SOUTH AFRICA'S LEGISLATIVE AND REGULATORY 2026 MID-YEAR REVIEW

JUNE 2026

Executive Summary

- South Africa's Government of National Unity (GNU) entered the midpoint of 2026 with a mixed but increasingly legible legislative and regulatory record. The first half of the year confirmed the central pattern identified in the 2026 Forecast: fiscal and procedural matters are being managed with greater discipline than in 2025, while more ideologically contested reforms continue to advance slowly, unevenly, or through the courts. For business, the result is qualified stability. Core budget processes have become more predictable, but structural policy uncertainty remains elevated in healthcare, employment equity, land, public health regulation, and high-profile oversight processes.
- Building directly on the patterns established in 2025, when Parliament introduced 34 bills but enacted only 12, mostly fiscal measures that prioritised budgetary stability over structural reform, the first half of 2026 has shown incremental progress in coalition management.
- The Clearing House Mechanism (CHM) and improved committee processes have helped maintain discipline on money bills, while judicial oversight has become the primary channel for resolving ideological disagreements within the coalition.
- Our high-level assessment of the original 2026 Forecast is that it remains broadly valid but requires moderate adjustment: the predicted emphasis on incrementalism, compromise, and the judiciary as a "third actor" has materialised more strongly than anticipated, particularly on flagship laws such as the National Health Insurance (NHI) Act. Fiscal processes have proven smoother than the near gridlock of 2025, which is positive for investor confidence
- However, several high-profile carry-over bills have advanced more slowly than forecast, and 2026 Local Government Election (LGE) pressures, are already beginning to shape parliamentary behaviour. June developments have reinforced these trends with heightened judicial intervention in oversight processes and continued steady progress on core fiscal matters.
- Key headline risks for the second half of the year include the politicisation of oversight processes ahead of the LGE, further delays or partial invalidations arising from Constitutional Court rulings on NHI, Employment Equity and related matters, the overlay of presidential legal challenges to parliamentary impeachment processes, and the possibility that smaller GNU partners or opposition parties use remaining high-stakes bills as bargaining chips.
- Opportunities lie in the GNU's demonstrated ability to pass core fiscal legislation without crisis and in the emerging pipeline of governance-strengthening bills (anti-money laundering, whistleblower protection, and labour modernisation).
- For the private sector, the overarching message is one of qualified stability with elevated regulatory and institutional overhang. Businesses can plan with greater short-term certainty on fiscal and budgetary matters than in 2025, but structural policy uncertainty, especially in healthcare, employment equity, land, and public health regulation, remains elevated because contentious issues are increasingly being resolved (or deferred) through the courts rather than through decisive parliamentary action. The activation of impeachment-related judicial proceedings in June adds a further layer of political distraction and separation-of-powers tension. This environment rewards careful scenario planning and active engagement in committee processes on bills that directly affect operations.

Mid-Year Review

Parliamentary Governance

GNU Cohesion Moves from Fragile Bargaining to Managed Incrementalism

- When the GNU was formed after the May 2024 elections, many observers expected persistent fragility, with the African National Congress (ANC) and Democratic Alliance (DA) struggling to reconcile deep ideological differences on issues such as Broad-Based Black Economic Empowerment (B-BBEE), land reform, healthcare, and Employment Equity (EE). The 2026 Forecast anticipated that the coalition would move from fragile 2025 bargaining toward greater maturity, with the Clearing House Mechanism (CHM) and more structured committee processes acting as the key adaptations to deliver measurable discipline.
- In the first half of 2026, this maturation has been partial but tangible. The GNU has shown greater discipline on procedural and fiscal matters, while progress on transformative policy has remained more constrained. The CHM has functioned effectively as a dispute-resolution forum where coalition partners share a common interest in stability, most notably during the passage of the Division of Revenue Bill and Special Appropriation Bill through the National Assembly on 21 April 2026, followed by committee work on the main 2026 Appropriation Bill in May.
- This contrasts sharply with the 2025 experience of repeated budget revisions and near-misses on constitutional deadlines.
- Cabinet statements from February and March 2026 further illustrate coordinated executive action, with multiple bills (including labour law amendments, anti-money laundering enhancements, and electronic communications reforms) approved for parliamentary processing in a relatively orderly fashion.
- However, power struggles and ministerial discord have not disappeared; they have simply shifted terrain. On ideological or redistributive files, the GNU has largely avoided direct parliamentary confrontation by allowing, and in some cases actively facilitating, judicial review. The most prominent example is the NHI Act, where the President agreed in February 2026 to delay proclamation of key sections pending Constitutional Court rulings on public participation challenges.
- This approach of giving space to the courts has preserved short-term coalition cohesion, but it has also slowed implementation momentum. Similar dynamics are visible in the Employment Equity Amendment Act, where the Constitutional Court dismissed an urgent application for interim relief, allowing regulations and sectoral targets to proceed while the substantive constitutional challenge remains live in the High Court.
- Early evidence supports our earlier Forecast's prediction of incrementalism over radical transformation.
- Private Members' Bills (PMBs) from smaller parties, including the EFF's Liquor Amendment, continue to test coalition tolerance and inject opposition influence into the agenda.
- The GNU has demonstrated an ability to process low-controversy, Cabinet-driven legislation efficiently while deferring or diluting more contested items.
- For business, this pattern reduces the risk of sudden, poorly negotiated laws but also means that structural reforms capable of addressing skills shortages, healthcare costs, or regulatory barriers are unlikely to materialise quickly.

Fiscal Legislation

Money Bills Shift from Coalition Bargaining Chip to Institutional Coherence

- The 2026 Forecast highlighted the risk that fiscal legislation could again become a bargaining chip, as it did in 2025 when the Appropriation and Division of Revenue (DoR) processes approached constitutional deadlines amid coalition tensions. In practice, the first half of 2026 has delivered a clear improvement in institutional coherence.
- The Division of Revenue Bill and Special Appropriation Bill passed the National Assembly without the protracted drama of the previous year and were referred to the NCOP.

- Committee briefings on the main 2026 Appropriation Bill proceeded in May with departmental input, indicating steady progress rather than crisis management. Crucially, GNU partners, including the DA, extended support to core fiscal measures, suggesting that shared incentives around macroeconomic stability and debt management have outweighed narrower partisan positioning.
- Fiscal legislation was not used aggressively as leverage in the first half of 2026. This represents meaningful progress in coalition discipline and has positive implications for investor and regulatory certainty.
- Businesses operating in South Africa therefore benefit from greater predictability on expenditure priorities, revenue allocation and tax trajectories than was possible during the 2025 near-gridlock. However, committee debates continue to expose tensions between social spending priorities and fiscal consolidation, and those tensions are likely to intensify as LGE pressures build in the second half of 2026.
- Overall, the shift from "bargaining chip" to greater coherence strengthens the GNU's credibility on economic governance, even if it does not yet translate into accelerated structural reform.
- In June, Parliament has sustained this improved momentum through the budget vote process.
- The Presidency Budget Vote was tabled on 2 June 2026, followed by scheduled debates on departmental Budget Votes in both the National Assembly and the National Council of Provinces (NCOP) throughout the first half of the month.
- Notable sessions included the Police Budget Vote debate in the NCOP. Select Committee on Appropriations meetings also continued into mid-June to finalise scrutiny of the main 2026 Appropriation Bill.
- These proceedings have remained largely orderly and free of the procedural crises that characterised 2025, further demonstrating the GNU's growing capacity to manage core fiscal processes even under rising pre-LGE political pressures.
- This orderly progression on money bills continues to support short-term investor confidence in budgetary stability.

Regulatory Pipeline

Key Carry-Over Bills Continue to Advance Unevenly

- Overall legislative activity in the first half of 2026 has remained measured and largely consistent with the patterns observed in 2025. While several executive-driven bills on governance and technical matters advanced relatively smoothly through committee stages, many of the higher-profile carry-over bills from our 2026 Forecast have progressed more slowly than anticipated.
- Delays have been driven by a combination of extended public participation processes, committee workload, and, most significantly, the increasing role of the judiciary in testing the constitutionality and procedural integrity of contested legislation.
- Against this broader backdrop, two bills with particularly direct and material implications for the private sector stand out as warranting closer examination: the Tobacco Products & Electronic Delivery Systems Control Bill and the EFF's Liquor Amendment Bill (Private Member's Bill).
- Both were flagged as priorities in our 2026 Forecast, and both continue to carry significant regulatory, economic, and compliance risks for business.

Tobacco Products and Electronic Delivery Systems Control Bill

- In our 2026 Forecast, this Bill was described as being in "committee deliberation with stakeholder objections ongoing," with the expectation that the Portfolio Committee on Health would conclude its work, incorporate amendments (particularly around illicit trade), and forward it to the National Assembly for approval during 2026. This seems unlikely to be achieved.
- The Bill seeks to replace the outdated Tobacco Products Control Act (83) of 1993 with a comprehensive modern framework aligned with World Health Organization standards.
- Key elements include stricter controls on advertising and promotion, plain packaging requirements, expanded smoke-free zones, and tighter regulation of electronic nicotine delivery systems.
- As of mid-June 2026, the Bill has obtained a Motion of Desirability, with all political parties, except the Freedom Front Plus, voting in favour of the motion. All political parties, except the ANC, expressed strong objections to the current drafting and indicated their commitment to revising problematic aspects if the Bill is to be adopted.
- The DA claims that its support for the Bill was secured under the GNU framework. In return for its support, the ANC agreed to certain amendments, which amendments will be made during the line-by-line process when Parliament comes back from recess on August 3.
- Businesses should be encouraged by the willingness of opposition parties to stand up to the ANC in Committees and force a rethink of problematic legislation. This bodes well for future legislative changes and strengthens South Africa's participative democracy in meaningful ways.

- Similarly, the private sector should seriously reconsider its posture towards smaller political parties in Parliament. These have been instrumental in shifting the Committee's posture on the Bill, particularly the African Transformation Movement and ActionSA.
- The Bill's passage will serve as a bellwether for how the GNU balances public health advocacy against economic and enforcement pragmatism.

EFF Liquor Amendment Bill

- Our 2026 Forecast positioned this PMB as having been referred to the Portfolio Committee on Trade, Industry and Competition, with an outlook of mid-year public hearings and the possibility of hybridisation with a Department of Trade, Industry and Competition (DTIC) bill.
- We confirmed that the bill was unlikely to pass in full during 2026 due to its far-reaching nature.
- The Bill, introduced by the Economic Freedom Fighters (EFF), proposes a comprehensive ban on alcohol advertising, promotion, product placement, and sponsorship across all media.
- In the first half of 2026 the Bill has progressed through the committee stage as anticipated. Briefings occurred in November 2025, followed by engagements with the Departments of Sport, Arts and Culture, Health, and Trade, Industry and Competition.
- The bill remains under active consideration, with further public hearings or deliberations expected. While this keeps it broadly aligned with the Forecast timeline, the inherent political dynamics of a PMB from a non-GNU party make full passage in 2026 improbable without significant modification or absorption into executive legislation.
- From a business perspective, the stakes are high. A broad advertising and sponsorship ban would directly affect beverage producers, advertising and media agencies, sports bodies, entertainment venues, and retailers. It would also have ripple effects on informal-sector livelihoods tied to alcohol distribution.
- The GNU is therefore likely to seek a moderated or hybrid outcome that addresses genuine public health concerns (particularly youth exposure and harmful drinking) without triggering coalition fracture or severe economic disruption.
- Private sector stakeholders in the alcohol value chain should prioritise constructive participation in the current committee process and develop contingency models ranging from targeted restrictions (e.g., digital or youth-focused) to broader curbs. This file exemplifies the Forecast's prediction of transactional, negotiated outcomes rather than clean victories for any single ideological position.

Updated Status of Remaining Core Bills

The table below updates the framework used in our 2026 Forecast for visual continuity, incorporating actual H1 2026 outcomes, deviations, and business-focused strategic implications.

Bill	2025 Status (from 2026 Forecast)	2026 H1 Actual Outcome	Deviation from Outlook	Strategic/Regulatory Implications
International Co-operation in Criminal Matters Amendment Bill	Early parliamentary stages	Progressing; low controversy supports smoother path	On track	Strengthens anti-corruption and international cooperation framework; positive for compliance-heavy sectors and investor confidence in governance.
Remote Gambling (DA PMB)	Pre-tabling consultation	Limited visible H1 movement; public hearings likely pending	Delayed	Revenue-generating potential in digital economy; ethical/provincial tensions and regulatory design risks require careful oversight. Watch for hybrid executive approach.

Employment Services Amendment Bill (ESAB)	Public participation ongoing	New version (B16-2026) introduced May 2026	On track	High stakes for labour migration and unemployment policy; mismanagement risks backlash in business and social spheres.
DA Economic Inclusion for All Bill (PMB)	Early parliamentary stages	Committee deliberations H2 expected	On track	Tests coalition tolerance for opposition-driven B-BBEE-style reforms; potential for negotiated hybrid outcomes.
Copyright Amendment Bill & Performers' Protection Amendment Bill	CC argument May 2025; judgment pending	Hearings/arguments continued into 2025; status remains pending mid-2026	Delayed	Modernisation of IP framework stalled; implications for creative industries, software, education, and digital rights. Outcome will set important precedents.
NHI Act	Multiple CC challenges	Procedural hearings May 2026; related CON provisions in National Health Act declared invalid (May 2026); implementation frozen pending full rulings	Delayed	Major overhang for private healthcare, medical schemes, providers, and investors. Centralised model faces constitutional headwinds; prolonged uncertainty deters sector investment.
Employment Equity Amendment Act	DA constitutional challenge ongoing	CC dismissed urgent interdict application (22 May 2026); regulations and 5-year sector targets proceed; substantive challenge pending in High Court	Partially derailed (urgent relief denied)	Sectoral numerical targets advancing; increased compliance burden and transformation pressure on employers. Merit vs demographic targets debate continues; monitoring of High Court substantive hearing essential.
Expropriation Act	Ongoing court review; Sections 19(2)-(4) contested	Signed into law (2024/2025); implementation not fully operational; ongoing challenges	Delayed implementation	Property rights and land reform uncertainty persists; potential deterrent to investment in agriculture, real estate, and infrastructure. "Just and equitable" nil compensation provisions remain litigious.

- Additional high-impact bills that emerged or advanced in H1 2026 include the Employment Services Amendment Bill (B16-2026), General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill, Protected Disclosures (Whistleblower Protection) Bill, and Electronic Communications Amendment Bill.

- These generally follow the low-controversy or governance-strengthening track anticipated in the Forecast and are advancing via the executive route.

Judicial Oversight

Oversight and Accountability

Parliamentary Oversight Strengthens Scrutiny but Raises Politicisation Risk

- Oversight has operated as both a confidence-building and credibility-testing mechanism in this pre-LGE period.
- The Ad Hoc Committee investigating allegations by KwaZulu-Natal Police Commissioner Nhlanhla Mkhwanazi has conducted extensive hearings throughout the first half of 2026, with draft reports highlighting a "serious, multilayered institutional crisis" in aspects of SAPS and the broader criminal justice system; the process has required extensions and remains active into June.
- The SCOPA Road Accident Fund Oversight Enquiry moved from hearings to draft report framework consideration in February 2026 and continued deliberations into May, focusing on governance failures, procurement, and potential referrals.
- The new quarterly Oversight Committee on the Presidency has added structured executive scrutiny.
- A major new development in June 2026 is the activation and early operation of the Section 89 Impeachment Committee (the impeachment enquiry into President Cyril Ramaphosa concerning the Phala Phala/Farmgate matter).
- Following the Constitutional Court's earlier ruling that revived the process, the committee held initial meetings in early June, including proceedings to confirm its leadership and begin organising its work.
- On 12 June, President Ramaphosa filed an urgent interdict application in the Western Cape Division of the High Court seeking to halt the impeachment committee's work pending the finalisation of his review application against the original Section 89 Independent Panel report.
- The interdict hearing is scheduled for 15–16 July 2026. Opposition parties (including EFF and ATM) have indicated they will oppose the application.
- This development exemplifies the broader pattern of judicial oversight intervening in politically charged parliamentary processes. It preserves short-term institutional checks but extends uncertainty and introduces additional separation-of-powers dynamics into the pre-LGE environment.
- For the private sector, credible and timely oversight conclusions, particularly those that lead to concrete anti-corruption or SOE governance reforms, are net positive for the investment climate.
- However, the presidential interdict application and ongoing impeachment committee work risk perceptions of politicisation or distraction, which could undermine credibility gains the GNU has sought to build. Implementation of recommendations (from both the Mkhwanazi committee and any future impeachment outcomes).

Risks and Outlook

July–December 2026 Outlook

- The second half of 2026 will unfold under the shadow of the Local Government Elections. This timing will intensify pressure on all GNU partners to demonstrate visible delivery on service delivery, unemployment, and governance issues.
- At the same time, several high-stakes carry-over bills and pending Constitutional Court judgments will continue to test coalition discipline.
- The first half of 2026 has already clarified where the GNU is strongest and where its vulnerabilities remain. Fiscal processes proved more coherent than during the 2025 near-gridlock, judicial mechanisms were used to manage ideological differences, and oversight processes advanced, albeit with extensions.
- The smooth handling of budget votes and Appropriation Bill processes continues to support fiscal coherence. However, the activation of the Section 89 Impeachment Committee and the President's urgent interdict application introduce a new high-profile judicial overlay on oversight. This reinforces the Forecast's emphasis on the judiciary as a key actor but also heightens risks of politicisation and distraction ahead of the LGE.
- These patterns allow us to refine the risk outlook and reassess the original 2026 Forecast with greater precision.

Risk Dashboard

The following table updates the risk assessment originally contemplated in the 2026 Forecast. It draws directly on H1 evidence, including the smooth passage of the Division of Revenue and Special Appropriation Bills, the February–May handling of NHI and Employment Equity court processes, and the active (but extended) Ad Hoc and SCOPA oversight enquiries.

Risk Area	Likelihood (H2 2026)	Potential Impact on Business	Mitigation / Watch Factors
Risk of renewed legislative gridlock	Low	Moderate to High	Continued effectiveness of the Clearing House Mechanism on fiscal matters. Watch closely for any attempt to link the remaining high-visibility bills (or fiscal processes) to unrelated ideological demands ahead of the LGE.
Coalition fracture risk on ideological bills	Medium	High	Timing and content of Constitutional Court judgments on NHI and Employment Equity; positioning by smaller GNU partners ahead of the LGE.
Regulatory implementation delays	Medium - High	High	Pace of committee work on the Tobacco Bill and EFF Liquor PMB; speed of Constitutional Court judgments; government's capacity to implement once legal clarity emerges.
Politicisation / distraction from high-profile oversight processes	Medium	Medium - High	Progress and tone of the Section 89 Impeachment Enquiry (committee active since early June 2026) and the President's urgent interdict application (hearing scheduled for 15–16 July 2026). Risk of prolonged media focus, separation-of-powers disputes, and diversion of political bandwidth ahead of LGE. Monitor for any spillover effects on GNU cohesion or legislative priorities.

Conclusion

- The first half of 2026 confirmed the GNU's ability to deliver incremental stability on fiscal and procedural matters, marking a clear improvement over the near gridlock of 2025. That improvement is meaningful, but it remains narrow: the coalition has performed best where shared incentives around budget stability and institutional continuity are strongest, while more contested reforms continue to depend heavily on courts, committees and negotiated delay.
- June developments have reinforced this trend, with orderly progress on budget votes and the Appropriation Bill, while the activation of the Section 89 Impeachment Committee and President Ramaphosa's urgent interdict application have further elevated the judiciary's role as a central arbiter of high-stakes political disputes.
- For private sector stakeholders, the outlook remains one of qualified stability with elevated regulatory and institutional overhang. Businesses can plan with greater short-term confidence on macroeconomic and budgetary issues, but structural policy uncertainty remains pronounced in healthcare, employment equity, land and public health regulation, as contentious matters are increasingly resolved or deferred through the courts. Constructive engagement in committee processes, close monitoring of judicial timelines and robust scenario planning ahead of the Local Government Elections will be essential in the second half of the year.

About Frontline Africa Advisory

Frontline Africa Advisory is a Level 1 B-BBEE strategic public affairs advisory firm based in Pretoria. Founded in 2015, the firm supports private companies and organisations in understanding South Africa's public policy, regulatory and political environment, while helping them build meaningful relationships with critical stakeholders.

With more than 50 years of combined experience across the public and private sectors, Frontline Africa Advisory provides client-oriented solutions in public policy and regulatory affairs, government relations, stakeholder mapping and engagement, political risk advisory, political communications, coalition building and community engagement.

Core areas of expertise include:

- Public policy and regulatory affairs advisory
- Government relations and stakeholder engagement
- Political risk advisory and policy analysis
- Stakeholder mapping, coalition building and engagement strategy
- Political communications and community engagement

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