

DA provides clear blueprint to get national debt under control

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***Note to Editors:** The following speech will be delivered in Parliament today during the debate and vote on the 2021 Medium Term Budget Policy Statement.*

It is common cause that the South African economy is in a dire state, that our growth rate is flailing, prices rising and we have serious structural weaknesses barring access for many South Africans.

The DA notes the attempts made by the Minister of Finance to focus on improving competitiveness through attempting to lower the barriers to entry to the economy and developing infrastructure to create employment. We also note the additional spending needed to counter the economic consequence of the pandemic and social unrest – social unrest caused directly by ANC economic policies and internal factionalism.

However unless underlying structural reforms are urgently instituted the South African economy shall continue to bleed due to the fiscal massacre emanating from a quarter of a century of ANC misrule and financial ineptitude.

Essentially the basic problem is the government distrust of the private sector, its love of state control – dressed up as the developmental state - and their necrophiliac love of failed 20th century economic policy that so spectacularly crashed the Soviet Union and its vassals.

What is urgently needed to resuscitate the economy and the fiscal future of all South Africans is the acceleration of the post-pandemic economic recovery, and the urgent reduction of the gross national debt, rigorous management of expenditure, the need to genuinely support the vulnerable, no further tax increases and allowing hard pressed citizens to leverage their pension assets.

This unfit government has demonstrated, again and again, that as an incapable state stagnating at the centre of our economy, it is unable to generate growth. Active steps are required to enable the economy to grow - however instead of the government facilitating access and welcoming growth we see more and more barriers being erected to protect their pot of gold at the expense of ordinary people.

The greatest barrier to economic growth remains government's inability to provide a reliable power supply. Power failures are costing our economy in excess of R100 billion per annum. Eskom remains on the brink of collapse, with outdated infrastructure and budget overruns, crippled by outstanding debt and dodgy coal contracts.

Without a solution to the energy crisis, government will remain unable to create an environment conducive to economic growth and will remain unable to tackle our high levels of unemployment and poverty.

In addition to this is the ongoing spiral in the fuel cost, making accessing the economy more and more unaffordable for South Africans – half of all fuel costs go into tax and thus it is this government who is directly responsible for the smothering of economic growth.

If we are to indeed see economic prosperity on the horizon it is important that South Africa urgently addresses the twin challenges of a high debt burden and stubbornly low economic growth rates.

South Africa cannot afford to keep going down this path of a debt based fiscal policy. The policy has only succeeded in saddling the country with high interest rates on debt repayments, slower economic growth and fewer resources to spend on growth drivers.

The DA's modelling provides a clear blueprint for getting national debt under control sooner than government proposes, while protecting essential social spending for the poor and most vulnerable who have truly carried the burden of the last two years of pandemic and lockdown.

This burden has been subject to doubling down with the increase in energy and fuel costs, the shrinking of the economy and the contraction of the tax base.

Households are already heavily taxed with minimal return from government. The DA will not support tax increases or any new taxes, especially while we see how the ANC government dissipates monies that should go into the fiscus on spurious bailouts, and other wasteful expenditure.

Of course there was the DA bill allowing for the leverage pension fund assets to give people a kickstart and provide a boost for the economy - But not so fast.

Although supported by the public and the unions it was rejected by the ANC – presumably because they enjoy access to pensions raids, and thus don't want hard working South Africans accessing their own money to secure their financial ability to prosper.

It is time the Anc looked to what works, and at what the DA has proposed for what is possible, what will boost our growth, reduce debt and secure our future.

Failing this we shall continue to stagger zombie like towards the fiscal cliff as the ANC is unable to provide the relief necessary to revive the corpse that is the economy.