The National Treasury appeared before the Standing Committee on Appropriations to explain some of the budgetary cuts on social programmes in the Division of Revenue Bill.

According to the Head of Intergovernmental Relations at the National Treasury, Ms Malijeng Ngqaleni, the cuts were meant to reduce consumption in expenditure which outpaced the GDP (gross domestic product) over the years.

The ballooning wage bill is case in point. “Compensation expenditure to GDP increased about 11% in three years, outpacing the GDP growth in these respective years and private sector wages,” Ms Ngqaleni said.

She said what is even worse is that the government had to borrow funds to fund the incremental rise of compensation in the public sector over the years and it has now been realised that such an act is untenable given the rise in our debt to GDP ratio, which is alarmingly skewed.

According to her, other than the Bill’s valiant attempts to arrest the runaway compensation bill in the public sector, the National Treasury has now introduced measures to improve the spending efficiency of provincial and local government spheres. She said: “The Government Technical Advisory Centre has been incepted to improve efficiency in spending in these spheres of government.”

She said the purview of this objective is procurement, especially at local government. “The supply chain management of local government needs modernisation to be automated to be in a position to publish their awarding of tenders,” she said.

Responding to the outcry regarding the cuts on conditional and equitable share grants, the Chief Director, Intergovernmental Policy and Planning, Ms Wendy Fanoe,said although conditional and equitable share grants are reduced, they will have little impact on service delivery because most of them were not spent due incapacity to do so.

Ms Ngqaleni told the committee that the National Treasury has proclaimed that on the whole the Bill is meant to encourage economic growth and has protected some programmes critical in instigating expenditure in investment, than consumption. The increase in infrastructure investment is a case in point.

She also claimed that the Bill continues to be distributive and places more emphasis on funding rural rather than urban social programmes. As such, rural provincial and local government will get more per household than those in urban areas.

The committee asked the National Treasury about the claim that money has been taken from the National Student Financial Aid Scheme (NSFAS) to fund the rollout of vaccines. In response to that the Chief Director, National Treasury, Mr Edgar Sishi, Said: “There are no NSFAS funds that have been diverted to the rollout of the vaccines. The funds for this rollout come from, among others, contingency funds.”

The Chairperson of the committee, Mr S’fiso Buthelezi, raised a concern that much of the fiscal framework of the current Division of Revenue Bill depends on the successful implementation of the freeze on public wage bill. In response to that, the National Treasury said an attempt to freeze public sector wage bill is a risk to the current fiscal framework. It added that the reality is that “the fiscus cannot afford these increases when we are faced with collapsing taxes”.

The committee heard that if that doesn’t succeed, it will mean that such a fund will come from the infrastructure fund and that will definitely affect the economic recovery plans that hinge on infrastructure investment.

During the engagement there was a view from the committee that longitudinally, the wage bill should be looked at holistically in relation to the structure of departments and the calibre of personnel that the public sector requires.

**By Abel Mputing**
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