

# Gordhan says not all doom and gloom for SA but state capture must be rooted out

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As evidence of the extent of state capture in South Africa mounts, former Minister of Finance Pravin Gordhan has called on South African citizens to play an active role in the fight against corruption in all its forms.

Addressing a packed audience at the UCT Graduate School of Business (GSB) Distinguished Speakers' programme at the FNB Acacia House in Umhlanga, Gordhan didn't mince his words on issues affecting the proper functioning of government - such as state capture, responsible leadership and corruption.

He cited a recent example from last Friday – how a temporary ceasefire in the battle between Minister of Mineral Resources Mosebenzi Zwane and the Chamber of Mines had a significant impact on the value of the rand.

The Chamber of Mines is seeking an urgent interdict to prevent the implementation of the Department of Mineral Resources Reviewed Mining Charter, published on 15 June 2017. Mining shares fell to more than one-year lows when Minister Zwane released the revised charter, giving resource firms 12 months to meet a new 30% minimum for black ownership, up from 26%. On Friday, both parties agreed to postpone the Chamber's application until September and Minister Zwane gave a written undertaking that the new code would not be implemented until a court ruled on the case. Market feedback was instantaneous.

"The rand was trading at R13.60 to the dollar and it strengthened to R13. This shows what one simple act in the interest of the country can do. It made a huge difference to our currency. We need a similar decision from our leadership. The interference in how institutions are run must worry us as citizens and we shouldn't keep quiet when it occurs," Gordhan told the audience. He repeated his mantra of "connecting the dots" and urged the audience to actively participate in exposing corruption.

Gordhan also challenged government, business and labour to work together in the best interests of the country.

"We have seen what a united front can do for us. After Nhlanhla Nene was dismissed as Finance Minister in December 2015, government, labour and business came together and convinced the ratings agencies that we were committed to growing the economy and that the country was stable for foreign direct investment," he said. However, he also expressed disappointment that the unity seemed to have faded.

Gordhan noted the challenges faced by the country after the democratic elections of 1994, with state capture by individuals at the core of the corruption. "Once you capture the African National Congress (ANC), you can capture the state and its citizens through their taxes and this has spread to key institutions like Eskom, Transnet and other state-owned enterprises. State capture is not something to be neglected or laughed about. It must be exposed and fought against," he said.

Paying tribute to individuals within the ruling party who are standing against corruption, Gordhan noted that the country does have political leaders of good standing. He proudly mentioned former Deputy Minister of Finance, Mcebisi Jonas, and Member of Parliament, Dr Makhosi Khoza.

"I am not sure how many people would have refused a R600-million bribe. Mcebisi Jonas showed leadership and the will to fight corruption," he said in praising his former deputy minister.

Gordhan lost his job as finance minister after a cabinet reshuffle at the beginning of April, which gave the ratings agencies a reason to downgrade South Africa to junk status, citing political uncertainty as one of the reasons for their decision.

Since then the country has entered its first recession since 2009 – with gross domestic product receding an annualised 0.7% in the first quarter, from a contraction of 0.3% in the previous three months.

Despite the mounting challenges the country is facing, Gordhan insists there is hope on the horizon: “Through the Ahmed Kathrada Foundation we have invited academics, churches and citizens to come together to seek solutions,” he said.

He said there are encouraging signs and it is not all doom and gloom. “After 1994 the country managed to create more than three million jobs, with good policies like the Reconstruction and Development Programme and National Development Plan. In the next two to three months we are going to launch the Youth Employment Scheme, with our aim being to reach one million young people and offer them internships. We are working with business brains like Jabu Mabuza, Brian Joffe, Adrian Gore and Sim Tshabalala to get this off the ground,” he concluded.

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