

My broadband 30 September 2018

South Africa is going to get a lot worse

Staff Writer 30 September 2018 111 Comments



SUBSCRIBE

1.7k

shares

A report by the National Planning Commission (NPC) paints a bleak picture of South Africa's future, with declining investments and low tax revenue leading to even lower investments.

This is according to a report in the City Press, which said the NPC report warns there is a "clear and present danger" of South Africa veering into a downward spiral.

The **National Planning Commission** was established in May 2010 to develop a long-term vision and strategic plan for South Africa.

The commission advises government on issues that influence the long-term development of South Africa.

According to the NPC report, the ANC government's land expropriation without compensation plan is a hindrance to investment.

"The approach to land distribution needs to be resolved. Lack of clarity in respect of government's stance on property ownership is hindering investment across the board," the report states.

The report, titled "The crossroads: accelerating progress towards the NDP's vision 2030", includes the proposals below:

- A big increase in the Expanded Public Works Programme.
- A formal target for attracting Chinese and Indian tourists.
- Tapping into the Unemployment Insurance Fund to fund employment support programmes.
- Reforming the public service's remuneration system to allow the hiring of more low-level civil servants and possibly introduce "performance-based remuneration".

Bad news about the SA economy

Recent statistics about the South African economy have been negative, including **South Africa entering a technical recession**.

Earlier this month Stats SA said the country's real gross domestic product (GDP) decreased by 0.7% in Q2 2018, following a contracting of 2.2% in Q1.

While politicians tried to downplay this recession, other economic news was equally concerning.

Unemployment is at record levels, with the country's formal sector losing 69,000 jobs between March and June 2018.

South Africa is also facing currency volatility, inflation concerns, and a lack of business and consumer confidence.

David Shapiro from Sasfin Securities highlighted that fixed investment in South Africa was at its lowest level since 2008 – when the global financial crisis hit.

How to solve South Africa's economic problems

Speaking to **Business Day TV**, Wayne McCurrie from Wealth and Investments at FNB said most of South Africa's economic woes are caused by structural problems.

These problems can be addressed by policy certainty and introducing new business-friendly policies.

“Effectively everything boils down to one single thing – over the last 10 years the government has viewed business and rich people as the enemy,” McCurrie said.

“That has got to change, because they are the only ones who have money.”

“You can tax the hell out of them – they must contribute their fair share – but they cannot be the enemy. They are part of the solution,” he said.