



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

NATIONAL TREASURY RESPONDS TO EFF ATTACK

The responsibilities of the National Treasury (the department) and the Ministry of Finance (the political head of the Treasury) are established in terms of Chapter 13 and other sections of the Constitution. They are elaborated upon in national legislation. These responsibilities cut across all three spheres of government, and therefore make the Ministry and the Treasury the most high profile of government institutions.

This is partly a result of the role the Minister of Finance has in the budget process and all the associated expenditure management tasks. The Minister, supported by a Cabinet sub-committee (the Ministers Committee on the Budget), advises Cabinet about what is affordable, and just as controversially, recommends which of the contending priorities needs immediate resourcing and which might have to wait. Secondly, as the guardian of macroeconomic and fiscal policies the Minister of Finance often contests the appropriateness of particular policies proposed by his Cabinet colleagues. He does so taking into account the advice of Treasury officials.

Inevitably, the Ministry and Treasury become the target for blame when other sections of government fall short of their aims and objectives. This requires of the Ministry and Treasury to have thick skins, and not respond to all attacks directed at them.

However, the attack on the integrity of the Ministry of Finance and National Treasury by the Economic Freedom Fighters (EFF) is exceptional because of its vitriol and simply the scale of the EFF's ignorance of the workings of the Treasury and the Ministry. Hence, this response.

These attacks have been going on for a while, starting during recent appearances by National Treasury officials before the Standing Committee on Finance (SCOF) and culminating in the media statement issued by the EFF on Tuesday, 05 June 2018.

EFF's attacks on Treasury are based on ignorance of the policy making function of the National Treasury (the department) and the Ministry of Finance (as the executive authority which has oversight over the department), how the Treasury functions and its relationship with the Ministry of Finance. The EFF also displays a gross misunderstanding of parliamentary processes. Furthermore, the EFF has abused parliamentary privilege to throw mud at Treasury staff.

With respect to Ismail Momoniat, the Treasury official the EFF has singled out in its vitriolic utterances, he has been an employee of the Treasury for over 23 years, having joined in January 1995. During this time, he has served the Treasury and the people of South Africa in various capacities. He currently is the Deputy Director General (DDG) responsible for Tax and Financial Sector Policy, a position he has held for 13 years. He was previously DDG for Inter-Governmental Financial Relations (IGR).

The Tax and Financial Sector Policy division is responsible for advising the Minister of Finance on tax policy issues that arise in all the three spheres of government. The division is also responsible for the design of the legislative framework for the regulation of the financial sector as a whole. The division works closely with financial sector regulatory agencies such as the Financial Sector Conduct Authority, the Prudential Authority and the Financial Surveillance Department of the South African Reserve Bank (SARB), and the Financial Intelligence Centre. The Tax and Financial Sector Policy division is the primary interface between National Treasury and the SARB on matters relating to the regulation of the financial sector, financial stability and the national payment system.

From the above, and the information that is publicly available on the Treasury website and its annual report, it is patently clear that Momoniat is the right person to represent Treasury on all tax and financial sector policy related matters.

It is therefore a figment of the EFF's imagination that Momoniat has usurped the powers of the Minister, the Director-General and other fellow DDG's. The development of policy proposals in the Treasury, and their ultimate approval by the Minister of Finance, is governed by clearly articulated policies and by proper governance structures. Policy, regulatory, procurement and employment decisions are made by way of written memoranda, which ultimately make recommendations to the Director-General and/or Minister, and are signed off by them. No one person is so powerful as to make decisions over the head of the DG or Minister.

Within the Treasury, there are a number of structures that are made up of a number of divisions or chief directorates where policy proposals are discussed, and often vigorously debated, before they are tabled before the Minister. Treasury prides itself on its culture of robust debate which has always been its hallmark. Those Ministers of Finance who have understood and nurtured this culture have appreciated its value in ensuring that the policy decisions they eventually made were an outcome of a very robust process.

In addition, the Public Finance Management Act (PFMA) makes provision for the Minister of Finance, as the Executive Authority, to delegate powers given to him to the Director General, who in turn can sub-delegate these to another Treasury official. This therefore explains the appearance of Momoniat before parliament, instead of the Minister or the DG. This delegation of powers exists because it is not possible for the Minister, or the DG, to appear before parliamentary committees all the time.

In any case, the Minister and Deputy Minister of Finance do not normally attend portfolio committee meetings, unless specifically requested to do so. The only exceptions are the hearings held the day after the tabling of the Budget by the Minister of Finance in February



and the Medium Term Budget Policy Statement (MTBPS) in October, or where the Strategic Plan or Annual Report of the Department are to be discussed.

The EFF statement also ignores the fact that the nature of NT's responsibilities cut across the whole of the three spheres of government. This means that Treasury is called upon by almost all parliamentary portfolio committees to attend their meetings, often with more than one meeting taking place at the same time. This therefore means that the DG of the Treasury cannot attend to all meetings and must delegate the attendance of these meetings to the most relevant DDG, or Treasury official. For example, on Wednesday this week, the DG and the Deputy-Minister of Finance were attending a meeting of the Standing Committee on Public Accounts (SCOPA) whilst Momoniat was attending the SCOF.

Lastly, the Ministry of Finance treats with utmost contempt the EFF claims that Momoniat drives an agenda that is against black people. This cannot be. Whenever he has appeared in Parliament, or any other public platform, he has articulated National Treasury policies, policies that have also served and approved by Cabinet.

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