

SOUTH AFRICA
BUDGET 2025
SPEECH

REBUILDING TOGETHER

PUBLIC HEARINGS: **BUDGET 3.0**

**Joint Standing and Select Committees
on Finance**

28 May 2025



#SABudget_2025

Presented by: Mr Lesedi Seforo | Mr Pieter Faber

01 Budget 3.0 or 2.5?

02 Building a good foundation

03 Accelerating the building process

To be read with our
25 March 2025
submission and
presentation

BUDGET 3.0 or 2.5?



BUDGET 3.0 or 2.5?

*“Following these events and subsequent government deliberations, the **Minister of Finance is tabling a revised budget and fiscal framework**. This May 2025 Budget Overview revises government’s spending plans and updates the macroeconomic, fiscal and debt projections. It is intended to be an introduction to the 2025 Budget, highlighting new proposals.*

*The Overview should be read in conjunction with the March 2025 Budget Review, which is **re-tabled** as a key policy reference. Areas where no substantive changes have been made, such as Chapter 8 of the Budget Review, are not discussed in this booklet.” (emphasis added)*

Was Budget 3.0 an original Budget or an amended Budget?



BUDGET 3.0 or 2.5?

Why its important!



- Budget is a Parliamentary process
- “Budget Announcement” is used as legal effective date for various legislative and tax changes and requires legal certainty
- “Combined budget” seems to have numerical anomalies e.g. fuel levies
- “Combined budget” has made it difficult to determine what applies and what does not and from which date
- Western Cape High Court order merely set aside the Parliamentary process relating to the fiscal framework, not the framework itself

RECOMMENDATION

1. Parliament should confirm and clarify to the public the legal status of Budget 2.0 on 12 March 2025 and Budget 3.0 on 21 May 2025.
2. We recommend that for all fiscal legislation in 2025, effective dates should not refer to the “Budget Announcement” but a specified date to avoid confusion.

BUILDING A GOOD FOUNDATION

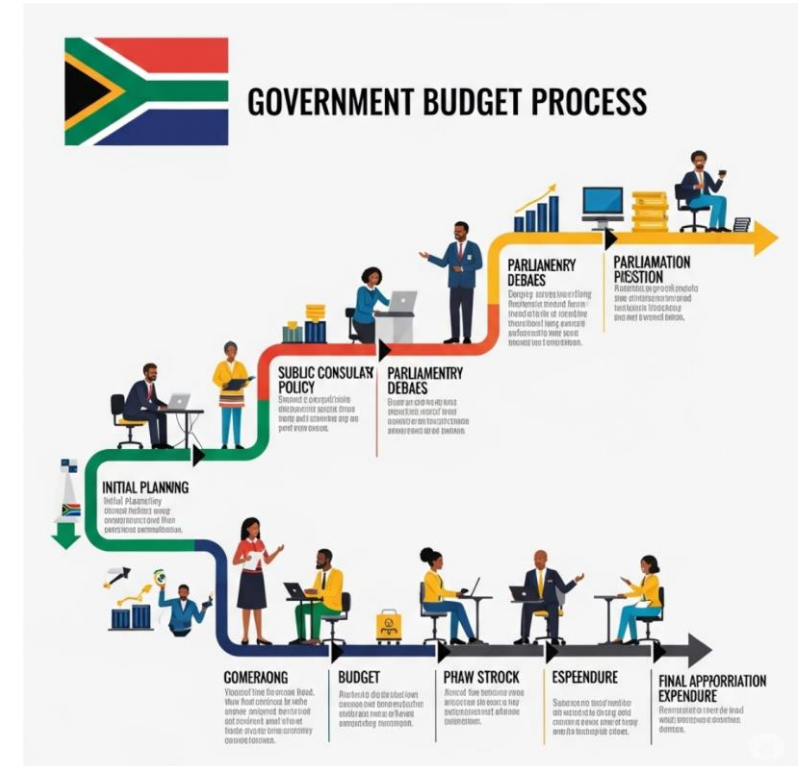


BUILDING A GOOD FOUNDATION

BRICK 1: BUDGET PROCESS

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- Budget process review
- More participation coming?
- Fiscal sustainability enforcement measures



- Broader accountability needed
- Capacitation of fiscal clusters
- NEDLAC et al?
- Budget input and application accountability?



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BRICK 2: CREDIBILITY OF THE BUDGET

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“The key test of credibility was whether the Treasury would stick to its fiscal targets, particularly to stabilise debt. Fiscal consolidation was still in place”

Minister Enoch Godongwana 30 April 2025



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“The key test of credibility of the South African Government and Parliament [Treasury] whether it would deliver services to the people whilst sticking to its fiscal targets, particularly to stabilise debt. Fiscal consolidation was still in place”

Budget Anomalies and Risk:

- ☐ How realistic are the Budget Estimates submitted?
- ☐ How realistic is estimate of the impact of spending?
- ☐ Post Budget bailouts?
- ☐ Unallocated Budget?
- ☐ Where is provision for high risk contingent liabilities?
- ☐ Inability of government to reconcile Budget to performance and outcomes



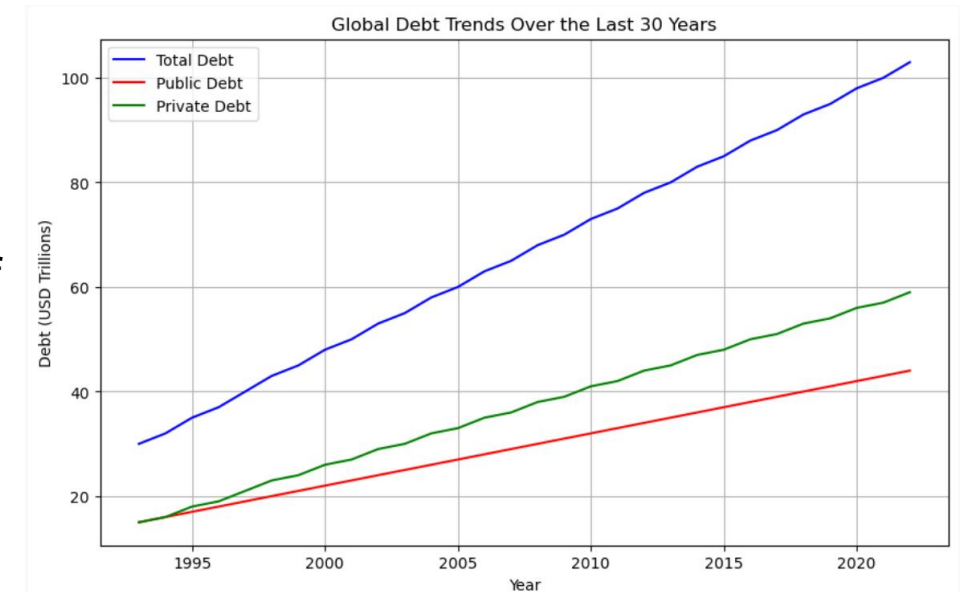
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BRICK 3: WHY CONTROL DEBT?

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**FULLY SUPPORT THE MINISTER TO STABILISE
DEBT AS FISCAL PEROGATIVE**

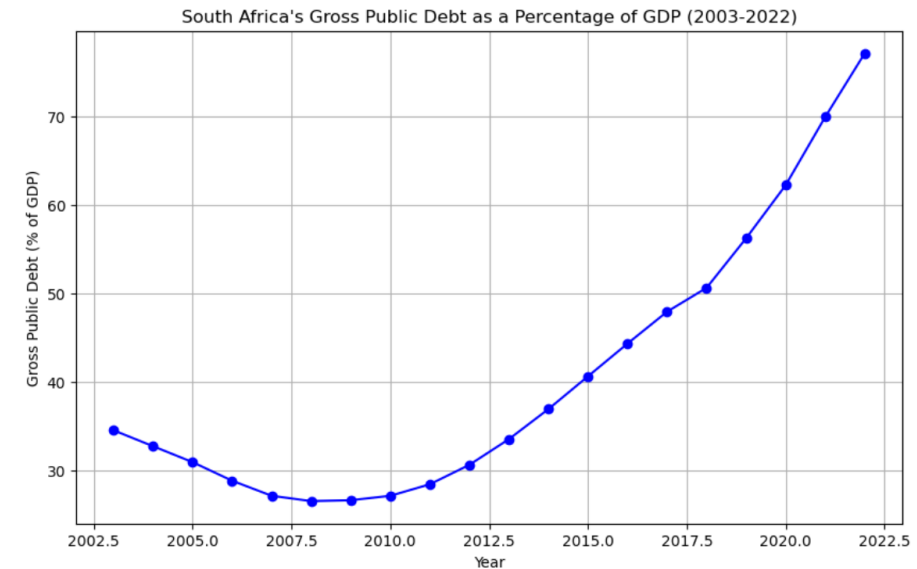
- Not the first time we have to do this due to unsustainable spending
- Gives control of your own political choices and priorities
- Ensures future generations don't suffer due to the fiscal mistakes of this generation
- Minimises wastage in the form of debt costs and directs fiscal resources to needs of the people
- Shows a responsible government that seeks to be efficient
- Increase Sovereign ratings and makes necessary debt cheaper



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WHY CONTROL DEBT? - REALITY

- Debt is at most only keeping steady growth rate. It is not on a declining trend under current fiscal path
- Unlike 1994- 2008, political will is waning quickly to keep to the path
- Numerous “contingent liabilities” with high chance of realising excluded from the debt path:
 - Legal claims against the State
 - SoE debt and bailouts risk
 - Local government debt risk



RECOMMENDATION

1. Parliament should assist and support the Minister in formulating an appropriate Budget Process for SA
2. Parliament should better assist the Minister to hold departments and entities accountable for what they submit for the budget and the outcomes they produce with it
3. Parliament should provide the necessary political will to realize stabilised and reduced debt but also ensure accountability to ensure debt and contingent debt estimates are complete

SPEEDING UP THE BUILDING PROCESS



ECONOMIC OUTLOOK



Budget 2.0

R13 billion cut in additional spend !

Budget 3.0

Table 5.2 Spending additions funded over the MTEF period

R million	2025/26	2026/27	2027/28	MTEF total
Infrastructure investment	14 104	15 833	16 741	46 678

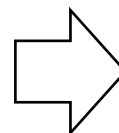
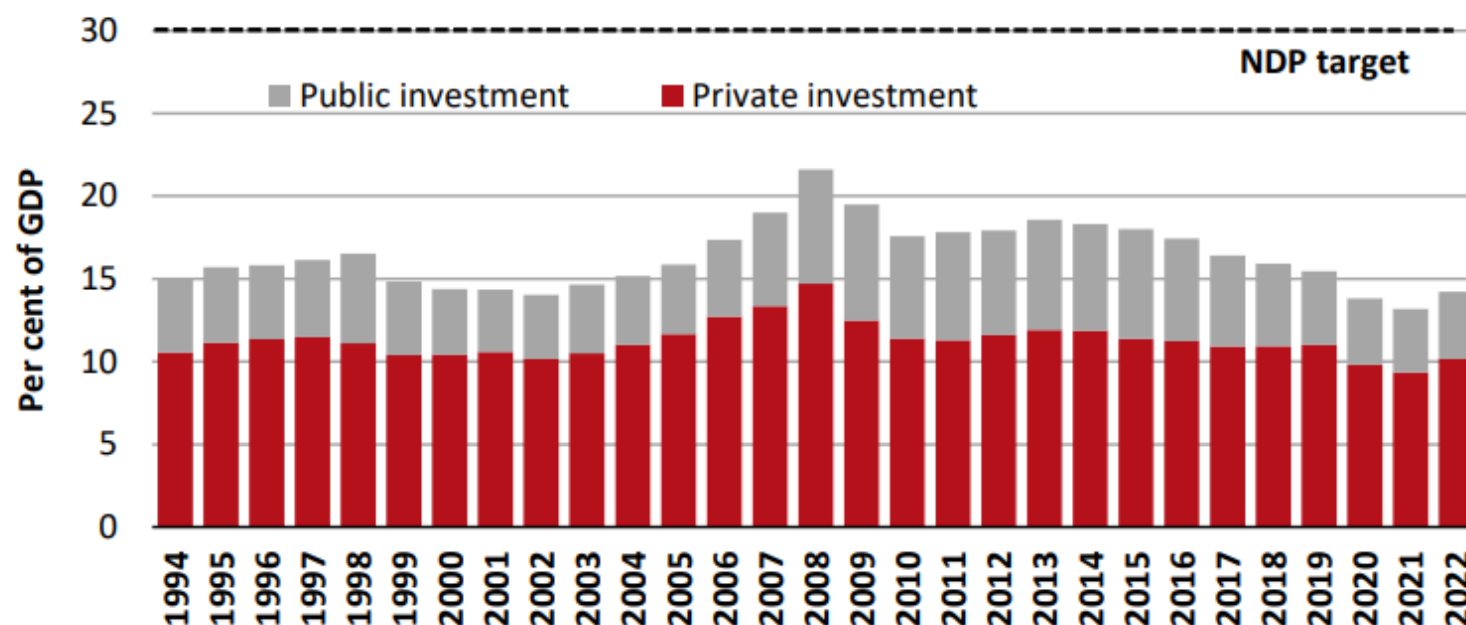


Table 5.2 Spending additions funded over the MTEF period

R million	2025/26	2026/27	2027/28	MTEF total
Infrastructure investment	7 950	13 920	11 863	33 732

- Large portions of infrastructure spend allocated to SoE's. Effective?
- Over-optimistic expectations of economic growth results because:
 - Impact of private sector investment is historically greater than public sector
- Business confidence up, BUT:
 - Other key policy considerations may need to be revisited to boost foreign direct investment especially.

Figure D.1 Public- and private-sector capital investment as a share of GDP, 1994–2022*



*All GDP data in this annexure is recalculated in line with Statistics South Africa's 2021 rebasing and

REVENUE ESTIMATES



- Minister expects SARS to collect R35 billion from additional SARS allocations.
- Additional SARS allocations always welcomed. **BUT**
- Greater SARS pressure usually leads to SARS 'heavy-handedness.'
- Concerns
 - Delayed refunds
 - SARS timeframes not met
 - Quicker garnishees

REVENUE ESTIMATES

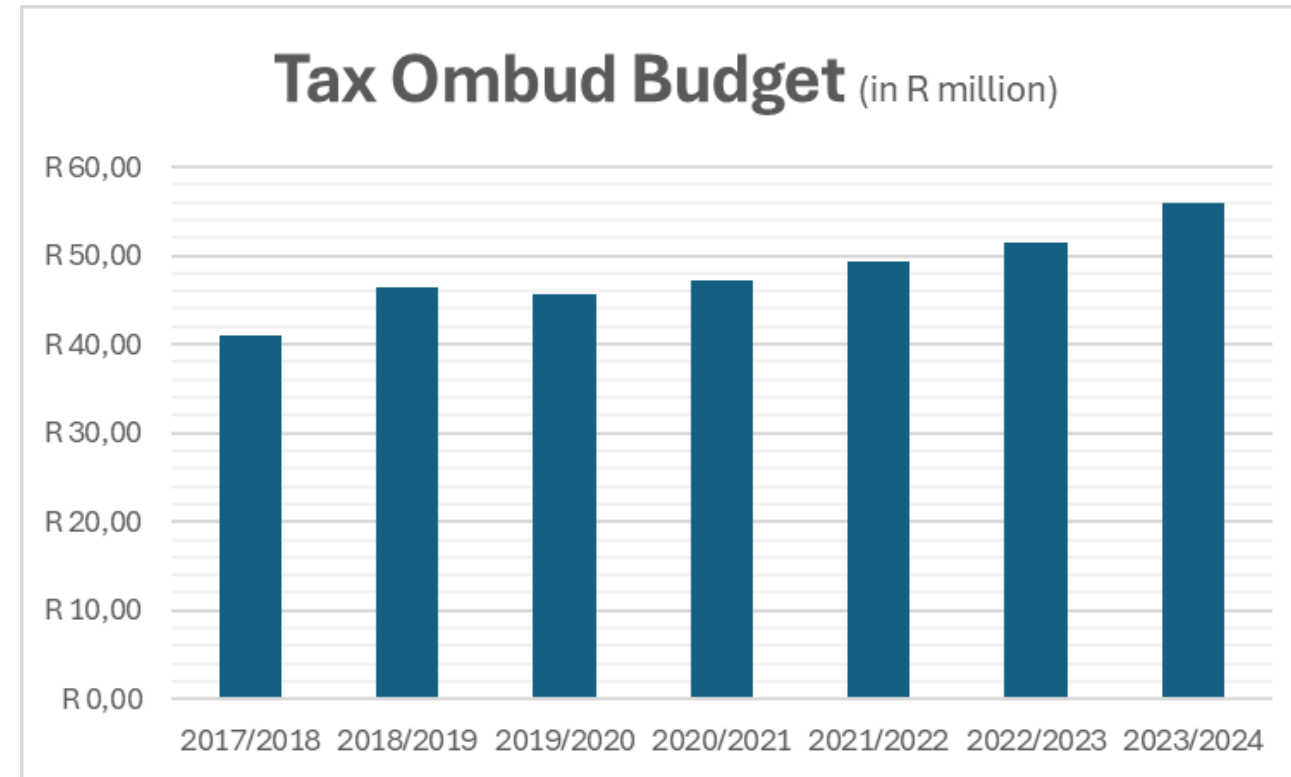
SARS funding and taxpayer rights

Office of the Tax Ombud:

- 40 staff members – has remained constant over past 5 years
- Complaints against SARS: 3 372 (2020) to 4 618 (2024).
- Public contacting OTO: 5904 (2016) to 17 014 (2024).

RECOMMENDATION

Tax Ombud funding allocation must increase to balance taxpayer rights with SARS powers.



EXPENDITURE ESTIMATES



- Difficult trade-offs are necessary, as noted by Minister (Agree)
- We support efforts to reduce deficits by reducing expenditure, as noted by FFC at 27 May SCoF hearing. **BUT**

	R'billion		
	Budget 1.0	Budget 2.0	Budget 3.0
Learning and culture	508,7	508,7	505,7
Health	298,8	298,8	296,2
Social development	427	422,4	420,2
Community development	286,6	286,6	280,5
Peace and security	267,7	266,2	263,2

Health and Education expenditure cannot form part of that list.

R'000

	Budget 1.0	Budget 2.0	Budget 3.0
Political party funding	R 335 521	R 335 521	R 335 521
VIP Unit	R 4 342 246	R 4 342 246	R 4 342 246

Luxury items, however small, seem prioritised over core services.

- Financing for political parties and police VIP protection expenses?
 - Untouched
- Health and Education?
 - Substantial cuts
- Young doctor quoted by the Minister, **BUT**

How many pairs of surgical gloves could be bought for R335m?

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