**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 3008 [NW3547E]**

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**3008. Ms D Carter (Cope) to ask the Minister of Finance:**

Whether he launched any investigation to find out why only R218 billion of the R256 billion allocated by the State for use on fixed capital spending had been taken up and whether as a result thereof any money budgeted for infrastructure development had failed to materialize; if not, why not; if so, what (a) was the outcome of the investigation, (b) action was taken against those persons who failed the State in one way or the other, (c) implications arose for the State as a result thereof and (d) remedial actions were taken to correct the situation?

**REPLY:**

The budget and outcomes cited in the question relate to 2012/13 financial year as published in the Budget Review 2013. Public sector infrastructure budgets have increased significantly over the past 10 years, from R89.8 billion in 2005/06 to R262.4 billion in 2014/15. In some instances, capital budgets have grown faster than the capacity to spend. In addition, some projects experience implementation difficulties resulting in underspending. Despite this, inflation-adjusted infrastructure spend has more than doubled over the past 5 years.

Underspending of funds implies that projects may not be delivered on time and on budget, and the expected outcomes may be delayed. In some cases additional financial resources may be needed to complete the project. National Treasury has not undertaken any specific investigation in this regard. However, it closely monitors these matters on an on-going basis. When there is underspending at any level of government, the Accounting Officer for the relevant institution is responsible for taking appropriate action to address the situation. Every Accounting Officer ultimately has to account to Parliament. National Treasury plays an active role in building capacity and ensuring that resources are deployed appropriately to drive capital spending across all three spheres of government.

In addition to this government has put in place many programmes to improve infrastructure spending. For instance:

* The PICC is coordinating the implementation of strategic infrastructure projects.
* A performance-based approach to the allocation of infrastructure grants to provinces has been introduced. Provinces that adhere to best practice in planning and procurement are eligible for additional allocations.
* The provincial infrastructure skills development grant has placed 240 graduates in municipal jobs in areas such as civil and electrical engineering.
* The Municipal Infrastructure Support Agency is working with water services authorities to eradicate backlogs and conduct maintenance in water and sanitation infrastructure.