



# **Legislative and Regulatory Report**

## **September 2025**

## Introduction

- The month of September reflected both systemic challenges in governance and efforts to enhance accountability, service delivery, and fiscal oversight in South Africa's legislative and regulatory environment.
- This report analyses the key legislative and regulatory events, examining their implications for governance, policy implementation, and the business environment. In doing so, it focuses on six core themes: justice sector reform, municipal and water governance, SOE board stability, tax policy and fiscal oversight, supplementary reform programmes, and legislative instruments and policy flashpoints.

## Parliamentary and Judicial Oversight in South Africa's Constitutional Democracy

- Parliamentary and judicial oversight are central to South Africa's constitutional democracy, ensuring that state institutions operate with accountability, transparency, and adherence to the rule of law.
- This month, these mechanisms were particularly visible through Parliament's *Ad Hoc* Committee investigating allegations of corruption and political interference within the South African Police Service (SAPS), alongside the Madlanga Commission of Inquiry, a judicial-led process examining similar claims.
- While both processes aim to reinforce accountability, they operate under distinct mandates: the *Ad Hoc* Committee functions within Parliament's oversight framework, with public engagement and reporting obligations, whereas the Madlanga Commission wields judicial investigatory powers, including evidence-gathering and legal adjudication.
- The interplay of these processes highlights the complexity of governance oversight in politically sensitive contexts and underscores the importance of transparency, procedural integrity, and public confidence in shaping law enforcement reforms.
- The *Ad Hoc* Committee convened its second meeting on 26 September to address systemic governance failures, leadership challenges, and political interference within SAPS.
- Witnesses, including KZN Provincial Police Commissioner Lt-Gen Nhlanhla Mkhwanazi, are expected to contribute testimony that overlaps with evidence already presented to the Madlanga Commission, which commenced its work on 17 September. Several witnesses have already been called before the Commission, creating the potential for scheduling conflicts between the two oversight processes.
- Parliament and the judiciary must carefully coordinate to ensure that evidence is shared appropriately, while maintaining procedural integrity and avoiding duplication or delays.
- The Committee's ongoing public submission process, open until 17 October 2025, reflects Parliament's commitment to inclusive oversight. Outcomes from these inquiries are expected to not only lead to criminal prosecutions and convictions but also influence SAPS leadership reforms, procurement oversight, and coordination with independent bodies such as the Independent Police Investigative Directorate (IPID).
- Given the politically charged environment, following years of state capture, corruption and criminal justice's lethargic responses, the perceived independence and rigour of these inquiries will determine whether they strengthen public trust or are seen as performative. Political pressures and compressed timelines pose risks to credibility, underscoring the delicate balance between accountability and politicisation.



## Parliamentary Oversight Over SOE Governance

### State-Owned Enterprises



- A credible inquiry could bolster public confidence. During the month, governance failures and parliamentary scrutiny extended to state-owned entities (SOEs), including the National Youth Development Agency (NYDA), Sector Education and Training Authorities (SETAs), and the Road Accident Fund (RAF). The dissolution and subsequent reinstatement of the NYDA board raised legal and procedural questions, reflecting broader concerns over institutional stability.

- Ministerial appointments and suspensions in several SETAs, including the Construction SETA (CETA), Services SETA (SSETA), and Local Government SETA (LGSETA), have sparked controversy over legality, transparency, and accountability. In the RAF, the board's dissolution and the contested suspension of CEO Collins Letsoalo highlight vulnerabilities in leadership continuity.
- These disruptions have significant implications. Weak governance undermines the ability of SOEs to deliver on mandates, reduces public trust, and consumes parliamentary and administrative resources that might otherwise focus on service delivery. Furthermore, youth programmes, skills development initiatives, and claims administration are particularly vulnerable to leadership uncertainty.
- These governance challenges reveal systemic weaknesses in adherence to legal frameworks and highlight the interplay between political influence and institutional capacity.

## Intergovernmental Coordination and Interventions

### Municipal Governance and Water Sector Interventions



- Municipal governance and water service delivery have long posed challenges in South Africa, with September 2025 highlighting both systemic weaknesses and decisive national interventions. Municipal debt to water boards reached R24.58 billion, prompting parliamentary debate on the South African National Water Resources Infrastructure Agency SOC Limited (NWRISA) Amendment Bill, designed to strengthen governance, clarify mandates, and accelerate infrastructure delivery.
- In parallel, National Treasury acted to withhold equitable share transfers to 34 municipalities, incentivising repayments and leading to R278 million recovered between July and August 2025.
- The public response to these interventions has been mixed. The Economic Freedom Fighters (EFF) criticised the measures, arguing that withholding funds unfairly penalises residents and calling for stronger enforcement against large commercial defaulters. The EFF also cautioned against privatisation, emphasising water as a public good and warning that perceived privatisation could erode trust in government. Civil society and business stakeholders largely welcomed the emphasis on fiscal accountability, highlighting the importance of timely municipal payments to water boards for sustaining infrastructure, service continuity, and public health.

### National Intervention in Ditsobotla Local Municipality

- A particularly notable development was the national intervention in Ditsobotla Local Municipality under Section 139(7) of the Constitution. Unlike Section 100, which provides for national intervention in provincial administration, Section 139(7) allows the national government to assume control of a municipality when provincial interventions have failed.
- Ditsobotla, historically plagued by governance failures, service delivery collapse, and at least seven prior provincial interventions, including court-mandated oversight, was placed under national administration on 3 September 2025. Measures implemented included a Financial Recovery Plan with National Treasury, deployment of technical and governance support, establishment of a Joint Operations Task Team to investigate corruption, and enforcement of strict financial controls.
- Public and political reactions to the Ditsobotla intervention reflected both relief and caution. The EFF welcomed the decisive action, citing long-standing municipal incompetence, while business advocacy groups such as Sakeliga had previously pushed for national intervention through legal channels. Opposition parties and civil society emphasised the importance of restoring trust, transparency, and accountability, underscoring that sustained oversight would be critical to achieving meaningful service delivery outcomes.
- These interventions are significant for South Africa because they illustrate the constitutional mechanisms available to restore functionality in municipalities where governance has collapsed.
- By addressing structural deficits in fiscal management and operational capacity, national and provincial oversight seeks to protect service delivery, maintain public trust, and safeguard local economic activity.
- They also signal that intergovernmental coordination, coupled with enforcement measures, is essential for ensuring stability in critical sectors such as water, where lapses directly impact households, businesses, and broader socio-economic development.





## Fiscal Oversight

### Tax Policy, Treasury Workshops, and the MTBPS

- Parliament plays a central role in South Africa's fiscal oversight, ensuring that tax policy, revenue collection, and expenditure priorities are scrutinised for technical robustness, economic credibility, and societal impact. This month, this oversight was particularly evident in the processes surrounding the 2025 Draft Tax Bills.
- On 17 September, National Treasury presented the Taxation Laws Amendment Bill (TLAB), Tax Administration Laws Amendment Bill (TALAB), and Domestic Reverse Charge (DRC) regulations to the Standing Committee on Finance (SCOF).
- This parliamentary engagement provided a formal platform for legislators to assess the technical design, fiscal implications, and alignment of proposed tax reforms with broader policy objectives.
- Following this, Treasury and the South African Reserve Bank (SARB) convened stakeholder workshops on 22–23 September to discuss excise duties, carbon tax, and operational compliance.
- These workshops allowed businesses, industry associations, and civil society to evaluate practical challenges, operational feasibility, and fiscal consequences ahead of legislative finalisation. Key issues raised included:
  - Excise Duties and Illicit Trade:** Stakeholders warned that higher excise rates could drive illicit markets, potentially undermining both revenue collection and legitimate business activity. Treasury reiterated that its mandate is revenue-focused, noting that illicit trade remains a matter for enforcement rather than rate adjustments.
  - Carbon Tax:** Energy-intensive sectors highlighted cost pressures and requested mitigation measures, such as phased implementation or incentives for renewable energy adoption. Treasury maintained that carbon tax objectives are primarily fiscal and environmental, indicating that broad rate revisions are unlikely.
  - Technical Compliance:** Participants discussed reporting burdens, administrative complexity, and operational challenges across TLAB, TALAB, and DRC. Treasury framed these workshops as forums for technical clarification rather than vehicles for major policy changes.
- Crucially, these engagements feed directly into Parliament's fiscal oversight responsibilities. By scrutinising technical content, testing practical implications, and ensuring stakeholder concerns are considered, legislators help safeguard the credibility, transparency, and enforceability of tax legislation. The insights generated from these workshops will shape the Medium-Term Budget Policy Statement (MTBPS) 2025, influencing revenue projections, incentives for green industries, carbon taxation strategies, and broader fiscal consolidation plans.
- For business, these processes underscore the dual importance of operational preparedness and structured advocacy. By monitoring parliamentary debates, engaging through industry associations, and modelling financial and compliance scenarios, firms can anticipate regulatory changes while contributing to technically informed policy outcomes. Ultimately, Parliament's oversight ensures that tax reforms are not only revenue-generating but also economically coherent, socially responsive, and operationally implementable.



### Supplementary Oversight: Operation Vulindlela Phase 2

- Operation Vulindlela Phase 2, reaffirmed in September, continues to prioritise reforms in electricity, logistics, and water sectors, addressing infrastructure bottlenecks, regulatory inefficiencies, and institutional coordination. Though not a legislative instrument itself, Vulindlela intersects with pending bills and budget allocations, making it critical for sectoral actors to monitor implementation, sequencing, and legislative enablers.
- The associated Legislative Tracker indicates progress in water use licensing regulations, public procurement reforms, infrastructure delivery amendments, digital infrastructure expansion, and electricity market reform. These reforms align with broader goals of improving service delivery, investment climate, and institutional capacity.



## Legislative Instruments and Policy Flashpoints

*September saw activity across both adopted and draft bills:*

Instrument	Purpose	Status	Strategic Notes
<b>Revenue Laws Amendment Bill 2025</b>	Two-pot retirement system	Adopted by NA 22 July; NCOP review ongoing	Supports Treasury reform agenda
<b>National Land Transport Act Amendments</b>	E-hailing regulation	Gazetted 12 Sep	Licensing and compliance for Uber/Bolt
<b>National Credit Act Amendments</b>	Expanded credit bureau access	Withdrawn	Stakeholder influence; future revisions likely
<b>SABC Funding Reform</b>	Alternatives to TV licence	Withdrawn	Impacts media policy and digital platforms
<b>Liquor Amendment Bill (Private Members' Bill, EFF)</b>	Stricter licensing, advertising restrictions, alcohol trading regulation	Tabled in National Assembly, under initial review	Could impact retail, hospitality, municipal licensing; signals EFF push on public health and social policy

## Implications for Business and Stakeholders

Across these themes, several strategic considerations emerge for the private sector

- **Operational Stability:** SOE and municipal governance failures create risks for supply chains, service continuity, and regulatory certainty.
- **Policy Certainty:** Parliamentary oversight, fiscal enforcement, and workshops signal priorities, enabling proactive scenario planning.
- **Advocacy:** Engagement through industry associations remains key to influence technical and operational aspects of legislation.
- **Fiscal Impacts:** Excise duties, carbon taxes, and incentives for green industrial growth affect cost structures, competitiveness, and investment decisions.

**END**