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KZN FINANCE MEC FRANCOIS WELCOMES MTBPS ADDRESS BY FINANCE MINISTER ENOCH GODONGWANA

CAPE TOWN, 30 October 2024: KwaZulu-Natal Finance MEC Francois Rodgers wishes to congratulate National Finance Minister Enoch Gondongwana for delivering his Medium-Term Budget Policy Statement (MTBPS) that accounts for necessary cost-containment measures, given the challenges of the national fiscus, but ensures that essential spending areas are not comprised.

Drawing inspiration from President Cyril Ramaphosa's outline of priorities for the Government of National Unity, Minister Gondongwana, on Wednesday in Cape Town, asserted that government will continue to drive inclusive growth and job creation.

Government plans to do this by:

- * Reducing poverty and tackling the high cost of living; and
- * Building a capable, ethical and developmental state.

MEC Rodgers states: "The MTBPS was conservative and took into account the current economic climate. Projected economic growth at 1.1% remains weaker than ideal for a country that has a growing population such as ours".

"The infrastructure reforms, as announced by the minister, are welcome as they bode well with government's mission of ensuring inclusive growth, job creation as well as the building of a capable and ethical state".

MEC Rodgers noted that government debt will reach more than R6.05 trillion, or 75.5 per cent of GDP, in 2025/26. Minister Gondongwana asserted that debt-service costs will reach R388.9 billion in the current financial year.

To counter this unsustainable debt increase, National Treasury has resolved to restrain spending and maintain stable tax collection.

Against the backdrop of a national debt that hangs like the sword of Damocles on the fiscus, MEC Rodgers welcomes the approach taken by National Treasury.

The biggest challenge remains the bloated government wage bill. This will again be a serious challenge to the fiscus as government has proposed a 4,5% wage increase but unions insist on demanding a 14% increase on salaries.



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“A clear and decisive policy needs to be implemented on addressing the challenges of the excessive government wage bill,” MEC Rodgers states.

At a recent budget council meeting, a resolution was taken that provinces would not have to face an unfunded wage agreement as we have in the past.

The increased wage agreement would be funded by National Treasury.

MEC Rodgers adds: “We also welcome the minister’s approach to public-private partnerships as well as cooperation with the private sector. A review of government’s approach to this is expected to be tabled next month. This is something that we look forward to”.

“At provincial and local government levels, private sector involvement remains relevant. However, investors need to see the establishment of a capable and ethical state”.

ENDS.

Issued by KZN Treasury. For clarity, contact Spokesperson and Media Liaison Officer, Nkosikhona Duma on 071 383 0388.