

22 February 2021

## **Budget Speech Wishlist**

### **We ask the experts for advice on this year's Budget**

#### **Momentum leaders weigh-in on what they would like to see in Budget Speech 2021**

In a well-timed Tweet that gathered momentum before evolving into a full-blown campaign backed by Treasury, Finance Minister Tito Mboweni has put South Africa's armchair critics to work by calling on citizens to help him compile this year's Budget Speech 2021, using the hashtag #TipsForMoF.

In what has been dubbed the most challenging Budget to date - with a contentious public sector wage bill, flailing SOEs, and the not-so-little matter of vaccine funding to deal with - one cannot blame the minister for asking for all the help he can get.

But there's advice - and then there's advice. We turn to industry leaders and experts, who share their #AdviceForSuccess with the Minister, and what they would hope to see in this year's Budget.

### **We've got advice for that...**

COVID and the economic hardship seen as a result of the lockdowns have highlighted the need for strong institutional structures that govern our social security protection. Politically there is support for introducing a basic income grant, and while this would go a long way towards addressing some of the wealth and opportunity disparity in the country, there are equally deserving claims for national health insurance and more education support. It would be important to create a framework that governs our spending priorities on critically important projects - at a time when we are fiscally constrained.

#### **- Rowan Burger, Client Strategy: Momentum Investments**

Firstly, higher-than-expected tax collections and a government bond issuance programme that is running well ahead of schedule are good indications of a better budget for consumers.

Secondly, I would wish for fiscal consolidation on the debt to GDP ratio. This will help with the current poor perception around government finances. The hope here is that the weekly borrowing requirement from government in the capital market can be reduced significantly.

Thirdly, I would hope that proposed tax increases be placed on hold and the additional funds applied to the Covid vaccination strategy or social welfare net currently implemented by government. We hope that the minister can ease some of the burden on South Africa's consumers. - **Ian Scott, Head of Fixed Income: Momentum Investments**

Personal income tax (PIT) is already the largest source of tax revenue, and I would hope that our South African consumers - who are under even more pressure of late because of inflation brought on by higher petrol prices, increase in electricity tariffs and surging food prices - see some form of relief in their personal income taxes. - **Thamage Lesito, Fixed Income Portfolio Manager: Momentum Investments**



What I would hope to see from this year's budget, for my clients, is reduced personal income tax, to alleviate some of the pressure on South African consumers. We've also seen an economic downturn thanks to Covid-19 - I'd hope to see a stimulus package that would be able to create work opportunities in future-based industries that would create more jobs, and programmes that encourage and incentivise budding entrepreneurs to create their own work opportunities. - **Ernest Zamisa, Financial adviser: Momentum**

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