

**CLOSING REMARKS TO THE MINISTERIAL BRIEFING SESSION ON THE
PROGRESS IN IMPLEMENTING THE MEASURES TO MITIGATE FISCAL
LEAKAGES AND THEIR IMPACT ON THE ECONOMY AND SERVICE DELIVERY**

**BY HON S J MOHAI, CHIEF WHIP OF THE NATIONAL COUNCIL OF
PROVINCES**

TUESDAY, 30 AUGUST 20

The Chairperson of the National Council of Provinces, honourable Masondo;

Deputy Chairperson, honourable Sylvia Lucas;

House Chairpersons and honourable Members;

The Minister of Finance, honourable Enoch Godongwana;

The Minister of Co-operative governance and Traditional Affairs, the honourable DR Nkosazana Dlamini-Zuma;

The MECs present here today;

Distinguished Special Delegates and Representatives of the Organized Local Government;

Ladies and gentlemen;

Honourable Chairperson, allow first to express our collective sense of appreciation to the two national departments: National Treasury and COGTA and the various MECs present here today for their efforts and the high quality presentations they made here today.

Among the most illuminating aspects of the presentations today is the sense of appreciation of fiscal leakages as both a finance and governance issues that cut across government department and three spheres of our government. As the Honourable Minister of COGTA and the Acting DG of the National Treasury have pointed out; by its nature, both as a governance and policy issue, fiscal leakage is relatively a complex subject.

This brings into sharp focus critical questions about the requisite competencies and skills for MPs in order to be equal to the task overseeing government departments and entities around this critical question. It is therefore my submission that it should be prioritized for the next training and development of the NCOP as well in order to broaden the knowledge base of the MPs.

Honourable Deputy Chairperson, this is critically so because, every leakage tantamount to the robbery of the poor, the vulnerable and the working class. This imposes an immense duty on the MPs as elected representatives of the people to prioritize it as a critical site of parliamentary oversight and accountability.

The presentations by the Minister of COGTA and the Acting DG have highlighted various public entities where possibilities of fiscal leakages in its various forms may be pervasive. This brings into sharp focus the urgency for an audit of the public entities at all three levels of government with a view to determining the twin strategic imperatives of the value for money and service delivery in relation to each public entity.

The briefing today has surely laid the solid basis for our members and Select Committees to go back and prioritize key policy and programme areas within their oversight space for robust oversight and accountability going forward.

Chairperson it has also become clear that most provinces have provincial development finance institutions and other public entities. Beyond this workshop we may need to enter into serious conversations whether all these entities are advancing service delivery and transformation agenda of government or mere liabilities that are draining public resources without adding value. These are among the difficult questions that we cannot avoid if we are honestly to address the fiscal leakage as a critical governance challenge.

The honourable Minister of COGTA have raised a critical question of payment of services and rates in the local government sector. This issue cannot be a government issue alone but requires political leadership of the country, across the political spectrum to mobilize its constituencies.

Chairperson, some issues on going forward:

1. The President needs to set up an Inter-Ministerial Task Team, comprising of all the relevant Ministers, including Finance, Trade & Industry, Police and Justice to oversee the inter-departmental and inter-agency structure addressing illicit financial flows. This structure includes the departments just mentioned and the Financial Intelligence Centre, SA Reserve Bank, Hawks, NPA and other relevant agencies. But there needs to be much more effective cooperation between these agencies and they need to be more effectively resourced and capacitated.

2. The relevant parliamentary committees need to work closer together to monitor progress on curbing illicit financial flows.

3. The Select Committee on Finance and Appropriations need to regularly monitor progress on reducing illicit financial flows.

4. We must especially welcome the President's appointment of the new Anti-Corruption Advisory Council. But we need to guard against this becoming another lame, ineffectual anti-corruption structure, and it needs to be properly resourced. The NCOP Justice Committee has a major responsibility to effectively monitor progress on this regard.

5. We have long identified the problems in municipalities that lead to fiscal leakages. What we need is decisive action. And we need to take this further

6. Of course, all our select and standing committees and the NCOP as a whole have to be far more effective in our oversight role of the executive and public entities. While the executive has a very important role in reducing fiscal leakages, the primary responsibilities rests with the national and provincial legislatures. If we are more effective, fiscal leakages will be reduced.

Honourable Chairperson with these few words, allow me to thank the honourable Minister of COGTA, the Minister of Finance in absentia, Special Delegates, MECs, Honourable Members of the NCOP and SALGA representative for their meaningful participation in this workshop.