
GENERAL NOTICES • ALGEMENE KENNISGEWINGS

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**NOTICE 289 OF 2018****NOTICE OF INTENT TO INTRODUCE A PRIVATE MEMBER'S BILL AND INVITATION FOR COMMENT ON THE DRAFT FISCAL RESPONSIBILITY BILL, 2018**

Mr David Maynier, MP, acting in accordance with section 73(2) of the Constitution of the Republic of South Africa, 1996, intends to introduce the Fiscal Responsibility Bill, 2018, in Parliament during the second quarter of 2018/19. An explanatory summary of the Bill is hereby published in accordance with Rule 276(1)(c) of the Rules of the National Assembly (9th Edition).

South Africa's debt levels have risen rapidly as a percentage of GDP between 2008/2009 and 2018/2019.

In 2008/2009, the national debt, measured as net loan debt, amounted to R525.6 billion or 21.8% of GDP. However, by 2020/2021, the national debt, measured as net loan debt, will increase to R3.03 trillion, or 52.2% of GDP and will only stabilize at 53.2% of GDP in 2023/2024.

As a result, debt service costs are set to increase to R180.1 billion in 2018/2019, R197.7 billion in 2019/2020 and R213.9 billion in 2020/21.

By 2020/2021, R213.9 billion will be spent on debt service costs, which is:

- R120 billion more than what will be spent on higher education;
- R115 billion more than what will be spent on police services;
- R20 billion more than what will be spent on social grants; and
- R8 billion more than what will be spent on health in 2018/2019.

The Fiscal Responsibility Bill, 2018 ("the Draft Bill"), will therefore introduce statutory fiscal rules aimed at containing national debt and debt service costs in South Africa.

The Draft Bill will provide for:

- a fiscal rule prescribing that, for each financial year from 2019/2020 to 2022/2023, consolidated net loan debt expressed as a percentage of GDP must not be more than it was the previous year;
- a fiscal rule prescribing that, for each of the financial years from 2019/2020 to 2022/2023, aggregated government guarantees must not be more than they were for the financial year 2018/2019;
- a review of the fiscal rules by the National Assembly every four years, beginning in 2023/2024 by either amending, renewing or terminating the fiscal rules by way of an Amendment Bill;
- an exemption from the fiscal rules to be granted in respect of a specific financial year by the National Assembly upon application by the Minister of Finance, with good cause having been shown and on the recommendation of the Standing Committee of Finance; and

- an annual Fiscal Responsibility Report to be tabled by the Minister of Finance at the same time as the budget being tabled, setting out whether the fiscal rules were complied with or not, together with reasons for those outcomes, and recovery plans in the event of a failure to comply with the rules.

The Bill may, after introduction, be obtained from:

The Democratic Alliance
PO Box 15, Cape Town, 8000
Attention: Mr Alex Tarr / Mr Louw Nel
Telephone: 021 403 8641 / 021 403 3567
Facsimile: 021 466 8394
E-mail: alex@da.org.za / louwn@da.org.za

Interested parties and institutions are invited to submit written representations on the proposed content of the draft bill to the Speaker of the National Assembly within 30 days of the publication of this notice. Representations can be delivered to the Speaker, New Assembly Building, Parliament Street, Cape Town; mailed to the Speaker, P O Box 15, Cape Town 8000 or e-mailed to speaker@parliament.gov.za and copied to alex@da.org.za.