

## **Budget Debate on vote 8 – National Treasury**

**Ashor Sarupen, MP**

***DA Shadow Deputy Minister of Finance***

Madame Speaker,

As part of the annual budget cycle, treasury provides GDP growth projects, and every year for the last 10 years, these projections have proven to be far more optimistic.

South Africa's persistent failure to achieve its GDP growth targets can be attributed to a combination of internal factors that the economics cluster in cabinet is not addressing.

Domestically, structural issues such as high unemployment, income inequality, and skills shortages limit productivity and hinder economic expansion.

Policy uncertainty, corruption, and inefficiencies in state-owned enterprises further undermine investor confidence and discourage business investment.

Siding with bad actors on the global stage further places the country in the wrong side of international trade dynamics, which impact South Africa's export-oriented sectors.

Additionally, socio-political challenges, including social unrest and labour strikes, disrupt economic activity and deter foreign investment.

Addressing these multifaceted challenges through structural reforms, policy coherence, and inclusive growth strategies is essential for South Africa to achieve sustained GDP growth.

In recent years, our country has grappled with significant policy uncertainties, ranging from land reform and mining regulations to fiscal management and energy policies. This uncertainty has hampered investor confidence, stifled economic growth, and hindered job creation. Foreign direct investment has been hesitant, and domestic businesses have been reluctant to expand and take risks.

Policy uncertainty exacerbates socioeconomic challenges, such as unemployment and inequality, as it hampers long-term planning and hinders effective policy implementation. Resolving policy uncertainties and providing a stable and predictable environment is crucial for South Africa's sustainable development and attracting investment in the future.

The hard truth is that the government cannot make policy decisions that grow the economy, create jobs and lift millions of people out of poverty because, to quote former finance minister Trevor Manuel, South Africa is run like a confederation of ministries.

His exact words, on 24 June 2021, was “The worrying feature is that there is resistance even to Operation Vulindlela. And I think the problem is that you are sitting with a Cabinet that is not a collective unit – to me it seems like you are sitting with a confederation of tsarisms.”

Every policy idea that is modelled by treasury – is then contradicted by other departments, with the biggest offenders being the department of trade and industry, as well as the department of telecommunications and postal services.

The contradictions between the National Treasury and the Department of Trade and Industry is a reflection of broader policy inconsistencies and lack of coordination within the government.

These contradictions stem from diverging political ideologies, conflicting interests, and bureaucratic inefficiencies. The lack of coherence and coordination between these two entities undermines South Africa's ability to develop and implement a comprehensive and unified economic policy framework.

This lack of alignment not only creates confusion for businesses and investors but also hampers the country's ability to address key socio-economic challenges and achieve sustainable and inclusive economic growth.

The cabinet is required to take collective ownership of this budget, but in parliamentary committees and in their statements – many ministers take to attacking the budget and the treasury over and over. This public posturing by ministers serves to demonstrate to South Africa that the government is crippled by ANC party infighting.

All that this achieves, is to undermine economic confidence, a failure to implement reforms, and ultimately, fail to achieve growth.