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ALLOCATIONS

# State expenditure targets SA's short- and long-term prosperity

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FINANCE Minister Enoch Godongwana said front-line departments would receive an increased allocation of the Budget, above existing baselines.

He said this was for moving toward a change in the composition of spending from consumption to investment, maintaining a large social security safety net while striving for sustainable levels of debt.

In his 2023 Budget Speech, Godongwana said over the medium term, more than 60% of non-interest expenditure went to the social wage, while spending on buildings and other fixed structures – such as roads and dams – would increase from R62 billion in the current year to R104.2bn in 2025/26.

"This is not an austerity budget. It is a Budget that makes tough trade-offs in the interests of the country's short- and long-term prosperity," he said.

Godongwana said the Budget allocated additional funding totalling

R227.7bn over the medium term.

"There are several priorities that would be funded through this additional money. R66bn is allocated to Social Development over the medium term, with R36bn to fund the extension of the Covid-19 social relief of distress grant until March 31, 2024," he said. Treasury said social grants remained the largest spending area, constituting 88% of spending in this function over the Medium-Term Expenditure Framework period.

According to Godongwana, R30bn would be used for inflation-linked increases for other social grants.

"As a result, the old age and disability grants increase by R90 on April 1, 2023, and a further R10 on October 1, 2023. The result is a total increase to R2 090. The child support grant rises from R480 to R510 on October 1, 2023, while the foster care grant increases from R1 070 to R1 130 over the same period.

Treasury said the Covid-19 social relief of distress grant would be extended for a year until March 31,



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2024, to mitigate the impact of the slow economic recovery and increased poverty due to the Covid-19 pandemic.

"In 2023/24, R35.7bn is allocated to the Department of Social Development to fund the grant, while R400m is allocated to the South African Social Security Agency to administer it," it said.

Godongwana said R23bn and R22bn would be allocated to health and basic education, respectively, to cover the shortfall in compensation budgets and to improve services.

"R8bn is allocated for basic services through the local government equitable share. We have allocated R14bn over the medium term to fight crime and corruption," he said.

Healthcare was allocated the least amount of the Budget due to misappropriation of funds in the health sector. "The introduction of reforms to stop corruption was also cited as one of the reasons for the small increase in benefits. "In health, the funds are to hire new staff, address shortfalls in compensation budgets, and retain additional health workers appointed during the pandemic, as well as to clear the backlog in health services," Godongwana said.

The South African Police Service is allocated R7.8bn to appoint 5 000 police trainees per year.

"The National Prosecuting Authority receives R1.3bn to support the

implementation of the recommendations of the State Capture Commission and the Financial Action Task Force," he said. The Financial Intelligence Centre is allocated an additional R265.3 million to tackle organised and financial crime. "The Special Investigating Unit is allocated R100m to initiate civil litigation in the Special Tribunal, flowing from proclamations linked to the recommendations of the State Capture Commission," he said.

This is as the Department of Defence was allocated an additional R3.1bn to enhance security on South Africa's borders.

Treasury said over the medium term, R60m had been re-prioritised within the function to establish a permanent baseline for campaigns related to gender-based violence and femicide, anti-corruption, and the economic recovery plan.

The Department of Public Works and Infrastructure is allocated R200m per year over the medium term to assist implementing agencies with high-priority project preparation.