**MEDIA STATEMENT**

**NATIONAL TREASURY IMPLEMENTS STRICT CONDITIONS FOR FUNDING STATE OWNED ENTITIES**

The Standing Committee on Appropriations met with National Treasury to discuss the 2022 Division of Revenue Amendment Bill (DoRAB); 2022 Adjustments Appropriation Bill (AAB); and 2022 Special Appropriation Bill. National Treasury reported to the committee that Conditional grants valued at R1.6 billion will be added to the Early Childhood Development grant, which was moved to the Department of Basic Education for ease of oversight and monitoring capacity.

According to National Treasury, during August 2022 funds were shifted between disaster grants to allow for adequate response to the April floods. Government has made additional funding available for any disasters that may occur in the remaining months of 2022. Schools will also benefit by R1.5 billion, which will be added to the National School Nutrition Feeding Scheme Programme Grant for schools to continue providing nutritious meals to about nine million learners a day.

National Treasury mentioned an additional allocation of R300 million for 2023/24 to the Education Infrastructure Grant to assist in rebuilding school infrastructure damaged by disasters in April 2022.

National Treasury also spoke about the adjustments Appropriation Bill, which provides for increase or decrease to allocations set out in the main Appropriation Act. The adjustments provide for unforeseeable economic and financial events affecting the fiscal targets set by the annual budgets, such as virements and unspent funds.

Some of the unforeseeable and unavoidable expenditure include the cost to rehabilitate parliamentary buildings damaged by fire and additional accommodation for Members of Parliament. The Department of Cooperative Governance also received additional funds to deal with disasters affecting the Eastern Cape, KwaZulu-Natal and Western Cape, as part of disaster response grant. The Department of Basic Education also received adjustments to deal with schools damaged by floods in KwaZulu-Natal and Eastern Cape.

During the tabling of the Medium Term Budget Policy Statement by the Minister of Finance, Mr Enoch Godongwana, in the National Assembly, he had said bailouts of state-owned entities (SOEs) would come with strict conditions and will only be done once the Minister of Finance is satisfied that required conditions have been met.

According to National Treasury the some of the condition imposed on Transnet were that there must be an independent review of all freight and rail corridors and associated port operations. Transnet is also required to provide reports on progress regarding rehabilitation of locomotives.

The conditions for the South African National Road Agency were that an allocation of R8.98 billion will be released within 10 days of the Special Appropriations Bill being passed into law. The rail agency is further required to conduct an independent review of the performance of supply chain management policy and related procurement processes. Amongst other conditions is the requirement for national and provincial government to sign an agreement on a solution for the Gauteng Freeway Improvement road network.

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