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NATIONAL YOUTH DEVELOPMENT AGENCY
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**THEMATIC ANALYSIS OF THE
BUDGET SPEECH**
27 FEBRUARY 2024

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1. BUDGET SPEECH CONTEXT

The Finance Minister, Honourable Enoch Godongwana, presented the final budget speech of the sixth administration on February 21, 2024, marking it as the last before the National and Provincial elections scheduled for May 29, 2024, as announced by President Ramaphosa. Despite anticipating an ambitious speech due to the election year, a careful review suggests that the Minister's address remains balanced. It effectively addresses current challenges the country faces, considering the present and future.

The initial segment of the speech provides insights into the global and domestic economic outlook, while the subsequent part offers a comprehensive overview of government expenditures. This section naturally attracts interest as it details the general government budget allocations. The concluding part predominantly focuses on challenges, highlighting the Minister's awareness of the prevailing economic realities in the country at large.

2. HIGH-LEVEL OVERVIEW OF THE BUDGET SPEECH

As mentioned in the preceding analysis of this document, the Minister exercised caution in balancing government expenditures due to the existing deficit, thereby emphasising fiscal discipline. His statements recognised the positive outcomes of last year's financial measures, enabling the government to fulfil essential services such as the payment of salaries for teachers and nurses. The speech also touched upon the improvement of infrastructure, logistics, transportation, and the pursuit of a green economy. The latter point is crucial, as adhering to the call for adopting green economy strategies can help mitigate the challenges posed by the climate change crisis.

In addition to the stringent measures taken to manage unproductive expenditures, the Minister announced the initiation of reform for the Gold and Foreign Exchange Contingency Reserve Account (GFECRA). The GFECRA, held at the Reserve Bank (SARB), records gains and losses from the country's foreign currency reserve transactions. Accumulating R500 billion over the years, the reserves will see a withdrawal of R150 billion from this account. This amount will be utilized to reduce borrowing, subsequently curbing the growth in debt service costs (Magubane 2024).

Another notable aspect of the speech is the assurance of expediting the Public Procurement Bill, which is slated to be sent to the National Council of Provinces (NCOP), the second house of Parliament, for adoption. This bill holds significance as it aims to address the inequality affecting small businesses, particularly those operated by the youth, women, and individuals with disabilities. In short, as alluded by the Minister... 'the Bill provides for transformation measures through set-asides, pre-qualification and advancement of persons disadvantaged by unfair discrimination'. In essence, the bill gives credence to the marginalised group who for many years have not found expression in the economic activities of this country. The good news is that the National Youth Development Agency (NYDA) has sponsored its inputs in this Bill.

3. SCHEMATIC REPRESENTATION OF BUDGET ALLOCATIONS

At this juncture, state coffers have R1.73 trillion. Tax revenue for 2023/24 is R56.1 billion, and it argues that the latter figure is lower than estimated in the 2023 budget. The diagram below represents budget allocation in different sectors, however, not all sectors are covered, especially the public infrastructure allocation, provinces, and local governments due to space. Moreover, the latter information is presented in narrative form.

Figure 1: The diagram as depicted above, shows a schematic representation of where government money is allocated. Overall, it shows that Health is also one of the sectors wherein more money has been allocated for the implementation of the National Health Insurance (NHI) scheme. The NHI figure is not represented in the diagramme but we do know that a total amount of R848 billion, at least R1.4 billion has been allocated to NHI.



Furthermore, public infrastructure has been allocated an amount of R943 billion meanwhile provinces and local governments are allocated an amount of R2.3 billion and R531.7 billion respectively.

Over and above the importance of budget allocation the information on the increases in excise duties is quite imperative. Such information is presented in the table below:

Items	Increases in Cents/or in Rands
Can of beer	14 cents
Can of a cider and alcoholic fruit beverage	14 cents
Bottle of wine	28 cents
Bottle of fortified wine	47 cents
Bottle of sparkling wine	89 cents
Bottle of spirit, gin or vodka	R5.53

Figure 2: Extracted from the budget speech. National Treasury (2024:11).

The Minister has also seized the opportunity to discuss advancements in a two-tiered retirement system. In this regard, cash withdrawals will be permitted starting from September 1, 2024. Another noteworthy announcement that cannot be overlooked is the increase in old-age citizen and child security grants. For the elderly, their pension has been raised by R100. However, this increment will not be a one-time payment. Instead, R90 will be disbursed in April, and the remaining R10 will take effect from October of the current year.

4. CONCLUSION

Borrowing words from the Minister, it is crucial to recognize that this budget is constrained, leading to the implementation of rigorous measures to address the essential needs of the public. Consequently, the Minister urges citizens to rally behind government interventions, particularly in areas like economic development, growth, and substantial job creation throughout the current medium-term expenditure and beyond.

5. LIST OF THE REFERENCES

South Africa. National Treasury. 2024. Budget Speech. Pretoria: Government Printers.

Magubane, K. 2024. Budget 2024 | Government to tap into a special account to reduce debt. Times Live, 21 February [Online] Available from:

<https://www.timeslive.co.za/politics/2024-02-21-budget-2024-government-to-tap-into-special-account-to-reduce-debt/> (Accessed on 26 February 2024).





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