

Report of the Standing Committee on Appropriations on its activities undertaken during the 6th Parliament(May 2019 – March 2024)

1. Strategic Oriented Outcomes Goals (SOOG) and performance Indicators of the Committee

Strategic Outcome Oriented Goal	Indicator (s)	2024 Targets
<p>SOOG 1: Enhanced public involvement in the processes of Parliament to strengthen participatory democracy and ensure public spending is underpinned by effectiveness, efficiency and economy</p>	<ul style="list-style-type: none"> • Regular sharing of information with other Parliamentary Committees • Promote information sharing with external stakeholders • Identification of leading departments in terms of efficiency savings 	<ul style="list-style-type: none"> • Ongoing
<p>SOOG 2: Credible scrutiny of all legislation before the Committee to enhance parliament's oversight and accountability mandate over the work of the Executive</p>	<ul style="list-style-type: none"> • Informed scrutiny of legislation amendments • Facilitating the passage of legislation • Promoting public participation through public hearings when processing legislations 	<ul style="list-style-type: none"> • Money Bills timeframes • Ongoing engagement with the public and other relevant stakeholders
<p>SOOG 3: Catalyse and enable better linkages between expenditure and outcomes</p>	<ul style="list-style-type: none"> • Informed monitoring of spending patterns • Research and Analysis conducted/ Ministry Briefings • Guiding departments on linking budgets and outcomes 	<ul style="list-style-type: none"> • PFMA timeframes (e.g. section 32 reports) • Ongoing monitoring of expenditure and outcomes to inform committee decisions
<p>SOOG 4: Public infrastructure expenditure underpinned by value for money and positive outcomes</p>	<ul style="list-style-type: none"> • Informed monitoring of infrastructure spending patterns • Establish strong working relationship/links with Presidential Infrastructure Coordinating Council and the Portfolio Committees on Economic Development and Public Enterprises • Establish strong links with Presidential Infrastructure Coordinating Council and the Portfolio Committees on Economic Development and Public Enterprises • Informed monitoring of public sector wide procurement • Enhance and strengthen partnership with 	<ul style="list-style-type: none"> • Ongoing assessment of identified infrastructure projects • Oversight visits to identified infrastructure projects

	Chief procurement Office	
SOOG 5: Enhanced committee effectiveness through value adding, capacity building and positive inter-relationships with all Parliamentary committee structures and enhanced parliamentary international engagement and co-operation	<ul style="list-style-type: none"> • Conduct regular training workshops for members and staff • Conduct cross-country study tour on efficiency in infrastructure delivery and peer knowledge sharing on other countries appropriation committees. 	Ongoing

Key highlights and success areas

Reflection on committee programme per year and on whether the objectives of such programmes were achieved

❖ Committee's focus areas during the 6thParliament

- To influence budget policy decisions through effective implementation of the Money Bills Act;
- To strengthen oversight over budget performance of government departments and public entities through proactive and visible oversight;
- To strengthen oversight over budget performance of government departments and public entities through enhanced quarterly expenditure performance assessment;
- To enhance and promote best practice in key spending controls;
- To ensure value for money and improved coordination in the provision of social and economic infrastructure;
- To improve collaboration between Committees of both Houses and ensure proactive and collaborative oversight on strategic issues;
- To facilitate public participation in the government's budget processes;
- To invite international delegations and conduct international study tours to share best practices in budget oversight; and
- To capacitate members and staff of the Standing Committee on Appropriations.

❖ **Key achievements as per the focus area:**

• **To influence budget policy decisions through effective implementation of the Money Bills Act**

- The Committee successfully amended the Appropriation Bill [B6 – 2019]. Amending Money Bills is seen as an important expression of Parliament's independence and a powerful tool to exercise oversight over the executive. However, this amendment was not initiated by Parliament, but it was a request from National Treasury after it was discovered that there technical errors made in some of the vote appropriations.

• **To strengthen oversight over budget performance of government departments and public entities through enhanced quarterly expenditure performance assessment;**

- Ongoing quarterly engagements with National Treasury on the PFMA Section 32 reports were conducted and this was followed by hearings with affected departments. However, the Committee was unable to table any expenditure reports and recommendations to the National Assembly, partly due Covid-19 pandemic and its associated lock-down as well as the Committee focus on the voluminous Money Bills tables in Parliament during the 6th democratic administration;
- Invited departments were required to report on linkages between spending and actual performance and the progress on the attainment of 2019 – 2024 Medium Term Strategic Framework (MTSF);
- Quarterly briefing from National Treasury on expenditure included briefing by the Office Chief Procurement Officer (OCPO) to facilitate in-year monitoring over supply chain management on contract deviations and expansions as an early detection mechanism for potential unauthorised or irregular expenditure;
- These quarterly expenditure reports also included public entities and state owned companies in order to identify potential risks to the fiscus posed by these state institutions; and
- The Committee undertook three oversight visits during the 6th Parliament. This low number of oversight visits was mainly due to the high number of Bills that needed to be processed especially after the outbreak of the Covid-19 pandemic. The number of oversight visits undertaken must be improved upon in the 7th Parliament.

• **To improve collaboration between Committees of both Houses and ensure proactive and collaborative oversight on strategic issues**

- The Committee has always collaborated and held joint meetings with the Finance and Appropriation Committee of both house when processing all the tabled Money Bills Legislation;
- The Committee held a joint meeting with the Portfolio Committee on Transport when dealing with the suspension of the Integrated Public Transport Network Grant (IPTNG) to the Cities of Mbombela, Buffalo City Metropolitan Municipality and Msunduzi and rearrangement of the payment schedule for the City of Cape Town; and
- The Committee held a Joint oversight visit to DENEL SOC Limited and ARMSCOR SOC Limited with the Portfolio Committee on Public Enterprises.

• **To facilitate public participation in the government's budget processes**

- The Committee always held public hearings on all the Money Bills referred to it by the National Assembly, including statutory appointments.

• **To invite international delegations and conduct international study tours to share best practices in budget oversight**

- The Committee held an information sharing session with the visiting delegation from Kenya's Parliament in November 2019;
- The Committee held an information sharing session with the visiting delegation from the Republic of South Korea in August 2023; and
- The Committee successfully undertook a study tour to the Republic of South Korea in December 2022.

- **To capacitate members and staff of the Standing Committee on Appropriations**

- The Committee undertook a training workshop in February 2020.

- ❖ **Key areas for future work**

- **National Treasury projects to keep abreast of:**

- Budget Facility for Infrastructure for the assessment of efficiency and cost effectiveness of infrastructure projects;
- Supply Chain Management reforms and amendment to legislation, the implementation of the amended Public Procurement Bill;
- Integrated Financial Management System project (IFMS);
- Employment Creation Facilitation Fund (Jobs Fund);
- Infrastructure Fund (As introduced as part of the Economic Stimulus and Recovery Plan);
- Government Guarantees and ensuring of implementation of conditions related additional funding (bailouts) especially relating to Transnet, Eskom, SAPO, and Denel
- The overall financial implications and the outcomes of the business rescue process for SAA, SA Express, Mango and SAPO.

- Work of the Presidential Infrastructure Coordinating Council and progress made in the implementation of Strategic Infrastructure Projects;
- Key programmes that present significant implementation risk including the following: Water infrastructure projects, Expanded Public Works Programme, Schools Infrastructure Development (ASIDI), Learner Transport Programme, Public Road Maintenance projects, public transport infrastructure projects, and overall maintenance of existing government infrastructure,
- Maintaining a good balance between departmental spending and performance against planned targets;
- Follow-up on progress or turnaround of the following public entities which received special appropriations: South African Airways, South African Post Office, Transnet, SA Express, and ESKOM.
- Financial Recovery in the Department of Water and Sanitation;
- Public Sector and Provincial Wage Bill;
- Increased number of oversight visits to struggling entities.

- ❖ **Key emerging challenges**

- Macroeconomic challenges related to slow or declining economic growth necessitating government to do more with less resources;
- Changes in parliamentary programme and their impact on planned committee activities as per the committee programme;
- Insufficient time to process Money Bills, most importantly in as far as public participation is concerned;
- The disclosure of key information from some state-owned entities is challenging, the Committee is sometimes required to process key Money Bills with limited disclosure of information;

- Due to the parliamentary programme that must cater for many other things, there is insufficient time for oversight over the executive, particularly in as far as physical oversight is concerned;
- Due to limited resources, the time allocated for oversight by the Committee is limited and insufficient;
- Joint training between Members of Parliament and Support staff is limited, particularly in as far as team building is concerned;
- Continuous training and capacitation of Committee staff personnel is limited;
- There is limited joint collaboration between Committees of Parliament, which can be improved;
- Parliament should allocate sufficient resources to Committees for physical oversight, which severely limits the work of Committees and
- Late tabling of key documents by the Executive reduces the Committee Members` time to reflect on all the key aspects of the submission and therefore limits meaningful participation by Members of the Committee.

❖ **Recommendations**

- Parliament to ensure that responses to Committee findings and Recommendations are timeously responded to and referred to the Committee on time;
- Political Parties to consider not allocating Permanent Members of the SCOA as alternate Members of other Committees;
- Continuous training of Committee Members and staff personnel to be a central pillar for the Committee;
- Money Bills to allow for sufficient time to consider the very complex finance issues. This includes the timeous introduction of Bills by the Minister of Finance so as to ensure that legislation and the Rules of Parliament are adhered to and to allow for sufficient public consultation without taking any shortcuts;
- The Committee should consider employing a focused approach to its mandate whereby members are allocated into different areas of key priorities of government to strengthen oversight. Members should be deployed according to their competency as well as experience on these priority areas;
- The Committee should strengthen and enhance beneficial partnerships with internal and external stakeholders such as Parliamentary Budget Office, Financial and Fiscal Commission, National Treasury, and others;
- The Committee should strengthen links with international bodies such as World Bank, IMF, OECD, APAC, etc in terms of regular capacity building initiatives;
- The Committee to foster and maintain effective working relations with other Committees of Parliament concerning matters of common interest. There is a need to strengthen the participatory role of portfolio committees during the budget process. Portfolio Committees should be encouraged to make submissions on their relevant departments` budget allocations to the Standing Committee on Appropriations; and
- Recommendations from Portfolio Committees on budget amendments should be given the necessary consideration and time should not be a limiting factor when considering those recommendations of other Parliamentary Committees.

2. Introduction

(a) Department/s and Entities falling within the committee`s portfolio

All national departments and national public entities report to the Committee in as far as spending issues and appropriations. Furthermore, the Committee considers the recommendations on the Division of Revenue as prescribed by the Money Bills and Related Matters Act.

(b) Functions of committee:

The Standing Committee on Appropriations (the Committee) is established in terms of the Money Bills Amendment Procedure and Related Matters Act, No. 09 of 2009 (the Money Bills Act) as amended by the Money Bills Amendment Procedure and Related Matters Amendment Act, No.13 of 2018. In terms of section 4(3&4) of the Money Bills Act, each House must establish a Committee on Appropriations whose powers and functions include considering and reporting on the following matters:

- Spending issues;
- Amendments to the Division of Revenue Bill, the Appropriation Bill, Supplementary Appropriations Bills and the Adjustment Appropriations Bill;
- Recommendations of the Financial and Fiscal Commission (FFC), including those referred to in the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);
- Reports on actual expenditure published by the National Treasury; and
- Any other related matters set out in the Act.

Section 214(1) of the Constitution requires that a Division of Revenue Act determine the equitable division of nationally raised revenue between the three spheres of government (national government, the provinces and municipalities). This process takes into account the powers and functions assigned to each sphere of government. Section 9(1) of the Money Bills Act prescribes that the Division of Revenue must be referred to the Standing Committee on Appropriations for consideration and report.

Section 213(2) of the Constitution of the Republic of South Africa, provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament, or as a direct charge against the National Revenue Fund, when it is provided for in the Constitution or an Act of Parliament. The Appropriation Act sets out to appropriate money from the National Revenue Fund for the requirements of the State and to prescribe conditions for the spending of funds withdrawn. In line with section 10(1)(a) of the Money Bills Act and after the adoption of the Fiscal Framework, the Standing Committee on Appropriations must consider the Appropriation Bill, herein after referred to as the Bill, and report thereon to the National Assembly.

The Committee also considers the Medium Term Budget Policy Statement (MTBPS) in terms of section 6(1) of the Act, and must be tabled at least three months prior to the introduction of the national budget. In processing the MTBPS, the Committee is required to consider and report on the following issues:

- the spending priorities of national government for the next three years;
- the proposed division of revenue between the spheres of government and between arms of government within a sphere for the next three years; and
- the proposed substantial adjustments to conditional grants to provinces and local government, if any.

The Minister of Finance must table a national adjustment budget as envisaged in Section 30 of the Public Finance Management Act. An adjustment appropriation budget must be tabled together with a national adjustments budget. In the case that the adjustment budget affects the fiscal framework, the Minister must table a revised fiscal framework. Furthermore, the Minister must table a Division of Revenue amendment bill with the revised fiscal framework if the adjustments budget effects changes to the Division of Revenue. The Division of Revenue Amendment Bill must be referred to the Standing Committee of Appropriations for consideration and report. Section 12 (15) of the Money Bills Act provides that in the event of a revised fiscal framework, an Adjustments Appropriation Bill must be referred to the Committee on Appropriations in the National Assembly only after the Division of Revenue Bill has been passed by Parliament.

(c) Method of work of the Committee

The Committee's method of work is influenced by its mandate as per the Money Bills Act. The Committee, when not processing budget related legislative instruments, predominantly focused on the expenditure and performance of national departments as well as identified State-Owned Entities (SOEs). To this end, National Treasury would brief the Committee on the PFMA Section 32 report in its entirety where after the Committee Researchers would analyse these reports and identify a list of departments that needed to be invited to the Committee to further clarify issues identified on in these expenditure reports. The Committee also, in order to strengthen its oversight role, receives briefings from the AGSA, DPME and the OCPO on the performance against the NPD and other government objectives as well as the requests for contract deviations respectively. The Committee would then agree on the national departments to be invited after the receiving the analysis presentation from the Researchers. Should the Committee identify a need, based on the outcomes of the engagements with identified departments or SOEs, the Committee would also undertake oversight visits. The Portfolio Committee's exercising oversight over the identified national departments would also be invited to the expenditure hearings with national departments. Quarterly Expenditure reports based on the hearings with identified departments would then be tabled by Committee in the National Assembly for consideration.

In terms of the processing of the budget and the adjustments budget, the PBO and FFC would be requested provide analysis of the actual budget and the Medium-Term Budget Policy Statement (MTBPS) as tabled by the Minister of Finance. These meetings were held jointly with the Select Committee on Appropriations and the Standing and Select Committees on Finance. The Committee Researchers would then be requested to provide analyses based on the particular budget instrument to be considered. The said analyses would be used as a basis for identifying departments to appear before the Committee. Other key stakeholders invited for comment by the Committee during the budget and adjustments budget process include, the National Treasury, and SALGA. In addition to this, public hearings are held with interested stakeholder on the budget process.

(d) Purpose of the report

The purpose of this report is to provide an account of the Standing Committee on Appropriations' work during the 6th Parliament and to inform the members of the new Parliament of key outstanding issues pertaining to spending patterns of all national departments and public entities.

This report provides an overview of the activities the committee undertook during the 6th Parliament, the outcome of key activities, as well as any challenges that emerged during the period under review and issues that should be considered for follow up during the 6th Parliament. It summarises the key issues for follow-up and concludes with recommendations to strengthen operational and procedural processes to enhance the committee's oversight and legislative roles in future.

3. Key statistics

The table below provides an overview of the number of meetings held, legislation and international agreements processed and the number of oversight trips and study tours undertaken by the committee, as well as any statutory appointments the committee made, during the 5th Parliament:

Activity	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Meetings held	47	54	43	50	46	240
Legislation processed	6	5	6	6	8	31
Oversight trips undertaken	1	-	-	1	1	3
Study tours undertaken	-	-	-	1	-	1
International agreements processed	-	-	-	-	-	-
Statutory appointments made		1	-	-	-	1
Interventions considered	-	-	-	-	-	-
Petitions considered	-	-	-	-	-	-

4. Key Stakeholders:

- National Treasury;
- Auditor-General of South Africa;
- Financial and Fiscal Commission;
- Parliamentary Budget Office;
- South African Local Government Association; and
- The General Public.

5. Briefings and/or public hearings

The key areas that require follow up by the 7th Parliament include the following:

- National Treasury projects to keep abreast of:
 - Infrastructure Budget Facility for the assessment of efficiency and cost effectiveness of infrastructure projects;
 - Supply Chain Management reforms and amendments to current legislation;

- Integrated Financial Management System project;
 - Infrastructure Fund (As introduced as part of the Economic Stimulus and Recovery Plan);
 - Presidential Employment Stimulus Initiative;
 - Progress made regarding the reinstatement of the Integrated Public Transport Infrastructure Grant to suspended municipalities (Mbombela, Msunduzi, Buffalo City, and City of Cape Town);
 - Government Guarantees and ensuring of implementation of conditions related additional funding (bailouts) especially relating to SAA, SAPO, SA Express; and Transnet.
- Work of the Presidential Infrastructure Coordinating Council and progress on Strategic Infrastructure Projects;
 - Key programmes that present significant implementation risk includes the following: Water infrastructure development, Expanded Public Works Programme, School infrastructure development (ASIDI), Learner Transport Programme, maintenance of existing infrastructure;
 - Departments reflecting high spending and yet low performance against planned targets;
 - The following public entities showing poor audit outcomes: Department of Basic Education, Independent Development Trust (IDT), South African Broadcasting Corporation (SABC), Passenger Rail Agency of South Africa (PRASA); Land Bank and Transnet
 - Follow-up on progress or turnaround of the following public entities which received special appropriations: South African Airways, South African Post Office, SA Express, and ESKOM; Transnet, and Land Bank
 - Financial Recovery in the Department of Water and Sanitation;
 - Public Sector and Provincial Wage Bill;
 - Operational and Financial challenges facing Transnet, Denel, SAPO and PRASA – key SOEs for the attainment of economic growth.

6. Legislation

The following pieces of legislation were referred to the committee and processed during the 5th Parliament:

Year	Name of Legislation	Tagging	Objectives	Completed/Not Completed
2019/20	Appropriation Bill [B6-2019]	Section 77	To appropriate money from the National Revenue Fund for the requirements of the State for the 2019/20 financial year; to prescribe conditions for the spending of funds withdrawn for the 2020/21 financial year before the commencement of the Appropriation Act for the 2020/21 financial year; and to provide for matters incidental thereto	Completed
	Public Audit Excess Fee Bill [B7-2019]	Section 77	To provide that the specified excess of the audit fee of certain categories of organs of state, payable to the Auditor-General, as envisaged in the Public Audit Act, 2004, is, if the stated conditions are complied with, a direct charge against the National Revenue Fund; and to provide for matters connected therewith.	Completed

Year	Name of Legislation	Tagging	Objectives	Completed/Not Completed
	Special Appropriation Bill [B10-2019]	Section 77	To appropriate an additional amount of money for the requirements of the Department of Public Enterprises to assist Eskom Holdings SOC Limited with its financial obligations; and to provide for matters connected therewith.	Completed
	Division of Revenue Amendment Bill [B15-2019]	Section 76	To amend the Division of Revenue Act, 2019, in accordance with the Money Bills and Related Matters Act, 2009; and to provide for matters connected therewith.	Completed
	Adjustments Appropriation Bill [B16-2019]	Section 77	To effect adjustments to the appropriation of money from the National Revenue Fund for the requirements of the State in respect of the 2019/20 financial year; and to provide for matters incidental thereto.	Completed
	Division of Revenue Bill [B3-2020]	Section 76	To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2020/21 financial year; the determination of each province's equitable share; allocations to provinces, local government and municipalities from national government's equitable share; the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.	Completed
2020/21	Appropriation Bill [B4-2020]	Section 77	To appropriate money from the National Revenue Fund for the requirements of the State for the 2020/21 financial year; to prescribe conditions for the spending of funds withdrawn for the 2021/22 financial year before the commencement of the Appropriation Act for the 2021/22 financial year; and to provide for matters incidental thereto.	Completed
	Adjustments Appropriation Bill [B10-2020]	Section 77	To effect adjustments to the appropriation of money from the National Revenue Fund for the requirements of the State in respect of the 2020/21 financial year; and to provide for matters incidental thereto.	Completed
	Division of Revenue Second Amendment Bill [B24-2020]	Section 76	To amend the Division of Revenue Act, 2020, as amended by the Division of Revenue Amendment Act, 2020, in accordance with the Money Bills and Related Matters Act, 2009; and to provide for matters connected therewith.	Completed

Year	Name of Legislation	Tagging	Objectives	Completed/Not Completed
	Second Adjustments Appropriation Bill [B25-2020]	Section 77	To effect adjustments to the appropriation of money from the National Revenue Fund for the requirements of the State in respect of the 2020/21 financial year; and to provide for matters incidental thereto	Completed
	Division of Revenue Bill [B3-2021]	Section 76	To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2021/22 financial year; the determination of each province's equitable share; allocations to provinces, local government and municipalities from national government's equitable share; the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.	Completed
2021/22	Appropriation Bill [B4-2021]	Section 77	To appropriate money from the National Revenue Fund for the requirements of the State for the 2021/22 financial year; to prescribe conditions for the spending of funds withdrawn for the 2022/23 financial year before the commencement of the Appropriation Act for the 2022/23 financial year; and to provide for matters incidental thereto.	Completed
	Special Appropriation Bill [B5-2021]	Section 77	To appropriate an additional amount of money to votes of Health and Social Development; to effect an adjustment to an appropriation of money to the vote of Public Enterprises; and to provide for matters connected therewith.	Completed
	Second Special Appropriation Bill [B17-2021]	Section 77	To appropriate an additional amount of money for the requirements of the State; and to provide for matters connected therewith.	Completed
	Division of Revenue Amendment Bill [B19-2021]	Section 76	To amend the Division of Revenue Act, 2021, in accordance with the Money Bills and Related Matters Act, 2009; and to provide for matters connected therewith.	Completed
	Adjustments Appropriation Bill [B20-2021]	Section 77	To effect adjustments to the appropriation of money from the National Revenue Fund for the requirements of the State in respect of the 2021/22 financial year; and to provide for matters incidental thereto.	Completed
	Division of Revenue Bill [B6-2022]	Section 76	To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2022/23 financial year; the determination	Completed

Year	Name of Legislation	Tagging	Objectives	Completed/Not Completed
			of each province's equitable share; allocations to provinces, local government and municipalities from national government's equitable share; the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.	
2022/23	Appropriation Bill [B7-2022]	Section 77	To appropriate money from the National Revenue Fund for the requirements of the State for the 2022/23 financial year; to prescribe conditions for the spending of funds withdrawn for the 2023/24 financial year before the commencement of the Appropriation Act for the 2023/24 financial year; and to provide for matters incidental thereto.	Completed
	Second Adjustments Appropriation (2021/22 financial year) Bill [B8-2022]	Section 77	To effect adjustments to the appropriation of money from the National Revenue Fund for expenditure approved in the 2021/22 financial year; and to provide for matters incidental thereto.	Completed
	Division of Revenue Amendment Bill [B22-2022]	Section 76	To amend the Division of Revenue Act, 2022, in accordance with the Money Bills and Related Matters Act, 2009; and to provide for matters connected therewith.	Completed
	Adjustments Appropriation Bill [B23-2022]	Section 77	To effect adjustments to the appropriation of money from the National Revenue Fund for the requirements of the State in respect of the 2022/23 financial year; and to provide for matters incidental thereto.	Completed
	Special Appropriation Bill [B24-2022]	Section 77	To appropriate an additional amount of money for the requirements of the votes of Public Enterprises and Transport for the 2022/23 financial year; and to provide for matters connected therewith.	Completed
	Division of Revenue Bill [B2-2023]	Section 76	To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2023/24 financial year; the determination of each province's equitable share; allocations to provinces, local government and municipalities from national government's equitable share; the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.	Completed

Year	Name of Legislation	Tagging	Objectives	Completed/Not Completed
2023/24	Appropriation Bill [B3-2023]	Section 77	To appropriate money from the National Revenue Fund for the requirements of the State for the 2023/24 financial year; to prescribe conditions for the spending of funds withdrawn for the 2024/25 financial year before commencement of the Appropriations Act for the 2023/24 financial year.	Completed
	Eskom Debt Relief Bill [B5-2023]	Section 77	To provide for a direct charge against the National Revenue Fund for debt relief for Eskom Holdings SOC Ltd and to provide for matters incidental thereto	Completed
	Division of Revenue Amendment Bill [B33-2023]	Section 76	To amend the Division of Revenue Act, 2023, in accordance with Money Bills Amendment Procedure and Related Matters Act, 2009, and to provide for matters connected therewith.	Completed
	Adjustments Appropriation Bill [B34-2023]	Section 77	To effect adjustments to the appropriation of money from the National Revenue Fund for the requirements of the State in respect of the 2023/24 financial year; to delete a provision of the Appropriation Act, 2023; and to provide for matters incidental thereto.	
	Eskom Debt Relief Amendment Bill [B38-2023]	Section 77	To amend the Eskom Debt Relief Act, 2023, so as to provide for the payment of interest by Eskom on amounts advanced as a loan; to provide for a power for the Minister of Finance to reduce the amounts for the requirements for Eskom in the event of non-compliance with conditions; and to provide for matters incidental thereto.	Completed
	Division of Revenue Bill [B4-2024]	Section 76	To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2024/25 financial year; the determination of each province's equitable share; allocations to provinces, local government and municipalities from national government's equitable share; the responsibilities of all three spheres pursuant to such division and allocations; and o provide for matters connected therewith.	Completed
	Second Adjustments Appropriation (2023/24 financial year) Bill [B6-2024]	Section 77	To effect adjustments to the appropriation of money from the National Revenue Fund for the requirements of the State in respect of the 2023/24 financial year; and to provide for matters incidental thereto.	Completed
	Gold and Foreign	Section 77	To amend the Gold and Foreign exchange Contingency	Completed

Year	Name of Legislation	Tagging	Objectives	Completed/Not Completed
	Exchange Contingency Reserve Account Defrayal Amendment Bill [B7-2024]		Reserve Account Defrayal Act, 2003, so as to provide for direct charges against the National Revenue Fund for the requirements of the South African Reserve Bank and reporting thereof; and to provide for matters incidental thereto.	

a) Challenges emerging

The following challenges emerged during the processing of legislation:

- In dealing with the Appropriation Bill, Portfolio Committees (PCs) usually do not consult with the Committee on instances where they do not agree with budget allocations to national departments. These PCs opt to make recommendations on budget allocations, however, this is not in their mandate.
- The tight timeframes for processing the Division of Revenue Amendment Bill and Adjustments Appropriation Bill still pose a problem. This is compounded when the Minister of Finance requests the Committee expedite certain Bills which pose risk as there might be procedural challenges which may be raised.
- Furthermore, changes to the Parliamentary programme without consulting the Committees that are dealing with these pieces of legislation compounds the problem to a point where the Committee is required to change its approved programmes.

b) Issues for follow-up

The 7th Parliament should consider following up on the following concerns that arose:

- PCs should be encouraged to consult with the Committee at an early stage when they consider the Budget Votes and APPs of national departments.
- Monitoring by National Treasury of the implementation of the conditions as set out in the additional allocations (bailouts) to SAA, SAPO, SA Express Land Bank, and Eskom.
- Monthly and Quarter reports on the utilisation of the additional allocations (bailouts) to the SOEs.

7. Oversight trips undertaken

The following oversight trips were undertaken:

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
14-18 October 2019	Gauteng Province (Eskom)	To engage with the leadership as well as organised labour of Eskom Holdings SOC Limited with a view to addressing the instability, weak governance, non-compliance with procurement prescripts, liquidity constraints, and cost escalations due to delays and design defects in capital projects;	Recommendations attached as Annexure A	Received and distributed to the Committee.	None	Report adopted on
19-22 April 2022	Gauteng Province (Defence Facilities)	To engage with the South African National Defence Force (SANDF) leadership, organised labour and other key stakeholders on various issues of interest affecting the SANDF and conduct physical inspection on SANDF facilities where it was considered necessary by the Committee. To assess the capacity and ability of the SANDF to protect and defend the sovereignty of the Republic as envisioned in the Constitution of the Republic of South Africa. To assess the extent to which the SANDF, Denel and Armscor are able to develop reliable and measurable audit action plans in the interest of prudent public finance management, and report to Parliament.	Recommendations in Annexure B	Received and distributed to the Committee.	None	Report adopted on 23 November 2023
27-31 March	KwaZulu-Natal and Gauteng	Oversight visit to the KwaZulu-Natal and Gauteng Provinces in	Recommendations attached as	Received and distributed to the	None	Report adopted on

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
2023	Province (Transnet and PRASA)	order to visit the Transnet SOC Limited and the Passenger Rail Agency of South Africa respectively, in order to engage with the leadership, organised labour and various other stakeholder on various matters affecting these state- owned companies.	Annexure C	Committee.		13 June 2023

a) Challenges emerging

The following challenges emerged during the oversight visit:

- Slow implementation of recommendations made by the Auditor General of South Africa, National Treasury and the Committee;

b) Issues for follow-up

The 7th Parliament should consider following up on the following concerns that arose:

- The implementation of the Committee resolution to move the maintenance function of all defence facilities from the Department of Public works and Infrastructure to the Department of Defence; and
- The eradication of all pit latrine toilets and inappropriate schools infrastructure in all public schools

8. Study tours undertaken

The following study tours were undertaken:

Date	Places Visited	Objectives	Lessons Learned	Status of Report
5 – 9 December 2022	Republic of Korea	The overall objective of the study tour was to gain an of the study tour an in-depth knowledge and practical experience on how the Parliament of the Republic of Korea exercised its budget oversight function over the executive. In addition, the specific objectives included interaction with various stakeholder to ascertain:	Lessons are hereto attached as Annexure D	Report adopted on 17 February 2023

Date	Places Visited	Objectives	Lessons Learned	Status of Report
		<ul style="list-style-type: none"> • The main challenges experienced by Special Committee on Budget and Accounts and other Standing Committees involved in the budget process (in both approval and in-year monitoring stage); • The frequency of budget amendments and related processes, procedures and challenges; • The degree of cooperation between the National Assembly of the Republic of Korea (NA of ROK) and the Executive, especially in responding to committee recommendations and house resolutions; • The practice and experience surrounding physical inspection of projects (i.e. oversight visits); • The processes and procedures surrounding mid-year budget adjustments (i.e. virements, shifts, rollovers etc.); • The regulation of public involvement and participation in the budget process; • The relationship between the Strategy and Finance Committee; the Standing-Special Committee on Budget and Accounts; National Assembly Research Service; National Assembly Budget Office; • To assess the capacity and to gain insights into best-practices of South Korea National Assembly Budget Office to support the Budget/Finance Committees in executing their mandates. • To assess the capacity and to gain insights into best-practices of the Board of Audit and Inspection (BAI) of Korea. 		

a) Challenges emerging

The following challenges emerged during the study tours:

- Logistical challenges owing to delays of signatories resulting in flights being lost and the group having to split into two in different airlines.
- Challenges with the translation services provided in the ROK due to them not fully understanding the finance terminologies.

b) Issues for follow-up

The 7th Parliament should consider following up on the following concerns that arose:

- The question of delayed VISA applications with DIRCO.

9. International Agreements:

None.

10. Statutory appointments

The following appointment processes were referred to the committee and the resultant statutory appointments were made:

Date	Type of appointment	Period of appointment	Status of Report
2 October 2019	Director of PBO	5-year fixed term contract effective 1 December 2020	Report tabled and considered by the National Assembly

11. Interventions

None

12. Petitions

None.

13. Obligations conferred on committee by legislation:

The Standing Committee on Appropriations (the Committee) is established in terms of the Money Bills Amendment Procedure and Related Matters Act, No. 09 of 2009 (the Money Bills Act) as amended by the Money Bills Amendment Procedure and Related Matters Amendment Act,

No.13 of 2018. In terms of section 4(3&4) of the Money Bills Act, each House must establish a Committee on Appropriations whose powers and functions include considering and reporting on the following matters:

- Spending issues;
- Amendments to the Division of Revenue Bill, the Appropriation Bill, Supplementary Appropriations Bills and the Adjustment Appropriations Bill;
- Recommendations of the Financial and Fiscal Commission (FFC), including those referred to in the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);
- Reports on actual expenditure published by the National Treasury; and
- Any other related matters set out in the Act.

14. Summary of outstanding issues relating to the department/entities that the committee has been grappling with

The following key issues are outstanding from the committee's activities during the 6th Parliament:

Responsibility	Issue(s)
National Treasury	IFMS and effective implementation of the ERRP across government.
Eskom	Bailout Conditions and unbundling process.
Transnet	Operational and financial challenges
State-Owned Entities	The Committee will continue to monitor the expenditure performance of all major entities in South Africa with particular focus on rooting out corruption and fraud as well as the adherence to regulations and legislation.
Denel	Operational and financial challenges.
DOD and DPWI	Transfer of maintenance function.
DBE	Pit latrine toilets and inappropriate schools' infrastructure

15. Other matters referred by the Speaker/Chairperson

The following other matters were referred to the committee and the resultant report was produced:

Date of referral	Expected report date	Content of referral	Status of Report
30 October 2019	N/A	2019 Medium Term Budget Policy Statement	Adopted and considered by the National Assembly
28 October 2020	N/A	2020 Medium Term Budget Policy Statement	Adopted and considered by the National Assembly
11 November 2021	N/A	2021 Medium Term Budget Policy Statement	Adopted and considered by the National Assembly
26 October 2022	N/A	2022 Medium Term Budget Policy	Adopted and considered by the National Assembly

Date of referral	Expected report date	Content of referral	Status of Report
		Statement	
1 November 2023	N/A	2023 Medium Term Budget Policy Statement	Adopted and considered by the National Assembly

16. Recommendations

- The Committee should consider employing a focused approach to its mandate whereby members are allocated into different areas of key priorities of government to strengthen oversight. Members should be deployed according to their competency as well as experience on these priority areas.
- The Committee should strengthen and enhance beneficial partnerships with internal and external stakeholders such as Parliamentary Budget Office, Financial and Fiscal Commission, National Treasury, Public Service Commission and others.
- The Committee should strengthen links with international bodies such as World Bank, OECD, APAC, etc in terms of regular capacity building initiatives.
- The Committee should foster and maintain effective working relations with other Committees of Parliament concerning matters of common interest. There is a need to strengthen the participatory role of portfolio committees during the budget process. More Portfolio Committees should be encouraged to make submissions on their relevant departments' budget allocations to the Standing Committee on Appropriations.
- Political Parties to consider not allocating Permanent Members of the SCOA as alternatives to other Committees as this hinders the adoption of reports resulting in MPs from other Committees to be Co-opted by the Chairperson.

17. Committee strategic plan

Attached

18. Master attendance list

See attachment.

ANNEXURE A

The Standing Committee on Appropriations, having engaged with Eskom Holdings SOC and the relevant stakeholders from 14 to 16 October 2019, recommends as follows:

- That the Minister of Public Enterprises should ensure the following:
 - That Eskom ensures that there is adequate socio-economic benefits derived from the contracts entered into with Independent Power Producers.
 - That Eskom, as a matter of urgency, find a balance between the requests for higher tariffs and revenue generation.
 - That Eskom engage in a process of renegotiating contracts especially related to the supply of primary energy such as coal.
 - That the Eskom Board and Senior Executive comply with the declaration of financial interests regulations.
 - That the filling of all critical vacancies be expedited within Eskom.
 - That the oversight capacity over Eskom be strengthened within the Department of Public Enterprises.
- That comprehensive investigations be conducted by the Auditor General South Africa into the reasons for the substantial cost overruns during the construction of the Kusile and Medupi power stations. The report on the said investigations should be submitted to Parliament within three months of the adoption of this report by the National assembly.
- That the Minister of Finance should ensure that that stringent conditions be attached to the special appropriation of R59 billion that will ensure the sustainability and financial viability of Eskom.

ANNEXURE B

The Standing Committee on Appropriations, having engaged with the stakeholders and undertaken site visits to various Defence institutions from 19 to 22 April 2022, recommends the following:

- That the Department of Defence and the Department of Public Works and Infrastructure should expedite the transfer of maintenance responsibilities from DPWI to the SANDF in areas where there is existing capacity within the SANDF, in line with the Committee recommendation made in 2018 after the oversight visit to the defence facilities in the Free State Province.
- That the Department of Public Works and Infrastructure explore alternative on constructing new sites to host government departments to avoid paying hefty amounts for lease contracts. As a starting point, the Department of Public Works and Infrastructure must conduct government land audit both nationally and internationally for the construction of government owned buildings.
- That the Department of Public Works and Infrastructure should provide a list of all the incomplete projects and all government institutions who are defaulting on paying rent and for other services in government owned buildings.
- That the Department of Defence should embark on a public education programme to create awareness to the surrounding communities about the dangers of ignoring water leakages, which in turn results in sinkholes.
- That the Committee should engage Department of Water and Sanitation to encourage initiatives for creating public awareness on the dangers of ignoring water leakages as they can lead to sinkholes.

Follow-up meeting to assess progress made in relation to the transfer of the maintenance function from DPWI to DoD since the Committee oversight.

The Committee held a follow-up meeting with the DoD and DPWI on Friday, 2 September 2022 via the Zoom virtual meeting. The Committee made the following findings during this meeting:

- The Committee noted that the devolution function intended to transfer DoD infrastructure maintenance function from DPWI to DoD had not been finalised since the Committee`s last oversight visit to the SANDF and its institutions in the Gauteng Province.
- The Committee noted that there were a number of disagreements between DPWI and DoD, and encouraged both departments to improve their working relationship in order to ensure the successful implementation of the Committee resolution to migrate the maintenance function of DoD infrastructure from DPWI to DoD.
- The Committee noted that a number of level one to four maintenance projects were stalled, pending the finalisation of the devolution responsibility.
- The Committee noted with concerns that the state of disrepair of 1 Military Hospital has cost South Africa`s honour as a preferred country to provide the best medical services to heads of state across the globe.

Subsequent to the above-mentioned meeting, the Committee resolved that the DPWI and DoD work on a joint report and brief the Committee on how the devolution responsibility will be expedited and report back to the Committee within two months. Furthermore, the Committee requested that that the DPWI should speedily attend to the serious threats posed by the sinkholes in the Thaba Tshwane area in order to protect surrounding communities and the potential loss of life.

ANNEXURE C

The Standing Committee on Appropriations, having engaged with the stakeholders of Transnet and PRASA and having undertaken site visits from 27 to 31 March 2023, recommends as follows:

That the Minister of Finance should ensure the following:

- That National Treasury always consult Parliament through all the relevant Committees of Parliament in the future before approving financial reporting exemption to any government institution in terms of section 55(2)(b)(i)(ii) and (iii) of the Public Finance Management Act, No. of 1999 (PFMA). Parliament has a Constitutional obligation of exercising oversight over the executive, including decisions taken by the executive, and therefore the Committee is of the view that Parliament through all its relevant Committees must be consulted on any material decisions that will affect the financial reporting on Parliament's appropriated public funds. This is also intended to ensure there is transparency on decisions taken with public funds involved and the views of Parliament as a representative of the people are taken into consideration before these decisions are taken and implemented.
- That National Treasury put concrete measures in place to stop the transferring of capital allocation to entities that will not spend these Parliament appropriated funds but chooses to deposit these allocations to bank accounts for the purposes of generating interest to pay employees' salaries as confirmed by PRASA during the Committee's oversight visit. This practice, if it is allowed to continue, has a potential of hiding the true financial state of government entities until it is too late for government to intervene successfully through mechanisms available at its disposal and it also hampers the financial oversight role of Parliament over government entities.

That the Minister of Public Enterprises should ensure the following:

- Transnet quarterly reports to the Portfolio Committee on Public Enterprises on progress made in all the matters that are excluded from being reported on Annual Financial Statements by Minister on Finance. Those matters exempted by the Minister of Finance in terms of section 55(2)(b)(i)(ii) and (iii) of the Public Finance Management Act, No. of 1999 (PFMA). The Portfolio Committee on Public Enterprises must periodically evaluate any progress made in addressing the identified challenges which gave rise to this exemption.
- That Transnet furnish Parliament through the Committee with a detailed plan on how it plans to generate sufficient cash flows from its operations that would enable it to settle capital loans/bond repayments, while reversing the phenomenon of heavily relying on additional external loans/bonds to re-finance significant portions of their maturing loans. The Committee is of the view that an urgent intervention is needed at Transnet if government is to avoid approving future bailouts to Transnet in the near future, because once lenders become sceptical about refinancing these maturing loans, government will be required to intervene with funding to Transnet, a situation that is undesirable considering South Africa's tight fiscal environment and other pressing issues affecting the poor majority.
- Transnet provide a detailed report on the legal challenges between Transnet and four Original Equipment Manufacturers (OEMs) due to procurement irregularities, which has prompted the Minister of Public Enterprises to travel to China in order to address the impasse between Transnet and the China Railway Construction Company (CRCC), due its negative impact on Transnet operations.
- That Transnet seek an urgent solution to unavailability of rolling stock and related infrastructure maintenance challenges that will improve its ability to deliver on its mandate, while reducing the heavy burden on the South African road network.

- That Transnet furnish Parliament with a detailed plan and strategy to address the identified problems relating to the lack of internal capacity and skills, inefficiencies regarding procurement processes, and overhauling its administration.

That the Minister of Transport should ensure the following:

- That the Passenger Rail Agency South Africa (PRASA) urgently addresses the persistent issues identified by the AGSA, resulting in the entity receiving a disclaimed audit opinion, and quarterly report to the Committee on concrete plans and progress made in addressing these identified issues. The Committee is of the view that consistent disclaimed audit opinions does not bode well with good governance and the prudent management of limited public funds, and an urgent, focused, integrated, and time-bound actions and a recovery plan are needed to arrest the decline of PRASA.
- That PRASA accelerates the development of a time-bound integrated plan that will allow it to generate enough revenue from its operations to pay employee salaries. Furthermore, the said plan must stop PRASA from continuing the dangerous practice of paying employee salaries through interest earned from banking the capital budget and not spending it as required and as appropriated by Parliament. This practice has a potential of bringing into question the integrity and rationales of the decisions taken by Parliament through the recommendations of the Committee to appropriate capital funds to PRASA, only for those funds to be deposited into interest bearing bank accounts for interest earning purposes.
- That the Department of Transport and National Treasury should consider allowing the conversion of a portion of PRASA's capital budget to operational expenditure, to allow PRASA to spend more on its capital project allocations.
- Autopax plays a critical role in the public transport ecosystem. The Department of Transport should therefore consider application to spend R600 million to acquire new buses. Autopax buses go to most rural services areas of our country. This will allow it to be taken out of business rescue and be allowed to provide a service to the poorest of the poor.
- That PRASA urgently engages with all its operational creditors (Transnet and other creditors), with whom it has a debt totalling R3.921 billion, while the entity only had R163 million in operational cash available. In particular, PRASA should urgently engage with Transnet on the monies it owes Transnet and try all means necessary to avoid the looming litigious process over the Transnet debt. This reflects negatively on government when one entity of government takes another entity of government to court and this should be avoided whenever it is possible to do so.
- That PRASA prepares and expedites the implementation of action plans for the implementation of the Depot Modernisation Programme.
- That PRASA provide a regular detailed report on the progress made in finalising the active suspensions of employees which ranged from 1 month (February 2023) to an unacceptable 52 months (November 2018). The Committee views these delays in finalising these matters as problematic for an entity that is facing the kind of financial challenges that PRASA is facing and these need to be concluded expeditiously. In this regard PRASA should provide the Committee and the Portfolio Committee on Transport with the plan to fill vacancies permanently, especially at executive and senior management levels. Also, progress reports should be provided with regards to suspended officials who continue drawing salaries from PRASA.

ANNEXURE D

The Standing Committee on Appropriations, having undertaken an international study tour from 5 to 9 December 2022 to the Republic of Korea, recommends as follows:

That the Presiding Officers of the Parliament of the Republic of South Africa ensure the following:

- That mechanisms be introduced that would ensure sustained interactions and knowledge sharing between the legislatures including their committees, budget and research offices.
- That mechanisms be introduced to formalise and improve coordination between the four budgetary committees (i.e. the appropriations and finance committees in the National Assembly and National Council of Provinces) and the portfolio and select committees. This should include ensuring that all Budget Reviews and Recommendations Reports are formally submitted to the appropriations and finance committees for consideration once finalised by portfolio committees. Currently the processes are disjointed and uncoordinated.
- That Parliament of the Republic of South Africa should consider incrementally increasing the Parliamentary Budget Office's (PBO) budget. This is to enable the PBO to invest in systems and personnel required to conduct independent and rigorous costing of government policy and programmes, as well as independent forecasting. This will improve the Parliament of RSA's ability to conduct deeper and more pro-active budgetary oversight.
- That Parliament of the Republic of South Africa should observe the developments in respect of the on-going process of restructuring State-owned Entities in the Republic of Korea. This should be done to identify success strategies that could be replicated in the context, and these could be shared with the executive during oversight meetings.
- That Parliament of the Republic of South Africa should, through oversight processes, implore the government to closely monitor, study and adopt successful trade, economic growth and employments policies used by the Republic of Korea.
- That the Parliament of the Republic of South Africa should introduce legislative mechanisms that will allow the general public to also initiate Auditor-General South Africa (AGSA) audits in specific circumstances.
- That the Minister of Finance should consider reviewing AGSA's current funding model to ensure that it receives all or most of its funding from the fiscus, rather than being wholly funded through audit fees. In this regard, the Minister could opt for one of the two options:
 - AGSA is completely funded from the fiscus, or
 - AGSA receives an allocation from the fiscus whilst collecting audit fees.
- When considering the AGSA's funding from the fiscus as per the above recommendation, the Minister of Finance should ensure that the budget is adequate to enable AGSA to broaden and deepen its scope for performance audit across the public sector. Broader and deeper performance audits are essential for strengthened scrutiny of public spending and performance, however, it requires significant investment in personnel and systems.

