

Minister Godongwana game-plan under scrutiny at Regent Business School

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The 2022 Budget Speech was tabled in Parliament on 23 February 2022 by finance minister: Enoch Godongwana, contextualised against the significant socio-economic challenges, constrained domestic and global economy, the lasting impact of the Covid-19 pandemic, riots, and political unrest that took place in July of 2021.



Dr Shahiem Patel, senior academic and MBA programme coordinator at Regent Business School

Regent Business School convened an online discussion to unpack the budget mere hours after the minister delivered his maiden speech. Dr. Shahiem Patel (Senior academic and MBA programme coordinator) chaired the discussion and was joined by highly influential panelists - Nadir Thokan, senior assets management professional and markets commentator, and Nomathibana Matshoba managing director and senior portfolio manager of Terebinth Capital who joined the discussion from Cape Town.

Kudos was extended to the finance minister for his prudent approach to addressing issues of corruption, maladministration, and wasteful expenditure. The panelist welcomed the minister's focus on the management of State-Owned Enterprises (SOEs) and in particular, Eskom's capacity to meet the demand for power in the country, and further relief measures for the embattled consumers.

The panelist discussions centered around two key themes; the growth of the economy and the need to address the high unemployment rate to bolster consumer spending. However, they were in full agreement that the Minister fell short of explicitly outlining how the economy would grow in the coming year.

The increase in social grant monthly payout was welcomed, however panelists believed that a clear pathway is required to wean beneficiaries from dependency to independence. Tax windfall from mining tax revenues, commodities price boom,

and improved tax collection were welcomed to fund the extension of the Covid-19 grants. The panel explored several ways in which this tax windfall may be spent by the government. The consensus was that addressing government debt, tax relief, coupled with the extension of the Covid-19 grants scheme was a fair way of utilising these funds.

The reduction of corporate tax by 1% was welcomed. The panel hoped that corporations should reinvest this tax relief back into uplifting society and creating additional job opportunities. Expressing a sigh of relief that the fuel levy was left unchanged is further evidence that the speech was balanced and fair, given the tough economic climate in South Africa and abroad.

The session was highly interactive with panelist fielded several questions and comments from viewers. Much interest was directed towards the World Bank loan, with concerns about repayment and the negative impact this may have on the economy.

In conclusion, the panelists expressed hope and confidence that the budget speech will be operationalised effectively and that the necessary safeguards against corruption and wasteful expenditure will be implemented, as these will be central to the growth of the economy in the year ahead.

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