



Speech by Minister of Finance, Mr Enoch Godongwana, at the 2023 Public Finance Management Conference

20 September 2023

"Innovative and Agile Public Service Funding and Delivery during Volatile, Uncertain, Complex, and Ambiguous (VUCA) Times."

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- EU Ambassador, Sandra Kramer,
 - State Secretariat for Economic Affairs (SECO) Deputy Head of Mission, Marino Cuenat,
 - Distinguished Representatives from other International Development Partners,
 - Director-General of the National Treasury Dr Duncan Pieterse,
 - Heads of Departments, Heads of Provincial Treasuries,
 - Chief Financial Officers, Municipal Mayors, senior government officials and public finance experts and practitioners;
 - Ladies and Gentlemen, Good morning and welcome

Firstly, let me apologise for not being able to join you in person today due to other, equally important, duties. Thank you for gracing us with your presence at the National Treasury's 3rd Public Finance Management Conference 2023.

Thank you also to our donor partners, the European Union and SECO. They have funded the Financial Management Capacity Building for Improved Service Delivery (**FMISD**), and the Procurement, Infrastructure and Knowledge Management (**PINK**) programmes.

Through the support of the EU and SECO, we have been able to engage in important conversations about how to bolster the capacity of our public financial management sector across all spheres of government.

These two strategic partnerships are crucial to the continuous efforts to build a capable and developmental state, as outlined in the National Development Plan (NDP).

Our public finances are currently in a difficult position, one that is increasing in complexity and uncertainty. The short-term risks to the local and global economy that we predicted in February Budget, have now materialised.

Government has collected much lower-than-expected tax revenue. At the same time, tighter financial conditions have made it difficult to borrow more and at affordable rates. Continued loadshedding, the poor performance of our logistics sectors, and the lasting damage done by state capture to our institutions, have made the difficult fiscal situation even more challenging.

These and other factors have put tremendous strain on the financial resources we have available to address our most urgent service delivery priorities.

It is important to note that we have faced similar challenges in the past and managed to make the necessary policy decisions and trade-offs to navigate the storm.

Right now, being innovative, adaptive, agile and solutions-driven during these Volatile, Uncertain, Complex and Ambiguous (or VUCA) times is important.

The Imperative of Consequence Management

A crucial element for responsible fiscal governance is *consequence management*. Accountability, transparency, and ethical financial stewardship are the pillars upon which we build and nurture trust with our fellow South Africans.

It is imperative that we hold individuals and entities accountable for financial misconduct. Without swift and fitting consequences, we risk eroding public trust in our capacity to manage public funds effectively, with less and less funding available to deliver much-needed services to our people.

In this context, we can draw inspiration from best practices in audit functions. Rigorous and independent audit practices play a pivotal role in unearthing corruption and financial mismanagement, providing invaluable insights and recommendations for the judicious utilisation of public funds.

The Ethical Procurement Imperative

Furthermore, ethical sourcing of goods and services through public procurement stands as an unassailable priority. Non-compliance with ethical standards in procurement can have far-reaching consequences, compromising the integrity of our financial processes.

Conclusion: Unwavering Commitment

In closing, the path forward is not devoid of challenges, however, we are not powerless. With innovation, adaptability, and a resolute commitment to ethical financial management, we can surmount these obstacles and forge a luminous future for South Africa.

We must leverage technology, collaborate across sectors, and put our citizens at the centre of our decisions. Together, we hold the power to rekindle public trust, to advance good governance, and to fortify our nation's public financial management.

Thank you, and I eagerly anticipate the enriching deliberations that await participants.

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