

SA economy on life support and the DA has the cure

By Mat Cuthbert MP – Shadow Deputy Minister of Trade and Industry & Economic Development

Honourable Chairperson,

Our beautiful country is on the brink of total economic collapse! The GDP figures released for Quarter 1 of 2019 show that the South African economy has contracted by 3.2% - its worst performance in 10 years. To add insult to injury, 7 out of 10 economic sectors found themselves in decline, including the former backbone of our economy – manufacturing. Furthermore, exports are down 26.4% and the much-vaunted South African automotive industry found itself on the receiving end of decline too.

The unfortunate reality is that this speech reads more like a eulogy to our once mighty economy than a parliamentary speech. While Minister Patel has been making all the right noises in terms of private sector involvement and economic growth, the individuals he has surrounded himself with are questionable to say the least.

Let's start with Deputy Minister, Fikile Majola, who according to the parliamentary interests register for 2018/2019, accepted a BMW X5 worth R864 000 from NEHAWU. This could never be a conflict of interest? As we know how good unionists are at championing economic reform.

Moving on swiftly, we arrive at the Acting Director-General of the Department of Economic Development, Mr Monde Tom. Who according to the Sowetan, received a golden handshake of R4 million from the Eastern Cape Provincial Government for having and I quote;

- "... been charged with negligence and with breaching statutory and contractual duties while in charge of provincial funds" and;
- "... failure to exercise adequate control over the provincial budget in 2004-2005"

However, it did not stop there as Mr Tom, later reappeared in a new scandal in which his team were found to have spent R12 million on hotels and travel expenses during their tenure as members of the Limpopo intervention team. It must also be noted that due to the imminent risks posed by 5-star hotels and French champagne – Mr Tom also required a 24 hours-a-day security detail.

Surely one couldn't have mustered together a more eclectic group of growth-eating zombies around the decision-making table!

However, it is not all doom and gloom. There is a chance for economic revival – and no we have not enlisted the services of Pastor Alph Lukau.

Rather, the answer is in the Democratic Alliance (DA), a party who truly champions economic growth and development. Under a DA-led government, the red-carpet would be rolled out

for business and the job-killing regulations enforced by the present-day government would be relegated to the history books – where they belong.

Firstly, it would include a budget that prioritises incentives for both local and foreign businesses who choose South Africa as their investment destination. In this respect, we support the department's call for an increase in budget for incentives which have progressively declined in their share of the total budget since the 2016/2017 financial year from R6.89 billion to R6.026 billion.

Secondly, we would look at the feasibility of certain tariffs and surcharges which hamper international trade. As a market-led economy, South Africa should look towards developing comparative advantage in specialised sectors of the economy instead of trying to protect uncompetitive goods.

Thirdly, the department needs to interrogate the ease of doing business in our country as South Africa ranks 82 out of 190 countries across the globe. We should aim to compete with our African counterparts, Mauritius and Rwanda, who rank 20 and 29 respectively. This requires the simplification of starting a business, registration with the relevant authorities and the revision of labour laws that are unashamedly anti-growth.

Lastly, we will be monitoring the commitments made by Minister Patel during his SONA response last month with a keen eye.

In particular, his commitment to drop data prices within 5 months, as it is well-documented that increased connectivity not only empowers job-seekers but serves as a major catalyst for growth.

We need to face the reality that our economy is on life support and only the DA can bring it back to life.

I thank you.