reinvestment and for growth.

WEDNESDAY, 25 MARCH 2026

Page: 88

Does the Minister accept that this creates a contradiction? We want growth and jobs, that's our primary goal, but at the same time our tax rates are discouraging the investment that is needed to unlock the very growth and those very jobs that we need.

The MINISTER OF FINANCE: Growth is a function of several variables. Tax rates alone are not a determinant of investment. Investment depends on several things. In other words, whether the environment is conducive to investment. Whether we put proper logistic framework, we have got enough energy, we have got less crime, all those things contribute to a conducive environment for growth. I accept that taxes are, but not on their own.

In that sense, that's why we're saying if you look at the period between 2 000, when we had sufficient growth, we could easily also reduce taxes, but at the same time without undermining the fiscal position. Now, any substantive changes on some of these taxes can undermine the fiscal position. Thank you.

Ms L S MAKHUBELA: Minister, given that a strengthening revenue collection is critical to sustaining our fiscal framework and

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 89

reducing the pressure on tax increases for ordinary South Africans, what are the measurable impacts that the additional R3 billion allocation to Sars have on improving revenue collection, particularly in addressing illicit trade, the base erosion, and the high levels of outstanding debt collection? Thank you.

The MINISTER OF FINANCE: Let me appeal to the hon member, the illicit trade is a question that's following, and I'm going to respond to her as I respond to that question. But for now, let me respond to the fundamental substantive question she's raising.

Has the increase in allocation to Sars had a positive impact on the revenue? The answer is yes, to a limited extent. And failure as a result, to start that implementation, Sars has got to draw on new resources, new people, and training them. To realise the effects, it takes time because of that programme of implementation. I think we are likely to see a positive impact of that revenue collection moving forward. But as for illicit trade, I'm dealing with that question in my last question. That question is raised by hon Beesley. I'm going to come back to the question asked by the hon member. Thank you.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 90

Mr D D D VAN ROOYEN: Minister, you have always found it very easy to increase the regressive fuel levy, impacting negatively on most of poor households. Why is it so difficult for you, as a former trade unionist, a Cosatu trade unionist for that matter, and the ANC, the former liberation movement, to introduce apartheid Wealth Tax, to enhance tax to GDP ratio, and deal with the issue of wealth redistribution?

The MK Party is asking this because of wrong policy choices, our economy is not growing but stagnant, with high unemployment, extreme poverty, and appalling inequalities being the order of the day.

In fact, the only real beneficiaries of the post-1994 economy are apartheid beneficiaries, who on the basis of apartheid acquired wealth supported by wrong economic policies. The majority of our people continue to suffer because of wrong economic policies.

The HOUSE CHAIRPERSON (Mr W Horn): Hon Van Rooyen, your time has now expired.

Mr D D D VAN ROOYEN: Why are you not introducing the Wealth Tax?

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 91

An HON MEMBER: There's no question here.

The MINISTER OF FINANCE: In responding to my predecessor, the former Minister of Finance ... [Laughter]...

An HON MEMBER: For two days.

The MINISTER OF FINANCE: ... let me make the following. I would appreciate people making concrete proposals, we've been discussing this Wealth Tax. Let me just give you a variety of taxes which were taxing the rich. We were taxing them on capital gains. We were taxing them on profit. We were taxing them on inheritance. We were taxing them on a number of transfers; we were taxing the rich.

Maybe the proposal, hon Van Rooyen, must be to say, these are the other areas which have not been touched. Alternatively, on these areas, the tax to the rich is small. Let's have that discussion. I'm not at the moment saying that we are refusing to tax the rich, but we think we are. If that is insufficient, we'd like to see some proposals. Thank you.

Mr A D BEESLEY: Greetings, Minister. To ensure no tax increases and to possibly reduce taxes and to meet tax forecasts, it is

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 92

critical that Sars continues to be seen as an efficient, effective and fair organisation. In this regard, when can we expect an announcement on the new commissioner and can you confirm there will be no shocks? Thank you.

The MINISTER OF FINANCE: The announcement of the Sars Commissioner is a prerogative of the Head of State, the President. Now, I can't confirm that there can be no shocks. Mind you, the President is at liberty to look for anybody and make an announcement. He doesn't even have to have interviews and so on. We have attempted to do a process of interviews. If the President were to follow our submission, he'd probably make an announcement in the next week or so.

Mr A G BATEMAN: Hon Minister, thank you again for your response and mentioning that there are many factors that investors look at, which obviously is true. But tax rates are one of the factors that they look at and are significant because they have a very direct effect on the after-tax returns that they generate. On that measure, South Africa remains uncompetitive for investment. I would have thought that as part of looking at the factors that should clear the way with Operation Vulindlela,

one of the reforms that should be looked at is in the area of the tax rates.

I would like to ask if the Minister can name a single country that's achieved strong, sustained investment and growth while imposing the same levels of tax on distributed profits that South Africa does.

The MINISTER OF FINANCE: There's an obvious answer to the question. There's no country with sustained growth levels of high tax levels. That, I accept. But countries have different developmental challenges. It is important to note how South Africa's developmental challenges look like.

We are a society that is cast in a racial mode, and the scars of that racialism still manifest themselves, both in the poverty rates and income levels. That means, to simply reduce tax levels in South Africa without taking those demographic challenges into account can perpetuate inequalities and poverty. That is the challenge South Africa faces. Thank you.

Question 263:

WEDNESDAY, 25 MARCH 2026

Page: 94

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank you very much, House Chair. In response to that we are in the process of finalising revisions to the policy framework for the audio services media environment which includes both traditional broadcasting and also this topic of the over-the-top, OTTs, platforms.

Our aim is to ensure that there is fair, consistent and technology neutral framework that balances the public interest that can ensure regulatory certainty and most importantly look at maintaining an investment environment that promotes support for local productions and supporting innovation. As part of this review or refining of the Draft White Paper on Audio and Audiovisual Media Services and Online Content Safety, we are looking at several things including international benchmarking.

We have obviously observed that in some international dispensations including France which requires that streaming platforms invest a portion of their revenues into domestic content and in other dispensations such as Canada which through its online streaming act requires contributions to local productions. That we strike the right balance the right balance in between ensuring that these over-the-top platforms contribute

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 95

to the local economy while at the same time, because there is a massive contest for where productions happen that our own dispensation does not become a disincentive for that.

With regards to the discussions about the role of Independent Communications Authority of South Africa, ICASA, and also the Films and Publications Board the focus is to make sure that ICASA continues its role as the sector regulator and while the Film and Publication Board most importantly focusses on content classification to minimise the risk of harmful content and also making sure that we protect children and particularly vulnerable users with limited digital skills from any form of nefarious abuse based on online activity including that which may happen on these over-the-top platforms. Thank you, Chair.

Ms K L N SANGONI: Thank you very much, House Chair. I do not think the Minister responded to my question about local content obligations. Nonetheless, let me ask my question. Minister, yesterday this Parliament hosted a round table of digital content creators, podcasters and the over-the-top platforms like TikTok, Google, and Meta. In that engagement these content creators highlighted to us that this sector is a rapidly growing

one already creating jobs for thousands of people and giving voice to the voiceless.

My question is does your government have a coherent strategy for the digital creator economy? Specifically what concrete policy and funding interventions do you have to empower and scale young people in this segment of the digital economy? Have you engaged with the over-the-top services on exploitative monetisation, and have you engaged Minister of Finance on the proposed taxation of influencers and the impact of this on this emerging sector?

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank you very much for that follow-up. First of all, just to begin the response with acknowledging and congratulating the committee for steering that debate and conversation with the podcasters and the digital creators. From our side our approach from a policy perspective ... [Interjections.] ...

The HOUSE CHAPERSON (Mr W HORN): Hon Minister, may I ask you to just come a bit closer to the mic please.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: ...

Sorry, I will just hold it up. From our side our point of

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 97

departure is that we have to maximise the prospects of this growing sector to succeed, and that means that we look at different things that affect us as a as the department as a start. Firstly, the policy support for the industry to grow relies on us removing those bottlenecks and regulatory interventions that impact access to funding for instance.

Secondly, with regards to regulation of harmful content, which is a thing that a lot of South Africans are affected about and our proposal which is set out in the Draft White Paper on Audio and Audiovisual Media Services and Online Safety, is that there needs to be a self-mechanism that provides a channel for digital content users to be able to process you know any grievances that they may have with the type of content that is being set up in here.

It is important to recognise that, given where the direction in which the digital economy is growing, this industry represents millions, and potentially many more, sustainable livelihoods that we need to support. We have not yet had a conversation with the Minister of Finance about a tax dispensation, but we have heard the concerns from content creators regarding the need for greater awareness to empower them to comply with the taxation

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 98

laws of this country, so that they are not found wanting in that regard.

Based on the discussions we have also had, we are in advanced talks, in fact, we have written twice and engaged with TikTok about expanding and opening up the TikTok Creator's Fund ...

[Time expired.]

Ms T K BODLANI: Thank you, House Chairperson. Hon Minister, which online streaming services presents a significant enabler to the Republic with the engagements that you have had with organisations what inhibitors have they highlighted towards job creation and what actions have you Minister or do you plan to take in addressing these inhibitors?

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank you. I think before we even talk about the inhibitors it is important to look at the totality of the pictures. The platforms will always advocate for the approach that says we are already doing enough in terms of our contributions to the local economy, their support for local productions, the number of jobs in which they create. But from the state what is always important is to

maximise the potential of these industries and attracting them to invest here in South Africa.

The queries which have been raised with us have been around the compliances that are required in terms of doing business here in South Africa from the creative industry for instance a lot of the queries that they have expressed in discussions that we have had is also around setting up and providing support for local productions that take place here.

That is why some of the interventions that are happening around the government ecosystem including the screen visas that my colleague hon Leon Schreiber introduced which first like the process of visa applications for international crews that wants to be doing film productions here. It is one of the initiative-taking steps that helps in attracting these investments in here.

The reality is that we are in competition with the rest of the world. Other dispensations are offering incentives in order to attract the business that these OTTs do in their respective dispensation.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 100

Yes, there is validity to the argument that we need to make sure that there is direct contributions to the economy either through some form of taxation at the very same time we need to be cognisant that in other dispensations, we have observed that incremental taxing for instance has trickled to the consumer in the form of increase in subscriber fees and subscriber amounts. So, we need to be striking that balance so that we do not have the unintended consequence of driving up prices that will end up excluding ... [Time expired.]

The HOUSE CHAIRPERSON (Mr W Horn): Thank you, hon Minister. Hon Hassan, why do you want to be recognised?

Ms F HASSAN: I rise on a point of order. I wanted to call an order in terms of rule 92, on Minister Malatsi particularly for misleading the House. It was Minister Motsoaledi when he was the Minister of Home Affairs in the previous administration who actually introduced the fast-tracking of visa processes.

The HOUSE CHAIRPERSON (Mr W Horn): Thank you hon Hassan. That is a point of debate and not a point of order.

WEDNESDAY, 25 MARCH 2026

Page: 101

Mr A NCHABELENG: Hon Minister, as you can see, I am in the front row I am being promoted now so I am moving up. Given the fact that given the fact that OTT services generate significant revenues from the Republic of South Africa while contributing little to the fiscus of the local creative industry, what quantifies the contribution of the local revenues has been forgone due to the absence of taxation framework.

Will the Minister take personal responsibility for the failure to set a binding deadline for finalising policy position within National Treasury as well as to enforce local content contributors and licencing requirements for OTT services? What specific accountability measures will be applied to the senior officials or entities responsible for the repeated postponement of these obligations Minister?

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: First of all, congratulations for your promotion to the front desk. I hope it lasts for as long as you ... [Inaudible.] There were three questions that have been set out in that follow-up.

Firstly, is it being important to be cognisant of the fact that you know legislatively we are adapting to the growth of this industry right and even the conversation around taxation. You

WEDNESDAY, 25 MARCH 2026

Page: 102

know where taxation policy resides and we are taking the appropriate conversation with National Treasury about how this should be properly done and they will guide us in that respect.

Secondly, I think we can often fall into this trap of a false dichotomy that seeks to paint the picture that not moving with the speed that is required currently about answering the question of taxation means that, that is a disloyalty to the success of local industries. You can achieve both at the same time and that is what responsible policy making should be striving to.

Our approach should be... We want all of these local productions to be supported so that there can be an increase in the number of these productions that are being consumed on different OTT platforms, and that is the approach that should be going. It is not either or matter we can achieve both ends at the same time. Thank you.

Mr E HENDRICKS: Thank you, Chair. Can the Minister provide clarity on whether ICASA and the film and Public Publication Board have been specifically instructed to consider the cultural and linguistic needs of marginalised communities when developing

WEDNESDAY, 25 MARCH 2026

Page: 103

the Over-The-Top Content Classification And Local Content Framework?

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: The simplest and shortest answer to that is, yes. It is part of them of particularly ICASA's mandate to ensure that in the diversification of you know local content that it is reflected in different languages and there is parity of that. It is also important to separate the two entities mandates. The Films and Publications Board's mandate is around the classification of content and ensuring that you know harmful content is prohibited from being shared on online platforms. Thank you.

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank you. Hon Sangoni, we return to you for a final follow-up.

Ms K L N SANGONI: Thank you very much, House Chair. Minister, given that this regulatory framework to govern OTTs is long overdue what is the department doing in the meantime to curb the surge in dangerous misinformation and disinformation from things like the so-called white genocide narrative to artificial intelligence, AI, tools being used to violate women and children? Secondly, what enforcement mechanisms and compliance

WEDNESDAY, 25 MARCH 2026

Page: 104

monitoring instruments will the department have on hand to ensure that the OTTs accurately declare South African generated advertising and subscription upon which local content and taxation will be calculated?

The MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES: Thank you very much. The first part of the question relates to the actions that the FPB institutes in terms of take down notices for any misinformation and disinformation that flows on online platforms.

To be frank, in acknowledgement of the prevalence of the issue that we are dealing with the FPB's interventions in as much as they are impactful they are coming short because the reality is that we are seeing an increase in the spread of misinformation and disinformation and it requires strengthening the FPB's arm and part of that includes you know amongst other things looking at increased budgetary allocations particularly around its content enforcement division. Given the budgetary constraints that we are having, our discussions with the FPB, is about how to also embrace the use of technology in enhancing its prospects around that aspect.

On the second part of the question, it is an ongoing discussion I think at this stage South Africa has not finalised the best approach to maximise the two things that are coming to the fore at all times which is the best taxation dispensation that will enable more investments in the country that will help uplift more local productions coming to the fore. Secondly, to ensure that we continue to remain the destination of choice for these entities to expand their investment.

As I said in response to hon Bodlani's question, our obsession is around trying to make sure that we have a very balanced approach because the competition in this space means that we are competing against dispensations that are offering very seductive incentives for some of these OTTs. Thank you.

Question 248:

The MINISTER OF FINANCE: House Chairperson, part of hon Makhubela's question will also be broadly covered here. South Africa faces a systematic and escalating illicit economy that undermines fiscal sustainability, economic growth, national security, and social cohesion.

WEDNESDAY, 25 MARCH 2026

Page: 106

Illicit trade, illicit financial flows, and illegal movement of people are not peripheral criminal activities. They are a structural distortion of the national economy, exploiting weaknesses across the value chains and borders. Critically, a growing proportion of this shadow economy is organised industrial-scale, and profit-driven rather than marginal or subsistence-based.

This evolution represents a systematic risk to the fiscal base and to compliant economic actors. While precise quantification is inherently constrained by the covert nature of illicit activity, the order of magnitude and direction of risk is well established and no longer contestable. Notwithstanding, current estimates place the shadow and unrecorded economy at between 10% and 15% of the gross domestic product, GDP. This includes the illicit economy.

The shadow economy must be understood not merely as informal or survivalist activity, but as a composite of unrecorded economic activity and explicitly illicit economic activity that deliberately circumvents regulation, taxation, and enforcement. Critically, a growing proportion of this shadow economy is organised, industrial-based, and profit-driven.

At the centre of this systemic failure lies border posts and border lines. These are the primary gateways through which illicit goods, money, and people flow into and out of the Republic. Fragmented mandates, siloed execution, high discretion at points of control, and limited real-time intelligence integration have rendered borders a critical national vulnerability.

The SA Revenue Service, Sars is in the process of collaborating with the Statistics SA, SA Police Service, SAPS, the National Prosecuting Authority, NPA, State Security, Border Management Authority, BMA, private sector representatives, academia, and international experts to develop an economic taxonomy and data sources to map, measure, and track the illicit economy at its most granular level possible.

Current statistics on crime tend to focus on typology rather than sector. Nowhere in the world has this been done meaningfully. Sars hopes that this can be published periodically in future in the same way as the formal and informal economies are published. In the interim, Sars's illicit economy strategy identifies several sectors considered to be under illicit pressure. Each sector is its own strategy and tactical approach

WEDNESDAY, 25 MARCH 2026

Page: 108

at both strategic and systemic levels, together with more tactical interventions.

These must also be aligned and fit to the announced National Illicit Economy Disruption Programme. While those other actions are being defined, the Smart Border Reform Programme is central to this programme. The frontline border management agencies, Home Affairs, BMA, Sars, SA National Defence Force, SANDF, and SAPS, together with the National Treasury have agreed in principle to develop the Lebombo border post and the South African ... [Time expired.]

Mr A D BEESLEY: Minister, thank you for that comprehensive response. What are the Minister's thoughts that initial focus on targeting illicit trade should target high-value chains, namely tobacco, alcohol, and fuel? These would be easy wins at a limited cost.

The MINISTER OF FINANCE: I missed the question.

The HOUSE CHAIRPERSON (Mr W Horn): Hon Beesley, please just repeat.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 109

Mr A D BEESLEY: Sure, I'll repeat it. What are the Minister's thoughts that initial focus on fighting illicit trade should target high-value chains, namely tobacco, alcohol, and fuel? These would be easy wins at a limited cost.

The MINISTER OF FINANCE: I agree with the hon member. These are the easy wins, and these are the busy blue ones, in particular. Everywhere you can pick up illicit tobacco. I was driving around; I went to a shop around here. On all the cigarettes, when I looked at them, you can get cigarettes for R27. Clearly, the tax is R22. So, you can't produce cost of production of a cigarette with R5. So, those are busy blue signs of this. I agree with you in that regard.

The HOUSE CHAIRPERSON (Mr W Horn): Hon Burke, the next supplementary question has been allocated to you.

Mr J R B LORIMER: Mr Chair, if I could take it on behalf of Mr Burke.

The HOUSE CHAIRPERSON (Mr W Horn): Please proceed.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 110

Mr J R B LORIMER: Minister, is there a concern that politicians and perhaps political parties are benefiting from the illicit economy, and that this is partially why it's so difficult to crack down on them?

An HON MEMBER: The DA politicians.

The MINISTER OF FINANCE: I do not have evidence to that effect. Therefore, it's difficult to answer the member's question. Thank you.

The HOUSE CHAIRPERSON (Mr W Horn): The next supplementary question has been allocated to hon Maotwe.

Mr S LONZI: No, I will take it, Chair.

The HOUSE CHAIRPERSON (Mr W Horn): Hon Lonzi, masquerading as the hon Maotwe.

Mr S LONZI: No, no, no. House Chair, we want the Minister to answer this question that he has been running away from. Minister, you know that the outsourcing of core services in government does in fact, in some instances, lead to irregular

WEDNESDAY, 25 MARCH 2026

Page: 111

supply chain practices, illicit flows such as tender fraud, fronting, and even noncompliance with tax obligations. So, there certainly is a link to the original question.

Now, the question remains: Now that the President of the Republic, Mr Cyril Ramaphosa, has supported and endorsed the Insourcing Bill and programme of the EFF, what concrete measures are you going to put in place to ensure the implementation of insourcing?

IsiXhosa:

Khawuphendule umbuzo Mphathiswa, uyeke inkani yexhego asikho sebuhlanti apha. [Kwahlekwa.]

IsiXhosa:

UMPHATHISWA WEZEZIMALI: Mandiyehlise inkani. [Kwahlekwa.]

Mamela, ...

English:

... I think part of the problem is that legislative framework in this country is structured differently. Assuming you were to have an insourcing, you will have to have an impact on the

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 112

entire procurement system. You will have to have an impact on the Public Finance Management Act of 1999.

Let me say how. The Public Finance Management Act of 1999 on its own has vested powers on the accounting officer who must make such decisions. Procurement, as you may see in the court case - by the way, the judge that punished me in February 2023 was Judge Madlanga, where he said in the Constitutional Court, procurement belongs purely to each organ of state.

All that I'm required to do is to provide the legislative framework which provides the guidelines. So, the difficulties you're talking about are going to confront those legal and constitutional challenges. It can't be the responsibility of one individual, the Minister of Finance.

IsiXhosa:

Ndiyazama noko ukuwuphendula lo mbuzo, undivile? Ndiyekile ukuba nenkani?

Mr N M HADEBE: Hon Minister, what steps is the National Treasury taking to leverage data analytics, financial intelligence, and cross-border information sharing to proactively identify and

WEDNESDAY, 25 MARCH 2026

Page: 113

disrupt illicit networks? How will accountability be ensured where weaknesses within governmental systems enable illicit activities to persist? Thank you.

The MINISTER OF FINANCE: The whole purpose of what we're talking about is precisely to utilise state-of-the-art technology, because even these criminals are far ahead in terms of using technology. We ourselves are going to catch up and make sure that we can use state-of-the-art technology. For instance, on our borders now, we're talking about smart borders in order to be able to deal with that question. So, I agree with you, that's what we're dealing with at the moment, particularly on borders, we are dealing with smart borders.

Mr A D BEESLEY: Minister, as you are aware, I have volunteered to serve on the President's National Illicit Economy Disruption Programme, in the words and call of President Ramaphosa, "Thuma Mina." Considering this, should I be expecting a call soon? Thuma Mina.

The HOUSE CHAIRPERSON (Mr W Horn): Hon Minister, I don't know whether that was a question, but over to you.

WEDNESDAY, 25 MARCH 2026

Page: 114

The MINISTER OF FINANCE: As you are aware, the composition of that programme is a President's prerogative. The least I can do is to say, I'll communicate your wishes to the President. Thank you.

Question 264:

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: Hon House Chair and members, local obligation regulation includes development of skills, development plan and employment equity targets, consistent with the Employment Equity Act.

There is no local content obligation and management participation in the regulation that go beyond the 10% baseline of the fiscal framework.

The licensing round, in terms of section 32 to 37 of the Act, will be open to any person or any company that wants to apply for petroleum rights.

In terms of... [Inaudible.] ... when the Minister considers applications to see, on the same day, he or she will give preference to application from black players.

WEDNESDAY, 25 MARCH 2026

Page: 115

So, the emphasis that is made here is that we are talking about business interests, we are not talking about Extended Public Works Programme, EPWP, where you allocate people. People ... if they have resources, can participate in anything 100% if they want to, if they have got the resources. Thank you.

Ms M L MOFOKENG: Hon Minister, given the local content obligations under the Upstream Petroleum Resources Development Act, UPRDA, regulations: What dedicated technical assistance and preferential access to seismic data mechanisms has the department established to support emerging black-owned upstream operators in preparing competitive applications for licensing rounds?

And what enforcement mechanisms exist within the UPRDA regulatory framework to distinguish between genuine operational participation by black women-owned entities and front companies designed to satisfy Broad-Based Black Economic Empowerment, BBBE, compliance metrics without substantive business involvement? Thank you, House Chair. [Applause.]

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: House Chair, I think it is important for all of us to avoid this temptation of

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 116

thinking that black business and black women are subjects of mercy, and they participate in business activities. They must compete, get into that space and be assisted as participants, not have a special arrangement that just puts them there. They must be assisted. First of all, they must express an interest.

That's why, hon Manyi, you must appreciate that politics don't create entrepreneurs. You forget this. Entrepreneurs are inborn. They participate. Only then can they be assisted. But you don't go around looking for blacks and black women to assist them.

[Interjections.] No, you don't do that. Those who are interested, who are entrepreneurs at heart, you assist them and support them. Thank you. [Interjections.]

Mr J R B LORIMER: Mr Chair, if local products that are the subjects of the local content regulations were cheaper, they would be used. So, it follows that local content is more expensive and its requirements will impose greater costs on the industry.

What modelling or research has the department done to establish what those costs may be and how much of a disincentive will be

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 117

posed by the regulations and the extra red tape involved in complying with them? Thank you.

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: House Chair, hon Lorimer should be assisting us here. He participated in an era where South Africa was a pariah of the wealth, and things were done not because they were cheap, they were done because they were necessary. That principle has not changed. We must assist local businesspeople to participate in the economic activity and facilitate and subsidise them if needs be. But it cannot be only on the basis of the price that we support people, it should be on the basis of the need and necessity in society that we support people. Thank you.

Mr M MANYI: Minister, the draft regulations 2025-26 add public participation and initiative for skills development and procurement, but zero binding percentages beyond the 10% equity.

Now, Minister, name just one concrete measurable obligation in these regulations that force real local content and management participation beyond the old framework or admit that this is just a recycled ANC window dressing while majors keep control.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 118

On the black women ownership, noting the provisions of section 32 and section 37, the truth, though, is that black entrepreneurs remain passive equity passengers, no dedicated funds, no technical support mandates, no operational control clauses and no set-asides for black women-led groups.

Where are the set-aside mechanisms, like 30% blocks reserved for black women consortia, to make them real operators in licensing rounds, not decorations? Thank you. [Applause.]

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: House Chair, there's a difference between dealing with reality and playing to the gallery, it's not the same. When you play to the gallery you will say what people want to hear. When you do that, we use a term in politics called populism. It's not an ideology. Populism is not an ideology ... [Laughter.] ... now, listen. Populism is not an ideology, it is an act of attracting attention.

Now, let me give you your answer. The 10% that is allocated is in itself quite substantial. Ten percent ... [Interjections.] ... no, I can see you are all having your mouth hanging. I can tell you, Manyi, I'm in mining ... [Interjections.] ... no, I am

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 119

in mining. [laughter.] In that mining ... with those provisions that are limited ...

The HOUSE CHAIRPERSON (Mr C T Frolick): Hon Minister, would you just take your seat please!

Why do you want to be recognised, hon member?

IsiZulu:

Mnu T I GAMEDE: Ngiyabonga Sihlalo ngaphambili akekho uManyi la eNdlini kukhona ilungu elihloniphekile uManyi.

English:

The HOUSE CHAIRPERSON (Mr C T Frolick): Yes. Let's refer to each other in respectful terms. Hon Manyi.

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: Okay. Hon Manyi ... [Interjections.] [Laughter.] ... hon Manyi ... [Interjections.]

IsiXhosa:

Mnu. M MANYI: Ewe, uyitsho umlomo, ugcwale.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 120

English:

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: You see, when you have 10% and another one has 10% and they put them together, they form a Seriti. That becomes a monopoly coal producing company because people put together what they have, small as it looks, but you merge it.

What we should educate our black brothers and sisters is to appreciate this importance of joining forces with whatever you have because the small and small result in big. But this thing of wanting to do it alone is actually a shortcoming. That's why we have an Exxaro today, that's why we have a Seriti ... I can talk of coal mining, I can't talk of any other sector. That's why we have a Thungela. It's because we encourage people to pull resources together and make something big.

So ... [Time expired.]

Ms B E MACHI: Hon Minister, in light of concerns that local context requirements are often undermined during implementation: What enforcement measures and penalties have the department introduced to ensure that international operators comply with management participation obligations including decision-making,

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 121

role for South African partners, rather than limiting them to minority or symbolic positions? Thank you.

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: House Chair, sometimes when we talk about local content and counterpose it to global players, local content applies to everybody, not international players, it applies to local players as well. If they take a big chunk and they are ... they must comply with local content, everybody must comply with local content. It's not a global issue, it's a local issue.

But the most important thing is that when there is provision in the Act for local content, everybody is expected to comply with that requirement. It's not set aside for particular people.

So, local content is a necessity, it's urgent and it should be complied with as provided for in the Act. Thank you.

Ms M L MOFOKENG: Hon Minister, given your response on local content and black economic participation under the UPRDA: What carried interest of state equity participation mechanisms has the department embedded in the UPRDA licensing framework to ensure the state, through the Central Energy Fund, CEF, or

WEDNESDAY, 25 MARCH 2026

Page: 122

designated entity, retains a meaningful state in blocks awarded to international operators?

And has the department audited participation agreements concluded under Mineral and Petroleum Resources Development Act, MPRDA, to determine whether black-owned and black women-owned entities previously holding nominal equity positions have been transitioned into substantive operational roles? Thank you, House Chair. [Applause.]

The MINISTER OF MINERAL AND PETROLEUM RESOURCES: House Chair, in the Act for petroleum the state is entitled to a 20% free carry, the state. Then you can all participate in addition to that 20%. That's why we have made an offer of that 20% to be used to establish the Sovereign Wealth Fund. If you use that and the royalties, you can have very sound Sovereign Wealth Fund. That is an idea of us in the department, we are selling it to the state to buy. Because the Sovereign Wealth Fund is quite important for critical times like this one, when we are actually vulnerable because of the war. And we must be having some reserves that we have developed over a period of time.

WEDNESDAY, 25 MARCH 2026

Page: 123

So, the 20% free carry for the state is an appropriate tool for establishing the Sovereign Wealth Fund, including royalties and mining. If you pull them together, it will be quite a huge amount of Sovereign Wealth Fund.

But if my colleague here has not bought to the idea, I can shout and shout. I must persuade him every day until he agrees. When we are two, we can persuade two others, and we are four. It will work well. Thank you. [Applause.]

Question 306:

The MINISTER OF ELECTRICITY AND ENERGY: Thank you very much, House Chair, and thanks to hon Baptie for the pertinent question. Perhaps, just to make the point clear: The distribution side of the electricity value chain has become a major albatross to our efforts to transform the sector. If you like, it is a consequential part of the value chain, and it can undermine the prospects of the transformation of the sector.

Just in numbers, municipalities collectively owe Eskom upwards of R102 billion, and municipalities in return are owed by individual customers upwards of R440 billion. So, clearly this is a consequential intervention. So, as a result of this

undercollection of revenue and the failure to direct this revenue towards the refurbishment of the assets, the maintenance of the infrastructure, its upkeep and modernisation, we are seeing increasingly the disruption of distribution and reticulation to customers on occasions of inclement weather, as we have seen in other parts of the country most recently.

So, what are the interventions that we are making hon Baptie? There are three interventions. The first one is that there has to be an enforcement of the licensing requirements. So, any reticulator, which can be a municipality or Eskom, is required to ensure that they ring fence both the revenues and expenditure of what is earned from the sale of electricity in their respective jurisdictions. The expectation is that there has to be reinvestment back into the assets.

However, what we are seeing in municipalities largely, including Eskom, is that there has not been any significant refurbishment programme post-1994. That is why you are seeing that this aging infrastructure is unable to keep up with the demand, the pressure, and also the inclement weather. So, we are insisting that as part of the three-tier intervention there has to be a strict enforcement by Nersa on the licensing requirements.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 125

The second one is that we have concluded a discussion at Cabinet level. We are introducing what we call the Distribution Agency Agreement that is championed by Eskom. In that, what we are attempting to do, hon Baptie, through you, Chair, is to ensure that we are able to capacitate municipalities to discharge their responsibilities.

So, we know that there has been over time a significant haemorrhaging of the technical expertise at local municipalities, and that has hampered or undermine the ability to do scenario planning, do projections on utilisation and demand, and therefore make the necessary capital allocation for the refurbishment. So, we will support them with that expertise and also downstream interventions, ensure that the collection rates go up, ensure installation of prepaid meters, making sure that there is credit control in place.

Then, the last pillar of this intervention is to make sure that we accelerate the reform agenda so that the municipalities are better positioned to be able to prosecute their constitutional mandate, as I mentioned earlier on. They have got the original powers. So, we are not about to take away the right of municipalities to reticulate. However, as part of this reform

agenda, we must be able to empower them so that they can competently discharge their responsibilities. Thanks, Chair.

Mr E V BAPTIE: Chair, hon Minister, this dysfunction in the municipalities is having a profound influence on the daily lives of the majority of South African citizens and businesses. The reform initiatives you speak of in the electricity sector have been initiated, partly, to improve security, quality of supply, et cetera, but very importantly, the price of electricity, to restrain the rampant growth that we have experienced in electricity prices over the past decade.

What then is the impact of the growing municipal debt to Eskom on the unbundling process and on the liberalisation of the electricity market? [Applause.]

The MINISTER OF ELECTRICITY AND ENERGY: Well, we are continuing apace with the transformation of the sector. Our view is that we must not view the various components of the value chain independently. What do I mean? Don't look at generation alone. Don't look at transmission alone and distribution alone. When you think of the transformation of the sector, you must have an appreciation of the net impact of one decision over the other.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 127

When you tamper with the distribution side, what does it do to transmitting and in return to generation?

So, we have to have, if you like, a holistic approach when we do this transformation of the sector. Of course, it will be sequenced, it will be orchestrated and managed, but I think it is important that we have a whole view. We know, as I speak to you now, that the most profitable part of the business is the transmission side. I have listed the challenges on the distribution side.

Of course, generation is under significant strain as a result of obligations with regards to the environment: Whether we can continue to generate using this abundance of resource called coal? We have taken a decision, and we will do that: We will employ clean coal technologies.

Because it is our endowment, we are not about to relinquish that strategic advantage. However, what we are trying to do is to make sure that this decision does not undermine our quest to ensure that there is a qualitative transformation of the sector that ultimately benefits national interest.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 128

So, in all the totality of all of these things, that transformation must enhance national interest. National interest is an overriding consideration. Everything must subordinate to the national interest to the extent that it erodes our ambitions, national interest or sovereign interest. Whichever way you choose to call it, we will not pursue that.

However, what we know is that looking at other jurisdictions in the world: When you transform the sector, and you introduce competition, there is greater efficiency. In theory, as the classics will say, it has to have some positive impact on the price of electricity, affordability and modernisation. So, that is the route we are pursuing, hon Baptie.

Mr V A NKOSI: Hon House Chairperson, hon Minister, how will the success from the municipalities be repeated in other municipalities nationwide? I mean: How do you plan to roll out the successful ring-fencing models or interventions to other struggling municipalities; and what impact will this program have in reducing municipal debt to Eskom and ensuring affordable electricity tariffs to consumers? I thank you. [Applause.]

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 129

The MINISTER OF ELECTRICITY AND ENERGY: Thank you very much, hon Nkosi, for that question. So, we apply what in science or engineering we call the Pareto Principle: That is 20% effort; and 80% return. So, what do I mean by that? There is manifestation in the space in that - if you come to look at the totality of municipalities that make up the debt, the R102 billion plus - it is really about 20 municipalities that account for about 70% of that debt. It is that debt!

So, what that tells us is that the concentration must be on these municipalities that account for 70% of the debt. That is why we have started in the rollout of the Distribution Agency Agreement. I must say that we are finding traction in these municipalities. There is a reception by the political leadership there, and I guess that they don't have any other option but to co-operate.

However, I must say that we are not using coercion for them to participate: It is voluntary, and we also introducing incentives for them to participate. We are beginning to see this product. I mean, Emfuleni Municipality is a classic example. Maluti-a-Phofung is another example of what has happened. Essentially, we

have got a template that works. So, what we are going to do is to export that template into other municipalities.

Of course, we will take account of the particular nuances or peculiarities that are present in one municipality versus the other. So, it is a dynamic intervention, if you like. However, the parameters of the intervention are fixed - they are immovable! So, what we do is the degree of manoeuvrability within those parameters.

I am confident that we have the template, it is going to take a lot of time, and it requires patience. That is the nature of this institutional intervention. It is not going to be easy; it is going to be exceptionally testing, but we are confident of our abilities to resolve this problem. Thanks, Chair.

[Applause.]

Mr S M MBATHA: Chairperson, hon Minister, I just want to give you an updated version of what is owed to Eskom by the municipalities: It is R110 billion rands; not R102 billion. This is effectively from 18 March 2026 - the third report will tell you.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 131

So, which one are these or where or who are these municipalities, because we keep hearing it is 30%? Surely, the bill doesn't get decreased; the bill is increasing. Lastly, what measures are you going to implement to fast-track the repayments by these municipalities, because this affects the availability of electricity to citizens? Thank you. [Applause.]

The MINISTER OF ELECTRICITY AND ENERGY: Thank you, hon Mbatha, for that great question, my friend. I got confused for a moment because you are wearing blue there, and now I have to reorientate my answer. So, first, I spoke of municipalities collectively owing Eskom upwards of R102 billion. Actually, R110 billion is upwards of R102 billion. So, I am happy that we are together in that clarity.

Then, when you make a point about the Distribution Agency Agreement, the DAA, you are absolutely right: It is meant to stem the exponential increase in the debt level. For as long as we are unable to get people into our corner, signing up to the DAA, we have been able to see the adverse. I mean, evidence is there, and as you know, with the accounts that we give to the portfolio committee, that this number keeps on increasing.

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 132

Hence, we are saying that the best way of stemming that is to ensure that they sign up to the DAA.

The last thing you want to do is to declare an intergovernmental conflict, because the easiest way out of this is for Eskom to implement credit control, denying Tshwane, Johannesburg, Ekurhuleni - those major metros - access to electricity on the account that they are owing us. We don't think that is a convenient way of resolving the problem, because we are accentuating the crisis that is confronting us.

So, we are pursuing intergovernmental relations, and I have no doubt that these municipalities are committed to this program. That is why I made the point earlier on that they are on their own account, and they are coming on board. We have prioritised the top municipalities that account for 70% of the total debt on account of that Pareto Principle I referred to. We will get it right. We will come much later to the smaller municipalities.

Of course, from their share of revenue collected, they are owed a lot, but as part of the total share of what is owed to Eskom, it is not as significant. I am not saying it is not meaningful;

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 133

it is not as significant. So, we are prioritising the top ones, and gradually we will come to the rest of municipalities.

However, we are together, we really want to help municipalities to prosecute their functions, keep to their licensing requirements and conditions. I am confident that we will get it right there, hon Mbatha. Thanks, Chair.

Ms M S LETLAPE: Thanks, Chair: I will take the question.

Municipalities relying on revenue from the sales of electricity and water to fund basic infrastructure are bankrupt, cruel and punishing to the poor.

Minister, would you consider the EFF's proposal to rather authorise Eskom to take over the distribution of electricity from municipalities that are unable to manage their financial obligations and consistently fail to pay for the bulk electricity they purchase from the utility?

The MINISTER OF ELECTRICITY AND ENERGY: Thank you very much to the clone of hon Paulsen. Hon Letlape, thanks for that question. I had made an admission earlier on that on this question I might

WEDNESDAY, 25 MARCH 2026

Page: 134

not be objective because if you come to think of it, what is the primary source of municipalities?

It is the surcharge they are placing on electricity, the surcharge they are placing on water, and the rates and taxes. That is their primary means of revenue. Municipalities have got an obligation to ensure that they are able to invest that capital, to reallocate it into their municipal spaces to build social infrastructure.

So, if Eskom were to take that function, you will be denying the municipality their ability to discharge their responsibility. Municipalities, as conceptualised in the Constitution will not be able to fulfil their mandate. The answer is not there. The answer is not where this responsibility lies; the answer is in the capacity of municipalities to collect.

So, what the DAA does is not punitive. We are saying that we are going to affirm your right to collect; we are going to support you with the technical capacity; and we are going to incubate you for the next three years. By the time we leave the municipality: You will have the technical capability; you will have refurbished your infrastructure; you will be able to

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 135

protect your revenue stream; and you are able to enforce credit control.

Municipalities will exist as a third sphere of government. So, they must not exist at the mercy of national government. Otherwise, we are eroding what essentially is the essence of municipalities. If you had to ask me, and we have not had a conversation in Cabinet, I will not support an idea where we weaken municipalities. If anything, we must strengthen them, and we know where the challenges are. Let us support them and not undermine what the constitutional injunction is.

Municipalities have regional powers, they have a right to exist, and no one in this house has a right to remove it from them, unless there is a constitutional change. Of course, we can have a conversation about that, but municipalities are the closest sphere of government. Allow them to discharge this responsibility. [Time expired.] So that is my short answer to you. [Applause.]

Mr E V BAPTIE: Chair, hon Minister, I am going to come back to that last point you made and refer to the President's State of the Nation Address that we heard earlier this year. What he said

WEDNESDAY, 25 MARCH 2026

Page: 136

is that there will be managed utilities to undertake the distribution of electricity in municipalities that don't have the capacity to manage the service.

So, my question may conflict with what you have said, but I am going to ask you this: What practical models, if any, are being considered to achieve what the President has said to us?

[Applause.]

The MINISTER OF ELECTRICITY AND ENERGY: Hon Baptie, there is no tension in the statement that the utilities will be formed to help municipalities or discharge that function at the level of municipalities. It does not talk to the ownership of those utilities. The argument I am making can be reconciled with that statement: Create these utilities in our own conceptualisation. The DAA is a forerunner to those utilities, but municipalities will have ownership of those utilities.

Therefore, municipalities should have the right, once these monies are collected, reinvested back into these assets that are cash cows, and then they can reallocate the surplus into their own jurisdiction. Otherwise, Municipalities will not have the capacity to roll out social infrastructure: Someone must build a

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 137

clinic; someone must build a rural road; and someone must ensure that there is reticulation of water into individual households.

That requires money, and I am saying your biggest earner, at the municipal level, of any additional income outside the grant dispensation, is water and electricity. Once you deny them that, municipalities will not be able to discharge their constitutional obligation as envisaged in the Constitution. Don't constrain them; you must enable them.

So, the idea of utilities and that at the municipal space does not necessarily erode the right of municipalities to be the owners or be invested in the ownership of those municipalities. Then you are resolving both: You are resolving the ability of municipality to reallocate that capital; but also making sure that they have sufficient technical capacity and know-how to collect, refurbish, improve, expand and discharge their constitutional obligations. There is no tension there. So, I was trying to reconcile the arguments. Thanks, Chair.

The HOUSE CHAIRPERSON (Mr C T Frolick): Thank you, hon Minister. Why do you want to be recognised, hon member?

UNREVISED HANSARD

NATIONAL ASSEMBLY

WEDNESDAY, 25 MARCH 2026

Page: 138

Mr N S MATIASE: Hon House Chair, the younger the Minister, the better the quality of answers to the questions. I just want to comment, hon Minister. But secondly ... [Interjections.]

The HOUSE CHAIRPERSON (Mr C T Frolick): No, hon member.

[Interjections.] No, no, no, you are out of order.

[Interjections.] You are out of order, hon member.

Question session concluded.

The House adjourned at 18:34.