

Will the budget 2022 favour South Africans?

By [Lee-Ann Hughes](#), issued by [SAICA](#)

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The country has high expectations that the budget 2022 will provide direction to our nation's increasing debt cost and stagnant economy. Of paramount importance is how the average South African experiences the economy and what they could be expecting.

The approach to budget 2022 has analysts speculating on where the minister of finance will source funding to bring the economy out of the economic coma South Africans find themselves in. I have begun to indulge in what I refer to as the "vendor chronicles"; through which I begin to strike up conversations with those trying to survive the economic turmoil and to speculate what they would need to survive another 12 months.

My travels in and around Cape Town have taken me to a few interesting places and allowed me to strike up conversations with people who may not have had the time to talk to me before.

One of these conversations was with an information technology (IT) professional who branched out into the e-hailing industry. His business extends to four cars with three drivers who report to him. The fact that employers opted to limit salary increases due to narrowing profit margins and rising inflation has resulted in them opting for a second income. This is no longer an unusual situation to find. In acknowledging this, the employee would need the following to keep their business running and care for their family:

- A stable petrol price;
- A stable interest rate on debt;
- A reduction in the inflation rate;
- Lifting of the Covid-19 restrictions, creating opportunities for work, e.g. return to work premises, return to schools and tertiary education institutions;
- Boosting the tourism industry by lifting the current travel bans; and
- A reduction in data costs.

Another conversation was with a coffee truck vendor and a caterer. For the coffee truck vendor, there has always been a need for their services but in the last two years, their expensive permit locations suddenly emptied. In the instance of the caterer, their revenue came to a sudden halt as gatherings were limited and events that would require catering were prohibited.

The coffee truck vendor negotiated to keep his stand and serviced his original location through the lockdown, but instead of four locations, they opted to keep one going and used the staff and equipment to try new locations to various degrees of success.

The caterer found a new market in pre-packed dinners and takeaways. Things were tough for the servers they employed as they were not always able to keep them busy. The shift to takeaways and pre-packed dinners that were being delivered, coupled with the protocols around isolation and quarantine periods, enabled them to keep their business afloat.

What would these people need to keep their businesses running and to care for their families?

- A stable petrol price;
- Lifting of the Covid-19 restrictions, creating opportunities for work, e.g. social events, corporate events;
- Stable electricity and water supply – water restrictions and loadshedding remain with us, creating restrictions on food storage as well as work and living conditions;

- Reduce or stabilise the cost of raw materials – in the past year coffee bean prices increased sharply due to crop failures in Brazil. There were similar increases in the price of meat and other foodstuffs as food and supply chains adjusted to the new way of working and brought in stricter sanitisation methods; and
- The pressure on profit margins due to the increase in costs coupled with a reduction in the market for their service, remained a challenge.

If this is what my “vendor chronicles” are saying about business and what it needs to flourish, how can this be achieved in the finance minister’s budget speech?

The failure of the electricity grid and the remedy of our electricity supply must be resolved without the use of equivalently expensive coal. The State of the Nation Address (SONA) 2022 noted the progress of our alternative energy programme. Let’s hope that the budget 2022 expands on this and how this will be financed.

We hope that the minister has considered the increasing debt financing costs and inflation effect – especially how this affects the options available to small and medium-sized businesses which survived the past two years. SONA 2022 acknowledged this need; let’s see how the budget 2022 addresses it.

Unemployment remains a critical concern in South Africa. SONA 2022 spoke about government employment initiatives but acknowledged that there had to be partnerships with businesses to achieve reasonable success. Employment is the way back into the economy. I look forward to the budget 2022 addressing how this can be achieved.

I hope that the e-hailer, coffee truck vendor and caterer receive some good news from the budget 2022. They have survived two years of economic hardship and managed to thrive in the face of it. South Africans are positive people and have always looked to the silver lining to sustain ourselves – but that silver lining is running thin.

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