

NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NUMBER: 165 [NO2414E]

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Mr N J J van R Koornhof (Cope) to ask the Minister of Finance:

Whether he has found that (a) the recent Reserve Bank announcement of a lower growth forecast and (b) the uncertainty created by negotiations about the public sector wage bill beyond a 5% increase, it will have an impact on (i) the deficit forecast and (ii) fiscal policy; if not, what is the position in this regard, in each case; if so, in each case, what are the relevant details?

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REPLY:

Slower growth forecasts do pose a risk to revenue collection targets. When setting the budget for 2012/13, these risks were considered in the revenue forecast. Tax collection in 2012/13 is currently outpacing forecasts and, even with marginally slower GDP growth, government should still achieve the overall revenue target.

An above-inflation wage settlement will put pressure on departmental budgets and narrow the space available for government to introduce new programmes over and above the current medium term expenditure framework. The additional funding required will be found without increasing the budget deficit.