



SACCI Media Release

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SACCI EXPECTATIONS OF THE BUDGET 2017

The Minister of Finance, the Honourable Mr Pravin Gordhan, will be delivering the Budget Speech on the 22nd of February 2017. The 2017 Budget Speech is being delivered at a time South Africa is experiencing subdued economic growth, with the outlook for 2017 revised by the Reserve bank to 1.1% from a previous outlook of 1.2%.

The 2017 Budget Speech also comes at a time when the ruling party is approaching its national elective conference. The President has in recent times spoken about “radical economic transformation” and SACCI would like to see how “radical economic transformation” will be interpreted in the 2017 budget speech.

The Stats SA labour 2016 fourth quarter survey indicated that employment grew by 235 000 jobs and the number of job seekers declined by 92 000 resulting in slight decline in the unemployment rate by 0, 6 of percentage point to 26, 5%. The increase was mainly driven by services industries, transport and manufacturing. All other industries reported employment growth on a quarter to quarter comparison except Mining and Construction which showed a decline. SACCI would like to see how the Budget Speech addresses the decline of employment in the mining and construction industries and how growing sectors can be assisted to create more jobs.

SACCI is hoping that the Minister will not be increasing corporate income tax as well as personal income tax as SACCI believes this will be regressive steps as they can only serve to increase costs and discourage expansion through capital investment in productive capacity. This inevitably will lead to a rise in inflation as corporate would increase prices to ameliorate the additional tax burden.

SACCI would like to see a more effective allocation of resources be they human or capital in speeding up the implementation of the infrastructure projects, especially in the area of energy, logistics (rail, road, sea & air) and telecommunications.

SACCI would in conclusion like the Budget Speech to address SMMEs and how the Treasury will be gearing finances directly to the development of SMMEs, especially in mass job absorbing cooperative initiatives.

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