

Tuesday, 28 July 2020]

No 103—2020] SECOND SESSION, SIXTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

TUESDAY, 28 JULY 2020

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COMMITTEE REPORTS

National Assembly

1. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON THE ADJUSTMENTS APPROPRIATIONS BILL [B10–2020], DATED 28 JULY 2020

The Standing Committee on Appropriations having considered the *Adjustments Appropriation Bill [B10-2020]* (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 Adjustments Appropriations Bill (henceforth referred to as the Bill) in Parliament on 24 June 2020 during the presentation of the 2020 Supplementary Budget. The Bill was tabled in Parliament in terms of section 12(1) and (2) of the Money Bills and Related Matters Act. 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 for consideration and report in terms of section 12(15) of the Money Bills and Related Matters Act.

A request has been made by the Minister of Finance to amend section 6 of the Appropriation Act, 2020 (Act No. 7 of 2020) through the Bill and this request has been referred to the Committee on 22 July 2020. Subsequent to Parliament passing the Division of Revenue Amendment Bill [B9-2020], the Committee received a briefing from National Treasury on the Bill in its entirety on 23 July 2020. The Financial and Fiscal Commission and the Parliamentary Budget Office were also invited to comment on the Bill. To facilitate public participation, the Committee published adverts in print media in all 11 official languages from 26 June to 2 July 2020. Equal Education, SECTION27, and the Equal Education Law Centre made a joint submission and oral presentation on the Bill. The Congress of South African Trade Unions and the Organisation Undoing Tax Abuse also made oral presentations. Energy Governance South Africa Network, Ilifa Labantwana, Agroecology South Africa, and Prof E Atmore made written

submissions on the Bill in response to the afore-said advertisements. The Public hearings on the Bill were held 24 July 2020.

The Minister of Finance, Mr Tito Mboweni, tabled the 2020 Supplementary Budget Speech and related Bills and documentation on 24 June 2020, which included the Adjustment Appropriations Bill [B10 – 2020]. However, unlike the normal Adjustments Appropriation Bill that is tabled during the tabling of the Medium Term Budget Policy Statement (MTBPS), this Adjustment Appropriations Bill [B10–2020] reflects adjustments to allocations mainly targeted at the Coronavirus Disease (Covid-19) interventions. The fiscal and economic impact of the national state of disaster declared as a result of the Covid-19 pandemic has made it necessary for the Minister to table a special adjustments budget to revise government’s spending priorities for 2020/21. Section 30(2) of the PFMA specifies the type of spending that the adjustments budget may provide for while subsection (2)(a) and (e) specify that a national adjustment budget may provide for “adjustments required due to significant and unforeseeable economic and financial events affecting the fiscal targets set by the annual target and the shifting of funds between and within the votes”. National Treasury indicated that all other PFMA provisions made for the adjustments budget not included in this adjustments budget will be included in the October 2020 adjustments budget. To this end, the Committee identified seven departments who were either directly or in the front line of the fight against Covid-19 and those who the Committee felt were critical in stimulating the South African economy post the Covid-19 pandemic. These departments were, the Department of Water and Sanitation, Department of Health, Department of Social Development, Department of Cooperative Governance, Department of Basic Education, Department of Agriculture, Land Reform and Rural Development and the Department of Small Business Development. The Department of Agriculture, Land Reform and Rural Development was unable to meet with the Committee due to pre-arranged engagements but gave its inputs in writing.

The overall objective of the Committee in inviting and engaging with these identified departments was to discuss the impact of the Covid-19 pandemic on the department’s abilities to deliver on their respective legislative mandate. While the specific objectives were to ascertain amongst others things;

- The overall impact of the adjustment budget on each department’s ability to deliver on its mandate over the short, medium and long term;
- Possible service delivery implications due to budget reprioritisation and reductions, particularly on infrastructure allocations and key services rendered by each department;

- Detailed information and associated costs of any Covid-19 related intervention made by each of the identified departments thus far;
- Measures put in place to ensure the effective, efficient and economic use of the proposed allocations in the Bill; and
- Each department's role in advancing Broad-Based Black Economic Empowerment in South Africa through the Bill.

This report focuses on two important considerations. Firstly, it focuses on the proposed adjustments to the 2020 Appropriations Act (Act No 7 of 2020) 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 advertisements. Secondly, the report focuses on the proposed amendments to section 6 (1) of the Appropriation Act, 2020 (Act No. 7 of 2020), in the Bill.

2. Overview of the Adjustments Appropriation Bill

The Bill reflects adjustments to allocation proposals which are mainly targeted at the Novel Coronavirus Disease (Covid-19) interventions by government as announced in April 2020 by the President of the Republic of South Africa. The Bill provides for the following:

- (i) A total of R145 billion in allocations mainly targeted at Covid-19 interventions;
 - A total of R122.4 billion is allocated to the relief package,
 - Government is allocating a total of R3 billion as an equity investment to recapitalise the Land Bank, and
 - A total of R19.6 billion is provisionally allocated.
- (ii) The Bill proposes that funding be secured by shifting resources from existing programmes. It proposes that a total of R100.9 billion be temporarily suspended from baselines, with a proposal that a total of R80.9 billion be suspended from national departments as follows;
 - A total of R54.4 billion in national departmental allocations,
 - A total of R13.8 billion in provincial conditional grants and
 - A total of R12.6 billion in local conditional grants.
- (iii) Provincial suspensions include R20 billion funded from the provincial equitable share.

2.1. Adjustments Appropriations Bill proposed additions

The Bill proposes that national government departments receive a net total allocation of R55.3 billion in additional funding to fund government's response to the Covid-19 pandemic (see Table 1 below).

Table 1: Adjustments Appropriation Bill Net Additions

Departments (R'million)	2020/21 Main budget	Suspension of funds (COVID-19 purposes)	Allocated to (COVID-19)	2020/21 Total net change proposed	2020/21 Total allocation proposed	Net change %
Cooperative Governance	96,234	-6,012	16,967	10,955	107,188	11.4%
Government Communication and Information Systems	721	-	30	30	751	4.2%
National Treasury	815,109	-20,863	30,188	9,325	824,434	1.1%
Health	55,516	-	2,914	2,914	58,430	5.2%
Social Development	197,718	-15,482	40,956	25,474	223,192	12.9%
Defence	52,439	-1,212	4,092	2,880	55,319	5.5%
Police	101,711	-	3,700	3,700	105,411	3.6%
Total	1,319,448	-43,569	98,846	55,277	1,374,725	4.2%

Source: National Treasury (2020) Adjustments Appropriation Bill

There are seven national government departments (Votes) that benefit from the R55.3 billion additional allocation out of the 41 national government departments (Votes). The net total additional allocation of R55.3 billion is shared between the seven national government departments as follows:

- (1) The Department of Social Development (Vote 19) receives the largest additional allocation share on the total of R55.3 billion additional allocation to national government departments. The additional baseline allocation of R25.5 billion to the Department of Social Development is intended for the provision of financial support to vulnerable households through the increase of various social grants and the payment of the special Covid-19 Social Relief of Distress Grant of R350 per month for six months. This additional allocation increase the 2020/21 budget baseline allocation to the Department of Social Development by 12.9 per cent, increasing from the R198 billion main allocation to R223 billion.
- (2) The Department of Cooperative Governance (Vote 3) receives the second largest share of additional allocation. Corporate Governance receives an additional allocation of R11 billion through additions to the local government equitable share to support

municipalities' increased expenditures related to the provision of basic services, including shelter for the homeless and this increases the Cooperative Governance baseline allocation by 11.4 per cent in 2020/21 financial year from R96 billion main budget allocation to R107 billion.

- (3) National Treasury (Vote 8) receives the third largest net additional allocation of R9.3 billion to cover for debt services costs as well as the R3 billion for the recapitalisation of the Land Bank. This increases National Treasury's 2020/21 baseline allocation by 1.1 per cent from R815 billion main budget allocation to R824 billion.
- (4) The South African Police Service (Vote 28) receives an additional baseline allocation of R3.7 billion or 3.6 per cent of the 2020/21 main budget allocation, increasing its budget allocation from R101.7 billion to R105.4 billion. The additional allocation (R3.7 billion) is provided to support the department's Covid-19 response, including the procurement of personal protective equipment for police officials.
- (5) The Department of Health (Vote 18) receives an additional allocation of R2.9 billion or 5.2 per cent of the 2020/21 main budget allocation, increasing the department's 2020/21 budget allocation from R55.5 billion to R58 billion in 2020/21. The R2.9 billion additional allocation is intended to fund Covid-19 lab tests, costs of the Cuban doctors, contracting with private hospitals, procurement of PPEs and thermometers, as well as communication campaigns and occupational health interventions.
- (6) The Department of Defence (Vote 23) receives an additional allocation of R2.9 billion or 5.5 per cent of the 2020/21 main budget allocation, increasing the department's main allocation from R52 billion to R55 billion in 2020/21. The R2.9 billion additional allocation is intended to fund for ration costs, fuel costs, aircraft fuel and troop transport as part of Operation Notlela and the procurement of medical supplies. Furthermore, these funds are aimed at procuring disinfectant tunnels, set up quarantine clinics, the deployment of the Reserve Force including allowances, procurement of personal protective equipment for deployed soldiers and repatriation of South African citizens.
- (7) Government Communications and Information Systems (Vote 4) receives additional allocation of R30 million or 4.2 per cent of the 2020/21 main budget allocation, increasing the department's budget allocation from R721 million 2020/21 main allocation to R751 million to fund for Covid-19 related expenditure.

2.2. Adjustments Appropriations Bill proposed reductions

The Bill proposes national government department 2020 main budget baseline reductions of R31.7 billion from different budget votes/department (see Table 2 below). These baseline reductions are made in order to fund government's direct response to the Covid-19 pandemic. Out of the R31.7 billion baseline reductions, there are ten (10) national government departments who account for R28 billion or 88 per cent of the proposed baseline reductions.

Table 2: Adjustments Appropriation Bill Net Reduction

Departments (R'million)	2020/21 Main budget	Suspension of funds (COVID-19 purposes)	Allocated to (COVID-19)	2020/21 Total net change proposed	2020/21 Total allocation proposed	Net Reduction %
The Presidency	619	-55	4	-51	568	-8.2%
Parliament	2,688	-80	–	-80	2,608	-3.0%
Home Affairs	9,030	-562	–	-562	8,468	-6.2%
International Relations and Cooperation	6,850	-654	337	-317	6,534	-4.6%
National School of Government	207	-16	–	-16	191	-7.7%
Planning, Monitoring and Evaluation	500	-100	–	-100	400	-20.0%
Public Enterprises	37,849	-62	–	-62	37,787	-0.2%
Public Service and Administration	566	-86	–	-86	480	-15.2%
Public Service Commission	298	-10	–	-10	288	-3.4%
Statistics South Africa	3,452	-200	–	-200	3,252	-5.8%
Traditional Affairs	173	-3	0	-3	170	-1.7%
Basic Education	25,328	-7,245	5,150	-2,095	23,233	-8.3%
Higher Education and Training	116,857	-14,856	5,000	-9,857	107,000	-8.4%
Women, Youth and Persons with Disabilities	778	-138	4	-133	645	-17.1%
Civilian Secretariat for the Police Service	156	-12	–	-12	144	-7.7%
Justice and Constitutional Development	22,411	-416	–	-416	21,995	-1.9%
Military Veterans	683	-137	–	-137	546	-20.1%
Office of the Chief Justice	2,451	-30	–	-30	2,421	-1.2%
Agriculture, Land Reform and Rural Development	16,810	-3,307	914	-2,394	14,416	-14.2%
Communications and Digital Technologies	3,395	-111	–	-111	3,283	-3.3%
Employment and Labour	3,638	-421	159	-262	3,376	-7.2%
Environment, Forestry and Fisheries	8,955	-1,935	1,169	-766	8,188	-8.6%
Human Settlements	31,325	-5,496	3,235	-2,261	29,064	-7.2%
Mineral Resources and Energy	9,337	-1,574	–	-1,574	7,763	-16.9%
Science and Innovation	8,797	-1,760	324	-1,436	7,362	-16.3%
Small Business Development	2,407	-67	–	-67	2,340	-2.8%
Sports, Arts and Culture	5,720	-1,095	130	-965	4,755	-16.9%
Tourism	2,481	-1,000	–	-1,000	1,481	-40.3%
Trade, Industry and Competition	11,082	-2,271	500	-1,771	9,311	-16.0%
Transport	62,047	-6,871	2,231	-4,640	57,407	-7.5%
Water and Sanitation	17,216	-1,756	1,499	-257	16,959	-1.5%
Total	414,106	-52,328	20,656	-31,672	382,435	-7.6%

Source: National Treasury (2020) Adjustments Appropriation Bill

Table 2 above highlights all proposed baseline reductions from national government departments and the top ten affected department/votes in Rand value are:

(1) The Department of Higher Education and Training (Vote 17) budget baseline is reduced by R9.9 billion or 8.4 per cent of the main budget allocation, decreasing the department's budget from R116.9 billion to R107 billion in 2020/21. The department's proposed main budget reductions include;

- R8.1 billion reduction in the skills development levy mainly due to the four months holiday for contributions.
- R875 million through postponements of infrastructure programmes.
- R383 million by delaying the Historically Disadvantaged Institutions Development Programmes and Generation of Academic Programme.
- R316 million reduced from non-essential goods and services and savings due to the delays in filling vacant posts.
- R155 million reduction in funding for Technical and Vocational Education and Training (TVET) colleges by delaying the operationalization of new colleges and deferring the intake of the Centres of Specialisation Programme to the 2021 academic year.

(2) The Department of Transport (Vote 40) budget baseline is reduced by 4.6 billion or 7.5 per cent of the main budget allocation, reducing the department's main allocation from R62 billion to R57 billion in 2020/21. The department's proposed main budget reductions include;

- R250 million reduction from the Taxi Recapitalisation Programme and this will result in fewer number of taxis to be scrapped in 2020/21.
- R1.8 billion reduction in the Provincial Roads Maintenance Grant.
- R1.9 billion reduction in the Public Transport Network Grant.
- R1 billion reduction in the Passenger Rail Agency of South Africa (PRASA) capital budget (Rolling Stock Fleet renewal Programme).
- R1.1 billion reduction in the South African National Roads Agency Limited (SANRAL) non-toll roads funding.

(3) The Department of Agriculture, Land Reform and Rural Development (Vote 29) budget baseline is reduced by R2.4 billion or 14.2 per cent of the 2020/21 main budget allocation, reducing the department's budget from R16.8 billion to R14.4 billion in 2020/21. The department's proposed main budget reductions include;

- R300 million reduction from the compensation of employees budget by suspending the filling of funded vacant posts.
- R189 million reduction in the rural social infrastructure coordination project due to restricted economic activity caused by the Covid-19 pandemic.

- R366 million reduction in the Restitution programme due to restricted economic activity imposed by the Covid-19 pandemic.
- R317 million reduction in the Comprehensive Agricultural Support Programme Grant for infrastructure projects.
- R121 million reduction in the Ilima/Letsema Project Grant from the funding for support to subsistence farmers and food security programme.
- R444 million reduction in the Land acquisition and redistribution programme from funding intended for land acquisition for redistribution.
- R611 million reduction in funding for food security and this was partly due to fewer farmers supported due to the restricted economic activities.

(4) The Department of Human Settlements (Vote 33) budget baseline is reduced by R2.3 billion or 7.2 per cent of the 2020/21 main budget allocation, reducing the department's main budget allocation from R31 billion to R29 billion in 2020/21. The department's proposed main budget reductions include;

- R1.7 billion reduction in the Human Settlement Development Grant budget allocation.
- R1.1 billion reduction in the Urban Settlement Development Grant budget allocation.
- R337 million reduction in the Title Deeds Restoration Grant budget allocation.
- R29 million reduction in non-essential goods and services allocations and R4 million reduction in bursary funding for non-employees of the department.

(5) The Department of Basic Education (Vote 16) budget baseline is reduced by R2.1 billion or 8.3 per cent of the 2020/21 main budget allocation, decreasing the department's main budget allocation from R25 billion to R23 billion in 2020/21. The department's proposed main budget reductions include;

- R2.2 billion reduction in funding allocation earmarked for education infrastructure through the Education Infrastructure Grant.
- R282 million reduction in budget allocation for non-essential goods and services
- R68 million reduction in funding allocation for teacher training in maths, science and technology through the Maths, Science and Technology Grant.
- R60 million reduction in funding allocation for the life skills education through the HIV and AIDS Grant.

(6) The Department of Trade, Industry and Competition (Vote 39) budget baseline is reduced by R1.8 billion or 16 per cent of the 2020/21 main budget allocation, decreasing the

department's main budget allocation from R11.1 billion to R9 billion in 2020/21. The department's proposed main budget reductions include;

- R1.6 billion reduction in budget allocation for public corporations and private enterprises incentives.
- R184 million reduction in budget allocations for non-essential goods and services in the department and its entities.
- R20 million reduction in budget allocation for foreign governments and international organisation, as well as non-profit organisations.

(7) The Department of Mineral Resources and Energy (Vote 34) budget baseline is reduced by R1.6 billion or 16.9 per cent of the 2020/21 main budget allocation, decreasing the department's main budget allocation from R9 billion to R7.8 billion in 2020/21. The department's proposed main budget reductions include;

- R1.5 billion reduction in the Integrated National Electrification Programme for both Eskom and Municipalities licensed areas.
- R42 million reduction in budget allocation for non-essential goods and services
- R22 million reduction in budget allocation for the Energy Efficiency and Demand-side Management grant.

(8) The Department of Science and Innovation (Vote 35) budget baseline allocation is reduced by 1.4 billion or 16.3 per cent of the 2020/21 main budget allocation, decreasing the department's main budget allocation from R8.9 billion to R7 billion in 2020/21. The department's proposed main budget reduction include;

- R783 million reduction in budget allocation for non-essential goods and services for the department and its entities.
- R359 million reduction on budget allocation for the Square Kilometre Array Programme.
- R200 million reduction in budget allocation for the National Integrated Cyber Infrastructure System.
- R53 million reduction in budget allocation for non-essential goods and services
- R40 million reduction in budget allocation for compensation of employees for funded vacant posts.

(9) The Department of Tourism (38) budget baseline allocation is reduced by R1 billion or 40.3 per cent for the 2020/21 main budget allocation, decreasing the department's main budget allocation from R2.5 billion to R1.5 billion in 2020/21. The department's proposed main budget reduction includes;

- R973 million reduction in budget allocation for local and international marketing activities.
 - R27 million reduction in budget allocation for non-essential goods and services.
- (10) The Department of Sports, Arts and Culture (Vote 37) budget baseline allocation is reduced by R965 million or 16.9 per cent of the 2020/21 main budget allocation, decreasing the department's main budget allocation from R5.7 billion to R4.8 billion on 2020/21. The department's proposed main budget reductions include;
- R312 million reduction in budget allocation for the construction and maintenance of community libraries.
 - R224 billion reduction in budget allocation for the Mass participation and Sports Development grant.
 - R114.9 million reduction in budget allocation for the Mzansi Golden Economy (MGE) programme.
 - R152.7 million reduction in budget allocation for infrastructure support in various museums and the National Archives, as well as in some legacy projects.
 - R128.9 million reduction in budget allocation for non-essential goods and services.
 - R46 million reduction in budget allocation for heritage institutions (operational transfers to museums, the National Heritage Council, the National Library of South Africa and the South African Heritage Resources Agency).
 - R28.6 million reduction in budget allocation for Cultural and Creative Industries Development transfers to households, non-profit institutions and private enterprises.
 - R10 million reduction in budget allocation for compensation of employees for funded vacant post.

3. Amendment of section 6 of the Appropriations Act, 2020 (Act No 7 of 2020)

The Minister of Finance wrote a letter to the Speaker of the National Assembly requesting that, the Committee considers amending section 6 of the Appropriation Act, 2020, in the Adjustments Appropriation Bill [B10—2020] (“the Bill”), which is currently before the National Assembly. The aforesaid request was referred to the Committee on 22 July 2020. The reasons advanced by the Minister were that the Appropriation Act, 2020, was assented into law by the President on 22 June 2020 and published in the Government Gazette on 23 June 2020, i.e. the date it took effect. Subsequently, on 24 June 2020, the Minister tabled an Adjustments Appropriation Bill [B10-2020] in the National Assembly. Following this tabling, section 6 of the Appropriation

Act could not be used because the use of that section (6) was only available for one day for the Minister. Furthermore, the Minister indicated that when the Appropriation Bill was tabled in February 2020, it was not anticipated that an Adjustments Appropriation Bill would be tabled in Parliament much earlier than October 2020, the usual month in which such Bill is tabled annually during the MTBPS.

To that effect, the Minister of Finance requests that section 6 of the Appropriation Act, 2020 (Act No. 7 of 2020), be amended by substituting the introductory part of subsection (1) as follows:

1. On page 2, at the top insert:

GENERAL EXPLANATORY NOTE:

[] Words in bold type in square brackets indicate omissions from the existing enactments.

_____ Words underlined with solid line indicate insertions in existing enactments.

2. On page 3, after clause 7, insert the following clause:

Amendment of section 6 of Act 7 of 2020

8. Section 6 of the Appropriation Act, 2020 (Act No. 7 of 2020), is hereby amended by the substitution for the introductory part of subsection (1) of the following:

“(1) Despite any provision in any other legislation to the contrary, and before **[an]** the second Adjustments Appropriation Bill is introduced in Parliament, the Minister may approve expenditure, if it cannot reasonably be delayed without negatively affecting service delivery and such expenditure—”.

Reasons for proposed amendments

The amendment is proposed to enable the use of funding for contingencies, when necessary, for expenditure permitted by section 6 of the Appropriation Act, 2020. This will specifically allow

for the use of funds that are included in the fiscal framework but are in the contingency reserve or are provisionally allocated as indicated in the 2020 Budget Review, should this become necessary, before the tabling of the second adjustments budget. Currently, it may not be used because the introduction of the Adjustments Appropriation Bill in June 2020 instead of the usual annual date, i.e. October 2020, disallows its use.

How the amendments take into account the broad strategic priorities and allocations of the relevant budget

Enabling the use of funding for contingencies will allow the Minister to authorise expenditure which cannot be reasonably delayed without affecting service delivery till the next appropriation and which, among others, is unforeseeable and unavoidable, e.g. expenditure on the Covid-19 pandemic, or was announced by the Minister in the February 2020 budget.

The implications for each proposed amendment and the main divisions within the vote

It has no implication for any vote since funding for contingencies is not allocated to any vote.

The impact of each proposed amendment on the balance between transfer payments, capital and recurrent spending in the affected vote

It has no impact since the provision for funding for contingencies was made in the 2020 Budget Review which includes the fiscal framework for the 2020/21 financial year.

The impact of the proposed amendment on service delivery

The use of funding for contingencies is permitted if a delay will negatively impact on service delivery provided the expenditure (i) is unforeseen and unavoidable, (ii) was announced by the Minister during the tabling of the budget in February 2020 or (iii) appropriated in the 2019/20 financial year and to be rolled-over.

The manner in which the proposed amendments relate to prevailing departmental strategic plan, reports of the Auditor-General, Committee reports adopted by the House, reports in terms of section 32 of the PFMA, annual reports and any other information submitted to the House or Committee in terms of the standing rules or on request

The use of funding for contingencies will support delivery on strategic plans if the expenditure related to the strategic plan was announced in the February 2020 budget, it is a roll-over or if it meets the requirements for a provisional allocation.

Responses of the affected Minister to the proposed amendments

The Minister of Finance requested the Committee to make the amendment.

4. Adjustments per identified department

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

4.1 Department of Water and Sanitation (Vote 41)

The Department of Water and Sanitation's 2020/21 main appropriation of R17.2 billion has been adjusted downwards by R257 million to R16.959 billion. An amount of R257 million has been suspended from the Departmental allocations for the support of the Covid-19 macro-economic stimulus response. Total actual expenditure as at the end of the fourth quarter of the 2019/20 financial year was R15.2 billion or 92 per cent of the adjusted appropriation of R16.5 billion for the year. This resulted in a variance of R1.3 billion or 8 per cent as at the end of the 2019/20 financial year.

In terms of non-financial performance, the Department achieved 55 per cent of its targets whilst 19 per cent were partially achieved, and 26 per cent were not achieved as at the end of the fourth quarter of the 2019/20 financial year.

4.2 Department of Health (Vote 18)

The Department of Health's 2020/21 main appropriation of R55.5 billion has been adjusted upwards by R2.9 billion to R58.4 billion. The total amount earmarked for the fight against Covid-19 is R5.5 billion consisting of a once-off allocation of R2.9 billion and R2.6 billion that was reprioritised within the Departments' budget. The reprioritised allocation consisted of R1.99 billion (Indirect Grants), R538.5 million (Direct Grants), and R101.6 million (Voted funds).

Total actual expenditure as at the end of the fourth quarter of the 2019/20 financial year was R50.8 billion or 99.2 per cent of the total adjusted appropriation of R51.2 billion resulting in a variance of R422.2 million.

The Department reported that the revision of 2020/21 APP focused on repurposing funding and adding Covid-19 activities such as the development of information system and hiring of health

professionals for Covid-19, identifying facilities for quarantine, and as well as building and equipping field hospitals.

4.3 Department of Social Development (Vote 19)

The Department of Social Developments' 2020/21 main appropriation of R197.7 billion has been adjusted upwards by R25.5 billion to R223.2 billion. This additional allocation was mainly to cater for the R350 Social Relief of Distress grant and the top-up of existing social grants for a period of six months.

Total actual expenditure as at the end of the fourth quarter of the 2019/20 financial year was R199.2 billion or 107.99 per cent of the total adjusted appropriation of R184.721 billion resulting in an over expenditure of R14.795 billion. This over expenditure was under Programme 2, Social Assistance, and was due to disaster declared in March 2020 for the Covid-19 virus. SASSA announced that the 1 April 2020 social grants payable would be done on 30 March 2020, which implies that the expenditure to be recorded correctly in the Annual Financial Statements for the 2019/20 financial year. In terms of non-financial performance, as at the end of the fourth quarter of the 2019/20 financial year, the department reported that it achieved 60 per cent of its targets.

In terms of the adjustment budget's impact on the sector's ability to deliver on its mandate, the Department reported that there has been very limited impact because it was able to optimise on the use of technology to achieve the extended reach of beneficiaries/clients. Furthermore, the Department was able to adjust its strategic plans to achieve the same outputs using a different service delivery model, for instance in the food distribution programme. The Department reported that the following notable measures, amongst others, were put in place to ensure service delivery continuity after the outbreak of Covid-19:

- Continuous payment of monthly social grants to over 18.3 million South Africans in a staggered manner;
- Restrictions were put in place on many of the Department's institutions while closing some of them such as Early Childhood Development (ECD) centers and Partial Care facilities;
- Personnel was organised in a way that did not compromise continuity of service delivery by allowing for hybrid models of work (rotation of some officials working in the office while others working remotely);
- Coordination with Provincial Departments was strengthened to provide leadership in response strategies, addressing risks and coordinating efforts through the District Development Model;

- Partnership was broadened with other sectors such as business, civil society and ordinary South African's to extend other essential services thereby extending the service delivery arm and reach; and
- Department had to dig deeper within its limited resources and overstretched capacity to prioritize and respond to the impacts of Covid-19 that has exacerbated the high levels of unemployment, food insecurity and social ills including gender-based violence, substance abuse, abuse of children as well as plan for the reopening of ECD.

4.4 Department of Cooperative Governance (Vote 3)

The Department of Cooperative Governance's 2020/21 main appropriation of R96.2 billion has been adjusted upwards by R11 billion to R107.2 billion. This additional R11 billion includes the suspension and reprioritisation of funds within the budget allocation (-R6 billion) as well as additional funds for the fight against the Covid-19 pandemic (R17 billion).

Total actual expenditure as at the end of the fourth quarter of the 2019/20 financial year was R86.7 billion or 96 per cent of the adjusted appropriation of R90.3 billion 2019/20 financial year. This resulted in a variance of R3.6 billion or 4 per cent of the total 2019/20 adjusted allocation. In terms of non-financial information, the Department achieved 18 or 78 per cent of the 23 targets resulting in 5 or 22 per cent of the targets not being achieved.

The Department reported that, as one of the implementing departments for the Economic Recovery Stimulus Package, during the Special Adjustment Budget, R19.6 billion of a total of R100 billion for job creation and retention was made available in the 2020/21 financial year, with the balance to be appropriated in the two outer years of the current MTEF. From the aforesaid additions, the Department has been allocated R554 million for the 2020/21 financial year. To advance this, the Department together with the Municipal Infrastructure Support Agency (MISA) are in the process of developing a project plan for the repairs, rehabilitation, and maintenance of municipal infrastructure which includes roads, water, sanitation and solid waste.

3.5 Department of Basic Education (Vote 16)

The Department of Basic Education's 2020/21 main appropriation of R25.3 billion has been adjusted downwards by R2.1 billion to R23.2 billion. The downward revisions were mainly under goods and services (-R281.9 million) and transfers and subsidies (-R2.4 billion). The department reported that

the cuts transfer and subsidies would have the following impact on the projects funded under the Education Infrastructure Grant.

Table 3: Impact of reduction on Education Infrastructure Grant

Province	Projects stopped or delayed
Eastern Cape	R114 million for 17 new and replacement projects, R105 million for 15 upgrades and additions and R9 million for 1 refurbishment project.
Free State	R120 million for 17 upgrades and additions as well as 44 maintenance projects.
Gauteng Province	R9 million for 55 new and replacements, R35 million for 47 upgrades and additions, R162 million for 168 rehabilitation and refurbishments and R17 million for 32 maintenance projects.
KwaZulu-Natal	R78 million for 22 new and replacement schools and R222 million for 400 repairs and renovations projects.
Limpopo	R50 million for 7 new and replacement projects and R135 million for 101 refurbishment and rehabilitation projects.
Mpumalanga	R56 million for 24 new and replacement projects, R48 million for 435 maintenance projects and R56 million for 249 upgrades and additions.
North West	R143 million for 24 new and replacement projects and R16 million for 4 upgrades and additions.
Northern Cape	R41 million for 51 upgrades and additions and R40 million for 22 new and replacements projects.
Western Cape	R159 million for 200 maintenance projects.

Source: Department of Basic Education, 2020

Total actual expenditure as at the end of the fourth quarter of the 2019/20 financial year was R23.7 billion or 97 per cent of the adjusted appropriation of R24.464 billion for the year. This resulted in a variance of R733.4 million or 3 per cent of the main appropriation. In terms of non-financial information, the Department achieved 11 or 61 per cent of the 18 whilst 2 or 11 per cent were partially achieved with 5 or 28 per cent not being achieved.

3.6 Department of Small Business Development (Vote 36)

The Department of Small Business Development's 2020/21 main appropriation of R2.4 billion has been adjusted downwards by R67 million to R2.3 billion. The downward revisions were mainly under

non-essential goods and services (-R28 million) and transfers and subsidies (-R39 million from the Township Entrepreneurship Fund).

Total actual expenditure as at the end of the fourth quarter of the 2019/20 financial year was R2.2 billion or 97.9 per cent of the total adjusted appropriation of R2.3 billion for 20219/20. This resulted in under expenditure of R48.7 million or 2.1 per cent. In terms of non-financial information, the Department achieved 22 or 85 per cent of the 26 targets resulting in 4 or 15 per cent of the targets not being achieved.

In terms of the adjustment budget's impact on the Department's ability to deliver on its mandate, the Department reported that the reduction R67 million would have a negative impact on the number of SMMEs, Co-operatives and Informal Businesses that receive support from the Department.

3.7 Department of Agriculture, Land Reform and Rural Development

The 2020/21 main appropriation of R16.8 billion for the Department of Agriculture, Land Reform and Rural Development has been adjusted downwards by R2.4 billion to R14.4 billion, while R914 million has been reprioritised. A total budget of R1.3 billion has been reprioritised to respond to Covid-19 emergency procurement as follows:

- R1,2 billion to fund smallholder farmers, where R400 million is targeted at supporting and reviving 216 000 hectares of acquired and transferred agricultural land; and
- R100 million to fund distressed commercial farmers due to Covid-19.

With regard to the Economic Stimulus Plan, the Department reported that the Agricultural sector was identified as one of the sectors with the potential to stimulate the economy. For the funds to be allocated, the implementing department must include associated targets in its revised 2020/21 APP. Furthermore, the funds form part of the President's Employment Stimulus and are therefore additional to what was allocated to the Department and these funds are to be spent within the 2020/21 financial year and there are to be no roll-overs. As part of strengthening food systems, the DALRRD was identified as one implementing departments and will use the allocated R688 million to provide support and relief to 50 000 subsistence farmers.

Total actual expenditure as at the end of the fourth quarter of the 2019/20 financial year for the Department of Rural Development and Land Reform was 99 per cent per cent while the Department of Agriculture Forestry and Fisheries recorded an expenditure of 98 per cent. In terms of non-financial

performance, the Department of Rural Development and Land Reform only achieved 56 per cent of its 24 targets while the Department of Agriculture Forestry and Fisheries achieved 58 per cent of its 65 targets.

5. 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.

5.1 Financial and Fiscal Commission

On the proposed insertion to clause 6 of the Adjustments Appropriation Bill [B10–2020] and amendment of the Appropriation Act (Act No.7 of 2020), the Financial and Fiscal Commission submitted that the proposed amendments by inserting [an] and the second in clause 6 was vital, as it was going to allow the Minister to approve urgent reasonable expenditure without delay to ensure effective service delivery. However, the FFC warned that financial discipline and transparency would have to be ensured at all times. On removal of clause 7, the FFC was of the view that whilst this was due to the adjustment budget that took place in 2020/21, it was still imperative that forecasts/estimates as per the original clause 7 should remain in place - for planning and budgeting purpose and as well as planning for forward estimates.

Regarding adjustments by economic classifications, the FFC highlighted that transfer and subsidies component saw the largest upward adjustment of R12.3 billion and the bulk of this increase was earmarked for the vulnerable households through increased social payments and transfers to local government. The FFC further acknowledged the net increase of R2.4 billion to current payments, mainly driven by additions to goods and services whilst the compensation of employees was revised downwards by R591 million. Moreover, the FFC indicated that the R3 billion added to recapitalise the Land Bank was noted and that persistent financial assistance to ailing State Owned Enterprises had an element of diverting funds from critical areas of service delivery. The FFC put it that reforms to ailing SOEs were long overdue and that efforts to stabilise, re-purpose, rationalise SOEs were urgent.

On upward adjustments by function category, the FFC noted that the largest net increases were to department of Social Development (R25.3 billion) and Peace and Security cluster (R5.9 billion) and department of Health (R2.9 billion). The FFC acknowledged the importance of these essential,

frontline sectors in directly responding to Covid-19 and scaling up and maintaining social assistance interventions to vulnerable households. In addition, the FFC noted that the general public service was to receive an increase of R759 million. These funds, added the FFC, were meant for supporting the provision of quarantine sites for people who test positive for Covid-19 and repatriation of South Africans stranded abroad. Lastly, the FFC commented that the Social Development vote saw an increase in its appropriation by R25.4 billion. This was expected given the different 'special grants' announced by the President in response to the Covid-19 pandemic. The Commission submitted that it supports the prioritisation of funding towards fighting Covid-19 while protecting livelihoods and the economy.

On downward adjustments by function category, the FFC submitted that it noted the adjustment by function category and the difficult balance government had to achieve in this Bill. The FFC noted that the biggest reduction was on learning and culture with a net decrease of R13.1 billion. The FFC stated that Science and Innovation cannot be relegated to outer years' allocation as it will play a pivotal role in determining the new economy and our global competitiveness.

On adjustments on selected budget votes, the FFC highlighted that the department of Agriculture, Land Reform and Rural Development vote saw a decrease of R2.3 billion from R16.8 billion in the main budget to R14.4 billion in the adjustment budget. The FFC argued that this was concerning since this vote plays an important role in food security. With regards to the health department vote which was important in responding to Covid-19, its budget was increased by R2.9 billion. The Commission called for continued commitment to prioritise public health to save lives. On the human settlement budget vote decrease of R2.2 billion, the FFC said it was concerned given the housing need in the country. On the public enterprise vote which was revised downwards by R61.8 million, the FFC applauded this decrease. The Commission commented that it will continue to express concerns about the stability of some SOE's under this department, which continues to be a burden of country's fiscus.

The FFC continued to highlight adjustments on selected budget votes by indicating that the Public works and infrastructure vote remained unchanged in the adjustment budget. The Commission commended this as a reflection of intent by government to use infrastructure to spur economic growth. About the department of Small Business Development, the FFC pointed out that this vote was decreased by R67 million. The FFC added that although this adjustment was relatively small, it was concerning because this department was important for employment creation and economic growth. The department also support small businesses which are important and were under strain due to

Covid-19 pandemic. The FFC further highlighted that that the department of Transport saw a net downward adjustment of R4.6 billion.

The FFC submitted and acknowledged that the containment of measures of Covid-19 resulted in limited movement during higher levels of lockdown and may have provided space for some reprioritisation. However, the FFC went on to caution that there should be exercised caution towards infrastructure related budgets including day to day operational maintenance and rehabilitation of the relevant programmes. The Communications and Digital Technologies vote saw a decrease in the adjustment budget by R111 million. The FFC commented that the digital technology will be important going forward for teaching and learning, businesses and therefore, it was concerned that the decrease may hinder widespread internet penetration and the creation of a digital economy. The Water and Sanitation vote was decrease by R257 million. This is one of the smaller decreases in the budget votes. The Commission noted that access to water and sanitation remains an important objective of government. Access to water and sanitation is also more important during this time of Covid-19 as it mitigates against the spread of virus.

In response to the Bill, the FFC also commented that on infrastructure budgets that have experienced reprioritisation/reductions, especially rehabilitation and maintenance budgets, it was important that the outer years of the 2020 MTEF prioritise these. Government should provide clear funding and delivery plan for delayed 2020/21 infrastructure projects and infrastructure maintenance. Moreover, FFC commented that the criteria for reprioritisation of R20 billion in provinces was not clearly determined and this may result in unevenness in services delivered to households in different provinces. The FFC added that in the absence of a uniform criteria, it was important for provinces to report to Parliament on the reprioritisation criteria used by each province. The FFC further submitted that despite the disruptions caused by the Covid-19 pandemic, reprioritisations should prioritise the set of national priorities and be aligned to the National Development Plan and the Sustainable Development Goals in the long run. Finally, the Commission advises that the adjustments budget be passed as soon as possible, in order to give government institutions certainty regarding their budget baselines and for good planning.

5.2 Parliamentary Budget Office

The Parliamentary Budget Office (PBO) started their submission by indicating that its purpose was to assist the Committee in considering and processing the Adjustment Appropriation Bill [B10 – 2020]. The PBO added that with the 2020 Special Adjustment Budget, government attempted to set

out commitments to strengthen public finances and position the economy for faster and inclusive growth, and address the immediate demands of the Covid-19 pandemic. Furthermore, the PBO reminded the Committee that regulations to limit the spread of the Covid-19 pandemic were gazetted; policy priorities were set and funding was proposed to support the health sector, households and to support revenue shortfalls due to limited economic activity.

On the proposed amendment contained in the current Bill, by inserting the words [an] and the second in clause 6 of the Adjustments Appropriation Bill [B10–2020] amending Appropriation Act (Act No.7 of 2020), the PBO advised that this was a legal requirement for compliance and it should be accepted and approved by the Committee.

Regarding government's response to the Covid-19 pandemic, the PBO advised the Committee to note that the pandemic has become the government's central priority and it has placed huge responsibilities on health, social services and peace and security sectors. This was due to government attempts to save up lives, scaling up capacity in the public health system and contracting of private hospitals to supplement public-sector capacity. On shared responsibilities by national and provincial governments in social development sector, the PBO highlighted a need to scaling up and maintaining of social assistance interventions for distressed and vulnerable households. The PBO noted the reprioritising funding to prepare social facilities for safe reopening and service delivery, including funding of psychosocial services for people affected by the pandemic. On the matter of safety and security as mainly provided by national government, the PBO commented that there was an increased deployment of police service and national defence force officials during the lockdown period.

The PBO further submitted that government's response to the Covid-19 was putting together an economic relief fiscal package of R500 billion. Its breakdown was as follows:

- R70 billion in tax policy measures;
- R200 billion loan guarantee scheme to support short-term economic activity;
- R40 billion wage protection; and
- Adjustments as reflected in the Adjustment Appropriation Bill of which:
 - Reprioritization of R45 billion (R100 billion reduced and R145 billion reallocated)
 - Additional allocations of R23.6 billion (incl.: R7.2 debt-service cost and R3 billion to the Land Bank)
 - Provisional allocation of R19.6 billion (but which was not in Adjustments Appropriations Bill).

Over and above that, the PBO reported that government had revised – downwards or upwards - baseline allocations to national departments. The PBO submitted that the biggest amounts were allocated towards social development (R1.2 billion towards Social Relief of Distress grant paid by July 2020), Cooperative Governance (R11 billion towards Local Government Equitable Share) and Health (R3.5 billion towards Covid-19 component). The PBO submitted that baselines of some national departments were decreased. The affected departments were Basic Education, Higher Education, Agriculture, Human Settlements, Trade and Industry, and Transport.

In conclusion, the PBO reminded the Committee that the main purpose of the Adjustments Appropriation Bill [B10–2020] was to reprioritise funds towards the Covid-19 pandemic, in order to deal with health issues and to support vulnerable households. In addition, the PBO said other adjustments such as the recapitalisation of the Land Bank was also included and should be noted and approved. Lastly, the PBO added that the R500 billion relief fund announced by government has not translated into R500 billion injection into the economy, meaning that the health measures and support to vulnerable households has been lower than anticipated. Lastly, the PBO submitted that the economic measures to support employment and businesses have been much less than stated in the recovery programme, and that the offset to the decline to gross domestic product will be less than the stated R500 billion.

6. Public submissions on the Bill

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

6.1 Congress of the South African Trade Unions

The Congress of South African Trade Unions (COSATU) welcomed the reinforcement of key departments on the health frontline against Covid-19, as well as National Treasury’s intervention in the government credit guarantee scheme. In both cases, however, COSATU questioned whether it was sufficient. COSATU raised several concerns related to the supplementary budget, including the following:

- Budget cuts to key departments on the economic frontline and no mention of key economic and regulatory interventions or local procurement, as well as very little on job creation and retention interventions. COSATU also wanted more clarity on the infrastructure programme.

- The lack of plans to intervene in collapsing state-owned entities (SOEs), municipalities and even some departments, with very little action to address the rising levels of corruption and wasteful expenditure and the provincial and local government debt to Eskom.
- The impact of the neglect of school infrastructure, especially sanitation, and the failure of the Department of Basic Education (DBE) to ready schools for reopening.
- COSATU questioned the reduction in allocations to employ health personnel and the emphasis on building temporary health facilities at the expense of building permanent health infrastructure, much of which had been neglected for years.
- The R2.2 billion and R1.9 billion cuts in PRASA and public transport, respectively, the weak health and safety plan for Metro Rail and the fact that most lines had not been re-opened and many had experienced increased cable theft.
- The R2.2 billion and R257 million cuts in the Department of Human Settlements, Water and Sanitation with no clear indication of how many informal areas would be upgraded and by when, or of how many would still not have sufficient water and sanitation, undermined the fight against Covid19, and which informal areas had become epicentres.
- The lack of clarity in the budget about the impact of reprioritisations and of not filling vacant posts, as well as the scope for permanent reductions in wasteful expenditure as opposed to austerity cuts.
- The R67 million cut in the budget of Small Business Development while SMMEs need relief of R11 billion; the R1 billion cut in Tourism, while the industry is dying and the need for more sectoral support for Agriculture, Land Reform and Rural Development.
- The cut in South African Police Service (SAPS) posts, instead of the increase promised in the State of the Nation address and the 10 000 infected SAPS members; the cuts in Correctional Services and the large number of infections in prisons; and the massive backlogs in Labour Courts and the silence on action to deal with corruption in the State Security Agency.

On recommendation to the Committee, COSATU made various recommendations, which included the following:

- Frontline public servants and the 2020 wage agreement should be honoured and there should be engagement on the next three-year agreement, including a sliding scale and inflation protection; cuts in politicians and management posts and salaries; and a single government collective bargaining process. The Public Investment Corporation (PIC) should provide home and education loans for public servants.

- There should be a credible plan to reduce debt through stimulating growth and increasing revenue; and the powers of the Public Audit Amendment Act, the Chief Procurement Office and the National Prosecuting Authority and SAPS should be used to combat corruption and wasteful expenditure.
- The R1.1 billion relief to the taxi industry should be conditional upon compliance with labour, traffic and tax laws and Covid-19 regulations.
- Higher Education and Training should shift to online learning and provide students with laptops, data and data free sites.
- The Department of Employment and Labour should appoint 500 inspectors and reverse the R55 million cut to the CCMA; the R1.7 billion cut in Trade, Industry and Competition should be reversed, including the R1.2 billion from industrial financing. The R1.5 billion cut to the Integrated National Electrification Programme (INEP) should also be reversed.
- The digital economy needs to be fast-tracked and Home Affairs needs to shift its services online and investigate a single election option.
- The South African Revenue Service (SARS) needs further capacitation to crack down on tax evasion, customs and illicit goods, and wealth taxes should be considered.
- To maximise the impact of the R200 billion credit guarantee scheme, loan disbursements could be increased to R25 billion or R35 billion; criteria could be relaxed and incentives incorporated and excessive interest rate charges capped. Parliament should call the banks to account and request a monthly progress report from National Treasury.

6.2 Organisation Undoing Tax Abuse

The submission by the Organisation Undoing Tax Abuse (OUTA) on the 2020 Adjustments Appropriation Bill began by welcoming of zero-based budgeting because there was no enough tax revenue to cover the expenses from state programmes that fail to deliver year after year. But OUTA was concerned that this was to be applied only to large programmes that are poorly defined.

OUTA welcomed the reprioritisation of expenditure and support for businesses. But indicated that they were dismayed to see how much of this reprioritisation was arranged by cutting other existing support initiatives for businesses. OUTA submitted that they were concerned with the cutting of R1.5 billion from the Integrated National Electrification Programme grant in the face of unaltered support for the failed nuclear by Nuclear Energy Corporation of South Africa.

On reprioritisation of expenditure, OUTA submitted that they call for an independent water regulator. This was because, according to OUTA, department of Water and Sanitation and the Water Boards had had poor audit outcomes for years and as such, the Covid-19 pandemic had been worsened by the department's failure to deliver water and sanitation effectively. On the Transport budget vote, OUTA said they were still waiting for Cabinet to end the Gauteng e-Tolls and this vote emphasised the difficulty of trying to keep e-tolls running and having to arrange last minute bailouts for South African National Rail Agency Limited. Added to that, OUTA argued that the mismanagement and looting of the Passenger Rail Agency of South Africa programmes has left the department of Transport in a very weak position to provide safe public transport. Furthermore, OUTA recommended that the Committee reject the proposed extra expenses on the security cluster. OUTA said these should be funded from existing budgets because these departments are known for systematic waste, failure to react to audit outcomes and corruption.

On compensation of employees, OUTA submitted that the government wage bill was unaffordable. They said, over the medium-term, compensation and debt-service costs were the largest expenditure items, more than any investment in social development or infrastructure. OUTA said they support National Treasury's moves to reduce the disproportionate cost of remuneration in line with performance outcomes and relative public benefits.

Regarding public entities, OUTA put it to the Committee that it was now routine that billions in bailouts and guarantees go to SOEs every year. OUTA said these entities are a significant fiscal risk and therefore SOE reforms were urgently needed to strengthen governance, financial, structural, and policy as per the national Planning Commission position paper.

In conclusion, OUTA recommended that:

- Government should implement zero-based budgeting based on National Treasury's guidelines and that Parliament should hold a debate on how this will work. Added to that, National Treasury should include increased transparency in the zero-based budgeting guide.
- An example should be made by rejecting additional appropriation to the departments of defence and Police and that there should be a demand for fiscal discipline and internal reprioritization of original allocations.
- Parliament should hold SOEs to the conditions of their bailouts and there should be demand of timelines for reforms in line with NPC position paper.

6.3 Equal Education (EE), SECTION27, and Equal Education Law Centre

Equal Education, SECTION27 and Equal Education Law Centre made a joint submission on the Supplementary Budget. They presented an overview of how funding for Basic Education had been decreasing even before the Covid-19 pandemic and submitted that many schools were no longer funded at the minimum per learner threshold established by the Minister of Basic Education. They indicated that the Covid-19 pandemic had amplified the historical challenges with school infrastructure and the need to boost non-personnel funding and address infrastructure backlogs, including sanitation in schools. They submitted that the reduction in funding to school infrastructure grants by a net R1.7 billion proposed in the Supplementary Budget would ensure that these backlogs remained for years to come. They further indicated that the National School Nutrition Programme (NSNP) had not been allocated any additional funds in the Supplementary Budget, but instead, R50 million of existing funds from the programme were reprioritised to provide for Covid-19 necessary sanitation measures in the preparation and distribution of meals. However, studies showed a marked rise in poverty and hunger levels in households since the beginning of the lockdown period, and the NSNP budget may need to be increased in October to ensure meals could be provided to all learners, by alternative means, if necessary. They expressed serious concern that the Department of Basic Education (DBE) was not considered a Covid-19 frontline department by National Treasury, and that a reduction of R2.1 billion had been made to its funding in the Supplementary Budget, while the SANDF and SAPS, who were deemed to be frontline services, received a combined increase in funding of R6.7 billion. They further expressed concern that many budget reprioritisations had been made at the cost of the long-term fulfilment of the right to basic education, rather than due to savings, and called for improved transparency and open discussions on trade-offs prior to the tabling of the budget.

Equal Education, SECTION27 and Equal Education Law Centre recommended that the Committee:

- Advocate for the basic education sector to be deemed a frontline service in the fight against Covid-19;
- Advocate for the basic education sector to receive additional funds to support and enable its Covid-19 response, including funds from the fiscal relief package;
- Demand that minimum per learner funding thresholds are met for the remainder of the 2020 school year, especially to no-fee schools and increase oversight of provincial education departments;
- Demand that National Treasury implements a system to monitor and oversee provincial Covid-19 expenditure, as national departments have no ability to monitor the effectiveness of Covid-19 spending;

- Consider the need to provide additional funding to the National School Nutrition Programme (NSNP) to cover new Covid-19 related sanitising and safety needs as well as the likely increased need resulting from the socio-economic challenges brought about by the pandemic and lockdown;
- Advocate against the reprioritisation of school infrastructure, and ensure that sufficient funding is provided to the School Infrastructure Backlogs Grant (SIBG) and the Education Infrastructure Grant (EIG) for long term infrastructure projects;
- Support advocacy calling for improved transparency early in the budget decision-making process, so that trade-offs which affect rights fulfilment are adequately and meaningfully participative; and
- Monitor key decisions in the lead up to the MTEF planning process, discourage further cuts and ensure that peoples' views on this process are put forward in whichever possible way.

6.4 Energy Governance South Africa Network

The Energy Governance South Africa (EGSA) network made its submission broadly in support of the submission by OUTA on the amendments to Vote 34: Department of Mineral Resources and Energy (DMRE) in the Supplementary Budget, and to draw particular attention to certain key points. EGSA indicated that the budget of the DMRE was being reduced by 17 per cent, or R1.6 billion, of which the lions' share came from cutting a total of R1.5 billion from the Integrated National Electrification Programme (INEP) grants. R1 billion less would be going to Eskom, (INEP Eskom) and R500 million less to municipalities (INEP municipalities), to electrify households. Due to these reductions, Eskom's spending on electrifying households would be reduced by 33 per cent and the funds that municipalities had available to spend on electrifying households would be reduced by 27 per cent. EGSA submitted that such households were part of the poorest and most vulnerable in South African society, and probably those hardest hit by the Covid-19 pandemic, and questioned National Treasury's rationale for cutting spending on activities that would help poor and vulnerable South Africans cope with the pandemic. EGSA further indicated that the reduced funds were unlikely to be reinstated in the next budget process.

EGSA further submitted that, while Nuclear Energy Regulation and Management had a budget reduction R10.8 million, the transfers to the Nuclear Energy Corporation (NECSA) remained untouched. EGSA submitted that NECSA, as a nuclear industry SOE, had an appalling financial track record, and that continuing to reward NECSA for its financial mismanagement and irregular expenditure, would send a signal to those corrupt and malleable officials that they could continue

with business as usual. In addition, support to the nuclear industry was something that could temporarily be suspended without negatively impacting on such programmes.

In conclusion, EGSA recommended that, instead of taking funds only from the Energy side, a 17 per cent reduction should be applied across the Mineral Resources programmes. In light of Covid-19, additional monies could be allocated to mine health and safety, but a reduction across the mineral resources-related entities would provide additional savings. EGSA further proposed that savings should be made in other programmes, while additional electrification is implemented, as the manner in which the DMRE budget had been reduced, deepened inequality and further impoverished the poor. EGSA called on Parliament to reject the adjustment to Vote 34, and to support the virements of monies from administration to mine health and safety during the Covid-19 period as well as the continuation of electrification programmes. EGSA recommended that a substantial amount of the R1.5 billion reduction (presumably required by Treasury) should be removed from the nuclear programme and from NECSA's allocation, with the balance to be drawn from the rest of the DMRE programmes.

6.5 Ilifa Labantwana

Ilifa Labantwana's submission focused on the absence of financial relief to the ECD sector to respond to the impact of Covid-19. Responding to the pandemic, all ECD operators were instructed by the Department of Social Development (DSD) to close on the 18th of March in order to prevent the spread and acceleration of infections. Since then ECD operators have not collected fees from caregivers, which they relied on to pay salaries and other fixed costs. In line with government's concern for lives and livelihoods, Ilifa Labantwana submitted that ECD operators must be supported owing to the circumstances they found themselves in due to Covid-19. The DSD financially support a subset of ECD operators that are registered and continued to do so during the lockdown but there were still challenges in terms of registering with the department and therefore most of the ECD operators are not registered and do not get the financial support. A number of ECD operators will be closed if not financially supported and hundreds of employees will lose their jobs and children's learning will be impacted.

On recommendations for sustainability and support packages, Ilifa Labantwana submitted to the Committee for consideration:

- **Package A: Standardised cost per programme Package**

This amount offers a standardised monthly amount per programme of R6 000, regardless of programme type or number of children enrolled.

- **Package B: Differentiated cost per programme**

Package B uses the estimated loss per programme, differentiated by programme type. The monthly amount offered would therefore be R6 000 for centres, R1 200 for playgroups and R1 000 for small home based programmes.

- **Package C: Standardised cost per child**

Package C offers a standardised monthly amount of R100 for each child that attended the programme before the lockdown, or R100 x pre-lockdown capacity. The monthly cost per child is based on an average of the monthly loss per child across the three programme types, shown in the table below.

- **Start-up Covid-19 resource packs**

Given the financial position of ECD sites highlighted above, it is critical that unfunded sites serving poor communities be supported with Covid-19 resource packs. To date, government has only allocated R65 million in the emergency adjusted budget and this is estimated to only cover 7000 sites with basic health and hygiene resources while the number of sites to be reached were estimated to be 48 000.

6.6 Agroecology South Africa

Agroecology South Africa (Agroecology) submitted on the implications of the supplementary budget on food security and land reform. Agroecology is concerned about the reductions made to the budget of the Department of Agriculture, Land Reform and Rural Development (DALRRD) and believed that the DALRRD budget cuts and reallocations were an act of bad faith. Agroecology was also concerned with the Department of Environment, Forestry and Fisheries (DEFF's) budget cuts, which penalised the already under-funded small-scale fisheries sector. Agroecology submitted that productive employment to producing food creates a new economic growth node that was crucial. Agricultural development is a primary industry and fundamental economic driver. Allocations to small-scale producers, and appropriate rural infrastructure were precisely the kind of investment needed to mitigate future challenges.

Agroecology made the following recommendations for the consideration of the Committee:

- Full restoration of funds taken from household and local food security programmes, including for small enterprise support in ecological input supply, agro-ecological production, small-

scale fisheries, processing, distribution and retail, and fresh produce markets situated close to end users, all managed in a participatory and decentralised way;

- The Minister of Agriculture, Land Reform and Rural Development (DALRRD) to show good faith by an internal reallocation of the revised DALRRD budget back to food security, land reform and integrated rural development;
- The Minister of Environment, Forestry and Fisheries and the Department to make an internal budget reallocation towards the Fisheries Management Programme, particularly towards the Small-Scale Fisheries Unit and its support and capacity building programme;
- Active participation of popular rural movements, small-scale farmers and fishers, and other civil society organisations in decisions on budget allocations and programmes in DALRRD and DEFF, not just as recipients of decisions made by the departments;
- Government to publicly recognise the critical role of rapid land redistribution, tenure security, release of commonage land, local food production and distribution, and democratised food systems;
- A participatory, rapid and critical review of producer support programmes over the past 15 years, including Ilima/Letsema and CASP, the Land Development Support policy and other relevant policies, development of concrete proposals for revised, more transparent and participatory, land and producer support programming, and a commitment from the leadership of DALRRD to materialise revised producer support programmes in alliance with civil society;
- State capacity and budgetary support for agrarian reform that is aimed at addressing the combined hunger, climate and water crises, and a producer support strategy that explicitly acknowledges the serious climate, biodiversity and related ecological crises by promoting ecologically and socially sustainable forms of production (agro-ecology, organic, bio-intensive, permaculture, biodynamic, regenerative etc) and the role of small-scale producers;
- The identification and immediate unblocking of bureaucratic bottlenecks that inhibit farmers from accessing funds and other support for their farming activities;
- Immediate moratorium on all evictions in the midst of the pandemic, and for this moratorium to be extended into longer term tenure security for all even beyond the immediate crisis;
- Government to prioritise the livelihoods of rural farmers instead of pushing mining as a source of jobs (particularly coal mining) given that mining displaces hundreds of people and negatively impacts on thousands who potentially have the capacity to feed themselves and their families;

- Government to initiate talks at continental and international levels to challenge and undo the current balance of forces in international trade arrangements that result in unequal returns for small-scale farmers and food producers in global and domestic value chains; and
- Social movements, small scale farmer and fisher organisations and other community-based and civil society organisations not only to resist the austerity budgets, but also to mobilise and organise independently, without waiting for the state to act, to respond to the immediate food crisis and to continue to advance the longer term imperatives for democratisation of our food system.

6.7 Professor E Atmore

Prof Atmore submitted that the Department of Social Development failed children and parents across the country during the Coronavirus Disease (Covid-19) lockdown by not setting a day when Early Childhood Development Centres (ECD) would re-open, despite numerous calls, letters and requests to the Department, nothing was forthcoming except a harsh instruction to ECD centres that they should not open under any circumstances. Prof Atmore submitted that the consequences of the lockdown on children (about 2.5 million), parents and ECD workers (i.e. about 180 000 ECD teachers) were significant. Children were required to stay at home, often in dangerous environments where they were at considerable risk. More than two million vulnerable children depended on attendance at an ECD centre for their main meal each day. The children had not been able to access these meals for 3 months, which has resulted in increased child hunger and malnutrition, as indicated by leading medical doctors.

Prof Atmore on behalf of the Centre for Early Childhood Development in Cape Town made the following recommendations for the consideration of the Committee:

- National Treasury allocates R2 billion to the national Department of Social Development to support 32 000 ECD centres when they re-open. This will ensure that Personal Protective Equipment (PPE) is available for staff at ECD centres and for children through a once-off grant of R20 000 to every ECD centre across South Africa. This will enable ECD centres to be “ready” to receive children; and
- The additional cost of that proposal will be around R640 million for the once-off Grant and R1.3 billion for the ECD subsidy, making a total of about R 2 billion. This was a small cost to ensure the jobs of 180 000 ECD teachers and to ensure meals and early learning to 2.5

million children. It was also less than 1 per cent of the Government Covid-19 Economic Recovery Package announced by the President.

7 Committee findings and observations

Having deliberated and considered all the submissions made by the above stakeholders on the Adjustments Appropriation Bill [B10–2020], the Standing Committee on Appropriations makes the following findings and observations:

- 7.1 The Committee notes that this Bill responds to the Covid-19 pandemic and it is therefore not a substitution for the adjustments appropriation bill that will be tabled with the 2020 Medium Term Budget Policy Statement in October 2020.
- 7.2 The Committee notes that the Covid-19 pandemic has caused an unprecedented shock to the economy and people's livelihoods while also amplifying and compounding our existing economic structural fragilities and negatively affecting government's fiscal space. To that effect, the Committee notes that the allocation proposals made in this Bill reflects adjustments to allocations mainly targeted at the Coronavirus Disease (Covid-19) interventions.
- 7.3 The Committee notes and welcomes the overall government response to the Covid-19 pandemic by proposing the R145 billion in fiscal relief packages targeted at Covid-19 interventions which were announced by the Honourable President of the Republic of South Africa in April 2020 through this Bill.
- 7.4 Committee notes and welcomes the Bill's proposal that national government departments receives a net total allocation of R55.3 billion in additional funding to support government's response to the Covid-19 pandemic.
- 7.5 The Committee notes the proposals made in the bill that a net reduction in baseline allocation of R31.7 billion be effected on national government department's baseline allocations. However, even though the Committee understand the negative impact Covid-19 has had on the economy, public finances and the livelihoods of many South Africans, the Committee is concerned about some of the allocation reductions which are proposed by the Bill. The Committee feels that some of the proposed reductions made in the Bill are not assisting government in the fight against the high levels of poverty, unemployment and inequality in

South Africa, even though the Committee acknowledges that these reduction proposals are made in order to fund government's direct response to the Covid-19 pandemic.

- 7.6 The Committee notes that national government departments had to revise their 2020/21 Annual Performance Plans (APPs) due to the impact of the proposed budget adjustments in order to aid in the fight against Covid-19. The Committee is of the view that whilst both allocations and revisions of performance targets are made as a direct response to the Covid-19 pandemic, the Committee remains concerned about the impact of these reductions on department's ability to deliver on their legislative mandates and effective service delivery in a manner that is both economical and efficient.
- 7.7 The Committee welcomes all the proposed net addition to baseline allocations made to the various national departments that are at the forefront of the fight against the Covid-19 pandemic, particularly the R25.5 billion proposed additional baseline allocation to the Department of Social Development. The Committee welcomes and views this as a clear message from government that even though the South African economy and public finance have been severely affected by the Covid-19 pandemic, government will continue to caution and protect vulnerable households through the provision of social assistance and necessary interventions.
- 7.8 The Committee welcomes the proposed net additional allocation of R11 billion to the Department of Cooperative Governance through additions to the local government equitable share to support municipalities' increased expenditures related to the provision of basic services, including shelter for the homeless. The Committee views this as a very important intervention proposed by this Bill, as municipalities are at the cold face of service delivery and revenue collections has been negatively affected by the Covid-19 pandemic at local government and adding R11 billion to local government will go a long way in the provision of free basic services, including shelters for the homeless under difficult times faced by the country and the world.
- 7.9 The Committee notes and welcomes the Bill's proposal to reduce the capital budget of PRASA by R1 billion. The Committee views the fleet renewal programme as a very important programme of government and the Committee is mindful of the mandate and the role that PRASA is supposed to play both in the economy and the transportation of the poor majority of the population into areas of work in the cities. PRASA has a huge role to play in reversing

this apartheid spatial planning of placing the poor far away from the cities and places of employment, however, the Committee is of the view that perennial underspending on CAPEX by the entity necessitated the diversion of these limited government resources until such time that the current reforms exercise underway at the entity are completed.

- 7.10 The Committee notes and welcome the proposal to allocate R1.1 billion once-off payment to Taxi Operators as part of government's Covid-19 relief fund. However, the Committee supports the submission from COSATU that the R1.1 billion relief to the taxi industry should be conditional upon compliance with labour, traffic and tax laws and Covid-19 regulations. To that end, the Committee is of the view that like any other individual or business who must comply with certain regulation and meet compliance checks before receiving government's Covid-19 relief funding, the taxi industry must be subjected to the same checks and balances before the disbursement of these funds.
- 7.11 The Committee is mindful that government needed resources to fund a response to the Covid-19 pandemic, however, the Committee is concerned about the proposed allocation reduction of R2.8 billion in both the Urban Settlements Development Grant (USDG) and Human Settlement Development Grant (HSDG). The Committee is of the view that the HSDG in particular, is meant to improve the lives of people, especially the vulnerable and poor through the provision of proper housing, while the USDG is key to upgrading of informal settlements. The Committee therefore implores National Treasury that due consideration to this be given before funds are reprioritised away from these grants and that more emphasis should be placed on enhancing capacity to spend these funds.
- 7.12 The Committee notes and welcomes the proposed net additional baseline allocation to the National Treasury of R9 billion, particularly the R3 billion government equity injection allocated to recapitalise the Land and Agricultural Development Bank of South Africa (Land Bank). The Committee has long held the view that the Land Bank is a critical institution in funding agriculture for job creation, economic development especially in poor and rural communities, and food security. Furthermore, the Committee has on many occasions emphasised that in order for the Land Bank to fulfil its developmental mandate, government equity injections were needed to enable the bank to provide affordable agricultural funding to emerging farmers, the previously disadvantaged farmers in particular.

- 7.13 The Committee notes the proposed R67 million reduction to the Department of Small Business Development, however, the Committee is of the view that this department should be at the centre of both job creation and economic growth through the provision of adequate funding and training to Small, Medium and Micro Enterprises. The Committee is of the view that this department is not adequately funded to fulfil its mandate and considerations to properly fund this department must be made by government.
- 7.14 The Committee notes the proposed reduction of R3.7 billion on the Public Transport Network Grant (PTNG) and the Provincial Roads Maintenance Grant (PRMG). The Committee highlighted before, and is still of the view that these two grants play a pivotal role in the development of the South African economy and warns that continuous reductions of these grants allocation will have a detrimental effect on both the South African economy and the provincial road networks which are in poor condition.
- 7.15 The Committee reiterates its serious concerns and reservations on the proposed baseline reduction of R2.2 billion for the Department of Basic Education, in funding allocation earmarked for education infrastructure through the Education Infrastructure Grant. Once again, the Committee is of the view that education infrastructure investment is very uneven and poor in this country, particularly in rural areas and the Covid-19 pandemic has further exposed these facts and reducing this infrastructure allocation is very problematic to this Committee. Furthermore, this problem is compounded by the report from the Minister of Basic Education that this grant is experiencing slow spending due to delays in the roll out of education infrastructure because of contract “hijacking” in some provinces. The Committee views this as serious allegations and unacceptable due to the negative impact these contract “hijackings” have both on the delivery of needed education infrastructure and on government’s spending of borrowed funds. However, the Committee is also aware that infrastructure spending in South Africa is sometimes subjected to “litigations” by some private companies who have vested interest in these infrastructure contracts, resulting in delays in infrastructure investments and a huge financial and social costs to the state.
- 7.16 The Committee notes with concern the report by the Minister of Basic Education of some schools refusing mobile toilets procured for learners as one of the government’s Covid-19 interventions. The Committee implores on the Department and the School Governing Bodies of the affected schools to quickly find a solution on this matter. The Committee has long held a view that proper sanitation at schools does not only preserve the dignity of school children

but it is a human rights issue. However, even though the Committee supports proper and dignified sanitation infrastructure, the decisions to reject these mobile toilets is very concerning in light of the fatalities that have been brought about by the Covid-19 pandemic. Similarly, the Committee is concerned by the proposed reduction of R875 million in infrastructure related allocation of the Department of Higher Education and Training, particularly on the TVET colleges infrastructure component.

- 7.17 The Committee notes and welcomes the proposed R2.9 billion additional allocation for the Department of Defence. The Defence is in the frontline of the fight against the Covid-19 pandemic through the deployment of soldiers to help police enforce the lockdown regulations and this additional allocation will assist the South African National Defence Force in not only fund ration costs and aircraft fuel but will also ensure that the defence has sufficient medical supplies and other protective equipment's for the defence personnel who are also at high risk of contracting the virus while on duty.
- 7.18 The Committee notes and welcomes the proposed additional allocation of R3.7 billion to the Department of Police to support the department's Covid-19 response, including the procurement of personal protective equipment for police officials.
- 7.19 The Committee notes and welcomes the net additional allocation of R2.9 billion the Department of Health for the department's direct response to the Covid-19 pandemic. However, the Committee is concerned about the net allocation reduction of R338.5 million on the National Health Insurance (NHI) related allocations. The Committee is of the view that government cannot afford to delay the roll out of the NHI. The Covid-19 pandemic has once again demonstrated the need for government to move with requisite speed in rolling out NHI, particularly for the benefit of the poor.
- 7.20 The Committee is concerned about the continued under expenditure on Compensation of Employees across departments whilst South Africa is experiencing very high unemployment rates across all employment categories.
- 7.21 The Committee is concerned about persistent delays in completion of the Bucket Eradication Programme for informal settlements. The Committee received an assurance from the Department of Water and Sanitation that all bucket systems in informal settlements would be eradicated before the end of the 2019/20 financial year, however this target keeps on shifting.

7.22 The Committee notes with concerns the proposed R1.5 billion reduction in allocations earmarked for the Integrated National Electrification Programme for both Eskom and Municipalities licensed areas. The Committee still views the electrification of South African households as a historical issue that requires serious consideration and action from the democratic government and the reduction of this grant when the number of households are increasing presents a challenge to the Committee.

8 Recommendations

The Standing Committee on Appropriations, having considered submissions from various stakeholders on the Adjustments Appropriation Bill [B10–2020], recommends as follows:

- 8.1 That the Minister of Finance ensures that National Treasury provide a socio-economic and service delivery impact assessment of the overall grants allocation reductions as proposed in this Bill before the tabling of the 2020 Medium Term Budget Policy Statement.
- 8.2 That the Minister of Finance ensures that National Treasury provides a comprehensive report on how National Treasury plans to fund infrastructure spending aimed at reconstruction, rehabilitating and maintaining social and economic infrastructure such as schools, roads and other government infrastructure assets post Covid-19. The Committee is concerned that a lack of a detailed and proper infrastructure recovery plan will lead government to the same path as is currently experiencing with Eskom infrastructure maintenance related challenges. This plan should signal National Treasury’s commitment on funding public infrastructure for reconstruction, maintenance and rehabilitations, while also outlining potential future costs escalations due to delays in funding these key government infrastructure activities and estimated costs overruns of delayed infrastructure projects. This report should be submitted to the Committee before the tabling of the 2020 Medium Term Budget Policy Statement.
- 8.3 In line with the pronouncements made by the President on infrastructure investments for both economic growth stimulation and job creation, the Minister of Finance should ensure that National Treasury provides a comprehensive report on how this Bill responds to the pronouncements made by the President on infrastructure investment. This report should be submitted to the Committee before the tabling of the 2020 Medium Term Budget Policy Statement.

- 8.4 That the Minister of Police jointly with the Minister of Justice and Constitutional Development should submit to the Committee a detailed report on government infrastructure contract hijacking and litigations for the past five (5) financial years. The Minister of Police must provide a detailed report of cases opened, investigations made and interventions made by the police department on all government infrastructure contract hijacking cases. Also, the Minister of Police should provide the Committee with preventative measures put in place. The Minister of Justice and Constitutional Development should provide a detailed report on all government infrastructure contracts litigations and their maturity profile.
- 8.5 That the Minister of Basic Education provides a comprehensive report on all the specific education infrastructure projects that were delayed due to contract hijacking. This report must include all hijacked education infrastructure projects across all provinces.
- 8.6 That the Minister of Basic Education provides details of all the schools that rejected the temporary mobile toilets and the reasons thereof for the Committee's oversight purposes.
- 8.7 That the Minister of Transport ensures that the R1.1 billion allocation to the taxi industry be conditional to the said industry being in compliance with labour, traffic and tax laws and Covid-19 regulations.
- 8.8 The Minister of Mineral Resources and Energy submits a detailed report on the household electrification backlog and a comprehensive impact analysis of the R1.5 billion proposed reduction in the INEP allocation over the short, medium and long term.
- 8.9 That the Minister of Finance should ensure that stringent measures are put in place to ensure that procurement processes are transparent and credible, including the attainment of value for money.
- 8.10 That the Minister of Public Service and Administration should ensure that the Public Service Commission (PSC) undertake a comprehensive research study into the critical skills capacity shortages in all structures of government and report accordingly to Parliament. Furthermore, the PSC should assess whether those employed with or without the necessary qualifications are able to perform their duties optimally.

9 Committee Recommendation on the Bill

The Standing Committee on Appropriations, having considered the Adjustments Appropriation Bill [B10–2020], referred to it and classified by the Joint Tagging Mechanism (JTM) as a Section 77 Bill, recommends that the Bill be adopted, with the following amendments [B10A-2020]:

1. On page 2, at the top insert:

GENERAL EXPLANATORY NOTE:

[] Words in bold type in square brackets indicate omissions from the existing enactments.

_____ Words underlined with solid line indicate insertions in existing enactments.

2. On page 3, after clause 7, insert the following clause:

Amendment of section 6 of Act 7 of 2020

8. Section 6 of the Appropriation Act, 2020 (Act No. 7 of 2020), is hereby amended by the substitution for the introductory part of subsection (1) of the following:

“(1) Despite any provision in any other legislation to the contrary, and before [an] the second Adjustments Appropriation Bill is introduced in Parliament, the Minister may approve expenditure, if it cannot reasonably be delayed without negatively affecting service delivery and such expenditure—”.

10 Conclusion

The Committee would like to reiterate that the Covid-19 pandemic has brought to our country and the world what we have not witnessed in our generation. This pandemic has worsened the already known inequalities and government has spent enormous resources over the years in trying to redress. Moreover, Covid-19 has also condemned many people in our country and the world into extreme

poverty and unemployment which threatens the ability of our government to achieve the targets set out in the NDP and the United Nations Sustainable Development Goals. Public resources have been dealt a huge and unprecedented blow, yet the need for government's financial assistance from different sectors of the society is increasing. This pandemic has destabilised families, government plans and many companies have been shut down already and even though there is uncertainty as to when this pandemic will end. We remain hopeful that together we shall rise again. The Committee therefore makes a noble call to all government departments and officials responsible for government expenditure to always use the resources allocated through this Bill sparingly, and in a manner that begins to demonstrate the understanding of what the Coronavirus has done to both public finances and the lives of South Africans, particularly vulnerable households.

The Democratic Alliance (DA) objected to the amendment of Bill. The reason is that, in their view, there was no commitment from National Treasury that the initial R5 billion allocated to the contingency reserve in the main appropriation and the additional R7 billion allocated in the adjustment appropriation, totalling R12 billion, would not be used for bailouts or recapitalization of State-owned Entities. The DA is particularly concerned that this R12 billion would be used for South African Airways instead of healthcare and service delivery.

The Economic Freedom Fighters also objected to the proposed amendment to the Bill as tabled by the Minister of Finance.

Report to be considered.