

**NATIONAL ASSEMBLY  
QUESTION FOR WRITTEN REPLY  
QUESTION NUMBER: 963 [NW1120E]  
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**963. Dr D T George (DA) to ask the Minister of Finance:**

What impact has he found will the R25 billion budget expenditure ceiling reduction have on service delivery?

NW1121E

**REPLY:**

The National Treasury expects a minimal impact on service delivery, as the reductions to budget allocations in 2015/16 and 2016/17 have been targeted at non-essential items of expenditure.

The reductions will be achieved through:

- A freeze on nominal growth in spending on non-essential goods and services items, in other words maintaining spending on such goods and services at 2014/15 levels, or allowing only inflationary growth on some items;
- The withdrawal of funding for a large portion of vacant posts that exist in certain departments; and
- Lowering the rate of growth in transfers to public entities to be in line with inflation and to absorb some of the cash reserves accumulated in public entities.

The same principles have been applied to identify spending reductions within provinces and public entities.

Further details on the specific baseline reductions can be found in the 2015 Estimates of National Expenditure and details on provincial baseline reductions can be found in the individual provincial Budget Statements published by Provincial Treasuries.