

The finance minister details a plan to 'rebuild the ancient ruins'

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It's not often that Bible verses and Dickens are quoted in the same speech, especially when the speech is to outline the medium-term budget.

But Finance Minister Tito Mboweni managed to pull it off, citing the "best of times and worst of times", followed by Isaiah's call to "rebuild the ancient ruins", without a hint of irony.

In a similar way, Mboweni corralled humour and optimism in his speech, while tying a firm knot in the strings of the fiscal purse.

The word of the day was "re-prioritisation". There was simply no more money to be had, he said. The 2018 gross domestic product (GDP) growth forecast was revised downwards from 1.5% to 0.7%, the budget deficit would rise from an expected 3.6% to 4%, and there was

an expected R27-billion shortfall in tax revenue this year.

Against that fiscally constrained backdrop, Mboweni proposed eight steps to flesh out President Cyril Ramaphosa's stimulus package announced last month.

- Economic reforms to enhance growth. Mboweni outlined a need for policy clarity to regain the confidence of investors. "We must stop talking in contradictory terms," he said. In a bid to increase tourism, South Africa would soon offer 10-year, multiple-entry visitors' visas. Data costs would be reduced and data quality improved. The restructuring of the electricity sector and a focus on renewable energy was under way, he said.

- Reprioritising spending to support growth and job creation. R15.9-billion would be channelled to infrastructure programmes to support

industrialisation and the expanded public works programme.

Funding would be allocated to restore capacity at the South African Revenue Service. R14.7-billion would be spent on upgrading informal settlements.

- Establishing an infrastructure fund. Over the next three years, it was estimated public infrastructure expenditure would be R855.2-billion. Public-private sector partnerships would be accelerated to enable infrastructure investment.

- Addressing urgent matters in health and education. Education, health and social development would together receive more than 60% of noninterest government expenditure. Pit latrines in schools would be eradicated and schoolgirls who can't afford sanitary pads would be given them.

- Revitalising the performance of

municipalities. This year, 113 municipalities adopted unfunded budgets, up from 83 in the previous year. Municipalities owed more than R23-billion to service providers, mainly to Eskom and water service agencies, Mboweni said.

"In many cases ... the financial challenges faced by municipalities are a reflection of weaknesses in governance, or even fraud and outright corruption." Authorities would clamp down on malfeasance and help to guide local governments to perform better.

Mboweni proposed other steps to free up money in an environment in which there is very little wiggle room.

- Restoring good governance and fighting corruption. "We can spend our money better. Too much money goes missing," Mboweni said. The treasury and auditor general would ramp up efforts to "reduce fruitless

and wasteful, irregular and unauthorised expenditure". Law enforcement agencies would act against those implicated in wrongdoing.

- Reforming state-owned enterprises. Although Mboweni conceded that the flailing SAA will receive an additional R5-billion this year to settle debt redemptions, he said there should be "no holy cows".

He called for improved governance and transparency at the state-owned entities.

- Public wage bill increase to be absorbed by departments. The 2018 public service wage agreement exceeded budgeted amounts by about R30.2-billion over the medium term, he said.

"We have not allocated additional money for this. National and provincial departments will be expected to absorb these costs within their compensation baselines."