**MEDIA STATEMENT**

**STANDING COMMITTEE ON APPROPRIATIONS CALLS FOR STABILITY AT PRASA TO CURB UNDERSPENDING**

**Parliament, Thursday, 8 September 2022 –** The Passenger Rail Agency of South Africa (PRASA) briefed the Standing Committee on Appropriations regarding its continued underspending on capital projects, repositioning of the agency, rail expansion and depot modernisation.

The rail agency, led by Minister of Transport, Mr Fikile Mbalula, informed the committee that it has struggled to implement its capital programmes over time. This resulted in failure to spend allocated budgets and this has worsened over the past six or seven years for various reasons.

Challenges include leadership instability, in which some 10 people filled the role of group CEOs in seven years. Furthermore, a 2021 independent assessment conducted by quantity surveyors determined that it would cost approximately R1.4 billion to refurbish railway stations around the country, excluding the Eastern Cape.

The Chairperson of the Standing Committee on Appropriations, Mr Sfiso Buthelezi, noted that President Cyril Ramaphosa has identified infrastructure as an important pillar to kick-starting the economy and driving employment creation. In addition, the Economic Reconstruction and Recovery Plan rests upon infrastructure spending. If there is no spending, this has a negative impact on economic growth and the survival of small businesses.

The committee was also of the view that the unspent funds should be given to other departments that are actively spending their budgets on service delivery. The committee also raised concerns with PRASA’s poor record on project and contract management. The committee also said it is unacceptable that PRASA has unspent funds sitting in the bank, as there is a cost to borrowing funds in the market. The committee was further concerned that PRASA House in Pretoria is not used by the rail agency, while it continues to pay services for this building.

The committee also asked if members of the Gibela consortium are benefitting it was envisaged they would. The committee will invite PRASA for a briefing at a later date to hear whether Gibela is complying with the conditions of its contract. The committee further called upon PRASA to revisit the Women in Rail initiative.

**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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