

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1006**

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**Dr D T George (DA) to ask the Minister of Finance:**

- (1) Whether his department has aligned its policies and strategy with the objectives of a developmental state, as referred to in the medium-term strategic framework (MTSF); if not, why not; if so, what are the relevant details;
- (2) Whether this alignment of policies and strategy was developed with reference to other developmental states around the world such as South Korea, Japan, Thailand and Malaysia; if not, why not; if so, what are the relevant details;
- (3) Whether a government capacity to deliver services and maintain proper administration is a critical factor of a developmental state; if not, why not; if so, how is this provided for in the (a) strategy and/or (b) policy statement of his department?

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**REPLY:**

- (1) The budget process is aligned with the objectives of government, as expressed in the medium-term strategic framework (MTSF). These objectives speak to the need to alleviate poverty, principally through economic development and employment creation. Successive budgets have allocated substantial resources to programmes that are supportive of current and future economic growth – as evidenced in growing investment in both physical and human capital. The successful management of the tax revenue, combined with higher rates of economic growth, have allowed the fiscus to increase disposable income and reduce the cost of investment through meaningful reductions in income taxes for both individuals and companies. Prudent fiscal management has ensured that government's contribution to the economy is consistent with higher economic growth while ensuring that the fiscus does not put excessive pressure on the current account, inflation, or future

generations. As such, the budget process is clearly aligned with the notion of a developmental state as it is captured within the MTSF.

- (2) The National Treasury cannot respond on behalf of government and is not in a position to discuss how government as a whole arrives at a particular policy position. Questions as to the formation of policy and strategy coordination within government should be addressed to the Minister in the Presidency for National Planning.
- (3) While the National Treasury is a vital partner in the successful oversight of service delivery, we are not in a position to respond to questions relating to the monitoring and evaluation of service delivery for government as a whole. This question should be redirected to the Minister in the Presidency for Performance Management, Monitoring and Evaluation.