

## Agbiz media statement

23 February 2022

*For immediate release*

PO Box 76297, Lynnwood Ridge, South Africa, 0040

Grain Building, 1<sup>st</sup> Floor, 477 Witherite Road  
The Willows, Pretoria, South Africa, 0184

Tel. +27 12 807 6686, Fax. +27 12 807 5600  
admin@agbiz.co.za, www.agbiz.co.za

Vat nr. 4920204684

### **Agbiz reaction on 2022 budget**

Agbiz welcomes the National Treasury's pragmatic budget at a crucial time of economic reconstruction. The Treasury utilised part of the commodity windfall to absorb the expenditure increases while remaining mindful not to commit to permanent spending in the social relief programmes funded by temporary commodity revenue increases; such an approach would require a sustainable financing model. "This is important as the South African economy could grow at a slower pace of 2,1% in 2022 and by 1,8% in the next three years. This is not the kind of growth that can respond emphatically to the country's socio-economic challenges," says Agbiz CEO Theo Boshoff.

"We are pleased to see a continued commitment to fiscal consolidation, prioritising health needs and resourcing the justice system in these uncertain times of the Covid-19 pandemic. We are also delighted that the minister paid attention to corruption, which he rightfully characterises as a blight to growth, and on the need to bolster state capacity. This will require that independent institutions are strengthened and that the law enforcement institutions act with agility in prosecuting corrupt individuals."

Boshoff says the support to the SOEs, which remains a significant financial burden to South Africa's public finances, is now under scrutiny, which is a positive development and in line with the commitment to fiscal consolidation. It is sensible that SOEs that are underperforming are restructured to improve their capital base, governance, and operational efficiencies; in some instances, they will need to dispose of those assets that are non-core or are underperforming. The Treasury will need to continue maintaining a tough line on the underperforming entities to mitigate fiscal risks and defend macro-economic and social stability.

"Still, we welcome the government's support for the Land Bank, an important institution in South Africa's agricultural economy. This institution has a vital role to play in the economy.

"We are encouraged by the increase in financial allocation for infrastructure, particularly the water (Clanwilliam Dam, Lepelle Water Board, and Umngeni Water Board) and ports

infrastructure, which are critical for the sustainability of South Africa's export-oriented agriculture.

Agbiz welcomes the moderation in the increase of about 4,5 to 6,5% increase in excise duties for alcohol and tobacco. These industries are still recovering from the various temporary bans on sales during the pandemic. Thus, significant increases in the levies would have added a strain during this recovery process.

Overall, the 2022 budget was pragmatic, and a good follow-up on the themes outlined in the State of the Nation Address. The key focus for all social partners should be driving inclusive growth in the economy through a social compact approach. "Agbiz will continue to collaborate with the government and all social partners in this process," says Boshoff.

END

---

**Enquiries:**

Theo Boshoff

076 9514269

[theo@agbiz.co.za](mailto:theo@agbiz.co.za)

Karen Grobler

082 774 7008

[karen@agbiz.co.za](mailto:karen@agbiz.co.za)