



## **EFF STATEMENT ON THE FINANCE MINISTER'S MEDIUM TERM BUDGET POLICY STATEMENT**

Wednesday, 1 November 2023.

The Economic Freedom Fighters (EFF) rejects, with contempt, the irrational, reckless, and underwhelming Medium Term Budget Policy Statement (MTBPS) tabled by the Finance Minister, Enoch Godongwana in the National Assembly today.

The EFF rejects the proposed cuts of direct provincial conditional grants of R6.2 billion, which include the conditional grant of poverty relief and infrastructure development, early childhood development grant, education infrastructure grant, and other grants meant for much-needed social infrastructure.

Furthermore, these budget cuts are extended to municipalities wherein the conditional grants budget is cut by R3.4 billion. The majority of municipalities in South Africa, including metropolitan municipalities capable of collecting revenue, are in financial stress. These cuts are aimed at conditional grants for upgrading informal settlements, improving public transport infrastructure, and other essential infrastructure.

Our people are still using bucket toilets, children are still learning under trees, and many of our people are still living in spaceless informal settlements without clean and drinkable water. It is now evident that the National Treasury is choosing to fold its arms and watch as municipalities fail, in order to further the agenda of austerity. These budget cuts are, therefore, nonsensical, senseless, and must be rejected.

The EFF maintains that the Finance Minister does not have a believable and practical plan to stabilise government debt, which is now sitting at R4.8 trillion with annual borrowing requirements increasing to R553 billion per year.

The only way to stabilise South Africa's government debt is to grow the economy. Instead, the nature and character of South Africa's borrowing is shifting from domestic pensions and insurers, which are Rand denominated, towards financial institutions such as the IMF and World Bank, whose debt is in US Dollars, deliberately undermining South Africa's sovereignty for short-term political ends.

Effectively, the MTBPS does not propose any tangible plans to support measures to grow the economy beyond the rhetoric peddled by President Cyril Ramaphosa. This is evident in the reference to the National Development Plan that has now been reduced to a joke.

Additionally, the Finance Minister continues to demonstrate that the so-called Eskom Debt Relief is nothing but an IMF-style structural adjustment of Eskom that seeks to impose privatisation. The Finance Minister is even going as far as threatening Eskom that if they don't follow the conditions, which include not spending any of the relief on new generation, the relief will not be converted into equity.

There is no mention of additional funding for Eskom to ramp-up maintenance of coal-powered stations to substantially address load shedding. The MTBPS should have unequivocally affirmed coal as the main source of South Africa's baseload generation to address load shedding.

Consequently, the energy transition of the MTBPS is as empty as the government's approach towards addressing the challenge of load shedding. There is no mention of short, medium, to long term on and off-grid solutions that target poor households and SMMEs.

The EFF additionally notes the allocation of R34 billion to extend the Covid-19 Social Relief of Distress grant. However, the National Treasury refuses to come up with a concrete and permanent solution to address the gap of millions of our people who do not have any means to earn an income, including income to survive on a daily basis.

The R350 Covid-19 grant was acceptable during the hard lockdown, but it is now unsustainable as a long-term solution. South Africa needs a comprehensive and

sustainable safety net, including a grant for unemployed graduates. The failure to allocate the Covid-19 relief grant over the medium term is a clear ploy by the national treasury to buy time while they fight to cancel the grant.

The EFF finds the MTBPS to be a clear and concrete indication that fiscal policy under the ANC government is directed towards the decapitation of the state and strategic assets, instead of using it as an instrument for meaningful economic transformation and industrialisation, particularly the procurement budget.

In fact, the MTBPS reads like a private sector manifesto crafted in Sandton by a group of CEOs while the new Director-General of the National Treasury takes notes. As a result, the EFF rejects the proposed MTBPS and adjustment budget, and will mobilise society to participate actively in Parliament to ensure that it is rejected by all and is not adopted by Parliament.

The National Treasury cannot be trusted to lead South Africa into a new path of economic growth, when all they are obsessed about is austerities.

ECONOMIC FREEDOM FIGHTERS

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