Report of the Standing Committee on Appropriations on the Adjustments Appropriation Bill [B34 – 2023], Dated 5 December 2023

The Standing Committee on Appropriations having considered the *Adjustments Appropriation Bill [B34-2023]* (National Assembly – section 77), referred to in terms of section 12 (15) of the Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009) (as amended), reports as follows:

1. Introduction

The Minister of Finance tabled the 2023 Adjustments Appropriations Bill (henceforth referred to as the Bill) in Parliament on 1 November 2023 during the presentation of the 2023 Medium Term Budget Policy Statement (MTBPS). The Bill was tabled in Parliament in terms of section 12(1) and (2) of the Money Bills and Related Matters Act as amended by the Money Bills Amendment Procedure and Related Matters Amendment Act, 2018 (Act No. 13 of 2018). Section 12(1) of the Money Bills and Related Matters Act requires the Minister of Finance to table a national adjustments budget as envisaged in section 30 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (hereafter referred as the PFMA). Section 12(2) of the Money Bills and Related Matters Act requires that "an adjustments appropriation Bill must be tabled with a national adjustments budget". The Bill was referred to the Committee on 15 November 2023 for consideration and report in terms of section 12(15) of the Money Bills and Related Matters Act.

In addition to National Treasury briefing the Committee on the Bill in its entirety, the Financial and Fiscal Commission and Parliamentary Budget Office were also invited to comment on the Bill. Furthermore, to deliberate and understand the possible service delivery implications of the budget adjustments, the Committee invited some national government departments who were affected by the budget adjustments to make submissions on the overall impact of these budget adjustments in their ability to deliver on their respective legislative mandate. The Departments of Cooperative Governance, Water and Sanitation, Human Settlements, Health, and Basic Education were invited to brief the Committee on the Bill. Furthermore, the provincial education departments of Eastern Cape, Kwazulu-Natal, Limpopo and Free State were invited to form part of the meeting with the Department of Basic Education.
To facilitate public participation and involvement, an advertisement was published in national and community newspapers from 2 to 4 November 2023 inviting the public and all interested stakeholders to make written submissions and comments on the Bill. A joint public hearing on the Bill with the Select Committee on Appropriations was held on 1 December 2023 via the Zoom virtual meeting platform. The following stakeholders made submissions on the Bill:

- Budget Justice Coalition;
- Equal Education;
- Ilifa Labantwana; and
- Congress of South African Trade Unions

Section 43 (1) of the Public Finance Management Act of 1999 (PFMA) allows Accounting Officers to utilise savings in the amount appropriated under a main division (programme) within a vote to defray excess expenditure under another main division within the same vote unless the relevant treasury directs otherwise. However, section 43 (2) states that the amount of savings under a main division of a vote that may be utilised in terms of subsection (1) may not exceed 8 per cent of the amount appropriated under that main division. To this end, the Committee identified departments that have exceeded the 8 per cent requirement of the PFMA and the reasons thereof are reflected on the 2023 Adjusted Estimates of National Expenditure (AENE). These departments were Government Communication and Information System, Home Affairs, International Relations and Cooperation, Basic Education, Health, Social Development, Correctional Services, Justice and Constitutional Development, Police, Agriculture, Land Reform and Rural Development, Employment and labour, Mineral Resources and Energy, Tourism, and Trade, Industry and Competition. Furthermore, section 43 (4) does not authorise (a) the utilisation of savings on an amount specifically and exclusively appropriated for purpose mentioned under a main division within a vote, (b) the utilisation of savings on an amount appropriated for transfer to another institution, and (c) utilisation of savings on an amount appropriated for capital expenditure in order to defray current expenditure.

This report focuses on the proposed adjustments to the Appropriations Act (Act No. 8 of 2023) as tabled by the Minister of Finance and the matters raised during the engagements with the invited stakeholders and the organisations that made submissions in response to the Committee advertisements.

2. Overview of the 2023 Adjustments Appropriation Bill

Proposed total adjustment to vote appropriations amounts to a decrease of R12.4 billion, of which:

- A reduction of R21.7 billion due to unforeseeable economic and financial events in vote allocations.
- R6 billion is added to the votes of Correctional Services, Defence and Police as unforeseeable economic and financial events to alleviate the budget pressures emanating from the 2023 public service wage agreement.
- An addition of R1.7 billion as unforeseeable and unavoidable expenditure.
- An additional R1 billion in expenditure earmarked in the 2023 Budget for the South African Revenue Services to improve its revenue raising-capabilities.
- R578 million in rollovers.
- An addition of R2 billion in self financing expenditure.
- A reduction of R2 billion in declared unspent funds.

Proposed adjustments to the estimates of direct charges against the National Revenue Fund amount to R32.2 billion more than anticipated at the time of the main budget, of which:

- President and Deputy President salaries of R6.2 million.
- Debt service costs of R14.1 billion.
- R17.6 billion is added to the Provincial Equitable Share to cover the costs of the 2023 public-service wage agreement in frontline departments.
- National revenue fund payments of R266.7 million.
- R502 million for the Land and Agricultural Development Bank of South Africa (PFMA section 70 payment).
- A reduction of R314 million in the skills levy and sector education and training authorities.
- R114 million for Judges salaries.

Adjustments to the expenditure estimates in the 2023 Budget also include a contingency reserve of R357.5 million not assigned to votes at the time of tabling the 2023 Adjustments Budget. This is intended to fund responses to emergencies and disasters. Total estimates of expenditure for 2023/24 increases by R10.3 billion, from R2.035 trillion to R2.045 trillion.

Table 1: Adjustments due to unforeseeable economic and financial events

Vote and description of expenditure		R thousand
Reductions		
National government:		
1	The Presidency	(10,939)
2	Parliament	(214,670)
3	Cooperative Governance	(1,523,464)
4	Government Communication and Information System	(8,000)
5	Home Affairs	(68,861)
6	International Relations and Cooperation	(55,030)
7	National School of Government	(7,878)
8	National Treasury	(1,037,095)
9	Planning, Monitoring and Evaluation	(10,365)
10	Public Enterprises	(27,635)
11	Public Service and Administration	(11,833)
12	Public Service Commission	(3,366)
13	Public Works and Infrastructure	(306,139)
14	Statistics South Africa	(48,744)
16	Basic Education	(1,990,097)
17	Higher Education and Training	(2,951,245)
18	Health	(1,645,440)
19	Social Development	(2,135,224)

20	Women, Youth and Persons with Disabilities	(42,500)
22	Correctional Services	(256,754)
23	Defence	(607,280)
25	Justice and Constitutional Development	(285,601)
26	Military Veterans	(48,419)
27	Office of the Chief Justice	(10,000)
28	Police	(662,021)
29	Agriculture, Land Reform and Rural Development	(496,651)
30	Communications and Digital Technologies	(200,000)
31	Employment and Labour	(79,449)
32	Forestry, Fisheries and the Environment	(234,598)
33	Human Settlements	(3,184,421)
34	Mineral Resources and Energy	(430,000)
35	Science and Innovation	(311,230)
36	Small Business Development	(45,471)
37	Sport, Arts and Culture	(268,396)
38	Tourism	(63,699)
39	Trade, Industry and Competition	(292,050)
40	Transport	(1,270,000)
41	Water and Sanitation	(881,390)
Total		**(21,725,955)**

Source: *National Treasury (2023) Adjustments Appropriation Bill*

Table 1.1: Adjustments due to unforeseeable economic and financial events

Vote and description of expenditure		R thousand
Additions for budget pressures emanating from the 2023 wage agreement		
National government:		**6,000,000**
22	Correctional Services	800,000
23	Defence	1,200,000
28	Police	4,000,000
Provincial government:		**17,558,206**
8	National Treasury *Provincial equitable share* R10.753 billion will be allocated to provincial education departments and R6.805 billion to provincial health departments.	17,558,206
Total		**23,558,206**

Source: *National Treasury (2023) Adjustments Appropriation Bill*

Table 2: Unforeseeable and unavoidable expenditure

Vote and description of expenditure		R thousand
3	**Cooperative Governance** R1 184.472 million for the municipal disaster recovery grant for the reconstruction and rehabilitation of municipal infrastructure damaged by floods in the Eastern Cape, KwaZulu-Natal, Mpumalanga and Limpopo. R372 million to replenish the municipal disaster response grant	**1,556,472**

6	**International Relations and Cooperation** Additional funding for foreign exchange fluctuations	**191,593**
Total		**1,748,065**

Source: *National Treasury (2023) Adjustments Appropriation Bill*

Table 3: Appropriation of expenditure earmarked in the 2023 Budget for future allocation

Vote and description of expenditure		R thousand
8	**National Treasury** South African Revenue Service to improve revenue raising capabilities.	**1,000,000**
Total		**1,000,000**

Source: *National Treasury (2023) Adjustments Appropriation Bill*

Table 4: Roll-overs

Vote and description of expenditure		R thousand
5	**Home Affairs** R300 million for the Represented Political Parties' Fund and R38.472 million for the digitisation of records.	**338,472**
16	**Basic Education** R119.183 million for payments for capital assets in respect of the accelerated school infrastructure delivery initiative and sanitation appropriate for education initiative within the school infrastructure backlogs grant, R99.245 million for workbooks and R17.551 million for a management fee paid to the implementing agent for the school infrastructure backlogs grant	**235,979**
31	**Employment and Labour** Refurbishment of existing buildings	**3,938**
Total		**578,389**

Source: *National Treasury (2023) Adjustments Appropriation Bill*

Table 5: Self-financing expenditure

Vote and description of expenditure		R thousand
4	**Government Communication and Information System** Expenditure to produce Vuk'uzenzele newspaper, which is funded from revenue generated through advertising in the newspaper	**800**
5	**Home Affairs** Expenditure incurred by issuing official documents, which is defrayed by revenue generated from issuing the documents	**1,047,000**

18	**Health** Expenditure related to the COVID-19 vaccination programme, which is funded from revenue collected from costs recuperated from the COVID-19 vaccine programme.	**84,000**
22	**Correctional Services** Expenditure for offender gratuities, which is funded from revenue generated from the hiring out of offender labour	**1,048**
23	**Defence** Expenditure for defence activities, of which R717.508 million is defrayed from reimbursements from the United Nations, and R33.527 million from the sale of equipment and spares procured through the special defence account.	**751,035**
39	**Trade Industry and Competition** R64.022 million for unitary payment in respect of the public-private partnership for shared campus accommodation, which is funded from unitary payments received from public entities and R15 million for expenditure towards the Industrial Development Corporation: Tirisano Construction Fund for projects that form part of the annual plan under the voluntary rebuild programme settlement agreement	**79,022**
Total		**1,962,905**

Source: *National Treasury (2023) Adjustments Appropriation Bill*

Table 6: Declared unspent funds and projected underspending

Vote and description of expenditure		**R thousand**
3	**Cooperative Governance** Local government equitable share allocation due to lower than projected bulk electricity costs.	**(1,357,517)**
8	**National Treasury** Payments for financial assets	**(502,000)**
32	**Forestry, Fisheries and the Environment** Agency and outsourced services due to cancellation of contracts	**(100,000)**
Total declared unspent funds		**(1,959,517)**
National government projected underspending		**(797,300)**
Local government repayment to the National Revenue Fund		**(2,500,000)**
Total		**(5,256,817)**

Source: *National Treasury (2023) Adjustments Appropriation Bill*

In the 2023 Adjusted Estimates of National Expenditure, there are proposed virements and shifts within the votes that needs to be approved by Parliament, namely:

- **Government Communication and Information System (Vote 4):** a proposed amount of R447 000 is shifted within the Intergovernmental Coordination and Stakeholder Management Programme. These funds are shifted from vacant posts allocations to pay leave gratuities.

- **Department of Home Affairs (Vote 5):** a proposed amount of R1.5 million is shifted within the Citizen Affairs Programme (software and other intangible assets to goods and services) to correct an incorrect classification of funds allocated towards the presidential employment initiative, while a proposed amount of R992 000 is shifted within the programme (households to goods and services) for the same reasons. Furthermore, proposed amounts of R17.9 million, R81 million, and R460 million are shifted within the Citizen Affairs Programme respectively (compensation of employees to machinery and equipment, building and other fixed structures and goods and services) to correct an incorrect classification of funds allocated towards the presidential employment initiative.

- **Department of International Relations and Cooperation (Vote 6):** a proposed amount of R12 million is shifted from the International Affairs Programme (departmental agencies and accounts) to the Administration Programme to fund the interim structure of the African Renaissance and International Cooperation Fund Secretariate.

- **Department of Basic Education (Vote 16):** a proposed amounts of R8.5 million, R5 million, R6 million, R8 million, and R4 million respectively have been shifted from the Planning, Information and Assessment Programme (Building and other fixed structures: school infrastructure backlog grant) to various programmes of the department to fund the compensation costs associated with 2023 public-service wage agreement.

- **Department of Health (Vote 18):** a proposed amounts of R5 million and R68 million is shifted within the National Health Insurance Programme (goods and services: national health insurance grant, non-personnel and personnel services components) for compensation of employees and goods and services within the two components respectively.

- **Department of Social Development (Vote 19):** proposals are made to shift funds from various programmes of the Department to the Administration Programme in order to fund the costs associated with the 2023 public-service wage agreement, namely:
    - R10 million within the Administration Programme (goods and services: computer services, travel and subsistence);
    - R2.6 million from the Social Security Policy and Administration Programme (goods and services: travel and subsistence) and R2.6 million from compensation of employees (vacant posts);
    - R7 million from the Welfare Services Policy Development and Implementation Support Programme (goods and services: interest on rent and land, travel and subsistence); and
    - R3 million from the Social Policy and Integrated Service Delivery Programme (goods and services: travel and subsistence, and venues and facilities).

Furthermore, a proposed amount of R23.8 million is shifted within the Social Assistance Programme due to lower than anticipated uptake of social grants for the payment of financial assets.

- **Department of Correctional Services (Vote 22):** a proposed amount of R128.6 million is shifted from the Administration Programme (Households: social benefits) to the Incarceration Programme for the payment of housing allowances.

- **Department of Justice and Constitutional Development (Vote 25):** proposals are made to shift funds within the Court Services Programme to fund the costs associated with the 2023 public-service wage agreement, as follows:
    - R4 million from machinery and equipment: office furniture; and
    - R100 million from building and other fixed structure: capital projects.

- **Department of Police (Vote 28):** a proposed amount of R1 million is shifted within the Visible Policing Programme (goods and services: communications) for donations to non-profit organisations.

- **Department of Agriculture, Land Reform and Rural Development (Vote 29):** a proposal is made to shift from the Food Security, Land Reform and Restitution Programme (Departmental

Agencies: agricultural land holding account) to various programmes of the department in order to fund the costs associated with the 2023 public-service wage agreement, namely:

- R21 million and R117 million to the Administration Programme;
- R22.5 million and R21 to the Agricultural Production, Biosecurity and Natural Resources Management Programme; and
- R83 million within the Food Security, Land Reform and Restitutio
- n Programme (agricultural holding account, and Office of the Valuer-General).

- **Department of Employment and Labour (Vote 31):** a proposed amount of R20 million is shifted within the Public Employment Services Programme (Departmental and accounts: Government Technical Advisory Centre) to cover the costs associated with the 2023 public-services wage agreement.

- **Department of Mineral Resources and Energy (Vote 34):** a proposed amount of R53 million is shifted within the Mineral and Energy Resources Programmes and Projects Programme (public corporations and enterprises: integrated national electrification programme (Eskom)) to goods and services (business advisory services for the rehabilitation of derelict and ownerless mines).

- **Department of Tourism (Vote 38):** a proposed amount of R21 million is shifted from the Tourism Research, Policy and International Relations Programme various programme of the Department in order to cover the costs associated with the 2023 public-service wage agreement, namely:
  - R9.5 million to the Administration Programme;
  - R3.4 million within the Tourism Research, Policy and International Relations Programme;
  - R3.4 million to the Destination Development Programme; and
  - R4.7 million to the Tourism Sector Support Services Programme.

- **Trade, Industry and Competition (Vote 39):** a proposed amount of R21.3 million is shifted from the Investment and Spatial Industrial Development Programme (public corporations and private enterprises: industrial development zones) to the Incentives Programme for manufacturing development incentives.

3. Adjustments per identified department

The section below outlines the adjustments on budget allocations for the departments, which were identified by the Committee for briefings and written submissions on the Bill.

3.1. Department of Cooperative Governance (Vote 3)

The Department of Cooperative Governance (DCOG) 2023/24 main appropriation of R121.698 billion was adjusted downwards by R1.324 billion to R120.373 billion. The DCOG recorded an expenditure of R49.3 billion or 40.9 per cent of the adjusted budget as at the end of September 2023.

DCOG reported that R1.357 billion in unspent funds have been declared on the Local Government Equitable Share (LGES) due to lower than projected bulk electricity costs. DCOG submitted that the the cost of maintenance and security of the electricity infrastructure due to loadshedding would remain a huge financial burden for municipalities. The Basic Services Component of the LGES accounted for about 80 per cent of the total LGES allocation. This has not yet achieved the total coverage of indigent households, therefore, the reduction in the LGES would create more service delivery problems in terms of provision of free basic services to the indigent households. Furthermore, a sizable number of municipalities passed unfunded budgets which meant that those municipalities were not able to generate sufficient own revenue to perform all their allocated functions. In addition, some municipalities used conditional grants for operational expenditure resulting in off-sets being invoked against the LGES. This pointed to municipalities not having sufficient own revenues to meet their financial obligations.

DCOG provided an overview of the financial performance in terms of the Municipal Infrastructure Grant (MIG) and reported that R16.842 billion has been allocated to the 218 municipalities from which R14.771 billion or 87.71 per cent has been spent as at the end of the 2022/23 financial year. DCOG reported that the provinces of KwaZulu-Natal, Limpopo, Mpumalanga, and the Western Cape have consistently performed at 90 per cent and above due to effective support and monitoring mechanisms. The Minister of Cooperative

Governance and Traditional Affairs issued guidance to DCOG on the steps to be taken to support provinces and municipalities that performed poorly such as Eastern Cape, Free State, North-West Gauteng and Northern Cape.

Regarding assistance provided to municipalities, DCOG reported that the problems that give rise to municipalities being in financial distress were from a range of issues such as political, governance, administrative, financial management, and service delivery. Therefore, it provided support to municipalities wholistically through the development and implementation of Municipal Support and Improvement Plans (MSIPs). The MSIPs constitute a package of support interventions aimed at strengthening governance capacity, institutional capacity, financial viability, service delivery and economic development. DCOG reported that it supported 22 municipalities to increase revenue and to decrease debt owed to them. The approach was similar to what has been described in relation to those municipalities that were indebted to Eskom.

On the municipal debt owed to Eskom, DCOG reported that as at 12 November 2023, National Treasury approved 36 applications from for debt relief. DCOG reported that cash-flow constraints continued to hinder on the ability of municipalities to pay their creditors on time, therefore, a number of projects have been introduced which are aimed at improving the financial position and in turn the financial sustainability of these municipalities.

DCOG also reported on the expenditure against the allocations for the provincial and municipal disaster recovery grants. The table below provides an overview of the expenditure performance over the past three financial years.

Financial year	**Grant type**	**Purpose**	**Transferred**	**Expenditure**
2021/22	Municipal Response grant	Drought and storm “Eloise” [Limpopo (LP), KwaZulu-Natal (KZN), Northern Cape (NC), North-West (NW) and Western Cape (WC)]	R378 370 989	R269 347 000
	Provincial Disaster Response grant	Drought intervention (WC)	R 48 100 000	R 48 100 000
2022/23	Municipal Response grant	Floods of April and December 2022 [Eastern Cape (EC) and KZN]	R516 748 000	R380 561 000
	Municipal Recovery grant	Floods 2021 and 2022 (EC, KZN and WC)	R3 327 742 000	R402 016 000
2023/24	Municipal Response grant	February & March 2023 floods (EC, Gauteng Province, LP, Mpumalanga, Northern Cape and NW)	R343 527 000	R106 434 000
Total			**R4 614 486 989**	**R1 206 458 000**

DCOG reported on the support interventions to address the identified challenges (assessment of damages, supply chain management, instabilities due to poor governance, and poor project and contract management) in expediting disbursements and capacitating municipalities to adequately prepare spending plans for grants.

3.2. Department of Water and Sanitation (Vote 41)

The Department of Water and Sanitations’ (DWS) 2023/24 main appropriation of R22.257 billion was adjusted downwards by R881.390 million to R21.376 billion. DWS recorded an expenditure of R9.8 billion or 45.8 per cent of the adjusted budget as at 30 September 2023. DWS reported that the majority of the downward adjustments were in respect of the Water Resource Management (R331.333 million) and the Water Services Management (R501.061 million) programmes. The adjustment of R331.333 million under Water Resource Management included transfer payments to the Komati Basin Water Authority (R213.755 million), Water Trading Entity (R100 million) and the operational budget totalling R17.578 million.

The adjustment of R501.061 million under Water Services Management was made up of conditional grants to municipalities in the amount of R481.390 million (Regional Bulk Infrastructure Grant: R236.914 million and Water Services Infrastructure Grants: R244.476 million) and the operational budget totalling R19.671 million was realised from implementation of cost containment measures. DWS forewarned that that the proposed budget cuts on the RBIG and WSIG will have socio-economic and service delivery implications including possible costs escalations and delays in completion of projects.

DWS reported on its support mechanisms to municipalities such as Lekwa, Matjhabeng, Ugu, Tshwane, Emfuleni, Mopani, uMkhanyakude and highlighted the following interventions:

- Site inspections by the Minster of Water and Sanitation at those municipalities with severe challenges with water and sanitation services and agreements signed with municipal leadership on improvement plans;
- DWS contribution in the form of grant fundings i.e. R14 billion per annum from RBIG and WSIG - DWS currently has 381 WSIG projects in 119 water services authorities and 99 RBIG projects in 20 water services authorities in construction
- Close monitoring of project implementation and provision of advice to municipalities and in some instances, DWS appoints implementing agents to assist municipalities which lack capacity for implementation;
- Coordination of regular progress meetings with the municipalities to address bottlenecks and delays; and
- Allocating of some DWS officials to participate in municipal bid committee meetings to ensure proper procurement.

3.3. Department of Human Settlements (Vote 33)

The Department of Human Settlements (DHS) 2023/24 main appropriation of R34.942 billion was adjusted downwards by R3.184 billion to R31.757 billion. DHS recorded an expenditure of R13.6 billion or 42.8 per cent of the adjusted budget as at the end of the second quarter of the 2023/24 financial year. DHS submitted that the proposed reduction in budgets would have an overall negative impact on the targeted outputs through the various human settlement programmes. The ultimate impact of such proposed budget reductions was the ability of government to effectively respond to identified and planned service delivery priorities. DHS reported that the proposed overall decrease of R3.184 billion would yield a loss of approximately 11 478 new housing units (calculated at a quantum of R261 364 which includes cost of solar, engineering services and top structure). The overall service delivery implications due to the proposed budget reduction were reported as follows:

- The impact on the serviced sites were 2 769 and for Housing Units 10 154 less than planned for;
- The impact on the investment in priority housing and human settlements development areas was R1 412 035 less than what was planned for;
- The impact on the serviced sites emanating from the Informal Settlements Upgrading Partnership Grant (ISUPG) allocations were 15 970 which was a downward adjustment from 17 972;
- The impact on planned budget for the provision of social and economic facilities were R21 248 691 less than what was initially allocated;
- A decrease of R25 million towards the Social Housing Regulatory Authority would translate to a reduction of funding for 60 social housing units;
- a reduction of R25 million towards the National Housing Finance Corporation would result in the entity expecting to approve 238 less First Home Finance Subsidy applications as anticipated, assuming an average subsidy amount of R105,000 per application.
- The impact on the CRU (New) was 509 and for First Home Finance 2 230 less than planned for;
- The operational grant allocation to the Community Schemes Ombud Service (CSOS) in the amount of R24.9 million was discontinued as from the 2023/24 financial year. Furthermore, National Treasury instructed the CSOS to surrender the R222.6 million surplus generated for the 2022/23 financial year. The combined impact of the budget cut and the surrendered funds was that the entity will not have sufficient funds to complete the implementation of the BAS system. The impact of the non-implementation of the BAS system will delay the resolution of audit findings relating to community scheme accounts and hinder the efficiency of the entity with the administration of cases.

In terms of the Urban Settlements Development Grant (USDG), the overall expenditure reported as at 31 October 2023 amounted to R1.3 billion or 17 per cent of the adjusted allocation of R7.6 billion. DHS reported that only three metropolitan municipalities managed to spend over 20 per cent of their total available funds i.e. Buffalo City Metro (26 per cent), eThekwini (26 per cent) and City of Cape Town (23 per cent). In terms of the ISUPG, the reported expenditure by metropolitan municipalities as at 31 October 2023 amounted to R685 million or 16 per cent of the adjusted allocation of R4.2 billion. DHS reported that only three metropolitan municipalities managed to spend over 20 per cent of their total available funds i.e., City of Ekurhuleni (23 per cent), eThekwini (25 per cent) and City of Cape Town (31 per cent).

In conclusion, DHS submitted that the proposed budget reductions will have a major detrimental impact on human settlement delivery, especially on the most vulnerable. The realization of consolidation and spatial change will be impacted by less spending in the Priority Development Areas or the initiation of new projects. Furthermore, budget cuts would cause delays in the planning and development of new projects and multi-year plans. The availability of provincial and municipal capacity and resources to implement human settlement programmes would likely be affected, especially for the provinces which the Census 2022 study indicated were growing at the fastest rate.

3.4. Department of Health (Vote 18)

The Department of Health's (DoH) 2023/24 main appropriation of R60.111 billion was adjusted downwards by R1.561 billion to R58.549 billion. DoH recorded and expenditure of R29.5 billion or 50.4 per cent of the adjusted budget as at the end of the second quarter of the 2023/24 financial year. DoH reported that that the proposed budget reduction will have a negative bearing on its service delivery targets and highlighted the following:

- The reduction of R30 million for compensation of employees has affected the filling of critical vacant posts;
- The reduction of R99 million on goods and services included catering, travelling and subsistence which will affect the support provided to provinces such as strengthening capacity building through workshops;
- Transfers and subsidies affected included R1 billion from the comprehensive HIV and AIDS component, R440 million from the Health Facility Revitalisation Grant and R72.140 million from Departmental Agencies; and
- The R4 million reduction on capital will delay the procurement of tools of trade and equipment.

DoH reported that the substantial reductions under the HIV and AIDS component might result in the anti-retroviral (ARV) treatment in provinces being compromised if not closely monitored. To this end, DoH gave the assurance that it will henceforth monitor the consumption of the ARVs in all the provinces. Furthermore, the Global Fund will donate R350 million worth of ARVs to provinces and a further R150 million could be made available on request by DoH
Regarding the National Health Insurance (NHI), DoH reported that substantial progress has been made on the legal processing of the NHI Bill. It further gave an overview of the initiatives currently underway in anticipation of the finalization of the NHI Bill. DoH called for close collaboration between the national department, the provinces and the Department of Public Service and Administration to develop a business plan for the full implementation of the NHI.

3.5. Department of Basic Education (Vote 16)

The Department of Basic Education`s (DBE) 2023/24 main appropriation of R31.782 billion was adjusted downwards by R1.990 billion to a total of R30.028 billion. It recorded an expenditure of R18.6 billion or 62.1 per cent of its adjusted budget allocation as at the end of the second quarter of the 2023/24 financial year. DBE, in its submission demonstrated how the proposed budget cuts will have a negative bearing on service delivery, particularly on the critical grants within the education sector.

DBE reported that the initial allocation of R25.329 billion towards conditional grants was adjusted downwards by R1.730 billion. The affected conditional grants include the Maths, Science and Technology grant (R49.804 million); Early Childhood Development grant (R58.053 million); Education Infrastructure grant (R1.594 billion); and the HIV and Allocation grant (R27.790 million). DBE reported the following negative impact of the proposed budget reductions on service delivery:

- Targets for the regulations relating the Minimum Uniform Norms and Standards for Public Schools Infrastructure will be negatively impacted;

- Specific targets for meeting infrastructure repairs and refurbishment in schools will be affected;
- Planned efforts to reduce overcrowding in schools will be impacted.
- Outstanding payments to contractors who were already on site for some projects will accrue interest as they will not be paid on time and therefore, some projects were likely to be aborted;
- Stalled construction and repairs projects will limit the department`s efforts to contribute to job creation and the reduction of poverty in communities that benefitted from local construction projects in schools.

DBE made a commitment to monitor all contracts that are awarded to ensure that there was value for money. In doing so, DBE undertook to hold the implementing agencies liable for the delays in projects, Over and above, DBE reported that it will continue to closely monitor expenditure against the allocated budget. DBE also reported on the key highlights of the positive impact of the current close monitoring drive. Among others, the DBE highlighted that it had improved its audit outcome opinion. Also, consequence management has been applied for the contractors who were found to have done shoddy work and challenges relating to the delays in payments of the contractors had been resolved.

4. Comments and hearings on the Bill with identified stakeholders

The section below provides an overview of the comments that were made on the Bill by the invited stakeholders.

4.1. Financial and Fiscal Commission

The Financial and Fiscal Commission (FFC) indicated that the 2023/24 in-year spending adjustments amounted to R10.3 billion, thus taking the total adjustments expenditure estimate from R2.043 trillion to R2.044 trillion. The FFC submitted that the need for upward adjustments to spending had been largely driven by two factors. The need to cater for obligations arising from the 2023 public wage agreement, which amounted to R24 billion; as well as debt-service costs, with an upwards adjustment of R14 billion being added to the February appropriation. The upward adjustment required due to debt service costs was effected as part of the adjustments to the direct charges against the NRF. The FFC added that this brought the adjusted appropriation in respect of debt service costs to R355 billion.

The total appropriation by Vote as per the 2023 Estimates of National Expenditure (ENE) was R1.077 trillion. Net adjustments as outlined in the Bill effectively reduces this amount by R12.4 billion, taking the total adjusted appropriation down to R1.065 trillion. The FFC reported that the bulk of the adjustments (R18 billion) had arisen due to the wage bill agreement and was required at the provincial level in respect of provincial departments of education (R11 billion) and health (R7 billion). The FFC explained that this had been included in the Provincial Equitable Share (PES) allocation as part of the direct charges against the NRF. The balance of R6 billion, largely for the Police Vote, had been required at national government level.

The FFC welcomed the relatively small but important upwards adjustment of R1.6 billion under the unforeseeable and unavoidable expenditure category that was aimed at helping with damage caused by floods in the Eastern Cape, KwaZulu-Natal, Mpumalanga, and Limpopo.

The FFC further submitted that in-year adjustments in respect of roll-overs arising due to low spending within departments amounted to R578 million. The Department of Home Affairs was responsible for R338 million worth of roll-overs, while the Department of Basic Education was responsible for R236 million.

The FFC reported that the upward revisions required as part of the total in-year adjustments were off-set by a combination of baseline reductions (R22 billion), drawing down on the contingency reserve (R4.6 billion), and declared unspent funds and projected under-spending which amounted to R5.3 billion. According to the FFC, half of the R22 billion reductions were from the following four Votes:

- Human Settlements (R3.2 billion);
- Higher Education and Training (R3 billion);
- Social Development (R2.1 billion, of which R1.7 billion was reduced from the Social Relief of Distress (SRD) Grant and R4 million from grant administration as implemented by the South African Social Security Agency); and
- Basic Education (R2 billion).

The FFC noted that social infrastructure funded via conditional grants, especially housing and education sectors recorded significant reductions. The impact of reductions will be most evident at the provincial level where these grants fund the delivery of infrastructure. The FFC put forward that the implication was that the fulfilment of targets around infrastructure would be delayed (e.g., Norms and Standards for School Infrastructure). The FFC further submitted that it has continuously raised concerns around cuts in the SRD grant given the existing cost of living crisis and prohibitive eligibility criteria. Reducing funding of grant administration could potentially affect efficacy of the processes underpinning grant application approvals and payments. The FFC cautioned that this may have detrimental effects for beneficiaries.

The FFC made the following observations and recommendations in respect of the Bill:

- The FFC noted the positive nominal growth projected across key functional spending areas including economic and community development, social development and basic education. However, unless there was a concerted drive towards translating these increases into the delivery of quality services, such increases would remain a technical budgetary exercise with limited impact for the poor and vulnerable.
- The FFC, as in previous instances, again stressed the urgent need for policy certainty in respect of the SRD grant and the broader social security reform project. This was critical so as to provide stability for beneficiaries reliant on social protection for their livelihoods. Over the past three years, the lack of policy certainty on this issue has meant that the numerous extensions to the SRD grant have been approached as once-off events that have essentially served to destabilise sound planning and which in turn, negatively affected the credibility of the budget.
- The Commission noted the continued reliance on an infrastructure-led approach to reigniting growth. While there was merit in using investment in public infrastructure to promote growth, government needed to consider the suitability of this approach in the South African context. This was due to deficiencies in the capabilities to manage and implement infrastructure projects which would limit potential benefits.

4.2. Parliamentary Budget Office

The Parliamentary Budget Office (PBO) gave an overview of the Bill and submitted that fiscal consolidation worsened socioeconomic conditions for households over time and further eroded household resilience. Expenditure on social grants, basic services, and community and social expenditure were generally narrowly considered to be consumption expenditure by the government. However, the PBO emphasised that the provision of public basic services was critical to social reproduction. The PBO posited that when there were deep structural reasons underpinning the economy’s inability to provide work to a large proportion of the working-age population, it was important for government’s social expenditure to compensate for, not only households and communities suffering with high levels of poverty but for the health and operation of the entire economy and stability of society.

The PBO highlighted the EPWP and submitted that the programme had created over 14 million work opportunities since its inception in April 2004. The PBO submitted that the adjustment of R112 million to the EPWP in the 2023/24 financial year comprised of the following:

- R102.28 million due to significant and unforeseeable economic and financial events; and
- R9.59 million for virements and shifts within the vote mainly from agency and support/outsourced services in Programme 3 to goods and services, such as advertising, travel and subsistence, venues and facilities in Programme 1 of the Department of Public Works and Infrastructure.

5. Public submissions on the Bill

The section below provides summaries of the inputs made by organisations and individuals in response to the advertisement calling for submissions from the public on the Bill.

5.1. Budget Justice Coalition

The Budget Justice Coalition (BJC) submitted that the budget policy was a powerful tool for socio-economic advancements and lifting people out of poverty. Unfortunately, it expressed concerns about the proposed 2023/24 adjustments appropriations to social spending areas that needed to redress the rising levels of inequality. The BJC called on Parliament to consider the human rights implications which the nominal budget cuts presented and to advance for more equitable interventions to protect the right to basic education, access to health care, nutrition and other Constitutionally guaranteed rights for all in South Africa.
The BJC noted with concern the proposed reduction of R58.1 million under the ECD grant reduction and the fact that the R17 subsidy per child per day for 264 days had not increased since 2019. BJC indicated that the

funding for ECD was inadequate and had not accounted for inflation. It submitted that, at 13 per cent, food inflation was eroding the real value of the ECD grant and would likely translate into reduced nutritional support for children under five years of age. This was the group most in need of adequate nutrition to prevent malnutrition and stunting.

Regarding the public sector wage bill, the BJC noted that the 2023/24 budget did not make provision for an increase in wages, with government expecting departments to absorb any wage increase from existing baseline budgets. Following the March 2023 wage agreement, the government reiterated the need for departments to absorb the outcome of the wage agreement from existing baselines resulting in it being classified as an "unforeseeable economic and financial event". BJC submitted that significant cuts have been made in various areas, including capital, goods and services, and transfers, to accommodate the financial demands of the wage agreement. BJC submitted that these cuts had far-reaching implications at both national and provincial levels, potentially affecting the delivery of public services and the government's capital investment projects.

BJC opined that the bolstering of the public service could be a powerful intervention to liberate women who were compelled to stay in abusive relationships out of financial insecurity. BJC submitted that the proposed budget cuts impacted negatively on genders, and it called on Parliament to advance a gender-responsive budget. Such budgeting would reflect on the effects of fiscal policy interventions in entrenching gender and racial inequality in South Africa and prioritise addressing underspending and corruption. BJC further called on Parliament to compel National Treasury to provide updates regarding its commitment during the tabling of the 2023/24 national budget to leading an interdepartmental steering committee and working with stakeholders to develop a roadmap and tools to facilitate gender-responsive budgeting.

The BJC was concerned about the downward adjustments in the Education Infrastructure Grant (EIG) as it could leave many schools without the means to address poor sanitation and infrastructure. Furthermore, the Department of Basic Education had reported that 728 schools nationwide, predominantly in the Eastern Cape, still used only pit toilets. In addition, in September 2023 the Western Cape Education Department had reported that 249 schools had been affected by a severe storm in the province. The said storm resulted in over 150 schools that had reported infrastructure damage, ranging from minor to severe. BJC commented that, the damage caused by the more frequent occurrence of extreme weather conditions made the reduction in the allocation to the EIG even more concerning. This was because most provinces relied entirely on the grant for construction, upgrading, repairing, and rehabilitating public school infrastructure.

Moreover, BJC raised concerns about the proposed reduction of R441 million under the Health Infrastructure Grant as well as the R1 billion proposed reduction from the District Health Programmes Grant, directed at the HIV/AIDS funding component. BJC cautioned that as these proposed cuts may lead to a regression in the country’s progress to ensure that 6 million people were on antiretroviral therapy (ART) by the end of the 2023/24 financial year. This was against a priority action outlined in the National Strategic Plan (NSP) for HIV, tuberculosis (TB) and sexually transmitted diseases (STIs) for 2023. Furthermore, the 2023 NSP stated that baseline allocations for HIV, TB and STIs must be protected. The BJC was of the view that, not only did the proposed budget cuts constrain the ability of the health system to provide quality healthcare, but it also reduced the capacity to bolster spending quality. BJC submitted that it supported SECTION27’s recommendation that rather than returning funds to National Treasury, that savings need to be redirected towards strengthening our health system’s ability to scale up ART coverage and the treatment of TB.

5.2. Equal Education

Equal Education (EE) noted the reduction of the R58.1 million to the ECD grant and expressed concern that, despite the Grant being insufficient to cater for the 4.7 million eligible children, National Treasury had seen fit to reduce the maintenance portion of the grant. ECD was crucial to address foundational challenges in learning outcomes, and EE argued that government funding of ECD remained inadequate at R17 per eligible child per day since 2019. EE was of the view that this inadequate funding model, together with the proposed cuts to the ECD grant, contributed to the fact that children could not read for meaning by the time they reached the age of 10.

EE further noted the addition of R10 billion to Basic Education for the 2023/24 financial year to implement the 2023 public service wage agreement. It submitted that that provincial education departments were constrained in hiring additional teachers as part of the National Treasury’s new cost-containment measures. EE submitted that this decision could mean larger classroom numbers and higher learner-teacher ratios in a sector already plagued by overcrowding. This could threaten the already fragile educational outcomes.

EE highlighted the extent of infrastructure backlogs in schools, coupled with the lack of maintenance of existing infrastructure. EE hoped for a sustained long-term commitment for increased school infrastructure funding for a more lasting impact. EE found the downward adjustments to the Education Infrastructure Grant (EIG) and the School Infrastructure Backlogs Grant (SIBG) alarming. It noted that National Treasury had attributed these to “significant and unforeseeable economic and financial events”. In light of this, EE submitted that the decision to cut the school infrastructure budget amidst severe backlogs in the sector may have devastating impacts on learners in under-resourced schools. EE indicated that the Department of Basic Education and provincial education departments had for many years reported limited resources as a reason for not meeting their targets, especially on school infrastructure. Budget cuts, however slight, would exacerbate and provide justification for non-performance as National Treasury’s renewed austerity measures would lead to half of the planned projects for 2023/24 not even reaching the project commencement stage.

EE further commented that the Bill could hamper the ability of education departments to meet their annual goals and broader constitutional mandates. This would worsen pre-existing challenges to provide quality services to school communities. Learners attending public schools across the country who relied entirely on government funding could be the most affected and punished by such austerity measures.

EE made the following recommendations on the Bill:

- That the Committee should reject the austerity budgeting and call for the reversal of the cuts to ensure pro-poor spending.
- That National Treasury should adopt a progressive approach to basic education funding that ensures that education budgets grow in line with inflation and learner enrollment at the very least.
- That the relevant Committees should take their oversight responsibilities seriously, by ensuring efficiency and effectiveness in departments’ use of available resources to achieve quality service delivery, particularly in basic education.

5.3. Ilifa Labantwana

Iifa Labantwana indicated that the reduction of R58.1 million from the ECD grant, targeted at the infrastructure component, effectively reduced the grant’s allocation from R102 million to R44 million for the 2023/24 financial year. While the reduction had been attributed to “slow spending”, Ilifa Labantwana argued that no plans had been announced to improve expenditure performance by provincial education departments, or how these reductions would impact on the country’s goals for expanding and improving early learning programmes.

Ilifa Labantwana further noted that the ECD grant was the only allocation dedicated to supporting registration to early learning programmes and qualification for government subsidies, by ensuring ECD infrastructure met basic health and safety standards. Ilifa Labantwana further submitted that rather than reverting to cutbacks, the Department of Basic Education, National Treasury and provincial education departments should work with the ECD sector to develop plans to ensure that these funds were spent efficiently. Failure to do so placed the anticipated increase to this component of the grant in the 2024/25 and 2025/26 financial year budgets at risk.

Ilfa Labantwana made the following recommendation on the Bill:

- Parliament should request reasons from National Treasury for the proposed R58.1 million budget cut to the ECD grant: infrastructure component and provide information on steps being taken to ensure full expenditure of this Grant in 2024/25.
- The Department of Basic Education and provincial education departments should urgently consult with the ECD sector on the optimum modalities for organising and spending the infrastructure component of the ECD Grant.
- In the event of returned unspent funds to the fiscus due to “slow spending”, the rate of spending should be provided for in the Adjusted Estimates of National Expenditure (AENE) and Explanatory Memorandum to the Division of Revenue Bill. These should also include reasons for the slow spending and the plans in place to improve the spending performance.
- Any unallocated funds in the ECD grant, for which no considered spending plans have been developed, should be allocated to provinces to be spent on ECD subsidies, as this was the quickest and simplest way to improve equitable access to early learning programmes.

- Increasing the subsidy to R20 per child per day at a cost of R700 million per annum would partially make up for the effect of inflation. Inflation has eroded the purchasing power of the subsidy since 2019 and would expand its reach to a further 300 000 children over three years. Since the subsidy was well targeted at children from low-income families, and the fact that a portion of the subsidy must be spent on food, increasing the subsidy value was a highly effective way to address child hunger and malnutrition.
- In the medium-term, a gradual increase in the subsidy to R45 per child per day by 2030 would enable universal access to quality ECD programmes, a key goal of the National Development Plan (NDP).

5.4. Congress of South African Trade Unions

The Congress of South African Trade Unions (COSATU) submitted that it appreciated the need to adjust allocations at times because of under expenditure and unexpected and urgent new priorities. COSATU submitted that whilst some stakeholders may blame workers for negotiating increases to protect their wages from inflation erosion, workers have the right to a living wage. Therefore, rebuilding the collective bargaining and multi-year agreements will avoid the need to adjust budgets afterwards to accommodate wage agreements. COSATU submitted that it was deeply concerned about significant austerity budgetary reductions to the following Votes and Programmes:

- R214 million from Vote 2: Parliament, despite the need to rebuild the Legislature.
- R1.1 billion from the Municipal Infrastructure Grant (MIG) and R1.3 billion from the LGES under Vote 3: Cooperative Governance and Traditional Affairs.
- R1.5 billion from the School Infrastructure Backlogs Grant under Vote 16: Basic Education.
- R959 million and R446 million from the District Health Programmes (HIV/AIDS) Grant and the Health Facilities Revitalisation Grant, respectively, under Vote 18: Health.
- R1.7 billion from the Social Relief of Distress (SRD) Grant and R400 million from the South African Social Security Agency (SASSA) administration under Vote 19: Social Development.
- R35 million from the National Prosecuting Authority (NPA) and R195 million from Legal Aid under Vote 25: Justice and Constitutional Development.
- R402 million from Land Reform under Vote 29: Agriculture, Land Reform and Rural Development.
- R213 million from Industrial Support under Vote 39: Trade, Industry and Competition.
- R151 million from Information, Communication and Technology (ICT) support under Vote 30: Communications and Digital Technologies.
- R10 million from the Commission for Conciliation, Mediation and Arbitration (CCMA) under Vote 31: Employment and Labour.
- R2.5 billion from the University Education Programme under Vote 17: Higher Education and Training.
- R2.2 billion and R828 million from the Urban Settlements Development Grant and the Informal Settlements Upgrade Grant, respectively, under Vote 33: Human Settlements.
- R186 million from the Neighbourhood Development Partnership Programme under Vote 8: National Treasury.
- R563 million from the Provincial Roads Maintenance Grant and R606 million from the Public Transport Network Grant under Vote 40: Transport.
- R322 million from Water Resource Management and R581 million from Water Services under Vote 41: Water and Sanitation.
- R431 million from the Integrated National Electrification Programme.

COSATU noted that these reductions were attributed to the need to cut costs, but asked whether these could also be due to a failure to spend the budgets as required, or whether it was identified as savings to prevent wasteful expenditure. Furthermore, COSATU expressed concern about the impact of these reductions on service delivery, and asked what measures were introduced to capacitate provincial and local government to spend funds effectively and efficiently. In conclusion, COSATU submitted that it will continue to engage government to seek a more sustainable path to rebuilding state, growing economy and creating jobs.

6. Committee findings and observations

Having deliberated and considered all the submissions made by the above stakeholders on the Adjustments Appropriation Bill [B34–2024], the Standing Committee on Appropriations makes the following findings and observations:

6.1. The Committee notes the proposed revisions to vote appropriations of R12.4 billion largely due to the government fiscal consolidation initiative and under collection by the South African Revenue Service. The current fiscal consolidation initiative should be understood to be a temporary intervention and the permanent solution should be to get the economy growing at a higher rate. The Committee however welcomes government's decision to increase the budget allocation to Correctional Services, Police and Defence in order to alleviate the pressures emanating from the 2023 public-service wage agreement.

6.2. The Committee notes and welcomes the proposed additional allocation of R1.2 billion to the Department of Cooperative Governance for the municipal disaster recovery grant for the reconstruction and rehabilitation of municipal infrastructure damaged by floods in the Eastern Cape, KwaZulu-Natal, Mpumalanga and Limpopo and the R372 million to replenish the municipal disaster response grant. The Committee is of the view that government's quick response to natural disasters helps in restoring normality and minimizes the negatives impact of these disasters on the livelihoods of affected communities, poor communities in particular.

6.3. The Committee notes and welcomes the proposed additional allocation of R1 billion to the South African Revenue Services for the revenue authority to improve on its revenue collection capabilities. Given the poor performance of the South African economy, coupled with the ever-increasing need for government social spending, the Committee is of the view that government's effort in capacitating the revenue authority is critical to ensure the efficient collection of all the limited resources needed by government to fund key priority objectives.

6.4. The Committee notes the proposed overall virements and shifting of funds within votes to cover the costs associated with the 2023 public service wage agreement. However, the Committee notes with concerns the continuous underspending and shifting of funds within the social assistance programme, decreasing this year by an amount of R23.8 million due to lower than anticipated uptake of social grants. Given the country's high levels of employment and inequality, the Committee has consistently emphasised the need for the Department of Social Development to simplify the qualification criteria and its reach especially to rural areas. Furthermore, the Committee notes with concern the submission by the FFC that it continuously raised concerns around cuts in the SRD grant given the existing cost of living crisis and prohibitive eligibility criteria. The FFC further submitted that reducing funding of grant administration could potentially affect the efficacy of the processes underpinning grant application approvals and payments. The FFC cautioned that this may have detrimental effects for beneficiaries, a sentiment that is fully shared by the Committee.

6.5. The Committee notes the submission by the Department of Water and Sanitation that the proposed budget cuts on the RBIG and WSIG will have socio-economic and service delivery implications, including possible cost escalations and delays in completion of projects. The Committee encourages the Department to carefully monitor the expenditure and roll-out of infrastructure projects to limit cost overruns. This is currently very important especially given the fact that government's projected revenue seems to always fall short of targets due to poor economic performance.

6.6. The Committee notes the submission by the Department of Human Settlements that the combined impact of the budget cut and the surrendering of funds by the Community Schemes Ombud Service (CSOS) will result in the entity being unable complete the implementation of the BAS system. Consequently, this will delay the resolution of audit findings relating to community scheme accounts and hinder the efficiency of the entity with the administration of cases. The Committee encourages the Department to continuously engage with National Treasury to resolve the funding related matters of the CSOS to avoid disregarding directives made by a Chapter 9 institution tasked with strengthening our constitutional democracy, like the Auditor General South Africa.

6.7. The Committee notes the submission by the PBO that fiscal consolidation worsened the socio-economic conditions for households over time and further eroded household resilience. The PBO further added that it was important for government's social expenditure to compensate for, not only households and communities suffering with high levels of poverty, but for the health and operation of the entire economy and stability of society.

7. Recommendations

The Standing Committee on Appropriations, having considered submissions from various stakeholders on the Adjustments Appropriation Bill [B34–2023], recommends as follows:

7.1. That government must consider conducting a socio-economic impact assessment of fiscal consolidation on the poor household and communities living in high levels of poverty in order to avoid the strides made by government in reducing poverty and inequity in South Africa.

7.2. That the Minister of Human Settlements and the Minister of Finance must ensure that the Department of Human Settlements and National Treasury speedily engage to find a solution to the funding model of the Community Schemes Ombud Service (CSOS), in order to avoid any delays in the implementation of the directives of the Auditor General of South Africa.

7.3. That the Minister of Social Development provide a comprehensive report on the steps taken to simplify the eligibility criteria and administration process of the SRD grant in line with the recommendations of the FFC and previous recommendations of the Committee.

7.4. The Committee encourages government departments to also implement their own strategies to implement the Economic Reconstruction and Recovery Plan that would result in inclusive economy growth. In particular, government departments should use their budget allocations to procure goods and services locally rather than importing these. This will also help with employment creation and would reduce the high levels of poverty.

8. Committee Recommendation on the Bill

The Standing Committee on Appropriations, having considered the Adjustments Appropriation Bill [B34-2023], referred to it and classified by the Joint Tagging Mechanism (JTM) as a Section 77 Bill, recommends that the Bill be adopted, without amendments.

9. Conclusion

The relevant Executive Authorities must send the responses to the recommendations as set out in section 7 above to Parliament within 60 days of the adoption of this report by the National Assembly.

Report to be considered.