

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR ORAL REPLY
QUESTION NUMBER: 224 [CO490E]
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★224. Ms T Motara (Gauteng: ANC) to ask the Minister of Finance:

(a) What progress has been made following consultations with businesses and the private sector regarding actions to be taken in order to avoid a ratings downgrade and (b) how far have commitments been put into action?

CO490E

REPLY

(a) The President tasked the Head of Business Unity South Africa, Mr Jabu Mabuza, and the Minister of Finance to lead a coordinated effort between business, government and labour to find ways to avert a ratings downgrade.

There is a need for South Africa to raise inclusive growth and employment; maintain sustainable government finances; institutional independence; and political stability. If this is achieved the consequence will be that rating agencies will rate South Africa favourably which is positive for investment, growth and job creation.

The CEO Initiative has agreed to work on:

- Restoring business confidence
- Actions for an inclusive and faster growing economy
- Uniting society behind a common programme

There steering committee has met between 10 and 15 times to date. There also have been numerous meetings of the sub-working groups since the implementation. Through this initiative, South Africa has demonstrated the foresight and commitment to the national interest through the collaboration of labour, business leaders, government and community.

(b) The extensive interactions between government, business and labour have resulted in significant progress in a number of areas. The following are just some of the examples where visible progress has been made.

Government, together with its social partners participated in joint roadshows to meet investors and rating agencies as a means of strengthening communications and demonstrating the social cohesion that is required to achieve the challenging process of economic transformation.

To leverage growth, the private sector has committed R1.5 billion towards a fund that will provide mentorship and financing to SMMEs with high growth potential.

Social partners have also considered how to remove blockages in sectors with high employment and export potential. Whilst a range of interventions have been identified, in the short term, priority has been given to agriculture and tourism.

- The agriculture work stream is working on implementing initiatives on trade promotion and market access; improving water availability in the sector; and exploring funding options underneath the Agriculture Growth Initiative.
- The tourism work stream is focusing on proposals related to issues such as marketing; regulations; branding; and inclusive growth. The proposals will be carried out by various tourism bodies.

Suggestions have also been made to help consider alternative strategies for state owned company financing.

Work has continued on a number of areas, the most notable to date relates to the endeavour to raise youth employment. Business would like to increase youth employment by 1 million over the next three years. Work has also progressed on a potential initiative to revitalize the Vaal Triangle economy.

However, business is not the only constituency that contributes to the confidence in a country and inspires investment which in turn creates jobs and increases revenue. Labour, civil society, political parties, citizens can and do make a contribution as well. Crucial though, is the innovative and enterprising spirit of our own people and the kind of supportive ecosystem that is created in different parts of South Africa.