

Zuma blindsided Treasury when he announced fee-free education, says Gigaba

Former president Jacob Zuma's announcement of free higher education blindsided the National Treasury, said Finance Minister Malusi Gigaba.



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Speaking at a post-budget breakfast in Cape Town, Gigaba said: "To make a big announcement in the midst of the budget process is something Treasury is wary of. It would have been better if they made the announcement at Sona [state of the nation address]."

At the December elective conference, Zuma announced that the government would subsidise free higher education for poor and working class students, referring to currently enrolled students from households with a combined annual income of up to R350,000, by the 2018 academic year.

Defending the 1% VAT increase, he added that the Treasury was under pressure to fund the R48.2bn shortfall plus find R57bn to fund fee-free higher education, which was reaffirmed at the state of the nation address by President Cyril Ramaphosa.

"Fee free for the students is not fee free for the tax payer or for the government. This is a lot of money that the people of SA are going to pay."

Gigaba explained that the budget was a balancing act between unlimited needs and limited resources.

"We had no choice, we had to find a revenue measure that would give us a significant quantum of money," said Gigaba.

"We understand the pressure the former president was under, a lot of pressure."

He added that the Treasury would have preferred more time to figure out how to implement free higher education, explaining that the budget process was quite sensitive.

"Credit rating agencies watch closely at how your spending items work and how you deal with your expenditure," he said.

He added, however, that financial markets had reacted well.

"We have to focus on the fact that this decision is implemented in a way that the children of the poor and the children of the workers are catered for. It breaks the cycle of poverty."

Source: BDpro

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