



13 November 2023

For Attention: The Standing and Select Committees on Appropriations

RE: The Medium-Term Budget Policy Statement (MTBPS) 2023

Introduction

The Medium-Term Budget Policy Statement (MTBPS) that comes in a time, with the backdrop of poor global and local growth, falling revenues and cost pressures for households, businesses, and ordinary citizens. Not to mention government being hell-bent on austerity measures in the Public sector that seeks to cut the wage bill which will certainly not fix the current failing municipalities to provide the very basic services needed, such as electricity and what to seems to becoming a norm is “water shedding “. It is unsustainable to have 1.2 million public servants, yet the population has nearly doubled at approximately 62 million people, hence the lack of service delivery and public servants seeking greener pastures abroad.

These failed macro-economic policies has severe consequences related to the failure of state owned entities such as Transnet and Eskom, with impacted sectors contributing significantly to the GDP particularly , the automotive and mining industries. Ultimately impacting jobs in entire supply chains with a youth unemployment rate of 60%, 42.1% unemployment rate, ravaging crime in the dilapidating cities which is nowhere near the ambiguous “world class African city “ and when majority of the population is faced with mass unemployment , inequality and poverty.

The reckless cuts to budget allocations and below inflation increases to Departments will only further add fuel to a country ravaged from listless economic growth (0.9% and 1.4% GDP growth) this could see a deterioration of key fiscal indicators .

The crisis of load shedding and its impact on businesses and company tax contribution due to closures, cable theft that is destroying our rail and passenger network even with a crisis committee in place. There is no measurable impacts that can be seen in rail and ports with municipalities run by incapable councillors who are unable to account for the use of their municipal budget with nothing to show for it. This level of incapacitation sees a rippling effect in the country as a whole that is in a state of despair.

The education crisis in this country will only worsen with the cuts in the NSFAS (R3bn) funding. Students are already faced with a crisis in securing finances and paying off huge student loans to finance

their studies and become over indebted even before entering the job market, which as we see hundreds of thousands of unemployed graduates either sitting at home or forced to find opportunities abroad due to lack of local opportunities thus feeding into the countries brain drain”.

Whilst we welcome additional allocations of funding to the critical frontline services, the pertinent questions to be asked are, if the allocated budgets are being utilised for the purpose it was allocated for amidst the failure of critical infrastructure and the lack of maintenance thereof, as we have recently seen in the City of Joburg where collapsing roads and buildings due to years of neglected infrastructure maintenance. There needs to be urgent interventions in Transnet and Metro Rail to rescue our freight and passenger railway network and with the use of available technology to modernise our ports to ensure functionality and stability. Transnet has to be the state’s number one priority. Currently in the MTBPS there are no blueprints or transparent plans in place to transform these two critical SOEs. Government approach- should be on improving the efficiency of the public sector through the use of digitisation, modernisation of services and deploying artificial intelligence (AI) to assist in the systematic failures of the country.

Further what needs to be done is an allocation of a basic income grant for the sea of unemployed people unable to survive in the current economic climate, together with the enhancement of the social grants to meet up with inflation and by the rising cost of fuel and food prices.

Funding for programs that increase skills and job opportunities is needed to bring the country back to a state that its citizens are no longer dependent on social security but rather a state with a positive growth trajectory where individuals will gain experience and enter the labour market.

As NUMSA we firmly believe that austerity measures (Spending for 2022/23 reduced by R21-billion) and increase in taxes, will not fix or rehabilitate a critically failing state, what is needed is to rather improve efficiency by having functional departments and institutions capable of service delivery on the very basic services that will benefit all citizens of South Africa.

Sincerely,

The National Union of Metalworkers of South Africa (NUMSA)