

Members and Colleagues

Please find below BUSA's media statement on the appointment of a new Finance Minister.

**Business Unity South Africa (BUSA) statement welcoming the appointment of a new Finance Minister**

While circumstances and the timing of Nhlanhla Nene's resignation are regrettable, business welcomes the appointment of Tito Mboweni as the new Finance Minister. Mboweni comes with a long track record in government and brings with him the necessary credibility among social partners, as well as the expertise to provide steady leadership in National Treasury.

National Treasury is the custodian of SA's fiscal policy and has, over the years, become the bulwark of the country's contested supply chain management system, which has been at the centre of state capture. The institution's performance, or lack thereof, has a bearing on market sentiments about SA and the country's ability to grow its economy, stimulate investment and raise capital at competitive rates to plug its widening budget deficit. Added to that, is the fact that National Treasury's stewardship of the budget process is a key lens used to assess the country's sovereign credit ratings. It is in this context, that the need to maintain stability and ensure credibility at National Treasury are key.

National Treasury has been beset by leadership instability and has had no fewer than five political principals since 2015. We have now come to know that the December 2015 reshuffle of the Minister of Finance was motivated by state capture. At the time, it was unknown how deep into our system state capture's tentacles extended. The March 2017 reshuffle of the finance portfolio led to immediate downgrades of SA's sovereign credit ratings by both S&P Global Ratings and Fitch. It was widely hoped that the February 2018 reshuffle would bring leadership stability to National Treasury. Today's development represents another instance of how far deep the stain of state capture has sunk into the institutional fabric of our society and country, but it also signals the seriousness and determination with which the current leadership in the government, under President Cyril Ramaphosa, is viewing state capture.

Business emphasises the importance of maintaining commitments made in the February Budget as the country heads into the Medium-Term Budget Policy Statement. Fiscal stability and working within our current fiscal envelop are critical, states BUSA.

Business underscores the important signalling that we need an accountable and credible government. What is clear is that a Commission of Inquiry into the Public Investment Corporation is required. We need to implement the lifestyle audits for key positions, which the government committed to in the Jobs Summit agreement, and we need to ensure greater

transparency in the appointment of people to key positions in the government and state-owned enterprises, notes BUSA.

BUSA President Sipho M Pityana said: “It is important to emphasise that there can be no dark cloud hanging over the institutional head of National Treasury. Today’s development does not spell the introduction of a new fiscal direction, rather a move to entrench stability and demonstrate how seriously the government is taking state capture.”

Business commends Nene and thanks for him for doing the honourable thing by resigning. He should use this opportunity to answer any lingering questions. Business challenges President Ramaphosa to use this window of opportunity to clean out his Cabinet of elements associated with state capture. Business calls on other members of the executive who have been implicated in state capture to follow Nene’s example. In the same breath, the Zondo Commission of Inquiry into state capture should be given the space and time to conduct its ongoing work.