

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1642 [NW1812E]
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1642. Adv A de W Alberts (FF Plus) to ask the Minister of Finance:

Whether the National Treasury has made provision for contingency plans in the event that South-Africa's credit rating is lowered to junk status; if not, why not; if so, what are the relevant details of the contingency plans?

NW1812E

REPLY:

In the past few months, the growth challenge and transformation agenda have brought government, business and labour leaders together. Since the beginning of the year, as tasked by the President, government, business and labour have been working together intensively to help strengthen short term confidence and reinforce long term growth. The focus has been on three key areas:

- 1) Restoring confidence and boosting investment by local and international investors,
- 2) Taking action to reignite growth
- 3) Unblocking obstacles to faster employment growth in key sectors, and
- 4) Identifying fiscal and regulatory reforms and strengthening state-owned companies.

Investment, employment creation, a sustainable budget deficit, building plans completed, industrial productivity and competitiveness are the measures of the progress, and the indicators that require urgent attention and are being dealt with in the Inter Ministerial Committee (IMC) on Investment chaired by the President. The results of the partnership already include the adoption by government of a clear fiscal consolidation path to avoid the burden of debt that might cripple investment flows and government spending capacity.

Together with business and labour, the government, after the budget in February, embarked on a foreign investor road show to present a united message to the world that South Africa is embarking on necessary economic reforms and is open for business. Recently, the President has tabled a report of the Presidential Review Commission on State Owned Companies (SOCs) that outlines interventions aimed at addressing the issues in the SOCs. While the 2016 Budget has been tabled under the most difficult economic conditions, with low growth and weak revenue performance being the major impediments, the National Treasury's fiscal policy is sticking to its nominal expenditure ceiling. The Deputy President C Ramaphosa

is leading a process of instituting reforms aimed at strengthening governance, business models and financial performance of SOCs. Please refer to the 2016 Budget Review for more details.