

**NATIONAL COUNCIL OF PROVINCES**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 304**

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**Mr M W Makhubela (COPE-Limpopo) to ask the Minister of Finance:**

Whether, in light of the fact that employment was directly linked to economic growth, the Government would seek to make more cuts on its own expenditure and release more state funds into fuelling economic growth; if not, why not; if so, how is he planning to use more of the taxpayers' money to support (a) economic growth and (b) job creation?

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**REPLY:**

One key focus of the 2010 Budget process was identifying where savings could be made and where spending could be reduced. The savings identified through this process were then all reprioritised towards the funding of key government priorities. The 2011 Budget process builds on this and focuses on identifying funds which are to be reprioritised towards the outcomes identified in the Outcomes Approach as well as to the core mandates of departments. The outcomes budgeting approach has been communicated through the *Treasury Guidelines for the Preparation of Expenditure Estimates for the 2011 Medium Term Expenditure Framework* (MTEF) which were issued in June 2010. Through the guidelines, departments and agencies were expected to thoroughly examine their budget baselines before submitting their 2011 MTEF budgets. The aim is to identify areas where the rescheduling of activities would be appropriate, where savings on non-core service delivery items could be identified, as well as to identify areas where funds could be reprioritised from low priority and/or underperforming programmes to higher priority areas. Within the 12 outcomes identified in the Outcomes Approach, Outcome 4 focuses on creating decent employment through inclusive economic growth whereas Outcome 5 focuses on developing a skilled and capable workforce to support an inclusive growth path. Savings identified will thus be reprioritised towards the attainment of these two key Outcomes amongst others.

In addition, as previously announced a comprehensive expenditure review will also be conducted jointly by the National Treasury and the Presidency, overseen by the Ministers' Committee on the Budget. More centralised procurement arrangements are to be adopted where this contributes to greater efficiency and transparency. A supply chain compliance unit has also been established in the National Treasury to investigate compliance with tender rules and procedures.

While the above-mentioned initiatives provide additional measures to curb wasteful expenditure it should be noted that legislation through the Public Finance Management Act, 1999 (Act 1 No.1 of 1999), requires that departments continually assess the role, purpose and effectiveness of programmes and public entities, and establish whether outcomes and outputs can be attained at a lower cost. The National Treasury has also issued several guideline documents and frameworks to assist accounting officers with the fulfilment of their duties.

The Cabinet is currently considering a new growth path for South Africa. Once this process is concluded, the fiscal implications will be better understood.

Guidelines issued by the National Treasury can be found on the National Treasury website at:

[www.treasury.gov.za/publications/guidelines](http://www.treasury.gov.za/publications/guidelines).