

# in session



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

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# President Ramaphosa declares National State of Disaster in electricity crisis



**WELCOME AT PARLIAMENT: President Cyril Ramaphosa arrives at the Cape Town City Hall for the 2023 State of the Nation Address**

*President Cyril Ramaphosa has informed Members of Parliament during the State of the Nation Address that government has declared a national state of disaster to respond to the electricity crisis and its effects. "The Minister of Cooperative Governance and Traditional Affairs has just gazetted the Declaration of the State of Disaster, which will begin with immediate effect," he said. Faith Ndenze reports.*

President Ramaphosa said the state of disaster will enable government to provide practical measures that are needed to support businesses in food production, storage and retail

supply chain, including for the rollout of generators, solar panels and uninterrupted power supply.

He believes the national state of disaster, where technically possible, will enable government to exempt critical infrastructure such as hospitals and water treatment plants from load shedding. "It will enable us to accelerate energy projects and limit regulatory requirements while maintaining rigorous environmental protections, procurement principles and technical standards," he said.

The President said the Auditor-General will be brought in to ensure continuous monitoring of expenditure, in order to guard against any abuses of the funds needed to attend to this disaster. He informed Members of Parliament that he plans to appoint a Minister of Electricity in the Presidency. "To deal

more effectively and urgently with the challenges that confront us, I will appoint a Minister of Electricity in the Presidency to assume full responsibility for overseeing all aspects of the electricity crisis response, including the work of the National Energy Crisis Committee," he said.

The Minister of Electricity will focus full-time on and work with the Eskom board and management on ending load shedding and ensuring that the Energy Action Plan is implemented without delay. He also clarified that the Minister of Public Enterprises will remain the shareholder representative of Eskom and steer the restructuring of Eskom, ensure the establishment of the transmission company, oversee the implementation of the just energy transition programme, and oversee the establishment of the state-owned entity holding company. 🇿🇦





**JOINT SITTING:** Both Houses of Parliament gathered at the City Hall in Cape Town for the State of the Nation Address.

# Growth sees economy pass pre-Covid levels, reports President

*President Cyril Ramaphosa appeared before a joint sitting of Parliament to present the 2023 State of the Nation Address (SONA), a year after Covid-19 regulations were lifted. For the first time in three years, all Members of Parliament were present in person in Cape Town's City Hall for the event. Mava Lukani reports on the President's speech.*

Notwithstanding the devastating effects of the Covid-19 pandemic, President Ramaphosa informed his listeners that the South African economy is larger now than it was before the pandemic. Between the third quarters of 2021 and 2022, around one and a half million new jobs were created.

President Ramaphosa pointed out that over the course of 2022, a firm foundation was laid based on the commitments the government made in the 2022 State of the Nation Address to foster faster growth through an investment drive, economic reforms,

public employment programmes and an expanding infrastructure programme.

However, a growing economy must also be an inclusive one, he noted. To this end, the inaugural Black Industrialists Conference in July last year showed the successes of black South Africans in producing food, car parts, furniture, clothing, steel, chemicals and mining products. All of these industries created many thousands of jobs and added to South Africa's gross domestic product.

Some 1 000 black industrialists participate in the black industrialists' programme. As an example of the technological prowess of these industrialists, one of the award winners at the conference was Astrofica Technologies, a company co-founded by a black woman, Jessie Ndaba, which provides data solutions for the operation of satellites.

"We have made progress in the last year in achieving greater levels of worker ownership in the economy. There are now more than 400 000 workers who own shares in the firms they work for," the President said during his address to the joint sitting.



**PLAN OF ACTION:** President Cyril Ramaphosa

"Last year, we launched the bounce-back loan scheme administered by banks and other financial institutions, and guaranteed by government, for companies that need finance to recover from the effects of the pandemic."

The Department of Small Business Development will work with National Treasury on how the scheme can be strengthened to assist small and medium enterprises and businesses in the informal sector.

To address the challenge of youth unemployment, the Employment Tax Incentive has been expanded to

encourage businesses to hire young people in large numbers. 🇿🇦

*"A growing economy must also be an inclusive one"*





**CLEAN UP:** Service delivery is a key area of focus for government in 2023.

## South Africa's social compact still a work in progress

*In the 2022 State of the Nation Address, President Cyril Ramaphosa spoke of the government's intention to forge a comprehensive social compact that would join all social partners in a common programme to rebuild the South African economy and enable higher growth. However, this has proved difficult to get off the ground, the President said during the 2023 address. Mava Lukani reports.*

Government has been unable to forge a social compact in the timeframe envisaged, the President acknowledged, because a number of new circumstances emerged that have made it difficult for social partners to forge a consensus.

Nonetheless, various role players have continued to work on a framework to enable joint action in key areas, such as energy, transport and logistics, employment creation and skills development, investment and localisation, social protection, crime and corruption.

While the government remains committed to forging a consensus among all sectors of South Africa's society, the government has also

undertaken practical collaboration in specific areas. Other social compacts, such as the one to fight the Covid-19 pandemic, have now been concluded.

Other social compacts have achieved several gains, the President pointed out. "We have seen it in initiatives like the Solidarity Fund that mobilised society, citizen activism and funding to achieve common goals, and in partnerships to end gender-based violence and femicide, and to respond to the effects of climate change," he said.

"We have seen the benefits of this approach to promote investment and to develop master plans in sectors of the economy, such as automotives, clothing and textiles, poultry, sugar, agriculture and global business services," he added.

The government's social compact plans are also supporting the revival of several sectors and have led to the injection of private sector investment and the creation of new jobs and livelihoods. "We are pleased that social partners, particularly business, have been providing support to implement the Energy Action Plan in the spirit of social compacting. Similarly, we have developed a close working partnership with both labour and community in supporting other aspects of the energy crisis response," continued Mr Ramaphosa. 🇿🇦



**REBUILD AND GROW:** Public/private partnerships will help South Africa achieve its development goals.

## State-Owned Enterprises are holding us back

*During the State of the Nation Address, President Cyril Ramaphosa acknowledged that state-owned enterprises (SOEs) and local government and the state's greatest weaknesses. Many SOEs are struggling with significant debt, under-investment in infrastructure, the effects of state capture and a shortage of skills, the President said.*

To address this challenge, "We will implement the recommendation of the Presidential SOE Council to establish a state-owned holding company as part of a centralised shareholder model that will ensure effective oversight of SOEs," he said.

He has also instructed the Presidency and National Treasury to work together to rationalise government departments, entities and programmes over the next three years. National Treasury estimates that the government could achieve a potential saving of R27 billion in the medium term if it deals with overlapping mandates, closes ineffective programmes and consolidates SOEs where appropriate.

As for local government, the President said poor performance in many local governments remains an area of concern. "Too many of

our municipalities, 163 out of 257, are dysfunctional or in distress due to poor governance, ineffective and sometimes corrupt financial and administrative management, and poor service delivery."

For this reason, the government is implementing a number of interventions to address failures at local government level and improve basic service delivery. These include enhancing the capacity of public representatives and officials, maintaining and upgrading local infrastructure, and invoking the powers of national government to intervene where municipalities fail to meet their responsibilities.

A professional public service staffed by skilled, committed and ethical people is critical to an effective state and ending corruption, patronage and wastage. In response to the State Capture Commission and in line with the framework for the professionalisation of the public service, integrity assessments will become a mandatory requirement for recruitment to the public service and entry exams will be introduced.

"We are amending legislation and strengthening the role of the Public Service Commission to ensure that qualified people are appointed to senior management positions and to move towards creating a single, harmonised public service," the President said. 🇿🇦





**DEFEATING GRAFT:** Investigation unit will move to NPA, says President.

## Investigative directorate to move to NPA, says President

*In his State of the Nation Address, President Cyril Ramaphosa announced that the Investigating Directorate (ID) will this year be established as a permanent entity within the National Prosecuting Authority (NPA), writes Rajaa Azzakani.*

This move is part of the plan to ensure that the State Capture Commission's recommendations are implemented effectively. The ID was established by a Presidential proclamation in March 2019, specifically to investigate corruption-related crimes unearthed by that commission, and the commissions into the South African Revenue Service and Public Investigation Corporation.

During his speech, the President spoke about the role of the ID in following up on the State Capture Commission's recommendations thus far. For example, he mentioned that the ID has taken 187 accused people to court in 32 state capture and corruption cases. Furthermore, over R7 billion has so far been returned to the state from state capture cases and R12.9 billion in funds and assets have been frozen. "Our reinvigorated law enforcement agencies are taking firm action against companies and individuals alleged to have been involved in state capture," the President said.

He also expressed his gratitude to Chief Justice Raymond Zondo, who led the State Capture Commission, which submitted the final part of its report in June last year. The President re-emphasised that the country will take decisive action against corruption and

make a clear break with the era of state capture. "As a country, we owe Chief Justice Zondo, the Commission staff and all those who provided testimony a huge debt of gratitude for their extraordinary public service."

The President assured the nation that the recommendations of the commission are being implemented according to the plan he submitted to Parliament in October 2022 so that the systemic weaknesses identified by the commission are addressed and state capture is never allowed to occur again.

The President said the National Anti-Corruption Advisory Council, consisting of people from across society, is in place to advise on suitable mechanisms to stem corruption, including an overhaul the institutional architecture for combatting corruption. The President also addressed concerns about the safety of whistle-blowers by saying that the government is working to capacitate the Witness Protection Unit and will introduce amendments to the Protected Disclosures Act and Witness Protection Act to strengthen protections for whistle-blowers.

"Work is already underway to improve access to the witness protection programme for public servants that expose maladministration, corruption and unethical conduct. We will finalise the draft Public Procurement Bill to address weaknesses identified by the State Capture Commission and improve efficiency, value for money and transparency. Our reinvigorated law enforcement agencies are taking firm action against companies and individuals alleged to have been involved in state capture." 🇿🇦



**FUTURE GROWTH:** Matric pass rate is something to celebrate in 2023.

## Silent revolution happening in our schools, says President Ramaphosa

*The current matric pass rate is an indication that a silent revolution is taking place in South African schools, President Ramaphosa told Members of Parliament when he delivered his 2023 State of the Nation Address, write Sibongile Maputi.*

We should be applauding the 80% pass rate, which is a composite of improved results from all provinces. "The share of bachelor passes in no-fee schools improved to 64%. The performance of learners from poorer schools is steadily improving," which is indicative of the level of investment the government has poured into the sector, he said.

President Ramaphosa revealed that the Department of Basic Education (DBE) is streamlining requirements for early childhood development (ECD) centres, a function that recently moved from social development to the DBE. "It is therefore significant that the number of children who receive the ECD subsidy has more than doubled," he said.

The government is also expanding vocational education and training systems through the implementation of the approved curriculum of the three-stream model. "This year, government plans to finalise the Comprehensive Student Funding model in order to reach the students outside NSFAS [National Student Financial Aid

Scheme] criteria, known as the missing middle."

He told Members of Parliament that 10 000 technical and vocational education and training (TVET) graduates were placed in jobs, a number that the government will look to double this year. The government therefore repeated its call to companies, departments and SOEs to remove the requirement for work experience for young people seeking entry-level positions.

"Last year, we said that we would place over 10 000 TVET college graduates in employment. We have surpassed that figure and have now set a target for 2023 of 20 000 TVET graduates to be placed in employment."

Furthermore, the number of students entering artisan training in TVET colleges will be increased from 17 000 to 30 000 in the 2023 academic year. "One of the key ingredients for economic growth and competitiveness is the ability to attract skills which the economy needs."

Having now completed a comprehensive review of the work visa system, the government will move quickly to implement its recommendations. These include establishing a more flexible points-based system to attract skilled immigration, implementing a trusted employer scheme to make the visa process easier for large investors and streamlining application requirements. 🇿🇦



## President promises more boots on ground to deal with crime



*South Africa's crime problem is at the root of the government's drive for inclusive growth in an effort to address the causal factors of poverty, unemployment and inequality, said President Cyril Ramaphosa during the 2023 State of the Nation Address, promising that work is being done to fight crime, Malatswa Molepo reports.*

"We are strengthening the South African Police Service to prevent crime. This includes putting more police on the streets and setting up specialised teams that will focus on specific types of crime. Last year, we undertook to recruit 12 000 new police personnel. Since then, more than 10 000 new recruits graduated from police academies and a further 10 000 will be recruited and trained this year," President Ramaphosa said.

The crime fighting plan announced by the President is anchored on capacitating specialist units trained in specific area of concern. "The specialised police teams that are working on tackling crimes like kidnapping, extortion and illegal mining have had several breakthroughs, arresting dozens of suspects and achieving several convictions," the President emphasised.

The President also highlighted that the fight against crime must be sophisticated, as criminals are always looking at ways to improve. As such, the 10111 call centre operation has been identified as the nerve centre of effective crime fighting. In recent months, some people have pointed out that contact centre's operations are inadequate due to understaffing.

"We will use our competitiveness in call centre operations to support the proper functioning of the 10111 help line, partnering with the private sector. This is to ensure that when people call the police, their calls are answered and their emergencies are attended to. We will also use data driven methods in a more sophisticated way to identify and target crime hotspots," the President said.

But the fight against crime is dependent on the entire justice value chain functioning optimally. To ensure this, the President promised further enhancement of capacity at the National Prosecuting Authority (NPA) to drive prosecutions and bring about justice. "Significantly more funding will be made available in this budget for the police, the NPA and the Special Investigating Unit," the President promised.

Sexual violence remains a dark stain that continues to affect South Africa despite various efforts to stop the scourge. However, some progress has been noted. "One of the great successes of our effort to fight gender-based violence is the extent to which social partners have rallied around the National Strategic Plan. In January last year, I signed into law three key pieces of legislation that afford greater protection to survivors of gender-based violence and ensure that perpetrators are no longer able to use legislative loopholes to evade prosecution. We continue to improve the accessibility and functioning of Sexual Offences Courts and expand the network of Thuthuzela Care Centres," said President Ramaphosa.

Members of Parliament will next week have an opportunity to debate the SONA speech during a joint sitting. 🇿🇦

## Energy, electricity, crime and unemployment in spotlight during SONA debate



*Debating President Cyril Ramaphosa's State of the Nation Address, Members of Parliament focused largely on the government's challenges with energy, electricity, crime and unemployment, writes Abel Mputing.*

The Chief Whip of the National Council of Provinces, Mr Seiso Mohai, said the President's speech reflects progress on key government priorities and he singled out the government's infrastructure investment drive for its potential to stimulate economic growth. However, Mr Mohai admitted that non-expenditure of infrastructure grants, the lack of financial and projects plans and municipal management threaten service delivery imperatives.

Reflecting on the soaring crime statistics, Mr Andrew Whitfield of the Democratic Alliance mentioned that when the President first took office he undertook to halve the crime rate. However, murder has since gone up by 20 per cent, mass killings shock communities and the crime centre hotline is dysfunctional. "There is a

victim at the end of the unanswered calls. If these problems are not answered, your words will remain meaningless."

The President of South African Local Government Association, Mr Bheki Stofile, focused his contribution to the debate on the effect coalitions are having on municipal government. "Leaders of these coalitions serve their political interests rather than of the public. They are about gains and as such they hinder service delivery. And often, coalitions fail when there is disgruntlement about how a political cake should be cut and who should benefit. This is done to serve the interest of a political patronage, rather than the needs of the people." This has to be addressed if municipalities are to remain the agents of efficient service delivery, he maintained.

Mr Mkhuleko Hlengwa of the Inkatha Freedom Party criticised what he sees as a bloated Office of the Presidency. "Stop creating a duplicate and bloated political bureaucracy and take the responsibilities of these ministers to your office. Fire them instead of being the nanny of your cabinet," he urged the President.

Commenting on the President's idea



of appointing a Minister of Electricity, the leader of the African Christian Democratic Party, Rev Kenneth Meshoe, said: "Eskom does not need a politician for it to function, it needs an engineer." He further stated that although we have to abide by the climate change emission stipulations, we should be allowed to explore clean coal energy generations mechanisms to take advantage of South Africa's coal reserves.

The effect of load-shedding has exacerbated unemployment, poverty and inequality. To cushion vulnerable South Africans from their effects, a basic income grant (BIG) is needed, said the Minister of Social Development, Ms Lindiwe Zulu. "There is now an agreement that BIG is needed to address these historical conditions of poverty, inequality and unemployment." We want BIG to ensure that "we leave no one behind. The dignity of our people is indispensable."

Mr William Madisha of the Congress of the People used his time allocation during the debate to point out that South Africa's electricity problems are not a natural disaster. "They are manmade. The Special Investigative Unit gave the government a report between 2008 to 2014 on a litany of corruption, related to long tender agreements for diesel and coal supply that cost Eskom R1.4 trillion .... "We don't need a Minister of Electricity. We need to deal with systemic corruption at Eskom."

Mr Floyd Shivambu of the Economic Freedom Fighters said government should dismiss the illusion that we will discontinue to use coal as an energy source. However, we should also explore other energy sources such as uranium in a manner that is environmentally friendly. Green energy sources should also be explored, but "the roll-out of this alternative energy source is driven by government".

The Chief Whip of the Democratic Alliance, Ms Nosiviwe Gwarube, said the country's problems arise from the fact that Parliament does not do its work and fails in its role of oversight over the executive. "If Parliament were to do its work, our democracy would work. But we have a Parliament that shielded the President from accountability against allegation of wrongdoing at Phala Phala. Ours is not a functioning Parliament, that's why we are faced with these challenges of accountability." 🇿🇦



**RIGHT OF REPLY: Political parties debate the State of the Nation Address in a Joint Sitting.**

## Political parties debate SONA in joint sitting

*President Cyril Ramaphosa's State of the Nation Address (SONA) was subjected to a debate by Members of Parliament in a joint sitting of the National Assembly and the National Council of Provinces. As per the usual parliamentary practice, the debate was opened by the majority party with its Chief Whip Ms Pemmy Majodina as the first speaker, writes Sakhile Mokoena.*

She welcomed the address and commended the President for outlining commitments to taking decisive action to address challenges facing the nation through placing the people's interests in the centre of the process of change. Ms Majodina also labelled as falsehoods criticism that the President has not done anything for the past four years, and has been making empty promises.

"We acknowledge that the President or the national government alone cannot solve the myriad of challenges that are facing our country. The ANC is not in denial about the state of the provision of basic services and infrastructure such as water, human settlement, transport, electricity and bad roads. We need investment in new infrastructure projects and funding in maintenance," she said.

The ANC Chief Whip said the critics of the national state of disaster missed the most important element of the intervention, which was the strong central coordination and decisive action needed to deal with the national crisis of energy.

The leader of the official opposition, the Democratic Alliance's Mr John Steenhuisen, said the Ramaphosa presidency is a farce. "The 'New Dawn' is a false dawn. Ramaphoria was a delusion. Your supposed commitment to reform was hollow," said Mr Steenhuisen. He went on to blame the President for skyrocketing unemployment that has gone from 36% to 43% since Mr Ramaphosa became President in 2018. Murders have increased by 20% over the same period, with 70 people murdered in the country every day.

"And, as we all know, rolling power blackouts have become a permanent feature of life in the Ramaphosa era. The President is too weak, too indecisive and too cowardly to take on the cadres, the compromised and the vested interests in the political party he leads," he said.

In response to President Ramaphosa's announcement of a national state of disaster to respond to the electricity crisis, Mr Steenhuisen accused the President of giving sweeping powers to the same Minister who abused the people of this country during Covid, instead of getting the state out of the way of private electricity generation.

"Instead of deregulating and unleashing private sector electricity generation, he centralised even more power in his super-presidency. Instead of removing the incompetent ministers of Energy and Public Enterprises who block reform, he added yet another Ministry to his bloated Cabinet.

"By once again expanding rather than shrinking the role of the state, the President has all but guaranteed that load-shedding and all the other terrible crises we face will only get worse," Mr Steenhuisen said.

Mr Julius Malema, the leader of the Economic Freedom Fighters, said the country is in the middle of a man-made crisis. He also raised a concern about the high rate of unemployment in which more than 12 million capable South Africans are looking for jobs, including those who cannot find jobs anywhere because there are no meaningful programmes to create jobs for young people.

"Unemployment in South Africa is too high. The South African Post Office has announced that it will be worsening the crisis of unemployment through retrenchment of more than 6 000 workers," he said.

Mr Malema said the fact that South Africa has close to 20 million people who are dependent on social grants should not be celebrated, particularly when viewed from the fact that these social grants do not eliminate poverty. He also argued that the form of social assistance provided by government





since 1994 has not been impactful in reducing poverty because the government is incapable of creating jobs and taking people out of poverty.

Mr Pieter Groenewald of the Freedom Front Plus spoke out again against government policies of Black economic empowerment (BEE) and affirmative action, which it believes were the cause of the country's crisis including the problems at Eskom. "BEE and affirmative action are the main reasons for the problems at Eskom. Let us get rid of these policies because they are just a smokescreen for corruption," he said.

He also proposed the reinstatement of the Scorpions (the Directorate of Special Operations) to respond to the high crime rate and especially transnational crimes.

The Chief Whip of Inkatha Freedom Party (IFP), Mr Narend Singh, said his party finds it difficult to believe new promises by the President when old promises have not been met. "South Africa cannot survive with a government that makes promises and reneges on its own promises. The country wants solutions, honesty, fairness and justice; a government that is capable and willing to do its job," he said.

Mr Singh said the appointment of a Minister of Electricity was another way of saying the ministers of Energy and Public Enterprises have failed.

United Democratic Movement (UDM) leader Mr Bantu Holomisa raised concern about the delays in processing the State Capture Commission report. "The Zondo Commission report has been gathering dust here in Parliament. We would prefer that the leader of government must monitor the process and the implementation of the commission's findings.

"He should also advise as to how the other serious evidence slipped through the commission's processes and how the veracity of that evidence can be tested," he said.

Mr Holomisa also warned that it would be a mistake to wait for the current Speaker to drive the debate, alleging that she is conflicted. "The Bosasa offshoot company, Dyambu Holdings, which she was part of received millions and millions of rands in tenders from the state. Bosasa as we all know was cited at the Zondo commission," Mr Holomisa said.

Mr Mzwanele Nyhontso of the Pan African Congress said the electricity crisis was not a natural disaster but a result of a series of blunders and poor planning. He feels by declaring a national state of disaster the country risks going back to what happened during Covid-19 where government worked without oversight, undermined the process of good governance, and embarked on reckless spending and unilateral decisions.

Mr Vuyo Zungula of the African Transformation Movement accused President Ramaphosa of failing to lead South Africa to prosperity and that everything has moved from bad to worse under this presidency. "The investment summits, advisory commissions are not working. You consolidated ministries in the Presidency, but there is no result. We need engineers to fix Eskom, not another ministry," said Mr Zungula.

Mr Brett Herron of the Good Party said: "South Africa requires a miracle to eradicate unemployment. We cannot maintain such high numbers of unemployment without mitigating programmes to ensure the people do not starve. We need a basic income grant. Let us reduce the number of departments and prioritise a basic income grant." 🙏

## President appeals for cooperation in response to SONA Debate

*In response to the two-day debate in Parliament on the State of the Nation Address (SONA), President Cyril Ramaphosa urged Members of Parliament, especially leaders of political parties, to work together for the good of the country, reports Sibongile Maputi.*

During the debate, MPs focussed most of their concerns on the energy crisis and the President's creation of a new ministerial portfolio for electricity. The President noted these criticisms, along with the constructive suggestions that were also put forward during the debate.

He said there were those who could easily be merchants of hope, but cast themselves as merchants of despair. "Their interests are characterised by our country as being in chaos." Such individuals are driven by dishonesty and self-serving agendas, he said. "Some chose to belittle what had been achieved in the past five years. Some of the members failed to come up with solutions. It does not serve their interests to acknowledge the progress made over the past five years, because belittling the contributions made may serve their electoral aspirations but not the interests of the people of South Africa."

Our task should be to emerge with a common determination for all elected representatives in order to meet the challenges of the present, and renew the promise of a better life for all, as contained in the constitution. "Where people begin to doubt the promise, it is our job to remind them," the President said.

On South Africa's recovery efforts, a lot of progress has been made to rebuild South Africa and the state's capacity, the President claimed. "We inherited a state hollowed out by malfeasance and in decline, with institutions that had been weakened. We faced up to the worst global pandemic in a century. We implemented a new social grant, reaching more than 11 million. We saved over five million jobs that could have been lost."

Furthermore, institutions like the South African Revenue Service and the National Prosecuting Authority are being revived. The President also reminded MPs of the support provided to grant recipients and businesses. "South Africa needs hands up and not handouts. Through the Presidential stimulus package we created one million opportunities. Investors are looking into the country with great interest. We have opened the way in electricity generation for the first time. The Northern Cape has attracted a R100 billion



investment in three years. That must mean something is cooking." The government is also in a massive drive to mobilise investment for factories, while farms and mines are also attracting investment.

On ending load-shedding, President Ramaphosa told MPs that the government needs to shift gears. "The electricity crisis should be resolved. We do not need another plan, but to accelerate the implementation of the plan that was put out in July last year," he said. It is important to realise that we have a common problem that needs a common solution. The government has taken steps to reduce the severity and frequency of electricity blackouts.

President Ramaphosa said further measures will be announced by the Finance Minister in the budget speech next week. The interventions include the creation of a ministerial portfolio of electricity. He clarified that the Minister of Electricity will oversee the various aspects of electricity generation and will coordinate the various actions of the national energy crisis committee. "This crisis requires effective coordination of various departments and a political principal whose attention is not distracted in any other way. He will work with fellow ministers and entities."

He denied that the creation of the minister will cause duplication. "This is not true; the new Minister will focus on load-shedding, working with the board of Eskom and working with the national coordination committee."

He continued: "We stand a chance to overcome this challenge and the crisis we face, and bring loadshedding to an end. We do not have the luxury of time." The state of disaster will be used to mitigate the impact of loadshedding. It was declared in order to ensure environmental protection, that technical standards are maintained and procurement undertaken with transparency.

"Government will accelerate measures necessary to counter the shortfall of electricity. We will use the state of disaster to remove bureaucracy so that without delay new generation capacity is brought into the grid."

He added: "As we build on electricity system we need to dispel some of the myths circulating about the path we are taking, dispel the idea that we are abandoning coal as a fuel source. Coal-fired power stations provide 80 per cent of our energy source and will therefore have to provide the bulk of our energy supply into the future."

The Kusile and Medupi power plants will not be done away with as they have just been built, he said. "We have told the international community that we are committed to a future of energy mix that includes, coal, wind, solar, nuclear, battery storage and biomass. We need to dispel the myth that unbundling Eskom is not in line with international practice."

President Ramaphosa said building beyond the crisis means addressing the fundamental threat of climate change and strengthening the country's resilience. "Unless we act now, the country will experience more frequent and severe forms of weather. Through the work of the Presidential Climate Change Commission we have developed a clear, just and inclusive path towards a low carbon economy."

South Africa needs good planners and engineers who will be aware of what climate change is doing to South Africa's topography and ecosystems.

On the implementation of National Health Insurance (NHI), President Ramaphosa said: "We will implement the NHI as soon as necessary, the legislation was approved by Parliament. We are preparing for its implementation, and putting in place the necessary staffing as well as the funding that will be required."

He said the Minister of Finance will focus on some of these during his budget speech, as well as the poor state of infrastructure. "Investment on infrastructure has been declining for many years. We have taken steps to reverse this trend." 🌟



**TRIBUTE: Parliament hosted a memorial service for first Speaker of democratic Parliament, Dr Frene Ginwala.**

## Parliament honours first National Assembly Speaker in Special Joint Sitting

*Members of Parliament from both the National Assembly (NA) and the National Council of Provinces (NCOP) paid tribute to the first Speaker of the National Assembly in a democratic South Africa, Dr Frene Ginwala, who passed away in January this year, writes Sakhile Mokoena.*

In a special joint sitting of both Houses, Dr Ginwala was celebrated for her role in establishing a democratic parliamentary system and for her impartiality, integrity and firmness during her 10 years as Speaker from 1994 to 2004.

The tributes were opened by the Minister of International Relations and Cooperation, Dr Naledi Pandor, who served with Dr Ginwala when she was Chairperson of NCOP between

1999 and 2004. She described the late Dr Ginwala as a leader of many accomplishments, a courageous freedom fighter who fearlessly committed herself to the just cause for justice and an end to apartheid.

"Speaker Ginwala shaped the democratic character of our Parliament, supported by several Members of Parliament, old and new: Reverend Arnold Stofile, our first Chief Whip; Jannie Momberg, our programme Whip; Douglas Gibson; Ken Andrew and the inimitable Mr van der Merwe and hardworking Deputy Speaker Baleka Mbete.

"As Speaker, she was determined that this would be an open, accessible Parliament of the people – open committees, questions to the executive, informative debate and reminders often that we are all in this together. She overhauled archaic rules, from firmly assisting members to transition to saying Madam Speaker, after decades of Mr Speaker, to getting



former antagonists to shake hands," Minister Pandor said.

Dr Ginwala was also an internationalist serving on United Nations bodies, helping to steer the Tokyo International Conference on African Development and drafting the Pan African Parliament protocol and serving as an inaugural member of that institution.

Ms Siviwe Gwarube, the Chief Whip of the official opposition (Democratic Alliance) called on South Africa to build on the gains of people like Dr Ginwala, so that their life's work and sacrifices are not in vain. "The death of this formidable feminist, academic, freedom fighter and trailblazer has made me, a young leader in South Africa, pause for thought about the role that we are playing in bettering the lives of the people who elected us to serve them.

"Are we building on the gains of people like Dr Ginwala so that their life's work and sacrifices are not in vain? We need to make sure that contribution of the first Speaker of the National Assembly is recorded in the Parliament that will be rebuilt, similar to the Mandela bust which stands proudly in front of the Assembly," Ms Gwarube said.

The Economic Freedom Fighters (EFF) also paid tribute to the late former Speaker and commended her for her unquestionable integrity, rock-solid commitment to ethical governance, her intellectual depth, her fairness as Speaker. "Dr Ginwala provided all of us with a lifetime of examples of what a true servant and leadership should be. She could have chosen to be anything in life, but chose to dedicate her entire being to the freedom of the people," said the EFF's Ms Natasha Ntlangwini.

Mr Narend Singh of the Inkatha Freedom Party who delivered a tribute on behalf of party leader Prince Mangosuthu Buthelezi, described Dr Ginwala as a great South African patriot. "She played the role of Speaker as it was meant to be played, with dignity, impartiality and firmness – undoubtedly there was greater decorum in this house at that time. Within the first 10 years of democracy some 700 pieces of legislation were passed. It was no easy task to transform the entire body of the law so swiftly," said Mr Singh.

For the Freedom Front Plus, Dr Ginwala was a true democrat who stood up for what she believed in, with character

and courage. "As the first Speaker of the democratic National Assembly, she actively promoted true multiparty participation and democracy. She also actively contributed to the establishment of the South African Parliament as a Parliament of the people and promoted true public participation," said the party's MP Mr Wouter Wessels.

Mr Steve Swart of the African Christian Democratic Party remembered Dr Ginwala for her contribution in the establishment of Parliament as an institution that reflected the great diversity, the struggles, the aspirations, the culture and practices of all South Africans, and she performed her role as Speaker with fairness, diligence and integrity.

The United Democratic Movement's Mr Nqabayomzi Kwankwa said that Dr Ginwala was a remarkable human rights activist, who worked hard to empower women and reduce gender inequalities. "As Speaker of our first democratic Parliament, she laid a solid foundation for our Parliament and constitutional democracy. In her memory and honour, we ought to ensure that this Parliament does not serve as an institution that subverts checks and balances on the executive, but rather ensures we truly hold the executive to account."

The Deputy Chairperson of the NCOP, Ms Sylvia Lucas, remembered Dr Ginwala as a selfless leader and for her extraordinary contribution. "She established Parliament as a democratic institution providing the impartiality, integrity and authority required to preside over the establishment of a new democratic order through the necessary legislative provisions to transform and unite a divided nation. "She led a very critical process of repealing apartheid laws, significantly strengthened efforts to ensure nation building," Ms Lucas said.

Dr Ginwala was also celebrated for introducing the concept of an open Parliament, with open plenaries and committee meetings, thereby establishing systems of openness, transparency and public participation which stood in direct contrast to the exclusionary system of the past. "Today public participation stands as one of the key pillars of our democratic Parliament and we must pay appropriate tributes to the champions of this important pillar of our parliamentary democracy," the Deputy Chairperson said. 🌟

# Finance Minister presents 2023 Budget Speech



**Mr Enoch Godongwana**

*The Minister of Finance, Mr Enoch Godongwana, delivered the Budget Speech before Parliament recently and also tabled the 2023 Division of Revenue Bill, the 2023 Appropriations Bill, the Second Adjustments Appropriation Bill, and the Eskom Debt Relief Bill, writes Mava Lukani.*

The Minister told Members of Parliament in the National Assembly that this budget is situated in the context of a difficult domestic and global economic environment. Domestically, load-shedding has become more persistent and is impacting on service delivery and threatening the survival of many businesses. Households are under pressure from the rising cost of living and unemployment remains high.

Nonetheless, the government's pursuit of higher growth remains anchored to three pillars: a stable macroeconomic framework to create a conducive environment for savings, investment and growth; the implementation of growth-enhancing reforms in key sectors, particularly in energy and transport; and strengthening the capacity of the state to deliver quality public services, invest in infrastructure and fight crime and corruption.

According to Mr Godongwana, since the 2022 Budget, global growth

estimates for 2023 have been revised lower. The International Monetary Fund projects global growth to slow from an estimated 3.4 per cent in 2022 to 2.9 per cent in 2023.

Meanwhile, global economic risks remain high, including those related to the ongoing war in Ukraine, and could impede growth if they materialise. "The reopening of the Chinese economy, however, may offer some reprieve by supporting a stronger rebound in global trade and demand," he said.

As for the domestic economic outlook, Mr Godongwana said South Africa's economy grew by an estimated 2.5 per cent in 2022. This is an upward revision from the 1.9 per cent projection in the 2022 Medium Term Budget Policy Statement, reflecting a better-than-expected outcome in the third quarter of 2022.

At R4.6 trillion, the size of the domestic economy in 2022 is bigger than the pre-pandemic levels in real terms, evidence of a robust economic recovery, even in the face of lingering Covid-19. However, the medium-term growth outlook has deteriorated, the Minister said. Real gross domestic product growth is projected to average 1.4 per cent from 2023 to 2025, compared with 1.6 per cent estimated in October.

During these conditions, government must maintain a prudent fiscal stance, the Minister maintained. The fiscal consolidation strategy adopted by the government several years ago has restrained growth, mainly in consumption expenditure, and allowed the government to use part of higher-than-expected revenues to reduce the deficit.

As a result, the government is bringing the fiscal deficit down without resorting to tax increases or further cuts in the social wage and infrastructure. The Minister promised that a primary fiscal surplus will be achieved in the current financial year, and this will be maintained over the medium term. 🌟



# Budget aims for balance between economic growth stimulation and investor confidence



## BUDGET FOR 2023:

Finance Minister Mr Godongwana arrives at the City Hall in Cape Town to deliver his 2023 Budget.

*Presenting the 2023 Budget Speech in the National Assembly (NA), the Minister of Finance, Mr Enoch Godongwana, aimed for balance between stimulating economic growth and investor confidence, on the one hand, while on the other, ensuring that government continues with its social investment and security programmes aimed at cushioning the vulnerable from the rising cost of living. Abel Mputing reports.*

Mr Godongwana said the state must create a stable macroeconomic environment, implement growth-enhancing reforms and improve the capability of the state in rolling out its infrastructure projects and in fighting crime and corruption. He stated: "In this Budget, we are allocating additional resources towards these endeavours without compromising the sustainability of public finances."

South Africa's economic growth was higher than expected. South Africa's economy grew by an estimated 2.5 per cent in 2022. This is an upward revision from the 1.9 per cent projection in the 2022 MTBPS [Medium-Term Budget Policy Statement], reflecting a better-than-expected outcome in the third quarter of 2022. At R4.6 trillion,

the size of the economy in 2022 was bigger than the pre-pandemic levels in real terms, evidence of a robust economic recovery.

But despite these gains, "The medium-term growth outlook has deteriorated. Real GDP [gross domestic product] growth is projected to average 1.4 per cent from 2023 to 2025, compared with 1.6 per cent estimated in October."

The consolidated fiscal framework adopted by government has yielded positive results that have restrained growth, mainly in consumption expenditure, and allowed the government to use part of the higher-than-expected revenues to reduce the deficit. As a result, we are bringing the fiscal deficit down without resorting to tax increases or further cuts in the social wage and infrastructure.

However, debt remains stubbornly high and this will be exacerbated by government's partial take-over of Eskom debt. "In general, government debt is high. The gross debt stock is projected to increase from R4.73 trillion in 2022/23 to R5.84 trillion in 2025/26. And because debt is high, our debt-service costs are also high."

The Minister cautioned that sustaining economic growth depends on consolidating South Africa's fiscal policy so that revenue can be used to reduce the budget deficit. Debt-service costs are projected to average R366.8 billion annually over the medium term, reach-

ing R397.1 billion in 2025/26. These are resources that could otherwise be used to address pressing social needs or to invest in the future.

Economic risks continue to dog the South African economy, Mr Godongwana maintained. One on-going risk are state-owned enterprises and the unaffordable public-sector wage bill. "If these risks materialise, they will require us to make difficult budgeting trade-offs. For these reasons, we must continue exercising fiscal restraint."

Mr Godongwana told Members of the NA that the current energy crisis is the biggest economic constraint. Record levels of load shedding were experienced in 2022 – 207 days of load shedding compared to 75 days in 2021. To mitigate that, the Minister said the government is acting decisively to bring additional capacity onto the grid and working to transform the electricity sector to achieve energy security in the long term.

## GOVERNMENT TAKES OVER ESKOM DEBT

Mr Godongwana announced and explained government's decision to take over Eskom debt. He said R337 billion of Eskom's debt is already government guaranteed. Taking on further debt will reduce fiscal risk and enhance long-term fiscal sustainability. Most importantly, it will enable Eskom to undertake its unbundling.

Taking over Eskom's debt comes with stringent conditions, including a requirement by Eskom to prioritise capital expenditure in transmission and distribution during the debt-relief period to enable it to focus on maintaining existing power generation stations to improve availability of electricity. The debt relief period must also only be used to settle debt and interest payments and to catch up with changes in energy supply and generation sources towards renewables.

Mr Godongwana maintained that this energy transition had to be just and should not disadvantage the communities whose livelihood depend on fossil fuel production. These people must be empowered with the skills necessary to participate in the new clean energies industries. "Our Just Energy Transition plan addresses these urgent climate challenges. It aims to significantly lower emissions of greenhouse gases and harnesses investments in new energy technologies, electric vehicles, and energy-efficient appliances. Most importantly, it ensures that communities tied to high-emitting energy industries are not left behind, but are provided with new skills and new economic and employment opportunities."

On infrastructure, the Minister said that Operation Vulindlela, which coordinates expenditure, project implementation and planning on infrastructure, water, energy and technology, continues to anchor government's economic growth. "The public sector is projected to spend R903 billion on infrastructure over the medium-term. The largest portion of this, around R448 billion, will be spent by state-owned companies, public entities and through public-private partnerships.

On revenue outlook and tax proposals, Mr Godongwana stated that tax revenue collections for 2022/23 are expected to total R1.69 trillion. This exceeds the 2022 Budget estimate by R93.7 billion, and the 2022 MTBPS estimate by R10.3 billion. As a result, there are no major tax proposals in this budget. The Minister attributed these gains to improved revenue collections by South African Revenue Service. 🌱





## Finance Minister presents 2023 Budget Speech



Finance Minister Mr Enoch Godongwana

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The Minister told Members of Parliament in the National Assembly that this budget is situated in the context of a difficult domestic and global economic environment. Domestically, load-shedding has become more persistent and is impacting on service delivery and threatening the survival of many businesses. Households are under pressure from the rising cost

of living and unemployment remains high.

Nonetheless, the government's pursuit of higher growth remains anchored to three pillars: a stable macroeconomic framework to create a conducive environment for savings, investment and growth; the implementation of growth-enhancing reforms in key sectors, particularly in energy and transport; and strengthening the capacity of the state to deliver quality public services, invest in infrastructure and fight crime and corruption.

According to Mr Godongwana, since the 2022 Budget, global growth estimates for 2023 have been revised lower. The International Monetary Fund projects global growth to slow from an estimated 3.4 per cent in 2022 to 2.9 per cent in 2023.

Meanwhile, global economic risks remain high, including those related to the ongoing war in Ukraine, and could impede growth if they materialise. "The reopening of the Chinese economy, however, may offer some reprieve by supporting a stronger rebound in global trade and demand," he said.

As for the domestic economic outlook, Mr Godongwana said South Africa's economy grew by an estimated 2.5 per cent in 2022. This is an upward revision from the 1.9 per cent projection in the 2022 Medium Term Budget Policy Statement, reflecting a better-than-expected outcome in the third quarter of 2022.

At R4.6 trillion, the size of the domestic economy in 2022 is bigger than the pre-pandemic levels in real terms, evidence of a robust economic recovery, even in the face of lingering Covid-19. However, the medium-term growth

outlook has deteriorated, the Minister said. Real gross domestic product growth is projected to average 1.4 per cent from 2023 to 2025, compared with 1.6 per cent estimated in October.

During these conditions, government must maintain a prudent fiscal stance, the Minister maintained. The fiscal consolidation strategy adopted by the government several years ago has restrained growth, mainly in consumption expenditure, and allowed the government to use part of higher-than-expected revenues to reduce the deficit.

As a result, the government is bringing the fiscal deficit down without resorting to tax increases or further cuts in the social wage and infrastructure. The Minister promised that a primary fiscal surplus will be achieved in the current financial year, and this will be maintained over the medium term. 🇿🇦

*Savings, investment and growth are the three pillars of government spending plans for 2023*



# Municipal debt to Eskom rockets



*During the Budget Speech in Parliament in February, the Minister of Finance, Mr Enoch Godongwana outlined the government's plans to address the debt municipalities owe to Eskom for electricity. At the end of December 2022, municipalities owed Eskom R56.3 billion and the debt is rising, reports Mava Lukani.*

"Undertaking a debt relief of this magnitude without addressing this risk would be counterproductive," the Minister said. "We are working with Eskom to provide a solution to this problem, wherein Eskom will provide incentivised relief to municipalities whose debt is unaffordable." The relief will come with conditions and, to avoid a repeat of debt build-up over time, the relief will attach measures, including the installation of prepaid meters, to correct the underlying behaviour of non-payment and poor operational practices in debt-ridden municipalities.

Mr Godongwana told Members of Parliament that Eskom's long-term financial viability depends on its customers paying for the services they receive. National Treasury will publish details for accessing the debt relief in a circular in March 2023 and implementation will start from 1 April.

The Minister criticised the culture of non-payment, which exists not only in municipalities, but also among various organs of state and individual households. "Such behaviour undermines and cripples our institutions and makes it impossible for them to deliver services. To change this, the National Treasury is exploring ways to encourage all to improve their behaviour and

do the right thing," added Mr Godongwana.

Meanwhile, the energy and electricity sector, both at home and abroad, is undergoing a rapid process of systemic change. Green technologies are becoming cheaper and the deployment of low-carbon solutions is accelerating. "We recognise that we have a role to play in encouraging adaptation and mitigation. I am pleased to announce two tax measures to encourage businesses and individuals to invest in renewable energy and increase electricity generation. From 1 March 2023, businesses will be able to reduce their taxable income by 125 per cent of the cost of an investment in renewables." There will be no thresholds on the size of the projects that qualify, and the incentive will be available for two years to stimulate investment in the short term.

As announced by the President in the 2023 State of the Nation Address, the government will also introduce a new tax incentive for individuals to install rooftop solar panels to reduce pressure on the grid and help ease loadshedding. "Individuals who install rooftop solar panels from 1 March 2023 will be able to claim a rebate of 25 per cent of the cost of the panels, up to a maximum of R15 000. This can be used to reduce their tax liability in the 2023/24 tax year. This incentive will be available for one year," the Minister explained.

Changes to the Bounce Back Loan Guarantee Scheme are also proposed to incentivise renewable energy, rooftop solar and address energy-related constraints experienced by small and medium enterprises. Government will guarantee solar-related loans for small and medium enterprises on a 20 per cent first-loss basis. The Energy Bounce Back Scheme will be launched in April 2023. 🌱



## A climate-change focussed budget dwells on Eskom debt

*The Minister of Finance, Mr Enoch Godongwana, told Members of the National Assembly when he delivered his budget speech that together with climate change, the lack of a reliable electricity supply is the biggest threat facing South Africa's economy. Sibongile Maputi reports.*

"Part of addressing the persistent electricity supply shortage must involve implementing a just transition to a low-carbon economy. Climate change poses considerable risks and constraints to sustainable economic growth in South Africa," he said.

South Africa is among the most water-scarce countries in the world, and recent events have shown that extreme weather events such as floods, heatwaves and drought are occurring more often. The government believes its Just Energy Transition plan addresses these climate challenges. "Through the Just Energy Transition Investment Plan, launched by the President in 2022 at the COP27, the country will make significant investments in our economy over the next five years, supported by a coherent industrial policy to enable innovation and economic diversification," the Minister said.

Mr Godongwana reassured his listeners in the National Assembly that communities tied to high carbon-emitting energy industries will not be left behind. They will be provided with new skills and new economic and employment opportunities. The aim is to significantly lower emissions of greenhouse gases and harness investments in new energy technologies, electric vehicles and energy-efficient appliances. 🌱



# Minister announces improvements in tax collection in 2020/23 financial year



*On revenue and tax proposals in the 2023 Budget, Minister of Finance Mr Enoch Godongwana said tax revenue collections for 2022/23 are expected to total R1.69 trillion. This amount exceeds the 2022 budget estimate by R93.7 billion, and the 2022 Medium-Term Budget Policy Statement (MTBPS) estimate by R10.3 billion, writes Jabulani Majozi.*

Over the medium-term, revenue projections are R6 billion higher than the estimates in the 2022 MTBPS. As a result, the 2023 budget included no major tax proposals. The improvement in revenue is due to higher collection in corporate and personal income taxes, and in customs duties. This partially offset the lower value-added tax estimates. South Africa is also reaping the benefits of a more efficient and effective tax administration, which is building trust to increase voluntary compliance and boost revenue collections.

In addition and to promote investments in renewable energy, the general fuel levy and the Road Accident Fund levy will not be increased this year. To ease the impact of the electricity crisis on food prices, the refund on the Road Accident Fund levy for diesel used in the manufacturing process, such as for generators, will be extended to manufacturers of foodstuffs. This takes

effect from 1 April 2023 for two years.

The personal income tax brackets will be fully adjusted for inflation, which will increase the tax-free threshold from R91 250 to R95 750. Medical tax credits will also be increased by inflation, to R364 per month for the first two members, and to R246 per month for additional members.

The retirement tax tables for lump sums withdrawn before retirement and for lump sums withdrawn at retirement will be adjusted upwards by 10 per cent. This means that the tax-free amount that can be withdrawn at retirement increases to R550 000.

On expenditure proposals, Mr Godongwana said the 2023 budget proposals reflect the government's priorities by making targeted allocations for specific programmes. Over the medium-term, more than 60 per cent of non-interest expenditure

will go to the social wage, while spending on buildings and other fixed structures – such as roads and dams – will increase from R62 billion in current year to R104.2 billion in 2025/26.

“We are increasing allocations to key frontline departments above existing baselines, moving toward a change in the composition of spending from consumption to investment, maintaining a large social security safety net, while striving for sustainable levels of debt.” This is not an austerity budget. It is a budget that makes tough trade-offs in the interests of the country's short- and long-term prosperity. The 2023 Budget allocates additional funding totalling R227 billion over the medium term. There are several priorities that will be funded through this additional money.

R66 billion is allocated to Social Development over the medium term, with R36 billion to fund the extension of the Covid-19 social relief of distress grant until 31 March 2024. R30 billion will be used for inflation-linked increases for other social grants. As a result:

\* The old age and disability grants increase by R90 on 1 April 2023 and a further R10 on 1 October 2023. The result is a total increase to R2 090.

\* The child support grant rises from R480 to R510 on 1 October 2023, while the foster care grant increases from R1 070 to R1 130 over the same period.

\* R23 billion and R22 billion will be allocated to health and basic education respectively, to cover the shortfall in compensation budgets and to improve services.

\* R8 billion is allocated for basic services through the local government equitable share.

\* R14 billion is allocated over the medium term to fight crime and corruption, with the following specific allocations:

\* The South African Police Service is allocated R7.8 billion to appoint 5 000 police trainees per year.

\* The National Prosecuting Authority receives R1.3 billion to support the implementation of the recommendations of the State Capture Commission and the Financial Action Task Force.

\* The Department of Defence is allocated an additional R3.1 billion to enhance security on South Africa's borders.

Finally, an injection into the budget of the SARS is proposed. In addition to a direct allocation for capital and ICT projects, provisional allocations are set aside to improve revenue raising capabilities of SARS.

Mr Godongwana also tabled the second adjustments appropriation bill for the 2022/23 fiscal year. He said the Bill proposes an allocation of R45.6 billion to provide for the carry-through costs of the 2022/23 public-service wage increase. R1 billion is allocated to South African Airways to assist the carrier with the business rescue process. The South African Post Office is allocated R2.4 billion. The allocations for these state-owned companies will be accompanied by strict conditions to ensure sustainability, accountability and transparency. If the conditions are not met, the money will not flow. 🇿🇦



**FLOOD DAMAGE:** Infrastructure development to limit flood impacts will stimulate growth.



## Finance Minister funds transport and water infrastructure spending in 2023 budget

*During his Budget Speech recently, Mr Godongwana described infrastructure as the foundation of inclusive and sustainable growth, thus the public sector is projected to spend R903 billion on infrastructure over the medium-term. The largest portion of this, around R448 billion, will be spent by state-owned entities and through public-private partnerships, writes Mava Lukani.*

This spending will mostly occur for strategic projects in transport and logistics, where an estimated R351.1 billion will be spent. This will allow the South African National Road Agency to improve the road infrastructure network. In addition, R132.5 billion is planned to be spent over the next three years on water and sanitation, mainly by the water boards.

Mr Godongwana said the government needs to crack down on criminality in the construction sector. The extortion and intimidation of lawfully appointed contractors and the workers they employ cannot be tolerated, he pointed out. Minister Godongwana also announced a budget allocation in response to the recent floods and the national disaster declared in various provinces. He said R695 million is available in this financial year for immediate relief and a further R1 billion will be available next year.

He called on provinces and municipalities to reprioritise existing allocations to cater for the immediate needs of affected communities, such as temporary shelter and social assistance. The contingency reserve will also be used to fund emergency responses, including as undertaken by the defence force.

Mr Godongwana told Members of the NA that the increased allocations for all three spheres of government are included in the Budget, to assist with urgent spending pressures. Relative to the 2022 Budget, direct provincial allocations increase by R92.7 billion, to R2.17 trillion over the medium term.

This increase consists of R76.9 billion added to the provincial equitable share and R15.8 billion added to direct conditional grants. Local government allocations will increase by a total of R14.3 billion, made up of R8.1 billion in the local government equitable share and R6.2 billion in direct conditional grants. This takes the total direct allocation to R522 billion over the same period. He said these allocations alleviate some of the financial pressures, particularly in health, education and free basic services where the costs of providing services are rising.

Mr Godongwana also said that the South African economy is facing significant risks and that uncertainty is on the rise. He called on the government to do bold things. "... to put the fear of failure aside and execute the difficult trade-offs needed to get from where we are now, to where we want to be in the future."👏

## Destruction of infrastructure hurts as all, says Finance Minister



*Speaking while announcing the 2023 budget, Minister of Finance Mr Enoch Godongwana described infrastructure development as the foundation for inclusive and sustainable growth. The public sector is therefore projected to spend R903 billion on infrastructure over the medium-term and the largest portion of this, around R448 billion, will be spent by state-owned entities and through public-private partnerships, writes Mava Lukani.*

These spending plans are mostly for strategic projects in transport and logistics, where an estimated R351.1 billion will be spent, including for the South African National Road Agency to improve the road network. As for water and sanitation, R132.5 billion will be spent over the next three years, mainly by the water boards.

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Mr Godongwana told Members of Parliament that the 2023 budget increases allocations for all three spheres of government to assist with urgent spending pressures. Relative to the 2022 budget, direct provincial allocations increased by R92.7 billion, to R2.17 trillion over the medium term. This increase consists of R76.9 billion added to the provincial equitable share and R15.8 billion added to direct conditional grants. Local government allocations will increase by R14.3 billion, made up of R8.1 billion in the local government equitable share and R6.2 billion in direct conditional grants. This takes the total direct allocation to R522 billion over the same period. These allocations alleviate some of the financial pressures, particularly in health, education and free basic services, where the costs of providing services are rising.

The Minister concluded by saying that the South African economy is facing significant risks and uncertainty is on the rise. He called on the government to do bold things, "... to put the fear of failure aside and execute the difficult trade-offs needed to get from where we are now, to where we want to be in the future."👏