

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1657 [NW2003E]
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1657. Mr M G P Lekota (Cope) to ask the Minister of Finance:

- (1) Whether the Government had rigorous measures in place to contain the revised consolidated budget deficit for the 2013-14 financial year at 5,2% of gross domestic product to prevent further erosion of the diminished fiscal space; if not, why not; if so, what are the relevant details;
- (2) whether the specified measures had been endorsed by the Cabinet; if not, why not; if so, what are the relevant details?

NW2003E

REPLY:

- (1) As stated in the 2013 Budget Review, government expects the budget deficit to be 4.6 percent of GDP in 2013/14. There have not been any revisions to the budget deficit from what was published in the 2013 Budget Review. The 2013 Budget Review emphasizes government's commitment to consolidate the budget deficit which reflects the fiscal stance that seeks to ensure countercyclicality, debt stabilisation and intergenerational equity. Government has reduced core spending plans by R10.4 billion over the next three years through:
 - Moderating the growth of non-interest expenditure. Real non-interest expenditure is projected to grow at an average rate of 2.3 percent per year over the medium term, down from 2.9 percent projected in October 2012.
 - Reducing the unallocated portion of spending by trimming the contingency reserve, which will now be R4 billion in 2013/14, R6.5 billion and R10 billion over the remaining two years of the MTEF. New policy initiatives over the MTEF will now have to be financed from savings, efficiency gains and reprioritisation.
 - Reprioritising resource allocation which will in turn strengthen service delivery, with a specific emphasis on the efficiency of spending.
- (2) The 2013 Budget Review was presented to and endorsed by Cabinet.