

From the team

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Annual Medium-Term Budget Speech 2024/2025


The latest Medium-Term Budget Policy Statement by Finance Minister Enoch Godongwana highlights South Africa's economic landscape with both challenges and gradual improvement projections for SA. While 2024's economic growth forecast has been lowered to **1.1%** (down from **1.3%** in February), the Treasury anticipates gradual improvement from 2025–2027, expecting growth to average around **1.8%** over this period. Although inflation pressures have eased, the economy continues to struggle with issues in the logistics sector, a critical area impacting overall performance.


No new state-owned enterprise (SOE) bailouts were granted, but concerns persist, particularly for the SA Post Office, which faces closure without additional funding. On the social welfare front, the decision regarding the R370-a-month social grant remains pending, with proposals for reform set for 2025. The public sector wage bill continues to increase, with a potential **R145 billion** allocated for wage adjustments over the next three years.

2024

South Africa's debt trajectory remains problematic, expected to reach **R6.8 trillion** (or **75%** of GDP) by 2027/28. Debt servicing costs continue to rise, impacting funds available for critical service delivery. To address this, the Treasury is considering a debt ceiling of **77%**, with further insights expected in early 2025.

Treasury's structural reform initiative, Operation Vulindlela, is ongoing, now focusing on municipal reform and public-private partnerships to bolster infrastructure. Additionally, tax revenue estimates have been adjusted downward by **R22.3 billion**, reflecting a mixed tax performance—while personal income taxes underperform, corporate tax collections have exceeded initial projections.

 For more detailed insights, check out the **Budget Speech Infographic 2024/2025** from National Treasury [here](#).

 Listen to insights on the Medium-Term Budget Policy Statement from Lisette Ijssel de Schepper, Chief Economist at the Bureau for Economic Research, who discusses its impact on individuals and government departments in this podcast [here](#).