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ADDRESS TO PARLIAMENT ON THE BUDGET VOTES OF THE MINISTRY OF FINANCE

Trevor A Manuel, MP
Minister of Finance

In our consideration of the budget votes of the Finance Ministry, in both the Portfolio Committee on Finance and the National Assembly, we are unavoidably called upon to reflect on a wide array of subjects and perspectives. What sense are we to make of the complex interplay between more rapid economic growth and the challenges of poverty reduction and addressing what appears to be a global trend towards widening income inequality and wealth? Are we adequately engaging with the dramatic shifts in power and economic influence associated with the rising strength of China and the new momentum of international capital flows, and in particular their influence on Africa and Southern Africa? Have we found the right balance in our own financial and economic development path between the forces of enterprise, trade and private initiative, and the regulatory constraint of the law, protection of consumers' rights, assurance of institutional integrity and investment in public infrastructure and services? In so far as our policies and programmes rely on evidence and statistics and analysis, do we have sufficiently robust and regular data collection systems, are our definitions of income and poverty and employment appropriate for our circumstances, and are we asking the right questions and using the right methodological tools? Do we know what contribution our spending programmes are making to meeting the needs of children or pensioners in the villages of Uthungulu or the Bophirima district of North West; do we understand the impact of our micro-finance support programmes, can we quantify the contribution of catchment management agencies to ensuring sustainable water services; have we examined the long-term impact of climate change on our agricultural prospects or energy sector plans?

These are not questions to be answered in today's debate, nor are they issues that will be resolved through the work of the Ministry of Finance or Government this year or next, these are not projects or case studies that we can expect to complete, close and file away. But we have to keep asking questions of this kind because we need to continuously make progress in understanding and engaging with our long-term development challenges. In asking this House to approve budget allocations for the National Treasury and Statistics South Africa, I am mindful that the work of the Ministry of Finance is in part about empowering Parliament and the people of South Africa to engage more fully and actively in debate on our policies and programmes and to exercise effectively the oversight role that democracy and progressive governance requires.

I know that members of this House fully appreciate that these spending commitments involve substantial practical and administrative responsibilities and also profound and sometimes controversial questions of policy, strategic intent, institutional design and management of change and complexity. These departments and the Revenue Service and other agencies overseen by the Ministry of Finance do many things, and in presenting their plans for the year ahead these activities are broken down into various discrete clusters, programmes and sub-programmes. But it is in the inter-connectedness of these activities that the challenges are to be found. By way of example, let me say a few things about an important transaction that the Treasury debt management team completed last week, seemingly a straightforward exercise in liability management, but one that illustrates a range of overlapping responsibilities and consequences.

We indicated in the Budget Review in February this year that we would not need to raise additional finance in the international capital markets over the next two years. However, active foreign debt management remains an integral part of our financing strategy. On the 16th of May we announced a buy-back of foreign debt amounting in total to US$ 1.217 billion, of which US$217 million was financed from internal resources and US$1 billion has been financed with the proceeds of a new bond maturing on 30 May 2022. Our aggregate foreign debt has therefore been reduced, and its maturity considerably extended, on terms that represent the lowest cost of capital that South Africa has yet achieved in the dollar market.

As an exercise in active debt management, this brings about a further lowering in the costs of our debt, and contributes to releasing resources for spending on social and economic development. As a broader financial and foreign exchange transaction, it provides a long-dated benchmark for the wider capital market and contributes to reducing the economy's external vulnerability. But we need to understand that there is much more to this than just a liability restructuring in mid-2007. That we were able to conclude this deal is in part a result of the macroeconomic and fiscal framework that has been in place since 1996. It is in part a consequence of the fact that we are now running a budget surplus. It relies on the progress we have made in consolidating a solid investor base in South

African bonds and it reflects the confidence foreign and domestic investors have in our consistent, forward-looking approach to promoting economic growth and social development within a responsible and sustainable fiscal envelope.

In a very practical and measurable way, the issue yield of 5.912 per cent achieving in pricing this new foreign bond is a simple indicator, a temperature gauge, in our much more complex and multi-faceted partnership with the global community and the investment markets. A sovereign bond is in one sense a very definite and contractually precise public-private agreement, but there is another sense in which its terms are not limited to its legal and financial fine print but also connect with the wider growth and development project, the entire transformation charter that describes our economic and social objectives and programmes.

Members of the House will understand that there are both explicit and implicit dimensions to these linkages, that our social contract is partly about practical things that we do and partly about shared values and beliefs, partly about things that we agree on and partly about a diversity that we acknowledge and respect. Members of the House will appreciate also that our social trajectory is not a simple linear progression: economic growth has its costs, its congested roads and its complications; some businesses prosper, others decline; new systems sometimes fail; there are setbacks in the fight against crime; there are failures of governance and inadequacies in our regulatory vigilance. There is much to be done to strengthen our social and economic development path, and there is much to be done to improve the terms and conditions, the countervailing management of risks and responsibilities, of our partnerships with industry and the international community.

International responsibilities

Some of these issues will come under special review under the theme 'Sharing: Influence, Responsibility, Knowledge' which has been adopted for the meetings of the G20 finance ministers and heads of central banks to take place in South Africa in November this year. I know that Members of Parliament and of the Portfolio Committee on Finance in particular share a keen interest in issues that will be on the agenda of the G20 consultations, and indeed our preparation for hosting the meetings has already benefited from the views and concerns on international cooperation and development that have been ably articulated in the House in recent times. Let me share with you a few thoughts on the challenges that the international financial community currently faces.

The G20 is a body that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international economic and financial institutions, the G20 consultations help to support growth and development across the globe.

South Africa has already launched a vigorous and detailed work programme for our year as chair. It focuses on three major policy objectives: firstly, to make progress in reforming the IMF and World Bank, so that we are able to enhance the representation and voice of emerging markets and developing countries in these institutions; secondly, to develop a framework for analysing the impact of global commodity price booms on financial stability; and thirdly, to develop a better understanding of how advanced and emerging market economies in the G20 can create the fiscal space needed for greater social and economic investment, cooperation in addressing global public goods and more effective public service delivery.

South Africa is the only African member in the G20 and in line with our commitment to the development of our continent, we added to the work programme two workshop themes of significance to the continent. This is to ensure that the chairing of this prestigious forum by an African country brings lasting benefits, by bringing together African policy-makers and G20 officials.

Thus far, excellent progress has been made with the G20 work programme for 2007. In early-March, South Africa and Brazil co-hosted a G20 workshop on Bretton Woods Reform in Rio de Janeiro. Participants included officials from G20 countries, representatives from the IMF and World Bank and several academic specialists. The objective of the workshop was to discuss the ongoing process of reform at the Bretton Woods Institutions, and to build consensus towards the completion of the second phase of reform at the IMF by the Annual Meetings of the IMF and World Bank in 2007.

On 23 March, we hosted a seminar in Pretoria to offer a fresh look by African and G20 policy makers at ways of improving the effectiveness of aid in the context of the current broader global dialogue and the existing global commitments such as the Paris Declaration of 2005. The discussion highlighted the challenges, gaps and innovative approaches needed to take the aid effectiveness debate forward.

Also in March, the South African Reserve Bank hosted the Meeting of G20 Deputies. The Deputies met to discuss a range of policy issues of ongoing interest to the G20, including the reform of Bretton Woods Institutions.

More recently, as part of our 2007 work programme, South Africa contributed to a workshop held in Washington DC on commodity cycles and financial stability. Looking to the future, we are working with the government of Turkey to bring together some of the world's leading policy makers and practitioners on the subject of fiscal elements of growth and development, for a workshop to be held in early July. Preparations for the second G20 Deputies' Meeting, as well as a second high-level African policy seminar, both scheduled for early-September in Durban are ongoing. The African policy seminar will focus on fiscal elements of growth and development. We are also working with the World Economic Forum and the Reinventing Bretton Woods Committee, to include a special workshop to coincide with the September meetings of the G20.

We are engaging extensively with the advanced countries and emerging market economies in the forum to ensure that a fairer and more balanced set of representation arrangements can be achieved by the time of the 2007 Annual Meetings. These include a new quota formula, an increase in basic votes for the poorest economies and a second *ad hoc* quota increase for the dynamic emerging markets.

More broadly, there is work in progress on the challenges of regional integration in the Southern African Development Community (SADC), and the related need to review the South African Customs Union (SACU) revenue-sharing formula. We have recognised the need to develop a better understanding of the economic links between African countries and to give greater impetus to shared efforts to achieve the Millennium Development Goals.

National Treasury

Let me turn to the particular roles and responsibilities of the National Treasury. Members of Parliament need no reminding of the role of sound financial management, the role of oversight and accountability, as a foundation of public service delivery and in providing checks and balances against abuse of public resources. Improved public financial management has a central part to play in our commitment to fighting poverty and vulnerability, in accelerating investment and economic growth, in creating functional courts and effective protection services.

The activities and financial responsibilities of the National Treasury are organized into nine programmes for the 2007/08 year, as set out in the

Estimates of National Expenditure. Alongside a core administrative programme, there are five programmes dedicated to operational and policy responsibilities and three that provide for transfers to provinces and municipalities, specific grants, pensions and post-retirement benefits, international obligations and funding for various agencies and institutions.

Operational and policy responsibilities

The Treasury's *Economic Planning and Budget Management* programme brings together policy-related work, planning, expenditure monitoring, financial management support and intergovernmental fiscal responsibilities broadly related to the preparation and implementation of the annual budget.

There are several key focus areas for the period ahead. Projects such as the infrastructure delivery improvement programme (IDIP), the Siyenza Manje initiative and the mobilisation of both public and private investment in areas such as housing, hospital revitalisation and the development of residential neighbourhoods will contribute to the acceleration of infrastructure delivery. Other priorities include monitoring the various projects involved in preparing to host the 2010 FIFA World Cup, contributing to transport planning and the development of bus rapid transit projects in major cities, accelerated investment in road and rail infrastructure, improving our understanding of the long-term development of the energy, transport and communications industries, better public sector infrastructure and buildings management and assessment of various sectoral and industrial development strategies.

The *Asset and Liability Management* programme involves government's cash management framework, domestic and foreign debt management, governance and oversight of public entities and their financial obligations and management of guarantees and other contingent liabilities. As members will be aware, our costs of borrowing have been significantly reduced through sound fiscal management and a forward-looking borrowing strategy, contributing to steady improvements in South Africa's financial standing and associated benefits to both public and private sector borrowers. In the coming year, further reductions in short-term debt will be sought, as part of a broader strategy aimed at lowering annual debt costs and providing appropriate protection against possible financial shocks.

A review of the treasury operations of several public entities has been conducted, and a review of South Africa's development finance institutions is under way in cooperation with other departments. Our aim is to clarify the appropriate role of government lending agencies as part of the institutional architecture of a developmental state, and in the context of the shared responsibilities for broadening access to finance and deepening social infrastructure investment envisaged in the Financial Sector Charter.

The *Financial Management and Systems* programme includes important responsibilities related to public sector supply-chain management, coordination of government procurement arrangements with the requirements of the broad-based black economic empowerment policy framework, development of improved financial systems for national and provincial government and coordination of the implementation of the Public Finance Management Act of 1999. Development work on the new integrated financial management system is reflected in marked increases in spending on this programme over the MTEF cycle.

Last year we announced that work was in progress on a framework of formal qualifications for municipal financial management from entry-level to post-graduate standards. I am pleased to report that draft regulations were published in February this year and introduced to municipalities through a programme of workshops throughout the country over a two month period. These regulations were published with detailed accompanying guidelines for each category of financial manager. We must also at this point thank the Portfolio Committees on Finance and Provincial and Local Government for their contributions to the draft regulations and this important capacity building process.

The core function of the *Financial Accounting and Reporting* programme is to assist Parliament in exercising its oversight over public financial management in the broader public service. The quality and coverage of the consolidated public sector accounts has again been extended and improved this year. A further reform over the period ahead is the development of a framework for performance information to provide clear definitions and techniques for departments to identify more accurate performance measures, and to report in relation to these measures in a timely and consistent way.

The *Economic Policy and International Financial Relations* programme focuses on economic policy analysis and advisory services in the areas of macroeconomics, regulatory reform and microeconomic analysis, tax policy, financial and banking sector policy, and regional integration and international financial relations.

Over the period ahead, the design and sequencing of reform initiatives in the system of retirement funding and social security arrangements will enjoy special priority. This is an area of considerable complexity and I am pleased to be able to report that good progress has been made in reviewing international experience and developing more detailed plans based on the broad principles indicated by President Mbeki in the State of the Nation Address earlier this year. The National Treasury published a second discussion paper on social security and retirement reform shortly after the February Budget and an interdepartmental task team has been established to prepare detailed proposals and an implementation plan for the intended contributory earnings-related social security system.

Accelerated and shared economic growth is the central focus of our macroeconomic work. This has several aspects – effective coordination between fiscal and monetary policy, for example, infrastructure investment targeted at the logistical and technological requirements of more rapid trade and industrial development, better spatial planning, housing and investment in marginalised communities, small business development and easier access to finance by small enterprises and poor households. Drawing in part on international experience, we are exploring options for strengthening export-oriented industrial policies and improving the targeting of skills investment and infrastructure investment. Economic growth is a shared outcome of private sector investment and skills development and direct government initiatives, but we need to understand also the role of public policies and sectoral regulation in shaping an environment that supports business investment – and, most critically in our context, encourages job creation.

Provincial and municipal grants and other fiscal transfers

The Treasury vote also includes, as in the past, substantial transfers to provinces and municipalities, in support of both infrastructure investment and institutional capacity-building.

These conditional grant programmes are steadily contributing to improved programme design and contract management, supported by both the Infrastructure Development Improvement Programme and Siyenza Manje. Particularly pleasing over the past year has been the response of municipalities to the new neighbourhood development partnership grant. The second round of grants for project design and development will be concluded shortly, and from next year we will see joint public and private sector investment projects getting under way.

We have put considerable work into regular reporting and monitoring of the various provincial and municipal grant programmes. The National Council of Provinces and in particular the Select Committee on Finance are making excellent use of this information, and there are lessons for all of us in the way in which accountability and transparency have been enhanced by the oversight role that Parliament is increasingly playing over these grants and the associated services and investment programmes.

The Treasury has responsibility for several specific civil and military pension obligations, contributions to medical schemes on behalf of retired civil servants and other pension and benefit arrangements. Provision has been made in these budget estimates to expand benefits to widows and orphans in terms of the Special Pensions dispensation.

The final programme on the Treasury vote provides for various *fiscal transfers*. These agencies or organisations, including the various secret service agencies, the Development Bank of Southern Africa (for the Siyenza Manje project), the South African Revenue Service, the Financial Intelligence Centre and the Financial and Fiscal Commission, are accountable directly to Parliament.

Statistics South Africa

Turning now to the work of Statistics South Africa, I am pleased to note that good progress has been made in processing the results of the Community Survey conducted in February this year, which involved some 284 000 households in a carefully constructed census replacement survey. The results of the Community Survey will be released in November 2007.

Building on the results of this survey, Stats SA is planning a more focused collection of statistical information on poverty over the medium term. A pilot poverty survey will be conducted during 2007/08. Discussions on proposed approaches to poverty measurement will be conducted later this year.

Data collection for the most recent Income and Expenditure Survey began in September 2005 and was finalised in September 2006. The data processing and editing was finalised in December 2006 and the analysis of the datasets is currently in progress. We are expecting statistical information on the spending patterns of South Africa households to be published by November 2007.

Reform of the producer price index is under consideration for the period ahead, in recognition of the importance of the PPI as an index of the underlying cost trends in the South African economy and as a deflator in the national accounts. Extensive consultations were conducted with key stakeholders as part of the review of the current PPI basket. A new PPI basket is being developed and the re-weighted index will be published from February 2008.

It should also be noted that Stats SA has embarked on a process to re-engineer the Labour Force Survey. The questionnaire design is now finalised and fieldwork procedures have been tested. The new quarterly LFS will be launched in January 2008 and the first published data will be available in August 2008.

Stats SA will continue to play an active role in the harmonization of statistical indicators on the African continent, especially ensuring that the three Pan African institutions, the Economic Commission for Africa, the African Development Bank and the African Union Commission, work on an agreed work programme on statistical development. Stats SA is advocating that the African Union Commission should play an advocacy role at the highest political level, while the Economic Commission for Africa deals with the technical issues related to statistical development and the African Development Bank provides the necessary financial resources.

Stats SA will continue to support the initiatives of the Africa Symposia on Statistical Development. High on the agenda is statistical capacity building in countries that are emerging out of conflict or still experiencing conflict, countries such as Angola, DRC, Somalia, Guinea Bissau, etc.

Members of the House will also share with me in congratulating the Statistician-General on his appointment to chair the UN Statistics Commission next year, a responsibility that will include, among other things, the 2010 Round of Population and Housing Censuses, statistical capacity building and measuring the knowledge economy.

Stats SA is also preparing to host the International Statistical Institute (ISI) in 2009 and will be heavily engaged with the international community to make the ISI an African success. This organisation seeks to develop and improve statistical methods and their application through the promotion of international activity and co-operation.

South African Revenue Service

This year SARS celebrates ten years as an integrated, administratively autonomous Customs and Revenue Administration. Commissioner Gordhan, in recognizing the role of the people that account for the success of our extraordinary revenue service, has declared this the ‘year of the people’.

The deadline for the Small Business Tax Amnesty expires exactly one week from today. SARS officials have been hard at work to assist small businesses and taxi operators to encourage them to apply for amnesty.

However, it is time that organisations who represent small business constituencies demonstrate leadership and persuade their members to make use of this unique opportunity to regularise their tax affairs. The risk non-compliant small business owners face after 31 May 2007 is prosecution.

SARS is currently processing 60 000 applications (of which 6862 are taxi operators) and expects to receive a lot more over this final week.

Those businesses including the thousands of Taxi Operators who have applied will experience the benefits of operating in an environment where they are tax compliant and qualify to do business freely, on the right side of the law. Those who choose not to make use of this unique window period will have to face the consequences of losing their businesses and face up to five years in jail.

Public Benefits Organisations such as schools, welfare and religious organisations should also make sure that their applications are in.

Over the past two months SARS has continued to intensify its enforcement action against tax defaulters:

- 186 warrants of arrests were executed with the help of the South African Police Service
- 939 summonses to appear in court for various tax offences were issued
- 21 Writs were executed

A total value of R36.6 million worth of assets was attached during this period from tax defaulters who demonstrated no willingness to settle their affairs or engage SARS.

SARS has outlined its plan for a three-phase modernization agenda beginning with a two-year phase beginning in 2007. This stage includes capacity-building, design and preparation for modernization. The main focus is to align the organization for its main strategic choices and direction. The central elements are the following:

- Improve Customer Service, Outreach and Education: SARS seeks to acknowledge and boost the strategic role of practitioners, intermediaries, professionals and agents in the broader tax system, enhance the functioning of the Large Business Centre and improve our taxpayer outreach model.
- Design National Social Security Tax and Wage Subsidy: While still in the policy formulation stage both of these reforms will require significant effort to ensure alignment across stakeholders as well as

allocation of resources for implementation. Where possible, existing infrastructure, resources and capabilities will be leveraged.

- Create a Differentiated Operating Model: The current operating model does not sufficiently cater for the existing taxpayer and trader base. The new model will take into account three primary taxpayer/trader clusters: Small numbers of large corporate and individuals with high average tax revenues; a growing number of SMMEs and middle class and a large micro/informal business base with low average tax avenues. The new model will enable SARS to better target its education, service and enforcement initiatives at these segments.

Improved border control and streamlined flow of people and goods through border posts have been identified as core government objectives. SARS has been made the lead agency for this responsibility and chairs the interdepartmental control committee. SARS has established the Customs Border Control Unit which is tasked with ensuring the free flow of people and goods at the borders while through enhanced anti-risk measures protecting the country and economy from dangerous and illicit goods.

SARS last week announced the outcome of the revised tender processes for the provision of scanners and related services to ensure security of trade with South and Southern Africa and to improve customs control capacity. A shortlist of preferred bidders has been issued for each of the seven types of scanners. SARS will now determine the precise timing and quantities of the scanners to be acquired over time.

SARS has unveiled the new tax assessment process which has entailed automating significant steps in the process through the use of technology such as scanners and "intelligent" bar codes. This will allow processing of large volumes of low risk assessments quickly and more efficiently while specialised efforts can be concentrated on the more high- risk areas.

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Members of the House will by now have been exposed to the extensive marketing and education campaign that has been launched to inform taxpayers and stakeholders of the new returns process and what is expected of taxpayers and the new deadlines. eFiling will be promoted more aggressively to ensure an uptake in registration this year in a further drive towards a future paperless environment.

Financial Intelligence Centre

Allow me to add a few remarks on the Financial Intelligence Centre.

The Centre has made significant progress since its establishment in 2003. We can see the increased levels of interaction between accountable institutions, supervisory bodies and the FIC and the positive effects of this. Reporting to the Centre has improved consistently, while the Centre itself has continuously enhanced the quality of its referrals to the competent authorities for investigation.

However, when we in Parliament passed the FIC Act in November 2001 we did not fully appreciate the future roles and responsibilities of the various supervisory bodies, as scheduled in the Act or the Centre. My intention is to introduce into Parliament this year a first round of amendments to the FIC Act to remedy this situation.

The amendments will seek to make explicit the roles and responsibilities of the various supervisory bodies, as well as give the Centre responsibilities where there is no supervision.

The way in which the Act is presently formulated does not provide either the designated supervisory bodies or the Centre express provisions to enable administrative enforcement of the Act. This has undermined efforts to properly administer the Act and the effectiveness of the anti-money laundering and financing of terrorism regime, especially in the areas of compliance and enforcement.

The draft Amendment Bill will further entrench the responsibility of supervisory bodies to supervise compliance with the FIC Act by expressly adding this to their functions. This will remove any uncertainty that presently exists. It will oblige supervisory bodies to include supervision of compliance with the Act in their objectives and in the structuring of their functions. It will also empower them with particular powers in order to assist them in the carrying out their supervisory functions – for example, to inspect the affairs of accountable institutions.

The amendments will also enhance the Centre's own monitoring powers, enabling it to conduct inspections, especially in those instances where there is no supervisory body – and here the motor-car retail industry or the legal fraternity springs to mind.

In the present situation, if accountable institutions make small transgressions of the FIC Act, they need to be criminally charged. This is particularly onerous and impractical and does not foster the spirit of cooperation intrinsic to the Act. So the amendments will also introduce an administrative enforcement framework within which administrative penalties and remedial action under the Act can be applied in deserving matters. The key feature of the proposed enforcement model is a set of administrative penalties which may be imposed by supervisory bodies or the Centre. An appeal procedure is also envisaged.

In this regard, I have in mind the appointment of an experienced person to act as the chair of an Appeal Board who will adjudicate on the fairness of administrative penalties.

These issues take me to another area which continues to concern me greatly and this is the matter of compliance – not only in terms of the FIC Act, more generally as well. I believe that compliance should be understood in its totality. I believe that all of us, in government and in business, wish to comply with the norms of good governance, fairness and honesty which underpin the values of our democratic society and express our human dignity. This approach should lay the foundation for industry leaders to play a leadership role, in which they voluntarily adopt an attitude in which they seek to regulate themselves and their sector, but penalise those of their colleagues who operate outside established and agreed forms of conduct. Failing this, the state has to adopt a more aggressive stance.

We are all aware of the situation in which individuals, abusing financial services and institutions, have undermined the established framework and the law. They have deliberately and criminally decided to take a path of non-compliance and have tested our resolve to come after them.

I therefore see urgency in the need for coordinated, cooperative and partnership efforts by the relevant Supervisory bodies, such as the Banking Supervisor and the Financial Services Board, working jointly with the FIC and the SARS. I expect to see them coordinating their efforts with each other, actively sharing information with the FIC and SARS, and adopting an aggressive attitude to all those who operate outside of the spirit and letter of the law.

We need this type of collaborative effort to ensure that organised crime syndicates do not find in South Africa a safe haven to hide ill-gotten wealth. We need to take joint action in situations when we come across fraudulent schemes, such as the recent case of Moneyskills, in which illegal proceeds are alleged to have been generated and laundered. We need to ensure such schemes are identified and nipped in the bud before they do the damage we have seen recently.

I have also asked the FIC to consider how to enhance the capacity for financial investigation and resulting in more successful prosecutions. We need to send out a powerful message to all of those who wish to abuse our financial sector that this will only be possible if they are prepared to pay the consequences.

Conclusion

Let me return, in conclusion, to the theme we have adopted for this year's G20 consultations – 'Sharing: Influence, Responsibility, Knowledge'. These are challenges, indeed, on a global canvas, but in our engagement with international partners, both the powerful and the vulnerable, we surely need to proceed from a common understanding of our own approach to shared growth and cooperative development. This understanding rests on principles set out in our Constitution: recognition of the respective roles and influence of Parliament, the executive and the judiciary, overlapping responsibilities of national, provincial and local government; acknowledgement of the rights of all South Africans to education and learning. The National Treasury, the Revenue Service, Statistics South Africa, the Financial Intelligence Centre, the Development Bank of South Africa, the Financial Services Board, the Public Investment Corporation and other institutions and agencies associated with the Finance Ministry all have their spheres of influence, all exercise responsibilities of distinct kinds, all contribute to shared knowledge and understanding. But these clusters of influence, responsibility and knowledge are neither absolute nor complete, and we both welcome and value the oversight role of Parliament and the accountability to the wider public that this entails as part of a democratically shared trusteeship over the public finances, nationally collected revenue, our financial institutions and the official records of statistics. Allow me to express particular thanks, in this regard, to the chair of the Portfolio Committee of Finance, Mr Nhlanhla Nene, the chair of the Select Committee of Finance, Mr Tutu Ralane, and the co-chairs of the Joint Budget Committee, Ms Louisa Mabe and Mr Buti Mkalipi, who have provided exemplary leadership in these challenging positions.