

in session



SPECIAL EDITION

MID-TERM BUDGET

POLICY STATEMENT

2024



Just over R220 million Proposed Increase for Parliament in Mid-Term Budget

Presenting the medium-term budget policy statement in Parliament, Minister of Finance Mr Enoch Godongwana proposed additional funding for Parliament to “enhance operational capacity” in the running of the institution. Although seeming like a drop in the ocean of what Parliament needs, this proposed increase is made amid severe fiscal constraints and National Treasury having to carefully weigh competing demands and make difficult trade-offs between what is most urgent and what must wait.

Alicestine October reports.

During the National Council of Provinces (NCOP) Strategic Planning Session earlier in September this year, delegates lamented the cuts to Parliament’s budget that negatively impacted the institution’s ability to implement its oversight mandate. inSession earlier reported that the Secretary to Parliament, Mr George, told delegates that the national legislature was operating with a deficit of R1.5 billion, representing funding for about 60% of Parliament’s priorities. “The budget cuts have directly impacted how Parliament can afford meaningful support for Members of Parliament to do their job. For example, the budget allocation for a committee for a year is now R300 000 but undertaking one oversight visit will cost more than the annual allocation,” Mr George said.

National Treasury’s

Adjustment for National Expenditure (AENE) now proposes a R220 829 000 direct charge against the Revenue Fund from R492.9 million to R713.7 million, a Parliamentary Research Paper on the AENE 2024 shows. The main appropriation for Parliament is, however, unchanged and the AENE does not provide much further detail on Vote 2 (Parliament). The AENE document states that the final budget will be determined by Parliament in accordance with the Financial Management of Parliament and Provincial Legislatures Act of 2009.

The MTBPS also states that the proposed additional funding allocated to Parliament is for the payment of exit packages and loss of office gratuities to non-returning Members of Parliament following the end of the 6th Parliament and to address human resource capacity constraints.

In March this year, explaining Parliament’s financial constraints to the Joint Standing Committee on the Financial Management of Parliament, Mr George told the committee that Parliament has since 2009 paid R273 million in loss-of-office gratuities to members. At the time, he said that this gratuity may become financially unsustainable and cause liquidity problems in the coming financial year due to low levels of retained earnings.

Delivering his mid-term budget speech, Mr Godongwana highlighted the need to maintain the integrity of key institutions that underpin the country’s democracy – Parliament included. He said the medium-term spending adjustments aim to maintain that integrity and support strong and independent arms of state. He said the fourth pillar of government’s

strategy “seeks to build a capable state that delivers a reasonable and reliable standard of public service that will foster the necessary environment for more growth and jobs”. “For this reason,” he said, “additional funding is proposed for Parliament and the Office of the Chief Justice, mostly to enhance operational capacity in the running of these important institutions. With the Local Government Elections due in 2026, funds have been set for the Independent Electoral Commission to conduct smooth elections.”

Meanwhile, Mr Godongwana also announced proposed additional funding for the South African Revenue Service (SARS) that will help the organisation” build on its successes by driving programmes to enhance the efficiency of revenue collection, whilst enhancing compliance and facilitating

legitimate trade”. “We are also implementing initiatives like early retirement, not to merely reduce the size of the workforce, but also to introduce younger talent to the public service,” the minister said. He told members that this is all part of building a capable, ethical and developmental government.

“We will be harnessing digital infrastructure to roll out critical systems in the provision of service delivery”, he said, listing specific focus areas, including digitising and simplifying the application and disbursement process for social grants, broadening access to employment pathways, rolling out digital identification documents, building a centralised and accessible website for all government services, and digitising health records management for the rollout of National Health Insurance. 🇿🇦



The late Mr Tito Mboweni, former governor of the Reserve Bank and Minister of Finance.

Tributes for Former Ministers during Mid-Term Budget Speech

In delivering the Medium-Term Budget Policy Statement (MTBPS) in the National Assembly recently, the Minister of Finance, Mr Enoch Godongwana, paid tribute to the three former ministers who passed on recently and who he said in their unique ways made enormous contributions to South Africa's constitutional democracy, writes Mava Lukani.

The former ministers are Mr Pravin Gordhan, who was the Minister of Finance in the fifth administration, Mr Tito Mboweni, who was the Minister of Finance in the sixth administration, and Mr Membathisi Mdladlana, who was the Minister of Labour in the third and fourth administrations. Mr Godongwana said that the wisdom imparted by the two former finance ministers was a constant source of inspiration in preparing the MTBPS and grappling with the challenges facing the nation in reaching its social and economic development goals.

He said Mr Gordhan would be remembered as one of South Africa's great architects, who helped develop a capable state, a world-class revenue authority and an unwavering advocate of ethical governance and sound public financial

management. Mr Mboweni would be remembered for contributing to progressive labour market regulations, modernising South Africa's monetary policy, and bringing passion and intellectual bravery to structural reform issues.

Mr Godongwana wished that, in a small way, the 2024 policy statement and the actions it outlines could further the mission the former ministers of Finance gave their lives to—that of a prosperous and thriving nation. Although the country is not yet where the former ministers wished it to be, "... there is a new light that is shining down on our country and on our economy. The recent elections demonstrated the resilience and maturity of our young democracy," Mr Godongwana said. Furthermore, the Minister

said the formation of the Government of National Unity (GNU) in June and the suspension of power cuts since March 2024 have improved business and consumer confidence while decreasing inflation in recent months has raised the hopes of all South Africans.

Meanwhile, inclusive economic growth is at the centre of the government's work and the top of the national agenda. "This policy statement analyses the trade-offs and choices that the nation is confronted with, charting the path toward growth, transformation and action," Mr Godongwana said. "Presenting a policy statement that outlines a clear strategy to grow the economy and retain the health of our public finances, we are building for a better, more inclusive South Africa." 🌟



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OF THE REPUBLIC OF SOUTH AFRICA

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Minister of Finance Promises Fiscal Sustainability

In his Medium-Term Budget Policy Statement, the Minister of Finance, Mr Enoch Godongwana, said the government's fiscal strategy aims to achieve the fiscal sustainability needed to support inclusive economic growth. Given the fiscal constraints, the strategy carefully weighs competing demands, making the necessary trade-offs between what is most urgent and what must wait.

The strategy also supports critical social services and addresses the significant fiscal and economic risks that lie ahead. The minister said the strategy will address the risks by prioritising four key actions. First, the strategy stabilises government debt by

maintaining sufficiently large primary surpluses over the rest of the decade.

As announced in the 2024 budget, a debt-stabilising primary surplus will continue to anchor fiscal policy over the next three years. Second, the strategy focuses on maintaining higher levels of investment by directing a growing share of public spending towards capital projects, said the minister. Third, he said, the strategy protects critical services in the context of constrained budget resources.

The government does this by protecting the social wage, which supports the most vulnerable through spending on health, education, social protection, community development, and employment programmes, Mr Godongwana said. Fourth, the strategy also focuses on the growth in the public-service wage bill by ensuring that public servants are compensated fairly while implementing measures to contain overall costs.

To achieve the goals of the fiscal strategy, Mr

Godongwana said the government must better manage government debt, which has risen too fast and is too high. "We anticipate that government debt will reach more than R6.05 trillion, or 75.5% of GDP, in 2025/26. We know that our debt is unsustainable because debt-service costs have become the largest component of our spending, and it is rising faster

than economic growth," said Mr Godongwana.

Debt-service costs will reach R388.9 billion in the current financial year. He said that means for every one rand of revenue that government raises this year, 22 cents of it is paid in debt-service costs. "To deal with this problem, we have taken difficult steps to reduce the budget deficit.

We have restrained spending and maintained stable tax collection," the minister said. Over the medium term, the main budget deficit will decline from 4.7% of GDP in 2024/25 to 3.4% in 2027/28, with the primary budget surplus rising to 1.8% of GDP. He said the primary surplus will be sufficient for debt to stabilise at 75.5% in 2025/26. 🇿🇦



Mr Enoch Godongwana, Minister of Finance



Investment in Infrastructure Boosts Economic Activity and Enables Growth

During the Medium-Term Budget Policy Statement, Mr Enoch Godongwana told Members of the National Assembly that economic growth is all about effective infrastructure investment, the third pillar of the government's overall economic strategy.

To this end, the government is implementing reforms to create the conditions that will attract greater private-sector participation in public infrastructure

projects. These reforms include mobilising significant private-sector financing and technical expertise to augment the limited public-sector capacity and capability. In addition, the government is amending the Public-Private Partnership (PPP) regulations to simplify requirements for undertaking these projects. The amended Treasury Regulation 16 will be published before the end of November for implementation in 2025/26.

The Minister announced that Municipal PPP Regulations 309 will be finalised by June next year. These Municipal Public-Private Partnership Regulations 309 refer to a set of regulations governing the procurement of public-private partnership agreements between municipalities and private parties.

The government is also establishing a dedicated capacity to plan, prepare

and design programmes to generate a credible pipeline of projects to be taken to the market. Several projects are currently in the pipeline. These include the Department of Water and Sanitation's Water Partnerships Office has two priority programmes for non-revenue water and recycling wastewater, both of which require private investments.

Similarly, the Department of Transport, Transnet and the Passenger Rail Agency of South Africa are finalising a list of priority projects that will be issued to the market in 2025/26. The resolution of the Gauteng Freeway Improvement Project has unlocked a project pipeline worth R85 billion for the non-toll network over the next three years.

In addition, the government is improving the capital budgeting process. This is done by reconfiguring the Budget

Facility for Infrastructure into a centralised gateway for all large infrastructure projects requiring fiscal support. The minister said that from 2025, the facility will have a continuous evaluation process instead of one window per annum. In January 2025, the National Treasury will publish a circular to guide the submission of proposals.

Mr Godongwana also said the government is making a concerted effort to increase the pool of funders to diversify public infrastructure financing through new mechanisms and instruments. These include build-operate-transfer structures and other concessions. Furthermore, the government is developing a blended finance risk-sharing platform that includes a credit guarantee vehicle to help de-risk public-sector projects while reducing the government's contingent liabilities. Fiscal support is

proposed for the projects evaluated in the 2024 Budget Facility for Infrastructure window.

This includes, but is not limited to two hospital projects, including a district hospital in Limpopo; landside capacity expansions at the Cape Town Container Terminal; capacity upgrades on the rail network from Waltloo to Gqeberha; rehabilitation of water infrastructure in eThekweni, and student housing accommodation at six higher education institutions.

A request for proposals will be issued this year for funders interested in supporting these projects, as well as projects for urban rail revitalisation, disaster relief and metropolitan trading services. The minister said funding for these will be separated from broader sovereign borrowing and accounted for separately. 🇿🇦



Minister Explains Government's Strategy for Inclusive Growth

Delivering the medium-term budget policy statement, the Minister of Finance, Enoch Godongwana, outlined the government's strategy to lift the economy to a higher and more inclusive growth path.

Minister Godongwana said this economic strategy rests on four pillars: maintaining macroeconomic stability, implementing structural reforms, supporting growth-enhancing infrastructure, and

building a capable state. This first Pillar, he said, concerns a stable, transparent, and predictable macroeconomic framework that creates a conducive environment for businesses and households to save, spend, invest, and grow. Mr Godongwana said the National Treasury oversees and implements the macroeconomic policy framework.

The minister said anchoring inflation expectations is important for the macroeconomic policy framework. The South African Reserve Bank is responsible for this. To strengthen this framework, the Department of Finance continues to assess the suitability of monetary policy targets and improve the levers

of macroeconomic policy coordination.

The minister explained that Pillar Two involves implementing structural reforms, including those in Operation Vulindlela. The reforms will continue strengthening the economy, making it more productive and internationally competitive while accelerating inclusive economic growth and supporting much-needed job creation.

He told the National Assembly members that the first phase of Operation Vulindlela provides tangible evidence that structural reforms can reduce economic bottlenecks. He said it also demonstrates that government can collaborate effectively with

business for the collective good.

Mr Godongwana said some of Operation Vulindlela's achievements include, among others, a large pipeline of about 22 500 megawatts of private sector investments in renewable energy projects, a 50% reduction in the cost of data for a 1.5GB bundle, a reduction in the waiting period for obtaining a water use licence from almost a year to 90 days, and the introduction of an eVisa system to travellers from 34 countries.

Building on these successes, Mr Godongwana said, the second phase will continue prioritising network sectors. "In the energy sector, we will continue to restructure the electricity supply industry,

establish a competitive electricity generation market and alleviate constraints on transmission infrastructure."

Turning to transport and water issues, the minister said the government would open the freight rail network to private operators to reduce inefficiencies and costs. As for water-related issues, the government's focus is on creating independent economic regulation and strengthening the local water services regulatory environment.

He said the second phase will also introduce new focus areas that seek to strengthen local government, harness digital infrastructure and integrate urban environments to make cities more efficient. 🌱



Finance Minister Explains Proposed Revenue Allocation to Local Government

Minister of Finance, Mr Enoch Godongwana, told Members of the National Assembly that the government proposes allocating 47.9% of available non-interest spending to national departments, 42.3% to provinces, and 9.8% to local government in 2025/26.

The minister said that over time, the share of nationally raised revenue has steadily shifted towards local government. In 2014/15, 8.9% of non-interest main budget expenditure was transferred to local government, compared to the nearly 10% it now receives.

Furthermore, the 2025 Medium-Term Economic Framework period will see the implementation of the first phase of the recommendations of the conditional grant review that the National Treasury

completed earlier this year. This includes merging various conditional grants, such as the Education Infrastructure Grant and the School Infrastructure Backlogs Grant. The aim is to reduce duplication in programme management and improve the efficiency and effectiveness of public spending.

“We are also undertaking amendments to the Public Finance Management Act and the Municipal Finance Management Act. The previous administration started modernising public financial management, which will continue over the next months,” the minister said.

Strengthening local government

Local government is foundational to building a capable state that fosters economic growth and responds to societal needs. However, the minister noted that many municipalities face serious governance, planning and financial management challenges.

As things stand, 50 of the 257 municipalities in the country have active financial recovery plans, and three municipalities are under national intervention — Mangaung Metro, Enoch Mgijima Local Municipality, and Lekwa Local Municipality. However, the national

government cannot intervene in all municipalities at the same time, he said. However, several initiatives are underway to resolve local government failures systematically. Among them is the Eskom municipal debt relief programme.

Eskom Municipal Debt Relief

Since February, when the Finance Ministry last reported on the relief programme, around 70 municipalities that applied for relief from their Eskom debt have been approved. Between March and August 2024, the minister said municipalities’ compliance with relief conditions improved from 55% to 76%, aided by the National Treasury, provincial treasuries and the Municipal Finance Improvement Programme.

Rand West City Local Municipality is the first municipality to benefit from a write-off of one-third of its Eskom debt. This follows its substantial achievement of the debt-relief conditions for the first 12-month cycle. More municipalities stand to benefit from this write-off of Eskom debt if they comply with the programme’s conditions.

“We implore provincial and national departments owing municipalities to pay their dues. This will enable municipalities to pay

waterboards and Eskom so that utilities can deliver these services to citizens,” the minister said.

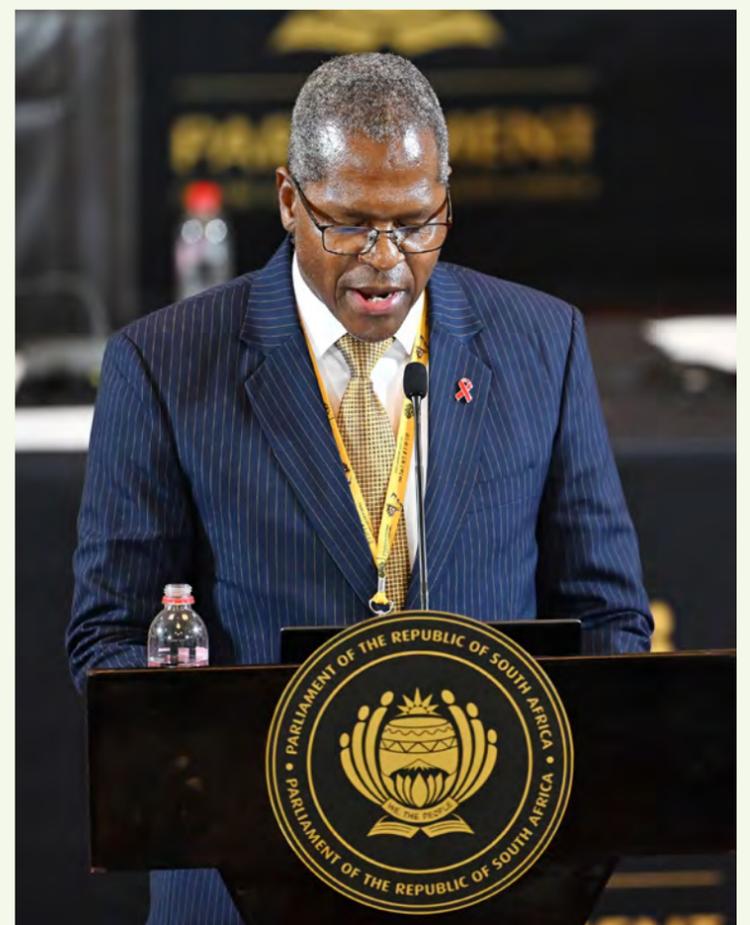
Metro Trading Reforms

Mr Godongwana said that almost 60% of economic activity is concentrated in the eight metropolitan municipalities, which are home to six out of 10 people in South Africa. To improve municipal service provision, reforms in trading services focus on financial, institutional and management changes in metros. The goal is to improve outcomes and enable metros to generate surpluses

to increase investment in infrastructure.

“Our efforts are supportive of the intent of the White Paper on Local Government by the Department of Cooperative Governance to reimagine municipalities as transformative vehicles equipped to respond to the needs of residents.

The National Treasury is undertaking a detailed analysis of the experience of local governments regarding their access to emergency financing and their ability to disburse it,” the minister said. 🇿🇦



Mr Velenkosini Hlabisa, Minister of COGTA

South Africa Will Continue to Face Headwinds due to Risks in International Outlook: Finance Minister



In his mid-term budget speech in Parliament, the Minister of Finance, Mr Enoch Godongwana, touched on the international economic outlook for South Africa over the medium term. He said global economic growth is forecasted at 3.2% in 2024 and 2025, while global trade is expected to grow by an annual average of 3.3 per cent over the same period.

However, the Minister of Finance said several risks to the international outlook remain concerning. These include persistent geopolitical tensions and the threat of escalating conflict in the Middle East. He also mentioned the conflict between Ukraine and Russia, which continues to threaten regional and international stability and global trade. These risks imply that emerging markets and developing countries, such as South Africa, will continue to face headwinds over the

medium term. Turning to the domestic economic outlook, Mr Godongwana said he forecast real gross domestic product growth of 1.1% in 2024. This is lower than the estimate of 1.3% mentioned by President Cyril Ramaphosa in February this year in the State of the Nation Address. Over the medium term, growth is forecasted to average 1.8%. He said this underscores the need for higher inclusive growth to meet all South Africans' aspirations of a better life. 🇿🇦



Through the Lens: MTBPS tabled in the National Assembly







National Treasury Briefs Finance and Appropriations Committees on MTBPS

Following the tabling of the Medium-Term Budget Policy Statement (MTBPS) in Parliament, Members of Parliament could exercise their oversight role and interrogate the MTBPS when National Treasury briefed Parliament's Select Committee on Appropriations, the Standing Committee on Appropriations, the Select Committee on Finance, and the Standing Committee on Finance. Abel Mputing reports.

In his mid-term budget speech, the Minister of Finance, Mr Enoch Godongwana, said the 1.8 % economic growth forecast over three years again highlights the need for continued containment of government debt and expenditure while proceeding with economic structural reforms to unlock the potential in key sectors of the economy.

The Treasury's Director-General, Mr Duncan Pietersen, told committee members that the government's budget deficit will narrow from 5% of gross domestic product (GDP) in 2024/25 to 3.2 % of GDP in 2027/28, while debt would stabilise at 75.5% of GDP in 2025/26.

Paying and collecting debt

Committee members had

a range of questions for the National Treasury delegation about the economic rationale underlying the 2024 MTBPS in the face of the many challenges at all levels of government across the country.

Some of these problems highlighted by members include the failure to collect revenue from municipalities, the collapse of many water boards due to non-payment for services rendered and skyrocketing municipal debt to Eskom.

Mr Pietersen suggested two remedies to the problem of outstanding debt. One is that government entities who are owed money should exercise their right to enforce payments and attach the bank accounts of those who owe them money as a means to enforce payment. Secondly, debt owed by a provincial government or local municipality can

be deducted from their equity shares. Both of these remedies will have further consequences, of course.

Underfunding SARS

Committee members also highlighted revenue collection at the South African Revenue Service (SARS) as another problem caused by the government underfunding the institution. They observed that revenue collection in 2024/25 is projected to be R22.3 billion lower than the government's budget.

"We are faced with the culture of non-compliance, which often leads to low revenue collection," said SARS Commissioner Mr Edward Kieswetter. He noted that SARS lacks the critical skills needed to address this problem. We are competing in the field of digital intelligence and AI with companies that are prepared

to invest in their expertise," Mr Kieswetter said. The SARS Commissioner called for SARS' funding model to be renewed, which will help SARS improve its staff capacity and operate more effectively.

Structural reforms

Committee members also noted that the Treasury's presentation pins its hopes of economic growth on a second wave of structural economic reforms. They asked for more detail on these reforms.

Mr Pietersen said that the MTBPS pinned South Africa's economic recovery on structural reforms to liberalise state monopolies in critical sectors, such as electricity, renewable energy, rail and road freight, logistics, and digital technology. He said these are the core sectors of the economy where

government and private sector investment can build momentum for inclusive economic growth.

These liberalising reforms, Mr Pietersen said, are aimed at encouraging private investment in these sectors, as the government cannot achieve such an undertaking on its own. "In this regard, reforms will promote partnerships between the public and private sectors. And this would lower the cost of doing business and introduce an infrastructure delivery model that will improve their implementation and create much-needed jobs," he said.

Some members supported this idea of allowing some privatisation of government assets, while others believed that such a move would hamper the state's developmental agenda.

Responding to this, the Deputy Minister of Finance, Mr David Masondo, said: "It does not matter whether a cat is black and white or not. What matters most is whether it's capable of catching the mice."

He went on to corroborate his view. "We all know Eskom's liability to the economy, and the need for government to introduce renewable energy to the grid. But we also know that government does not have funds to fulfil these

undertakings alone. We also know about Transnet rail freight constraints in moving the goods on time to grow the economy. Hence, we are now liberalising these sectors of the economy to allow the private sector to play a role in them so that our economy can grow."

Mr Masondo pointed out that liberalising critical economic sectors is not unique to the South African economy. He said that even China had to privatise its energy-generating

sector to boost economic growth.

A bloated public sector

The bloated public sector wage bill is another risk factor to the government's finances. A question was raised about whether the National Treasury's projection of a 4.5% public sector wage increase in the forthcoming financial year is realistic when there is no agreement yet with labour unions on the figure.

Mr Pietersen said that this is a proposal on the table at present. In the meantime, contingency funds are available to ensure that frontline and critical government services are not affected adversely by any shocks or unforeseen expenditure pressures.

Responding to comments on Treasury's suggestion to, among others, reduce the number of public sector posts, Mr Pietersen said that this undertaking would

be communicated to the executive authorities of government departments to implement it in the forthcoming financial year as this is a funded decision by the National Treasury. He said that the Public Service Commission would also be consulted on the matter.

However, Mr Pietersen said this would be a voluntary initiative; people would not be forced to leave the sector against their will. 🇿🇦

REFLECTIONS: Members Express Mixed Reactions to Mid-Term Budget Speech

Following the Minister of Finance's tabling of the medium-term budget policy statement (MTBPS) in October, some Members of Parliament shared their views on its contents.



Mr Mdmiseni Ntuli (Chief Whip of the National Assembly)

"Well, there are a few points that I want to highlight which, in our view, are central to our country's national agenda. The first one is the stability in terms of our macroeconomic policies, which is very central to the work of the democratic state.

The second one, of course, deals with the question of infrastructure – the rollout of infrastructure for service delivery, particularly paying attention to the infrastructure affected by disasters.

Many parts of our country – KwaZulu-Natal, Eastern

Cape and Limpopo – are still lagging in terms of addressing the infrastructure backlog, which was occasioned by the disaster to the climate change that is taking place.

"... One of the problems is that the economy has not been growing in a way that allows us to generate revenue sufficient for the state to prioritise and intervene in those projects.

But I think it's also important that in the work of government, we call on the private sector to join hands with the democratic state because the challenges can be very overwhelming.

Countries that succeed do so only because of tight coordination and cooperation between the public and private sectors.

"... Well, of course, the commitment has been detailed in public, and it's going to be very important for Parliament to ensure that we make the minister, through the portfolio committees and Parliament in general, make sure that the democratic government really, really accounts on the commitments

it has made because these commitments are not just words that cannot be followed by accountability. Parliament is going to play a leading role in that regard."



Mr Mmusi Maimane (BOSA)

"South Africa finds itself in a very difficult fiscal space at the moment, and so the minister did a good job at being able to balance off the sense of optimism that has been derived from the first number of days of the Government of National Unity, but also to warn about some of the difficult challenges that we must face up to.

My deep worry, looking at the budget, is that it felt, in certain instances, more of the

same.

Now, if you want to do more of the same, you must accept that here is what the same looks like. It has been one per cent growth for the last 10 years. We are increasing the amount of debt and so for every one rand, 22 cents is spent on debt servicing costs.

We are also conscious of the fact that we are taking away from frontline services, so we're going to have fewer teachers, fewer healthcare workers, fewer police [officers].

So, we've really got to take it as the urgency of the moment and say, how do we bring about change? How do we allocate funding towards infrastructure?

How do we ensure that we target growth as the projected growth is less than 2%, which is still not enough? We need to do more than that.

How do we ensure that we stabilise debt on key state-owned enterprises, so we do not keep focused on bailing them out? So, I thought it was a balancing act, but I think I'd like to see more radical action.



Mr Gwede Mantashe, Minister of Mineral and Petroleum Resources

The budget was a balancing act – a serious one by the Ministry of Finance in a very vertical period. For example, if you go to that budget, one of the most important things is that he acknowledged the role of his predecessors who have passed on. That was quite respectful of him.

Number two, it was quite important for him to talk about the actual attempt to reduce the debt because debt is the biggest cost in the budget.

If there is an effort to reduce the debt, that is quite a

serious effort.”

“... debt reduction should never be artificial. It must talk to the reality of the economy. For example, look at the budget allocations – 47% is for the national government. 42% is in provinces, 10% is in local government, and that allocation must practically deal with reducing debt. And those various levels of the state – if it’s not addressed there, it is not going to happen.”



Mr Athol Trollip (ActionSA)

“You know, I’m really sorry to do this, but it [budget speech] was uninspiring. Thirty-six minutes, the budget presented, and look, these are some indexes – revenue down, expenditure up, budget deficit up, economic growth down, debt and interest up. Those are all going in the wrong direction, all of them.

Our growth projection of 1.8% over the next three years is nowhere near sub-Saharan African and BRICS countries. They’re all around 4%, so until we start growing this economy, we will have to listen to these kinds of budgets.

This government, even though it’s a new government, has clearly not got the message that they have not been able to cut their cloth to what they can afford.

We still have one of the biggest bloated cabinets in the world. We’re running out of water, yet no special mention of new water infrastructure,

new dams, and maintaining our infrastructure. The minister said there’s more money to upgrade or revitalise the urban rail network. What happened to them? How were they allowed to disintegrate into the state that they are in? So, I must tell you, I’m really, really disappointed in what the Minister of Finance presented today.

You know, there’s a saying that says the elephant gave birth to a mouse. The tragedy is that I didn’t expect any different, and he delivered on what I expected – underwhelming.



Mr Ngabayomzi Kwankwa (UDM)

“... Firstly, from where we’re sitting is that the medium-term budget policy statement, including the expenditure framework over the medium term, has to be pegged on the medium-term development plan, which is still a work in progress. This means the priorities – how they crafted the budget – are still along the lines of the previous administration’s priorities and not the current GNU government. That’s number one.

Number two, we can’t talk about embarking on infrastructure-led growth if it continues to perform sub-optimally. In fact, instead of helping the country with this developmental state mandate, they constitute a drain on the fiscus. One of the problems is that even in the many instances where

we gave bailouts to SOEs, people did not meet those conditions, and there were no consequences when those SOEs did not meet the conditions.

“We’ve always spoken about the need for a better alignment between monetary and fiscal policy. You have a stabilising debt trajectory. Over the next couple of years, the debt-to-GDP ratio was expected, even by the rating agencies, to stand at about 90% next year. It is 74% of GDP this year. The inflation outlook has also become very subdued and benign, which means there is scope for the central bank to reduce the interest rate.

That way, you can lower your debt service costs, and you will be able to save about 10 billion rands per annum, which you can redirect to other pressing socio-economic needs. Why am I saying that? It is in context to the fact that we have a revenue shortfall of R22 billion. You have to find money within the system.

Now that the fiscal side of things is struggling a bit, monetary policy has to kick in with a more expansionary monetary policy to try and help the economy and stop the nonsense they are doing.”



Mr Steve Swart (ACDP)

“Well, I think the minister was very frank and honest about the difficult financial outlook facing the government. We saw that in the February

budget and see it again now. However, a total shift has now taken place with the GNU, and we see a positive sentiment towards South Africa.

We see that translated as well in this medium-term budget policy statement. And whilst growth levels aren’t where we would like them to be, in fact, they are down from 1.3% to 1.1% now in this budget; we are trusting that with new ministers and with new initiatives, that economic growth, because that is the answer to all the challenges, economic growth will be translated much higher, and that will result in job creation to help the poorest of the poor in our country, and, of course, help collect revenues, which will help balance the books.

Obviously, the ACDP is concerned about the escalating public debt levels. The current amount spent per year is R388 billion just to service the debt, which is the fastest-growing item on the budget.

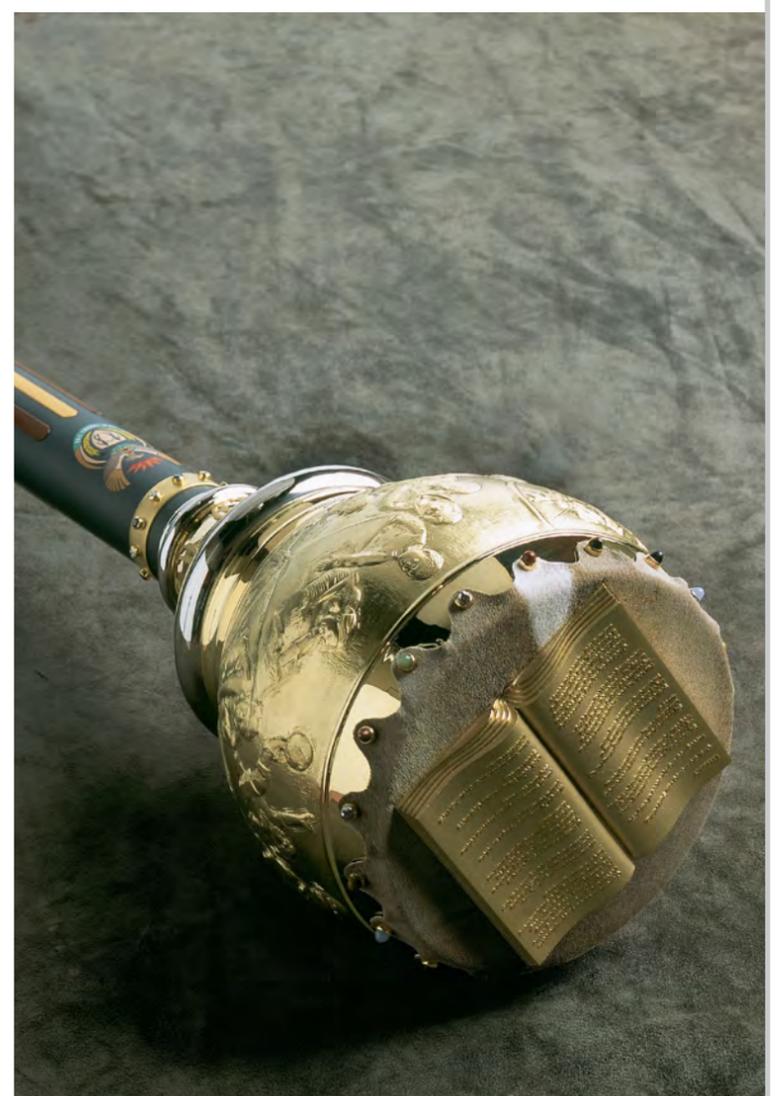
It is unsustainable in the long term, and therefore we welcome the minister’s announcements to rein in that debt and to follow the fiscal consolidation path. One of the

measures that is announced is an R11-billion voluntary severance package for public servants.

That will reduce the headcount in public service and hopefully reduce the public sector wage bill, which takes a third of the total budget. The downside of that is, of course, one’s got to be careful you don’t lose experienced managers in the civil service that we don’t want to lose. So, we’ve got to be careful how we manage that and restructure the civil service.

We also, of course, welcome the positive sentiments in the markets. We see the currency has strengthened. We saw the Johannesburg Stock Exchange reach record levels. We see inflation is down.

The interest rates are coming down. We believe it should be escalating—should be brought down much quicker by the Reserve Bank—because that will help our consumers—people with mortgage bonds and car payments. So, there is a very positive sentiment coming from this medium-term budget policy statement. 🇷🇵





OUR SOUTH AFRICA – THE SUN

The sun heals the divisions of the past, improves the quality of life of all South Africans, frees the potential of each person and builds a united and democratic South Africa, taking its rightful place as a sovereign state in the family of nations.



OUR PEOPLE – THE PROTEA LEAVES

Our people, building on the foundation of a democratic and open society, freely elect representatives, acting as a voice of the people and providing a national forum for public consideration of issues.



OUR PARLIAMENT – THE DRUM

The drum calls the people's Parliament, the National Assembly and the National Council of Provinces, to consider national and provincial issues, ensuring government by the people under the Constitution.



OUR CONSTITUTION – THE BOOK

Our Constitution lays the foundation for a democratic and open society based on democratic values, social justice and fundamental human rights. It is the supreme law of our country, and ensures government by the people.