

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER: 174 [NO2383E]
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★174. **Mr S N Swart (ACDP) to ask the Minister of Finance:**

What (a) impact is load-shedding estimated to have on the slowing of the country's economic growth rate to 1,3 per cent of the gross domestic product for the first quarter of 2015, (b) other factors have contributed to the low economic growth rate and (c) are the prospects for achieving a growth rate of 2 per cent or higher for 2015?

NO2383E

REPLY:

- a) Our estimates indicate that the electricity shortages as a result of electricity supply constraints will shave between 0.5 and 1 per cent from annual real GDP growth in 2015. This has been accounted for in the 2015 Budget Review Forecast. Had electricity not been a binding constraint on the economy, real GDP growth could have ranged between 2.5 and 3 per cent for 2015.

On a quarterly basis, this translates into growth of between 2.3 and 2.9 per cent in the first quarter of 2015. Therefore it is estimated that quarter 1 load-shedding subtracted between 0.8 and 1.6 percentage points from seasonally adjusted and annualised quarterly growth in the first quarter.

- b) Electricity remains the key constraint to growth and was the primary reason for growth of 1.3 per cent in the first quarter of 2015. Agriculture was negatively affected by severe drought conditions which adversely affected summer crops such as maize and sunflowers.

Indicators show that consumers continue to be weighed down by high debt levels and low employment growth. Investment is constrained by low confidence and expectations of subdued demand at home.

- c) At the time of budget, we expected real GDP to grow at 2 per cent in 2015. The first quarter outcome of 1.3 per cent was in line with National Treasury's expectations for growth as we had anticipated the electricity supply constraint and had built it into our forecast. We therefore believe that 2 per cent is still a realistic and attainable growth outcome for 2015.