**MEDIA STATEMENT**

**APPROPRIATIONS STANDING COMMITTEE ENGAGES NATIONAL TREASURY ON IMPLEMENTING ECONOMIC RECONSTRUCTION AND RECOVERY PLAN**

**Parliament, Thursday, 26 August 2021 –**The National Treasury briefed the Standing Committee on Appropriations yesterday on the implementation of the South African Economic Reconstruction and Recovery Plan (ERRP), as well as Operation Vulindlela and the implications on fiscal consolidation.

The Chairperson of the committee, Mr S’fiso Buthelezi, said: “We have called upon the National Treasury to give us an operational overview of these plans, their intended benefits and how they relate to other departments and state entities.”

Speaking on fiscal consolidation, the Director General of the National Treasury, Mr Dondo Mogajane, said debt to gross domestic product (GDP) is the largest in the world. The major driver of this debt is the wage bill and the perennial bail-out of state-owned enterprises (SOEs), and there are requests in the pipeline for additional funding for some SOEs.

The ERRP is meant to strengthen key economic sectors to bring about the desired economic growth, while Operation Vulindlela seeks to prioritise key areas for such growth. The committee asked for clarity on the unresolved issues contributing to South Africa’s ailing fiscal outlook.

On the resolution that the SOEs should seek equity partners to ensure they are financial viable. Mr Magojane told the committee that such an undertaking is still in place. However, equity partners only want to come on board when there is value in these entities. Now that much of it has eroded, it is difficult to secure them.

On the proposed social security reforms, Mr Magojane said this issue is not resolved. It is still open for discussion by various stakeholders and thereafter it will go to Cabinet for consideration.

The Deputy Minister of Finance, Dr David Masondo, added: “We have to ask ourselves what are the precondition for a social security grant proposed in these reforms. As a country, we should sequence our current economic priorities and we should not confuse our aspirations with what is possible economically. Many countries that have social security funds have good economic growth. Currently, we have an economy that is faced with many fiscal risks.”

Dr Masondo said Operation Vulindlela’s pledge to enhance small businesses to unlock economic opportunity includes informal township economies, which have value. Local municipalities should ensure that local businesses are run in line with stipulated business regulations, that they get the necessary support, pay taxes and contribute to the economy.

Dr Masondo vowed that if realised, Operation Vulindlela will put South Africa on a new economic trajectory. “We have engaged on issues of national importance; we need more engagements on the localisation of our economy, which still need to be addressed, because of its potential to contribute to inclusive economic growth.”

Speaking on Operation Vulindlela’s focus on optimising the supply of energy as one of its strategic priorities, Mr Buthelezi said: “[The committee has] played our part by approving extra fund to ensure that Eskom meets its energy targets and there’s a security of energy in the country. We now ask other stakeholders to play their respective roles to ensure that is realised. Because we can’t talk of economic growth plans and strategies when Eskom can’t meet its energy obligations.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES OF THE CHAIRPERSON OF THE STANDING COMMITTEE ON APPROPRIATIONS, MR S’FISO BUTHELEZI**