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\_\_\_\_

***PROCEEDINGS OF HYBRID NATIONAL ASSEMBLY SITTING***

\_\_\_\_

The House met at 14:01.

The Speaker took the Chair and requested members to observe a

moment of silence for prayer or meditation.

**ANNOUNCEMENT**

The SPEAKER: Hon members, before we proceed with today’s

business, I wish to announce that the vacancies which occurred

in the National Assembly owing to the resignation of Mrs D B

Ngwenya and Mr P Sindane have been filled, with effect, from

10 December 2021, by the nominations of Ms P Marais and Mr A

Matumba respectively.



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The vacancy which occurred owing to the passing away of Mr D M

Nkosi has been filled by the nomination of Mr C N Malematja

with effect from 25 January 2022.

The vacancy which occurred owing to the resignation of Ms S N

August has been filled by the nomination of Mr B N Herron with

effect from 2 February 2022.

Lastly, the vacancy which occurred owing to the passing away

of Mr M N Nxumalo has been filled by the nomination of Mr S S

Zondo with effect from 8 February 2022.

The members have made and subscribed the oath and affirmation

in the Speaker’s Office. I welcome you, hon members.

[Applause.]

Hon members, I wish to remind you that in the interests of

safety for all present in the Chamber, please keep your masks

on and sit in your designated areas. Thank you.

**APPROPRIATI0N BILL**



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(Introduction)

**DIVISION OF REVENUE BILL**

(Tabling)

**SECOND ADJUSTMENTS APPROPRIATION (2021-22 FINANCIAL YEAR) BILL**

(Introduction)

The MINISTER OF FINANCE: Hon Speaker, His Excellency Mr Cyril

Ramaphosa, President of the Republic of South Africa, His

Excellency Deputy President Mr David Mabuza, Cabinet

colleagues, I have the honour of having a guest, the Minister

of Finance of the Democratic Republic of the Congo, who is

with us today ... [Applause.] ... the Governor of the SA

Reserve Bank ... [Applause.] ... the Commissioner of the SA

Revenue Service ... [Applause.] ... fellow South Africans:

**INTRODUCTION**ꢀ



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It is my honour and privilege to table before this House the

2022 National Budget.ꢀ Today I am tabling the following

documents:

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The 2022 Division of Revenue Bill;

The 2022 Appropriation Bill;

The Second Adjustments Appropriation (2021/22

Financial Year) Bill;

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•

The Estimates of National Expenditure;

The 2022 Budget Review; and

The Budget Speech.

Madam Speaker, we stand here galvanised by the state of the

nation address delivered by His Excellency President Cyril

Ramaphosa. The President reminded us that even as we face

steep and daunting challenges, as we have done in the past, we

will overcome.ꢀ

To do so, we need to strike a critical balance between saving

lives and livelihoods, while supporting inclusive growth. This

Budget presents this balance. Our economic recovery has been

uneven and risks remain high. We must proceed with caution.



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In the 2021 Medium-Term Budget Policy Statement, the MTBPS, we

committed ourselves to charting a course towards growth and

fiscal sustainability. ꢀThis Budget reasserts this commitment.

It narrows the budget deficit and stabilises debt. It also

extends income and employment support to the most vulnerable,

addresses service delivery shortcomings and provides tax

relief. We will come back in a moment to those areas. However,

these interventions cannot replace the structural changes our

economy needs. Difficult and necessary trade-offs are

required.

**ECONOMIC OUTLOOK**

**Global outlook**ꢀ

The world economy is expected to grow by 4,4% this year. This

is lower than the 4,9% we anticipated when tabling the MTBPS.

The Omicron variant of the coronavirus caused many countries

to impose restrictions to manage its spread. In addition,

continued imbalances in global value chains have limited the

pace of the world’s economic recovery.ꢀꢀꢀꢀ



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**DOMESTIC OUTLOOK**

The South African economy has not been insulated from these

global developments. We have revised our economic growth

estimate for 2021 to 4,8%, from 5,1% at the time of the

tabling of the MTBPS. This revision reflects a combination of

the impact of changes in the global environment, along with

our own unique challenges.

Commodity prices, which have supported our economic recovery,

slowed in the second half of 2021. Also, violent unrest in

July and restrictions imposed to manage the third wave of

COVID-19 further eroded the gains we made in the first half of

the year. Industrial action in the manufacturing sector,

particularly in the state sector, and the re-emergence of load

shedding also slowed the pace of the recovery. Real GDP growth

of 2,1% is projected for 2022, which is an upward revision

from what we said at the time of the Medium-Term Budget Policy

Statement. Over the next three years, GDP growth is expected

to average about 1,8%.



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**THE FISCAL FRAMEWORK**ꢀꢀ

**Revenue collection**

Tax collections since the time of the MTBPS have been much

stronger than expected. We now estimate tax revenue for 2021-

22 to be R1,55 trillion. This is R62 billion higher than our

estimates from four months ago, and R182 billion higher than

our estimates from last year’s budget. [Applause.] This

follows a shortfall in the previous year of R176 billion when

compared to the 2020 budget forecasts. This positive surprise

has come mainly from the mining sector owing to higher

commodity prices.

The improved revenue performance is not a reflection of an

improvement in the capacity of our economy. As such, we cannot

plan permanent expenditure on the basis of short-term

increases in commodity prices. To be clear, any permanent

increases in spending should be financed in a way that does

not worsen the fiscal deficit. We have also seen higher

revenue from other sectors and other tax instruments, such as

personal income tax and value-added tax.



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This year marks the 25th anniversary of the establishment of

the SA Revenue Service. The SA Revenue Service plays a vital

role in the economy, and we congratulate them on this

momentous occasion. [Applause.] We also welcome the current

modernisation of its infrastructure at border posts, such as

the Beitbridge border post, to facilitate greater trade.

**The fiscal outlook**

Hon members, more than R308 billion has been directed towards

bailing out failing state-owned companies. Since 2013,

frontline services and infrastructure reduced by R257 billion.

In this Budget, we are shifting from this trend, and are

restoring our focus on the core functions of government. We

are also on course to close key fiscal imbalances and restore

the health of our public finances.

Our debt burden remains a matter of serious concern. This

year, government debt has reached R4,3 trillion and is

projected to rise to R5,4 trillion over the medium term. This

huge sum is owed to lenders domestically and around the world!

It incurs large debt-service costs, averaging R330 billion



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annually over the Medium-Term Expenditure Framework period, or

MTEF period. These costs are larger than spending on each of

health, policing or basic education. For this reason and to

support the economic recovery, we are reducing the fiscal

deficit and stabilising debt in this budget. [Applause.]

The consolidated budget deficit is projected to narrow from

5,7% of GDP in 2021-22, to 4,2% of GDP by 2024-25.ꢀ We now

expect to realise a primary fiscal balance – where revenue

exceeds noninterest expenditure – by 2023-24.

The debt ratio will stabilise at about 75% of GDP by 2024-25.

This is 3 percentage points lower than we had projected when

we tabled the MTBPS. Can you notice that all of these things

are positive? [Applause.]

This is also the first time since 2015 that we are reducing

the borrowing requirement, using some of the extra revenue we

have collected.

The borrowing requirement decreases by R135,8 billion this

year and by a total of R131,5 billion over the next two years.



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**Risks to the fiscal framework**

Though the fiscal outlook has improved, it is subject to

significant risks. These include, amongst other things:

• Slowing global and domestic economic growth and calls for

a permanent increase in social protection that exceed

available resources;

• Pressures from the Public Service wage bill; and

• Continued requests for financial support from financially

distressed state‐owned enterprises.

We need to stay vigilant and mitigate the risks where

possible. In the upcoming period, we will do more work to

strengthen fiscal anchors.

We will also reduce the continual demands on South Africa’s

limited public resources from state-owned companies. For this

reason, SOCs need to develop and implement sustainable

turnaround plans.



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The future of our state-owned companies is under consideration

by the Presidential State-Owned Enterprises Council. Their

future will be informed by the value they create and whether

they can be run as sustainable entities without bailouts from

the fiscus. Some state-owned companies will be retained, while

others will be rationalised or consolidated.

To reduce their continuing demands on South Africa’s public

resources, the National Treasury will outline the criteria for

government funding of state-owned companies during the upcoming

financial year ...

*IsiXhosa*:

... benditshilo ke kuqala, yile nto bendithe yi ...

*English*:

tough love! [Laughter.]

We are aware that Eskom’s debt situation remains a concern for

its creditors and our investors alike. Government continues to

support Eskom to remain financially sustainable during its



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transition. To date, Eskom has been provided with R136 billion

to pay off its debt with a further R88 billion until 2025-26.

We acknowledge, however, that Eskom is faced with a large

amount of debt that remains a challenge to service without

assistance. That means that if you dissect Eskom’s debt, there

is a component of it which is called distress debt. Whatever

Eskom can do; it cannot fund it. In one way or another, we

have to create some magic in the fiscus to deal with this. I

just wanted to explain that more explicitly.

The National Treasury is working on a sustainable solution to

deal with Eskom’s debt in a manner that is equitable and fair

to all stakeholders. Any solution will be contingent on

continued progress to reform South Africa’s electricity sector

and Eskom’s own progress on its turnaround plan and its

restructuring.

We expect Eskom to take further steps towards cost

containment, conclude the sale of assets and implement

operational improvements to enhance the reliability of

electricity supply. The outcome of this work, which is legally



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and technically complex, will be announced within the next

financial year.

We have taken action to reform the electricity sector. This

encompasses the lifting of the registration threshold of

embedded generation to 100 Megawatts. It also includes

amendments to the Electricity Regulation Act of 2006, and the

new generation projects that are coming online over the next

few years.

These interventions demonstrate the commitment of this

government to solving South Africa’s electricity supply

challenges.

**SUPPORTING ECONOMIC RECONSTRUCTION AND RECOVERY**

We have had more than a decade of economic stagnation. Only

through sustained economic growth can South Africa create

enough jobs to reduce poverty and inequality, enabling us to

reach our goal of a better life for all.

The Economic Reconstruction and Recovery Programme, the ERRP,

remains essential to growth. We are accelerating the



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implementation of critical structural reforms contained in the

ERRP, in particular in electricity, rail, ports and

telecommunications.

**Infrastructure**

To complement these interventions, we will be accelerating

infrastructure investment which is the backbone of a thriving

economy.

The National Treasury will be implementing the results of a

recently completed review of the Public-Private Partnerships

framework.

We aim to create a centre of excellence for public-private

partnerships and other blended finance projects. This centre

of excellence will be established with direct Treasury

oversight. It will be a direct interface with private

financial institutions for investments in critical government

infrastructure programmes.

We will also work with other national departments and the

provinces of the Eastern Cape and the Northern Cape to pilot a



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revised approach to infrastructure delivery. You would recall

that this is a message that was given in the state of the

nation address, and we are following through on that message

and giving content to it. This approach will include

innovative financing and delivery mechanisms, as announced by

the President in the state of the nation address.

Regarding the Umzimvubu Dam, we are at an advanced stage of

resolving the project issues. We will make further

announcements on this in the MTBPS.

In October, I will table amendments, through the 2022 Division

of Revenue Amendment Bill, to enable provinces to pledge their

infrastructure grants to leverage more financing to fast-track

the roll-out of infrastructure.

Mr President, in the state of the nation address you spoke

about the importance of catalytic and blended finance

projects. These projects have the potential to crowd in

private investors for bulk infrastructure.



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As we upgrade roads, bridges, water and sewer, transport,

school infrastructure and hospitals and clinics, the aim is to

unlock higher levels of employment for those involved in the

projects.

I am pleased to inform this House that a provisional

allocation is set aside in this Budget for R17,5 billion over

the MTEF for infrastructure catalytic projects. We look

forward to engaging with specific proposals in this regard.

Value for money and quality of delivery are the top priorities

in the development of the project pipeline.

**Bounce-back scheme to support SMEs**

To support businesses in distress owing to the COVID-19

pandemic, a new business bounce-back scheme will be launched,

using two mechanisms which will be introduced sequentially.

Firstly, small business loan guarantees of R15 billion will be

facilitated through participating banks and development

finance institutions. This will allow access for qualifying

nonbank small and medium loan providers.



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Government will partner with loan providers by underwriting

the first 20% of losses for banks and other eligible small and

medium loan providers. The eligibility criteria, including the

requirement for collateral, have been loosened. This mechanism

will be launched and operational next month.

Secondly, by April this year, we intend to introduce a

business equity-linked loan guarantee support mechanism. We

intend to bring the total support package through the bounce-

back scheme to R20 billion.

The equity support mechanism of this scheme will be

facilitated through development finance institutions. It will

also be available to qualifying nonbank small and medium

finance providers. Details of the terms of the equity-linked

guarantee mechanism will be provided soon.

**Public employment**

Over the medium-term, R76 billion is allocated for job-

creation programmes. In this Budget, an additional

R18,4 billion is made available for the Presidential

Employment Initiative.



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We do not aspire to being a below-2%-growth economy. We are

capable much more. In this regard, we are refining proposals

for an expanded reform agenda – to shift our economy towards a

higher growth trajectory.

**SPENDING PROPOSALS**

In this Budget, we are taking steps to support education and

health, to support the fight against crime and corruption, and

to improve capital investment, amongst other things. Over the

next three years, we will allocate R3,33 trillion to the

social wage to support vulnerable and low-income households.

This is approximately 60% of noninterest spending.ꢀ

We have prioritised spending on the following key areas. In

2017, government announced a policy for fee-free higher

education. We are announcing an additional allocation of

R32 billion for financial support to current bursary holders

and first-year students under the National Student Financial

Aid Scheme. [Applause.] ꢀAny further shortfalls will be funded

from within the baseline of the Department of Higher

Education.



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At the height of COVID-19, our teachers had to make tremendous

sacrifices to ensure that our children got educated. Equally,

our health care workers were among those that were the last

and only line of defence against the pandemic.

In this Budget, we are adding R24,6 billion for provincial

education departments to address the shortfalls in the

compensation of teachers. [Applause.] An additional

R15,6 billion is allocated to provincial health departments to

support their continued response to COVID-19, and to bridge

shortfalls in essential goods and services.

An amount of R3,3 billion is allocated to absorb medical

interns and community service doctors. An amount of

R8,7 billion is added to the Police budget. [Applause.] The

department is allocated R1 billion to implement personnel

reforms. Another R800 million may be available in the

following year, subject to satisfactory progress at the

Department of Defence.

We are also strengthening the resourcing of the justice system

and our courts. In this regard, the budget of the Department



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of Justice and Constitutional Development is increased by

R1,1 billion, while the Office of the Chief Justice receives

an additional R39,9 million. [Applause.]

The SA National Roads Agency, Sanral, receives an additional

R9,9 billion for maintaining the non-toll road network. Over

and above this, the Budget Facility for Infrastructure has

approved funding for several water projects:

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R2,1 billion is allocated for raising the Clanwilliam

Dam;

The Lepelle Water Board is allocated R1,4 billion for the

Olifantspoort and Ebenezer plants; and

The Umgeni Water Board is allocated R813 million for the

Lower uMkhomazi Water Supply Scheme.

I am also pleased to announce that the project to modernise

six border posts, including Beitbridge, is at an advanced

stage of preparation. Feasibility studies have been completed

and a request for proposal will be issued in March 2022.



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We watched in outrage and sadness as flames devoured the

buildings in which our Constitution was born. I am gratified

to learn of the enthusiasm of most South Africans who want to

be part of rebuilding Parliament, and I look forward to a

truly national effort for this.

The Department of Social Development will receive the largest

allocation of R58,6 billion over the medium term for the

following:

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Firstly, to initiate a new extended child support grant

for double orphans. This is to encourage the care of

orphans within families rather than foster care.

[Applause.]

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Secondly, to provide for inflationary increases to

permanent social grants.

For the 2022-23 fiscal year, the old age, war veterans,

disability and care dependency grants will increase by

R90 in October. [Applause.] The foster care and child

support grants will increase by a once-off R20 in April.



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Thirdly, R44 billion is allocated for a 12-month

extension of the R350 social relief of distress grant or

SRD grant. [Applause.]

The social relief of distress grant was introduced in 2020-21

as a temporary relief measure in view of the plight of those

who had lost economic opportunities and who were adversely

affected during the worst periods of the pandemic. This

emergency grant added to the country's already extensive

social safety net. South Africa now pays grants to more than

46% of the population.

Finally, the 2022-23 contingency reserve is increased by

R5 billion. This provides for an amount already approved in

the previous budget for the Land Bank to be paid in the new

financial year.

To come back to the Land Bank issue: We couldn’t make the

transfer during this financial year precisely because of the

difficulties of settling with the lenders on time. Progress is

being made with settling with the lenders and, we think, by

the beginning of the financial year, we will make progress and



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we are making that R5 billion available for the next financial

year.

We remain committed to controlling those parts of the Budget

that are permanent in nature, including by arresting

historically rapid increases in the public sector wage Bill.

Compensation spending will increase marginally, from

R665,1 billion in 2021-22 to R702 billion in 2024-25, at an

average annual rate of 1,8%.ꢀꢀ

As indicated in the 2021 MTBPS, we have allocated additional

funding of R20,5 billion in 2022-23 to meet the cost

implications of the 2021 public service wage agreement.ꢀ

A Public Sector Labour Summit is scheduled to take place from

28 March to 31 March.ꢀ This summit is an important opportunity

for stakeholders to engage in building a sustainable public

service and remuneration guidelines.



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**DIVISION OF REVENUE**

Basic municipal services require more support, especially for

the poor. To address this, R28,9 billion is added to the local

government equitable share.

We are making these allocations to uplift and provide services

to our people. These funds must be used for the purpose they

are meant for. Currently, 175 out of 257 municipalities are in

financial distress. We stand ready to work with Parliament and

all oversight bodies to hold municipalities accountable for

delivering these services.

At the same time, our municipalities and other institutions

cannot survive if they do not receive payment from those who

consume their services. [Applause.]

We urge our people and government departments to pay their

municipal bills. Municipalities are also required to improve

their service delivery mechanisms, and to ensure that billing

systems are fair and efficient. [Applause.]



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**CORRUPTION AND STATE CAPABILITY**

Corruption is a major blight on our country. It has lowered

our economic growth potential, made us fiscally more

vulnerable, and severely weakened the capability of the state.

Accounting officers need to ensure that their procurement

processes have integrity, provide value for money, and are

free from interference from political people like me.

We also need to be clear on what we are fighting. We must

differentiate between corruption and minor transgressions of

the rules of policy prescripts that are audited as irregular

expenditure.

The National Treasury is engaging with the Auditor-General to

continue to ensure transparent disclosure of minor

transgressions, but outside the financial audit process.

As I indicated last year, the Public Procurement Bill will be

tabled before this Parliament.



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In light of the recent Constitutional Court judgement on the

preferential procurement regulations, and the first Zondo

Commission report highlighting abuses in state procurement, we

are revising the Bill to take account of these developments.

We are also responding formally to the Zondo Commission

report. In the meantime, we must take bold steps to improve

state capability and reduce the scope for procurement

corruption.

Working with Sars, the Investigative Directorate in the office

of the National Directorate of Public Prosecutions has brought

charges against a company director and a Gupta associate

involved in the corrupt Estina dairy project.

This is on charges of fraudulent VAT refund claims, under-

declaration of plant and equipment expenses, and exchange

control violations. The SA Revenue Service is also recovering

the fraudulent refunds that were claimed.

We are also dealing with illicit trade. Just yesterday, Sars

conducted a search-and-seizure operation. This operation



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uncovered another consignment of illegal tobacco products,

bringing the total value of illicit tobacco seized during the

pandemic to over R350 million.

Overall, Sars has raised assessments of R18 billion additional

duties, cancelled the trading licences of three operators,

liquidated one operator, and referred eight cases for criminal

prosecution.

Finally, we are addressing the weaknesses in fighting fraud

and money laundering identified in our recent mutual

evaluation of our anti-money-laundering system by the

Financial Action Task Force; what is called “Fart”.

[Laughter.] [Interjections.] No; that is how it is spelt.

[Laughter.]

**TAX PROPOSALS**

Households and businesses are still under financial pressure

and are coping with higher obligations, the effects of COVID-

19 and increased fuel prices. Now is not the time to increase

taxes and put the recovery at risk! [Applause.] Accordingly,



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we have decided to keep money in the pockets of South

Africans. [Applause.]

This Budget includes R5,2 billion in tax relief to help

support the economic recovery, provide some respite from fuel

tax increases, and boost incentives for youth employment.

Madam Speaker, our tax proposals for 2022-23 are as follows.ꢀ

**Personal Income Tax**ꢀ

The personal income tax brackets and rebates will be adjusted

by 4,5%, in line with inflation.ꢀ The adjustments will mean

that the annual tax-free threshold for a person under the age

of 65, will increase from R87 300 to R91 250. What in practice

...

*IsiXhosa*:

**...** Tata uMantashe ithetha ukuthi, ndiqala ukukubhatalisa

irhafu xa umvuzo wakho wonyaka ufikelele ... xa umvuzo wakho

wonyaka ungaphantsi kwamawaka angama-90 andikubhatalisi

irhafu. Ithetha loo nto ke. Yena ndizakumhlawulisa irhafu.

[Uwele-wele.]



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*English*:

Medical tax credits will increase from R332 to R347 per month

for the first two members, and from R224 to R234 per month for

additional members.ꢀ

**Employment tax incentive**

The employment tax incentive will be expanded through a 50ꢀ%

increase in the maximum monthly value to R1 500.ꢀ I encourage

small- and medium-sized firms to take up this incentive.ꢀ We

anticipate that the expansion will provide additional support

worth R2,2 billion.ꢀ

**Fuel Levies**ꢀ

In 2021, the inland petrol price breached R20 per litre. The

higher prices have put pressure on the cost of transport, on

food and other goods and services.

ꢀ

To provide some relief to households, no increases will be

made to the general fuel levy on petrol and diesel for 2022-

23. [Applause.] This will provide tax relief of R3,5 billion.



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*IsiXhosa*:

Intle le ntetho-nzibulo. Niyabona ukuba ndinesisa?

*English*:

So that’s R3,5 billion to South Africans. [Applause.] There

will also be no increase in the ... But before I step off the

subject of a fuel increase, there is a sentence I have not

inserted here. I’ve had discussions with the Minister of

Mineral Resources and Energy. [Interjections.] We are in

agreement. We have set up teams. The intention is to review

the fuel price – it’s structure moving forward. This is

because the intention is to make sure that we have a petrol

price that is competitive for this economy. So our teams will

make the announcement in due course. [Applause.]

There will also be no increase to the Road Accident Fund levy

... no increase, again.

*IsiXhosa*:

Yhooo, hayi madoda! [Kwaqhwatywa.] [Uwele-wele.]

*English*:



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There is no increase to the Road Accident Fund levy.

Minister Mantashe and I have agreed that a review of all

aspects of the fuel price is needed. Our teams have already

begun to engage with this critical work.

**Corporate Income Tax**ꢀ

Restructuring the corporate income tax system is an important

part of our efforts to create a conducive environment for

businesses to grow, increase investment and employ more

people.

As announced in the 2021 budget, the corporate income tax rate

will be reduced from 28% to 27% for companies, with years of

assessment ending on or after 31 March 2023. This will be

complemented by base-broadening measures to ensure that there

is no negative impact on revenue.

**Excise duties**ꢀꢀ

Excise duties on alcohol and tobacco will, unfortunately,

increase by between 4,5% and 6,5%. The increases mean that as

from today:



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•

A 340 ml can of beer or cider will cost 11 cents more;

A 750 ml bottle of wine will be 17 cents more expensive;

A bottle of sparkling wine will cost an additional 76

cents;

•

And a bottle of spirits ...

*IsiXhosa*:

... aba bethu ke sisela iwiski noko asibahlanga, ...

*English:*

... it will be R4.83 more expensive;

•

•

A packet of cigarettes will cost an additional R1.03;

25 grams of piped tobacco will cost an extra 37 cents;

and

•

A 23-gram cigar will be ...

*IsiXhosa*:

... noko isiga bantakwethu masiyithi ... iphezulu,

*English*:

... R6.77 more expensive. [Applause.] [Interjections.]



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Government also proposes to introduce a new tax on vaping

products of at least R2.90 per millilitre from 1 January 2023.

The rationale for that is not part of the tax system. We have

to go through the processes required by law of consultation

and all of that. I would have preferred to introduce it today.

A new tax will also be introduced on beer powders.

After three years of no changes, the health promotion levy

will be increased to 2.31 cents per gram of sugar.

The structure of the economy will need to change to adapt to

the needs of addressing climate change. As we reduce

emissions, communities must not be left behind as production

shifts to greener solutions.

There are opportunities to access international finance to

help pay for this just transition. The National Treasury is

working with the new head of the Presidential Climate Finance

Task Team, on accessing these resources.

*IsiXhosa*:



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Kukho abantu ke bathe mandiphume elubala (transparent)

kusekutsha ngolu hlobo. Andazi ukuba ndizakuphuma elubala

njani kuba kaloku ingekafiki imali. Andazi ukuba ndizakuphuma

elubala njani ndingekayifumani.

*English*:

I don’t know how that works. [Laughter.]

The carbon tax is the main mechanism to ensure that we lower

our greenhouse gas emissions. The carbon tax rate will

increase from R134 to R144, effective from 1 January 2022.

As required by legislation, the carbon fuel levy will increase

by 1 cent to 9 cents per litre for petrol, and 10 cents per

litre for diesel from 6 April 2022.

The first phase of the carbon tax, with substantial allowances

and electricity price neutrality, will be extended to 31

December 2025.

However, in line with our commitments at COP 26, the carbon

tax rate will be progressively increased every year to reach



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$20 per tonne. In the second phase from 2026 onwards, the

carbon tax rate will have larger annual increases to reach at

least $30 by 2030, and the allowances will rapidly fall away.

As the allowances fall away, we urge all our companies that

have not already done so to develop plans to progressively

reduce their emissions over the next 10 years, otherwise they

will face not only my taxes but have difficulty in exports.

Our exporters will also face overseas border taxes for carbon-

intensive goods such as iron ore and steel, which will reduce

their competitiveness.ꢀ

Madam Speaker, you will note that we have not increased taxes

in the major revenue-generating categories, such as personal

income tax, VAT and the general fuel levy. We have reduced the

corporate tax rate and broadened the tax base.ꢀ

However, let me restate my earlier caution in that if there

are permanent expenditure increases in the coming years, we

would have no choice but to revisit ...



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*IsiXhosa*:

... sinithi nje kancinci.

*English*:

We will have to look at increasing some of the taxes ...

*IsiXhosa*:

... kwakhona. Uyayibona loo nto?

*English*:

In these trying times and without compromising our ability to

collect revenue, we have managed, through these tax proposals,

to keep money in the pockets of South Africans and to create

conditions for greater investment in the economy. Somebody

will say: Oh, you said you had R182 billion last year.

*IsiXhosa*:

Phuma elubala uyenzeni? Nicinga ukuba kutheni le nto

ndinganibhatalisi irhafu? Ndisebezisa yona laa mali.

[Kwahlekwa] [Kwaqhwatywa.]

*English*:



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That’s why we are not increasing taxes. When we get such big

amounts of money and so on, we transfer that and put money

into your pockets. That’s what we have done.

*IsiXhosa*:

Xa niphuma apha nizakuthi akaphumi elubala. Kwakhona fundani

...

*English*:

... the budget review. [Inaudible.] ... on tax you are on

chapter 4; on debt chapter 7.

**Financial sector reforms**

Retirement funds play a critical role in channelling savings

into productive investments. There has been an outcry about

Regulation 28 of the Pension Funds Act. This regulation sets

out the criteria through which these funds may make

investments.

After consultation, changes have been proposed to these

regulations to enable greater investment in infrastructure by



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these funds. After consultation on these changes, the

amendments will be gazetted next month.

*IsiXhosa*:

Kudala nindibuza ngale nto. Wonke umntu nakweyiphi na

itlanganiso kuthiwa, ...

*English*:

... regulation 28, regulation 28. Next month, ...

*IsiXhosa*:

... ndiyifaka kwiphepha-ndaba lombuso (gazette), ngo Matshi

lo.

*English*:

Government has also proposed a fundamental restructuring of

the retirement system for individuals to allow for greater

preservation and partial access to funds through what is

called a “two-pot” system.



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Part of this proposal includes the possibility of short-term

access, which would be dependent on the approval by trustees

of each fund. Let me just explain this. There is a ...

*IsiXhosa*:

... wonke umntu uyandibuza apha. Kuthiwa uTito wasithembisa

ukuba uzakusinika imali.

*English*:

Are you going to give us? No, I can’t give you money from your

own pension fund. Your own pension fund has its own trustees.

The decision to take money out of the fund must be a decision

of a trustee. The only thing I am going to do as the Minister

of Finance is to create a conducive environment for trustees

to make that decision if they think the fund is capable of

doing so.

*IsiXhosa*:

Bangathi uMphathiswa wezeziMali wathi masikhuphe imali, ngoku

sixakene nento. Hayi ndingaphandle ngebheyile.[Kwahlekwa.]

*English*:



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Your trustees must make the decision. I will make the law

which will make it possible for the trustees to make the

decision. Not me; uh-uh.

Consultations are proceeding following the release of the

discussion paper last year and the draft legislation on these

amendments will be published for comment in the middle of the

year.

**CONCLUSION**

In conclusion, I would like to reiterate our commitment to the

reconstruction and recovery of our economy, to saving lives

and restoring livelihoods and to securing the long-term

prosperity of our nation.

It is often said, and I believe that this applies to the

circumstances under which we deliver this Budget: “You won't

realise the distance you have walked, until you look around

and realise how far you have been.”

We have been on this journey for a long time. And we still

have a long distance to walk before reaching our goal.



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Madam Speaker, I take this opportunity to thank the President

and Deputy President for their leadership and guidance ...

*IsiXhosa*:

... hayi undikhokele Mongameli, siyabulela.

*English*:

I also want to thank Deputy Minister Dr David Masondo for his

support.

The Treasury team, led by Director-General Dondo Mogajane,

who’s finishing 23 years this year ... [Applause.] ...

continues to undertake their task and I express my thanks to

them.

My sincere gratitude also goes to the Commissioner of the SA

Revenue Service Edward Kieswetter and the hard-working team at

Sars. [Applause.]

Many thanks go to the Governor of the SA Reserve Bank Mr

Lesetja Kganyago and the staff of the Bank. [Applause.]



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Let me also thank my colleagues in the Ministers’ Committee on

the Budget and in the Budget Council, and the MECs’ of Finance

from various provinces, who have shared the load of the tough

decisions that have to be made in the current climate.

Similarly, the Parliamentary Committees of Finance and

Appropriations, I express my sincere appreciation – even when

I mess up they always call me and bring me up to speed.

Finally, we pay tribute to the millions of South Africans,

whose resilience and courage during these times of the

pandemic and economic hardship are an inspiration to all of

us.

*IsiXhosa*:

Hayi, andikwazi ukungalubuleli usapho lwam nenkosikazi yam le

indinxibise kakuhle kangaka, ndingaba ndiyamosha. [Kwahlekwa]

[Uwele-wele.] Mandibulele kwinkosikazi yam uMamTshawe, hayi

mfondini ...

*English*;

... I look nice. With those few words, Madam Speaker,



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*IsiXhosa*:

... le kaTyhal’ibhongo intwana iyayishiya indawo.

*English*:

Thank you very much. [Applause.]

The SPEAKER: I thank the hon Minister. [Interjections.]

Mr N F SHIVAMBU: Speaker ...

The SPEAKER: Yes, hon member.

Mr N F SHIVAMBU: I don’t know whether I must stand up or speak

sitting down. The standard practice is that when a Minister of

Finance finishes the Budget Speech, he must introduce the

Bills, which must be deliberated upon, and then refer them to

the committee. He did not do so. [Interjections.] He has not

done so, so he is amateurish. He must go back and table the

Bills. He must go and table the Bills there. We didn’t hear

him. [Interjections.]



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The SPEAKER: Order! Take your seat, hon Mantashe. Take your

seat. Take your seat, please. Thank you very much. Hon

Shivambu, you may have missed this. Right at the beginning of

his speech, the hon Minister did table the documents.

Mr N F SHIVAMBU: He must do it again. [Interjections.]

The SPEAKER: I wish to protect him now.

Thank you very much, hon members. The papers tabled by the

Minister will be referred to the relevant committee. That

concludes the business for the day. [Applause.]

The House adjourned at 14:55.

