



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PRESS RELEASE

GOVERNMENT'S INCLUSIVE GROWTH ACTION PLAN

Following the release of Q1 2017 GDP data confirming an economic recession, the Minister of Finance has engaged with various stakeholders to map a way forward. It is acknowledged that failure to set the economy on a higher and more sustainable growth path will disadvantage a large portion of our population and undermine efforts to rapidly address unemployment, inequality and poverty.

In our engagements with various stakeholders several major concerns were raised, amongst others:

- Continued slow growth, the recession and the potential impact on the fiscal framework;
- Rising government debt;
- The state of State Owned Companies (SOC) and risks to contingent liabilities; and
- Policy uncertainty and low business and consumer confidence.

Government has been deeply engaged with the issue of low economic growth and the recession, analysing its impact on social welfare, and considering an appropriate response. There have since been several engagements in Cabinet and amongst the Economic Cluster Ministers to craft an appropriate government response.

The President hosted a meeting of several ministers on the 28th of June 2017. At the meeting, the President stressed the urgency of a coordinated response, and to this end an agreement was reached on implementation timelines for key structural reforms related to the nine point plan.

These would support both business and consumer confidence thereby laying the foundation for an economic recovery. *Details of the key areas are listed in the table attached.*

These interventions are the beginning of a response programme that will be unpacked in the MTBPS and the 2018 Budget.

The President will monitor and coordinate implementation to ensure these timelines are met.

The Minister of Finance has also committed to exploring an economic support package within existing fiscal resources. The support package will be designed to enhance the nine-point plan structural reform programme, and will depend on the government's ability to find resources through reprioritisation from areas of slack towards areas with higher potential for growth and employment. Any support package will be dependent on progress in implementing these interventions.

At the medium-term budget policy statement (MTBPS) we will be able to more comprehensively speak to our economic outlook and growth prospects. It is critical that we go into the MTBPS having demonstrated progress in unlocking growth.

We've made progress on resolving electricity constraints, and improving labour relations and the ease of doing business. The global economy presents opportunities, including growth in some of our major trading partners, a recovery in commodity prices, and strong capital inflows into emerging markets.

Let's take advantage of these opportunities.

We also call upon all social partners to engage proactively on practical initiatives to bring about inclusive growth and economic transformation. We need all our collective leadership, initiative, imagination, and ingenuity. Achieving the NDP's Vision 2030 requires all of us to find common cause, for the sake of all South Africans.

Intervention	Responsible authority	Timelines
Fiscal Policy		
- Finalise a sustainable wage agreement	Minister of DPSA	February 2018
- Finalise infrastructure budget facility	Minister of Finance	October 2017
Financial sector and tax policy		
- Convene Financial Sector Summit to quantify transformation targets, including for low-income housing and transformational agriculture	Minister of Finance	December 2017
- Bring down banking costs by implementing Twin Peaks	Minister of Finance	February 2018
- Work with DTI on targeted debt relief for most vulnerable (e.g. in cases of reckless lending)	Minister of Finance	February 2018
- Introduce micro-insurance framework and review Cooperatives Bank framework	Minister of Finance	February 2018
Leverage public procurement		
- Implement Preferential Procurement Regulations, which took effect on 1 April 2017.	Minister of Finance	July 2017
- Finalise Public Procurement Bill	Minister of Finance	March 2018
- Finalise complementary government fund aimed at financing SMMEs in start-up phase	Minister of Small Business	February 2018
Recapitalisation of SOEs and government guarantees		
- Continue engagements on framework for the disposal of non-core assets	Minister of Finance	March 2018

- Conduct detailed audit of non-strategic assets of SOEs aimed at strengthening SOE balance sheets	Minister of Finance	March 2018
- Finalise recapitalisation of South African Airways and South African Post Office	Minister of Finance	August 2017
- Reduce the issuance of government guarantees, especially for operational reasons	Cabinet	October 2017
- Determine the consequences of SOE non-adherence to the guarantee conditions	Cabinet	October 2017
Broader State Owned Entity (SOE) reforms		
- Implement private sector participation framework	Minister of Finance	March 2018
- Implement the remuneration framework	Minister of DPE	March 2018
- Finalise the board appointment framework	Minister of DPSA	March 2018
- Table draft Shareholder Bill	Minister of DPE	March 2018
- Implement a framework for the determination and costing of developmental mandates	Minister of Finance	March 2018
- Approve ToR for implementation of the Remuneration Standards oversight committee	Cabinet	September 2017
Private Sector Participation (PSP) Framework		
- Engage other departments on PSP framework	Minister of Finance	July 2017
- Provide broader guidance on sectors or asset classes for PSP and decide whether sector specific PSP frameworks are needed	All Shareholder Ministries	October 2017
- Present potential projects for PSP to line departments, Technical Task Team and Inter-Ministerial Committee	All SOEs	November 2017
- Approve PSP projects as outlined in the governance framework proposed in the PSP framework	All Shareholder Ministries	March 2018
- Include PSP projects in Shareholder Compacts and Corporate Plan for subsequent implantation	All Shareholder Ministries	March 2018
Costing Developmental Mandates		
- Consult other SOEs on costing of developmental mandate	Minister of Finance	August 2017
- Implement mechanisms to effect outcomes through Corporate Plans (e.g. Instruction notes)	Minister of Finance	August 2017

- Roll-out the template for inclusion in the 2018 corporate plans	Minister of Finance	September 2017
- Monitor implementation through quarterly reports, annual reports and corporate plans	Minister of Finance	March 2018
Energy		
- Approach NERSA regarding Eskom hardship	Eskom	July 2017
- Develop the case for Eskom soft support until tariff adjustment in 2018 and submit to Treasury and Eskom Board	Eskom	July 2017
- Finalise lowest cost IEP and IRP, taking into account extensive comments received during public consultation	Minister of Energy	February 2018
- Review the pace and scale of rollout under the circumstances of Eskom hardship and overcapacity up to 2021	Minister of Energy	August 2017
- Review the level of participation by black industrialists and develop a strategy to increase it	Minister of Energy	August 2017
South African Airways (SAA)		
- Finalise CEO Appointment	Minister of Finance	July 2017
- Finalise and implement 5 year Turnaround plan	Minister of Finance	December 2019
- Negotiate with lenders to extend debt to longer-term	Minister of Finance	October 2017
Telecommunications		
- Conduct high level study on WOAN spectrum needs with a view to license the remainder to the industry	Minister of DTPS (CSIR)	August 2017
- Issue policy directive mandating ICASA to commence the licensing process	Minister of DTPS	December 2017
- Complete the spectrum licensing process	Minister of DTPS	December 2018
- Direct Competition Commission to investigate the data prices	Minister of DTPS/EDD	July 2017
- Commence rollout of phase 1 of SA Connect Broadband programme	Minister of DTPS	August 2017
Postbank Licensing		

- Amendment of the enabling legislation for licensing of Postbank.	Minister of DTPS/Minister of Finance	December 2017
Minerals and Petroleum Resources Development Act Amendment Bill		
- Finalise MPRDA Amendment Bill in a manner that reflects the inputs of civil society, labour and industry solicited through the public consultation process	Minister of Mineral Resources	December 2017
Broad-based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry		
- Conduct further engagements with civil society, labour and industry	Minister of Mineral Resources	Charter gazetted
The Regulation of Land Holdings Bill		
- Table Regulation of Land Holdings Bill in parliament (after processing by a multi-disciplinary Ministerial Think Tank, the NJSC and NEDLAC)	Minister of Rural Development and Land Reform	October 2017

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