
MEDIA STATEMENT

FINANCIAL AND FISCAL COMMISSION, BLACK MANAGEMENT FORUM AND NEDBANK CIB HOSTED A RESOUNDING SUCCESSFUL 2025 ROUNDTABLE DISCUSSION

The Financial and Fiscal Commission, Black Management Forum and Nedbank CIB held a resounding successful Budget 2025 Roundtable discussion on the theme “*Charting Fiscal Pathways: Collaborative Action for Equitable Growth and FFC Recommendations in Budget 2025*”, in Cape Town on 23 April 2025.

This high- level dialogue fostered critical discussions on the implications of Budget 2025, with specific focus on the fiscal framework and the implementation of FFC recommendations. As part of its mandate to provide recommendations on financial and fiscal matters, the FFC discussed the implications of Budget 2025, with specific focus on the fiscal framework and the implementation of FFC recommendations.

The round-table issues that were debated included-

- Balance VAT equity concerns versus revenue needs.
- Explore progressive taxation and spending efficiency.
- Assess feasibility of wealth taxes, further dip into Gold and Foreign Exchange Contingency Reserve Account and Southern Africa Custom Union reforms.
- Strengthen intergovernmental fiscal collaboration.
- Monitor Public Employment Programmes implementation and SRD grant transition

In her opening address, FFC Chairperson Dr. Patience Nombeko Mbava emphasised the Commission's constitutional mandate to make recommendations on financial and fiscal

matters. Dr. Mbava highlighted that the 2025 Budget presents both challenges and opportunities, with difficult choices needed to balance fiscal sustainability and social equity.

"As we continue to navigate the contested terrain of the budget process, including the current court challenge on the VAT increase, the FFC remains committed to its role as an independent, objective, and impartial constitutional advisory institution," said Dr. Mbava.

One of the key highlights of the FFC Recommendations on Budget 2025 that was discussed was on the VAT increase. The Commission called for a re-examination of the socio-economic and fiscal implications concerning the proposed VAT increase as a fiscal instrument. Particularly the effectiveness in generating additional revenues to support the fiscus in empirical data. "The government is also proposing to increase VAT to 15.5% towards 16%. We acknowledge that additional revenue is needed; however, we have asked for a thorough examination of how an increase in VAT would impact ordinary South Africans. Will it generate the expected revenue? Is this the fairest approach? These questions require answers that are based on research evidence before proceeding."

This focused dialogue brought together policymakers, civil society, organised labour, business leaders, provincial representatives, youth, and academics who engaged with the practical "nuts and bolts" of the proposed fiscal framework and revenue proposals.

The Deputy President, Hon. Shipokosa Paulus Mashatile provided the keynote address at the Roundtable stating that, "We will never underestimate the FFC recommendations because they serve as a roadmap for us to navigate the economic situation and make sound decisions that will benefit our fiscal health." Hon. Mashatile encouraged delegates to approach the "conversations with an open mind, a spirit of cooperation, and a commitment to working towards a common goal of prosperity for all. Together, we can chart a fiscal pathway that leads to a more equitable and sustainable future."

With respect to the 2025 Fiscal Framework and Revenue Strategy the FFC recommended that Government embark on a clear fiscal consolidatory path which achieves a zero-balanced budget within three to five years in line with the Commission's proposed strategies and for government to improve on its forecast accuracies of economic growth on which all financial and fiscal matters are based.

The Deputy President welcomed the FFC's recommendations, particularly on improving transparency in the management of state-owned enterprises bailouts and reviewing the Local Government Fiscal Framework. "Government will continue to cooperate with the Financial and

Fiscal Commission (FFC) and to adhere to its advice on equitable revenue distribution and other financial and fiscal matters in accordance with its constitutional mandate” he concluded.

The FFC is delighted to note the Minister of Finance’s announcement to introduce a revised versions of the 2025 Appropriation Bill and Division of Revenue Bill within the next few weeks. As per legislation, before the Division of Revenue Bill is introduced in the National Assembly, the Minister must consult the FFC at least 14 days before it is introduced.

The FFC remains committed to fostering dialogue and collaboration among stakeholders to develop actionable recommendations that can inform policy decisions and contribute to sustainable economic growth, reducing unemployment and inequality for all South Africans.

Together we shall chart fiscal pathways and collaborative action for equitable growth and a better South Africa.

The Financial and Fiscal Commission is an independent juristic entity subject only to the Constitution, Financial and Fiscal Commission Act, 1997 (Act No 99 of 1997) and relevant legislative prescripts. The Commission makes recommendations and gives fiscal advice to Parliament, provincial legislatures, organised local government and other organs of State on the equitable division of revenue among the three spheres of government and on any other financial and fiscal matters in terms of the Constitution and as provided for in national legislation.

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