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FFC WARNS OF IMPACT OF PROPOSED BUDGET CUTS TO GOVT SPENDING

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Gaye Davis

CAPE TOWN - The Financial and Fiscal Commission (FFC) on Tuesday red-flagged the effect of deep cuts in government spending planned for next year, warning of their impact on the state's ability to provide services.

The deputy chairperson of the FFC, Michael Sachs, described the cuts as "eye-watering".

The FFC briefed Parliament's finance and appropriations committees on the Medium-Term Budget Policy Statement (MTBPS) tabled by Finance Minister Tito Mboweni last week.

Sachs said Parliament should be focusing on next year's budget as this financial year was nearly over.

"We welcome the easing of the fiscal consolidation targets, however, next year's budget cuts are eye-watering," he said.

Sachs said the Department of Home Affairs' budget would be cut by 13.5%, that of the Department of Defence would be cut by 9.3%, and that of legislative and executive services (which includes Parliament) would be cut by 3.8%.

"These kinds of cuts, where you see the nominal level of expenditure - the rand amount allocated - drop in nominal terms, are unprecedented. They've never happened before in South Africa," Sachs said.

He said the Department of Basic Education would get no increase to its budget next year in terms of the MTBPS, yet it would be confronted by rising costs, even if the government does manage to strike a deal with unions to contain the public service wage bill.

"All of those costs will be increasing but the budget available to schools will not be increasing. And so, there is a very great danger that the quality of services provided to schoolchildren will fall as a result of this zero percent increase," Sachs said.

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