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The Budget delay has sparked concerns about economic uncertainty and investor confidence. From an economic perspective, how damaging is this postponement, and what are the immediate risks South Africa faces if the deadlock continues?

In my view it is damaging that the budget has been delayed. If it only happens this once and the GNU can secure a process going forward that it does not happen again then I think the damage will not be too serious.

In the longer run if South African cannot restore the credibility and reliability of the budget process and delays and disruptions to the budget become the new normal this will be a major problem. South Africa's risk premium will go up, the cost of borrowing will rise, and the challenge of growth and job creation will be even harder to achieve.

South Africa has entered a new era of coalition governance, which brings both challenges and opportunities. How do you see coalition politics shaping fiscal policy going forward, and do you think this process could ultimately lead to more balanced and inclusive decision-making?

Macroeconomics theory talks about the tendency of political systems towards 'fiscal deficit bias', as politicians prefer to increase spending and lower taxes even when economic conditions do not warrant it.

A key question at this critical moment is whether South Africa's GNU and broader civil society will be able to show the kind of leadership and economic sense required to overcome the current impasse in a manner that sets the economy up for a new wave of growth and job creation.

Fiscal sustainability is a necessary part of our growth strategy. As is electricity, rail, ports, roads, security.

Treasury must now negotiate budgetary priorities with coalition partners that may have conflicting policy agendas. What key compromises do you foresee being made to secure consensus, and where do you think the biggest sticking points lie?

I am hoping for a pragmatic outcome, but there is risk that if GNU parties push the politics to far that the process will be derailed. We can have hope that parties can agree not to increase the national debt (which is over R5-trillion or over 70% of GDP), but the consequence of this is that there will probably have to be a combination of some reduction in planned spending and some increase in taxation.

It is really hard to cut spending – perhaps put a cap on wage increases or social grants increases, freeze posts, and cut back on infrastructure plans. It is also really hard to raise taxes – but we can probably expect personal income taxes to increase by not adjusting the tax bracket for inflation, and there is even a chance of a smaller than 2% VAT increase if not this year then next year.

But I would like to stress that for budgeting purposes the cuts will have to come from actual line items on the budget – Can't budget just on hopes and good intentions – as much as we need to increase efficiency and reduce waste that will have to be the result of a spending review and will manifest in cutting of spending on particular line items (rather than just form a call for less waste and corruption). We also cannot budget on the hope for a much higher growth rate, we have been stuck on 1% growth for over a decade. If higher growth does come – and we hope it will as the GNU improves the economic environment that will make resources available, but will mainly be seen in future budgets in the next few years.

Some argue that the political wrangling over the Budget is a sign of dysfunction, while others see it as a necessary adjustment to a multiparty system. In your view, does this crisis signal a maturing of South Africa's democracy, or does it risk undermining stability and economic governance?

In my view it is damaging that the budget has been delayed. If delays with our budget become normalized this will increase uncertainty and reduce credibility. This will South Africa's risk premium will go up, the cost of borrowing will rise, and the challenge of growth and job creation will be even harder to achieve.

Some have proposed that political parties should be called upon to sign a Fiscal Charter that sets out agree parameter for spending, taxation and borrowing over the next three to five years, and which agrees on a process of spending review to try to reprioritise spending better in line with our country's needs and to cut back on waste, corruption and inefficiency. I think this call for a Fiscal Charter as the basis for a social accord towards restoring South Africa’s budgeting credibility is a good idea which should be supported.