**REPORT OF THE SELECT COMMITTEE ON APPROPRIATIONS ON THE *SECOND ADJUSTMENTS APPROPRIATION (2021/22 FINANCIAL YEAR) BILL* [B8 – 2022] [NATIONAL ASSEMBLY (SECTION 77)], DATED 22 JUNE 2022**

1. **Introduction**

The *Second Adjustments* *Appropriation (2021/22 Financial Year) Bill* [B8– 2022] was referred to the Committee, for concurrence, on 14June 2022. In order to streamline the processing of the Bill, on 18 May 2022 the Committee received a thorough briefing on the Bill, as tabled by the Minister of Finance on 23 February 2022. Thereafter, on 25 May 2022, the Committee consulted with the Financial and Fiscal Commission (FFC) and the Parliamentary Budget Office (PBO) on the Bill. With respect to public participation, the Committee held a public hearing on 1 June 2022, during which the Congress of South African Trade Unions (COSATU) made a submission.

1. **Overview of the Bill**

The purpose of the Bill is to effect adjustments to the appropriation of money from the National Revenue Fund (NRF) for expenditure approved in the 2021/22 financial year; and to provide for matters incidental thereto. The Bill provides for an amount of R500 million to be added to Vote 18: Health, to procure COVID-19 vaccines; and an amount of R18.1 billion to be added to Vote 8: National Treasury, to purchase equity from the South African Special Risks Insurance Association (SASRIA).

1. **Stakeholder inputs**

**3.1 Financial and Fiscal Commission (FFC)**

The Financial and Fiscal Commission (FFC) agreed with the support provided to SASRIA as the payment of claims was important to support the recovery of businesses, especially small and medium sized enterprises, who had been hard hit by the unrest of July 2021 in KwaZulu-Natal and Gauteng; and further supported the additional allocation to Health as part of government’s programme to manage the COVID-19 pandemic.

**3.2 Congress of South African Trade Unions (COSATU)**

The Congress of South African Trade Unions (COSATU) welcomed and supported the Bill, indicating that the R18.1 billion appropriated for SASRIA would provide critical relief to thousands of workers, families and businesses who had suffered losses during the July 2021 unrest in KwaZulu-Natal and Gauteng. However, COSATU expressed disappointment with the speed at which SASRIA and government were dispensing payments and relief; indicating that SASRIA and government needed to consider faster response times, clearer lines of communication and appeal mechanisms for persons in similar situations in future. COSATU further supported the appropriation of an additional R500 million to support the COVID-19 vaccine programme; indicating that the vaccines had proven to be highly effective and were key to ensuring that, whilst further waves occurred, serious illness, hospitalisation and death rates remained under control; helping to ease the burden on health workers and health care institutions; and saving the health workers’ lives. However, COSATU expressed concern over the plummeting rate of vaccinations and the resultant expiry and destruction of many vaccine doses.

1. **Findings and observations**

4.1 The Committee notes the adjustment of R500 million contained in Bill to be used to clear the shortfall of R1.44 billion that exists between the 2021 Budget allocation of R6.6 billion for the vaccination programme, and the actual expenditure of R7.4 billion for contracts entered into by the Department of Health to procure enough vaccines. However, the Committee remains concerned about value for money regarding funds allocated for the vaccination programme, given the fact that less than 30 percent of the population is vaccinated to date.

4.2 The Committee notes COSATU’s concern that there were still huge infrastructure, personnel and supply weaknesses in public health. Furthermore, it notes the fact that COSATU leadership has worked with government; that unions have gone to court to ensure that health workers received personal protective equipment (PPEs); and that the clothing workers’ union, who went to every province to ensure that locally produced PPEs were procured in line with National Treasury’s procurement guidelines, encountered very worrying trends in some provinces.

4.3 The Committee shares COSATU’s concern over vaccine hesitancy and welcomes its efforts in the working space to ensure that workers are vaccinated. However, the Committee is concerned that some private companies have allegedly made vaccination mandatory for workers, which is highly unacceptable. Furthermore, the Committee notes and welcomes that COSATU is in discussions with the Department of Health around the possibility of producing anti-retroviral drugs locally.

4.4 Whilst the Committee welcomes the R18.1 billion earmarked for SASRIA to assist businesses who were affected by the 2021 July unrest in KwaZulu-Natal and Gauteng, it remains concerned about the delays and slow pace at which claims are being processed and funds disbursed to compensate the affected businesses, particularly small businesses. The Committee believes that receiving compensation can boost the economic recovery efforts and get people back to employment, especially those who lost their jobs and businesses due to the unrest.

4.5 The Committee agrees with COSATU that most businesses in rural areas and some townships are not benefiting from SASRIA as they are not aware of the insurance available to them. The Committee is concerned about SASRIA’s limited footprint in townships and rural businesses.

4.6 The Committee is also concern about the manner in which the financial sustainability of SASRIA was assessed, given the larger amount of claims that needed to be paid emanating from the unrest.

4.7 The Committee is concerned about the erosion of value in SASRIA and the resultant inability to effectively deal with claims should an event similar to the July 2021 insurrection occur in the near future.

1. **Recommendations**

5.1 The Department of Health, together with National Treasury through the Office of the Chief Procurement Officer, should ensure that the allocation of R500 million is spent for its intended purpose, and that a proper environment is created to ensure that future funding is utilised effectively to procure locally produced vaccines. The Committee is of the view that supporting locally produced commodities including pharmaceutical products will bolster the economic recovery plan and create business, investment opportunities and jobs for South Africans. Parliament will continue to monitor the progress in this regard.

5.2 The Department of Health should ensure that the local production of vaccines is expanded to other pharmaceuticals; so that South Africa can become a supplier to the rest of Africa, rather than continuing to import from overseas. The Committee is of the view that this will assist to bolster the economy and the local vaccine factory, which is in danger of shutting down due to a lack of orders. Parliament will continue to monitor the progress in this regard.

5.3 The Department of Health and COSATU should expedite the discussions on the possibility of producing anti-retroviral drugs locally. The Committee supports this initiative and believes that this can go a long way in bolstering economic recovery and fighting poverty, unemployment and inequality. A progress report on this matter should be tabled in Parliament in the next budget cycle.

5.4 The National Treasury should implement without delay steps to expedite the disbursement of the R18.1 billion allocation to SASRIA, which will help businesses affected by the July 2021 unrest. National Treasury, together with SASRIA, should ensure that there are clear plans to improve communication with beneficiaries; simplification of the application process; and that physical inspections for verification purposes are conducted more speedily. SASRIA should ensure that proper systems are put in place to ensure that monies are only paid to the deserving beneficiaries and eliminate any possible corrupt elements. Parliament will continue to monitor the progress in this regard.

5.5 SASRIA needs to ensure that programmes of mass mobilisation for consumer education purposes are developed and implemented to address the fact that many businesses in townships, informal traders and rural businesses are not benefitting from its services. Such mobilisation programmes are critical to create awareness and ensure that risk in business is minimised.

5.6 The National Treasury should ensure that proper and vigorous assessment is conducted to ensure that SASRIA’s financial sustainability remains viable, given the larger amount of claims that need to be paid emanating from the July 2021 unrest. Parliament should be provided with a progress report on this matter in the next budget cycle, and will continue to monitor the progress in this regard.

1. **Committee decision**

The Select Committee on Appropriations, having considered the ***Second Adjustments Appropriation (2021/22 Financial Year) Bill* [B8 – 2022],** referred to it for concurrence, and classified by the Joint Tagging Mechanism as a Section 77 Bill, reports that it has agreed to the Bill without any proposed amendments.

The Democratic Alliance (DA) and the Economic Freedom Fighters (EFF) objected to the Report.

Report to be considered.