The Standing Committee on Appropriations has warned that government and municipal failure to spend allocated conditional grants will have a huge socio-economic impact and derail the goal of growing the economy through infrastructure development. Yesterday, the committee was briefed by the National Treasury on the 2021 Division of Revenue Amendment Bill; the Adjustments Appropriation Bill, and the second quarter expenditure report for the 2021/22 financial year.

The committee welcomed the National Treasury’s reports, which assist Parliament to remain up to date on government expenditure and the latest financial developments. However, the committee’s biggest concern was the failure by government departments and municipalities to spend allocated funds earmarked for important services, such as infrastructure development.

Committee Chairperson Mr Sfiso Buthelezi questioned whether departments, provinces and municipalities understand the impact of not spending money allocated for the delivery of services. “When we allocate, we want the funds to be used to improve infrastructure, service delivery and jump start the economy through infrastructure development.

 “I don’t think it should be that easy that unspent funds can be returned to the National Treasury when there is so much service delivery backlog and unemployment in our country. It doesn’t help that we spend so much time and effort in the process of appropriating budgets to national departments, provinces and local government – and at the end of the day the money gets returned,” said Mr Buthelezi.

 He also asked about the impact of the Presidential Youth Empowerment Scheme on reducing unemployment as there was no noticeable decrease in unemployment figures despite huge investment in this scheme aimed at creating jobs for young people.

Mr Zola Mlenzana, a member of the committee, warned about the possible abuse of roll-overs, alleging that some departments and municipalities made commitments just a few days before the end of the financial year so that funds could be rolled-over to the next financial year.

The National Treasury admitted that there is poor spending of infrastructure grants across the spheres of government (national, provinces and municipalities) and shared the concern of the committee members. “The failure to spend infrastructure grant is a major concern for National Treasury. We appreciate the importance infrastructure development in driving economic activities, so we share the concern of Members of Parliament on the issue of unspent allocations,” said Ms Madijeng Ngqaleni from the National Treasury.

Asked if there are any plans in place to assist municipalities and departments to spend their allocations, especially infrastructure grants, Ms Ngqaleni cited capacity limitations. She said her department does not have the capacity to support all 254 municipalities, along with their infrastructure development departments.

“We need to institutionalise the culture of project planning. If we don’t get that right, we will continue struggling with infrastructure development,” added Ms Ngqaleni.

The Municipal Infrastructure Support Agency is a key player in supporting the implementation of infrastructure development at local government level. Municipalities are also guilty of spending more of their equitable share on compensation of employees, due to bloated organogram structures, rather than on the delivery of services.

According to National Treasury officials, the 400 000 jobs created through the Presidential Youth Empowerment Scheme have not made a significant impact, given the magnitude of South Africa’s unemployment problem.

The committee plans to invite the Chief Procurement Officer to continue with the discussions on government expenditure and procurement processes.