NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

TRANSFERRED TO WRITTEN REPLY

QUESTION NUMBER: 2103 * 657 [NW3456E]

DATE OF PUBLICATION: 19 NOVEMBER 2024

★657. Mr M S Lekganyane (ANC) to ask the Minister of Finance:

What measures is the National Treasury considering to (a) reduce the cost of living and (b) support poor and middle-strata households? NW3456E

REPLY

a) South Africa experienced high inflation over the past few years, mainly due to global shocks, contributing to sharp increases in international food and energy prices and consequently elevated domestic inflation. However, inflation peaked at 7.8 per cent in July 2022, progressively receding to 2.8 per cent in October 2024. In response, the government has taken a number of steps to provide relief to help households experiencing the rising cost of living; for instance.

- The 2023 Budget stated that the government had decided to extend the diesel fuel levy refund period to manufacturers of foodstuffs for two years, effective from 1 April 2023 to 13 March 2025. This was coupled with the announcement that the general fuel levy would not be increased in the 2023/24 financial year. Lower fuel levy has contributed significantly to lower input costs, alleviating broader price levels. Moreover, transport costs constitute a significant part of the inflation basket of the lower and middle strata, with the intervention yielding disproportionate direct benefits to these households.
- Government's commitment to structural reforms through Operation Vulindlela is not limited to unlocking growth potential for South Africa, but also to reduce the cost of investment and consumption through the removal of red tape and broader reduction of costs of doing business.
- A Nedlac Cost of Living Rapid Response Task Team, which the National Treasury is part of, has been established to build an understanding of the

issues driving the cost of living and attempt to secure immediate or short term changes from the government to address high food prices and food insecurity of poor and vulnerable people.

b) In addition to the above interventions, the SRD grant, which was introduced in 2020 to mitigate the socio-economic impacts of the COVID-19 pandemic, has been extended multiple times to support vulnerable households. Its current provision is scheduled to conclude in March 2025.