



## **Economic Digest 35**

**February 2023**

### **A Wish List for Budget 2023**

Unemployment, high poverty levels, high inflation and the energy crisis will all weigh heavily on the finance minister's mind as he endeavours to balance the books and to give a little something to all the competing interests without breaking the bank. The articles below highlight some of the areas that may dominate government's spending plans.

#### **What to expect next week**

"The 2023 national budget is expected to reveal some good news about the past year, with elevated tax revenue, strong nominal GDP growth, and some underspending likely to deliver a slightly better-than-expected budget deficit."

"Significantly more" funding will be extended to the police and the criminal justice system. There will also be a load-shedding relief package that will include tax incentives to encourage people to install rooftop solar, as well as measures to reduce the impact of load-shedding on food prices.

<https://tinyurl.com/yn7nfutv> [Please note that a subscription may be needed to access this article.]

#### **Sona and Budget 2023: What government can do for SA**

"What SA's unemployment crisis requires now is mass absorption of low- to semi-skilled workers in the short term while fixing education and skills development in the long term. This can be achieved through export-led, private sector-driven growth. Certain categories of manufacturing and agro-processing can provide such absorption. The government must create conditions to attract investment into these sectors."

<https://tinyurl.com/3dd3sb8y>

#### **The Budget is about to be blown**

During his address on 9<sup>th</sup> February, the President announced two big changes for social spending in the country: the first was that the R350/month social relief of distress (SRD) grant would be extended; the second was that the monetary values of non-SRD grants will rise in line with inflation. If a truly universal, cost-of-living income grant of R3 500 a month was provided, it would cost government at least R2.5 trillion a year. <https://tinyurl.com/5n8cbuf6>

#### **Withholding tax would aggravate SA's situation**

SARS commissioner Edward Kieswetter argues that tax revenue protects society's most vulnerable and that a tax revolt would do more harm than good. <https://tinyurl.com/yc2rhh42>

#### **New solar investment fund launches**

"A new solar and renewable energy fund is launching in South Africa, offering investors a 100% tax break using Section 12B of the Income Tax Act. However, investors will need a minimum of R100 000 to get through the door." <https://tinyurl.com/ytb7n87t>

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