

# DA outlines how it would stimulate economy for 8% growth

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THE Democratic Alliance (DA) yesterday said Finance Minister Pravin Gordhan should outline a practical spending strategy for the National Development Plan tomorrow when he unveils his budget for this year, writes Mariam Isa.

The opposition party also said that Mr

Gordhan should address the concerns of international rating agencies, which have downgraded SA in the past few months, largely in response to deteriorating public finances and growing social unrest.

In an alternative budget, the DA said it would initiate "an aggressive process" of fiscal consolidation by reducing government debt to levels close to 35% of gross domestic product (GDP) in the long term, from about 40% at present.

It would run a budget deficit of 4.3% of GDP in fiscal 2013-14, which would compare favourably with the official goal of 4.5% set in the Treasury's medium-term

budget policy statement last October.

The Treasury should refrain from raising tax to boost revenue shortfalls as the economy was growing at an annual rate of just 2.5% at present, the DA said. "Growth is a great way to raise revenue — it's a better option than tax increases," said Wilmot James, shadow minister for the Department of Trade and Industry.

The DA was targeting growth of 8%, which would put SA in step with other emerging markets, he said.

It would recover nearly R30bn in lost revenue by streamlining government and curbing public corruption.

This would include disbanding the Department of Economic Development, the Department of Public Works, the Department of Sport and Recreation and the Department of Women, Children and People with Disabilities.

It would also involve reducing the use of consultants, which in 2011-12, sapped R2.6bn of funds from the public service, the DA said.

The party would limit the total increase in the government wage bill to the inflation rate, cut back on salaries to superfluous departments and link salaries to performance.

It would also support small businesses with a stimulus package which included R9.4bn in tax cuts and R3.7bn in additional support programmes.

It would roll out new investments of R4.6bn in education and skills development, which would include R200m for a classroom-training programme for teachers and funding for "roving master-teachers". The DA would appropriate more than R1bn to promote empowerment and capitalise poor South Africans.

It would also spend another R3.4bn to fight crime, and build more prisons to ease overcrowding.