

# Energy crisis at heart of Godongwana's national treasury budget vote

The energy crisis crippling South Africa's economy was the key focus of the minister of finance, Enoch Godongwana's national treasury budget vote.



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Godongwana tabled the budget vote before a mini plenary of the National Assembly on 16 May.

To mitigate this calamity, the minister mentioned that renewable energy tax incentives have been put in place to encourage private energy generation and expansion. This incentive is not aimed at big corporations, but rather at small, medium and macro enterprises.

Another piece of planned legislation is the Procurement Bill, which aims to modernise the public-sector's financial system. The bill will also aid the economic opportunities for women, youth and people living with disabilities. It will be complemented by the Integrated Financial Management System, which aims to monitor how municipalities and departments spend government resources and which will be piloted in the 2023/24 financial year.

## Addressing the public-sector wage bill

The national treasury's primary responsibility is to ensure that public-sector funds are on a stable footing, which it does by stabilising debt and cushioning the economy against financial shocks. One area of concern is the public-sector wage bill. "One third of our national budget goes to salaries. An upward progression of this liability has necessitated the national treasury to inject R37bn to cushion its blow on the country's national fiscal framework," the minister said.

Part of its intervention in this regard is to implement a head count at municipalities and provinces to align their remuneration policies with government fiscal strategy, the minister explained.

Meanwhile, the National Treasury has allocated R265m to the Financial Intelligence Centre's task force set up to address the financial sector's grey listing. The task force has tabled amendments to plug policy gaps aimed at combatting money laundering and financing terrorism.

To bring about inclusive growth, the minister spoke about a grant of over R6.36bn that has been allocated to stimulate the township economy. National Treasury has also committed to incentivise companies that employ young people.

## Drafting of the Procurement Bill

Responding to the minister's budget vote speech, the chairperson of the portfolio committee on finance, Joseph Maswanganyi, stated that his committee and its sister committees in both houses of parliament believe that it is imperative that state-owned enterprises (SOEs) continue to embrace their development mandate. The minister therefore has the responsibility to ensure that they are financially and fiscally sustainable, he said.



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He welcomed the drafting of the Procurement Bill and urged that it be swiftly tabled and ratified into law. He commended the innovations that the treasury has introduced to improve the efficacy of South Africa's financial and fiscal framework.

He also urged the treasury to speedily implement the Integrated Financial Management System and commended the South African Revenue Service (Sars) for reaching the R2tn mark in tax collection. He also praised Sars' electronic booking and tax-filing system, but said it needs to be optimised because many have complained about its efficacy.

## 'Government corrupt and dysfunctional'

Also participating in the debate, Dion George of the Democratic Alliance said South Africa is a rich country, but has the highest poverty, inequality and unemployment rates in the world. Making things worse, our infrastructure is crumbling, education and health systems have failed, while corruption and illicit financial flows compound the problems.

Assessing the state of our economy, he blamed the government for its stagnation, saying that it places itself at the centre of a developmental state but is incapable, corrupt and dysfunctional. He called on the government to get out of the way and allow entrepreneurs to be at the centre of economic growth and in creating jobs.

Cadre deployment is another problem, in his view, as it promotes the well-connected over the competent. SOEs are another bone of contention that have cost R300.31bn to date, while R2bn has been spent on the Integrated Financial Management System, but there is nothing to show for it. Meanwhile, "151 out of 257 municipalities are on the brink of collapse and 47 of them have collapsed due to cadre deployment policy and there's no money to bail them out," said George.

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