

Press Release

For immediate release



30 September 2019

Media Contact: John Kane-Berman, Policy Fellow Tel: 011 482 7221 Ext 2019

Email: jkb@sairr.org.za

Media enquiries: Michael Morris Tel: 066 302 1968 Email: michael@irr.org.za;

Kelebogile Leepile Tel: 011 482 7221 ext: 2018 Email: kelebogile@irr.org.za

Treasury paper could be first step towards vital reforms – IRR

The Institute of Race Relations (IRR) broadly welcomes the economic discussion paper recently released to the public by Minister of Finance Tito Mboweni, and believes the Treasury is providing 'valuable leadership in South Africa's battle of ideas'.

The IRR's submission to the National Treasury on the discussion paper notes that, unlike many previous economic policy pronouncements from the government which blame racial inequality, colonialism, and apartheid for many of South Africa's failures, this paper puts the focus where it needs to be – on policy. The paper also suggests a number of important and implementable micro-economic solutions which can go some way to breaking South Africa out of its current economic morass.

There are, of course, risks. The IRR notes that it may go the way of the Growth, Employment, and Redistribution (GEAR) policy, which fell by the wayside after it had put South Africa on a relatively sure footing for sustainable economic growth.

The IRR also proposes some interventions which the Treasury should consider.

The first is that the very large subsidies that currently go to propping up South African Airways (SAA) should be diverted to the public transport sector. Consideration should be given to giving some of this transport subsidy to taxis. The IRR argues that it is unconscionable that middle class South Africans are provided an

effective subsidy for air travel through SAA, while poorer South Africans can spend up to 40% of their income on transport costs.

A welcome intervention in the paper is the proposal to cut red tape, but the IRR argues that it does not go far enough. For example, the IRR has suggested a 'two-for-one' proposal that would mean that any regulatory body wanting to introduce new regulations should be obliged to repeal two existing ones at the same time.

Overall, the paper produced by the Minister and the Treasury should be applauded and supported, although it could go further in suggesting additional ways to liberalise the economy. This could be a first step in implementing the reforms which the country so badly needs. But these proposals will remain worthless unless steps are taken to actually implement them.

The IRR's submission, *Going for Growth*, is attached.

Ends