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## **AVOID IMPOSING DEBT CEILING, FINANCIAL AND FISCAL COMMISSION ADVISES SOUTH AFRICAN GOVT**

CAPE TOWN, June 3 (NNN-SA NEWS) -- The South African government should avoid imposing a debt ceiling as a method of debt control for the country to achieve its desired economic growth levels, says the Financial and Fiscal Commission (FFC), an independent statutory body.

Instead, the Commission says, spending should be aligned with government priorities to ensure adequate funding of high-priority initiatives and the elimination or substantial reduction of lower priority programmes.

In the current tough climate, the government needed to also prioritise investments in human capital, infrastructure and innovation, said Bongani Khumalo, the commission's chief executive and acting chairman, at a media briefing of the commission's submission of its 2015-2016 Division of Revenue report here Monday.

"Were the government to implement more aggressive programmes to lower debt levels, this could depress demand and deter investment, which could threaten the prospects of meeting the NDP (National Development Plan) goals," he said.

"This is why the Commission recommends that government avoid uniform across-the-board cuts or expenditure ceilings as a means of debt control. Such blunt tools treat valuable, efficiently-run programmes and outdated, poorly managed programmes in the same way."

Khumalo said the upgrading of human capital, through quality education, health and nutrition, produces an economic growth dividend. Making growth more inclusive also reduces inequality, as the less well-off are also able to enjoy many of the gains from growth.

South Africa already spends significant amounts of money on health, education and other human capital investments but, while access has improved dramatically, quality has lagged, Khumalo said.

“Upgrading and extending infrastructure, such as transport, energy, telecommunications and housing, is also crucial for economic and social development. The focus of this submission is on municipal infrastructure, as local government has an important developmental role to play through the roll out and maintenance of infrastructure.”

The FCC on Friday tabled in Parliament its Annual Submission for the 2015-2016 Division of Revenue report.

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