



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

SPEECH BY MINISTER OF FINANCE MR NHLANHLA NENE

ASSOCIATION OF BLACK ACCOUNTANTS OF SOUTH AFRICA (ABASA) DINNER

**VENUE: ELANGENI HOTEL, DURBAN
DATE: 14 May 2015**

Programme Director;

Distinguished guests;

Ladies and Gentlemen.

It is a great privilege for me to address this gathering once again.

Back in 2009, ABASA invited me to be a keynote speaker when it was honouring those that have made a sterling contribution to the advancement of black accountants. Some of those who were honoured that day have become captains of various industries and some have made a contribution in the public sector and government. So, I am honoured to be part of this occasion in my home province. Thank you for inviting me.

How time has flown! In 2009 when I addressed ABASA, the world was reeling from the worst economic crisis since the 1929 depression. Unfortunately, the world economy is still feeling the impact of that global economic crisis and faces a protracted period of lower economic growth. The severity of the slowdown in growth



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is possibly best illustrated when one notes that the United States is the only major developed economy expected to grow by more than 3 per cent annually over the next three years.

The outlook for emerging markets has also deteriorated in recent months, with notably slower growth expected in China. This has consequences for all developing countries, and South Africa is no exception. What this means for us is that we have to be creative and innovative about the way we address our challenges. And let me be quick to add ladies and gentlemen, I'm not suggesting creative accounting at all, because questions have been raised about what role that kind of creativity contributed to the crisis.

South Africa escaped the worst of the economic crisis largely because of government's prudent fiscal policies as well as infrastructure spending in preparation for the 2010 World Cup. But nearly seven years into the crisis, the world is still feeling the impact of the crisis. Like many countries South Africa is struggling to raise the rate of growth in the face of adverse global economic conditions. Most countries are reviewing their economic, fiscal, and monetary policies in order to stimulate economic growth.

As government we have adopted the National Development Plan (NDP) to deal with our economic and social challenges namely the triple challenges of inequality, poverty and unemployment.



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The NDP provides a framework that can shift South Africa towards a new trajectory of economic growth and job creation in order to achieve a more inclusive, balanced and sustainable economy.

A more inclusive, balanced and sustainable economy requires greater participation in the economy by black people. The transformation of the economy and the empowerment of people of colour so that all can participate meaningfully in economic activities is therefore crucial. Given our past of institutionalised exclusion of the majority from economic participation, economic transformation cannot be delayed, ignored or postponed because that would have unintended consequences and potentially create instability in our country.

Government recognises that the transformation of the accounting and auditing professions, and especially the gaining of the CA qualification will be good for the whole country. Therefore, we need to accelerate efforts to ensure that the barriers to entry into this profession are removed to allow for greater access. Note, ladies and gentlemen that transformation is not an end in itself; it is a means to an end.

In light of this, we need to ask ourselves very serious questions:

- Since Professor Nkuhlu qualified as the first black Chartered Accountant we have had a significant rise in the number. Admittedly the number is small, but where are those CAs and what role are they playing in ensuring that the pipeline of CAs



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never dries up. One of the questions that the organisers of this dinner wanted me to address was the fact that the number of black CAs has not risen significantly.

Recognising that we have to be proactive in increasing the pool of highly-skilled accounting professionals especially for the public service; we at National Treasury started the Chartered Accountancy Academy programme in 2008. To date, 30 Chartered Accountants have graduated from our programme. This year we achieved 86 per cent pass rate on the Qualifying Examination Year 2. We have continued to steadily grow our site offices in three metros and a few departments and we are also in collaboration with State Owned Entities to grow our programme. Admittedly, these efforts are making a small dent, but they are not insignificant. What we need to do is to ensure that we continue to grow the pool. The ratio of qualified CAs is terribly out of synch with the needs of the country and this should be corrected.

- The second question is: Are our communities better off now that we have more black CAs? Programme Director; allow me to suggest that the contribution of the programme needs to be significantly higher. Organisations such as ABASA need to realise where they come from and the obligation and burden that history has bequeathed them. I call on all of you here to ensure that you contribute to the efforts to transform our economy.



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For an example, the need for highly-qualified financial management professionals in the public service is well-documented. I would therefore welcome a conversation with you that starts with this sentence: “Minister, as ABASA, what we can do to assist the country in this regard”. I would gladly discuss how we can explore a partnership that would see organisations such as yours assist our efforts to improve financial management capacity in the public sector.

This country defeated apartheid because of committed activists. Today we need a different kind of activism and I would like to believe that many of us have an activist within us. I am of the view that ABASA needs to be at the forefront of transforming the profession. Perhaps members of ABASA could assist trainees with preparation for board examinations, mentor those who aspire to join the profession and generally give support to various initiatives meant to assist others to rise to greater heights.

Another challenge that ABASA must confront is: What contribution are you making individually or as a bloc to the infusion of the entrepreneurial spirit amongst black people. Where are the men and women who use the collective intellect that you have here to bring creative solutions for our country? It is common knowledge that when everyone seeks to be employed we are not being entrepreneurial. The future of our country does not so much lie with big business, important as they are. It lies with SMMEs that are building our economy in order to create more employment opportunities.



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Do we have discussions within ABASA and close associates on how our economy can be improved? Are you having networking sessions where you are sharing ideas of how you can form partnerships that can grow to participate in the economy? Why is it that when we read newspapers we don't get exposed to a spectrum of thoughts from members of ABASA who should be leading in building a body of knowledge that can be tapped into?

From time to time National Treasury through the Accounting Standards Board issues standards for public comment before finalising them. I am told that black accountants make a miniscule, if any contribution to this process. I would like to encourage you to participate in the development of the technical standards and the technical competencies needed to advance the growth of our country and its standing in the world. That way, you can claim your rightful place in the current reality of our country. While ABASA continues to strive for the advancement of black accountants, I challenge you to work towards the advancement of all of our people, especially the underprivileged.

We have come a very long way since 1994. It is a fact that South Africa is way better than it was before the dawn of the democratic era. It is also true that we still have a lot of challenges. But we have to go on and do what needs to be done. As President Nelson Mandela once said,

“After climbing a great hill, one only finds that there are many more hills to climb”.



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I leave you with a few questions that I posed to the national leadership of ABASA a few years ago. Ponder on them, for I believe that the answers should galvanise the organisation to think and act in the public interest, and specifically the interests of those who remain marginalized in our society.

- To what extent has ABASA exploited the opportunities created by a democratic government particularly to advance black business?
- To what extent has ABASA contributed to shaping government policy?
- How many of ABASA's founding members and those that joined in the earlier years, are still active in ABASA programmes? Is ABASA's institutional memory well-preserved?
- Is ABASA grooming a fresh cohort of cadres who will continue to advance the interests of its members and of all black people in general?

We need thought leaders from ABASA, we need a strong ABASA that can partner with government to transform the profession.

It is my hope that when we speak about accountants and auditors in our country, and especially ABASA members, we shall hold our heads high in the knowledge that you are committed to the advancement of South Africa.

I thank you