

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
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1499. Dr D T George (DA) to ask the Minister of Finance:

Whether he has identified any regulatory obstacles to faster economic growth to reduce and remove; if not, why not; if so, what are they?

REPLY:

Regulatory Policy is one of only three levers that government has to influence the economy and plays an important role in shaping the economic environment. The other two levers are taxes and government spending. There is an appreciation that legislation and regulation has an impact on economic growth as well as the inclusiveness of this growth and that poorly designed regulatory policy can hinder growth as expressed in the National Development Plan. Good Regulatory Policy supports a developmental society through:

- Lowering the cost of doing business
- Lowering the cost of living
- Boosting production and employment through higher exports
- Gives expression to government's developmental objectives.
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The largest obstacle that regulatory policy poses to growth is when it creates uncertainty. A lack of clarity on the objectives and manner in which policy is implemented can hinder much-needed investment and slow employment creation. To this end the Presidency introduced the Socio-Economic Impact analysis System as a tool that helps the development of evidence based legislation. The approach is a more holistic assessment of policy initiatives by considering the impacts to different stakeholders and making an assessment based on the results. This technique allows decision makers to assess the impacts on all different stakeholders, risks in implementation including possible unintended consequences. Four broad criteria are proposed in the application of the SEIAS. They are: social cohesion and security, economic inclusion, economic growth, and environmental sustainability. Treasury is part of the Steering Committee of this initiative.

Continuous engagements between the private sector and government (relevant parts thereof) help to identify regulatory obstacles not only to growth but also government's developmental objectives. Where these are within the mandate of National Treasury work is initiated to address concerns. Work on regulatory obstacles is also done under the Regulatory Task Team made up of different departments and private sector representatives as part of the Presidential Business Working Group. As part of their work on the 9 SONA priorities ESEID cluster has identified regulatory uncertainty and will address these going forward.