**MEDIA STATEMENT**

**STANDING COMMITTEE ON APPROPRIATIONS WARNS AGAINST FISCAL DUMPING IN THE LAST QUARTER AND CALLS FOR EFFECTIVENESS AN EFFICIENCY**

**Parliament, Tuesday, 18 February 2020** – The Standing Committee on Appropriations heard that the liabilities within the Road Accident Fund (RAF) could, within the next two years, exceed those of Eskom.

The National Treasury’s Deputy Director-General for Public Finance, Dr Mampho Modise and her team appeared before the committee to brief it on the 2018/19 third-quarter spending outcomes of the national departments and the quarterly expenditure reporting for public entities. The committee heard that the RAF is insolvent and will not be able to survive unless drastic measures are taken to address the backlog of the Billions of rands owed to people awaiting payment of claims.

Dr Modise told the committee that while the Road Accident Benefit Scheme Bill, which is still being processed in Parliament, would assist in curbing future accumulation, it will however not address the current backlog. Furthermore, she said, that it will also not be addressed by increasing fuel levies and the measures to cover these liabilities will end up back at Parliament to be resolved.

The committee agreed with the National Treasury officials with their view that the legal representatives take the bulk of RAF claim pay-out amounts. The committee also agreed that a new system must be looked at, and suggested that the National Treasury must look at benchmarking RAF procedures with what is being done in other countries.

The committee also requested National Treasury officials to include in its future reporting the current financial status of the South African Post Office (SAPO) and its expenditure reporting which now falls under the mandate of the committee, and which the committee will closely monitor.

The committee is to be provided with a report of the South African Revenue Service (SARS) Information Technology (IT) systems, following the National Treasury report which stated that other fixed assets which include computer software were R 594 million higher than the forecast for quarter two, due mainly to delays in making payment of software.

National Treasury is further to ensure that the Department of Small Business Development provides the committee with a report on which small businesses are beneficiaries of the Small Business and Innovation Fund (SBIF) for which R700 million budget has been provided through the Small Enterprise Finance Agency. A total amount of R 664.8 million out of the budget of R700 million has been transferred this far.

Also, the committee is going to be provided with a list of universities that failed to submit progress reports, a failure that resulted in the delays of the transfer of payments to the institutions of higher learning for the earmarked University Capacity Development Grant, Historically Disadvantaged Institutions Development Grant, University Infrastructure, and Efficiency Grant and the Student Housing Infrastructure programme.

The chairperson of the committee, Mr Sfiso Buthelezi said: “This committee cannot allow things to fall through the cracks. Year after year funds are appropriated to assist in dealing with the challenges faced by entities, to ensure that the departments deliver on their mandates, and to ensure that funds are spent effectively and efficiently.”

“We will not allow situations of fiscal dumping during the last quarter when the departments and entities are supposed to be making a meaningful impact on the lives of citizens throughout the year, this is something the committee will be monitoring closely,” he added.

**ISSUED BY PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE STANDING COMMITTEE ON APPROPRIATIONS, MR SFISO BUTHELEZI.**