

BUDGET COMMENT | 12 MARCH 2025

A disappointing compromise - taxes up, no spending cuts

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After originally being scheduled for 19 February and then postponed at the last moment, the National Budget for 2025 was tabled by the National Treasury (NT) on 12 March. This is not to say it will be a done deal from here, the DA has already indicated that it will not support the Budget in its current form. It is not difficult to see why. The next important date is 2 April, when we will have a clear sense of Parliamentary support.

INITIAL VERDICT

The Budget (2.0) presented today has some concessions compared to Budget (1.0) that was supposed to be tabled last month. The most notable was the change from an outright 2 percentage point (%pts) VAT increase to a gradual 1%pts increase over two years. The other proposed tax hikes will remain, with little change to expenditure plans relative to the aborted Budget. Positively, there was some focus on structural reforms in the Budget speech.

The opening lines of the foreword of the Budget Review document said “over the past nine months, South Africa has benefited from improved sentiment following the successful transition to a government of national unity and the stabilisation of electricity supply. But this optimism needs to be translated into more determined action and measurable results, specifically in the form of higher economic growth and improved living standards.”

Unfortunately, this Budget does not take any determined action. Faced with a fiscal crunch, NT has upwardly revised spending by R142.0 billion over the medium term. There is a half-hearted attempt to pay for this through an effective increase in personal income tax and a contentious phased-in VAT hike. Despite promising spending reviews, there are no spending cuts. Indeed, the only revision from a spending perspective is to a programme that has been good for growth—the Home Affairs reforms.

Is this Budget good for growth? No. Some additional spending on infrastructure is eaten up by tax increases which will directly impact growth. Indeed, the March 2025 Budget is arguably worse from a growth perspective than the February Budget. It raises the personal income tax burden, which will be a drag on consumer spending, and still increases VAT, which will also reduce consumer spending and be inflationary at the same time.

There were no new details on Operation Vulindlela 2.0, nor was there any indication of how even the remaining parts of Operation Vulindlela 1.0 would be given “teeth.” Ahead of the Budget, the Democratic Alliance wanted structural reforms accelerated in return for supporting the Budget. There were no practical details of how the acceleration would occur.

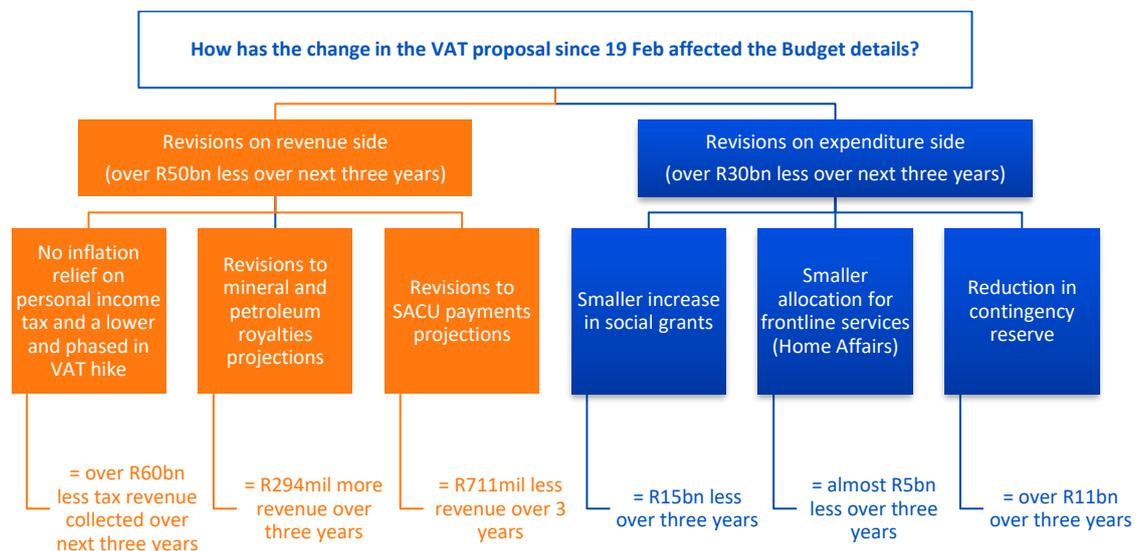
Possible further insight that comes to light on the Budget will be communicated in the next BER Weekly, released on Friday.

WHAT HAS CHANGED SINCE THE BUDGET THAT NEVER WAS?

The full set of documents was provided and covered three years (vs. the supplementary Budget style of a shorter document with a one-year outlook), with details changing here and there to reflect the decisions on VAT and other proposals. It is almost as if they did a search in the document and replaced all references to the 2%pts VAT rate increase with the phased-in VAT hike of 0.5%pt over two years. Yes, there were other changes here and there, but this was the largest area of contestation from the 19th of February. To adjust for lower revenue from the reduced VAT hike, the Treasury opted to make haircuts to spending proposals, some of which we viewed as positive for reforms.

Indeed, the postponement of the 19 February Budget (Budget 1.0) was not much discussed other than an out-of-place paragraph in Chapter 1 of the full Budget Review document titled “Considerations for future budget processes” and a few slides that seemed like an afterthought in the summary presentation.

Figure 1: Summary of changes in the Budget since 19 February



Source: National Treasury, BER

What's next?

As we highlighted in our Budget Preview, there is effectively two weeks for the joint committees (the upper and lower house committees) to approve the fiscal framework. There is a little latitude – the Money Bills Amendment Procedure and Related Matters Act (as amended) allows for “as reasonably possible thereafter”, but as we noted, given how contentious the Budget has been, it would be best if the near absolute letter of the law is followed.

The leader of the Democratic Alliance tweeted that “The DA will not support the budget in its current form. We will continue to fight for economic growth and jobs.”

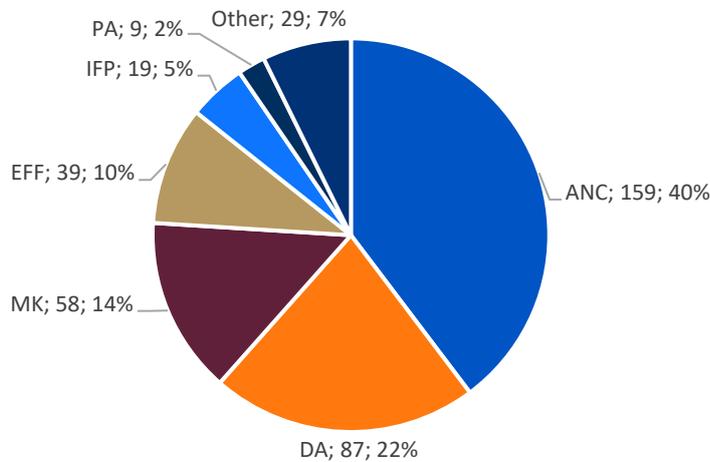


Now the focus shifts to the Parliamentary process.

There are a few combinations that work. Assuming all party members vote on party lines, the ANC + DA = 62%. ANC + EFF = 50% (but due to the formula, only 198 seats, which is two short of what is required, although they will likely be able to make that up from smaller parties).

ANC + MK = 54% (= enough). Should the ANC opt to ‘push through’ the Budget without the support of the DA (and/or fellow GNU parties), there could obviously be long-term implications for the GNU. Of course, talks between parties will continue after the Budget is tabled. So, while the initial reaction from the different parties following the Budget will be insightful, the conversation will continue. The parliamentary process does allow for changes to be made to a budget after it has been tabled, but only within fairly rigid parameters prescribed by law.

Figure 2: Seats won in 2024 election (Party; Seats; Percentage)



THE ‘COMPROMISE’ FISCAL FRAMEWORK

A reduced VAT hike and haircuts to spending proposals

As widely expected, the March 2025 Budget softened the 2%pt VAT hike announced last month but did not bow to pressure to scrap it entirely. Instead, a 1%pt VAT hike will be spread over the next two fiscal years. The other proposed tax hikes will remain.

The upshot is that the Treasury faces a revenue shortfall of R52bn over the medium term relative to the aborted February budget. However, instead of cutting expenditure by the same amount, it is set to be cut by only R31.3bn - and R11bn of this will be taken out of the contingency reserve.

In short, instead of taking a scythe to spending, the National Treasury has opted to run down the country’s fiscal buffers while retaining nearly all the new expenditure announced in the February budget.

In total, the March 2025 budget will fund R142bn in new net non-interest spending over the medium term compared with the R173bn proposed in the February budget.

This includes R46.6bn for infrastructure, R35bn for the one-year extension of the SRD grant, and R23.4bn to cover the wage agreement. However, the bulk of the new money—R70.7bn (previously R75.5bn)—is to bolster frontline services.

This approach represents a conscious political decision to accommodate new and persistent spending pressures in several key areas, including teacher costs, early childhood development (ECD), and health.

So, despite the outcry over the initial proposed VAT hike of 2%pts, the government has barely tapped down on the spending brakes in its second run at the 2025 budget: consolidated non-interest spending will now grow by 0.8% on average annually in real terms over the medium term (compared to 0.9% in Budget 1.0) whereas previously the plan was for it to contract in real terms by 0.5% a year on average.

This implies that the Treasury’s original plan to stabilise debt by sacrificing frontline services has turned out not to be politically feasible to the ANC. However, the new fiscal path which protects frontline services and achieves debt stabilisation but only with tax increases, may not be feasible to the DA. At the time of writing, the DA had yet to signal its support for the March budget.

Briefing journalists prior to his budget speech, having just emerged from a “tough” cabinet meeting, finance minister Enoch Godongwana said the DA’s objections were not about VAT only, “it’s about a whole range of grievances they have which are above my paygrade, but in principle the 05%pt [VAT increase] is acceptable, provided the other conditions are met”.

The DA’s conditions included things “outside the budget”, such as wanting amendments to the Expropriation Act.

Godongwana added that he expected political parties would try to find each other in the parliamentary committees processing the various budget-related bills, with the final budget being “a product of negotiation”.

This marks a distinct shift from three weeks ago when Godongwana insisted that the Treasury did not negotiate the budget, it merely needed the president to sign off on it.

If the rest of the GNU falls in line – and that’s a big “if” - the fiscal framework will remain much the same, with scant fiscal slippage relative to the withdrawn February budget or the October 2024 medium term budget.

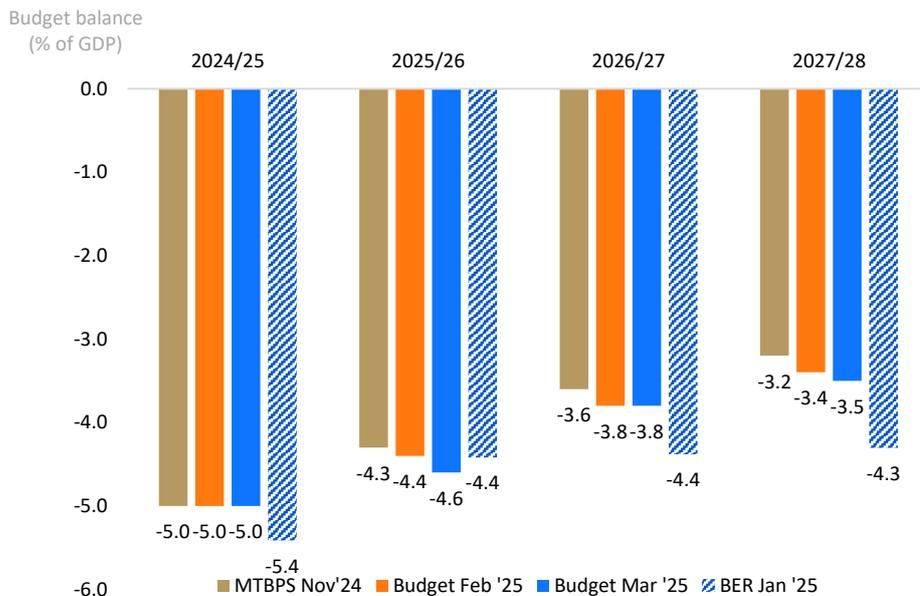
Reforming the budget process following the postponement of Budget 1.0

The Treasury acknowledged that “extended Cabinet deliberations” led to the postponement of the tabling of the 2025 Budget in Parliament from February to March 2025. However, as indicated in our **preview**, timelines for legislative consideration and executive implementation of budgets are outlined in various acts of Parliament, including the Public Finance Management Act (1999), and allowed for the postponement (and a further delay would even have been possible).

Going forward, the Treasury will look to reform the budget process to enhance political and technical engagements, clarify the role of certain structures that provide input to the budget, improve public consultation, and improve the information technology used to develop the budget presentation. However, no timeline was provided for these reforms, although it is safe to assume that it has already begun. In the Q&A, the Treasury signalled that it needed to take a step back and look at how to change some of the internal processes. NT already has these structures, but NT needs to look at opportunities for improvement that will take place over the next period and will adjust amid feedback.

The consolidated budget deficit is still expected to be 5% of GDP in 2024/25, falling to 4.6% next year (previously 4.4%; BER 4.4%) and then dropping to 3.5% by 2027/283 (previously 3.4%; BER 4.3%).

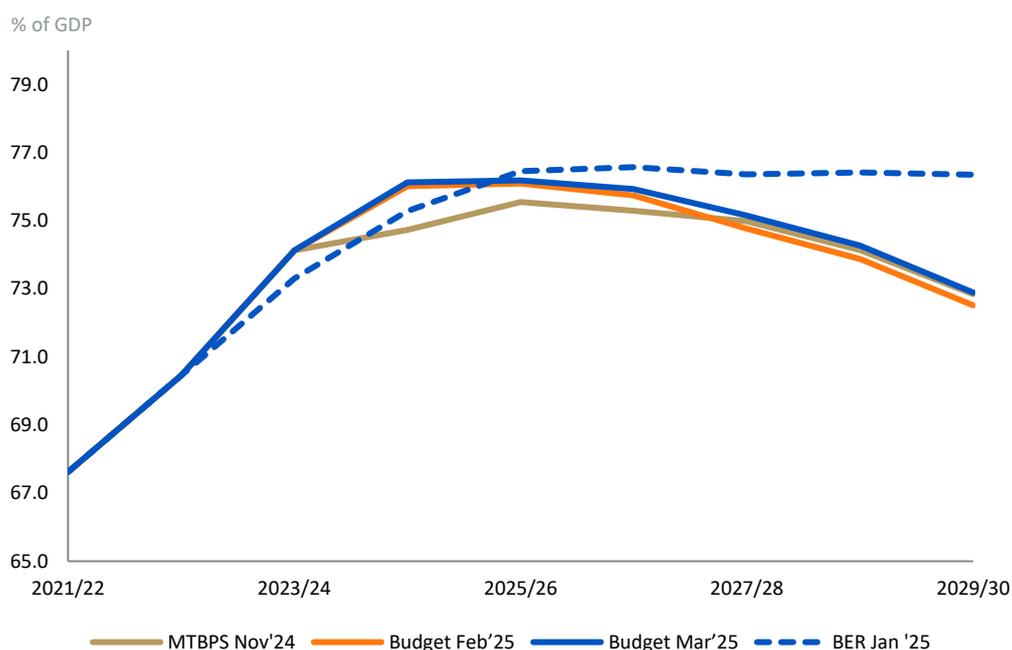
Figure 3: Despite the VAT increase, the Treasury still expects a wider budget deficit



Source: National Treasury, BER

The debt ratio is still expected to stabilise at just over 76% of GDP in the coming fiscal year and then slowly decline, anchored by consistent primary surpluses over the medium term (albeit slightly smaller than before). The difference between the BER’s forecast and NT’s latest projection seems striking, but there are some important reasons for this. Most importantly, we did not have any VAT hike and such significant other tax increases as part of our January forecast. We did build some of the additional expenditure into our forecast (for example, above-inflation wage settlements and a continuation of the SRD grant), but without the additional tax revenue, this was largely borrowed – pushing up the debt trajectory relative to NT. Treasury also has higher tax buoyancies on the back of a higher nominal GDP forecast.

Figure 4: Debt trajectory worsens slightly



Source: National Treasury, BER

“The fiscal strategy remains on track,” states the National Treasury in the Budget Review, “However, fiscal buffers are weaker, including due to a smaller contingency reserve.”

The South African consumer is also going to be weaker

The net impact of the proposed tax adjustments - which, in addition to the VAT hike, include not adjusting income tax brackets or medical tax credits for the second year in a row - will take R28bn out of the hands of consumers in the coming year, and almost R120bn over three years.

Low-income households will be protected to some extent by the addition of new pro-poor zero-rated VAT food items, above-inflation increases to social grants, and continued fuel-levy relief. In addition, the budget remains highly redistributive with the social wage (spending on health, education, social protection, community development and employment programmes) set to continue absorbing 61% of consolidated non-interest expenditure.

However, there is also a concerted attempt to make the budget more growth supporting. Accordingly, infrastructure will receive the third-largest share (R46.7bn) of the new money, driven mostly by higher allocations to large water and transportation projects, including funding for passenger rail and disaster reconstruction. As a result, economic development will

become the fastest-growing item of state expenditure at 8.1% on average annually over the medium term.

This will be followed by debt service costs which are set to grow by 7.1%. Debt costs will continue to absorb 22% of main budget revenue over the medium term and exceed spending on either health, basic education or social development.

The major spending pressures that are not explicitly accommodated over the medium-term include the potential extension of the SRD grant after 2025 and extra support for Transnet.

The Treasury has actually squirrelled away some provisional, unallocated funding in the budget to cover future extensions to the SRD grant. But what is really needed, explained the head of the budget office Edgar Sishi at a pre-budget technical briefing, is for “fundamental, comprehensive decisions to be made on the policy of government” on things like the future of the SRD grant, basic income support and job creation programmes.

In other words: the funds follow the political decisions; not the other way around.

Table 1: Comparison of 2024 MTBPS and 2025 Budget framework

R billion		2023/24	2024/25	2025/26	2026/27	2027/28
Revenue	Budget Mar'25	1,724.0	1,797.6	1,970.5	2,118.4	2,246.6
	Budget Feb'25	1,724.0	1,795.0	1,996.3	2,130.9	2,260.2
	MTBPS Oct'24	1,724.0	1,797.4	1,932.6	2,069.6	2,202.8
% of GDP	Budget Mar'25	24.3%	24.0%	24.6%	24.9%	24.8%
	Budget Feb'25	24.3%	24.0%	24.9%	25.0%	24.9%
	MTBPS Oct'24	24.3%	23.9%	24.1%	24.3%	24.2%
Expenditure	Budget Mar'25	2,046.9	2,150.3	2,324.4	2,431.5	2,543.0
	Budget Feb'25	2,046.9	2,150.3	2,332.9	2,441.7	2,552.9
	MTBPS Oct'24	2,046.9	2,153.0	2,276.4	2,394.7	2,511.8
% of GDP	Budget Mar'25	28.9%	28.8%	29.1%	28.6%	28.0%
	Budget Feb'25	28.9%	28.8%	29.1%	28.7%	28.1%
	MTBPS Oct'24	28.9%	28.6%	28.4%	28.1%	27.6%
Budget balance*	Budget Mar'25	-311.6	-374.7	-370.4	-325.6	-314.2
	Budget Feb'25	-311.6	-377.3	-353.1	-323.4	-310.5
	MTBPS Oct'24	-317.5	-373.5	-343.7	-310.1	-295.3
% of GDP	Budget Mar'25	-4.4%	-5.0%	-4.6%	-3.8%	-3.5%
	Budget Feb'25	-4.4%	-5.0%	-4.4%	-3.8%	-3.4%
	MTBPS Oct'24	-4.5%	-5.0%	-4.3%	-3.6%	-3.2%
Total gross loan debt	Budget Mar'25	5,259.4	5,693.6	6,094.2	6,463.8	6,814.9
	Budget Feb'25	5,259.4	5,684.0	6,090.2	6,453.1	6,791.0
	MTBPS Oct'24	5,259.4	5,622.5	6,054.7	6,424.4	6,817.5
% of GDP	Budget Mar'25	74.1%	76.1%	76.2%	75.9%	75.1%
	Budget Feb'25	74.1%	76.0%	76.1%	75.7%	74.8%
	MTBPS Oct'24	74.1%	74.7%	75.5%	75.3%	75.0%

Source: National Treasury

*The consolidated budget includes the main budget and spending financed from revenue raised by provinces, social security funds and public entities

Lower borrowing requirement on the back of the Eskom debt-relief arrangement changes

In 2025/26, the gross borrowing requirement ¹is expected to be R3 billion higher than projected in the 2024 Budget Review due to a higher budget deficit, partially offset by a reduction in Eskom debt relief and lower debt redemptions. For Eskom, the final R70 billion debt takeover will now be replaced with two advances amounting to R50 billion: R40 billion in 2025/26 to redeem debt maturing in April 2026 and R10 billion in 2028/29 for debt maturing in May 2028.

The requirement is also affected by the transfer to the government of R100 billion in 2024/25 and R25 billion in each of the two following years from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA), reducing government borrowing. The GFECRA settlement arrangement is recorded as a return on an investment (which is a balance sheet transaction) and not as government revenue. The settlement is set aside to reduce government's borrowing requirement and is shown separately as part of the calculation of national government's gross borrowing requirement.

Table 2: Cash over-run pushed out to fund a substantial amount of the gross borrowing requirement and part of the Eskom cash injection

Financing (Rbn)		2024/25	2025/26	2026/27	2027/28
Domestic short-term loans (net)	Budget Mar'25	38.9	38.1	35.9	48.0
	<i>Budget Feb'25</i>	<i>38.9</i>	<i>38.8</i>	<i>35.3</i>	<i>46.7</i>
	<i>Budget Feb'24</i>	<i>33.0</i>	<i>47.0</i>	<i>34.0</i>	
Domestic long-term loans	Budget Mar'25	345.0	343.2	323.4	431.7
	<i>Budget Feb'25</i>	<i>337.5</i>	<i>349.5</i>	<i>318.0</i>	<i>420.2</i>
	<i>Budget Feb'24</i>	<i>328.1</i>	<i>422.2</i>	<i>303.2</i>	
Foreign loans	Budget Mar'25	67.0	99.3	82.1	96.7
	<i>Budget Feb'25</i>	<i>67.0</i>	<i>98.6</i>	<i>81.4</i>	<i>95.9</i>
	<i>Budget Feb'24</i>	<i>36.7</i>	<i>82.2</i>	<i>92.2</i>	
Change in cash and other balances	Budget Mar'25	-35.3	101.3	-0.4	23.7
	<i>Budget Feb'25</i>	<i>-25.2</i>	<i>77.5</i>	<i>3.9</i>	<i>33.8</i>
	<i>Budget Feb'24</i>	<i>59.9</i>	<i>27.6</i>	<i>-0.9</i>	
	Budget Mar'25	415.7	582.0	441.0	600.0
Total	<i>Budget Feb'25</i>	<i>418.3</i>	<i>564.4</i>	<i>438.7</i>	<i>596.6</i>
	<i>Budget Feb'24</i>	<i>457.7</i>	<i>579.0</i>	<i>428.5</i>	

Source: National Treasury

The Treasury said it has developed a debt sustainability forecasting model to enhance its framework for analysing fiscal sustainability. The model incorporates findings from an international benchmarking exercise to improve the framework's usability and technical capabilities. It will also be used to forecast government debt and debt-service costs, create macro-fiscal scenarios, and assess the sustainability of public debt under different conditions. It

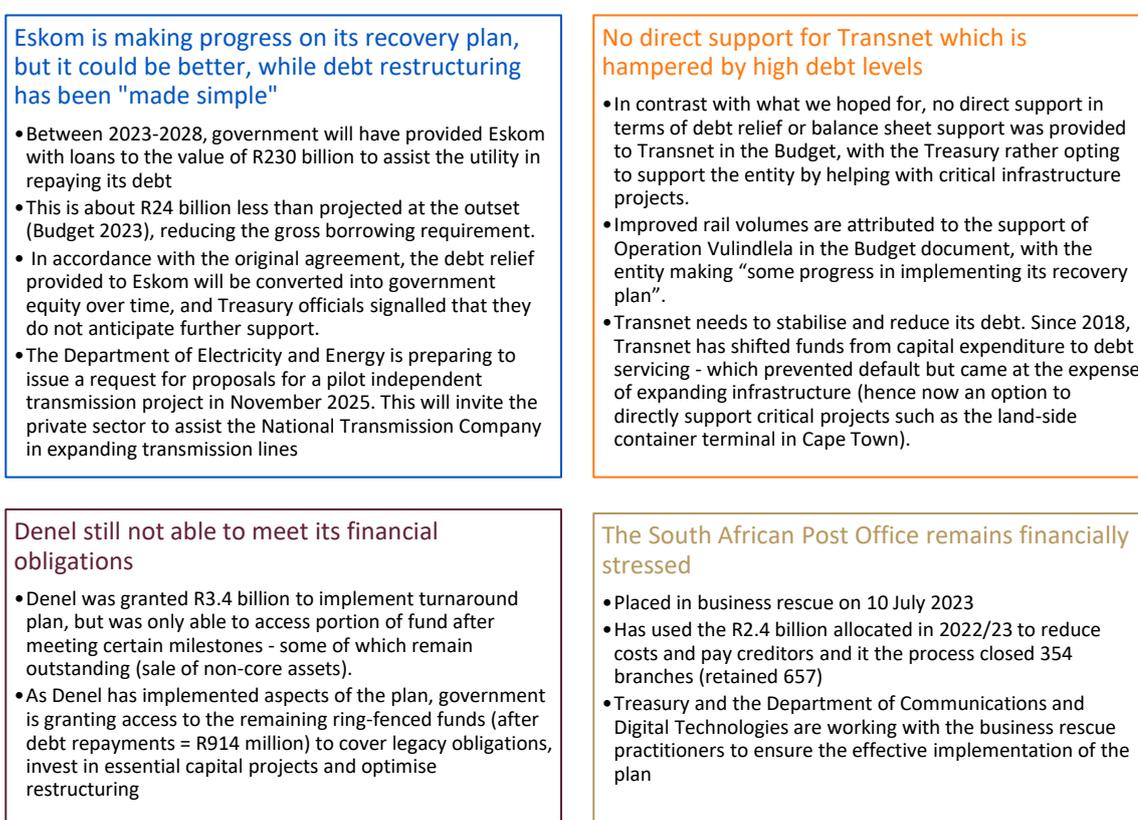
¹ This is the sum of the main budget balance, maturing debt and the Eskom debt-relief arrangement. The amount is funded through domestic short- and long-term loans, foreign loans and changes in cash balances.

will do so by simulating the impact of changes in macroeconomic and fiscal variables, including expenditure, debt, debt-service costs, the sovereign risk premium and the exchange rate. The document did not indicate whether it was already operational.

Regarding Transnet, the Treasury is sticking to its position not to consider further balance-sheet bailouts for state-owned enterprises (SOEs). It is supporting Transnet on a project-by-project basis and by providing government guarantees on borrowing, says Treasury director- general Duncan Pieterse: “This should solve a significant portion of Transnet’s [problems]”.

That said, the budget documents concede that SOEs “continue to pose a large risk to the fiscal position”. In addition to these and other unfunded spending pressures, the other risks highlighted include lower economic growth that leads to weaker revenue growth and macro-fiscal shocks due to heightened geopolitical tensions.

Figure 5: SOCs remain distressed due to weak governance, finances and operations



Source: National Treasury, BER

AN OUTDATED MACROECONOMIC OUTLOOK, WHICH TREASURY ACKNOWLEDGES COMES WITH SOME RISKS

The Treasury did not put out a revised forecast since the first attempt at tabling the Budget in February, and the forecast is tagged with a disclaimer that it is based on the GDP dataset released in December 2024 (and not the GDP figures that were released on the 4th of March, as they need the national income account scheduled for release at the end of March 2025 to do a full update). That said, it does seem like the updated fiscal framework has resulted in some

tweaks relative to Budget 1.0, most notably on the government consumption forecast, which was revised higher in 2025 and 2026, but then moderates more than expected in February in the outer year (2027).

Overall, though, the Treasury still expects economic growth to slowly improve over the next three years, driven by easing supply-side constraints, monetary policy easing, prudent fiscal policy, and base effects, specifically on fixed investment and trade volumes.

Table 3: Improved macroeconomic outlook relative to October 2024

Indicator	2024	2025	2026	2027	Average
Budget 2025	Estimate		Forecast		
Real GDP growth	0.8	1.9	1.7	1.9	1.8
Household consumption	1.0	1.9	1.5 (1.6)	1.7 (1.6)	1.7
Government consumption	1.5 (1.6)	3.8 (3.6)	-0.1 (-0.4)	0.3 (0.8)	1.3
Gross fixed capital formation	-3.6	5.0	5.2	3.7 (3.8)	4.6 (4.7)
Exports	-2.8	3.4	3.2 (3.1)	3.1 (3.0)	3.2
Imports	-5.3	5.7 (5.4)	3.1	2.7	3.8 (3.7)
CPI inflation	4.4	4.3 (4.5)	4.6	4.4	4.5
Nominal GDP growth	4.9	6.9	6.5 (6.6)	6.5 (6.6)	6.6 (6.7)
Current account (% of GDP)	-1.6	-2.3 (-2.2)	-2.4 (-2.3)	-2.6 (-2.4)	-2.4 (-2.3)
MTBPS 2024					
Real GDP growth	1.1	1.7	1.7	1.9	1.8
Household consumption	1.2	1.8	1.7	1.9	1.8
Government consumption	1.4	0.9	-0.4	-0.1	0.2
Gross fixed capital formation	-2.5	4.7	4.2	3.8	4.2
Exports	-1.6	3.1	3.1	3.1	3.1
Imports	-3.2	4.1	2.8	3.0	3.3
CPI inflation	4.6	4.4	4.5	4.5	4.5
Nominal GDP growth	5.3	6.8	6.4	6.5	6.6
Current account (% of GDP)	-1.8	-2.1	-2.2	-2.5	-2.3

Note: Differences from 19 Feb Budget indicated in brackets

Red indicates downward revision from MTBPS 2024, green indicates upward revision from MTBPS 2024

Source: National Treasury

With a smaller VAT increase being phased in, household consumption is revised slightly higher from Budget 1.0, and headline consumer inflation is expected to come out at 4.3% in 2025 (vs 4.5% estimated in Budget 1.0). This suggests that reducing the VAT hike by more than a percentage point shaves off 0.2%pts off of the inflation forecast. In Budget 1.0, officials estimated that a 2%pt increase in VAT would add between 0.5 and 1%pt to headline consumer inflation, so their revision to the inflation forecast seems to be in line with these initial estimates. Indeed, during the Q&A, officials confirmed that a 0.5% increase in VAT adds 0.15%pts to inflation in each year (2025 and 2026). When quizzed on the unchanged outer year inflation forecast, the Treasury responded that there were compositional changes that drove changes to the inflation forecast.

As we and many other analysts have indicated, inflation surprised to the downside towards the end of 2024, which perhaps gave the Treasury the “space” to implement a VAT hike without risking pushing inflation towards the upper-end of the inflation target band of 3-6%. However,

an increase in VAT will likely be added to the list of risks that the SA Reserve Bank (SARB) is keeping an eye on when making its repo rate decision next week. If we think through the longer-term implications of a VAT increase (even a smaller, phased-in one), we need to consider second-round effects and what this could do to inflation expectations. Retailers may see an opportunity to increase prices by more than just the 0.5%pts VAT hike would allow for.

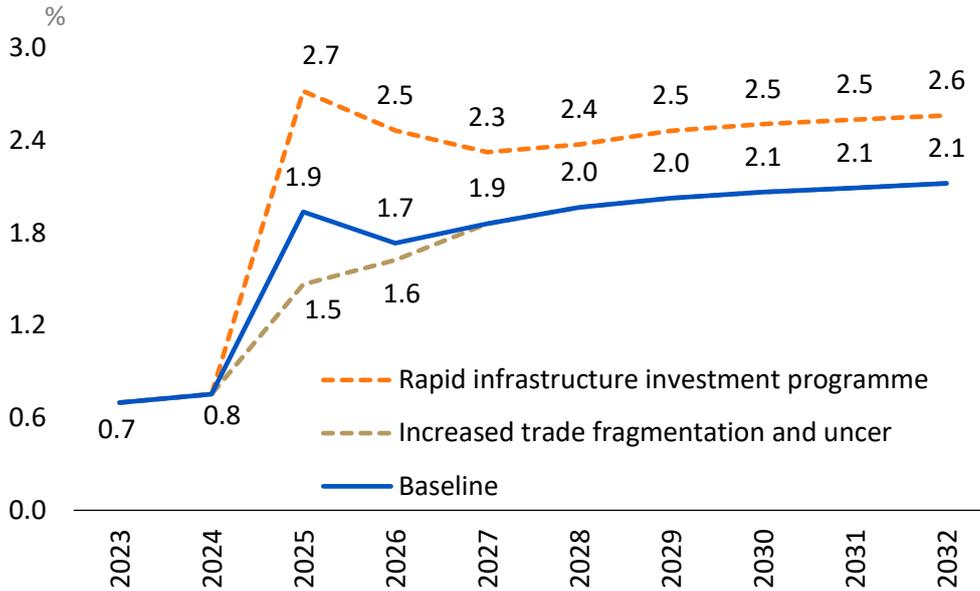
It also raises the question, with a phased-in approach and knowing that something thus will become more expensive going forward, will consumers “frontload” some expenditure and cause some demand-push inflation pressure, or are their budgets already too constrained to allow for this (or is the increase too little)? At the same time, consumers will ‘feel’ the decline in take-home pay. The Treasury has revised its consumer spending forecast higher between 2025-2027, as the higher wage bill agreement and increase in the number of frontline workers will offset the negative impact of the tax proposals.

An upward revision (since October’s MTBPS) to the Treasury’s investment outlook ties in with the additional allocation R46.7 billion for critical infrastructure over the 3-year expenditure framework. When compared with our own gross fixed capital formation forecast, the Treasury is slightly more optimistic for 2025, whereas we shifted our investment spending out to 2026-27 in our January forecast, and are expecting somewhat higher growth than the Treasury.

Overall, the Budget framework is based on an outdated forecast and one that is more optimistic than market expectations. This puts the tax revenue forecast at risk. In the Q&A, the Treasury pins this to a process issue that cannot be resolved without delaying the tabling of the Budget again, which we can appreciate. To ease nerves, officials further added that a Budget based on GDP data up to the third quarter of the previous year is normal but that they have made “compositional changes” to reflect the latest external trade data. On the revenue forecast, the Treasury quipped, “there is always a risk to revenue forecast for different reasons” – more on this in our discussion around the nominal GDP assumption below.

Given the risks to the macroeconomic outlook, the Treasury provided scenarios around their baseline. In their downside scenario, increased trade fragmentation and uncertainty show up as a once-off shock in the growth rates, but they do leave the economy worse off in level terms over the forecast period. They assume that more restrictive trade policies and bloc divisions would weaken global growth, increase supply constraints and result in tighter global monetary policy. This carries through into the domestic economy via higher inflation and interest rates, as well as softer exports and growth. The upside scenario is a more “permanent” structural reform type of shock, where the Treasury assumes scaled-up spending by public entities, which results in increased energy supply and a recovery in transport volumes (from better-performing ports and rails), which positively impacts sentiment, and lifts potential growth.

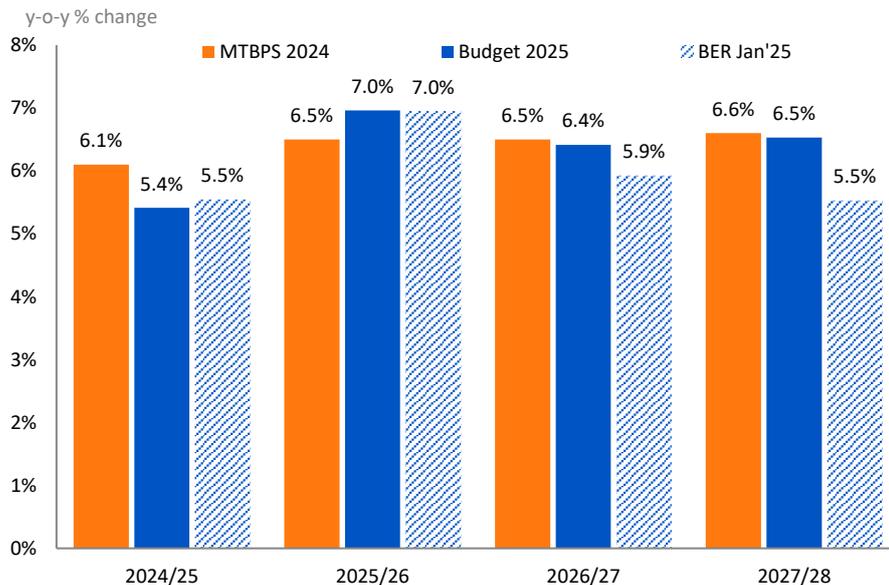
Figure 6: The Treasury modelled domestic reforms and trade protectionism scenarios



Source: National Treasury

In our **(first) February Budget Preview** we said one of the things we were keeping a close eye on was the nominal GDP growth rates, as that ties into the tax base and how much revenue we can raise as GDP increases – i.e. the tax buoyancy. Because of the minor changes to the outlook since the February Budget, the nominal GDP forecast is pretty much the same when comparing it to Budget 1.0. Nominal GDP growth in 2024/25 is anticipated to come in lower than what was expected at the time of the November 2024 MTBPS, and is more in line with our own forecast. This creates a base effect that sees their forecast for 2025/26 in line with our own forecast of 7%, whereafter we start to diverge. In 2026/27-2027/28, we are expecting slower nominal GDP growth than the Treasury, and this implies that tax revenue could disappoint compared to what the Treasury has pencilled in if the outcome is lower than they expect (and closer to our own forecast).

Figure 7: Nominal GDP forecast in outer years a risk for tax revenue collection



Source: National Treasury, BER

Budget speech focuses more on structural reform

The opening lines of the foreword of the Budget Review document said “Over the past nine months, South Africa has benefited from improved sentiment following the successful transition to a government of national unity and the stabilisation of electricity supply. But this optimism needs to be translated into more determined action and measurable results, specifically in the form of higher economic growth and improved living standards.” Although the efforts to deliver on growth-enhancing measures were scattered around in the larger Budget Review document, the speech provided a more succinct summary of Operation Vulindlela and how the Budget supports the programme objectives, outlined below.

The emphasis in the speech (assumedly written after the rest of the budget document was completed) is welcome, but it does suggest it might be more about appeasing the DA rather than a proper commitment by NT.

Moreover, there is nothing strikingly new in the list.

Figure 8: An update on structural reform outlined in the Budget speech



Source: National Treasury, BER

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