

BUDGET DEBATE VOTE 1: PRESIDENCY

Honourable Dr Joe Maswanganyi

24 July 2024

Muchaviseki Xipikara

Ndi xeweta President

Xandla Xa President, Muchaviseki Mashatile

Vaholobye

Vachaviseki va Huvo yo Endla Milawu

Riperile

Nda khensa ku nyikiwa nkarhi wa ku va ndi hoxa xandla eka njhekanjhekisano wa mpimanyeto wa hofisi ya President.

Xipikara, mina ndi ta lava ku nghena hi vuenti eka nkoka wa mpimanyeto evutonwini bya vanhu va Afrika Dzonga.

This Vote is tabled and debated against the country celebrating 30 Years of Democracy under the ANC Government. Marking the 30th Anniversary of our constitutional democracy, our nation stands vibrant in diversity, as one people of South Africa with a single system of expenditure controls for public finances- the

Budget. At the onset of democracy, the new government inherited an economy in crisis. The economy had been shaped by apartheid policies and by dependence on mining exports. The apartheid government's economy was built on systematically enforced exclusion, linked to racial exclusion in every sphere. In the former homelands, only 20% of adults were employed. South Africa's colonial/apartheid history has resulted in black people being marginalized from the mainstream of the economy.

From an economy in crisis, the democratic government has made enormous strides in addressing the legacies of apartheid. In the past 30 years, growth and employment have improved markedly, despite the global setback of the 2008 financial crisis, while investment has improved. The state has taken bold steps to diversify the economy.

Reflecting on the first Budget of the ANC government and the inaugural public finance accountability report, published on 22 June 1994, we are poignantly reminded of our infamous history of socio-economic disparities, characterized by an overbearing racial footprint on unemployment, poverty and inequality.

Statistically significant correlations between social grants and economic grants. At that time, the State Revenue Account recorded total revenues of approximately R89,2 billion, resulting in a budget deficit of R25,4 billion. This deficit necessitated financing amounting to R25,1 billion, equivalent to 28,5% of the revenue budget for the 1994/95 fiscal year. Today, contemporary figures indicate that South Africa's main budget revenue exceeds R1.8 trillion.

Considering that the exchange rate of the South African Rand to the US Dollar was at R3,54 in 1994, and R18.27 to a Dollar yesterday, it is evident that South Africa's fiscal budget has escalated by nearly 250% over the past 3 decades. The budget has improved the conditions and position of those marginalised in society.

Economic and social development priorities generally receive the greatest proportion of the budget.

The percentage of households with access to an improved source of water by about 4 percentage points between 2002 and 2022, growing from 84,4% to 88,5%.

Social grants remain a vital safety net for the vulnerable.

Empirical research conducted by the OECD finds positive and social grants enable recipients to participate in the economy and purchase consumables and investment opportunities that they could not afford had they not been receiving those grants.

It is important to give this historical background of the ANC over the past 30 years in order to rebut what we call **historical negationism**. How can we possibly be well equipped to confront history's nuanced and multifaceted present-day legacy if our politicians and some sections of the media deliberately fabricate and fail to acknowledge objective historical facts? We must resist any agenda that seeks to deny or purposefully negate history in order to fit a negative political narrative against the ANC achievements.

This debate takes place against the President having signed the **Pension Funds Amendment Bill. The Pension Funds Amendment Bill and the Revenue Laws Amendment Bill** will enable the implementation of the Two-Pot retirement system to take place on 1st September 2024. Workers will be able to withdraw from their retirement savings without resigning.

Workers have been waiting for this relief since 2020. On the 22nd August the SCOF will have an oversight visit to GEPF in Tshwane to monitor the state of readiness for the implementation of the Two-Pot system. This is informed by the committee's strategy of **Track and Trace**.

President, thank you for signing the **Public Procurement Bill**. Public procurement can be considered an achievement toward public policy objectives. It is a remedy for historically disadvantaged groups that rely upon the expediency of procurement practices in a country-specific context. In a virtual address to mark National Women's Day in 2020, President Ramaphosa announced the government's plans to expand women's access to economic opportunities by setting aside 40% of public procurement for women-owned business. President, when government tried to implement set-aside, it was challenged by the right wingers in court and the court ruled in their favor. Public Procurement Bill is an enabler to remove obstacles that prevent seamless participation by black-owned, women-owned, youth-owned, disabled-owned enterprises in public procurement.

In 2019, the President assented to the National Minimum Wage Act, lifting the wages of 6 million poorly paid farm, domestic, construction, hospital, retail, security, cleaning and other categories. What is needed now is to boost compliance by providing the Department of Employment and Labour the resources it needs to inspect workplaces and enforce compliance. National Treasury must ensure that all companies doing business with the state are in compliance with it as required by the Employment Equity Act.

Honourable Speaker, the government faces significant and growing **debt service costs**. These costs are the fastest growing public expenditure items.

Given that debt service costs will continue to consume a growing proportion of GDP and revenue over the medium term, careful attention to budget and debt financing is needed to ensure that interest expenditure does not rise above 20% of revenue and slow the annual growth rate of debt service costs.

Honourable Speaker, government must address the issue of the **Financial Sector Transformation**. The financial sector has not

sufficiently transformed since the advent of democracy. Transformation targets must be set and enforced. These need to be geared towards:

- Ensuring the deracialization of the sector in terms of ownership, leadership, staffing, and servicing;
- Providing access to banking and financial services for the majority of South Africans who live in townships, informal settlements, and rural areas;
- Provide greater support and access to funding for SMMEs.

Honourable Speaker, the GNU should explore tapping on **prescribed assets** to leverage economic growth, transformation, and job creation.

The Presidency, the departments and entities should strengthen **Socially Inclusive and Economic Budgeting**. Budgets are not blind.

Equitable and socially inclusive government budgets are the only way to ensure that government is committed to equity and socially inclusive values and practices and that the most pressing needs of

the various social groups are satisfied. If left unattended, the exclusion of disadvantaged groups can be costly.

The budget should be **gender-responsive**.

Mutshaviseki Xipikara, hina hi ri va ANC hi seketela mpimanyeto wa Hofisi Ya President kunga Vote 1.

Hi seketela Mpimanyeto lowu hikuva wu ta tisa vutomi byo antswa eka vanhu va Afrika Dzonga.

A Kxanimambo!

Nda khensa