**MEDIA STATEMENT**

**UNDERSPENDING BY ALL DEPARTMENTS REMAINS A CONCERN**

**Parliament, Wednesday, 31 August 2022 –** The Standing Committee on Appropriations remains concerned about the underspending identified by the National Treasury across all government departments and state-owned entities as reflected in the first quarter expenditure report for the 2022/23 financial year.

Treasury said Eskom’s reported revenue of R66.3 billion in June 2022 was largely driven by a tariff increase of 9.61% for the 2022/23 year. The Land Bank, meanwhile, has put R5 billion of the R7 billion allocation into the contingency reserve and is awaiting compliance with equity conditions attached to the fiscal funding.

The departments of Public Enterprises, Science and Innovation, Agriculture, Land Reform and Rural Development, Water and Sanitation, Basic and Higher Education are some of those identified as having recorded lower than projected expenditure for the first quarter of the 2022/23 financial year.

The Chairperson of the Standing Committee on Appropriations, Mr Sfiso Buthelezi, said: “If you look at the 5.4% variance in Police, it means a whooping R1.3 billion rand. It’s not just a question of saying it was only 5.4%, if you look at the amount that is being underspent.”

The committee also noted that some key funded posts within the Department of Public Works and Infrastructure have not been filled. In addition, the department underspent on the Expanded Public Works Programme.

The committee was further concerned with underspending at the Department of Agriculture Land Reform and Rural Development, as it may cause problems for many smallholder and emerging farmers that could potentially push them out of the sector.

The committee also noted with concern the Department of Water and Sanitation’s underspending of R1,6 billion in relation to Umgeni Water due to non-submission of project documentation. This underspending has led to service-delivery protests in KwaZulu-Natal, which also displeased the committee.

The committee was also concerned by the ongoing financial and operation challenges at Eskom and the Land Bank, despite efforts to assist them. The committee also raised concerns about underspending at both the South African National Roads Agency and the Passenger Rail Agency of South Africa. Mr Buthelezi added: “Apart from denying the citizens critical service delivery, this undermines the Economic Reconstruction and Recovery Plan, localisation and job creation,” he said.

National Treasury advised the committee that this situation is a timing issue and it is expected that it will be corrected in the following quarters.

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

For media enquiries or interviews with the Chairperson, please contact the committee’s Media Officer:
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