



20  23

**MEDIUM TERM
BUDGET POLICY
STATEMENT
(MTBPS)**

**STAYING THE COURSE FOR
GROWTH AND SOUND
PUBLIC FINANCES**



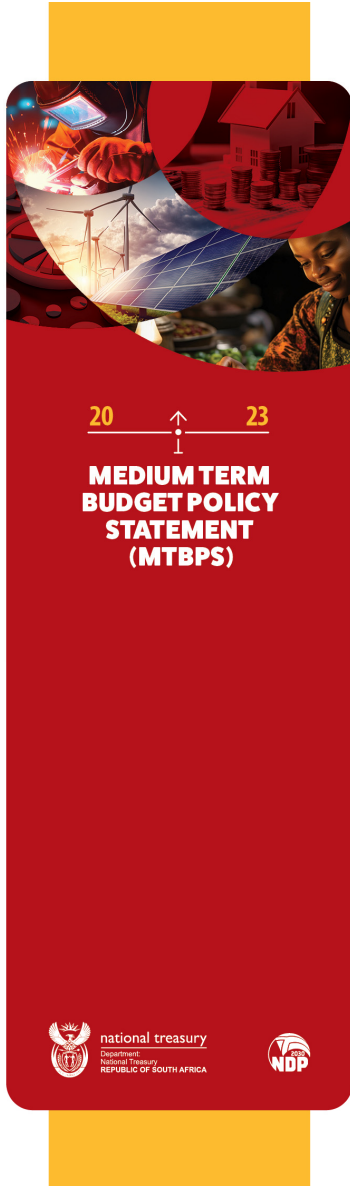
national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Overview

- The 2023 Medium Term Budget Policy Statement (MTBPS) strikes a careful balance between supporting a growth-enhancing agenda and stabilising the public finances, while maintaining support for the most vulnerable.
- The medium-term economic growth outlook remains constrained by inadequate electricity supply and freight rail capacity and a weaker global outlook that is less supportive of South Africa's growth prospects.
- Over the next three years, government will focus on raising GDP growth by improving the provision of electricity and logistics, enhancing the delivery of infrastructure and restructuring the state to be efficient and fit-for-purpose. Fiscal policy continues to support this approach by stabilising debt and debt-service costs.
- Fiscal policy will pursue a balanced approach that includes spending restraint, revenue measures and additional borrowing.
- Tax revenue collection, however, is projected to fall short of 2023 Budget estimates by R56.8 billion in 2023/24 and R121.4 billion between 2024/25 and 2025/26, with tax buoyancies generally lower over the medium term.
- Reconfiguration of the state will commence over the medium term. The 2024 Budget will propose measures to reconfigure government programmes based on the outcome of previous spending reviews.
- The outlook for the public finances is vulnerable to a range of domestic and external risks. The fiscal strategy helps government to mitigate the risks.



Global economic outlook

Economic growth in selected countries

Region/country	2021	2022	2023	2024	2025
	Actual		Forecast		
World	6,3	3,5	3,0	2,9	3,2
Advanced economies	5,6	2,6	1,5	1,4	1,8
United States	5,9	2,1	2,1	1,5	1,8
Euro area	5,6	3,3	0,7	1,2	1,8
United Kingdom	7,6	4,1	0,5	0,6	2,0
Japan	2,2	1,0	2,0	1,0	0,7
Emerging and developing countries	6,9	4,1	4,0	4,0	4,1
China	8,5	3,0	5,0	4,2	4,1
India	9,1	7,2	6,3	6,3	6,3
Brazil	5,0	2,9	3,1	1,5	1,9
Russia	5,6	-2,1	2,2	1,1	1,0
Sub-Saharan Africa	4,7	4,0	3,3	4,0	4,1
Nigeria	3,6	3,3	2,9	3,1	3,1
South Africa ¹	4,7	1,9	0,8	1,0	1,6
World trade volumes	10,9	5,1	0,9	3,5	3,7

1. National Treasury forecasts

Source: IMF World Economic Outlook, October 2023

- Global growth outlook is weaker than previously expected with risks to the outlook tilted to the downside.
- The IMF has lowered its global growth forecast to 3 per cent in 2023 and 2.9 per cent in 2024.
- Downward revisions reflect softer manufacturing activity in major advanced economies while near-term growth in emerging markets is expected to be more resilient owing to buoyant industrial activity in Brazil and India. Growth in China, our largest trading partner, is expected to also slowdown.
- The weaker outlook for China and lower commodity prices alongside elevated risks of US interest rates makes the global environment less supportive of South Africa's external demand growth path.

20 ↑ 23
MEDIUM TERM
BUDGET POLICY
STATEMENT
(MTBPS)

Domestic economic outlook

Macroeconomic performance and projections

Calendar year	2020	2021	2022	2023	2024	2025	2026
Percentage change	Actual			Estimate	Forecast		
Final household consumption	-6,1	5,8	2,5	0,8	1,4	1,5	1,7
Final government consumption	0,9	0,5	1,0	0,6	-3,2	-0,5	0,2
Gross fixed-capital formation	-14,6	0,6	4,8	6,2	3,6	4,6	3,4
Gross domestic expenditure	-7,6	4,8	3,9	1,6	1,0	1,6	1,7
Exports	-12,0	9,1	7,4	4,2	2,1	2,6	3,1
Imports	-17,6	9,6	14,9	7,1	2,1	2,7	2,9
Real GDP growth	-6,0	4,7	1,9	0,8	1,0	1,6	1,8
GDP inflation	5,3	6,5	4,8	4,0	4,3	4,7	4,6
GDP at current prices (R billion)	5 568,0	6 208,8	6 628,6	6 947,3	7 321,4	7 786,8	8 288,7
CPI inflation	3,3	4,6	6,9	6,0	4,9	4,6	4,5
Current account balance (% of GDP)	1,9	3,7	-0,5	-2,4	-3,0	-3,0	-3,1

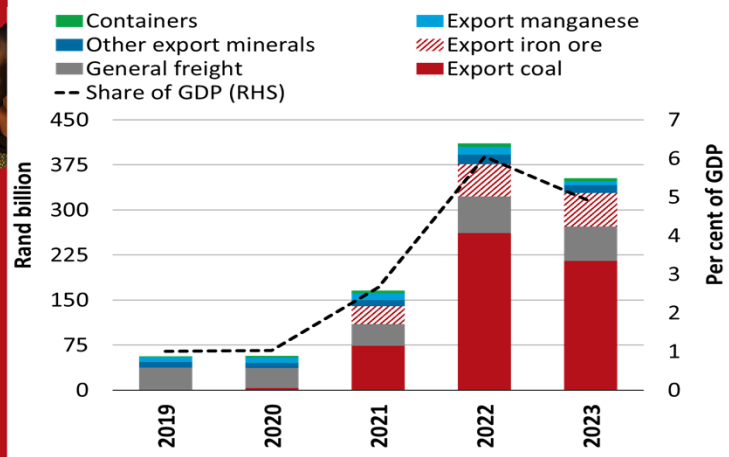
Source: National Treasury, Reserve Bank and Statistics South Africa

- Real GDP growth of 0.8 per cent is forecast in 2023, compared with 0.9 per cent projected in the 2023 Budget Review. Growth is projected to average 1.4 per cent over 2024 to 2026.
- Relative to the 2023 Budget, the weaker projection for 2023 mainly reflects lower household consumption expenditure due to higher inflation and interest rates, and lower net exports.
- Power cuts are expected to continue for the remainder of this year and to gradually ease thereafter. Faster, determined implementation of energy and logistics reforms remain critical to boosting economic growth.

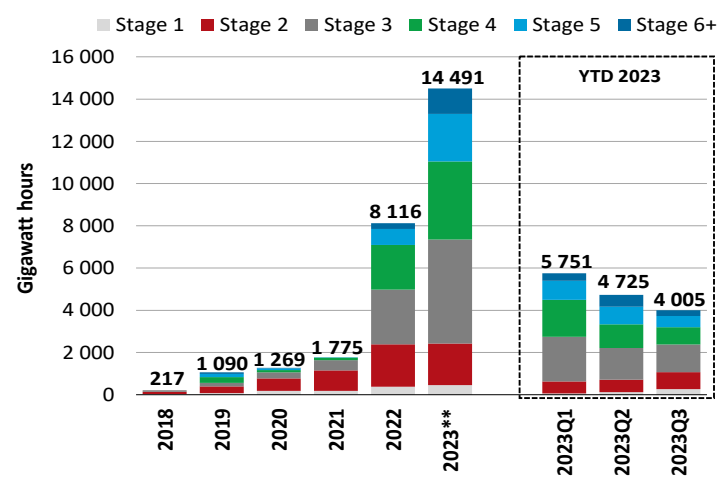
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 BUDGET POLICY
 STATEMENT
 (MTBPS)**

Significant underperformance in network industries

Economic cost of rail inefficiencies



Load-shedding by stages*

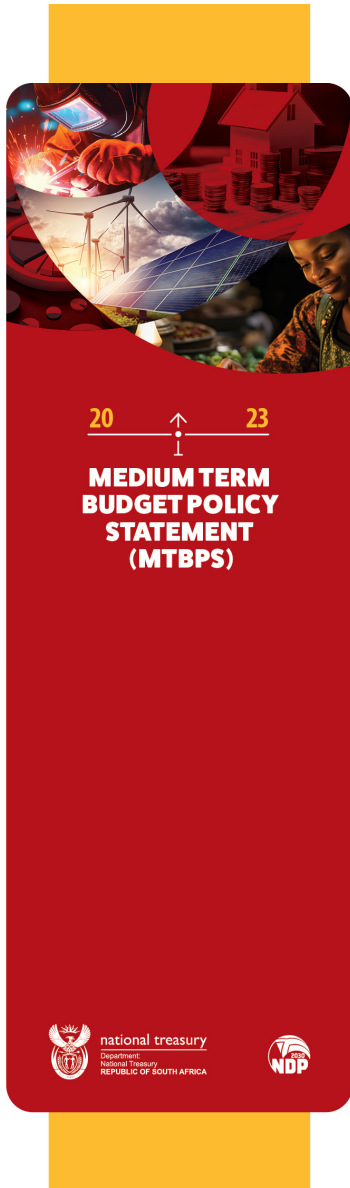


*Stage 6+ includes incidences where manual load reduction exceeded 5 000 MW
 **Includes data until 30 September 2023

- Transnet's declining rail performance threatens the economy - operational failures, theft and vandalism, and deteriorating infrastructure conditions. The cost of rail inefficiencies on the economy has been high.
- The National Logistics Crisis Committee aims to improve the operational performance of freight rail and ports and implement reforms to create an efficient, competitive and modern freight logistics system.
- Total Eskom power cuts to end-September 2023 already exceed the figure for all of 2022. However, load-shedding hours have declined quarter by quarter in 2023 due to improved plant performance.
- Additional capacity of over 11 000 megawatts (MW) from a range of renewable sources is expected over the next three years, and this should sharply curtail power cuts.

Medium-term fiscal strategy

- Government's medium-term fiscal policy objective remains unchanged: achieve fiscal sustainability, support economic growth and reduce fiscal and economic risks.
- Fiscal consolidation will be implemented through spending reductions, efficiency measures across government and moderate tax revenue measures.
- Key elements of the medium-term fiscal strategy include the following:
 - Realising a primary budget surplus in the current year, meaning that revenue will exceed non-interest spending for the first time since 2008/09.
 - Stabilising debt to enable government to arrest the trend of rising debt-service costs. Debt will stabilise in 2025/26 as originally intended. Debt-service costs will peak as a proportion of revenue in 2026/27.
 - Protecting social protection spending
 - Implementing a reconfiguration of government functions
 - Keeping the composition of spending broadly in line with existing policy
 - Introducing moderate revenue increases to support fiscal consolidation, while limiting the negative effects on the economy.
 - Developing new fiscal anchors to ensure sustainable public finances. Work on these is under way, and an update will be provided in the 2024 Budget.



Impact of proposed fiscal consolidation measures

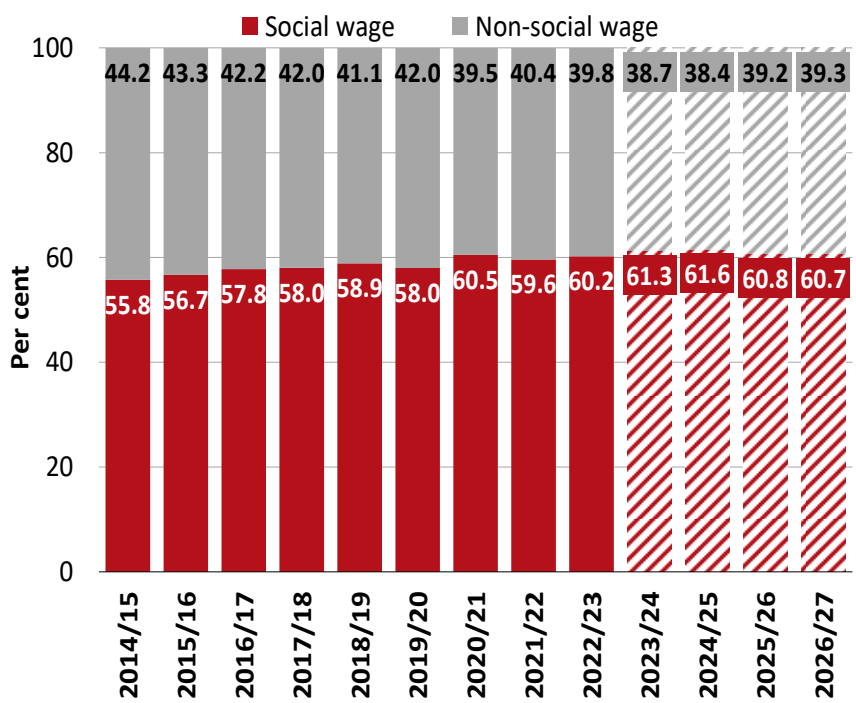
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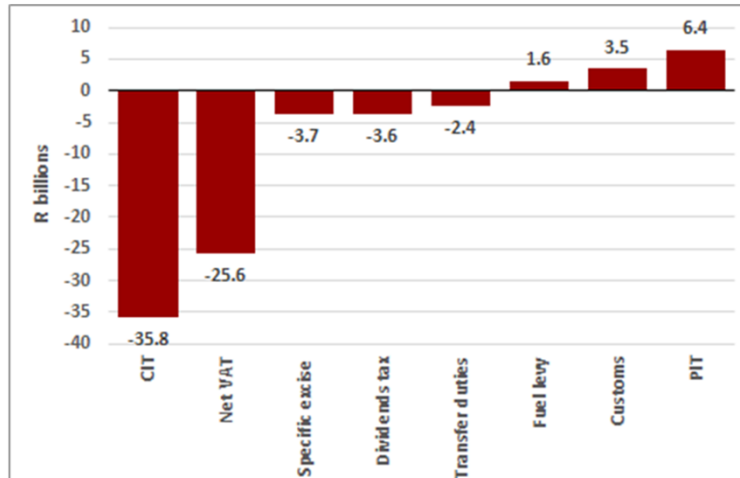
Composition of consolidated non-interest expenditure



- The proposed fiscal consolidation measures and will seek to maintain the share of the social wage.
- Over the medium term, these measures will include the reconfiguration of government, with the merging or closure of public entities resulting in a reduction in transfers to such entities.
- Together, these targeted measures are expected to result in savings and long-term gains from improvements in the efficiency of public spending and budget allocations.
- This is key to managing the public finances in a prudent and responsible way and will also support longer-term economic growth.
- Over the 2024 MTEF period, 61 per cent of consolidated non-interest spending goes to the social wage. In this regard, vulnerable households continue to receive support.

In-year revenue outlook

Gross tax revenue estimates compared to the 2023 Budget



- Revenue collections over the first half of 2023/24 were 2.4 per cent higher than the same period last year.
- Falling corporate tax collections alongside stronger VAT refund payments contribute to a weaker near-term revenue outlook.
- Compared to the 2023 Budget, the gross tax revenue estimate for 2023/24 is projected to be R56.8 billion lower.

- Lower commodity prices, weaker global growth, increased incidence of power cuts and logistical constraints have weighed heavily on mining sector corporate tax collections.
- VAT refund payments are expected to exceed 2023 Budget estimates due to stronger-than-expected exports, increased investments in embedded generation, and higher costs of doing business.
- More sustainable economic growth is required for the tax-to-GDP ratio to increase beyond the 24.7 per cent estimated for 2023/24.



20 ↑ 23
**MEDIUM TERM
 BUDGET POLICY
 STATEMENT
 (MTBPS)**

Medium-term revenue outlook

- Medium-term revenue prospects are weaker than previously anticipated following underperformance in near-term collections and downward revisions to growth in major tax bases.
- Windfall tax receipts have ended as commodity prices contracted sharply, and increased refund payments to VAT vendors is expected.
- Revenue measures to raise an additional R15 billion will be announced in the 2024 Budget to support fiscal consolidation, while limiting the negative economic effects.
- Improved tax revenue collections over the medium to long term are reliant on stronger economic growth and further gains in tax administration.

Revised gross tax revenue projections

R billion	2023/24	2024/25	2025/26	2026/27
2023 Budget	1 787.5	1 907.7	2 043.5	
<i>Buoyancy</i>	<i>1.06</i>	<i>1.06</i>	<i>1.09</i>	
Revised estimates	1 730.7	1 854.0	1 975.8	2 111.9
<i>Buoyancy</i>	<i>0.61</i>	<i>1.15</i>	<i>1.07</i>	<i>1.05</i>
Change since 2023 Budget	-56.8	-53.7	-67.6	

Source: National Treasury



In-year expenditure adjustments since the 2023 Budget

Revisions to non-interest expenditure for 2023/24

R million	2023/24
Non-interest expenditure (2023 Budget Review)	1 694 120
Upward expenditure adjustments	29 422
Allocation for the 2023/24 wage increase	23 558
<i>Provincial departments</i> ¹	17 558
<i>National departments</i> ²	6 000
Other allocations in the AENE ³	5 864
Downward expenditure adjustments	-33 130
Downward revisions to baselines ⁴	-21 726
Projected underspending	-3 297
Drawdown on contingency reserve	-4 642
Net other downward adjustments ⁵	-3 464
Revised non-interest expenditure (2023 MTBPS)	1 690 412
Change in non-interest expenditure from 2023 Budget	-3 707

1. *Departments of education and health*

2. *Departments of police, defence and correctional services*

3. *2023 Adjusted Estimates of National Expenditure*

4. *National government, and provincial and local government conditional grants*

5. *Declared unspent funds and drawdown to provisional allocations not assigned to votes*

Source: National Treasury

- Relative to the 2023 Budget, main budget non-interest expenditure decreases by R3.7 billion in 2023/24.
- This mainly reflects the proposed reductions to baselines, as well as declared unspent funds, projected underspending, drawdowns of the contingency reserve and provisional allocations not assigned to votes.
- Funds are provided for the 2023/24 wage increase in labour-intensive sectors.
- Additional funds are also provided for disaster relief and other unforeseen and unavoidable events
- Other departments are expected to absorb the wage increase within their baselines.
- This will include managing headcounts, such as by implementing controls on payroll systems to ensure executive authorities operate within their budgets when creating and filling vacant posts.

20 ↑ 23
**MEDIUM TERM
 BUDGET POLICY
 STATEMENT
 (MTBPS)**

Changes in the next two years' main budget non-interest expenditure since 2023 Budget

Changes to main budget non-interest expenditure

R million	2024/25	2025/26	Total
Non-interest expenditure (2023 Budget)	1 775 105	1 869 432	3 644 536
Additions to baselines and provisional allocations	62 913	65 437	128 350
2023/24 wage increase carry-through costs	27 886	29 285	57 171
<i>Provincial departments</i> ¹	21 604	22 712	44 315
<i>National departments</i> ²	6 283	6 573	12 856
COVID-19 social relief of distress grant	33 587	–	33 587
Provisional allocation for social protection	–	35 169	35 169
Olifants management model: Phase 2b and 2b+	1 440	983	2 422
Downward non-interest spending adjustments	-100 170	-113 174	-213 344
Reductions to baselines and provisional allocations	-63 721	-69 853	-133 575
Change in reserves and other adjustments ³	-35 009	-42 338	-77 347
Drawdown of Infrastructure Fund for Olifants management model	-1 440	-983	-2 422
Revised non-interest expenditure (2023 MTBPS)	1 737 848	1 821 695	3 559 543
Change in non-interest expenditure from 2023 Budget	-37 256	-47 737	-84 994

1. Departments of education and health

2. Departments of police, defence and correctional services

3. Includes drawdown of 2023 Budget unallocated reserves, increase in 2025/26 contingency reserve and revisions to skills development levy projections

Source: National Treasury

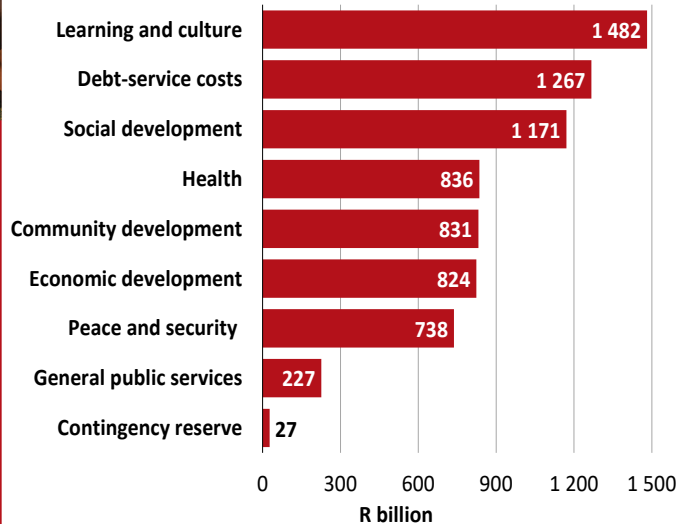
Over the next two years, main budget non-interest expenditure will decrease by a net R85 billion compared with the 2023 Budget. This consists of:

- Proposed reductions of R213.3 billion, including R133.6 billion from reducing department baselines and provisional allocations not assigned to votes. The other reductions are mainly from a drawdown of the 2023 Budget unallocated reserves, partially offset by the R2.6 billion increase in the contingency reserve in 2025/26.
- Spending additions of R128.4 billion, including R57.2 billion for the carry-through costs of the 2023/24 wage increase in labour-intensive sectors and R33.6 billion to extend the COVID-19 social relief of distress grant by another year.
- A provisional allocation of R35.2 billion is set aside for 2025/26 to preserve the credibility of the fiscal framework.

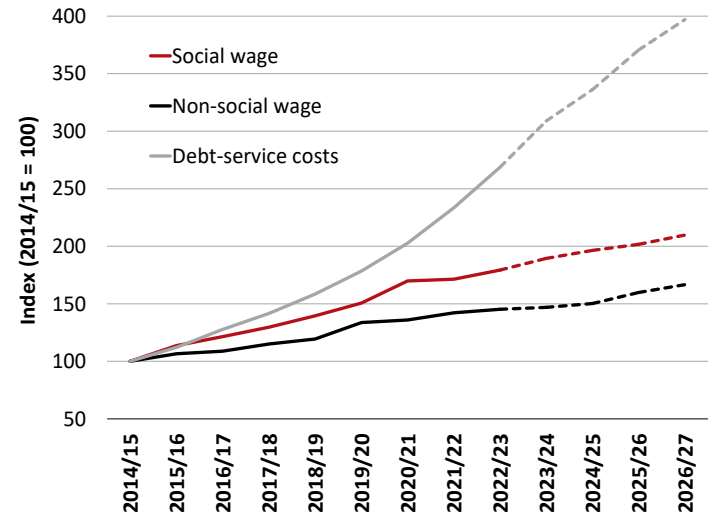
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BUDGET POLICY
STATEMENT
(MTBPS)

Government expenditure priorities

Total consolidated government expenditure, 2024/25 — 2026/27



Consolidated government expenditure components



- Over the next three years, government is projected to spend R7.41 trillion. Although expenditure growth has slowed in recent years, the bulk of spending remains focused on the social wage, primarily for healthcare, education and social protection.
- Debt-service costs, estimated at R1.3 trillion, exceed all individual consolidated spending sectors by function, reflecting the increasing extent to which these payments crowd out spending on basic services and other policy priorities.
- Targeted revisions to spending include additional allocations to labour-intensive sectors to support implementation of the 2023 public-service wage agreement. Most national and provincial departments will absorb the carry-through costs of the 2023 public-service wage agreement and will reprioritise spending for other priorities.
- Funds from existing programmes will be repurposed to extend the presidential employment initiative in 2024/25.
- To maximise the value of spending, government needs to contain costs, exercise prudent financial management and eliminate wasteful treatment of public funds and resources.

20 ↑ 23
**MEDIUM TERM
 BUDGET POLICY
 STATEMENT
 (MTBPS)**

Consolidated expenditure by economic classification

Table 4.3 Consolidated expenditure by economic classification¹

R billion	2022/23	2023/24	2024/25	2025/26	2026/27	Average annual growth 2023/24 – 2026/27
	Outcome	Revised	Medium-term estimates			
Current payments	1 292.5	1 395.4	1 446.3	1 528.0	1 602.1	4.7%
Compensation of employees	689.1	724.3	740.2	768.8	804.7	3.6%
Goods and services	286.1	307.5	310.9	324.0	331.8	2.6%
Interest and rent on land	317.2	363.6	395.3	435.1	465.6	8.6%
<i>of which: debt-service costs</i>	308.5	354.5	385.9	425.5	455.9	8.7%
Transfers and subsidies	720.6	751.4	774.9	788.4	818.3	2.9%
Provinces and municipalities	165.5	172.1	182.9	191.5	197.8	4.8%
Departmental agencies and accounts	26.7	27.3	24.1	24.2	25.8	-1.9%
Higher education institutions	53.5	51.3	55.6	56.3	58.9	4.7%
Foreign governments and international organisations	3.3	3.3	3.5	3.6	3.8	4.2%
Public corporations and private enterprises	39.7	42.9	40.3	42.2	42.8	0.0%
Non-profit institutions	40.6	42.8	39.5	41.1	42.9	0.1%
Households	391.3	411.6	429.1	429.4	446.2	2.7%
Payments for capital assets	85.4	110.9	122.9	145.4	149.4	10.4%
Buildings and other capital assets	63.0	81.1	95.2	115.6	120.0	13.9%
Machinery and equipment	22.4	29.8	27.7	29.8	29.5	-0.4%
Payments for financial assets	46.8	3.9	3.4	3.9	4.3	
Total	2 145.2	2 261.6	2 347.5	2 465.7	2 574.1	4.4%
Contingency reserve	–	0.4	5.0	7.6	14.5	
Consolidated expenditure	2 145.2	2 262.0	2 352.5	2 473.3	2 588.6	4.6%

1. Consisting of national and provincial departments, social security funds and public entities

Source: National Treasury

- Spending on payments for capital assets is the fastest-growing item by economic classification

20 ↑ 23
MEDIUM TERM
BUDGET POLICY
STATEMENT
(MTBPS)

Consolidated budget framework

Consolidated government fiscal framework

R billion/percentage of GDP	2022/23	2023/24	2024/25	2025/26	2026/27
	Outcome	Revised	Medium-term estimates		
Revenue	1 898,2 28,2%	1 915,5 27,3%	2 012,6 27,0%	2 139,3 27,1%	2 286,5 27,2%
Expenditure	2 145,2 31,9%	2 262,0 32,3%	2 352,5 31,6%	2 473,3 31,3%	2 588,6 30,8%
Budget balance	-247,0 -3,7%	-346,5 -4,9%	-339,9 -4,6%	-334,0 -4,2%	-302,0 -3,6%
Total gross loan debt	4 765,4 70,9%	5 238,0 74,7%	5 641,3 75,8%	6 133,4 77,7%	6 524,9 77,5%

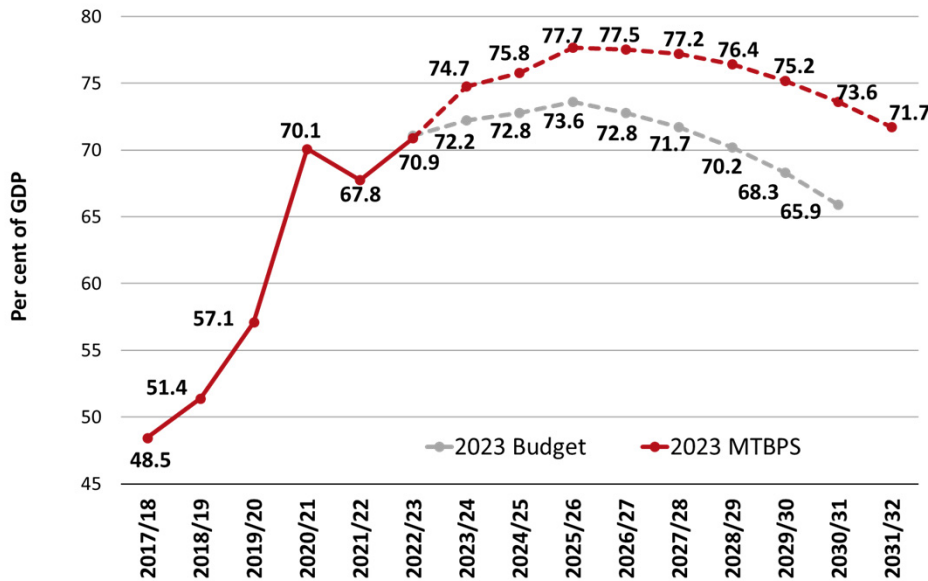
Source: National Treasury

- Consolidated government spending is expected to increase from R2.3 trillion in 2023/24 to R2.6 trillion in 2026/27, growing by an annual average rate of 4.6 per cent. The bulk of spending supports the social wage.
- The consolidated budget deficit is projected to narrow from 4.9 per cent of GDP in 2023/24 to 3.6 per cent of GDP in 2026/27.
- Public entities, social security funds and provinces are projected to have a combined cash deficit over the next two years, adding to the main budget deficit.
- A small combined cash surplus is projected for public entities, social security funds and provinces in 2026/27.

20 ↑ 23
MEDIUM TERM
BUDGET POLICY
STATEMENT
(MTBPS)

Gross debt outlook

Gross debt-to-GDP outlook



- Government’s commitment to restoring the health of the public finances means that the debt-to-GDP ratio is still forecast to stabilise in 2025/26 – although at a higher level than projected in the 2023 Budget.
- To achieve this, a primary budget surplus is projected from 2023/24 and over the medium term.
- Gross loan debt is now expected to stabilise at 77.7 per cent of GDP in 2025/26, compared to 73.6 per cent in the 2023 Budget.
- This increase is mainly due to an increase in the main budget deficit.

20 23

MEDIUM TERM BUDGET POLICY STATEMENT (MTBPS)

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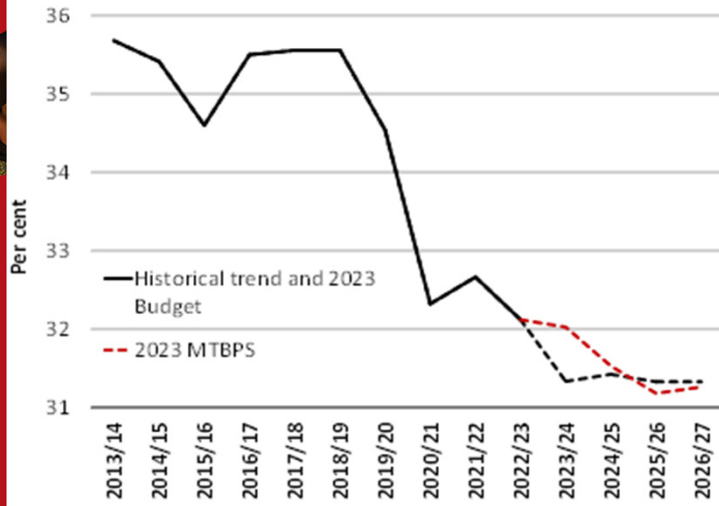
Financing and debt management strategy

- Government continues to finance its borrowing requirement in a prudent and sustainable manner within its strategic risk benchmarks, despite a more challenging environment.
- The weaker economic and fiscal outlook has led to a higher budget deficit, resulting in an increase in debt levels.
- In addition to large redemptions of maturing debt factored into the 2023 Budget, the higher budget deficit puts pressure on the gross borrowing requirement over the medium term.
- To manage these redemptions, government will exchange some of the redemptions expected in the current year and over the medium term for longer-dated bonds as part of the ongoing bond switch programme.
- In 2023/24, government will continue to access concessional funding from international financial institutions to meet its foreign-currency commitments.
- Over the next two years, government will draw down on its foreign exchange balances and continue accessing financing from global financial institutions to meet such commitments.



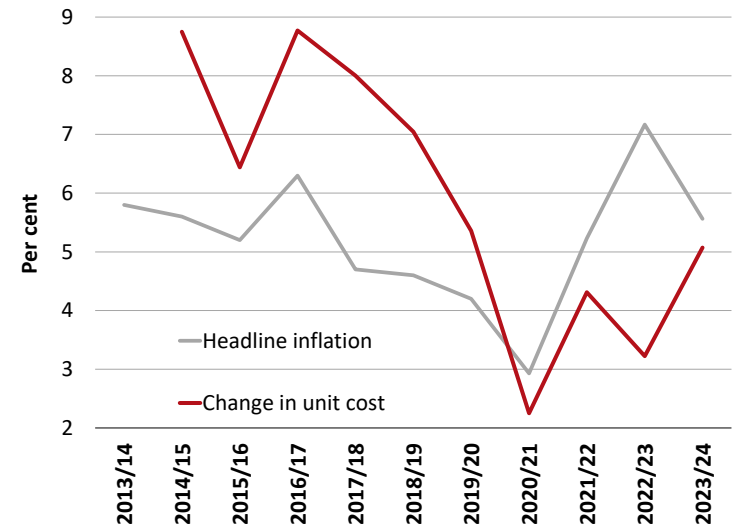
Managing the wage bill

Consolidated wage bill as a share of consolidated government expenditure*



*Includes national, provinces and national public entities wage bill

Unit cost increases: trends vs. headline inflation



- Consolidated wage bill has declined as a share of consolidated government spending from 35.7 per cent in 2013/14 to 32.1 per cent in 2022/23.
- In 2023/24, share increases to 32 per cent in comparison to 31.3 per cent at the time of the 2023 Budget, due to additional funding allocated for the wage increase for select labour-intensive departments, including the carry-through costs over the MTEF.
- Its share is expected to remain contained at below 32 per cent over the MTEF, which is critical for fiscal sustainability



20 23
**MEDIUM TERM
 BUDGET POLICY
 STATEMENT
 (MTBPS)**

Infrastructure delivery

- Over the medium term, government will improve the quantity and quality of infrastructure delivery by significantly increasing the extent to which the private sector is involved in financing infrastructure and providing technical expertise. This will be done through:
 - Widening the scope for concessional borrowing where interest rates are competitive;
 - Creating a new mechanism to facilitate co-investing with the private sector and multilateral institutions on selected infrastructure projects; and
 - Employing alternative financing instruments for priority projects.
- The National Treasury has made progress in implementing recommendations of the PPP framework review to facilitate greater private sector participation in PPP projects.
- The 2024 Budget will outline amendments to Treasury Regulations and key elements of municipal legislation.



Reconfiguration of the state

- In the 2023 State of the Nation Address, the President announced plans to review and reconfigure the structure and size of the state. In this regard, a joint plan to rationalise government departments, entities and programmes over the next three years is being prepared.
- The following criteria will be used to determine whether a department or entity should be closed or merged:
 - The performance and size of the entity or department, especially if it is no longer fulfilling its mandate or does not have capacity to fulfil its mandate.
 - The ability of a larger department to absorb the function(s) of a small department.
 - The duplication and overlap of functions across departments and entities.
 - The clarity and execution of the legislative mandate.
- High-level recommendations on programme and entity closures are being formulated by the Presidency, the National Treasury, the Department of Public Service and Administration and the Department of Planning, Monitoring and Evaluation.
- A dedicated technical team, consisting of the appropriate legal, financial and human resource expertise, has been created to facilitate implementation.



Division of revenue

Division of revenue framework

R billion	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Outcome			Revised	Medium-term estimates		
Division of available funds							
National departments	790,5	822,8	855,9	826,3	840,9	846,4	884,2
<i>of which:</i>							
<i>Provincial indirect grants</i>	2,9	3,8	3,9	4,0	4,0	4,3	4,4
<i>Local indirect grants</i>	4,1	5,7	7,2	8,6	8,0	8,3	8,7
Provinces	628,8	660,8	694,1	706,4	720,5	752,4	784,6
Equitable share	520,7	544,8	570,9	585,1	589,5	616,4	644,3
Conditional grants	108,1	116,0	123,3	121,3	131,0	136,1	140,3
Local government	137,1	135,6	150,7	160,6	169,2	177,3	182,9
Equitable share	83,1	76,2	83,9	95,2	101,2	106,1	110,7
General fuel levy sharing with metropolitan municipalities	14,0	14,6	15,3	15,4	14,5	15,2	15,9
Conditional grants	40,0	44,8	51,4	50,0	53,5	56,0	56,4
Provisional allocations not assigned to votes ¹	–	–	–	–	2,3	38,0	47,1
Projected underspending	–	–	–	-3,3	–	–	–
Non-interest allocations	1 556,4	1 619,2	1 700,7	1 690,1	1 732,8	1 814,1	1 898,8
Debt-service costs	232,6	268,1	308,5	354,5	385,9	425,5	455,9
Contingency reserve	–	–	–	0,4	5,0	7,6	14,5
Main budget expenditure	1 789,0	1 887,3	2 009,2	2 044,9	2 123,7	2 247,2	2 369,2
<i>Percentage shares</i>							
National departments	50,8%	50,8%	50,3%	48,8%	48,6%	47,7%	47,8%
Provinces	40,4%	40,8%	40,8%	41,7%	41,6%	42,4%	42,4%
Local government	8,8%	8,4%	8,9%	9,5%	9,8%	10,0%	9,9%

1. Includes amounts for projects approved through Budget Facility for Infrastructure and other provisional allocations

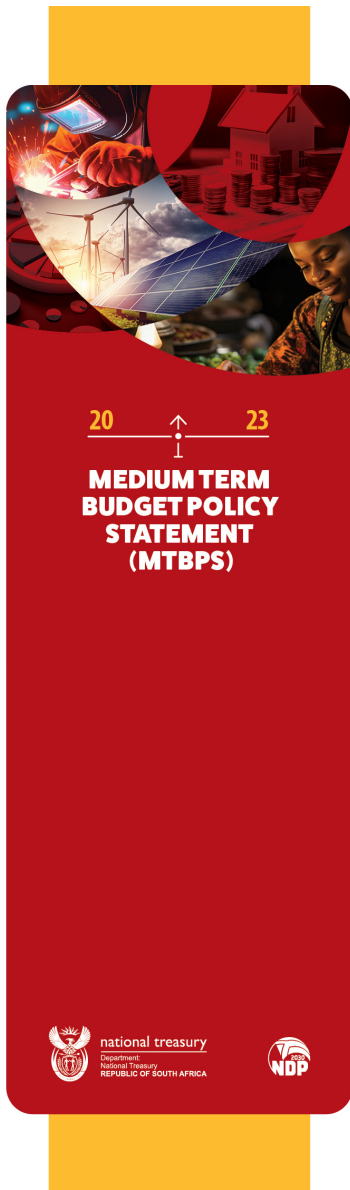
Source: National Treasury

- Over the next three years, government proposes allocating 48 per cent of available non-interest spending to national departments, 42.1 per cent to provinces and 9.9 per cent to local government.
- Provinces and municipalities face both spending pressures from rising costs of basic and social services and revenue pressures from lower economic growth and high borrowing costs.
- These pressures imply the need for greater spending efficiency and strong financial management.
- To cover implementation costs associated with the 2023 public-service wage agreement, the education and health sectors will receive additional allocations amounting to R68.2 billion during the 2024 MTEF period.

20 ↑ 23
MEDIUM TERM
BUDGET POLICY
STATEMENT
(MTBPS)

Risks to the fiscal outlook

- Fiscal risks remain elevated in the short to medium term. The major risks to the fiscal framework include:
 - Weaker-than-expected global and domestic economic growth, which would slow revenue growth and widen the budget deficit.
 - Continued losses by municipalities and state-owned companies, which would result in requests for bailouts.
 - Higher borrowing costs as a result of an elevated risk premium and tighter global monetary conditions.
- The contingency reserve, amounting to R27.1 billion over the medium term, cushions the fiscal framework against changes in the economic environment and unforeseeable spending pressures.
- Longer-term risks include lower potential growth, difficulty in executing government's borrowing strategy, and spending pressures – particularly in subnational government and state-owned companies, as well as policy priorities not linked to reliable financing arrangements.
- Government is managing its exposure to contingent liabilities carefully in the context of past experience with large appropriations to state-owned companies and the current Eskom debt-relief arrangement.
- Rapid implementation of the structural reforms, supported by a government policy outlining a strategic approach to managing state-owned companies, will be crucial in managing these contingent liabilities.



Conclusion

- South Africa urgently needs higher economic growth. The country's national development fortunes rest largely on lifting energy and logistics constraints and executing reforms that increase investment and reduce vulnerabilities arising from fiscal imbalances.
- Over the 2024 MTEF period, government will focus on increasing infrastructure investment, reconfiguring the operations of the state to ensure greater efficiency, and maintaining a prudent fiscal stance, which will promote economic growth and support the most vulnerable members of society, while stabilising the public finances and reducing fiscal and economic risks.
- In addition, work continues on a range of initiatives aimed at improving the management of municipalities.
- In the context of weaker global growth and risks to the domestic outlook, government is working to position the economy for sustained growth and resilience to shocks.
- A combination of a stable macroeconomic framework, the rapid implementation of economic and structural reforms, and improvements in state capability remains central to achieving higher growth, employment and competitiveness.
- Government remains committed to remunerating all its employees fairly, while balancing wage increases with the sustainability of public finances and broader policy priorities.
- In the current economic climate, with limited fiscal resources, it is especially important to manage the public-sector wage bill through careful planning and budgeting that considers all components of remuneration policy.

