



Tito Mboweni & local government

Tomorrow's Medium-Term Budget Policy Statement (MTBPS) is being keenly watched as the maiden address of South Africa's brand-new Minister of Finance, Tito Mboweni. Mboweni, of course, is not at all new to South African politics or markets; with impeccable Struggle credentials and time spent serving as Minister of Labour in the first democratic Cabinet, followed by a well-reviewed tenure as South African Reserve Bank (SARB) Governor (en.wikipedia.org). Mboweni may just represent the sort of confident, savvy leadership that President Cyril Ramaphosa needs to ramp up growth. But will Mboweni's leadership have any impact on local government?

A reluctant but forthright Minister

Earlier this year, fly-fishing, curry-loving 59 year old Mboweni (who has also inspired a top-selling rap song) tweeted that he would not be available for the post of Finance Minister; stepping aside for younger candidates (ewn.co.za, www.businessinsider.co.za).

But he has since taken over the reins with vigour and enthusiasm, requesting tips for the MTBPS on Twitter (www.businessinsider.co.za), to the cheer of markets and analysts. Clearly, Mboweni brings a charisma to the post, with outspoken opinions on topics from Radical Economic Transformation, State Capture, to most recently, the public sector wage bill.

With a Masters in Development Economics and vast exposure to financial markets (having defended the rand and battling inflation at the SARB), he is not intimidated by the role of crafting the national budget, which he describes as:

"basically: revenue collection (taxes), expenditure (allocations for departments, provinces, municipalities, deficit and debt management and strategic plans e.g. sorting out the water issues in the Vaal River). Using the budget strategically to transform the economy" (twitter.com).

It is likely therefore that he will address municipal functionality as a component of bolstering the real economy, mentioning Emfuleni's crumbling water systems, for instance. While most analysts, including ratings agencies, will be watching tomorrow for a growth outlook, fiscal discipline and plans to reinvigorate revenue collection

(www.businesslive.co.za, city-press.news24.com), with little significant diversion possible from his predecessor's plans, local government may receive some attention in relation to:

- addressing the consequences of the **VBS Mutual heist**; both for implicated officials and affected municipalities, with the Minister already commenting "The thing that regulators can hope for is that law enforcement agencies will move with speed [on] any of their members who are found wanting" (www.sabcnews.com),
- **corruption-busting** in the public sector, more generally - "[Kader Asmal] used to quote the former British prime minister, Disraeli, who said 'There is nothing dishonourable about public service, but there is a thing like dishonourable people in the public service' and that is what we went through over the past nine years. This great public sector heist that we experienced in the form of state capture, it is a heist, daylight robbery" (www.iol.co.za), and possibly,
- accelerating **land reform** (expropriating land where necessary to accelerate economic transformation); and
- placing **restrictions on public sector wage bills**, and quite possible non-essential spending - "Strategically speaking, if we were better organised we should be making sure that we do not have a situation where R8 out of every R10 goes to salaries in public sector. Then you are left with R2 for other services, to fix a clinic or hospital" (www.iol.co.za).

At the same time as balancing expenditure needs against revenue constraints, left-leaning but pragmatic Mboweni has made his disdain for the "Establishment" clear (www.dailymaverick.co.za) and suggests that the private sector will need to be involved in job creation, unions engaged robustly on public sector wages and land reform accelerated.

Tomorrow will in deed be interesting for all to watch.

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