

Mismanagement by ANC government will lead to starvation

By Dr Dion George MP – DA Shadow Minister of Finance

Thank you, Chairperson,

The National Treasury is the custodian of the people's money and is mandated by our Constitution to ensure the effective and transparent financial management of our economy.

From 2008, we started considering whether our economy was accurately measured, given so much entrepreneurial activity in the former township areas that was outside of the tax net and outside of formal measurement. We have not yet seen mass starvation in South Africa because hard working people are eking out a living, hand to mouth, to keep them and their families alive. This despite the ANC government fixation on an economic policy that places the State at the centre of our economy, a failed model for Black Economic Empowerment designed to make a few politically connected cronies rich while everybody else remains in poverty, and a cadre deployment programme that rendered the public sector largely dysfunctional.

These massive negative interventions, in a corruption riddled public sector, and long-term mismanagement of our public finances brought our economy to its knees well before the Covid-pandemic further battered our growth prospects, followed soon after by the Russian war on Ukraine.

The hopelessly bankrupt State-owned enterprises drained the Treasury of hundreds of billions of Rands and still failed. Government debt has reached R4.3 trillion and our economy is still failing, because no amount of borrowing can fix what the ANC has broken. The economic shock wave from Russia's war in Ukraine, that the ANC government toasted with champagne and failed to condemn at the UN, has not yet hit us.

This massive external macroeconomic shock has fundamentally changed the global growth outlook.

Global prices are rising at the highest levels of inflation in 30 years and global supply chains and food supplies have been disrupted. Fuel prices are rocketing and interest rates are rising. When the full impact finally hits us, as an already weak and failing economy within an incapable State, it will hit the most vulnerable members of our society first and then it will hit everyone else.

We have already witnessed riots in KwaZulu-Natal that cost SASRIA R37 billion in claims from those who were insured. President Ramaphosa promised that those uninsured would also be compensated. This has not happened because government has run out of money. We are also witnessing the rise of violent xenophobic hatred towards black people resident and not born in South Africa. That is driven by political thugs desperate for populist validation and a convenient scapegoat for the failed ANC government. SASRIA was wiped out by the riots and cannot pay for another outbreak. Despite a R7 billion bailout, the Land Bank is still unable to pay its creditors.

Government must take decisive action now, if we are to avert mass starvation in South Africa. We have already seen reports of children eating sand in KwaZulu-Natal to comfort their hunger pains because the ANC government is broken and unable to respond.

In the absence of a coherent policy to prevent our economic collapse, government can't even deliver the SRD grant to curb the looming mass starvation. If our public finance were better managed and a coherent

policy developed for economic growth, a Basic Income Grant is feasible as a measure to alleviate the grinding poverty that robs our people of hope, dignity and opportunity.

Our economy needs capital for growth. Measure to stimulate domestic saving and to attract foreign investment capital can be implemented and can spark an economic recovery. Government can create that environment and build the infrastructure conducive to business. It needs to stop taxing hard working South Africans into poverty. And it needs an effective model for privatization.

The recent sale of SAA has revealed a new scheme. The State asset is given away after it is mismanaged into bankruptcy, the government guarantee of its debt is retained and then it is restored to profitability and makes a few cronies extremely rich. This is a replica of the Russian privatization model that created the oligarchs. Eskom's collapse paved the way for the R1 trillion nuclear deal that almost happened and is not yet off the table. This, while more and more South Africans face the real prospect of starvation.

Although the National Treasury resisted State capture, it was unable to ensure effective and transparent financial management of the people's money. That is now manifested in the looming strike at SARS. Its budget is underfunded and it can't pay increases to deserving staff because the taxes they worked so hard to collect were mismanaged by government. A bitter irony.

What are you going to do, Minister, to ensure that the people do not starve this winter?

Thank you, Chairperson.