



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

SPEECH BY THE MINISTER OF FINANCE, MALUSI GIGABA, ON HIS NEW PORTFOLIO

In his January 8th statement, President Jacob Zuma opened this year of Oliver Tambo, setting out the priorities of the African National Congress. In his remarks, he pronounced clearly that “the most urgent task facing us is to speed up the building of a national democratic society, wherein all South Africans enjoy an improved quality of life, especially the working class and the poor.”

It is in this context – with a keen sense of our unfinished historic mission – that I must express how profoundly honoured and humbled I am to be appointed by the President of the Republic to the critical position of Minister of Finance. I am fully aware that we are at a highly politicized, polarised and contentious moment in the history of our young democracy.

I will not be distracted by external issues. Rather, I will focus sharply on the task of implementing the policies of the African National Congress, to better the lives of the majority of South Africans.

I am keenly aware of the sterling leadership of this portfolio, by all of the previous ANC Ministers of Finance, Comrades Trevor Manuel, Nhlanhla Nene and Pravin Gordhan. These comrades, deployed by the ANC and working with society at large, helped stabilize and grow the South African economy having inherited a bankrupt Treasury from the apartheid government.

I hope to continue the sound leadership and stewardship of the country’s finances which these comrades have displayed.

I intend to implement the policies of the ANC, as articulated in conference resolutions, in the 2014 election manifesto, and in the President’s pronouncements.

The overarching message of these is that we need to radically transform the South African economy, such that it works for all South Africans, including those who have been and still continue to this day to be marginalized – the working people and the poor, black people in general, women and youth.

There needs not to be a contradiction between inclusive growth and radical economic transformation; there can be no economic progress that leaves the majority of our people behind.

National Treasury is a key enabling institution for progressive change. Its expertise must be marshalled in support of national development. Its capabilities must be arrayed as part of an effective democratic state. Its professionalism must be nurtured in support of a policy orientation that reflects the urgent need for change.

For too long, there has been a narrative or perception around Treasury, that it belongs primarily and exclusively to 'orthodox' economists, big business, powerful interests and international investors. With respect, this is a people's government.

Treasury, like all the institutions of our democratic state, belongs to the people of South Africa, black and white, rich and poor, young and old, male and female, urban and rural. Its policies, its management, its communication, must be accessible to all South Africans.

Like the nation as a whole and government itself, the National Treasury does not exist for the exclusive use and benefit of some with power and vested interests. From Sandton and Alexandra, Stellenbosch and Khayelitsha, and everywhere in our beloved country, we need to find each other.

We are committed to maintaining an investment grade credit rating for South Africa, by all credible ratings agencies globally. This is important for ensuring South Africa's access to investment capital at the fair and manageable interest rates, to borrow for productive investments to improve our economic competitiveness.

Whilst we accept that states justifiably incur the scrutiny of ratings agencies and investors when they borrow, we trust and hope that this scrutiny will not preclude our ability creatively and still within our means to pursue progressive policies to achieve our development objectives. We must have the courage and the space to develop and implement policies of our choice appropriate for our particular challenges and aspirations.

At the same time, we are convinced that – in order to sustain transformation and growth into the future – it is essential that South Africa relies on her own resources, and that government lives within its means. The urgent task before us is the pursuit of inclusive growth and a shared wealth. Government has been, and will remain, committed to a measured fiscal consolidation that stabilises the rise in public debt. It will remain committed to getting the best possible value-for-money in the use of public resources.

We recognize our context as a middle-income country in a globalized world, and we appreciate the need to retain the confidence of international stakeholders and partners. However, we must never lose sight of the fact that we are accountable first and foremost to the people of South Africa, who are relying on us to use the authority and resources of government to develop this country in a way which positively and tangibly improves their quality of life.

Over 20 years of managing the nation's fiscus, the ANC has exercised restraint, prudence and an admirable commitment to balance competing priorities and constituencies.

There is a growing consensus inside the ANC and progressive sectors of society, that if anything, the pace and depth of transformation has been too slow and in many instances, superficial. Simply put, many in our alliance feel the ANC has been too conservative. We do not seek to implement a reckless lurch in a particular direction. We will stay the course in terms of the fiscal policy stance approved by Government.

This does not distract from our commitment, as stated in the 2012 Strategy and Tactics of the ANC, to building a "political and socioeconomic system which places the needs of the poor and social issues such as health care, education, basic services and a social security floor at the top of the national agenda."

We can no longer pretend that growing the economy, as it is currently constituted, will improve the lives of all South Africans.

We need to change our approach.

The National Development Plan does not speak only to growth, but to inclusive growth. It speaks to achieving prosperity and equity. Over the last twenty years the African National Congress has expanded the social wage and ensured that the budget redistributes incomes.

However, the ownership of wealth and assets remains concentrated in the hands of a small part of the population.

This must change.

Neither growth alone, nor transformation alone, is sufficient to deracialise our economy, and overcome poverty, unemployment and inequality. We need to do both. We must transform the economy so that it may grow faster and inclusively. We must grow the economy to finance rising public provision for social needs. It will not be easy, but we have no choice. We must rise to the challenge. We have no time to waste.

In the coming weeks and months, I intend to engage intensively with key stakeholders: business, big and small, the establishment and black industrialists emerging and aspiring; managers and professionals; organised labour; civil society; in the tri-partite alliance and the opposition.

We remain very positive about the position of the South African economy, such as the fact that:

- During the previous quarter, we witnessed a positive growth, albeit still modest, but it was consistent with our revised targets,

- The global growth itself seems set for recovery, and there has been no downward revision,
- The energy situation has stabilised,
- The drought is behind us and we seem set for a bumper crop this year,
- The labour relations situation in our country has considerably stabilised because of our deliberate political action through seeking a social contract that involves government, labour and business, and
- The real exchange rate depreciation over the last two years has placed us in a favourable position with regard to competitiveness.

The focus now is on maintaining domestic and international support for our management of the economy. In terms of economic policy, we will seek to accelerate implementation of the President's 9-point plan for economic growth and job creation, until new policy direction emerges from the ANC National Conference in December.

After my initial discussions with the President and senior Treasury officials in the short time I have been assigned this role the following issues are emerging as the top priorities:

Firstly, I will work with Parliament to approve the 2017 MTEF and ensure its effective and efficient execution, including achieving the fiscal objectives that our Cabinet had approved in January. This includes ensuring that our country maintains the broad course of fiscal prudence it needs to be able to sustain its critical pro poor social programmes.

Secondly, I will work with my colleagues in government to reinforce the alignment of the budget to our development objectives as set out in the NDP and other policy documents.

Thirdly, I will continue the work with business and labour to ensure that we achieve faster and more inclusive growth so that we create more work and business opportunities for our people.

Fourthly, as promised in the ANC's 2014 election manifesto, we will use state procurement strategically and vigorously, to ensure localization, promotion of black-owned, women-owned, youth-owned enterprises and SMMEs, and to facilitate industrialization.

We remain unapologetic about using the state's spending power to grow black enterprises. Equally, preferential procurement must be used to grow genuine productive capacity, not rent seeking.



In this regard, I am advised that the process of drafting the Procurement Bill to institutionalize procurement reform is well underway.

Fifthly, I will work with the Central Bank to take steps to strengthen and transform the financial sector so that it serves ALL South Africans.

Finally, as you are aware, a lot of service delivery takes place at the provincial and local government spheres.

We will work closely with provinces to strengthen financial management not as an end in itself, but as a means to deliver more and better quality services to our people. In the fullness of time, I shall hold similar briefings where I will set out more detail in each of the areas listed above. I am aware that we are in a climate of sharp disagreement and mutual suspicion.

Let me be absolutely clear. I fully understand the enormous importance of the responsibility which has been given to me, to oversee the management of the nation's financial resources. I did not get into politics for myself, but rather to serve the people of this country, and to achieve the ANC's historic mission of a non-racial, non-sexist, united, democratic and prosperous South Africa.

The people of this country, the long suffering ordinary citizens, are relying on their public representatives to better their lives. I will not betray our people by allowing individual or special interests to prevail over the public good.

Every decision I make will be for the public good, and I will be responsive and accountable to the public on those decisions. Therefore I will ask sceptical members of the opposition, the media and the public, to judge me on my actions in the coming months, not speculation and rumours.

This moment is neither comfortable nor convenient, but that is not what leadership is about; rather, it is about doing the difficult things in service of others.

I take solace in the fact that whilst all the seemingly warring factions in our society today may seem to be polarised and pulling in different directions, we however all share deeply the interests of our nation and people and seek, albeit in different, what is best for them.

I believe on that basis alone that it is possible for us to act in ways that set our disparate grievances and opinions aside and advance the common interests of all our people, especially the poorest of the poor.

We have a choice before us.

We can retreat to our respective camps, our parties, factions, and cliques, and fight viciously to advance our own interests and score points against our opponents.



This will not build South Africa.

I submit that what will build South Africa is for us to pull together and put the interests of all South Africans before our own.

Let us focus our energies on finding common ground that will increase investment, create new jobs, increase productivity and raise incomes.

The task before is difficult, but in the words of the great Burkinabe leader Thomas Sankara, "Everything that man can imagine, he is capable of creating."

Working together, we can create a better life for all.

I thank you.

For media enquiries, please contact Mayihlome Tshwete on 072 869 2477.

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