

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 457 [NW534E]
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457. Dr M J Figg (DA) to ask the Minister of Finance:

Considering the challenges confronting the country's economy, how does he plan to (a) avoid a credit rating downgrade, (b) reassure investors and (c) encourage investment in the country?

NW534E

REPLY:

- a) Government considers the following measures as prudent in the current economic environment:
- To stabilize government's net debt level at 43.7 percent in 2017/18;
 - To reduce the expenditure ceiling by R25 billion in the next two fiscal years to ensure that expenditure is reigned in and used more efficiently, thus improving the budget deficit;
 - Strengthening cost containment measures via the Chief Procurement Office by implementing a national pricing system, a centralized supplier database, additional controls on personnel budgets and revisions to the conditional grant system;
 - Raising taxes where necessary, as advised by the Davis Committee on Taxation with the aim of achieving the debt levels mentioned above.
 - Supporting State Owned Companies in a fiscally neutral manner.
 - Various efforts to improve growth are underway to improve the supply side constraints to growth such as energy. These include amongst others, implementation of the structural reforms tabled in the NDP as a key priority over the long term. The successful implementation of the structural reforms tabled in the NDP should mitigate the structural constraints that exist within the economy from an economic and social perspective.
- b) The National Treasury continues to engage with investors through the investor relations programme and conduct domestic and international road shows aimed at strengthening relations with investors. The objective of the road shows is to keep investors informed about economic, fiscal, political and other developments in South Africa. After the release of the Budget Review in February and the MTBPS in October, the National Treasury visits domestic and international investors, explaining the rationale for any changes from the previous year and updating investors about funding requirements and the state of the fiscus. Over and above this, the NT also attends to one on one meeting requests from the investors.

- c) Public finances are on a sustainable long term path and the budget documentation sets out a clear framework for the medium term. Government's monetary policy regime remains transparent and credible and the central bank remains independent.

Government spending on key infrastructure continues, which will crowd in private investment. Electricity, port, rail and telecommunications bottlenecks are being prioritised to lower the cost of doing business and foster investment. Public private partnerships are being fostered to raise investment and growth. The strong focus on improving urban environments and reinvestment in cities, outlined in the Budget, will improve working conditions of businesses on-the-ground and raise investment.

Government is supporting improved engagements with the private sector. The Presidential Business Working Groups are encouraging constructive dialogue to identify obstacles to investment and growth.

Government continued to support investment spending through incentive programmes and the establishment of special economic zones. The Department of Small Business Development will prioritise the interventions required to boost investment and growth in this sector.

Steps are being taken to improve labour relations. Dispute resolution mechanisms have been galvanised via recent amendments to the Labour Relations Act. Additionally, the recent Indaba on labour relations has begun the work of identifying areas where solutions to long standing problems can be addressed. An important focus will not be limited to the National Minimum Wage, but other areas in which government can improve the functioning of labour relations in this country.
