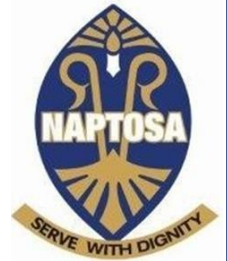


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NAPTOSA'S REACTION TO THE 2024 NATIONAL BUDGET SPEECH

Economic outlook

While appreciating efforts to improve the economic outlook, the national budget projections suggesting economic growth averaging 1.6 percent between 2024 and 2026 indicate that growth and economic recovery will be a slow painful process. The impact will be felt most severely by the poor and unemployed. NAPTOSA believes that the budget failed to provide more stimulus for growth.

The rising debt cost is concerning. We cautiously welcome the raiding of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA). This will limit borrowing, but we caution against this trend in the future. Our debt-to-GDP ratio remains high and limiting it is welcomed.

Positive announcements

NAPTOSA applauds the minister's emphasis on climate change management, with grants allocated to contingency funds, including the Climate Change Response Fund. The need to draw in the private sector to intensify disaster funds and manage climate-related risks effectively is applauded. The education sector must not be left behind in these important strategies. It is the education sector that must change the nation's culture towards saving the planet.

The acknowledgment of concerns regarding procurement processes, which often fail to deliver cost-effective solutions, is well received. The mismanagement of procurement processes, resulting in a significant disparity between government prices and prevailing market prices, is a major concern for NAPTOSA. We hope that these aren't empty promises and that those who are found responsible for such mismanagement will be held accountable. It is imperative that transparency and integrity are upheld in all government transactions to ensure the effective and efficient use of public funds for the benefit of all citizens.

Despite challenges, there will be no increase in personal income tax or changes in tax brackets or the general fuel levy for the 2024/2025 fiscal year, which is a welcome relief to our long-suffering consumers.

Government spending.

The announced spending on education highlights that education remains a priority, with R57.6 billion allocated to pay Public Servant's salaries and additional funding of R25.7 billion for wage increase carry-through costs. NAPTOSA is pleased to see that the government still believes that the future of our country lies in an effective education system. Furthermore, initiatives like the school nutrition program and early childhood development grant continue to receive support. The lack of commitment to the introduction of a compulsory grade R is disappointing, pushing back the realisation of an improved system of education.

The R7.4 billion that has been identified for the Presidential Youth Employment Initiative is cautiously welcomed. We must guard against the rotation of youth within the sector with no sustainable plan and the casualisation of the youth labour force. Permanent sustainable jobs must be the target. The plans to invest over R943 billion in public infrastructure is well received and timeous given the parlous state of many government buildings. Ridding the country of the enemies of progress like the Construction Mafia must be on the agenda as well.

The two-pot retirement system

The announcement that the Government will allow the first cash withdrawals from 1 September 2024 is noted. A split, with one-third going into a "savings component" and two-thirds going into a "retirement component" may initially appear beneficial to public service employees, who often have no alternative but to resign to access pension funds for urgent expenses. However, members need to exercise caution as this could mean tapping into their retirement savings. The impact will only be felt at retirement.

National Health Insurance

While substantial funding has been made available to the health sector, the allocation for the National Health Insurance (NHI), is woefully inadequate to meet the needs to rehabilitate the current public health care system. This indicates that the NHI may be on the back-burner.

Conclusion

While challenges persist, we hope that steps taken by the government will ultimately manage fiscal risks, reduce borrowing, and prioritize critical sectors like education and infrastructure. NAPTOSA supports the budget with reservations.

Mr BL Manuel

Executive Director