

BUDGET VOTES

Vote 8: National Treasury

Hon. M Hlengwa, MP

23 July 2020

Honourable Chairperson, Honourable Ministers, and Honourable Members, South Africa has been in a State of National Disaster for over three months now, because of the Covid-19 pandemic.

It has changed our socio-economic environment and its effects have been felt by South Africans from all walks of life. National Treasury and some government departments have been instrumental in the collective effort against these effects.

However, as it becomes increasingly clear that we have a long way to go, Treasury has had to take extra measures. These have come in the form of the adjustment of budgets and the reprioritisation of funds to address, primarily, healthcare, and social welfare initiatives.

These adjustments are taking place within the context of our debilitated economy and strained public purse. We have noted the projected revenue shortfall of over R300 million and the economy's projected contraction by 7.2% in the 2020/21 fiscal year.

This is the largest contraction we have seen in 90 years.

Despite the upheaval brought about by these changes, it is encouraging to note that very little revision and adjustment has taken place within Treasury due to Covid-19, and most targets have been moved to future quarters. The primary focus for Treasury will be the redirection of funds to those sectors that need it.

The Constitution enjoins Treasury to ensure transparency and sound expenditure control when managing the country's finances. As the rate of expenditure in certain departments and across municipalities rises in response to the pandemic, it behoves Treasury to closely monitor role-players to avoid wasteful and fraudulent expenditure.

We have already seen examples of this, such as the KZN Department of Social Development PPE and blanket tender debacle that saw nearly R30 million in irregular expenditure.

The IFP further urges Treasury to keep a keen eye on State-Owned Entities.

Its oversight mandate should not be abandoned during this period. In this regard, the IFP remains concerned by Treasury's commitment to the beleaguered South African Airways, which has, for the better part of the decade, been haemorrhaging money.

Treasury's 16 July commitment to support and source over R10 billion for a restructured national carrier speaks to the culture of government guarantees that is no longer sustainable.

The IFP further remains concerned by Treasury's commitment to beleaguered SOE Eskom, which, despite regular bailouts from the State - R33 billion in 2020/21, and R49 billion in 2019/20 - remains saddled with crippling debt, directly impacting South Africans across the country.

Another entity which should be monitored is the Land Bank, which has been allocated R3 billion for recapitalisation. Its crucial role in land redistribution demands transparency and accountability when it comes to expenditure.

The IFP accepts the Budget.

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