



Publication: Star, The (Early Edition) - BusinessReport
Title: MTBPS: Budget cuts, disaster relief allocations and a focus on fiscal responsibility
Publish date: 02 Nov 2023
Page: 12

Reach: 25596
AVE:R 50928.17
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SPENDING



A FILE PICTURE taken on September 28 2023 of floods in Franschhoek, Western Cape. Approximately R1.6 billion is being made available for disaster relief, including repairing flood damage in various provinces in the Medium-Term Budget Policy Statement. | ARMAND HOUGH Independent News

MTBPS: Budget cuts, disaster relief allocations and a focus on fiscal responsibility

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THE MINISTER of Finance, Enoch Godongwana, has revised down spending in the current financial year by R21 billion, while making additional allocations for disaster relief.

In his Medium-Term Budget Policy Statement (MTBPS), Godongwana said a further reduction of R64bn in 2024/25 and R69bn in 2025/26 was proposed.

"The implications of these adjustments will be partially offset by departments implementing the cost containment guidelines issued by the National Treasury.

"It will also be offset by implementing control measures on payroll systems in line with the directive issued by the Department of Public Service and Administration, as well as implementing the recommendations from the spending reviews conducted in the past two fiscal years," he said.

Godongwana said the government had made a strategic decision to allocate funds to sectors that are personnel-heavy, such as health, education and police services.

An R68.2bn allocation over the 2024 Medium-Term Expenditure framework has been assigned to a 7.5% public sector wage increase in the education and health sectors. Health and education will get an extra R17.6bn.

"Additional funding of R24bn this year and R74bn over the medium term will be used to fund the 2023/24 wage increase and the associated carry-through costs in these sectors.

"R34bn is allocated to extend the Covid-19 Social Relief of Distress grant by another year. Over the medium term, a provisional allocation is retained while a comprehensive review of the entire social grant system is finalised," he said.

Godongwana said the presidential employment initiative would be extended for another year through the repurposing of a portion of funds from existing public employment programmes such as the Expanded Public Works Programme and the Community Works Programme. A comprehensive review of public employment programmes was under way.

"I wish to inform the house that we are making additional allocations in the current year for unforeseeable and unavoidable events. R1.6bn is being made available for disaster relief, including repairing flood damage in various provinces," he said.

Godongwana said the government's spending had exceeded revenue since the 2008 global financial crisis.

"Our challenge is that rising debt services costs are crowding out important social spending, and our economy has not grown fast enough to support increasing expenditure or our current debt levels. Therefore, this policy statement sets out our strategy for avoiding a fiscal crisis and preventing the build-up of systemic risks to the economy," he said.

Godongwana said the decisions that were taken include spending reductions and re-prioritisation, while also taking concrete steps to support growth.

"None of these decisions are taken lightly. They are taken with the short- and long-term viability of public finances in mind and in the interests of balanced and inclusive growth," he said.

