



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**

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## **SPEECH BY DIRECTOR-GENERAL**

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### **KEYNOTE ADDRESS BY DIRECTOR-GENERAL, DR DUNCAN PIETERSE, AT THE METRO TRADING SERVICES REFORM LAUNCH**

**18 March 2026**

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Programme Director,  
Representatives of national departments,  
Leaders of metropolitan municipalities,  
Development partners  
Members of the media

Allow me to begin by acknowledging the leaders from our metropolitan municipalities and our development partners who have joined us today. We are all here because we share a commitment to strengthening our cities.

The launch today of the Metro Trading Services Reform is an important step in South Africa's reform journey. From our perspective, this is one of the most consequential reforms currently being undertaken by the National Treasury alongside all our partners because it aims to restore our cities' ability to deliver reliable water, electricity, sanitation and refuse removal services.

These trading services are core to making our cities work for the people who live in them and the businesses which operate in them. They are also essential to attract the infrastructure investment that the economy needs in order to grow and create jobs.

The health of the cities is closely linked with the fate of our national economy. It is in the cities that the bulk of South Africa's population is concentrated and the bulk of its economic activity takes place. Our cities are the engines of national economic growth, inclusion and innovation. Those of you that have visited some of the other major cities around the world, will know how these cities drive economic activity in those regions.

If our cities do not work, South Africa cannot grow.



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Yet over the past decade we have witnessed the steady erosion of municipal capability in many parts of the country: infrastructure failures, unreliable services, financial stress and declining public confidence.

### **A package of reforms**

The Metro Trading Services Reform is part of a comprehensive package of local government reforms that we detailed in the 2026 Budget. It aligns with Operation Vulindlela and with the government's structural reform priorities to remove constraints to economic growth.

The Budget confirmed plans for R1 trillion of public investment over the medium term, with municipalities responsible for R205 billion of this and major allocations to transport, water and energy. The question that confronts us is the following: which reforms will ensure that the R205 billion spent by municipalities is spent efficiently and effectively, in the interest of service delivery and growth.

The current suite of reforms moves beyond oversight of local government towards more active intervention to stabilise municipal governance and strengthen financial management. The reforms include legislative changes, stronger enforcement of funded budgets and financial recovery plans. They also include targeted investments in municipal infrastructure and smart metering, and new approaches to ensure that public funds are matched to credible delivery.

If capacity constraints at a specific municipality threaten infrastructure delivery, national government will have stronger tools to reallocate funds or adjust implementation arrangements. In the past, when a municipality was unable to spend its infrastructure budget, the funds would be reallocated to other municipalities that were able to spend. In effect, residents in those underspending municipalities would then lose the funding, in favour of those with better capacity.

When the budget was tabled in February, we included a new proposal: where municipal capacity to spend becomes a problem, instead of the funds being lost they will be transferred to entities such as the Development Bank of South Africa and Municipal Infrastructure Support Agent, to ensure the spending takes place in that municipality to benefit the residents who live there.

### **The Metro Trading Service Reform**

Within the context of broader reforms, the Metro Trading Service Reform targets a specific problem. Many of our cities are failing to provide services or to collect revenue adequately. Even when they do, the revenue they collect goes into the general municipal pot, instead of being



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invested to maintain and upgrade infrastructure. As a result the water leaks, the lights go out, the rubbish piles up. Bankers will not lend and investors will not invest.

Take one example. The City of Johannesburg budget for 2025/26 estimates the city will collect R11.9 billion in revenue for water, but will spend only R1.3 billion on water infrastructure – less than 10 per cent! eThekweni plans to collect R22 billion in 2025/26 from electricity charges. Almost 85 per cent of this will pay for bulk charges to Eskom and the city plans to spend only R784 million on electricity infrastructure – so not even 5 per cent.

The Metro Trading Service Reform aims to ensure those services are run like integrated businesses. It creates a single unit of management accountability to deliver core trading services. It will ringfence the revenues and reinvest them in those services.

National Treasury has worked closely with the cities and with departments across government to design the reform, including the Department of Cooperative Governance. And instead of penalising metros that don't implement it, we will incentivise those who do. Government will mobilise R54 billion in performance linked incentives, with R27.7 billion allocated over the medium term, to restore the operational and financial sustainability of metro trading services.

To access the incentives, metros will have to meet the performance targets which they have set for themselves, in the Performance Improvement Action Plans they have developed for each of the trading services.

As they do so, banks will become more willing to lend and investors to invest in the infrastructure of the metros. As a result, this programme is expected to unlock over R100 billion of investment in water, sanitation, electricity and waste infrastructure in the metros.

### Partnerships

As the National Treasury we can implement the institutional reforms to enable change in the metro trading services. But change will succeed only if the right kind of capacity is put in place, with the right managerial authority and accountability.

This is why partnerships are so important to the success of this reform. Cities are active partners in the process. But the success of the reform depends on decisive, coherent leadership across government departments.



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This reform has also been strengthened by partnerships with the international development community.

We are particularly grateful to the Government of Switzerland, through SECO, which has been a long-standing partner to South Africa in strengthening municipal governance and infrastructure financing.

We are also pleased to welcome the Government of Denmark as a highly committed partner in strengthening urban infrastructure and municipal capability.

The World Bank is a valued partner which has worked with South Africa in many areas of development over many years. It is supporting implementation and financing to strengthen the impact of this programme.

We welcome the participation of Germany, France, the New Development Bank and the Asian Infrastructure Investment Bank.

These partnerships reflect confidence in the direction of South Africa's reform agenda and reinforce the collective effort required to restore functional urban infrastructure.

The Metro Trading Services Reform is about rebuilding confidence in our cities, restoring capability in the state, and unlocking the economic potential that lies within our urban centres.

It is also a reminder that when government works together - with cities and partners - we can solve even our most complex challenges.

Thank you.