

FOURTH QUARTER EXPENDITURE FOR THE FINANCIAL YEAR 2015/2016 FIRST QUARTER EXPENDITURE FOR THE FINANCIAL YEAR 2016/17

BRIEFING TO THE STANDING COMMITTEE ON APPROPRIATIONS
15 SEPTEMBER 2016



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Q4 YTD 2015/16 EXPENDITURE OUTCOMES VS BUDGET PER PROGRAMME

Programme	Adjusted Appropriation	Virement/Shift s	2015/16		Variance	Variance %
			Final Budget	Actual Outcome		
1. Administration	363,629	23,016	386,645	376,303	10,342	2.7%
2. Eco Pol, Tax, Fin Reg & Res	135,387	(2,657)	132,730	131,272	1,458	1.1%
3. Public Finance & Budget Man	266,104	2,785	268,889	262,314	6,575	2.4%
4. Asset & Liability Management	3,264,890	281	3,265,171	3,264,294	877	0.0%
5. Fin Systems & Accounting	807,090	(23,337)	783,753	774,091	9,662	1.2%
6. International Financial Relations	3,533,926	13,736	3,547,662	3,546,099	1,563	0.0%
7. Civ & Mil Pen, Cont to Funds	3,962,941	4,800	3,967,741	3,967,698	43	0.0%
8. Tech Sup & Dev Finance	2,774,593	(18,624)	2,755,969	2,472,245	283,724	10.3%
9. Revenue Administration	9,334,439		9,334,439	9,334,439	-	0.0%
10. Fin Intel & State Security	4,562,062		4,562,062	4,562,062	-	0.0%
Total National Treasury	29,005,061	-	29,005,061	28,690,817	314,244	1.1%

Q1 2016/2017 ACTUAL EXPENDITURE OUTCOMES PER PROGRAMME

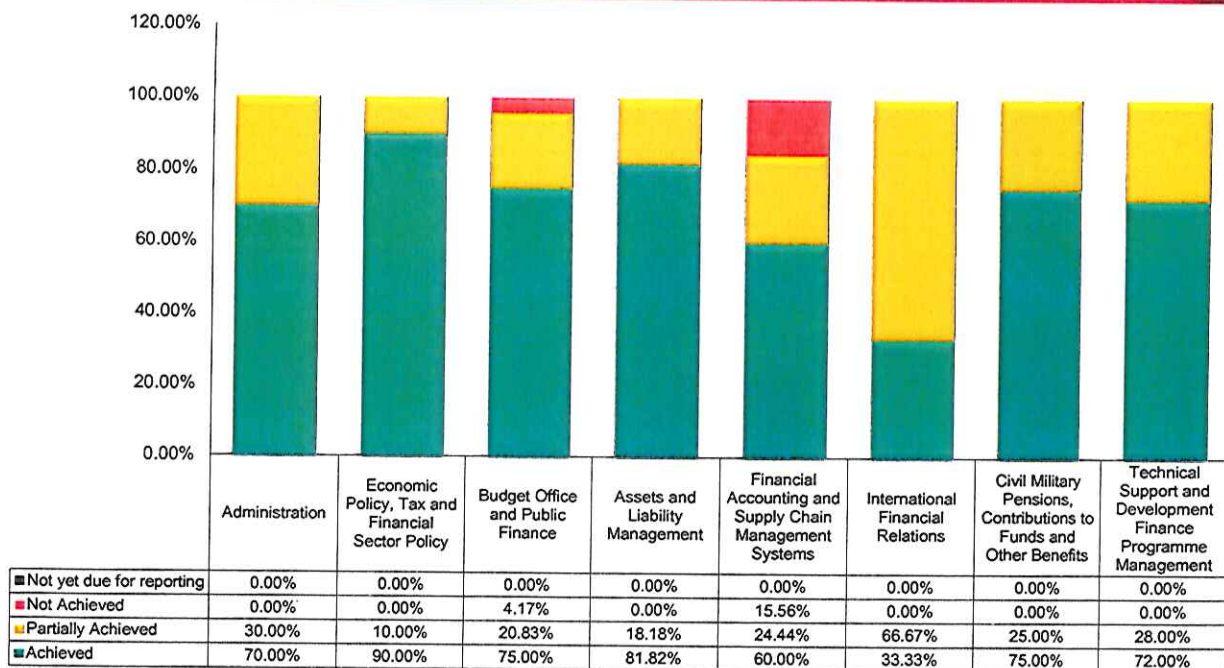
Programmes	Main Budget	YEAR-TO-DATE			
		Expenditure Drawing Target as at 30 June 2016 (YTD)	Actual expenditure as at 30 June 2016 (YTD)	Variance for the year	Variance %
		R'(000)	R'(000)	R'(000)	R'(000)
Departmental Expenditure					
1. Administration	412,661	112,765	91,691	21,074	18.7%
2. Eco Pol, Tax, Fin Reg & Res	146,070	35,018	32,208	2,810	8.0%
3. Public Finance & Budget Man	286,955	71,016	68,488	2,528	3.6%
4. Asset & Liability Management	107,211	21,654	21,642	12	0.1%
5. Financial Acc and SCM Systems	849,854	189,590	361,883	(172,293)	-90.9%
6. International Financial Relations	5,039,068	73,594	154,899	(81,305)	-110.5%
7. Civ & Mil Pen, Cont to Funds	4,173,242	860,015	802,746	57,269	6.7%
8. Tech Sup & Dev Finance	2,634,718	214,335	219,466	(5,131)	-2.4%
9. Revenue Administration	10,009,151	2,502,288	2,502,288	-	0.0%
10. Fin Intel & State Security	4,812,487	1,035,878	1,035,876	2	0.0%
Total National Treasury	28,471,417	5,116,153	5,291,187	(175,034)	-3.4%

Q1 2016/2017 ACTUAL EXPENDITURE OUTCOMES PER PROGRAMME (continued)

Q1 MAIN CONTRIBUTORS TO 2016/17 OVER/UNDER SPENDING

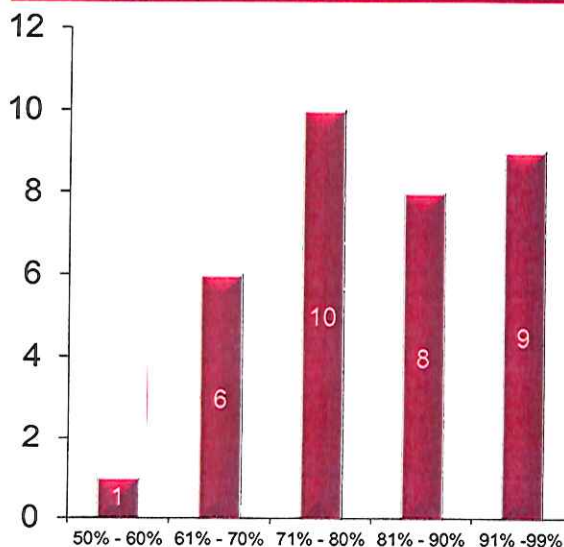
PROGRAMME	R'000	REASON	MITIGATION/REMEDIAL PLAN
P1	21 074	<ul style="list-style-type: none"> R12.6m on machinery and equipment for the procurement of servers and storage infrastructure for Disaster Recovery . R3.3m on operating leases and property payments due to outstanding invoices for June 2016. R1.7m made up inter alia of the special pension appeal board members contracts ending (R816 000), outstanding invoices from service providers which will be paid in the next quarter (R616 000); R3.4m on other various items as saving on compensation of employees subsequent to freezing of vacant posts. 	<p>The process is currently on tender for the finalisation of the procurement of assets;</p> <p>The invoice was received, processed and paid in July 2016.</p> <p>The division is in the process of sourcing a new service provider, which will be concluded in this financial year.</p> <p>The funds will be reprioritised through the 2016 Adjusted Estimates process.</p>
P5	(172 293)	IFMS project related expenditure of R461m for purchasing of the software licences of which R236m was paid in May and the remainder of R 225m was paid end of August 2016.	Provision will be made through the 2016 Adjusted Estimates process.
P6	(81 305)	Prior year expenditure that could not be accommodated due to financial constraints experienced in the 2015/16 financial year. This was mainly in respect of the payment for financial assets for shares acquisition in the African Development Bank which were due to be paid in 2015/16 financial year but had to be rescheduled to the 2016/17 financial year.	Provision will be made through the 2016 Adjusted Estimates process.

Q4 YTD 2015/16 PERFORMANCE ACHIEVED BY PROGRAMME BY INDICATORS



Q4 YTD 2015/16 PERFORMANCE VARIANCE

Q4 YTD 2015/16 NUMBER OF INDICATORS PARTIALLY ACHIEVED BY % ACHIEVED

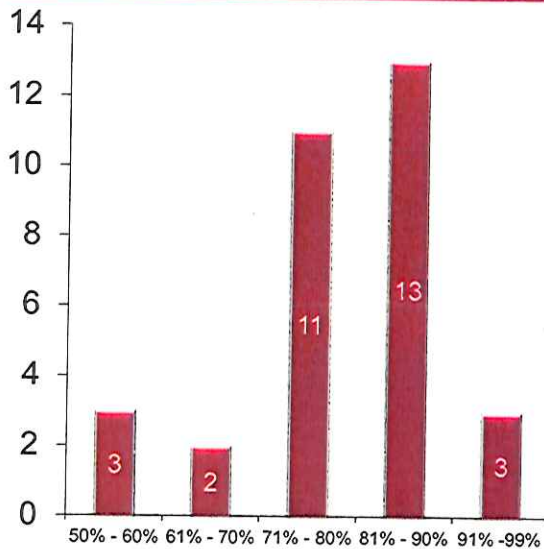


Q4 YTD 2015/16 INDICATORS NOT ACHIEVED - REASONS

- Output in approval process external to NT (Pr 3)
- Indicator revised/ delayed due to delays/changes in the policy/regulations environment (Pr 5)
- Indicator re-prioritised due to resource constraints (Pr 5)
- Components of implementation discontinued due to constraints in the enabling environment (Pr 5)

Q1 2016/17 PERFORMANCE VARIANCE

Q1 2016/17 NUMBER OF INDICATORS PARTIALLY ACHIEVED BY % ACHIEVED



Q1 2016/17 INDICATORS NOT ACHIEVED - REASONS

- Adjustment of planned delivery schedules across quarters to align with current resource availability. (Pr 1,4,5)
- Low response rates to compliance processes due to increased operating environment demands, leading to target reprioritisation.(Pr 1)
- Planning not absolutely aligned to Local Government's financial year, resulting in targets having to be rescheduled across the quarters (Pr 3,8)

Q1 2016/17 INDICATORS NOT ACHIEVED WITH REASONS

Indicator	Target	Actual	Reason for not achieving
Percentage of vetting files completed by priority group, submitted to State Security Agency (SSA) for investigation	25%	9%	Quarterly reports issued to divisional heads and submission acceleration intervention underway including providing assistance to employees to complete the forms.
Number of economic policy analyses, research, assessment and advice on macroeconomics including government policy proposals developed	105	29	Daily reports discontinued and replaced by weekly reports as well as a reduction in the number of monthly reports to align needs of principals better to available resources.
Number of provincial visits undertaken to improve intergovernmental relations and provincial financial performance	9	0	Not applicable in this quarter
Number of roadshows to retain current, and attract new, investors	1	0	The planned international road show was scheduled for April 2016, which would have fallen in 2016/17, but this took place in March 2015/16.
Number of knowledge sharing forums on IA and risk management facilitated through formal platforms	1	0	Not applicable in this quarter
Number of universities workshopped on the risk management curriculum	1	0	Rescheduled to the 3rd quarter in order to allow for co-ordination with Capacity Building Unit
Number of projects confirmed within integration/spatial transformation zones	12*	0	By the end of July, memo's will be sent to all 8 Metro's with comments on their BEPP's. These BEPP's form the foundation for the identification and funding of catalytic projects by the CSP, which will start in July (i.e. the municipalities' first quarter)
Number of integrated city development projects under implementation	8*	0	
Jobs Fund evaluation report and dissemination of learning	Mid-term evaluation report* 1 learning event*	0	Not applicable in this quarter

Q4 YTD 2015/16 DELIVERING ON THE NATIONAL OUTCOMES

	Indicator	Target	Achievement
OUTCOME 8: Sustainable human settlements and improved quality of household life	Total estimated third party investment leveraged	R3bn	R4.2 bn
	Number of long term urban regeneration programmes registered per year	18	18
OUTCOME 9: Responsive, accountable, effective and efficient developmental local government system	Number of neighbourhood development partnership grant projects under construction per year	40	61
OUTCOME 12: An efficient, effective and development oriented public service	Percentage of identified transversal contracts with strategic sourcing principles renewed per year	160 000	223 750
	Number of individuals trained per year to assist with the implementation of financial management reforms	70 000	88 833

Q1 2016/17 DELIVERING ON THE NATIONAL OUTCOMES

	Indicator	Target	Achievement
OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH	Net loan debt as a percentage of GDP	42.5%	42.2%
	Value of government gross annual borrowing	100% met	100% met
	Cost to service debt as a percentage of GDP	0.5%	0.5%
	Total number of new jobs contracted for approved and active projects in the Jobs Fund	150 000	129 018
	Number of training placements contracted with active private companies in the Jobs Fund per year	160 000	223 750
	Number of placements contracted with project partners on the Jobs Fund (cumulative inception to date and still active) per year ³	70 000	88 833

PERFORMANCE OF CONDITIONAL GRANTS (continued)

- ISDG funds developing built environment technical capacity within municipalities
 - Performance achieved
 - 2015/16 financial year R124, 486 m (100%) transferred to 16 municipalities
 - 495 graduates enrolled in programme to date equalling 198% above the initial target set
 - Performance achieved
 - 1 municipality rolled over 1% of the allocation
 - Q4 YTD 2015/16 low expenditure due to delays in recruitment by municipalities that joined in 2014 and a number of municipalities early completion with 90% of graduates completed training
- NDPG funds neighbourhood development projects so as to improve the quality of life of residents in the targeted areas, generally townships.
 - Performance achieved
 - 100% of non-financial targets met
 - Under performance
 - 96% of funds transferred. Non transfer due to risks (e.g. procurement and staff capacity constraints) in selected municipalities
 - 76% of funds spent by Municipalities. Under spending due to project constraints (e.g. weather, unexpected discoveries, procurement issues and capacity constraints)

THANK YOU

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