



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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# SPEECH BY DEPUTY MINISTER OF FINANCE

## REMARKS BY DEPUTY MINISTER, ASHOR SARUPEN, AT THE FW DE KLERK FOUNDATION'S CONSTITUTIONAL RIGHTS CONFERENCE

24 July 2025

### INTRODUCTION

Good day ladies and gentlemen.

Today's address highlights how infrastructure, budget allocations, public debt management, and the G20's inclusive economy priorities under South Africa's presidency come together to foster inclusive growth in South Africa.

South Africa continues to be one of the most unequal countries in the world and over the past decade, deteriorating infrastructure, electricity disruptions, crime, corruption, weak investment and poor education outcomes have reduced the economy's growth potential.

### INFRASTRUCTURE

Infrastructure is a key driver of economic growth and job creation.

As part of the government's medium-term economic strategy, over R1 trillion has been allocated to infrastructure over 3 years, focusing on sectors such as energy, transport, water and sanitation.

This significant investment aims to address constraints that undermine productivity and job creation, ultimately leading to a positive impact on employment, poverty and inequality.

A scenario analysis presented in the 2025 Budget Overview shows that rapid investment in infrastructure could increase South Africa's real GDP growth to 2.7 per cent in 2025, compared to the baseline growth rate of 1.4 per cent.



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Several reforms are underway to assist the government in delivering infrastructure and encouraging private-sector investment:

- The Budget Facility for Infrastructure (BFI) is being strengthened to develop a pipeline of projects that can attract funding. It will run multiple appraisal windows while managing fiscal exposure and risks.
- New PPP regulations, which took effect from 1 June 2025, have simplified processes and introduced supporting frameworks for unsolicited proposals.
- A single structure overseen by the National Treasury will be established this year to coordinate state participation in project preparation and planning, PPPs, funding and credit guarantees.

### BUDGET ALLOCATIONS

Government spending remains highly redistributive, with 61 per cent of the budget allocated to the social wage, which includes spending on health, education, social protection, community development and employment programmes. This allocation reflects our commitment to supporting low-income and vulnerable households while maintaining fiscal discipline.

Investing in education and health is vital for promoting long-term equality.

The provincial education sector baseline over the 2025 MTEF is R1.04 trillion, while the provincial health sector budget is R845 billion over the same period. Additional resources have been provisionally allocated to expanding early childhood development and retaining workers in the education and health sectors.

Social grants continue to increase, providing essential support to vulnerable groups.



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There are several employment and active labour market programmes that create jobs, support the temporarily unemployed and encourage entrepreneurship.

The social protection and employment support programmes are currently being reviewed. To achieve all our national priorities, we need to realise greater efficiencies in government spending. To improve the efficiency and effectiveness of public sector spending, we need to apply the emerging insights from spending reviews which have been undertaken.

Operation Vulindlela (OV) entered its second phase in May 2025. While building on existing reforms, it has expanded into new reform areas that are critical for inclusive and sustained economic growth.

The new reform areas include:

- Strengthening local government and improving the delivery of basic services.
- Driving digital transformation to support service delivery.
- Creating dynamic and integrated cities to enable economic activity. The spatial reforms will reduce transport costs and connect people to opportunity.

### PUBLIC DEBT MANAGEMENT

For the first time since the 2000s, the government is consistently running a primary surplus, where revenue exceeds non-interest expenditure. Through a growing primary surplus, the public debt-to-GDP ratio will stabilise this year, marking an important turning point in our public finances. Interest payments remain a significant burden, consuming 22 per cent of revenue in 2025/26.



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Reversing the upward trend of interest payments will allow government to spend less on debt service costs and more on essential services such as education and health, which are critical in closing the inequality gap. As public finances stabilise and fiscal targets are achieved, government has been exploring the implementation of strong fiscal policy anchors. These measures will help prevent a recurrence of the cycle of high spending, high deficits and high debt.

### G20 INCLUSIVE ECONOMY PRIORITIES

The theme of South Africa's G20 presidency is solidarity, equality, sustainability.

The G20 countries play a pivotal role in addressing global challenges such as poverty, inequality and job creation. South Africa's G20 presidency has created a task force to deliver a set of policies/principles for inclusive economic growth, employment creation and the fight against inequality.

### CONCLUSION

The 2025 Budget highlights government's commitment to achieving key milestones, including stabilising debt as a percentage of GDP in 2025/26, maintaining a sustained primary surplus and continued investment in the social wage and infrastructure.

Government continues to lay the foundation for long-term growth through increased investment in infrastructure and the implementation of structural reforms. It is also allocating resources to support the most vulnerable members in society. Prudent fiscal and debt management will create the fiscal space needed to spend more on essential services. Our G20 leadership promotes an environment that is conducive to inclusive growth. These are important steps towards achieving inclusive and sustainable growth in South Africa.

Thank you.