



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

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SPEECH BY DEPUTY MINISTER OF FINANCE

BUDGET VOTE SPEECH BY DEPUTY MINISTER OF FINANCE, ASHOR SARUPEN

17 JULY 2024

Honorable Speaker,
Members of Parliament, and
Fellow South Africans,

It is an honor to address this esteemed house today as the newly appointed Deputy Minister of Finance in South Africa's Government of National Unity. As we navigate through these challenging economic times, our focus must remain steadfast on our collective mandate: ensuring accountable, economical, efficient, equitable, and sustainable management of our public finances.

The National Treasury of South Africa is globally recognized for its commitment to transparency and accountability in managing public finances. This reputation is built on rigorous adherence to principles of open governance, detailed financial reporting, and robust oversight mechanisms. By ensuring that financial data and budgetary processes are accessible and understandable to the public and international observers, the National Treasury fosters trust and credibility. This transparency not only enhances domestic fiscal management but also strengthens South Africa's position in global financial markets, attracting investment and fostering economic stability.

Mandate and Legislative Framework

The mandate of the National Treasury is enshrined in our Constitution. Section 216(1) of the Constitution mandates the establishment of a National Treasury to ensure transparency, accountability, and sound financial controls in the management of South Africa's public finances. This role is further elaborated in the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003). The department's responsibilities include:



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- Promoting national government's fiscal policy and the coordination of macroeconomic policy.
- Ensuring the stability and soundness of the financial system and financial services.
- Coordinating intergovernmental financial and fiscal relations.
- Managing the budget preparation process.
- Enforcing transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities, and constitutional institutions.
- Overseeing the implementation of the provincial and local government infrastructure portfolio.
- Ensuring financial management governance and compliance with the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003) across all spheres and entities in government.

Medium-Term Focus Areas

Over the medium term, the department will focus on enhancing fiscal sustainability through several key initiatives:

1. Enhancing and Enforcing a Credible Tax System:

We are committed to implementing a credible fiscal framework that meets government's revenue requirements while promoting a fair tax system. This will involve balancing declining tax revenue with increasing government expenditure priorities. Allocations to the Tax Policy subprogramme amount to R97.8 million over the period ahead, reflecting our commitment to a responsive and equitable tax system.

2. Supporting Sustainable Employment:

The Jobs Fund will continue to play a crucial role in promoting sustainable employment through matched funding grants. Since its inception, the fund has disbursed R6.4 billion, creating significant employment opportunities. Over the medium term, the fund is allocated R1.1 billion to support interventions expected to create sustainable and scalable job solutions.



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3. Supporting Infrastructure Development and Economically Integrated Cities and Communities:

We will enhance the ability of cities and metros to contribute to economic development through catalytic infrastructure and development support programmes. Over the medium term, the Catalytic Infrastructure and Development Support Programme subprogramme is allocated R2.9 billion, while conditional grants amount to R6.1 billion, supporting urban network plans and infrastructure projects.

4. Managing Future Spending Growth, Fiscal Risk, and Government's Assets and Liabilities:

The department will implement measures to manage expenditure and maintain fiscal discipline. This includes reviewing corporate plans, annual reports, and guarantee applications from state-owned entities. To carry out these activities, R412.6 million is allocated over the medium term in the Asset and Liability Management programme.

5. Streamlining Government Procurement:

The Office of the Chief Procurement Officer will finalize regulations to enforce the Public Procurement Bill, promoting transparency and value for money. An allocation of R225.9 million will support the Office's efforts to strengthen compliance and improve procurement processes.

6. Strengthening Financial Management in Government:

The Office of the Accountant-General will continue to promote good financial governance, improving capacity and competency across all government spheres. Key allocations include R427.9 million for the Financial Management Policy and Compliance Improvement subprogramme and R1 billion for the Financial Systems subprogramme.

Operation Vulindlela: Driving Structural Economic Reforms

Operation Vulindlela (OV), established in 2020 by former Finance Minister Tito Mboweni, represents a pivotal initiative aimed at driving the structural economic reforms necessary to unlock South Africa's economic potential. Its inception was a response to the pressing need for



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comprehensive reforms across critical network industries - energy, logistics, and broadband spectrum - to foster competition and economic growth.

Achievements and Impact:

Operation Vulindlela has successfully addressed significant bottlenecks within these sectors. By liberalizing markets and facilitating collaboration between different parts of the government, OV has played a crucial role in averting an economic collapse. The establishment of the National Energy Crisis Committee and the National Logistics Crisis Committee has been particularly impactful. These committees, supported by resources and expertise from the business sector, have enhanced public-private collaboration, leading to tangible improvements in energy and logistics infrastructure.

Economic Projections:

The Bureau of Economic Research (BER) at the University of Stellenbosch has projected that sustained economic reforms driven by OV could add 2% to South Africa's GDP. This projection is likely conservative, as the full benefits of the reforms, including increased business confidence and investment, may not be fully realized in the initial estimates. The BER model indicates that real GDP could be 7.7% higher than the baseline, with investment increasing by R196.7 billion (+22.3%) by 2029, underscoring the substantial long-term impact of OV's initiatives.

Future Focus and Strategic Areas:

Looking ahead, Operation Vulindlela will continue to prioritize reforms in energy and logistics, while expanding its focus to include critical areas such as water provision and local government. Ensuring functional ports and efficient municipal services are key components of this strategy, aimed at creating a more conducive environment for economic activity and growth.



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Members should strongly support these structural reforms, recognizing their potential to drive economic growth and improve public service delivery.

Conclusion

In conclusion, the National Treasury's budget reflects our commitment to fiscal sustainability, economic growth, and the well-being of all South Africans. As we move forward, we must remain united in our efforts to ensure accountable, economical, efficient, equitable, and sustainable management of our public finances.

Let us work together to build a prosperous future for South Africa.

I thank you.