

**NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER: 2 [NO208E]
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★2. Mr N J J van R Koornhof (Cope) to ask the Minister of Finance:

Whether the National Treasury has any plans to accelerate the cut back on loan funding for consumption side expenditure; if so, what are the relevant details?

NO208E

REPLY:

In line with Treasury-issued cost containment guidelines, national and provincial expenditure on travel, catering, consultants and other administrative payments will decline in real terms over the next three years. Compared to the past five years, compensation is projected to grow more slowly. The fastest growing component of non-interest expenditure is capital investment.

From 2014/15, government will no longer be borrowing to finance consumption. This is reflected in government's current balance, which shows the gap between revenue and operational spending. Government is budgeting for a rising current surplus over the next three years. In 2016/17, the surplus grows to about 1.3 per cent of GDP. This is sufficient to finance roughly 40 per cent of government's capital borrowing needs in that year.