Date: August 2022

CONSIDERATION WHEN DECIDING ON THE FUTURE OF THE R350 GRANT

National Treasury

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

2030 NDP

STAY SAFE
VACCINATE TO SAVE SOUTH AFRICA

Scenarios for the replacement of the SRD R350 grant

Replacement of COVID-19 SRD R350

- Met DSD 4 Jul22
- Although BIG or permanent SRD-350 is preferred option for DSD, option 3 in Presidency Paper: SRD-Job-seeker grant and SRD-caregiver grant might be an acceptable compromise
- DSD has historically done work and made proposals on Job-seeker grant and Care-giver grants
- Because they prefer universal options other options perceive as potentially regressive (but many other countries have these options)
- Called SRD-…. Because would take two years to form entirely new grants, where-as reformulation within could be done more rapidly (regulatory change and re-reg)
- However v concerned re readiness for implementation 1 April
- Having both job-seeker and care-giver deals with fact that some cannot work e.g caring for children <1-2 years (cf unemployed vs NEA in QLFS)

Base: Job seeker grant

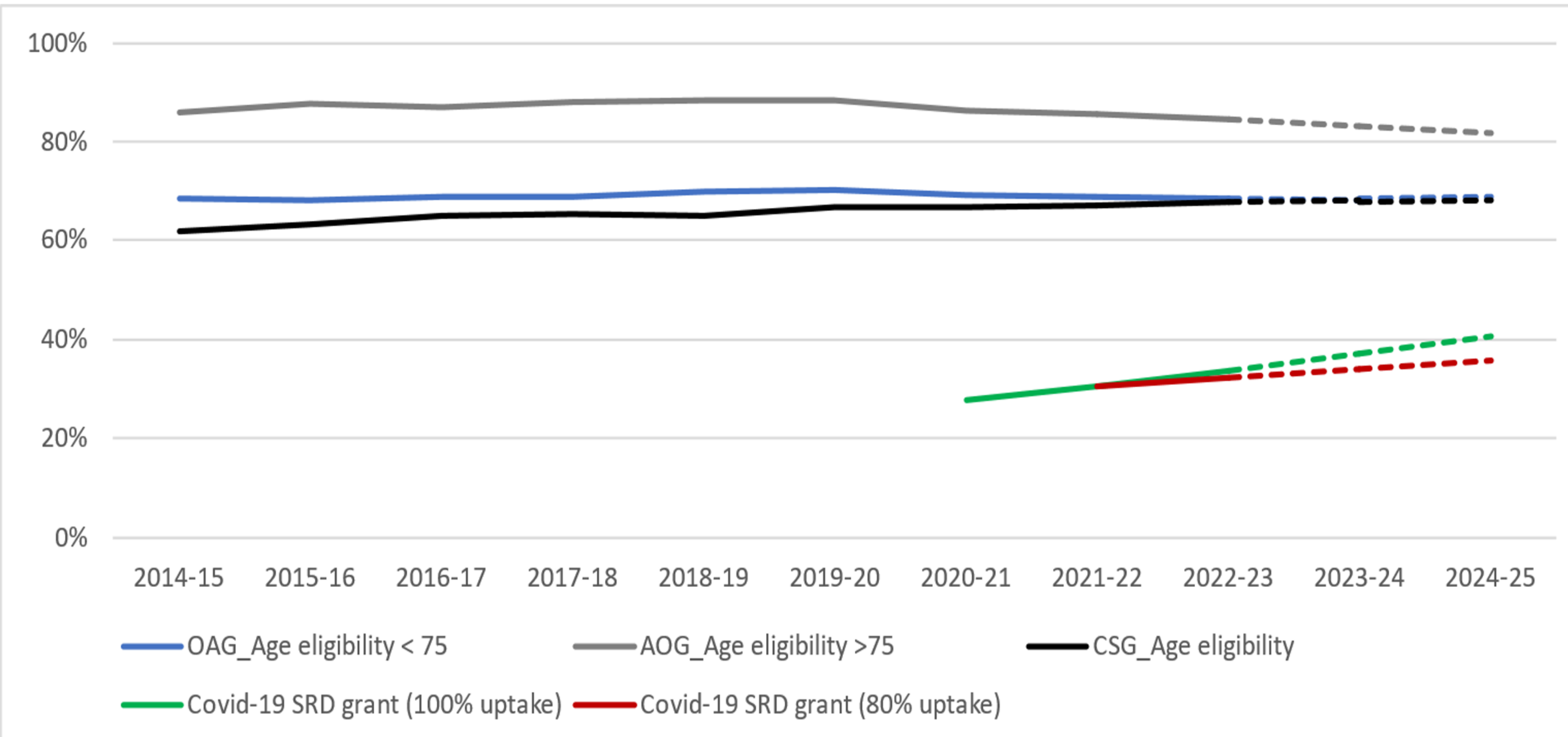
- How to link grants to jobs?
  - See WB project
  - Information linkages: SASSA – Public employment programmes – DOL
  - PES Youth Mobi app and other links to pathway management
  - DOL and Job centre linkages soft initially until labour services stronger

SRD: Care giver grant

- Idea here is second category of those who cant reasonably direct to work – e.g. looking after infants
- DSD has done a lot of work on caregiver grant
- Did exist in early COVID-19
- Work also on pregnancy grant and may be worth including
- Care-givers in current SRD face SRD means test not CSG
- Different views on which caregivers should be included (e.g. up to baby age 2 vs 18); 7m caregivers vs 4m receive SRD 350 vs 1.5m with children <2 and late pregnancy

Coverage trajectory of social grants

- Potentially heading to 70% of the population covered by social grants
- 68%-70% of over 60s and children already on grants
- SRD R350 COVID-19 already at 30% heading to 50% and higher
- DSD preference for universal OAG, CSG and BIG



Population trends

- Adult population 18-59 years (34.9m) exceeds children <18 (20.1m) and elderly >60 years (5.6m)
- Spending on social grants exceeds R200 billion without grants for working age
- Extension of social grants to adults has substantial cost risk

	2 018	2 019	2 020	2 021	2 022
Grand Tot	**57 673 251**	**58 532 857**	**59 352 940**	**59 964 917**	**60 604 992**
18-59	33 175 432	33 694 025	34 181 822	34 556 337	34 931 958
>60	5 098 435	5 248 720	5 402 154	5 482 305	5 599 260
0-18	19 399 384	19 590 112	19 768 964	19 926 275	20 073 774

4yr22	2 019	2 020	2 021	2 022
1.2%	1.5%	1.4%	1.0%	1.1%
1.3%	1.6%	1.4%	1.1%	1.1%
2.4%	2.9%	2.9%	1.5%	2.1%
0.9%	1.0%	0.9%	0.8%	0.7%

QLFS

- Unemployed (7.9mil) vs Not economically active (17.3 m)
- Difficult to reach all needy through job-seeker grant

Table A: Key labour market indicators

	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022
			Thousand
Population 15–64 yrs	**39 455**	**39 888**	**40 033**
Labour force	**22 237**	**22 466**	**22 776**
Employed	**14 995**	**14 544**	**14 914**
Formal sector (non-agricultural)	10 574	9 771	10 179
Informal sector (non-agricultural)	2 502	2 647	2 818
Agriculture	792	868	844
Private households	1 127	1 258	1 072
Unemployed	**7 242**	**7 921**	**7 862**
Not economically active	**17 218**	**17 423**	**17 257**
Discouraged work-seekers	3 131	3 806	3 752
Other (not economically active)	14 086	13 617	13 505
Rates (%)			
Unemployment rate	32,6	35,3	34,5
Employed/population ratio (absorption)	38,0	36,5	37,3
Labour force participation rate	56,4	56,3	56,9

Potential social insurance add-ons

- UIF continuation benefit (only for >40 years and contributors>5yrs, approx. 9% of group); this would require increase in contribution rate of UIF e.g to 1.5%
- Balance between social assistance and contributory social security needs to be considered

Potential add-ons: skills

- Stronger FET – apprenticeship – jobs links
- Reform SETA funding
- Skills for Job seekers grant recipients
- DBE/DEL/DHET to consider other relevant interventions

Potential aDD on: informal sector/economic support

- Harvard study on comparative employment
- Deregulation esp local government
- Potential economic support interventions; various including access to markets, skills…various sectors

WB Paper: can identify three "groups" of SRD R350 beneficiaries based on poverty status and job readiness

All 10.6 million Covid SRD R350 beneficiaries

	Extreme poor/multiple constraints	Poor/some constraints	Less Poor/fewer constraints
Poverty Status of beneficiaries	Below the food poverty line *(proxied by reporting "hunger/no food" in the NIDS-CRAM)*	Poor (but not food poor)	Not poor, some employed *(proxied by reporting >matric in NIDS-CRAM)*
Appr. number of people	Around 4.6 million (44%)	Around 4.1 million (38%)	Around 1.9 million (18%)
Job readiness of beneficiaries	**Cannot work due to too many constraints** (less than a matric, live far from economic centers, multiple social constraints, trauma, other constraints that make work difficult)	**Can work if assisted in managing constraints and job are available** (some social constraints, living in townships, matric completed, some ability to work)	**Work ready, need access to jobs** (matric+, job networks, more developed socio-emotional skills, some assets)
Current (likely) Social Assistance receipt by the household	---SRD R350 grant -- ---------------------- Child Support Grant ------------------------		

WB: Efficiency package: Poverty-oriented income support, resources to enhance efficiency and coverage of ALMPs to the middle category

All 10.6 million Covid SRD R350 beneficiaries

Extreme Poor/multiple constraints	Poor/some constrains	Less Poor/fewer constraints

Extreme Poor/multiple constraints

- R350/H350 grant

Potentially a household grant rather than individual grant

Improve efficiency & coverage, moving more off SRD R350 beneficiaries into these programs

Complement with vouchers for airtime, transport, or other job search help

Poor/some constrains

- R350/H350/Jobseeker Grant *(for those not yet in programs listed below)*
- EPWP/CWP
- PEStimulus/Social Employment Fund
- YES-type program (work experience + training)
- Revamped National Youth Service (continue to receive R350)

Less Poor/fewer constraints

- ETI-type program (wage subsidy)
- NYDA/SEFA-type entrepreneurship support to SMMEs
- TVETs/SETAs (technical + on-the-job training)

(there is no SRD R350 income support to this group)

Intermediation: SAYouth/ESSA & DEL Centers

WB: Enhanced activation package: poverty-oriented income su… reallocate resources to enhance efficiency and coverage of ALMPs, add new programs

All 10.6 million Covid SRD R350 beneficiaries

Extreme Poor/multiple constraints

- R350/H350/ Jobseeker Grant
- New: BPS (income support + socio-emotional + intermediation support)

Coordinate these into a wider work-experience program?

Poor/some constrained

- R350/H350/ Jobseeker Grant *(if you are registered for programs below but not actively receiving)*
- EPWP/CWP
- PEStimulus/Social Employment Fund
- YES-type program (work experience + training)
- Revamped National Youth Service

Less Poor/fewer constraints

- Scaled up/reformed: ETI-type program (wage subsidy)
- Scaled up/reformed: NYDA/SEFA-type entrepreneurship support to SMMEs
- Reformed: TVETs/SETAs-type (technical + on-the-job training)

- **New**: PEI-type program for the informal hustle economy (5% SRD R350 population)

Intermediation: SAYouth/ESSA & DEL Centers

Discussion

- Unaffordability of most options
- SRD heading to 16-18 million people but only 8 million in three poorest household income deciles
- Under SRD, working age not doing work, not productive, not participatory, not gaining skills, level too low to emerge from poverty
- Job-seeker grant not sufficiently developed as to how would work and make genuine linkages
  - Needs work on who can legally access, links to employment and DEL services, DSD/DEL role in labour and employment incentivisation; links to other labour policies
  - Info system linkages not working
- Balancing jobs and social security interventions: how to ensure measures do not supplant efforts to address constraints that continue to entrench exclusion from labour market
- Consideration of trade offs in making policy decisions: quality v/s quantity, minimum wage v/s mass participation, short term and long term sustainable plans, etc
- Insufficient targeting under all options

Potential way forward

- MoF and MinCombud to consider whether any of options are affordable and trade-offs with other pressures
- DSD to work with DOL and Presidency on SRD-Job-seeker proposal
  - Complementary work on reform of public employment to are jobs to direct to and IT systems
- DSD to develop proposal for Caregiver grant for those who cannot work
- Both proposals must contain sufficient targeting mechanisms to be affordability

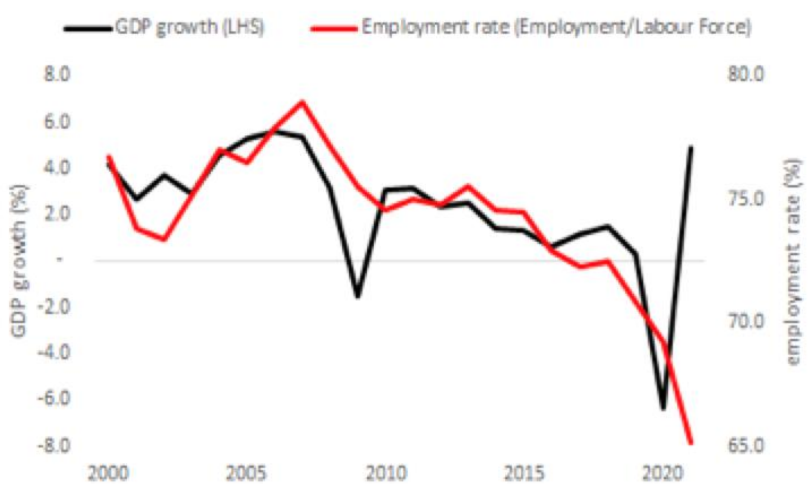
Conclusion

- Unemployed not a uniform group – more complex differentiated response
- From grants to jobs (Putting SA to Work Strategy)
- Base: Strengthen public (and private) employment and reform of grants
- Combination of SRD: job-seeker and SRD: caregiver might be short-term way forward as systems strengthen
- Potential add-ons to dual base reforms or WB 4 package approach

Fiscal policy considerations for the replacement of the SRD R350 grant

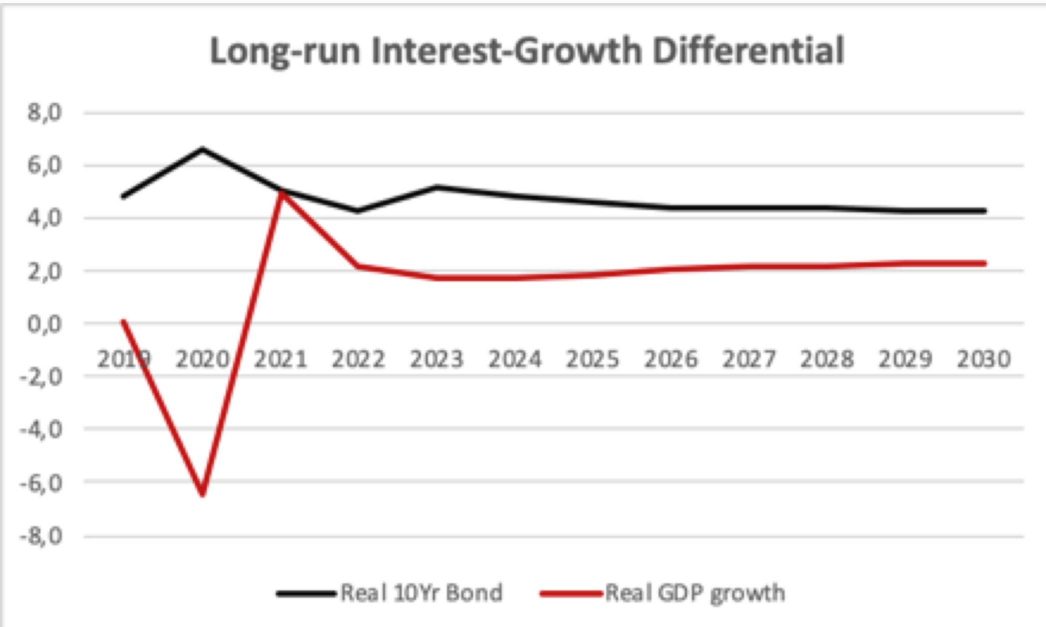
Long-run joblessness and poor economic growth

GDP and the employment rate



- GDP growth and employment are highly correlated.
- Deterioration in GDP growth since 2010 has been associated with worse unemployment.
- Despite modest first quarter improvement, at 34.5 per cent, the official unemployment rate is still the third highest since the Quarterly Labour Force Survey began in 2008.
- Unemployment rates remain higher for women (36.4 per cent) compared to men (33.0 per cent), black Africans (38.6 per cent) and for youth aged 15-24 years (63.9 per cent).
- The expanded unemployment rate, which includes people to discouraged to search for work, stands at 45.5 per cent.
- Under these conditions, grants have acted as a compensation for lack of inclusivity and growth. SA is effectively an unsustainable welfare state, with no clear path towards job-rich growth

Over the long-run SA's ability to sustain its spending policies is weak

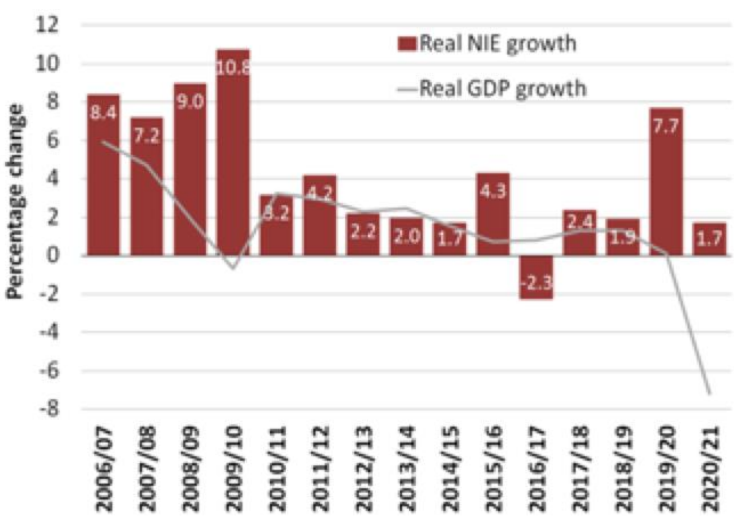


- Debt-service costs grow faster than economic growth over the long-term

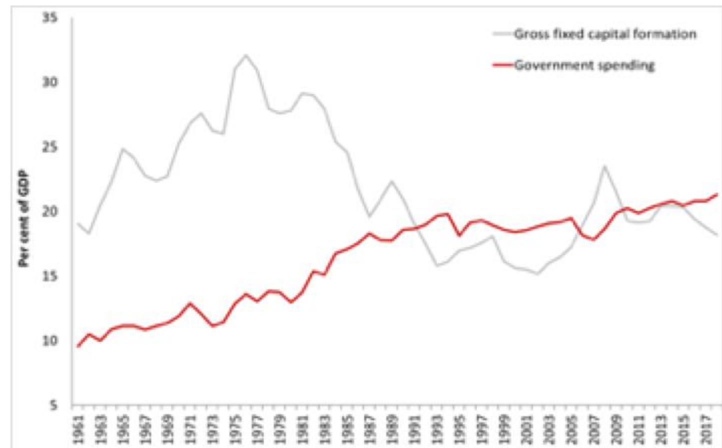
- This implies that SA remains on a path to a fiscal crisis without higher growth or primary fiscal surpluses

REALITY CHECK: Government spending has not correlated with growth

Real main budget non-interest expenditure growth vs real GDP growth

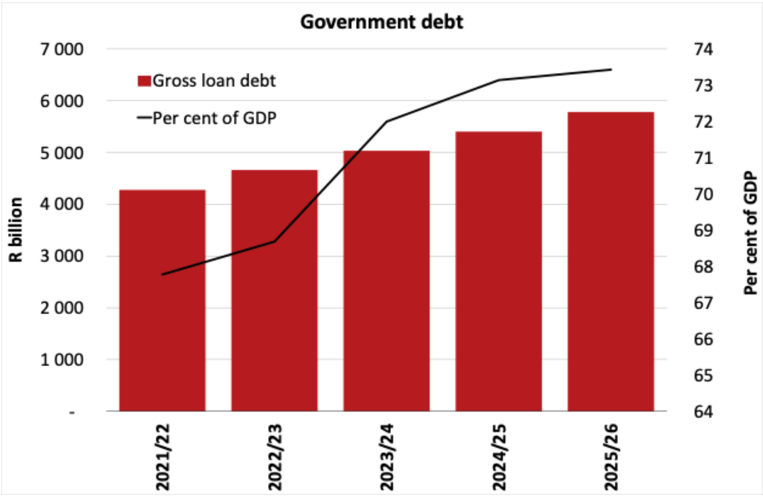


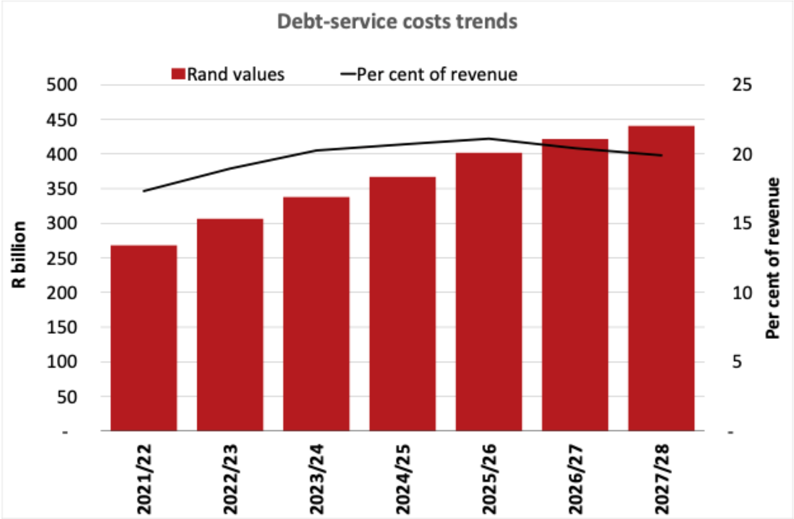
Spending as % of GDP vs Total Investment as % of GDP



- The SA government has higher non-interest spending (at 21.8 percent of GDP) than the average middle-income country (15.8 percent of GDP). Yet, there remains a tendency to advocate for higher spending rather than reprioritisation and/or real performance improvements, despite the poor record of delivering long-run welfare improvements for South Africans
- In recent times, much of the poor multiplier effect of government spending is due to poor prioritization (SOE bailouts, public wages)
- At the same time, the budget is still dominated by the social wage (60% over the MTEF), suggesting the long-run returns from government's social spending is negligible.

Current debt situation and fiscal risks situation



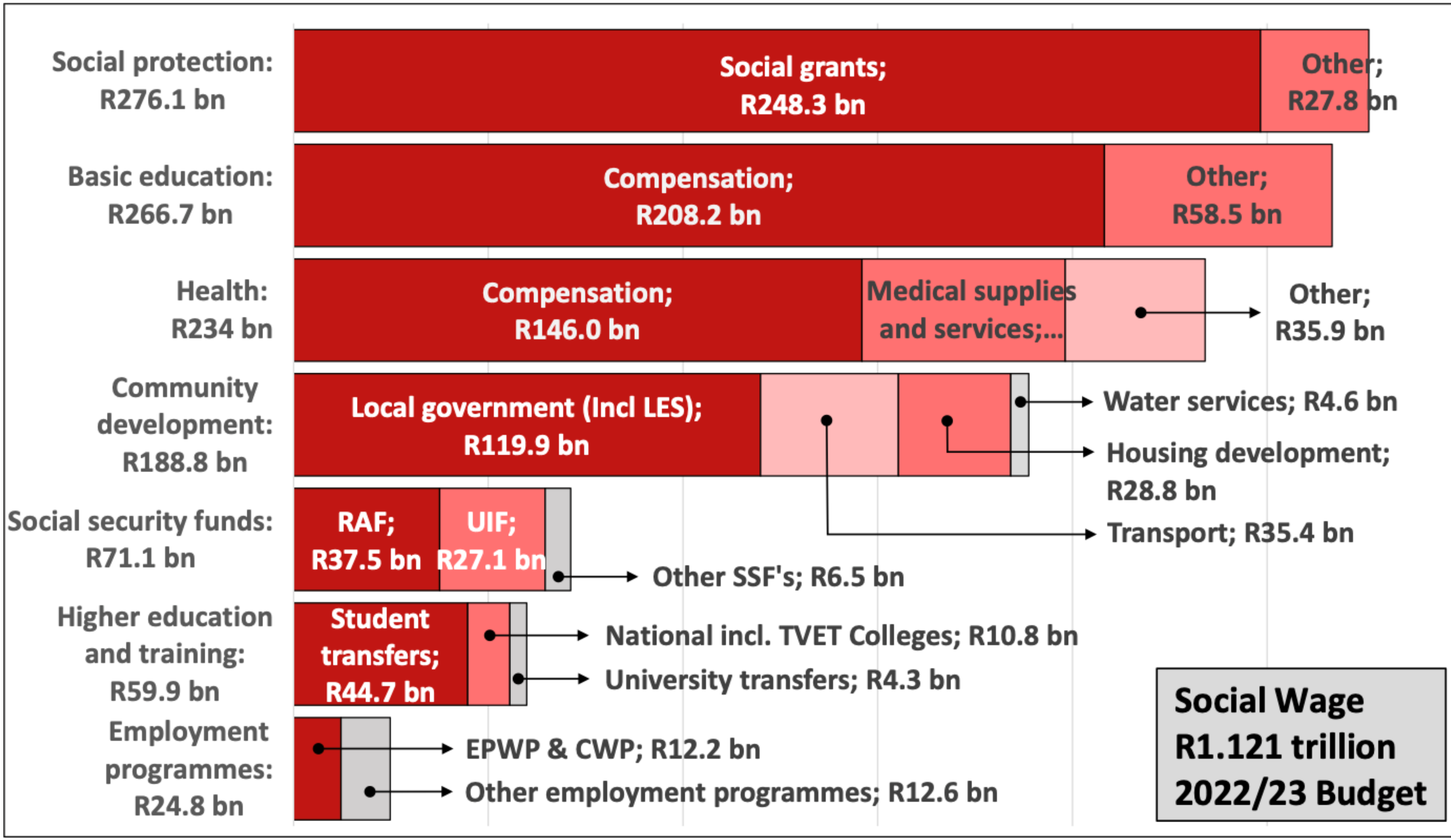


- Government debt is currently at R4.28 trillion and will rise to R5.4 trillion in 2024/25, before stabilizing (i.e. not growing as a per cent of GDP)
- Debt–service costs are at R306.4 billion in 2022/23 and will rise to R421.6 billion in 2026/27
- Debt-service costs have become a binding constraint on the fiscus.
- Largest single item of spending;
- Growing faster than GDP growth
- Constitute a massive transfer of domestic resources to bond-holders and other lenders
- Moreover, contingent liabilities have risen to R1.2 trillion in March 2022 (not part of the fiscal numbers), including:
- Guarantee portfolio (SOEs) rose from R693 billion in 2020 to R790 billion in 2021
- ESKOM debt nearly R400 billion
- Road Accident Fund liabilities of R450 billion
- Unfunded policy decisions or obligations of government:
- NHI;
- Medico-legal claims (R120 billion);
- Borrowing requirement of R484.5 billion in 2022/23 due to spike in domestic and foreign bond/loan redemptions
- Public sector wage bill risks are elevated. The projections currently do not include an increase beyond pay progression of 1.5 per cent.

Proposed fiscal strategy for 2022 MTBPS

- There should be no substantial change to the current fiscal strategy, restoring fiscal sustainability over the medium term remains the key focus
- Government should continue to strike a delicate balance between:
  - mitigating the negative impacts of the COVID-19 pandemic and recent floods, while
  - restoring the health of the public finances through derisking, and
  - supporting economic growth
- Medium-term fiscal policy should aim to reduce the budget deficit, stabilise debt and address fiscal risks where appropriate
- In terms of the fiscal framework this implies that:
  - Expenditure ceiling should be maintained at 2022 Budget estimates in 2022/23 — 2024/25
  - Spending pressures to be funded within the ceiling
  - Unallocated resources from 2022 Budget will be used for derisking
  - Any additional resources within the framework will be used to reduce the deficit and debt
  - Any permanent increases in spending should be accommodated with matching permanent increases in revenue or reprioritisations.
- Government must improve the composition of spending over MTEF by reducing growth in compensation while protecting capital investment
- **Fiscal risks are massive and debt dynamics remain very unfavorable**
- **To the extent that government fails to manage its risks appropriately, such failure should not be masked by not observing the hard budget constraint, including for social spending.**

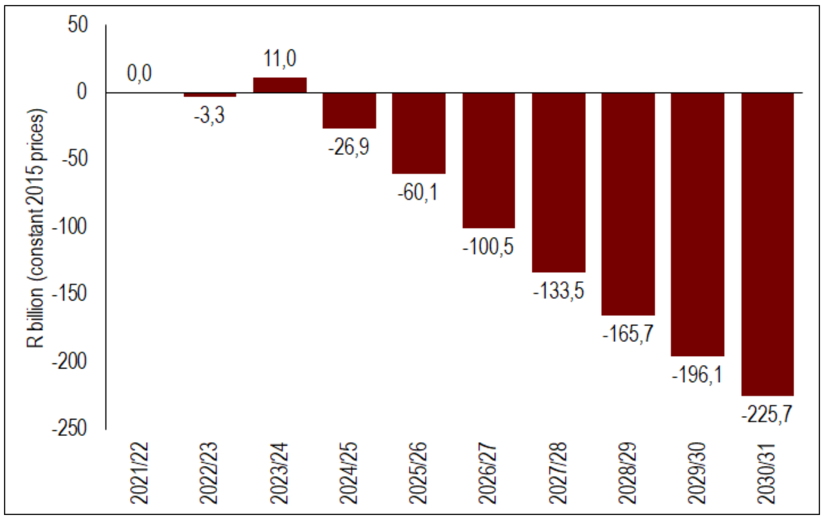
NT VIEW – Reprioritisation/shifts within the social wage budget should be considered as an option to extend social protection



Macroeconomic impacts of fiscal risks/pressures over the MTEF

Accommodating higher fiscal spending could subtract over R900 billion from GDP over the long term

REAL GDP deviation from baseline



- Fiscal risks materialise and insufficient action is taken to offset these higher spending pressures resulting in the expenditure ceiling being breached and thus widening the budget deficit and increasing sovereign debt.
- Accommodating these spending pressures has a diverse, but overall negative impact on real GDP:
  - The permanent extension of the SRD and higher government compensation add to household consumption and GDP growth, mainly in the near term.
  - However, the negative implications of breaching the compensation ceiling, not fully funding the SRD grant extension in a deficit-neutral manner and providing further funding to SOCs outweighs the positive impact these have on the economy, with a timing lag.
- There is a sustained and profound negative impact on GDP over the medium- to long-term.

Cumulative GDP losses of R901 billion over the long-term horizon is projected as a result of accommodating higher fiscal spending pressures.

Tax policy considerations for the replacement of the SRD R350 grant

Minister of Finance is responsible for tax policy and considers all the trade-offs

- The Minister of Finance is solely responsible for introducing tax amendments according to the sections 73 and 77 of the Constitution and does not generally consult too widely on changes in tax rates and thresholds. These are highly sensitive and any leaks could lead to taxpayers taking advantage of that information for their personal gain and to the detriment of the state
- New tax policy proposals, however, go through an extensive consultation period both with the public and through Parliament. These take much more time (the carbon tax took 10 years), both for consultation and in the policy design, and for SARS to be able to adjust their systems and train their staff so that they can implement the policy effectively
- Revenue raising measures for the short term are usually done through changes to the rates or thresholds of existing tax instruments, changes to the tax base or creating new tax bases will take longer.
- Tax policy decisions entail balancing difficult trade-offs to raise revenue in an equitable, efficient, and sustainable manner to support government's development objectives. Responding to these demands requires appreciation of the long-term tax policy context, the role of tax policy in the overall fiscal strategy and a consideration of its limitations.

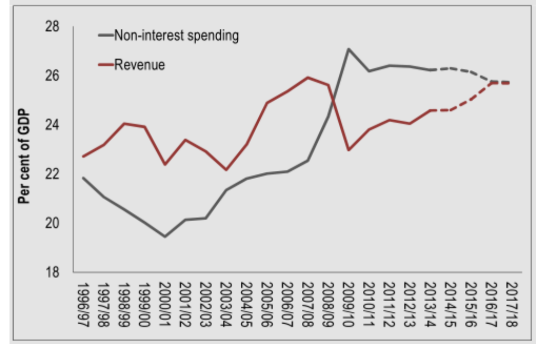
Since 2015/16, tax policy focus was to raise revenue to consolidate the finances

- After the global financial crisis, expenditure continued to outstrip revenue, creating large budget deficits and increasing debt
- From 2015/16, government started implementing large tax increases to reduce the deficit

2015 Budget

Revenue and non-interest spending

Main budget, 1996/97 – 2017/18

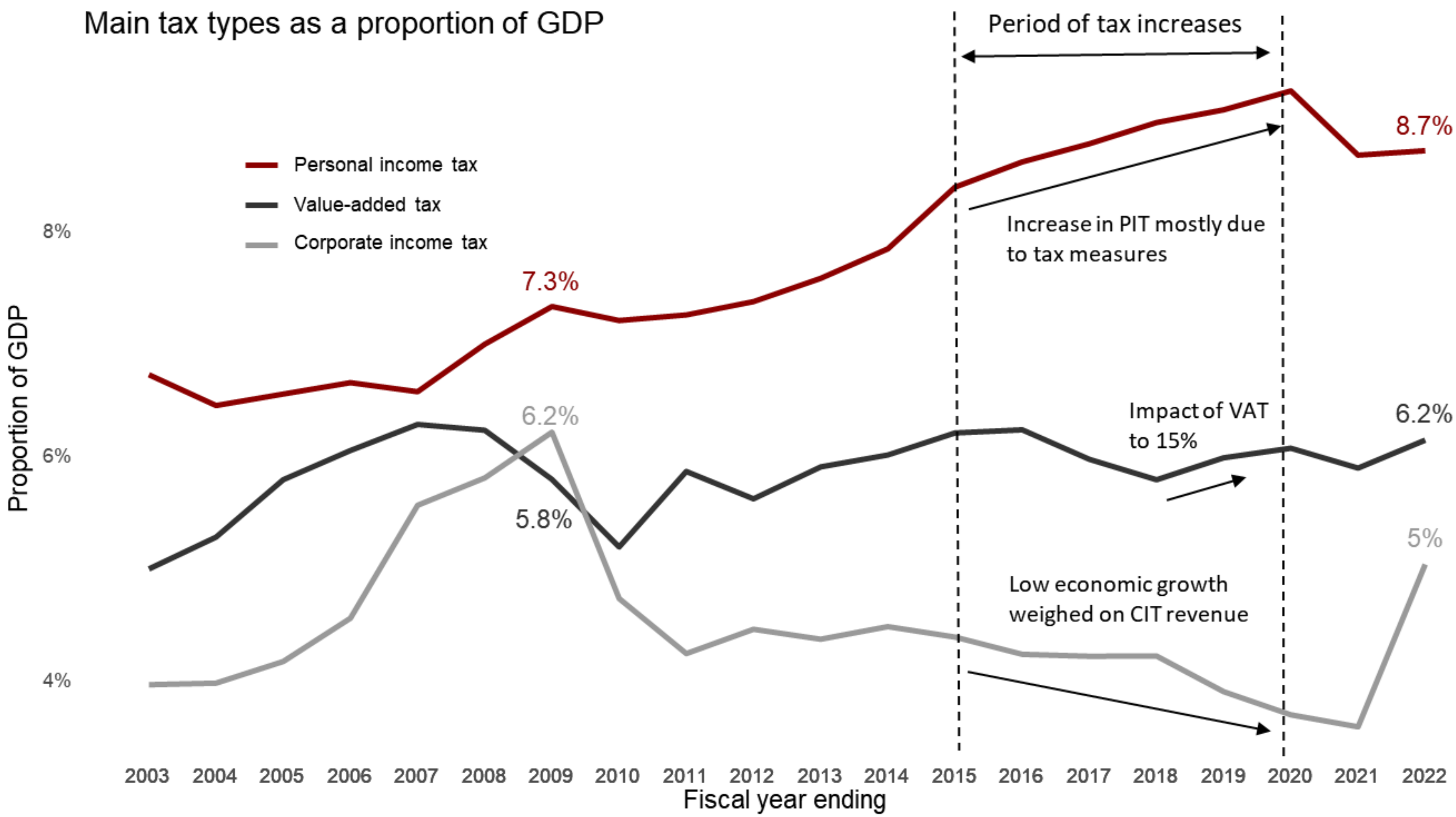


Tax policy adjustments included:

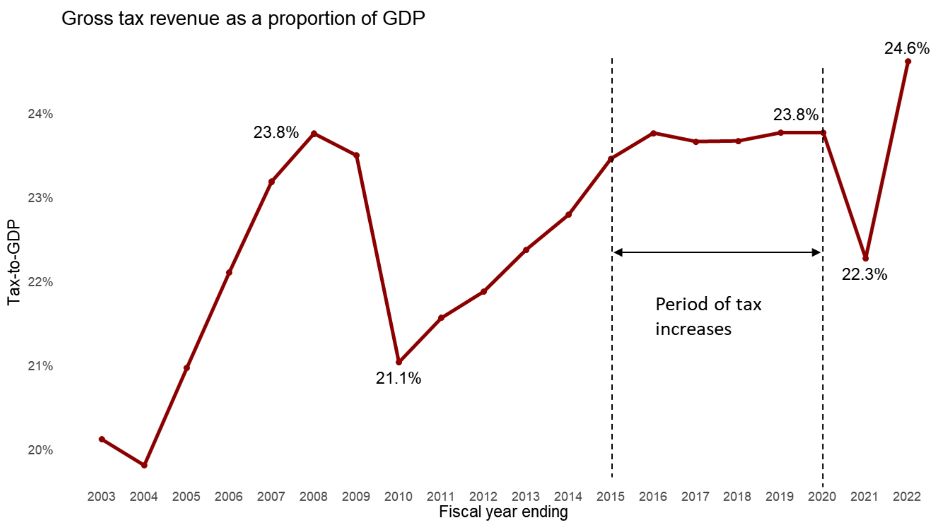
- A one percentage point increase in all the personal income tax rates, except for the bottom bracket
- Limited relief for inflation to personal income tax brackets and rebates
- An increase in the inclusion rates for capital gains to 40% (25% in 2012)
- An increase in the dividends tax rate from 15 per cent to 20 per cent
- A new top personal income tax rate of 45 per cent for taxable incomes above R1.5 million
- Large above inflation increases in the General Fuel Levy and the Road Accident Fund Levy
- Above inflation increases in excise duties on alcohol and tobacco
- Increase in estate duty rate from 20% to 25% for estates above R30m
- Increase in the ad-valorem excise duty (on luxury goods) from 7% to 9%
- An increase in the value-added tax rate to 15 per cent

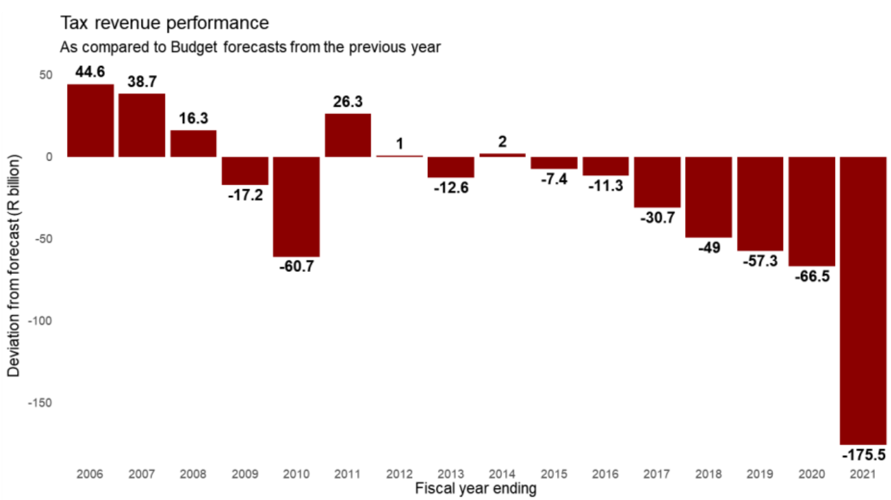
Tax year	Estimated tax increases
2015/16	R16.8 billion
2016/17	R18.1 billion
2017/18	R28 billion
2018/19	R36 billion
2019/20	R15 billion

Most of the increases were on personal income taxes, with an uptick in VAT and decreasing CIT



But tax-to-GDP hardly changed as tax policy measures brought in less than expected





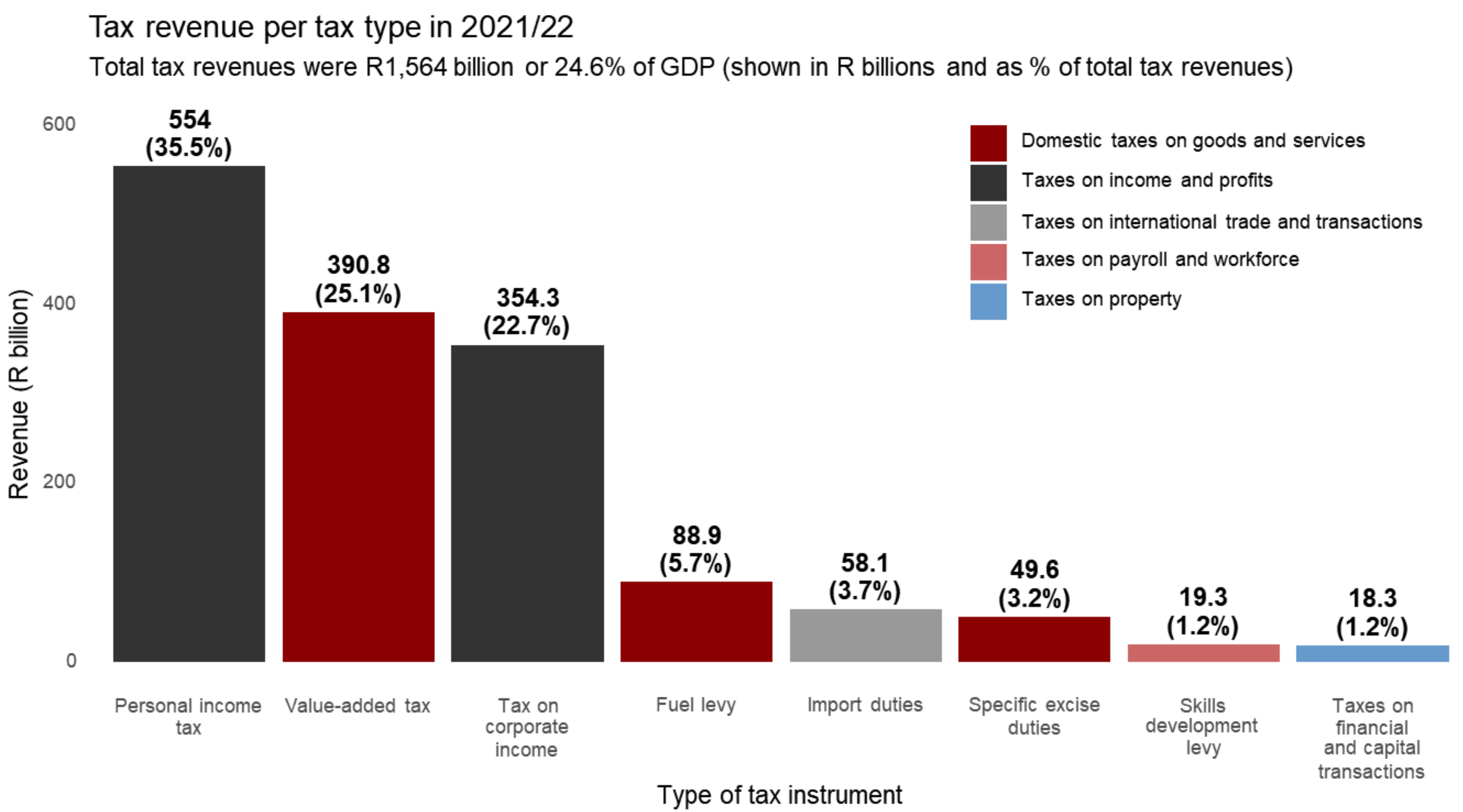
- Tax-to-GDP only increased slightly to 23.8% over period of tax increases – matching the previous record high in 2007/08
- In the years since tax increases started, the revenue shortfall has consistently grown larger, coinciding with institutional problems at SARS
- The shortfalls also partly reflect downward revisions in economic growth
- The large tax increases failed to close the budget deficit and may have hampered economic growth
- Further tax increases may not generate as much as expected without efficient tax collection or in an economic downturn
- Larger increases in tax are likely required for smaller revenue gains
- **Given this and that the economy was already going into a recession, no tax increases were announced in the 2020 Budget – a break compared to the previous 5 years**
- **Same decision for 2021 and 2022 Budgets to avoid tax increases during COVID**

Tax increases one of the options to finance a permanent extension of the SRD

- The extension of the SRD grant, or its replacement with another programme of income support, will require a substantial increase in public expenditure. **The lowest cost from the multitude of scenarios that are being explored is around R50bn per year**. This amount is not in the fiscal framework.
- The three mechanisms which can be used to finance such an expansion are through increasing borrowing, reducing public expenditure elsewhere or increasing tax revenue.
- Given the high levels of debt and the need for fiscal consolidation, the 2022 Budget focused on expenditure reductions and tax revenue increases, by stating:

> "*in a context of over-stretched public finances and persistently high unemployment, the continuation of such a social transfer* ***must be matched by a combination of permanent spending reductions and increases in tax revenue***".

Which are our most important tax instruments?



How realistic is it to raise R50bn per year from tax increases?

- The largest tax increase since 1994 was in 2018 when government aimed to raise R36 billion by increasing VAT to 15 per cent alongside increases in fuel levies, personal income taxes and excise duties on alcohol and tobacco
- An increase of R50bn would be the largest tax increase the country has seen, in a period consumers and the economy are under pressure from COVID, inflation and a weak global economy
- Previous tax increases have led to a record high tax-to-GDP ratio but have limited the scope for further interventions in many areas. For example, large fuel levy increases in the past are now exacerbating the cost of living crisis, and it would be difficult to add another levy onto fuel to pay for GFIP/e-tolls or SRD
- Looking at the total amount raised from these taxes, shows that there are limited options to raise the full amount from a single source. For example, you would need to at least double the rates for alcohol and tobacco excise duties to raise close to this amount, which is not feasible.
- The three largest tax instruments of personal income tax, value-added tax and corporate income tax make up more than 80% of tax revenue. Due to the detrimental economic impact of CIT rate increase, PIT and VAT are the main contenders for raising large amounts of revenue (similarly to 2015/16-2019/20)

What about a solidarity tax?

- A solidarity tax, which has typically been seen as a one-off measure for a limited time period, would not satisfy the recurring funding requirement for an SRD grant. Permanent increases in expenditure, such as an extension of the SRD, would ideally require a permanent increase in tax revenue to avoid unsustainable increases in debt over the medium term.
- The other characteristic of solidarity taxes is that the funding they generate is usually directly attributed to a particular expenditure and is earmarked. National Treasury is quite strongly opposed to earmarking (as are most Treasuries globally) as it creates inflexibilities (RAF deficits, UIF surpluses) and reduces accountability.
- Countries such as Germany and Portugal added a temporary surcharge on taxable income to pay for infrastructure upgrades in East Germany after reunification and to counter negative impact of the global financial crisis
- If it is permanent and not earmarked, **a solidarity tax would be the same as an increase in personal income tax**, such as through a surcharge of x% on taxable income.

By how much would we need to raise personal income taxes to generate R50bn?

- Scenario A: Not adjusting any of the brackets for inflation and increasing the marginal income tax rates by 3 percentage points (except for the bottom bracket to keep the tax free threshold the same). Second bracket would go up from 26% to 29% and top bracket from 45% to 48%.

- Scenario B: Not adjusting brackets for inflation, but increasing **all** tax rates by 1.5 p.p., reducing the tax free threshold from R91 250 to R74 850.

- The "large" tax increase for personal income tax in 2015/16 provided relief for inflation and increased all the brackets, except for the bottom bracket, by 1 p.p.. That was supposed to raise around R10 billion.

Distributional impact of the two PIT scenarios

- Under both scenarios, the majority of personal income tax increase would be raised from those earning between R350k and R750. Scenario B would have a lower tax rate increase, but would increase tax on those with lower incomes (e.g. R4.2 billion raised from those with incomes below R150k)

Personal income tax increases to raise R50bn for different scenarios

Taxable bracket			Registered Individuals Number	%	Scenario A R billion	%	Scenario B R billion	%
R 0	to	R 74 850	7 105 287		0.0		0.0	
R 74 851	to	R 150 000	2 568 033	26.5%	1.2	2.4%	4.2	8.3%
R 150 001	to	R 250 000	1 717 760	23.1%	1.9	3.8%	6.7	13.0%
R 250 001	to	R 350 000	1 231 672	16.5%	4.8	9.8%	7.4	14.3%
R 350 001	to	R 500 000	1 158 117	15.6%	9.6	19.6%	9.9	19.3%
R 500 001	to	R 750 000	756 629	10.2%	11.6	23.6%	9.6	18.7%
R 750 001	to	R 1 000 000	274 963	3.7%	6.6	13.6%	4.9	9.5%
R 1 000 001	to	R 1 500 000	199 837	2.7%	6.8	13.9%	4.5	8.9%
R 1 500 001		+	133 230	1.8%	6.6	13.5%	4.2	8.2%
Total			**8 040 241**	**100%**	**49.0**	**100%**	**51.4**	**100%**
Grand total			**15 145 528**		**49.0**		**51.4**	

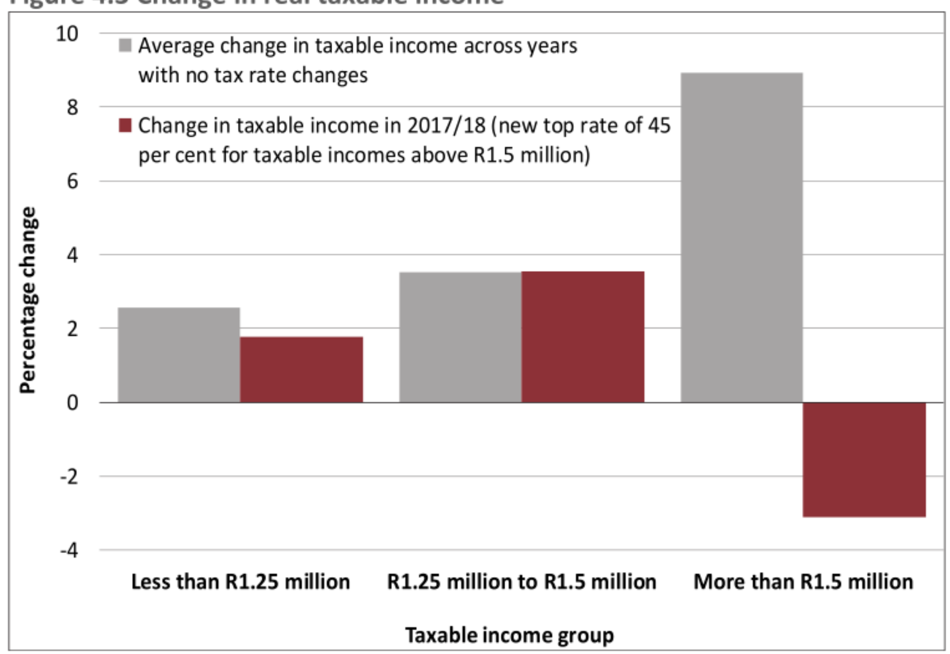
- Revenue raised is compared to full inflationary relief to brackets, which is assumed for the forecasts

Can we rather focus the increase in personal income tax on the rich?

- The top personal income tax rate was increased from 41% to 45% for those with taxable incomes above R1.5 million in 2017/18.
- The 4 p.p. increase was anticipated to raise around R4 billion, which is considerably less than the funding requirement for the SRD.

- SARS micro data suggests that taxpayers responded to the increase by reducing their taxable income. It is likely we did not increase revenue by the R4bn.
- Research from Kemp (2020) suggests that the elasticity of taxable income is large, and that the optimal top tax rate is around 40%. The experience from the previous increase suggests this might be true.
- Further increases may be counterproductive

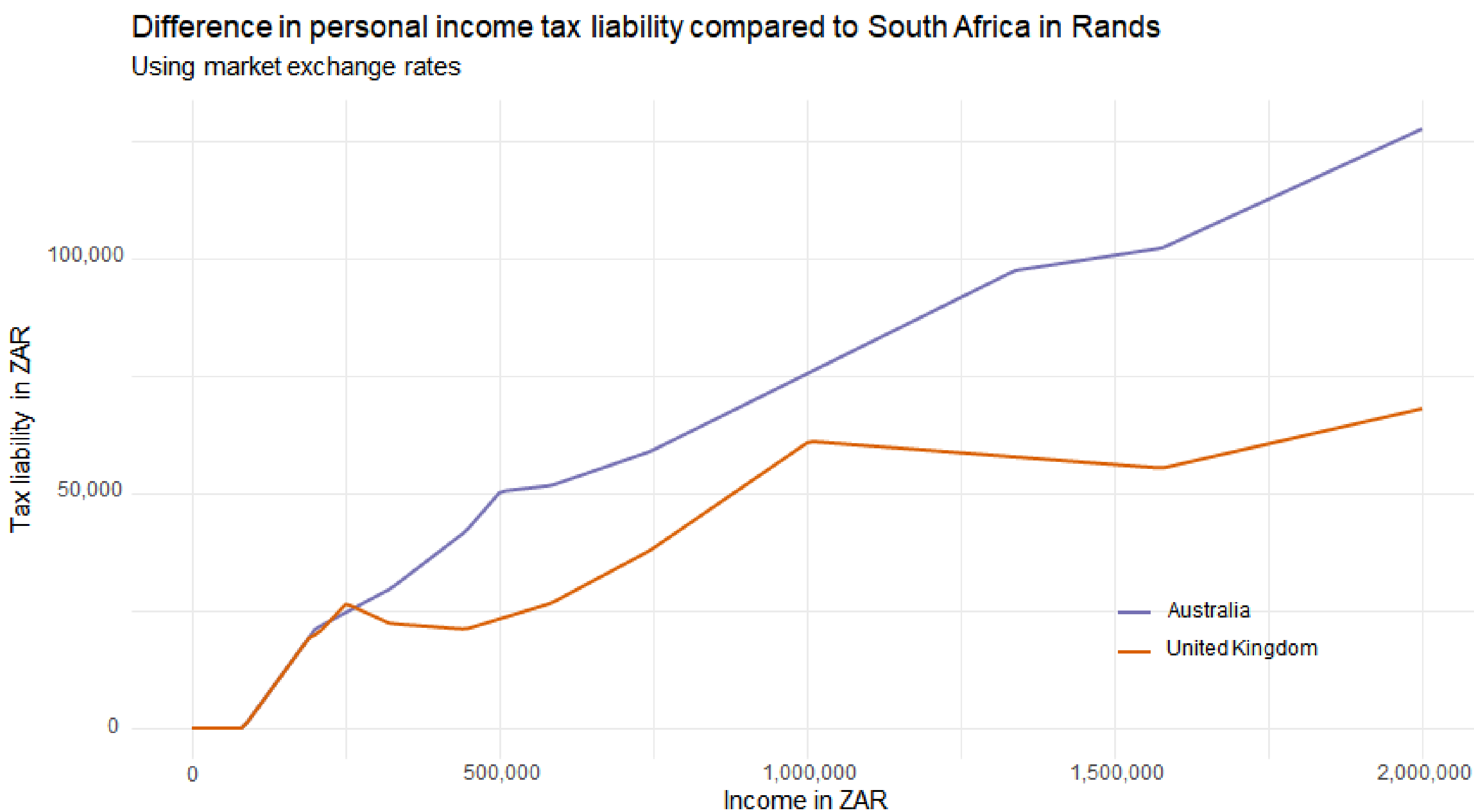
Figure 4.3 Change in real taxable income



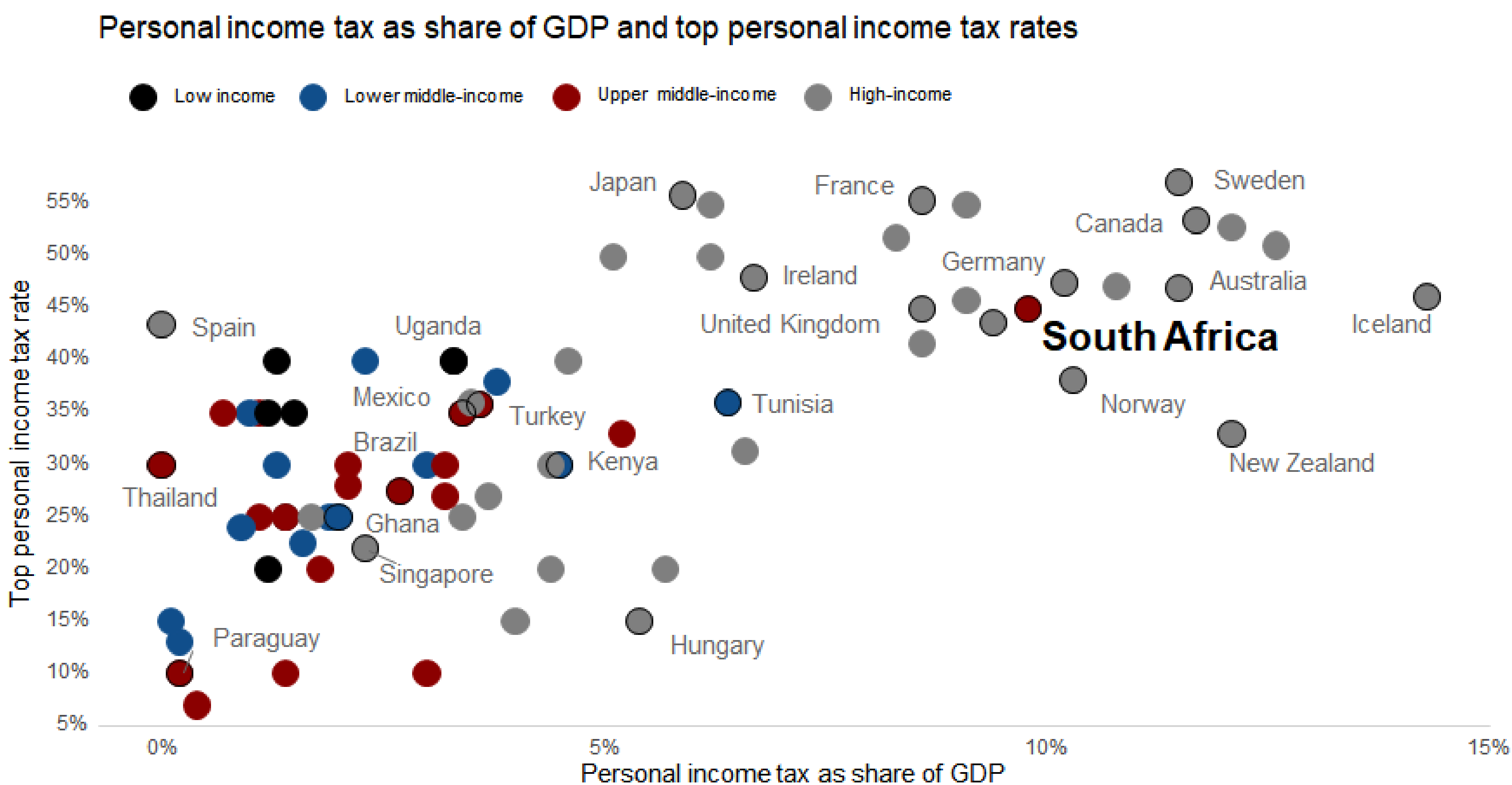
Source: National Treasury and SARS

Compared to AUS and UK, individuals pay more PIT at every income level

- For example, an individual earning R500k would pay around R50k less in tax in Australia and around R25k less in the UK (2021 rates)

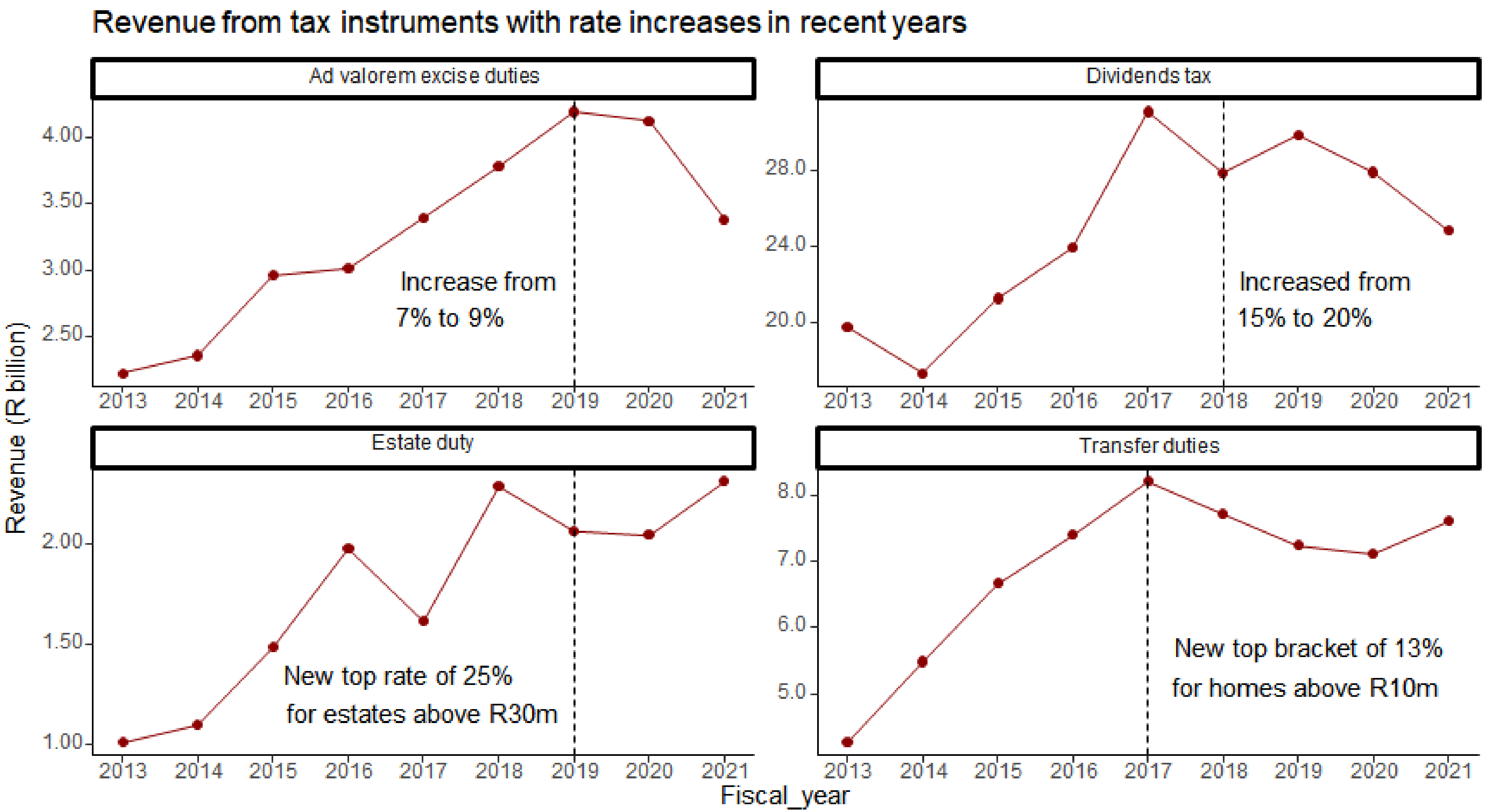


Top marginal PIT rate and PIT share of GDP are higher than our peers



Source: OECD, IMF

Previous rounds of tax increases did not raise much revenue



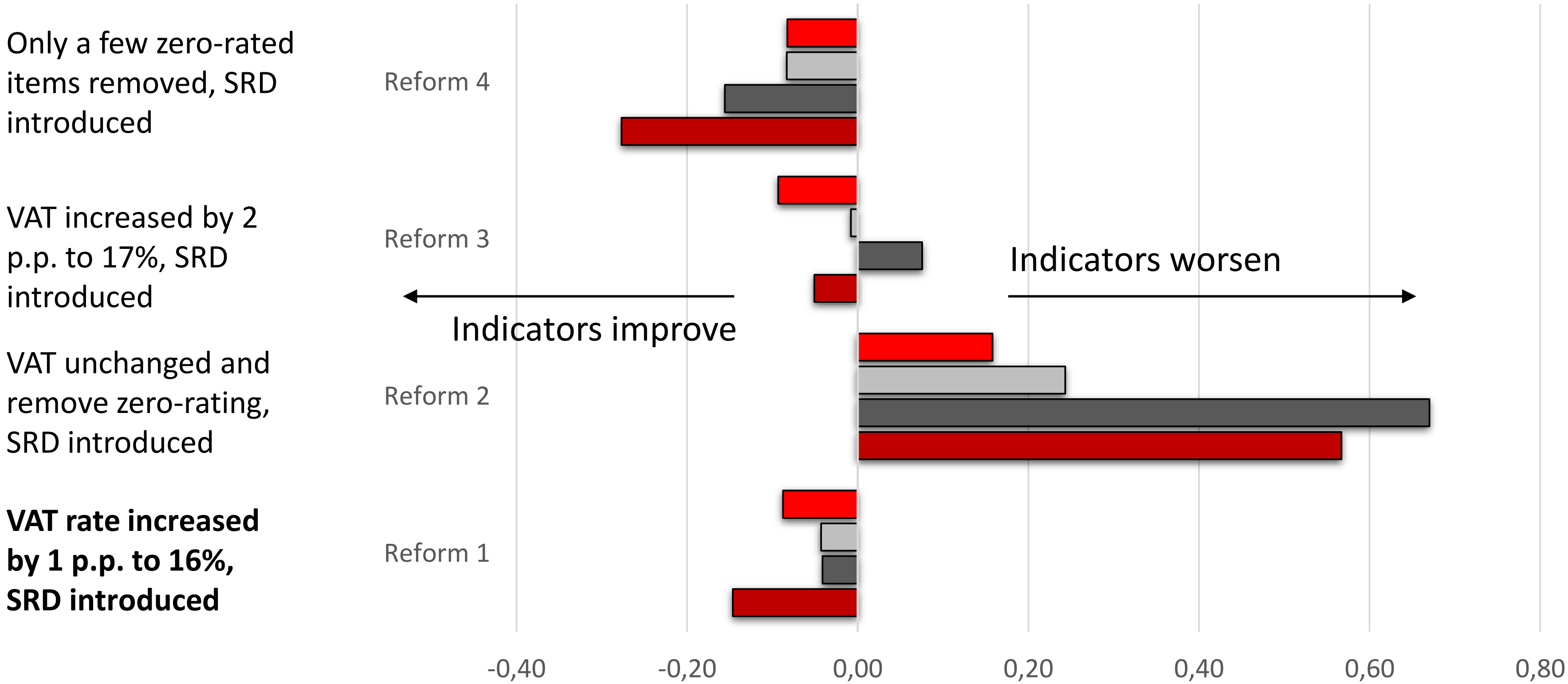
Given the revenue potential, a VAT increase should be considered an option

- VAT is the most reliable source of tax revenue and contributes around 26% to gross tax revenue
- From a purely macroeconomic standpoint, an increase in VAT rate is relatively less detrimental on economic growth and employment than raising income taxes (i.e. PIT or CIT)
- Due to its broad base, an rate increase to 16% or 17% could be somewhat inflationary in the short-run but could raise an estimated R24.5 or R49.4 bn, respectively
- Raising VAT will have a (albeit very small) negative impact on inequality (i.e. increase regressivity) unless compensated for through expenditure programmes (i.e. social grants, etc)
- Vat zero-ratings and exemptions, on the other hand, shrink the tax base and require a higher standard rate in order to compensate for the revenue loss
- An increase would potentially result in demands for more zero rating, as was the case when VAT rate increased to 15% (i.e. white bread flour, cake flour and sanitary pads were zero rated)

VAT reform scenarios modelled for SRD

No.	VAT Reform Scenario
0	Standard VAT rate is 15 per cent, all social grants and taxes are adjusted for inflation, excludes Social Relief of Distress grant (baseline)
1	Standard VAT rate is increased by 1 percentage point to 16 per cent, all social grants and taxes are adjusted at a rate that is above inflation (6 per cent), Social Relief of Distress grant introduced
2	Standard VAT rate is 15 per cent on all items, including zero rated items (but excludes exempt items), all social grants and taxes are adjusted at a rate that is above inflation (6 per cent), Social Relief of Distress grant introduced
3	Standard VAT rate is increased by 2 percentage point to 17 per cent, all social grants and taxes are adjusted at a rate that is above inflation (6 per cent), Social Relief of Distress grant introduced
4	Standard VAT rate is 15 per cent, list of zero rated items is reduced[1], all social grants and taxes are adjusted at a rate that is above inflation (6 per cent), Social Relief of Distress grant introduced

Modelling using SOUTHMOD suggests a 1p.p. increase in VAT with SRD improves metrics



	Reform 1	Reform 2	Reform 3	Reform 4
P80/P20	-0,09	0,16	-0,09	-0,08
Gini (household income)	-0,04	0,24	-0,01	-0,08
Poverty gap (average normalised poverty gap)***	-0,04	0,67	0,08	-0,16
Share of poor population, in % (All)**	-0,15	0,57	-0,05	-0,28

Summary of simulated policy outcomes

- Reform 1, though this scenario increases the standard VAT rate by 1 percentage point, the introduction of the SRD and the above inflation adjustments in all other social grants ensures that poverty and inequality indicators do not worsen. However, it is worth noting that this standard rate increase reduces the post-fiscal income (median) for households in the 40th percentile which is not desirable
- Reform 2, which eliminates all zero-rating generates a significant revenues estimated at over R40 billion, however, all poverty and income inequality indicators worsen
- Reform 3, which increases the standard VAT rate by 2 percentage points, with the SRD introduced and above inflation adjustments in other social grants appears to worsen the poverty gap rate and reduces the post-fiscal income (median) for all households except households in the 20th percentile
- Reform 4 generates the least amount of revenues estimated at least R6 billion however, this reform scenario has the best re-distributional outcomes (it is better targeted), it improves all poverty and income inequality indicators and ensures that a majority of poor households (up to 40th percentile) experience net gains in post-fiscal income (median)

External tax policy suggestions often mentioned to fund social assistance

Considerations for a wealth tax

- South African currently taxes wealth indirectly through a number of property taxes (estate duty, donations tax, STT, transfer duties, CGT) where tax collected is 1.2% of total tax revenue (above the average of OECD countries)
- A new “net wealth tax” would target inequality, improve the progressiveness of our tax system and may bring in some additional revenue
- However, it raises limited tax revenue in practice, is expensive and difficult to administer, it is possible to avoid via tax structures such as discretionary trusts, often leads to capital flight and discourages savings and investments
- For these reasons a number of OECD countries have abolished their wealth taxes (Switzerland, Austria, Germany, Netherlands, Finland, Sweden).
- Five countries currently have a wealth tax
- Regardless of whether one wants to maintain the current wealth taxation regime or replace it with a wealth tax, once off wealth levy or inheritance tax, it imperative to get a clear picture of wealth holdings in South Africa.

Country	Rate %	% contribution of tax revenue	Note
Colombia	1.0	-	To finance post war
France	0.5 to 1.5	0.2	Downgraded to real estate only
Norway	0.85	-	
Spain	0.2 to 3.7	-	Madrid exempt
Switzerland	Various	3.8	
Average	+/- 0.75	1.2	

Chatterjee et al (2021) propose a wealth tax

- Estimate that revenue of R70 bn – R160 bn can be extracted
  - This is proposed as a once-off tax, which implies it would only be able to fund a permanent expenditure like the SRD for at most 3 years
  - The rates proposed are from 3 - 7% - if an individual made returns of less than 7% on their assets in a particular year, this would be the same as an income tax that is greater than 100%. This is before any tax on interest, dividends or capital gains. There would be no returns on assets above a particular level of wealth.
- Wealth distributions are estimated for the first time, but are uncertain
  - High level of uncertainty in terms of the wealth data, which uses surveys (NIDS) to map a distribution onto economy wide aggregates (SARB) and income data (SARS)
  - Tax data mostly indicated returns to wealth that are already taxed – need to think carefully about taxing wealth stock vs income from wealth (latter is better accommodated with lower economic and behavioural impacts)
  - Proposals are not easy to implement, which is why many other countries have removed their wealth taxes. For example, the proposal includes all retirement funds as part of wealth and all property – would require annual valuations.

Wealth tax recommendations from OECD and Davis Tax Committee

- A stand-alone wealth tax may be advisable to complement existing taxes, but unlikely to surpass revenue contribution of existing tax instruments, with some positive impacts on distribution
  - Challenges in valuation, “beneficial ownership”, mobility of capital, administrative burden, impacts of savings.
- The OECD report titled "The Role and Design of Net Wealth Taxes in the OECD" concludes that "*from both an efficiency and equity perspective, there are limited arguments for having a net wealth tax in additional to broad based personal income taxes and well-designed inheritance and gift taxes*".
- The Davis Tax Committee released a report titled the "*Feasibility of a wealth tax for in South Africa*" which concluded that comprehensive wealth data is required to assess whether the revenue would exceed the administrative costs, and that the "*introduction of a wealth tax cannot be implemented in the short term*". Particular concern was raised around whether to included retirement funds.
- **As per the Davis Tax Committee proposal, the 2022 Budget included a proposal for taxpayers with net wealth above R50m (including trusts) to disclose all their assets in their tax returns as a first step towards evaluating the wealth tax proposal**

IEJ proposals (to fund BIG)
Modeled by DNA Analytics

- "**Social Security Tax**" – often a misnomer in SA, as internationally these are usually intended as contributions towards social security (i.e. expected future benefits linked to contributor). While it sounds like a "new" tax, it is a surcharge on taxable income and similar to the previous personal income tax options. But would eliminate tax free threshold
- "**Selective removal of medical tax credits**" – would be a regressive funding option, leaving middle-income and larger households worse off. Total value of MTC for 2019/20 was R27 bn, with more than half directed to individuals with taxable income below R350 000 p.a.
- "**Selective removal of retirement fund contribution deductions**" – Removing deduction for incomes > R1 million amounts to approx. R18 billion according to NT analysis, but even DNA indicates that other options would have to be considered
- "**Dividend tax rate**" was already increased to 20% in 2017 – with limited revenue increases. Expected +R6.8 billion, but resulted in R5.2 shortfall.
- "**Resource rent tax**" ignores the existing Mineral Royalties, which is a less volatile alternative that we already have in place.
- "**Luxury VAT**" ignores the ad valorem excise duties that act in the same way (R3.5 bn p.a.). 3 tax commissions investigated and found it is not feasible.
- "**Increase progressivity of estate duty**". Rate increase in 2018 resulted in revenue dropping from R2.3 bn to R2.1 bn.
- "**Securities transfer tax and currency transaction tax**" would be highly distortionary with limited revenue potential

Table 11: Summary table of financing options

Item	Amount (R billion)
1. Social Security Tax.	64.7
2. Eliminate Medical Tax Credits for those earning above R500k (2018/19).	6.3
3. Eliminate retirement fund contribution deductions for those earning above R1m (2018/19).	32.0
4. Increase Dividend Tax to 25%, from 20% (2018/19)	7.0
5. Replace Estate Duty with Progressive Inheritance Tax.[44]	5.0
6. Securities Transfer Tax to be increased from 0.25% to 0.3% (2018/19).	1.2
7. Increase carbon tax to one quarter of EU standard.[45]	2.0
8. Employment Tax Incentive to be cancelled.[46]	4.8
9. Reduce Cabinet size, departmental duplication, expenditures on conferences, travel, and overall Government saving of 5% on R107 billion spent on "General Public Services", as per Budget 2020, for year 2020/2021.	5.4
10. Claw back irregular / wasteful expenditure, last reported by the Auditor General for 2019 to be R42.8 billion, by a target of 30%.	12.8
11. Reduction of profit shifting by MNCs by a target of 25% (2018).[47]	5.75
12. Luxury vat of 25% on select items.[48]	11
TOTAL (1-12)	158
Spending of UBIG amount on VATable Items.	12 - 13.5% of total
Wealth Tax	34 – 189

Table 12: Social security taxation options per income bracket (R billion)

Earnings (R)	# Taxpayers	Taxable income	1.5%	2%	2.50%	3%
0 - 80k	6,822,326	218.8	**3.3**	4.4	5.5	6.6
80k – 350k	4,927,667	908	13.6	**18.2**	22.7	27.2
350k - 1m	1,910,855	1018	15.3	20.4	**25.5**	30.5
1m +	307,912	593.6	593.6	11.9	14.8	**17.8**

Source: National Treasury. 2020. Budget Review 2020.

Expert panel on basic income support commissioned by DSD (Dec 2021)

- No specific tax proposals – but revisit the IEJ proposals
  - Need to take behavioural impacts of higher taxes into account – and even after using the best available estimates, it is still likely the lower bound
  - Accounting for each proposal seperately does not mean that the revenue gain would add up to the same – particularly if simultaneous implementation is envisaged
- Thoughtful discussion of progressivity of tax relative to progressivity of fiscal system
  - *"Revenue raising potential, stability and long-term economic consequences need to be figured into the discussion in addition to a simple binary view of whether a particular tax instrument is progressive or regressive*."
- Reference to Gcabo et al (2019), who indicate that removing zero ratings and redirecting the revenue to social spending would still be progressive
- Economic growth impacts rely on "fiscal multipliers" - which ask whether the redistribution from private to public purse (tax) is compensated by improved public goods (spending)
  - Short run stimulus vs long run impacts (once saving and investment feedbacks are taken into account)
  - Proceed with caution, to assess risks

Expert panel on basic income support commissioned by DSD (Dec 2021)

- Recommendations from the report with respect to tax:

"It is recommended that the following approach to financing be considered:

  - The initial introduction of the SRD and its subsequent expansion of eligibility to the PIT threshold should preferably proceed without tax increases.
  - To the extent that interim financing is required to address an emerging fiscal gap, consideration should be given first to government expenditure reprioritisation.
  - Only as a last resort should consideration be given to increases in general taxes. If required, it is recommended that these be apportioned across all current tax basis to avoid overloading any single tax base.

- As a long-term approach it is recommended that incremental increases be absorbed without resort to tax increases and instead be financed out of the proceeds of economic growth."

Sachs' tax proposals for SRD extension (Feb 2022)

- Explore combination of instruments, to recognise that revenue raised needs to be permanent
- Tax
  - Removing "tax breaks" for retirement savings – see response above. A limitation may be possible, but complete removal would be difficult.
  - Bracket creep – but has adverse distributional consequences and not advisable in higher inflation environment
  - Increase VAT, as the grant is targeted to those who would not be in a position to absorb the increase
  - Timing important – scale and direction of tax announcements should not come as a surprise
- Spending
  - Public wage bill
  - Reconfigure other social spending programmes to free fiscal space
- Macroeconomic programmes to address anaemic long run growth

Reprioritising for the replacement of the SRD R350 grant

Programme to be scaled/closed/postponed

Department	Potential programmes to be scaled/close down and postponed	
	name of the programme	***R'million***
Basic Education	Matric 2nd Chance Programme (moving to online)	18
	G&S, mainly S&T	60
DIRCO	Administration: subprogramme Foreign Fixed Assets Management (postponed)	205
Public Works and Infrastructure	Prestige Prestige Policy: subprogramme Prestige Accommodation and State Functions) (postponed)	27
	Property Construction and Industry Policy and Research: subprogramme Property Management Trading Entity (PMTE) (postponed)	300
National Treasury	Municipal Revenue Management Improvement programme (postponed)	193
Transport	MLPS (closed)	1 000
	Autopax (closed)	400
	Delay in capital programmes in roads	2 400
Human Settlements	Housing Development Agency (duplication)	200
	National Home Builders Registration Council (duplication)	-

Programme to be scaled/closed/postponed

Department	**Potential programmes to be scaled/close down and postponed**	
	name of the programme	***R'million***
Various departments	Delay in capital programmes in PRASA, provinces and municipalities (WSIG, INEP, HSDG, PTNG, USDG, IUDG, MIG, RBIG)	12 800
	Various goods and services across all programmes	527
DALRRD	Rural Infrastructure Development (slow spending)	100
	Various goods and services across all programmes	60
DSI	Tehnology Innovation Agency	50
Trade, Industry and Competition	Export marketing and investment assistance (efficiency gains)	30
	Travel and subsistence	50
Higher Education and Training	TVET Exams (efficiency gains)	100
	PSETA (merge with NSG)	80
	SAQA, CHE and QCTO (shared services)	80
	G&S, mainly S&T	60
Sport, Arts and Culture	SAHRA and NHC (merge)	30
Defence	Peace keeping mission (DRC)	2 400
Potential reprioritisation over the MTEF		**21 170**

Rationalisation of national departments and public entities

The following criteria to be used to determine whether a department/entity should close or be merged into another:

- The performance and size of the entity, especially if the entity is no longer fulfilling its mandate or does not have capacity to fulfil its mandate
- The feasibility of a larger department to absorb the function of a small department
- The duplication and overlap of functions across departments and entities
- The legislative mandate – is it clear and followed by the entity/department
- Departments and entities with closely related functions

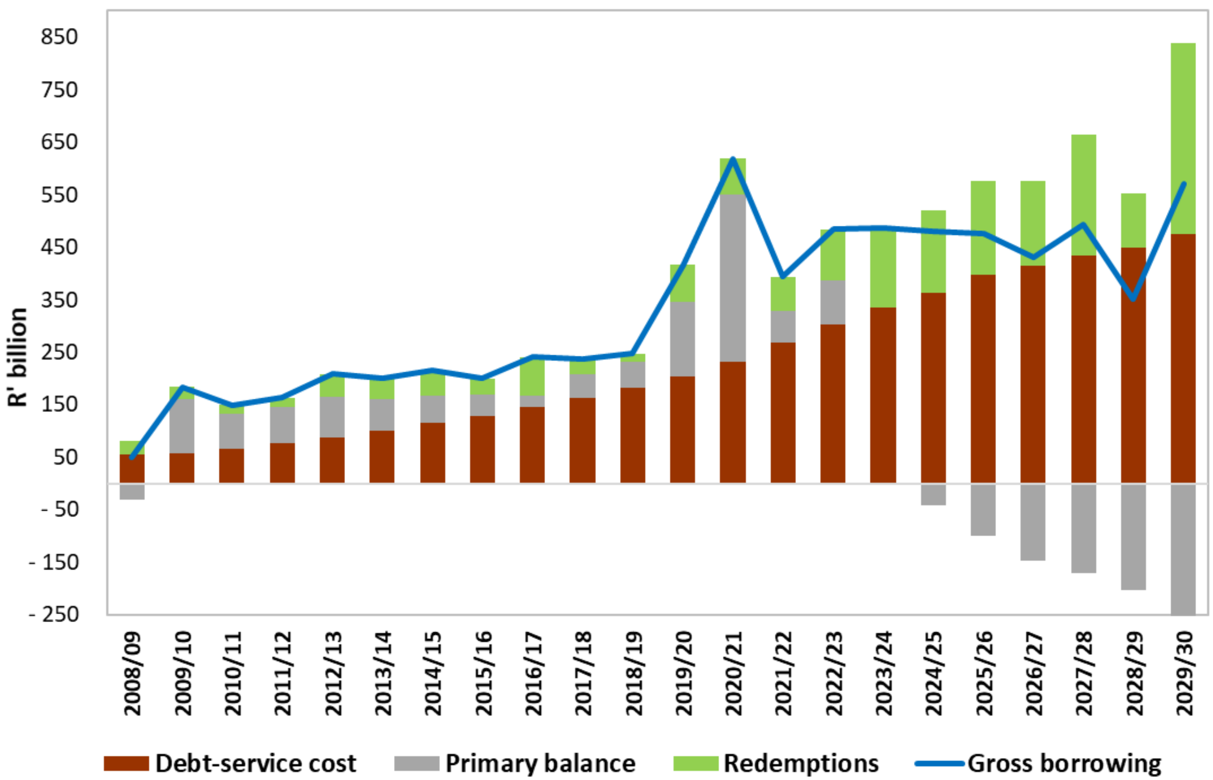
CONSEQUENCES

- Merging or closing institutions will result in job losses as a result of retrenchments
- Merging institutions will require legislative amendments which still have to be developed and passed through the legislative process
- Section 16, Section 189 and Section 189A of the Labour Relations Act set out the legal requirements for retrenchments for institutions with the following considerations:
    - The possibility of avoiding the dismissal i.e. alternatives to dismissal;
    - Appropriate measures to minimize the dismissals;
    - Measures to change the timing of the dismissals;
    - Appropriate measures to mitigate the effects of retrenchment;
    - The method for selecting the employees to be dismissed; and
    - Severance pay.

Debt consideration for the replacement of the SRD R350 grant

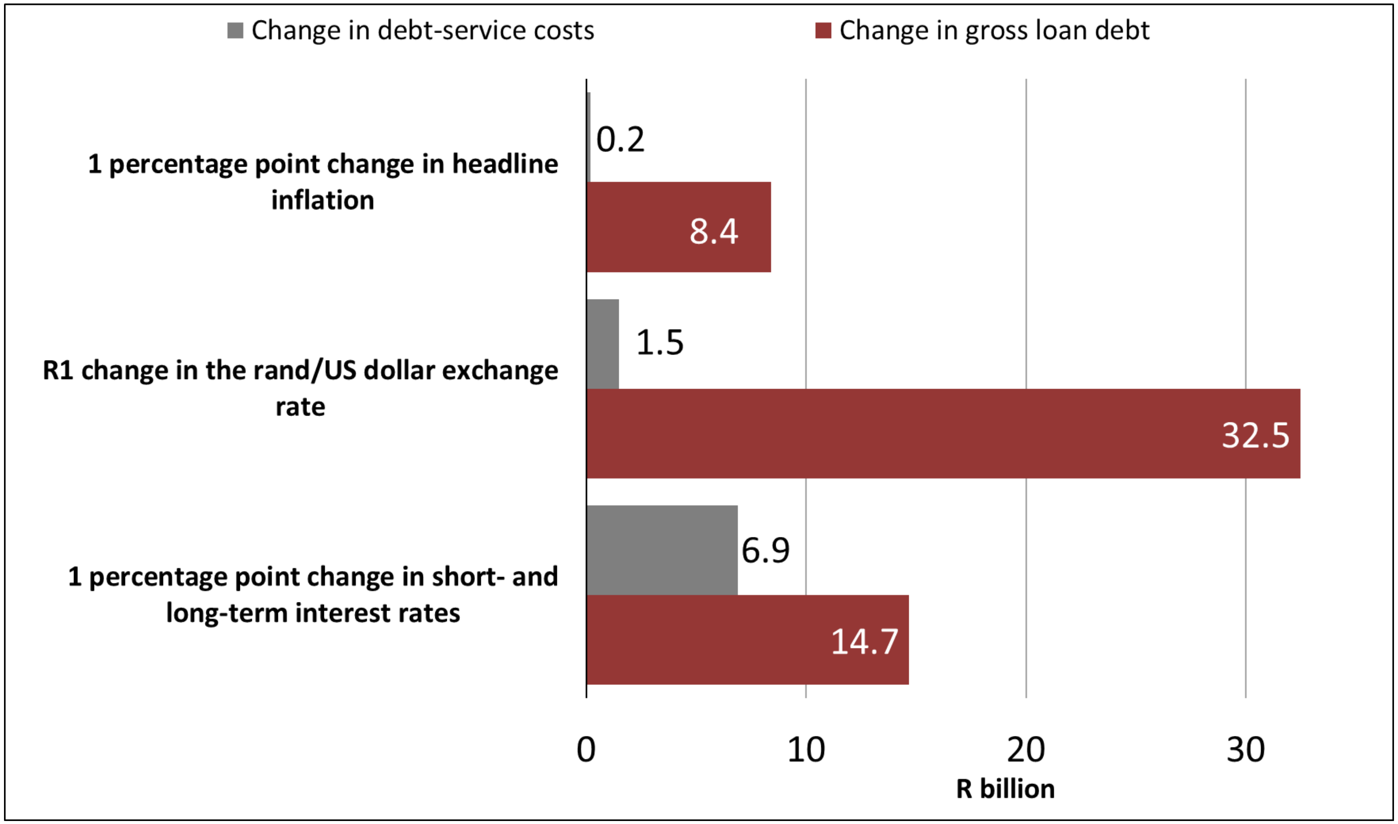
RISING REDEMPTIONS PUTTING PRESSURE ON GROSS BORROWING REQUIREMENT

Gross borrowing requirement: 2008/09 – 2029/30



- Government is required to refinance maturing debt that was incurred to finance past budget deficits.
- Debt service costs average R335 billion over the medium-term, compared to health and police services at R246 billion and R105 billion, respectively.
- Redemptions in the medium-term average R164 billion p.a. and rise **from R65 billion in 2021/22 to R156 billion in 2023/34.**
- Very large increases in SA's redemption profile will make it much more challenging to finance the borrowing requirement going forward.

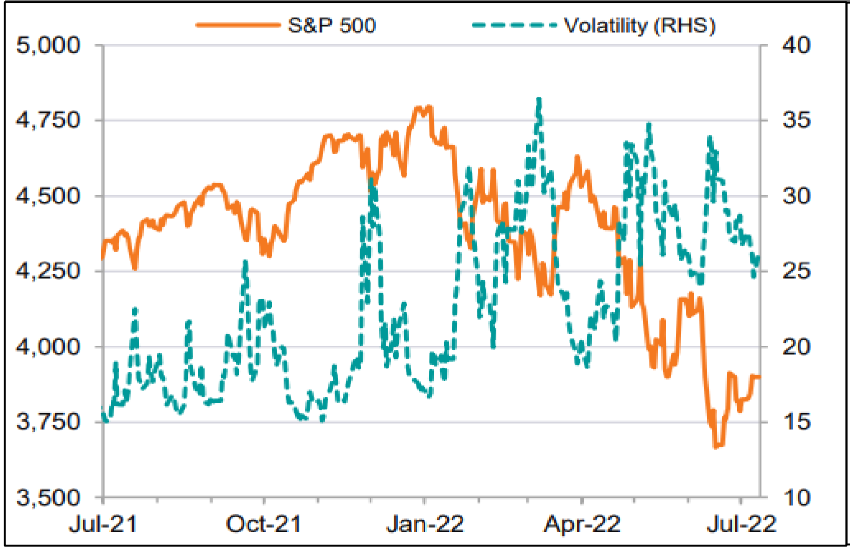
DEBT AND DEBT-SERVICE COSTS HIGHLY SENSITIVE TO INCREASES IN MACRO VARIABLES



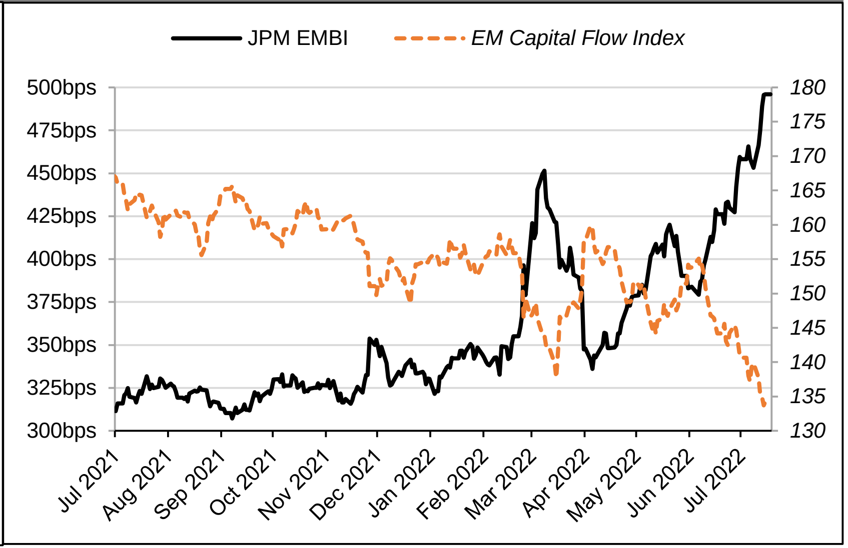
- A 100 bps increase in inflation and interest rates together with a R1 depreciation of the Rand, will result in debt-service cost and gross debt increasing by about R9 billion and R56 billion, respectively.
- Since the beginning of 2022, fixed rate yields have **<u>weakened by an average of 142 bps</u>**. Long-end maturities are close to 12% (last seen during the peak of the COVID-19 pandemic).

SENTIMENT RISK INDICATORS

Volatility Index and Stock Flows



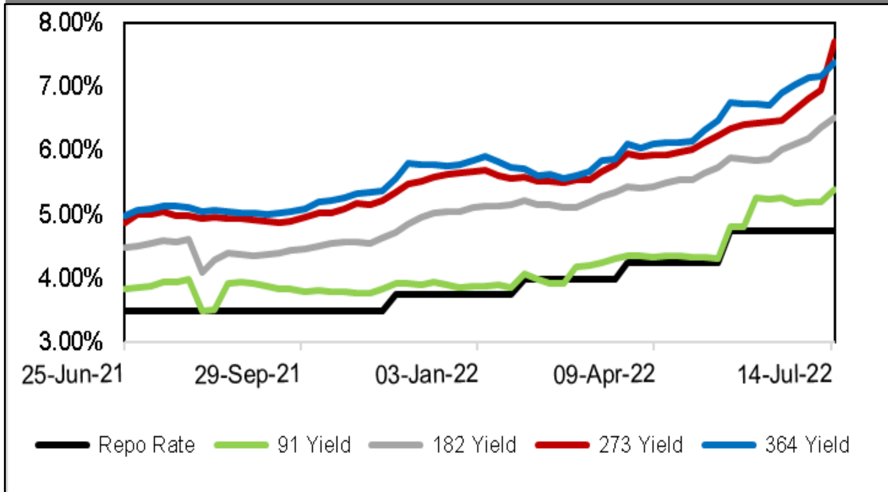
EM Capital Flow Indices



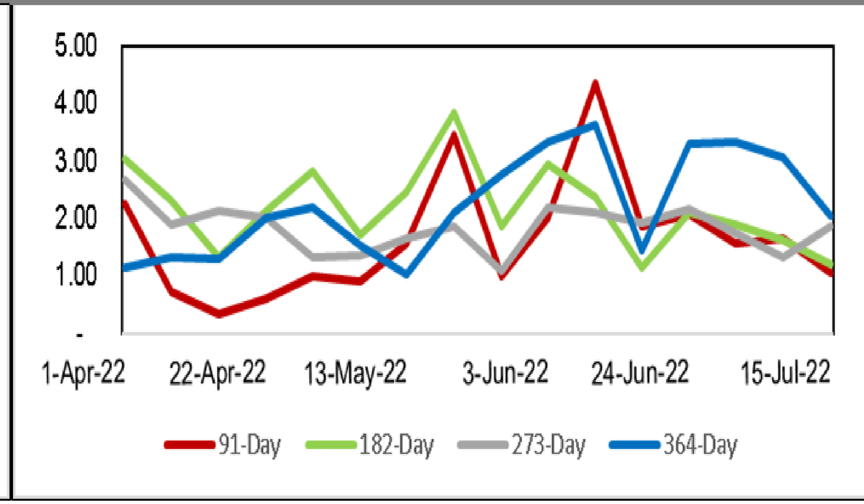
- The funding environment has been extraordinarily challenging since the beginning of the calendar year with the market characterised by constant volatility and negative data, which have put upward pressure on rates.
- As at the end of June 2022, the foreign holders reduced their holdings of SAGBs to 27.4% (from 28.4%), with a total nominal outflow of approximately R15 billion since April 2022.
- **Credit rating agencies view the possibility of a widening budget deficit as one of the main factors that could lead to more adverse rating actions.** An adverse rating action could also lead to higher borrowing costs through higher yields and exchange rate depreciation.

TREASURY BILL AUCTIONS REMAIN UNDER PRESSURE (CURRENTLY R3.4BN BEHIND TARGET)

Movement in Yields



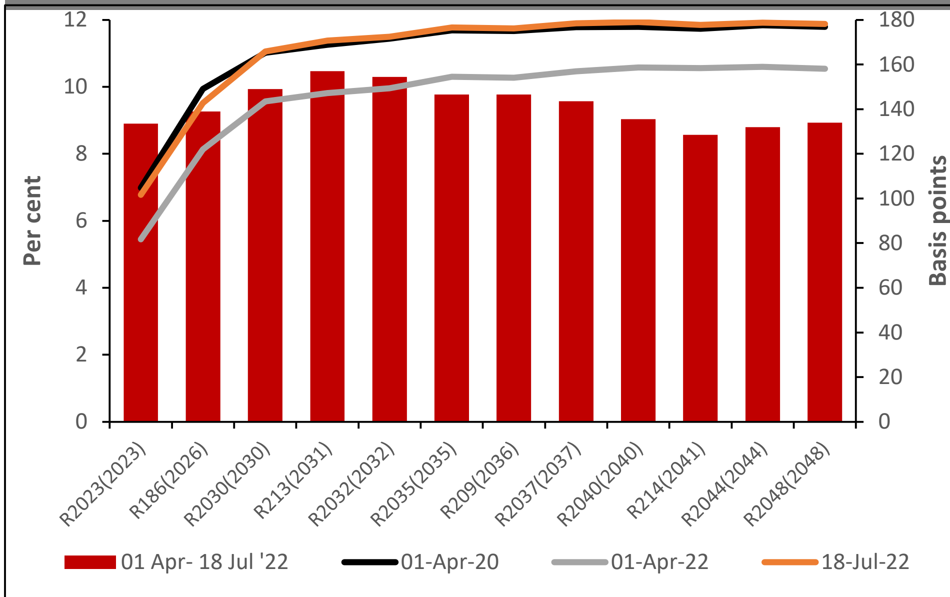
Subscription Rate



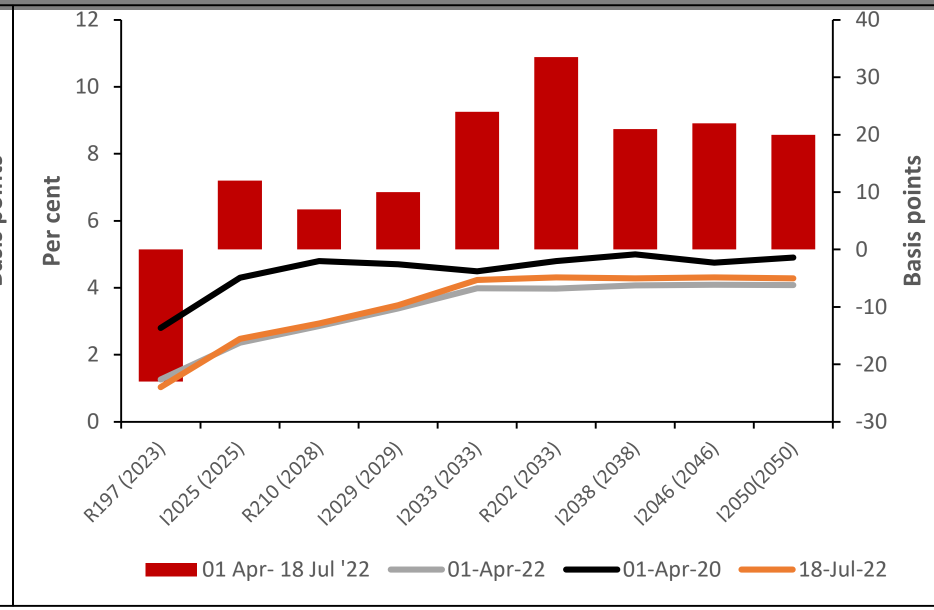
- The pressure is due to supply, upward inflation trajectory and its impact on the repo rate as well as the Fed’s decision to increase the short-term interest rate.
- Since April, the repo rate increased by 50 bps while the average yield increased by 115 bps, the 364-day tenor increased the most by 133 bps followed by the 273-day at 115 bps.
- Gross issuance has been on an upward trend over the past years and moving towards R700bn in the next 3 years. This poses a huge refinancing risk as the TBs redeem in 1 year.
- Weekly auction levels are expected to increase from the current level of R11.7bn to around R14 billion by 2024/25.

FRB YIELD CURVE HAS WEAKENED BY AN AVERAGE OF 142 BASIS POINTS

Fixed rate bond yield curve

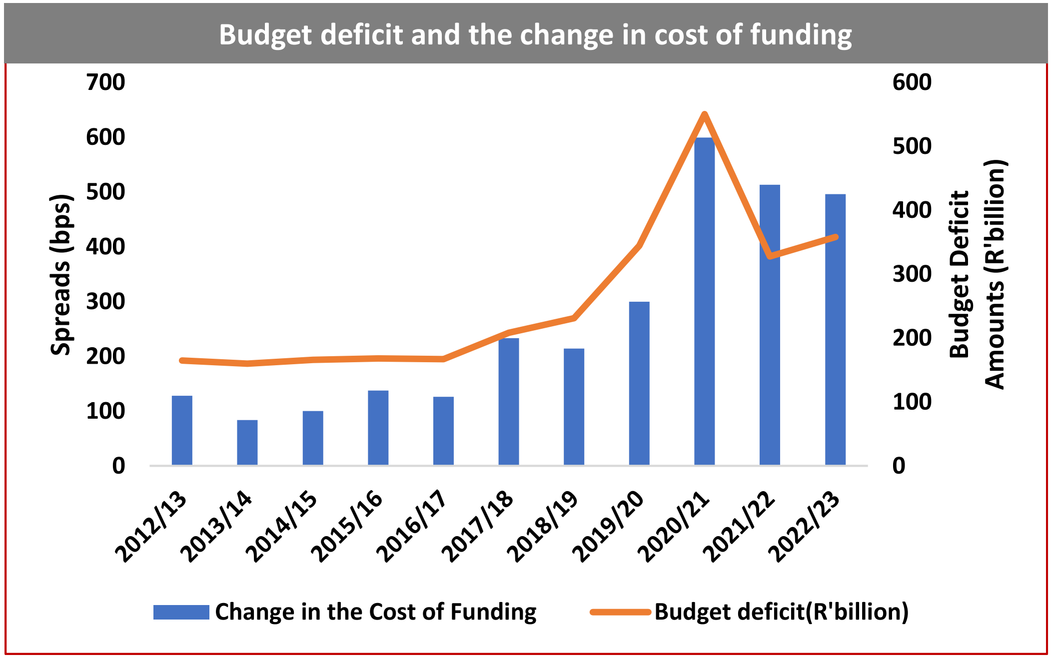


Inflation-linked bond yield curve



- Since the beginning of the calendar year, 1–10-year maturities have weakened by an average of 146 bps. Long-end maturities reaching handles close to 12%, levels last seen during peak of COVID-19 pandemic.
- Excluding the floating-rate note, the weighted cost of funding is currently around 11.32% and this is higher than the benchmark cost of 10.07%.
- The fixed non-competitive and inflation-linked bond auctions have been under pressure in meeting cash targets and these are currently behind their weekly target. If the volatility persists, this might lead to increased funding costs and bigger shortfalls.

RISKS POSED BY A HIGHER BUDGET DEFICIT



- The budget deficit positively correlates to the sovereign's market price of risk (excess return the market demand for taking more risk).
- Over the past 5 years, the budget deficit widened an average 11 per cent per year, that is an average of 424 bps in the term premium. Persistent increases in budget deficit lead to higher cost of funding. Incremental unit of LT debt costs > 4% compared to 2017/18.
- Thus, sovereign's cost of funding (ST and LT debt) is higher by 2% (200 bps) due to a higher budget deficit.
- Furthermore, the increase of R119 billion in the budget deficit between fiscal years 2017/18 and 2021/22 resulted in a direct cost of raising debt of R7.2 billion per year for the sovereign (we're paying more for the incremental debt).

Other spending pressures together with the SRD R350 grant

Unresolved issues from the 2022 Budget

Issues	Funding requirements/comments	Progress
E-tolls	The costs of e-tolls will depend on: - maintaining the status quo: R29.4 billion - funding e-tolls and all toll network through the budget: R119.1 billion - funding through the fuel levy: R1.16 per litre of petrol additional	Decision not yet taken SANRAL needs around R6 billion by 29 July 2022 to remain a going concern
Road Accident Fund	Requirements to pay off short term liability in one year will require 74c/l	RABS Bill has not moved since. Costing of RABS cheaper than RAF (2020 estimates)
Rail revitalisation	-PRASA not fit for purpose and runs large unfunded operational deficits -Devolution of commuter rail to local government (with different model for GT) -Restructuring of the rail sector including 3rd party access	White paper on rail policy approved by Cabinet in March 2022 which provides for the commuter rail devolution strategy allowing for municipalities to take over rail functions.
Financial Position of the Post Office	Trade and other payables increased to approximately R5 billion Capex requirements of R1 billion to stabilise services R900 million required to fund VSPs	

Summary of new pressures

Issues	Funding requirements/comments	Progress
Past budget reductions	Different functions have been impacted differently	Funding may be required
Fee-free education	MTT report proposes that the current scheme remains and government should develop a ten-year plan including a loan scheme for the missing middle	The scheme as is will cost an extra R4 billion and there will be a contingent liability for gvt in any loan scheme
Grade R being made compulsory and expanding ECD	• The Basic Education Laws Amendment Bill (BELA Bill) is currently before parliament. The estimated cost for teachers is R5 billion p.a, with an additional R12 billion needed for the additional Grade R infrastructure. • The ECD subsidy coverage is only at 50%. Expand subsidy coverage to children attending ECD programmes who are eligible but do not receive the subsidy: R6.1 billion p.a.	Bill still in Parliament – but prov educ depts will need to budget for the implementation Prov educ depts will need to consider reprioritising funding for ECD in the current budget process
SOCs remains a risk	• Rationalisation did not take place/moving very slow	Limited progress if any
Digitisation of records	• Budget shortfall of R1.9 billion in 2023/24, while R500mn was made available in 2022/23	

Summary of new pressures

Security cluster	• Police numbers to deal with high level of crime • Investigative and prosecutorial capacity (Zondo Commission of Inquiry) • Deployment of SANDF in Mozambique • Implementation of the military veterans' pension benefit • Border safeguarding by SANDF and operationalisation of the BMA	Funding requests to follow the normal budget process
R350 grant	• SRD 350 grant COVID-19 on current trajectory up to R70b • R44b/pa 22/23, cost if continued likely R50b 23/24 • R87b by yr 5 if adjusted for inflation; R125b real pa if FPL • Presidency working on a proposal putting ZA to work. Prelim paper suggest additional R53b, R63b, R70b (incl ETI, epwp, jobs fund, SME support) (our numbers R42b, R59b, R66b) • Unexpected lower uptake of SRD this year might reduce numbers	Engagements taking place
Social grants – inflation increase	• Shortfall of R7.2 billion in 2023/24, R8.2 billion in 2024/25, R12 billion in 2025/26 based on latest inflation forecasts • Recipients number rise from 18.9 mn in 2023/24 to 19.5 mn in 2025/26	request to follow the normal budget process
Provincial health	• Real reduction of R16.1 billion (7.4%) in 2023/24 • Largest decline in 25 years • Would likely result in losing several thousand doctors and nurses appointed during COVID	
Izinduna funding request	• Notice No. 9 of 2014 stipulated that Izinduna must be paid R80,875.00 annually • KZN Province could not pay the salaries since the 2014 proclamation resulting in the backlog estimated at R631 082 784.03	Funding request will follow the normal budget process

Local government 2023 MTEF spending pressures

- There is a projected shortfall of R1.9 billion on the LGES formula baseline in the last outer year of the 2023 MTEF, due to higher than inflation bulk costs and increase in HHs growth rates (bulk costs of electricity and water over the 2023 MTEF consistently grow at faster rates than inflation)
  - ***Implication***: Some poor HHs will not be provided with free basic services
- The discretionary nature of the LGES remains a challenge - funds intended for FBS are not always used for their intended purpose
- Although the bottom-up costing of the LGES formula indicates a funding shortfall, however the expenditure trends in the last 6 audit periods on the provision of FBS indicates significant funding disparities (shortfall between what is funded vs what is spent)
  - ***Root causes of the observed resource divergency***: poor institutional capacity and governance; growing municipal debts; poor financial management; deteriorating infrastructure functionality; fiscal consolidation etc

Proposed reforms or interventions

- Development of legislation governing the coalition governments and the related accountability framework
- Review the electoral system applicable to LG and reform municipalities to develop a common administrative platform that will enable sharing of skills
- Develop minimum competencies for appointment of councillors and a blacklisting criterion for councillors involved in wrongdoing to ensure consequence management
- Expedite the amendment of the Municipal Structures Act (MSA) to address the Code of Conduct for Councillors
- Delink the appointment of senior management from the political term of the municipal Council
- Expedite the amendment of S56 of the MSA to address the executive tenure and professionalise local government

Provincial budget pressures over the 2023 MTEF

Education has budget shortfall that impact negatively on the quality of education

- Inability to fill administrative, specialists and educator posts – affecting monitoring and school support
- The schools are not adequately funded as per the norms and standards
- Infrastructure budget cannot be augmented by PES thus contributing to slow progress on sanitation and other infrastructure backlog related projects
- Shortfalls in learner transport allocations – sector taken to court
- LTSM budget not adequate - sector taken to court
- ECD shifted to Education over 2022 MTEF with significant budget shortfall for among other appointing qualifying ECD practitioners at educator level

Health

- Governance matters – political- administrative interface, instability at SMS level
- Heath accruals (R15.3 billion) and medico-legal liabilities (R120 billion)
- Infrastructure: Completed facilities are not fully commissioned (De Aar, Upington, DR Pixley ka Seme, New Mental Health hospital in Kimberley, etc)
- Require personnel and goods and services
- key non-negotiables areas such as medical supplies and medicines not adequately funded, which lead to provinces not paying service providers
- Personnel: 20,000 additional health staff were employed for COVID and it now becomes impossible to retain them and many categories of health posts are not being filled

SOC Funding Requests and Other SOC Fiscal Risks

R 'million	2022/23	2023/24	2024/25	2025/26	MTEF Total	Settlement of Debt	Government Debt Takeover	Recapitalisation (Equity Support)	MTEF Total
SOC FUNDING REQUESTS RECEIVED FOR 2023 MTEF									
Denel		3 378			3 378			3 378	3 378
SAA		3 500			3 500			3 500	3 500
SAPO		2 417			2 417			2 417	2 417
Sentech		500			500			500	500
Alexkor		88			88			88	88
Transnet		2 900			2 900			2 900	2 900
Total Funding requests		**12 783**	**-**	**-**	**12 783**	**-**	**-**	**12 783**	**12 783**
OTHER SOC RELATED FISCAL RISKS									
Denel	205	100			305	305			305
Sanral	8 837	10 610	4 621	4 041	28 109	28 109			28 109
PetroSA			8 200		8 200	8 200			8 200
Eskom			200 000		200 000		200 000		200 000
Total: Other Fiscal Risks	**9 042**	**10 710**	**212 821**	**4 041**	**236 614**	**36 614**	**200 000**	**-**	**236 614**
Total Funding request and Other Fiscal Risks	**9 042**	**23 493**	**212 821**	**4 041**	**249 397**	**36 614**	**200 000**	**12 783**	**249 397**