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MINI-PLenary - COMMITTEE ROOM E249

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**MINUTES OF PROCEEDINGS OF MINI PLENARY SESSION OF NATIONAL ASSEMBLY**

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Members of the mini-plenary session met in Committee Room E249 at 14:04.

Mr M R Mdakane, as Chairperson, took the Chair and requested members to observe a moment of silence for prayer or meditation.

**APPROPRIATION BILL**

Debate on Vote No 7 – National Treasury:

The MINISTER OF FINANCE: Chairperson, hon Deputy President, Mr Cyril Ramaphosa, Ministers and Deputy Ministers present, hon members, at the outset, let me convey the apology of the Deputy Minister who is attending the annual meeting of the African Development Bank in Islamabad in India.

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In tabling Budget Vote 7 for National Treasury, I would like to begin by expressing sincere gratitude to the leadership and staff of National Treasury for their continued commitment, pride and professionalism in serving the nation. Particularly, let me extend a very special thank you to the former director-general, Lungisa Fuzile, for 20 years of committed public service and, on behalf of Deputy Minister Buthelezi and me, for the professional handover when we assumed the Finance portfolio. To the chairperson and members of the Standing Committee on Finance, thank you for providing oversight and advice on the management of the nation's finances.

The finance family institutions are critical components of our country's fiscal and governance framework. National Treasury has been one of the foremost institutions in role modelling the technocratic professionalism and ethical commitment of a capable and developmental state. We will continue this proud tradition at Treasury and throughout the Finance family.

Accordingly, we are committed to filling the vacancy of director-general expeditiously. A number of excellent internal and external candidates have been considered, interviews have been conducted, and a recommendation will be forwarded to Cabinet for its consideration in the coming weeks.

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We will also act quickly to fill other top management vacancies in the department.

As the executive leadership of Finance, we are absolutely clear about our priorities, which are inclusive growth and economic transformation, as spelled out by the National Development Plan, NDP. Social justice cannot be fully attained if we maintain the status quo. Therefore, economic transformation should prioritise, among other objectives, changing the structure, ownership and institutions of our economy to include all South Africans, but particularly marginalised groups such as black people, women and youth, in opportunity and wealth creation.

What then is our role as the National Treasury in this vision? The mandate of National Treasury is sustainable management of public finances, maintenance of macroeconomic and financial sector stability, and effective financial regulation of the economy. Our work is also underpinned by Vision 2030 as articulated in the NDP.

Our facilitation of the division of national revenue to serve the public in line with the Constitution and government policy at the necessary scale is compromised by low economic growth, which, together with persistently high unemployment, poverty and

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inequality, makes demands on the fiscus to grow faster than the resources available to fund them.

The budget progress becomes ever more fraught as departments try to fulfil growing mandates using static or even declining resources. As a consequence of low growth and rising demands on the fiscus, debt has grown substantially since the financial crisis of 2008. For us to be able to borrow and refinance debt, credit rating agencies are critical. They rate public debt, and therefore their independent assessment of our creditworthiness and economic prospects are influential with investors.

The recent downgrades of our credit rating by two rating agencies have left our foreign currency denominated and domestic currency debt rating at sub-investment grade.

We continue to engage intensively with all the rating agencies to take them into our confidence on ongoing reforms, growth initiatives, and our commitment to measured fiscal consolidation and improving the governance and sustainability of our state-owned companies. We hope these engagements will avert further downgrades in the short term, and that progress in these areas will improve our credit ratings in the medium term.

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There is no magic bullet to improving our credit rating; we must implement the NDP and the Nine Point Plan. Progress in our economic development programmes will result in improved credit ratings, business and investor confidence.

As the National Treasury, we can only do our part to manage the fiscus prudently and sustainably, giving domestic and international investors confidence in our nation's macroeconomic stability; to facilitate a budget process which distributes resources to the programmes which will have the most impact in carrying out government policy; to monitor the debt levels of state-owned companies closely to ensure they do not pose undue risk to themselves, or the country; and to use state procurement strategically so as to ensure value for money and economic transformation through targeted procurement from designated groups.

Ultimately, however, government as a whole and especially the economic cluster, must work together to implement structural reforms required to unlock growth, speedily conclude outstanding policy processes, and stabilise and revitalise ailing state owned companies. We all have to pull our weight and walk the talk.

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Let me touch a bit on our current economic circumstances. Together with a gradually improving global growth outlook, stronger global commodity prices, an improvement in local weather conditions and household and business confidence, the 2017 Budget Review forecasts growth of 1,3% in 2017, rising moderately to 2,2% by 2019 as global growth and domestic confidence steadily improve.

We are not unique in our struggle for growth.

Our engagements at the International Monetary Fund, IMF, and World Bank Spring meetings, the World Economic Forum Africa and at the G20 highlighted the degree to which global leaders are uniting collectively to put the global economy onto a faster and more inclusive growth trajectory.

A further positive advancement this year is the operationalisation of the Africa Regional Centre of the Brics New Development Bank in our country.

We want to place special emphasis in these international forums on advancing development on the African continent in the areas of infrastructure financing, industrialisation and beneficiation,

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regional integration and trade, domestic resource mobilisation, and arresting illicit financial flows.

Of course, we cannot expect international investors to invest in what we ourselves do not invest in. The Development Bank of SA, DBSA, is determined to contribute to closing Africa's infrastructure gap by increasing project preparation activities and catalysing infrastructure investment at city and regional levels. The Land Bank is spending R3 billion this year on agricultural development and transformation.

The Public Investment Corporation, PIC, must continue to play a leading role in investing sustainably in the development of South Africa and the rest of Africa. As a shareholder in large companies, it can push companies to advance meaningful transformation as a matter of good corporate strategy. The PIC can also lead by example in empowering black asset managers by allocating them more funds to manage.

In implementing the Nine Point Plan, we have made progress on improving the ease of doing business, energy availability, labour relations and market competition. We have been working and will continue to work closely with business, labour and other social

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partners on practical initiatives, building developmental coalitions to drive inclusive growth.

Our engagement with various investors has highlighted discomfort with our low level of economic growth and slow pace of implementing necessary reforms. To be blunt, the two most important things we can do to restore confidence and reignite growth are to provide policy certainty and stabilise state-owned companies. We must take action to finalise the mining policy, broadband roll-out, digital migration and spectrum allocation. We must further act with urgency to address the fiscal risks posed by state-owned companies.

For South Africa to retain its sovereign independence, to make decisions in its national interest and in response first and foremost to the citizens of our country, we must avoid the trap of incurring levels of public debt we cannot afford to repay. The prospect of sustained low growth over the medium term remains the greatest risk to fiscal policy.

Since 2009, spending has increasingly been funded by borrowing. Measured consolidation is needed to ensure fiscal sustainability, and we are committed to this path.



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We first set an expenditure ceiling in 2012 and have since then consistently hit our targets through a government-wide commitment to improving efficiency and prioritising the most essential sectors and services. Spending plans over the medium term allow for moderate real expenditure growth, with priority given to advancing higher education, health, and social development. The government wage bill will stabilise as a share of the budget, largely as a result of measures to reduce appointments in noncritical posts.

I am pleased to announce that the budget deficit for 2016-17 is marginally lower than the estimate presented to the House in February – which was 3,9% of GDP – and is now estimated at 3,8% of GDP. Over the next three years the deficit will be reduced to 3,3% – stabilising debt as a percentage of GDP and confirming the resilience of our public finances.

In the period ahead, government will focus on strengthening budget execution and the in-year monitoring of spending. National Treasury is working with the Department of Public Service and Administration and all departments to strengthen our monitoring of personnel trends, and help managers operate within budget constraints.

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We are working with other government stakeholders on a new infrastructure financing facility that will address shortcomings in the planning and execution of infrastructure projects and will ensure thorough technical analysis takes place.

We are reforming state procurement to be a strategic rather than merely an administrative function. We seek to use it to advance economic transformation by prioritising targeted groups, to achieve efficiency by consolidating spend and reducing administrative burdens through modernisation, and to intensify the fight against corruption by minimising opportunities for malfeasance. We plan to table a single Public Procurement Bill addressing all the legislative and regulatory requirements of the system during 2017.

The Office of the Chief Procurement Officer, OCPO, has already achieved R7 billion in savings as a result of renegotiation of the government's biggest contracts, renegotiating rates with airlines, hotels and car rental companies, restructuring mobile and fixed line telecommunications and through the smarter use of technology.

We anticipate saving an additional R15 billion over the next three years through, among other measures, the renegotiation of government leases; collaborating with the Department of Health to reduce the

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cost of medical equipment, health services and medicine; and collaborating with the Department of Basic Education to reduce the cost of stationary, school books, and furniture.

The OCPO has also reviewed the Preferential Procurement Policy Framework Act regulations to accommodate support for small, medium and micro-sized enterprises, SMMEs, township and rural businesses, youth and women-owned businesses, and localisation. The revised regulations took effect on 1 April 2017 and will enhance opportunities for SMMEs to access government business.

We will devote significant attention to eliminating barriers to doing business with the state, especially for small business, and ending the irresponsible and destructive practice of paying suppliers late.

Our Constitution requires an equitable division of nationally collected revenue between national, provincial and local government. The Division of Revenue Bill for 2017-18 which has been adopted by this House provides funding to provinces and municipalities to deliver services such as education, health, housing, public transport, water and sanitation, and electricity.

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National and provincial treasuries have agreed to focus on four game changers in their efforts to improve the capacity and financial performance of municipalities. Firstly, a new Municipal Standard Chart of Accounts will be implemented across all 257 municipalities from 1 July 2017. This is a major reform that will create a line of sight from a municipality's integrated development plan, IDP, through their budget, financial reporting and annual performance plan against pre-determined service delivery targets.

Secondly, an improved supply chain management will be introduced to reduce irregular expenditure and generate significant savings, led by the OCPO.

Thirdly, an improved revenue management framework for municipalities that seeks to improve the internal controls, cash flow management and operational efficiencies in municipalities and reduce unnecessary and wasteful expenditure will be introduced.

Lastly, improved asset management is essential for continuous delivery of services and to generate associated revenue. The budget guideline is that municipal capital budgets have a 60% allocation for new assets and 40% for the renewal and upgrading of existing

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infrastructure. In addition, municipalities are encouraged to spend at least 8% of the value of their assets on routine maintenance.

We also need to make every effort to address the culture of nonpayment by engaging all stakeholders. Government and citizens must pay for the municipal services they consume and uphold the precepts of our legal framework.

Apartheid spatial planning designed cities that locate poor black residents far from opportunities, resulting in what has been dubbed the 40x40x40 syndrome, in terms of which poor black people live in 40 square metre houses, 40km from work, with transport consuming 40% of household incomes. This is intolerable!

Transformation of these spatial development patterns is an urgent priority if we are going to improve the economic prospects of people living in townships and achieve inclusive growth. The National Treasury, through the Cities Support Programme, is assisting the eight metros to refocus their plans and budgets to invest in corridors that integrate former townships with the core economic areas of their cities, driving down transport costs, accelerating the provision of affordable housing, ensuring effective delivery of basic services, and ensuring effective management of land uses. Let

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us harness all of our recourses, including public and private investments, to give all our people a sense of ownership of their cities.

Economic growth for 2016 came in below expectations, leading to an under-collection in tax revenues of R30,7 billion for the 2016-17 financial year, compared to what was forecast in the 2016 Budget. Although tax revenues overall underperformed, there was an encouraging increase in corporate income taxes, showing that the economic activity may be starting to accelerate.

Tax increases of R28 billion were announced for 2017-18 to consolidate the fiscal position, where the additional burden will fall mainly on those with the highest incomes. These tax changes will help improve the progressivity of our tax system to more effectively redistribute income in our society. Everyone, individuals as well as companies, needs to pay their fair share. We continue to be grateful to South Africans for funding their government through high tax compliance even in these challenging times.

Reliable and efficient tax collection is a critical capability for a developing country, and the SA Revenue Service, Sars, is an

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important asset in this regard. It is charged with collecting R1,2 trillion this financial year. We will continue to work with Sars to ensure that it can fulfil its mandate to the nation and collect the revenue required to ensure South Africans fund their fiscus themselves, which is a vital test of national sovereignty. Further measures will be taken this year to combat base erosion and profit shifting through increased global co-operation and additional legislative changes.

Tax legislation currently before or soon to come to Parliament will facilitate the implementation of the 2017 tax proposals, including the tax on sugary beverages. The draft Carbon Tax Bill is also expected to be tabled in Parliament later this year.

The financial sector plays a critical role in our country, but this must be enhanced to achieve the aspirations of all South Africans. The Joint Standing Committees on Finance and Trade and Industry have had a number of hearings on the transformation of the financial sector.

Coming out of those hearings the following stands out. We need to reinvigorate the Financial Sector Charter to ensure all South Africans participate fully in the ownership, management, supply and

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take-up of financial services. Transforming the financial sector to serve South Africa better is key, including supporting SMEs and ensuring that financial institutions procure from SMEs and emerging businesses. Increased attention must be given to mutual-based organisations that provide financial services like stokvels, burial societies and co-operatives, to build these into credible competitors to the highly concentrated banking and insurance sectors. Good conduct practices and financial inclusion result in a financial sector that helps South Africans to save for university and retirement, buy a home, make and receive payments and insure against theft and other losses.

National Treasury will continue to support our parliamentary process in developing a comprehensive plan that sees our financial sector fully reflect South Africa's demographics. It is well established that a well-regulated and resilient financial system is a key foundation of any economy, and reduces the likelihood of claims on taxpayer funds to bail out failing banks and other financial institutions during times of crisis.

The long-awaited Financial Services Regulation Bill is expected to be passed by the NCOP today to ensure the implementation of a comprehensive system for better regulating the financial sector. The



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Insurance Bill also currently before Parliament builds on the twin peaks model of financial regulation envisaged in the Financial Sector Regulation Bill, particularly in respect of prudential supervision of insurers. The Financial Intelligence Centre Act will strengthen our regulatory framework on combating financial crime. In the coming weeks, I will outline steps to implement the Act.

State-owned companies need to be managed well in order to be engines or enablers of inclusive growth. In November 2016, Cabinet provided direction on various reforms such as private sector participation, corporate governance, the shareholder management model, as well as financial position and institutional arrangements.

As part of this reform process, work is in progress on a holistic resolution of the governance and financial issues affecting our state-owned airline. The work towards reviewing the appropriate group corporate structure for the state's aviation assets is complete. We are currently reviewing the options and recommendations and will soon announce a way forward.

In conclusion, we must all of us do our part to advance our national development. Government, business, labour and civil society must continue working together, guided by the NDP, the Medium-Term

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Strategic Framework and the Nine Point Plan, in pursuit of inclusive growth and economic transformation.

Whatever our differences from time to time, let us not lose sight of the task at hand. We are not here for our own sake, but to represent the interests of all South Africans, especially the poorest of the poor, and make decisions that better their lives. Let us find areas of agreement and co-operation to drive practical initiatives which move our country forward.

It is my privilege to commend Budget Vote 7 to the hon members of this mini plenary sitting. I thank you. [Applause.]

Mr Y I CARRIM: Chairperson, comrades and colleagues, my job is very simple; it largely deals with the report that we submitted on the National Treasury's Budget Vote at the Announcements, Tablings and Committee Reports, ATC, last week on 18 May. I'll deal mainly with that and broader issues as well. I would like to firstly say that the committee welcomes the Minister's commitment to seek to avoid a further credit ratings downgrade and reverse the existing downgrades.

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The committee notes that the annual budget and performance plans were presented under changed economic circumstances. When these plans and budgets were prepared, South Africa had not been downgraded by Fitch, and Standard and Poor's. While the Minister has provided an overview of his approach, there are some new circumstances and the committee requires Treasury to brief it on how exactly the Minister is going to address the downgrades at its quarterly meeting.

The committee welcomes the Minister's efforts to reach out to businesses and we were pleased with what you said today. As you would agree hon Minister, we also have to have you and Treasury reach out to the trade unions. The committee believes that government, business and labour need to work far more effectively together and requires National Treasury to brief us, at least, at its quarterly meetings. You spoke of a development coalition, I personally like that and expect the majority in our committee also do.

The committee requires National Treasury to report quarterly to it on all contingent liabilities, including the status of state-owned enterprises, SOE, guarantees, the extent of the exposure against guarantees and the data on the portfolio of SOE assets.

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In its Fiscal Framework and Revenue Proposals Report early this year, the majority in the committee welcomed government's commitment to radical economic transformation which was defined in the 2017 state of the nation address. I say this again because I don't want to understand what it is, Minister. There is a remarkably comprehensive definition; it's a radical national democratic - it borders on being a Marx's. Floyd, what problem can you have with this? It says, and let me quote:

... fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female.

It is even more radical than anything the EFF would pretend to offer.

The majority in the committee believe that National Treasury's formulation of the relationship between growth and transformation is correct. You said to us earlier this year, that we need to transform in order to grow and we need to grow in order to transform. You further said that, without transformation, growth will reinforce

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inequality and without growth, transformation will be distorted by patronage.

The committee will monitor National Treasury's programmes in terms of this framework. Obviously, as you said last week, discussions on radical economic transformation should continue. But what we need is more action, more soon, in the interests of all classes and strata of the population but primarily the disadvantaged and the poor.

The committee has had major public hearings, as you noted, on the transformation of the financial sector and is processing its report. The financial sector, we heard, manages over eight trillion in assets, which is about double the country's gross domestic product, GDP. We also heard that it contributes 21,8% of the GDP and 15% of Corporate Income Tax and employs more over about 260 000 people directly.

Of course we have yet to consider our report, but some of the issues that emerged you noted yourself. There is no rocket science required. I think you covered most of them which impresses us because it means we are going to hold you to account and say, the Minister said! By the way, welcome Madondo and we wish you well as the Acting Director-General.

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May I take this opportunity to wish you and the new Deputy Minister, Enver Surty, who as I said in the committee, sold us out; he never consulted the study group when the President called him. He said fine I will accept, Deputy Minister. Did he consult with us? No. But that is a matter that the Leader of Government Business needs to look into.

Lungisa Fuzile is also here somewhere. Chairperson, if I had my way, we would pass a law - Enver Surty lawyer - that somebody as young and good as Fuzile, never mind that people have ideological differences ... by the way, can I claim some credit? He did sociology at the old University of Natal when I was a lecturer there. So I must claim some credit, where ever you are Lungisa that I have contributed to your growth as well. Can you give me a big round of applause? [Applause.]

Now give Mr Lungisa Fuzile a big round of applause for his outstanding work and let us wish him well. [Applause.] You can rule me out of order Chairperson, let us also put to this House a resolution that he can go and do his cattle farming, but hey, we need him back in the public sector within 18 months. Can I pass that resolution Chairperson? Can you look into that and come back to me.

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Minister, can I go on to say that one of the things that really troubled us is the law that exist and that allows the banks to repossess houses and cars. Many times people are in the last laps of pain and the banks have made huge profits, and yet they sell these homes and then we are told to resell them by buying them cheaply and then selling them by the standards of the most rapacious free market system. This is obscene Minister; it is appalling.

We know that this belongs to the justice portfolio but we are pleading with you Minister to engage with the Minister of Justice - I shall also lobby him on behalf of the committee. This is just wrong Minister and it has to be stopped. [Applause.] We are pleading with you I will speak to Mathole Motshekga as well, the Chair of the justice committee - this has to stop.

Minister, we want to also say that one of the key issues that arose, very interesting for people like me and maybe some others in the committee, was about the short term insurance industry's approach to vehicle insurance and the monopoly of the whole value chain from assessors, towing yards and trucks and motor body repairers with some practices bordering, our researchers tell us, almost on criminality. We would like you and the Department of Trade and

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Industry and the Department of Small Business Development to look into that.

The committee noted the polarised nature of the hearings we had. I have been in Parliament like Thandi Pikolo-Tobias and others since 1994 and frankly, I have never come across public hearings where there was such rage and anger. I think it might be true to say that the average person's rage and frustration at the failures of the economy and the lack of jobs reflects itself on the financial sector, the banks and the insurance industries. People go to banks and they don't get what they want. I think the banks need to be listening to that.

We are calling for a structured, managed and negotiated transformation, but one that moves fast. If they don't do it, as we keep saying, there is going to be a social explosion in this country. We think it is in the interest of the banks, of the country, of the country's developmental goals and job creation tasks that this actually happens.

So, banks please wake up. Otherwise it is going to be too late. We are negotiating with you now, five years down the road I don't think the masses there are going to negotiate. Look at the post colonial



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transitions since 1947, look at other revolutionary situations and learn the lessons please. So, we are saying, let us negotiate but let us move fast Minister and we have decided that once our report is passed and once recommendations are put this will become the programme of the committee, every quarterly report we are going to monitor.

Minister we are pleading with you as a new Minister you are engaging with the banks and so on, assist in setting the times, the pace and the nature and content of this transformation in all our interest including the DA and the others who are so alienated from any suggestion. They speak more for the banks and the banks speak for themselves. So, often the banks are more progressive than in fact their representatives here - the DA.

It is appalling that they are out of touch with their own constituency. I do not want to bore you with what a member of the DA did to try to prevent the banks from coming and guess what? All four of the CEOs of all the banks came here. They came here not withstanding the call from certain people from the DA, who were telling them they are being set up. Actually, they keep engaging with us and they keep lobbying us.

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Chairperson, where the power resides - it resides like any power in democracy with the majority party.

We also want to draw your attention Minister to the hearings. We had difficult and torturous - I see the Chairperson there, the CEO of the Independent Regulatory Board of Auditors, IRBA.

We are very clear as the majority that you can't have a situation where you have four auditing firms - I think it is between 90 and 96% of the market ...

Of course they have deracialised the big four and they will and very interestingly, it is African senior officials who are very erudite and very articulate in English who come here and say we have transformed. You can't focus on race. It shows class emerging, Minister, even in the National Democratic Revolution we talk of class.

It is very interesting - it is the African people. The insiders often say, "we have transformed enough" and the African auditors who are outside say, "no they have not transformed". So, here again - very polarised hearing.

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We are very clear that we must transform the auditing profession. What we are not clear about and have tried to work it out and sought some technical expertise is, to what extent does the mandatory rotation of auditors contribute towards the [Inaudible.] because it is entirely possible - some argue and quite possibly that's what will happen - that these big four consolidate their position by rotating amongst themselves and so on.

It is a difficult area and we don't have precise views. The report will shortly come to us but Minister, we are asking if you can consider ... while understanding that the IRBA is independent, we are asking if there isn't some way you can negotiate with them that they can go ahead with some of the things that they want but let's try to get more buy in. Let us have another six months or so before they implement it because it might well be, as they have been intimidating though we shouldn't be intimidated by this, that they will go to the courts and so on.

You know, there is no clock here so one can never tell how many minutes but ...

The CHAIRPERSON (Mr M R MDAKANE): Four seconds left.

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Mr Y I CARRIM: Four second? How sad. Since 1998 or so I have been raising this this issue. Why can't we have a clock here? I have barely begun.

But having said that, let me just say that we welcome South African Revenue Service, Sars, achieving its target. Minister, we have raised it with you that on the sweetened sugary beverages tax we need to strike some balance between the need for the tax and employees and so on. We wish you well Minister in your new deployment. [Time expired.]

Mr D J MAYNIER: Chairperson, ...

Mr M L W FILTANE: Chairperson, may we request that you please notify us when we are left with one minute because there is no clock here.

The CHAIRPERSON (Mr M R Mdakane): Hon Filtane, there is a team here in front of me, dealing with time.

Dr M J FIGG: Chairperson, I rise on a point of order. Apologies for ... [Interjections.]

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The CHAIRPERSON: (Mr M R Mdakane) In mini plenaries there should not be a hundred of point of orders.

Dr M J FIGG: The Minister there has just said to me voetsek!

The CHAIRPERSON: (Mr M R Mdakane): We did not hear the Minister saying that. Who is that Minister?

The MINISTER OF WOMEN IN THE PRESIDENCY (Ms S Shabangu): The hon member is busy pointing a finger at me and I don't know why. Maybe he can justify why is he doing that to me?

The CHAIRPERSON: (Mr M R Mdakane): Hon members, let us please allow the debate to flow.

Mr D J MAYNIER: Chairperson, the Minister of Home Affairs, the hon Malusi Gigaba, was at a fashion show, rubbing shoulders with the rich and famous; when the call came informing him that he had got the top job and would be the next Finance Minister. It was not long before the new Minister and his sidekick, Mayihlome Tshwete, swooped down, rather like Batman and Robin, on National Treasury. The minister, to his credit, passed the first big test of any Finance Minister; he lasted the weekend. This was the culmination of a

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shameful midnight cabinet reshuffle. President Jacob Zuma had recalled the former Minister of Finance, Pravin Gordhan, from an international investor road show on the basis of a bizarre intelligence report claiming he was part of a plot to mobilise people to overthrow the state; and then promptly fired him. Can you believe it: to improve efficiency and effectiveness.

The truth is that, had the president been serious about improving efficiency and effectiveness, he would have fired the hon Bathabile Dlamini and the hon Faith Mthambi who together, could barely run a bath. The Deputy President Cyril Ramaphosa, condemned the cabinet reshuffle, saying it was unacceptable. Even, the ANC Secretary-General Gwede Mantashe, condemned the cabinet reshuffle, saying he was very uncomfortable. But, the Minister defended the cabinet reshuffle by condemning those who had condemned the cabinet reshuffle. He dismissed them and I quote, as a mixed bag of so called ANC stalwarts and disillusioned ex-ANC leaders who were ill disciplined.

The fact is President Jacob Zuma's midnight cabinet reshuffle, had nothing to do with efficiency and effectiveness and everything to do with the capturing the National Treasury, for his number one clients, the Guptas. And the president had the perfect man for the

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job in his new Finance Minister, the hon Malusi Gigaba, because in his own words, "I don't ask questions, I simply comply with instructions."

Things have been an absolute shambles since the Minister took over as he, somersaulted between radical economic transformation and inclusive and inclusive economic growth, and between attacking orthodox and right-wing economists at National Treasury and supporting the skilled and experienced team at National Treasury. Now, if the Minister's objective is to deliver policy uncertainty as he seemed to suggest a few minutes ago, well, he is succeeding.

However, things went from bad to worse when the Minister appointed Professor Chris Malikane, who seems to have been trained at the Hugo Chavez School of Economics, and who has some frankly mad ideas on the economy, including nationalising the banks, nationalising mines and nationalising insurance companies, and he employ them as his economic advisor at National Treasury.

Of course, when you have a minister, who in his own words simply complies with instructions, and so evidently has no ideas of his own, who advises him is an important issue. Things began to spin out of control. The minister told his economic advisor to keep quiet,

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but his economic advisor told the Minister he would never shut up. The Minister was forced into damage control mode, sending his economic advisor to the equivalent of the re-education camp to be rehabilitated. Now, I have said this before and I will say it again that Minister is Des van Rooyen in a designer suit. But on reflection, I was wrong; because, at least the hon Des van Rooyen has a master's degree in finance, even if half of his assignments were reportedly done for him by the Parliamentary Budget Office. Whatever the case, the Minister has lost control and the message is now one part 'Bloomberg'; one part 'ANN7', and one part 'The Real Housewives of New York'.

The National Treasury's legislative mandate, and the R30,79 billion budget for 2017-2018, are directed at ensuring transparency, accountability and sound fiscal controls in the management of our public finances. But the question is: how long can this last? Because, like all politicians accumulating power, the Minister has concealed his real political agenda, which he revealed, in an unguarded moment, during his maiden press conference, and which included a strong commitment to implementing radical economic transformation and an attack on National Treasury, which he believes is dominated by big business, international investors and orthodox economists. The fact is, and let us not be naive about this, the



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Minister has been appointed to defang National Treasury. And he will do it with charm and cunning, and he will do it patiently and slowly by exerting political control and reducing the institutional independence of National Treasury; by diluting the legislative mandate to reduce the institutional strength of National Treasury; by controlling the procurement process; by controlling the Public Investment Corporation; and most importantly by approving and smoothing the nuclear build programme. If you look carefully the work is already under way below the line with: the Minister in the Presidency, power grabbing the budget prioritisation process from National Treasury; and the Minister of Justice and Correctional Services, power grabbing control of the Financial Intelligence Centre from National Treasury. The truth is that National Treasury is in danger of being defanged and reduced to bookkeepers under the new Minister and his boss, President Jacob Zuma. We cannot afford to surrender to the mafia state and so we are going to have to fight to maintain the institutional independence and institutional strength of National Treasury. What this means is that the finance committee is going to require a reset from legislative mode to oversight mode and carefully scrutinise procurement, public investments, contingent liabilities and fiscal risks.

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The fact is that, in the end, President Jacob Zuma must have known that the midnight cabinet reshuffle would push the economy off the cliff. We are now in deep trouble with the midnight cabinet reshuffle, and radical economic transformation; delivering policy uncertainty; stagnant economic growth; declining per capita incomes; a collapse in investment; a spike in disinvestment; massive unemployment; staggering national debt; zombie state-owned enterprises; junk status and ultimately a loss of hope for the millions of people who do not have jobs, or who have given up looking for jobs, and who live without dignity, without independence, and without freedom in South Africa. That is why it is not an exaggeration to say that President Jacob Zuma's midnight cabinet reshuffle, and his policy of radical economic transformation, amounts to the premeditated murder of the economy in South Africa. So, if you do not have a job, or you have given up looking for a job, you need to know this; you do not have a job because the ANC government has systematically mismanaged this economy; and you will never have a job as long as the ANC government is in power in South Africa. That is why you will be faced with a choice between a strong know how economy, which creates jobs for all, led by the DA, or a weak know who economy, which creates jobs for the few, in Election 2019. [Interjections.] And we say: bring it on.

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Mr N F SHIVAMBU: Chairperson, you know 100 years ago Vladimir Ulyanov Lenin published one of the most important publications about anything in the world and he wrote about *The State and Revolution* and part of his observations said that:

A democratic republic is the best possible political shell of capitalism, and, therefore once capital has gained possession of this very best shell ... it establishes its power so securely, so firmly that no change of persons, institutions or parties in the bourgeois-democratic republic can shake it.

So that is what Lenin had said and I think that we should make an observation, a correct one that a change of political office bearers at National Treasury has not changed its neoliberal and bourgeois orientation and character and that is evidenced by everything else that was said here, the reaffirmation and recommitment to the neoliberal National Development Plan, NDP. And the only difference that maybe exists is that those that have been recently appointed have got the mandate to continue with the Kleptocratic movement which has been characterised by the SA Council of Churches as a Mafia state that is stealing from our state-owned companies in Eskom, Transnet and Denel. That is the only mandate that could have possibly changed in terms of what should be happening. Now whilst

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the factions are busy competing in who defines radical economic transformation let us just give you some of the key highlights of the state of the financial sector in South Africa. I know that there are deliberations that are going to go into a conclusion but in South Africa the six largest banks constitute more than 90% of the total market share with assets of more than R4,8 trillion.

And outside of the institutional investors which are the Public Investment Corporation, PIC, and many others, black people's ownership of those banks admittedly is less than 5%. They said this when they came to make the presentations in the bank. So the Association for Savings and Investments SA, Asisa, says that the assets under management in South Africa is nearly R8,9 trillion and black-owned asset managers control or manage about R400 billion of that which is like 5% of general assets under management. Meaning that the remaining 95% of assets under management are managed by white-owned companies, the Old Mutual, Sanlam, Coronation and so on and so forth. Of course that excluded the state-owned asset management company called the PIC.

All the black-owned insurance companies came to illustrate that overall all of them combined are less than 1% control of the short-term insurance industry. So in the industry black people are only at

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1% and attempts to change the face of the financial sector there has been a lot of stories about the auditing sector, that there is four big multinational companies that are in control as well in that space. And attempts to change the face of the economy in South Africa have dismally failed because the legislation that exists does not have any teeth, does not have any enforceability in terms of what should happen. That is why we stand as the EFF to say that we will need to legislate transformative commitments that can be enforced as law in all the sectors of the economy.

And part of the things that must be legislated should be a minimum of 50% of all the financial institutions inclusive of banks, insurance companies, asset managers and assets under management should be black people's hands. A combination of state worker control and individuals, I think that is one of the things that we must look into. In the immediate Minister Van Rooyen or I mean to say Minister Gigaba, there is an Insurance Bill which is before the Standing Committee on Finance, if you are really committed to this radical economic transformation, let us give life to the Insurance Bill and in section 22 and all the sections that speak about the licensing conditions we put transformative commitments that have to be brought into the financial sector and then and then we will deal with the control issues.

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There must begin to be legislation as well in terms of the minimum number of females that can participate or that should participate in all these financial institutions' management because currently it is a boys choir that is running a capitalist white economy that must be dismantled by a decisive political action unless you do not do that and define that agenda clearly, the EFF will not agree with the budget of National Treasury. Thank you very much.

Mr M HLENGWA: Hon House Chairperson, hon Minister of Finance and other Ministers present, Deputy Ministers and hon members, I want to say at the outset hon Minister, the saying goes: "Play the ball and not the man but there comes a time when a man becomes the ball" I would want to believe, prove your critics wrong by doing the right things for no other reason other than for it being the right thing because you did not appoint yourself. So it would be all good and well for us to bash you here but the man who we must deal with is not here but we all know the reasons why there was a Cabinet reshuffle. And knowing them places you at the centre of the controversy. So the advice from the IFP is, rise above all that suspicion. Prove us wrong, it is all we are asking, prove us wrong.

Radical economic transformation at best is a catchphrase and a populist buzzword at worst and therefore to speak of radical

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economic transformation on one hand and inclusive growth on the other is in effect to speak on both sides of your mouth and a great confusion which does not bode well for economic policy certainty. The credit ratings downgrade which befell South Africa in recent months is a result ... about captured. The ever present hand of the Guptas always capturing individuals and capturing entities of the state and National Treasury remains firmly in sight of the Guptas. So you need to fend them off because ...

*IsiZulu:*

... bafuna ukuthatha yonke into eNingizimu Afrika[South Africa] bayaqoqa nje baphethe umshanelo bayashanela bayaqoqa. Manje baphuce lomshanelo ngoba uma beqhubeka nawo abantu bakithi abazolimala.

*English:*

The appetite of the Guptas to take over SA Airways, SAA, in itself is very worrisome and we need further certainty from you Minister that SAA albeit its shortcomings remains safely in the hands of the state. The implementation of the Financial Intelligence Centre Act, FICA, must be speedily done and therefore the soon to be announced guidelines should remain on our radar and for us to scrutinise them carefully to ensure that we strengthen the fight against corruption and the stealing of the people's money by certain by certain

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members. We want to say fostering and efficient relationship with stakeholders by the department is very important and must therefore be a key priority of what we do. Minister, who you surround yourself with, will be a clear indication of your own intentions and this advisor that you have needs to go.

Sluggish and stagnant economic growth, high unemployment, poor infrastructure maintenance, the failure to beneficiate around our economic strengths and the ballooning social grants spending are a clear indication that all is not well in this state of South Africa. We therefore want to wish the department well in its endeavours of restoring all that needs to be restored and avoiding a credit ratings downgrade is a national priority. It is in the national interest that we do so. You have our support for so long as you do the right thing and ensure that National Treasury is not captured.

*IsiZulu:*

Uqale ngokuxosha ama-Gupta.

*English:*

I thank you hon Chair.



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Mr A M SHAIK EMAM: Hon House Chair, you know, that is exactly what I think that my point and argument always is, rather than coming here, working together in the interest of all South Africans and finding a solution. If you heard the DA 95% of the speech today was criticising the ANC and picking on the wrongs and this and that, rather than working and finding a common ground solutions so that we can create a better environment. Yet, I want to tell you that now this is hypocrisy again for me. Let me tell you why. If you take the Western Cape and take Cape Town in the issue of water itself, repeatedly, the DA has been criticising everybody else and the ANC for not being able to provide water. They cannot provide water in Cape Town. [Applause.] Whose fault is that? They did not do the right thing. Now, we talk about corruption, Minister, take the Knysna Municipality again. The municipal manager was incompetent and he did not have qualifications, but the DA appointed him - exactly the same thing that is happening there right now. The problems exist throughout the country. I think what we need is to come together and forget about your political affiliation and find solution in the interest of the people. That is what the DA is not willing to do.

The National Treasury is one of those departments that performs exceptionally well and must be congratulated for their efforts. Hon Minister, congratulations on your appointment. I think what is very

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important now is that you are the Minister, and I think that what we need is to work together with you so that we drive the country forward. I have heard from many of us, and you are going to continue hearing, saying that we know this is a challenge. We know that there is corruption and we know this is that. However, only together we will be able to do something. We hear repeatedly about the Guptas. Why is it we do not hear about the Rupert? Why don't we hear of the Rothschild? Why don't we hear of all ... [Inaudible.] ... few people, three billionaires? Only three billionaires in South Africa on equivalent of 50% of the world of the country and they are all whites. Therefore, why don't we hear about that as well? Why are we only picking on certain thing that suit us and not on the other things? Anyway that is the issue.

Hon Minister, one of the issues that we, in terms of the central procurement system, find is that 139 of these municipalities have not bought into this thing at this moment and it is quite a serious concern to us. The other issue is that you talked about radical economic transformation. I think it is a brilliant thing because we need to address the inequality that we have inherited from the white apartheid regime previously. We need to address it. Now, in addressing that let us not forget the issues of the housing challenges and the socioeconomic conditions that which our people

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are living in. The fact that we have already identified that only a very small percent of black, take the Western Cape, under 3% of women who make up more than 50% on senior managing position in the Western Cape. How do we address that if we don't take it into consideration all these factors that contribute to the inequality in South Africa?

The other thing is that our concern is at the administrative level, in 2015-16 there have been R13 billion of irregular expenditure and over R17 billion of irregular and unauthorised expenditure - that is actually not a very serious concern. We also want to ask Treasury to assist Parliament because what has come to our knowledge now is that employees of Parliament are not going to be getting a raise and you know that we need to motivate our staff. We are calling on Treasury to make more funds available so that Parliament can provide better and motivate our staff so that they can perform better. The NFP supports the Budget Vote. [Applause.]

Mr M L W FILTANE: Hon Chair, the UDM does support the Budget Vote provided the following are attended to: There is much to be done to transform the financial sector in South Africa, Minister. The slow progress on the empowerment front in the financial services sector as well as its refusal to transform, keep the majority of the black

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population locked into deep poverty and unemployment resulting in the lack of economic progress. The local financial services sector falls far behind the transformation progress with, as of November 2016, just to that 4% of local investment managed by black firms and just 1,4% of Johannesburg Stock Exchange, JSE, commissions received by black JSE broker firms.

We repeat our firm view that the bank charges and the interests make the banking facilities and system a private monopoly of the few and privileged. It is also discouraging those who have got little to save. It encourages the emergence of black markets which rob our economy of growth which we so dearly need, at this point in time. Through properly designed interventions, government should make sure that the banking sector is user friendly, safer and a best option for keeping and circulating money, in the interest of growing an inclusive and distributive economy.

Whilst in some instances, we can understand the existing government guarantees to the state-owned enterprises, SOEs, debts reach significantly high levels, it will be expected that concerns about the possibility of some guarantees being called, will be raised by the financial markets. Calls on the guarantees would lead to an increase in government expenditure and the question would be then –

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would government be able to take care of funding for this increase in the public expenditure?

It is therefore imperative that government do more to ensure that the financial performance of the SOEs is consistent with the developmental and social mandate dictated to, by the National Development Plan as a response to the critical challenges facing our society. The UDM would wish the Ministry success in the recruitment of the appropriate skills and expertise to close the gaps left by the senior managers who left the department.

The need for the developmental treasury cannot be overemphasised, Minister. The need for a focused and corrupt-free treasury is surely needed by our country. We need zero tolerance on under expenditure; government must not celebrating saving when poverty is our daily reality. This relates to under expenditure. The need for a treasury that will be particularly sensitive to the needs of the agricultural sector is strengthened by the fact that, that will greatly reduce poverty levels in our count.

The R50 billion mentioned earlier is most welcome. We need a treasury that will insist on reports on the socioeconomic objectives as a return on investment. At this point in time, government do not

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border to report on the socioeconomic impact of their expenditure. Pay particular attention to start as an alternative to job creations. So many people cannot make it in the academic well but sport has got a very lean budget of only R1 billion. That needs to be looked into and it an opportunity to create jobs.

Lastly, we wish those officials that have left the department the best in their new endeavours. The same vein we welcome and wish the Minister and his Deputy great success for the sake of the poor South Africans not just for our fail and that is where we end our story. Thank you.

Ms D CARTER: The Treasury is at the heart of our economic development and the promotion of our national fiscal policy framework. At the dawn of our democracy, the Reconstruction and Development Programme – a vision for the fundamental transformation of South Africa – was adopted.

At the heart of the RDP was an acknowledgement of the interdependence between the objectives of reconstruction and development on the one hand, and economic growth on the other – that transformation, the rebuilding and restructuring of South Africa

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socially and economically was only possible if the economy was firmly placed on the path of high and sustainable growth.

As Frans Cronje of the IRR points out, for the first 15 years of democracy – during the Mandela and Mbeki eras – our economy performed well. These golden years were characterized by rising levels of growth and conservative fiscal management.

However, when the traditionalists and the left-wing components of the ANC alliance combined to overthrow Mbeki, and subjected South Africa to the devastation of the Zuma Tsunami, the ANC changed our economic policy trajectory with devastating consequences.

We have been subjected to the converse of Mandela and Mbeki eras – the abandoning of rational economic sense – and allowing growth levels to plummet as debt levels increased.

And now, South Africans are subjected to a barrage of dishonest and racially inflammatory noise regarding Radical Economic Transformation which they can't explain – merely – as the ANC SG lamented – to hide their failings and to save face.

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And then, our illegitimate President irrationally pushed the junk button – for what can only be rationally explained – as being for the furtherance of the state capture project.

We do need 'RET' – we need a brave and fundamental shift in economic policy – to ensure meaningful and sustainable economic growth – the means to drive the transformation process and the creation of a better life for all.

Cope has no trust in the desire or ability of the ANC to take the brave and non-populist decisions required to create the conditions for substantial inclusive growth around which we all can mobilise. And, Like a Tsunami, the real damage caused by Mr Zuma and the ANC will only be evident when the Tsunami recedes!

Now, the axing of Gordhan and Jonas, and the appointment of you, Minister Gigaba in the darkness of the night, can only be seen as an attack on Treasury's institutional integrity – given their commitment to clean and good governance and their defence of government's procurement challenges.

Now, Mr Minister, if we connect a few dots, like I have been doing over the last week, we will know that in court papers you are



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accused of being influenced by the Guptas over Fire blade's luxury international airport terminal in Johannesburg; the SOEs, with their big procurement budgets are central in the battle over state capture.

That you took over from corruption fighter Barbara Hogan as Minister of Public Enterprises - and you replaced the Eskom and Denel boards, and made several executive appointments at the key parastatals - including the likes of Gupta-aligned Colin Matjila to Eskom; Iqbal Sharma to Transnet and Gupta agent at-large Molefe as the Chief Executive of Transnet.

That subsequently Rajesh Gupta and Duduzane get stake in VR Laser linked to the R50 billion locomotive tender; that the state of capture report implicates Transnet during your tenure as Minister.

One can't help but question your integrity and rectitude for the position - and as the SACC posit it - whether you are but another player in the state capture project - this time in the capture of our National Treasury. Thank you. [Applause.]

Mr S N SWART: Hon Minister, we consider this Budget Vote against the background of the dramatic events that hon Maynier has referred to -

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and that was the Cabinet reshuffle at the end of March resulting in the firing of the former Minister Gordhan and his Deputy Minister, and the appointment of the hon Minister Malusi Gigaba his Deputy Sfiso Buthelezi.

This at a time when we saw a promising green shoots of economic recovery, a strengthening currency, and good co-operation between government, business and labour. Immediately after the reshuffle, we saw the weakening of the currency, decreasing business confidence and the economic growth prospects, and more concerning, a sovereign downgrade by two credit ratings agencies – with Moodys still to consider its position.

This will clearly increase state borrowing costs significantly - resulting in added pressure on the National Treasury. The ACDP wishes you well, hon Minister, and you have made the right public statements about sticking to the budget and fiscal consolidation paths. We trust you and your team will also allay those concerns raised by Moodys and avoid a further sovereign downgrade.

You have also done well in putting the brakes on the Gupta-linked VR Laser Asia matter; but it seems this company is continuing with its

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litigation against the National Treasury, and this, we believe is disgraceful.

You said hon Minister that you must address the risk posed by the SOEs and we agree; but there has been a dramatic shift, hon Minister, following the state capture reports.

There is a shift in society, and we all see that. We as parliamentarians are picking that up - the protest, the public outrage that is increasing and now more significantly, the church is speaking out as well. This is very important for us to bear in mind - we believers that are here, and the broader supporters.

As parliamentarians, we need to understand that when the church starts taking a significant stance we need to do what is right and good. We saw open letters sent by church leaders representing millions of citizen to MPs. Last week we saw the SACC unburdening panel preliminary report giving a scathing account of evidence of illicit capital flows, state capture and of course - the nuclear deal.

New revelations of state capture at provincial level, municipal level were also referred to. The SACC's general secretary Bishop

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Malusi Mpumlwana refer to it as "radical economic looting" and concluded by saying that "the present government has lost its moral legitimacy." That is serious, that is a concern to me as well as a parliamentarian. What steps hon Minister can you take to allay these concerns? It is growing and there are steps that you can take - and that is to do the right thing.

This morning I was encouraged Public Enterprises Portfolio Committee and we will debate that tomorrow; but it was parliamentarians exercising effective oversight. We did that on the SABC inquiry as well. Every step that the executive takes needs parliamentarians to exercise oversight correctly.

As Minister Brown said 'the state capture report is a ticket to Nirvanha for opposition.' It is not that, it is a wakeup call to all of us as parliamentarians to do what is right.

Hon Minister, what will you do to ensure that state capture is stopped? In the Justice Committee I have raised the issue of SIU investigations of the NPA investigations. Those investigations can continue right now at this moment, there is nothing to stop that.

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We must withstand the attempts at state capture with everything we can. The ACDP calls on all members of staff of the National Treasury to be cognisant and to be gatekeepers and protect these national assets. I thank you.

Ms D G MAHLANGU: Hon Chairperson, hon Ministers and Deputy Ministers present ... of programmes. What we need to debate is whether the Budget Vote: reflects the political policy orientation of the ANC; finances priorities within the mandate of the National Treasury; reflects the implementation of the mandate of the department; addresses issues of equity; enhances principles of economic growth and redistribution; and addresses unemployment and poverty - not what we just saw here ...

*Sepedi:*

... batho ba itšokotša.

*English:*

We have been experiencing very slow global economic growth since 2008 and with a number of our trading partners in recession. Whilst there are indicators of a more sustainable recovery taking place in a number of countries, growth remains slow. Consensus projections are that the world economy will grow by 3,4% in 2017. The critical

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challenge for our country is that as global growth picks up, we must ensure that its benefits accrue, and there is greater distribution of wealth both in our society and globally.

Hon Chairperson and members, the ANC is committed to managing the South African economy in such a way as to promote employment creating inclusive growth. This is fundamentally necessary if South Africa is effectively to overcome the structural economic inequalities inherited from South Africa's colonial and apartheid past. South African society is underpinned by racial capitalism, and without effective structural interventions, the system will continue to reproduce racialised poverty and inequality.

Taxation must be seen as a mechanism to cover the costs of governance and the provision of public goods. In addition, it is a critical mechanism for the redistribution of wealth. The redistributive function is particularly important for the achievement of social and economic transformation. Our taxation system is defined as a progressive taxation system in that it places the largest demands on those who are able to pay whilst minimising the costs for the poor.

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Hon Chairperson, members and South Africans watching, the appropriateness of the introduction of additional forms of wealth taxation is a long standing matter that organisations representing the poor and working class have consistently articulated as well as the feasibility of doing so. The distribution of wealth in South Africa is highly unequal, with recent empirical evidence suggesting that the Gini coefficient for wealth is about 0,9%. It is well established that economic inequality inhibits economic growth and undermines social, economic and political stability.

Hon Chairperson, allow me to speak on the illicit financial flows and Base Erosion and Profit Shifting, Beps. We are well aware of the staggeringly high amounts of money that are leaving this country illegally and believe that not just Treasury and SA Revenue Service, Sars, but government as a whole must do far more to combat illicit financial flows and Beps. The committee finds the low level of prosecutions for illicit financial flows utterly unacceptable.

It is also unacceptable that although the Panama Papers implicates about 1700 South Africans and while many of them may have acted within the law, there is not a single prosecution. The committee urges the Treasury, the Financial Intelligence Centre and Sars to ensure that they strengthen their human resource and technical

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capacity to manage illicit financial flows and BEPS. These institutions should develop a co-ordinated strategy to deal with key aspects of illicit financial flows and BEPS.

As a committee we also recommend that there should be an Inter-Ministerial Committee that should effectively tackle the issue of illicit financial flows and Beps. The committee also requires Sars to provide it with a comprehensive report on what staff it has to address these challenges, their level of experience and expertise and their strategic plans, programmes and targets on tackling illicit financial flows and BEPS.

Hon Chairperson, there is an issue on the table, the issue of sweetened sugary beverages. The Chairperson spoke a bit about it when he presented the report. Allow me to speak to the public because ...

*Sepedi:*

.. go na le taba ye e lego gore batho ga ba e kwešiše. Re le mmušo ga se re re swikiri e se ke ya ba lewa; e na le mohola le yona mo mebeleng ya batho - le ge e le gore re a tseba gore go na le tše di sego botse ka swikiri le ge batho ba e rata. Se re bolelago ka sona ke dino - dino tše di nago le swikiri, gomme ga se dino ka moka tše



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di nago le swikiri, ke tše di itšego. Se segologolo se re se lokišago re le Komiti ya Potfolio ya Matlotlo re re segolothata setšhabeng ke taba ya poledišano le go bontšhana gore batho le bona ba be le seabe - go be le se ba se boelago gore molao wo ge o tlile go fetišwa, e be molao wo ba tla tsebago gore ba ntšhitše maikutlo a bona gomme ba o obamele.

Se re se thabelago ke gore go na le tshepedišo ye e thomilego ye e sa tšwelago pele, moo *Boswaramatlotlo* bja Bosetšhaba le bašomišani ka bona ba tšeerego taba gomme ba e iša go Lekgotla la Bosetšhaba la Tlhabollo ya Ekonomi le Bašomi gore le kopanye batho ka moka ba ba nago le kgahlego go molao wo gore o fetišwe mo Afrika-Borwa.

*IsiNdebele:*

Sihlalo, ikosi ithabile; abonobesa sibabona ngemilingakobe namabhidi abosobesa bona sibabona ngeemporiyana. Nasikhuluma ngesabelomali asikhulumi ngento ekhona ngesikhuweni nofana eminyangweni kwaphela kodwana nekhaya ikhona ngombana sibhincile nasizokwenza iminyanya le. Lokho kutjho bonyana isabelomali yinto ekhona nebantwini.

Njengombana ikosi ithabile nje, nathi sibabantu sithabile besibhincile. Iveke le nayiphelako kuzabe kumagwabo sinyanya kuyinyama ngapha nangapha. Manje sithi ebantwini bekhethu, nasele

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sidla amagwabo, asicaleni indaba yeenamaneydi kobana ingasenzeli umraro ngombana ngiyo ngizo iinselo ezineswigiri. Asitjho ukuthi ukugula lokhu esithi kulethwa ziinselo ezineswigiri engeze kwaletswa ngokhunye kodwana iinselo lezi ezineswigiri ziletha ukugula okukhulu. UmNyango wezePilo uzile wabambisana nani.

Akhe ngitjho ngithi ikhona into esiyibonileko ekomidini - umhlolo kaJames. Umhlonitjha uLees wenze umhlolo esingakhange siwubone. Kodwana kumhlolo esiwuthokozelako. Ngimangazwa khulu ngowekhabo lo nasele agida la ngombana nasikhuluma nge sabelo mali ekomidini waba ngewokuthoma ophakamisa isandla uSihlalo angakamuphi invumo watjhukumisa kobana isabelomali lesi samukelwe.

Kungakho namhlanje sijame la siyi-ANC sithokozela ukusebenzisana. Sikhulile begodu sibonile ukuthi sifanele sisebenzisane. Sithokoza uSihlalo owenze kobana singasolo sidosadosana kodwana sikhumbule kobana abantu basikhethile basiletha lapha kobana sizokusebenzela bona sicalane nalokhu abakufunako. Siyathokoza mhlonitjhwa Lees, mhlonitjhwa mazambana - zam zam. Bangakubethi nasele usuka la.

Angitjho ngithi siyathokoza nokuthi i-IFP namhlanjesi noma nikhuluma lokhu enikukhulumileko - kuhle ukuthi umuntu akusole kodwana kube khona akubekako. Niyayelelisana beniyakhisa, anisizo

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iimbhidlamnyanya njengabanye. [Iinthikaziso.] Angitjho niyababona? Iimbhidlamnyanya niyazibona? Ziyaziveza. Sesizijwayele izinto ezifana nalezi.

Ngithokozela okhunye godu okutjhwileko nawuthi ...

*English:*

... don't play the man, play the ball.

The CHAIRPERSON (Mr B L MASHILE): Do it in one minute.

*Sepedi:*

... re a rapela ...

*IsiNdebele:*

... angithi nasele ngiswaphelisa, Sihlalo, uKhongolose uzwile kobona abantu bafunani. Koke sizokwenza sisekela isiqhema sethu esize lapha sabaLawulimali, uNgqongqotjhe nesekele lakhe. UKhongolose unemithetho ayibekileko ngalokho sithi ebantwini ebamalunga nalabo ebangasiwo malunga, njengombana sizokuya emhlanganweni ophathelene nemithetho, nakukhona abafuna ukukutjho ngemithetho yethu abakhambe baye ema-ofisini weendaweni zangekhabo nema-ofisini we-ANC. Niyavuma na? [Iinthikaziso]

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Okhunye uKhongolose akutjhoko kukuthi nangabe kukhona lapha esinitjhaphela khona emsebenzini wethu esithe siyawenza nalapha nisithume khona, sithi tjhebetjhebe! Vumani bo?

Sithi thina, nangabe khona lokho ekufanele nisitjele khona, ningasabi. Sizwile, ngoRhoboyi unyaka ophelileko nisibethe ngeswazi sezwa. SinguKhongolose siyazibophelela sithi thina lokho enisitjele khona sikuzwile begodu sizokwenza kuhle. Sithi vumani bo? Ngiyathokoza Sihlako. [Isikhathi siphelile]

Adv A de W ALBERTS: Minister, I used to say to Minister Gordhan that we understand he has an immensely difficult job. Given our junk status, Minister, I can safely say that you have an impossible job.

The irony is that the damage that you have to fix is completely self-inflicted by President Zuma. Upon the Cabinet reshuffle and your appointment, the President not only released the breaks on the train called, South Africa that was already running downhill, but finally dismantled all breaks that this train had.

We know that the captured Cabinet has already worked out its grand master plan on what it intends to do with taxpayers' and state pensioners' money. We also know that you will push headlong into

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deeper bankruptcy, despite the harm inflicted. We know that this Cabinet will thus do the following, amongst others: the nuclear built programme will continue, the full-scale fracking in the Karoo will continue, the unaffordable National Health Insurance will continue, funding projects-for-pals from the GEPP Isibaya Fund will continue, funding bankrupt parastatals like the SAA from the GEPP will be a new feature, but a continuing one.

Minister, we have to warn you, every self-inflicted wound is a wound given to the people of this country. They are waking up and realising this. Therefore, you will in future see how tax income will dwindle as people spontaneously rise up in revolt by both avoiding and evading tax. For who in their right mind would want to pay a cent to a captured elite that rules only for its own benefit and hides its true motives behind divisive and racist buzz words like white monopoly capital?

*Afrikaans:*

Sover dit enige vertroue in u aangaan, Minister, is daar verskeie redes vir kommer. Ons weet alreeds dat die Minister met 'n gesplete tong praat as hy sê dat hy stabiliteit wil terugbring, want in die agtergrond hoor ons duidelik wat sy Marxistiese raadgewer, Prof Malikane, se mening is.

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*English:*

And then there is the question about the Minister's own honesty. The Minister stated in Parliament that Standard and Poor, S&P, had decided to downgrade the country before he was appointed, but today we can state with certainty that this is not true. Here I have in my hand a letter from S&P to us, confirming the date of their decision to downgrade South Africa as the 3 April, sometime after the Minister's appointment.

Therefore, the reshuffle did have a material impact on the decision and it is a clear signal that the markets are very concerned. We need to take note of that, Minister. Given these facts, we have every reason to doubt your reassurances about fiscal policy, going forward. I thank you.

*IsiZulu:*

Mnu A LEES: Sihlalo, yazi ngiyabona ukuthi ilungu elihloniphekile uCarrim alikho.

*English:*

Hon Carrim and I seldom agree about much, he being a communist and me being a capitalist. I want to second his congratulations to the

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outgoing director-general, DG, for an excellent job done over many years.

Minister, I am really having second thoughts about your ability to do this job. You are obviously a very quick learner because, in your speech, you did not once mention radical economic transformation and that is a good sign.

Hon Shaik-Emam, I take my hat off to you. You are a real, real "stayer". You don't give up. Even when you don't get the Deputy Minister's job, you carry on trying. [Applause.]

Mr Chair, state-owned entities, SOEs, are fiscal blood-sucking leeches on society. It matters not what entity you look at, at best, there is fiscal wastage or at worst, simple greed and corruption.

Over the last five years, SAA has lost a staggering R15,7 billion. This is so much money that it is difficult to conceptualise.

*IsiZulu:*

Kodwa ngizozama. I-SAA imoshe imali enkulu kakhulu, imali ebingakwazi ukwakha imitholampilo engama-628 noma izikole ezingama-

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449 noma izindlu eziyi-130 000. Unganikeza abafundi abayizi-65 000 imifundaze. Le mali engaka, ngokuqhubeka kanjalo.

*English:*

The same drain on national fiscus is evident whether one looks at Eskom, Transnet, Petro SA or just about any other state-owned entity.

This high exposure to the debt of loss-making SOEs is frightening and Minister Gigaba is clearly lining up the *Public Investment Corporation, PIC*, for a raid on its R1,8 trillion of GEPF hard-earned pensioners funds to bail out SAA and other SOEs. It is a sickening thought that the ANC government can even contemplate putting government pensioners at risk.

Minister Gigaba, please tell us unequivocally this afternoon whether or not you and your ministry are indeed considering taking the funds of pensioners administered by the PIC as a source of funding for SOEs.

There are too many SOEs. Some must be liquidated and yet others, like SAA, must be privatised. The DA is the only party capable of managing public funds efficiently and effectively. I thank you.



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Ms T V TOBIAS: Hon Chairperson, before I make my input I wanted to start with hon Shivambu who ran away. I wanted to tell him that in a kleptocratic state there is no Constitution. So the South African government has a Constitution that is admired over the world.

It is very rhetorical for anybody to imply that we are a kleptocratic state. Hon Alberts, monopoly capital does not know any colour. At no point have we said that we will promote monopoly capital at the expense of the people of South Africa. We are poor and black in particular. So let's not confuse things.

Hon David, I'm actually disappointed at your conduct because you decided to bring a matter that is sub judice - that is in front of the court of law on the appointment of the current Minister - whether the President took the right decision or not. So if you claim to respect the law let's do that even on this matter; but nevertheless let me concentrate on my speech because I was able to know the type of things that most of you will raise.

Hon Chairperson, having listened to the presentations made before me I need to say this upfront: in the process of preparing for this Budget Vote debate as I applied my mind, I decided to arm myself with reading a resource document commissioned by the Ahmed Cathrada

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Foundation, titled "Rethinking Non-Racialism Reflections of a Selection of South African Leaders."

The reasons I consulted this work was to refresh my mind on how to avoid being rhetoric when addressing complex societal issue because within the diverse tapestry of the South African politics there still lies a challenge of nation-building and transformation.

At the same time that research work dealt with how the South African leadership interpreted and valued nonracialism and what each leader as an overarching imperative on building a nonracial society had to say, and how they arrived at individual conclusions.

Once again as we discuss economic transformation, to me the same objective applies. There will be different interpretation of economic transformation but please allow me to borrow on the conclusion of the foundation by drawing similar questions.

Firstly, we need to answer questions asked every day as to what does economic transformation mean in a South African society today. Secondly, how do we build a nonracial society and what are the challenges facing us today.

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We were cautioned that when looking into these matters we might be overwhelmed by the challenges but as we answer these questions the reality is that Pick n Pay, Maserati, Macro and One and Only hotel are not owned by the majority of black people.

We happen to see that those who live in shanty towns are black. Those are the realities of what we need to deal with on a daily basis.

Mr D J MAYNIER: Tony Yengeni owns a Maserati!

Ms T V TOBIAS: In the same vein, we need to acknowledge that a lot has happened mainly through interventions of the ANC-led government. Therefore, hon members we can choose to either build a polarised society - but I am optimistic and believe that nation-building is a means that we can achieve if we work together.

We need to beneficiate black South Africans of the economic commanding heights - and the time is now. Chairperson, least we are accused with just sloganising and being just rhetoric here are the suggestions: We need to measure the achievement of the transformation through government acting as an intermediary and

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regulatory role that it plays to regulate the markets - that is what the government is doing to avoid the financial crisis.

Deracialisation of the financial sector will be achieved when procurement reflects South African demographics. Clear targets need to be set by the financial sector itself, and they need to be more ambitious.

We need commitment and the Financial Sector Charter should be reviewed - and that answers Floyd Shibamvu's question. The wealth targets and the BEE codes needs to create more wealth amongst black people.

The current BEE funding model is not assisting, therefore we need to look at the indirect ownership hon Minister. We need to grow dividends through shares - something that the DA does not want.

Let me tell you what they said on the 14th of March, when we were saying there is a need to have more shareholders at the JSE listed - they said no, no actually let's concentrate on giving banks more standards and codes.

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This is the people who said so. They said no, no, no, - don't put more black people on the JSE rather concentrate on empowering the banks. So they cannot stand here and claim authority on fighting for the poor.

Hon Chairperson, the ANC-led government has put in place mechanisms to transform the financial sector, a charter was adopted and a council put in place, however we need to speed up the process of the implementation of the codes.

As we speak the black shareholding is estimated only at 25% which is my view that it is not adequate - even worse, women shareholding has gone down to 7%. There is a perception that because black management has risen to 49% that is adequate. It can't be.

My take is that whilst we appreciate the employment equity ownership and control of the economic commanding heights in South Africa, we need not to mince our words and be clear - and to bolster the approach that will show inclusive growth hon Minister - and radical economic transformation.

All I know is that all the black majority 20 years down the line we don't own the means of production. The Banking Association of South

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Africa known as BASA has made a commitment to inclusive growth. We as government can't achieve transformation without the private sector.

As we prepare for the establishment of co-operatives banks - I repeat, as we prepare - because we are going to change the situation where the monopoly is in the four banks. [Applause.] We are, as the ANC-led government going to establish co-operatives banks.

We are going to make sure that licensing is made easier for those women and men in Limpopo for them to be able to establish their own bank - to save their localities and be able to make business on their own. We are not going to be apologetic about that.

It is also unacceptable that we only have a limited ownership by black people of insurance products hon Minister - the Chairperson spoke about it.

It was only one insurance company that actually came to make a presentation. They said that it is very difficult for them to operate in this market. They are being sabotaged on a daily basis. The Chairperson presented the report - and that report will inform the action that the government of the ANC is going take.

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In realising this diminishing returns in the two previous fiscal years the JSE made commitments that it will implement this - except the DA. The JSE says it will do it the DA says no.

I knew that some of the matters that will find an expression in this gathering was the performance of the SAA - I knew we were going to speak about it. When we come to this one Chair I want to pause and say, there were five pillars that were presented as part of the turn around strategy by the new board - five pillars. Part of those five pillars is to maintain liquidity.

As we speak, R1 billion sits in other countries in assets that belong to South Africa. We are saying Minister please unlocks that money because immediately when we do so we will be liquidity. [Applause.]

Secondly, we said they need to optimise their role in revenue maintenance, and they promised us - and we will hold them to account to what they said.

We are trying to give the new board an opportunity to operate. We said to them in three months time come and give us a report as to

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how far you are. None of these benches made a suggestion, none of them.

As we continue, let me tell you something - what was their interest? Their interest was on the PIC, and I said in any co-operate philosophy when you are doing the Risk - you know very well hon Maynier - that investment is based on a nominal returns. That is a fact. That's the basic principle of making business - as to who becomes the investor got nothing to do with these benches. That's a fact Minister. They are interested as to who is the investor because they want to be part of that and we say:

*Sesotho:*

Bafeng borotho. Bafeng borotho ha le ka bafa borotho ba tla tlohela ho lla.

*English:*

Having said that, we will monitor the performance of the SAA to avoid mismanagement of the national carrier; we will also await the tabling of the recapitalisation plan as promised by the board. We expect this financial year to be different from the previous ones - so should the new board.



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We urge the department to assist in the reprioritization of funds...

[Interjection.]

HOUSE CHAIRPERSON (Mr M R MDAKANE): Please conclude hon member.

*Sesotho:*

Mme T V TOBIAS: Modulasetulo, mehlolo re e bona mona Afrika Borwa feela, moo difofane tse tswang mafatsheng a mang di kenang kahara naha - di palamise batho - di ba ise ditoropong tse nyane. Ha o no bona mehlolo ona o etsahala Britani, Engelane kapa kae. Tsena di etsahetse pusong ya bona. [Mahofi.]

Ha ke tjhaela monwana Modulasetulo, ke kopa ho hlakisa ho batho ba rona hore ... [Kenohanong.] [Nako e fedile.] Ha ho uweng! Ke a leboha Modulasetulo. [Mahofi.]

The MINISTER OF FINANCE: Chairperson, our most important job is to grow the economy, to transform the ownership institutions and structures of that economy and to manage the finances of our country in a prudent manner. That summarises the challenge we have.

In that regard, National Treasury stands out as a vital institution amongst our nation's efforts towards capability building and

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enhancement. We are a nation that has expressed a desire to grow and develop. Part of doing that requires that we build institutions that will enable us to achieve the development that we need. It is important to continue enhancing its skilled and professional personnel.

On 1 April, I said something about National Treasury, and I wish to quote this in order to correct an hon member who stood here and deliberately and knowingly misquoted me, despite the fact that my statement is public knowledge and that I quoted it in the standing committee meeting. I wish to repeat it again, for him:

For too long, there has been a narrative or perception about 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.

There was no wishy-washiness about this. Its policies, its management, its communication must be accessible to all South Africans, black and white, rich and poor, young and old, male and female, urban and rural. Like the nation, as a whole, and

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government, itself, the National Treasury does not exist for the exclusive use by and benefit of some with power and vested interests. From Sandton to Alexandra, Stellenbosch to Khayelitsha, and everywhere in our beloved country, we need to find each other. Its policies, its management, its communication must be accessible to all South Africans.

I hope this puts paid to deliberate disinformation, but I doubt it will. It is my fervent hope that the people sitting at home today are able to clearly distinguish between those resolute on building our nation and those hell-bent on destroying it, whose views have been rejected five times by the people whenever they have been asked to vote, since 1994. Five times, our people have been asked to choose and five times, our people have said, no to you!

We must focus on the urgent task at hand and exercise the leadership required of us. Leadership bears the burden of responsibility to help society respond to the challenges of the time; to help resolve our most urgent problems; and to help realise our most promising opportunities. Whilst most among the critical stakeholders, those most conscientious about their leadership responsibility and our collective vision for a radically improved future, those will come together, despite their other differences to build this future we

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want. These eminent leaders of our people must move forward all the time. As Winston Churchill once advised, they cannot afford to stop and throw stones at every dog that barks at them. Actually, what would be even more stupid is for them to stop and bark back at every dog barking at them.

Our focus is on deflecting any further downgrade and on growing our economy, inclusively. We will do that by remaining resolute, and not be distracted by gossip and rumour-mongering, no matter how vicious it is or how frequently it is repeated. For, prominent on our agenda, is that ours is a racialised economy still reflecting the patterns of apartheid colonial relations and structures.

Our economy is highly carbon-intensive, based on the extraction and export of raw materials, while importing finished goods - and it is deindustrialising. It consists largely of oligopolistic industries with low competition and high barriers to entry. It is highly unequal, with huge concentrations of wealth among a tiny portion of the population. It is highly exclusive on the basis of race, gender and class.

Actually, Oxfam estimates that just three South African billionaires own wealth equivalent to that of the bottom half of our population.

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This means that three citizens own more wealth than 28 million other South Africans, combined. [Interjections.] They further estimate that the richest 1% of our population owns 42% of the wealth; and that the top 10% of our population owns 95% of South Africa's wealth. I wish to be bold by saying that this is no basis for an inclusive, stable, united, prosperous and democratic society.

The challenge and reality of this pricks our conscience and is an indictment on all of us, as a nation. The only way one can change this is not my making eloquent speeches. It is through decisive and bold interventions in the economy where the state plays as important a role as the business sector will; and where we act in a united manner - business, labour, social partners and government - to address these structural defects in the South African economy. That is the only intervention we can make because these problems are structural. At their heart, they owe their existence to these high levels of concentration, the existence of oligopolies and monopolies, and to a structure of production that continues to depend on the exploitation of raw materials. They cannot sustain economic growth, job creation and our efforts to fight poverty and inequality.

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To speak these truths and take aim at these social injustices, as described above, is surely to invite the fury and ferocity of those unwilling to accept that radical change must happen in our economy. [Interjections.] Radical economic transformation is not phrase-mongering or populist sloganeering that one must throw around whenever one speaks. Fundamentally, it is not about the form, the act of speaking. Whether you say the words, "radical economic transformation", or not, doesn't actually matter. What matters is the substance of what you are saying.

We can change the ownership structures and institutions of our economy within the fiscal framework. Actually, radical economic transformation is a means towards inclusive growth. That is why we must grow the economy, and grow it inclusively, in order to expand our revenue base and grow our fiscus to be able to reduce our public debt and increase our social and economic investments. This is our only focus. I thank you. [Applause.]

Debate concluded.

The mini-plenary session rose at 16:03.