



## **Freedom Foundation Commentary on the Revised Budget: A Welcome Move Toward Real Democracy**

At a time when public trust in government processes is dwindling and cynicism is rife, it is both rare and refreshing to begin a national budget commentary with a sincere compliment. Yet that is exactly what the Freedom Foundation wishes to do. Amid a flurry of criticism, we extend recognition to Finance Minister Enoch Godongwana—not for the content of the revised budget per se, but for the courageous process that brought it into the public domain.

### **Delayed? Good. Finally, Democracy at Work.**

Yes, it took longer than expected. But this is not a failure. It is, in fact, the first signal in a long time that Parliament is behaving like a proper legislative body. Budget bills, like all bills, deserve to be debated, amended, and weighed with care. For too long, South Africa's budget process has been a ritualistic rubber stamp—arbitrary in form and unquestioned in substance. That this year's budget emerged after genuine contestation marks a return to parliamentary dignity and democratic procedure. Hats off to Minister Godongwana for standing his ground and allowing space for democratic friction.

### **From Tokenism to Transparency**

Traditionally, national budgets have been presented as untouchable—prepackaged, technocratic documents destined for automatic approval. This year's deviation is not dysfunction; it is democracy. Budgets are not sacred scrolls. They are bills—like any other bill—that should be introduced, scrutinised, and improved through real parliamentary engagement.

The Freedom Foundation has long advocated for this shift. A democracy that cannot amend its budget is a democracy in name only. Debate, delay, and dissent are not symptoms of breakdown; they are signs of a system breathing.

### **What's in the Budget—and What's Not**

Naturally, the question now turns to the substance of the revised budget. What are the key shifts?

- **Deficit Management:** The budget reflects an ongoing commitment to deficit reduction, which is commendable. But the real question is not whether the deficit is down or up—it's whether spending is more accountable and more productive.

The figures signal an intent to maintain fiscal prudence, but without structural reform, we risk running in place.

- **Spending Trends:** There is an encouraging restraint in new spending commitments, with a notable absence of large-scale bailouts. That restraint must be interpreted as both a fiscal and political decision—a sign that government is, at last, listening to markets and voters.
- **What's wisely absent:** We applaud the omission of explicit budget allocations to National Health Insurance (NHI) and State-Owned Enterprises (SOEs) such as Eskom. South Africans are exhausted by the black hole of Eskom funding and weary of grandiose NHI promises that cannot be honoured without compromising other fundamental rights. Let us finally break from these bottomless projects that have produced little more than paperwork and patronage.

### **What Should Have Been There**

Yet there are some notable and troubling absences.

- **No word on foreign exchange control**—a relic of apartheid economics and a key obstacle to growth. South Africa cannot hope to be competitive while strangling cross-border capital flows with red tape and suspicion.
- **Silence on FICA madness**—an insane and self-harming compliance regime that has made ordinary banking and entrepreneurship in South Africa an ordeal. The revised budget could have taken a bold step toward reducing overregulation and restoring trust, but failed to do so.
- **No move to reduce government size or waste.** The single most obvious budget reform—cutting the cost of government itself—remains untouched. The failure to trim bloated departments, overlapping mandates, and costly cadreships is a missed opportunity of national consequence.

### **Tax: Time to Rethink the Corporate Burden**

Perhaps the greatest structural flaw in the budget remains our outdated and harmful corporate tax system. Quoting **Leon Louw, Executive Director of the Freedom Foundation:**

“Corporate tax is idiotic. It punishes the very activity we claim to want—investment, innovation, and job creation. If we want to grow the economy, we need less tax on producers and more intelligent, indirect taxation that aligns with choice, fairness, and efficiency.”

Indeed, South Africa's stubborn commitment to high corporate taxes continues to distort the market and discourage global competitiveness. The superiority of indirect taxation—such as VAT—lies in its fairness: everyone pays something, but no one is disproportionately punished for succeeding. It also reduces opportunities for evasion and corruption.

## **A Step in the Right Direction—But Only a Step**

The revised budget is not perfect, but perfection was never the goal. The point is that, for once, it was not delivered as a fait accompli. It was challenged, reworked, and delayed—for all the right reasons. That is a quiet revolution.

The Freedom Foundation believes this could be the beginning of a healthier, more participatory budget process. But process alone is not policy. In future iterations, we urge government to:

- Dismantle outdated economic controls (forex and FICA).
- Cut unnecessary government expenditure.
- Shift away from corporate tax toward smarter indirect models.
- Use the budget as a tool to unlock—not restrain—individual freedom and enterprise.

Democracy is not tidy. But neither is it weak. When used properly, it produces not only better policy but more legitimate governance. In that spirit, we welcome the debate—and we call for more of it.

In Liberty

**Leon Louw**

*Freedom Foundation CEO*