

Government seeks to transform economy

Deputy President Cyril Ramaphosa says government is working hard to build an economy that is able to generate jobs, while improving export competitiveness.



Deputy President Cyril Ramaphosa says government is targeting growth of at least 5% a year to stimulate job creation and alleviate poverty.

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"We aim to radically transform the South African economy. We seek a qualitatively different economy," he said.

The Deputy President was speaking at the Reserve Bank Leadership Conference on the current challenges facing South Africa.

Earlier this week, Gross Domestic Product (GDP) data released by Statistics South Africa showed that the South African economy grew by only 0.6% in the second quarter of 2014 after shrinking 0.6% in the first quarter.

Ramaphosa said the key challenges to economic growth in South Africa are in the domestic markets.

"The economy barely grew in the second quarter, as mining and manufacturing production fell sharply and growth in other sectors remained modest," he said, adding that concerns around the reliability of electricity supply, strikes and poor service delivery exacerbated the problems.

Target growth of 5% a year

The Medium Term Strategic Framework is guided by the National Development Plan (NDP), with key priorities on economic policy including driving growth in the main productive sectors of the economy and the elimination of unnecessary regulatory burdens.

"Government seeks an economy that grows at no less than 5% a year. With this target in mind, economic transformation and inclusive growth will not result from a single intervention but from a range of mutually supporting initiatives," he said.

Ramaphosa said the continued counter-cyclical fiscal policy will see government saving during good times and spending to stabilise the economy during downturns.

He envisages a greater role for development finance institutions in supporting investment in agriculture, infrastructure, small business development, black economic empowerment and industrialisation.

"Banks will be encouraged to broaden access to financial services to enable people to build up their assets and to help small businesses to emerge and grow," said Ramaphosa, adding that measures to address poor lending practices and excessive charges will be introduced.

Government will continue to strengthen the regulation of financial institutions to ensure that savings are protected and that customers are treated fairly. It also expects Postbank to play an expanded role in banking services.

He emphasised that the Reserve Bank's independence in executing monetary policy without fear and favour or regard for political cycles is a critical aspect of the country's policy.

South Africa has been praised for the strength of its banking system and the quality of its oversight and regulation.

In his address, the Ramaphosa paid tribute to the bank and to Governor Gill Marcus, who was present at the conference, for the way in which the bank is run and particularly for the manner in which the situation at African Bank was managed.

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