**MEDIA STATEMENT**

**COMMITTEES ON APPROPRIATIONS CONCERNED ABOUT SERVICE DELIVERY IMPLICATIONS OF REDUCTION IN NON-INTEREST SPENDING FOR 2020/21**

**Parliament, Thursday, 04 June 2020 –** A joint meeting of the Standing and Select Committees on Appropriations yesterday received a briefing from National Treasury on the proposed 2020 Appropriations Bill [B – 2020].

The committees are concerned about the service delivery impact of the non-interest spending reduction of R156.1 billion in total over the next three years, which might negatively affect the work of government departments to deliver services to the poor and vulnerable.

While reductions are, as far as possible, confined to underperforming and underspending programmes, the committees emphasised the need to further strengthen consequence management to deal with poor spending, corruption, financial mismanagement and to hold government officials accountable for this, instead of reducing the funding, as this ultimately affects the poor most acutely. Non-performance in local government and the lack of proper governance systems are issues that need to be urgently addressed to safeguard state resources and to ensure that service delivery is always at the centre of governance.

The Deputy Minister of Finance, Dr David Masondo, referred to the Public Audit Amendment Act No.5 of 2018, which gives effect to the provisions of the Constitution establishing and assigning functions to the Auditor-General of South Africa (AGSA); to provide for the auditing of institutions in the public sector; and to provide for the accountability arrangements of the Auditor-General. This piece of legislation has since been amended to allow the AGSA to take appropriate remedial action, to issues certificates of debt where the accounting officer failed to recover losses to the state, and many other critical provisions. This is part of improved accountability mechanisms to curb the scourge of corruption and financial mismanagement in the public sector. However, the committees believe that government needs to improve consequence management and not leave everything in the hands of the Auditor-General.

The committees are concerned about the reductions in the Human Settlement Development Grant, the Schools Backlogs Infrastructure Grant and the Education Infrastructure Grant. They also believe in the need for enhanced investment in human settlements, which has been highlighted by the Covid-19 pandemic. The vandalism to school infrastructure has further exacerbated an already challenging situation.

In terms of reductions to the public sector wage bill, the committees highlighted the need for proper consultation between government and labour unions. The committees were told that there are ongoing discussions with labour unions led by the Minister of Public Service and Administration, Mr Senzo Mchunu.

The committees also raised concerns about the allocations earmarked for state-owned enterprises (SOEs), including Eskom and the South African Airways (SAA). While noting the importance of recapitalising SOEs, the committees suggested that continuous bailouts take resources away from the poor and vulnerable. However, they acknowledge the importance of striking a balance between job creation and economic growth, and said that inclusive growth is of primary importance.

In responding to the committee’s concern that departments might have already spent funds that may be appropriated in the proposed Bill, the National Treasury’s Deputy Director-General for Public Finance, Dr Mampho Modise, assured the committee that in terms of section 29 of the Public Finance Management Act No.1 of 1999, departments are only allowed to spend 45 percent of what has been approved in the last financial year’s Appropriations Act (2019 Appropriation), and that any other request for spending outside this should be approved by the National Treasury and Parliament.

**ISSUED BY PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSONS OF THE STANDING AND SELECT COMMITTEES ON APPROPRIATIONS, MR SFISO BUTHELEZI AND MS DIKELEDI MAHLANGU**