

## Treasury's "bailout budget" will smash through debt ceiling commitments

by Geordin Hill-Lewis MP – DA Shadow Minister of Finance

Honourable Chairperson,

I congratulate the Minister on his re-appointment, and I am looking forward to working with him and the Committee to reverse our current economic stagnation.

My impression is that the Minister is hard-working, learned and honest, three characteristics that will serve him well in the battles ahead. He also clearly cooks a lot better than I do.

The Minister has returned to this most difficult of jobs, at a profoundly concerning time for South Africa.

Our economy is not growing, the public purse is empty, national debt is fast approaching unsustainable levels, and 10 million people are without work.

The Minister's primary objective, and the primary objective of the Treasury, must be to stabilise national debt.

Debt is projected to rise sharply to 60.2% of GDP by 2023, and that is only if growth comes in according to projections and no further spending is introduced.

The reality is that the economy will grow at less than 1% this year.

And the reality is this is fast turning into a "bailout budget", with record breaking bailouts for Eskom, and more bailouts for Denel, SAA and SABC on the cards.

A "bailout budget" would smash through Treasury's debt ceiling commitments. A "bailout budget" would hobble us with higher-than-ever debt service costs, already projected at R277 billion a year by 2023.

This would be a failure by the Minister to manage our public debt prudently.

Secondly, he must at all costs ensure we retain our investment grade credit rating, which we are just barely holding on to with one agency, and restore our investment rating with the other agencies.

Third, he must boost economic growth by driving real structural reforms aimed at building business confidence and private sector investment.

Fourth, he must stabilise public expenditure by implementing a Comprehensive Spending Review and halting any further increases in spending not related to core service delivery.

Fifth, he must stand up for the independence and integrity of the South African Reserve Bank, the South African Revenue Service, the Public Investment Corporation, and the National Treasury itself. I congratulate Governor Lesetja Kganyago on his reappointment. The Governor has led that institution with global distinction, and I wish him well for his tenure

Finally, he must show that he is serious about the reform of our state-owned entities by placing South African Airways into business rescue and preparing it for sale.

These are the things the Minister must now do, since his government has run out of other options. It is on these things that we will judge his coming mini-Budget and main Budget.

Since this is my first Treasury Budget debate, I will set out my approach.

The Finance Minister will have my support so long as he acts in the best interests of building long term prosperity through economic growth.

When he acts in favour of growth, we will back him, even when others in his own party do not.

If he dithers and delays in the urgent reforms we need, or if he gives any appeasement to the dangerous policies of the enemies of growth, then we will oppose him.

We will also make real alternative proposals - both by amending the budget and by proposing new legislation.

It is time for some new, innovative thinking on how to get our economy growing. I hope that he will take these proposals seriously and consider them meaningfully.

All of our proposals will be based on our core belief that careful stewardship of the public finances fosters economic growth, and that economic growth delivers real prosperity for all citizens.

That is the cornerstone our economic policy, from which all other policy is built.

In the coming days we will table amendments to this Appropriations Bill to cut wasteful expenditure and redirect it to:

- increased Police expenditure to help build an honest, professional police service;
- increased Health expenditure to bring down infant mortality, improve cancer care, and prevent forever a repetition of the Life Esidimeni tragedy;
- increased Education expenditure to provide for more new STEM schools;
- increased Labour allocation to provide for the re-skilling and training of workers who have lost their jobs;

All of these amendments will be budget neutral, funded by cutting expenditure on wasteful programmes, Executive luxuries and excess, and by cutting bad policies like the NHI pilot.

We will also revive the Private Members Bill introduced by the DA in the last Parliament, called the Fiscal Responsibility Bill, which aims to introduce fiscal rules to reduce the budget deficit and national debt.

We will also introduce a new Private Members Bill, along with my colleagues in Public Service and Administration, to ensure greater accountability and transparency in public service employment, senior appointments and wage agreements.

We look forward to working with the Minister, and the Treasury, on these alternative ideas to bring prosperity to all South Africans.