WEDNESDAY, 25 FEBRUARY 2026

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PROCEEDINGS OF THE NATIONAL ASSEMBLY

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The House met at Nieuwmeester Dome at 14:00.

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

Announcements

The SPEAKER: Order, hon members. Can you please settle down? Order! We would like to welcome to the House the President, the Deputy President ... [Applause.] ... the Chairperson of the National Council of Provinces and members of the NCOP whom we have invited as guests. We also want to recognise our leaders of political parties, leaders of business, leaders of civil society who are all with us here in the House.

Most importantly, however, we also want to acknowledge members of civil society and their organisations, and communities that had various marches but also reflections on their expectations of the Budget. We do recognise them, even though they may not be in the House, and also our people at home.

I see some members are looking at me with a smile, wanting me to recognise them individually. So, all of you who have been smiling at me, I do see you and I recognise you. [Applause.]

I know we have students here representing their organisations who have also expressed their views ... what they think, both in terms of education and the issues of young people. Those will be catered for in the Budget.

So, I want to recognise all of you and be happy this time, Mr President, that the Minister of Finance and the executive are here for Budget 101. I don’t think there will be Budget 2.0 ... [Laughter.] ... like we had the last time. However, Mr President and the Minister of Finance, we agreed that if today you were not ready, we were going to have a Budget tabled, with or without your agreement, because at the end of the day, Parliament passes the Budget.

I will now announce that the vacancy which occurred in the National Assembly owing to the resignation of Ms T G Shiviti has been filled by the nomination of Ms Zama Khanyase with effect from ... [Applause.] ... Order, hon members! This vacancy has been filled with effect from 24 February 2026.

The member has made and subscribed the oath in the Speaker's Office. I want to welcome hon Zama Khanyase. If you can stand so that members can see you. [Applause.] Thank you very much, hon member. I will ask the secretary to read the First and Second Orders.

APPROPRIATION BILL

(Introduction)

DIVISION OF REVENUE BILL

(Tabling)

SPECIAL APPROPRIATION 2025-26 FINANCIAL YEAR BILL

(Introduction)

The MINISTER OF FINANCE: Hon Speaker, Thoko Didiza, Deputy Speaker, Annelie Lotriet, His Excellency, the President of the

Republic of South Africa, Mr Cyril Ramaphosa, hon Deputy President Paul Mashatile, Cabinet colleagues, members of the Budget Council and the Budget Forum, Governor of the SA Reserve Bank, Lesetja Kganyago, Commissioner of the SA Revenue Service, Edward Kieswetter, chairperson of the Financial and Fiscal Commission, Patience Mbava, hon members and fellow South Africans, I have the honour to table the following documents before this House:

(1) **Budget Speech 2026**;

(2) **Budget Review 2026**, including the:

  (a) **Fiscal Framework**; and

  (b) **Revenue proposals, including customs and excise duties**;

(3) **Estimates of National Expenditure 2026**;

(4) **Division of Revenue Bill** [B 5 – 2026], tabled in terms of section 10(1) of the Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997);

(5) **Special Appropriation (2025-26 Financial Year) Bill** [B 3 - 2026]; and

(6) **Appropriation Bill** [B 4 – 2026]

INTRODUCTION

We have reached the important turning point in the management of our public finances. Five years ago, the outlook was stark. State capture had hollowed out critical institutions and weakened state-owned institutions.

South Africa had been downgraded to junk status by the last of the three major credit rating agencies in 2020. The devastation of the coronavirus pandemic, coupled with the Russia-Ukraine conflict, had dealt a blow to global growth.

In 2023, the Financial Action Task Force, FATF, had placed South Africa on its grey list. The warning lights were flashing. Public finances were under severe strain and growth had stalled.

Faced with this crisis, we chose not to be defined by it. Instead, we turned it into a catalyst for change. We committed to a clear reform agenda and a disciplined fiscal strategy built on three principles: stabilise debt, invest in infrastructure and spend better.

Today, that commitment has delivered tangible results. For the first time in 17 years, debt will stabilise and it will continue to fall in the coming years. [Applause.] The budget deficit has narrowed significantly and debt-service costs are also falling. The world has taken notice:

- South Africa has been removed from the FATF grey list. [Applause.];
- We secured our first credit rating upgrade in 16 years; and
- Borrowing costs have eased, creating space for growth and development.

These are signals of restored credibility, of renewed resilience and of a nation regaining its footing. The lesson is a simple but powerful one. Steady structural reform and responsible public finances are the bedrock of a prosperous and more inclusive South Africa.

ECONOMIC OUTLOOK

Allow me to turn to the global and domestic economic outlook.

Global outlook

The global economy is projected to grow by 3,3% in 2026, broadly in line with last year’s outcome. Advanced economies are expected to grow moderately, while emerging markets will continue to anchor global momentum. India and sub-Saharan Africa in particular, are forecast to grow more strongly, supported by resilient domestic demand.

These developments are unfolding within an unprecedented global trade environment characterised by persistent geopolitical tensions and shifting trade policies which are reshaping supply chains.

In response, we need to diversify our trade portfolios, secure our markets, reduce vulnerability to external shocks and position ourselves to benefit from emerging global growth centres.

Domestic outlook

On the domestic front, our growth outlook is steadily improving. We project real economic growth of 1,6% in 2026, an improvement from the 1,4% estimated in 2025. This improvement reflects the continued strengthening of economic performance from the second half of 2025. Over the medium term, growth is expected to average 1,8%, reaching 2% by 2028.

Persistent logistics bottlenecks, weak public infrastructure and the recent outbreak of foot-and-mouth disease continue to weigh on economic activity and pose risks to the outlook.

In the light of this, rapid inclusive growth remains our only durable path forward. Our efforts to promote faster economic growth continue to revolve around four pillars:

- Maintain macroeconomic stability;
- Implement structural reforms;
- Invest in growth-enhancing infrastructure; and
- Build state capacity.

These pillars are the foundation upon which inclusivity is built and how we ensure that growth is faster.

FISCAL STRATEGY

A key facet of macroeconomic stability is prudent fiscal management that advances socioeconomic obligations. Our fiscal strategy involves four features:

- Support economic growth by accelerating public investment.

- Improve the efficiency of public spending.
- Improve the composition of spending by containing the Public Service wage bill, while increasing capital investment.
- Entrench sustainable public finances with a principles-led fiscal anchor.

We are already reaping the fruits of this strategy. The consolidated budget deficit has narrowed to 4,5% of GDP for 2025-26, an improvement from 4,8% that we estimated in the 2025 Budget. The deficit falls to 4% in 2026-27 and 3,1% the year after.

Gross debt stabilises as a share of GDP in 2025-26, at 78,9%. In 2026, it falls further to 77,3% of GDP and declines to 76% by 2028-29. The slightly higher debt peak this year reflects weaker nominal GDP growth and our decision to take advantage of strong investor demand in domestic and global markets by increasing our issuance in 2025-26.

The main Budget primary surplus for 2025-26 reaches 0,9% of GDP. In the next financial year, it expands to 1,6% and then to 1,9% in 2027-28. By 2028-29, we see it reaching 2,3%.

In order to sustain fiscal discipline, we intend to continue the engagement on fiscal anchors. We aim to introduce a proposal for a principles-based fiscal anchor in the Medium-Term Budget Policy Statement, MTBPS, after thorough consultation in Cabinet, Parliament and with the public. Just as inflation targeting provided clarity and credibility to monetary policy, the fiscal anchor aims to entrench fiscal credibility.

IMPLEMENTING STRUCTURAL REFORMS

The structural reforms to lift growth, which we are implementing alongside the fiscal strategy, reflect an understanding that the state should adjust to the needs of the national economy in a flexible way. Operation Vulindlela must be understood in this context.

In terms of energy reforms, we are stabilising electricity supply and building a competitive, reliable energy market. Regulatory reforms in this sector have unlocked significant private investment, accelerating generation capacity and driving the transition towards cleaner, reliable power.

In logistics, we are dismantling bottlenecks in rail and ports that have throttled exports and raised the cost of doing business. Our intention is to bolster public-private investment in rail operations while retaining state ownership of rail infrastructure. The objective is to move goods faster, cheaper and more reliably. [Applause.]

Reforms in local government include shifting to a performance-linked utility model for water and electricity services. This is aimed at strengthening financial sustainability, accountability and transparency.

Spatial and housing reforms focus on restructuring our cities to ensure that people have access to affordable housing located closer to centres of economic activity. This is a systematic effort to remove the structural blockages that have held back growth for many years.

REVENUE TRENDS AND OUTLOOK

Over the past three years, our tax system has demonstrated resilience, despite slow economic growth. For 2025-26, the gross tax revenue is revised upwards by R21,3 billion compared to the estimate in the 2025 Budget. Higher-than-expected net

VAT, corporate income tax and dividends tax collections improved the in-year outlook.

As a result, government has decided to withdraw the R20 billion in tax increases provisionally included in the May 2025 Budget. [Applause.] The improved fiscal position allows us enough room to withdraw the proposed tax increases, without putting fiscal sustainability or economic activity at risk.

We are also proposing additional tax measures to ease the financial burden on households and businesses by adjusting personal income tax brackets and rebates fully in line with inflation. [Applause.]

IsiXhosa:
Ndibuyisela imali ezipokothweni zenu. Enyaniswen andinirhafisi ngoku, ndinibuyisela nje imali.

English:
Our national savings and investment rate is far below the levels needed to truly create generational wealth and support local investment in the economy. To encourage South Africans to save more, we propose that:

- The tax-free annual investment limit be increased from R36 000 to R46 000 per year. [Applause.]
- The limit to retirement fund deductions be raised from R350 000 to R430 000, allowing individuals to invest more each year on a tax-free basis. [Applause.]

Each year, we ask South Africans to send in their tips for the Budget. This year we got more than 1 200 citizens who sent us their opinions and suggestions. Renette Oosthuizen, a small business owner from Gauteng, had this tip: "Minister Godongwana, please increase the VAT registration threshold for small businesses to R2 million. The R1 million threshold has not kept pace with the cost of doing business." Renette, you will be happy to know that in this Budget the compulsory VAT registration threshold increases from R1 million to R2,3 million. [Applause.] We are taking other measures to support small businesses:

- We are raising the capital gains tax exemption for the sale of a small business for older persons from R1,8 million to R2,7 million. This applies to small businesses worth R15 million, instead of the R10 million previously.

It will enable small business owners to receive more tax relief when they sell their business. [Applause.]

Increases to certain taxes are unavoidable. That's the bad part of me. For 2026, excise duties on tobacco will unfortunately be increased in line with inflation. This includes excise duty on electronic nicotine and non-nicotine delivery systems. As a result:

- The tax on a 20-pack of cigarettes rises from R22,81 to R23,58.
- Pipe tobacco rises by 28 cents per 25 grams and cigarette tobacco by 87 cents per 50 grams.
- Cigars rise by R4,56 per 23 grams.

The excise on alcoholic beverages also rises by inflation. As such:

- A 340 ml can of beer or cider increases by eight cents.
- A 750 ml bottle of wine goes up by 15 cents. [Applause.]
- A 750 ml bottle of spirits will increase by R3,20.

In terms of the fuel levy, the total increase will also be in line with inflation:

- The general fuel levy will go up by nine cents per litre for petrol and eight cents per litre for diesel.
- The carbon fuel levy will go up by five cents per litre for petrol and six cents for diesel.
- The Road Accident Fund fuel levy will increase by seven cents per litre.

The strong revenue collection this year and the overall resilience of the tax administration, reflects an efficient and agile tax administration, continually improving through targeted compliance initiatives.

However, the scourge of illicit trade represents a major threat to these hard-won gains. It threatens our economy, endangers consumers and robs the fiscus of billions in revenue.

The recent announcement by a major tobacco producer that it will close its local operations is a stark reminder of the impact of illicit trade on jobs and the overall economy.

The sophisticated and organised nature of illicit operations demands an intensive effort to curb this trade, secure prosecutions and dismantle its supply chains.

The SA Revenue Service, Sars, has already intensified its efforts. It will also continue its joint operations with border management, the SAPS and the Defence Force.

IsiXhosa:

Uyabona ke ngoku ilahlekile le nto.

English:

I always improvise. [Applause.] I improvise. Wait a little. [Interjections.]

The SPEAKER: Order, hon members. Can the Minister continue with his speech?

The MINISTER OF FINANCE: Yes, I'm just ... This thing has failed me.

Ms O M C MAOTWE: It's page seven, Minister. It's page seven.

The SPEAKER: Order, hon members. I know you are trying to help, but you should have raised it through the Speaker. Thank you very much, hon Maotwe. Minister, you can proceed.

The MINISTER OF FINANCE: I said Sars has already intensified its efforts. It will also continue its joint operations with the Border Management Authority, BMA, the SAPS and the Defence Force to stop the illicit trade in tobacco. I'm going to come back later when I talk about crime, peace and security.

FINANCIAL SECTOR REFORMS

National Treasury continues to work on ensuring that financial services customers are treated fairly and the sector operates optimally. One key issue is the more than R88 billion in unclaimed financial assets and benefits.

Following recommendations from the Financial Sector Conduct Authority, National Treasury will introduce reforms to manage these unclaimed benefits through the creation of a central administrator responsible for record keeping and tracing.

Crypto Assets

We will shortly also publish draft regulations under the Currency and Exchanges Act, to include crypto assets in our capital flow management regime. Crypto assets will now be governed in the cross-border movement of capital framework, which will be complementary to regulations already in place to prevent the use of crypto assets to launder money and commit fraud.

Data infrastructure

The use of data and artificial intelligence has become critical for the future development of economies worldwide. As such, data infrastructure should be considered as critical as electricity, ports and transport networks.

This year, we will explore options to help data centres and related infrastructure to expand these investments in South Africa and solidify our role as a regional hub for these technologies.

Trade

One of the main policy objectives is to ensure that the financial sector supports regional integration and the implementation of the African Continental Free Trade Area agreement.

National Treasury is easing restrictions on cross-border flows of capital by enabling domestic asset managers to manage portfolios of foreign assets. This will improve competitiveness and allow South Africa to function as a hub for investment into the continent.

Payments

National Treasury, working with the SA Reserve Bank, has prioritised modernising the national payments system and innovation in digital finance.

The Payments Ecosystem Modernisation has achieved its first milestone with the establishment of a Payments Utility which was completed in November last year with the establishment of PayInc. PayInc will provide open, shared digital payments infrastructure to support operability across various payment providers, serving as the main platform for high-value and retail transactions.

TARGETED AND RESPONSIBLE SAVINGS

In the Budget of May 2025, we made the statement that we will do everything possible to use savings arising from expenditure reviews to fund future projects. In other words, tax will be the last resort.

in this context, in this Budget, as we said last year, we have kept that promise through our commitment to finding savings from unproductive expenditure, closing leakages and rooting out inefficiencies.

I am happy to announce that R12 billion in savings has been identified over the medium term. Targeted and Responsible Savings, Tars, is not a once-off initiative. It will be an ongoing and entrenched part of the Budget process going forward, to weed out inefficiencies and low-performing programmes. Every programme and every allocation must demonstrate value, efficiency and accountability.

As part of this process, the public transport network grant has been scaled down by about R8,4 billion over the next three years. The grant has not improved access to public transport relative to the investment made. The grant will, however, continue to help cover indirect costs in cities that run bus services. Enhanced targeting in terms of the authentication of social grant beneficiaries to reduce fraud in the grant system will yield R3 billion in savings.

The SA Social Security Agency has ... its biometric and income verification process, resulting in nearly 35 000 grants being identified as incorrect and fraudulent, and therefore terminated. [Applause.]

We are committed to improving access to social support for the many deserving and eligible South Africans. Abuse of the system, however, will not be tolerated.

The remaining savings from the Tars are reallocated to strengthen capacity in the judiciary, border management, defence and Statistics SA.

To secure the skills essential to a modern economy, government is reforming the national skills ecosystem. The Skills Development Levy paid by employers to fund sector education and training authorities, setas, and the National Skills Fund, has not yielded the outcomes we expected.

We must improve how we equip individuals ready to enter the labour market. Beyond providing them with a theoretical understanding, the government will explore ways to reorganise training by introducing a dual-training skills acquisition system.

We are looking at how institutions with the capacity to train job seekers and graduates can tool them with artisanal skills.

SPENDING PRIORITIES

Turning to spending priorities, in the Budget we are tabling for 2026-27, we will spend R2,67 trillion. This spending includes a proposed R5 billion in the contingency reserve to cater for disasters declared since the MTBPS. In other words, the disasters that took place in January this year.

Government spending remains highly redistributive. The social wage accounts for more than 60% of noninterest spending over the medium term.

Basic education, health and social protection constitute 70,3% of the social wage in 2026-27, providing support to 13,6 million school children, health care services to 84% of the population and social grants to 26,5 million beneficiaries.

Social grants

Coming to social grants ...

IsiXhosa:

... bendicinga ukuba oomakhulu ndizakubanyusela kakhulu. Andibanyuselanga ngolu hlobo bendicinga ukubanyusela ngalo kulo nyaka. Kodwa ndiyabenyusela kwaye ndiyabahoya.

English:

Social grants are allocated R292,8 billion, enabling the following increases:

- The old age grant, disability grant and care dependency grant rise by R80 in April 2026 to R2 400. [Applause.]
- The same applies to the war veterans grant which increases by R80 to R2 420.
- The foster care grant goes up to R1 290 in April, a R40 increase and to R1 300 in October, a R10 increase.
- The child support grant and grant-in-aid grant increase by R20.

The social relief of distress, SRD, continues in the current form over this year. Let me clarify. The SRD is in the baseline of the Budget. That's not in dispute. When we say continue, the President says it should be converted into a livelihood ... [Inaudible.]

During the course of the year, between now and the next financial year, we will give content to that. It is to give content to that — what it's going to look like, what are the eligibility criteria, and so on and so on. So, there's no dispute that it's not going to be in the system.

Peace and security

The President, in his state of the nation address, announced the deployment of the Defence Force alongside the police to fight illegal mining and gangsterism. To support this and other efforts to intensify law and order, spending on peace and security increases from R268,2 billion in 2025-26 to R291,2 billion in 2028-29.

The BMA has been allocated an additional R990 million over the medium term to build capacity by filling 738 posts.
[Applause.]

A total of R2,7 billion is added to defence over the medium term to improve operations, including maintaining the SA Air Force’s fighter capability. [Applause.]

A quick question arises — and people also asked this question in the media — about whether the additional deployment of the Defence Force ... I'm saying that the law acknowledges that the President may at any point in time deploy the armed forces. It doesn't say the President must check whether there's a budget or something else. If there's a war tomorrow, he can say, hey, just go and sit and have a budget. No, the war is going to send the army to go and fight. [Applause.]

That's how these things work. Then it's for us to say in the light of that, section 16 of the Public Finance Management Act considers that deployment as an emergency. In this regard, we will be working with the Defence Force to finalise that.

In addition to this, we have given both the Defence Force and the police R1 billion each through the Criminal Assets Recovery Account, Cara, fund — R1 billion to the police and R1 billion to the Defence Force — for a crime prevention strategy. [Applause.]

Over the medium term, R883 million is shifted from the Department of Justice and Constitutional Development to the Office of the Chief Justice. This will enable the Office of the Chief Justice to manage its own budget and enhance its independence from the executive from the 1st of April this year.

Similar arrangements for the funding of Parliament are being undertaken in the spirit of the separation of powers. In other words, Parliament itself must not rely on this executive for the performance of its functions.

An additional R687 million has been allocated to increase capacity in the judiciary over the medium term. [Applause.]

The President also announced the establishment of special courts. Once the costing is finalised, allocation for this will be considered later in the year. We have had a discussion with the judiciary in so far as this is concerned, together with the Ministry of Justice and Constitutional Development, examining how we should give effect to this injunction by the President. We have agreed on three phases:

Firstly, there are courts that currently are under pressure and we need to see how we can deal with that pressure;

Secondly, we need to look at what the establishment of these additional courts mean in terms of the number of judges and how soon we can do that. We have put up some technical teams with the Office of the Chief Justice to pursue this injunction by the President; and

Thirdly, there are also a number of commissions of inquiry which are taking place. Some of them have asked for an extension. We will also be looking at how to fund that extension over time. [Applause.]

Special appropriation

- The Special Appropriation of R8,5 billion we are tabling before you today looks at R5,8 billion for the Passenger Rail Agency of SA, Prasa, rolling stock fleet renewal programme. Let me explain how this works. Prasa has a contract with Gibela. They have to order a minimum of 35 locomotives per annum. If they fail to order 35, it is a breach of contract. So, we have to make sure that Prasa continues with its contractual obligations.

- We have got to pay for our share subscription of about a billion rand to the World Bank, which we have not been paying for a while.
- We are providing R700 million to the Department of Communications and Digital Technologies. We are making this money ... to the department without earmarking it, because we want them ... For now, we are looking into the details of how we are going to fund Sentech's debt, the SA Broadcasting Corporation, SABC, and SA Post Office, Sapo. They should be able to meet this, through this flexibility. [Applause.]

DIVISION OF REVENUE

The Division of Revenue says how money is allocated between the different spheres of government. A total of 48,9% of nationally raised revenue is allocated to national government, 41,7% to provinces and 9,4% to local government. I must express this point, Mr President. Although the quantum that goes to municipalities is increasing, as a percentage of the share there is a decline from about 9,7% to 9,4%. I think it is something we need to be attending to.

Translated into rand and cents, national government gets R951 billion, provinces get R810 billion and municipalities get R182 billion.

Additional allocations to the equitable share of provinces include R348 million to progressively equalise Grade R teacher pay, R340 million for the early retirement and voluntary exit programme, and R319 million for the Presidential Youth Employment Initiative. An amount of R1,5 billion is added to the provincial roads maintenance grant in 2026-27 to fund the carry-through costs of the disasters that occurred between April 2024 and June 2025.

Basic Education

In terms of consolidated expenditure, spending on education remains the largest component at 23,7% over the medium term. Basic education receives R22,7 billion for carry-through costs announced in May 2025. Early childhood development receives the majority of these funds.

A total of R9,9 billion supports employee compensation and other pressures in education. As I said, the early childhood development grant receives an additional R12,8 billion over the next three years, expanding services to an additional 300 000 children. This will also maintain the increased per child, per day subsidy of R24 introduced in 2025-26.

The increased allocation aligns the National School Nutrition Programme to fight food inflation to continue providing meals to over 9,9 million learners in almost 20 000 schools.

Health

In Health, R26 billion is allocated to provinces to bolster our HIV/Aids programme, such as the prevention of mother-to-child transmission and the provision of antiretroviral drugs — that R26 billion.

As part of the Tars initiative, provinces will repurpose some of their funding to meet the obligation towards the President's Emergency Plan for Aids Relief, Pepfar. We have agreed on this with provinces. This follows the funding withdrawal by the USA.

A total of R21,3 billion is allocated to the health sector over the medium term for the compensation and employment of doctors, and to make up for expenditure shortfalls in goods and services.

Local Government

In terms of local government, R86 billion is to support the provision of free basic services to 11 million households. I'm making the assumption that these 11,2 households are on the indigent register. If they are not, there's a challenge.

Local government is the sphere where communities experience the state most directly. Yet, many municipalities are in financial and operational distress, and therefore unable to deliver services as they should.

Audit outcomes highlight this unacceptable reality: 63% of municipalities are in financial distress and the proportion of clean audits remains unacceptably low.

A central challenge with municipalities is that they not only differ in capacity, but also in their revenue-raising potential. This demands a more targeted approach to respond to the diverse pressures facing municipalities.

The National Treasury is revitalising support for the development of long-term financial plans. These plans will improve project identification, sustainably plan cash flows and inform financial decisions. This will negate the challenge of unfunded mandates and limited capacity to maintain infrastructure and sustain services.

Further structural reforms are underway, including a comprehensive review of the local government Fiscal Framework, together with a comprehensive review of the White Paper on Local Government.

Together, these reforms will modernise the intergovernmental system and build a more capable, resilient and appropriately differentiated local government sphere.

Metro Trading Services

We have what is called the Metro Trading Services system, which we have been raising in Parliament. Essentially, what it means is that we are incentivising municipalities to treat their water services and their electricity utilities as business entities which should be run professionally. [Applause.]

As a result, we are providing money for this purpose to incentivise municipalities. We are providing about R27,7 billion and another R164 billion.

Let me just tell an important story. If you pay for electricity to a municipality, you're not paying an electricity bill outside the bill of the municipality. And, if you are paying for water, you're not paying outside the water ... separately.

What are some of the side effects of this? Johannesburg collects about R9 billion on water ... However, because it goes into the main pot, what actually comes back in terms of investment into Johannesburg's water is a billion rand out of that R9 billion. The implications are ... services. There's no maintenance of the water system.

I'm not saying that that's the only problem with the water challenge we face. That's one minor problem. If we solve that problem, we can fix leaks and so on. However, it won't deal with the fundamental challenge, which is the infrastructure they are dealing with. It's old. A challenge we need to be discussing as government is how to deal with that infrastructure.

Municipal Infrastructure Grant Reform

A second area I want to deal with in terms of municipalities is the reform of the municipal infrastructure grant, Mig, system. Let me just capture this thing again by using an example. In 2024, some municipalities had a disaster and we provided them with money. In 2025, there were disasters in the same municipalities. When we gave them money in 2025, they had not used the money of 2024. Now, the point is, it's easy to say the money returns back to Treasury, but the effect of it is that the communities that have lost a bridge or something still have that problem.

So, in this regard, the grant system will be reformed to ensure that we are going to provide money to those institutions, even the district municipality or other accredited institutions, which will help those municipalities to provide the service. That's how this grant is going to work.

INFRASTRUCTURE

We come now to issues related to infrastructure. Somebody said to me, what is this? Every day you talk about a trillion? Yes, because I'm announcing a trillion now. In the next outer year, I'll be adding another amount. It will still remain a trillion. So, it's a rolling thing. How is this trillion broken down:

- A total of R507 billion will be spent by state-owned companies and other public entities;
- A total of R217,8 billion by provinces; and
- A total of R205,7 billion by municipalities.

Lastly, by sector, transport and logistics make up the largest share.

Transport, Water and Energy

The SA National Roads Agency, Sanral, will focus on strengthening long-term network resilience. This includes annual maintenance of approximately 27 000 km and the resurfacing of 2 000 km of road.

As I've indicated, Prasa continues to implement its corridor recovery programme and to modernise core infrastructure to rebuild a reliable, affordable rail service for commuters. This will enable an increase in annual passenger trips from 77 million trips in 2024-25 to between 250 million and 450 million trips over the medium term.

In energy, investment will focus on improving the security of supply and mobilise private-sector investment.

In the MTBPS, we announced that national government, together with the World Bank, are making significant progress with the Credit Guarantee Vehicle, CGV. The CGV, which will support massive investment in transmission infrastructure, will be incorporated as a company in the coming months. Next, we will expect development partners to confirm their capital participation.

Thereafter, the CGV will apply for a licence from the Prudential Authority. We are targeting the CGV to be operational later this year.

In water, investments are directed towards high-impact bulk water augmentation schemes, the refurbishing of ageing infrastructure and the completion of strategic projects that support economic nodes, and agriculture and household supply.

We continue to implement reforms to unlock greater private-sector participation, enhance spending efficiency and shorten delivery timelines.

Public-Private Partnerships

In terms of public-private partnerships, PPPs, we have amended the PPP regulations, as we have indicated. There are about 63 projects now at different stages of development. Key amongst them are the six border posts that we have announced in time, whose finalisation is ready to be announced towards the end of the year. Similar progress is being made with the Gautrain. The conclusion of these projects will close major PPP transactions in more than five years.

Budget Facility for Infrastructure

The Budget Facility for Infrastructure, BFI, has approved R21,9 billion for five major projects. These include Transnet's coal and iron ore corridor projects, which will restore rail capacity to 77 million tons for the coal line and

60 million tons for the iron ore line, as well as the Polokwane regional wastewater programme.

As part of efforts to position infrastructure as an investable asset class, government issued an infrastructure bond in 2025, raising R11,5 billion to support its contribution to BFI approved projects.

The BFI's call for proposals for the 2026-27 cycle opens today, Dr Motsoaledi. This means that both of those people who want funding via the BFI need to submit through the window which has opened from today.

We call on public institutions in key sectors of the economy to submit proposals with funding gaps and strategic value for consideration. This includes critical social infrastructure such as courts and correctional facilities. I know that in this regard, Dr Groenewald has shown a keen interest in two specific prisons to be accommodated.

This also includes university infrastructure, such as the University of Ekurhuleni. [Applause.] I don't think the University of Ekurhuleni is far from being realised, Mr

President. After your speech, I tried to dig into it to understand where it is, and it turns out that there were three sites that were identified for the University of Ekurhuleni. There is one site which is proposed. All we need is for the Minister to go and visit the site, and give approval. According to the document, once he has done that — I'm learning — all he needs to do is to appoint a supervising university.

Included in this project is student accommodation. Again, Mr President, I spoke to the Minister and said it's going to be difficult for me to teach a communist about the decommodification of student accommodation, because that is essentially the proposal I put across to him.

On the health front, Dr Motsoaledi has been up, fighting with me in every Budget about three specific hospitals — George Mukhari Academic Hospital, Inkosi Albert Luthuli Hospital and Nelson Mandela Hospital.

These are the hospitals which will form part of the BFI in the next round, and they are quite important in two respects. Firstly, they are linked to academic institutions, and secondly, they are a demonstration of our commitment as we prepare for the implementation of the National Health Insurance by improving the quality of our institutions. [Applause.]

CONCLUSION

The progressive realisation of the fundamental socioeconomic rights enshrined in our Constitution is essential to our mission to deal with inequality, poverty and unemployment. It is a mission that demands that we make prudent fiscal choices.

With the health of our public finances comes a greater degree of economic freedom and sovereignty. It is this sovereignty that gradually frees us from an overreliance on external debt. It shields us from the inherent uncertainties of global finance and global politics. As we have witnessed over the last few years, the established norms of the global order can shift and be undermined.

To achieve our ultimate goal of bettering the lives of our people, we must continue pursuing this sovereignty. A Budget and a fiscal strategy that advances inclusive growth and the sustainability of public finances is a crucial part of achieving this greater freedom. It moves us closer to fulfilling our constitutional promise to do all that it takes for our people to live with dignity and in prosperity.

I am grateful to the President and the Deputy President for their support and leadership. [Applause.] Thank you to the Deputy Ministers of Finance, Mr Sarupen and Dr Masondo. [Applause.] Mr Sarupen tells me that he also wants to be a Dr. He wants to do a PhD in fiscal rules. So, he's going to compete with Masondo, so that Masondo is not the only Dr in the ... I'm thankful to my Deputy Ministers and ... [No audio.] ... Reserve Bank.

Let me thank my colleagues in the Ministers' Committee on the Budget and in the Budget Council who have shared the task of difficult trade-offs that have to be made in the Budget process.

Similarly, to the parliamentary committees on finance and appropriations, I express my sincere appreciation.

Of course, to my dear wife who has made me looking so nice today ... [Applause.] ... Even when the President called me to

Cabinet, I said, what is my business here, Mr President? He said, no, we wanted to see how you looked like today. [Laughter.]

Let me also take this opportunity to thank the Commissioner of Sars. [Applause.] In order to have a better appreciation ... [Applause.] ... Where is the Commissioner of Sars? [Applause.]

The SPEAKER: Order, hon members. The Minister was actually asking the commissioner to stand up. However, I am grateful that all of you gave the commissioner a standing ovation.

The MINISTER OF FINANCE: The problem is that the members didn’t even allow me to contextualise this thing, because it’s quite important that when we thank the commissioner for the service he has done over seven years, we have got to look at the kind of institution he inherited when he took over seven years ago. It was an institution ... [Applause.] ... which was, kind of, hollowed out, close to being nonfunctional, to an institution which the President in the state of the nation address called, one of the best institutions we have had. That is what the commissioner has done and we thank him for that. On behalf of government, I wish to express unwavering support and thank him ... [Inaudible.] ... because by the next Budget there will probably be a new commissioner. That depends on the President. There will probably be a new commissioner of that ...

I also thank every South African. The Budget reflects our shared journey and the belief that together we can build a more equal, more prosperous economy.

IsiXhosa:

Iyaguqa le kaTyhalibhongo inkwenkwe ngoku. Ngamatshamba namabhongo kaTyhalibhongo ke lawo. Enkosi.

ILUNGU ELIHLONIPHEKILEYO: Enoch, uMamTshawe, uMamTshawe.

English:

The SPEAKER: Order! Order! Can we be seated? Thank you very much, Minister of Finance, for the presentation of the Budget and the tabling of the Budget instruments, which will now be referred to the appropriate committees for consideration. They will come back to the House.

Minister, I'm sure you forgot one last sentence when thanking people. I want to thank all these Members of Parliament, who last year, despite the challenges of having ... 2.1 or 3 point something ... they managed to work hard, particularly our committees on finance and appropriations, to ensure that we were able to pass the Budget in July. [Applause.] It wasn't an easy year, but I think these Members of Parliament lived up to the task at hand. Thank you very much to all the hon members. I will now ask members to stand and wait for the presiding officer and the mace to leave the House. That concludes the business for the day.

The House adjourned at 15:04.