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Agbiz reacts to the 2024 Budget Speech

“This year’s Budget Speech comes again on the backdrop of a profoundly challenging macroeconomic environment where South Africa’s economy is expected to continue underperforming, averaging at 1.6% in the next three years. We cannot be satisfied with a steady decline in economic conditions, and innovative interventions are needed to turn the current trajectory around,” said Francois Strydom, Agbiz Chairperson. “Increased spending on grants and other social security measures may be needed in the short term, but a shrinking tax base cannot sustain this trend in the long run. As the minister noted, we need to grow the pie. The 2024/25 budget presented a valuable opportunity to do so but was largely silent on incentives for business.”

Agbiz CEO Theo Boshoff echoed these sentiments. “The agricultural sector, while having performed broadly positively in the past few years, is confronted with various challenges. Energy security, logistics, and declining municipal service delivery are front and centre of these challenges. Over the past few days, we listened intently as agribusinesses and rural communities shared initiatives underway to improve their local circumstances at the conference arranged by Lanbouweekblad and Senwes. It is remarkable how innovative and resilient the sector is, but one simple fact cannot be overlooked: these communities have to incur duplicate costs to provide basic service delivery, fix roads and water infrastructure, and improve safety and security for their communities. Additional costs erode the competitiveness of our rural industries. While the fiscal measures to support turn-around strategies for Eskom and Transnet are welcome, we cannot put all of our eggs in the SOE basket. We desperately need to upscale the incentives provided to communities that meet their own energy, infrastructure, and service delivery needs. Extending the solar panel rebate to batteries and inverters, a zero-VAT rating for the inputs required to fix potholes, and excluding diesel used in all generators or graders used to maintain roads are a few examples that can help these communities recover some of the costs. We sincerely hope the conditions placed on fiscal assistance to our SOEs can contribute to efficiencies, but until that time, tax incentives are required to maintain competitiveness where companies spend funds outside of their core areas of work.” Says Theo Boshoff, CEO of Agbiz

“The notable increase in excise duties in the wine industry is worrying as the industry is still recovering following years of financial pressure linked with COVID-19 lockdowns. We hoped the Finance Minister would be more sensitive to the challenges of the industry and its sustainability,” added Boshoff.

Mr. Strydom concluded, “These points aside, we must acknowledge the pressure exerted by a looming election and all of the expectations that this must bring. With this in mind, we are encouraged by the Finance Minister’s and government’s commitment to addressing the structural constraints on the South African economy and navigating the ever more challenging macroeconomic environment. The specific focus on security is welcome, as this is another area that continues to worry the agribusinesses and agricultural stakeholders in rural South Africa,” added Strydom.

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