

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1306

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Mr M G Oriani-Ambrosini (IFP) to ask the Minister of Finance:

- (1) When was the last time that the Government had no national debt;
- (2) whether he has plans on how to repay the R1.3 trillion worth of debt which will be the debt amount outstanding by 2013 according to his fiscal policy framework; if not, why not; if so, what plans;
- (3) whether the Government will be able to repay this debt during the lifetime of the present generation; if not, what is the position in this regard; if so, what are the relevant details?

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REPLY

- (1) We cannot verify when South Africa had no national debt. We have probably had national debt since the Union of South Africa, but are unable to confirm as we do not have historical records at National Treasury.
- (2) It will not be possible to reduce government debt by 2013. As shown in the 2010 Budget Review a marginal decline in non-interest expenditure, combined with rising budget revenue will lead to a narrowing of the primary budget deficit over the medium term. As a result, our forecast is for debt to rise to 44 percent of the GDP in 2015/2016, after which it will begin to decline gradually.
- (3) The South African Government has a clearly articulated and accepted fiscal policy and strategy. To avoid penalising future generations with a debt burden, government will manage the public finances along a trajectory that will return the fiscus to a sustainable position. It must be borne in mind that a sustainable part of the debt is used to finance infrastructure (e.g. electricity generation, dams and roads) that will last beyond the current generation.