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# **OUTA submission to the Standing & Select Committees on Appropriations on MTBPS 2024**

**(Comment on Adjustments Appropriation Bill  
2024 & Special Appropriation Bill 2024)**

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The **Organisation Undoing Tax Abuse (OUTA)** makes this submission to the Standing Committee on Appropriations and the Select Committee on Appropriations, as comment on two of the money bills tabled as part of the Medium-Term Budget Policy Statement (MTBPS 2024):

- Special Appropriation Bill 2024
- Adjustments Appropriation Bill 2024

OUTA remains committed to a neutral, fact-based approach in its advocacy efforts, focusing on presenting evidence-backed insights and constructive solutions to ensure accountability and responsible governance.

# 1. Special Appropriation Bill 2024

## Bailout to Sanral

The bill notes that the bailout to Sanral is “Specifically and Exclusively Appropriated” for “South African National Roads Agency Limited: Debt redemption”.<sup>1</sup> We note that this is for *Sanral* debt redemption, not for Sanral’s *Gauteng Freeway Improvement Programme* (GFIP) debt redemption. However, the MTBPS records this as “the repayment of SANRAL debt relating to the Gauteng Freeway Improvement Project”.<sup>2</sup> This R5.021 billion is comprised of R1.215 billion from national government and R3.806 billion from the Gauteng provincial government, with the Gauteng share including R546 million for “maintenance backlog”.<sup>3</sup>

Why is the Gauteng contribution for maintenance being used towards debt repayment?

What conditions has National Treasury attached to this bailout and why are they not made public?

## 2. Extra adjustments and special appropriation bills indicate fiscal chaos

The Special Appropriation Bill 2024 is the tenth unusual additional bill tabled by the Minister of Finance since February 2021. These bills were in addition to the usual appropriation bills of the budget and the adjustments appropriation bills of the MTBPS. These extra bills have mainly been additional adjustments and special appropriation bills, which were aimed at addressing unforeseen or mismanaged spending. Many contained bailouts for failed entities.

We believe these bills indicate fiscal chaos.

We are also concerned that some, due to the last-minute nature of these bills, obscure the full reasons for the spending.

In October, the National Treasury told the Standing Committee on Appropriations that bailouts had cost the fiscus R520.6 billion over the past decade, and that these had been financed by baseline reductions of R457.1 billion.<sup>4</sup> We call on Parliament to ensure that bailouts go only to absolutely essential entities, and that strict conditions are attached.

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<sup>1</sup> Special Appropriation Bill 2024 [B19-2024], page 3, Vote 40 Transport.

<sup>2</sup> MTBPS 2024, Chapter 3, page 21 and Chapter 4, page 29.

<sup>3</sup> MTPBS 2024, Chapter 3, table 3.2, page 21.

<sup>4</sup> Rudzani Mandiwana and Ravesh Rajlal. National Treasury. 15 October 2024. *Presentation to Standing Committee on Appropriations: Update on State Owned Companies Q1 (Apr – June 2024)*. Available here: [https://pmg.org.za/files/241015SCOA\\_Q1\\_2024-24\\_-\\_SOCs.pdf](https://pmg.org.za/files/241015SCOA_Q1_2024-24_-_SOCs.pdf)

## The extra money bills

The extra bills are:

- Tabled with MTBPS 2024: [Special Appropriation Bill 2024](#) (R95.559 million split between the Presidency, International Relations and Cooperation, and Justice and Constitutional Development, all linked to the case which South Africa brought in the International Criminal Court against Israel, and the R5.021 billion bailout for Sanral).
- Tabled with Budget 2024: [Second Adjustments Appropriation \(2023/24 Financial Year\) Act 2024](#) (R70 million for the Presidency for unspecified purposes, R200 million for political parties through Home Affairs, R80 million for International Relations and Cooperation for unspecified purposes, R12 million for the Public Service Commission, R13 million for Women, Youth and Persons with Disabilities, R50 million for Justice and Constitutional Development for courts and the National Prosecuting Authority, and R45 million for the Office of the Chief Justice; all funded by cuts of R400 million to Cooperative Governance and R70 million to Public Works and Infrastructure);
- Tabled with Budget 2024: [Gold and Foreign Exchange Contingency Reserve Account Defrayal Amendment Act](#) (to bail out government with R150 billion over three years).
- Tabled with MTBPS 2023: [Eskom Debt Relief Amendment Act 2024](#) (adds conditions omitted in previous year's act).
- Tabled with Budget 2023: [Eskom Debt Relief Act 2023](#) (bailout for Eskom of R184 billion over three years).
- Tabled with Budget 2023: [Second Adjustments Appropriation \(2022/23 Financial Year\) Act 2023](#) (R9.538 billion extra, includes bailouts of R1 billion for SAA, R2.4 billion for the Post Office and R5 billion for the Land Bank, and R14.6 billion for the public service wage increase of 2022/23, R300 million for political parties; funded partly by cutting R3.7 billion from Social Relief of Distress grant).
- Tabled with MTBPS 2022: [Special Appropriation Act 2022](#) (R30.104 billion in bailouts, with Denel getting R3.378 billion, Transnet R2.9 billion and Sanral R23.736 billion).
- Tabled with Budget 2022: [Second Adjustments Appropriation \(2021/22 Financial Year\) Act 2022](#) (bailout for Sasria of R18.1 billion and funds for Covid-19 vaccine programme).
- Tabled 23 August 2021, separate from the Budget or MTBPS: [Second Special Appropriation Act 2021](#) (R3.9 billion bailout for Sasria, R26.2 billion for the Social Relief of Distress grant, R21 million for Defence for SADC operations, R250 million for Police for "specialised interventions" and policing of borders, and a bailout of R1.3 billion for the Industrial Development Corporation).
- Tabled with Budget 2021: [Special Appropriation Act 2021](#) (moved R2.7 billion of previous SAA bailout to SAA Technical, Mango and Air Chefs, and put R2.826 billion into the Social Relief of Distress grant).

### Feb 2021 to Oct 2024 10 extraordinary money bills

Bailouts for:

Sanral: R5.021bn + R23.736bn  
Government: R150bn from GFECRA  
Eskom: R184bn  
Denel: R3.378bn  
Transnet: R2.9bn  
SAA: R1bn  
Post Office: R2.4bn  
Land Bank: R5bn  
Sasria: R3.9bn + R18.1bn  
Industrial Development Corp: R1.3bn  
SAA Technical, Mango & Air Chefs:  
R2.7bn

Also includes last-minute allocations  
for:

SA case on Israel/Gaza: R96m  
Social Relief of Distress grant: R26.2bn  
Public service wages: R14.6bn  
Political parties: R200m + R300m

### 3. Adjustments Appropriation Bill 2024

#### Vote 1: Parliament

The cost of remuneration of members of Parliament increases by 45%, from R492.893 million to R713.722 million. This is a direct charge against the National Revenue Fund. This increase is listed in the Adjusted Estimates of National Expenditure (AENE)<sup>5</sup> but not in the Adjustments Appropriation Bill. We note that, in 2023/24, this cost of remuneration increased by 15%, from R472 million (in Budget 2023 and unchanged in MTBPS 2023) to an audited outcome of R543 million.<sup>6</sup> Thus the cost to the fiscus of remuneration of members of Parliament increases from the publicly budgeted R472 million in 2023/24 to R714 million in 2024/25: an increase of 51% year-on-year. This is unreasonable.

#### Hidden

The cost to the fiscus of the remuneration of members of Parliament increased 45%: it's in the MTBPS but not in the money bills.

Why is this not listed in the Adjustments Appropriation Bill?

What is this enormous increase for and why is it necessary?

#### Vote 23: Defence

Defence receives an additional R3.673 billion, mainly to fund the deployment of the SANDF in the DRC as part of the South African Development Community (SADC) mission.<sup>7</sup>

We note reports about lack of funding for Defence<sup>8</sup> and concerns about businesses taking advantage of the SANDF<sup>9</sup>. We are concerned that the SANDF does not have the funding for deployments in Mozambique, internally in SA, and in the DRC.

<sup>5</sup> Adjusted Estimates of National Expenditure. Vote 2: Parliament. Table: Adjusted budget summary. Page 7.

<sup>6</sup> MTBPS 2024, Annexure C, Table C.10, second page of table, page 68.

<sup>7</sup> Adjustments Appropriation Bill 2024 [B14-2024], Vote 23 Defence, page 10. MTBPS 2024, Chapter 3, page 23.

<sup>8</sup> See, for example:

- Erika Gibson. 17 November 2024. *SA Navy only has one working ship and is too broke to do anything about it*. News24. Available here: <https://www.news24.com/citypress/news/sa-navy-only-has-one-working-ship-and-is-too-broke-to-do-anything-about-it-20241117>
- Guy Martin. 12 November 2024. Minister of Defence hiding true state of SANDF fleet – Rise Mzansi. DefenceWeb. Available here: <https://www.defenceweb.co.za/sa-defence/sa-defence-sa-defence/minister-of-defence-hiding-true-state-of-sandf-fleet-rise-mzansi/>
- Ricardo Teixeira. 5 November 2024. *Lack of SAAF aircraft a huge impediment to SA's search and rescue capabilities*. DefenceWeb. Available here: <https://www.defenceweb.co.za/aerospace/aerospace-aerospace/lack-of-saaf-aircraft-a-huge-impediment-to-sas-search-and-rescue-capabilities/>
- Minister of Defence, Angie Motshekga. 1 October 2024. Written reply RNW674 to Parliament. Available here: <https://static.pmg.org.za/RNW674-2024-10-01.pdf>

<sup>9</sup> Erika Gibson. 1 September 2024. DRC cash cow: Small group of profiteers are milking South Africa's peace mission. City Press. Available here: <https://www.news24.com/citypress/news/drc-cash-cow-small-group-of-profiteers-are-milking-south-africas-peace-mission-20240901>



There is no clarity on what undertakings South Africa has made to the SADC on this mission, such as how long it will be.

We note that the R2.1 billion for the DRC mission was already transferred to the Department of Defence in July 2024, in terms of Section 16 of the Public Finance Management Act, as outlined by the Minister of Finance in letters to Parliament on 15 July 2024.<sup>10</sup> These letters note that the DRC mission “involves an element of combat” and that, since the SANDF was deployed in DRC in December 2023, the SANDF has lost five members.

The minister’s letters note that Defence incurred unauthorised expenditure of R2.9 billion in 2022/23, “is likely to incur unauthorised expenditure of R3.5 billion in 2023/24”, and that its budget is “severely constrained”.

We call on Parliament to reassess the funding situation for the Department of Defence.

We note that the department’s Special Defence Account has, in the 16 years since February 2009, been provided with R75 billion, which includes R17 billion in the last five years (2020/21 to 2024/25).<sup>11</sup> The Special Defence Account is used for purchasing armament, military equipment, sensitive activities and strategic defence capabilities.<sup>12</sup> While the public can see how much money the department puts into this account, we are blocked from any information on spending. We call on Parliament to ensure that these funds are spent with integrity, as it is concerning that despite the funds going into this account, the SANDF struggles with lack of equipment and funding.

#### Special Defence Account

The Department of Defence put **R75bn** into the Special Defence Account over the last 16 years, with **R17bn** of that going in over the last five years.

What is this spent on?

Why doesn’t the SANDF have functioning equipment?

## Vote 40: Transport

The **Driving Licence Card Account** receives an additional R133.8 million for the new driving licence card machine. However, the cost of this machine(s) remains unclear. Neither Budget 2024 nor MTBPS 2024 provide the cost.

Why is there this unexpected extra cost? How many machines are being bought? At what price?

In September 2024, OUTA called for suspension of the driving licence card machine procurement process pending investigation.<sup>13</sup> We remain concerned that this procurement is flawed and the real costs are being hidden.

<sup>10</sup> Letters to the Speaker of the National Assembly and Chair of the NCOP, from Finance Minister Enoch Godongwana, filed the NA and NCOP on 25 July 2024. The tabling of the letters is recorded in Parliament’s Announcements, Tablings and Committee Reports number 16 of 25 July 2024.

<sup>11</sup> Information compiled from Transport vote in annual budgets.

<sup>12</sup> Department of Defence. 7 September 2005. *Defence Special Account Amendment Bill: Briefing to Select Committee on Security and Constitutional Affairs*. Available here:

<https://static.pmg.org.za/docs/2005/050907engelbrecht.ppt>

<sup>13</sup> OUTA. 5 September 2024. *Cancel the driving licence card machine contract – OUTA*. Available here:

<https://www.outha.co.za/blog/newsroom-1/post/cancel-the-driving-licence-card-machine-contract-outha-1375>

## Vote 41: Water and Sanitation

Water and Sanitation loses R225 million from its allocation, cut from the Regional Bulk Infrastructure Grant.

We are concerned that this department deals with the most fundamental services, but must rely on entities and municipalities which have severe administrative challenges.

This vote contains one of the most illuminating sentences in the MTBPS: “No mega regional bulk infrastructure project phases were completed in the first half of the year because of Eskom electricity connections not being available and poor contractor performance.”

The department had planned to complete four mega, six large and four small regional bulk infrastructure project phases in 2024/25, but the MTBPS records that it has managed only one of the large project phases so far. Some of these are now due to be finished later in the year. It also planned to complete 112 small water services infrastructure grant projects and has managed 30 so far.

A key problem facing this department is the lack of payment for services (the municipalities debts to the water boards). There is slow progress on the National Treasury’s debt-relief programme for municipalities indebted to Eskom: 72 municipalities applied for this, with 70 applications totalling R55.2 billion were approved. <sup>14</sup>There is as yet no similar arrangement for addressing municipal debt to water boards, which has left some facing bankruptcy.

We call on Parliament to help find solutions for these payment crises.

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

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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 government. 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 public funds.

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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<sup>14</sup> National Treasury. February 2024. *Budget Review*. Chapter 6. Page 68.