**1. REPORT OF THE SELECT COMMITTEE ON APPROPRIATIONS ON THE *APPROPRIATION BILL* [B6B – 2019] [NATIONAL ASSEMBLY (SECTION 77)], DATED 24 JULY 2019**

1. **Introduction**

The *Appropriation Bill* [B6B – 2019], as amended by the Standing Committee on Appropriations of the National Assembly, was referred to the Committee on 23 July 2019. In order to streamline the processing of the Bill and contain costs, the Committee had already received a presentation on the original Bill, as tabled and revived by the Minister of Finance on 20 February 2019 and 25 June 2019 respectively, during a joint meeting with the Standing Committee on Appropriations (the Standing Committee) of the National Assembly on 03 July 2019.

In order to facilitate public participation and in compliance with section 72 of the Constitution and section 10(7)(a) of the Money Bills and Related Matters Act 9 of 2009, the Committees advertised in newspapers in all 11 official languages, calling for the public and interested parties to make submissions on the Bill. Written submissions were received from the Congress of South African Trade Unions (COSATU); Mr Guy Harris; Ms R Mazibe and Mr B J Khanyile. In addition, COSATU and Mr Harris made oral presentations during a joint public hearing on 16 July 2019. The Committee also consulted the Financial and Fiscal Commission and the Parliamentary Budget Office.

1. **National Treasury request**

On 25 June 2019, the Minister of Finance wrote to Parliament requesting the National Assembly to amend the Bill to include the expenditure for Eskom that the Minister had authorised on 2 April 2019 in terms of section 16 (1) of the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA). The amount of R17.6 billion was authorised to fund Eskom debt, which had matured, and for the restructuring of the state-owned enterprise. The authorised funds would be deducted from a R23 billion provision made in the 2019 Division of Revenue Act.

In addition, the Minister tabled proposed technical corrections to the Bill in terms of section 14 of the Money Bills and Related Matters Act, 2009 (Act No 9 of 2009). This was in relation to the creation of votes, without funds, for reconfigured departments. This would enable National Treasury to shift funds to the created votes. The withholding and allocation of the appropriated funds would be done in line with section 33 of the PFMA. The *Adjustments Appropriation Bill*, to be tabled in October 2019, would show the final allocations to the reconfigured government departments.

The above proposed amendments and technical corrections were agreed to by the Standing Committee and the National Assembly and were incorporated in the Bill that was referred to the NCOP.

1. **Process**

The Committee understands that the May 2019 elections significantly eroded the time and space available to the Committee to process the Bill, but expresses its reservations about having to finalise such an important Bill so swiftly. The Committee believes that in future, deciding on the date of national and provincial elections should take into account the legal requirement that the budget has to be adopted before the end of July, and Parliament also has to structure its programme more effectively to ensure that the Appropriations Committees have adequate time to properly attend to their responsibilities in this regard.

1. **Committee Recommendations**

After having considered all the submissions received and extensively deliberating, including jointly with the Standing Committee on Appropriations, the Committee recommends that -

1. The Minister of Finance should put measures in place to ensure that funds are not shifted from basic service delivery areas to fund ailing public entities.

1. The Minister of Transport should consider ensuring that appropriate measures are put in place and capacity is built within the Passenger Rail Agency of South Africa (PRASA). This will ensure that PRASA is capable of implementing approved projects and spend all appropriated funds.
2. There is a need to ensure that the Early Childhood Development (ECD) programme of government is allocated enough resources. The Committee recommends that the National Treasury and the national Department of Basic Education should prioritise the ECD programme and allocate more financial resources to this programme.
3. The Minister of Finance should review the local government funding model, given the reported financial and performance management challenges within local government sphere.
4. **Committee Resolution**

The Select Committee on Appropriations, having considered the ***Appropriation Bill* [B6B – 2019],** referred to it, and classified by the Joint Tagging Mechanism as a section 77 Bill, reports that it has agreed to the Bill, without amendments.

Report to be considered.