
# Comment on MTBPS 2022

## OUTA's submission to the Standing and Select Committees on Appropriations

### Comment on the 2022 Adjustments Appropriation Bill and the 2022 Special Appropriation Bill

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ORGANISATION UNDOING TAX ABUSE

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## 1. OVERVIEW

The 2022 Medium Term Budget Policy Statement (MTBPS) does not seem to be sufficiently concerned about the stagnant economy, the effect of natural disasters, deteriorating infrastructure and the state's reluctance to deal robustly with maladministration and corruption. We believe it is important that considerable and extra resources are allocated to the National Prosecuting Authority in 2023 to ensure that entrenched corruption is prosecuted and eradicated.

We welcome the resolution of the Gauteng e-tolls impasse, but raise questions about Sanral's debt and the Gauteng Freeway Improvement Project share of this, which we would like clarified before this appropriation is finalised.

We raise concern about the bail outs of state-owned entities (SOEs) which are collapsing primarily because of state capture and mismanagement. This is the cost of failing to address these issues through effective oversight, good governance and law enforcement. Once again, it is social spending, which is cut; for example, the shifting of R2.937 billion from Social Development to Public Enterprises to repair flood-damaged infrastructure. We are concerned about the inadequate resources and reductions for Basic Education and Higher Education.

We are concerned that the Department of Mineral Resources and Energy has again failed to sort out the solar water heater problem.

We are concerned about the state of municipalities, despite the significant resources poured into supporting them through the Department of Cooperative Governance and Traditional Affairs. We believe that Treasury must now introduce mechanisms to halt the allocation of grants to municipalities that continue to misallocate or misspend.

We question the purpose of the Infrastructure Fund when the funds are repeatedly removed from the budget.

## 2. VOTE 40: TRANSPORT: THE SANRAL AND GFIP DEBT

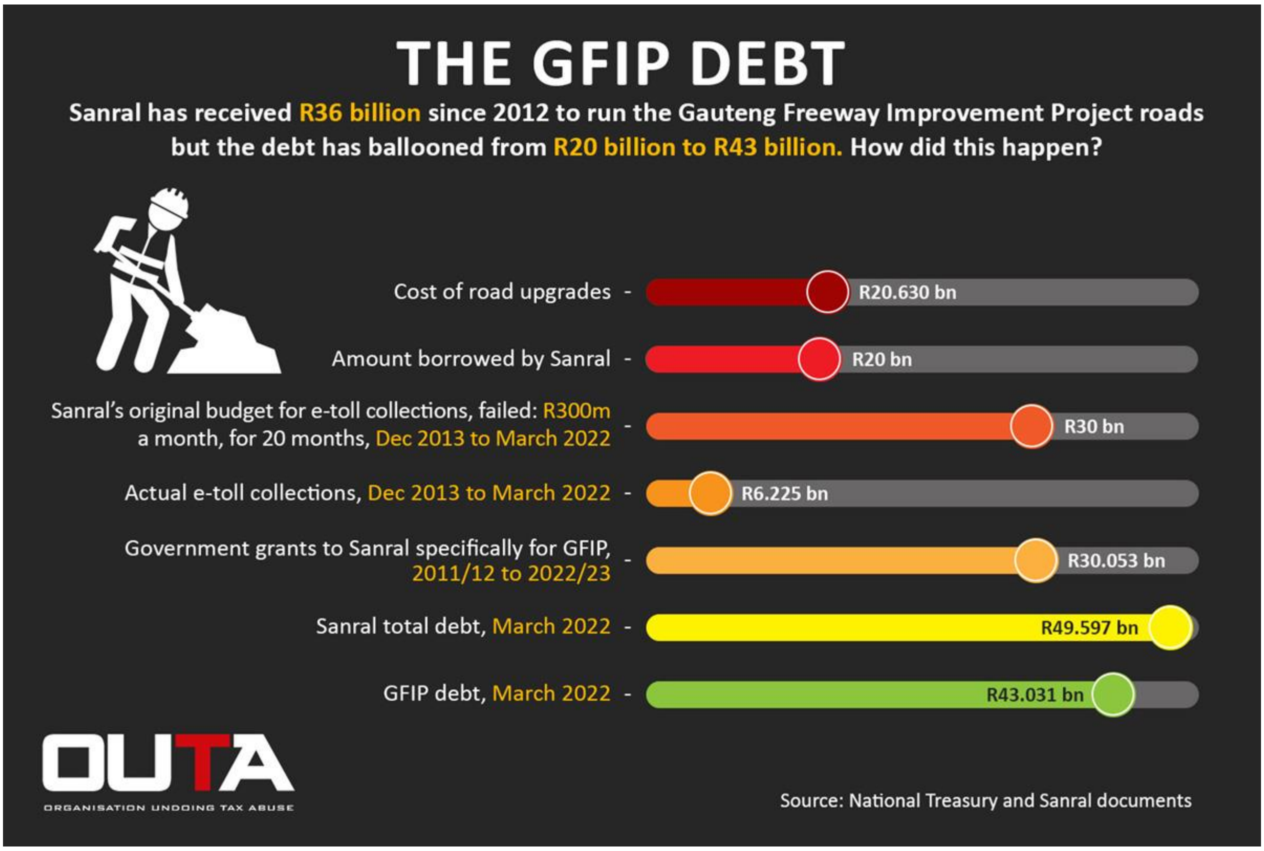
MTBPS 2022 includes two amounts for the South African National Roads Agency Ltd (Sanral). These are a transfer of R3.740 billion, already transferred to Sanral in July 2022 and now being regularised in the Adjustments Appropriation Bill 2022, and a proposed transfer of R23.736 billion through the Special Appropriation Bill 2022. The national government will pay off 70% of Sanral's debt and Gauteng will pay off 30% plus pay for ongoing maintenance of the Gauteng Freeway Improvement Project (GFIP) roads, effectively ending the e-tolls.

While we would have preferred that government had not embarked on the costly exercise of implementing e-toll infrastructure in the first place or paying exorbitant amounts to a collection agency, we welcome the resolution of this matter and the acknowledgement that Gauteng commuter roads (social infrastructure) should be funded by the fiscus.

**We would like improved transparency and clarity on these finances before the Sanral bailouts are finalised.**

SUMMARY: We note in the 2012 court papers[1] that the cost of the GFIP upgrade has been given as R20 billion. Sanral borrowed R20 billion to fund this. We also note that since 2011/12, national government has authorised government grants totalling R30.053 billion to Sanral, explicitly for the GFIP (this includes the R3.740 billion transferred in July 2022 but excludes the proposed R23.736 billion transfer). However, the Sanral and GFIP debt remains inexplicably high. Details of these points are below.

[1] National Treasury et al vs Opposition to Urban Tolling Alliance CT 38/12 [2012] ZACC 18




**1. How much is Sanral's total debt? How much of that pertains to the GFIP debt?**

On 3 November, National Treasury issued a statement giving the value of the Sanral and GFIP debt: "SANRAL's total debt as at 31 March 2022 was R45.936 billion. GFIP phase 1 was funded as part of the Toll Portfolio and not as a ringfenced project, the value of debt attributed to GFIP Phase 1 is R43.031 billion."[2]

We believe there is an error in this statement. The Sanral annual report for 2021/22[3] gives the total Sanral debt as at 31 March 2021 as R45.936 billion and the total for

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[2] 3 November 2022. National Treasury. *Media statement: Clarity on next steps on Phase 1 of the Gauteng Freeway Improvement Programme*. Available here: http://www.treasury.gov.za/comm_media/press/2022/2022110301%20Media%20statement%20-%20Gauteng%20Freeway%20Improvement%20Programme.pdf

[3] Sanral Integrated Report 2022 vol 2, note 39 on page 176

31 March 2022 as R49.597 billion. This is significantly higher than last year's number and means the GFIP debt is 86% of the total not 94%.

We also note that, in yet another set of numbers, the Gauteng provincial government has referred to the Sanral debt as being R47 billion with Gauteng's 30% share being R14 billion.[4]

**2. The capital cost of the GFIP: What was actually spent?**

In December 2006, Sanral awarded the first two 12-month contracts, together worth about R1.5 billion, for the design and supervision of the updates for GFIP. In May 2008, Sanral awarded seven contracts totalling of R11.5 billion. Construction started a month later and was largely completed in 2011. We assume that by then the borrowing was done.

In March 2011, we were told the capital cost (road construction, toll infrastructure, toll system, Intelligent Transport Systems and current maintenance) was R19.23 billion excluding VAT.[5] In April 2011, the cost had gone up to R22.7 billion excluding VAT or R25.9 billion including VAT.[6]

In May 2012, the then Sanral CEO Nazir Alli told the Constitutional Court that the capital cost was R20.630 billion, but adding the costs for road maintenance (R10.670 billion), the operation of the violation processing centre (R6.194 billion), toll-related operating expenditure (R12.170 billion), other operational expenses (R1.272 billion) and interest payments (R38.331 billion) it takes the total to R89.722bn over 24 years. [7]As this is a 24-year calculation, presumably not all of these costs have been run up.

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[4] 26 October 2022. Gauteng Provincial Government. *Gauteng Premier Panyaza Lesufi welcomes announcement by Finance Minister Enoch Godongwana on e-tolls*. Available **here**.
[5] 28 March 2011. Written reply to Parliament by Minister of Transport to question RNW328. Available here: www.outa.co.za/web/content/159798
[6] 22 August 2011. Written reply to Parliament by Minister of Transport to question RNW2001. Available here: https://pmg.org.za/question_reply/267/
[7] Annexure NA1 to affidavit by Nazir Alli, filed in Constitutional Court case CCT38/12. See here for the annexure: https://www.outa.co.za/web/content/164992

We believe that an independent investigation is required on Sanral's actual spend on the GFIP project to ascertain: How much was spent on the various road construction packages of GFIP, how much on the e-toll infrastructure, why the costs escalated significantly from approved budgets in 2012 and how Treasury's GFIP allocations to Sanral were applied between 2012 and 2022.

**3. What was borrowed for the GFIP and when?**

In March 2012, the National Treasury provided the Standing Committee on Appropriations with a memo on the planned R5.75 billion grant to Sanral towards the GFIP debt, to motivate passing the Additional Adjustments Appropriation Bill. "The total debt for phase 1 is R20 billion which SANRAL raised through the bond market," said the Treasury's memo.[8] This was written after completion of the GFIP upgrade so the debt should not have grown after that.

In 2004/5, before the GFIP planning contracts were awarded, Sanral already had debt of R6.5 billion.[9] The debt jumped to R16.8 billion in 2008/09 and to R25.4 billion in 2009/10, presumably due to GFIP borrowing.[10]

The Scopa meeting of March 2012 with Treasury noted that "SANRAL had incurred a debt of over R20 billion for the construction of the roads, which amounted to over three times its average debt".[11]

It is thus clear that Sanral was already running significant debt before the GFIP started.

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[8] 9 March 2012. National Treasury. *Supporting Note on the Additional Adjustment Appropriation Bill (2011/12 financial year), 2012*. Available here: https://static.pmg.org.za/docs/120309supportingnote.pdf This is linked to the meeting of the Standing Committee on Appropriations of 7 March 2012, available here: https://pmg.org.za/committee-meeting/14109/

[9] Sanral Annual Report 2006

[10] Sanral annual reports

[11] 7 March 2012. Minutes of Scopa meeting on Additional Adjustment Appropriation Bill 2011/12: National Treasury briefing & adoption. Available here: https://pmg.org.za/committee-meeting/14097/ (Note that this is a different set of minutes for the meeting of that date.)

It is also clear that Sanral continued capital spending – apparently by raising debt – on other roads in its toll portfolio over the years. For example, in the 2009 and 2020 Transport vote:

> As part of ongoing efforts to upgrade, maintain and improve South Africa's national road network, the agency has initiated a number of significant projects:
> • The Gauteng freeway improvement scheme: the first phase of 185 km will be completed over the MTEF period, followed by a further 376 km scheduled to start in 2011.
> • A number of new toll projects, including on the N17, N1, N2, R30, R512/N4 and the N3, as well as at Dube Trade Port and the Huguenot Tunnel.

In Budget 2010, the Transport vote said:

> The 141.2 per cent increase in borrowings in 2008/09 has been applied to, among others, the Gauteng freeway improvement project, the N17 from Springs to Ermelo, the R30 from Bloemfontein to Kroonstad (via Welkom), and the interchange at the new Dube trade port. Over the MTEF period, borrowings will increase by a further 22.2 per cent, as these projects are being completed.

We would like clarity on how much was borrowed for GFIP and when.

**4. What did Sanral do with the government grants for the GFIP?**

From 2011/12 to date, National Treasury has made grants totalling R30.053 billion available to Sanral, explicitly for the GFIP.[12] This includes the R3.740 billion transferred in July 2022 which is now being regularised in the Adjustments Appropriation Bill 2022, but excludes the proposed R23.736 billion transfer in Special Appropriation Bill 2022.

These transfers are detailed in **Table 1** below. A total of R4.1426 billion was transferred from July 2015 to 2022/23 as a subsidy towards the reduced GFIP tariffs while another

[12] These transfers were tracked through the Transport vote in the annual Budget and MTBPS, through Treasury memos to Parliament and Sanral records of transfers from non-toll roads to GFIP.

R25.910 billion was transferred as additional funding, most but not all of it moved from Sanral's non-toll portfolio to the GFIP.

**Table 1: Government grants for GFIP**[13]

| | GFIP grant to compensate for reduced tariffs | GFIP additional grant | Total grants each year |
|---|---|---|---|
| **2011/12** | | R5 750.000m | R5 750.000m |
| **2012/13** | | | |
| **2013/14** | | | |
| **2014/15** | | | |
| **2015/16** | R301.000m | | R301.000m |
| **2016/17** | R425.100m | | R425.100m |
| **2017/18** | R463.359m | R1 900.000m | R2 363.359m |
| **2018/19** | R505.061m | R5 750.000m | R6 255.061m |
| **2019/20** | R550.516m | R2 500.000m | R550.516m |
| **2020/21** | R600.062m | R2 530.000m | R3 130.062m |
| **2021/22** | R633.066m | R3 740.000m | R4 373.066m |
| **2022/23** | R664.436m | R3 740.000m | R4 404.436m |
| **Total to date** | **R4 142.600m** | **R25 910.000m** | **R30 052.600m** |

[13] Table 1 sources: Column "GFIP grant to compensate for reduced tariffs" is from the Transport vote in the Budget and MTBPS. This grant started in July 2015. Column "GFIP additional transfers" is also based on information in the Transport vote.
The numbers in red:
The amount of R1.9 billion in 2017/18 is not listed in the Transport vote in either the Budget or the MTBPS, but it is listed in the National Treasury memo submitted to the Standing Committee on Appropriations at a meeting on 16 July 2019 to discuss the 2019 Appropriation Bill, which stated that "the National Treasury shifted R1.9 billion from SANRAL's non-toll allocation to GFIP in 2017/18". This memo is available here: https://static.pmg.org.za/190716response.pdf This was tabled in the meeting of the Standing Committee on Appropriations on 16 July 2019; the meeting record is here: https://pmg.org.za/committee-meeting/28601/
The amount of R2.5 billion listed in 2019/20 is not listed in the Transport vote in either the Budget or the MTBPS, but is recorded in the Sanral Integrated Report 2020 Vol 2 (page 54) as follows: "Government has indicated its preparedness to provide financial to SANRAL while a political solution is found for GFIP (e-toll). SANRAL has therefore included a budgetary transfer of R 2 530 million from non-toll to toll, in each of the financial years 2019/20, 2020/21 and 2021/22 respectively. This transfer was approved for 2019/20 and 2020/21. While the 2021/22 is yet to be approved by Parliament, it has been tabled by the Minister of Transport in the SANRAL Approved Performance Plan for 2020/21 as well as in the Transport budget tabled in Parliament for the MTEF period of 2020/21 to 2022/23."

What did Sanral do with these funds? How much was spent on payments towards the GFIP debt? How much on GFIP other costs? How much towards Sanral's total debt?

**6. How much has been paid off on the GFIP debts?**

What payments have been made on the GFIP debt?

What payments have been made on the rest of the Sanral debt for the other toll roads over the same period?

**8. The draft Road Funding Policy**

We note that National Treasury told the Standing Committee on Appropriations that the conditions attached to taking on the Sanral debt include: "The Department of Transport to submit the draft Road Funding Policy to the National Treasury by 31 January 2023 for comments, prior to submitting the policy to Cabinet for public comment by 1 April 2023." [14]

We would like to be sure that this policy will go out for public comment, that the public will be given sufficient time to comment and that public comment will be taken into account. We ask the Standing and Select Committees on Appropriations to ask the Portfolio Committee on Transport to encourage the Department of Transport to make this process as transparent as possible while drafting this policy, to ensure that there is public buy in on this crucial matter.

[14] 2 November 2022. National Treasury. *Presentation to Standing Committee on Appropriations*.

## 3. ALL VOTES: VEHICLES

We again call for government to procure locally manufactured vehicles[15]. The silence on this initiative indicates government's reluctance to adopt robust economic measures to improve the economy.

We also again call for government to reduce vehicle allowances for politicians at all levels of government.

## 4. VOTE 34: MINERAL RESOURCES AND ENERGY

Eskom continues to pursue the extension of Koeberg but there has been very little transparency about additional costs incurred due to the mistakes and mishaps that have taken place this year, which led to the delay in the steam generator replacement. These are costs which should not be passed on to the electricity consumer through next year's tariffs. The Department of Mineral Resources and Energy (DMRE) is in charge of energy planning but does not appear to have accurately costed this project. Eskom reportedly budgeted this at R20 billion in 2010 and this amount is still reported as the current budget. However, independent modelling puts it as high as R50 billion.[16] It is clear that there is a need for more accurate and more up-to-date energy planning and costing.

On Programme 5: Mineral and Energy Resources Programmes and Projects, R28.045 million is rolled over to finalise non-grid projects through the Integrated National Electrification Programme. R43.82 million is rolled over to finalise payments to service

[15] https://pmg.org.za/committee-meeting/29981/

[16] 1 February 2022. Koeberg Alert. Modelling report: Koeberg life extension costs the country. Available here: https://koebergalert.org/2022/02/01/modelling-report-koeberg-life-extension-costs-the-country/

providers for the solar water heater programme, and R1 million is rolled over to finalise 50 electrification connections for households in the Dikgatlong municipality.

With Eskom's loadshedding, OUTA would expect Mineral Resources and Energy to expedite non-grid electrification to ensure that households receive access to energy. It is of concern that the money has not been spent. The solar water heater programme has been dogged by problems over the last few years, as the DMRE incurred storage costs which were then flagged by the Auditor-General as wasteful and fruitless expenditure.

In our energy case study in our 2022 Parliamentary Oversight Report (POR)[17] we noted that the solar water heating programme was not being implemented with the excuse given of insufficient staff capacity. In the Portfolio Committee on Mineral Resources and Energy's Budgetary Review and Recommendation Report, "The Committee observed the consistent poor performance of the National Solar Water Programme. The Department incurred fruitless and wasteful expenditure amounting to R20.7 million, the majority of which was caused by additional storage costs for solar water heater geysers that had been manufactured, but were not installed".

Who are these service providers who will gain R43.82 million? Are they contractors to actually put solar water heaters on the roofs of houses, or are they just further wasting money on storage while the solar water heater programme fails to deliver?

Why are we not seeing people in orange overalls when it comes to wastage of scarce state funds in this programme which is supposed to deliver to those households that are most vulnerable?

[17] October 2022. OUTA. Kicking the can down the road: OUTA 2022 Report on Parliamentary Oversight in South Africa. Available here: https://www.outa.co.za/web/content/229927

## 5. VOTE 10: PUBLIC ENTERPRISES

Our SOEs continue to suck up government resources.

The Special Appropriation Bill proposes the following additional funding allocations in 2022/23:

- R3.378 billion for Denel for the implementation of its turnaround plan;
- R23.736 billion for Sanral for repayment of its maturing debt and debt-related obligations (see our comment elsewhere on this); and
- R2.9 billion for Transnet for accelerating the repair and maintenance of locomotives.

We are concerned by the ongoing failure of SOEs and the government's continued failure to reassess this sector. Eskom in particular will be a drain on the fiscus for years: the MTBPS notes that "Financial support for Eskom amounts to R224.6 billion from 2019/20 until 2025/26". And more is likely to follow next year when Treasury takes on a significant amount of Eskom debt. While we agree Eskom needs support, it is distressing to see funds which should be used for improving quality of life having to be used to clean up the results of state capture.

Government has repeatedly promised to overhaul the SOE sector but has done nothing. It is time for the unnecessary SOEs to be shut down or amalgamated, and for much more stringent controls over them (not just the big entities under this vote, but the dozens of others scattered through different departments).

It is also pointless for the government to continue to pour massive sums into Eskom but fail to address the key problem of the debt owed to it by customers, particularly delinquent municipalities. Where is the much-promised solution to this?

## 6. VOTE 25: JUSTICE AND CONSTITUTIONAL DEVELOPMENT

We welcome the promise that the National Prosecuting Authority (NPA) Investigating Directorate will be permanent and the commitment to increase the NPA budget from 2023/24 for this and the NPA's specialised tax units, for specialist services and the promise of the establishment of a digital forensic data centre and increased witness protection funds. We want to see considerable strengthening of the resources and capacity at NPA to implement the recommendations of the Zondo Commission, which are aimed at strengthening institutional, governance, and accountability mechanisms in the country.

The current annual budget of R4.9 billion for the NPA seems precious little to achieve the priorities listed as follows in the 2022 MTBPS and the President's response to state capture. Compare the NPA allocation to the budget for VIP Protection Services and Static Protection (ie protection for VIPs) in the Police budget of R3.122 billion: what an indication of priorities. The justice system needs to implement the recommendations of the Zondo Commission, therefore OUTA is disappointed that the NPA is not better capacitated.

The overall budget increase for safety and security for the next two years is put at R8.9 billion, but OUTA is concerned that the Treasury did not provide a breakdown of how this will be divided between the various components of the criminal justice system.

Justice and Constitutional Development has reprioritised funds to the Financial Intelligence Centre to implement recommendations from the Zondo Commission. We welcome this but feel that this should not have to be deducted from other law enforcement functions. There will also be additional reprioritisation for court security, replacement computer equipment, procuring vehicles for provinces, and enhanced capacity at the Thuthuzela care centres, which we feel is necessary.

## 7. VOTE 28: POLICE

The Appropriation Adjustment promises additional resources in 2023 to the country's security forces to take the fight against those who threaten South Africa's peace, with a promise of 15 000 additional constables over the next three years. This is welcomed and we hope the Budget will also include sufficient resources for them to operate. However, we note that the Police vote is cut for this year, and particularly raise concern about the removal of R326 million for construction and upgrading of police stations and R32 million from Detective Services.

## 8. VOTE 3: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA)

The main appropriation for local government was R111.3 billion, which is adjusted by R3.6 billion (3%) to R115.01 billion. R3.6 billion is allocated for the reconstruction and rehabilitation of damaged municipal infrastructure as a result of natural disasters, particularly in KwaZulu Natal and Eastern Cape. OUTA call for stringent oversight of these funds to ensure effective and efficient spending.

We note the promise of additional funds next year for the delivery of free basic services to poor households to counter rising costs of free basic services and rising bulk electricity and water costs. We welcome the principle of this support, but we are concerned that much of this funding goes to the municipalities but is diverted to other spending and not used for subsidising these services.[18] This is a huge concern.

The current situation is that 43 municipalities are in crisis and the government is talking of intervention plans which include prioritising, revenue management, audit outcomes,

[18] 10 May 2021. Municipalities robbing the poor to pay the rich. The Citizen. Available here: https://www.citizen.co.za/news/south-africa/government/municipalities-robbing-the-poor-to-pay-the-rich/ This is based on a report by the Public Affairs Research Institute.

supply chain management and the Municipal Standard Chart of Accounts. Importantly, strengthening monitoring and enforcement of financial recovery plans is highlighted. We note that government spends significant resources through COGTA on support for municipalities. However, given the state of the municipalities, the question, however, is how this will be resourced and implemented.

We believe that Treasury must now introduce mechanisms to halt the allocation of grants to municipalities that continue to misallocate or misspend.

We note the extra R13 million in once-off gratuities for non-returning councillors. We believe this is a policy which needs revision, to significantly reduce or remove this. These are political appointments, not permanent employment. Councillors are highly paid, which takes account of the long-term uncertainty of their roles. They have state-funded pensions. In addition, the election was in November 2021, so this calculation should have been done then. Why is it suddenly needed as an adjustment?

## 9. VOTE 17: HIGHER EDUCATION

The Department of Higher Education moves funds internally, cutting subsidies to universities by R1.2 billion, while NSFAS receives an increase of R1.4 billion. We welcome the increase for NSFAS. The current funding model within the fiscal constraints remains unsustainable. OUTA recommends that the government prioritise the urgent finalisation of a new funding framework for the sector.

R618.8 million is added to the skills levy and sector education and training authorities (SETAs), taking this funding to R21 billion. OUTA supports skills development as we believe it is essential and crucial to improving the economy and individuals' lives, but we are concerned that these funds should be used efficiently and effectively. On 12 October 2022, the Auditor-General's presentation to the Portfolio Committee on Higher Education, Science and Innovation highlighted significant challenges in the SETAs, including irregular expenditure of R3.5 billion[19]. OUTA has previously reported on corruption in the Services SETA[20]. It is thus pertinent to ensure that the addition of funding is coupled with strong oversight of the use of the resources to avoid further maladministration.

## 10. VOTE 16 BASIC EDUCATION

We believe that the realisation of this right to basic education will regress under austerity.

Over the years, government spending on basic education has fallen. In real terms, the average annual growth remains stagnant, at 0.3% over the medium term. When the growth in learners is considered, expenditure falls each year from R20 156 per learner in 2021/22 to R19 478 in 2025/26. Class sizes have increased from 30.7 learners in 2018/19 to 31.4 learners in 2021/22. This is on top of 73 000 vacant posts reported in public education. A fall in budget per learner, continued overcrowding in classes, lack of textbooks and fewer teachers mean the quality of basic education will deteriorate over the medium term, especially for schools in township and rural areas. The decline in real expenditure on education is concerning. Vacant teacher jobs and overcrowded classrooms combined with the commodification of education through private schools mean that the existing gap in the quality of education will continue to grow.

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[19] 12 October 2022. *Auditor-General of South Africa. Budgetary review and recommendations report (BRRR) on Portfolio Committee on Higher Education and Training*. Available here: https://static.pmg.org.za/1/221012Higher_Education_and_Training_portfolio_audit_outcomes_presentation.pdf

[20] 4 November 2021. OUTA. High Court emphasizes importance of transparency and orders Services SETA to hand over hidden information to OUTA. Available here: https://outa.co.za/blog/newsroom-1/post/high-court-emphasises-importance-of-transparency-and-orders-services-seta-to-hand-over-hidden-information-to-outa-1102

We need to derive sufficient return on investment for the funds that we invest in education. Retaining young people in basic education is the most significant challenge. School principals, school governing bodies and teachers must have performance targets to encouraging retaining learners in basic education. The Grade 9 exit certificate must be prioritised to create multiple exit pathways for youth.

We welcome the promise of additional funding next year for the national school nutrition programme conditional grant and for improving and expanding early childhood development (ECD) programmes. However, the ecosystem of ECD needs to be strengthened to ensure all stakeholders cooperate for the transition of this programme from Social Development to Basic Education works effectively. OUTA looks forward to more detailed information about these aspects in the 2023 Budget.

We do not know what the future holds, but we can make policy changes that enable our children to have a better future.

## 11. VOTE 19 SOCIAL DEVELOPMENT

Social Development lost R5.5 billion in the adjustment, partly due to underspending in the Social Relief of Distress (SDG) grant. This is ascribed to more stringent qualification criteria, such as the implementation of the lower income threshold and the banking verification of applicant's income. We are concerned that this grant is not getting to all those who need it and are entitled to it.

OUTA welcomes the extension of the SRD grant for another year but we are concerned that the policy statement is silent on how the government will address the plight of the citizens as they battle to survive the relentlessly upward-spiralling cost of living[21] and high levels of unemployment. OUTA is disappointed that the SRD has not been adjusted

[21] SA unemployment rate decreased to 33.9% in Q2 - Stats SA (ewn.co.za)

for Consumer Price Index (CPI) inflation and that there is still no clear pathway on how permanent social support will be introduced following its termination.

We note also that R2.937 billion was shifted from Social Development to Public Enterprises to repair flood-damaged infrastructure. We see this as an example of how social spending is cut to fund other essentials, which will believe is strongly linked to the depletion of state resources due to years of state capture, corruption and mismanagement.

## 12.VOTE 41: WATER AND SANITATION

The budget allocation on Water and Sanitation does not reflect what is needed to deal with the water and sanitation concerns in the country.

We note the shifts within the Water and Sanitation vote.

This includes the rolling over of R15 million for the regional bulk infrastructure indirect grant for operational expenditure for the Emfuleni local municipality's water infrastructure, for the Vaal River Pollution Remediation Project. There is also R215 million moved from the Regional Bulk Infrastructure Grant to the Vaal River Pollution Remediation Project.

This project was finally approved in 2021 and is budgeted at R7.6 billion. It has been long delayed and is urgently needed.

In MTBPS 2021, an amount of R582 million was rolled over for this project. Now this year there is another rollover. It is concerning that these amounts had to be rolled over rather than being spent when they should have been, and raises concern over what is going on in this project. About 15 million people are dependent on the Vaal River in some way or another so it is imperative that the Vaal River Pollution Remediation Project should be given urgent and immediate attention.

## 13. NOT ASSIGNED TO VOTES: THE INFRASTRUCTURE FUND

In Budget 2019, government launched an Infrastructure Fund, and we were told that government would contribute R100 billion over 10 years to this. However, this has not happened. Instead, every year the Budget plans funding over the MTEF for this and every year the MTBPS removes it. So far, not a rand has been used as far as we can tell. Budget 2022 put in R4.197 billion for 2022/23, R15.428 billion for 2023/24 and R7.869 billion for 2024/25. MTBPS 2022 deleted this year's funds and halved next year's fund, and again promised to make it up in future years.

What is going on with this Fund? Is it just being used as a contingency fund?

We would also like to see this fund used not just for new infrastructure, but for repairs to infrastructure such as water supply systems and water treatment works that have been left to collapse (for example, in Emfuleni).

ORGANISATION UNDOING TAX ABUSE

## The Organisation Undoing Tax Abuse (OUTA) is a civil action NGO

The Organisation Undoing Tax Abuse (OUTA) is a proudly South African civil action organisation set up in March 2012. It is a registered non-profit, overseen by an executive committee and a board of directors.

OUTA challenges inefficiencies, maladministration, and corruption in governance. It was originally set up to oppose the tolling of Gauteng's urban freeways but later expanded to challenge corruption in government and the abuse of taxpayers' money.

OUTA is crowd-funded by thousands of ordinary people and businesses.

Our vision is of a prosperous country with an organised, engaged and empowered civil society that ensures responsible use of tax revenues and public funds throughout all levels of government.

Our values are integrity, resilience, courage, tenacity, humility, honesty, inclusivity and accountability.

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ORGANISATION UNDOING TAX ABUSE