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PROCEEDINGS OF HYBRID NATIONAL COUNCIL OF PROVINCES

The Council met at 14:01.

The House Chairperson: Members Support and International Relations took the Chair and requested members to observe a moment of silence for prayers or meditation.

The House Chairperson: Members Support and International Relations announced that the hybrid sitting constituted a sitting of the National Council of Provinces.

The HOUSE CHAIRPERSON OF THE NCOP (Mr B A Radebe): Hon delegates, I would like to remind the delegates that the Rules, in particular Rule 103, apply during the hybrid sitting.

Before we proceed, I would like to welcome the Minister of Co-operative Governance and Traditional Affairs, the Deputy Minister of Co-operative Governance and Traditional Affairs,

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permanent delegates, MECs and all special delegates, and the SA Local Government Association, Salga, representatives to the House.

I have been informed that there will be no notices of motions or motions without notice.

Hon delegates, we shall now proceed to the First Order of the day, Policy debate on Budget Vote 3, Co-operative Governance Appropriation Bill.

APPROPRIATION BILL

(Policy debate)

Debate on Budget Vote 3: Co-operative Governance:

The MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS: The Chairperson of the National Council of Provinces, the Deputy Chairperson, the hon members, hon premiers and members of the executive councils, Deputy Minister of Co-operative Governance and Traditional Affairs, Deputy Minister Masemola, the Chairperson of the National House of Traditional and Khoi-San Leaders, the President of the SA Local Government

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Association, Salga, the Chairperson of the Demarcation Board, the Acting Director-General Funaneng Mahlatsi, the Chief Executive Office for the Municipal Infrastructure Support Agent, Misa, the Senior Leaders of the Department of International Relations and Cooperation, Dr Naidoo, who is present, the leadership of Independent Municipal Allied Trade Union, Imatu, and the SA Municipal Workers Union, SAMWU, and fellow South Africans, good afternoon.

It is my honour to present to this House the Budget Vote for the Department of Co-operative Governance for the 2026-27 financial year. As the NCOP represents provincial and local government interest, this Budget Vote places particular emphasis on strengthening municipalities, improving service delivery and enhancing co-operative governance across provinces.

The 2026-27 Medium-Term Expenditure Framework allocates a total of R422,5 billion to Vote 3. This allocation support our mandate to strengthen local government, enhance disaster preparedness and improve basic services and infrastructure delivery, thereby ensuring that every municipality works.

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Provinces continue to face increasing pressures arising from disasters, climate change and infrastructure backlogs. In response, R2,161 billion was allocated in Disaster Recovery Grant for 92 municipalities. An amount of R191,16 million was also allocated through the Disaster Response Grant to 16 municipalities. Additional allocations of R151 million provincial and R203 million municipal are being finalised.

Following the recent floods in Limpopo and Mpumalanga, the department reprioritised R166 million from Municipal Infrastructure Grant to support the affected communities. These allocations demonstrate government's commitment to coordinated recovery and service restoration.

Communities expect municipalities that function effectively, that deliver reliable services and respond in a timely and accountable manner. Municipalities operate within a complex and evolving environment characterised by rapid administration, growing service delivery demand, climate-related risk and financial and institutional constraints.

For this reason, government undertook the review of the 1998 White Paper on Local Government. Since May 2025, extensive consultations have been held with provinces, municipalities,

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traditional leaders, organised local government, civil society, academia and communities. These engagements have informed a renewed policy framework under the theme: Every Municipality Must Work.

The envisaged 2026 White Paper introduces the following: A differentiated approach to municipal support, strengthened intergovernmental coordination, enhanced financial sustainability, and professionalisation of local government administration. Importantly, it promotes stronger partnership and community participation to ensure municipalities are capable, ethical and responsive.

The department is undertaking legislative reforms to give effect to this agenda. The government is advancing key reforms such as the General Laws Amendment Bill, the Municipal Structures Amendment Bill, commonly known as the Coalitions Bill, which must ensure stability in coalitions post-4 November 2026 local government elections. Further, the reforms are being championed in the Independent Municipal Demarcation Authority Bill and the Draft Fire Services Bill. These reforms collectively aim to stabilise governance and improve service delivery.

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The preparation for elections 2026, 4 November are well underway. The preparations for the 2026 local government elections are progressing very well as I have indicated. An Inter-Ministerial Committee has been established and is constantly holding meetings with Electoral Independent Commission, IEC, and all key departments to ensure free and fair elections and a thorough readiness to deliver the 4 November elections a credible one for the people of South Africa.

Councillor numbers have been gazetted and 4 488 wards have been finalised and handed over to the Electoral Independent Commission. These wards remain the most direct link between communities and the government. Capable municipalities require capable leadership.

The government is strengthening recruitment processes, induction programmes, leadership development and post-election skills audit. These interventions will strengthen administrative capacity across municipalities. The audit outcomes are very encouraging.

If we look at the latest audit outcome, 59 municipalities received improved audit outcomes and 41 municipalities

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achieved clean audits and 99 municipalities achieved unqualified audits with findings. This progress reflects improved coordination and oversight. Importantly, improved audit outcomes translate into stronger financial controls, reduced irregular expenditure and improved service delivery because the more our municipalities are able to account with the resources given to them, the better service delivery is ensured. This progress must now be consolidated and sustained.

The government at Co-operative Governance and Traditional Affairs is pursuing targeted interventions. The government continues to provide differentiated support to distressed municipalities. For example, in Emfuleni, stabilisation efforts are going on in this municipality. A special purpose vehicle with run water has been approved and this is supported through the Operation Vulindlela Phase 2.

In Titsobotla, one of the municipalities that has been in the public domain for bad reason is taking a good shape. There is currently, yes indeed, thank you very much for that colleagues, because when something good is happening, we must commend that goodness.

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Titso botla is a typical example of good intervention. We have learned a lesson that in a completely dysfunctional municipality, to deploy only one person as an administrator does not work. In Titso botla, we deployed a team of experts, a combination of experts who have turned the municipality around and all bad things that were happening in that municipality have come to an end.

We are going to stabilise the municipality because it is only about four months to go before we go to election, so that new councillors, when they take over, they find a healthy, stable municipality and that team is going to remain there almost for a period of another year to ensure that Titso botla municipality becomes a success story.

The financial recovery plan has been approved at Titso botla, leadership is stable and an amount of R30 million has been allocated through Municipal Investment Competitiveness, MIC, to ensure that interventions are done to ensure sustainable service delivery. These interventions reflect government's determination to restore stability and rebuild public trust.

When it comes to DDM, the District Development Model remains central to coordination. We have learned a good lesson. Yes,

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we may not all agree, but what is very interesting, colleagues, when it comes to DDM, we have a common view now across nine provinces. Even Western Cape, which had a different view, is on board now. The City of Cape Town, which had a different view, is on board now. This was through engagement on critical areas where there were differences of opinion. We have cleaned those differences, and we are all now of the same view that if the three spheres of government work together, we are bound to see change other than one sphere of government working alone.

Provinces such as Mpumalanga, Eastern Cape, KwaZulu-Natal, and Limpopo demonstrate that where the model is implemented effectively, it delivers results. The challenge is therefore not design, but consistent implementation, which the 2026 White Paper seeks to address.

The government is also advancing the Eastern Seaboard Development Programme to unlock regional growth. The Community Works Programme supports 186 046 participants. It is increasingly being repositioned towards skills development, enterprise recreation, and sustainable livelihood. Participants contribute directly to service delivery while building pathways to economic participation.

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At an international level, at the SA Macroeconomic Summit in London, the government participated through Co-operative Governance and Traditional Affairs and engaged with global stakeholders on reform and investment. The central message was clear. Capable municipalities are critical to economic growth and investor confidence. Municipalities are enablers of the environment for investment. These engagements in London reinforced confidence in South Africa's reform trajectory.

Disasters are increasing in scale and frequency. We distinguish between classification and declaration. Recently, classification of national disaster has been done to include the areas that were severely affected by weather and floods, drought, gender-based violence and femicide, foot and mouth disease. Our focus is shifting towards prevention, preparedness and resilience.

Our focus, as I have said, we want now to be proactive in terms of ensuring that we go ahead using the early warning signs and all of the data that we have in terms of the technology that is at our disposal to ensure that our communities are informed timeously so that they can respond in terms of moving away from the areas that are going to be affected when the alert has been made.

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Indeed, one major thing which we need to speak collectively on it is the process of relocating people living on floodplains. We need to purposefully embark on this programme, persuade our people, because we know the areas which are wetland areas, areas which are floodplains, where people, some of them have lived for decades, but the latest floods have shown us that people on floodplains are a ticking time bomb and we need to work together so that the resources that we have under disaster are not used to build again for people whom we knew are sitting on the floodplains. Rather, we must relocate those people into areas that are suitable for human occupation.

This budget, therefore, reflects a clear shift from policy formulation to implementation and from implementation to delivery. Through Co-operative Governance, capable institutions and targeted support, we are working to ensure that every municipality works, every province delivers and every community benefits.

I hereby therefore, hon Chair, table Budget Vote 3 for Co-operative Governance for consideration and approval. Thank you, hon Chair.

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The HOUSE CHAIRPERSON OF THE NCOP (Mr B A Radebe): Thank you, hon Minister, for highlighting the programmes of your department. I think they are highly appreciated by this House, but it is the members themselves who are going to contribute as to their attitude to that.

Mr T M KAUNDA: House Chairperson, greetings to the House Chairperson, the Chairperson of the NCOP, the Chief Whip, hon Minister of Co-operative Governance and Traditional Affairs, Cogta, Minister Hlabisa. We also wish to greet the Deputy Minister, Dr Masemola. We also extend our greetings to Deputy Minister Burns-Ncamashe, the MECs present, the Programming Whip of our institution, the Salga representatives, hon members of the NCOP, the Acting DG and the CEO of the Municipal Infrastructure Support Agent, Misa, and fellow South Africans, good afternoon.

We stand before you to participate in this important debate on Co-operative Governance and Traditional Affairs to put our perspective as African National Congress. I formally table the report of the committee with clear recommendations which are detailed, hon Chairperson.

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The 2026 Budget Policy Debate on Co-operative Governance and Traditional Affairs takes place at a critical moment in our democratic journey. Local government remains the sphere closest to our people. It is the sphere where citizens experience government directly through water flowing from their taps, refuse being collected, roads being maintained, electricity being supplied and communities being kept safe in the environment that is conducive to investments.

It is therefore appropriate that this debate focuses on the urgent task of fixing local government and restoring public confidence in municipalities. Maybe, Chair, before I proceed, we must caution ourselves that whenever we talk about local government, we perceive it as if local government is a total failure, but there are pockets of success. There is one small municipality in KZN called uMshwathi Municipality.

That municipality has been getting, ... starting from the disclaimer, moving to the qualifications, but now they are consistent in terms of getting a clean audit. So, we can't say municipalities are not performing, but we must acknowledge that there are challenges which cripple the performance of municipalities. The African National Congress has been unequivocal on this matter.

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The 2025 National General Council resolved that every municipality must perform its constitutional responsibilities effectively by providing reliable basic services, maintaining and expanding infrastructure, and becoming a true centre of local democracy and sustainable livelihoods. The challenges facing municipalities are well-known. Many communities continue to experience service delivery interruptions, infrastructure deterioration, financial distress, governance failures, and declining public trust. These challenges require decisive action. We should put no excuses.

IsiZulu:

Akekho umuntu okufanele aphile ngaphandle kwezinsiza eziyisisekelo sempilo ezifana namanzi, ugesi, ukuthuthwa kwendle nodoti, nokuqinisekisa ukuthi abantu bakithi bathole amathuba emisebenzi azoshintsha izimpilo zabo zibengcono.

English:

For this reason, we welcome the interventions being implemented through the Department of Co-operative Governance and Traditional Affairs and the allocations contained within this budget.

IsiZulu:

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Sihlalo ohloniphekile sifisa ukubonga kakhulu Bulawayo ohola lo Mnyango nethimba lakho ukuthi sibonile omasipala abafana noThabazimbi eLimpopo, lapho bekunezinkinga nezingqinamba ezinkulu kodwa sabona sekunoguquko futhi olungala. Lezi zinguquko ezenza ukuthi umphakathi ubuyelwe yithemba. Siyazi kwakukhona ukuxokozela kuloya masipala namhlanje usukwazile ukushintsha ngisho umbono wokucwaningwa kwamabhuku oyitholayo njengomasipala. E-Ditsobotla njengoba ushilo nje Bulawayo ukhona umehluko. Besikhona laphaya e-North-West siyozihlolela nathi ukuthi ...

English:

... is this intervention impacting on the people's lives. There is significant change and we wish them well in executing further interventions.

IsiZulu:

Uma sikhuluma ngezinguquko ezingala sikhuluma ngomasipala abanjengoMsunduzi asebekhishiwe ekungeneleleni ngoba sibonile sebegalile benza umsebenzi omuhle. Kwashintsha ngisho amabhuku ezezimali khona eMsunduzi nokuphathwa kwezimali, nomphumela wocwaningo lwamabhuku ezimali. Sikhuluma ngoMsunduzi ke namuhla usuqalile ukubonakala uletha nenhlazeko okuyizinguquko ezinhle lezo. Kodwa kuncane ke okufanele kulungiswe nje ukuthi

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kubanjiswane. Inhlango yabasebenzi ikakhulukazi ibambisane nomasipala ukuletha inguquko kuloya masipala, ngoba uma ngabe kunemibhikisho engekho emthethweni, kuchithwa udoti emgwageni. Lokho kuxosha abatshalizimali komasipala bethu.

English:

A central priority must be the provision of reliable, affordable, and quality basic services. Committees judge us not on plans and reports, but by outcomes that are visible. They want functioning water systems, reliable electricity networks, well-maintained roads, effective waste management, and responsive municipal administration.

We therefore support government intervention programmes aimed at stabilising distressed municipalities and strengthening municipal performance. These interventions must not become permanent arrangements but build sustainable institutional capacity within municipalities. We must ensure functioning and robust oversight, structures, and consequence management.

IsiZulu:

Ukungabikhona ukuthathwa kwezingqumo ezingqala kubantu abangenzi kahle nabantu abafaka izandla zabo emaphaketheni ezimali zomphakathi, bebe izimali zomphakathi, lokho kungenza ukuthi

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kusibuyisele emuva ngempumelelo enhle esesiyenzile ekuguguleni omasipala ukuthi basebenzele abantu bakithi kangcono. Kubalulekile ke ukulwisana ngqo nenkohlakalo. Abantu bazi ukuthi kunomthelela futhi kunomphumela omubi ukuthi uzimbandakanye. Sikushayela ihlombe ke esikubona kwenzeka laphaya nakuKhomishana likaMadlanga. Esithemba ukuthi omasipala abaningi bazosizakala ngoba ...

English:

... the message being sent is clear and that we can't tolerate corruption anymore. The municipal systems improvement grants and other support programmes play an important role in strengthening governance systems, improving planning, enhancing financial management and developing professional municipal administrations. Municipalities must utilise these resources effectively to improve service delivery outcomes. Hon Chairperson, municipal financial health is essential. We must prevent unfunded budgets and strengthen administration.

IsiZulu:

Kukhona into ekhubaza omasipala ukuthi esikhathini esiningi, nakuba sazi ukuthi uyangenelela uMnyango njengamanje ...

English:

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... to review the White Paper on Local Government ...

IsiZulu:

... kanye nokubuyekezwa kwendlela omasipala abahlinzekwa ngayo ngezimali ngoba isabelo esilinganayo abasitholayo sincane kakhulu eNingizimu Afrika. Siyalemukela lonke lolo guquko nezinhlelo ezenziwayo futhi siyaluseka kakhulu ngokuphelele. Uhulumeni osebenzayo udinga nabantu abaqeqeshiwe nabathembekile ekwenzeni umsebenzi wabo.

Kubalulekile ukuthi ngesikhathi senza konke lokhu omasipala bethu babe bezilungiselela, bekwazi ukuzihlelela nentuthuko bayihlelele ngendlela efanele kusenesikhathi. Ungalindeli ukuthi uzohlela manje kulo nyaka-zimali uphinde uqalise iphrojekthi kulo nyaka-zimali. Kubalulekile ukuzihlelela ngokwanele izinhlelo zokuthengwa kwempahla zicace, zikwazi ukuqondisa intuthuko ngendlele efanele.

English:

Infrastructure remains the backbone of economic development and social progress. We therefore welcome continued investment through infrastructure grants, including integrated urban development grant. The ANC has consistently argued that municipalities must prioritise infrastructure maintenance.

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Therefore, it needs to be enforced that all municipalities should allocate a minimum of eight per cent of their operational budgets towards repairs and maintenance. This should not become an option, but it is a must. Far too often, we spend significant resources building new infrastructure while allowing existing assets to deteriorate.

Infrastructure maintenance is not a luxury. It is a prerequisite for sustainable development and service delivery. The second phase of Operation Vulindlela presents a significant opportunity to modernise local government systems, remove administrative bottlenecks, improve infrastructure delivery, and create an enabling environment for economic growth and attract investments.

IsiZulu:

Ngifisa ukukusho lokhu Sihlalo weNdlu ukuthi okubalulekile okunye ukuthi omasipala, yonke le nto ebikhulunywa laphaya enhle kangaka, nomsebenzi omuhle uhulumeni oholwa uMongameli Cyril Ramaphosa owenzayo ukuheha abasisi-zimali kulelizwe akukho ukusisa okwenzeka emoyeni. Konke ukusisa kwezimali kwenzeka komasipala. Ngakho ke lokhu kukhombisa omasipala ukuthi ukhona umsebenzi omuhle abawenzayo ngoba ngabe lokusisa kwezimali akwenzeki uma ngabe kuthiwa omasipala abasisi

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kungqalasizinda eheha izimali. Ngakho ke kufanele bashayelwe ihlombe omasipala ngalowo msebenzi abawenzile.

Hon Chairperson, the apartheid special legacy continues to define patterns of inequality in our cities and towns. Many working-class families remain located far from economic opportunities, educational institutions, and social amenities. The good example is the City of Cape Town here, ... [Interjections.] the tale of two cities. We therefore support efforts aimed at disrupting apartheid special patterns and advancing special justice through integrated human settlements, improving public transport systems, and strategic urban planning. That is why they are suffering ...

IsiZulu:

... abantu base-Cape Town ngoba kusekhona abantu abanjengawe.

English:

Municipalities who are beneficiaries of apartheid must ensure that housing and human settlement grants are utilised efficiently to build integrated communities rather than perpetual historical segregations. Those segregations, some of us here were making noise; we benefited from apartheid.

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The integrated urban development grant must become a strategic instrument for transforming our cities into inclusive, productive, and investment-friendly spaces. The ANC's local government programme is now guided by six strategic pillars adopted following the National General Council. Those pillars are action-oriented, service delivery commitments, effective and sustained infrastructure development, capable local government and institutional capacity, reconnecting communities through trust, accountability, and responsiveness, local economic development, job creation, industrialisation, and localisation, strategic development, and developmental communication.

These pillars provide a practical framework for rebuilding local government and strengthening the relationship between municipalities and communities. A capable state requires capable municipalities. We, therefore, support increased investment in municipal capacity building programmes, professionalisation initiatives, and skills development. Municipal administrations must be staffed by competent and ethical public servants committed to serving communities.

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Professionalism is not an option. It is essential for sustainable municipal performance. We must reduce dependence on consultants and build internal capacity of municipalities.

Parliament and NCOP have critical oversight responsibility. Every rand allocated through this budget must translate into tangible improvements in people's lives and change their material conditions. We must strengthen oversight over municipal spending, infrastructure delivery, governance performance, and audit outcomes.

Improving municipal audit outcomes is not simply about achieving compliance. It is about ensuring clean governance, efficiency, use of public resources, and accountability. We must strengthen disaster preparedness and climate.

Climate change and disaster preparedness can no longer be treated as peripheral issues. Municipalities must develop comprehensive disaster management plans and climate resilience strategies. The budget allocation towards disaster management and municipal resilience are therefore both necessary and timely.

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In conclusion, the budget provides important resources and instruments to advance the programme of fixing local government. The success of local government is ultimately the success of our democracy. The ANC supports this Budget Vote because it advances the goal of building developmentally capable, accountable, and people-centred local government.

IsiZulu:

Ngalawo mazwi, asinamona, asinanzondo sisebenzela abantu bakithi ukuguqula izimpilo zabo zibengcono. Siyabonga Sihlalo.

English:

The HOUSE CHAIRPERSON (Mr B A Radebe): Hon delegates, I really like to appreciate the input made by the speaker who was on the podium. But before I call the next delegate, I'd like to announce to the House that on the public platform, in the public gallery, there's the Reverend Diane Kleinboy of the Baptist Union of Southern Africa, the Reverend of hon Pino Pham. Can we give him a roaring welcome? Thank you.

Thank you, hon delegates. Don't disrupt me, hon Pino. Hon delegates, the next speaker is the MEC for Co-operative Governance and Traditional Affairs in the Eastern Cape, the

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home of the legends, hon Z Williams. Over to you for the next 10 minutes.

Mr Z WILLIAMS (Eastern Cape): Hon House Chair, greetings to you, the hon Minister of Co-operative Governance and Traditional Affairs, hon Hlabisa, Bulawayo, the Deputy Minister Dr Masemola, Ntate Tau, the Deputy Minister Burns-Ncamashe, Tshawe, the president of SA Local Government Association, Salga, Faku and the chairperson of the Demarcation Board, the chairperson of the National House of Traditional Leaders, the leadership of South African Municipal Workers' Union, Samwu and Independent Municipal and Allied Trade Union, Imatu, members of the House and everyone present and our people on social media platforms.

Hon Chair and distinguished delegates and everyone present, please receive our revolutionary and warm greetings from the Home of Legends. I am pleased to be part of this debate of the Department of Co-operative Governance and Traditional Affairs, Budget Vote 3 under the theme: Every Municipality Must Work, to ensure effective and agile municipalities that deliver services to communities.

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Today's session takes place on the big day of the opening of the 2026 Fifa World Cup. This evening; Bafana Bafana is to face Mexico in what is predicted to be the humdinger of a game. I wish to take this opportunity to wish Bafana Bafana well in their opening game, and make a clarion call to everyone in our country to support the boys as they take our friends Mexico in the world football.

Yesterday, 10 June 2026, marked one year since the Eastern Cape heavy floods affected the people of Mthatha and Amathole District. These disasters and floods claimed about 103 lives, displaced scores of people, destroyed critical infrastructure, including schools, roads, bridges, and electricity. The lives of many families were shattered and crashed beyond imagination. One year on, the trauma of the aftermath of the floods lingers on in the memories of the families.

However, the integrated efforts of the government to restore, rebuild, and resuscitate the lives of these families continues. In this instance, ...

IsiXhosa:

... Sihlalo weNdlu mandibulele umsebenzi kaTata uHlabisa ...

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English:

... for his able intervention during those disasters that were painful. His leadership, together with his Deputy Ministers, assisted us as a province to soldier on and ensure that the lives of those communities were restored. As such, they are now beginning to rebuild themselves, supported by our government.

In respect of the 2026-27 budget allocations, as the Eastern Cape we fully welcome the financial distribution of both Budget Vote 3 and 15 under the current global and national economic circumstances. We would have loved to receive more, but the Donald Trump economy does not allow the Minister any room to allocate any more funding to anyone.

Our province remains prone to heavy floods and disasters. Within a fortnight's period, three districts, namely Nelson Mandela Bay Metro, Sarah Baartman, as well as Buffalo City, were battered by heavy floods back-to-back. We are still engaged in assessment of those disasters and computing the financial costs related to that. We really, again, must appreciate the work of our Minister, ...

IsiXhosa:

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... uTata uHlabisa ...

English:

... for continuously ensuring that we get funds to respond and recover from disasters. In that, we really take our hats off and say thank you to Bulawayo and his department for their stewardship in ensuring that we respond to these disasters.

The funding of the disaster management contingency reserves really needs to be upscaled, especially under the present weather conditions and climate change. I must also indicate that another disaster that we always confront as the Eastern Cape is a man-made, which is related to customary initiation as we begin the winter season. I must also thank the efforts of the Minister and the Deputy Ministers for engaging our province consistently in preparing for the winter season.

I can indicate without fear that, again, we have prepared ourselves as much as we could for the winter season of traditional initiation. But we must make a call to parents and all stakeholders that are involved in traditional initiation, that they must ensure that they comply with the act that regulates traditional circumcision.

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We've put resources aside to ensure that the House of Traditional Leaders is able to perform its functions of monitoring traditional circumcision without any hindrances. We welcome this budget because it is anchored on stability, resilience, and deepening of democracy across all spheres of government.

The challenges confronting municipalities are well known, financial instability, aging infrastructure, weak governance, skills challenges, and declining public confidence continue to undermine our developmental local government. Yet these challenges with this budget are not insurmountable. As a province, we support the department's commitment to strengthening municipal capacity, improving accountability, and enhancing service delivery mechanisms.

The review of the White Paper on Local Government provides us with an opportunity to rethink and modernise our local governance system, so that municipalities become responsive and resilient institutions. Our constitutional vision demands professional and ethical administrations. Municipalities must become centres of excellence rather than centres of crisis.

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We need competent engineers, planners, financial experts, and administrators who understand that public office is a sacred trust. Performance must replace patronage. Accountability must replace complacency. Excellence must replace mediocrity.

Communities do not vote for excuses; they vote for service delivery. Infrastructure remains the backbone of development. Every kilometre of road repaired, every water treatment plant constructed, and every electrification project completed represents the hope of our people and opportunity for local economic development.

The District Development Model continues to provide a platform for integrated planning and coordinated implementation among the three shares of government. Through this approach, we can eliminate duplication and ensure that resources produce tangible outcomes for our communities. Climate change has become one of the defining challenges of our time. Floods, droughts, and severe weather events continue to expose vulnerabilities within communities and municipal infrastructure.

The HOUSE CHAIR (Mr B A Radebe): Hon MEC, unfortunately, your time has expired. Thank you for participating in this debate.

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Mr Z WILLIAMS (Eastern Cape): Thank you, House Chair.

Dr I S SCHEURKOGEL: Hon Chairperson, hon Minister and hon Deputy Minister, ...

Afrikaans:

... eerbare lede, Suid-Afrika, ...

Setswana:

Dumelang.

English:

I stand before you today ...

Afrikaans:

... as 'n kid van die Vrystaat met my rooi gepitste gesig van die Vrystaat son.

English:

Let me tell you about Ma Wenda. She lives in a small shack in Phomolong in the Free State. It was a week ago when I saw her boiling water on her paraffin stove and she said in passing, since Friday, there has been almost no water in the taps. I must choose between buying a loaf of bread or paying someone

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to fetch water for us. Her eyes were filled with tears of tired dignity, because she loves South Africa. She has tried to get a municipal account registered, but before each election, the same selfish, self-enriching, stomach-free state politicians come and sell sites for votes. And yet, dololo [nothing] dignity for Ma Wenda. She washes her children in a bucket. She burns paraffin lime because there are no streetlights or electricity. Electricity has become a luxury.

A resident in Khuma draws water from a bucket to flush toilets because the communal toilet in her temporary relocation area doesn't work.

Afrikaans:

Ons is almal Suid-Afrikaners.

Setswana:

Motho ke motho ka batho.

English:

Our local government system is no longer just facing challenges. It is a crisis. The year of decisive action to fix local government and transform the economy sounds like an

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African proverb of, trying to dig a well when we are already thirsty.

In Johannesburg, the material water losses are 45% by Johannesburg Water, accounting to R2,8 billion in just the last financial year. More than R535 million in Municipal Infrastructure Grant, MIG, will now be spent by national government on behalf of municipalities because they are unable to manage their own funds. Do not think the District Development Model, DDM, will come to the rescue, because the same people responsible for the collapse are running the DDM. The DDM reminds me of Matthew 15:14. If the blind lead the blind, both will fall into the ditch. Accountability has vanished. Officials implicated in financial misconduct simply move from one municipality to another.

Minister, our people are tired of drums that make noise, but hands that do not build. South Africans do not need another province. They need water, roads, streetlights and leadership with backbones. If we want to make every municipality work, Minister, when will we stop recycling officials that are part of the problem, to implement section 139 interventions?

Afrikaans:

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Ons benodig mense met guts [moed], mense wat lui amptenare vasvat en mense wat trots vind in hulle werk. Ons benodig mense wat sê, ...

English:

... for you, I will kill a bull. For South Africa, I'll kill two.

Electricity prices increased by 68% and water prices by 50% between 2020 and 2025. Parents are choosing between food and electricity. When municipal infrastructure fails, costs rise even further. Cable theft destroys home appliances and small businesses. Water leaks drive up bills. Roads filled with bottles break taxis and tractors. Local government is literally costing us into poverty. Our municipalities should be engines of growth, not factories of failures. Basic service delivery is economic policy.

What is the path forward? It begins with accountability and professionalism. Conditional grants must be linked to governance compliance. Municipalities should only receive infrastructure funds if they can show certified disciplinary registers and proof that investigations into financial misconduct have been finalised, and consequent management has

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been implemented. Revenue from water and electricity must be ring-fenced to be reinvested into maintaining those systems. Tender processes must be transparent and open, with no room for mafias, cartels or comrades.

Clean audits and consequent management are not a luxury. They are basic decency. Chairperson, a streetlight is an opportunity to stop theft. A maintained municipal park is one hide-away less for criminals. A dilapidated municipal building fix is one less hotspot for drug addicts and the downfall of our youth.

The Community Police Forum is not the sole function of the SA Police Service, SAPS, but local government, and I quote section 52 of the constitution, to promote a safe and healthy environment. This is not politics. This is what our gogo [granny] would call common sense. That's why we are sending our gogo [granny] to fix your mess in Johannesburg.

During the 2021 elections, only 54,8% of the 26,2 million registered voters turned out. More than half of them stayed home. The biggest party in our country is those who have lost trust in local government. When you stay away, you give your voice to those who mismanage your water, roads and

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electricity. To the mothers, teachers, nurses, farmers and dreamers, I'm speaking to you. Your voice matters. Let us refuse to be the generation that allowed municipalities to collapse. Let's go to www.check.da.org.za to register to vote for a clean and accountable government. Thank you.

Ms K R MOLOKOMME: Chairperson, and good afternoon to hon members on the platform. Let me also greet the hon Minister and the Deputy Minister, the Chairperson of the House of Traditional Leaders, Salga, MECs, and everyone who is on the virtual platform. It is a noble duty to stand before the nation and give an account of what the ANC has done since the dawn of democracy, about how far we have done in embracing our Africanism with pride and honour. I want to make it clear to members and the citizens of South Africa and remind them that we are, as the ANC leading government, we are addressing the injustices of the apartheid government only in 30 years of democracy.

If members can have time and go to Statistics SA and check how far we have come in addressing issues such as access to water, houses, and electricity, they will really see that we have done a lot as the ANC government. We want to also appreciate the traditional leaders and the role that they are playing in

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making sure that they participate in the lives of their citizens and also being part of the government that is bringing services to their people. We acknowledge their participation, and not merely slogans.

This is a commitment to affirming the constitutional rights that are enshrined in our national Constitution. This recognition is crucial in the honouring of the integral role that traditional leaders play in our society. As the ANC, we remain steadfast in our remembrance of the significant contributions made by those traditional leaders during the liberation struggle.

As we are approaching the session of initiations to some part of our countries, we encourage initiation principals to observe the health protocol to save the lives of young initiates. Since this cultural heritage belongs to all of us, let us get the Department of Health and health professionals to offer their services in a manner that this customary practice is preserved. I also want to give thanks to the MEC of Limpopo, MEC Makamu, for recently having the workshop in Polokwane at Jack Botes Hall.

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We wish other provinces and MECs could replicate this type of initiative by the MEC to make sure that those initiators and all the role-players participate in the workshop on how to conduct this initiation schools. The ANC is the oldest movement in Africa, has fought for the right of everyone in South Africa. As Nelson Mandela said, "Never, never and never again shall it be that this beautiful land will again experience the oppression of one by another."

No one should evaluate the right of others because he or she has strong muscles in the name of traditional stereotype. The issue of the human settlements is complex. They present significant challenges that we have seen during our oversight visit say much when coming to issue of human settlements, particularly when it comes to land allocations. This matter requires the proactive involvement of traditional leaders alongside local municipalities.

A recent visit to Mbaula village and Tshakhuma village area in Limpopo highlighted the urgent need for collaboration in the wake of devastating floods that affected numerous families and also resulted in loss of life. During our time in these affected communities, we engaged with traditional leaders who demonstrated a commendable spirit of co-operation. They

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recognised the critical nature of the situation and conveyed their commitment to collaborate with the Mopani District Municipality.

We have also seen the same collaboration in Mpumalanga when we were doing our oversight. Traditional leaders came there and they gave support to the local municipality to make sure that they deal with the issue of the floods that affected the area. These leaders play a crucial role in their communities, and their involvement is not just welcomed but necessary for effective governance. What they seek is simple yet significant recognition of their status and contribution as well as the genuine opportunity to engage in public affairs.

By being included in decision-making processes, they can help bridge the gap between the government and the communities they represent, ensuring that local voices are heard and considered during the Integrated Development Plan, IDP, processes plan, mayoral imbizos and also the meetings that are held by our councillors. Through the Spatial Planning and Land Use Management Act, municipalities together with traditional leaders are given the authority and responsibility to significantly enhance the lives of our communities.

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This legislation enables local government to create and implement effective land use policies that not only facilitate easier access to workplaces but also promote broader participation in various economic activities. By doing so, municipalities play a crucial role in integrating individuals and families into the economic mainstream and empowering the youth to take advantage of new opportunities, gain employment and also ultimately improve their lives. The Minister is actively involved in developing the implementation of customary laws that facilitate the recognition of heirs, kings and also queens within our communities.

The Auditor-General raised several issues with the municipalities when she conducted audits. She also mentioned the issue of the usage of consultants in various municipalities. We are urging municipalities not to use accountants but rather to use their internal capacity because in most cases, even when they use these accountants, we find that there is no improvement on financial statements in those municipalities. We want to appreciate the work done by the Human Rights Commission by raising enquiries and issues of service delivery in various municipalities that concern water sanitation and also the issue of housing. We want to ask municipalities to address those issues raised by the Human

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Rights Commission so that they can avoid being taken to court for noncompliance.

This is the municipality's obligation to provide basic services as stipulated in section 152 of the Constitution. During our site visit to different provinces, municipalities are in financial crisis where service delivery becomes an issue. However, the invocation of section 139 applies in stages such as through a financial recovery plan and has led to some improvement like what the Minister was saying.

We observed that in Ditsobotla Local Municipality, interventions under section 139(1)(b) and section 139(7) of the Constitution were applied, while in Madibeng Municipality, section 106 of the Municipal Systems Act, which is forensic investigation of administration and corruption, was invoked. We would like to appreciate the President's initiative on the District Development Model, DDM, that the three spheres of government must not work in silos, they must plan together to have one plan and also appreciate the Intergovernmental Relations Framework Act and also to make sure that when they provide services to our citizens they do not work in silos.

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Regarding the stakeholders chain, I would like to encourage our municipalities to make sure that they do their public participation and involve our citizens in terms of the IDP so that it is directed by the needs of the people so that they avoid strides and those issues that we see when we do our oversight visit - the complaints that we are seeing in most cases. We also like to encourage the youth to go and register for the local elections that are coming because it's their right to do so. They should also utilise the offices of the youth officers and the Local Economic Development, LED, for more opportunities in various municipalities.

As I conclude, we are also encouraging the youth, as I have already indicated, to register and also to participate in these activities. I would like to say that freedom is not complete until all our people have clean water, housing and electricity that is affordable. We are in support of this budget because we know that service delivery will be taken to our people. Thank you very much, Chair.

The HOUSE CHAIRPERSON (Mr D R Ryder): Thank you very much, hon Molokomme. Hon delegates, I would like to welcome the hon Van der Walt in the gallery, member of the National Assembly and also the DA's caucus chair. Let's continue with the debate.

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Thank you, members. We will continue with the debate now. It's now the Western Cape Chairperson of the Standing Committee for Local Government, Environmental Affairs, Development and Planning's turn. It's the hon Dave Bryant who is participating on the Zoom platform. Hon Bryant, you have 10 minutes.

Mr D W BRYANT (Western Cape): Hon Chairperson, hon Minister, permanent delegates in the House, we are here today to deliberate on a budget of immense consequence that unfortunately completely ignores the systematic collapse of local government across South Africa, serving instead to subsidise a culture of administrative decay. Pumping hundreds of billions of rands into a broken system without consequence management is a betrayal of the citizens who rely on basic services for their daily dignity.

The local government's equitable share of R342 billion and the Municipal Infrastructure Grant for R58 billion are transferred to municipalities with no stringent conditions attached. This department has failed to act as an authoritative regulatory body, choosing instead to serve as a passive conduit of cash to broken and corrupt administrations. This allocation represents a complete abdication of Cogta's constitutional obligation under Section 154, which commands national

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government to actively support and strengthen the capacity of our municipalities.

When we look across the length and breadth of our country, we see local government structures in a state of terminal decline. Many municipalities that were once thriving have been hollowed out, pillaged and left to rot by the ANC. Let us examine the economic heart of our nation, the City of Johannesburg. Johannesburg is currently in the intensive care unit of local governance, and the Joburg Mayor was recently grilled in Parliament over that municipality's catastrophic financial state.

Joburg owes creditors billions but holds little in cash reserves. However, the national department watches from the sidelines while the financial hub of South Africa bleeds billions in water and electricity losses, suffocating under an infrastructure backlog. The people of Joburg are making their voices clear that they have had enough of the ANC and are getting behind the incoming mayor, Helen Zille. They are saying enough is enough!

As a member representing the Western Cape, the contrast could not be more glaring. The Western Cape consistently dominates

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the leaderboard and the Auditor-General's reports because the provincial government prioritises fiscal discipline, technical competence and aggressive consequence management. Clean audits are the norm in our province because we understand that public funds must be spent on upgrading infrastructure for the people, not on inflating the salaries of political deployees.

The City of Cape Town, governed by the DA since 2006, was the only metropolitan municipality in South Africa to receive a clean audit, highlighting its strong financial management and oversight. The City of Cape Town has invested billions of rands in infrastructure upgrades, water security projects and public transport systems. During the national electricity crisis, Cape Town also became the first metro to purchase power from independent producers and implement measures to reduce the impact of load shedding on residents.

The Mossel Bay Municipality and the Overstrand Municipality have repeatedly achieved clean audits and are recognised for maintaining high standards of financial governance, infrastructure maintenance and tourism development. Similarly, Stellenbosch Municipality has improved investment attraction and service delivery while maintaining sound financial controls.

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These achievements demonstrate how DA-led municipalities in the Western Cape have combined prudent financial management with long-term infrastructure investment, creating more stable and well-managed local governments that deliver tangible benefits to residents and businesses. Yet, the systemic rot protected by the National Regulatory Framework still creeps into our local communities through the specific failure of national oversight.

Look at the Municipality of Kannaland, which has been trapped in a mandatory financial intervention under Section 139 of the Constitution for several years. It requires constant revisions to its financial recovery plans because of severe leadership vacuums and deep financial distress. Kannaland is a monument to the failure of Cogta to act decisively. Instead of stepping in to uproot political interference and enforce professional standards, the national department acts as a permanent crisis management unit that manages long-term decline rather than fostering development.

Kannaland has had four municipal managers and six chief financial officers since the start of this administration. It has an unfunded budget and owes R58 million to Eskom. Despite having massive water losses during the height of the drought

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at the end of last year, the local municipal leadership saw fit to use precious drinking water to fill up an old leaky municipal swimming pool, while the Western Cape government was making special provision to bring in water tankers from Oudtshoorn. The less said about that particular mayor, the better. However, the bottom line is that there are zero consequences.

Let us consider the ongoing catastrophe that is Knysna, which was officially declared a local disaster area earlier this year due to severe water infrastructure failures and an approaching day zero scenario. The residents of Knysna faced massive tariff hikes simply to fund the consequences of an incompetent local coalition led by the ANC. When the NCOP Select Committee on Cogta conducted an oversight visit to Knysna Municipality ... [Inaudible.] to the current dire situation, but instead the ANC chose political leniency over decisive intervention, failing to support a full council dissolution.

This House protected political agendas while the residents were left to deal with crumbling sewers and dry taps. The DA offers the structural cures that this department refuses to implement. We suggest the introduction of a Conditional Grant

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Governance Certification Framework. Under this framework, the R58,2 billion allocated for the Municipal Infrastructure Grant must not be handed over automatically. Municipalities must be legally required to achieve strict governance certification before receiving a single cent of capital infrastructure funding.

To obtain this certification, the council must prove it has the qualified engineering and technical personnel to execute the work, stable financial controls and a transparent tracking system. National government must stop rewarding administrative failure with unconditional infrastructure capital. We must also utilise the national database of dismissed officials to prevent corrupt and incompetent personnel from moving between municipalities.

It is entirely unacceptable that a municipal manager or chief financial officer can run a town into bankruptcy, resign quietly to avoid a disciplinary hearing, and then be hired by another struggling council in a different province. The Cogta must make the vetting of applicants against this database a strict statutory requirement for every single municipal appointment across South Africa.

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A budget that increases spending by an average annual rate of 3,2% is meaningless if the money is being funnelled into a sieve of corruption, political deployment and basic technical incompetence. This department must stop acting as an idle observer while our towns and cities fall apart. We demand a complete overhaul of the funding model, an immediate end to political deployments, and the enforcement of absolute accountability for every rand spent.

If you would like to see the province where this works, please come to the Western Cape and we can show you around. The citizens of South Africa deserve a government that delivers services, not a department that subsidises collapse. Thank you.

Mr B J FARMER: Hon Minister, maybe the hon Bryant should have told us why the City of Cape Town's offices keep on being raided by the police.

Hon House Chairperson, hon Minister and hon Deputy Minister, hon members, I greet you in the name of Jesus Christ our Lord and savior. The theme presented by the department is simple but powerful. Every municipality must work.

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Hon House Chairperson, the PA agrees. Not some municipalities, not politically connected municipalities, not only metropolitan municipalities, but every municipality must also work. For when municipalities failure community suffer. Unfortunately, for far too many South Africans local government has become synonymous with disappointment.

Hon House Chairperson, the truth is if South Africans does not suffer from shortage of plans, we suffer from shortage of implementation. Year-after-year billions are allocated, strategies are launched, reports are written yet communities continue to ask a simple question: Where are the results?

The PA believe that local government is where democracy is tested, not in policy documents.

Hon House Chairperson, we welcome the substantial allocation made to co-operative governance and local government support, but budgets alone do not deliver services, people do and accountability does.

The PA believes that municipalities must become professional institutions driven by competence and service delivery.

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Communities do not care about excuses, they care about outcomes.

Hon members, as a representative from the Western Cape, I must stress the devastating impact of severe weather events and storms have had on communities across our province. Areas that have experienced flooding infrastructure damage and hardships. Families have lost homes; informal settlement residents have lost possessions they accumulated for many years.

Roads have been damaged and electricity infrastructure has been affected. Municipalities have been forced to redirect already stretched resources towards emergency response and recovery. This highlights why disaster preparedness can no longer be treated as an afterthought. Climate related disasters are becoming more frequent. Municipalities must be equipped, funded and trained to respond more quicker and more effectively. For when disaster struck communities cannot wait for bureaucracy, they need action.

Hon House Chairperson, the PA also welcomes ongoing discussions around reforming local government through the revised White Paper process. The reality is that many municipalities remain financially distressed. Many struggle to

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collect revenue and to maintain infrastructure. Many struggle to fill critical vacancies and many struggle because corruption and poor governance have become entrenched.

The solution cannot simply be more money. It must be better governance. Where corruption exist, there must be consequences. Where officials fail repeatedly there must be accountability. Where projects stall there must be intervention. Communities should never be punished for leadership failures.

In closing, the PA supports Budget Vote No 3. However, we do so with very high expectations because we are fielding high competency candidates on 4 November local government elections. My party is giving this one a good go, especially in the Western Cape where my people are in dire need for change. Yesterday in Swartland, we won a byelection in an area that was for years described as the heartland of the DA. Together with one byelection we have also won in Stellenbosch, the epicentre of DA support. We prove that the people of the Western Cape are changing the guard. Therefore, hon Minister expect competent leadership and ethical governance.

Accountability, disaster preparedness and most importantly expect municipalities that work. For local government is not

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merely the sphere of government closest to the people, it is a sphere that people experience every day. Let us vote municipalities that restore dignity and deliver that work. Hon Minister, with this one ...

Afrikaans:

... ons baiza nie.

Salute!

Mr P J MAMABOLO (Gauteng): Hon House Chairperson, let me take the opportunity to greet the leadership of the National Council of Provinces, NCOP, let by the Chairperson and the Deputy Chairperson, special greetings to hon Minister and the Deputy Ministers, all our MECs, my colleagues, all the hon members in the House and those on the virtual platform. Let me greet the SA Local Government Association, Salga, leadership, the Houses of traditional and Khoisan leaders of the people of our country, the province and the special greetings to the guests. Our province extends sincere condolences to all the families that lost their loved ones in the Cleveland mass shooting. May the soul of the departed rest in eternal peace. We wish a speedy recovery to those who sustained injuries. Just in the last week of May, we lost Cllr Mbuso Mzwandile

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Mthimkhulu in the Rand West City Local Municipality, shot dead attending a community meeting in Beggars Dal. May his sole rest in eternal peace. We are confident that our law-enforcement agencies will ensure that the murders and perpetrators are arrested and face the full might of the law.

We join South Africans to wish Bafana Bafana well in the Fifa World Cup. We also join the people of our country as we celebrate the Youth Month in memory of those who were brutally murdered on 16 June 1976.

Hon members Gauteng province calls on this House to vote for this budget and to support the excellent work done by the Minister and the Deputy Ministers. Let me emphasize without doubt that the Gauteng province supports this budget and we call on all members to do so. We support this because we believe that whilst municipalities experience challenges and difficulties, the work by the hon Minister and the Deputy Ministers is commendable to find long lasting solutions.

Hon members, we believe that the entire process of White Paper on local government is a clear consistent and profound approach to address root causes and persisting factors behind poor municipal performance. A support for this budget is full

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support for the complete overhaul of the current system of local government. We believe as a province that the White Paper goes to the heart to the architecture of how local government is functioning in our country.

Now in line with the National Turnaround Strategy by the department led by the Minister and Deputy Ministers to support our municipalities. We have also benchmarked with that by deciding to implement a province White Turnaround Strategy precisely to ensure that we can improve the performance of our municipalities.

It was on 23 and 24 October 2024, that we immediately convened a Local Turnaround Summit to build in Gauteng as a Smart City Region. We are very grateful that the hon Deputy Minister Masemola delivered the address to this very important well-supported initiative.

Hon members, we have adopted and rolled-out this strategy to make sure that we can achieve precisely the objectives that have been said by our country's Constitution and the laws to ensure that municipalities function to improve the quality of lives of the people grow the economy reducing inequality, poverty and make sure that people live better.

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We have at the core of our strategy integrated intergovernmental relations, IGR, strategy model to drive and support the turnaround strategy. This Minister is because our experience is that for a local government turnaround strategy to succeed it depends fully on the support of municipalities and critical stakeholders such as Salga, organised workers and the trade unions.

We worked very well with, and we enjoy the support of the two House of traditional leadership that is Kgoshi Kekana and Ingonyama uMahlangu.

Hon members, for a turnaround strategy to work, we need to manage the issues of trust and build sustainable confidence in the process. We need to remove suspicion and that the turnaround may be having perhaps malicious intentions. Unless that is addressed and confidence is cemented, the turnaround may not achieve its objectives.

We urge hon members to support this budget, because we are pleased and fully satisfied by the overwhelming wave of the remarkable appreciation of the principle of the three spheres of government, planning and working together, the Minister has eloquently spoken to this. This we clearly see in our IGR

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system that we have adopted and are fully implementing. We agree with the hon Minister on this profound principle that even the President of our country emphasised during the state of the nation address and the debates.

Three spheres of government achieve a lot when they are fully aligned and have a deliberate unity of purpose. As a matter of emphasis, spheres of government become weak when they blame play big brother, point fingers, and work past each other. One of the best models of providing support to the municipalities is that led by the President Cyril Ramaphosa in the City of Joburg. We are all working from the same centre. The District Development Model is in full swing. This is an example we all need. When we had the first plenary session to launch this presidential intervention in the City of Joburg, it was Chaired by the hon Minister and we want to thank you hon Minister for that.

We must also take this opportunity hon Minister and the Deputy Minister to thank you for the good work done to convene a number of well-co-ordinated integrated interventions that most of them were held in our province including the President of our country. We think that is the right and the best way to go. Hon members, for example, to resolve the deep-seated

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historic problem of the central business district, CBD of the City of Joburg suffering from many years of the legacy of mining when the conglomerates and big companies in the CBD left for Sandton, Eastgate and to the various places in the City of Joburg except the CBD. We have seen the CBD suffer and take a knock. To resolve this persisting legacy of the good days of gold mining, that has devastated the city, with the departure of those who have benefited from gold mining. The City of Joburg cannot do this alone. I will not achieve this alone. We need all of us to invest and set aside resources and budget to work and make sure that the international face of our country could be improved. To simply point fingers to the City of Joburg will not be correct.

The provincial government needs to invest in its precinct which is our government offices. We need the City of Joburg to do bulk. We need Transnet to look at the Carlton Centre, the Park Station and we need in all national departments almost all of them, courts, the higher courts that are in the CBD of the City of Joburg and many other facilities. All these require that we work together to support the City of Joburg.

We are very grateful about the work we are doing with the national government on water. We are very thankful to the

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President and to the Ministers when they came to our province in January and February, we achieved a lot and managed to resolve the problems that we had.

Hon members, we call on our municipalities to prioritise revenue collection. We also call on our municipalities to make sure that they can do interim audits. We are working with the Auditor-General, AG, to make sure that we can have an interim financial statement and make sure that audit is not a once-off activity for the year, but it is a sustained activity throughout the year.

We believe that our turnaround supported by full IGR and the 10 work streams will make a contribution to resolving the problems that we have. Gauteng fully supports this budget. We call on all hon members to support it. Thank you.

Mr E NZIMANDE: Hon Chair, citizenry, and hon members, ...

IsiZulu:

... uyabona sisakhula sisebancane, sasitshelwa ukuthi umangabe ufica inyoka ilimele, uboyiyeka izidle yona. I-Government of National Unity, GNU, leyo, iyazidla namhlanje. Asizingeni izindaba zayo.

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English:

The annual performance plan, APP, ought to inform the citizens and the House about the commitment which the department is going to deliver. The GNU partners should be ashamed to stand on this podium with their heads high and talk about past performance. Past performance is relevant in the planning stage, not at this stage. Such conduct evinces incoherent reasoning. Citizens want to hear how the Budget Vote will change their lives. Despite repeated findings by the Auditor-General South Africa and established oversight challenges, the plans have not introduced new or effective interventions. Almost half of South Africa's water supply systems are in poor or critical condition, while the 2024 Green Drop assessment revealed widespread failure in wastewater treatment infrastructure exposing millions to health risks from sewer pollution. The reduction of allocated budget in real value shall not offset historical backlogs on water infrastructure, local roads, maintenance, and money owed to water service boards.

Municipal infrastructure maintenance backlog is estimated at above R400 billion, while many municipalities spent below the National Treasury benchmark of 8% of asset value annually on maintenance. Commitments in this Budget Vote are informed by

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budgeting, not by the needs of the citizenry. This serves as another motivation for the MK Party not to support the Budget Vote. Notwithstanding the fact that formalising the informal settlements is an interdepartmental issue; a will must be expressed through commitment and co-operation with relevant departments to find a resolution to title deeds. Failing to do so, the National Development Plan's commitment to electrify every household by 2030 remains a dream that continues to be deferred. South African municipality debts to Eskom are reported to be exceeding R110 billion as of March 2026, while they also owe water boards tens of billions of rand. The plan does not commit to taking municipalities out of debt crises. The high debt owed has profound implications for the electrification of new unserved areas, primarily by limiting capital strain on capacity and slowing infrastructure. This occurs against the withdrawal of free basic alternative energy in most municipalities by this GNU, led by the DA. This places the lives of citizens who are dependent on portable oxygen concentrators in danger. The plan says they must die, and this GNU led by the DA does not care.

National and provincial infrastructure assessment estimated that well over 60% of municipal roads have exceeded their intended design life. The Budget Vote tells people of

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eTholeni, Limehill, and Uitval that no intervention will be done by their municipalities on the dangerous Helpmekaar Road. They are telling people from Reagile, North West, to forget about proper roads in their area. Statistics SA estimated that millions of households still lack reliable access to safe pipe water on their premises, with rural communities carrying the greatest burden. Water meters ... [Inaudible.] ... but taps run dry. They brand it dignity. We call it degradation and assault on humanity. The Budget Vote tells people of the Free State, Msinga, Nkandla, Mnambithi, Mpumalanga and Limpopo, with no tap water in their yards, to wait further and be patient.

IsiZulu:

Kuyoze kube nini? Senidlalile ngabantu. Sekwanele.

English:

It tells people, including those residing at Redirile Township in North West, to continue using unhygienic pit toilets, termed VIP toilets by the GNU, led by the DA, whereas they are inhumane. The Budget Vote focuses too much on compliance and organisational performance information rather than focusing on the impact of traditional leadership in transforming and improving lives in their communities. It makes it impossible

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to measure service delivery outcomes. Traditional leaders influence the daily lives of millions of South Africans living under customary law, yet measurable development outcomes remain largely absent from the APP.

IsiZulu:

Leli Voti leSabelomali alichazi ukuthi amanye amakhosi, lawa anganikezwanga izimoto zohlobo lama-SUVs ukuthi wona azozinikezwa nini amakhosi. Engani phela nakhetha iphela emasini, nanikeza amanye amakhosi lezo zimoto ngoba nifuna ukuthi avotele i-NFP. Siyi-MK Party sithi, awanikezwe wonke amakhosi izwe jikelele lezi zimoto. Kungani leli Voti leSabelomali lingakwenzi lokho? Thina sisohlangothini lwamakhosi futhi sizowalwela.

English:

The budget is to be spent on the functionality of traditional councils instead of giving more powers to ...

IsiZulu:

... amakhosi ezweni lawo.

English:

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The Budget Vote further lacks strong accountability measures, risk mitigation strategies and clear explanation on how the output indicators will be measured and achieved due to the lack of clear planning as well as clearer implementation guidelines. The plan is badly couched. It uses a percentage when it should be using numbers. They did so to evade accountability. A classic example is Programme 1, percentage of the intergovernmental forum agenda focusing on Medium-Term Development Plan priorities. The percentage is used when the output indicator is beyond your control, but intergovernmental forum agenda can be set and controlled, measured and aligned with purpose to support the department to achieve its intended objectives. Another example justifying our resolve to reject the Budget Vote includes that, having obtained an unqualified audit outcome, the department previously audited performance. In the current plan, the department is also planning to achieve an unqualified audit opinion with no material findings for 2026, instead of planning to achieve a clean audit. Therefore, the department is clearly planning for a failure.

The department is hopeless. The MK Party's mission is to ensure our people access basic services and are not told to be patient under appalling conditions, where they can access clean water, hygiene, sanitation, free from preventable

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infectious diseases brought by sewer spillages and no waste removal.

IsiZulu:

Sithi siyi-MK Party, abayeke ukusitshela ukuthi benzeni ngokudlule. Sithi abasho ukuthi amakhosi wonke kulelizwe jikelele azozithola izimoto. Sithi kubo, abayeke ukutshela abantu ukuthi abalinde futhi eminye iminyaka behamba phezu kwendle, ...

English:

... on sewer spillages, ...

IsiZulu:

... bengenelwa izifo. Sithi abayeke ukuthi bathi abantu abavume ukuthi kuthathwe upharafini kude nabo bekwazi ukuthi bakhanyise ngoba bethi uyabiza kakhulu. Sithi abayeke futhi ukuthi batshele abantu ukuthi abalindele, izulu liyeza. Akukho zulu elizayo. Bafuna impucuko manje. Bafuna ugesi manje. Umuntu womoya-mpilo ufuna ugesi manje ukuze ezophepha. Hhayi le nsambatheka eyenzekayo. Siyi-MK Party sithi, sisikhahlela ngezinyawo zombili lesi sabelomali.

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Mr T D BUTHELEZI (KwaZulu-Natal): House Chairperson, hon Minister Hlabisa, Deputy Ministers and hon members of the House, I participate in this debate today on behalf of the province of KwaZulu-Natal to render our support for Budget Vote 3 for Co-operative Governance and Vote 15 for Traditional Affairs for the 2026-27 financial year, as tabled by our Minister of Co-operative Governance and Traditional Affairs, Cogta.

Through this budget, the Minister has mapped out a clear strategy to rescue local government, and he has issued clear directives that resonates through every valley, town and city of our country through the theme, "Every Municipality Must Work". The province of KwaZulu-Natal features a vast governance landscape of 54 municipalities, which is the largest number of any single province in the country.

Through these municipalities we manage a complex tapestry of industrial economic hubs, rapidly expanding coastal metro of eThekweni, sprawling secondary cities and deeply rural communities. We therefore welcome the legislative reforms championed by the Minister in this budget.

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For too long, fragmented and unstable political coalitions have held our communities hostage, shifting the focus away from service delivery and towards political survival. The introduction of the Municipal Structures Amendment Bill, the Coalition Bill, provides a crucial framework for stability within local government. Furthermore, we throw our weight behind the local government General Laws Amendment Bill.

By enforcing strict competency-based professional recruitment, we are drawing a line in the sand because local government should be a space for skilled professionals, and not a space for political patronage. We welcome these bold innovations outlined in the budget presented by the Minister and we appreciate the stability and continuity that they provide.

Turning to Vote 15, the Minister has outlined clear programmes which enhance the work of traditional leaders to lead their communities. Through this budget, Minister Hlabisa has ensured that traditional leadership does not remain a relic of the past but is transformed to be an active and indispensable pillar of our governance framework today. True rural development and special economic transformation cannot happen without a structured, meaningful, and institutionalised partnership between government and traditional leaders.

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We stand firmly with the Minister's focus on the implementation of the Traditional and Khoisan Leadership Bill. We do not view amakhosi as a parallel structure operating outside of government. Instead, we see amakhosi as co-architects of development and service delivery within the governance framework. Our traditional leaders are the custodians of communal land, the guardians of social cohesion, and the primary point of contact for millions of our citizens. Through this budget, we will deepen the integration of traditional councils into municipal planning, ensuring that local economic development reaches the deep rural areas of our province.

Because of KwaZulu-Natal's unique terrain and vast infrastructure backlog, our province receives a significant share of the Municipal Infrastructure Grant, MIG. We accept this allocation as a call to action, and we want to build directly on the Minister's profound statement, I quote: "This budget is not an accounting exercise; it is a delivery instrument".

We are taking a zero-tolerance stance as the province of KwaZulu-Natal on financial mismanagement. Through the newly established project management unit we will monitor every

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single project under the MIG allocation to ensure that every project is completed within budget and completed on time. Through this rigorous deployment of the project management unit, which has a dashboard tracking system, we are monitoring expenditure project milestones and contract management in real time. Where there is underspending, we intervene immediately. Where there is corruption or inflation of tenders, we act without fear or favour.

We must address the changing climate landscape of our country, and KwaZulu-Natal has borne the devastating brunt of severe weather patterns and catastrophic floods. Through the National Disaster Management Centre, we are deeply grateful for the disaster relief interventions that have supported our recovery efforts as a province. We are actively shifting our provincial strategy to align with the Minister's directive where we are moving from response to readiness. We cannot simply rebuild infrastructure to the same standards only to watch it wash away in the next storm.

KwaZulu-Natal will strategically use its allocation to invest in climate resilient infrastructure. We are updating our disaster management frameworks and clearing our stormwater systems, reinforcing bridges to ensure that all 54

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municipalities in the province build with the future in mind. The budget presented by Minister Hlabisa provides the necessary tools and financial backing required to turn the tide in local government. It balances the urgency of urban delivery with a deep respect for the rural communities governed by amakhosi. KwaZulu-Natal organised, aligned and entirely ready to implement this budget.

To deal with the concerns raised by hon Mthethwa in the earlier contribution, we will ensure that all tools of trade allocated to amakhosi, be their vehicles or any other tools of trade, are distributed equitably and they will be distributed over the Medium-Term Expenditure Framework. Amakhosi have supported the programme and they have given their thumbs up with the clear understanding that in every financial year there will be a new allocation.

This budget gives the people of South Africa a local government that is capable, clean, and ready to serve every community. I thank you, hon House Chairperson.

Mr K CEZA: Hon House Chairperson, the EFF rejects this Budget Vote, not merely because of what it contains within it, but because it represents the continuation of a developmental path

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that has failed the people of South Africa. Minister, you have 254 municipalities in South Africa. When you speak of 41 clean audits, that represents a mere 16% of the total number of municipalities.

Further, the fact that the National Treasury has imposed a R400 million budget cut which adversely affect the Community Work Programme, CWP participants, leaves a lot to be desired, because what are the innovative ways to address those implications as a result of those budget cuts? A municipality Minister can improve accounting records while roads collapse and refuse remains uncollected.

It is also true that we can't rely on narrow technocratic obsession with audit outcomes divorced from developmental outcomes. The crisis that we are facing in municipalities is the crisis of state capacity. The crisis of austerity measures. The crisis of deindustrialisation. The crisis of weak developmental planning, including the killings through tenders and forensic investigations. Here in my province of Mpumalanga recently is the crisis of political interference. The crisis of the lack of institutional memory, the recycling of failure.

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Therefore, we require that you respond to those in terms of the kind of reductions and the attitude of the National Treasury in terms of the budget cuts into your department, and how are you going to turn around the situation, given that neoliberal stance, which is influenced elsewhere.

The Department of Co-operative Governance and Traditional Affairs has been allocated a combined budget of R423,4 billion for the 2026-27 financial year. We note that this total allocation represents an overall funding increase compared to the department's 2025-26 budget. However, a glaring fiscal paradox sits at the heart of this budget.

While Department of Co-operative Governance and Traditional Affairs, Cogta's top-line allocation has expanded, mandatory National Treasury cuts and strict fiscal constraints continue to squeeze key programmes like the CWP. Furthermore, local government is still reeling from the legacy of previous budget cuts, which permanently crippled municipal capacity and continues to bottleneck service delivery on the ground.

While the 2026-27 budget represents an attempt at financial recovery rather than a year of cuts, severe fiscal constraints still hang heavily over us. This Budget Vote is tabled under

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the ambitious theme: Every Municipality Must Work. But the burning question this House must answer is this, if our municipalities have been injected with hundreds of billions of rands year after year, why on earth are they working less and less? I'll tell you why.

When the EFF was founded in 2013, it warned that political freedom without economic emancipation would produce deepening inequalities, collapsing public services, mass unemployment, spatial injustice, and continued marginalisation of communities. More than three decades later, the evidence is before us. The EFF correctly identified that the democratic state was gradually abandoning its developmental obligations and increasingly becoming an administrator of poverty rather than an instrument of transformation.

Today, municipalities across the country stand as evidence of that warning. The EFF further stated that government must be an active participant in development and not a passive observer of social and economic decay. Yet, this budget continues to accept municipal collapse as normal. It accepts infrastructure backlogs as inevitable. It accepts housing waiting lists as permanent. It accepts water insecurity as manageable. It accepts unemployment, which adversely affects

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local economies and industrial development as normal rather than as social emergencies.

The EFF called for a developmental state with an institutional capacity to plan, build, maintain, and expand public infrastructure. Instead, municipalities have become dependent on consultants, outsourced expertise and emergency interventions, a deafening silence from a state that only listens to protest and infrastructure destruction.

We further argued that the state must possess internal engineering, planning, financial management, and technical capacity. For a state that cannot build, maintain, or manage its own infrastructure cannot lead development. A municipality that relies on consultants to perform its constitutional obligations cannot be developmental but dependent.

While corruption removes resources from housing projects and contracts remove resources from water infrastructure, sanitation systems in Madala in Emakhazeni Local Municipality, sanitation systems in Extension 11 in Matlosana, every abandoned project steals dignity from communities. The EFF has been consistent with demands, strict consequence management, criminal prosecution for corrupt officials, and the immediate

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blacklisting of companies delivering defective infrastructure and poor workmanship.

The Prevention and Combating of Corrupt Activities Act, Precca of 2004 must be weaponised without fail across both the public and private sectors to impose the most severe penalties, including life imprisonment.

Therefore, Minister, the question is simple, exactly how many of these specific matters have been successfully actioned by your department? The EFF further rejects the neoliberal dogma that has captured the National Treasury and transformed budgeting from the developmental instrument into an accounting exercise designed to satisfy credit rating agencies, international finance capital, and austerity ideologues.

The fundamental problem with the 2026-27 budget is not only the size of the allocation, but its inability to match the scale of South Africa's municipal crisis to address escalating municipal debt, growing informal settlements, spatial justice, weak institutional capacity, and memory. Municipalities that do not have a collection capacity for monies that are owed to them in order to service the debt of Eskom and water boards. Numerous municipalities remain unable to respond effectively

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to floods, veld fires, and severe storms, losing lives, destruction of homes, delayed disaster relief, and increased insurance and rebuilding cost of affected communities.

One of the biggest contradictions is that government wants municipalities to function effectively while limiting resources of internal capacity. While transfers continue, municipalities face rising cost of tariffs, fuel increases, wage pressures, and population growth. Then we have a National Treasury that represents a mandatory expenditure ceiling, fiscal consolidation, and budget constraints. The greatest victims of the National Treasury's austerity programmes are not investors, commercial banks, and multinational corporations. It is the poor, the unemployed, workers, pensioners, women, youth, persons with disabilities, and rural communities who depend on the state for basic services and economic opportunity.

I might say, there is no one or no country in the world that has ever developed without the aid of the state. So, at this point of us having a racialised inequalities in municipalities, we require a state that is conscious and biased towards our people, to actually develop them and have a bias in terms of development of a guaranteed rural

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development. This state does not have that capacity. Instead, it cuts budgets.

Every reduction expenditure has a human face. Every budget cut translates into a family going hungry, community living without electricity, water sanitation, and decent housing. The poor did not create South Africa's debt burden. They did not move profits offshore through illicit financial flows. Yet the National Treasury and the department expect them to bear the consequences through reduced public expenditure and deteriorating public service.

The Auditor-General has also repeatedly identified material irregularities and procurement failures due to inducement taken, bribing officials to award tenders or paying tenderers to withdraw their bids, conflict of interest under section 34 of the Precca. Hence, the measure of government is not expenditure but transformation. The measure of government is not whether it plans but change the material conditions of communities.

Therefore, the EFF rejects the politics of announcements without implementation, expenditure without outcomes, planning without delivery, accountability without consequences. We

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remain guided by the principles of that founding manifesto document that political power must be used to improve the material conditions of our people, particularly the poor, the working class, rural, and historical disadvantaged populace.

Until budgets advance that objective in a measurable and meaningful manner, the EFF will continue to unapologetically reject budgets that preserve administration while failing to achieve transformation. The struggle for functioning municipalities, clean governance, quality housing, reliable water, sustainable infrastructure, and human dignity as embedded in section 10 is not separate from the economic freedom. It is, in essence, economic freedom. It is for this reason that the EFF rejects the Budget Vote of the department. Thank you very much.

Mr R B MAKAMU (Limpopo): House Chairperson, Minister of Co-operative Governance and Traditional Affairs Velenkosini Hlabisa, Deputy Minister Masemola, and other hon Members of Parliament, special delegates, the leadership of the SA Local Government Association, ladies and gentlemen, good afternoon.

I stand before this august House today to join the national chorus on Budget Vote No 3: Co-operative Governance and

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Traditional Affairs. We support this Budget Vote. This is a bold financial plan that addresses the urgent needs of our local authorities. Minister Hlabisa introduced a powerful theme for this budget cycle – “Every municipality must work.” This theme hits close to home for us in Limpopo. It matches our provincial mission perfectly. We are determined to transform our local municipalities into reliable spaces of excellent service delivery. Limpopo is moving forward with energy and purpose.

As we noted during our provincial budget discussion, tabled on 12 May 2026, Limpopo is no longer a sleeping giant. We are wide awake. We are working every day to create a better life for all our citizens. This budget is the energy we need to keep the momentum going. It is not just about large figures and financial sheets. It is about human dignity. It is about grandmothers who need clean drinking water whilst living in villages in the Vhembe District.

To make every municipality work, we must build local governments that are capable and stable. We cannot expect better service delivery if our internal structures are weak and broken. In Limpopo, we are taking this challenge seriously. We are actively helping our municipalities improve

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their financial management and project execution. We want our local councils to spend their infrastructure grants wisely and completely. Every single cent of public money must go directly towards changing the lives of people on the ground.

Through this Budget Vote, municipalities were supported to improve their financial affairs and audit outcomes. We take pride in acknowledging the dedication and great effort of our two municipalities that attained unqualified audit opinions without matters of emphasis, clean audits, for the 2024-2025 financial year. The 2024-2025 external audit outcomes have shown improvements, as 18 municipalities achieved unqualified audit opinions with matters of emphasis, compared to 14 in the previous financial year. Seven municipalities obtained qualified audit opinions. We should be able to say, Minister, that the province is a disclaimer or adverse opinion-free zone.

Thabazimbi Local Municipality, which this NCOP gave rise to for the dissolution process at a particular time, improved from a disclaimer audit opinion to a qualified audit opinion in 2024-2025. This is a significant milestone achievement, given the instability that was hindering the municipality's operations. The Budget Vote will still assist in improving and

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strengthening the internal controls of municipalities to achieve better audit outcomes. We still see potential to improve.

Water provision remains the most vital priority in the province. We know that many of our communities still face deep water challenges. We are dealing with these issues directly by working closely with the Department of Water and Sanitation and Water Service Authorities. Through our provincial water intervention, we are supporting the refurbishment and upgrading of water treatment works, reservoirs, pump stations, as well as fixing leaks and reticulation networks. This is a direct pursuit of our goal to improve the reliability of water supply in our communities. Through co-operative governance, we are aligning our local municipality budgets with national interventions. This shared approach ensures that, when we bring water to village, that water keeps flowing for years to come.

We cannot talk about co-operative governance without looking at climate change and disaster management. Our province has felt the harsh effects of changing weather patterns. In January this year, we had to call an urgent emergency meeting because heavy rains and extreme storms caused major damage

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across the Mopani, Vhembe, and Sekhukhune Districts. We had to bring together provincial departments, district mayors, local mayors, and the SA Weather Service to co-ordinate the immediate rescue response. The crisis proved the value of unified government. We did not work in separate corners. We worked as a single team. We were grateful for the national disaster support, but we are also learning to build stronger. The emphasis on quality infrastructure is helping to build resilient communities that can survive severe weather events.

As we look towards the near future, we must remember that a massive democratic task lies ahead of us. The President announced that our local government election will take place on 4 November 2026. This means we have a duty to keep our administrative system strong and steady. Service delivery must not stop or slow down because of political campaigns. We will use our District Development Model to keep every municipality focused on its core duties. We will ensure that water flows, roads are maintained, and waste is collected without interruption. We will protect the stability of our local councils during the election period.

Hon members, as I conclude, allow me to shift our focus to a moment of great national pride. Tonight, our beloved senior

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national soccer squad, Bafana Bafana, takes to the field to face Mexico in the opening encounter of the Fifa World Cup. On behalf of the provincial government and the sports-loving people of Limpopo, we send our warmest wishes and prayers to our team. We have full confidence that they will fly our beautiful flag high and make us proud on the global stage. We wish them victory tonight and absolute success throughout the entire tournament. Let us all unite behind our team.

I want to thank our premier, Dr Phophi Ramathuba, for her excellent and energetic leadership. I also thank the Portfolio Committee on Co-operative Governance and Traditional Affairs, the Minister for his guidance, and our dedicated staff for their hard work. Together, we will make sure that every municipality in Limpopo works for its people. Limpopo supports the Budget Vote as presented by the Minister in this august House. I thank you, hon Chair.

Ms T BREEDT: House Chairperson, Narendra Modi once said:

Mere good governance is not enough. It has to be pro-people and pro-active.

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Good governance is putting people at the centre of the development process. That is precisely where local government in South Africa is failing. We speak endlessly about governance, compliance frameworks, intervention plans, and turnaround strategies. Yet communities still open taps and do not have water. They still sit in darkness because municipalities cannot pay Eskom. The question is therefore not whether municipalities are being governed. The question is whether they are being governed in the interests of the people who live there.

Afrikaans:

Volgens die gekonsolideerde verslag van die Nasionale Tesourie en die Departement van Samewerkende Regering en Tradisionele Sake verkeer 162 van die 275 munisipaliteite, ongeveer 63%, in finansiële nood. Teen Mei vanjaar was 34 munisipaliteite onder aktiewe provinsiale of nasionale intervensie ingevolge artikel 139 van die Grondwet. Wanneer ses uit 10 munisipaliteite elkeen in finansiële nood en krisis verkeer, praat ons nie net van enkele uitsonderings nie, Minister.

English:

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The reasons read like a checklist of a state of failure: dysfunctional councils, political instability, administrative paralysis, financial mismanagement, poor governance, and persistent failures to fulfil constitutional obligations, to name but a few.

Afrikaans:

Dan is ek genoodsaak om aan die Vrystaat te dink en aan die Ngwathe-munisipaliteit. Vir jare het inwoners van Ngwathe die prys betaal vir politieke speletjies in die raadkamer en in die hofsale van ons land. Terwyl die ANC desperaat probeer beheer behou het, het belastingbetalers die rekening gekry. Hulle het betaal vir regsaksies, hulle het betaal vir uitgerekte prosesse, hulle het betaal vir politieke gevegte, en wat het hulle daarvoor teruggekry? Dit was nie beter dienste nie, nie meer water nie, en beslis ook nie volhoubare krag nie.

Vandag word die munisipaliteit in elk geval ontbind, na al die tyd, na al die geld, en na die al die lyding van die inwoners. Nou, vir die res van hierdie termyn, word 'n raad waarin opposisiepartye ten minste nog oorsig en toesig kon hou en vrae kon vra, vervang met 'n administrateur – 'n ANC-administrateur.

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Die gemeenskap verloor hul stem. Die belastingbetaler verloor verdere voordele, en die ANC kry nog 'n geleentheid om beheer uit te oefen oor 'n munisipaliteit wat reeds op sy knieë is. Dit is nie pro-mens nie. Dit is nie 'n proaktiewe regering nie, en dit is bloot die bestuur van verdere verval.

English:

The real tragedy is that, when municipalities fail, politicians often move on to the next position. The communities do not, and they remain behind to live with the consequences.

Afrikaans:

Die krisis strek egter verder as net in die Vrystaat.

English:

Municipalities collectively owe Eskom more than R114 billion and more than R25 billion to Water Boards. Many municipalities continue to lose massive volumes of treated water through leaks, ageing infrastructure, and poor maintenance. In some areas, it is as high as 50% or even higher. Communities are effectively paying for services that disappear into the ground.

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What concerns me most is that, when interventions are introduced, accountability often disappears with it. As Rigoberta Menchú warned, without strong watchdog institutions, impunity becomes the very foundation upon which systems of corruption are built.

Afrikaans:

Ons registrasieveldtog dra 'n eenvoudige boodskap. Agb Badenhorst, sê dit saam met my: Dis ons tyd. Op 4 November gaan kiesers hul besluit en hul keuse oor wie hul wag hond is, kan uitvoer. Oefen daardie keuse uit. Gaan registreer om te stem. Ek dank u.

Mr B G VASS (Northern Cape): Hon House Chair... is Vass, let me take this opportunity to greet the hon Minister of Cooperative Governance and Traditional Affairs, and let me also greet our Deputy Minister, the Chairperson of the House of Traditional and Khoisan leaders, and let me also greet the President of South African Local Government Association, Salga, my colleagues, all Members of the Executive Council, MECs, and members of the NCOP, ladies and gentlemen.

Allow me to appreciate the opportunity granted. On behalf of the people of the Northern Cape and our Provincial House of

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Traditional and Khoisan leaders, let me also pass our sincere message of condolences to the family of His Majesty, King Mabena II, the King of the AmaNdebele Nation, who passed away on Tuesday morning after a long and impactful reign. May his soul rest in peace.

Hon members, I address this afternoon representing the vast, resilient and structurally unique province, the Northern Cape. I rise to add the voice of our provincial government to the debate on the Budget Vote 3 as tabled by our hon Minister. Minister, we accepted the clear mandate embedded within your address - every municipality must work. For the Northern Cape provincial government led by our Premier, Dr Saul, it is an absolute operational directive. It is the yardstick by which our actions, our provincial intervention, and our resource allocation are measured daily.

Local government is our primary line of contact with the people. When a municipality falters, a family goes without clean running water, and the entrepreneur lose business due to power instability, and the community lose faith in our democratic institution.

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As we deliberate on this national budget allocation for corporate governance, we must look closely at how these resources touch the ground in our most rural spaces.

My address today focuses on exclusively on how the Northern Cape Department of CoGTA, in tandem with our provincial treasury, translate this national framework into practical municipal support, deliberate regulatory intervention, and sustainable pockets of absolute excellence.

Hon members, in early May 2026, we took a tough but necessary decision to place the biggest municipality in our province Sol Plaatjie Local Municipality under provincial administration through section 139(1)(b) of the Constitution. And this was after a month of instability at the governance level that negatively impacted service delivery.

The ministry has accordingly concurred with this intervention intended to bring up about stability and restore good governance that will translate into better service delivery for our communities.

To understand our support model to local government in this province, this House must first grasp the exceptional spatial

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and structural challenges of the Northern Cape. We are the largest province by landmass covering nearly 30% of South Africa. Yet we carry the smallest population and smallest equitable share from the national fiscus. The vast geography creates that we call the disadvantage of distance. The cost of rendering basic services, laying bulk pipelines, maintain roads, and deploying tactical experts is ... [Inaudible.] ... higher per capita in the Northern Cape than in densely populated metropolitan areas.

Furthermore, many of our local municipalities have exceptionally low-tax basis. They serve deeply impoverished communities where the rate of indigent registration is high, limiting their ability to generate significant internal revenue.

When the Minister notes the historical funding model, incorrectly assumed municipalities could self-fund up to 90% of their operations, we in the Northern Cape agree and trust that the White Paper in local government will address this historic disjuncture.

Hon members, all 26 local municipalities in this province have free basic service policies. All policies were evaluated by

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the department and feedback was provided. Through the indigent policy, approved and communicated to all municipalities, we are ensuring that all the indigent policies are credible and implementable. We are supporting 139 indigent households through the Community Work Programme, CWP, project with the repair and replacement of leaking water meters, and this project will be launched soon. And I will extend the invitation to your hon Minister and Deputy Minister.

In partnership with the national business Initiative and Pepsi-Cola Company, PepsiCo, we will train 26 CWP participants, 20 in Randfontein and six in Upington on plumbing theory and practice to ensure the continued execution of this initiative.

Through our hands-on support system, we have drastically improved mixed expenditure across our province. We're ensuring that every cent allocated to bulk water infrastructure, sanitation, and high-mass solar lighting in communities like Kammiesberg, Tsantsabane, and Renosterberg is spent effectively.

Hon members, the Department of CoGTA and the province continues to support and monitor all 25 local municipalities

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on the planning and implementation of the Municipal Systems Improvement Grant, MSIG.

The 25-26 total allocation for the province is just over R504 million, with the revised allocation increase with R18, 306,000. The bulk of this allocation is allocated to water, to sanitation, as well as roads and stormwater projects.

Hon Minister and members, I'm happy to report that the current expenditure as at the end of May 2026 was at 74,14%, which is an improvement compared to the 69%, the last financial year. Six municipalities, namely Kamakhara, Karuwahland, eMtanjeni, Temberlisle, Nosterbeer, and Khatulopile received additional funding as a result of excellent performance.

Minister, we are fully supporting the national drive to eliminate unfunded budgets. We continue to take hardline approach in the Northern Cape with regard to unfunded budgets, working closely with provincial treasury.

While our primary mandate on the section 154 of the Constitution is to support and strengthen the capacity of municipalities. We do not shy away from our regulatory duties.

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Where governance breaks down, where council instability paralyses administration, or where financial mismanagement threatens the constitutional rights of our citizens, the Northern Cape provincial government intervenes decisively.

Amidst the well-documented challenges of local government in our country, it is easy to fall into a narrative of total despair, but that narrative is incomplete and unfair to the thousands of public servants, councillors, and technicians who are doing incredible work under tough conditions.

The Northern Cape possesses remarkable pockets of excellence that prove local government can work efficiently, transparently, and progressively. Look at the Frances Baard District Municipality. This district has consistently demonstrated what stable governance, professional administration, and clear strategic foresight can achieve. It has maintained a track record of clean audit outcome, from the Auditor General, Frances Baard does not treat its district allocation as an administrative check. It utilizes its institutional strength to absorb excess technical demands from local municipalities such as Dikgatlong and Magareng. This is district development model working in its true sense, with

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strong supporting the vulnerable to live the entire region's baseline.

Hon Minister, when I addressed the opening of the provincial House of Traditional and Khoisan leaders last week in the Northern Cape, I highlighted the importance of our traditional leaders as core partners in rural development. Through the provincial House, we are ensuring that our traditional authorities are fully integrated into municipal integrated development plans.

The budget tabled by the Minister gives us the national framework, the legislative backing, and the necessary financial instrument to push forward. But the real work of local government happens on the hot, dusty streets of our towns, villages, and suburbs across our country.

The Northern Cape provincial government stands fully behind the national department's vision to support this budget. We are under no illusion about the scale of the challenges that remain. We know where the cracks are, and we know where municipalities require firmer intervention. But we also know the immense potential of our people and our institutions.

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Let us work together across all spheres of government under the banner of the district development model to fulfil the promise of our Constitution and to ensure that indeed every single municipality in our province works for our people.

Thank you very much, hon House Chair.

Ms Z K RASILINGWANE (Gauteng): Hon Chairperson, hon Minister, hon Deputy Minister, hon members ...

Tshivenda:

... na vhadzulapo vha Afrika Tshipembe, zwihulusa vhadzulapo vha Ekurhuleni, ndi masiari.

English:

I have lived in the City of Ekurhuleni for most of my life. It is the place where I went to school and where I got my first job. This is the place where I bought my first home. Like many people in Ekurhuleni, I endured days without electricity and water, and I continuously had to avoid potholes on our roads. It is frustrating, and most importantly, it is unacceptable.

In recent months, I have had the opportunity to speak to the people from Ekurhuleni, and from all corners of Ekurhuleni; it does not matter where they are from; their problems are the

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same. They are angry about the waste of taxpayers' money, which has gone to corruption and not to service delivery. They have a good reason to be angry when you consider that more than 30% do not have jobs. This is despite living in an industrial hub of this country. They are angry because they see that the government has failed to deliver, and the leaders have opted to enrich themselves rather than serve the community.

The people of Ekurhuleni are not blind to what is happening around them. They know that the decline of their city is a man-made disaster brought about by years of poor decisions, weak leadership, corruption, and failing service delivery. They are fully aware that the city needs to create a favourable environment for businesses to thrive. They know that all this starts with accountability.

The thing about democracy is that we are all accountable to the people who elect us. Come 4 November 2026, the first step of accountability will begin. When these corrupt relationships and dealings were exposed, little was done to hold those responsible accountable. Why will those in power reprimand the very people they had deployed to do exactly what is expected of them, to loot the state, to enrich the connected elite, and

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to maintain political dominance within our municipality? As this culture took place, honest and competent officials were sidelined; they were pushed outside of the public service or forced into silence, while corruption and patronage flourished unchecked. Corrupt officials act with such impunity that they catch a flight worth more than the salary that they earn per annum. You would remember the former city manager who earned R3,1 million per annum, who took a three-day trip that cost the city R3,3 million. While billions get siphoned through security tenders, through toilet tenders, the cyber hubs, and yet today, there is no one behind bars wearing the orange overalls that they are supposed to wear.

And this is why we, as the DA, say that it is time we catch and convict, and clean the City of Ekurhuleni for the residents ... [Interjections.] ... What we have already learned from the Madlanga Commission is that cities like Ekurhuleni are a mafia-like operation that has taken over government. The very purpose of the system has become compromised, and this is happening in the City of Ekurhuleni, which is supposed to be an industrial hub of our country. You only need to look at the fact that 63% of municipalities did not even achieve clean audits to understand the large scale of the problem that we have in our country. The consequence of

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looting the state is simple. The government no longer has the resources to perform its most basic services, which are to provide services to the residents. Roads go unrepaired and begin to crumble, streetlights stop working, and water pipes burst and remain unattended. The impact is not only felt by residents, but also by businesses. And no economy can thrive in an environment where basic services ... [Interjections.]

Mr F J BADENHORST: On a point of order.

The HOUSE CHAIRPERSON (Mr D R Ryder): Hon Rasilingwane, please take your seat. Hon Badenhorst, what are you rising on?

Mr F J BADENHORST: I rise on Rule 47.

The HOUSE CHAIRPERSON (Mr D R Ryder): Thank you. Please go ahead.

Mr F J BADENHORST: Can you ask the members down there in the middle, somewhere there next to hon Modise, if they can just stop conversing aloud while our speaker is ... and her time is ticking away. Can you stop the time clock, please? While she is having a brilliant speech, they are chatting away there. If they cannot sledge, they must keep their mouths quiet, please.

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The HOUSE CHAIRPERSON (Mr D R Ryder): Hon Rasilingwane, please take your seat. Thank you. Hon delegates, we all know the Rules. We may always make a comment or two, but please do not drown out the speaker. Give her a chance at the podium. We can continue with the speech and retain the decorum of the House. Thank you. Please go ahead, hon Rasilingwane.

Ms Z K RASILINGWANE (Gauteng): Chairperson, can I just request my time, please? All right, not a problem. I guess it is hot.

The consequence of looting the state is simple. The government no longer has the resources to perform its most basic functions, because roads go unrepaired, and they begin to crumble. The streetlights stop working. Our water pipes burst and remain unattended. The impact is not only felt by the resident, but also by businesses. And as I said, no economy can thrive in an environment where the basics of services are unreliable. Whether you run a steel factory, a restaurant, or a small corner shop, you need electricity and water to have a successful business.

If we are serious about getting local government working, this culture must be confronted at its source, and this must happen without any delay. It must be replaced by a culture of

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excellence where competent officials can be appointed based on merit to do their job and deliver the services to our communities. The only way to achieve this is through accountability. And municipality that failed to serve residents, the officials must be dealt with. Until there are real consequences for poor performance, mismanagement, and corruption, local government will continue to struggle, and the residents will have to carry the burden. The Department of Co-operative Government and Traditional Affairs is not powerless in this region. It can, and it must use the legal powers to ensure that they dispose of and ensure that municipalities comply with their obligation and hold municipalities accountable.

The Department of Co-operative Governance and Traditional Affairs, Cogta, is not powerless in this regard, hon Minister. It can and must use the legal powers to ensure that they dispose of and that municipalities comply with their obligation and hold municipalities accountable. The Cogta should strengthen oversight; it should closely monitor the funded projects and intervene decisively, something that I stand here, and I can attest that you have failed.

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I am a firm believer that municipal government should be separate from politics. Municipalities are crumbling today because political considerations have taken over the primary purpose of maintaining and providing services. If we are serious about getting municipalities to function, we must ensure that we take a decisive approach and deal with those who are collapsing our municipalities.

Let me close off by saying that the residents of Ekurhuleni are deeply tired. We are tired of being promised that things will change, but more than that, we are ready for change. I want to urge and encourage the residents of Ekurhuleni to ensure that they register on 20th and 21st June this year to ensure that we can get a City of Ekurhuleni that can serve its residents again.

The DEPUTY MINISTER OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (Dr N D Masemola): Chairperson of the session, I send words of greetings to both the Chair and the Deputy Chair of the NCOP, members of this august House, my Minister, Velenkosini Hlabisa, Bulawayo and Chawe; Deputy Minister, premiers and MECs, Chairperson of the house of traditional Khoisan leaders, the leadership of Salga, the acting director-general, Ms Matlatsi and your team, leaders of the Municipal

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Administrative Data Unit, MADU, and the SA Municipal Workers Union, SAMU, fellow South Africans, ladies and gentlemen. It is an honour for me to rise in this House as we consider Budget Vote 3 for the Department of Co-operative Governance and Traditional Affairs under the theme: Every municipality must work.

Firstly, before I go deeper into my Budget Speech, let me join many South Africans who have already passed messages of condolences on the passing on of His Majesty, King Makhosonke Mabhena, to both the family as well as the kingdom. May his loving and caring soul rest in peace.

This House plays a unique legislative role in our constitutional democracy within the context of co-operative governance by ensuring that the voices and the development priorities of provinces and municipalities shape national policy and as well as resources allocation. In debating this Vote, we are considering the state's commitment to building ethical, capable and developmental local government, characterised by municipalities with capacity and skills required to perform their constitutional mandate, to stabilise local governance and strengthen service delivery to communities across the country.

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This debate is informed by the state of local government report, which clearly shows progress recorded in many parts of the country, even though amongst us, some choose to ad lift progress by their preoccupation with negative thinking, disregarding the collective intelligence of South Africans in working with us to rebalance the system by their destructive negative energies.

In this regard, through provision of collective leadership with provinces and working together with municipalities, we shall thrive over adversity because the centre of gravity holds. It holds because His Excellency, President Matamela Ramaphosa said: 2026 is the year to fix local government. Of course, notwithstanding the inherent systemic challenges that are receiving attention of the Ministry, as well as the department.

In doing so, we continue to assess progress being made across provinces to rebuild local government and ensure proper relational governance where communities are directly involved on matters of their municipalities than being recipients of services. In this regard, I would like to appreciate the good work that provinces continue to do, particularly the MECs for local government and Traditional Affairs in supporting

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municipalities to sharpen their systems to serve their citizens better.

The transformation of local government guided by the 1998 White Paper, made tremendous progress in the establishment of structures and systems to ensure implementation of developmental programme and provision of services to communities, noting the capacity of the system to have carried macro development objectives of the country, as well articulated in various national development plans from 1995 hitherto.

To date, our ongoing efforts to ensure an effective and efficient function in local government as envisaged in the national development plan is taking place within the context of the need for reforms that are underway. This reform has been realised through the review of the 1998 White Paper, which remains a policy mainstay for local government transformation in our country.

We are confident that the progressive reforms incorporated in the current White Paper on local government will transform the local government landscape into an effective domain for improved service delivery and high moral conscience required

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to serve the people of this country and reset the system for transformational and values-based leadership that should become the permanent feature of the system for demonstration of high level of ethics and as well as integrity.

Our objective, therefore, is to address governance failures, weak financial controls, structural design limitation, planning and implementation challenges, socioeconomic pressures, as well as political systems constraint. The published White Paper is very clear that it requires national collaborative efforts for its realisation, hence our continuous engagement with various political parties in this country to ensure a confluence of perspectives on the primacy of this policy for growth and development of our own country.

This White Paper policy process talks to five key matters. Establishment of one local government system, creation and sharpening of our systems for clean and capable governance, differentiations of reform pathways, categorisation framework for clear reform pathways, alignment of powers and functions for sustainability, partnerships-based governance, financial and as well as service delivery reforms.

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Equally, we are establishing a national co-ordination centre for policy transition, as well as implementation thereof. Whilst we are pursuing these reforms, municipal performance and turnaround strategy to address challenges around, pillars of this system becomes extremely important and that remains our continuous preoccupation.

His Excellency, President Ramaphosa, conceptualised and launched the district development model to provide a more practical framework to ensure realisation of Chapter 3 of the country's Constitution in relation to planning, funding, implementation, monitoring of performance, as well as evaluation. Our goal, therefore, in this regard through this system is to make sure that the people of this country continue to get quality water services, better sanitation facilities, electricity, better roads, fill potholes, ensure safety and security, and of course, strengthened accountability by those who are responsible.

We have just in the recent past few days, jointly with the Department of Electricity and Energy, Eskom and Salga, agreed on the establishment of Joint Electricity Crisis Management Committee so that the existing mechanisms, like district distribution agency agreements can well be strengthened. We

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explore other mechanisms of managing these intergovernmental constraints with regard to issues of delivery of services.

Over the past year, we have been working very hard, working together with provinces. We have invoked and strengthened both Section 154 and 139 of the country's Constitution. As I'm speaking at this point in time, our agenda to stabilise the metropolitan municipalities and the secondary cities of our country, that programme is underway. We are in Buffalo City working with the leadership of the province.

We are in Nelson Mandela Metro. In fact, by yesterday, myself and MEC Williams, we met both the executive leadership of that city, together with the administration in our continuous commitment to rebalance the system. We are in Johannesburg, through the presidential working group, through the interministerial committee on municipal support intervention, to get the situation well aligned. We are in Mangaung Metro, working together with the leadership of the province. We are in Makana Municipality. We are in Maluti-a-Phofung Local Municipality. We are in Emfuleni Municipality. As the Minister has said, the Ditsobotla Local Municipality is the high point of this responsibility.

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Through targeted oversight visits and support, engagements in numerous districts of our country and local municipalities have taken place, working together with Salga. Some of these challenges that we have identified through those collective efforts together with provinces, are around how do we strengthen matters of governance, ensure political stability, out of the coalitions that are very unstable and that are impacting our ability to deliver services very wrongly. This situation, put together, is what we are working on very seriously as a system.

Going forward, we are very much focused through our intervention mechanisms, to address what could be a national challenge, which some people may despair as if we don't have solutions. We are dealing with these matters very closely, around municipal debt to Eskom. We are dealing with these matters around municipal debt to water boards. We are dealing with these issues around consumers' debts to municipalities.

We are attending to issues of distressed municipalities. We are attending to matters of unfunded municipal budgets.

Working together with the National Treasury. We are afoot with the process around the review of the funding model of local government. Progress report and the synthesis report will be

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issued at an appropriate time. That will give very clear understanding and accountability with the work that we are doing.

Professionalisation of municipalities is underway, guided by this policy process which must not be lamented. We are providing practical solutions. Strengthening of oversight for enhanced accountability is underway. A framework has been given for how the Municipal Public Accounts Committees are supposed to function.

The existence of coalition politics would have impacted some of our municipalities. In Johannesburg, even though some are articulating it differently, it is precisely because of the mismanagement of the coalition politics. We are not lamenting that situation as Co-operative Governance and Traditional Affairs. We are putting through parliamentary executive committee processes on the Coalitions Bill, which will go a long way in stabilising the next generation of coalition politics.

We are addressing the salary structure of municipal managers and senior municipal officials for skills attraction, as well as retention so that those that are required in those rural

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municipalities equally do get these qualified South Africans. Introduction of digital governance for decision-making and record keeping is what we are working on. We have established a strategic hub for data-driven leadership and evidence-based management as a repository to help those who politically, as well as administratively are supposed to take decisions.

Introduction of various policy frameworks and legislation to stabilise the system is our continuous preoccupation, including the discussion that we have had with the Department of Small Business and Development on how do we conceptualise going forward, local economic development within the confines of the macroeconomic strategy of the Republic of South Africa.

A key priority supported through this budget is accelerating infrastructure delivery. This financial year, an amount of R535 million has been put aside as an increase over and above what we were able to spend in a previous financial year. Through this programme, the Municipal Infrastructure Support Agent, MISA, has been deployed to fast-track projects, strengthen technical capacity of the struggling municipalities and improve value for money.

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The Municipal Infrastructure Support Agent, therefore, remains our professional system in the department available for support, projects planning, as well as implementation within our municipalities. This support, therefore, is already yielding positive results with improved infrastructure procurement systems for better planning, increased expenditure and indicating stronger municipal delivery of services going forward.

All these matters put together, we are on track in enabling a very good process of delivering services to the people of this country. I have said that Municipal Infrastructure Support Agent remains one of those important systems of our provincial and national government. Going forward, when Cabinet adopted the Integrated Urban Development Framework in 2026, it did so in recognition of the profound role and reality that our metros and secondary cities do have in the actual development of this country.

Precisely because of their role as engines of the national economy, their strategic roadmap through a policy process is ... [Interjections.] ...

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The HOUSE CHAIRPERSON (Mr D R Ryder): ... MEC, please make sure that you remain muted. Our apologies for that interruption, Deputy Minister. Please, continue.

The DEPUTY MINISTER OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (Dr N D Masemola): This policy process is aimed at nothing else but to facilitate a management by our metropolitan municipalities of complex interplay of factors which contributes to their metro politicisation and the extent to which these metropolitan municipalities would have to provide a macro logistic system support as we advance growth and development of the Republic of South Africa.

So, strengthening the link between spatial development framework, capital budget, economic strategies, prioritisation, connectivity, as well as investments, remains our preoccupation as we continue to do what is expected to provide the much needed economic opportunities, as well as daily socioeconomic needs for the people of South Africa. We are determined to ensure that through this budget, every municipality, every citizen in this country shall receive better services from their municipalities.

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I, therefore, present before this august House, Vote 3 for Co-operative Governance and Traditional Affairs for the financial year 2026-27 for consideration, as well as adoption to enable us to continue to move forward to deliver services to the people of this country against the prophets of doom who are just preoccupied with negativity without practical solutions. Thank you.

Cllr M MOGOJE (Salga): Hon Chairperson of the NCOP and Deputy Chairperson, hon Minister and the Deputy Ministers, hon MEC's presence, hon Chief Whip of the NCOP, hon House Chairperson, hon permanent delegates, hon special delegates, allow me, on behalf of the leadership collective of the organised local government, Salga, to express our sincere appreciation and gratitude for this opportunity to contribute towards the debate on the Department of Corporate Governance's budget, as delivered by the hon Minister, supported by the Deputy Ministers and MECs for Local Government.

As a partner in local government, we welcome the hon Minister's budget, as we remain hopeful that it will contribute towards the vision for the sphere of Local Government and bring about definitive change across our

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municipalities. In particular, we support developments around the review of the 1998 White Paper on Local Government.

The White Paper serves as a foundation policy document establishing a new democratic system of developmental local government aimed at reversing apartheid-era inequalities. It defines municipalities as an active agent for development, prioritising social growth, community participation, and sustainable service delivery. While visionary, the 1998 White Paper on Local Government created a complex overregulated system that has often hindered rather than help municipalities execute their constitutional mandate.

Salga hopes that the review of the White Paper will reverse performance, regression, enhance accountability, ensure financial sustainability, and improve revenue management, but more importantly, stabilise the increasing negative impact of collision politics. For the first time in a generation, South Africa is reimagining what local government must become, its purpose, its architect, its capabilities, and its relationship with communities.

This process presents a rare and powerful moment to reshape the sector and address longstanding structural barriers. It

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allows us to rethink fiscal models, government arrangements, functional assignments and institutional capacity.

Salga and the local government stand ready to, within the spirit of the 1998 White Paper, collaborate with the Minister and the department to respond to the complex challenges in local government and to find sustainable ways to meet community needs and improve the quality of their lives.

In particular, we would like to see the fast-tracking of legislative reforms such as the Intergovernmental Monitoring Support and Interventions Bill, the Local Government: General Laws Amendment Bill, and the Local Government: Municipal Structures Amendment Bill, commonly referred to as the Collision Bill.

Finally, we are of the view that this legislative reforms will not only introduce a structured approach to section 154, support directed to municipalities and section 139, interventions in municipalities, but importantly, introduce governance and operational efficiency and address stability in collision governments.

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As we march towards the sixth democratic local government election on 4 November this year, it is our view that local government has a profound impact on the lives of ordinary South Africans in expanding the provision of service delivered to our people.

While it is true that several serious and complex challenges exist in many of our municipalities, by and large, local government has delivered quality services and a better life for the majority of our people. As confirmed by official statistics, we must therefore seize the moment and use it as an opportunity to bring your local government towards a capable, ethical and accountable sphere of government where service delivery becomes reliable, predictable and consistent.

As Salga, we remain concerned about the high number of municipalities that are financially distressed. We are particularly concerned about the debt owed by municipalities to Eskom, water boards and the Water Trading Entity, as well as the underlying debt owed to municipalities. We stay in total debt of R467 billion, as at the end of December 2025. If municipalities are not financially sustainable, the sustainability of all institutions in the value chain, including water boards, is negatively impacted.

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We continue to advocate for a holistic approach to address the debt through cost of supply studies and infrastructure, operational and institutional assessment to identify solutions. It is our submission that fundamental in making municipality developmental is an urgent need to sort out some of the lingering challenges arising from the current fiscal framework. This must include consideration of the unsustainable and increasing debt owed to and by the municipalities.

Both measures are needed to curb the debt, ensure municipalities collect and better manage their customers. And national interventions are initiated to ensure that this growing debt situation does not undermine the solvency of the local government. Working closely with both Cogta and the National Treasury and other key stakeholders, we believe we can bring about positive change.

As I draw towards my conclusion, I stand before you on behalf of the leadership collective of organised local government and the local government leaders from all our municipalities and pledge our support to the Minister and the department to fulfil the promise of our Constitution to build a better life for all. In realisation of our founding father, Nelson

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Mandela, who said: "It is in our hands to make our country a better place for all our people." Thank you.

Mr F J BADENHORST: Hon Chairperson, hon Minister, hon Deputy Minister, hon members and fellows South Africans, good day. Time is not on my side. Hon Ceza, can the EFF please point out a single municipality that it has governed continuously and successfully over a full term. And while you are at it, can you please demonstrate measurable improvements in audit outcomes, service delivery, infrastructure investment and job creation? I did not think so.

Hon Breedt, before 1994, your people had a chance for your time. It did not go so well for most of the residents in this country. Hon Kaunda, thank you for pointing out the one functioning municipality in KwaZulu-Natal. I can point out 12 functioning municipalities in the Western Cape. But I am not sure if you are qualified to point out any functioning municipality because your own party banished you for breaking your municipality to the NCOP. Hon Farmer, ...

Afrikaans:

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... vandag moet jy jouself skaam. Jy bring gaste na hierdie Huis toe, maar jy sê nie vir die gaste hoe julle as 'n party beloftes in Beaufort-Wes gebreek het nie. Dis skaamteloos!

English:

Hon Minister, I heard you say many times that we have learned a lesson. The department asks us to place our faith in a new White Paper on Local Government. But before we rush to rewrite the rules, we must ask a simple question: If government cannot implement the power, it already has, why should South Africans believe it will implement a new set of policies any better? The truth is that we do not suffer from a shortage of plans. We suffer from a shortage of political will. Over the past two decades, we have had projects consolidated, local government turnaround strategies, Operation Clean Audit, Back to Basics, district development model pilots, presidential summits and countless intervention frameworks.

Yet today, communities still live with sewage in their streets, dry taps, potholes, crime-ridden neighbourhoods and collapsing infrastructure. And that is the reason why hon Mamabolo is here every time he gets a chance. Because the infrastructure in his backyard is crumbling. But don't worry, gogo Zille is on her way to fix Gauteng after 4 November.

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Speaking of which, the DA enters the 2026 Local Government Elections with four clear priorities. Create jobs, fight crime, end corruption and deliver excellent services. The tragedy is that local government all over South Africa should already be doing those four things, but it is not. When municipalities cannot provide reliable water, businesses cannot invest and jobs are lost. When streets are dark due to neglected infrastructure, criminals thrive. And that is why we need to catch, convict and clean up. When procurement becomes a feeding truck for connected cadres, corruption flourishes. And when basic services fail, residents like Mavenda in Phomolong lose faith in government itself. No where is this clearer than the District Development Model, DDM. Let us look at this quickly.

The DDM was sold as a solution that would align all spheres of government around one plan. Yet, where is the evidence of successes around that one plan? Did the DDM prevent the collapse of water services in Mfuleni? Did it stop the sewage crisis in De Vaal? Did it rescue Maluti-a-Phofung? Did it save Matlosana, Madibeng and Ngaka Modiri Molema from recurring service delivery failures? The answer is no. Instead, the DDM has too often become another layer of meetings, forums, co-

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ordinators and presentations, while residents wait for water from their taps and sewage to stop flowing into their rivers.

Compare that to the joint district and metro approach in the Western Cape where municipalities focus on practical delivery rather than bureaucratic experiments. Functional infrastructure attracts investment. Investment creates jobs, well-maintained public spaces improve safety. Strong financial controls reduce corruption. Reliable services restore public confidence. Proven track record, no pie in the sky with evidence.

This is why Cape Town is now one of the eight global cities in the world to host a major marathon, as announced yesterday. The difference is not a better slogan. The difference is better governance.

Hon Minister, if this White Paper is to mean anything, it must confront the uncomfortable truth that failing municipalities are not primarily victims of a flawed system. They are victims of poor governance, weak accountability and political interference.

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South Africans do not need another plan to explain why municipalities are failing. They need municipalities that create jobs through growth, through fighting crime, through safer communities, through ending corruption, through accountability, through delivering excellent services, and through competent administration. Because builders build and breakers break. And you will often hear this. The voters out there pick this up. There are often this talks of racial oppression.

The ANC has gone from racial oppression to racial obsession. Millions of South Africans were born after 1994. Let me be 100% accurate. Six million registered voters were born after 1994. Blame them for the past at your peril. In fact, they are the judges. They judge leaders by results, not liberation credentials. When communities don't have jobs, water, electricity or functioning roads, three decades after liberation, those voters want solutions, not excuses. Come 4 November, they will be punishing the ANC, and they spawn the EFF and the MK party again. Thank you very much.

Mr B S MABEBO: House Chairperson, let me just stand on the protocol which has been established. Today, we debate a matter that lies at the heart of constitutional democracy. The

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ability of local government to deliver service effectively, govern responsibly, and restore the confidence of our people.

The NCOP occupies a unique position within our democratic architect, as the institution representing provincial interests at the national level. The NCOP has both constitutional responsibility and a moral obligation to ensure that municipalities function effectively and that communities receive the service they deserve.

The reality confronting many municipalities deeply concerning, communities continues to experience interruption in water supply, deteriorating roads, inadequate water management, unreliable electricity services, and growing infrastructure backlog. The challenges undermine economic development, social cohesion, and public confidence in government.

As we consider this budget vote, we must ask ourselves a fundamental question: how can the NCOP strengthen local government to deliver a better economy for our people?

We as the ANC will not blow the trumpet for the work we do like those who think they have made us, whereas they were invited to come and work on the plan the ANC has devised.

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It is hypocrisy of MKP to now talk about the things their superior could have done, he could not do anything except enabling questionable characters who have now joined the choir of the wounded.

The budget presented here is supported by us, the ANC. The contradiction that is at the display by both anti-progressive forces have no direction, no aim. They are just loose cannon, shooting at anything that is the ANC. We know that the left conference have given them a mandate to oppose government programmes, but we are not deterred.

We will continue to support our early municipalities and put robust measures to root out anything that is anti-service delivery and encourage our municipal managers to be ethical, run clean administration and professionalise it. Let us be honest, MKP does not know what they want. They do not walk the talk. They live in their own dreamland.

As for the EFF, it's living far from reality. All they know is theories that can never be translated into actions. How do they call for implementation, whereas they do not need this budget? It is a fairytale song, when they say they reject this budget.

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As for hon Dr Scheurkogel, you have undermined the people of Joburg by sending your retired soldier, as a mayoral candidate to the youthful city of Joburg.

As for hon Badenhorst, why should we worry, why should the moon worry when the dog barks? The answer begins with building internal capacity with municipality. For far too long, many municipalities have become dependent on consultants and outsourced service or functions that should be performed by capable officials within the institution itself. Millions of rands are spent annually on consultants to undertake work that all municipalities should have the skills and expertise to perform internally, while external expertise may occasionally be necessary, it cannot be substituted for building sustainable institutional capacity.

Municipalities require competent engineers, planners, financial managers, project managers, supply chain practitioners, and technical specialists who are permanently embedded within the system. Building internal capacity is not merely a financial consideration. It is governance's imperative.

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Municipalities that possess the necessary skills, internally are better positioned to respond quickly to service delivery challenges, manage infrastructure projects effectively, and ensure accountability for public resources.

The NCOP must, therefore, champion investment in skills development, mentorship programmes, graduate recruitment initiatives, and professional development opportunities aimed at strengthening local government institutions across all provinces.

A second pillar of good governance lies in the professionalisation of the state. The professionalisation framework adopted by government provides an important blueprint for building a capable, ethical and developmental public service. At its core is the principle that public administration should be guided by competence, integrity, accountability and service to the people. Professionalisation cannot be treated as an administrative exercise. It must become a lived reality across all spheres of government, in local government.

This means ensuring that appointments are based on merit, qualifications, and competence. It means strengthens

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performance management systems, enforcing ethical standards, and creating a culture where excellence is rewarded and misconduct is addressed decisively.

Importantly, professionalisation must be anchored in the values of Batho Pele principles. The Batho Pele principles reminded us that the government exists to serve people, consultation service standards, access, courtesy, openness, transparency, redress and value for money must remain central to the work of every municipality.

When resident report a burst water pipe, they should receive a prompt response. When business apply for permits, they should not be subjected to unnecessary delays. When communities raise concerns about service delivery, their voices should be heard and acted upon.

Professionalisation and Batho Pele are therefore not separate concepts. Together they provide the foundation for responsive, ethical and citizen-centred governance.

The NCOP also has a critical role to play in improving local government through meaningful interventions. Our institutional mandate empowers us to facilitate cooperation between spheres

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of government and to exercise oversight over matters affecting provinces and municipalities.

Their role becomes particularly important when municipalities experience governance failures, financial distress, and persistent service delivery challenges. Intervention must not be viewed as a punitive measures. Rather, they should serve as a mechanisms for support, capacity building, and institutional recovery.

The NCOP should continue strengthening its oversight activities through provincial week of programmes, committee engagement, oversight visit, and direct interaction with communities. This engagement provides valuable opportunities to assess conditions on the ground, identify obstacles to service delivery, and ensure corrective measures are implemented.

At the same time, oversight must move beyond compliance and focus on measurable outcomes. The ultimate test of any intervention is whether it improves the quality of the life of the people that we serve.

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Municipal week remains one of the NCOP's most important oversight instruments. It creates platforms through which delegates engage directly with municipalities, communities, traditional leaders, and provincial government, to assess government and service delivery challenges.

However, as local government challenges become increasingly complex, municipal week must evolve accordingly. We must strengthen its capacity to identify system problems, monitor implementation of recommendation, and ensure that interventions result in tangible improvements. Municipal week should become a proactive mechanism that detects governance risk before they escalate into crisis.

The lesson emerging from municipal week engagement should also inform legislative reform, policy development, and budget allocation aimed at strengthening local government. In this way, the NCOP can play a more strategic role in promoting cooperative governance and ensuring the municipalities receive the support required to fulfil their constitutional mandate.

No discussion on local government stability will be complex without addressing the issue of coalition governance. Across several municipalities, coalition governments have become

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defining features of the people landscape, while coalition arrangements are a legitimate outcome of a democratic process.

The absence of clear regularity frameworks have often resulted in instability, frequent changes in leadership, administrative uncertainty, and disruption to service delivery. Communities should not suffer because of political disagreement among elected representatives.

There is therefore a growing need for legislative intervention that promotes stability, accountability and predictability within coalition government.

On its core, this debate is about restoring the social contract between government and the people. Our communities expect functioning municipalities. They expect clean water to flow from the taps. They expect refuse to be collected. They expect roads to be maintained. They expect public funds to be managed responsibly. Most importantly, they expect government to work.

The NCOP has both the responsibility and the opportunity to contribute meaningfully to this vision. By strengthening municipality, advancing professionalisation, upholding the

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Batho Pele principle, enhancing oversight intervention, improving municipal week, and supporting legislative reforms that promote stability, we can build municipalities that are capable, accountable, and responsive.

As we consider this budget vote, let us commit ourselves to the constitutional promise of developmental local government and to pursue a state that places the needs of the people first.

Together, let us ensure that local government becomes a catalyst for service delivery, economic development and social transformation ... [Inaudible.] ... I thank you.

The MNISTER OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS: Hon House Chairperson, firstly, let me thank all the hon members who made their contributions and eventually expressed their support for the tabled budget. For sustainable service delivery to be implemented and accelerated, it requires an approved budget. I want to express our gratitude as a department to all hon members who expressed support to the budget. All speakers, those who supported the budget and those who expressed their different views, we agree on the following common items:

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Municipalities are the closest sphere of government to all of us and the engines of economic growth; the White Paper on Local Government and Legislative Reforms underway will be the gamechanger to create stable, efficient and working municipalities; we all fully agree that consequence management, accountability and transparency are key elements for success to our municipality; the Seventh Administration is determined to introduce consequence management to all employees transgressing the law; we also agree that repairs and maintenance must remain the prerequisites for sustainable development; this budget must result to tangible outcomes and sustainable development; and climate change is a reality, and we need to invest in disaster readiness, resilience and build back better.

In July, the Co-operative Governance and Traditional Affairs, Cogta, will table in Cabinet a new disaster response framework together with the Department of Defence to bring along the SA National Defence Force, SANDF, expertise to be part and parcel of disaster risk reduction new model, which will be agile and financially better resourced to invest in resilient infrastructure using modern technology. For efficient and effective municipalities, we all agree that competent staff must be a key element. That is why we elevate the

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professionalisation of staff as we go forward to deal with issues of mismanagement, corruption and poor service delivery, since these three items: mismanagement, corruption and poor service delivery remain common targets that we must confront.

It is encouraging to see the developments in the Madlanga Commission as it touches across the three spheres of government. Indeed, we all make a joint clarion call to the people of South Africa, especially our youth and the first-time voters, to register online, to go to the voting station on 20 and 21 June, but beyond to visit the Independent Electoral Commission, IEC, offices to register so that they can vote and make the municipalities accountable. I honestly thank all of you colleagues for the views that you expressed. They will assist us as a department to ensure that we make municipalities work for the people of South Africa. Thank you very much, hon House Chairperson.

The HOUSE CHAIRPERSON (Mr D R Ryder): Thank you, Minister. Hon delegates, we have, indeed, come to the end of the debate on Budget Vote 3, which is Co-operative Governance and Traditional Affairs. I would like to thank the Minister and the Deputy Minister. I would like to thank the member of the executive council, MECs. I would like to thank all special

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delegates for participating in the debate, and, of course, all permanent delegates as well.

Delegates, we will shortly suspend the business of the House and then reconvene again at 19:00 for a fully virtual sitting to continue with the Policy debate on the Budget Vote of the Department of Small Business Development. Once again, we've got a little bit more time than yesterday, but please don't tarry on your way to your transport, and then we can get started firmly at 19:00. Thank you very much. Travel safely. The House is suspended.

Debate concluded.

Business suspended at 17:28 and resumed at 19:01.

The HOUSE CHAIRPERSON (Mr B A Radebe): Chairperson, hon delegates, we will now resume with the business of the House. I would like to remind delegates that the rules, particularly Rule 103, apply during the virtual sitting. Before we proceed, I would like to welcome the Minister of Small Business Development, the Deputy Minister of Small Business Development, permanent delegates, MECs, all special delegates, and Salga representatives to the House. I now call upon the

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Honourable Minister Ndabeni to open the debate. Over to you, madam.

APPROPRIATION BILL

(Policy debate)

Debate on Vote No 36 - Small Business Development:

The MINISTER OF SMALL BUSINESS DEVELOPMENT: House Chairperson, Ministers and Deputy Ministers present, members of the NCOP, the Director-General of the Department of Small Business Development, board members and executives of Small Enterprise Finance Agency Sefa, distinguished guests, ladies and gentlemen, fellow South Africans, and our entrepreneurs, the theme for our budget this year is: Honouring the past, delivering the future - advancing economic transformation through small enterprise development for the benefit of all.

The budget Vote is tabled at a moment of profound national reflection and renewed purpose. As we approach 16 June, we remember 50-years since the Soweto Uprising of 1976, a generation of young people who refused to surrender their future and, in doing so, changed the course of our democracy.

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As we prepare to mark 70 years since the historic Women's March on 09 August 1956, we honour the courage of more than 20 000 women who stood with one voice against injustice and left us with an enduring truth. As we celebrate 30-years of our Constitution, we are reminded that freedom is not only political, but it must also be economical, practical, and visible in the everyday lives of our people.

The task before us is clear to turn the sacrifices of the past into the opportunities of the present. That means opening the doors of economic participation wider, especially for young people, women, township entrepreneurs, rural innovators, and informal traders, so that growth is not a privilege for a few, but the shared promise for all. Critically, budget Vote 36 gives effect to section 22 of the Constitution expanding opportunities for all South Africans to participate in economic activity.

As I always remind you, the National Development Plan identifies small enterprises as central to economic growth, with the potential to create 90% of new jobs and more than 60% of new economic value by 2030. Small enterprises are the backbone of our economy, providing a pathway into entrepreneurship and helping to build generational wealth. As

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a portfolio, we aim to support 1 million micro, small and medium enterprises, MSMEs, and co-operatives during the seventh administration. We are making steady progress, having supported 288 123 MSMEs in the past financial year, with more than 117 000 receiving financial support and 171 000 receiving non-financial support.

Our 2026-27 budget is anchored around our priorities for the fifth-year term of government, and which represents continuity in what I tabled last year. We will continue with reforms to reduce red tapes and improve the ease of doing business. This year, the department will introduce a one-stop shop digital platform for business licensing and regulation. This will streamline and address bottlenecks in the business registration and licensing framework.

We have finished consultations and the licensing framework. We have finished consultations on the Business Licensing Bill, which does not limit the right to trade but rather regulates the administration of businesses in a constitutional manner. We will bring this Bill to yourselves. We are excited that the National Assembly has adopted the report on the appointment of the small enterprise ombuds. We have already appointed minimum staff in the ombuds office, and we have already appointed

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minimum staff in the office, and we have established a complaint register. We have also established one Sefa which is an integrated digital platform that will improve turnaround times and track the progress of applications in real time. This will come to effect fully in the second quarter.

We will continue to address special inequality through building the township and rural economy. And here we have a number of interventions including the Township and Rural Entrepreneurship Programme, Trep. In the 2025-26 budget we dispersed more than R829 million to over 111 000 townships and rural based MSMEs. We have reviewed Trep and have increased the funding limit from R1 million to R3 million, to broaden access and deepen the impact. This year, we have allocated R710 million.

Another intervention is through our Asset Assist Programme, which is a grant-based intervention to support small and micro enterprises with productive assets, equipment, machinery and operational capabilities. Last year we supported 938 MSMEs with assets to the value of just under R190 million. The provincial spread was balanced with an emphasis on poorer rural provinces, with Limpopo, Eastern Cape, KwaZulu Natal,

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KZN, Mpumalanga, and Northwest, all receiving more than R20 million of approved applications.

A total of R215 million is allocated for asset assistance this year, targeting 1000 MSMEs. All provinces will receive at least R20 million, with Eastern Cape, KZN, Mpumalanga, Limpopo and Northwest prioritised to receive more than R20 million.

The informal and microenterprise development programme provides equipment and productive assets to informal microenterprises. Last year we supported 2 940 beneficiaries. This year we plan to support 3000. As a result, we have allocated R53, million. All provinces will receive at least R5 million from this programme, supporting at least 300 beneficiaries per province.

The department will further invest R635 million through the Co-operative Development Support Programme in order to support 50 co-operatives across the country. I am pleased to report that the implementation of the R150 million Spaza Shop Support Fund administered by Sefa is making steady progress. As of 10 June 2026, the fund has approved 1 390 spa shops across all nine provinces, with a total approved value of R79,8 million,

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of which R44,6 million has been transferred to 720 spaza shops.

Subnational distribution mirrors municipal capacity to issue business licensing. KwaZulu-Natal is leading on this fund with 40,8%, followed by Limpopo with 17,8%, and the lowest uptake being North West at 2,3%. These disparities in business licensing capacity will be addressed through the Business Licensing Bill and through the digital licensing platform we are putting in place.

We are also embarking on a nationwide outreach and awareness programme across all provinces, working with municipalities and business associations. We continue to raise awareness on the fund itself, identify qualifying support for spaza shops that qualify. And of course, we assist the applicants with applications.

In partnership with the Government Communication and Information System, GCIS, we are also implementing a co-ordinated media and communications campaign to increase awareness of the fund. The other instrument is the Business Infrastructure Support Programme, which develops MSME hubs, supports the revitalisation of industrial parks, and provides

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equipment, energy solutions, and production shed infrastructure for MSMEs and co-operatives.

Last year, we approved 56 projects amounting to R350,4 million, which are at various stages of implementation. This year, we have allocated R314,3 million and, to maximise impact and ensure wider geographic reach, we will work closely with provincial departments, municipalities, and strategic partners to identify needs and co-fund projects where possible.

We will continue to scale up our financial offerings and ensure better targeting for more optimal impact. During the past financial year, Small Enterprise Development and Finance Agency, Sedfa, prioritised previously disadvantaged groups and underdeveloped areas. Black-owned enterprises received R2,3 billion, rural enterprises R1,2 billion, women-led businesses R1,2 billion, youth-owned enterprises R510,1 million, and township economies R383 million.

Rural provinces without large metropolitan areas have historically received a disproportionately low share of Sedfa's financial interventions relative to their developmental need. Members of the NCOP have been consistent in their call to address this. I am happy to say this year we

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are seeing improvement in terms of how much goes to the provinces. For this financial year, the total projected disbursement envelope is R2,557 billion.

The provinces in the rural areas have increased from the previous allocation, but of course, Gauteng continues to get the bigger chunk, and we are trying to address this through the business development support that must be provided to the entrepreneurs in the other provinces.

In this financial year, we will prioritise the implementation of a set of flagship programmes, talking to the Youth Entrepreneurship Programme, which has R496,5 million around the Medium-Term Expenditure Framework, MTEF. For too long, women have carried the economy in silence, sustaining households, building local markets, creating jobs, while still being denied equal access to finance, opportunity and productive support. That reality cannot continue. And this is why we have developed Imbali for Her, which is a women entrepreneurship programme, with R645 million on blended financing and R210 million for business development support.

This democratic government will not allow those who fought and defended the freedom of our country to remain on the margins

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of its economy. And this is why we have redesigned Inyamazane Fund previously known as the Military Veterans Fund and capitalised it at R100 million, and this will be launched in July.

We are also launching a R150 million creative sector fund, which will provide essential funding for the creative entrepreneurs. This year, we are also launching R300 million for Technology Innovation Agency, TIA, - Sedfa Innovation Fund in order to commercialise innovative ideas. We will also partner with the Department of Mineral and Petroleum Resources to create a fund to support the co-ordinated and impactful development of artisanal and small-scale mining.

Allow me to state that there is a lot that we have done, whilst there is still more that we need to do. This budget Vote is more than a statement of expenditure. It is a declaration of intent. As government, we are determined to place small enterprises at the centre, which is why we continue our partnership with traditional leaders.

Allow me to table this budget Vote, which is allocated as follows: R2,15 billion for transfers and subsidies, R277,1 million for compensation of employees, R597,2 million for

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goods and services, and R7,8 million for capital expenditure, Sedfa receives R1,899 billion of this allocation.

This budget reflects our unwavering commitment to inclusive economic growth and job creation. It is not a passive allocation, but an active instrument of economic transformation. It is a commitment to shift power, expand participation, and ensure that underserved MSMEs and co-operatives occupy their rightful place at the centre of South Africa's growth story.

I would also like to remind us all, as Charlotte Maxeke said, and I quote:

This work is not for yourselves. Kill that spirit of self. Do not live above your people but live with them. When you rise, lift others with you.

Let us all support our entrepreneurs. They need all of us, across all parties. Thank you, Chairperson.

The HOUSE CHAIRPERSON (Mr B A Radebe): Thank you, Minister for the succinct input you have made about the programmes of your

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department. It is now the delegates' opportunity to dissect what you have just rendered to the Council. Thank you.

Ms H S BOSHOF: Hon House Chair, hon Minister, hon Deputy Minister, hon members and fellow South Africans, good evening. Today we debate Budget Vote 36 of the Department of Small Business Development. Small business remains one of the most important drivers of economic participation, innovation and job creation. They create livelihoods, sustain households, stimulate local economies, and often provide the first opportunity for economic participation in communities where formal employment opportunities remain limited. At a time when unemployment remains unacceptably high, economic growth remains constrained, and many businesses continue to operate under severe financial pressure, the work of this department becomes increasingly important.

The Select Committee on Economic Development and Trade has considered the Budget Vote 36 together with the department's strategic, Strat, plan and annual performance plan, APP. Following its deliberations, the committee supports this Budget Vote and recommends its adoption by this House. Our support, Minister, however, is accompanied by the expectation that the allocations approved today must translate into

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practical support for entrepreneurs, sustainable businesses and meaningful job creation.

Hon House Chair, for the 2026-27 financial year, the department receives an allocation of approximately R3,036 billion, increasing to approximately R3,256 billion over the medium-term. Importantly, more than R2,1 billion of this allocation is directed towards transfers and subsidies. This means that the success of the department will ultimately be measured not by the number of plans produced or meetings held, but by whether support reaches businesses, whether enterprises survive and whether jobs are created. A significant portion of these transfers, approximately R1,899 billion, is allocated to the Small Enterprise Development and Finance Agency, Sedfa. Sedfa now occupies a central position within the small business support ecosystem, following the consolidation of the Small Enterprise Development Agency, Seda, Small Enterprise Finance Agency, Sefa, and the Co-operative Banks Development Agency.

The objective of creating a more integrated support environment is understood and welcomed. However, institutional restructuring alone does not improve the lives of entrepreneurs. The committee expects improved turnaround

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times, simplified application processes, efficient systems, better communication with applicants and support that is accessible across all provinces. The true test of Sedfa will not be in its organisational structure. The true test will be whether entrepreneurs experience a better service. The Strat plan and APP contain several interventions that the committee welcomes. The department has committed itself to supporting 1 million micro, small, and medium enterprises MSMEs, and co-operatives during the Seventh Administration. This is an ambitious commitment, which, if achieved, could make a significant contribution towards economic inclusion, entrepreneurship and employment creation. However, numbers alone do not tell the full story.

The committee will continue to assess not only how many businesses are supported, but also how many survive, expand, access markets and create sustainable employment opportunity. The committee also notes the continued implementation of the Township and Rural Entrepreneurship Programme, with approximately R710 million allocated towards supporting businesses operating in areas that have historically been underserved. This programme has the potential to strengthen local economies and broaden economic participation in

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communities that often remain excluded from mainstream economic opportunities.

Similarly, the Asset Assist Programme receives approximately R215 million to support at least 860 MSMEs with productive assets and equipment. For many entrepreneurs, the challenge is not the lack of ideas or ambition. The challenge is access to the machinery, tools and productive assets required to grow a business. The committee therefore welcomes interventions that focus on improving productive capacity and competitiveness.

The Business Infrastructure Support Programme receives approximately R314,3 million and aims to support shared infrastructure facilities, hubs and at least 50 MSMEs and co-operatives through equipment, machinery, technology and energy solutions. This is an important intervention because many small businesses require more than finance, they require infrastructure, production facilities, equipment and operational support that enable them to compete effectively.

The committee has furthermore encouraged by the department's efforts to reduce administrative barriers facing entrepreneurs. Far too many businesses continue to face unnecessary delays, inconsistent municipal processes, licencing inefficiencies and compliance burdens that make it

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harder to operate, expand and create jobs. For many entrepreneurs, the challenge is not the lack of innovation or determination. The challenge is bureaucracy. It is waiting months for approvals, navigating fragmented municipal systems, dealing with differing compliance requirements from one municipality to another and finally, it is spending valuable time on administration rather than growing a business. The department's efforts to improve municipal e-registration systems, streamline compliance processes and expand digital support platforms are therefore welcome. However, these initiatives must ultimately translate into simpler, faster and more accessible services for entrepreneurs.

Hon House Chair, the committee further notes the department's intention to proceed with the Business Licencing Bill which is expected to come before Parliament and the NCOP. While the objective of improving co-ordination and standardisation may be understood, the committee emphasises that any new regulatory framework must avoid creating additional administrative burdens for already struggling businesses. South Africa cannot regulate small businesses into survival. Government must therefore ensure that any legislative intervention genuinely reduces red tape, simplifies compliance and improves the ease of doing business.

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The committee further notes developments relating to the Small Enterprise Ombuds Service. The intention behind such a mechanism is to strengthen recourse for small businesses, particularly where they face delayed payments, unfair treatment, abusive contractual practises or exclusion from markets. For many small businesses, delayed payment is not merely an inconvenience, it can threaten the survival of an entire enterprise. The committee will monitor the establishment of the Ombuds Service closely. While its objective may be to provide support and recourse to small businesses, care must be taken to ensure that it does not become another administrative hurdle that entrepreneurs are required to navigate.

The measure of success will be whether it resolves problems quickly and effectively, rather than adding further layers of process and bureaucracy. While the department's strategic direction contains many positive objectives, the committee remains concerned about implementation. Concerns have been raised regarding delays in the delivery of the machinery, equipment and infrastructure support to beneficiaries, procurement delays, supplier registration processes and payment inefficiencies. For many small businesses, timing is absolutely everything. A business waiting for months for

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equipment or approvals may not survive long enough to benefit from the support intended to assist it. This is why implementation remains critical.

The committee also notes the department's focus on improving market access. Market access remains one of the greatest challenges facing small businesses in South Africa. Far too many enterprises continue to struggle to participate meaningfully in procurement systems, value chains and export opportunities. Without customers and sustainable market opportunities, business cannot survive, regardless of how many support programmes exist. The committee therefore welcomes efforts aimed at improving export readiness, supplier development and market access initiatives. However, measurable outcomes remain essential. We must know how many businesses secured contracts, how many entered supply chains, how many expanded operations and ultimately, we must know how many jobs were created and sustained. These issues must also be viewed within the broader economic environment facing entrepreneurs today.

South Africa continues to experience weak economic growth, persistent unemployment and rising operation costs. Many businesses continue to operate under severe pressure, and

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business liquidations remain a concern. Behind every business closure, Minister, is an entrepreneur who has lost an investment, workers who have lost income and communities that have lost economic activity. When small businesses fail, local economies weaken and when local economies weaken, opportunities disappear. This reinforces the importance of ensuring that every rand allocated through this Budget Vote delivers measurable and sustainable impact.

The committee also notes the audit outcomes of the department. The department received an unqualified audit opinion with no material findings on its financial statements and performance information. This is welcome and reflects continued improvements in financial management and reporting systems. However, good administration must never become the objective. Ultimately, good administration must translate into tangible benefits for entrepreneurs and small businesses. The annual report further records irregular expenditure amounting to approximately R1,558 million in fruitless and wasteful expenditure of R6,358 million. While these amounts are relatively small in relation to the department's overall budget, they nevertheless reinforce the importance of maintaining strong internal controls, accountability and consequence management.

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The strategic priorities identified by the department are broadly aligned with the realities facing small businesses across South Africa. The focus on reducing red tape, improving access to finance, strengthening market access, supporting township and rural enterprises, integrating informal businesses into the mainstream economy, and improving co-ordination across government speaks directly to many of the challenges entrepreneurs face today. These are the right priorities. However, priorities on paper and outcomes on the ground are not the same thing. That is why the defining challenge remains implementation.

Entrepreneurs need government systems that move faster. They need support that is accessible and responsive. They need municipalities that enable economic activity rather than obstruct it, and they need programmes that deliver measurable results. Ultimately, Minister, success will not be measured by the number of strategies developed or plans approved, but by whether more businesses survive, expand and create sustainable employment opportunities.

House Chair, South Africa does not lack entrepreneurial potential. What we require is an environment where entrepreneurs can operate, expand and create jobs without

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being overwhelmed by inefficiency, delays and unnecessary barriers. Minister, if we do not get this right, small businesses will simply not survive. We must ensure that they will help drive economic growth, restore opportunity and strengthen communities across our country. I thank you, House Chair.

Mr N H PIENAAR: Hon Chairperson, hon Minister, hon Deputy Minister and hon Members of Parliament, good evening.

Afrikaans:

Goeienaand.

Sepedi:

Thobela.

English:

After the collapse of the ANC's outright majority, this junior government identified economic growth and job creation as its foremost priorities. To achieve these goals, every department should ask itself one simple question before introducing legislation: Does this reduce red tape or increase it?

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Chairperson, it has been encouraging to hear the President repeatedly emphasise economic growth and the ease of doing business in his state of the nation, Sona, addresses.

Likewise, many of the departments we oversee as the Select Committee on Economic Development and Trade have recognised that cutting unnecessary red tape is essential if we are serious about rescuing South Africa's economy and creating jobs. Unfortunately, this Department of Small Business Development appears determined to undo much of that progress.

Chairperson, the department intends to bring before this House a Business Licensing Bill that would require businesses to obtain a licence from the state before they can operate. Whether you are a plumber, electrician, builder, mechanic or entrepreneur trying to start a small business, government first wants you to ask permission. Can you imagine that, Chairperson? The Minister is doing exactly the opposite of what this Government of National Unity, GNU, government was established to achieve. Instead of reducing barriers to entry, she wants more state patrol, more centralisation, more paperwork, and less effort and freedom for South Africans to create businesses and employ others.

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I expected the Minister to stand here before us today and spend considerable time explaining why this Bill is necessary, but the question remains simple. How does forcing a business owner to obtain yet another licence from the state reduce red tape? The answer is quite simple. It doesn't. In fact, industry stakeholders have overwhelmingly criticised the Bill because it creates another hurdle, rather than removing existing ones. What entrepreneurs need is streamlined digital one-stop compliance systems that integrate existing requirements and remove duplications, not another layer of permission from the state.

Chairperson, the backlash against this proposed Bill has been so severe that the Minister still refuses to answer written questions regarding the number of objections received during the public participation process for the original draft. Don't worry, Minister, I will get those numbers from you one way or the other, and I will make them public.

We are encouraged that the Deputy Minister of the department has, reportedly, raised concerns regarding this deeply flawed legislation and encouraged its withdrawal. Even more encouraging are the indications that senior members of the executive, including the President, are not in support of this

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power-grabbing, job-killing Bill. Chairperson, I encourage the Minister to get with the programme and do so quickly. Our patience is wearing thin.

We also cannot debate this budget without mentioning the R500 million Spaza Shop Support Fund disaster. Initially, the department moved away from direct cash assistance because of widespread concerns regarding fraudulent applications.

Instead, it introduced a bulk stock support model with up to R40,000 per applicant. Chairperson, that made a lot of sense. Many small spaza shop owners do not have the buying power or capital to negotiate competitive prices with wholesalers.

Bulk procurement could have helped address that challenge. But somehow, the Minister found a way to turn this into yet another broad-based black economic empowerment, BBBEE, patch-it scheme by appointing only three bulk suppliers.

Chairperson, this is where the Spaza Shop Support Fund begins to resemble a comedy sketch. Three suppliers for an estimated 200 000 spaza shop funds nationwide. Minister, what is it with you and centralised control? To make matters worse, Chair, all three suppliers are reportedly based in Gauteng and are expected to serve the entire country. Minister, this is simply not credible.

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Afrikaans:

Agb Voorsitter, dit gaan my verstand te bowe waarom sommige depatemente soos die een aanhou probeer voorskryf hoe, waar en met wie die privaatsektor besigheid moet doen. Minister, los werkskepping aan die privaatsektor. U werk is om die omgewing te skep waar ondernemings kan groei, belê en werk skep. Hou op om daar groter sentrale beheer en mag jouself te verkryp. Dit is nie die privaatsektor wat by die staat moet aanpas nie. Dit is die staat wat moet aanpas by die privaatsektor sodat hulle kan floreer. Wanneer besighede slaag, word werk geskep. Wanneer die staat oorreguleer, stagneer die ekonomie.

English:

One might criticise me for identifying problems without proposing solutions. So let me provide guidance, Chairperson. Empower each province to appoint its own supplier through transparent, competitive procurement processes. Better yet, negotiate supply agreements directly with manufacturers to ensure small businesses receive stock at the lowest possible cost. The solutions exist, Chairperson. Unfortunately, when ideology takes precedence over common sense, departments set themselves up for failing.

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South Africans do not need more red tape. South Africa needs more entrepreneurs. Entrepreneurs do not need government's permission to succeed. They need government to get out of the way.

Afrikaans:

Baie dankie.

English:

Thank you.

The HOUSE CHAIRPERSON (Mr B A Radebe): Thank you, hon Pienaar, for your input. I hope the Minister has listened well.

Mr N H PIENAAR: I also hope so, Chairperson.

Mr S P MABILO: Hon Chair, thank you very much for the opportunity given. First and foremost, I think I need to salute the 1976 generation for their bravery and for the sacrifices they have made. Salute to the generation of 1976. Secondly, Chair, I would like to wish Bafana Bafana well.

The HOUSE CHAIRPERSON (Mr B A Radebe) Excuse me, hon Mabilo, just wait for a minute. Can the table staff please fix the

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timer, or is it only my timer on my device, which is showing minus 42?

An HON MEMBER: To all of us, Chair.

The HOUSE CHAIRPERSON (Mr B A Radebe): Table staff, will you please fix the timer?

An HON MEMBER: Yes, Chair, they must fix it.

The HOUSE CHAIRPERSON (Mr B A Radebe): We know that Bafana Bafana are playing, let us concentrate on the work given to us by the South African citizens. Thank you, table staff. Hon Mabilo, you are starting for ... [Inaudible.]

Mr S P MABILO: Hon Chairperson, hon Minister, Deputy Minister, all members, MECs, special delegates ...

Setswana:

... багаetsho ko gae, dumelang.

English:

The ANC rises in support of Budget Vote 36, Small Business Development. Today we debate the creation of an environment

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for a thriving micro, small and medium enterprise, SME, sector, and co-operative movement that advances inclusive growth, economic transformation and employment creation. This debate is guided by the resolution of the ANC's 54th National Conference, which calls for the creation of an innovative ecosystem that brings entrepreneurs, investors, research institutions, communities and government, together, so that new enterprises can emerge with innovative solutions to societal challenges.

The ANC remains convinced that entrepreneurship, innovation and small business development are central to South Africa's economic future. Our task is to create the conditions that allow these enterprises not only to thrive, but also to survive. South Africa continues to face the triple challenges of unemployment, poverty and inequality. The ANC-led Government of National Unity, GNU, understands that these challenges cannot be resolved through government action alone. They require a vibrant private sector, strong entrepreneurship, thriving co-operatives and a growing township and rural economy.

This is why President Cyril Ramaphosa has repeatedly emphasised that small businesses are the country's most

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important engine for job creation and economic inclusion. During the state of the nation address, Sona, the President announced the establishment of a R20 billion transformation fund aimed at supporting Black-owned enterprises, women-owned businesses, youth-owned enterprises and small, medium, and macro enterprises, SMMEs. This intervention forms part of government's broader programme to transform ownership patterns in the economy and expand economic participation to those who were historically excluded. The ANC welcomes the R3 billion Budget Vote presented by the Minister of Small Business Development, hon Stella Ndabeni-Abrahams.

The Minister correctly states that the Small Business Development portfolio is one of government's most important economic vehicles for reducing unemployment, inequality, through structural reforms, infrastructure investment and stronger participation with the private sector. Most importantly, the department has set aside a bold target of supporting 1 million macro, small and medium enterprises, MSMEs and co-operatives during the Seventh Administration. This is not an unrealistic aspiration; it is built upon measurable achievements already delivered by the ANC-led government during its tenure.

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During the previous financial year alone, the department supported a total number of 288 103 SMMEs and co-operatives across the country. Of these, 117 134 enterprises received direct financial support. About 170 989 enterprises benefited from nonfinancial support interventions such as, business development, mentorship incubation, market access and support enterprise development. These figures demonstrate that government support is reaching entrepreneurs at scale and making a meaningful contribution towards enterprise development. One of the ANC's most significant achievements has been the strengthening of support for township and rural enterprises.

For far too long, township and rural enterprises operated with limited access to finance, to markets and infrastructure. The ANC has deliberately prioritised these sectors because we recognise that inclusive growth cannot occur in economic opportunities, when economic opportunities remain concentrated in major urban centres. Through the Township and Rural Enterprise Programme, TREP, government disbursed more than R829 million during the 2025-26 financial year, to support a total number of 111 000 MSMEs operating in township and rural economy.

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Building on this success, government has increased the maximum funding threshold under TREP from R1 million to R3 million per qualifying enterprise. That is a remarkable achievement. This is a significant intervention because it enables businesses to move beyond survivalist activities and scale into productive enterprises capable of creating employment. For the current financial year, government has allocated a total number of R710 million towards this programme. This is practical evidence of the ANC's commitment to ensuring that villages, township and rural communities become active participants in the economic growth.

The ANC also welcomes the development of the Township and Rural Economy Development and Revitalisation Programme. It reflects the ANC's strong-standing commitment to spatial transformation and inclusive economic development. Another significant intervention is a spaza shop support fund. Many township retailers face challenges related to access to stock financing, business formalisation and compliance requirements. The ANC government has responded by establishing a dedicated support programme for these enterprises.

To date, a total number of 1 316 sponsor shops have already been approved for support, which amounts to a total amount of

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R79,6 million. The programme provides support for stock, formalisation, regulatory compliance and business sustainability. By strengthening locally-owned sponsor shops, government is protecting livelihoods, supporting local ownership and revitalising township economies. The ANC recognises that finance alone is not sufficient or enough. Small businesses also require infrastructure, equipment, technology, and productive assets. This is why government has expanded the assets programme. Last year alone, the programme supported a total number of 938 MSMEs with productive assets valued at a total amount of R190 million.

This year, the government has allocated a total number of R250 million to support at least 860 MSMEs through the provision of machinery, equipment, and productive assets that improve competitiveness and productivity. This intervention is particularly important because many small businesses cannot access traditional loans, and therefore, require grant-based support to grow. The ANC further welcomes the Business Infrastructure Support Programme, BISP. This programme supports business hubs, industrial parks, revitalisation, shared productive facilities, and infrastructure for MSMEs and co-operatives.

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For the current financial year, government has allocated a total amount of R314,3 million to support 10 business hubs and shared infrastructure facilities while assessing at least 50 MSMEs and co-operatives with equipment, machinery, technology, and energy solutions. These investments strengthen the foundation upon which sustainable businesses can grow. The ANC has always recognised that women, youth, people with disabilities, and township entrepreneurs in the rural areas, require targeted support if meaningful transformation is to be achieved. Through the work of the Small Enterprise Development and Finance Agency, SEDFA, the government has delivered measurable outcomes.

During the past financial year, black-owned enterprises received a total amount of R2,3 billion; rural enterprises received a total of R1,2 billion; women-owned businesses received a total amount of R1,2 billion and youth-owned enterprises received an amount of R501 million. These investments demonstrate that transformation is not merely a slogan, but it is reflected in actual funding directed towards historically disadvantaged entrepreneurs. The ANC also recognises that cutting red tape and improving the ease of doing business remains critical and essential.

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We therefore welcome this increase in the registration threshold from R1 million to R2,3 million, which reduces compliance burden for many small business enterprises. We further support the department's plan to introduce a digital business licensing platform and continue pursuing legislative reforms aimed at reducing administrative barriers that prevent entrepreneurs from growing their businesses. The ANC believes that government must be an enabler of enterprise development, and not an obstacle. The National Development Plan, NDP, is clear. Approximately 90% of new jobs and 60% of economic value creation are expected to come from small businesses.

The ANC, therefore, rejects any notion that small business development is a peripheral issue. Small businesses are central to economic transformation, for job creation, to reducing inequality, and to reducing the burden and pressure from those who are trying to eat and live. They are central to building a more inclusive economy for all. As the ANC, we are proud of the progress already achieved through the programme, such as firstly, the R20 billion transformation fund; secondly, the target to support 1 million MSMEs during the administration, thirdly, the support of 288 MSMEs in the previous financial year.

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The R829 million disbursement through TREP, the increase of TREP funding from R1 million to R3 million, the support provided to a total number of 1 316 spaza shops, the R343 investment in MSME infrastructure, the billions invested in black-owned, women-owned, youth-owned townships and rural enterprises. These are remarkable achievements, as we indicated, and these are practical interventions that are worthy to be supported, to be celebrated, and to be strengthened, that are already making the necessary impact in the lives of our people, supporting entrepreneurs and creating opportunities through the entire South Africa.

In conclusion, the ANC believes that every successful entrepreneur contributes to economic growth; every thriving co-operative contributes to community development, and every growing small business creates opportunities for workers, families, and future generations. For this reason, the ANC proudly supports Budget Vote 36 and recommends itself to building an economy that is inclusive, transformed, innovative, sustainable, and capable of creating sustainable jobs for South Africa. The ANC supports the budget. Thank you very much, hon Chair, for the opportunity.

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The HOUSE CHAIRPERSON (Mr B A Radebe): Thank you, hon Mabilo, for your input. It shows that really, you come from the biggest province in the country. Hon delegates, I want to alert you to the fact that the Minister left seven minutes during her opening remarks, and that they will be added during her response time. So, instead of five minutes, she will be having 13 minutes. So, without further ado, hon delegates,

Mr M K MAKUME (Free State): Hon Chairperson, Minister responsible for Small Business Development, Ministers and Deputy Ministers present, hon members of the Portfolio Committee on Small Business Development, the distinguished guests, ladies and gentlemen, it is an honour to rise in support of the budget vote presented by the hon Minister of Small Business Development, Mme Stella Ndabeni. The Free State province fully supports the Minister's vision of advancing economic transformation through the development of micro, small and medium enterprises, co-operatives, township businesses and informal traders.

We further align ourselves with the national target of supporting 1 million MSMEs and co-operatives during the seventh administration. The Free State has embraced this mandate and continues to implement practical interventions

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that support Minister's five strategic priorities for the 2026/27 financial year. In relation to reducing red tape and improving the ease of doing business, hon Chairperson, the Minister correctly identifies regulatory reform and reducing barriers to entry as critical to unlocking entrepreneurial growth.

In the Free State, we continue to support enterprise formalisation and business compliancy through targeted business advisory programmes, registration support initiatives and central supplier database registration drives through provincial consumer protection interventions, inspections and compliance support programmes. We are creating a more credible and enabling business environment while protecting consumers and supporting the legitimate enterprises.

The province has further strengthened partnerships with municipalities through provincial local and economic development forums to improve co-ordination and streamline support services available to entrepreneurs. These interventions complement the department's efforts to establish a one-stop digital platform and modernise business license systems, building township and rural economies. Hon members, the township and rural economic revitalisation remain a

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cornerstone of the Free State growth and development strategy, particularly because Free State is one of those rural provinces, other than being a metropolitan province.

Over the past financial year, the province supported approximately 1 580 enterprises through various business development programmes, enabling entrepreneurs to access markets, business support services and growth opportunities. Through our partnership with Coca-Cola Beverages South Africa, 128 spaza shops receive refurbishment support, strengthening township retail businesses and improving their competitiveness. The province also supported 29 youth-owned startup businesses, creating pathways for younger entrepreneurs to participate meaningfully in the economy.

In the true spirit with the current theme, that we are honouring the past and delivering the future. Women-owned enterprises were empowered through dedicated Women in Business programmes aimed at increasing participation in mainstream economic activities. Further investment in township economic infrastructure continued through catalytic projects such as the MSME Container Hub in Paris, the Qwaqwa Technical Cluster AgriMark, and the Yellow Street Factory Revitalisation Project in Botshabelo. Together, these projects represent investment

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exceeding R60 million and are creating opportunities for production, manufacturing, incubation and enterprise growth in historically disadvantaged communities. Thank you, Minister, for the support in this regard. These interventions directly advance the Minister's objective of building resilient township and rural communities in the true spirit of honouring the past and delivering the future.

Expanding market access and industrial participation. Hon Chair, the Minister correctly observed that South Africa must become a nation that produces not merely consumes. The Free State is therefore focusing on integrating small enterprises into mainstream value chains and production networks. Within the agro-processing sector, eight agro-processors receive equipment support, two enterprises receive product testing assistance and 15 entrepreneurs receive a food safety training. Support exceeding R1,3 million was provided to strengthen competitiveness and market readiness.

In the mining sector, four enterprises received direct support through funding and enterprise development interventions in Senekal, Mangaung, Bethlehem and Fezile Dabi District Municipality. The province continued to advance localisation to supply development initiatives, trade exhibition, market

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access programmes and procurement support interventions aimed at increasing participation of local enterprise in both public and private sector value chains.

Hon members, access to finance remains one of the most significant barriers facing emerging enterprises. The Free State welcomes the Minister's commitment to expanding financial support through Small Enterprise Development and Finance Agency, Sedfa, and targeted funding programmes for women, youth, veterans and innovative enterprises. Working closely with Sedfa and other funding institutions, the province facilitated significant support for Free State entrepreneurs. In 2025/26 financial year, R21,7 million was disbursed to enterprises. Eighteen Black-owned MSMEs received direct support and 128 jobs were maintained and created. Importantly, the majority of beneficiaries were women and youth-owned enterprises, demonstrating our commitment to inclusive economic participation, but also in the spirit of ensuring that we honour the past and deliver the future.

The province will continue to work closely with Small Enterprise Development and Finance Agency, Sedfa, to ensure that entrepreneurs across all districts gain access to affordable finances and business growth opportunities,

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expanding business development services, digital innovation and entrepreneurship. The Minister has correctly emphasised that access to finance alone is insufficient. Sustainable enterprise requires skills mentorship, innovation, support and business development services. The Free State has made notable progress in this regard.

The Botshabelo Digital Hub continues to serve as an important centre for digital innovation and entrepreneurship development. With annual provisional support, the hub provides the following: enterprise development programmes, the basic coding and computing training, the digital innovation head tones, the technology skills development programmes, lastly, the youth entrepreneurship support initiatives, also in the spirit of honouring the past and delivering the future. These programmes are preparing young people for participation in the digital economy while creating future entrepreneurs and innovators.

The province has also leveraged partnership with Media, Information and Communication Technologies, MICT Seta, and the National Skills Fund, NSF, and other institutions to provide training in automotive services, artisan development, cell

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phone repair, food safety, business development services, compliance training and technical vocational skills.

Tourism also remains a critical market access platform. The Free State showcased 13 tourism products at Africa's travel Indaba and three tourism products at the World Travel Market, creating exposure opportunities for local tourism enterprises and expanding access to domestic and international markets. The province has strengthened enterprise development by training tourist guides for the Kgodumodumo Dinosaur Interpretation Centre and the Vredefort Dome Visitor and Interpretation Centre, while creating opportunities for tour operators and community-based tourism enterprises. These interventions contribute directly to entrepreneurship development, business sustainability and employment creation.

Catalytic Economic Development for the Future. Hon Chairperson, the Free State is also implementing strategic catalytic programmes that complement the Minister's vision. These include the Mangaung Development Corridor, the Maluti Development Corridor and the Getaway Development Corridor. These development corridors are unlocking opportunities in tourism, logistics, agriculture, manufacturing and trade,

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while creating market access opportunities for small enterprises.

Furthermore, renewable energy investment such as the Sunweja Solar Plant, the Virginia Solar Park, the Hauuta Solar Project and the Springbok Solar Power Plant are creating new procurement opportunities for local suppliers, contractors and emerging entrepreneurs. These investments position the Free State as an important contributor to South Africa industrial localisation and green economy agenda.

In conclusion, hon Chair, the budget vote presented by the Minister provides a practical roadmap for accelerating economic transformation through enterprise. The Free State province remains fully committed to supporting the Minister's priorities by reducing barriers to doing business, strengthening township and rural economies, expanding market access, improving access to finance and developing entrepreneurial and digital capabilities. Together, we can build an economy where entrepreneurs thrive, where opportunities are accessible to all and where economic growth translate into jobs, dignity and prosperity for our people. The Free State therefore fully supports the budget of the Minister and the strategic direction outlined by the hon

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Minister. Let us also join South Africans by wishing Bafana Bafana luck tonight. Thank you very much.

The HOUSE CHAIRPERSON (Mr B A Radebe): Thank you, hon Makume, for your input highlighting programmes which are done by your office, also appreciating the fact that these issues are coming from the food basket of the country. Hon delegates, the next speaker on the virtual platform is hon B J Farmer from the Western Cape, the home of Robben Island.

Mr B J FARMER: Hon Chairperson, I hope I'm perfectly audible. Hon Chairperson, hon Minister and hon members, I again greet you in the name of Jesus Christ, our Lord and Saviour.

When we speak about small businesses, we are speaking about hope and opportunity. We are speaking about ordinary South Africans who wake up every morning determined to build a better future for themselves and their families.

The woman running a hair salon, the young entrepreneur selling products online, the mechanic operating from a backyard workshop, the emerging farmer supplying a local market, the spaza shop-owner serving a community – these are the people who keep local economies alive and who deserve our support.

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The PA welcomes this Budget Vote and recognises the important role that small businesses play in creating jobs, reducing poverty and driving economic growth.

Government has repeatedly acknowledged that small enterprises will generate the majority of future jobs in South Africa. If that is true, and we believe it is, then supporting small, medium and micro enterprises, SMMEs, cannot be treated as a side project. It must become a priority.

One of the biggest frustrations facing entrepreneurs is access to finance. Every year we hear about funding programmes and support mechanisms, yet many small business owners still tell us the same story. They cannot access capital, meet lending requirements, provide collateral or complete complicated application processes.

The PA believes funding must become more accessible, especially for township businesses, rural enterprises, youth-owned businesses and women entrepreneurs. Entrepreneurs with potential should not be excluded because they lack connections or resources.

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We must also speak honestly about red tape. Government cannot encourage entrepreneurship with one hand and frustrate entrepreneurs with the other. Too many businesses face delays in permits, licences and compliance requirements. We therefore call for a renewed effort to simplify business processes and reduce unnecessary administrative ... [Inaudible.]

... [Inaudible.] ... remains one of South Africa's greatest untapped opportunities across our communities. There are entrepreneurs already creating value despite difficult conditions. They operate without large investors, sophisticated infrastructure and major support, yet, they continue to serve their communities and create livelihoods.

We believe that township businesses should not merely survive; they should thrive. Support programmes must reach the entrepreneur on the ground, not remain trapped in reports and presentations.

We must also recognise the growing threat of crime and extortion. Economic development and public safety are inseparable. Every successful anticrime intervention is also an economic intervention. Every successful business protected from extortion is a business that can create jobs.

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The PA also supports greater emphasis on local procurement. Government spends billions of rand every year. More of that spending must reach South African SMMEs. Local businesses should have meaningful opportunities to participate in public procurement processes. This is not about lowering standards. It's about creating opportunities for local growth and economic inclusion.

Technology is also changing the way businesses operate. The future economy will increasingly be digital. Our entrepreneurs must not be left behind. We support greater investment in digital skills, e-commerce participation, innovation hubs and technology support for small enterprises.

The success of this Budget Vote will not be measured by how much money is allocated. It will be measured by outcomes. How many businesses were started? How many jobs were created? How many entrepreneurs received real support?

Let us build an environment where businesses can grow, where innovation is rewarded and where opportunity is accessible, because when small businesses succeed, South Africa succeeds.

Hon Minister, your new look fits well on you.

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Afrikaans:

Moenie baiza nie! Saluut!

English:

Mr B C MNGADI (KwaZulu-Natal): Hon Chairperson, Ministers and Deputy Ministers, hon members of this House, as the MK Party ...

IsiZulu:

... sifisa ukudlulisa inhlanhla nempumelelo kumdlalo weBafana Bafana ...

English:

... that is playing tonight ...

IsiZulu:

... sithi nje, ...

English:

... all the best ...

IsiZulu:

... bafana baseNingizimu Afrika.

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English:

The HOUSE CHAIRPERSON (Mr B A Radebe): Hon Mngadi, just stop a little. Yes, then they started the clock. You can continue now.

Mr B C MNGADI (KwaZulu-Natal): The MK Party rises today to participate in this important debate on the Small Business Development Budget Vote No 36 Appropriation Bill B 4 – 2026. We do so from the perspective of millions of unemployed South Africans, the struggling township entrepreneur, the informal traders on our streets, the co-operative members in rural villages and young graduates who have been promised economic opportunities but whose meaningful participation in the economy continues to fail in execution.

Small businesses are often described as the backbone of any economy. Yet, in South Africa, particularly in Kwazulu-Natal, small businesses continue to operate under conditions of economic hardship, bureaucratic obstacles, limited access to funding, unreliable infrastructure and an economy dominated by a small number of powerful corporations. While government continues to make promises about economic transformation, the lived reality of our people tells a different story.

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South Africa remains trapped in a cycle of economic stagnation, poverty and unemployment. The National Development Plan envisioned the creation of 11 million jobs by 2030 and an unemployment rate of only 6%.

Economic growth remains weak. Poverty remains entrenched and millions remain without work. The MK Party believes that one of the primary reasons for this failure is that government policy continues to favour established economic interests, while small business enterprises are treated as an afterthought. We cannot continue speaking about transformation while procurement opportunities, financial resources and market access remain concentrated in the hands of a privileged few.

The department proudly states that it aims to support 50 000 start-up SMMEs through financial and nonfinancial interventions during the medium-term period. While this target is welcomed, it must be viewed against the scale of the challenge confronting our nation.

South Africa has millions of unemployed citizens and hundreds of thousands of struggling enterprises. A target of 50 000 businesses, while positive, remains insufficient when

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compared to the magnitude of economic exclusion facing our people, even more, concerning the treatment of co-operatives.

According to the committee's findings, there are approximately 125 658 registered co-operatives in South Africa. Yet, the department plans to support 50 000 ... 50 co-operatives during the current financial year. Fifty co-operatives out of more than 125 000. This is not transformation. This is an abandonment.

This is a reflection of a shocking lack of ambition and raises serious questions about government's commitment to the co-operative movement as a vehicle for economic empowerment and community ownership. The MK Party has always maintained that co-operatives should be at the centre of economic development. They represent collective ownership, local participation and community-driven growth. Instead of empowering co-operatives, government has allowed them to remain underfunded and neglected.

The report reveals that 314 million within programme three is earmarked to business infrastructure support. While infrastructure investment is necessary, we are concerned about

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the department's poor track record in delivering infrastructure projects.

Government must understand that budgets alone do not create development. Delivery creates development. Communities cannot eat promises. Entrepreneurs cannot build businesses on targets that remain unachieved year after year.

The MK Party demands transparency, accountability and measurable outcomes in the allocation of these funds. Every rand spent must contribute to job creation, enterprise growth and economic transformation.

In conclusion, the struggle for economic freedom remains unfinished. Political liberation without economic empowerment is incomplete. The people of South Africa are not asking for handouts. They are demanding opportunities. They are demanding access to finance, access to markets, access to infrastructure and access to meaningful participation in the economy.

The MK Party believes that small businesses, co-operatives and informal enterprises must become the engine of economic transformation. However, this will ... require more plans, reports and speeches. It will require bold political will,

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decisive intervention and a genuine commitment to place the interests of ordinary South Africans ahead of powerful economic interests.

We will continue to hold government accountable, we will continue to expose the failures where they exist and we will continue to champion policies that place the people first, because economic justice is not a privilege; it's a right.

The MK Party will not support the budget that is suffocating our small business development, in particular ... the blacks. I thank you, hon Chairperson.

The HOUSE CHAIRPERSON (Mr B A Radebe): Thank you, hon Mngadi, for your input, and your honesty for that matter. However, what I'd like to do now is to warn the people who are monitoring the clock. Hon Mngadi had eight minutes and on the clock he was allocated 10.

I think we know very well that Rule 59 says that what is allocated to the Chief Whip must be adhered to, but at least he remained within his eight minutes. Thank you for that, hon Mngadi. The next speaker on the virtual platform is hon Montwedi from the North West, home of the platinum.

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Mr M K MONTWEDI: House Chairperson, a good evening to everyone in the meeting, the Minister and all officials. House Chair, I think it is important to start by saying I hope our people are watching the hypocrisy of the DA, that: In one moment they are saying government must create an enabling environment for business to succeed; the next moment, like now, what we have just heard, hon Pienaar saying government must stay away and not bring reforms.

Hon Minister, you have the responsibility to bring reforms, and we as Members of Parliament have the responsibility to shape them in a way that we think will assist small businesses; not this thing of some spoiled brat white privilege by the DA, of throwing their toys around when their proposals are not supported. Feel free, Minister, we will support good initiatives irrespective of whether we are in the GNU or not. Bring those reforms, Minister, as long as they seek to empower our people.

Today, we debate the Budget Vote of the department that claims to be the champion of small businesses, co-operatives, township enterprise and rural enterprise. However, the truth is far more painful, as DSBD is not an engine of economic

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inclusion but has become a spectator while small businesses collapse under its watch.

So, the EFF rejects this Budget Vote because we are dealing with a department that talks transformation but cannot execute it - a department that speaks of empowerment while failing to enforce the most basic conditions for SMME survival, timely payments, fair procurement, access to the markets and a functioning support ecosystem. Chairperson, let me switch off the video; I think the connectivity is very poor.

Let us be honest: SMMEs are not dying because they lack ideas; they are dying because the state is failing them; they are dying because blended finance is not reaching them; they are dying because red tape is suffocating them; and they are dying because DSBD has no enforcement power, no monetary muscles and no agency. However, allow me to bring the House into the lived reality of township entrepreneurs, because if we are serious about transformation, we must listen to the people who are actually doing the work on the ground.

House Chair, Mr Rapela Masorelele from Sekhukhune in Limpopo, under Fetakgomo Tubatse Local Municipality, reached out to me over a year ago. He submitted a formal complaint on behalf of

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school supplier forums, representing suppliers from Limpopo, KwaZulu-Natal, North West and Mpumalanga. Their letter was not just a complaint, but it was a cry for help. It was an indictment of how public institutions trick black small businesses.

These complaints include the conditions that black small businesses are presented with after providing their services and not getting paid. The complaints detail how long this treatment goes on for, which is sometimes up to three months without them being paid for the services they have rendered as black suppliers.

However, the most concerning thing is that, in relation to the white suppliers, they get paid upfront for the same service they have rendered. As for the EFF, the EFF reject the Budget Vote because this is not an isolated incident. This is a multi-province pattern of abuse. It exposes the truth that we must confront, which is that black township suppliers are being treated as inferior in their own country.

School payments are delayed for a month; paying half of what was agreed; claiming daily limits; no network; the treasurer not at work; and refusing to use EFT systems properly. Through

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all these, they are collapsing small businesses through deliberate administrative obstruction. Meanwhile, white suppliers, as I said, are paid upfront without any excuse, any delay and without any humiliation.

This is economic discrimination. It is noncompliance with Treasury regulations. It is a direct violation of the South African Schools Act. The EFF therefore condemns this action as it further perpetuates the ideals of inequality in this country. These suppliers are not large corporations; they are township entrepreneurs who must pay their own suppliers upfront, pay employees every month and keep their businesses alive.

However, let us now turn our attention to the DSBD's own 2026-27 APP. The APP does not save the department but rather exposes it. The Department of Small Business Development commits itself through the APP that: It will support one million enterprises by 2030; create about 273 500 jobs; sustain 1,6 million jobs; and lastly, formalise 10% of its informal businesses.

The question is: How can this department achieve all of this if the same APP shows a shrinking budget for SMME support when

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it has an underlying base; when it has a 26,2% vacancy rate; when it has no enforcement unit, no monitoring capacity, no authority to intervene when SMMEs, like the ones I just mentioned, are being abused; and lastly, when it has a reliance on co-ordination instead of actual intervention.

All of these issues above prove that the DSBD is incapable of delivering on its mandate. Furthermore, the department plans for less and delivers even fewer results. The budget shows downgrades in market access targets: This is through the decrease of opportunity for MSMEs, from 1 250 to 1 000 MSME products to the markets.

Chairperson, exposure is not market access; exposure does not pay salaries; and finally, exposure does not build township economies. Hon Minister, market access for small enterprises must start with government itself, rather than focus solely on the private sector. Government is the largest buyer of goods and services in this country.

So, let me ask you this question, hon Minister: Have you ever taken time to look and check who supplies the hospital in and around Sakhele Village in Mthatha, where you were born? Who supplies Taung District Hospital in my constituency? Who

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supplies Bophelong District Hospital in Mahikeng? Is it small businesses; is it emerging farmers; or is it the same old politically connected companies that have captured state supply chains for decades?

Minister, let me now go further by asking this last question: Who supplies our Correctional Services facilities with vegetables, chickens and red meat? This is because senior leaders, like your current DSG. Nomvula Mokonyane and many others in the former liberation movement continue to get chicken and lamb delivered to them from Bosasa era. South Africans have not forgotten about this!

How does a department with a quarter of its posts vacant claim to be a driver of economic inclusion? How does a department with no enforcement power claim to be a protector of SMMEs? How does a department that cannot fix its own internal dysfunctionality claim to fix the economy? Blended finance was pitched as an ultimate tool to empower SMMEs, with the APP promising to mobilise R10 billion to support thousands of businesses and kickstart rural and township development.

The report also speaks about reducing red tape, supporting co-operatives and formalising the informal business. However, all

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these, with no strategy and efforts, are a mere wish list for the department. The stark operational reality on the ground completely invalidates the promises made in the APP. Instead of serving as a developmental capitalist, severe capital distribution bottlenecks mean that critical funding is failing to reach small business development.

Now, let's speak about the Spaza Shops. Today, we are confronting a painful irony. The very department that reduces red tape is actively manufacturing red tape inside its own flagship programme: We are talking about the Spaza Shop Fund. The Minister, in her written reply, confirms that applicants must provide municipal registration; Sars registration or a six-month transactional period; compliance with all health and safety legislation; a valid municipal license or certificate of acceptance; and in some cases, a CIP certificate within six months.

Chairperson, these are the exact bureaucratic hurdles township enterprises have been begging government to remove for years, yet the department responsible for cutting red tape is the one reimposing them. The Minister confirms that the entire programme is online only, requiring entrepreneurs to upload documents through a digital platform. How does the department

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responsible for township development design a system that excludes entrepreneurs with limited data, poor connectivity, and no digital support?

The programme can only support 2 408 spa shops out of 150 000. This means 98% of township businesses are locked out, yet those who try to enter must climb the mountain of compliance created by the same department that claims to be dismantling red tape. On BISP, I think hon members did touch on the BISP, but the emphasis is that the BISP is a very important programme. It must be supported.

We are calling the Minister to ensure that all the red tape that is associated with the implementation of the BISP is reduced. We are also calling for the Minister to ensure that all those applications that are there are processed on time, and there are no delays, because those MSMEs that have submitted their applications are waiting for a response from the department.

On co-operatives, Minister: This is the most neglected sector. A quick summary around co-operatives is that we are calling upon the department to reconsider the target to support only 50 co-operatives because there are thousands and thousands of

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co-operatives in South Africa that are in the spaces of agriculture, agro-processing and textile, which are not able to create meaningful jobs for the people. We are also calling for the department to reconsider and make sure that it brings in more co-operatives so that they participate in this programme.

This ultimately means that money is not reaching the ground; the DSBD has no monetary system to track disbursement; the beneficiaries are not township entrepreneurs, they are the same old networks; and blended finance has become a slogan and not a solution.

The department claims to reduce red tape, as we did indicate in the APP, but it operates in an enforcement vacuum; possessing zero authority over local municipalities; no legal power to compel compliance from other sister organs of state; and no measurable targets to track actual regulatory relief on the ground.

Bureaucratic barriers cannot be dismantled through endless stakeholder workshops. They are broken down through strict legislative enforcement. Because the DSBD lacks the statutory mandate to enforce anything, its promises to ease the

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regulatory burden on small businesses amount to nothing more than empty rhetoric.

As a result of the above-mentioned concerns, the EFF calls for action, which includes demands for audits and enforcement of payment rules, an accountability mechanism and strategies to support the township economy. The EFF, therefore, reject this Budget Vote as it does not empower and speak to the lived realities of small black businesses. The EFF reject this Budget Vote because it lacks the funds to help the department advance their support in small businesses.

Chairperson, we are also saying that the EFF rejects this Budget Vote because instead of decreasing unemployment and bringing new business into the sector, it drives them out of the sector, increasing unemployment rates. With those few words, we want to wish Bafana Bafana well in their game as they start the World Cup today. We want to watch them up until the World Cup comes to a finish. I want to thank you, Chairperson, for the opportunity given. Thank you very much.

The HOUSE CHAIRPERSON (Mr B A Radebe): Thank you, hon Montwedi for your patriotism. Hon delegates, the next delegate to participate in the debate is the chairperson of Economic

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Development and Tourism from KwaZulu-Natal, the province of the sugarcane. Over to you, hon M D Mndebele. Is hon Mndebele on the platform?

Mr M D MNDEBELE (KwaZulu-Natal): Hon House Chair, hon Minister, Deputy Minister, hon members of the NCOP, special delegates, hon from business and media houses, on behalf of the people of KwaZulu-Natal, allow me to rise in support of Budget Vote 36. From the outset, allow me to profoundly thank Minister Stella for her role in continuing to prioritise and support KwaZulu-Natal.

At the centre of the economic struggle of our country lies a fundamental question. Who participates meaningfully in the economy of our country? Because political freedom without economic participation produces instability, inequality, and hopelessness. South Africa does not merely face low growth; South Africa faces structural crises of exclusion.

Millions remain outside productive economic activities, and millions remain outside ownership. Millions remain without stable income, and nowhere is this most demonstrated than in small business, informal traders, township entrepreneurs, and emerging black industrialists. That is why, for us, as people

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of KwaZulu-Natal, this Vote 36 matters the most because at the centre of the Budget Vote is the recognition that small business development is not a single issue in the economy but is one of the central issues of the economy. In our view as the province, the apartheid economy was never designed to produce black industrialists. It was designed never to produce black manufacturers, and never to design black-owned productive entrepreneurs.

It was designed to produce cheap labour. Townships were deliberately designed as labour reservoirs. Our townships were designed as consumers, not as producers. Rural communities were systematically disconnected from infrastructure, market, and investment. Consequently, is what we see today. Many small businesses remain trapped in survivalist conditions instead of becoming sustainable, productive enterprises. Many informal traders continue to operate without proper infrastructure, financial access, and market access. Many young entrepreneurs continue to possess innovation and determination, but they remain locked outside capital and the supply chain. This Budget Vote, therefore, correctly recognises that if we are serious about economic transformation. We must place small business development at the centre of national economic recovery. Karl Marx correctly reminds us that the economic

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structure of the society determines who holds power and who remains excluded. If productive ownership remains concentrated in the hands of the few, then inequality will reproduce itself, unfortunately, for generations to come. The question is whether we are prepared to fundamentally restructure our economy and ensure the participation of ordinary people, because an economy where millions survive only on consumption, while ownership remains concentrated in the hands of the few, is both dangerous and like a ticking time bomb.

That is why we support micro, small, and medium enterprises, MSMEs, co-operative township entrepreneurs, women-owned businesses, and youth enterprises as fundamental areas that we must support as the state. We must support this not as charity, not as symbolism, but as a programme of structural economic transformation. In KwaZulu-Natal, the Fifth Administration had already begun the work that now the Seventh Administration continues with, of supporting this area, and nowhere is this visible than the support we have given for small businesses, particularly infrastructure for informal traders in Gingindlovu, KwaHlabisa, Kokstad, and Gamalakhe. Those are not just mere stories, but they are support to small businesses. That support is about restoring the dignity of small businesses that historically have operated without

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infrastructure, security, and state support. In Mandeni, we have also put in place support. We have put in place a better incubator. We have put in place a programme to revive the small economy, including in Newcastle, Madadeni, and 11 textile belts. In our view, if school uniform, hospital uniform, government furniture, and protective clothing can be locally produced by township and rural entrepreneurs, then public procurement itself will be used as a means of transformation. Otherwise, if we keep on producing but buying from old capital, we will then be ensuring that public expenditure goes back to historically concentrated capital.

The expansion of Special Economic Zones, SEZs, must also feature in this area. We must ensure that our Special Economic Zones, particularly for us in KwaZulu-Natal, your Dube Trade Port, and Richards Bay, do not only become instruments that serve only the conglomerates, but we must ensure that they incorporate even local producers, they incorporate people at the economic level, and they are able to subcontract them and develop them. In so doing, our view is that we'll be able to expand the economy. One of the greatest barriers confronting small businesses remains access to finance. Many black entrepreneurs do not fail because they lack ideas, discipline, or innovation. They fail because access to capital remains

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structurally unequal. This Budget Vote correctly recognised the importance of developmental financial institutions, enterprise support programmes, and market access intervention. But finance alone is insufficient. Finance without infrastructure fails. Finance without market access fails. Finance without localisation will surely fail. Finance without state co-ordination will also fail, and finance without procurement reform will fail. That is why a developmental state must co-ordinate infrastructure, finance, localisation, and industrialisation into one integrated economic programme.

There is a dangerous tendency in some economic discussions to romanticise the market as if it will resolve structural inequalities of our country. These have been proven otherwise by history. Every successful industrial economy has used deliberate state intervention to support local industry, build productive capacity, and protect strategic sectors. South Africa cannot industrialise while leaving small business to unequal market conditions dominated by established capital. The state must actively build new entrants into the economy. The state must deliberately open the economy. The state must deliberately support black producers. The state must deliberately expand production ownership. That is not anti-growth. That is how inclusive economies build. The greatest

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danger confronting South Africa today is the normalisation of exclusion. We must never normalise unemployment. We must never normalise poverty, and we must never normalise the exclusion of young people from productive economic activities. Because the greatest threat to democracy is not protests. The greatest threat to democracy is an economy that excludes the majority from ownership, production, and opportunity. As we approach 50 years of the uprising of 1976, we must ask ourselves what economic freedom means in practical terms.

Economic freedom must mean productive participation. Economic freedom must mean ownership. Economic freedom must mean industrial capacity. Economic freedom must mean young people build businesses instead of waiting endlessly for opportunity. History will judge us not by the sophistication of the speeches we present. History will judge us by whether we have succeeded in building an economy that includes the majority of our people. That is why transformation of township zones from consumers to producers is important. Whether we empower small businesses to become industrialised is important. Whether we expand township dignity and productive opportunity for those who were historically excluded.

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That is why it is a historical task that confronts the democratic state. And we believe, as KwaZulu-Natal Minister Stella Ndabeni has started that programme, and that is why today we rise to support her efforts, and by consequence, support this budget. I thank you.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chairperson, hon members, Ministers, Deputy Ministers on the platform and all protocol observed, good evening. It is, indeed, an honour to participate in this Budget Vote debate of Small Business Development this evening. A budget that speaks directly to the livelihoods of millions of South Africans who are building businesses, creating jobs and fighting poverty. As government, we have a duty to make sure that we make it easier to start, grow and run a business in South Africa. Inclusive economic growth and job creation will not happen on their own. They will require action, deliberate action, commitment and reform from government.

Chairperson, allow me to address a matter at the heart of whether we are making life easier for small businesses or are making it harder, which is the Business Licensing Bill. The Bill was sent back in 2025 by Cabinet and Parliament for obvious reasons. It introduced new barriers instead of

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reducing or removing them. We are now dealing with a revised version that is supposed to have considered the submissions made. But the Bill remains substantially the same. Instead of addressing the fundamental objections that were raised, it simply adds new provisions while keeping the same licensing framework and regulatory approach intact. The Bill was already rejected. It is an insult to small businesses to bring it back as a revised Bill when there is very little that has been revised. [Interjections.]

Mr M K MONTWEDI: I am rising in terms of Rule 55. My quick issue is to find out if the Minister is willing to take a question: Why is she leaking confidential information on the department? If she does not agree with the Bill: Why is she leaking confidential information of the department? If she does not agree with the Bill: Why does she not take it to... [Interjections.]

The CHAIRPERSON OF THE NCOP: Hon Montwedi, can you allow me the opportunity to Chair. You are requesting the Deputy Minister as to whether she is willing to take a question. I must first ask the Deputy Minister if she does want to take that question. And if she is willing, definitely, you may

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proceed. But we have not afforded her an opportunity to do as such. Hon Deputy Minister, are you willing to take a question?

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: No!

The CHAIRPERSON OF THE NCOP: Okay! Thank you very much. Unfortunately, she is not going to take the question. You may proceed, Deputy Minister.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: This Bill does not reduce the red tape. It duplicates it. Businesses are already required to comply with a range of existing laws and regulations. Health and safety requirements already exist. Land use planning approvals already exist. Environmental approvals already exist. Sector specific licensing requirements already exist. We don't need a new law for them. We need competent officials who execute without fear or favour. We cannot repeal the Business Act of 1991 only to replace it with more bureaucracy. Small businesses deserve better. What we need is not another licensing regime but a single integrated digital system that makes registration, verification and compliance simpler across government. That does not require a new law.

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The Bill says licensing authorities may verify immigration documents with Home Affairs. A proper one stop digital system can already do this immediately and efficiently without creating another layer of legislation.

Compliance costs discourage startups, limits business growth and reduce South Africa's attractiveness to investment. Compliance costs are one of the reasons why small businesses fail before they even begin. While access to finance is the biggest challenge facing entrepreneurs, red tape kills more businesses than lack of finance ever will. Delays in permits and approvals, complicated municipal processes, late payments by government, unclear regulations and excessive compliance requirements all consume time, money and energy that entrepreneurs should be using to grow their businesses and create jobs. Cutting red tape must be understood as an economic growth, and not just as a slogan that we speak about in our speeches. Every unnecessary administrative hurdle is a barrier to entrepreneurship. Entrepreneurs are resilient, but they need an enabling environment. When we, as government, listen to business owners instead of being tone deaf, better policy outcomes become possible. The people closest to the problem often have the solutions.

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This Bill also raises serious constitutional concerns because the national government cannot simply centralise the administration of business licencing in areas where local government has constitutional responsibilities. The government is solving the wrong problem. Our response appears to be to create another licencing regime, grant ourselves additional powers and place more obstacles in the path of those who are trying to grow their businesses. This Bill is another layer of red tape that will sabotage small businesses.

The language in this Bill is very worrying. It puts a lot of preferential and discretionary business licencing in the heart of this Bill. It creates the risk that licences will be awarded, not fairly, but to those who are connected to the officials issuing them.

The Bill focusses heavily on offences committed by business owners but says far too little about misconduct by officials, yet officials are often the biggest stumbling block. Some officials even unlawfully confiscate goods, close business premises, delay approvals and frustrate entrepreneurs without consequence. Licences should be granted to any business that meets lawful requirements. No preferential or discretionary criteria should be used to decide who may and who may not

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benefit from being licenced. Sociopolitical objectives should not be embedded in a business licencing framework.

South Africa's small businesses are not failing because there are too few licences. They are failing because there are too many barriers. Entrepreneurs need access to markets. This Bill creates more permits. Entrepreneurs need faster approvals.

This Bill creates more bureaucracy. Entrepreneurs need certainty. This bill creates ministerial discretion.

Entrepreneurs need freedom to trade. This Bill creates new grounds for restriction. Entrepreneurs need government to get out of the way. This Bill puts government at the centre of every business decision.

This bill fundamentally misunderstands the purpose of licencing. Licencing should never become a tool for social engineering, race-based preference, economic planning or determining who government believes deserves to do business. Once licencing moves from regulating activities to regulating people, it ceases to be a neutral administrative function and becomes a gatekeeping mechanism. The more discretion government officials have over who may receive a licence, who may be exempted and which sectors may be reserved, the greater

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the opportunity for inconsistency, corruption, political interference and rent-seeking.

What is deeply disturbing about this Bill is the insertion of an entirely new provision giving the Minister powers to ban foreign nationals who are in South Africa legally, underline the word, legally.

The CHIEF WHIP OF THE NCOP: Chairperson, I rise on Rule 69, in conjunction with Rule 51. We are debating Budget Vote 36. The Deputy Minister is debating a Bill that must still come to the House to be passed. Therefore, I'm rising on a point of irrelevance of the Deputy Minister. She is not addressing the Budget Vote. Can the Chairperson rule on that.

The CHAIRPERSON OF THE NCOP: Chief Whip, unfortunately, I am going to allow the Deputy Minister to proceed with her speech. Of course, you are correct in what you are raising that as legislators we enact legislations. The Bill has not been served before us. Accordingly, the public of South Africa will be afforded an opportunity to make reflections. Upon receipt of their inputs, the determination will be made in the best interest of the people of South Africa. But let's afford the Minister an opportunity to conclude on her speech. Also, on a

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lighter note, she is the accounting officer for the department as well. Thank you, Chief Whip. You may proceed.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: As I was saying, what is even more worrying is that this Bill provides the Minister with powers to ban foreign nationals who are in South Africa legally, and I underline the word legally, from operating in certain sectors of the economy. This is a direct assault on the constitutionally entrenched right to choose a trade, occupation or profession freely. It also cuts across South Africa's immigration and visa regime.

It is the Immigration Act, visa conditions and work authorisation framework that must determine who may live, work or conduct business in South Africa, and not a business licencing law. As President Cyril Ramaphosa himself said or acknowledged, South Africa does not suffer from a shortage of immigration or visa laws. The real problem is poor enforcement compounded by corruption. Before introducing new restrictions through other legislation governments should focus on enforcing the laws that already exist. The revised ...

[Interjections.]

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The CHIEF WHIP OF THE NCOP: Chairperson! Again, I think the Deputy Minister is also out of order – anticipating what should happen. The Rules prohibit anticipation. Can the Deputy Minister discuss the budget and not anticipate the Bill that will come to the House? Thank you, Chairperson.

The CHAIRPERSON OF THE NCOP: Thank you very much. The order is sustained. Hon Deputy Minister, please, do not pre-empt ...
[Interjections.]

The HOUSE CHAIRPERSON (Mr D R Ryder): Chair, I rise on a point of order under Rule 69(5).

The CHAIRPERSON OF THE NCOP: Hon Ryder, can you allow me to conclude my ruling on this. I will afford you an opportunity to raise your point.

The HOUSE CHAIRPERSON (Mr D R Ryder): Can I rise on Rule 69, please?

The CHAIRPERSON OF THE NCOP: Hon Ryder, hang on, please. Deputy Minister, let us not make presumptions of what will be the ultimate outcome. As I have indicated that the Bill will go through its due processes and accordingly the people of

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South Africa will be afforded an opportunity to make their reflections. Let us not pre-empt the ultimate outcomes.
Thanks.

The HOUSE CHAIRPERSON (Mr D R Ryder): Chairperson, I rise on Rule 69(5), which says, the presiding officer may allow delegates to address the presiding officer briefly on a point of order that has been raised. I want to raise the fact that this budget is actually what will fund the processing of the Bill. I feel that it therefore has direct impact on the discussions around the budget. I hope that would be taken into account. Thank you.

The CHAIRPERSON OF THE NCOP: Hon Ryder, I don't know whether you got cut off or were you done?

The HOUSE CHAIRPERSON (Mr D R Ryder): Chairperson, I'm sorry, the bandwidth in Acacia Park is not ideal. My point was under Rule 69(5) to address you on the point of order raised by the Chief Whip. I wanted to make the point that the budget that we are addressing is the one that will fund the processing of that Bill. Therefore, I believe that the point of the Deputy Minister is directly related to the processing of the budget

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and to request that she be allowed to continue. Thank you, Chair.

The CHAIRPERSON OF THE NCOP: Hon Ryder, your order is not sustainable because I have made a ruling earlier that the Deputy Minister be allowed to make a speech. That has been the case. However, she cannot make assumptions that this would be the ultimate turnout on the Bill. Therefore, that order is sustained by the Chief Whip. But, however, she can proceed with her speech.

There is another point of order from the hon Nonkonyane, the hon Badenhorst and the hon Montwedi. Can I start with the hon Badenhorst followed by the hon Montwedi, and hon Nonkonyane you will come in at last.

Mr F J BADENHORST: Chair, I would like to refer you to Rule 69, specifically Rule 69(9), which determines that no delegate may raise a point of order again on a similar point of order. You, as the Chair, has already ruled on the first point of order raised by the Chief Whip. The Chief Whip has now come back and he again raise a point of order on the same point. That is in contravention of Rule 69(9). Thank you, Chair.

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The CHAIRPERSON OF THE NCOP: Thank you very much, hon Badenhorst. The order is not sustained. Even though it is more or less the same, but the angle in which he came in during the second time around, is proper. It is not contradictory to what he has said earlier on which I made the ruling that it is, indeed, sustained.

Mr M K MONTWEDI: Chairperson, just a quick one. I am calling a point of order on your ruling. Hon Ryder should know better than to challenge your ruling. There are appropriate platforms where you must challenge a ruling.

Mr F J BADENHORST: What is your point of order?

Mr M K MONTWEDI: You must respect the ruling. You must respect a ruling made.

The CHAIRPERSON OF THE NCOP: Hon Montwedi, can you refer me to what is exactly your point of order? Which Rule are you rising on?

Mr M K MONTWEDI: I am rising on Rule 69. You made a ruling and the hon Ryder comes and challenges your ruling. I am saying that there are platforms where he must go and challenge your

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ruling. Now, he must allow your ruling to stand as it is. That is the point of order that I am rising on. As the House Chair, you should know better not to challenge your ruling here but at the appropriate platforms.

The CHAIRPERSON OF THE NCOP: I don't think that was the spirit, hon Montwedi. But you remain correct. Even if that was the intention, it will not stand. But I don't think that was the spirit either.

Adv Inkosi M NONKONYANA: Chair and hon members, I hope I'm visible. I can't see myself. When I raised the matter - the point of order - it was in line with Rule 69(14). You immediately ruled the hon Ryder out of order, and you have made a ruling against anticipation. Our Rules say your ruling is final. I was rising on that point that was actually dealt with. Your ruling should stand and it must be respected by all members.

In light of the fact that you have already dealt with that, I just wanted to merely emphasise that point because you have called me. Thank you, Chair.

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The CHAIRPERSON OF THE NCOP: Hon Deputy Minister, once again, please, don't pre-empt what would be the ultimate outcome of the Bill. The matter at hand, that we are arguing about, is still to come before the House. It is still going to be deliberated by the portfolio committees and ultimately by the people of South Africa. Therefore, to make assumptions or rather influence the direction in which it should take at this point in time, is not ideal for this debate. I would request that, please, let us refrain from doing such so that we afford the committees an opportunity to look at the Bill.

If there are issues and the mandates that have been conferred, they will then be handed back to your good self so that you respond to those matters. Assist this House and stick to your speech. Don't cast aspersions and don't pre-empt what would be the outcome ultimately or try to influence rather the outcome of the Bill. Please, assist us in that regard. Thank you very much, you may proceed.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: Although I do not have the powers to influence anything, I will speak to the budget in relation to the Business Licencing Bill. As the Deputy Minister of Small Business Development, there is money that is being spent on public hearings and on everything. I

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don't want to outline all the costs related to the Business Licencing Bill. I will continue as I present the budget.

The CHAIRPERSON OF THE NCOP: Hon Deputy Minister, can you hang on. Hon Deputy Minister, you will have to adhere to the House's Rules. I am saying to you the matter that you are putting before this House has not had an opportunity to be ventilated by the members. We have not received anything. Now, to baulk us to that matter you are doing disservice to this House. Therefore, can I humbly request that you stick to your speech and afford members an opportunity at an appropriate time where you will also be invited to come and make your inputs in that regard. Stick to your Budget Vote debate because we want to afford you an opportunity for an appropriation to go and do your work as the department. Please, if you may. I ask you in that regard. Thank you.

Mr F J BADENHORST: Hon Chair, I am rising on your ruling on Rule 65(1), specifically pertaining to the description of a delegate. If you look at Rule 65(1), it says...

[Interjections.]

Adv Inkosi M NONKONYANA: Chairperson! Chairperson!
Chairperson, order!

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The CHAIRPERSON OF THE NCOP: No, no, no, hon Badenhorst.

Mr F J BADENHORST: That's Nonkonyana.

The CHAIRPERSON OF THE NCOP: No, I am talking to you. You are rising on Rule 65(1).

Mr F J BADENHORST: Yes! It refers to the delegates.

The CHAIRPERSON OF THE NCOP: No! No, the Rule that you are quoting is not correct, hon Badenhorst.

Mr F J BADENHORST: You've just ruled on anticipation, Chair. The Rule of anticipation says no delegate may anticipate the discussion

The CHAIRPERSON OF THE NCOP: Hon member, where are you? Where are you because I am on Rule 65?

Mr F J BADENHORST: I am on Rule 65(1).

The CHAIRPERSON OF THE NCOP: Rule 65(1) talks about something else, the decisions.

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Mr F J BADENHORST: In my Rulebook, it is the Rule of anticipation, which you have just ruled on.

The CHAIRPERSON OF THE NCOP: Which page are you on?

Mr F J BADENHORST: I am on page 59 of the 10th edition of the Rules.

The CHAIRPERSON OF THE NCOP: I have the wrong one here with me. Sorry about that.

Mr F J BADENHORST: You might be having the 9th edition there.

The CHAIRPERSON OF THE NCOP: This is the different Rulebook. Okay, you can proceed on the Rule of anticipation. How does it read?

Mr F J BADENHORST: The Rule of anticipation 65(1), reads, no delegate may anticipate the discussion of a matter appearing on the Order Paper. That's the Rule that was raised by the Chief Whip which you ruled on. But when you go back to the definition of a delegate under definitions, a delegate, with reference to our Council, means a permanent or special delegate to the Council. It doesn't mean a Minister or a

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Deputy Minister. So, the Deputy Minister is in her full right to continue with the debate as she has been ...

[Interjections.] ... I am busy, Nonkonyana.

Adv Inkosi M NONKONYANA: No, you are out of order.

The CHAIRPERSON OF THE NCOP: Hon Nonkonyana, can you afford him time to finish. I will afford you an opportunity just now.

Mr F J BADENHORST: I can refer to another Rule that says you cannot interrupt somebody while they are doing a point of order. The point is that, according to our Rules a Deputy Minister or a Minister is not a delegate. They are not special delegates, and they are not permanent delegates. Therefore, Rule 65(1) will not apply to the Deputy Minister.

The CHAIRPERSON OF THE NCOP: Hon Badenhorst, before I make a ruling on this one let me afford the hon Nonkonyana an opportunity as well.

Adv Inkosi M NONKONYANA: Chairperson and hon members, we must respect our leaders. The Chair and the Rules are very clear. Rule 65(12), says, the presiding officer, once he or she ruled on a matter, that is the end of the matter. What the hon

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Badenhorst is doing is to challenge your ruling, Chair. And he himself a member of this House. He is the one who is out of order. That is why I say it. He continues to challenge. In other words, he is following what you ruled before in respect of the hon Ryder. Please, hon members, don't waste our time. We want to watch Bafan Bafan at 9 pm. Please, let us respect the Chair. Thank you.

The CHAIRPERSON OF THE NCOP: Thank you very much, hon Nonkonyana. I want to address the issue of the hon Badenhorst. The Rule does apply to the Deputy Minister as well as much as it applies to the President, the Deputy President and the Ministers. Therefore, the ruling stands. Deputy Minister, please, proceed and address the House. But try as far as possible to stick to your speech. Thank you very much.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT (cont):
Thank you very much, Chairperson. I will tell you what we need. We need a red tape reduction Act. We need binding turnaround times for payments and approvals. We need public reporting on municipal performance. We need a national red tape portal urgently, where entrepreneurs can report delays, harassment and bureaucratic obstacles.

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We need a one-stop digital business registration, not just a digitised system. We need a system where when a business register that information is immediately shared across government departments, local, provincial and national government. We need 30-day payments enforcement with consequences for departments and municipalities that fail to pay small businesses on time.

We need to learn to respect and enforce our own laws than create new ones unnecessarily. This Bill starts from the assumption that government must decide who may participate in the economy. Nevertheless, if we want to grow this economy, every South African should be free to start, build and grow a business, unless there is compelling reason for government to intervene.

As government, our role is not to stand at the gate and decide who may enter the economy. Our role is to remove the gate altogether. South Africa does not need more licenses. South Africa needs more businesses. It does not need more bureaucracy. It needs more opportunity. That is why this Bill should be withdrawn actually and be replaced with meaningful reforms that cut red tape, expand economic freedom and unleash the entrepreneurial potential of millions of South Africans.

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Adv Inkosi M NONKONYANA: Order, Chair.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: When it is all said and done, South Africans will not judge us on how many programmes we have launched. They will not judge us by our speeches.

The CHAIRPERSON OF THE NCOP: Hon Sithole, can you step down and allow hon Nonkonyana an opportunity? Hon Nonkonyana.

Adv Inkosi M NONKONYANA: You had already ruled that the hon Deputy Minister should not anticipate the Bill that is still going to come. And she continues to defy you and defy the ruling. This cannot be allowed.

Ms H S BOSHOFF: Advocate, you should know it.

The CHAIRPERSON OF THE NCOP: Hon Boshoff, can you allow hon Nonkonyana an opportunity?

Adv Inkosi M NONKONYANA: If she has nothing to say then that must be the end of her speech. She cannot just, uh ...

Ms H S BOSHOFF: Who is he rising on?

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Adv Inkosi M NONKONYANA: I'm rising on Rule 69(12).

The CHAIRPERSON OF THE NCOP: Hon Boshoff, hon Boshoff! I'm requesting you to respect the speaker on the floor.

Ms H S BOSHOFF: Well, with very much respect then he must give us the rule number.

Adv Inkosi M NONKONYANA: Yes, Rule 69(12). I told you! And I'm saying that we must respect our Chair. Our rules must be respected. The Chair clearly indicated that you cannot anticipate the Bill that is still to come. And the hon Deputy Minister continues to defy our Chair. That we cannot stomach any longer. And I will not raise why the Deputy Minister cannot even respect her own Minister.

However, that is the debate for another day. Nevertheless, it really raises another matter that we need to attend to as public representatives. We can ill afford to have a Deputy Minister that is defying the Ministry. Sorry, Chair.

The CHAIRPERSON OF THE NCOP: Thank you very much, hon Nonkonyana. Hon Deputy Minister, once again, please, let's not refer to the Bill. Continue with your speech. Let's not refer

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to the Bill because at some point you said you don't need the Bill. However, at some point, you need a kind of like a red tape legislation to be enacted by Parliament.

Therefore, you are sending confusing messages as well. So, stick to the Budget Vote. We will deal once again with the matter of a Bill when at an appropriate time. Once again, whatever that you are raising that you think it's very pertinent, you will then raise that at that point in time. Thank you very much. You may proceed.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: From my own understanding, hon Chairperson, are you saying I must not mention the Bill at all?

The CHAIRPERSON OF THE NCOP: Yes, please. If you may, proceed.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: I also need to be helped, hon Chairperson. With all due respect, why should the Bill not be mentioned? It is part of Small Business Development. It's our Bill.

The CHAIRPERSON OF THE NCOP: Deputy Minister, you will not ask me a question. I've afforded you an opportunity to debate on

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the Vote. And I've made the ruling. If you have a problem with that, certainly there are mechanisms in the House where you will have to take it up so that your matter be looked at that point in time.

Nevertheless, for now, I have made a ruling to say that, please, let's refrain from referring to a matter that this House, at a particular point, it will be seized with and it will have to express itself and ventilate on the matter. Ultimately, the people of South Africa will also be afforded an opportunity through public participation to reflect their views as well.

The DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, Chairperson. Let me conclude. When it's all said and done, South Africans will not judge us by how many programmes we have launched. They will not judge us by how many speeches we have made. They will judge us by implementation. They will judge us on whether we did manage to grow the economy, create jobs and ultimately alleviate poverty. We need to do things that match our speeches.

If our actions do not match our speeches, our speeches will remain hollow and will remain as speeches as the actions will

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be missing. We suffer from implementation or lack of implementation. Lastly, let me be clear. Inclusive economic growth is not a slogan. It is something that South Africa desperately needs. Creating jobs is no longer a joke. We know the unemployment rate in our country and alleviating poverty should be everyone's priority. I thank you.

Mr H J VAN DEN BERG: Now that we have everybody's attention, Chairperson, Minister and hon members, both the select and portfolio committees have produced good reports on the department's R3 million budget allocation with a line share directed at micro, small and medium enterprise support, culture-based enterprise, market access and informal economic interventions.

We welcome the shared recognition from both committees for the critical role of small business, the need for improved coordination and a shift from outputs to measurable outcomes like sustainable enterprises and real jobs.

However, as a Government of National Unity, GNU, partner, the FF Plus must speak plainly. This budget still leans too heavily on race-based economic transformation, demographic

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targeting and Black Economic Empowerment, BEE-style criteria. This divides rather than unites South Africans.

Both committees note persistent delays, re-advertised programmes, compliance burdens and weak sustainability outcomes. These are symptoms of an ideological approach that prioritises ownership demographics over creating conditions for all entrepreneurs to succeed.

Rural farmers, manufacturers and minority-owned businesses who contribute to food security, infrastructure and professional services are often sidelined by these targeted schemes and the proposed new legislation will make it even worse.

While township economies cannot thrive amid collapsing local government, unreliable electricity and crime, the department functions like a large farm tractor with the right levers and hydraulics to press and to pull, but it seems to have an unclear direction as to which lucrative fields it wants to plough.

You have reported on poor performance of municipal Local Economic Development, LED, departments, failing to review

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their bylaws, leading to blame shifting towards the reason for not completing this spaza shop funding programme.

The department also notes working with the usual suspects like the Department of Cooperative Governance and Traditional Affairs, like every year before, but keep expecting different results. Is it not perhaps time for a radical rethink and implementation of different methods to achieve the goals? Let's plough in some different fields.

I would like to direct your focus to the Border Management Authority. It's grossly underfunded and in need of equipment, people and vehicles. Given this, there are many opportunities around effective border management like fence making, food supplies, drone and camera surveillance, artificial intelligence, AI monitoring and programming, upkeep of patrol roads, servicing and repair of vehicles, to name but a few. Surely these two departments can complement each other in order to create jobs and be more effective.

The dilapidated look of many special economic zones and incubation centres does not look very appetising to vibrant young entrepreneurs. But the upkeep of these areas in itself is a fantastic small business opportunity. What is the

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department doing to highlight opportunities and guide potential entrepreneurs into areas of operation like these?

Hon members, in the spirit of cooperation, the FF Plus calls for immediate practical reforms, namely merit-based support open to every viable small business that creates jobs and grows sustainability without racial gatekeeping, stronger private sector partnerships, blended finance without ideological strings, and a focus on practical skills, apprenticeships and technical training, real intergovernmental action to fix electricity, logistics, safety, borders and local governance.

These are the fundamentals that encourage enterprise. We will support reforms that move in the direction of non-racial, merit-based enterprise development and ultimately the associated blessings that they will bring.

Thank you.

Mrs M B NDLANGISA-NODADA: Hon Chairperson, hon Minister and hon Deputy Minister and hon members, allow me to stand on the protocol already established. It is a profound honour to stand before this House today, not merely to present a Budget Vote

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speech but to affirm our collective commitment as the ANC within the Government of National Unity, GNU, to a singular powerful truth that the future of our economy lies in the hands of our entrepreneurs.

Hon Chairperson, when Oliver Tambo spoke of a South Africa that belonged to all who live in it, he was not just speaking about political rights, he was dreaming of economic freedom of all the people of South Africa including vulnerable groups such as the youth, women and people living with disabilities. Today as we deliberate on Budget Vote No 36: Small Business Development - we are translating that dream into a practical accountable and aggressive plan of action.

In South Africa, our own statistics, confirms this reality. The department's analysis shows that medium, small and micro contribute approximately 34% of our gross domestic product, GDP, and provide over 60% of private sector employment. We have over 17 million employed citizens yet nearly 5,7 million of them remain in the informal sector, contributing only 6% to the GDP. This gap is not a failure; it is our greatest opportunity. It tells us that we need to work harder to formalise support and scale up these businesses

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particularly in the townships and rural areas where unemployment is most dire.

Hon members, the 2026-27 annual performance plan, APP, before us is in the second year of implementing our 2025 to 2030 strategic plan. It is sharply focussed on the Medium-Term Development Plan priority of inclusive growth and job creation. The department has allocated R3 billion growing to R3,3 billion over the medium-term.

Let me be clear on where these resources are going to. We note the allocation of R17

Million for the strategic management of the department under Programme 1: Administration to ensure to the attainment of clean and capable government. We also note the targets of a reduction in vacancy rate to 10% and increasing representation of people living with disabilities to 4,5%. We cannot demand efficiency from the private sector if the state is not efficient itself.

Programme 2: Sector Policy and Research received an allocation of R83,6 million to produce knowledge and sector strategies. This programme is also tasked with the cutting of red tape. It

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is also committed in reviewing five laws and supporting 20 municipalities to adopt e-registration systems. This will assist in eliminating bureaucratic delays that strangle the Small, Medium and Micro Economies, SMMEs, at birth.

Programme 3: Integrated Co-operatives and Micro Enterprise Development received R532 million and is the engine of the township's economy. This programme aims to refurbish or build 10 business infrastructure ups and support 3 000 informal businesses through the informal and micro enterprise programme.

Programme 4: Enterprise Development Innovation Entrepreneurship is allocated R2,2 billion which carries the heaviest weight.

We have the assist subprogramme in this programme which has received R215 million to put machinery and equipment directly into the hands of 868 townships and rural medium, small and micro enterprises.

Hon Chairperson, despite this promising budget allocation, we must speak frankly about the challenges of small business as

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well. As the late Tata Mandela once said open quote, "It always seem impossible until it is done."

The current conditions of SMMEs, in the country and their level of contribution to inclusive growth and development reflect underperformance. We know that between 70 and 80% of new SMMEs fail within their first five years. Access to finance remains a big challenge that is too difficult to overcome.

The red tape at the municipal level that is the endless waiting for licensing permits is an instant killer of dreams. However, we must not be found lamenting hon Minister through you, Chairperson, we must provide solutions.

Hon members, the ANC in the GNU is driving a deliberate shift from fragmented support to an integrated echo system. The one online stop shop that is launched is a digital platform that connects our people to the SA Revenue Service, Sars, Companies and Intellectual Property Commission, CIPC, and funding agents instantly.

The department is operationalising the movable assets collateral register so that a spaza shop-owner in Mthatha or a

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tailor in Soweto can use their equipment as a collateral for a loan.

To the youth and women of our nation, this budget speaks to you directly. The department is redesigning the youth start up fund and enforcing the 40% public procurement set aside for women and youth-owned enterprises. The target here is that 35% of the support reaches women, 30% youth and 3% people with disabilities.

Hon Chairperson, consider the township economy not as in periphery but as the frontier.

In the third quarter of 2025, employment grew in construction, freight and community services. These are exactly the sectors where township SMMEs operate. By supporting them with energy solutions, infrastructure and market access via the Public Procurement Act we are not just cutting poverty, we are building national champions.

In the words of Ha Joon Chang the great development economist and I quote:

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There is no such thing as a free market, every market has rules.

Today, as the department is changing the rules. It must use the state procurement power over one trillion in infrastructure spending announced by the President during the state of the nation address, Sona, of 2026 to force open supply chain for small businesses.

Hon Chairperson, in conclusion, the Department of Small Business Development, has a mandate to lead but leadership requires more than a plan. It requires a will to execute. The challenges are steep, low survival rate, global uncertainty and local inefficiency yet opportunities are greater. The energy of our youth, the resilience of our women trade leaders and the innovation of our co-operatives are a greatest asset. As we adopt this Budget Vote, let us remember the words of O R Tambo and I quote:

A people that has not participated in the destruction of their shackles, should not be expected to celebrate their freedom.

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We call on the department to cut the red tape, deliver infrastructure and disburse the funds. The shackles of poverty will only be destroyed when SMMEs such as Zidlekhaya Bakery and Zandile Logistics Company become the primary engine of our economy. The ANC supports this Budget Vote and also wish Bafana Bafana success in their first match. I thank you.

Ms K E B LENKOPANE (North West): Hon Chairperson, hon Minister, Deputy Ministers, delegates in the House, hon members, let me take this opportunity to join those the Minister for having presented the Budget Vote and indicate that the North West province rises in proud support of this Budget Vote 36. We support this Budget Vote because we have seen it happening and be prepared for.

As the MEC for Economic Development in the North West, I participated in all the strategic plans that led to this Budget Vote that is tabled today.

Through the Minister and Members of the Executive Council, MinMec, through the stakeholder engagements and the visit by the Minister to the province and engagement with different stakeholders, this Budget Vote is now presented today.

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We have witnessed as a province its impact in the lives of cooperatives, the Small, Medium and Micro Enterprises, SMMEs, the organised business, the formal and informal traders across the North West province.

Approximately R67 million was invested in the enterprise development initiatives across our province, just as a result of the attention given by this department to the province. This has turned the North West today to have men and women who received out of these millions machinery that has actually brought investment in all the four districts and 18 municipalities of this province, supporting entrepreneurs operating in agriculture, logistics, agro-processing, manufacturing, tourism, retail services and other productive sectors.

We appreciate the collaborative leadership of the hon Minister and the department. The priorities reflected in this Budget Vote mirror the priorities consistently raised by provinces through the MinMec engagement and the stakeholder consultation. These consultations created ownership, relevance and confidence.

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As the North West province, we have witnessed the targeted interventions in municipalities, including Kagisano-Molopo Municipality and communities within the Dr. Ruth Segomotsi Mompati through the machinery, equipment and enterprise support programmes. We welcome the department's continued focus on township and village economies.

The spaza shops programme is not merely a retail intervention. It is an economic transformation intervention. It seeks to strengthen local ownership, wholesale participation, distribution networks, supply chains and community wealth.

One of the most exciting interventions supported through this Budget Vote is the programme being implemented in Moretele Municipality in the Bojanala District through collaboration between the Department of Small Business Development and the North West Department of Economic Development. More than 24 close to 25 beneficiaries have already been earmarked and are prepared to benefit from this Budget Vote for anchor wholesale hub, supplying goods to retailers and retail development programme, mentorship, business development support, initial startup stock and equipment.

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This intervention goes beyond supporting individual tuck shops and spaza shops. It seeks to build a complete ecosystem comprising wholesale participation, local distribution networks, supply chain development and locally owned retail enterprises. The model will extend its impact across 24 wards in Moretele Local Municipality. This is a model that is going to model the intentions that are specified in this Budget Vote. This is why we see ourselves in this Budget Vote. We see our people in this Budget Vote. We see our township economy in this Budget Vote. We see our village economy in this Vote. We further commend the department's commitment to training, mentorship, skilling and capacity building.

Sustainable enterprise development requires more finance. It requires capable entrepreneurs and suitable businesses. During this Youth Month, we acknowledge the importance and the innovation and entrepreneurship.

The North West province recently launched an innovation hub through the Young African Entrepreneurs Institute in the North West University to transform innovation into enterprise and economic opportunity.

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The North West province continues to advocate for stronger support, and this has always been tabled on the MinMec and is finding expression and comfort in this Budget Vote. The North West continues to advocate for stronger support to industrial park, enterprise clusters and manufacturing ecosystems. This includes the cross-border that we have between ourselves and Gauteng across the operations of this department around Babelalegi as well as Ga-Rankuwa. We are very confident that this is finding expression in this Budget Vote with the collaboration and commitment of serving our people in the country irrespective of locality. The enterprise clusters and manufacturing ecosystems also include Bodirelo Industrial Park.

We must ensure that enterprises supported through this Budget Vote are prepared to participate in the Special Economic Zones opportunities. The SMMEs must become suppliers, manufacturers, service providers and exporters. That is why as a province, we pride ourselves with the support that we have received while seeing our men and women today participating in exporting some of the products that are as a result of the machinery coming from this department.

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We welcome the legislative reform agenda being driven by this department, including business licensing reform. This regulatory reform certainly is more of looking into compliance improvement and measures that promote economic inclusion. We further welcome clarity regarding qualification to trade and compliance requirements applicable to businesses operating in South Africa.

We welcome the openness and the availability and the reaching out of the Minister in this regard to provide such clarity. The strength of this Budget Vote lies not only in the resources it allocates but in the opportunities it creates, in the partnership it strengthened and in the confidence it gives to our entrepreneurs. We see our entrepreneurs in this Budget Vote. We see the hope of our cooperatives after having expressed this homework to the Minister during the International Co-operative Day held in this province.

We see our young people in this Budget Vote having to look at the expression by the Minister in this Vote on incubation hubs as well as innovation hub and the number of supports that have been presented to this province. We see our women in this Budget Vote.

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We see our township and village economies in this Budget Vote. We see our industrialisation agenda. We see the Special Economic Zone aspirations of this province, and we have tabled it in the MinMec and it is getting attention and we see how it is expressed in this Budget Vote.

We see the future of our province and our people. We agree and acknowledge the fact that the challenges prevail as well as the shortage in terms of the budget. However, this Budget Vote brings hope to our people.

For these reasons, the North West province proudly supports this Budget Vote 36 for the Department of Small Business Development. I thank you, Chairperson.

Cllr M MOGOJE (Salga): Chairperson and Deputy Chairperson of the NCOP, Minister and Deputy Minister of Small Business Development, MECs present, hon members, Salga welcomes the 2026-27 budget Vote and commends the hon Minister for a programme that continues to place micro, small and medium enterprises, co-operatives and the informal economy at the centre of South Africa's growth story.

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This is the position Salga has long supported, recognising that small enterprises are not only drivers of economy activity, but the primary vehicle through which millions of South Africans can access livelihoods and build intergenerational wealth. However, we must state this clearly, while economy policy is designed at national level, it is experienced at local level. Municipalities are the spaces where businesses are registered, where permits are issued, where infrastructure is delivered and where entrepreneurs encounter either opportunity or constraint.

For this reason, Salga firmly maintains that local government is not only and merely an implementing agent, but a strategic partner in shaping and enabling for enterprise development.

We fully support the department priorities, including the red tape reduction townships and rural economic revitalisation, expanding access to markets and finance, business development services, digital transformation and ecosystem co-ordination. These priorities are necessary and appropriate, yet there remains a structural challenge that we must control honestly.

Local economic development remains an unfunded and under-capacitated mandate within municipalities. This was evident at

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the recent National Framework for Local Economic Development which successfully co-hosted with the department.

Municipalities are expected to drive economic development outcomes without adequate fiscal instruments or dedicated funding to do so effectively.

This disconnect undermines the full potential of local government as a catalyst for micro, small, and medium enterprises, MSME, growth and local economic transformation. On the red tape reduction, Salga strongly supports the department's effort to streamline licencing, processing and introduce a one-stop digital platform. However, the success of these reforms will ultimately depend on the implementation at the municipal level. It is within municipal systems through bylaws, permitting frameworks and administrative processes that businesses experience the red coast and complicity of compliance.

Our engagement with the municipality demonstrates ...

[Inaudible.] ... limiting the ability to start, operate and scale their businesses. Salga therefore commits to working with the municipality to align bylaws with national reforms, improve turnaround times and introduce more efficient digitalised licencing systems.

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We welcome the investment in township and rural enterprises through the programmes such as the Township and Rural Entrepreneurship Programme, Trep, asset assist and the business infrastructure programme. These interventions are critical, yet their success depends on effective co-ordination at local level. Municipalities have to connect entrepreneurs to support programmes and ensure that infrastructure investments are aligned with local economic opportunities.

Salga's experience shows that targeted interventions such as reform to informal trading bylaws, local procurement initiatives and MSME capacity building programme can significantly improve enterprise outcomes and strengthen local economies. What is required now, deeper integration between national programmes and municipal development strategies.

One of the most powerful levels of transformation remains public procurement. Salga has consistently advocated for the strategic use of procurement to support local enterprises. Retail value within communities and drive inclusive growth. Our work with municipality demonstrates that procurement, when used effectively, can be repositioned from a compliance function into a deliberate economic development instrument.

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We therefore support the department emphasis on supply development and market access. We call for strong alignment to national procurement framework and municipal implementation. Every municipality must become an effective engine of demand for local business.

On access to finance, we welcome the expansion of targeted funding instruments, particularly those focused on human use and innovation and township economies. However, access to finance is only one part of the equation. The quality and readiness of enterprises to adopt funding is equally important. Municipalities play a critical role in building this pipeline. Identifying businesses, supporting compliance, strengthening application, and connecting entrepreneurs to funding opportunities. Our internal work shows that let's support significantly improve the success rate of funding application and strengthen ... [Inaudible.] ...

The CHAIRPERSON OF THE NCOP: Hon Councillor, we have lost you. If you can try and find a better position, you may just as well switch off your camera. We have lost you. Yes, we can hear you now. You may proceed. Thank you.

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Cllr M MOGOJE (Salga): ... Thank you very much, Chair. It is one of the co-ordination, a fragmented ecosystem produces fragmented outcomes. No single institution, resource can drive meaningful transformation in isolation.

We therefore support the development of a national MSME. One, build a compact based co-ownership, co-funding, and co-implementation across all areas of government. It reaffirms its commitment to strengthen municipal capacity to support enterprise development, improving the business at local level, promoting local procurement, and building resilient, inclusive local economies.

Our programmes for the 2026-27 financial year will continue to support municipalities in enhancing economic development strategies, strengthening MSME ecosystems, and driving local economic growth.

In conclusion, the struggle of 1976 was about access to education. The struggle of 1956 was about dignity and freedom. The challenge of our time is economy inclusive. If we are to honour the legacy of those who fought for us, we must ensure that every entrepreneur in our townships, rural areas, and cities has a real opportunity to participate in the economy,

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to compete, and to succeed. I stand ready to work with the Minister and all stakeholders to ensure that this budget will translate into tangible impact where it matters most, at local level, in our municipality, and in the daily lives of our people. Thank you.

Ms N N PIETERS (Eastern Cape): Good evening, hon Chairperson. Hon Minister, Deputy Minister, my colleagues, the MECs, the committee chairpersons, hon members of the NCOP, all government officials present here, special guests, entrepreneurs and the people of South Africa, I greet you to all. Ben Okri, a Nigerian British poet, concedes that:

The most authentic thing about us is our capacity to create, to overcome, to endure, to transform, to love and to be greater than our suffering.

We stand firm as a nation, as a testimony not only of endurance but that of transformation, of love and our ability to overcome suffering. It is not incongruity that today as South Africa we are a beacon of the African continent.

The history of this country is not complete without the mention of 16 June 1976. As we mark 50 years, we are proud to

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say June 16 occurred and it is part of our history but our children, grandchildren and great grandchildren will never suffer the same. We have overcome, we have endured and will continue to strive to be greater than our suffering, something that we will pass to the youth of today.

The budget by the hon Minister is firmly anchored on economic transformation and inclusive enterprise development and that is what the government is committed to do. The hon Minister presented a budget that gives practical effect to the constitutional right of all South Africans which is to participate meaningfully in the economic activity and recognises the central role that Micro, Small, and Medium Enterprises, MSMEs, play in creating jobs and expanding opportunities. We are thrilled by the department's ambitious target of supporting one million MSMEs and co-operatives during the seventh administration. This commitment resonates strongly with the realities of our country, where many households derive their livelihoods from small enterprises, informal businesses, co-operatives and survivalist economic activities.

The department's continued focus on reducing red tape and improving the ease of doing business, complemented by a

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planned introduction of a one-stop digital platform for business licensing and the reforms is an indication that not only are we in touch with the challenges facing MSMEs but the focus is on solving these. It is unfortunate that one of the inheritances this government has is the spatial legacy of our country, characterised by townships, rural communities and urban centres which was used to determine access to business development support.

We are therefore intrigued that this budget's priorities prioritise township and rural economic development, thus changing the narrative. The allocation of substantial resources towards the Township and Rural Entrepreneurship Programmes, Trep, the Asset Assist Programme, ASP, the Informal Micro Enterprises Development Programme, IMEDP, and the Business Infrastructure Support Programme, BISP, indicate government's commitment to ensuring that no entrepreneur is left behind because of spatial allocation. We are rewriting the past and ensuring an inclusive future where no one is left behind.

Our encouragement finds basis on the Minister's commitment to strengthen the informal economy in the rural provinces as Eastern Cape is one of the rural provinces. The informal

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sector remains a critical pillar of local economic activity. Every intervention aimed at supporting informal traders, spaza shops and micro-enterprises contributes directly towards poverty reduction and household income generation. We refuse to be chained by our suffering. We will free ourselves from the experience of our sufferings and this budget is doing exactly that.

We welcome the increased emphasis on market access, the commitment to support local procurement facilitate domestic and international market opportunities and leverage the Public Procurement Act to expand participation of small enterprises is a significant step towards addressing market concentration and creating space for emerging businesses. We further commend the department's effort to expand access to finance. The dedicated funding instruments for women, youth, innovators, military veterans, town entrepreneurs and rural entrepreneurs indicate a deliberate commitment to economic inclusion. These interventions provide hope to thousands of aspiring entrepreneurs who continue to face challenges in accessing affordable finance.

Hon Chairperson, the Intervention on Entrepreneurship Development, incubation, business skills training and

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enterprise formalisation is equally welcome. As government, we recognise that access to finance alone is not sufficient. Entrepreneurs require mentorship, business development support, technical assistance and access to information in their enterprises to survive and grow. That is what this department is doing. Enterprise and economic development is not a one-man mission, nor can it be achieved by government acting in isolation.

We are therefore encouraged by the department's deliberate efforts to strengthen ecosystem co-ordination and promote greater alignment among all stakeholders involved in enterprise development. Sustainable enterprise development requires collaboration between all spheres of government, development finance institutions, DFIs, municipalities, traditional leadership institutions, academia, organised business and the private sector.

The proposed national MSME-1 plan provides an important framework for achieving this co-ordination. If effectively implemented, this framework has the potential to strengthen accountability, maximize development impact and build a more participatory and responsive MSME support ecosystem across the country. Hon members, the true measure of this budget will be

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found in the lives it transforms tomorrow and we will see it because it is happening. Lives have already changed and they will change more.

At the micro level, its success will be reflected in the opportunities it unlocks for women, youth, persons with disabilities, rural entrepreneurs and historically disadvantaged communities. At the macro level, it will be measured by the jobs created and the local economies revitalised. The budget is about creating opportunities for our people to overcome barriers, transform their circumstances and participate meaningfully in the economy of our nation.

Hon members, as we support entrepreneurs, co-operatives, innovators, informal traders and small businesses across our country we must know that creation of business is creation of jobs and creation of jobs is fighting poverty.

IsiXhosa:

Sonke sisedabini lokulwa intswelangqesho, indlala nokungalingani ...

English:

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... and the Department of Small Business Development is leading in that front and we are saying we will never surrender. As the Eastern Cape government, we are supporting the budget that was presented by Minister Ndabeni. Thank you, hon Chairperson.

Mr P J SWART: Chairperson, can you hear me?

The CHAIRPERSON OF THE NCOP: I hear you very well, hon Swart. You may proceed.

Mr P J SWART: Chairperson, hon Minister, Deputy Minister, hon members, and fellow South Africans, good evening.

Afrikaans:

Goeienaand.

English:

In South Africa, we do not have a shortage of entrepreneurs, but we do have a shortage of opportunities. We have a shortage of competent implementation. We have a shortage of political will from the ANC to create an environment where small businesses can thrive. Every successful small business creates jobs, supports families, and builds communities. That is why

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small business development should be one of the most powerful tools to fight poverty and unemployment.

The Department of Small Business Development speaks extensively in its annual performance plan about empowerment, innovation, incubation, localisation, entrepreneurship, and job creation, yet for millions of South Africans these promises have not translated into meaningful opportunities. The annual performance plan boldly states that micro, small, and medium-sized enterprises, MSMEs, are expected to create 9 million jobs by 2030, as envisioned in the National Development Plan.

However, if small business is truly the engine of job creation, why, Minister, is this engine still stalling after 32 years? Why do thousands of young entrepreneurs still sit without support, without markets, finance, infrastructure, and without hope? This department talks about reducing red tape, yet small business owners continue drowning in paperwork, permit delays, municipal dysfunction, and government bureaucracy. The department talks about township and rural development, but many township business centres stand abandoned, vandalised, or completely misplaced because basic economic logic was ignored before public money was spent.

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House Chairperson, during an oversight visit to Potchefstroom in the North West province, we visited a small, medium, and micro enterprise container hub intended to empower young entrepreneurs. The containers have been unused for almost two years already. They are rusting, and the site is poorly located, with little economic activity and very limited foot traffic. Whilst young people wait for opportunities, taxpayer money is being wasted. That is the difference, Minister, between announcing projects and delivering results.

This annual performance plan speaks about integrated ecosystems and digital platforms, yet entrepreneurs in rural towns still struggle with unreliable Internet access, electricity instability, crime, collapsing roads, and broken municipalities. What is the use of artificial intelligence-enabled support systems when many small businesses cannot even survive load shedding, cable theft, and municipal collapse?

ANC-led departments have become excellent at launching programmes but terrible at sustaining them, Minister. We see incubators without businesses, training without funding, funding without oversight, infrastructure without planning, and policies without implementation. This department's own strengths, weaknesses, opportunities, and threats analysis

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reads like an admission of failure. It speaks about weak communication, unclear mandates, poor leadership, fragmentation, delays, weak organisational culture, and an inability to position itself effectively as an ecosystem leader. The truth is that ANC corruption, ANC cadre deployment, and ANC incompetence are suffocating small business development in our country.

Too often, municipalities fail small businesses through collapsing infrastructure, unreliable services, and endless delays. The department proudly speaks about supporting 3 000 informal businesses and 2 000 MSMEs through incubation programmes. However, South Africa has millions of informal traders and survivalist businesses. Three thousand businesses in a country with this scale of unemployment is not transformation, Minister. It is a drop in the ocean.

Afrikaans:

Die DA glo dat kleinondernemings nie bloot deel is van die ekonomie nie. Hulle is die ekonomie. In die Wes-Kaap sien ons dat, waar munisipaliteite funksioneer, waar infrastruktuur in stand gehou word, waar beleggers vertrou het, en waar rompslomp beperk word, ondernemings beter groei en meer werk skep. Dit is die omgewing wat entrepreneurs nodig het –

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veilige gemeenskappe, betroubare dienste, goeie
infrastruktuur, en eerlike regering.

English:

Most importantly, we need a government that understands
entrepreneurs do not want dependency. They want opportunity.
South Africans do not want endless government promises. They
want a fair chance to build, innovate, trade, and employ the
thousands of unemployed.

Afrikaans:

Mense kan nie hul gesinne voed met strategieë nie. Hulle kan
nie werk skep met beloftes alleen nie. Die meerderheid Suid-
Afrikaners vra nie vir gunste nie, Minister. Hulle vra vir
geleenthede. Hulle vra vir 'n korrupsievrye regering wat werk.

English:

Until ANC-led departments move from political slogans to
implementation, from cadre deployment to competence, and from
expenditure to measurable outcomes, small business development
in South Africa will continue to underperform.

Afrikaans:

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Die ANC is reeds in die politieke intensiewesorgeenheid. Op 4 November het elke kieser 'n keuse: meer van dieselfde as wat jy nou het of 'n beter toekoms. Draai die kraan van mislukkings toe. Draai die kraan toe op korrupsie. Draai die krane toe op leë beloftes. Kry 'n regering wat kan werk. Vat die R50, vat die Kentucky-hoender, maar moenie jou toekoms verkoop vir 'n pot lensiesop nie.

Die ANC het geleenthede in Suid-Afrika gebreek, en hul susterparty die PA kan dit nie regmaak nie. Die DA bewys dat goeie regering moontlik is. Stem vir hoop. Stem vir werk.

English:

I thank you, hon Chair.

Mr T B MATIBE (Limpopo): Chairperson of the NCOP, the Deputy Chair, House Chairperson, Chief Whip of the NCOP, hon Minister and Deputy Minister, the select committee, special and permanent delegates to the NCOP, to overcome economic dualism, drive inclusive growth and distribution of wealth, Micro, Small, and Medium Enterprises, MSMEs, remain the backbone of our economy. They are a key vehicle for growth and economic transformation.

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The MSMEs act as local economic engines. They keep money circulating in the economy and the community and play a big role in the national development. Entrepreneurship is indeed the main entry point for most of our people to take part in the economy, especially those in rural areas and townships. The government needs to create an enabling environment where entrepreneurs can succeed. For this reason, the government continues to support enterprise development through targeted programmes for MSMEs as well as co-operatives. Through co-ordinated partnership in Limpopo, we have developed and co-ordinated the MSME Development Programme. It consists of four programmes to support local enterprises. We work with our key partners such as Limpopo Economic Development Agency, Leda, the Department of Small Business, Small Enterprise Development and Finance Agency, Sedfa, National Youth Development Agency, NYDA, the Sars, and the Limpopo Treasury.

These interventions include Limpopo Township and Rural Business Support Programmes, which supported 160 enterprises with essential business equipment. They also include Limpopo retail and wholesale support programmes, which assisted 145 enterprises. Of these, 45 enterprises were supported in partnership with Coca-Cola Beverages SA and received business equipment. Another 100 enterprises took part in the Spaza Shop

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Fund capacity-building workshop. All these efforts aim to drive economic transformation by building entrepreneurial skills, improving access to funding for MSMEs in rural communities, and helping micro and small enterprises move into the formal economy. We are fully aligned with the Department of Small Business Development's key focus areas and programmes.

As we mark 50 years since 1976, the youth remain the main drivers of economic development and transformation. They bring innovation, support the labour market, and lead changes into digital and green economies. Empowering youth is necessary for sustainable economic development. Our youth capacity-building programmes have given business skills training to 248 youth entrepreneurs, including 184 co-operative members, 64 SMMEs, and co-operatives capacity-building programme supported 194 co-operative members with business skills training. A total of 1 200 enterprises took part in the department's economic empowerment outreach programme, which focused on compliance, market access, and access to finance. To improve co-ordination, the department has set up a provincial black economic empowerment, BEE, forum to drive alignment and speed up transformation.

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Formalizing MSMEs' business through business registration and licensing gives them legal recognition, protects personal assets, and builds trust with customers and banks. Together with our agency, the Leda, we continue to partner with companies and the Intellectual Property Commission to help SMMEs build registration and annual returns. And we have established a self-service terminal centre at the Leda in Polokwane. As a result, 18 176 enterprises were formalized through the Companies and Intellectual Property Commission, CIPC, in the 2025-26 financial year.

Skills development is very important to keep MSMEs competitive in a changing global economy. In the 2025-26 financial year, through our agency, the Leda, we supported 8 125 MSMEs; of these, 6 297 received business skills, while 1 828 were trained in technical and artisanal skills. In line with the enterprise support, a total of 122 MSMEs and 119 co-operatives were incubated. In addition, 22 enterprises received loans worth R10,9 million.

On industrial parks revitalization and SMMEs integration, the integration of micro, small, and medium enterprises into the industrial park creates strong economic value chains, creates local jobs, and reduces reliance on heavy imports. In Limpopo,

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we have six industrial parks across various districts. These parks are positioned to stimulate township and rural economic development and job creation. Out of the six industrial parks, Leda, in partnership with the Department of Trade and Industry and the Development Bank of SA, has refurbished the Seshego and Nkowankowa Industrial Parks.

We welcome the Department of Small Business Development Programme to prioritize the digitalization of industrial parks for MSME integration into industrialization. The department has approved R12 million for Limpopo through its Business Infrastructure Support Programme. With this support, Leda will refurbish the Thohoyandou Small Industries to benefit 16 MSME enterprises and sustain 96 jobs. Furthermore, the support will also provide modern technology support to the Limpopo Jewellery Business Incubators to increase their capacity from 47 to 70 MSMEs. More support for the industrial parks and modernization revitalization is the way to the industrial transformation and creation of black industrialists. In this regard, we welcome the support that we received from the department.

We welcome the government's effort to remove red tape and all bureaucratic obstacles that prevent MSMEs from taking part in

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the mainstream economy. These initiatives are key to advancing inclusive economic growth and supporting micro and small Enterprise.

In conclusion, hon Chairperson, esteemed colleagues, and ladies and gentlemen, Limpopo province will continue to speed up local MSME growth by aligning with the Department of Small Business Development to implement the MSME One-Plan. Our efforts aim to steadily transform the economic landscape, strengthen our institutions, and expand opportunities for our people. We will continue to build an economy that is inclusive, resilient, and competitive, based on sound governance and driven by the aspirations of our people ...

Tshivenda:

... nga zwenezwo, riṇe sa vunḁu ḁa Limpopo, ri khou tikedza mugaganyagwama uyu. Nḁo livhuwa.

Mr N P MASIPA (Western Cape): House Chairperson, hon Minister, Deputy Minister, hon members and fellow South Africans, we debate this Budget Vote shortly after the passing of Gugulethu entrepreneurship icon, the son of the soil, Ntate Mzoli Ngcawuzele. May his soul rest in peace. We extend our deepest condolences to his family, friends and the people of

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Gugulethu. Ntate Mzoli was more than a businessman; he was a role model who demonstrated that entrepreneurship, determination and hard work can transform lives and communities. He did not wait for handouts; he identified opportunities, he built a thriving business and placed Gugulethu and Cape Town on the global tourism and township economy map. His story reminds us that economic growth is ultimately driven by people who are willing to take risks, create jobs and build enterprises.

According to the Department of Small Business Development, its mandate is to lead, co-ordinate, integrate and mobilise resources within the small business ecosystem to create an enabling environment for the growth, development and sustainability of small, medium and micro enterprises, SMMEs. The ultimate objective is to contribute towards a transformed and inclusive economy. That objective is commendable. However, the department remains some distance from achieving it. The challenge is not a lack of good intentions. The challenge is implementation.

Over the Medium-Term Expenditure Framework, MTEF, the department intends to support SMME co-operatives and informal businesses through equipment, machinery, technology and energy

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support, investments in business infrastructure, financial assistance to township and rural enterprise and other supports. These are all worthy priorities. The problem is not what the Department wants to do. The problem is how it intends to achieve these outcomes and whether these interventions are sufficiently scaled to address South Africa's economic crisis.

The department has tabled a budget of approximately R3,036 billion for the 2025-26 financial year. The Minister has correctly identified the township and rural economy as an area requiring focused intervention. This is welcome. We further note the allocation to the department's Small Business Enterprise Development Finance Agency, SEDFA, entity, which continues to play a central role in expanding access to finance, and credit guarantees for emerging enterprises.

Minister, your commitment to support informal businesses with targets indicating support for approximately 10 000 enterprises during the current financial year is commendable. However, the department provides limited information on provincial performance, provincial allocations and provincial accountability mechanisms. How many businesses are being supported in each province? Which provinces are achieving the

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success? With or without your department's support, the Western Cape remains a beacon of hope.

Which provinces are underperforming? How will the department hold the implementing agency accountable? These are not minor details. They are fundamental to measuring value for money and ensuring equitable development across the country. The department further reports improvement in ecosystem support and enterprise services, yet such broad statements mean very little to entrepreneurs who are struggling on the ground. The real question is whether government is addressing the conditions that prevent small businesses from succeeding.

What is the department doing about extortion? What is the department doing about failing municipalities? A case in point is that only 18 700 of 81 000 spaza shops are licenced, which is attributed to municipal dysfunction. What is the department doing about unreliable electricity supply, deteriorating infrastructure and weak law enforcement? A small business cannot grow in an environment where criminal syndicates demand protection fees, where roads are collapsing, where municipal services are failing and where police resources are inadequate.

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The Minister cannot afford to fold her arms while township businesses are being strangled by extortion. Across many communities, entrepreneurs are closing their shops because it is no longer viable to operate under these conditions.

Government cannot claim to support small businesses while ignoring the criminality and governance failures that destroy small businesses.

The DA believes that economic growth requires partnership. It cannot be correct that national programmes are rolled out in provinces without meaningful engagement with provincial departments responsible for economic development. The Western Cape government has adopted a growth for jobs strategy aimed at driving investment, economic growth and employment creation. Greater collaboration exists between Western Cape government and private sector. However, no collaboration between national and provincial government to improve outcomes and avoid duplication.

The Budget Vote is also being debated in the aftermath of devastating floods that have affected communities, businesses and farms across the Western Cape. The preliminary damage assessment exceeds R3,9 billion on farms. Farmers have lost infrastructure, equipment and biological assets. Gas houses,

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tourism establishments and rural enterprises have suffered severe damage, placing jobs and livelihoods at risk. The province's total estimated loss is about R9 billion. These businesses will require support if they are to recover and continue contributing to local economies.

The DA therefore calls on the department to align its interventions with the unique economic realities and needs of each province. While we note your regressive legislative reforms, efforts to reduce red tape, the DA still maintains that this department isn't demonstrating willingness to reduce red tape.

We cannot wait any longer while small businesses are strangled by red tapes. Small businesses should not spend months navigating a government bureaucracy simply to access support, funding opportunities or procurements. Government must become easier to do business with.

The DA welcomes the allocation of R250 million through the Asset Assist Programme to support at least 860 micro and small enterprises with productive assets and equipment. We also welcome the R53,5 million allocated through the Informal Micro Enterprise Development Programme to support approximately

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3 000 informal businesses. Similarly, the allocation of R70,4 million to support spaza shop development, compliance and stock acquisition is a positive intervention. These programmes have merit. However, South Africa's economic challenges require interventions at a far greater scale.

We cannot be satisfied with economic growth of approximately 0,1% while millions remain unemployed. The latest labour statistics show that Western Cape continues to record the lowest unemployment rate in the country, at approximately 19,6%. However, even this remains far too high by international standards. South Africa requires growth closer to 5% if we are serious about reducing unemployment, poverty and inequality.

To hon Lenkompane, through you, Chair, the North West province with official unemployment rate at approximately 35,1%, she cannot say that they see their province benefiting out of this budget. This budget is required to scale. The level of growth will not be achieved through incremental interventions alone; it requires bold reforms, cutting red tapes, ending extortion, capable municipalities, reliable electricity and water infrastructure, and effective policing. It requires co-ordination across all spheres of government, and it requires

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that these real constraints are addressed in order to ensure that economy grows. Unless they are addressed, government will continue spending money while achieving only marginal results.

The DA therefore supports increased investment in small business development and improved access to finance, but we remain concerned that this budget does not sufficiently address the structural barriers preventing entrepreneurs from succeeding. Small businesses are the engine room of economic growth and job creation. If we want different outcomes, we must be prepared to do things differently. The Western Cape stands ready to share lessons and successful approaches that can help strengthen support for entrepreneurs, grow the economy and create sustainable jobs. I thank you, hon Chair.

The CHAIRPERSON OF THE NCOP: Thank you very much, MEC. We are now proceeding to hon Peter. Hon Peter.

The CHIEF WHIP OF THE NCOP: He has not been well, hon Chair, I suspect ... [Interjections.]

The CHAIRPERSON OF THE NCOP: He's lost between Mexico and Bafana Bafana.

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The CHIEF WHIP OF THE NCOP: No, he has not been well, Chair.

The CHAIRPERSON OF THE NCOP: Okay. Thank you very much, Chief Whip, for clarity.

Ms L V BLENNIES-MAGAGE (Northern Cape): Hon Chair, Deputy Chairperson, the hon Minister for Small Business Development, the hon Deputy Minister and hon members of the National Council of Provinces, before I proceed with my contribution to this debate, allow me to join millions of South Africans in extending our best wishes to our national football team, Bafana Bafana. As they take to the field, they carry not only the hopes of football supporters, but the pride of an entire nation.

In the country often divided by many challenges, sports continues to remind us of our shared identity, resilience, and ability to unite behind a common cause. We participate in this debate during the Youth Month, and in the year that South Africa commemorates 50 years since the historic June 16, 1976, uprising under the theme, hashtag Reset at 50, the Future Calls. The generation of 1976 confronted one of the most brutal and unjust systems in human history, because they

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believed that future generations deserved dignity, opportunity and a better life.

Their courage and sacrifice helped lay the foundation for the democratic South Africa we live in today. As we mark this important milestone, we're reminded that the struggle of 1976 was not only about securing political rights; it was about creating a society in which all South Africans could participate meaningfully in the social and economic life of their country and enjoy the benefits of freedom. Today, the challenges facing many South Africans, particularly young people, women and persons with disabilities, is no longer political exclusion, but unemployment, poverty, inequality and limited access to economic opportunities.

Youth unemployment remains unacceptably high, denying millions an opportunity to realise their full potential and contribute meaningfully to the development of our country. It is, therefore, fitting that we debate the future of small businesses, co-operatives and township enterprises and entrepreneurs during this important commemoration.

Entrepreneurship remains one of the most powerful instruments through which individuals and communities can create jobs, build wealth, and drive local development.

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The democratic government has consistently recognised that political freedom must be accompanied by meaningful socio-economic transformation. This understanding is rooted in the Freedom Charters Declaration, and I quote. "The people shall share in the country's wealth", affirming that liberation was not only about political representation, but also about broadening economic opportunities. The development of small businesses, co-operatives, township enterprises and informal sector remains one of the most practical ways to advance inclusive growth, broaden participation in the economy, and ensure that development reaches communities in every corner of our country.

Section 22 of the Constitution guarantees every citizen the right to freely choose their trade, occupation or profession. However, this right can only be realised when people have access to finance, markets, infrastructure, technology, skills development and business support services. For a young entrepreneur in Galeshewe, a co-operative in Kuruman, a tourism operator in Upington, an informal trader in Springbok, a woman-owned enterprise in Colesberg, or a farmer in Carnarvon, where a person with living with disabilities seeking to establish a business opportunity becomes meaningful when support systems are accessible and responsive.

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In a vast and predominantly rural province such as the Northern Cape, small businesses are not merely participants in the economy; they're the backbone of local economic development, job creation and community sustainability. Their success strengthens households, communities and municipalities alike. We, therefore, wish to commend the hon Minister and the Deputy Minister for their continued efforts to strengthen South Africa's small business ecosystem and for the important work being undertaken through the Small Enterprise Development and Finance Agency, SEDFA.

The consolidation of business support instruments and the SEDFA represents an important opportunity to improved co-ordination, reduce fragmentation and expand access to both financial and nonfinancial support for entrepreneurs across the country. In this regards, we welcome the projected increase in support to the Northern Cape from R103 million in the year 2025-26 to R179 million in 2026-27. This demonstrates an appreciation of the realities facing rural and geographically dispersed provinces.

At a provincial level, we continue to invest in entrepreneurship and enterprise development through the Township and Rural Entrepreneurship Grant Fund. Productive

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equipment and enterprise support were provided to 82 businesses across all five districts during 2025-26 financial year. Since 2023, a total of 358 township and rural enterprise have benefited from this programme. Our partnership with the National Empowerment Fund, NEF, through the Blended Finance Scheme, BFS, programme, has also delivered encouraging results. During the year under review, four enterprises received investments totalling R45,8 million, supporting 359 sustainable jobs.

In its inception, the programme has supported 22 enterprises with investments exceeding R262 million and contributed to the creation and sustenance of more than 1 300 jobs. These investments have enabled business in tourism, construction, mining service, retail and hospitality to expand operations, create employment and contribute to local economic development across our province. The Northern Cape remains committed to ensuring that young people, women and historically disadvantaged entrepreneurs become active participants in the economy.

Through initiatives such as Unboxing Basha, the young entrepreneurs continue to receive containerised business infrastructure, stock support and enterprise activation

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assistance to help establish sustainable enterprises. As we commemorate Youth Month, we must remember that many South Africans are not only looking for jobs, but they are also creating them. Our responsibility as government is to ensure that entrepreneurs have access to funding, mentorship, skills development and market opportunities necessary to succeed.

To support innovation and entrepreneurship, the Northern Cape Innovation Forum, NCIF, and mLab Northern Cape, continue to provide training incubation, mentorship and digital skills development for innovators, technology entrepreneurs and startup enterprises. At the same time, our province is positioning itself as a strategic hub for green industrialisation, mineral beneficiation and renewable energy through catalytic projects, such as, the Namakwa Special Economic Zone, SEZ, Upington Industrial Park, Kathu Industrial Park, KIP, and provide the green hydrogen programme.

This initiative represents significant opportunities for small businesses, local supplier development and participation of emerging enterprises in new value chains. While we are encouraged by the progress being made and fully support Budget Vote 36, we believe there's scope to further strengthen the impact of small business development interventions. We,

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therefore, advocate for differentiated support models that recognise the realities of rural provinces, stronger co-ordination between national, provincial and local government, and the establishment of the National Virtual Intubation and Mentorship Platform, to ensure that entrepreneurs in remote communities have access to business support, growth opportunities, regardless of their location.

As we commemorate 50 years since the 1976 June Uprising, we are reminded that every generation is called upon to fulfil its own historic mission. The generation of 1976 fought for freedom and democracy. Our responsibility is to deepen that freedom by expanding opportunities, reducing inequality and building on the economy that works for all. We must build an economy that empowers entrepreneurs, supports innovation and unlocks the talents of young people, advances the economic participation of women and persons with disabilities, and create sustainable jobs.

Every small business supported; every co-operative strengthened; every township enterprise assisted; and every entrepreneur empowered, brings us closer to fulfilling the promise of freedom for which the youth of 1976 sacrificed so much for. The future is indeed calling; let us answer by

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building an economy that is innovative, inclusive and capable of creating opportunities for all our people. The Northern Cape, therefore, supports Budget Vote 36. I thank you.

The HOUSE CHAIRPERSON (Mr D R Ryder): Chairperson, hon Minister, I'm sure that you'll be the first to agree with me that small businesses are the backbone of the economy and are in fact South Africa's key to resolving the unemployment problem that continues to drag our economy down, bring our people to their knees, cause crime to spike and lower the quality of life that the average South African can lead.

The Department of Small Business Development should be seized with rolling out the red carpet for the entrepreneurs and the businesspeople who choose to take on the risks of running their own small businesses, providing jobs and ensuring that livelihoods are created and helping to drive the economy in their own small way. While these actions may be small when considered individually, together they have the power and potential to turn our economy around and lead us out of the doldrums that we find ourselves in, with growth hovering around 1,5% per annum.

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Yes, the government should be rolling out the red carpet for small business entrepreneurs instead of wrapping them up in red tape. Some of the initiatives detailed in the Budget that is before us are laudable in intent, but, as with all government plans, the proof will be in the implementation.

Indeed, Minister, this is a good-looking Budget with greater emphasis on practical support for small businesses through SMME hubs, business infrastructure, equipment support and targeted assistance for township and rural enterprises. However, there is so much more that we need to do in order to make sure that we simplify the task of running your own business, to ensure that the average hustler in the street can grow their business, start to formalise it and become a meaningful contributor to our economy.

Government should be making it easy for people to comply so that they can focus their attention on actually achieving the goals of their business, rather than tying up entrepreneurs with mountains of compliance regulations, forms to complete, online surveys and activities that are not central to their core business.

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The move by the SA Revenue Service, Sars, to increase the VAT threshold is a great example of this to be welcomed and applauded. The question that I have for you, Minister, is: What is your department doing to get out of the way of the small businessperson? What is your department doing to make life easier for the entrepreneur? Too often, government measures its success by the number of regulations introduced, rather than the number of barriers removed.

An example of what I am talking about lies not in the powers of your department, but with the Department of Trade, Industry and Competition. I certainly hope that the levels of cooperation between your two departments are deep and continuous. The Department of Trade, Industry and Competition has ownership over the management of the Companies Act and its regulations.

One of the consequences of this is that in 2011, Regulation 26 of the Companies Regulations was promulgated. This regulation established the calculation of the public interest score, which is used to determine the complexity of the audit required for a small business. The higher the score, the more onerous the accounting requirements imposed on a small business.

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There are only four components to the score. One of the components adds one point per million rand of annual turnover. Another component is one point per one million rand of liabilities that the company has at its financial year-end. So, half of the components are tied to a R100 0000 limit. Now, Minister, R1000 000 in 2011 is the equivalent of well over R2000 000 in 2026. The regulations have not been updated for inflation.

Effectively, this means that the accounting requirements for small businesses have increased and become more and more onerous for smaller and smaller businesses. This cannot be right. The complexity of financial reporting has real cost implications for small businesses in terms of time, staff costs and accounting fees.

Surely, Minister, it is incumbent on your department to engage the Minister of Trade, Industry and Competition in order to increase this limit, thereby relieving the administrative burden on small businesses. Because every unnecessary regulation removed is an opportunity created. Every administrative obstacle lifted is a business given room to grow and every small business that succeeds brings us one step

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closer to the prosperous and job-creating economy that South Africans deserve.

Rather than bring additional obstacles onto small businesses, such as those proposed by your disastrous and unconstitutional draft bill, rather find ways for government to clear the way for businesses to thrive. Every small business that succeeds brings us one step closer to the prosperous and job-creating economy that South Africans deserve. What a win this would be for your department. What a win for entrepreneurs. What a win for South Africa.

Now, let us talk about this Licensing Bill that the Minister was free to speak about in her speech, but which the Deputy Minister was prevented from addressing. The hastily raised points of order by the Chief Whip and Mr Nonkonyana were incorrect and designed to fuel a flawed narrative. As for Mr Montwedi, well, he is operating under National Assembly Rules, the House from which he was removed. Welcome to the NCOP, hon Montwedi. Hon members, this department's mandate cannot be used to drive political ideology. South Africans need jobs. Our job is to make job creation easy. I thank you.

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Ms S L SITHOLE: Hon Chairperson, greetings to your good self, the hon Minister and Deputy Minister of the Department of Small Business and Development, hon Chief Whip of the NCOP, and hon members. I can't have my video on now because I'm using a phone Chair, if you can allow me?

The CHAIRPERSON OF THE NCOP: That's fine hon Sithole, you may proceed.

Ms S L SITHOLE: Aright, thank you. Hon members, special delegates, permanent delegates, and fellow South Africans ...

Sesotho:

... dumelang.

English:

Thirty years after the adoption of our democratic Constitution, we are called not only to celebrate its enduring legacy, but to also measure ourselves against its vision. The Constitution is more than a legal document. It is a national covenant that challenges us to build a society founded on dignity, equality, and freedom.

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Its preamble compels us to improve the quality of life of all citizens and to free the potential of every person. They are not abstract deeds. They are critical obligations that must guide our policies, strengthen our institution, and expand opportunities for all South Africans.

In this regard, the Department of Small Business Development plays a critical role by creating opportunities for entrepreneurs, supporting small enterprises, and expanding access to markets.

The department contributes directly to unlocking the potential of all South Africans. Its work helps build more inclusive economy, create pathways to sustainable livelihood and advance the constitutional vision of improving the quality of life for all, while enabling every person to realise their full potential.

Hon Minister, the story of Dimakatso Hlongwane, a woman who started a small business selling amagwinya [Fat cakes] in Danville, Pretoria, and has since expanded to operate two businesses that employ six people, is a powerful example of the resilience, innovation, and entrepreneurial spirit that exists across our country.

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Like Dimakatso, many small and medium business owners wake up before sunrise every day. The spaza shop owner in Mahikeng, the welder in Kokstad, the dressmaker in Giyani, and the farmer in Matlosana. They are not asking for handouts, they are asking for opportunity. They are asking government to remove the barriers that make it harder to do business. They want less red tape, easy access to funding, and great access to the market.

If we get the red tape out of the way, our micro, small, and medium enterprise cooperatives and informal traders will do what they do best. They will create jobs, they will create wealth, they will restore dignity. There are many more Dimakatsos in communities across South Africa. They have talent, determination, and drive to succeed.

What they often lack is access to finance, markets, and business support. It is therefore the Department of Small Business Development's responsibility along with its entities to find this entrepreneur, invest in their potential, and help them grow.

By doing so, the department will not only support business and create jobs, but it will also have critical effect on the

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constitutional promise, offering the potential of every person. How do we achieve this, hon members? We can pass the best policies, we can make the strongest commitment, but if finance does not reach entrepreneur, nothing changes.

Too many small business owners walk into a bank with a good idea and walk out with a rejection. Not because they lack ambition, not because they lack ability, but because the system was never designed with them in mind.

Government has established institutions such as Small Business Enterprise Development and Finance Agency and the National Empowerment Fund. These are important interventions, but money sitting in the office does not create jobs. It must reach the entrepreneur on the ground.

We need three things. Firstly, it's speed. A small business cannot wait months and years for an answer. Delay kills opportunity and growth.

Secondly, we need simplicity. Application processes must be easy to understand and easy to access. We must not bury entrepreneur under paperwork.

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Thirdly, we need trust. Many entrepreneurs may not have assets to offer a collateral but they have something equally valuable. A track record of hard work, determination and commitment. We must find innovative ways to support those who have the ability to succeed.

Across South Africa, cooperatives, informal traders and small businesses are ready to grow. They are ready to employ more people and expand their operations. What they need is finance that is accessible, responsive and fair. When we get the finance right, we do more than fund a business. We create jobs, we support families, we strengthen communities and we grow our economy from the ground up.

In this regard, we welcome the implementation of the Red Tape Reduction Framework led by the Presidency, the Department of Small Business Development and the Department of Trade, Industry and Competition. The framework seeks to create a more coordinated and critical approach to reducing red tape across all spheres of government and making it easier for micro, small and medium business enterprises to do business.

This is what responsive government looks like. It is about removing obstacles, creating opportunities and enabling

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entrepreneurs to focus on what they do best, growing businesses and creating jobs. Indeed, this is an example of a government that listens, responds and acts. It is yet another demonstration that the ANC leads.

Hon members, I listened carefully to the naysayers in this House today. The hon embers from the DA, EFF and MKP have stood before this House and criticised the Ministry, arguing that they want a government that reduces red tape and creates a more enabling environment for businesses.

Yet, they fail to admit that this Ministry is already taking concrete steps to do exactly that.

Setswana:

Bangwe ba bone ba bona dipono tse rona re sa di boneng.

English:

The ANC is a movement of action, not rhetoric. While others make speeches, we are implementing reforms that will make a tangible difference to entrepreneurs, small businesses and investors. It is this Ministry that has committed to introducing a one-stop digital platform for business licensing, a practical intervention aimed at simplifying

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compliance requirements and reducing administrative burdens for businesses.

Furthermore, the department continues to advocate to reform five of the 25 pieces of legislation identified as imposing unnecessary regulatory and administrative constraints on micro, small and medium enterprises.

Importantly, consultations on the Business Licensing Bill have now been completed. The milestone brings us closer to establishing a modern, streamlined and transparent licensing framework that supports enterprise development and economic growth. The Bill will soon be tabled before Parliament for consideration.

The difference between the ANC and those who criticise from the sidelines is simple. While they talk about resisting the red tape, we are actively cutting it. While they speak about reforms, we are implementing them. The ANC does not merely talk the talk; we walk the walk.

Hon Chairperson, let me talk to the hon Masipa. Let me illustrate this point. Mr Azar Stanley, a resident of the City of Cape Town, has been trying to establish a tourism transport

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business, yet despite applying three times and paying the required fee on each occasion, his operation licence application has been rejected. This is happening in the very city that is often presented as a model of good governance and service delivery.

So, hon members, who is creating a red tape? It is certainly not the Ministry, which is working to simplify licensing processes and reduce administrative burdens. The reality is that entrepreneurs like Mr Stanley are being frustrated by unnecessary bureaucracy at the local level.

Hon Minister, those who lead will always attract criticism. Those who take decisions will always be second-guessed. Those who are prepared to act will always be judged by those who choose to stand on the sideline.

As Elbert Hubbard once said:

"To avoid criticism, do nothing, say nothing and be nothing."

The Ministry and the department have chosen a different path. They have chosen action over inaction. They have chosen solution over slogan. They have chosen to support

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entrepreneurs, reduce red tape and expand opportunities for small businesses.

Hon Minister, criticism is often the price of leadership. It is the price paid by those who are willing to step forward, make difficult decisions and work to improve the lives of our people, continue leading, continue delivering, continue changing the lives of our people, our entrepreneurs, workers and communities of South Africa. They deserve nothing less.

The ANC is the people's movement. We do not simply identify challenges. We work to solve them. We do not deal in slogans. We deliver practical interventions that improve the lives of our people. That is why the decision by the Minister of Finance to increase the compulsory value added tax, VAT, registration threshold from R1 million to R2,3 million is a significant victory for small businesses across South Africa.

For many entrepreneurs, compliance costs and administrative burdens can stand in the way of growth. This decision will reduce the burden, give small businesses more room to expand and allow entrepreneurs to focus on what matters the most, growing their businesses and creating jobs. Every rand saved

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on compliance is a rand that can be invested in growth, jobs and opportunities.

This is a kind of critical support that small businesses have been calling for. It demonstrates a government that listens, responds and acts. Indeed, it is another example of the ANC leading in building an economy that works for all South Africans.

Hon Chairperson, our Constitution establishes three spheres of government, national, provincial and local, but our people do not experience government in three spheres. They experience government as one government.

A small business owner who cannot get a licence does not care which sphere is responsible. They do not want excuses. They want solutions. They want someone to say, yes, we can help you. Too often, national governments develop a policy, provinces add another layer and municipalities add more forms and more delays. The entrepreneur is left trapped in a maze of bureaucracy.

The ANC says enough is enough. Government must work as one. We must have one objective, which is to make it easy for

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businesses to start to grow and to create jobs. The district development model is helping to break down these barriers.

Government businesses and communities sit around one table, identify problems together and they agree on a solution and monitor progress together, no more passing the buck, no more shifting the responsibility.

We will make finance faster and fairer because opportunity delayed is opportunity denied. We will make regulations smarter and simpler because the law must enable enterprises not to frustrate them. We will make government services more accessible and more efficient because technology must save the people. We will make government work as one because our people develop solutions, not excuses.

Hon members, when small businesses grow, jobs are created. When jobs are created, families are supported. When families are supported, communities thrive. This is how we free the potential of our people. This is how we give practical meaning to the promise of our Constitution and free the potential of every South African. This is how we build a better life for all. Indeed, ANC leads. The ANC support Budget Vote 36.

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I thank you.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon Chairperson, let me take this opportunity to thank all the hon members for their contributions to this debate. The issues raised today whether in support of this Budget Vote or in critique of it demonstrate a shared concern for the future of South Africa's economy and the millions of people who depend on it for opportunity, dignity and hope. What should unite us is the recognition that small businesses are not a peripheral part of our economy, they are their life blood.

Every spaza shop, township manufacture, informal trader and every start up, every co-operative and every growing enterprise represent a South African who has chosen initiative over dependency and an enterprise over despair.

Section 22 of the Constitution of the Republic of South Africa provides that every citizen has a right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law. That is why we are here as lawmakers and policy-makers. This provision is both a guarantee and a responsibility. We have had concerns regarding regulation and the cost of compliance for small

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business. Our responsibility as government is therefore clear. To create an enabling environment in which entrepreneurs can thrive. This is why our reforms seek to eliminate fragmentation.

At present entrepreneurs are confronted by different practices, different requirements and different administrative processes across municipalities. Through our planned reforms we plan to establish a uniform transparent and predictable framework so that businesses can spend less time navigating bureaucracy and more time growing their enterprises.

Hon members, let me state unequivocally, this department does not support unnecessary bureaucracy. We recognise that excessive, fragmented and unpredictable administrative processes can discourage investment, constraint growth and prevent entrepreneurs from participating fully in our economy.

In the year ahead, we will continue working with municipalities, provinces, organised businesses and social partners to reduce administrative burdens, improve co-ordination across government and modernise systems that affect entrepreneurs on daily basis. Our objective is straightforward. It must become easier to start a business,

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easier to grow a business and easier to sustain a business in our country. Together let us build an economy in which enterprises flourish, opportunity expands and every South African has a fair chance to participate, prosper and contribute to the development of our nation.

Allow me to address an issue that was raised repeatedly during this debate. The challenge of late payment of small businesses by organs of state. I agree entirely that late payment is one of the greatest threats to the sustainability of Small Medium and Micro Enterprises, SMMEs. A small business cannot survive if it delivers a service today and waits months to be paid. Cashflow is the lifeblood of enterprises.

However, we must also be honest hon members, about the nature of the challenge before us. Many of the businesses supplying goods and services to government are not supplying the Department of Small Business and Development. They supply, hospitals, schools, municipalities and all other institutions across the state. The department does not appoint those suppliers, process their invoices or manage those budgets. Yet when businesses are not paid, members quiet correctly turn to the department and ask: What are you doing about it?

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This raises an important question. If we agree that government must do more to protect small businesses, strengthen accountability and improve compliance across the state then surely, hon members, we must also support reforms that provide government with the tools necessary to achieve those objectives. We cannot simultaneously argue that government lacks sufficient authority to co-ordinate, monitor and drive compliance across the system, while opposing measures intended to modernise and strengthen the regulation environment in which small businesses operate.

The real issue before us is not whether reform is necessary. The real issue is whether we have the courage to pursue reforms that make government more responsive, more accountable and more effective in promoting entrepreneurs.

As the department, we will continue to champion the interests of SMMEs. We will continue to engage departments, municipalities and public entities on compliance within 30 days payment requirement. We will continue to advocate for stronger accountability mechanisms, and we will continue to work across government to remove barriers that undermines growth and sustainability of small enterprises. For our responsibility is not merely to fund businesses. our

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responsibility is to build an ecosystem in which businesses can thrive, grow and create jobs. That is the work to which we remain fully committed.

Hon Chairperson, let me also correct a factual misrepresentation. The hon member refers to a 26% vacancy rate in relation to the Department of Small Business Development. That is incorrect! The correct figure is stated in all our documents in the report in Parliament is 13%.

Let me also correct the hon member from the Western Cape who deliberately misled this House in saying that the department does not work with provinces. Actually, we even have a Minmec which sits regularly inclusive of all provinces except for the mighty Western Cape. That is where we align on plans, parities and joined implementations. To me, it seems that the Western Cape does not utilise intergovernmental mechanisms such as the District Development Model, DDM, and Minmec and then complain about the Minister not engaging provinces.

As we heard from several MECs, all our programmes are anchored into provincial and local processes. This is the Western Cape that is complaining and never provide any financial support to SMMEs but claim to support them in rhetoric. It is important

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that as members of this House, we engage on the basis of accurate information especially when discussing a department whose work directly affects vulnerable entrepreneurs, cooperatives and SMMEs. We accept criticism. We welcome oversight but it must be based on facts.

The department will continue to account honestly for its performance, challenges and its areas of improvement. However, we must not create an impression of failure by doubling a figure that is not accurate.

Hon Chairperson, I must also correct a misrepresentation that arose during this debate regarding the Business Licencing Bill. The hon Deputy Minister suggested that the Bill was rejected by Cabinet and by Parliament.

Mr F J BADENHORST: On a point of order, hon Chairperson.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: That is simply factually not correct.

Mr F J BADENHORST: On a point of order, hon Chairperson.

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The MINISTER OF SMALL BUSINESS DEVELOPMENT: The Bill has not been rejected by Parliament. The Bill is introduced here.

The CHAIRPERSON OF THE NCOP: Hon Minister, can you please hold on.

The hon Badenhorst, are you rising on a point of order?

The CHIEF WHIP OF THE NCOP:

Mr F J BADENHORST: Yes, hon Chairperson, my point of order is: I rise on Rule 65, on relevance. The same rule that the hon Chief Whip used against the hon Deputy Minister. I will use the same reasoning.

The CHIEF WHIP OF THE NCOP: When the hon Ryder raised it you kept quiet.

The CHAIRPERSON OF THE NCOP: No, no, no, no.

Hon members, hon members, hang on.

The hon Ryder. The hon Badenhorst, are you done.

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Mr F J BADENHORST: Hon Chairperson, I am right here.

The CHAIRPERSON OF THE NCOP: Are you done?

Mr F J BADENHORST: Yes, I am just waiting for your ruling.
Thank you, Mam.

The MINISTER OF SMALL BUISNESS DEVELOPMENT:

The CHAIRPERSON OF THE NCOP: No, no, no, no, hon Ryder, allow the hon Minister to conclude and the order that you are raising is not sustained.

Mr F J BADENHORST: You did not allow the Deputy Minister to conclude.

The CHAIRPERSON OF THE NCOP: Continue, hon Minister.

Mr F J BADENHORST: So, you are not consistent, hon Chairperson.

The CHAIRPERSON OF THE NCOP: You can proceed, hon Minister.

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The MINISTER OF SMALL BUSINESS DEVELOPMENT: Hon members, a misrepresentation is made. Cabinet did not reject the Bill.

Mr F J BADENHORST: Different rules for different parties, obviously.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Following extensive consultations and further considerations on a number of issues raised during the policy development process, I exercised my responsibility as the executive authority to withdraw the Bill in order to allow for further refinement and strengthening of the proposed Bill. That process has now been undertaken. As I reported earlier on ...

The CHAIRPERSON OF THE NCOP: Hon Minister can you please hold on.

Hon Badenhorst, can you please not disrupt the Minister.

Mr F J BADENHORST: How much time is she supposed to get.

The CHAIRPERSON OF THE NCOP: We have afforded the Minister to present on a matter that ordinarily she was not supposed to be presented with cautions. Therefore, the Minister is not

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talking about the details and the specifics of the Bill. She is responding to matters that have been raised in relation to the Bill. So, do not have goosebumps around her response. Allow her an opportunity to conclude her response. The matters were brought before this House prematurely by the Deputy Minister. She has to respond to that as an accounting officer and the executive authority of the department. Please, allow her to conclude, hon Badenhorst.

Mr F J BADENHORST: Her time had expired when I raised a point of order.

[Interjections.]

The CHAIRPERSON OF THE NCOP: Hon members, you cannot be speaking simultaneously!

Order, hon members!

Hon members, you cannot be speaking simultaneously!

You see the problem is when someone creates problems then you follow suit and not helping the situation. We cannot be following something that is wrong. There has to be distinct.

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The issues have been raised; the Minister has every right to respond to those issues.

You may proceed, hon Minister.

The MINISTER OF SMALL BUSINESS DEVELOPMENT: Thank you, hon Chairperson. The Bill is going to be resubmitted to Cabinet for consideration before being introduced to Parliament. That is how responsible government works. Government must be prepared to listen, consult and improve. That should not be characterised as rejection. It should be recognised as evidence as a government that undertakes consultation, constitutional compliance and legislative quietly seriously.

Hon member, South Africa already has business license legislation. The question before us is not whether business licensing should exist. The question is whether before the constitutional law enacted in 1991 should continue to govern those activities? Or whether Parliament should modernise the framework to align it with the Constitution, co-operative governance and the modern economy.

Fellow South Africans, fragmentation is a red tape, uncertainty is a red tape, and duplication is a red tape. This

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is why we will do everything in our power to create a modern and a uniform system that reduces these burdens while supporting lawful and sustainable enterprise development across South Africa. We will continue to do our best in supporting our entrepreneurs and will continue to make sure that we also challenge those that think they can never be challenged. We are never going to allow for the status quo to remain. Our people deserve better. Entrepreneurs of this country must enjoy and exercise section 22 of our Constitution fully and that right may be regulated by law and law we are going to develop to respond to the challenges faced by our people. Thank you, hon Chairperson.

The CHAIRPERSON OF THE NCOP: Thank you very much, hon Minister and thank you for your time.

We want to take this opportunity and thank the hon members. I know your hearts were torn apart between your calling as well as you being patriotic citizens of South Africa. However, nonetheless you chose to make sure that you continue with the business of this House regardless of whatever the circumstances.

Setswana:

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Tshela thupa.

English:

We are experiencing as South Africa. We really appreciate that.

On the same note, we want to wish the hon Peter a speedy recovery. May he be healed. We are with him in our thoughts and prayers. We wish him a speedy recovery.

Having said that we also want to appreciate the MECs for their attendance and their constructive participation in this debate. We are very much pleased as the NCOP, hon Minister when we get feedback and a sense that the Ministers are working in collaboration with the provinces to make sure that they better the people's lives. It is not you who has said that but through the articulation in this debate by the various MECs from various provinces. We can attest to that that indeed the three spheres of government is in collaboration and is working in tandem with each other. We really appreciate that. Hon members, that then bring us to the end of the day. This sitting is adjourned.

Debate concluded.

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The Council adjourned at 23:08.

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