

REPUBLIC OF SOUTH AFRICA

# Freedom From Poverty Bill

(As introduced to the PEOPLE OF SOUTH AFRICA)

(By the South African Institute of Race Relations (IRR))

[#WhatSACanBe—4-2025]

**To repeal or amend all laws, statutes, legislative clauses, sections, regulations, by-laws, or other legal instruments of the Republic of South Africa that seek demographic representivity or rely on race-based criteria; to replace such measures where appropriate with Economic Empowerment for the Disadvantaged (EED), grounded on socio-economic need and competitive free-market policies to help promote robust economic growth; to introduce a devolved tax-funded voucher system to fulfil the education, housing, and healthcare needs of the disadvantaged, together with appropriate accreditation standards; to promote transparent oversight and accountability in delivering essential services; to ensure the Constitution's founding values of non-racialism, human dignity, and equality are upheld; and to provide for matters connected therewith.**

## **PREAMBLE**

**WHEREAS** section 1 of the Constitution of the Republic of South Africa, 1996, declares the Republic to be one, sovereign, democratic state founded on the values of—

- (a) Human dignity, the achievement of equality and the advancement of human rights and freedoms;
- (b) Non-racialism and non-sexism;
- (c) Supremacy of the Constitution and the rule of law; and
- (d) A multi-party system of democratic government to ensure accountability, responsiveness, and openness;

**AND WHEREAS** many South Africans remain in poverty due to anti-growth rather than pro-growth policies, inefficiency and corruption in the provision

of public services, and race-based policies and laws that discourage investment and create barriers to opportunity;

**AND WHEREAS** race-based policies and laws, like Black Economic Empowerment (BEE) and Employment Equity (EE), require the South African population to be classified by race (despite the absence of any legal foundation for this since the repeal in 1991 of the Population Registration Act, 30 of 1950, but have failed to socio-economically uplift the majority of South Africans, while instead fostering corruption, deterring foreign and domestic investment, and benefiting a narrow elite;

**AND WHEREAS** sections 9, 195 and 217 of the Constitution require non-racialism, good governance, fairness, value-for-money public procurement and the efficient delivery of public services;

**AND WHEREAS** genuine upliftment requires a shift to Economic Empowerment for the Disadvantaged (EED), based on socio-economic need, free-market solutions, innovation, competition and an efficient voucher systems in place of often inefficient and corrupt spending by the state;

**AND WHEREAS** devolving administration of tax-funded vouchers to provincial authorities enhances accountability and responds to local conditions, subject to national standards and oversight;

**B**E IT THEREFORE ENACTED by the Parliament of the Republic of South Africa, as follows: —

## **ARRANGEMENT OF SECTIONS**

### **CHAPTER 1**

#### **DEFINITIONS, INTERPRETATION, AND OBJECT**

1. Definitions and Object of the Act
2. Interpretation
3. Object of Act

### **CHAPTER 2**

#### **REPEAL OR AMENDMENT OF RACE-BASED LAWS**

4. Repeal or amendment of race-based empowerment laws
5. Effect of repeal on ongoing legal or administrative processes

### **CHAPTER 3**

#### **RELATIONSHIP WITH OTHER LEGISLATION**

6. Relationship with other legislation

### **CHAPTER 4**

#### **PRINCIPLES OF ECONOMIC EMPOWERMENT FOR THE DISADVANTAGED (EED)**

7. EED framework
8. Non-racial and merit-based approach

## **CHAPTER 5**

### **DEVOLVED VOUCHER SYSTEM FOR EDUCATION, HOUSING, AND HEALTHCARE**

9. Expert Advisory Panel
10. Establishment of tax-funded voucher systems
11. Accreditation and partnerships
12. Eligibility and usage
13. Financing, co-payments, and complementary savings accounts

## **CHAPTER 6**

### **MONITORING COMPLIANCE AND OVERSIGHT**

14. Non-racial Empowerment Compliance Unit
15. Investigations and enforcement

## **CHAPTER 7**

### **TRANSPARENCY, OFFENCES, AND PENALTIES**

16. Transparency and anti-corruption
17. Offences and penalties

## **CHAPTER 8**

### **DISPUTE RESOLUTION**

18. Internal appeals and mediation
19. Judicial review

## **CHAPTER 9**

### **TRANSITIONAL ARRANGEMENTS**

20. Transitional arrangements

**CHAPTER 10**  
**REGULATIONS**

21. Regulations

**CHAPTER 11**  
**SHORT TITLE AND COMMENCEMENT**

22. Short title and commencement

**SCHEDULE A**  
**LAWS REPEALED OR AMENDED TO THE EXTENT THAT THEY**  
**ARE IN CONTRAVENTION OF THIS ACT**

**SCHEDULE B**  
**EED POINTS SYSTEM**

**CHAPTER 1**  
**DEFINITIONS, INTERPRETATION, AND OBJECT**

**1. Definitions**

In this Act, unless the context indicates otherwise—

**“BEE” or “B-BBEE”** means Black Economic Empowerment as defined in any statute, regulation, or policy that imposes race-based ownership, management, or preferential procurement measures;

**“complementary savings account”** means a dedicated account, managed and overseen by an accredited bank or financial management entity, into which disadvantaged individuals may deposit funds for supplemental costs or future expenses not covered by vouchers and to which tax deductions or other incentives may apply;

**Department**” means the national department designated by the President to coordinate this Act;

**“disadvantaged”** refers to persons suffering measurable socio-economic disadvantage, determined by objective criteria such as income, education, or living conditions, and without regard to race;

**“EED”** means Economic Empowerment for the Disadvantaged, a non-racial empowerment framework based on measurable socio-economic disadvantage and the promotion of economic growth, investment and employment;

**“Expert Advisory Panel”** means the body established under section 9 to guide standards for accreditation, define basic service packages, and advise on voucher regulations;

**“Minister”** means the Cabinet member responsible for the administration of this Act, as designated by the President;

**“Non-racial Empowerment Compliance Unit” or “NECU”** means the body established under section 15 of this Act to ensure full compliance with this Act’s non-racial, merit-based empowerment framework; to monitor and report on the implementation of the devolved tax-funded voucher systems and any related measures; and to recommend enforcement actions or corrective steps against any organ of state, private entity, or individual found to contravene the principles set out in this Act;

**“non-racialism”** means the prohibition and avoidance of all race-based laws and provisions, including the pursuit of demographic representivity in any sphere and any mandatory or voluntary system of race classification:

**“organ of state”** has the meaning assigned in section 239 of the Constitution;

**“public-private partnership”** means a contractual agreement between a public authority and a private entity providing for the provision or management of goods or services related to the vouchers to be provided under this Act;

**“race-based law or provision”** means any Act of Parliament, provincial enactment, regulation, municipal by-law, policy, or other legal instrument that imposes or relies on race-based criteria, targets, quotas, or classifications (including voluntary self-classifications) for conferring benefits, advantages or obligations in areas such as ownership, management, procurement, socio-economic development, education, employment, or service delivery, whether directly or indirectly, and includes any statutory provision that seeks to achieve demographic representivity in any sphere or which compels or incentivises the use of race as a basis for determining eligibility or preference;

**“race-based empowerment scheme”** means any scheme authorised or required by race-based laws and provisions which confers benefits, advantages or obligations in areas such as ownership, management, procurement, socio-economic development, education, employment, or service delivery, whether directly or indirectly;

**“unfair racial discrimination”** bears the meaning assigned in section 9 of the Constitution;;

**“voucher system”** means the mechanism created under this Act for distributing tax-funded vouchers in schooling, housing, or healthcare, managed primarily by provincial authorities within a national policy framework.

## **2. Interpretation**

In interpreting this Act, the following principles must be upheld—

- (a) The Constitution’s founding values of non-racialism, human dignity, equality, and freedom must inform all measures;
- (b) Policies that promote economic growth and competitive free markets are essential to alleviating poverty, especially among the disadvantaged; and



- (c) No provision may be construed to permit unfair discrimination based on race or any other prohibited ground under Section 9 of the Constitution.

### **3. Object of Act**

The object of this Act is to—

- (a) repeal or amend all race-based laws or provisions, particularly those that hinder investment and fail to uplift disadvantaged South Africans;
- (b) replace the entire policy framework and system of Black Economic Empowerment (BEE or B-BBEE) with Economic Empowerment for the Disadvantaged (EED), emphasising socio-economic targeting, private-sector competition and dynamism, and the prohibition of unfair racial discrimination;
- (c) establish devolved voucher systems for education, housing, and healthcare, informed by expert standards, to empower disadvantaged individuals as active consumers and improve service quality through competition, innovation, and accountability;
- (d) permit the use of complementary savings accounts with tax benefits for disadvantaged voucher recipients and also of public-private partnerships, where appropriate, to increase the capacity of provincial authorities responsible for administering the voucher system or otherwise enhancing the delivery options available to the disadvantaged; and
- (e) promote transparent oversight, ensure accountability, and remove race-based impediments to sustained economic growth.

## **CHAPTER 2**

**REPEAL OR AMENDMENT OF RACE-BASED LAWS OR  
PROVISIONS**

**4. Repeal or amendment of race-based empowerment laws**

- (1) All race-based laws or provisions, as defined in Section 1 are hereby repealed in their entirety on the commencement of this Act or are amended by the deletion of all clauses that are based on race or seek racial demographic representivity in any sphere.
- (2) No race-based empowerment scheme, including any preferential procurement measures that are based on racial criteria or seek demographic representivity in the conclusion of procurement contracts, whether in the public or private sectors, may be concluded or implemented after the commencement of this Act, while EED empowerment interventions, as set out in Section [check no] must instead be used.
- (3) Schedule A to this Act lists certain provisions specifically repealed or amended under this Act, but omission of any law from that list does not limit the general effect of this section.

**5. Effect of repeal on ongoing legal or administrative processes**

- (1) Any existing contractor administrative process premised on race-based criteria and obligations may be reassessed according to EED principles within 18 months from the date of commencement of this Act.
- (2) Within this 18-month period, a court, tribunal, or authority may disregard and set aside any provision or criterion that is not only race-based or seeks racial demographic representivity and so conflicts with this Act, but is also tainted by inflated pricing, corruption, or other unlawful conduct.

## **CHAPTER 3**

### **RELATIONSHIP WITH OTHER LEGISLATION**

#### **6. Relationship with other legislation**

- (1) In the event of any inconsistency between this Act and any other law, this Act prevails to the extent of that inconsistency, subject to the Constitution.
- (2) No existing statute or regulation may be interpreted to revive or enforce race-based empowerment schemes abolished by this Act.
- (3) Nothing in this Act may permit or condone unfair discrimination under section 9 of the Constitution.

## **CHAPTER 4**

### **PRINCIPLES OF ECONOMIC EMPOWERMENT FOR THE DISADVANTAGED (EED)**

#### **7. EED framework**

- (1) EED measures must be non-racial, transparent, and directed at alleviating socio-economic disadvantage by promoting growth, investment and employment and providing the disadvantaged with tax-funded vouchers for the efficient and competitive delivery of schooling, housing and healthcare.
- (2) Any organ of state or private entity implementing EED must—
  - (a) prioritise measurable socio-economic disadvantage and may not use racial criteria in any way;
  - (b) foster free-market competition, innovation, entrepreneurship, and job creation; and

(c) ensure compliance with the Constitution’s founding values, as set out in Section 1 of the Constitution.

- (3) The Minister must develop an EED scorecard with an EED points system, as described in Schedule B, which must provide for the voluntary certification and transparent scoring of entities making meaningful contributions to the socio-economic empowerment of disadvantaged individuals in accordance with non-racial and free-market based principles.

#### **8. Non-racial and merit-based approach**

- (1) EED excludes racial criteria and any form of racial classification as a basis for empowerment.
- (2) Any EED empowerment scheme must emphasise merit, skills, objective criteria, and measurable socio-economic disadvantage.
- (3) No EED measure may rely on demographic representivity, racial criteria, racial targets or quotas, or any form of classification by race.
- (4) Any entity may voluntarily comply with the EED scorecard and earn EED points, leading to the issuance of an EED certificate in terms of Schedule B. No preferential or punitive measures may be applied to entities for choosing to comply or not to comply with the EED scorecard.

### **CHAPTER 5**

#### **DEVOLVED VOUCHER SYSTEM FOR EDUCATION, HOUSING, AND HEALTHCARE**

##### **9. Expert Advisory Panel**

- (1) The Minister must, within three months of the commencement of this Act, establish an Expert Advisory Panel (“the Panel”) to guide the

development and oversight of the voucher systems contemplated in this Act.

(2) The Panel must—

- (a) advise on accreditation standards for supplier participation in the voucher system;
- (b) recommend the basic packages of services for education, housing, and healthcare vouchers to be funded via vouchers,;
- (c) encourage free-market driven competition, innovation and efficiency;
- (d) consult with provincial authorities on best practices for implementing and administering vouchers; and
- (e) report annually to Parliament on progress, challenges, and recommended reforms.

(3) The Panel must be composed of no fewer than seven and no more than eleven members, appointed in accordance with subsection (4).

(4) The Minister must appoint members of the Panel only from among those nominated by—

- (a) professional or business associations with expertise in the fields of education, housing, healthcare, economics and/or financial management and who have an established track record in promoting free market-driven competition, innovation, and efficiency in service delivery; or
- (b) civil society organisations, philanthropic foundations or academic institutions with expertise in the fields of education, housing, healthcare, economics and/or financial management, and which have an established track record in promoting free-market policies and the constitutional values of non-racialism and human dignity.

(5) A person is disqualified from appointment to the Panel if that person—

- (a) holds public office or is employed by an organ of state in a senior capacity;
- (b) has, in the three years preceding the nomination, served in a leadership role in any political party;
- (c) has been dismissed from a position of trust due to dishonesty or corruption;
- (d) has demonstrably championed policies substantially contrary to free-market principles, competition, and the Constitution's founding value of non-racialism; or
- (e) fails to fulfil the objective expertise requirements set out in subsection (3).

(6) The Panel must collectively possess demonstrable expertise in the following domains—

- (a) economics or public finance;
- (b) health sciences or medical systems;
- (c) housing development or urban planning;
- (d) teaching at basic education levels;
- (e) how best to implement the right to a basic education, as set out in Section 29 of the Constitution, and/or the progressive realisation of the rights to housing and health care, as set out in Sections 26 and 27 of the Constitution.

(7) The Minister must, by notice in the Gazette, publish the names and brief credentials of nominated Panel members, and invite public comment for a period of not less than 30 days before finalising appointments.

- (8) Members of the Panel hold office for a term not exceeding five years and may be reappointed once, subject to satisfactory performance and continued compliance with subsection (5).
- (9) The Minister must ordinarily implement or give effect to any recommendation of the Panel, but where the Minister departs from such a recommendation, he or she must publish his or her reasons in writing in the Gazette within 30 days of making such a decision.
- (10) The Panel must conduct its affairs in an independent and impartial manner, free from any ideological or political interference, and must at all times uphold the objectives of this Act and the Constitution's founding values of human dignity, non-racialism, the achievement of equality and the advancement of human rights and freedoms, including the freedom to adopt and implement free-market principles and policies.

#### **10. Establishment of tax-funded voucher systems**

- (1) A tax-funded voucher system for schooling, housing, and healthcare must be established under this Act.
- (2) Provincial governments, with the help of public-private partnerships where this is necessary to increase their capacity, must—
- (a) create or adapt administrative structures to issue and manage vouchers in their jurisdictions in accordance with the Panel's guidelines;
  - (b) adopt efficient digital systems to ensure transparency and prevent fraud; and
  - (c) identify a basic package of services to be provided by accredited public and private suppliers with the financial aid of tax-funded vouchers.

## **11. Accreditation and partnerships**

- (1) All public or private suppliers seeking to provide schooling, housing and healthcare services, with the financial aid of tax-funded vouchers, must be accredited under the criteria set out in sub-section 2 and promulgated by the Minister by regulation under Section 22.
- (2) A supplier must be accredited if it—
  - (a) meets minimum quality, safety, and pricing transparency requirements;
  - (b) agrees to comply with auditing and reporting requirements and, once accredited, fulfils this obligation at all times;
  - (c) operates in accordance with the Constitution’s founding values of non-racialism, as defined in Section 1; and
  - (d) directly provides schooling, housing and healthcare services, or facilitates the the provision of these services through through schooling savings plans, low-cost medical schemes, primary health insurance policies, mortgage ageements or other forms of housing finance.
- (3) Public-private partnerships may be concluded by provincial authorities to enhance capacity, especially in underserved areas, and must be advertised and concluded through open and transparent processes, on the basis of free-market competition and value-for-money procurement, as required by Section 217 of the Constitution, and in keeping with the Constitution’s founding value of non-racialism

## **12. Eligibility and usage**



- (1) An individual who is disadvantaged and meets the socio-economic criteria prescribed by regulation under Section 22 is eligible for a schooling, housing, or healthcare voucher, or any combination thereof.
- (2) A voucher—
  - (a) is redeemable solely for accredited services, up to a defined monetary value;
  - (b) may not be sold, transferred, or converted to cash; and
  - (c) is valid for the period specified in provincial regulations.
- (3) A beneficiary of a voucher may freely choose among accredited suppliers and may shift to different suppliers if dissatisfied.

### **13. Financing, co-payments, and complementary savings accounts**

- (1) Vouchers must be funded primarily by the reallocation of the state's existing schooling, housing and healthcare budgets, supplemented by private or philanthropic contributions where available.
- (2) Suppliers must cover all core requirements, including personnel and administrative costs, from the tax-funded vouchers and any supplementary private or philanthropic contributions, thereby minimising the costs of personnel and administration still needing to be provided by relevant national and provincial authorities.
- (3) Complementary savings accounts may be offered to voucher beneficiaries who wish to accumulate funds for co-payments, upgrades, or future costs not covered by their vouchers.
- (4) Complementary savings accounts may merit the granting of tax deductions or other tax benefits or incentives;

- (a) Where such tax deductions, benefits, or other incentives have been provided, the additional savings so made possible must be used for authorised expenses aligned with the Act's purpose; and These accounts must be managed by private financial institutions, subject to oversight by relevant existing authorities.

## **CHAPTER 6**

### **MONITORING COMPLIANCE AND OVERSIGHT**

#### **14. Non-racial Empowerment Compliance Unit**

- (1) The Minister must establish a Non-racial Empowerment Compliance Unit (NECU) to—
  - (a) coordinate national policy and ensure consistency in voucher programmes;
  - (b) investigate systemic issues that hamper voucher efficacy or deviate from EED principles; and
  - (c) maintain a public database of accredited suppliers and aggregate results.
- (2) The NECU may intervene in provinces lacking capacity to administer their EED voucher programmes, until such authorities have entered into suitable public/private partnerships to enhance their capacity or have demonstrated their readiness to assume or resume full administrative control.

#### **15. Investigations and enforcement**

- (1) The NECU, may initiate investigations if there is credible evidence of—
  - (a) collusion or fraud in voucher allocation;
  - (b) misappropriation of funds or resources;

- (c) contraventions of EED principles or accreditation standards; or
  - (d) attempts to reintroduce race-based laws and provisions.
- (2) Where large-scale corruption or severe non-compliance is found, such matters must be referred to the South African Police Service and/or the National Prosecuting Authority for investigation and possible prosecution.
- (3) Accredited suppliers that violate their obligations may lose accreditation and be barred from voucher participation for a period of up to 10 years.

## **CHAPTER 7**

### **TRANSPARENCY, OFFENCES AND PENALTIES**

#### **16. Transparency and anti-corruption**

- (1) Every organ of state or private entity involved in voucher distribution or redemption must operate transparently, publish standardised fee or service schedules, compile annual reports and make these available to voucher holders, and submit to independent audits if directed to do so by the NECU.
- (2) Public-private partnerships must be concluded by means of open, transparent and competitive tender processes that comply with the Constitution's founding value of non-racialism, its emphasis on value-for-money procurement, as set out in Section 217 of the Constitution, and relevant public finance management laws.

#### **17. Offences and penalties**

- (1) A person commits an offence if that person—
- (a) falsifies data or defrauds a voucher programme or attempts to do so;

- (b) reintroduces or seeks to enforce race-based laws and provisions prohibited under this Act;
  - (c) diverts voucher funds for personal gain or other unauthorised purposes; or
  - (d) in any way compels individuals to classify themselves by race as a condition for receiving benefits, services or opportunities.
- (2) A person convicted of an offence under subsection (1) is liable on conviction to a fine or imprisonment for a period not exceeding five years, or both.
- (3) Any supplier found guilty of an offence shall forfeit accreditation and may be excluded from the voucher system for a period of up to ten years.

## **CHAPTER 8**

### **DISPUTE RESOLUTION**

#### **18. Internal appeals and mediation**

- (1) A person who is aggrieved by a decision taken by a provincial authority under this Act may lodge an internal appeal with the relevant province, or with the NECU if no provincial mechanism exists, within 30 days of the decision.
- (2) If the dispute is not resolved, the parties may refer the matter to mediation, conducted by a mediator jointly selected by the parties or designated by the Minister.
- (3) Mediation must be finalised within 90 days unless extended by agreement of all parties.

#### **19. Judicial review**

A party dissatisfied with the outcome of an internal appeal or mediation may apply for judicial review in accordance with the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000).

## **CHAPTER 9**

### **TRANSITIONAL ARRANGEMENTS**

#### **20. Transitional arrangements**

- (1) All race-based empowerment programmes in effect at the commencement of this Act may be reviewed and aligned with EED and the voucher system within 18 months.
- (2) The Minister may grant a further a temporary exemption of no more than 12 months if—
  - (a) such exemption is essential for an orderly transition; and
  - (b) the exemption is tabled in Parliament within 30 days, accompanied by reasons.
- (3) Where an existing right or permit was granted wholly or partly on the basis of racial criteria, it may terminate within 18 months (or after an additional 12 months if the minister grants a further temporary exemption under sub-section 2) and must be replaced by the implementation of the EED voucher system and the voluntary adoption of EED scorecards by the former holders of the affected right or permits. [Let's reword, as suggested in my comments]

## **CHAPTER 10**

### **REGULATIONS**

#### **21. Regulations**

- (1) The Minister may, in consultation with relevant Cabinet members and the Expert Advisory Panel, make regulations regarding—

- (a) procedures for administering vouchers by provincial authorities;
  - (b) uniform reporting and compliance requirements for direct and indirect suppliers of voucher-funded schooling, housing and healthcare;
  - (c) complementary savings account frameworks to which tax deductions, benefits or other incentives may apply;
  - (d) public-private partnership guidelines;
  - (e) transitional arrangements and periods in terms of this Act; and
  - (f) any matter required for effective implementation of this Act.
- (2) The Minister must table any proposed regulations in Parliament at least 30 days before they come into effect to allow for scrutiny and public comment.

## **CHAPTER 11**

### **SHORT TITLE AND COMMENCEMENT**

#### **22. Short title and commencement**

- 1) This Act is called the Freedom from Poverty Act, 2025, and comes into operation six months after its publication in the Government Gazette, or on a date fixed by the President by proclamation in the Gazette, whichever is the sooner.
- 2) The President may, by proclamation in the Gazette, bring different provisions of this Act into operation on different dates, provided that full commencement occurs within six months of the publication in the Gazette referred to in subsection (1).

**SCHEDULE A: LAWS REPEALED OR AMENDED TO THE EXTENT THAT THEY ARE IN  
CONTRAVENTION OF THIS ACT** as per Section 4:

- 1. Employment Equity Act of 1998, as amended**
- 2. Act No. 53 of 2003: Broad-Based Black Economic Empowerment Act, as amended**
- 3. Any other Act, regulation, or legal instrument providing for race-based empowerment scheme(s), particularly as regards ownership, management, or procurement. This includes all laws included in the IRR's Index of Race Law.**

*(Omission of any specific enactment from this list does not limit the general application of section 4.)*