

## Efficiency will foster growth – Commission



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**More effective delivery by the state is needed to help stimulate economic growth that has remained stuck in a worst case scenario of slow recovery, the financial and fiscal commission said on Monday.**

“It seems that we are still in a slow growth trap ... our revenues are not going up as fast as we need,” the commission’s acting chairman, Bongani Khumalo, told reporters in Cape Town.

Khumalo said the state needed steady and dependable revenue growth to fund the socio-economic programmes envisioned in the National Development Plan, to which President Jacob Zuma committed after his re-election last month.

He cautioned against across-the-board expenditure cuts to compensate for lack of growth, calling these a blunt tool that would in fact threaten the implementation of the NDP.

“Were the government to implement more aggressive programmes to lower debt levels, this could depress demand and deter investment, which could threaten prospects of meeting the NDP goals.”

Government should also guard against excessive borrowing as the cost of servicing the national debt was estimated at R100 billion this year.

“Trade-offs will have to be made in order to strike a balance between fiscal sustainability and protecting (if not extending) existing socio-economic gains.”

Khumalo said the state could stimulate the economy by making sure that delivery was more efficient, and that it drew a proper return from its spending initiatives.

“The outcomes of the substantial investment in infrastructure have not been as high as expected, in part because of poor planning and implementation, escalating costs, supply chain management fraud and inefficiency, and inadequate maintenance.

“Excellent public services, at a cost that South Africans can afford, are fundamental to ensuring these investments produce the desired outcome and fulfil the NDP vision.”

- Sapa

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