

Fin24

## **Significant programmes to suffer from budget cuts, warns committee**

Cape Town – The Financial and Fiscal Commission told Parliament on Tuesday that a number of important government programmes would suffer as a result of cuts in allocations outlined in the 2018 appropriation bill.

The FFC told Parliament's standing committee on appropriations that the economy consistently performed well below its growth targets of 5% annually, posting 1.5% growth in a quarter at best.

The FFC said the departments of energy, basic education and human settlements stood to lose 19%, 4.2% and 8.9% respectively in their baseline appropriations.

In contrast, higher education (12%), economic development (9%) and health (3%) could expect the fastest growth in appropriations.

The changes reflected in the 2018-19 appropriations may be informed by government's preparations to phase in fee free education as well as the soon-to-come national health insurance.

### **Service delivery could be affected**

FFC director Ramos Mabunga told the committee that reducing appropriations in real terms implied that service delivery is likely to be affected, unless national departments take active steps to improve operational efficiencies and service delivery innovations.

"Energy, human settlements and basic education cuts in terms of allocation mark a significant point of departure to how government used to operate.

"This is less cutting flesh off of the bone and more cutting the bone itself," said Mabunga.

Mabunga said even though these portfolios would see less growth than most, energy (84.4%) and economic development (85%) spent the lowest proportions they were allocated.

The Department of Basic Education's underspending was related to delays in implementing infrastructure projects.

FFC chair Daniel Plaatjies said: "We are of the view that infrastructure development attracts investment. We are not opposed to the cuts, but we would like to understand the criteria applied to the decision to cut spending on infrastructure."

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