

Calls for collaborative, holistic approach for sustainable growth

Minister of Finance, Enoch Godongwana made a lot of promises and announced a raft of budget allocations that will be going to state-owned entities as well as provinces including municipalities in his 2024 Budget Speech.



Source: The Southern African Institute of Government Auditors (SAIGA), chief executive officer, Russel Morena.

The Southern African Institute of Government Auditors (SAIGA), chief executive officer, Russel Morena, delves deeper into the Budget Speech and explores the question of whether or not South Africa can succeed in overcoming these challenges.

Morena argues that there are not only many weaknesses in the South African system and points to challenges, the main ones being those of economic growth and employment creation; the performance of the state and service delivery, and to top it all - the debt burden that seems to be increasing every year.

According to Morena, it is clear that South Africa is facing significant challenges on multiple fronts. "The economy is struggling to achieve sustained growth, and this is further compounded by the need for job creation.

"Additionally, the performance of the state as well as service delivery has been a cause for concern. The mounting debt burden is placing a significant strain on the country's financial resources," says Morena.

Although he admits South Africa is taking steps in the right directions, Morena, points out that the country is really in

survival mode. That the minister had to dip into the golden reserve account in order to keep State debt under control and reduce the borrowing requirement to levels that wouldn't scare the living daylights out of ordinary citizens, is a clear indication of exactly how tight things are.

Morena's pressing fiscal critique

Morena, in his analysis of the Budget Speech, does acknowledge the efforts being made to address these challenges, however, he expresses a sense of a lack of urgency and the need for decisive action.

He also states that the decision to tap into the country's reserve account to keep the state debt under control is indicative of the tight fiscal environment and the need for prudent financial management, pointing out that while this may be a necessary step it could underscore the severity of the financial constraints facing the country.



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Moreover, Morena highlighted the need for effective policy implementation, particularly in key sectors such as electricity, rail and port infrastructure. While the government may have the right policy framework in place, he says the pace of implementation has been slow, hindering progress and economic development.

"This 'two steps forward, one step back' approach is a cause for concern and underscores the need for greater efficiency and expediency in driving economic reforms," explains Morena.

Call for economic synergy

As auditors, Morena says: "We are calling for a more holistic approach to addressing the challenges facing our economy. This includes not only looking at tax policy and revenue collection but also addressing the issues of state capacity, infrastructure investment and economic growth.

"As SAIGA, we believe that a collaborative effort between government, business and civil society is needed to drive sustainable economic development and create opportunities for all citizens. This will require a comprehensive and co-ordinated approach that tackles the root causes of inequality and unemployment, while also ensuring efficient and transparent public expenditure."

Morena further adds that the institute will continue to monitor closely the country's economic and fiscal landscape and provide valuable insights to support informed decision-making and policy formulation.

With concerted and strategic efforts, he says it is hoped that South Africa will be able to overcome the financial obstacles and achieve sustainable economic growth and development.

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