Report of the Select Committee on Finance on the 2024 Fiscal Framework and Revenue Proposals, Dated 05 March 2024

1. INTRODUCTION

The Minister of Finance (Minister) Mr Enoch Godongwana, tabled the 2024 National Budget before Parliament on 21 February 2024 in terms of Section 27 of the Public Finance Management Act, Act No. 1 of 1999 (PFMA) and Section 7 (1) of the Money Bills Amendment Procedure and Related Matters Act, Act No. 9 of 2009 (Money Bills Act).

The Minister, the Deputy Minister, and the Director General (DG) of the National Treasury (NT), together with the Commissioner of the South African Revenue Service (SARS), Mr Edward Kieswetter, briefed the Committees on Finance on 22 February 2024. The Committees received post-Budget tabling input from the Parliamentary Budget Office (PBO) and the Financial and Fiscal Commission (FFC) on 27 February 2024.

The Committees held public hearings on 28 February 2024 and received 15 written and oral submissions from Congress of South African Trade Unions (COSATU), Fiscal Cliff Study Group (FCSG), Public Economy Project (PEP), Amandla.mobi, Healthy Living Alliance (HEALA), Budget Justice Coalition (BJC), South African Institute of Chartered Accountants (SAICA), the South African Institute of Tax Professionals (SAIT), PriceWaterhouseCoopers (PwC), Institute for Economic Justice (IEJ), South African Liquor Brandowners Association (SALBA), South African Wine, Alternative Information and Development Centre (AIDC), Heineken Beverages South Africa (HBSA), and Dr Sean Muller.

NT and South African Revenue Service (SARS) responded to the issues raised during the public hearings and engaged with the Committees and stakeholders on 01 March 2024.

2. THE MINISTER'S POLITICAL OVERVIEW OF THE BUDGET

During the Minister's briefing with the Committees on Finance, NT provided an overview of the 2024 Budget. The overview highlighted that the economy needs investment to grow and create jobs, while outlining plans to ensure development through sustainable public finances.

NT explained that the 2024 Budget prioritises macroeconomic stability, structural reforms, and improved state capacity, all of which should improve the environment for public and private investment. NT cautioned that it would take time to reverse the consequences of operational, maintenance and governance failures at State Owned Enterprises (SOEs) responsible for electricity, rail, and ports.

It was emphasised that the 2024 Budget ensures development through sustainable public finances, and despite persistently low economic growth, government continues to protect critical services, support economic growth, and stabilise public debt. The impact of economic downturn can be seen in tax revenue, R56.1 billion below the 2023 Budget expectations. The social wage, which constitutes 60 per cent of non-interest expenditure, includes spending on health, education, social protection, community development and employment programmes, and protection of employee levels in critical services.

NT asserted that government is staying the course to narrow the budget deficit and stabilise debt, that this year, for the first time since 2008/09, government will achieve a primary budget surplus. The expectation is that over time, as the debt burden decreases, maintaining this critical benchmark will create fiscal space. A consolidated budget deficit of 4.9 per cent of Gross Domestic Product (GDP) in 2023/24 is expected to narrow to 3.3 per cent of GDP in the last year of the Medium-Term Expenditure Framework (MTEF).

Debt-service costs continue to grow rapidly, and now consume one of every five rands of government revenue and absorb a larger share of the budget than basic education, social protection, or health. Gross loan debt-to-GDP trajectory, on the other hand, is about 16 percentage points higher than the median emerging market level. NT said that reducing debt-service costs is critical for growth and development.

3. OVERVIEW OF THE 2024 FISCAL FRAMEWORK AND REVENUE PROPOSALS

3.1. South African economic performance and outlook

The South African economic growth rate averaged 0.8 per cent since 2012. In contrast to the 2023 Medium Term Budget Policy Statement (MTBPS) growth forecast of 0.8 per cent, the growth estimate has been revised downwards by 0.2 percentage points from 1.9 per cent in 2022 to 0.6 per cent in 2023. The South African Reserve Bank (SARB) also expects output to average 0.6 per cent in 2023, a downward revision from 0.8 per cent from November 2023.The economic decline is attributed to persistence of supply side constraints to economic growth, a sharp decrease in commodity export prices, and high living costs.

NT expects the economy to grow by 1.3 per cent in 2024 and 1.6 per cent in 2025, while the SARB left its forecasts unchanged from November 2023, at 1.2 per cent and 1.3 per cent in 2024 and 2025, respectively. GDP growth will be driven by an expected recovery in household spending as inflation declines, and improving capacity in energy, freight and ports, and continued reduction of barriers to economic activity. Receding global inflationary pressures, expected decline in interest rates and less frequent power cuts might boost economic growth (2024 Budget Review).

NT's identified risks to the domestic economic outlook include continued supply side constraints, increased borrowing costs, and the impact of high interest and inflation rate on consumption spending.

Table 1: Macroeconomic performance and projections

Percentage change	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
	Actual			**Estimate**	**Forecast**		
Final household consumption	-6,1	5,8	2,5	0,7	1,3	1,8	1,7
Final government consumption	0,9	0,5	1,0	1,8	-0,7	-0,2	-0,2
Gross fixed-capital formation	-14,6	0,6	4,8	4,2	3,7	4,0	3,6
Gross domestic expenditure	-7,6	4,8	3,9	1,1	1,2	1,7	1,7
Exports	-12,0	9,1	7,4	3,2	2,1	2,5	3,2
Imports	-17,6	9,6	14,9	4,8	1,9	2,6	2,6
Real GDP growth	**-6,0**	**4,7**	**1,9**	**0,6**	**1,3**	**1,6**	**1,8**
CPI inflation	3,3	4,6	6,9	6,0	4,9	4,6	4,6
Current account balance (% of GDP)	1,9	3,7	-0,5	-1,8	-2,8	-3,0	-3,0

Source: National Treasury, South African Reserve Bank and Statistics SA

Table 1 above shows that inflation expectations appear to be well anchored over the medium term. Headline Consumer Price Inflation (CPI) measured 6.0 per cent in 2023. It is expected to ease to 4.9 per cent in 2024, 4.6 per cent in 2025 and in 2026. The SARB assessed the risks to the inflation outlook to the upside and kept the repurchase rate unchanged at 8.25 per cent per year (a cumulative increase of 475 basis points since the beginning of monetary policy tightening cycle in November 2021).

The Quarterly Labour Force Survey (LFS) from Statistics South Africa shows that in the fourth quarter of 2023, the number of employed persons increased by 789 000 to 16.7 million compared to a year ago, a 4.9 per cent increase. In the same period, the number of unemployed persons also increased by 142 000 to almost 7.9 million (by 1.8 per cent). Year-on-year, the rate of unemployment decreased by 0.6 of a percentage point and measured 32.1 per cent in the fourth quarter of 2023, an increase from 31.9 per cent in the third quarter of 2023.

3.2. Fiscal framework and revenue proposals

Revenue collection has deteriorated substantially over the past year due to weak economic conditions. Compared with the 2023 Budget, NT predicts revenue shortfall of R56.1 billion in 2023/24. Table 2 below shows that the consolidated revenue is expected to increase from R1.9 trillion in 2023/24 to R2.0 trillion in 2024/25, reaching almost R2.2 trillion in 2025/26. The improved revenue collection projected over the medium term will come from Personal Income Tax (PIT) and additional revenue proposals. The revenue projections include tax increases of R15 billion in 2024/25.

Consolidated expenditure will amount to R2.4 trillion in 2024/25, R2.5 trillion in 2025/26 and R2.6 trillion in 2026/27. Over the medium term, the bulk of this spending, 60.2 per cent of total non-interest spending, is allocated to social services. The 2024 Budget adds R57.6 billion to expenditure over the medium term, mainly to cover the costs of the 2023 public-service wage agreement. An amount of R7.4 billion is set aside in 2024/25 for the Presidential Employment Initiative (PEI).

The consolidated budget deficit is projected to narrow from 4.9 per cent of GDP in 2023/24 to 3.3 per cent in 2026/27. Compared to the 2023 Budget estimate, the budget deficit increased from 4 per cent to 4.9 per cent of GDP, by R56 billion. NT expects to achieve a primary budget surplus in 2023/24, for the first time since 2008/09.

Table 2: 2024 Consolidated fiscal framework

R billion/percentage of GDP	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Outcome			Revised estimate	Medium-term estimates		
Revenue	**1 409,9**	**1 751,7**	**1 896,4**	**1 921,4**	**2 036,6**	**2 176,4**	**2 323,6**
	25,1%	*27,8%*	*28,2%*	*27,3%*	*27,3%*	*27,5%*	*27,6%*
Expenditure	**1 965,1**	**2 043,9**	**2 141,1**	**2 268,9**	**2 369,0**	**2 471,4**	**2 597,8**
	35,0%	*32,4%*	*31,9%*	*32,2%*	*31,8%*	*31,2%*	*30,8%*
Budget balance	**-555,2**	**-292,2**	**-244,7**	**-347,4**	**-332,4**	**-295,0**	**-274,2**
	-9,9%	*-4,6%*	*-3,6%*	*-4,9%*	*-4,5%*	*-3,7%*	*-3,3%*
Gross loan debt	**3 935,7**	**4 277,5**	**4 765,4**	**5 207,3**	**5 522,2**	**5 959,2**	**6 293,2**
	70,7%	*68,0%*	70,9%	73,9%	74,1%	75,3%	74,7%
Net loan debt	**3 601,8**	**4 056,7**	**4 516,3**	**5 056,6**	**5 432,3**	**5 890,3**	**6 218,7**
	64,7%	64,9%	67,2%	71,7%	72,9%	74,4%	73,8%

Source: National Treasury

Gross loan debt is now projected to reach R5.2 trillion, or 73.9 per cent of GDP in 2023/24. NT expects the proposed fiscal framework to stabilise debt at 75.3 per cent of GDP in 2025/26 (Table 2). Over the medium term, R150 billion from the SARB's Gold and Foreign Exchange Contingency Reserve Account (GFECRA) is expected to reduce government borrowing, R100 billion in 2024/25, R25 billion in 2025/26 and another R25 billion in 2026/27.

Total approved guarantees to SOEs are expected to increase by R33 billion to R503.3 billion by 31 March 2024. Most SOEs remain in distress due to weak governance, financial strain, and poor operational performance (2024 Budget Review).

Debt-service costs are sensitive to macroeconomic variables such as interest, inflation, and exchange rates. In 2023/24, debt-service costs were revised upwards by R15.7 billion compared with the 2023 Budget estimate, mainly due to the higher budget deficit. NT predicts debt service costs to rise from R382 billion to R440 billion in 2026/27 (R1.2 trillion over the medium term). As a percentage of GDP, debt-service costs are projected to average 5.2 per cent over the medium term.

The 2024 tax proposals generate R15 billion in 2024/25 to alleviate immediate fiscal pressures. These include no proposed changes to the general fuel levy or the Road Accident Fund (RAF) levy, resulting in tax relief of around R4 billion; no provision for inflation adjustments to the PIT tables and medical tax credits, raising additional revenue of R16.3 billion; increase in excise duties on alcohol by between 6.7 and 7.2 per cent; and increase in duties on certain tobacco products by between 4.7 and 8.2 per cent. South Africa implements a Global Minimum Tax (GMT), with multinational corporations subject to an effective tax rate of at least 15 per cent, regardless of where its profits are located. Producers of electric vehicles in South Africa will be able to claim 150 per cent of qualifying investment spending as an incentive to aid the transition to new energy vehicles.

NT's identified major risks to the fiscal framework include weaker-than-projected GDP growth, higher borrowing costs, an unaffordable wage increase in the second year of the medium term, and further deterioration in the balance sheet of major SOEs which could result in bailout demands. NT conceded that over the past year, many of the risks identified in the 2023 Budget Review have materialised.

4. KEY ISSUES RAISED DURING THE PUBLIC PARTICIPATION PROCESS

4.1. Economic Outlook

The stakeholders raised concerns about, (1) the stagnant domestic economy, (2) the sharp decline in commodity prices and the impact it had on revenue, (3) the impact of muted wage growth, rising food prices and high interest rates on consumers, (4) inadequate support to Transnet, which adds to the major risks to the economic outlook, (5) economic growth forecasts which seem optimistic and the significant impact this might have on the fiscal framework over the medium term, (6) continued budget cuts which will perpetuate higher levels of unemployment, poverty, and inequality, and (7) slow growth in infrastructure investment (BJC, PwC, SAICA, PBO, FFC, and IEJ).

On the macroeconomy, the PBO raised further concerns that there is a lack of evidence to support that the macroeconomic policy will stabilise the economy; the mainstream macroeconomic theories and models used in the 2024 Budget are not suitable for producing evidence-based research to inform government policy and budgeting; and the 2024 Budget is silent about "where will growth come from".

Several commentators expressed disappointment that NT failed to adequately increase intake of public employment programmes, namely, the PEI, Expanded Public Works Programme (EPWP) and the Community Works Programme (CWP). Instead, the allocations to these programmes have been cut with each Budget, while evidence shows that they have assisted in reducing the high levels of unemployment and have the potential to stimulate the economy (COSATU, IEJ, BJC, Dr Muller). While the FFC supports the Employment Tax Incentive (ETI) and its expansion, Dr Muller argued that it continues to be an unnecessary cost to the fiscus while there is no credible evidence of net job creation. The FFC and SAICA also raised concerns about a very high unemployment rate, which places a burden upon the youth population.

Recommendations

- Focus should be on addressing the high rates of unemployment, poverty and inequality and building household and economic resilience (PBO).
- There is a need for a comprehensive economic growth strategy to address constraints and discover new prospects for growth. The strategy should, amongst other things, reorient the industrial policy and align it with shifting global trends (FFC).
- NT's macroeconomic review should undertake a national social dialogue to articulate optimal solutions in macroeconomic and fiscal policy, the need for jobs, and investment (BJC).
- Reflect on the appropriateness of economic policy and economic growth funding as set out in the budget given inadequate outcomes of the last decade of the Budget and policies (SAICA).
- Consider intervening to ensure that economic growth projections are sound and in the national interest to ensure a sustainable budget (SAICA).
- Prioritise a Comprehensive Public Investment Strategy to utilise funding mechanisms to drive meaningful and inclusive growth (AIDC).
- Leverage Development Finance Institutions (DFIs) to invest more in critical economic infrastructure that could relieve pressure on the fiscus (IEJ).
- Table an aggressive MTBPS to stimulate growth, boost job creation, address corruption and wasteful expenditure and rebuild SOEs (COSATU).
- There is an urgent need for targeted interventions and policies to address youth unemployment and foster inclusive economic growth (FFC).
- Improve productive capacity, human capital, and state capability mainly through investments to address unemployment (PBO).
- Consider amending the Budget to extend PEI to accommodate two million participants by November 2024 (COSATU).
- End the ineffective and wasteful ETI and use the increased revenue for the PEI and stop the cuts to public employment programmes (Dr Muller).

4.2. Fiscal policy and fiscal framework

Some commentators raised concerns that the 2024 Budget is continuing with and has intensified "austerity" since the Covid-19 pandemic, having reduced real spending per capita over the last five years. This reduction is the largest expenditure in South Africa's democratic history while the levels of poverty, inequality, and unemployment remain high. Also, there is little evidence to suggest that budget cuts and "austerity" work (PEP, BJC, AIDC, IEJ).

Despite NT's opposing view, BJC and IEJ argues that aggressive fiscal consolidation has been shown to be austere and leads to slower growth and higher inequality in the short term. Placing too much of the burden of fiscal consolidation on expenditure reductions and not enough on revenue-raising measures, was identified as the main failure of the fiscal framework (PEP, Dr Muller, BJC, PBO). PEP further observed the current path to fiscal consolidation to be more realistic in that risks are to the upside and expenditure assumptions are more plausible.

PBO concurred with SAICA that despite NT's commitment to fiscal consolidation since 2012, both the budget deficit and debt-to-GDP ratio have consistently increased. The PBO also commented that the arbitrary fiscal anchors that NT intends to introduce are not supported by empirical evidence and may hamper the flexibility of fiscal policy to respond to challenges during economic crises.

SAICA raised a concern that the fiscal policy presented is again based on projections that government has continually failed to meet. Also, these projections seem wholly unreasonable given the excluded items from the budget figure presented and historical trends observed.

On revenue estimates, concerns were raised that, apart from the "bracket creep", NT proposes no meaningful efforts to obtain additional revenue to decrease high debt levels, and the expected additional R15 billion is minimal (Dr Muller, AIDC, IEJ). Several commentators welcomed the decision to draw down from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA), while acknowledging that it cannot resolve the underlying macro-fiscal crisis (IEJ, AIDC, BJC, PEP, FFC, PBO). Stakeholders, however, differed starkly on the use of the GFECRA funds. Some disagreed with its current use to reduce debt, and proposed that instead it could support SOEs, BIG, or strategic investment plans, boosting essential expenditure. Others cautioned that if badly managed, it could add new risks and financial stability problems.

The FFC emphasized that the use of GFECRA is in effect weakening South Africa's strategic position and capability to stabilise the currency value in an increasingly volatile world economy. The FFC, nonetheless, supports the agreement seeing that the GFECRA Defrayal Amendment Bill will ensure that sufficient funds are retained to absorb exchange rate swings, with the obligation for the NT to cover exchange rate losses. SAICA, like the FFC, believes that GFECRA creates risks for the economy.

Several commentators raised concerns about (1) the persistently increasing levels of debt-to-GDP and debt service costs, (2) that debt is rising faster than income in two decades and will likely continue to rise into the future if the economy continues to stagnate, and (3) that previous failures to achieve lower debt through budget cuts call NT's fiscal strategy into question (COSATU, PEP, IEJ, FCSG, BJC, AIDC). The FCSG cautioned that the fiscal cliff barometer deteriorated compared to the 2023 Budget, despite the drawdown of funds from the SARB. The AIDC contends that South Africa is facing a growth and social crisis, not a debt crisis.

The FFC understands that prudently using resources from the GFECRA can reduce the pressure on public finances and bond markets, giving the investors and financial markets a confident signal. While this improves the debt outlook in the short run, the FFC's focal point is whether the cost and the risk of defraying foreign exchange reserves justify the myopic relief to the current fiscal problem to address structural fiscal deficits.

The PBO submitted that, as seen with the deployment of GFECRA, the government can be able to leverage its full public sector balance sheet, including the Unemployment Insurance Fund (UIF) reserves and the Government Employees Pension Fund (GEPF), to fund a targeted fiscal stimulus for the economy. PBO's other considerations for reducing high debt service costs include yield curve management, targeted debt renegotiation, preferential or prescribed lending, and accessing capital on more favourable terms.

PEP raised a concern that the primary budget surplus reported by NT, excludes the Eskom bailout, and that NT is ensuring the primary surplus, excluding bailouts is large enough to finance the Eskom debt relief. SAICA also questioned the credibility of the 2024 Budget while in addition to excluding Eskom bailout (1) SOEs are not realistically budgeted for, (2) not all current and reasonably expected expenses are in the budget, (3) municipalities are not fiscally sustainable or budgeted for, (4) wage agreements still agreed and implemented after the fact, and (5) estimates of budget and debt are unrealistic.

PBO also raised a concern that aiming for a primary budget surplus in the current socioeconomic environment means the government will compromise service delivery. IEJ, on the other hand, does not see how the pursuit of a primary budget surplus will alleviate poverty, unemployment, and inequality.

Several stakeholders observed that expenditure is being cut in real per capita terms, and compared to the 2023 Budget, main budget expenditure has grown well below the combined rate of inflation and population growth. They argued that cutting government expenditure is not necessarily a good way to achieve fiscal consolidation, unless such expenditure is evidently wasteful (Dr Muller, IEJ, PEP, BJC, AIDC). They cautioned that this might lead to deterioration of public services, disrupt operations, and generate perverse incentives.

SAICA is concerned that the contingency reserve was not only underfunded but will reduce the government's ability to respond to emergencies as seen with droughts, floods, and the Covid-19 pandemic.

Stakeholders welcome the increases in social grants but raised concerns that these increases are not enough to cushion the high cost of living crisis. They are extremely disappointed that NT failed to adjust the Social Relief of Distress (SRD) Grant for inflation, increase it to match the monthly food poverty line of R760 and expand it to include the 16 million people who qualify for it (Amandla.mobi, COSATU, BJC, AIDC, IEJ). It was further submitted that, (1) grant regulations continue to make it difficult for people to be eligible for the grant, (2) these regulations have discrepancies that see those who qualify for the grant excluded due to means testing, and (3) the Child Support Grant and the Foster Care Grant are still below the upper-bound poverty line. Amandla.mobi was aggrieved that NT

has failed to provide evidence, data and research which informed the decisions to not increase the R350 grant and social grants at the time.
A further concern was raised that there are still no clear plans to implement the Basic Income Grant (BIG), despite the President and the Minister of Finance's pronouncements in the 2024 State of the Nation Address (SONA) and the Budget speech, respectively, that work is underway to improve the SRD grant.

Recommendations

- Reflect a lot more on the effectiveness of oversight over the Minister of Finance and the fiscal process (SAICA).
- Fiscal sustainability must be seen beyond just decreasing the budget deficit and managing the debt-to-GDP ratio but include addressing unemployment, poverty, and inequality (PBO).
- NT must provide debt sustainability modelling and justify the proposed balance between revenue and expenditure in its fiscal consolidation plans (Dr Muller).
- Since the use of the GFECRA has shown that it is possible to use alternative revenue mechanisms to address the growing budget deficit, NT can explore other alternatives to reduce the need for austerity policies. Such as utilising the GEPF, UIF, and reducing tax rebates for high-income earners (IEJ, AIDC, BJC, PEP, FFC, PBO).
- While drawing on GFECRA reserves can provide immediate fiscal relief, assessing the short-term returns against the prospective longer-term risks is critical: to forgo the assessment is to jeopardize investor confidence, inviting substantial run-ups in borrowing costs, thus ushering in debt distress (FFC).
- Parliament should consider delaying the GFECRA draw down until after the legislation has been passed and the funding modalities agreed upon (SAICA).
- Reverse budget cuts to social spending areas such as health infrastructure and Public Employment Programmes and ensure that public expenditure grows by at least the level of inflation and population growth (BJC).
- There is a need for a comprehensive assessment of the impact that real spending cuts have had on the quality of public services and the achievement of socio-economic rights. All fiscal policy decisions must be subject to a human-rights based assessment with the oversight of Parliament and civil society (IEJ).
- To resolve South Africa's debt crisis, the focus should be on tackling the underlying fiscal challenges and implementing structural reforms to achieve greater efficiency and productivity (FFC).
- Stimulate the domestic economy and reduce the rate of unemployment to sustainably reduce high debt levels to GDP and debt service costs (COSATU).
- Reduce the high cost of borrowing through the SARB intervention, targeted capital controls, capital management techniques, and credit allocation policies (IEJ).
- Parliament should consider amending the Budget to adjust SRD Grant for inflation, discipline NT and interrogate some of the decisions it made as it continues to disadvantage the poor majority and increase the grants to match the monthly food poverty line (COSATU, Amandla.mobi, BJC, IEJ).
- Address the current challenges with the SRD, which include unlawful questions in the online application form, the exclusionary online-only application process, flawed bank, and database verification processes (IEJ).
- Budget for the SRD grant over the medium term, while working with stakeholders for pathways towards a BIG and pursuing additional sources of revenue. There is a lot of scholarship, evidence, and credible argument to support the expansion of the social security net through a mechanism like BIG. The Minister of Finance must show commitment to implementing the BIG (IEJ, Dr Muller, Amandla.mobi).
- On the other hand, growth in social assistance payments should be contained to a level affordable for South African taxpayers (FCSG).

4.3. Revenue proposals

Concerns raised include that there appears to be no progress on a wealth tax (Dr Muller, COSATU, Amandla.mobi, AIDC), while NT has provided no modelling to show that this is not possible.
Some commentators expressed disappointment that the 2024 Budget ignored empirical evidence on the impact of direct taxes by raising PIT to a new record level. They argued that PIT is collected from an already overburdened and increasingly small pool of taxpayers (PwC, SAIT, PEP). PEP submitted

that this year's PIT hike is regressive, with its largest impact at the bottom brackets of the income tax schedule and will likely to be growth retarding compared to other tax policy options.
SAIT found lack of adjustments for tax thresholds concerning, while (1) in the last ten years there have been nominal adjustments in Capital Gain Tax (CGT) for individuals, companies, and trusts, (2) excise duty rates have not been adjusted since 2018, (3) retirement fund lump sum withdrawal benefits were last adjusted in 2022, (3) the annual interest exemption for individuals has remained unchanged, and (4) transfer duty tax tables were slightly amended. COSATU is also concerned about no adjustment of lower income tax bands for inflation.
Amandla.mobi is disappointed that NT has failed to provide the research behind its decision not to tax the rich, and not to increase PIT for those earning over R1 million per annum. Amandla.mobi found it unacceptable that there is no evidence of research conducted by NT as a government institution while the Minister of Finance continue to make decisions that do not favour the poor.
Concerns raised by the alcohol industry include that, (1) excise burden for spirits has exceeded the already high target policy rate for several years, (2) the legal alcohol industry makes a net contribution to society, to the value of R62 billion a year and is entitled to policy certainty, (3) policy issues such as over-regulation and taxation of the legal industry, plays an undeniable role in the growth of illicit trade, (4) the legal spirits sector is the most targeted category from an illicit trade perspective as a direct result of high tax burden, (5) decline in excise revenue collection on spirits is a concerning red flag, and (6) the announcement of an increase of 6.67 per cent increase for spirits further exacerbates the existing challenges and is not in line with governments policy position (SAIT, SALBA, SA Wine, Heineken). SAIT supports the alcohol industry concern that excessive increases will drive illegal trade in cigarettes and alcohol. On the other hand, Amandla.mobi welcomes the decision to increase taxes on alcohol and cigarettes.
While some stakeholders, generally welcome the introduction of the GMT to align South Africa aligned with Organisation for Economic Cooperation and Development (OECD) and other countries, concerns are raised that it is not clear what informed an estimated R8 billion additional tax revenue in 2026/27 (SAIT, AIDC, IEJ, Amandla.mobi). The PBO cautioned that implementing the GMT may mean some incentives become ineffective; may not lead to additional revenue; and its implementation may require reforms to the tax policies.
On renewable energy tax incentives, Dr Muller raised a concern that NT has neither produced any detailed modelling to support incentives nor provided any clear measures that could be used to determine whether the policies are having a positive effect in the public interest.
HEALA decried failure to increase Health Promotion Levy (HPL) and provide exact timelines for commencement of public consultations to expand fruit juices and reducing the threshold.
COSATU welcomes the R4 billion fuel levy relief in the current 2024 Budget and in the last two budgets. COSATU believes that the relief will help cushion commuters from fuel price hikes. On the contrary, PwC considers this decision foregone revenue which will have to be recovered mainly by placing an even higher PIT burden on individuals.
Concerns raised about SARS include, (1) that too many disputes remain unresolved until the courthouse steps, (2) tax practitioners struggle to contact SARS through the channels meant to ease the communication between the parties, (3) the turnaround time for the finalisation of applications for debt compromise and consideration of settlement proposals is long, (3) there is no prescriptive timelines on the turnaround of the consideration of these applications, (4) adoption of Generally Recognised Accounting Principle (GRAP) is delayed, (5) lack of acknowledgement of the hard-handed treatment taxpayers and tax practitioners face from SARS officials, and (6) blatant ignoring of the law by some SARS officials (SAIT, SAICA, Heineken). Nonetheless, SAIT and COSATU commended SARS for its revenue collection and enforcement efforts against tax evasion.
Recommendations

- Implement an annual wealth tax on those earning R1 million plus, to help stop budget cuts, increase social grants, and implement a BIG (Dr Muller, COSATU, Amandla.mobi, AIDC, IEJ).
- Opposing views on tax increases: PEP support tax increases to offset required spending reductions and need stronger consideration, while SAIT and PwC cautioned that there is little room left for tax increases, arguing that any increase would not be feasible and would have economic repercussions and negative impact on consumer spending.
- There is far more scope for Value Added Tax (VAT) increases than there is for income tax increases (PwC).

- Introduce of windfall taxes to capture the future profits of mining companies during commodity booms and an effective Corporate Income Tax (CIT) rate and increase the tax-to-GDP ratio (AIDC).
- NT should share the revenue modelling which was done to obtain the figure of R8 billion from the implementation of the global minimum tax (Dr Muller, SAIT). SAIT wants the figure explained.
- Strengthen capital and exchange controls to reduce the risk of capital outflows and to help mitigate against illicit financial flows, base erosion and profit shifting (AIDC).
- Put up mechanisms to oversee funding commitments by International Financial Institutions to ensure that terms, conditions, and funding instruments do not undermine national sovereignty (IEJ).
- Alternative sources of revenue: Assets on the balance sheet can provide temporary relief and could have been deployed this year to prevent the cash crunch, halt, and reverse budget cuts on social spending such as GFECRA, GEPF, UIF (PEP, BJC, AIDC, PBO).
- Shift the Eskom debt relief from the fiscus to the GEPF and free up fiscal space for increased social spending and compel the GEPF to purchase bonds at concessional rates to reverse the growth of debt servicing costs (AIDC).
- Provide modelling of expected costs of tax incentives, including renewable energy incentives to Parliament for public scrutiny and the Committees should insist on greater information and modelling from NT and SARS on these incentives (Dr Muller).
- Use separate reporting of the Southern African Customs Union (SACU) and Common Monetary Area (CMA) transfers to highlight South Africa’s generosity as a donor country; report the SACU transfer as separate line items in terms of customs, excise, and development component; publish the calculations of each line item of the SACU transfers in budget documentation and publish the CMA seigniorage sharing agreement in budget documentation (FCSG).
- Increase the HPL to the World Health Organisation’s (WHO) recommended 20 per cent with annual inflation-based increases thereafter; provide a timeline for when the public consultations will commence for the expansion of the HPL to 100 per cent fruit juices and the reduction of the threshold; while the R13 billion revenue from the HPL cannot be ring-fenced, this money could be used for many health promotion interventions; and the sugar industry should be held accountable for its inaction to succeed in the Sugar Master Plan recommendations and should not use the HPL as its scapegoat for their inabilities any longer (HEALA).
- Support and sustain the legal alcohol industry since it makes a net positive contribution to society, reconsider above inflation increases, and provide policy certainty (SA Wine, SALBA, Heineken).
- Focus revenue collection efforts on the tax leakage from the large and growing market for illicit alcohol, not on the fully compliant wine industry (SA Wine, SALBA, Heinken).
- Proposed alternative sources of revenue: R65 billion in retirement fund benefits given to those earning above R750 000; R12 billion in medical aid tax benefits given to those earning above R500 000; R7 billion wasted on the ineffective ETI; over R40 billion from taxing financial transactions; R12 billion wasted on the ineffective CIT cut; R64 billion from a sliding-scale Social Security Tax; R38 billion in resource rents; and R9 billion to be raised from a luxury VAT rate (IEJ).
- Substantially increase SARS budget to increase tax compliance from 64 per cent to 70 per cent over next two years (COSATU).
- Grow the economy to create jobs and increase the tax base, and properly resource and capacitate SARS to perform its functions in an efficient and effective manner (PwC).
- Improve communication channels for tax practitioners, expedite applications to assist SARS in increasing revenue collection, communicate a prescriptive turnaround time, report statistics of all processes in the dispute “stock” in the Annual Report to properly measure SARS performance (SAIT).
- Given the significant diesel costs incurred by food retailers, we propose that NT considers extending the diesel rebate to these retailers (SAICA).

4.4. Other budget related issues

The stakeholders raised concerns about the SOEs, wage bill, local government issues, Gender-Responsive Budgeting (GRB), environmental issues, Bills before Parliament, and greylisting.

The FFC submitted that contingent liabilities are increasingly driven by government guarantees to SOEs, constituting a significant risk to the fiscus. In addition, contingent liabilities estimated for 2023/24 have been revised upward over the medium term, to R1.1 trillion from R1.02 trillion compared to the 2023 Budget. The Commission further submitted that failure to comply with conditions set for SOEs raises concerns that Eskom is not progressing on key imperatives to resolve the energy crisis and raised concern about the SOE's progress in implementing structural reforms. The PBO also identified the contingent liabilities and the cost of inadequate investment into SOEs as risks to the fiscus. COSATU's concern is that Transnet remains fragile, placing great pressure on jobs and that it is disappointing that there are no new plans provided to rebuild Metro Rail, SAPO, Postbank, Denel and SABC. SAICA also raised concerns about the SOEs.

Other concerns include a declining wage bill in real terms for last four years, while the government requires skilled professionals to deliver quality services; the state of local government is alarming, with 36 municipalities routinely failing to pay staff; repeated postponement of enacting a GRB to the MTBPS later this year; no commitment or mention of the Climate Change Resilience fund in the Budget 2024/25; deficiencies in the Public Procurement Bill currently before the Select Committee on Finance; and potential setback of the Proposed Draft National Licensing Business Bill, 2013 on small businesses, as the requirement to register will hamper primary operations and impose added costs.

Recommendations

- Strengthen SOEs' governance structures, rigorously assessing their business models, and rationalizing operations by divesting non-core activities; speed up establishing a centralized holding company as recommended by the FFC in its 2024/25 annual submission. This centralized entity would constitute a well-organized platform to comprehensively tackle obstacles of SOEs, promote strategic decision-making, and ensure unified efforts for operational and financial success (FFC).
- The Committee should reflect on whether it has acted in accordance with its constitutional obligation by not requesting NT to provide more assurance on the quality and risk of its contingent liabilities and guarantees becoming debt (SAICA).
- Utilise the R150 billion from SARB to alleviate Eskom and Transnet debt burdens as this can only be a once off and needs to be used to grow economy and reduce unemployment. Similar turnaround plans needed for Metro Rail, Denel, South African Broadcasting Corporation (SABC), South African Post Office (SAPO) and Postbank (COSATU).
- NT should provide the basis for its estimates of the outcomes of wage negotiations and provide evidence to support claims protecting service delivery posts (Dr Muller).
- The state of key SOEs should be seen as a lesson on how insufficient government financing over a long period causes institutional erosion. The government should allocate sufficient funding and resources to SOEs to enable economic development and growth (PBO).
- Lower growth trend in civil servant remuneration during the last two fiscal years should be retained owing to exorbitant increases during the previous decade (FCSG).
- Increase Parliamentary oversight on infrastructure programme roll out in the local government sphere, to avoid billions in rollovers (COSATU).
- Considering the disproportionately gendered impact of budget cuts to social spending, GRB must be implemented with greater urgency. Budget 2024 does not speak to GRB, except in the Appendix, an update on GRB initiatives is required (BJC).
- Unfettered Ministerial powers, transparency and accountability mechanisms must be addressed in the current version of the Public Procurement Bill (BJC).
- Compel the Department of Transport to place RAF under administration and expedite RAF and RABS Bills to place RAF on sustainable path and ensure its funds go to the poor and not lawyers (COSATU).
- Parliament should finalise and adopt Revenue Laws Amendment and Pension Fund Amendment Bills by end of March to ensure they can be implemented on 01 September 2024 (COSATU).

5. NATIONAL TREASURY'S RESPONSE TO PUBLIC SUBMISSIONS

In response to the public feedback on the 2024 Budget, NT and the SARS acknowledged and valued the diverse submissions from various stakeholders, reflecting a wide range of perspectives within society. The public hearings revealed differing opinions and notable disagreements, underscoring the importance of adopting a balanced approach to the budget formulation process.

NT reiterated its commitment to transparency, emphasizing that South Africa's budgeting process stands among the most transparent globally. The recognition from the International Monetary Fund's Fiscal Transparency Evaluation in 2023 solidified the country's strong performance in fiscal reporting and budget transparency.

Highlighting the 2024 Budget as a testament to the commitment to balancing development with fiscal sustainability, especially in the context of persistently low economic growth, NT emphasized the continued centrality of key objectives outlined in the 2020 MTBPS. These objectives include debt stabilization, debt service cost reduction, achieving a primary fiscal surplus, and shifting spending composition towards capital investment.

Further, NT explained that the allocation of six out of every ten rands to the social wage demonstrates the government's dedication to critical services, including health, education, social protection, community development, and employment programs. Safeguarding staff levels in vital sectors contributes to the overall social development agenda.

The macro-fiscal outlook, as outlined by NT, acknowledges the challenges posed by poor economic growth, emphasizing the correlation with weak investment and infrastructure constraints, notably in electricity and logistics. The government identified three critical elements to secure economic growth: maintaining a sound macroeconomic framework, implementing structural reforms to enhance competitiveness, and prioritizing state capability improvements.

NT also highlighted the impact of rising debt levels on the sovereign credit risk premium, leading to higher long-term borrowing costs that constrain investment growth. It emphasized that fiscal consolidation, accompanied by structural reforms, is essential for reducing borrowing costs, enhancing confidence, and fostering economic activity.

Inflation targeting, according to NT, has played a crucial role in maintaining lower inflation and interest rates, promoting economic stability. The persistent budget deficits, identified as the main driver of high debt levels, necessitated fiscal consolidation to ensure sustainable public finances.

NT underscored the significance of reducing debt service costs, which currently consume a substantial portion of government revenue. It noted that fiscal multipliers in South Africa have declined over time, indicating the limited impact of increased government spending on economic growth. The focus on capital investment, structural reforms, and efficient government spending remains pivotal for sustainable growth.

Acknowledging the historical context of explicit fiscal rules and fiscal anchors in South Africa, NT detailed various measures employed, including budget balance rules, the introduction of a structural budget balance in 2007, and a focus on a debt stabilizing primary balance as a primary fiscal policy anchor since 2021. The government has used expenditure ceilings, fiscal rules of thumb, and is committed to proposing a binding fiscal anchor after extensive consultation. Research emphasizes that well-designed fiscal rules enhance credibility, build fiscal buffers, improve transparency, predictability, and lower debt servicing costs.

On the matter of tax policy, NT addressed the mixed views on main tax proposals and the high reliance on direct taxes, particularly personal income tax. Long-term strategies involve broadening tax bases, improving compliance, and administrative efficiency. The 2024 Budget aimed to balance revenue raising within substantial spending adjustments while maintaining a stable debt trajectory. Proposed alternatives included increasing upper PIT rates, removing tax deductions, introducing wealth taxes, and increasing the VAT rate.

SARS explained ongoing reviews of tax incentives, wealth holdings, and consideration of the VAT rate. Further insights into tax policy considerations involved proposals to return the headline corporate tax rate to 28 per cent. NT discussed the 2022 CIT package, the GMT rate of 15 per cent and estimates of its revenue effects. This included discussions on windfall taxes for mining companies, the rationale behind existing mineral and petroleum resources royalty regimes, and concerns about alcohol excise duties and the HPL.

NT outlined debt management and funding strategies, emphasizing the need to raise cash within strategic risk benchmarks at the lowest cost. The GFECRA was explained, detailing its settlement framework, objectives, and the distribution of balances to buffers, contingency reserves, and the NT. The challenges faced by most SOEs were addressed, noting their financial distress, weak governance, and poor operational performance. Financial support to SOEs, particularly Eskom, was identified as a significant contributor to South Africa's fiscal constraints.

Specific concerns were addressed, including transparency CMA payments and the rise in SACU payments. The CMA compensatory payments increase was attributed to enhanced regional trade, investment flows, and financial integration. However, detailed country-wise compensation amounts could not be disclosed before the respective national budgets. The rise in SACU payments was linked to increased estimates in the common revenue pool, compounded by forecast error adjustments post-Covid-19.

Public-Private Partnerships (PPPs) were discussed as essential tools for capital investment, fostering private expertise, innovation, and financing. The 2024 Budget indicated an estimated R943.8 billion for public sector infrastructure spending over the next three years, with PPPs accounting for R19.1 billion (2 per cent of total infrastructure spending).

NT noted the concerns raised about the effectiveness of ETIs, and a holistic approach to public employment programs was proposed, involving comprehensive evaluations, better training offerings, private sector support, and entrepreneurship promotion.

Other matters included updates on GRB, progress in addressing greylisting issues, and the proposed GMT. The GMT, applicable to multinational enterprises with annual global revenue exceeding €750 million, aimed to introduce a floor on tax competition and increase the global effective tax rate. The potential revenue implications for South Africa were discussed, with an estimated revenue of R8 billion in 2026/27, subject to uncertainties and global implementation dynamics.

In conclusion, NT portrayed the 2024 Budget as carefully balancing fiscal consolidation with the imperative of stable public finances for development. Key objectives included addressing debt stabilization, promoting economic growth through structural reforms, and proposing a binding fiscal anchor after extensive consultation. The annexure provided additional details on SACU payments, the rationale for reprioritizing the EPWP, updates on greylisting, and estimates of consolidated government spending over the medium term. NT's response highlighted the importance of transparent fiscal policies, structural reforms, and ongoing stakeholder engagement for the sustainable development of South Africa's economy.

6. COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

The Committee acknowledges that the 2024 Budget was tabled in a challenging environment of stagnant economic growth, persistent domestic structural constraints, and tax revenue below the 2023 Budget expectations. In this difficult context, the 2024 Budget manages to strike a reasonable balance between fiscal consolidation and development and continues with some of the key fiscal objectives outlined in the 2020 MTBPS.

Economic outlook

6.1. The Committee notes with concern that real GDP growth remains stagnant, having averaged 0.8 per cent since 2012 and expected to average 1.2 per cent over the medium term. The expected growth rate will still not be sufficient to create much-needed jobs in the economy. While growing the economy is a government wide responsibility, the Committee urges for a speedy implementation of economic reforms and the creation of a conducive environment for the economy to grow, create jobs and encourage investment. The Committee recommends that NT considers the stakeholder's recommendations about measures to address constraints to growth.

6.2. The Committee notes that the 2024 Budget GDP growth forecasts are too optimistic given the current economic challenges. The Committee further notes that the risks to the economic outlook are quite significant and for more than 10 years, government spending had been predicated on economic growth rate which failed to materialise. The Committee reiterates its recommendation that NT should regularly engage with the Committee to report progress made in implementing its risk mitigation strategy.

6.3. The Committee notes, with considerable concern, that moderate economic growth rate projected over the next three years will not be sufficient to absorb new entrants in the labour market. The Committee recommends that NT should regularly provide progress made on the targeted public employment programmes, including the ETI, and assess whether these programmes are effective in achieving their intended objectives. NT and SARS should consider the concerns raised and the recommendations made by the stakeholders on these programmes.

Fiscal framework

6.4. The Committee notes that despite NT's commitment to fiscal consolidation since 2012, debt-to-GDP ratio had consistently increased. The Committee further notes conflicting views on fiscal consolidation, fiscal multipliers, and fiscal rules that NT intends to introduce. The

Committee recommends that NT facilitates a discussion on different views about fiscal consolidation and its effect on service delivery and development. Among the parties that need to be included are the PBO, FFC, and SARS. This has to be done within six months and a report has to be provided to the Committee on this. The binding fiscal anchor should not be the trajectory of fiscal policy in relation to public expenditure as they limit fiscal policy parameters and narrow the NT's fiscal policy orientation.

6.5. The Committee notes that revenue collection has deteriorated substantially over the past year due to weak economic conditions, leading to a revenue shortfall of R56.1 billion in 2023/24. The Committee recommends that SARS should intensify revenue enhancement initiatives, address tax fraud and evasion, and collect maximum revenue due to the government to enable it to deliver on its constitutional obligations. The Committee reiterates its recommendation that SARS be allocated more funding. It also welcomes the two-year extension of the SARS Commissioner's term.

6.6. The Committee notes government's commitment to maintain the social wage, which will account for 60 per cent of total non-interest spending over the medium term. The Committee welcomes an amount of R7.4 billion set aside in 2024/25 for the PEI and believes that these funds will assist in reducing high levels of joblessness, particularly among the youth.

6.7. The Committee remains concerned that, at a projected R6 trillion or 75.3 per cent of GDP in 2025/26, gross loan debt remains high, considering that in 2009 debt/GDP ratio was 23 per cent. Also, rapidly increasing debt service costs, expected to average R1.2 trillion over the medium term, continue to crowd out social expenditure and delivery of services. Recognising a constrained fiscal space, the Committee recommends that NT reports quarterly on the effectiveness of its debt management strategies, that would ensure that the level of debt stabilises over the medium term as expected and avoids a sovereign debt crisis.

6.8. The Committee cautiously accepts the R150 billion drawdown from the SARB's GFECRA over the medium term, to reduce government borrowing and bring the country in line with international best practice. The Committee notes that, several commentators welcomed the decision to draw (GFECRA), while acknowledging that it cannot resolve the underlying macro-fiscal crisis (IEJ, AIDC, BJC, PEP, FFC, PBO). The Committee further notes different views on the possible use of these funds, and the risks identified. It is recommended hat NT and SARB report on how these funds are being used in their quarterly briefings to the Committee.

6.9. The Committee, however, remains concerned that at the projected R1.1 trillion over the medium term, contingent liabilities remain high, and if these liabilities materialise, the debt-to-GDP ratio will not stabilise as expected. The Committee recommends that considering the immediate risks posed to the fiscal framework, NT's efforts to bail out SOEs should be accompanied by stringent conditions, that must be upheld, regularly monitored, and reported on. NT must ensure that the conditions set are met before additional guarantees are provided.

Revenue proposals

6.10. The Committee welcomes the proposal to implement a global minimum corporate tax, in line with the global developments. The Committee notes that several stakeholders (SAIT, AIDC, IEJ, Amandla.mobi) welcome the proposed tax, despite the concerns raised about lack of clarity on what informed an estimated R8 billion additional tax revenue. The Committee further notes that NT does not expect it to negatively affect investment. The Committee urges SARS for a clear and achievable framework to deal with illicit financial flows, base erosion and profit shifting, to grow the revenue base, and report progress made to the Committees.

6.11. The Committee notes the significant number of a wide range of tax proposals, some with contrasting views. While there was a reasonably comprehensive response to these proposals, the Committee recommends that NT and SARS should further engage the relevant civil society stakeholders to find practical solutions to the issues raised and recommendations made during the public participation process. Again, the Committee recommends that NT and SARS should conduct a study of a phased migration of South Africa to a cashless society, taking the needs of the population in remote areas into account. This will curb tax evasion, money laundering and illicit flows.

6.12. The Committee notes several concerns raised by SAICA, Heineken and SAIT about the administrative inefficiencies at SARS, which include, that too many disputes remain unresolved and the delays in adopting the adoption of Generally Recognised Accounting

Principle (GRAP) standards. The Committee recommends that SARS responds to the issues raised and report to the Committee.

6.13. The Committee notes the alcohol industry's concerns and recommendations that given a net positive contribution to society that the industry makes, NT should reconsider above inflation increases, and provide policy certainty. The Committee recommends that NT should engage with the industry and report on progress.

6.14. The Committee notes HEALA's concern and disappointment with the Minister's decision to further postpone an increase in the HPL. The Committee notes the continued engagement between NT and HEALA in the past year. The Committee believes that NT is balancing trade-offs, under deteriorating economic conditions. The Committee recommends that as soon as conditions improve NT should consider increasing the HPL, and that the two parties continue with engagements.

6.15. The Committee notes the FCSG's recommendation that for transparency, NT should use separate reporting of the SACU and CMA transfers to highlight South Africa's generosity as a donor country; and publish the calculations of each line item of the SACU transfers in budget. The Committee recommends that NT provide the relevant information to the FCSG and report to the Committee.

6.16. The Committee notes a recurring proposal from stakeholders to introduce a wealth tax (Amandla.mobi, Dr Muller, BJC, IEC). Some commentators did not support the proposal, arguing that if the government continues to tax the rich, they will leave the country and the middle-class taxpayers will end up bearing the brunt of such a wealth tax. The Committee further notes Amandla.mobi's request that NT provides the information supporting the decision not to implement a wealth tax and recommends that NT should engage further with Amandla.mobi and report to the Committee. The Committee believes that serious consideration should be given to incrementally introducing a wealth tax.

Other budget related issues

6.17. The Committee appreciates significant improvement in the quality of submissions and presentations made, and the robust discussions held on the 2024 Budget public participation process. The Committee also appreciates NT's comprehensive and challenging responses to the issues raised. The Committee supports the consideration by NT and the relevant parties to in future, complete wage negotiations before a Budget is tabled. In the same spirit, the Committee urges NT to note that submissions are meant to assist in shaping government policy, and consider expert input and advice, where practical.

6.18. The Committee is concerned about the insufficient time to process the budget and will consider a review of time frames in the Money Bills Act, in the next term of Parliament.

6.19. The Committee welcomes the extension of the SRD Grant until March 2025. The Committee notes the concerns raised by the stakeholders (Amandla.mobi, Dr Muller and BJC, IEJ) that the SRD grant, while welcome and appreciated, has not been adjusted for inflation since its introduction, three years ago. While the Committee recognises the severe budgetary constraints, it reiterates its previous position that NT and government should seriously consider a BIG after the necessary consultation with the relevant stakeholders. The Committee refers this and the SRD Grant matter to the Appropriations Committee to give further attention.

6.20. The Committee is concerned about the delays in removing South Africa from the Financial Action (FTAF) Task Force greylist and this poses a risk to the fiscal framework. The Committee notes that NT and the relevant stakeholders made progress in reducing the number of recommendations made. While the risks remain, the recommendations that still need to be implemented do not include the financial sector; and more work needs to be done by the security cluster. The Committee recommends that NT and the relevant institutions should intensify efforts to remove South Africa from the greylist and report progress made to the Committee quarterly.

6.21. The Committee notes the concern raised by the stakeholders that the 2024 Budget does not speak to GRB. Acknowledging the challenges, the Committee recommends that NT should report progress made in addressing the challenges of insufficient credible information that must be consolidated from various departments.

6.22. The Committee notes NT's response that the National Health Insurance allocation of R1.4 billion over the medium term in the 2024 Budget was only for preliminary upgrading of infrastructure in preparation of the roll-out, and that once the President assented to the NHI Bill, a whole range of legislative arrangements would kick in, including the proposed funding models.

Having considered the 2024 fiscal framework and revenue proposals, the Select Committee on Finance adopts the 2024 fiscal framework and revenue proposals as presented.

The Democratic Alliance (DA) reserve its position.
The Economic Freedom Fighters reserves its position.
The Freedom Front plus reserves its position.

Report to be considered