Speech on Budget Vote 8: National Treasury
By Steven Swart MP, ACDP Whip

ACDP says poor financial state of Landbank a clear illustration of the dangers a State Bank presents

“Chairperson,

The ACDP appreciates that the committee has already dealt with the dire fiscal outlook, with the more than R300bn projected revenue shortfall, substantially increased budget deficit of R760bn (of 15.7 % of GDP) and the increased borrowing requirement, with the threat of a sovereign default. We also note the downward revision of R863 million across almost all programmes of National Treasury.

It is crucial therefore that every rand spent must be carefully spent, and the increasing wastage, corruption and impunity must come to an end. This is obviously where National Treasury, operating with law enforcement agencies, can and must play a key role. As the ACDP has said in the past, billions of stolen state funds can be recovered, which can help to reduce the budget deficit. It is also equally important that funds allocated now are properly spent and accounted for, given that a large portion will be borrowed funds – that “slippages” as you said, Hon Minister, are eradicated.

The ACDP also agrees that the spiralling public sector wage bill and salary increases are unaffordable. They would add R37.8bn to the salary bill this year, exacerbating the country’s debt load of R3.97 trillion. Covid-19 has come at a great cost to employment, with an estimated 3 million jobs lost in the private sector. Those that did not lose their jobs have not received increases, and many have experienced salary cuts, just to keep their jobs. Treasury DG, Dondo Mogajane has said that, “Public servants have been the beneficiaries of decades’ above–inflation salary increasing outperforming private-sector salaries. This is not just and equitable.”

The ACDP agrees and asks why these above–inflation increases were agreed to in the first place. We all need to make sacrifices, and should be thankful that we have employment.

The ACDP regrets that it has been necessary to recapitalise the Landbank with R3bn. This, the state can ill-afford at this time. While we appreciate that it is a strategic entity given its important contribution to the agricultural sector, a full understanding of why the Landbank is in this situation is required. It is clear that, as the Finance Committee points out, the Landbank has “not managed its role efficiently and effectively”.

There is clearly a greater need for oversight from both Treasury and from the Committee. Those responsible for the poor financial state of the bank must be held accountable. It also clearly illustrates the dangers that a State Bank presents to the country.

Lastly, the ACDP is encouraged by government’s call to place infrastructure development at the heart of the country’s economic recovery – moving from consumption to capital expenditure. Long-term investment in the infrastructure is likely to create jobs for low-skilled workers and investment in bankable projects will drive much-needed growth and employment generally.

We do not, however, support prescribing assets for pension funds for this purpose. While one can understand the need to unlock domestic investment for infrastructure developments to stimulate economic growth, until those that loot and plunder state resources are held accountable and stolen funds recovered, pension funds must be protected.

I thank you.”