

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 1655 [NW2001E]**  
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**1655. Mr M G P Lekota (Cope) to ask the Minister of Finance:**

Whether, in view of heavy borrowing by the State since 2009, a depletion of contingency funds and the rising cost of servicing the debt, the Government has formulated detailed plans, over and above the recent haircuts with regard to departments, to counter the next recession, when it occurs, with a new and vigorous Keynesian response; if not, why not; if so, what are the relevant details?

NW2001E

**REPLY:**

Fiscal policy began adjusting to a new economic situation with the onset of the global financial crisis. After nearly a decade of rapid expansion in non-interest expenditure, government began to reduce the rate of growth in the budget while continuing to support the economy. This approach was made possible by the fiscal space built up in previous years. The narrowing of fiscal space, in combination with the erosion of the link between budget inputs and social outputs, implies the need for additional measures to secure the country's fiscal footing and improve the quality of spending. To rebuild fiscal space, government has proposed the following measures:

- Government expenditure to remain within a predetermined expenditure ceiling
- Expenditure reviews which should help improve value for money in public spending
- Review of tax policy

These measures will ensure debt sustainability and rebuild fiscal space which will assist in dealing with future crises.