**1. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON THE APPROPRIATION BILL [B5-2017] (NATIONAL ASSEMBLY – SECTION 77), DATED 7 JUNE 2017**

Having considered the Appropriation Bill [B5 – 2017], referred to in terms of Section 10(a) of the Money Bills Amendment Procedure and Related Matters, Act No. 9 of 2009, the Standing Committee on Appropriations reports as follows:

1. **Introduction**

Section 27(1) of the Public Finance Management Act No. 29 of 1999 (PFMA) requires that the Minister of Finance (the Minister) tables the annual budget for a financial year in the National Assembly before the start of that financial year or, in exceptional circumstances, on a date as soon as possible after the start of the financial year, as the Minister may determine. Section 213(2) of the Constitution of the Republic of South Africa, provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament. The Appropriation Act sets out to appropriate money from the National Revenue Fund for the requirements of the State and to prescribe conditions for the spending of funds withdrawn. Section 26 of the PFMA requires that Parliament and each provincial legislature appropriate money for each financial year for the requirement of the State and the province, respectively.

In executing this mandate, the Standing Committee on Appropriations, hereinafter referred to as the Committee, was established in terms of section 4(3) of the Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009, and herein referred to as the Act. In line with section 10(1)(a) of the Act and after the adoption of the Fiscal Framework, the Standing Committee on Appropriations has a responsibility to consider the Appropriation Bill, hereinafter referred to as the Bill, and report thereon to the National Assembly. The national budget for the 2017/18 financial year was tabled on 22 February 2017 by the Minister of Finance together with the Appropriation Bill (the Bill). The Bill was then referred to the Committee on 11 May 2017 and the Committee was briefed thereon by National Treasury on 16 May 2017.

In terms of Sub-sections 10 (5) and 10 (6) of the Act, Parliamentary Committees may advise the Appropriations Committee on the appropriated funding. No formal submissions were received from Committees in terms of Sub-sections 10 (5) and 10 (6) of the Act. In the process of dealing with the Appropriations Bill, section 9(7) (a) of the Act also requires the Committees on Appropriations of both Houses to consult with the Financial and Fiscal Commission (FFC). In addition to the FFC, the following stakeholders were also invited for comment:

* Parliamentary Budget Office;
* Human Science Research Council;
* Public Service Commission;
* Department of Human Settlements;
* Department of Rural Development and Land Reform; and
* Department of Social Development.

Section 10(8) (a) and (b) of the Act also requires the Committees on Appropriations to hold public hearings on the Appropriation Bill and proposed amendments and for the Committee on Appropriations to report to the House on the comments on and amendments to the Appropriation Bill.

To this end, the Committee sent out invitations to interested parties which have made submissions to the Committee before, published an advertisement in national and community newspapers from 22 to 29 April 2016 and also ran radio announcements from 16 to 19 May 2017 inviting general public inputs. In response to the Committee’s advertisements and invitations, 4 submissions were received from COSATU, Pietermaritzburg Agency for Social Action, Equal Education, and Khulumani Support Group.

The Committee held a public hearing on the Bill on 24 May 2017 in Khayelitsha. To prepare the public for engaging on the Bill, a Public Education Workshop was held on 22 May 2017 and facilitated by the Public Education unit supported by one member of the Committee, the Committee’s Content Advisor and a Committee Researcher. The Public Hearing was attended by approximately 600 members of the public including some of the stakeholders mentioned above who made oral presentations of their submissions. The Public Hearing focused on allocations for the following sectors with stakeholders and the public providing comments on each sector:

* Social Development;
* Safety, Justice & Policing;
* Education;
* Human Settlements;
* Health; and
* Water and Sanitation.
1. **Overview of the 2017 Appropriation Bill**

The 2017 Budget reflects the policy priorities contained in government’s Medium-Term Strategic Framework (MTSF). The medium-term strategic framework sets out National Development Plan (NDP) priorities from 2014 to 2019. In the 2017 Budget proposal, about two-thirds of consolidated spending is allocated to functional groups dedicated to realising constitutionally mandated social rights.

National departments’ objectives and spending items must be aligned with the objectives of the NDP, as set out in the 2014-2019 medium term strategic framework (MTSF). The MTSF is premised on 14 priority outcomes that are linked to the focus areas identified in the NDP’s Vision 2030. The attainment of these outcomes is necessary to unlock the constraints to South Africa’s growth and development. A list of the 14 priority outcomes set out in the MTSF alongside the respective coordinating department/s, is provided below:

|  |  |  |
| --- | --- | --- |
| **OutcomeNumber** | **Medium Term Strategic Framework** |  **Coordinating Department/s** |
| 1 | Quality basic education | Basic education |
| 2 | A long and healthy life for all South Africans | Health |
| 3 | All people in South Africa are and feel safe | Defence |
| 4 | Decent employment through inclusive growth | Trade and Industry |
| 5 | A skilled and capable workforce to support an inclusive growth path | Higher Education and Training |
| 6 | An efficient, competitive and responsive economic infrastructure network | Transport, and Public Enterprises |
| 7 | Comprehensive rural development and land reform | Rural development and land reform |
| 8 | Sustainable human settlements and improved quality of household life | Human Settlements |
| 9 | Responsive, accountable, effective and efficient developmental local government  | Cooperative Governance and Traditional Affairs |
| 10 | Protect and enhance our environmental assets and natural resources | Environmental Affairs |
| 11 | Create a better South Africa, a better Africa and a better world | International Relations and Cooperation, and Trade and Industry |
| 12 | An efficient, effective and development oriented public service | Public Service and Administration |
| 13 | An inclusive and responsive social protection system  | Social Development |
| 14 | National building and social cohesion | Arts and Culture |

*Source: Department of Performance, Monitoring and Evaluation*

The 2017 Budget marks the 20th year in which government has published a three-year budget and a division of revenue. As required by the Constitution, the budget plan must promote the efficient and effective use of resources, based on evidence and rational deliberation. The budget plays a central role in transformation by promoting redistribution and directing scarce resources towards catalytic investments in human and physical capital.

The 2017 budget proposal documents state that broad-based transformation requires improved education and skills development, deconcentration of monopolised industries, private-sector participation in sectors dominated by public enterprises to promote competition and reduce costs, city reform to expand urban infrastructure development, and regional integration.

The government states that it remains committed to a measured path of fiscal consolidation that contains the budget deficit and stabilises public debt. Budget proposals include reducing the expenditure ceiling by R10 billion in 2017/18 and R16 billion in 2018/19. This is to be achieved through reduced national department operating budgets; lower transfers to entities, provinces and local government; and reallocations. Furthermore, to strengthen oversight, there is work underway to ensure that all national public entities report on a quarterly basis. This is to improve transparency and provide early warning information of budget deviations.

There are significant reductions in transfers to public entities, particularly those with large accumulated reserves. The budget proposes large reductions in transfers to the South African Revenue Service, the Passenger Rail Agency of South Africa, the South African National Roads Agency Limited, the South African Social Security Agency, the National Housing Finance Corporation and the Water Trading Entity.

**Main Budget Appropriation**



*Source: National Treasury 2017*

In addition to baseline reductions, funds were sourced from within programme budgets and reallocated directly from lower-priority areas to those of greater priority within and across functions. The budget proposals state that compensation of employees budget limits introduced in the 2016 Appropriation Act will be carried over into the 2017 Appropriation Bill, with allocations for expenditure on compensation of employees being specifically and exclusively appropriated. Departments will be required to manage personnel establishments within these limits, and need to ensure that any decision to change headcount or employee earnings can be sustained over the 2017 MTEF period.

The Budget Review indicates that the headcount in the public service has stabilised at about 1.32 million staff and that while some national departments are struggling to maintain their personnel budget limits, preliminary indications are that most are on track to stay within compensation ceilings. Negotiations on a new public-sector wage agreement are due to begin during 2017. An agreement that takes account of fiscal constraints will reduce some of the pressure on staff headcount and enable government to direct a larger portion of expenditure to capital investment.

National Treasury through the Office of the Chief Procurement Officer (OCPO) issued revised cost-containment instructions on 1 November 2016. The instructions require that government departments, institutions and public entities develop annual cost-containment plans setting out the specific measures they will take to improve cost efficiencies. The measures include restricting catering for internal meetings, reducing the use of consultants, limiting the size of delegations travelling to international events, conferences or meetings, and recovering the costs of private phone use from employees.

The OCPO aims to save R25 billion over the medium term by renegotiating contracts with government’s top 100 suppliers, consolidating spending on common goods, using technology to reduce duplication and cutting red tape. Measures include the renegotiating transversal agreements and consolidating contracts in mobile and fixed-line communications. Centrally negotiated software license agreements are projected to save R2.5 billion over the 2017 MTEF. The OCPO will standardise dealings with travel management companies through uniform bid specifications, evaluation principles and a common remuneration model; and a travel policy framework should be in place by 1 April 2017.

Revised preferential procurement policy regulations take effect on 1 April 2017 and provide expanded opportunities for black firms to benefit from government procurement. It is envisaged that where large firms are awarded tenders of R30 million or more, 30 per cent of the contract value must go to small firms. South African suppliers will enjoy preference in respect of goods with significant local content and employment benefits.

The Budget Review document indicates that over the past five years unauthorised expenditure in departments and irregular, fruitless and wasteful expenditure in other public authorities have increased. In response, National Treasury has developed guidelines and will support departments and entities to improve treatment and disclosure of such expenditure. National Treasury will reinforce compliance management and oversight of accounting officers, as set out in the Public Finance Management Act.

The budget proposal documents indicate that the financial condition of state-owned companies and public entities represent a significant risk over the medium term. Operational inefficiencies, poor procurement practices, weak corporate governance and failures to abide by fiduciary obligations have plagued several companies that are now in serious financial difficulty. Reversing these trends requires a broader restructuring of state-owned companies to ensure they can deliver on their developmental mandates.

The 2017 Budget Review outlines the following risks facing the country’s public finances:

* There is heightened uncertainty regarding the path of revenue collection. Risks include general uncertainty about the rate of economic growth.
* Policy changes without adequate consideration of the budgetary consequences – such as those related to higher education – have required billions of rands to be shifted within tight resource limits, causing other critical programmes to face unanticipated budget cuts.
* Infrastructure projects that are poorly designed or not effectively delivered have resulted in high operating deficits, imposing rising fiscal pressure on implementing agencies. Approving projects without the necessary financial modelling can have far-reaching consequences.
* Financial imbalances are building up in the public sector, particularly in water, electricity and property taxes. There are substantial unsettled bills between national, provincial and local government.
* The public-sector wage bill has increasingly crowded out other areas of expenditure, limiting government’s ability to improve the composition of spending in favour of capital budgets.
* Debt-service costs, which amount to R162 billion in 2017/18, continue to be the fastest-growing element of the budget, diverting critical resources from frontline services. For every R1 collected in tax, 13c must be diverted to service debt.
* Financially distressed or mismanaged state companies have the potential to weaken fiscal sustainability.
* The budget proposals indicate that in the long term, South Africa will need to return to a path of rising per capita incomes for sufficient resources to be available to fund all the policy objectives set out in the NDP.
1. **Comments on the 2017 Appropriation Bill and Hearings with Identified Departments**
	1. **National Treasury**

National Treasury in its briefing outlined the legislative process relating to the passing of the Appropriation Bill and highlighted the provisions in the PFMA which include Section 29 that allows for expenditure before the Appropriation Bill is passed. The Bill provides for the appropriation of money from the National Revenue Fund with spending subject to provisions contained in the PFMA (as amended). National Treasury indicated that growth without transformation would only reinforce the inequitable patterns of wealth inherited from the past. Transformation without economic growth would be narrow and unsustainable. Broad-based transformation should promote growth, mobilise investment, create jobs and empower citizens.

In its submission, National Treasury indicated that while the budget is highly redistributive, stronger economic growth was required to sustain the fiscal position. Furthermore, key actions required for moving the country to a path of stronger and more inclusive growth include the following:

* Transforming patterns of asset ownership and production, promoting competition and de-concentrating product markets
* Mobilising private and public capital investment in tandem to help modernise and diversify the economy
* Providing workers and the poor with access to markets, and social and economic infrastructure
* Strengthening transparent government and the rule of law
* Investing in research and development, and innovation
* Improving the quality of education and training to meet the needs of a modern economy

National Treasury in its submission outlined budget allocations that support economic growth and development over the Medium Term Expenditure Framework (MTEF) as follows:

* R3.9 billion for small, medium and micro enterprises and cooperatives. The national informal business upliftment scheme aims to develop more than 5 000 informal businesses. The Black Business Supplier Development Programme will provide about 2 000 small, medium and micro enterprises with financial support to help them become competitive, sustainable, job-creating firms and cooperatives through financial and other support.
* R4.2 billion for industrial infrastructure in special economic zones and industrial parks with 32 strategic projects expected to be approved for special economic zones and industrial parks.
* R1.9 billion for broadband implementation with the Department of Telecommunications and Postal Services planning to connect 6 135 schools and public buildings to internet services at a speed of 10 megabits per second by 2020.
* R9.3 billion for the Council for Scientific and Industrial Research for health, energy, advanced manufacturing and mining research and development.
* An additional R494 million for tourism promotion. Tourism is an important contributor to inclusive growth and transformation, accounting for 4.5 per cent of total employment.
* R287 million to support the aquaculture sector and realise the goals of the Oceans Economy Phakisa Operation.
* Spending on agriculture, rural development and land reform amounts to nearly R30 billion by 2019/20. Programmes in this area aim to provide about 435 000 subsistence and smallholder farmers with equipment, fencing, fertilisers and seedlings, improved extension services and repairs to flood-damaged infrastructure. In addition, Department of Rural Development and Land Reform is to intensify the One Household One Hectare initiative to provide land to the landless and fast-track the establishment of agri-parks in district municipalities.

National Treasury submitted that public-sector infrastructure spending is estimated to total R947.2 billion over the MTEF. Economic infrastructure spending, mainly by state-owned companies, accounts for 77 per cent of total public-sector infrastructure spending.

National Treasury indicated that the following funding items represent the largest reprioritised funding additions to budget baselines, excluding additions for the compensation of employees, over the 2017 MTEF period:

|  |  |
| --- | --- |
| Basic Education | * R2.6 billion in 2017/18 for the *school infrastructure backlogs grant* to complete its projects
* R478 million (R72 million in 2017/18; R185 million in 2018/19 and R221 million in 2019/20) for the *learners with profound intellectual disabilities grant*
 |
| Transport  | * R3 billion (R1 billion in each year) to the Passenger Rail Agency of South Africa for operating mainline passenger services
 |
| Cooperative Governance and Traditional Affairs  | * R2.1 billion (R1 billion in 2018/19 and R1.1 billion in 2019/20) for the *local government equitable share* for basic municipal services
 |
| Health | * R1 billion in 2019/20 for the *comprehensive HIV, AIDS and tuberculosis grant* for antiretroviral therapy
* R650 million (R150 million in 2017/18; R200 million in 2018/19 and R300 million in 2019/20) for the *national tertiary services grant* for the Nelson Mandela Children's Hospital
 |
| National Treasury  | * R1.7 billion (R453 million in 2017/18, R525 million in 2018/19 and R676 million in 2019/20) for government’s contribution to medical aid schemes on behalf of retired civil servants
 |
| Trade and Industry  | * R1.4 billion in 2018/19 for the Economic Competitiveness and Support package
 |
| International Relations and Cooperation  | * R1.4 billion (R735 million in 2017/18 and R654 million in 2018/19) for Rand foreign exchange related budget pressures
 |
| Energy | * R1 billion in 2019/20 for the local government *integrated national electrification programme grant* for the provision of universal access to electricity by 2025
 |
| Defence and Military Veterans  | * R932 million (R201 million in 2017/18; R301 million in 2018/19 and R431 million in 2019/20) for medicine and medical supplies
 |
| Police  | * R731 million (R213 million in 2017/18; R243 million in 2018/19 and R275 million in 2019/20) for lease payments
 |
| Environmental Affairs  | * R685 million (R210 million in 2017/18; R230 million in 2018/19 and R245 million in 2019/20) for the Recycling and Economic Development Initiative of South Africa: Waste Management Bureau for tyre recycling initiatives
 |
| Home Affairs  | * R630 million in 2018/19 for the Electoral Commission for the 2019 national government elections
 |
| Human Settlements  | * R600 million (R200 million in each year) for the Social and Rental Housing Fund for the institutional subsidy shifted from provinces
 |
| Social Development  | * R591 million (R182 million in 2017/18, R197 million in 2018/19 and R213 million in 2019/20) for the *social worker employment grant*
 |

* 1. **Financial and Fiscal Commission**

The Financial and Fiscal Commission (FFC) in its submission gave an overview of the Bill as well as an assessment of the baseline changes which showed that there was a 0.5 per cent increase thus signalling a recovery from the previous year wherein stringent expenditure ceilings were implemented. The FFC further provided an assessment of the 2016/17 expenditure outcomes and submitted that it was pleased with the overall expenditure but that departments needed to concentrate more on demonstrating effectiveness and efficiency in the use of state resources.

In terms of individual departments, the FFC submitted that it supported the operational and capital funding for the new Sol Plaatjie and Mpumalanga Universities but expressed concern about the adequacy of funding for the Technical Vocational Education and Training (TVET) sector as well as Community Education and Training (CET) colleges. With regard to the Department of Transport, the FFC noted the numerous governance failures by especially the Passenger Rail Agency of South Africa and suggested that the transferring department lacked adequate monitoring systems to hold the entity to account. It further suggested that National Treasury and the Department of Transport undertake a due diligence study to assess if PRASA received adequate funding from the fiscus as it is claiming that the Shosholoza Meyl was an unfunded mandate.

With regard to inclusive growth and economic transformation, the FFC noted the changes that have been made in the 2017 national budget to enhance economic transformation as well as the lowering of barriers to entry. The FFC submitted that the initiatives related to the afore-mentioned areas were a good starting point to transform the economy and to enhance inclusive growth, however, it was of the view that economic transformation will only be successful if benefits of empowerment were shared by all citizens. Thus, the structures of production and patterns of asset ownership needed to be transformed.

The FFC also commented on the progress in achieving the MTSF goals through the Bill through assessing the five overarching priorities of government which are promoting economic growth, job creation, education, health, and an improved public service. It submitted that the promotion of economic growth should include the following:

* Structural reforms aimed at education, health, post-secondary sectors as well as improvement of governance, particularly in SOEs;
* Lowering of policy uncertainty and an improvement in investor confidence such as clarification of the regulatory environment in the mining sector;
* The reduction of business costs such as port tariffs and the spectrum allocated for broadband;
* Liberalising trade to promote regional integration and galvanise the Small and Medium Enterprises (SMEs) sector; and
* A reduction in transportation and telecommunication costs which could enhance employment.

The FFC was of the view that addressing long-term unemployment will entail the following:

* Accelerated implementation of programmes such as the Employment Tax Incentive Act to provide the required on-the-job training and work experience to young people;
* Reorienting South Africa’s investment tax incentives to favour agricultural, manufacturing, trade, construction and other services could enhance job creation;
* Social bargaining aimed at agreeing on wage restraints in exchange for job retention and hiring commitments should be initiated and implemented; and
* Elimination of a distinction between fixed-term and open-ended jobs, along with gradual, continuous increases of rights and benefits that accrue with tenure to enable young people to get that important first job that gives them a foothold in the economy.

With regard to an improved public service, the FFC submitted that it viewed onsite service delivery visits as a critical oversight initiative that should become a standard monitoring practice in all spheres of government. The FFC further noted the establishment of a Recruitment Committee that will report on the turnaround time on filling vacant posts as a measure to avoid unintended consequences of cost containment measures on filling critical posts within the public sector. It further urged the said Committee to examine the government failures in national departments that resulted partly due to delays in filling critical vacant posts. In terms of infrastructure investment, the FFC emphasised that while investment in new infrastructure was critical, management of existing infrastructure was equally important.

The FFC also submitted that it continued to be concerned about the efficiency gaps characterising public sector procurement, expenditure, and service delivery across all spheres of government often resulting in high incidences of wasteful, irregular and unauthorised expenditure. It submitted that the bedrock to stimulating government cost efficiencies involved developing and instilling a culture that was intolerant of waste among all workers and developing a culture of innovation and provision of incentives or sanctions across the three spheres of government. The FFC identified procurement, the public sector wage bill, and efficiencies in municipal spaces as the areas to improve overall public sector efficiency.

* 1. **Parliamentary Budget Office**

The Parliamentary Budget Office conducted an analysis of the Appropriation Bill by highlighting priority expenditure areas, possible expenditure pressures as well as areas to consider for efficiency gains through an analysis of the correlation between Administration Costs and Transfers for some departments.

The PBO highlighted the trade-off between programme allocations within departments. There was a correlation between transfers and administration costs with higher administration costs correlating with lower transfers as a percentage of total vote allocations. For example, the Department of Small Business Development had higher administration costs because there were fixed costs involved in terms of their administration programme, whilst for the Department of Women, administration as a percentage of total vote allocation without transfers was 64.9 percent. The PBO submitted that this was an area for realising possible efficiencies.

* 1. **Human Sciences Research Council**

The Human Sciences Research Council (HSRC) in its submission stated that the role of education and skills are essential to transformation and inclusive development. It further gave an assessment of the change in mathematics and science performance through the participation in the Trends in International Mathematics and Science Study (TIMMS) from 2003 to 2015. It further commented on the Post-School Education and Training as well as higher education with regard to enrolments and graduations as well as tracking where graduates worked and the types of jobs they perform between the period 2010 to 2014.

With regard to the health sector, the HSRC advocated for the deepening and expanding of preparatory work for the implementation of the National Health Insurance (NHI) to include the following:

* Creation of the NHI fund at national level;
* Testing the contracting in and out models at primary health care level;
* Providing hospital management greater decision making powers as part of preparations of them operating as business units under the NHI;
* Significant investments in capacity building activities to enhance the pool of health worker with the appropriate skills and competencies required by the NHI;
* Expanding beyond the ten pilot districts; and
* Training of health care physicians in Cuba.

The HSRC submitted that there was a need for more investment in maternal and child health to reduce maternal and child mortality, non-communicable diseases and health systems and implementation research. Furthermore, it suggested that on health systems strengthening interventions to enhance human resources for health, service delivery platforms, health technology assessments, and governance and stewardship of the health system in both the private and public sector. The HSRC further commented on the prevalence of HIV/AIDS and Tuberculosis in South Africa and suggested that funding be increased to the Departments of Health, Social Development, Higher Education and Training, and Science and Technology as donor funding in that regard would be reduced over the next few years.

With regard to the economy and inclusive growth, the HSRC submitted that a more dynamic approach to poverty alleviation was required through employment, enterprise, skills and capabilities as well as assets and not just welfare. With regard to the question of whether land reform was unlocking rural socio-economic transformation in South Africa, the HSRC submitted that it did not in its current form due to a number of systemic challenges. To this end, it suggested that land reform needed to be accompanied by a full package of capacity building, institutional and financial support systems and services that will enable meaningful agrarian change. This will become a catalyst for broad-based socio-economic transformation in South Africa’s rural areas.

The HSRC further commented on the effectiveness of State-Owned Entities in South Africa and cited a number of key findings which have been made by the Presidential Review Committee on State-Owned Entities and HSRCs study during 2012 to 2015. Of concern was the fact that there was no consensus on the number of SOEs in existence and the lack of a clear legislative framework within which these institutions operate. The HSRC suggested that regular reviews of SOEs were needed as well as an improved monitoring and evaluation mechanism in order to track the implementation of the 31 recommendations that were made by the Presidential Review Committee.

* 1. **Public Service Commission**

The Public Service Commission (PSC) highlighted that there is a need to find a balance between building a capable state and cost cutting measures in order to facilitate effective and efficient service delivery and performance. PSC indicated that the foundation for this is sound strategic and human resource plans clearly linked to MTEF and Departmental Budget Votes. PSC highlighted that such plans should be costed for implementation through costing models that take into both human and financial resources. PSC proposed that Government should re-assess the number of departments to eliminate duplication of functions and the top heavy structures of services delivery departments. PSC emphasised the need for proper management of public funds which requires proper accountability frameworks (aligning responsibility, authority and accountability) as well as the detection of unauthorised, irregular, fruitless and wasteful expenditure and applying of disciplinary actions against negligent officials.

In terms of effectiveness, efficiency and value for money, the Public Service Commission (PSC) provided an analysis of planned outputs achieved by national departments for the 2013/14, 2014/15 and 2015/16 financial years. Based on this analysis the PSC highlighted that the percentage of national departments which achieved more than 80 per cent of their planned targets declined from 37.8 per cent in 2014/15 to 28.9 per cent in 2015/16. Of concern were the following departments which achieved less than 50 per cent of their planned targets whilst spending more than 80 per cent of their allocated budget: Department of Energy, Department of Women, Children and People with Disabilities, and the Department of Water and Sanitation. PSC emphasised that the improvement of achieving planned targets can be realised through proper target setting, redesigning of delivery models and processes and by improvement of performance management both at organisation and individual staff level. They re-iterated their recommendation for a comprehensive review of performance management and accountability frameworks.

PSC reported that compliance with the filing of performance agreements for Directors-General and Heads of Departments was 70 per cent during 2016/17. PSC indicated that there has been a dramatic increase in the number of invoices paid later than 30 days in the departments of Defence, Public Works and Military Veterans. There was also a significant increase in the number of invoices older than 30 days which have not been paid in the Departments of Public Works and Agriculture, Forestry and Fisheries. PSC highlighted that there has been a decline in the cost of consultants by departments in financial reporting services, preparation of performance information, IT services, and other services. However PSC was of the view that there was no skills transferred by consultants based on the AG concerns regarding poor financial reporting and management and preparation of performance information in departments. The following departments reflected significant increases in the use of consultants: Planning, Monitoring and Evaluation, Public Service Administration, Statistics South Africa, Telecommunications and Postal Services, Trade and Industry, and Water and Sanitation. Although the number of consultants used in the Department of Environmental Affairs declined the costs of consultants increased significantly from R360.39 million in 2014/15 to R1.88 billion in 2015/16.

In terms of governance, the 2015/16 audit outcomes show a slight improvement in the audit results of national and provincial departments. There were however areas of concern where the Civil Secretariat for the Police Service, International Relations and Cooperation and Military Veterans obtained qualified audit outcomes with findings. The audit for the Departments of Cooperative Governance, Environmental Affairs, Home Affairs and Transport were not finalised at legislated date due to non-submission or late submission of annual financial statements and annual report by some of the departments as well as disagreements on accounting matters to the extent of taking the AG to court. PSC reported that the audit opinion on financial statements showed no improvement which raises concerns about in-year reporting and management of finances. There was also an increase in irregular expenditure mainly due to non-compliance with supply chain management legislation. PSC highlighted that there are signs of poor financial management evidenced by departments funding cash flow shortfalls from the next year’s budget, poor revenue management and the inability to pay creditors within 30 days.

There was a decline in the number of cases of financial misconduct finalised by national departments from 563 cases in 2014/15 to 238 in 2015/16. There are however improvements in the recovery of amounts involved in financial misconduct cases. The Departments where amounts not recovered were in excess of R1 million are Labour and Defence. Although the number of employees on suspension decreased between 2014/15 and 2015/16 there was an increase in the average number of days that employees are on suspension. The PSC emphasised the negative effects of suspensions on the wage bill since employees are paid whilst on suspension and acting allowances may be also be incurred in relation to this. In this regard, the cost of suspensions increased significantly from R31 million in 2014/15 to
R54 million in 2015/16. The Department of Police’s suspension numbers remain high.

In terms of effective and efficient performance within the public service, PSC reported that the vacancy rate in the public service as at December 2016 was 11.22 per cent which is above the 10 per cent norm. Departments with a concerning vacancy rate that is above 20 per cent were: Human Settlements, Sport and Recreation SA, Water and Sanitation, Transport, and Communications. Another key area that affects performance is the provision of reasonable functional accommodation that facilitates service delivery by the Department of Public Works. PSC reported that departments have raised the maintenance of buildings and management of lease contracts as persistent problems which thus questions DPW’s capacity to deliver on their key function.

PSC in its assessment of government programmes wherein possible savings and major efficiencies can be achieved alluded to the establishment of the Border Management Agency which is to have the authority for the operation of all ports of entry and the functions of the different departments as the ports of entry. The BMA will commence in 2018 with Public Private Partnerships at 6 ports of entry. PSC was of the view that the following questions have to be addressed in order for the establishment of the BMA to be cost effective and efficient:

* Anticipated cost of the PPP model for all 72 ports of entry if the same standard is applied. Will it be sustainable?
* Alternative models to be utilised should the pilot PPs at the 6 ports of entry prove too expensive to replicate?
* Has financial modelling been done for all 72 ports of entry and what trade-offs have been made?
* Do the benefits of PPPs outweigh the cost?
* Alternative models that were considered?

PSC was of the view that if the above questions are not addressed many of the problems of the current border posts might be transferred to the new agency.

* 1. **Department of Human Settlements**

The Department of Human Settlements (Budget Vote 38) has been allocated a total budget of
R33.46 billion for the 2017/18 financial year. The budget vote comprises of four programmes, i.e. Administration (R457.67 million), Human Settlements Policy, Strategy and Planning (R93.57 million), Human Settlements Delivery Support (R217.30 million), and Housing Development Finance (R32.70 billion). Department’s budget allocation was reduced by R3.54 billion over the 2017 MTEF from its baseline or indicative allocation of the previous year.

The Department also gave an overview of the progress it has made in terms of the implementation of the 2014-2019 MTSF as at 31 March 2017 which is depicted in the below table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **MTSF Target 2019** | **2014/15** | **2015/16** | **2016/17** | **Total as at 31 March 2017** |
| 745 000 additional households living in adequate housing through the subsidy and affordable housing segments | 120 327 | 112 256 | 95 205 | **331 108** |
| 750 000 households in informal settlements upgraded to Phase 2 of the Informal Settlements Upgrading Programme (annual target: 150 000) | HSDG: 49 420USDG: 53 496 |  HSDG: 52 411USDG: 30 406 | HSDG: 55 579USDG: 19 658 | **HSDG: 157 410****USDG: 103 560** |
| 563 000 individual units for subsidy housing submarket provided (annual target: 112 600) | 95 210 | 100 339 | 91 078 | **286 627** |
| Number of affordable rental housing opportunities provided | Social: 20153CRU: 2017Private: 4704 | Social: 3054CRU: 1594Private: 6032 | Social: 3058CRU: 1647Private: 5841 | **Social: 8165****CRU:5258****Private:16 577** |
| 563 000 title deeds issued to new homeowners in the subsidy submarket and backlog eradicated | New: 30 013Backlog: 61 545 | New: 14 266Backlog: 60 944 | New: 17 396Backlog: 64 686 | **New: 69 675****Backlog: 187 175** |

*Source: Department of Human Settlements (2017)*

The Department further reported that the following required statutory prescripts have been complied with:

* Implementation of the improvement plan for the Management Performance Assessment Tool (MPAT);
* A functional Internal Audit Unit and Audit Committee;
* Annual Financial Statements are timeously submitted;
* Regular reporting to National Treasury in terms of the 30 days payment of invoices from service providers with regard to section 44 of the PFMA;
* Submission of the Estimates of National Expenditure database and chapter in terms of sections 26 and 27 of the PFMA;
* Implementation of the approved Human Resources Plan which includes the commencement of the process of filling vacant positions; and
* Approved procurement plan allowing it to efficiently manage the budget in line with the Annual Performance Plan.
	1. **Department of Rural Development and Land Reform**

The Department of Rural Development and Land Reform (Budget Vote 39) has been allocated a total budget of R10.18 billion for the 2017/18 financial year. The budget vote comprises of five programmes, i.e. Administration (R1.72 billion), National Geomatics Management Services (R672.12 million), Rural Development (R1.91 billion), Restitution (R3.25 billion), and Land Reform (R2.63 billion).

In terms of the alignment of the 2017/18 budget with the Department’s policy priorities, the Department has allocated as follows:

* R1.11 billion for *Rural Infrastructure Development & SOYD: Agrihub, Animal and Veld Management Programme, Farmer Production Support Unit, River Valley Catalytic Programme, Socio-economic infrastructure, Skills development, Revitalisation of rural towns, One Integrated Community Development Centre, National Rural Youth Service Corps;*
* R432.9 million for Agri-industries, job opportunities, agricultural& non-agricultural enterprises, Livelihoods and Skills Development;
* R2, 61 billion for land claims;
* R415.4 million for *One Household-One Hectare, One Household 2 Dairy Cows* recapitalisation commitment; and
* R1.42 billion for *Agricultural Land Holding Account* (land acquisition); One Household-One Hectare and recapitalisation.

In order to prepare for the implementation of the budget and ensure attainment of its targets the Department has put the following measures in place:

* Timeous procurement and costing: by reliably determining demand or procurement plans and developing appropriate sourcing strategies, and linking demand or procurement plans to projects registers and budgets;
* Development of a breakdown of monthly anticipated expenditure;
* Regular tracking, controlling and reporting on expenditure versus performance to ensure that scarce resources are used efficiently and effectively to ensure delivery of services; and
* Continuation with enforcement of cost cutting measures.

The Department provided its statistics for compliance with the 30-day payment period highlighting less non-compliance since 2013/14. The Department cited challenges with invoice discrepancies, tax clearance certificates that expired and ex-post facto invoices as the reasons for the non-compliance. The Department reported on the action taken to rectify the non-compliance which includes requests for revised and valid invoices, use of the Central Supplier Database, and sending of reminders to service providers and departmental officials. The Department has also established a Finance Control Committee (FCC) to ensure effective and efficient execution of Irregular, Wasteful and Fruitless Expenditure and Financial misconduct policies. It was reported that consequence management is applied by the FCC. The Department also reported on its corporate governance performance referring to improvement in the MPAT scores during 2016, the functioning of internal audit and the audit committee.

The Department reported on its progress for its 2014-2019 MTSF targets and indicated the following:

* 40% progress towards the target of 2 million hectare of land for increasing ownership of productive land by previously disadvantaged individuals;
* 38% progress towards the target to allocate 1 million hectare of land to smallholder producers;
* 11% progress towards the target to allocate 200 000 hectare of land to farm dwellers and labour tenants;
* 57% towards the target of providing support to 1741 farms under recapitalisation;
* Support of SMMEs: 886 supported out of target of 592 for the period 2014/15 to 2016/17;
* Claims settled: 1857 settlements out of target of 1457 for the period 2014/15 to 2016/17;
* Claims finalised: 1604 out of target of 1066 for the period 2014/15 to 2016/17;
* Skills development opportunities provided in rural development initiatives: 32909 out of target of 28900 for the period 2014/15 to 2016/17; and
* Reduction of unemployment rate in rural areas: 23739 jobs created out of target of 21678 for the period 2014/15 to 2016/17.
	1. **Department of Social Development**

The Department of Social Development (Budget Vote 17) has been allocated a total budget of
R160.71 billion for the 2017/18 financial year. The budget vote comprises of five programmes, i.e. Administration (R350. 79 million), Social Assistance (R151.58 billion), Social Security Policy and Administration (R7.33 billion), Welfare Services Policy Development and Implementation Support
(R1.06 billion); and Social Policy and Integrated Service Delivery (R388.9 million).

The Department’s strategic priorities over the medium term are as follows:

* Reforming the social welfare sector and services to deliver better results;
* Improve the provision of Early Childhood Development (Facilitating access to nutrition, health care, education, social care and safety);
* Deepening social assistance and extending the scope for social security;
* Strengthening Integrated community development interventions and improving households food and nutrition;
* Establish social protection systems to strengthen coordination, integration, planning, monitoring and evaluation of services.

In terms of readiness to implement the 2017/18 budget the Department reported on its progress with the implementation of its Human Resources priorities which amongst other things includes the reduction of the vacancy rate, the development and implementation of a Sector Human Resource Plan for 2018 to 2022, implementation of a Workplace Skills Plan, manage performance, and provide labour relations support. The Department also develops and aligns its procurement activities to the Strategic Plan through the submission, coordination and analysis of the procurement plans by the different business units. The procurement plans contain all planned procurement for goods and services in excess of R500 000 for the financial year. The Department also reported on its audit outcomes, and the functioning of its governance structures such as risk management, internal audit, audit committee, and monitoring and evaluation.

The Department reported on its progress for its 2014-2019 MTSF targets as follows:

* *Strengthening social welfare delivery through legislative, policy reforms and capacity building*: The Department has developed the revised White Paper for Social Welfare and the partnership model between State and civil society (includes a draft demand and supply model for social service practitioners). The Department awarded 1004 social work scholarships to youth and also absorbed 153 social work graduates through PACT funding and 64 social work graduates through the Health and Welfare SETA allocation.
* *Improved provision of Early Childhood Development (ECD) Services for children aged 0-4:* The Comprehensive ECD policy has been aligned to ECD Integrated Implementation Plan and the revised ECD infrastructure plan has been completed. Thirty existing ECD centres in the Eastern Cape were upgraded, ten ECD centres have been completed and 11 ECD centres are in advanced stages of construction. 816 052 children between ages 0-4 have access to registered ECD programmes, 586 105 children access subsidised ECD services exceeding the target of 398 569, however the number of children with disabilities accessing ECD services is low with only 1760 reported.
* *Strengthening Community Development Interventions:* 1931 communities and 64 879 households were profiled and 393 Community Based Plans were developed. 795 Cooperatives were linked to economic opportunities, 982 NPOs were trained on governance and compliance, and 1062 NPOs were trained on Civil Society Organisations management. 175927 vulnerable individuals accessed food through CNDCs, and 100705 vulnerable households accessed food through the Social Relief of Distress Programme.
* *Deepening Social Assistance and expanding access to Social Security:* more than 3.3 million eligible older persons are accessing the Older Persons Grant, 12 million eligible children are accessing the Child Support Grant, 176 war veterans are benefitting from social grants, more than million are accessing the Disability Grant, 144952 children are accessing the Care Dependency Grant, 440295 children are accessing the Foster Care Grant, and 164349 adult beneficiaries in need of regular care and support are accessing grant in aid. The Social Assistance Amendment Bill has been tabled in cabinet and the second draft Regulations on retirement tax options have been gazetted for comment.
* *Optimal systems to strengthen coordination, integration, planning, monitoring and evaluation of social protection services*: A result based M&E framework with indicators at all levels were developed and signed off by provincial HODs. The integration of systems to improve reporting has been completed as well as the upgrading of the National Integrated Social Information Systems.
1. **Inputs from the Public in response to the advertisement calling for submissions**
	1. **Congress of South African Trade Unions (COSATU)**

COSATU welcomed Government’s progressive commitments highlighted in the 2017 budget, namely, the allocation of increased funds towards the establishment of the NHI; the provision of funding for the working and middle class university and college students; allocations towards the improvement of school and health infrastructure; and inflation linked increases in social grants. However, they were concerned that the budget does not reflect a coherent, integrated and targeted plan for job protection and creation. COSATU appreciated Government’s efforts to stimulate economic growth and expand infrastructure and agreed with the need for a balanced and sustained approach to expenditure and debt levels.

COSATU was concerned about the negative impact of Government’s cost containment on critical public service vacancies and they viewed it as an austerity approach. They proposed a consolidation of departments, municipalities, agencies and State Owned Enterprises (SOEs) in order to reduce duplication, fragmentation and a lack of clarity around responsibilities. They were also of the view that consolidation would assist to reduce the wage bill without the freezing of posts. COSATU also proposed for political parties to reduce public representatives in particular cabinets and executive councils at the next elections. COSATU called for Government to actively engage with unions at the public service bargaining council in order to jointly arrive at solutions for reducing costs without cutting the needed public service vacancies particularly in the departments of health, education and police. COSATU also expressed concerns about trends of untimely payment of teachers in the Eastern Cape, Northern Cape, Mpumalanga, and Limpopo as well as municipal workers in several municipalities in Limpopo.

COSATU expressed concerns about municipalities which are still procuring services through manual quotes and not through Government’s transversal procurement system. COSATU called for more commitment from Government to reduce real wasteful expenditure and corruption. They were of the view that more wasteful expenditure can be cut from departments and municipalities’ catering, travel and advertising budget lines. The following proposals were made for cutting Government expenditure:

* Chief Procurement Officer to investigate and set specifications for construction costs of departmental, municipal and embassy buildings;
* Chief Procurement Officer to deploy officials to all departments, municipalities and SOEs to oversee their supply chain processes;
* All municipality and SOE procurement to be brought in line with government’s transversal procurement system and adhere to its requirements;
* Catering budget to solely cater for events involving the public and not for normal workings of departments;
* Advertisements to not include photos of Ministers, MECs and Mayors;
* Business class to end for all regardless of status and length of travel;
* Reduction of travel allowances;
* Ending of other perks of office e.g. daily bouquets of flowers for office bearers;
* Government garage to take over the decision and allocation of vehicles for office bearers. Government garage to develop specifications for such cars and determine prices at which they can be purchased and such cars to be manufactured locally;
* Hold national, provincial and local elections on the same date;
* Review of the role of district versus local municipalities;
* Government to provide a clear plan to salvage SOEs and place them on a sound governance, economic and financial footing;
* SOE management posts to be placed on fixed levels set by government; and
* All procurement by the state to be required to be solely for locally made products unless such products cannot be made locally.

COSATU also provided comments on allocations for different clusters/sectors as follows:

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| --- | --- |
| **Cluster/ Sector** | **COSATU Comment**  |
| Economic cluster | * COSATU was disappointed about the proposal to decrease funding for the Jobs Fund.
* COSATU was of the view that an allocation of R9 billion to the Department of Trade and Industry is insufficient if government wants to re-industrialise the economy, boost manufacturing and exports and create jobs. They also hoped to see more resources allocated to support growth of the job creating tourism sector.
* COSATU was of the view that Government’s job creation plans are fragmented and incoherent and proposed a consolidation of the Departments of Trade and Industry, Economic Development, Science and Technology, and Small Business Development to form one capacitated department charged with industrialising the economy.
* COSATU viewed Government’s policies as incoherent and referred to the policy of boosting agriculture and jobs versus the sugar tax which is estimated to result in a loss of 5000 jobs.
 |
| Financial Sector | * COSATU welcomed Parliament’s public hearings on the need to transform the financial sector as well as the Twin Peaks Bill. They were of the view that Government needs to push the sector harder to transform.
 |
| Social Security | * COSATU was of the view that the issuing of an illegal tender to CPS to pay social grants has clearly shown why key government functions should not be outsources. They were of the view that the South African Social Services Agency needs to be re-integrated into the Department of Social Development.
* They were also of the view that the payment of social grants should be allocated to the Post Bank and that National Treasury should be tasked with ensuring that the Post Bank is sufficiently resourced and capacitated to undertake this function.
 |
| Health | * COSATU hoped to see progress with the implementation of the National Health Insurance this year and welcomed the proposed shift of additional funding towards the establishment of NHI.
* COSATU was concerned about the impact of freezing critical public service posts and the effect this has on public health care. They highlighted that nurses and doctors work 36-48 hour shifts and hospitals and clinics lack basic medicines, equipment and security. They called for progressive commitments towards the adequate resourcing of public health care.
 |
| Education | * COSATU applauded Government for additional resources to help working and middle class university and college students. They called for speed in the finalisation of the work of the fees commission.
* COSATU welcomed increased allocations to address school infrastructure backlog although were disappointed that there was no time frame indication for full eradication of mud schools and ensuring that all schools have decent sanitation, textbooks, staff, resources and security.
 |
| Energy | * COSATU welcomed the commitment to expand renewable energy.
* They were of the view that ESKOM should not be allowed above inflation price increases as this puts strain on working and middle class families.
* They were of the view that Government cannot afford to expand nuclear energy with a cost of R1.5 to R3 trillion.
* COSATU called for government to legislate public and private buildings to install locally made solar panels, rain and grey water harvesting within 5 years as a plan to place South Africa on a sound energy and water basis. They were of the view that this would stimulate local renewable energy industry, create jobs, save money, and assist Government to meet climate change targets.
 |
| Mineral Resources | * COSATU welcomed Government’s targets to reduce mining deaths and accidents but bemoaned the silence of Government on the shedding of mining jobs. They called for Government to intervene through retraining and job placements programmes.
* COSATU also welcomed the efforts to support platinum beneficiation and hoped to see more similar efforts across the sector.
 |
| Agriculture | * COSATU welcomed drought relief efforts and the support of emerging farmers although were of the view that more could be done.
* COSATU was concerned at the failure of Government in addressing land restitution cases. They were also of the view that Government should free underutilised state owned land to advance land reform.
* COSATU called for Government to highlight plans for prevention of job losses with the planned tax on sugar sweetened beverages.
* COSATU called for Government to work with the agricultural sector on the support it needs to be sustainable, expand and create jobs. They also called for additional resources to expand aquaculture.
 |
| Human Settlements, Water and Sanitation | * COSATU was of the view that a lack of comprehensive desalination programme by Government in the midst of water scarcity might lead to a national crisis similar to electricity challenges. They called for Government to establish a water war room with key stakeholders to develop a national conservation and desalination programme.
* COSATU called for water tariffs to be set nationally in order to prevent municipalities from setting above inflation tariff hikes.
* COSATU called for Government to ensure that all informal settlements and villages have access to decent basic services.
* COSATU appreciated the good work government has done to provide homes to South Africans however were of the view that the proposed shift to rental housing stock will be a mistake as families need to own and not rent in case they are rendered homeless in the event of a breadwinner losing a job.
 |
| State Owned Enterprises | * COSATU was of the view that the budget is silent on how government will put SOEs on a sound governance, economic and financial footing.
* COSATU was concerned about Government’s tolerance of retrenchments and outsourcing by SOEs e.g. Post Office.
* COSATU proposed that SOEs management should be placed on fixed salary levels similar to public service.
 |
| Transport | * COSATU welcomed the boost to rail infrastructure however remained concerned at the lack of a clear plan for ensuring safe, affordable and accessible public transport for working class communities.
 |
| Environmental Affairs | * COSATU called for a clear plan from Government to ensure that South Africa meets its climate change targets.
 |
| Police | * COSATU was of the view that the projected decreasing in SAPS levels over the MTEF is concerning and does not make sense given increasing levels of violent crime.
 |
| Expanded Public and Community Works Programmes | * COSATU welcomed the creation of relief from long term unemployment through the EPWP and CWP, however were concerned that these programmes are abused as sources of cheap labour for performing permanent government functions by cash strapped municipalities and departments.
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**4.2 Pietermaritzburg Agency for Social Action**

The Pietermaritzburg Agency for Community Social Action (PACSA) in its submission focused on the social security system of South Africa and gave a background to the economic and unemployment challenges. PACSA was of the view that these combined challenges led to black South African households being under severe financial pressure and as such suggested that the Social Security System needed to be reconfigured. The following proposals were made for the 2017 Appropriation Bill:

* Double the old age grant to R3200.00;
* Increase the child support grant to R1000.00;
* Provide a 13th cheque for old age grant pensioners and caregivers receiving child support grants in December; and
* Introduce a ‘pregnancy’ grant to cover the first 1000 days of a child’s life.

**4.3 Equal Education**

Equal Education’s submission on the 2017 Appropriation Bill focused on School Infrastructure in particular, the utilisation of allocations by provincial departments and merger of the Accelerated Schools Infrastructure Delivery Initiative (ASIDI) with the Education Infrastructure Grant (EIG) in line with Norms and Standards for school infrastructure. Furthermore, the stakeholder commented on Scholar Transport and emphasised the need for improved co-ordination of scholar transport function between the Departments of Basic Education and Transport and the establishment of a conditional grant for scholar transport. Equal Education made a similar submission on the 2017 Division of Revenue Bill.

Equal Education recommended that the Committee and National Treasury continue in a proactive spirit through the following:

* Continue to engage civil society organisations and communities on National Treasury’s role in ensuring that allocations are adequately spent at provincial level;
* Set out measures and steps of accountability on how civil society can hold provincial departments to account when they have not utilised their allocations accordingly;
* Ensure that the impending merger of ASIDI with the EIG and its subsequent combined allocations are in line with the Norms and Standards for School Infrastructure; and
* Play an active role in ensuring that the National Inter-Departmental Committee assumes its role in co-ordinating the Departments of Education and Transport, in order to realise the establishment of a conditional grant by National Treasury for scholar transport.

**4.4 Khulumani Support Group**

The Khulumani Support Group (KSG) submission focused on proposals for reparations for victims of apartheid gross human violations. The proposal centred on the UN framework for reparations to victims of gross human rights violations. The KSG was of the view that there are gaps in the South African response to the needs of apartheid victims of gross human rights violations. The gaps highlighted relate to rehabilitation, restitution and compensation and are also linked with recommendations of the Truth and Reconciliation Commission (TRC) which in the KSG’s view were not adequately and satisfactorily implemented.

The KSG proposed a financial grant that would empower victims to address areas in which they need assistance i.e. medical, psychosocial, educational, housing and other needs such as exhumations, burials and legal fees. KSG argued that a financial grant would be more beneficial than other compensation methods such as service packages. The benefits highlighted relate to cost and efficiency in the administration and implementation and the impact on the victims of such a grant.

The KSG was of the view that the R30 000 pay-out received by some victims was below the amount recommended by the TRC and therefore proposed a total grant of R120 000 per victim. The KSG estimated a total of R9 billion for the financial grant and indicated that this would reach 80 000 victims including those who received the R30 000 TRC pay-out. This would also cover administrative costs for verification of beneficiaries and the research to track the impact of the grant. The grant would be paid over 5 years and would equal to R2000 per month which is largely in line with current minimum wages for basic workers. The KSG proposed that the grant would be funded from a special dispensation from National Treasury.

The KSG also proposed the utilisation of the President’s Fund for the following:

1. *Apartheid Living Museum in Grahamstown*: KSG proposed an allocation of R40 million for the museum which would cover building procurement, set up costs and 5 year running costs.
2. *Provision of psychosocial services to victims*: KSG proposed a lump sum allocation of R31 million which would be invested to generate interest to fund the ongoing costs of running narrative workshops over a 5 year period. The costs are approximately R2 million per year. The narrative workshops are aimed at psychological healing and skills development and would cater for 450 people per year.
3. *Investing funds to offer micro-financing services to victims*: The KSG was of the view that this would financially empower victims to address their most pressing needs however the costs of this micro-financing facility have not yet been determined.
4. *Investing funds in support of KSG activities which provide services to victims that cover all areas of required reparations to victims (i.e. advocacy, psychosocial support, economic support):* KSG proposed a lump sum allocation of R45 million to be invested to generate interest for funding the ongoing running costs of KSG which are approximately R2.9 million per year for a period of 5 years.

**4.5 Summary of inputs by public at the Public Hearing in Khayelitsha**

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| **Sector** | **Comments by Public** |
| **Social Development** | * Proposal for an increase of the old age pension grant to R2500 per month given that pensioners are largely the breadwinners for their households due to high unemployment.
* Proposals for a comprehensive review of social services earmarked for the elderly so as to cater for their particular needs
* Concerns about deductions from social grants and reference was made to the old age pension grant and the foster care grant.
* Proposal for social development to not only entail social grants but there should be policy and allocations for supporting social entrepreneurs who can assist with job creation.
* Numerous comments supporting the Khulumani Support Group’s call for compensation of the victims of gross human rights violation during apartheid. There were also concerns about the lack of responsiveness to this issue by Government although numerous marches have been held in this regard as well as engagements with the Department of Justice.
* Call for revival of the stipend of R840 pm for sufferers of TB or other occupational diseases related to mining while waiting for pay-outs from the Compensation Fund. (Reference was made to an agreement which was signed by the Former President Thabo Mbeki whereby the stipend was paid for 3 months and then stopped.)
* Proposal for better support of NGOs in terms of additional resourcing.
* Call for provision of infrastructure for early childhood development centres.
* Call for the provision of support programmes for disabled especially in how the disabled are treated at various government facilities. To enhance awareness programmes on the treatment of disabled persons.
* Proposal for additional funding social assistance programmes to be sourced through wealth taxes and increases in corporate taxes.
 |
| **Safety, Justice & Police** | * Proposal for community-centred policing and a provision of a stipend of about R4000 per month to volunteers of Community Police Forums.
* Call for police to build strong relationships with communities through workshops and other awareness programmes in order to enable community co-operation in the fight of crime.
* Proposals for avenues to be created for the employment of mature adults (40 years old and above) in the police service and government departments.
* To improve the distribution of police resources as police services and infrastructure is often not centred where the need is highest. There is with poor or absent police services in high density areas in townships such as Khayelitsha.
 |
| **Education** | * Proposal for increased allocations to TVETs and CET colleges as well as an allocation to facilitate 18 months in-service training for TVET & CET college students.
* There is a need for more schools and more TVETs facilities in the townships as transport costs are extremely high.
* For the public service including municipalities to prioritise internal programmes for the 18 months in-service training for TVET & CET college students.
* Call for better administration of the National Students Financial Aid Scheme (NSFAS) which is lamented for its slow responsiveness to needy students.
* School support programmes such as counselling and learner support to be strengthened.
* Proposal for the Second Chance Matric Support Programme to be incorporated into government schools.
* There is a high learner dropout rate in schools and call for government intervention in this regard
* The government must work more with NGOs like Equal Education on joint programmes for greater impact.
 |
| **Human Settlements** | * Concerns about under spending of Human Settlements allocations for upgrading of informal settlements which are returned to National Revenue Fund. It was highlighted that often the upgrading of informal settlements is delayed due to unavailability of land whilst land is sold to commercial developers and remains unused. There were concerns about the relocation of informal settlement dwellers to the outskirts of cities for formal housing thus keeping them further away from the economic hub.
* Proposal for smart use of land for upgrading of informal settlements through construction of flats.
* Proposals for the state to not neglect original and old settlements that have a historical significance.
 |
| **Health**  | * Concerns about poor patient care at clinics and a call for improvements in Emergency Medical Services.
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| **Water & Sanitation**  | * Proposal for increased sanitation allocations earmarked for the elimination of temporary sanitation solutions such as chemical toilets, container toilets, portable flush toilets (porta potties) and buckets in informal settlements. There were concerns that these temporary solutions have become a permanent fixture resulting in health problems and the exposure of women and children to crime.
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| **Other sectors & General Comments** | * Call for increased allocations for rural development and job creation in rural areas in order to curb the migration of people from rural areas to urban areas.
* Call for better monitoring of municipalities and provinces in terms of service delivery.
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1. **Committee Findings and Observations**

Having considered all the submissions made by the above stakeholders on 2017 Appropriation Bill, the Standing Committee on Appropriations makes the following findings and observations:

**In terms of the overall thrust of the 2017 Appropriation Bill**

* 1. The Committee notes measures introduced by National Treasury to improve budget planning and budget execution; stimulate cost efficiencies and the Committee is of the view that these must be strengthened. It views the principles of allocative efficiency and value for money as key in sustaining service delivery within the constrained fiscal space.
	2. The Committee notes that the budget provides for the reduction in the expenditure ceiling by
	R10 billion in 2017/18 and R16 billion in 2018/19. This is to be achieved through reduced national department operating budgets; lower transfers to entities, provinces and local government; and reallocations.
	3. The Committee notes that broad-based transformation requires improved education and skills development, deconcentration of monopolised industries, private-sector participation in sectors dominated by public enterprises to promote competition and reduce costs, city reform to expand urban infrastructure development, and regional integration.

**With regards to the budget principles of efficiency, effectiveness, economy and fairness**

* 1. The Committee welcomes work underway to ensure that all national public entities to report on a quarterly basis. The Committee views this as important in improving transparency and providing early warning information of budget deviations.
	2. The Committee remains concerned on the sustainability of the wage bill. The Committee notes that compensation of employee budget limits introduced in the 2016 Appropriation Act will be carried over into the 2017 Appropriation Bill, with allocations for expenditure on compensation of employees being specifically and exclusively appropriated. The Committee is of the view that an agreement that takes account of fiscal constraints will reduce some of the pressure on staff headcount and enable government to direct a larger portion of expenditure to capital investment.
	3. The Committee is concerned around the lack of consistency in the attainment of performance targets with department’s showing fluctuating performance year-to-year. The Committee is of the view that Departments should be able to maintain high levels of performance consistently year on year.
	4. The Committee notes with concern FFC submission that the growth in public sector remuneration has not been accompanied by increases in public sector productivity. The Committee places emphasis on increasing productivity in the all spheres of government especially within the constrained fiscal environment.
	5. The Committee finds that, with the exception of the Department of Public Service and Administration there remain significant disparities between departments’ expenditure and performance against pre-determined targets. The Committee notes that while departments routinely spend above 95 per cent of their budgeted funds they perform significantly lower in terms of their performance targets. The percentage of national departments that managed to achieve more than 80% of their planned targets declined from the 37.8% in 2014/15 to 28.9% in 2015/16. Departments that attained below 50 percent of predetermined targets were the Departments of Energy, Women, and Water & Sanitation.
	6. The Committee is of the view that departments need to significantly improve on ensuring that suppliers that do business with government are paid within 30 days from receipt of an invoice. The Committee views the non-payment of suppliers by government departments as having a negative impact on the economy specifically on the operations of Small, Micro and Medium enterprises.
	7. The Committee supports the development of guidelines that will aid departments and entities to improve treatment and disclosure of irregular, fruitless and wasteful expenditure; including reinforcing compliance management and oversight of accounting officers, as set out in the Public Finance Management Act. The Committee views this as important in reversing the trends in irregular, fruitless and wasteful expenditure.
	8. The Committee views State Owned Entities (SOEs), which have a combined asset base of
	R1.2 trillion, as critical in terms of their key role of driving government’s development agenda particularly infrastructure-led growth. This is especially important given that economic infrastructure spending, mainly by SOEs, accounts for 77 per cent of total public-sector infrastructure spending. However, the Committee remains seriously concerned that operational inefficiencies, poor procurement practices, weak corporate governance and failures to abide by fiduciary obligations continue to plague several SOEs that are now in serious financial difficulty.
	9. The Committee notes the Human Sciences Research Council’s (HSRC) submission that SOE reforms need to be accelerated. Some of challenges highlighted that confront SOEs include the fact that it is not clear how many SOEs exist in the country, it is difficult to monitor and measure the success and impact of SOEs in fulfilling the developmental aspirations of the state and SOEs operate within a framework of multiple pieces of legislation, which are at times in conflict with the broader strategic developmental thrust of the state.

**With regards to the focus area of health, education, training and skills development**

* 1. Whilst the Committee welcomes the increased allocation towards universities, it is concerned about the funding for Technical, Vocational Education and Training (TVETs) and Community Education Training (CET) colleges which are equally important for enhancing economic growth through a skilled workforce. The Committee also notes the report by the HSRC about the serious misalignment between enrolments and graduation for both universities and TVETs thus not resulting in value-for-money as well as the mismatch between the supply and demand of labour. The quality of TVET qualifications, their relevance in the labour market and the low completion rates especially in the engineering streams also raises concerns.
	2. The continued under expenditure on the Education Infrastructure Grant and the Accelerated Schools Infrastructure Delivery Initiative is a source of serious concern to the Committee as it results in delays in the delivery of proper school infrastructure.
	3. The Committee notes that additional funding has been reprioritised for research into areas such as health, energy, advanced manufacturing and mining research and development. The Committee is of the view that it is important for research supported by the state to be relevant and to contribute meaningfully to the developmental agenda of the state and that targets in research programmes adhere to the Simple, Measurable, Achievable, Realistic, Time bound (SMART) principles.

**With regards to accelerating economic growth, infrastructure investment, and job creation**

* 1. The Committee notes that the revised preferential procurement policy regulations took effect on 1 April 2017 and will provide expanded opportunities for black firms to benefit from government procurement. It is envisaged that where large firms are awarded tenders of R30 million or more, 30 per cent of the contract value must go to small firms. The Committee views the monitoring of these regulations as critical and that Small, Medium, Micro Enterprises (SMMEs) must be supported and prioritised in government’s procurement budget.
	2. The Committee views agriculture as an important driver to accelerating economic growth and development especially in revitalising rural economies. The Committee further notes the submission that the agricultural sector is struggling with a range of challenges and that there is a need to strengthen implementation at provincial level and improve oversight and support by the Departments of Agriculture, Forestry and Fisheries (DAFF) and Rural Development and Land Reform (DRDLR). Furthermore, the Committee notes that there is a need to address possible functional overlaps between DAFF and DRDLR so that these overlaps do not undermine service delivery in rural areas.
	3. The Committee notes that there is a need to strengthen monitoring systems in the Department of Transport to hold entities within its Portfolio to account. The Financial and Fiscal Commission (FFC) cited a number of governance challenges in important state entities such as Passenger Rail Agency of South Africa (PRASA) as well as high vacancy rates in units responsible for oversight over state entities. The Committee views the strengthening of monitoring and evaluation units across all government departments as critical.
	4. The Committee recognises that access to markets is important for small businesses to thrive and notes with concern that many SMMEs struggle to get into the market due to red tape or regulatory measures that make market access difficult. There is a need to strengthen mechanisms that will streamline and coordinate access to various business registration processes and official authorisations so as to minimise red tape.
	5. The Committee is of the view that cheap, reliable and safe public transport is central to urban reform and rural development. The FFC indicated that there is need for better coordination in the funding and implementation of programmes aimed at developing effective transport networks.
	6. The Committee views the role of the development finance institutions such as the Land Bank as critical in providing financial support to emerging farmers and SMMEs. Many emerging farmers do not receive adequate extension services that are key for viable and productive farms, which makes many emerging agricultural enterprises not financially viable and unable to access loans and other funding instruments.

**With regards to infrastructure investment, land reform, housing & service delivery**

* 1. The Committee notes that over 70 percent of public investment infrastructure funding contained in the 2017 MTEF budget is allocated to SOEs, provinces and local government. This highlights the need for ensuring efficiency and value for money and improvement in the delivery of services. This equally highlights the need to improve the spending capacity of local government and strengthen the financial position of SOEs in order to ensure that infrastructure delivery targets are met.
	2. The Committee notes that one of the risks facing the country’s public finances is infrastructure projects that are poorly designed which result in high operating deficits thus imposing rising fiscal pressure on implementing agencies. The Committee views the need to balance new infrastructure development with proper maintenance for existing assets. Furthermore, the Committee views infrastructure build programmes as integral in promoting economic growth and job creation, specifically, the utilisation of local content on projects as well as the transferring of skills to local communities for the maintenance of bulk infrastructure.
	3. The Committee notes HSRC’s submission that land redistribution projects are not contributing to rural socio-economic transformation in a systematic and predictable way with research indicating that the majority of the farms (at least 70%) are not performing well while some are not operating at all. Research showed that emerging farmers cited access to finance, access to energy, and lack of farming knowledge as their core challenges.

**With regards to an improved public service**

* 1. The Committee welcomes improvements in the level of compliance on the filing of performance contracts of Heads of Departments which has increase from only 18% in 2014/15 to 70% in 2016/17. However, the Committee is of the view that the compliance rate should be 100% as apex leadership in departments should be exemplary.
	2. The PSC submitted that there has been a decline in the cost of consultants in the areas of financial reporting services, preparation of performance information and information technology services. The Committee reiterates that these are core functions and it is concerning that they need to be outsourced. Furthermore, audit outcomes indicate that there still remain a number of audit findings that relate to these areas which indicates that there were no skills transfer by the consultants.
	3. The Committee notes with concern that the overall vacancy rate in the Public Service is above the norm of 10 percent. In addition, of the 43 national departments a total of 22 (51%) have a vacancy rate above the 10% norms and these include important front line services departments such as the Department of Water and Sanitation, the Department of Human Settlements, the Department of Transport and the Department of Communications.
	4. The Committee remains concerned about the lack of consequences for public officials who transgressed in terms of legislation and regulations. Of particular concern was the non-compliance by officials regarding the 30-day payment of invoices from service providers. In addition, the Committee is seriously concerned about prolonged precautionary suspensions which have a negative effect on service delivery and the public wage bill.
1. **Recommendations**

The Standing Committee on Appropriations, having considered the briefings and comments by stakeholders on the 2017 Appropriation Bill, recommends that:

**6.1** The Ministers of Finance, Trade and Industry, Higher Education and Training, Transport, Public Enterprises and Public Service and Administration should strengthen implementation of the following transformation imperatives and report quarterly to the Committee:

* Regulations for transforming patterns of asset ownership and production, promoting competition and de-concentrating product markets;
* Mobilising private and public capital investment in tandem to help modernise and diversify the economy;
* Providing workers and the poor with access to markets, and social and economic infrastructure;
* Investing in research and development, and innovation; and
* Strengthening transparent government and the rule of law.

* 1. The Minister of Finance should ensure that:
		1. The National Treasury and the Department of Transport assess the funding allocations of Passenger Rail Agency of South Africa (PRASA) with respect to funded and unfunded mandates within PRASA’ s existing portfolio of services.
		2. The National Treasury consider reprioritising funds towards bolstering the implementation of programmes such as the Employment Tax Incentive Act to provide the required on-the-job training and work experience to young people.
		3. The National Treasury embark on a programme on re-orienting South Africa’s investment tax incentives to favour agricultural, manufacturing, trade, construction and other services that could enhance job creation.
		4. The National Treasury refine budget programme structures to ensure that Programme 1
		(Administration) within departments does not include functions involving service delivery.
		5. The National Treasury puts in place measures to ensure that payments for personnel in critical positions such as teachers, nurses and all other school and hospital staff are timeous and adhere to agreed employment contracts. This should include municipal workers.
		6. The National Treasury put in place measures to cascade best practice across the public service in the payment of service providers within 30 days through strengthening systems for tracking invoices and overall sound financial management practices.
		7. The National Treasury, together with the Department of Police, consider ways of leveraging resources within available funds for the provision of community policing programmes and strengthen police services aimed at reversing the levels of violence, particularly against women and children and strengthen police awareness programmes so as to enable community co-operation in the fight against crime.
		8. The National Treasury in partnership with relevant sector partners consider formulating and implementing cost efficiency measures in the following areas:
* To investigate and set specifications for uniform construction costs of departmental, municipal and embassy buildings;
* To ensure that all municipalities and State Owned Entities’ procurement frameworks are aligned to the Office of the Chief procurement Office’s transversal procurement system and adhere to its requirements;
* To streamline the purchase and allocation of vehicles for office bearers for realising potential savings.
* To align personnel remuneration in the State Owned Entities to align with the broader public service as part of the attainment of the vision of single public service
	1. The Minister of Finance, Minister of Public Service and Administration and Minister of Planning, Monitoring and Evaluation should ensure that:
		1. The National Treasury, the Department of Public Service and Administration (DPSA) and the Department of Planning, Monitoring and Evaluation (DPME) enhance public-sector wage agreement mechanisms so that they align with the principles of fiscal sustainability and place emphasis on the following:
* Ensure there is sufficient focus on longer-term reforms to public-sector employment practices and remuneration structures that could improve performance, service delivery and fiscal sustainability. This includes linking remuneration to productivity.
* Ensure that wage negotiations foster the development of a formal social compact that will strengthen the alignment between growth, development and nation building*.*
	+ 1. The National Treasury, Department of Public Service and Administration and the Department of Performance, Monitoring and Evaluation, and develop systems and mechanisms that will compel skills transfer in the appointment and use of consultants in the areas of financial reporting services, preparation of performance information and Information and Technology services; inclusive of guidelines on appropriate outsourcing.
		2. The National Treasury , Department of Performance, Monitoring and Evaluation, and the Department of Public Service and Administration should consider reforming planning and budget frameworks to include the following:
* Improve guidelines and formats that allow Departments to effectively monitor and report against reliable performance information and instil the use of reported performance information towards performance improvements;
* Strengthen the alignment of budgets and Annual Performance Plans to improve service delivery and enhance the costing of implementation plans;
* Include indicators that relate to work undertaken in instilling a culture that is intolerant of waste among all workers and across all organs of state;
* Develop and implement guidelines that will foster a culture of innovation within departments; and
* To refine and enhance human resource management strategies across departments so as to ensure a suitable mix of frontline, technical and support staff.
	1. The Minister of Transport should ensure that:
		1. The Department of Transport aligns and enhances its budget planning and strategic planning function and capacity in order to ensure improvement in the attainment of performance targets.
		2. The Department of Transport strengthens its monitoring capacity over its public entities with emphasis on ensuring the following:
* Appropriate and effective planning and budgeting processes are in place;
* The financial management and control structures and processes are such that accurate, timeous and reliable recording and reporting of all financial transactions takes place;
* That the appropriate financial management systems and controls are in place to ensure the effective management of the financial affairs of the public entity;
* That the financial affairs and performance of the public entity as reported is acceptable in terms of the corporate plans and shareholder compacts;
* That the public entity at all times adheres to the principles of effectiveness, efficiency and value for money in the use of state resource; and
* Report quarterly to the Committee on the above.
	1. The Ministers of Finance and Planning, Monitoring and Evaluation ensure that the Department of Performance, Monitoring and Evaluation; and National Treasury develop budget planning frameworks and a monitoring and evaluation programme aimed exclusively at SOEs and public entities focused on the following:
* Tracking the implementation of the 31 recommendations of the Presidential Review Committee;
* Appropriate and effective planning and budgeting processes in place;
* The financial management and control structures and processes are such that accurate, timeous and reliable recording and reporting of all financial transactions takes place;
* That the appropriate financial management systems and controls are in place to ensure the effective management of the financial affairs of the SOE;
* That the financial affairs and performance of the SOE as reported is acceptable in terms of the corporate plans and shareholders compacts;
* Significantly enhance reporting and accountability arrangements that facilitate an appropriate oversight by the shareholder;
* Ensure mechanisms are in place for prompt remedial action by the shareholder where the SOE’s strategic direction deviates from that preferred by the shareholder;
* Ensure that critical vacancies within all SOEs are filled timeously;
* Ensure that SOEs report on research and development in the Shareholder Compact; and
* To provide quarterly reports on the state of SOEs to oversight structures.
	1. The Minister of Health ensures that the Department of Health considers the following proposals in the implementation of the National Health Insurance (NHI):
* Testing the contracting models for GPs and other specialised medical services at primary health care level;
* Providing hospital management and district health services with greater decision making powers as part of preparations of them operating as business units under the NHI;
* Incorporating a capacity component in the indirect grant of the NHI in order to strengthen district health services in preparation for the implementation of the NHI;
* Developing implementation plans to strengthen district health services in preparation for rolling out of the NHI in all provinces;
* Scaling up investments through savings and reprioritisation efforts in capacity building activities to enhance the pool of health worker with the appropriate skills and competencies required by the NHI; and
* Expanding beyond the ten pilot districts.
	1. The Minister of Social Development should ensure that:
		1. The Department of Social Development, together with the National Treasury enhance the social security system through evaluating a range of options for strengthening child, elderly and family funding support.
		2. The Department of Social Development, together with the National Treasury enhance the social security system through supporting employment among grant beneficiaries through the following options:
* Supplying monthly commercial information, such as that on how to identify market niches, where to get credit or inputs, or how to improve agricultural yields or business profitability;
* By providing financial empowerment products tailored for this group of grant recipients;
* Provide innovative incentive products grant recipients able to demonstrate active involvement in some economic activity over some period;
* Employ innovative mechanisms to reduce transport costs for job search for grant beneficiaries; and
* Develop and support social entrepreneurship and NPOs aimed at scaling up entrepreneurship amongst grant beneficiaries.
	+ 1. The Department of Social Development, together with the National Treasury strengthen mechanisms for preventing unauthorised social grant deductions from accounts of beneficiaries.
		2. The Department of Social Development strengthen and simplify recourse mechanisms for beneficiaries in the event of an unauthorised social grant deduction.
		3. The Department of Social Development and relevant sector partners develop and implement mechanisms to enhance and strengthen food security programmes through improved targeting of qualifying communities.

* + 1. The Departments of Social Development and Cooperative Governance develop and implement coordination mechanisms to enhance and strengthen governments Early Childhood Development Programme and the fast-track the rollout of Early Childhood Development centres in each municipality.

* 1. The Minister of Cooperative Governance and Traditional Affairs, Minister of Finance, Minister of Planning, Monitoring and Evaluation and Minister of Public Service and Administration should immediately embark on a programme that partners each national and provincial department and municipality with Technical, Vocational Education & Training (TVET) colleges for the seamless provision of training and internship opportunities.
	2. The Minister of Higher Education and Training should ensure that the Department of Higher Education and Training consider the following to ensure improved outcomes in TVET colleges:
* Strategic partnerships with the private sector and township entrepreneurs for enhanced student support especially in TVET Colleges to focus on improving throughput rates;
* Improve the capacity and quality of educators within TVETs through strengthening of linkages with TVETs and the private sector;
* Reviewing and enhance support programmes for engineering and technical qualifications to improve throughput rates; and
* In-service training to take place throughout the duration of the course so as to balance theoretical knowledge and practical experience.
	1. The Minister of Basic Education should ensure that:
* The Department of Basic Education, in partnership with the National Treasury prioritise and strengthen sanitation programmes included in the sector’s baseline budgets.
* The Department of Basic Education strengthen learner support programmes such as learner counselling in order to improve throughput rates and minimise learner dropouts.
	1. The Ministers Basic Education, Higher Education and Training should ensure that the Departments of Basic Education, Higher Education and Training strengthen policy aimed at improving the quality of school curriculums and the student throughput rates to meet the needs of a modern economy.
	2. The Minister of Water and Sanitation and the Minister of Finance ensure that the Department of Water and Sanitation and the National Treasury consider ways of leveraging resources within available funds for funding support for accelerating sanitation programmes and enhancing the delivery capacity for the bucket eradication programme.
	3. The Minister of Human Settlements and Minister of Planning, Monitoring and Evaluation should ensure that:
		1. The Department of Human Settlements together with the Department of Planning, Monitoring and Evaluation enhance and foster policy coherence through planning processes that promote policy coordination by ensuring that the work of all spheres of government in the sector, agencies and public entities gives expression to the attainment of quality human settlements. This should include all metropolitan municipalities prioritising low-income households within central hubs of the city.
		2. The Department of Human Settlement together with the Department of Planning, Monitoring and Evaluation develop models that attract private sector funding into the provision of low-income housing.
		3. The Department of Human Settlement together with the Department of Planning, Monitoring and Evaluation develop innovative mechanisms and incentives for developers to undertake inner city developments that generate a compact urban form.
	4. The Minister of Human Settlements should ensure that:
		1. The Department of Human Settlements and relevant departments strengthen delivery capacity and align housing programmes with the aim of accelerating work underway to eradicate backlogs in issuing title deeds to beneficiaries of housing programmes.
		2. The Department of Human Settlements to embed the transformation imperative in all programmes in the sector including ensuring that all projects prioritise women, youth and people with disabilities and all programmes are interlinked with TVET colleges.
	5. The Minister of Rural Development and Land Reform should ensure that:
		1. The Department of Rural Development and Land Reform and the Department of Agriculture, Forestry and Fisheries speedily finalise work underway to enhance and strengthen integration and coordination in the implementation of their functions and programmes.
		2. The Department of Rural Development and Land Reform to embed the transformation imperative in all programmes in the sector including ensuring that all projects prioritise women and youth and all programmes are interlinked with TVET colleges.
		3. The Department of Rural Development and Land Reform in partnership with the Department of Planning, Monitoring and Planning strengthen and develop innovative monitoring and evaluation tools for land reform projects.
		4. The Department of Rural Development and Land Reform in partnership with the Department of Planning, Monitoring and Planning to strengthen and scale-up coordination mechanisms and accelerate the establishment of agri-parks in district municipalities.
	6. The Minister of Public Service and Administration should ensure that all departments adhere to the turnaround time for filling of funded vacant posts.
	7. The Minister of Planning, Monitoring and Evaluation should ensure that:
		1. The Department of Planning, Monitoring and Evaluation submits quarterly reports on the payment of invoices by national and provincial departments to the Committee.
		2. The Department of Planning, Monitoring and Evaluation strengthen monitoring and evaluation units in all departments by scaling up investments in monitoring and evaluation systems.
1. **Committee Recommendation on the Bill**

Dr MJ Figg tabled 405 proposed amendments to the 2017 Appropriation Bill in the amount of
R10.8 billion to fund job creation, fight drug-related crime, provide financial assistance to TVET students, and improve border management. After serious deliberations on the submission which comprised 405 proposed amendments affecting 27 Departments, and in consultation with the Parliamentary Budget Office and a Parliamentary legal advisor, the Committee did not support the proposed amendments.

Notwithstanding the recommendations in section 6 above the Standing Committee on Appropriations recommends that the National Assembly adopts the 2017 Appropriation Bill [B5-2017], without amendments.

1. **Conclusion**

The responses to the recommendations as set out in section 6 above by the relevant Executive Authorities must be sent to Parliament as well as the Committee within 60 days of the adoption of this report by the National Assembly.

Report to be considered.