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ADMINISTRATION

REMARKS BY THE CHAIRPERSON OF THE STANDING COMMITTEE ON APPROPRIATIONS, MR MMUSI MAIMANE, DURING THE FINANCE CLUSTER MEDIA BRIEFING ON MONDAY, 10 MARCH 2025

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South Africa’s public finances are at an inflection point - the latest forecast estimates economic growth at 0.5%, with a net tax gap of approximately R300 billion; therefore, significant inroads to close this gap could ultimately balance the main budget deficit.



At the time of the Medium-Term Budget Policy Statement (MTBPS), the consolidated budget deficit is projected to narrow from 5 per cent of GDP in 2024/25 to 3.2 per cent of GDP in 2027/28 and the debt-to-GDP ratio was expected to peak at 75% over the same period.

If out of every R100 in revenue, R22 goes towards debt service costs, R60 towards social spending – R18 is available for investment in initiatives that could grow the economy.

Spending on debt-service costs is now higher than government spending on Social Development, Economic Development, Peace and Security and Health.

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South Africa’s Parliament will host the P20 Speakers’ Summit, bringing together leaders of G20 national parliaments to shape global policies and reinforce parliamentary oversight in international decision-making.

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The cost of borrowing remains high and untenable – it crowds-out investment spending, impedes fiscal consolidation (and counter-cyclical fiscal policy), worsened the fiscal position and raised the sovereign risk premium.

Over the last decade, government spent R520.6 billion on bailouts for state-owned entities and the redemption of debt for other state organs who could not meet their obligations. These bailouts have been financed through additional borrowing and baselines reductions – R457 billion have been reduced from national, provincial and local government baselines.

Spending on infrastructure and essential goods and services took the brunt of the baseline adjustment, directly impacting service delivery. Fiscal consolidation has undermined spending on education, health, peace and security – threatening the ability of government to meet its constitutional mandates as envisioned in the Bill of Rights.

Government Spending on Infrastructure In 2024 - the government planned that total infrastructure investment planned over the next three years would approximately amount to R943.8 billion. This includes investments of R486.1 billion by state-owned companies and public entities, R213.8 billion from municipalities and R224.8 billion from provincial and national government.

Between 2012 and 2022, public-sector capital investment averaged 5.4 per cent of GDP, while private capital investment averaged 10.9 per cent of GDP. At a combined 14.2 percent, this remains well below the 30 percent target of the National Development Plan (NDP) and insufficient to propel the levels of growth in the South African economy seeks to achieve.

The Budget to be tabled by the Minister of Finance on the 12 March, is a proposal from Cabinet (the executive branch of government) until such times as it is passed by Parliament. The Constitutional preamble of “We the people” engenders Parliament to facilitate public participation and involvement in its processes. In this regard, the SCOA holds public hearings on all Bills before the committee.

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In ensuring that this democracy is accessible to all South Africans, the committee will pivot from holding public hearings in Parliament, but go into communities to ensure that budgets passed by the committee reflect the will of the people.

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