

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1273 [NW1481E]
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1273. Dr D T George (DA) to ask the Minister of Finance:

Whether the National Treasury is taking any steps to shift the economy's growth trajectory from being consumption-led to being growth-led; if not, why not; if so, what steps?

NW1481E

REPLY:

Yes, as outlined on page 7 of the 2015 Budget Review, "At the heart of the NDP is the need to shift South Africa's economic growth trajectory from one led by consumption to higher levels of investment and exports", to create more jobs, eliminate poverty and reduce inequality. The NDP aims to increase investment to 30 per cent of GDP by 2030 (currently at 20.3 per cent of GDP in 2014).

The Budget supports the medium-term strategic framework (MTSF) which specifies steps that will ensure that the sources of economic growth shift to investment rather than to consumption over the medium-term. These include:

- Reduced government consumption to create fiscal space to sustain public investment
- Prioritisation of infrastructure spending, with a total spending R813.1 billion over the next three years, particularly in the electricity, transport and telecommunication sectors
- Improved economic policy coordination and implementation, and the development of partnerships between the public sector, business and labour

To further support the shift from consumption to investment lead growth, the Government has prioritized improving the effectiveness and efficiency of public sector investment in metropolitan municipalities. Please refer to Budget 2015, pages 9-10 for further information on this point.

The Industrial Policy Action Plan also focuses on promoting investment and competitiveness in leading sectors and industries such as the green economy, the ocean economy and research and development.