national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Standing Committee on Appropriations

3rd Quarter Expenditure Report

2018/19 Financial Year

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Note on using this report

This is a consolidated expenditure report on the National Budget for the third quarter of the financial year. The report provides a breakdown of preliminary spending for each of the national votes. For this reason an overview section has been added which is intended to draw readers' attention to the most significant preliminary expenditure patterns across government.

The overview section can be used to identify the departments of greatest interest and then the detailed report for each vote can be reviewed.

The format and style of reporting have been standardized across departments. Once a reader is familiar with how the information for one department is presented, they will be able to understand the information for other departments at a glance.

The report does not include an analysis of Parliament's expenditure and hence the overall expenditure analysis of national departments excludes the budget of Parliament.

National Departments

Budget and expenditure summary by vote

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Departments									
1	The Presidency	505.6	505.6	505.6	337.6	66.8%	344.9	7.3	2.1%
2	Parliament								
3	Communications	1 513.1	1 516.2	1 516.2	1 094.3	72.2%	1 118.7	24.4	2.2%
4	Cooperative Governance and Traditional Affairs	83 651.9	85 037.0	85 037.0	58 214.5	68.5%	60 980.0	2 765.5	4.5%
5	Home Affairs	7 915.4	9 047.4	9 047.4	6 370.2	70.4%	6 381.4	11.2	0.2%
6	International Relations and Cooperation	6 552.8	6 552.8	6 552.8	4 591.8	70.1%	4 955.2	363.4	7.3%
7	National Treasury	29 358.4	29 710.2	29 710.2	20 711.0	69.7%	20 868.1	157.0	0.8%
8	Planning, Monitoring and Evaluation	927.4	958.0	958.0	618.7	64.6%	650.8	32.1	4.9%
9	Public Enterprises	273.9	6 522.9	6 522.9	159.2	2.4%	159.4	0.2	0.1%
10	Public Service and Administration	956.7	950.7	950.7	647.7	68.1%	677.9	30.2	4.5%
11	Public Works	7 453.3	7 483.3	7 483.3	5 935.0	79.3%	6 004.2	69.3	1.2%
12	Statistics South Africa	2 271.7	2 271.7	2 271.7	1 611.3	70.9%	1 646.1	34.8	2.1%
13	Women	230.2	230.2	230.2	157.2	68.3%	165.6	8.4	5.1%
14	Basic Education	22 722.4	23 699.6	23 699.6	19 443.3	82.0%	19 170.6	-272.7	-1.4%
15	Higher Education and Training	73 020.6	73 124.1	73 124.1	66 366.3	90.8%	67 014.1	647.8	1.0%
16	Health	47 142.9	47 508.4	47 508.4	34 300.2	72.2%	34 494.3	194.1	0.6%
17	Social Development	172 901.6	172 822.2	172 822.2	128 731.6	74.5%	128 685.5	-46.2	0.0%
18	Correctional Services	23 848.5	23 849.0	23 849.0	16 672.0	69.9%	17 305.3	633.2	3.7%
19	Defence and Military Veterans	47 949.7	48 496.2	48 496.2	35 250.5	72.7%	34 930.5	-320.0	-0.9%
20	Independent Police Investigative Directorate	315.1	315.1	315.1	218.4	69.3%	229.8	11.4	5.0%
21	Justice and Constitutional Development	17 049.4	17 458.8	17 458.8	12 453.7	71.3%	12 573.6	119.9	1.0%
22	Office of the Chief Justice and Judicial Administration	1 119.7	1 119.7	1 119.7	734.3	65.6%	744.3	10.0	1.3%
23	Police	91 834.2	91 684.2	91 684.2	66 686.3	72.7%	67 269.5	583.2	0.9%
24	Agriculture, Forestry and Fisheries	7 165.0	7 732.8	7 732.8	5 514.8	71.3%	6 373.4	858.6	13.5%
25	Economic Development	1 072.6	1 072.6	1 072.6	822.4	76.7%	822.2	-0.2	0.0%
26	Energy	7 045.0	7 163.5	7 163.5	5 511.4	76.9%	5 392.8	-118.6	-2.2%
27	Environmental Affairs	7 112.5	7 430.5	7 430.5	3 522.4	47.4%	4 394.1	871.7	19.8%
28	Labour	3 295.2	3 282.9	3 282.9	2 234.9	68.1%	2 288.1	53.2	2.3%
29	Mineral Resources	1 890.7	1 890.7	1 890.7	1 474.8	78.0%	1 468.3	-6.5	-0.4%
30	Science and Technology	7 790.5	7 958.4	7 958.4	5 810.2	71.5%	6 610.8	800.6	12.1%
31	Small Business Development	1 488.5	1 488.5	1 488.5	1 125.2	75.6%	1 093.4	-31.8	-2.9%
32	Telecommunications and Postal Services	923.4	4 006.9	4 006.9	715.0	17.8%	715.1	0.2	0.0%
33	Tourism	2 261.8	2 261.8	2 261.8	1 728.9	76.4%	1 817.1	88.2	4.9%
34	Trade and Industry	9 462.6	9 531.8	9 531.8	6 190.2	64.9%	6 937.3	747.0	10.8%
35	Transport	59 798.3	59 831.3	59 831.3	34 458.3	57.6%	34 395.8	-62.5	-0.2%
36	Water and Sanitation	15 571.5	16 873.7	16 873.7	10 247.6	60.7%	10 628.7	381.1	3.6%
37	Arts and Culture	4 372.3	4 338.7	4 338.7	3 146.5	72.5%	3 175.3	28.8	0.9%
38	Human Settlements	32 355.7	32 455.8	32 455.8	22 364.0	68.9%	22 229.0	-135.0	-0.6%
39	Rural Development and Land Reform	10 425.2	10 425.2	10 425.2	6 659.5	63.9%	6 875.8	216.3	3.1%
40	Sport and Recreation South Africa	1 090.8	1 090.8	1 090.8	881.8	80.8%	876.4	-5.4	-0.6%
Total		**812 636.2**	**829 699.4**	**829 699.4**	**593 713.0**	**71.5%**	**602 463.3**	**8 750.2**	**1.5%**

Spending was R593.7 billion for the first nine months of 2018/19, compared to projected spending of R602.5 billion, resulting in an underspending of 1.5 per cent. The major contributors to the underspending of R8.8 billion were Cooperative Governance and Traditional Affairs (R2.8 billion); Environmental Affairs (R871.7 million); Agriculture, Forestry and Fisheries (R858.6 million); Science and Technology (R800.6 million); as well as Trade and Industry (R747.0 million). There were several departments that recorded marginal overspending.

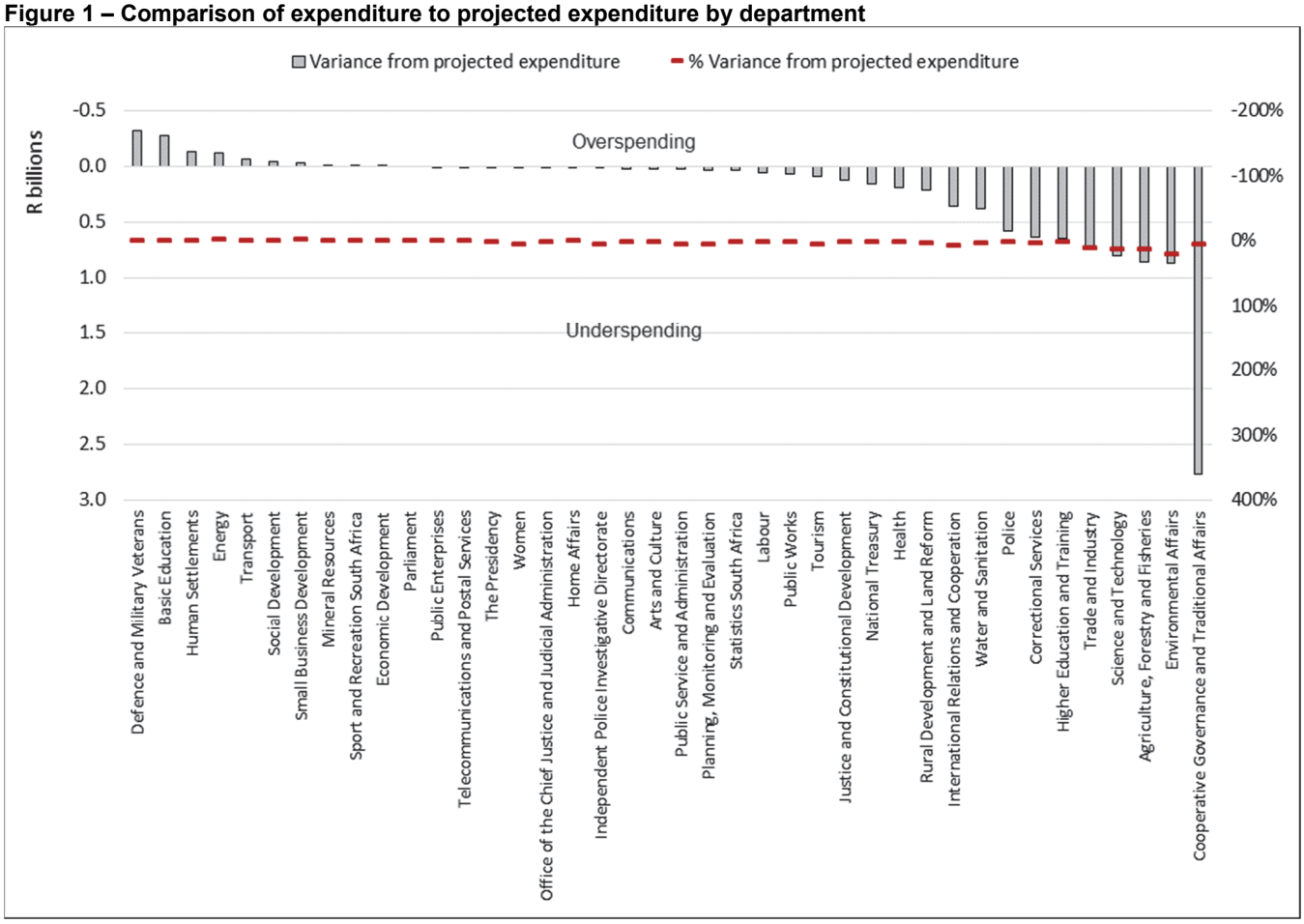
Budget and expenditure summary by economic classification

R million	Main appropriation	Adjusted Appropriation	Available budget	Actual expenditure	Expenditure as % of available budget	Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Economic Classification								
Current payments	**224 620.2**	**227 697.8**	**227 359.3**	**162 652.3**	**71.5%**	**164 374.7**	**1 722.3**	**1.0%**
Compensation of Employees	159 139.2	159 068.9	159 078.9	119 938.0	75.4%	120 168.1	230.0	0.2%
Goods and services	65 340.9	68 488.4	68 139.9	42 605.8	62.5%	44 089.0	1 483.2	3.4%
Interest and Rent on Land	140.1	140.6	140.5	108.5	77.2%	117.6	9.1	7.7%
Transfers and Subsidies	**569 266.1**	**572 118.0**	**572 107.2**	**418 225.0**	**73.1%**	**424 843.1**	**6 618.1**	**1.6%**
Payments for capital assets	**14 292.6**	**16 251.1**	**16 439.9**	**8 574.5**	**52.2%**	**8 883.6**	**309.2**	**3.5%**
Payments for Financial Assets	**4 457.3**	**13 632.5**	**13 793.0**	**4 261.2**	**30.9%**	**4 361.8**	**100.7**	**2.3%**
Total	**812 636.2**	**829 699.4**	**829 699.4**	**593 713.0**	**71.6%**	**602 463.3**	**8 750.2**	**1.5%**

In terms of economic classification, transfers and subsidies registered the largest underspending of R6.6 billion (1.6 per cent). This is mainly due to lower transfers in Cooperative Governance and Traditional Affairs. Goods and services saw the second largest underspending of R1.5 billion (3.4 per cent), mainly due to delays in payment of invoices for accommodation from the Department of Public Works. Underspending on compensation of employees (R230.0 million), payments for capital assets (R309.2 million), and payments for financial assets (R100.7 million) was marginal.

Expenditure Analysis

Figure 1 – Comparison of expenditure to projected expenditure by department



The following departments registered underspending against the projected spending in the nine months of 2018/19:

- *Cooperative Governance and Traditional Affairs (4.5 per cent or R2.8 billion):* mainly due to the Local Government Equitable Share that was not transferred as planned due to payment rejections from municipalities' accounts and the withholding of the Municipal Infrastructure Grant to municipalities that are non-compliant with DoRA provisions.
- *Environmental Affairs (19.8 per cent or R871.7 million):* mainly driven by the implementation of the new procurement procedures in the appointment of service providers for projects linked to the Expanded Public Works Programme (EPWP). This follows the department receiving an adverse audit opinion in the 2017/18 financial year as a result of discrepancies in accounting treatment and classification of transactions emanating from the modified cash standard (MCS). Consequently, the department has had to amend certain terms and stipulations of existing contracts in order to be compliant with new accounting approach and prescripts, this has resulted in a backlog in finalising agreements with service providers.
- *Agriculture, Forestry and Fisheries (13.5 per cent or R858.6 million):* a result of withholding of the Ilima/Letsema, and Comprehensive Agriculture Support Programme conditional grants due to the Free State, Mpumalanga, and North West provinces as a result of underspending. slow expenditure was also under transfers to the Land Bank, earmarked for the AgriBEE fund, as a result of an outstanding memorandum of understanding between the department and Land Bank.

- *Science and Technology (12.1 per cent or R800.6 million)*: due outstanding payments for the National Space Programme work and the Space for National Development Week; delays in reviewing and finalising the Bioenergy contract, Energy Grand Challenge, Hydrogen Strategy Business Plans and Indigenous Knowledge System; cost containment measures and withholding of transfer payment to the Square Kilometer Array; failure by tax incentives experts/consultants to produce valid tax certificates; delays in payments for the local manufacturing project; and delays in finalisation of contracts and business plans for the Resourced Based Industries and the Innovation for Inclusive Development projects.
- *Trade and Industry (10.8 per cent or R747.0 million):* mainly due to failure by beneficiaries to comply with requirements of incentive programmes, with the Special Economic Zones underspending by R512.3 million.
- *Higher Education and Training (1.0 per cent or R 647.8 million*): mainly due to a delay in the payment of the Infrastructure and Efficiency Grant for TVET colleges. This new grant of R610.7 million is earmarked for infrastructure refurbishment and maintenance at TVET Colleges. Payment of this grant has been rescheduled to the last quarter of the year as the department is still finalising disbursement criteria for the grant.
- *Correctional Services (3.7 per cent or R633.2 million):* mainly due to funded vacant posts, outstanding payments for OSD phase 2 and outstanding invoices for accommodation by the Department of Public Works.
- *Police (0.9 per cent or R583.2 million):* mainly due to non-compliance with the conditions for the criminal justice system programme 7 point plan as stipulated in the allocation letter. The condition is that the department must first obtain Cabinet's approval to revise the project scope prior to spending the programme's budget.

Overspending in the following departments was registered for the period under review

- *Defence and Military Veterans (0.9 per cent or R320.0 million):* mainly due the compensation budget ceiling that does not support the current personnel numbers
- *Basic Education (1.4 per cent or R272.7 million):* funds for post disaster rehabilitation (R175.8 million) and for completing existing projects in the School Infrastructure Backlogs Grant (R800 million) were immediately available after the announcement of the MTBPS, which accounts for the higher spending than projected in transfers to provinces and payments for capital assets, as quarter 3 spending projections were made before the funds were allocated.
- *Human settlements (0.6 per cent or R135.0 million):* mainly due to higher than anticipated transfers to the Community Schemes Ombud Service (a response to the entity's operational funding shortfalls), the Social Housing Regulatory Authority (a response to the entity's operational funding shortfalls) and the Bitou Local Municipality (provision of temporary shelter in response to a fire disaster outbreak).
- *Energy (2.2 per cent or R118.6 million):* due to higher transfer payments to the Energy Efficiency Demand Side Management and a transaction which was incorrectly processed under transfers and subsidies instead of goods and services for the delayed retention fee for the manufacturers of the solar water units.

Personnel spending

Personnel by Department

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Departments										
1	The Presidency	322.2	320.6	220.9	227.1	6.2	601	529	-72	7
2	Parliament									
3	Communications	81.3	80.9	57.4	58.9	1.5	107	84	-23	-6
4	Cooperative Governance and Traditional Affairs	339.5	310.0	231.1	231.6	0.5	505	456	-49	-35
5	Home Affairs	3 308.1	3 308.1	2 543.5	2 531.9	-11.6	9 224	9 173	-51	-151
6	International Relations and Cooperation	2 964.5	2 964.5	2 314.3	2 327.9	13.6	3 065	2 253	-812	37
7	National Treasury	807.8	807.8	601.2	598.3	-2.9	1 036	1 044	8	-47
8	Planning, Monitoring and Evaluation	312.8	312.6	197.5	215.5	18.0	478	393	-85	10
9	Public Enterprises	171.4	171.4	109.4	108.9	-0.5	231	176	-55	10
10	Public Service and Administration	288.4	283.1	206.1	208.3	2.2	519	407	-112	-7
11	Public Works	518.3	518.3	373.1	380.1	7.0	797	813	16	-17
12	Statistics South Africa	1 442.7	1 442.7	1 116.4	1 120.4	4.0	3 411	3 362	-49	193
13	Women	85.5	85.5	56.8	59.7	2.9	121	115	-6	16
14	Basic Education	504.6	510.6	367.8	372.1	4.3	692	768	76	21
15	Higher Education and Training	8 957.0	8 952.3	6 439.5	6 307.5	-132.0	33 458	26 595	-6 863	-304
16	Health	828.8	828.8	584.1	603.9	19.8	1 498	1 714	216	19
17	Social Development	490.4	490.4	362.4	358.9	-3.5	864	889	25	-37
18	Correctional Services	16 994.9	16 994.9	12 128.9	12 482.2	353.3	39 621	38 869	-752	-706
19	Defence and Military Veterans	27 116.7	27 116.7	22 205.5	21 656.3	-549.2	75 204	73 572	-1 632	-1 539
20	Independent Police Investigative Directorate	212.3	197.4	139.2	142.0	2.9	421	376	-45	2
21	Justice and Constitutional Development	8 884.0	8 897.4	6 531.2	6 621.8	90.6	21 461	20 390	-1 071	-430
22	Office of the Chief Justice and Judicial Administration	687.9	687.9	494.1	495.7	1.5	1 940	1 919	-21	126
23	Police	70 801.9	70 801.9	53 382.3	53 562.1	179.7	192 431	188 446	-3 985	-4 103
24	Agriculture, Forestry and Fisheries	2 182.3	2 176.1	1 583.9	1 639.4	55.5	5 761	5 256	-505	-345
25	Economic Development	90.8	90.8	68.7	68.6	-0.1	125	127	2	-1
26	Energy	360.5	360.5	260.7	261.9	1.2	582	564	-18	12
27	Environmental Affairs	1 149.0	1 149.0	851.6	853.4	1.8	2 079	1 908	-171	-154
28	Labour	1 317.8	1 293.1	861.4	892.0	30.6	3 539	2 685	-854	18
29	Mineral Resources	617.6	617.6	460.1	465.4	5.4	1 067	1 026	-41	-25
30	Science and Technology	352.9	352.9	250.1	261.6	11.5	410	408	-2	-17
31	Small Business Development	140.8	140.6	99.4	95.6	-3.8	229	188	-41	0
32	Telecommunications and Postal Services	224.3	224.3	166.2	166.1	-0.1	271	261	-10	-29
33	Tourism	310.4	310.4	236.4	238.5	2.1	484	472	-12	-37
34	Trade and Industry	987.5	987.5	725.4	757.0	31.6	1 788	1 280	-508	-18
35	Transport	496.7	496.7	329.7	335.1	5.5	739	652	-87	-1
36	Water and Sanitation	1 720.2	1 718.0	1 197.4	1 224.8	27.4	3 613	3 173	-440	-68
37	Arts and Culture	253.5	253.5	178.3	188.0	9.7	408	423	15	25
38	Human Settlements	376.9	376.9	258.8	268.6	9.8	606	540	-66	-35
39	Rural Development and Land Reform	2 325.6	2 325.6	1 671.8	1 703.7	31.9	4 467	4 397	-70	19
40	Sport and Recreation South Africa	111.5	111.5	75.5	77.5	2.0	170	151	-19	-4
Total		**159 139.2**	**159 068.9**	**119 938.0**	**120 168.1**	**230.0**	**414 023**	**395 854**	**-18 169**	**-7 601**

Most departments managed to reasonably spend what was allocated, with overall underspending of R230.0 million. Defence (R549.2 million) and Higher Education and Training (R132 million) recorded overspending for the period under review due to:

- *Defence:* the compensation budget ceiling that does not support the current personnel numbers
- *Higher Education and Training:* high number of claims received from examiners and moderators for Technical and Vocational Education and Training (TVET) college exams. This high expenditure is despite delays in the filling of posts in the Technical and Vocational Education and Training (TVET) and Community Education and Training (CET) programmes, mainly recorded under salary levels 5 and 7

Against the Human Resource Budget Plans, Higher Education and Training recorded the largest gap of 6 863 gap in personnel numbers. In Police the gap was 3 985 as a result of funded vacant posts, but this will improve in February 2019 due to enlistment, while in Defence the gap of 1632 was due to the department's efforts to reduce its personnel headcount in order to remain within the compensation of employees ceiling. The Justice and Constitutional Development gap of 1 071 was as a result of funded vacant posts.

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	294.1	4 116	2 180	-1 936	-2 077
2	1 469.3	10 759	9 957	-802	-656
3	6 010.4	30 636	27 593	-3 043	-3 194
4	3 525.8	14 993	8 108	-6 885	-7 586
5	31 606.5	119 500	132 044	12 544	11 002
6	19 314.0	63 181	56 915	-6 266	-6 095
7	25 115.7	65 195	63 342	-1 853	-2 610
8	17 644.9	38 235	36 120	-2 115	-954
9	8 308.9	16 093	15 573	-520	-584
10	10 704.8	15 937	15 199	-738	-816
11	3 626.3	5 052	3 772	-1 280	103
12	8 502.8	8 787	9 914	1 127	1 711
13	4 750.1	4 204	3 768	-436	-682
14	2 012.5	1 529	1 305	-224	-510
15	585.7	373	304	-69	-114
16	178.1	92	135	43	2
Other	16 638.3	15 342	9 625	-5 717	5 459
Total	**160 288.2**	**414 023**	**395 854**	**-18 169**	**-7 601**

Direct Charges against the National Revenue Fund

R million	Main appropriation	Adjusted Appropriation	Available budget	Actual expenditure	Expenditure as % of available budget	Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Direct charges								
Salary of the President	3.6	3.6	3.6	2.2	59.6%	2.3	0.1	5.5%
Salary of the Deputy President	3.1	3.1	3.1	2.1	67.2%	2.1	0.0	2.2%
Members Remuneration								
Provincial Equitable Share	470 286.5	470 286.5	470 286.5	352 714.9	75.0%	352 714.9	0.0	0.0%
Debt-service costs	180 124.0	181 099.0	181 099.0	114 065.8	63.0%	113 831.2	-234.6	-0.2%
General Fuel Levy Sharing with Metropolitan Municipalities	12 468.6	12 468.6	12 468.6	8 312.4	66.7%	8 312.4	0.0	0.0%
National Revenue Fund payments	135.1	149.9	149.9	161.5	107.7%	161.5	0.0	0.0%
Sector education and training authorities	13 543.5	13 849.7	13 849.7	10 834.6	78.2%	10 396.2	-438.4	-4.2%
National Skills Fund	3 385.9	3 462.4	3 462.4	1 997.4	57.7%	2 256.9	259.4	11.5%
Magistrates' Salaries	2 215.5	2 215.5	2 215.5	1 487.0	67.1%	1 565.9	78.9	5.0%
Judges' salaries	1 022.1	1 022.1	1 022.1	754.7	73.8%	758.3	3.6	0.5%
International Oil Pollution Compensation Fund	10.2	10.2	10.2	0.0	0.0%	10.2	10.2	100.0%
Total	**683 198.1**	**684 570.8**	**684 570.8**	**490 332.6**	**71.6%**	**490 011.8**	**-320.7**	**1.2**

Vote 1

The Presidency

Budget and expenditure summary

R million	Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme								
1 Administration	456.0	457.1	457.1	321.8	70.4%	324.6	2.7	0.8%
2 Executive Support	49.6	48.4	48.4	15.7	32.5%	20.3	4.6	22.5%
Total	**505.6**	**505.6**	**505.6**	**337.6**	**66.8%**	**344.9**	**7.3**	**2.1%**
Economic Classification								
Current payments	**493.4**	**491.8**	**491.8**	**328.3**	**66.8%**	**336.0**	**7.7**	**2.3%**
Compensation of Employees	322.2	320.6	320.6	220.9	68.9%	227.1	6.2	2.7%
Goods and services	171.2	171.2	171.2	107.4	62.7%	108.9	1.5	1.4%
Interest and Rent on Land	0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies	**0.0**	**1.6**	**1.6**	**1.4**	**90.7%**	**1.4**	**-0.1**	**-5.3%**
Payments for capital assets	**12.2**	**12.2**	**12.2**	**7.9**	**64.5%**	**7.5**	**-0.4**	**-4.7%**
Payments for Financial Assets	**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total	**505.6**	**505.6**	**505.6**	**337.6**	**66.8%**	**344.9**	**7.3**	**2.1%**
Direct charges	**6.7**	**6.7**	**6.7**	**4.3**	**63.1%**	**4.4**	**0.2**	**3.9%**
Salary of the President	3.6	3.6	3.6	2.2	59.6%	2.3	0.1	5.5%
Salary of the Deputy President	3.1	3.1	3.1	2.1	67.2%	2.1	0.0	2.2%
Total	**512.3**	**512.3**	**512.3**	**341.8**	**66.7%**	**349.3**	**7.5**	**2.1%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

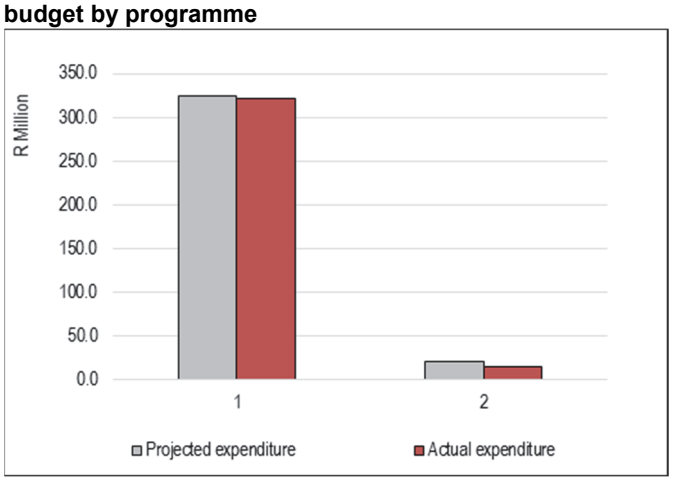


Figure 2 – Comparison of expenditure with available budget by economic classification

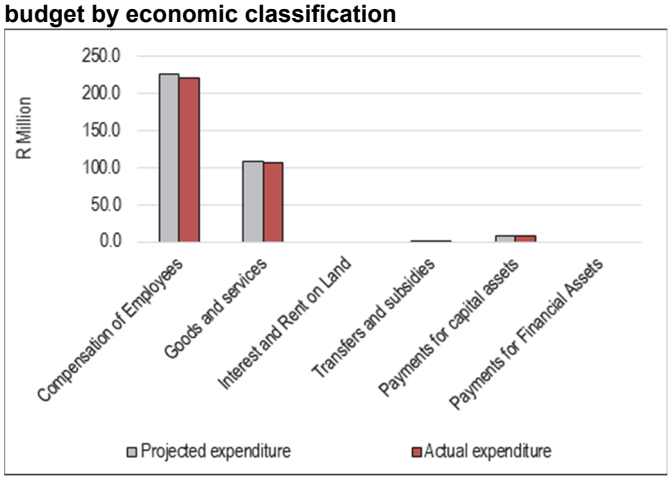
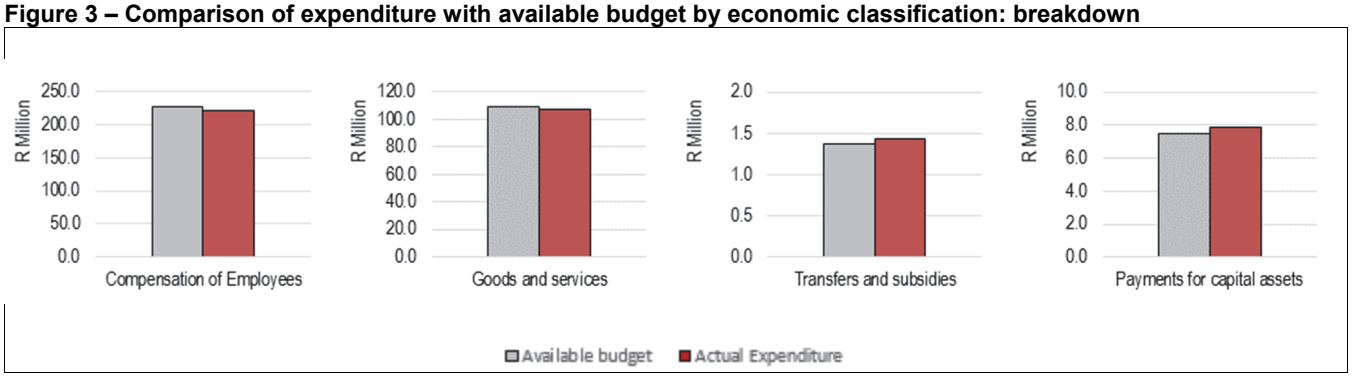


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Overall expenditure as at the end of the third quarter of 2018/19 financial year amounts to R341.8 million or 66.7 per cent of the department's total budget of R512.3 million. The expenditure to the end of third quarter of R341.8 million is lower than projected expenditure of R349.3 million by R7.3 million or 2.1 per cent. The lower than projected expenditure is mainly in the compensation of employees due to vacant posts that were

not filled and also in the goods and services due to delays in obtaining the security certificate from State Security Agency for the e-Cabinet system.

Programme 1: Administration expenditure to the end of third quarter amounts to R321.8 million or 70.4 per cent of the adjusted appropriation of R457.1 million for 2018/19. The programme's expenditure of R321.8 million is lower than the projected expenditure of R324.6 by R2.7 million or 0.8 per cent. The lower than projected expenditure is mainly in compensation of employees due to posts that were vacated during the course of the 2018/19 financial year and outstanding claims for secondments employees into the Presidency.

Programme 2: Executive Support expenditure to the end of third quarter amounts to R15.7 million or 32.5 per cent of the adjusted appropriation of R48.4 million for 2018/19. The programme's expenditure of 15.7 is lower than the projected expenditure of R20.3 million by R4.6 million or 22.5 per cent. The lower than projected expenditure is mainly in compensation of employees due to vacant posts that were vacated during the course of the 2018/19 financial year and also in goods and services due to delays in obtaining the security certificate (or security sign-off) from the State Security Agency for the e-Cabinet system. The system received security certification on the 31st of October 2018, which allows the Cabinet Services subprogramme to commence working towards full operationalisation of the new electronic system in order for Cabinet and its committees to move away from its current costly paper-based system to e-Cabinet system.

Virements

During the Adjusted Estimate of National Expenditure, R 1.1 million was shifted from Programme 2: Executive Support to Programme 1: Administration to cover for expenditure relating to state funerals and national orders ceremony Personnel.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	305.0	303.4	210.2	215.8	5.6	579	509	-70	7
2	Executive Support	17.2	17.2	10.7	11.3	0.7	22	20	-2	0
Total		**322.2**	**320.6**	**220.9**	**227.1**	**6.2**	**601**	**529**	**-72**	**7**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	2.3	31	0	-31	0
2	6.6	39	40	1	4
3	1.6	7	7	0	0
4	22.8	84	71	-13	-2
5	4.1	14	18	4	2
6	26.7	84	62	-22	0
7	24.6	65	60	-5	0
8	23.4	51	44	-7	-3
9	22.6	40	34	-6	2
10	9.4	14	12	-2	0
11	45.0	64	52	-12	-3
12	30.9	32	41	9	10
13	44.8	41	31	-10	-5
14	25.7	18	19	1	3
15	12.5	8	4	-4	-2
16	19.2	9	8	-1	4
Other	0.0	0	26	26	-3
Total	**322.2**	**601**	**529**	**-72**	**7**

Issues for the committee to note

The department reported unauthorised, irregular, wasteful and fruitless expenditure, involving transactions valued at R57.7 million to the end of December 2018, notable, are the transactions of R26.9 million towards the unutilised e-Cabinet/SITA system. The system received security certification on the 31st of October 2018, which allows the Cabinet Services subprogramme to commence working towards full operationalisation of the new electronic system in order for Cabinet and its committees to move away from its current costly paper-based system to e-Cabinet system.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Communication: Radio and television licences	0.0	0.0	0.0	0.0	100.0%	0.0	0.0	0.0%
Total		**0.0**	**0.0**	**0.0**	**0.0**	**100.0%**	**0.0**	**0.0**	**0.0%**

Vote 2

Parliament

Expenditure Analysis

Due to non-submission of monthly expenditure reports, the quarterly report does not reflect Parliament's expenditure analysis.

Vote 3

Communications

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	64.6	70.4	70.4	55.8	79.2%	52.9	-2.9	-5.6%
2	Communications Policy, Research and Development	11.5	11.2	11.2	7.2	63.6%	8.0	0.8	10.4%
3	Industry and Capacity Development	53.3	45.3	45.3	12.5	27.5%	26.7	14.3	53.3%
4	Entity Oversight	1 383.7	1 389.3	1 389.3	1 018.9	73.3%	1 031.2	12.3	1.2%
Total		**1 513.1**	**1 516.2**	**1 516.2**	**1 094.3**	**72.2%**	**1 118.7**	**24.4**	**2.2%**
Economic Classification									
Current payments		**135.6**	**134.7**	**134.7**	**79.2**	**58.8%**	**92.6**	**13.3**	**14.4%**
Compensation of Employees		81.3	80.9	80.9	57.4	70.9%	58.9	1.5	2.5%
Goods and services		54.3	53.8	53.8	21.8	40.6%	33.7	11.9	35.2%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**1 377.5**	**1 381.5**	**1 381.5**	**1 014.9**	**73.5%**	**1 025.9**	**11.0**	**1.1%**
Payments for capital assets		**0.0**	**0.1**	**0.1**	**0.1**	**136.3%**	**0.2**	**0.0**	**23.0%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**1 513.1**	**1 516.2**	**1 516.2**	**1 094.3**	**72.2%**	**1 118.7**	**24.4**	**2.2%**

Expenditure Analysis

The department had projected to spend R1.119 billion in the third quarter of 2018/19. Actual expenditure amounted to R1.094 billion, which is 2.2 per cent of the projected expenditure and R24.4 million, lower than projected spending for the third quarter. The lower spending is mainly attributed to the third quarter tranche transfer payment to the Media Development and Diversity Agency (MDDA) that was not effected, the delayed awareness campaigns and procurement of branding material for the Digital Terrestrial Television (DTT) Project.

Figure 1 – Comparison of expenditure with available budget by programme

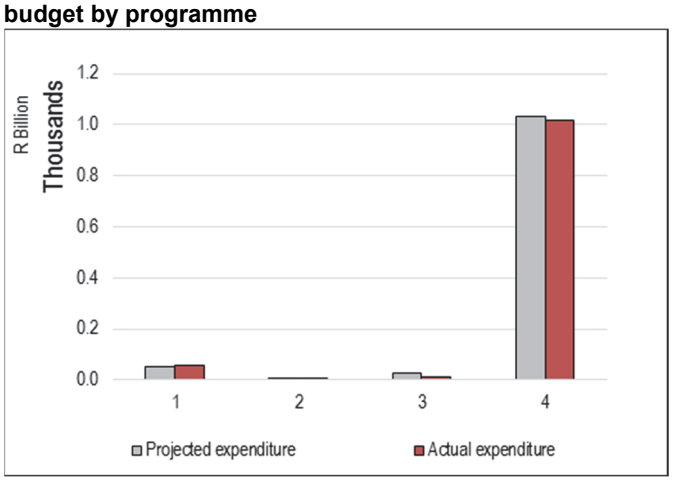


Figure 2 – Comparison of expenditure with available budget by economic classification

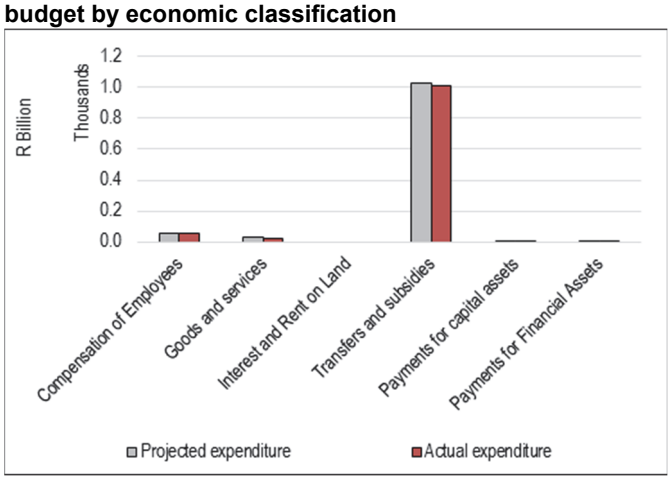
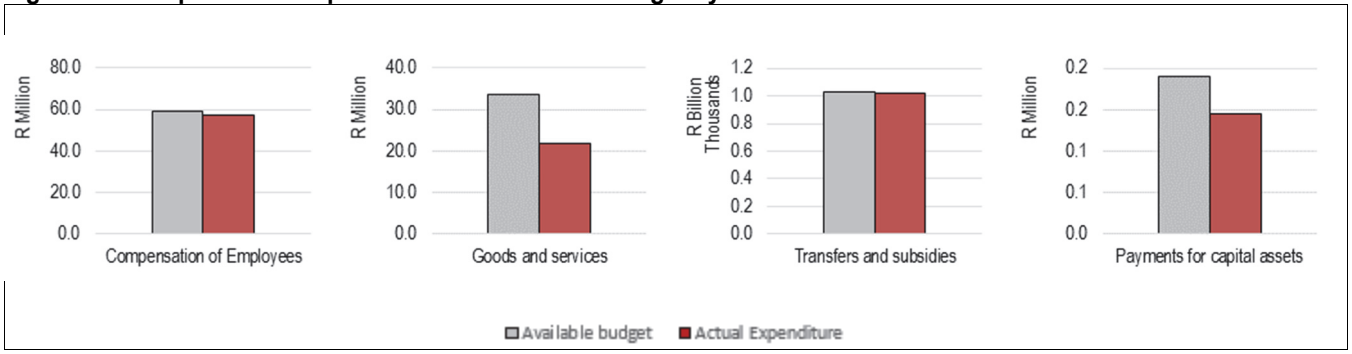


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: expenditure under this programme is higher than projected by R2.9 million, mainly due to the payment of performance bonuses, pay progressions and high operational costs on travel and subsistence.

Programme 2: Communications Policy, Research and Development: expenditure under this programme is lower than projected by R800 000, mainly due to the revised plans on consultations and roadshows to various provinces for the Audio Visual Strategy and the gazetting of the draft White Paper on the Audio and Digital Content Policy.

Programme 3: Industry and Capacity Development: expenditure under this programme is lower than projected by R14.3 million, mainly due to the revised delivery model for the DTT project that was approved in the third quarter of the financial year which in turn delayed the planned awareness campaigns and procurement of branding material.

Programme 4: Entity Oversight: expenditure under this programme is lower than projected by R12.3 million, mainly due to the third quarter tranche transfer payment to the MDDA that was not effected as the request by the entity was not timely received by the Department.

Virements

Virements included in the 2018 Adjusted Estimates of National Expenditure (AENE):

- R5.8 million from programmes 2 and 3 to 1 to cover the shortfall mainly for the newly established Internal Audit and Media Policy units.
- R2.5 million from programmes 1, 2 and 3 to 4 to cover the shortfall on compensation of employees due to the filling of critical posts.
- Post 2018 AENE approval was granted to shift R177 000 from compensation of employees to fund exit packages within programme 1.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	49.9	48.1	39.5	35.6	-4.0	81	56	-25	-4
2	Communications Policy, Research and Development	8.5	8.0	5.1	5.8	0.7	9	8	-1	-2
3	Industry and Capacity Development	18.9	18.4	8.7	12.9	4.2	12	13	1	1
4	Entity Oversight	4.0	6.5	4.1	4.6	0.5	5	7	2	-1
Total		**81.3**	**80.9**	**57.4**	**58.9**	**1.5**	**107**	**84**	**-23**	**-6**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	1	0	-1	0
2	0.0	0	0	0	0
3	0.7	3	3	0	0
4	0.7	3	0	-3	0
5	0.8	3	2	-1	-2
6	3.5	11	9	-2	1
7	1.4	4	8	4	-1
8	5.4	12	11	-1	-1
9	3.6	7	4	-3	0
10	1.2	2	0	-2	0
11	10.8	19	15	-4	1
12	4.0	5	4	-1	-1
13	16.1	16	16	0	0
14	21.0	13	8	-5	-2
15	6.0	5	3	-2	1
16	1.6	1	1	0	-2
Other	4.5	2	0	-2	0
Total	**81.3**	**107**	**84**	**-23**	**-6**

The department's actual expenditure on compensation of employees in the third quarter is R57.4 million compared to the projected spend of R58.9 million. The variance of R1.5 million is mainly due to staff attrition and the non-filing of vacant posts.

Issues for the committee to note

Digital Terrestrial Television (DTT) project

The project spent R7.9 million against a total budget of R47.9 million. The expenditure was mainly on advertising costs, travelling costs, rental and hiring as well as catering costs for the DTT awareness campaigns. The underspending of R28.3 million against the projected expenditure of R36.2 million is due to the revised delivery model for the DTT project that was approved in the third quarter of the financial year which in turn delayed the planned awareness campaigns and procurement of branding material.

South Africa Broadcasting Corporation (SABC)

The SABC executive have developed a turnaround strategy called “Strategic Roadmap 2023”. The purpose of the strategy is to turn around the current financial challenges besetting the public broadcaster. The SABC, the Department of Communications and the Department of Telecommunications and Postal Services met with the National Treasury on 21 January 2019 to discuss a draft guarantee application. The application is still being revised based on the outcome of the meeting, furthermore, the Department of Communications has to approve elements of the government guarantee. Subsequent to this the National Treasury anticipates that a formal application will be made in respect of the government guarantee.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
	Brand South Africa: Operations	200.4	200.4	200.4	159.8	79.7%	159.8	0.0	0.0%
	Film and Publication Board: Operations	94.6	94.6	94.6	70.9	75.0%	70.9	0.0	0.0%
	Government Communication and Information System: Operations	420.5	423.6	423.6	308.1	72.7%	311.2	3.1	1.0%
	Independent Communications Authority of South Africa: Operations	444.0	444.0	444.0	317.8	71.6%	317.8	0.0	0.0%
	Media Development and Diversity Agency: Operations	30.7	30.7	30.7	15.3	50.0%	23.0	7.7	33.3%
	South African Broadcasting Corporation: Channel Africa	58.1	58.1	58.1	43.6	75.0%	43.6	0.0	0.0%
	South African Broadcasting Corporation: Programme productions	13.7	13.7	13.7	10.3	75.0%	10.3	0.0	0.0%
	South African Broadcasting Corporation: Public broadcaster	115.7	115.7	115.7	88.6	76.6%	88.6	0.0	0.0%
Total		**1 377.5**	**1 380.6**	**1 380.6**	**1 014.3**	**73.5%**	**1 025.1**	**10.8**	**1.1%**

Vote 4

Cooperative Governance and Traditional Affairs

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	258.6	278.5	278.5	220.3	79.1%	207.2	-13.1	-6.3%
2	Regional and Urban Development and Legislative Support	103.5	104.4	104.4	77.3	74.1%	66.3	-11.1	-16.7%
3	Institutional Development	63 111.5	63 114.7	63 114.7	45 106.8	71.5%	47 182.4	2 075.6	4.4%
4	National Disaster Management Centre	592.2	1 967.7	1 967.7	209.7	10.7%	295.9	86.2	29.1%
5	Local Government Support and Intervention Management	15 716.2	15 708.1	15 708.1	10 337.7	65.8%	11 114.6	776.8	7.0%
6	Community Work Programme	3 869.9	3 863.7	3 863.7	2 262.7	58.6%	2 113.7	-148.9	-7.0%
Total		**83 651.9**	**85 037.0**	**85 037.0**	**58 214.5**	**68.5%**	**60 980.0**	**2 765.5**	**4.5%**
Economic Classification									
Current payments		**3 532.4**	**4 495.3**	**4 495.3**	**2 587.9**	**57.6%**	**2 510.6**	**-77.3**	**-3.1%**
Compensation of Employees		339.5	310.0	310.0	231.1	74.5%	231.6	0.5	0.2%
Goods and services		3 192.9	4 185.3	4 185.3	2 356.9	56.3%	2 279.0	-77.8	-3.4%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**80 111.8**	**80 533.9**	**80 533.9**	**55 623.3**	**69.1%**	**58 466.3**	**2 843.0**	**4.9%**
Payments for capital assets		**7.8**	**7.8**	**7.8**	**3.2**	**41.0%**	**3.0**	**-0.1**	**-4.7%**
Payments for Financial Assets		**0.0**	**0.1**	**0.1**	**0.0**	**23.7%**	**0.0**	**0.0**	**-35.4%**
Total		**83 651.9**	**85 037.0**	**85 037.0**	**58 214.5**	**68.5%**	**60 980.0**	**2 765.5**	**4.5%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

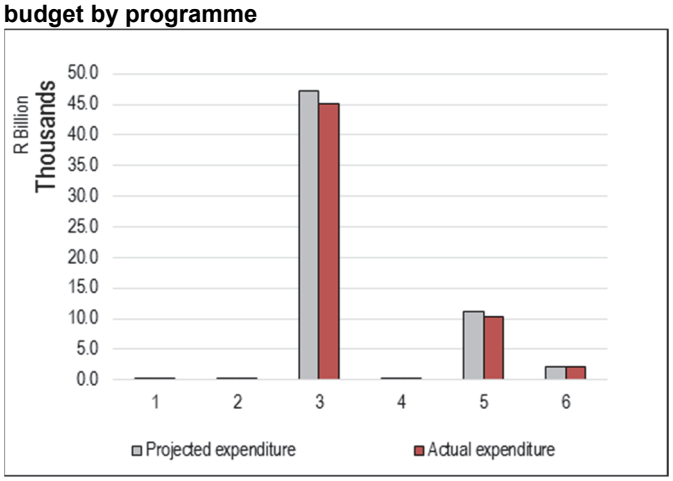


Figure 2 – Comparison of expenditure with available budget by economic classification

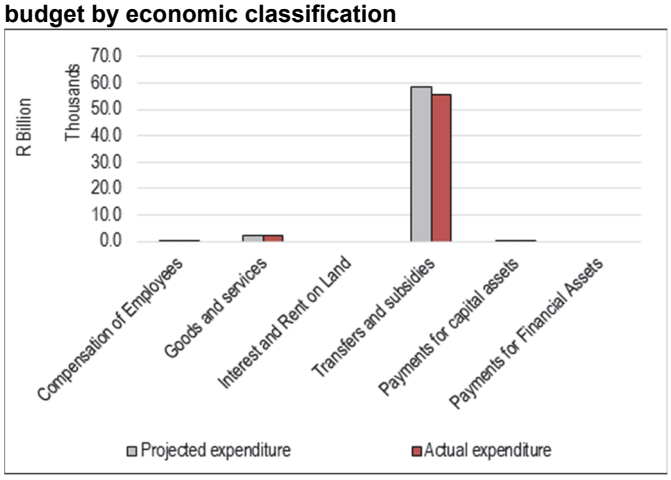
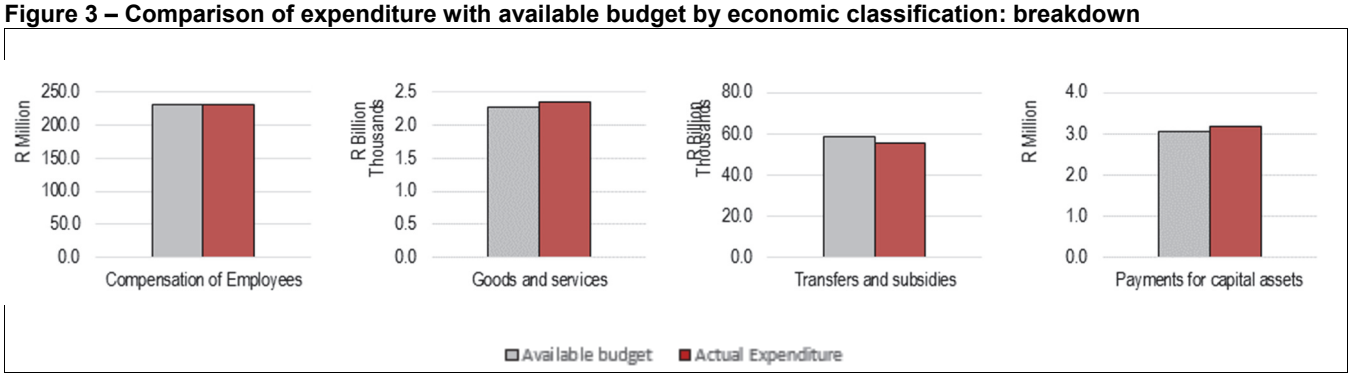


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The department spent 95.6 per cent or R58.2 billion of the projected expenditure of R60.9 billion at the end of the third quarter of 2018/19. The department therefore spent R2.8 billion or 4.5 per cent less than projected. The lower than projected expenditure is mainly due to the Local Government Equitable Share that was not transferred as planned due to payment rejections from municipalities' accounts and the withholding of the Municipal Infrastructure Grant. Further details of the lower than projected expenditure will be discussed in detail at programme level below.

Programme 1: Administration: programme spent R220.3 million of the total projected spending of R207.2 million at the end of the third quarter. The programme has therefore spent R13.1 million or 6.3 per cent more than projected. This is largely due to increased legal costs and property expenditure.

Programme 2: Regional and Urban Development and Legislative Support: programme spent R77.3 million of the planned spending of R66.3 million at the end of the third quarter. The programme has therefore spent R11.1 million or 16.7 per cent higher than the projected. The higher spending is mainly due to a transfer of R46.3 million to the Municipal Demarcation Board, which was to be paid in January 2019, but the entity requested an earlier transfer due to commitments.

Programme 3: Institutional Development: programme has now spent R45.1 billion against a projection of R47.19 billion at the end of the third quarter. The programme therefore spent R2.1 billion or 4.4 per cent slower than planned. This is largely due to payment rejections from the municipalities' accounts, which will be paid in January 2019.

Programme 4: National Disaster Management Centre: programme spent R209.7 million of the projected spending of R295.9 million. Slower than projected spending of R86.2 million or 29.1 per cent is largely due to delays in the disbursement of the municipal disaster relief grant.

Programme 5: Local Government Support and Intervention Management: programme spent R10 billion of the total approved drawings of R11 billion at the end of the third quarter. The programme has therefore spent R776.8 million or 7 per cent less than the projected spending. This is largely due to the withholding of a portion of the Municipal Infrastructure Grant to municipalities that are non-compliant with DoRA provisions.

Programme 6: Community Work Programme: spent R2.3 billion against a projected spend of R2.1 billion as at December 2018. The programme therefore spent R148.9 million or 7 per cent higher than the projected. This is largely due to higher than expected payments to implementing agents because of payment of outstanding invoices from November 2018.

Virements

There are no significant virements that were effected by the department in quarter 3.

Personnel

The department, as at end of December, has 456 filled posts of the 505 total posts available, indicating a vacancy rate of 9.7 per cent. The slower than planned expenditure on compensation of employees is mainly due to the vacant posts and staff turnover.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	141.5	130.8	102.2	100.1	-2.1	228	231	3	0
2	Regional and Urban Development and Legislative Support	27.6	22.0	16.5	16.7	0.3	45	31	-14	-1
3	Institutional Development	38.1	36.5	27.0	26.8	-0.2	43	52	9	0
4	National Disaster Management Centre	25.0	21.9	16.5	16.8	0.3	33	29	-4	0
5	Local Government Support and Intervention Management	62.9	60.6	45.0	45.2	0.2	82	81	-1	0
6	Community Work Programme	44.4	38.2	23.8	25.9	2.1	74	32	-42	-34
Total		**339.5**	**310.0**	**231.1**	**231.6**	**0.5**	**505**	**456**	**-49**	**-35**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	2.6	11	24	13	0
4	2.5	8	4	-4	1
5	12.1	35	32	-3	-13
6	28.9	72	64	-8	-7
7	13.9	30	20	-10	0
8	32.3	62	39	-23	-10
9	40.9	66	48	-18	-8
10	1.3	2	2	0	0
11	65.8	85	80	-5	1
12	13.4	16	15	-1	2
13	74.0	77	73	-4	-1
14	37.2	31	29	-2	1
15	8.6	6	4	-2	0
16	1.6	2	3	1	0
Other	4.4	2	19	17	-1
Total	**339.5**	**505**	**456**	**-49**	**-35**

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Vehicle licences: Licence fees paid to municipalities	0.1	0.1	0.1	0.0	8.7%	0.0	0.0	0.0%
2	Municipal Demarcation Board: Operations	53.6	55.6	55.6	46.3	83.4%	35.4	-10.9	-30.9%
	South African Cities Network: Operations	7.4	7.4	7.4	2.5	33.3%	2.5	0.0	0.0%
3	Common Wealth to Local Government Forum: International membership fee	0.6	0.6	0.6	0.3	49.0%	0.0	-0.3	0.0%
	Department of Traditional Affairs: Operations	153.3	163.3	163.3	113.1	69.3%	113.1	0.0	0.0%
	Local government equitable share	62 731.8	62 731.8	62 731.8	44 877.0	71.5%	46 954.8	2 077.8	4.4%
	Municipal Systems Improvement Grant:	115.1	115.1	115.1	47.5	41.2%	47.5	0.0	0.0%
	Municipal Systems Improvement Grant: Indirect grant to local government								
	South African Local Government Association: Operations	33.1	33.1	33.1	24.8	75.0%	16.6	-8.3	-50.0%
	United Cities and Local Governments of Africa - Moroccan office: International membership fee	1.4	1.4	1.4	0.0	0.0%	0.0	0.0	0.0%
	United Cities and Local Governments of Africa - South African Regional Office: Operations	5.4	5.4	5.4	5.8	106.9%	5.8	0.0	0.0%
4	Municipal disaster recovery grant: Repair Municipal Infrastructure	21.3	21.3	21.3	21.3	100.0%	21.3	0.0	0.0%
	Municipal disaster relief grant: Repair Municipal Infrastructure	349.3	1 534.4	1 534.4	106.0	6.9%	184.8	78.8	42.6%
	Provincial disaster relief grant: Repair Municipal Infrastructure	123.6	123.6	123.6	38.0	30.8%	38.0	0.0	0.0%
5	Municipal infrastructure grant	15 287.7	15 287.7	15 287.7	10 025.8	65.6%	10 889.2	863.4	7.9%
	Municipal Infrastructure Support Agent: Operations	342.5	342.5	342.5	256.8	75.0%	171.2	-85.6	-50.0%
6	National Bodies: Community Care: Community Work Programme projects	1 000.8	1 000.8	1 000.8	124.3	12.4%	54.9	-69.5	-126.6%
Total		**80 226.9**	**81 424.0**	**81 424.0**	**55 689.5**	**68.4%**	**58 535.0**	**2 845.5**	**4.9%**

Vote 5

Home Affairs

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	2 332.8	2 525.1	2 360.9	1 361.4	57.7%	1 512.6	151.2	10.0%
2	Citizen Affairs	4 509.0	5 448.7	5 433.6	4 107.9	75.6%	4 110.6	2.7	0.1%
3	Immigration Affairs	1 073.6	1 073.6	1 252.9	900.8	71.9%	758.1	-142.7	-18.8%
Total		**7 915.4**	**9 047.4**	**9 047.4**	**6 370.2**	**70.4%**	**6 381.4**	**11.2**	**0.2%**
Economic Classification									
Current payments		**5 783.7**	**6 915.7**	**6 651.8**	**4 582.8**	**68.9%**	**4 664.1**	**81.3**	**1.7%**
Compensation of Employees		3 308.1	3 308.1	3 308.1	2 543.5	76.9%	2 531.9	-11.6	-0.5%
Goods and services		2 475.6	3 607.6	3 343.7	2 039.3	61.0%	2 132.2	92.9	4.4%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**2 119.8**	**2 119.8**	**2 122.9**	**1 647.6**	**77.6%**	**1 643.4**	**-4.2**	**-0.3%**
Payments for capital assets		**11.9**	**11.9**	**272.8**	**139.8**	**51.2%**	**73.8**	**-66.0**	**-89.3%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**7 915.4**	**9 047.4**	**9 047.4**	**6 370.2**	**70.4%**	**6 381.4**	**11.2**	**0.2%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

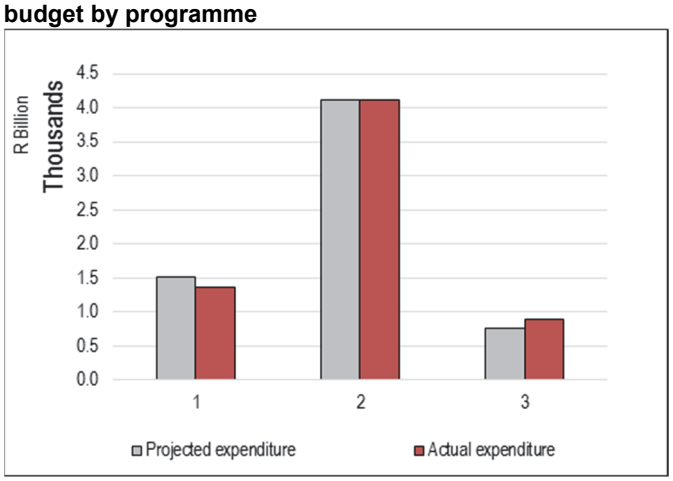


Figure 2 – Comparison of expenditure with available budget by economic classification

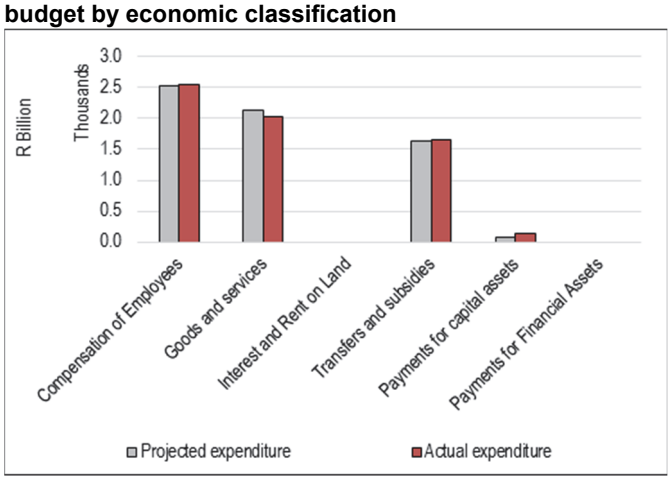
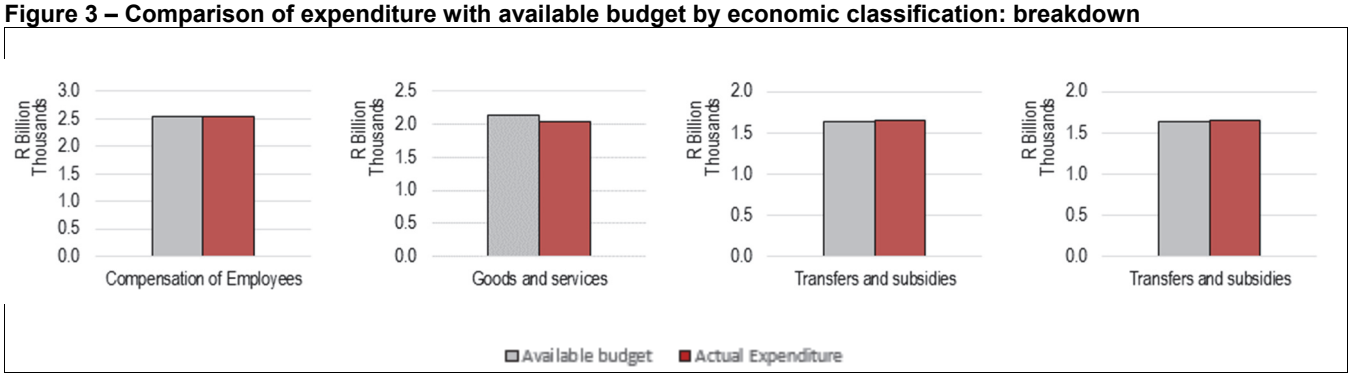


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Overall expenditure as at the end of the third quarter of 2018/19 financial year amounts to R6.4 billion or 70.4 per cent of the department's total budget of R9.0 billion. The department's expenditure is R11.2 or 0.2 per cent lower than projected expenditure of R6.4 billion to the end of the third quarter. This is mainly due to payment to the delay in awarding the new contracts for the physical guarding security services, postponement of the launch of the pilot sites of the Border Management Authority, and delay in the payment of the third quarter invoices from suppliers with respect to the Information and System Modernisation project

which are received on a quarterly basis. During the 2018 Adjusted Estimates of National Expenditure (AENE), the department received additional allocations of R1.1 billion in the form of self-financing for the issuing of passports and smart identity cards.

Programme 1: Administration: actual expenditure as at the end of the third quarter amounts to R1.4 billion or 57.7 per cent of the programme's total adjusted appropriation of R2.5 billion. The programme's expenditure is R151.2 million or 10 per cent lower than the programme's projected expenditure of R1.5 billion, mainly due to payment to the delay in awarding the new contracts for the physical guarding security services, postponement of the launch of the pilot sites of the Border Management Authority, and delay in the payment of the third quarter invoices from suppliers with respect to the Information and System Modernisation project which are received on a quarterly basis

Programme 2: Citizen Affairs: actual expenditure as at the end of the third quarter amounts to R4.1billion or 75.6 per cent of the programme's total adjusted appropriation of R5.4 billion. The programme's expenditure is R2.7 million is slightly lower than the programme's projected expenditure R4.1 billion, mainly due to the delay in processing payment with respect to leave gratuities.

Programme 3: Immigration Affairs: actual expenditure as at the end of the third quarter amounts to R900.8 million or 71.9 per cent of the programme's adjusted appropriation of R1.1 billion. The programme's actual expenditure is R142.7 million higher than the projected expenditure of R758.1 million, mainly due to expenditure related to the deployment of officials to various foreign missions.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	514.2	514.2	389.8	430.6	40.8	1 162	1 103	-59	56
2	Citizen Affairs	1 881.5	1 881.5	1 582.9	1 585.5	2.6	5 870	6 046	176	-155
3	Immigration Affairs	912.4	912.4	570.7	515.8	-54.9	2 192	2 024	-168	-52
Total		**3 308.1**	**3 308.1**	**2 543.5**	**2 531.9**	**-11.6**	**9 224**	**9 173**	**-51**	**-151**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	92.4	720	398	-322	-17
4	0.3	7	7	0	-1
5	93.3	237	232	-5	-8
6	1 514.8	5 455	5 372	-83	-100
7	367.4	1 058	1 084	26	-19
8	575.3	1 087	1 107	20	-32
9	18.7	34	53	19	-2
10	269.7	371	477	106	-9
11	18.9	20	47	27	-10
12	167.1	141	179	38	-2
13	85.5	48	96	48	-8
14	67.5	31	28	-3	-3
15	30.0	12	5	-7	-3
16	2.3	1	2	1	-1
Other	5.0	2	86	84	64
Total	**3 308.1**	**9 224**	**9 173**	**-51**	**-151**

Issues for the committee to note

The department reported unauthorised, irregular, wasteful and fruitless expenditure of R1.9 million as at the end of December 2018. The December in-year monitoring reported that the unauthorised, irregular, wasteful and fruitless expenditure was mainly due to non-compliance with supply chain management regulations and interest charged on overdue payments. National Treasury has advised the department to take remedial actions as required by section 38(1)(g) of the PFMA read in conjunction with Treasury Regulation 9.1. The remedial actions taken should be reported also in subsequent monthly reports until year-end when they are disclosed in the annual financial statements.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Border Post Infrastructure	77.8	77.8	77.8	62.3	80.1%	62.3	0.0	0.0%
	Communication: Radio and television licences	0.0	0.0	0.0	0.0	50.0%	0.0	0.0	0.0%
	Employee social benefits: Leave gratuities	1.7	1.7	1.7	1.3	73.9%	1.3	0.0	0.0%
	Information and Modernisation Systems: Enhancement of operations	549.0	549.0	549.0	399.3	72.7%	399.3	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.8	0.8	0.8	0.5	59.0%	0.5	0.0	0.0%
2	Employee social benefits: Leave gratuities	1.4	1.4	1.4	2.7	196.4%	2.7	0.0	0.0%
	Independent Electoral Commission: Operations	1 965.0	1 965.0	1 965.0	1 518.8	77.3%	1 518.8	0.0	0.0%
	Represented Political Parties' Fund: Operations	149.4	149.4	149.4	112.0	75.0%	112.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	1.1	1.1	1.1	0.7	65.9%	0.7	0.0	0.0%
3	Communication: Radio and television licences	0.0	0.0	0.0	0.0	33.3%	0.0	0.0	0.0%
	Employee social benefits: Leave gratuities	0.4	0.4	0.4	0.3	67.3%	0.3	0.0	0.0%
Total		**2 746.6**	**2 746.6**	**2 746.6**	**2 097.8**	**76.4%**	**2 097.8**	**0.0**	**0.0%**

Vote 6

International Relations and Cooperation

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	1 665.6	1 649.4	1 566.9	871.8	55.6%	966.7	94.9	9.8%
2	International Relations	3 359.4	3 375.6	3 375.6	2 555.3	75.7%	2 633.9	78.6	3.0%
3	International Cooperation	568.3	527.5	527.5	388.9	73.7%	390.5	1.7	0.4%
4	Public Diplomacy and Protocol Services	302.1	342.9	342.9	281.2	82.0%	274.2	-6.9	-2.5%
5	International Transfers	657.4	657.4	739.9	494.7	66.9%	689.9	195.2	28.3%
Total		**6 552.8**	**6 552.8**	**6 552.8**	**4 591.8**	**70.1%**	**4 955.2**	**363.5**	**7.3%**
Economic Classification									
Current payments		**5 574.9**	**5 566.7**	**5 566.7**	**4 020.7**	**72.2%**	**4 182.5**	**161.8**	**3.9%**
Compensation of Employees		2 964.5	2 964.5	2 964.5	2 314.3	78.1%	2 327.9	13.6	0.6%
Goods and services		2 523.2	2 514.9	2 514.9	1 658.3	65.9%	1 793.8	135.5	7.6%
Interest and Rent on Land		87.3	87.3	87.3	48.1	55.1%	60.8	12.7	20.9%
Transfers and subsidies		**667.2**	**675.4**	**757.9**	**520.4**	**68.7%**	**714.3**	**194.0**	**27.2%**
Payments for capital assets		**310.7**	**310.7**	**228.2**	**50.7**	**22.2%**	**58.4**	**7.7**	**13.2%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**6 552.8**	**6 552.8**	**6 552.8**	**4 591.8**	**70.1%**	**4 955.2**	**363.4**	**7.3%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

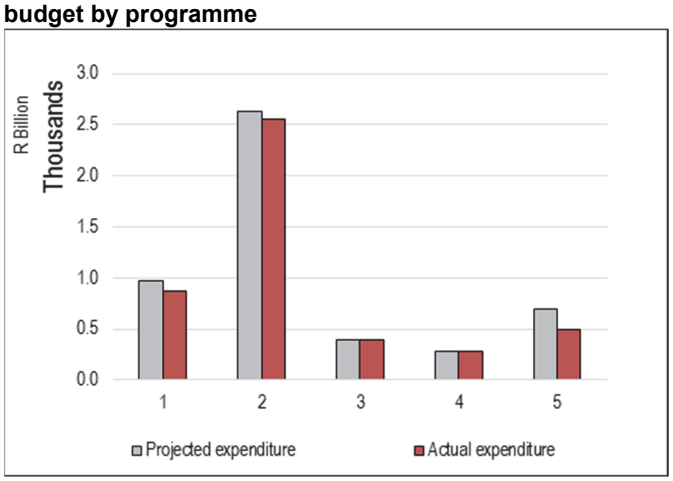


Figure 2 – Comparison of expenditure with available budget by economic classification

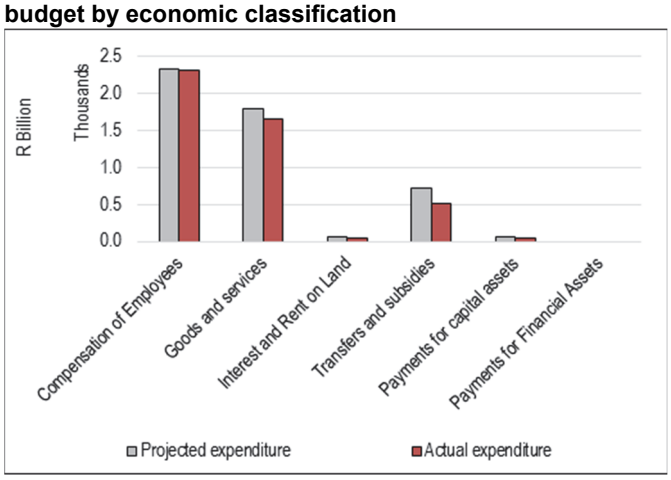
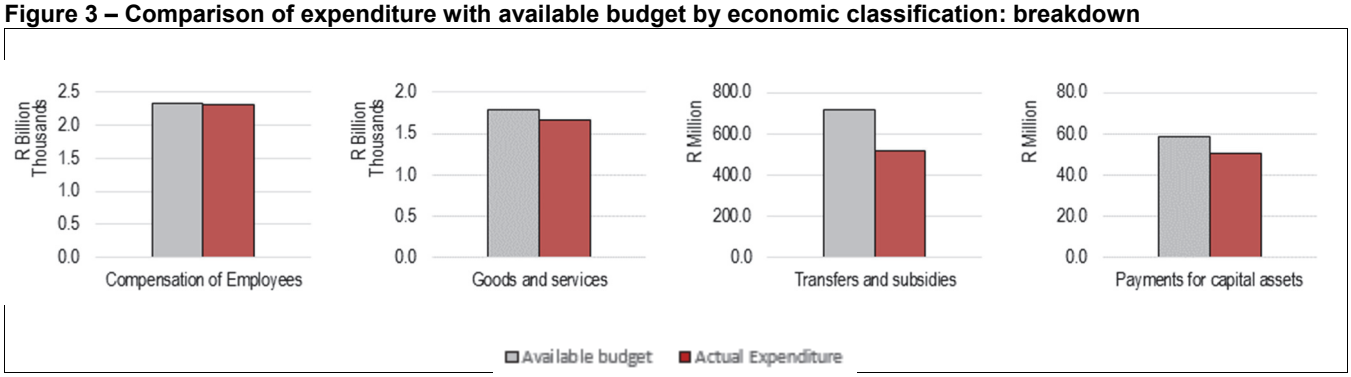


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Overall expenditure as at the end of the third quarter of 2018/19 financial year amounts to R4.6 billion or 70.1 per cent of the department's total budget of R6.6 billion. The expenditure to the end of third quarter of R4.6 billion is lower than projected expenditure of R5.0 billion by R363.4 million or 7.3 per cent. The lower than projected expenditure is mainly in the transfers and subsidies due to United Nations (UN) membership contribution which has not been paid and will be paid in the fourth quarter of 2018/19 and the underspending

is also due to capital projects that are still underway in Dar Es Salaam and Lilongwe and final account have not been paid as yet.

Programme 1: Administration expenditure to the end of third quarter amounts to R871.8 million or 55.6 per cent of the adjusted appropriation of R1.6 billion for 2018/19. The programme's expenditure of R871.8 million is lower than the projected expenditure of R966.7 million by R95.9 million or 9.8 per cent. The lower than projected expenditure is mainly in goods and services due to capital projects that are still underway in Dar Es Salaam and Lilongwe and final account have not yet been paid.

Programme 2: International Relations expenditure to the end of third quarter amounts to R2.56 billion or 75.7 per cent of the adjusted appropriation of R3.4 billion for 2018/19. The programme's expenditure of R2.56 billion is lower than the projected expenditure of R2.63 billion by R78.6 million or 3.0 per cent. The lower than projected expenditure is mainly in compensation of employees due to the 13 outstanding foreign mission's expenditure incurred in foreign missions that did not interface on Basic Accounting System (BAS) and therefore not recorded as part of the expenditure for the third quarter.

Programme 3: international Cooperation expenditure to the end of third quarter amounts to R388.9 million or 73.7 per cent of the adjusted appropriation of R527.5 million for 2018/19. The programme's expenditure of R388.9 is lower than the projected expenditure of R390.5 million by R1.7 million or 0.4 per cent. The lower than projected expenditure is mainly as a result of cost containment measures the department has introduced.

Programme 4: Public Diplomacy and Protocol Services expenditure to the end of third quarter amounts to R281.2 million or 82.0 per cent of the adjusted appropriation of R342.9 million for 2018/19. The programme's expenditure of R281.2 million is higher than the projected expenditure of R274.2 by R6.9 million or 2.5 per cent. The higher than projected expenditure is as result of payments that were made for the 2018 BRICS summit which were only paid in the third quarter.

Programme 5: International Transfers expenditure to the end of third quarter amounts to R494.7 million or 66.9 per cent of the adjusted appropriation of R657.4 million for 2018/19. The programme's expenditure of R494.7 million is lower than the projected expenditure of R689.9 by R195.2 million or 28.3 per cent. The lower than projected expenditure is due to United Nations (UN) membership contribution which was supposed to have been paid in the third quarter but will only be paid in the fourth quarter of 2018/19.

Virements

The department shifted R16.9 million from Administration programme to International Relations programme for compensation of employees. The department also shifted R40.8 million from International Cooperation programme to Public Diplomacy and Protocol Services programme for goods and services.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	495.6	479.4	360.7	362.4	1.6	911	878	-33	76
2	International Relations	1 943.6	1 959.7	1 549.2	1 568.2	19.0	1 559	872	-687	-28
3	International Cooperation	341.8	341.8	267.6	260.2	-7.4	277	205	-72	4
4	Public Diplomacy and Protocol Services	183.5	183.5	136.7	137.1	0.4	318	298	-20	-15
5	International Transfers	0.0	0.0	0.0	0.0	0.0	0	0	0	0
Total		**2 964.5**	**2 964.5**	**2 314.3**	**2 327.9**	**13.6**	**3 065**	**2 253**	**-812**	**37**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.0	0	0	0	0
4	0.0	0	0	0	0
5	56.0	222	139	-83	-6
6	29.6	100	118	18	11
7	236.7	290	345	55	-15
8	174.7	280	270	-10	-5
9	15.5	29	30	1	7
10	818.0	626	624	-2	6
11	29.4	39	38	-1	-3
12	512.5	312	349	37	0
13	435.6	178	185	7	-4
14	154.1	83	74	-9	-7
15	26.0	19	19	0	1
16	0.0	0	7	7	1
Other	476.4	887	55	-832	51
Total	**2 964.5**	**3 065**	**2 253**	**-812**	**37**

Issues for the committee to note

The department reported unauthorised, irregular, wasteful and fruitless expenditure amounting to R300.9 million with the December 2018 in-year monitoring expenditure report, representing R296.7 million of irregular expenditure. The department's projected outcome for 2018/19 of R6.7 billion is 2.4 per cent above the total available funds of R6.6 billion, representing a projected overspending of R160.5 million, this is mainly under compensation of employees in Programme 2: International Relations. Section 39(2) of the PFMA stipulates that the accounting officer of the department needs to take effective and appropriate steps to prevent any overspending of the vote of the department or of a main division within the vote.

The department is likely to overspend in the compensation of employees in the current financial year, 2018/19 by R160.5 million due to the volatility of the nature of the benefits accorded to the transferred staff stationed in foreign missions as determined by the Foreign Service Dispensation (FSD) as well as payment of salaries and wages to locally recruited personnel as prescribed by the local law of the host countries and theses salaries and wages of locally recruited personnel are paid in foreign currencies, and this is the peculiar environment that the department operates in, which include foreign currency fluctuations.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Employee social benefits: Leave gratuities	1.6	1.6	1.6	1.2	77.3%	1.4	0.2	12.8%
2	Employee social benefits: Leave gratuities	5.5	5.5	5.5	17.2	313.6%	15.3	-1.9	-12.5%
3	Employee social benefits: Leave gratuities	1.2	1.2	1.2	0.5	38.0%	1.1	0.6	57.9%
4	Employee social benefits: Leave gratuities	1.6	1.6	1.6	0.7	45.0%	0.5	-0.2	-29.2%
5	African Peer Review Mechanism: International Organisation: Membership fees	3.2	2.4	2.4	2.4	100.0%	2.4	0.0	0.0%
	African Renaissance and International Cooperation Fund: Operations	38.7	38.7	38.7	38.7	100.0%	38.7	0.0	0.0%
	African Union: International Organisation: Membership fees	227.4	227.4	310.0	310.6	100.2%	310.0	-0.7	-0.2%
	African, Caribbean and Pacific Group of States: International Organisation: Membership fees	7.6	7.6	7.6	0.0	0.0%	7.6	7.6	100.0%
	Asia-Africa Legal Consultative Organisation: International Organisation: Membership fees	0.4	0.2	0.2	0.2	101.7%	0.2	0.0	-1.7%
	Biological and Toxin Weapons Convention: International Organisation: Membership fees	0.6	0.6	0.6	0.1	12.5%	0.6	0.6	87.5%
	Commonwealth of Nations: International Organisation: Membership fees	11.9	8.3	8.3	8.6	103.4%	8.6	0.0	0.0%
	Comprehensive Nuclear-Test-Ban Treaty: International Organisation: Membership fees	6.7	6.7	6.7	6.4	95.5%	6.4	0.0	0.0%
	Group of 77 Countries: International Organisation: Operations	0.2	0.2	0.2	0.0	0.0%	0.2	0.2	100.0%
	Humanitarian Aid: Humanitarian projects	34.3	31.8	31.8	6.5	20.5%	22.7	16.2	71.4%
	India-Brazil-South Africa Trust Fund: International Organisation: Membership fees	15.9	15.9	15.9	0.0	0.0%	0.0	0.0	0.0%
	Indian Ocean Rim Research Centre: International Organisation: Operations	0.3	0.3	0.3	0.0	0.0%	0.3	0.3	100.0%
	International Tribunal for the Law of the sea: International Organisation: Membership fees	2.1	0.9	0.9	0.0	0.0%	0.9	0.9	100.0%
	New Partnership for Africa's Development: International Organisation: Membership fees	7.7	6.0	6.0	6.0	100.0%	6.0	0.0	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
	Organisation for Economic Cooperation and Development: International Organisation: Membership fees	0.3	0.6	0.6	0.6	101.4%	0.6	0.0	-1.4%
	Perez-Guerrero Trust Fund: International Organisation: Operations	0.1	0.1	0.1	0.0	0.0%	0.1	0.1	100.0%
	Permanent Court of Arbitration: International Organisation: Membership fees	0.2	0.2	0.2	0.2	98.4%	0.2	0.0	0.0%
	South African Development Partnership Agency: Operations	9.5	9.5	9.5	0.0	0.0%	0.0	0.0	0.0%
	South Centre Capital Fund: International Organisation: Operations	1.6	1.2	1.2	0.0	0.0%	1.2	1.2	100.0%
	Southern African Development Community: International Organisation: Membership fees	97.7	109.7	109.7	107.6	98.1%	109.7	2.1	1.9%
	United Nations Children's Fund: International Organisation: Operations	0.3	0.0	0.0	0.0		0.0	0.0	0.0%
	United Nations Convention on the Law of the Sea: International Organisation: Operations	0.7	1.3	1.3	0.0	0.0%	1.3	1.3	100.0%
	United Nations Development Programme in Southern Africa: International Organisation: Operations	1.5	0.0	0.0	0.0		0.0	0.0	0.0%
	United Nations Development Programme: International Organisation: Operations	7.3	7.3	7.3	6.7	92.4%	6.7	0.0	0.0%
	United Nations Human Rights Council: International Organisation: Operations	0.4	0.0	0.0	0.0		0.0	0.0	0.0%
	United Nations Technical Cooperation: International Organisation: Operations	0.2	0.0	0.0	0.0		0.0	0.0	0.0%
	United Nations Voluntary Fund for Disability: International Organisation: Operations	0.1	0.0	0.0	0.0		0.0	0.0	0.0%
	United Nations: International Organisation: Membership fees	180.4	180.4	180.4	0.0	0.0%	165.4	165.4	100.0%
Total		**667.2**	**667.2**	**749.7**	**514.2**	**68.6%**	**708.2**	**194.0**	**27.4%**

Vote 7

National Treasury

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	484.7	473.8	473.8	286.3	60.4%	291.3	5.0	1.7%
2	Economic Policy, Tax, Financial Regulation and Research	141.0	152.8	152.8	105.4	69.0%	105.3	-0.2	-0.2%
3	Public Finance and Budget Management	290.1	298.0	298.0	215.9	72.4%	217.3	1.4	0.6%
4	Asset and Liability Management	110.4	101.6	101.6	67.0	65.9%	68.4	1.4	2.0%
5	Financial Accounting and Supply Chain Management Systems	1 196.6	1 194.1	1 101.1	648.8	58.9%	646.6	-2.1	-0.3%
6	International Financial Relations	5 402.1	5 542.8	5 878.1	4 200.4	71.5%	4 293.6	93.2	2.2%
7	Civil and Military Pensions, Contributions to Funds and Other Benefits	5 163.8	5 163.8	5 007.3	3 151.4	62.9%	3 163.6	12.2	0.4%
8	Technical Support and Development Finance	2 798.8	3 012.5	2 926.8	1 813.7	62.0%	1 859.8	46.1	2.5%
9	Revenue Administration	9 007.2	9 007.2	9 007.2	6 755.4	75.0%	6 755.4	0.0	0.0%
10	Financial Intelligence and State Security	4 763.5	4 763.5	4 763.5	3 466.8	72.8%	3 466.8	0.0	0.0%
Total		**29 358.4**	**29 710.2**	**29 710.2**	**20 711.0**	**69.7%**	**20 868.1**	**157.0**	**0.8%**
Economic Classification									
Current payments		**2 512.5**	**2 898.5**	**2 805.4**	**1 517.5**	**54.1%**	**1 514.6**	**-2.9**	**-0.2%**
Compensation of Employees		807.8	807.8	807.8	601.2	74.4%	598.3	-2.9	-0.5%
Goods and services		1 704.7	2 090.7	1 997.6	916.3	45.9%	916.3	0.0	0.0%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**22 422.8**	**22 416.2**	**22 349.2**	**15 030.5**	**67.3%**	**15 089.6**	**59.1**	**0.4%**
Payments for capital assets		**45.8**	**42.6**	**42.6**	**11.9**	**27.8%**	**19.4**	**7.5**	**38.8%**
Payments for Financial Assets		**4 377.3**	**4 353.0**	**4 513.0**	**4 151.1**	**92.0%**	**4 244.4**	**93.3**	**2.2%**
Total		**29 358.4**	**29 710.2**	**29 710.2**	**20 711.0**	**69.7%**	**20 868.1**	**157.0**	**0.8%**
Direct charges		**663 014.1**	**663 014.1**	**664 004.0**	**475 254.6**	**71.6%**	**475 019.9**	**-234.6**	**0.0%**
Provincial equitable share		470 286.5	470 286.5	470 286.5	352 714.9	75.0%	352 714.9	0.0	0.0%
Debt-service costs		180 124.0	180 124.0	181 099.0	114 065.8	63.0%	113 831.2	-234.6	-0.2%
General fuel levy sharing with metropolitan municipalities		12 468.6	12 468.6	12 468.6	8 312.4	66.7%	8 312.4	0.0	0.0%
National Revenue Fund payments		135.1	135.1	149.9	161.5	107.7%	161.5	0.0	0.0%
Total		**692 372.5**	**692 724.3**	**693 714.3**	**495 965.6**	**71.5%**	**495 888.0**	**-77.6**	**0.0%**

Expenditure Analysis

The department projected to spend R20.868 billion in the third quarter of 2018/19. Actual expenditure amounted to R20.711 billion, which is 0.8 per cent of the projected expenditure and R157 million, lower than the projected spending of the third quarter. The lower spending is mainly due to the lower than anticipated transfer payment for the New Development Bank, the Neighbourhood Development Partnership Grant (NDPG) due to the censorship of the grant allocated to certain municipalities, the Jobs Fund grant disbursement due to lower than projected matching fund from the Jobs Fund Partners and the Infrastructure Delivery Improvement Programme (IDIP) due to the completion of Phase IV of the programme in March 2018.

Figure 1 – Comparison of expenditure with available budget by programme

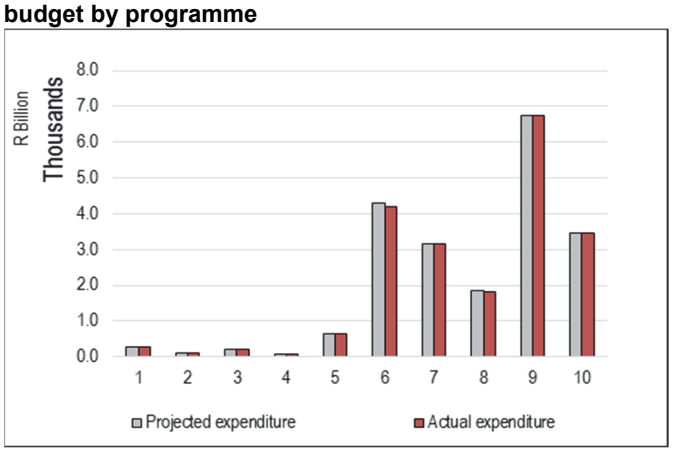


Figure 2 – Comparison of expenditure with available budget by economic classification

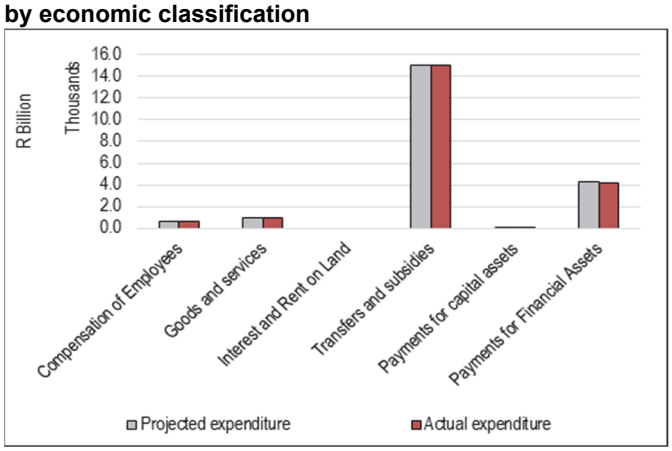
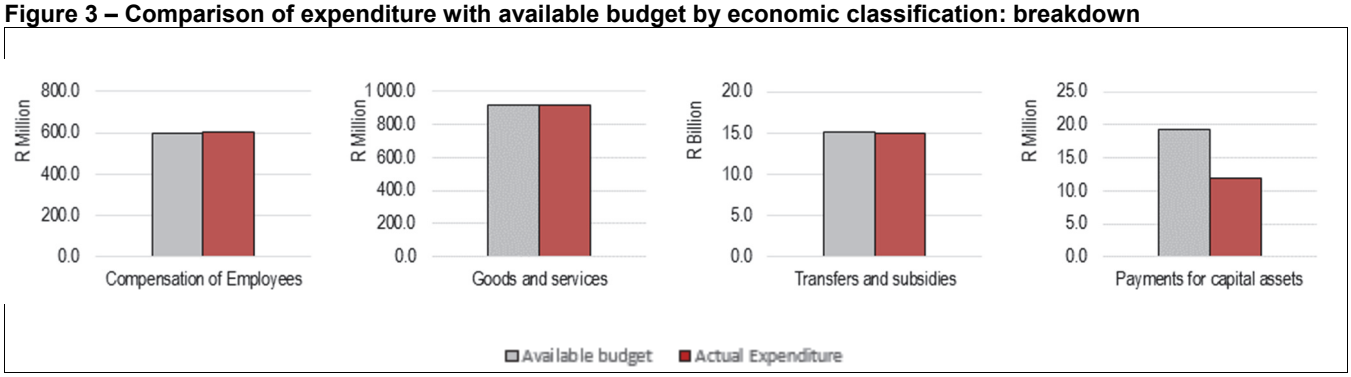


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: expenditure under this programme is lower than projected by R5 million, mainly on operating leases and related utility bills which was a provision for the rental of the 38 Church Square building for which the certificate of occupancy is still pending and outstanding invoices for the 40 Church Square and the 240 Madiba Street buildings.

Programme 2: Economic Policy, Tax, Financial Regulation and Research: expenditure under this programme is higher than projected by R200 000 mainly relating to the payment of invoices for the Emolument Attachment Orders (EAOs) project. Funds have been reprioritised within the programme to cover the excess expenditure.

Programme 3: Public Finance and Budget Management: expenditure under this programme is lower than projected by R1.4 million, mainly for the editing of documentation for the Budget Review, People's Guide and the 2019 ENE chapters. It is anticipated that payments will be processed before the end of 2018/19.

Programme 4: Asset and Liability Management: expenditure under this programme is lower than projected by R1.4 million mainly relating to the outstanding invoice for the credit risk analytical tool due to contractual issues that are yet to be resolved. It is anticipated that the contractual issues will be resolved and payment processed before the end of 2018/19.

Programme 5: Financial Accounting and Supply Chain Management Systems: expenditure under this programme is higher than projected by R2.1 million, mainly due to the transfer payment for the 1 per cent audit fees which was initially projected in March 2019. However, the projection was later revised and the payment processed in December 2018.

Programme 6: International Financial Relations: expenditure under this programme is lower than projected by R93.2 million, mainly due to the lower than anticipated transfer payment for the fourth instalment of South Africa's capital contribution to the New Development Bank.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits: expenditure under this programme is lower by R12.2 million, mainly on the Government Pensions Administration Agency (GPAA) for administration expenses due to the reviewing of claims for accuracy undertaken by the GPAA before claims can be submitted to National Treasury for processing and lower than anticipated expenditure on Post-Retirement Medical Scheme.

Programme 8: Technical Support and Development Finance: expenditure under this programme is lower by R46.1 million, mainly on the Neighbourhood Development Partnership Grant (NDPG) due to the censorship of the grant allocated to certain municipalities, the Jobs Fund grant disbursement due to lower than projected matching fund from the Jobs Fund Partners, which resulted in less funding drawn down for the disbursements, the Infrastructure Delivery Improvement Programme (IDIP) due to the completion of Phase IV of the programme in March 2018 and the subsequent non-appointment of the Professional Service Providers (PSPs) in 2018/19. The above under-spending on the NDPG will be processed by the end of 2018/19. In addition, the unspent funds on the Jobs Fund was reprioritised to programme 6 for the New Development Bank and the CMA.

Programme 9: Revenue Administration: expenditure under this programme is on par with the projected expenditure.

Programme 10: Financial Intelligence and State Security: expenditure under this programme is on par with the projected expenditure.

Virements

Major virements incurred after the 2018 Adjusted Estimates of National Expenditure:

- R93.1 million reprioritised from programme 5 to 6 to fund the anticipated shortfall on the New Development Bank capital instalment resulting from the exchange rate differences and for Common Monetary Area compensation (CMA) resulting from the revised figures obtained from South African Reserve Bank (SARB).
- R156.5 million reprioritised from programme 7 to 6 to fund the anticipated shortfall on the transfer payment to the CMA compensation as per the reason mentioned above.
- R85.8 million reprioritised from programme 8 to 6 to fund the anticipated shortfall on the New Development Bank and the CMA compensation as per the reasons mentioned above.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	201.9	195.9	144.6	139.8	-4.8	309	321	12	-8
2	Economic Policy, Tax, Financial Regulation and Research	78.7	78.7	55.9	56.9	1.0	81	79	-2	-6
3	Public Finance and Budget Management	204.1	214.5	162.5	162.0	-0.5	241	250	9	-16
4	Asset and Liability Management	78.7	78.7	56.2	57.1	0.9	97	92	-5	-5
5	Financial Accounting and Supply Chain Management Systems	208.2	206.6	157.8	157.7	0.0	268	267	-1	-12
6	International Financial Relations	36.2	33.4	24.3	24.9	0.6	40	35	-5	0
7	Civil and Military Pensions, Contributions to Funds and Other Benefits	0.0	0.0	0.0	0.0	0.0	0	0	0	0
8	Technical Support and Development Finance	0.0	0.0	0.0	0.0	0.0	0	0	0	0
9	Revenue Administration	0.0	0.0	0.0	0.0	0.0	0	0	0	0
10	Financial Intelligence and State Security	0.0	0.0	0.0	0.0	0.0	0	0	0	0
Total		**807.8**	**807.8**	**601.2**	**598.3**	**-2.9**	**1 036**	**1 044**	**8**	**-47**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.4	2	2	0	0
4	1.8	4	4	0	0
5	11.2	42	38	-4	1
6	2.8	26	61	35	-9
7	54.3	124	99	-25	11
8	40.8	94	103	9	-9
9	74.6	138	131	-7	-10
10	47.3	61	61	0	-7
11	119.2	127	115	-12	-9
12	126.6	146	171	25	6
13	225.1	200	188	-12	-26
14	66.6	48	51	3	2
15	30.8	21	16	-5	2
16	2.1	1	3	2	0
Other	4.1	2	1	-1	1
Total	**807.8**	**1 036**	**1 044**	**8**	**-47**

The department's actual expenditure on compensation of employees in the third quarter is R601.2 million compared to its projected spend of R598.3 million. The variance of R2.9 million is mainly due to the replacement of critical posts. However, the department will remain within the allocated expenditure ceiling due to the implementation of various human resource strategies such as early-retirement as well as anticipated savings from natural attrition.

Issues for the committee to note

Integrated Financial Management System (IFMS)

The IFMS spent R126 million against a total budget of R350.1 million. The expenditure was mainly on consultancy services and computer services relating to the IFMS 2 software maintenance, which was

projected for the fourth quarter of 2018/19 but paid in June 2018 as requested by the service provider. In addition, there was an outstanding 2017/18 invoice for the IFMS 1 hosting services paid. The Service Level Schedule (SLS) with State Information Technology Agency (SITA) was signed late and invoices for the full year were submitted in 2018/19. The underspending of R13.4 million in the third quarter is due to rescheduling of the procurement of various services such as Establishment of the State IFMS Centre of Excellence and the Oracle Software Installation. The rescheduling was mainly due to insufficient information which was pending prior approval of the SITA Value-Added Services and the re-basing of the IFMS plan. The Value-Added Services submission was reviewed by Internal Audit and subsequently approval was granted.

Office of the Chief Procurement Officer (OCPO)

The OCPO spent R36.1 million against a total budget of R191.3 million. The expenditure was mainly on Consultancy services for CSD maintenance & support, the Contact Centre Support and the forensic audit report. The underspending of R34 million for the third quarter is mainly due to the finalisation of the 2018/19 procurement plan. As a result, funds amounting to R93.1 million was reprioritised to programme 6 to accommodate the NDB and CMA shortfalls post the 2018 AENE process.

New Development Bank (NDB)

The NDB spent R4.151 billion against a total budget of R4.244 billion. The expenditure was mainly for the fourth instalment of South Africa's capital contribution to the NDB. The underspending of R93 million is due to lower than anticipated payment for the fourth instalment of South Africa's capital contribution to the NDB.

Jobs Fund

The Jobs Fund spent R359.7 million against a total budget of R875.3 million. The expenditure was mainly on the Jobs Fund grant disbursement to Jobs Fund Partners. Disbursements are aligned with the cash-flow projections for the portfolio as provided by the JF partners. The underspending of R3.1 million for the third quarter is due to various implementation challenges such as disbursements being declined or a lesser amount being recommended as some of the projects had sufficient funds to carry on with activities.

Post-Retirement Medical Benefit (PRMB)

The PRMB spent R2.050 billion against a total budget of R2.616 billion. The expenditure was mainly on Households mainly on payment for the Medical Schemes to beneficiaries, in terms of this portfolio these are civil pensioners (including persons who retired prior to 30 March 1992) former members of development boards, former members of the National Film Board and special dispensation members. The underspending of R3.7 million for the third quarter is due to fewer memberships being received than anticipated. A projected membership of 1000 was expected per month whilst an average of 600 membership increase per month was received.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Bursaries for non-employees: Economics and Finance -related studies	1.9	1.8	1.9	0.3	17.0%	0.4	0.1	24.6%
	Communication: Radio and television licences	0.0	0.0	0.0	0.0	100.0%	0.0	0.0	0.0%
	Finance and Accounting Services Sector Education and Training Authority: Operations	2.0	2.1	2.1	1.5	73.2%	1.5	0.0	0.0%
2	Cooperative Banks Development Agency: Operations	19.9	19.9	19.9	14.9	75.0%	14.9	0.0	0.0%
	Economic Research Southern Africa: Research	13.3	13.3	13.3	0.0	0.0%	0.0	0.0	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
3	Financial and Fiscal Commission: Operations	51.8	51.8	51.8	38.8	75.0%	38.8	0.0	0.0%
5	Accounting Standards Board: Operations	14.1	14.1	14.1	10.5	75.0%	10.5	0.0	0.0%
	Auditor-General of South Africa: Compensation for shortfalls in audit costs of certain statutory bodies and municipalities	47.7	47.7	47.7	47.7	100.0%	31.8	-15.9	-50.0%
	Employee social benefits: Leave gratuities	1.7	1.7	1.7	0.0	0.0%	0.0	0.0	0.0%
	Independent Regulatory Board for Auditors: Operations	40.9	40.9	40.9	30.7	75.0%	30.7	0.0	0.0%
	Integrated Financial Management System	350.1	350.1	350.1	135.1	38.6%	148.5	13.4	9.0%
	Office of the Chief Procurement Officer	191.3	191.3	191.3	36.1	18.9%	70.1	34.0	48.5%
	Specialised Audit Services (Fraud Prevention)	51.3	51.3	51.3	41.6	81.1%	39.0	-2.6	-6.7%
6	Africa Regional Technical Assistance Centre for Southern Africa: Public finance management reform capacity building programmes in East, Central and Southern Africa	1.2	1.2	1.2	0.0	0.0%	0.0	0.0	0.0%
	African Development Bank and African Development Fund: Share acquisitions	362.0	362.0	362.0	0.0	0.0%	0.0	0.0	0.0%
	African Development Fund: International organisation: Membership fees	35.4	82.5	82.5	0.0	0.0%	0.0	0.0	0.0%
	African Institute for Economic Development and Planning: International organisation: Membership fees	1.4	1.4	1.4	0.0	0.0%	0.0	0.0	0.0%
	African Risk Capacity: International organisation: Membership fees	7.7	0.0	0.0	0.0		0.0	0.0	0.0%
	Collaborative Africa Budget Reform Initiative: Membership fee and public finance management support to member countries	1.7	2.6	2.6	0.0	0.0%	0.0	0.0	0.0%
	Common Monetary Area Compensation: Commitment in terms of common monetary agreement	804.9	973.8	973.8	0.3	0.0%	0.3	0.0	0.0%
	Commonwealth Fund for Technical Cooperation: Support for secretariat and programmes	6.4	5.8	5.8	5.8	100.0%	5.8	0.0	0.0%
	International Finance Facility for Immunisation: Reduction of vaccine-preventable deaths among children under the age of five	13.4	14.5	14.5	0.0	0.0%	0.0	0.0	0.0%
	New Development Bank: Share acquisitions	3 991.0	3 991.0	3 991.0	4 151.0	104.0%	3 991.0	-160.0	-4.0%
	World Bank Group: Share acquisitions	24.3	24.3	24.3	0.0	0.0%	0.0	0.0	0.0%
	World Bank: Development assistance to low income countries and assistance in the multilateral debt relief initiative	100.7	53.6	53.6	0.0	0.0%	0.0	0.0	0.0%
7	Civil protection: Military pensions :Pensions and medical benefits	0.0	0.0	0.0	0.0	78.9%	0.0	0.0	0.0%
	Contribution to provident funds for associated institutions: Other pensioner benefits	0.3	0.3	0.3	0.2	54.2%	0.2	0.0	0.0%
	Injury on duty: Civil pensions	652.3	652.3	652.3	485.3	74.4%	487.1	1.8	0.4%
	Military pensions: Ex-servicemen: Pensions and medical benefits	3.0	1.6	1.6	1.1	66.5%	1.1	0.1	6.6%
	Non-statutory forces: Dispensation for members who were integrated into the South African National Defence Force	737.3	737.3	737.3	0.0	0.0%	0.0	0.0	0.0%
	Other benefits: Ex-servicemen: Military pensions :Pensions and medical benefits	16.0	11.0	11.0	7.9	71.3%	8.5	0.7	7.9%
	Other benefits: Other pensioner benefits	98.6	94.6	94.6	69.8	73.8%	72.5	2.6	3.6%
	Parliamentary Awards: Other pensioner benefits	0.0	0.0	0.0	0.0	65.8%	0.0	0.0	0.0%
	Pension benefits: President of South Africa: Other pensioner benefits	11.7	11.7	11.7	8.2	69.5%	8.3	0.1	1.5%
	Political Office Bearers Pension Fund: Other pensioner benefits	306.1	68.9	68.9	0.0	0.0%	0.0	0.0	0.0%
	Post-retirement medical scheme - Parliamentary staff: Civil pensions	2.9	2.9	2.9	0.0	0.0%	0.0	0.0	0.0%
	Post-Retirement medical scheme: Civil pensions	2 613.1	2 850.3	2 850.3	2 049.1	71.9%	2 052.8	3.7	0.2%
	South African citizen force: Military pensions :Pensions and medical benefits	193.6	193.6	193.6	142.7	73.7%	142.2	-0.6	-0.4%
	Special pensions: Civil pensions	457.2	468.2	457.2	352.1	77.0%	350.5	-1.6	-0.5%
	United Kingdom tax: Tax on pensions of former staff who had worked in the United Kingdom	2.7	2.7	2.7	0.7	27.6%	1.1	0.4	32.0%
8	Government Technical Advisory Centre: Facilitation of public funds for job creation initiatives	777.7	635.7	635.7	312.1	49.1%	305.0	-7.1	-2.3%
	Government Technical Advisory Centre: Machinery and equipment	0.8	0.8	0.8	0.4	49.9%	0.4	0.0	0.0%
	Government Technical Advisory Centre: Operations	71.1	71.1	71.1	53.3	75.0%	53.3	0.0	0.0%
	Infrastructure Delivery Improvement Programme	93.1	93.1	93.1	34.8	37.4%	20.8	-14.0	-67.6%
	Infrastructure skills development grant: Capital infrastructure	141.5	141.5	141.5	64.0	45.2%	64.0	0.0	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
8	Integrated city development grant: Capital infrastructure	293.6	293.6	293.6	293.6	100.0%	293.6	0.0	0.0%
	Local government financial management grant: Operations	504.6	504.6	504.6	498.6	98.8%	498.6	0.0	0.0%
	Neighbourhood Development Partnership grant - Indirect: Infrastructure project development in rural and township community areas	29.4	29.4	29.4	22.5	76.7%	22.5	0.0	0.0%
	Neighbourhood development partnership grant: Infrastructure project development in rural and township community areas	601.9	601.9	601.9	320.5	53.3%	388.4	67.9	17.5%
9	South African Revenue Service: Machinery and equipment	1 207.8	1 207.8	1 207.8	905.8	75.0%	905.8	0.0	0.0%
	South African Revenue Service: Office of the Tax Ombud	41.5	41.5	41.5	31.1	75.0%	31.1	0.0	0.0%
	South African Revenue Service: Operations	7 757.9	7 757.9	7 757.9	5 818.4	75.0%	5 818.4	0.0	0.0%
10	Financial Intelligence Centre: Machinery and equipment	16.1	16.1	16.1	11.7	72.3%	11.7	0.0	0.0%
	Financial Intelligence Centre: Operations	262.6	262.6	262.6	199.4	75.9%	199.4	0.0	0.0%
	Secret Services: Capital	417.1	417.1	417.1	154.2	37.0%	154.2	0.0	0.0%
	Secret Services: Operations	4 067.8	4 067.8	4 067.8	3 101.6	76.2%	3 101.6	0.0	0.0%
Total		**27 515.2**	**27 536.4**	**27 525.5**	**19 453.6**	**70.7%**	**19 376.6**	**-77.1**	**-0.4%**

Vote 8

Planning, Monitoring and Evaluation

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	186.6	170.8	170.8	99.9	58.5%	109.5	9.6	8.7%
2	National Planning Coordination	77.4	81.5	81.5	45.7	56.1%	52.2	6.5	12.4%
3	Sector Planning and Monitoring	55.9	62.2	62.2	32.0	51.5%	38.2	6.2	16.2%
4	Public Sector Monitoring and Capacity Development	35.1	44.8	44.8	26.4	59.0%	29.9	3.5	11.7%
5	Frontline and Citizen-Based Service Delivery and Monitoring	59.3	63.3	63.3	39.5	62.4%	39.7	0.2	0.4%
6	Evidence and Knowledge Systems	57.2	46.8	46.8	24.6	52.5%	29.7	5.1	17.2%
7	National Youth Development	455.9	488.6	488.6	350.5	71.7%	351.6	1.1	0.3%
Total		**927.4**	**958.0**	**958.0**	**618.7**	**64.6%**	**650.8**	**32.1**	**4.9%**
Economic Classification									
Current payments		**471.0**	**470.8**	**470.6**	**268.5**	**57.1%**	**299.7**	**31.2**	**10.4%**
Compensation of Employees		312.8	312.6	312.6	197.5	63.2%	215.5	18.0	8.3%
Goods and services		158.2	158.2	158.0	71.1	45.0%	84.3	13.2	15.7%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**446.5**	**477.4**	**477.5**	**345.4**	**72.3%**	**345.3**	**0.0**	**0.0%**
Payments for capital assets		**9.9**	**9.9**	**9.9**	**4.7**	**47.2%**	**5.7**	**1.0**	**17.6%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**-3508.0%**
Total		**927.4**	**958.0**	**958.0**	**618.7**	**64.6%**	**650.8**	**32.1**	**4.9%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

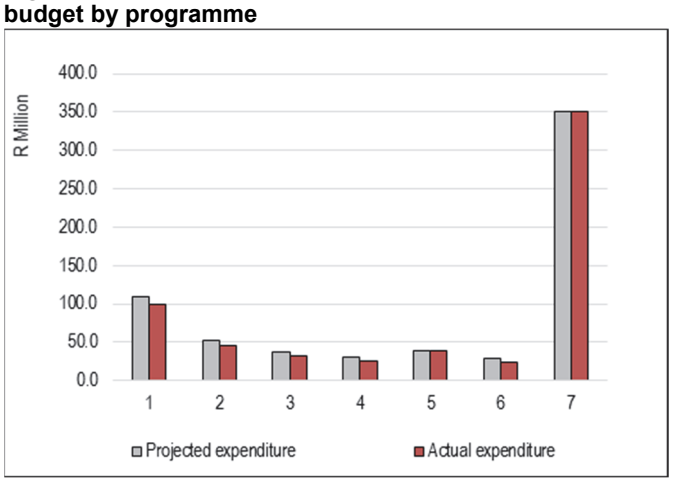


Figure 2 – Comparison of expenditure with available budget by economic classification

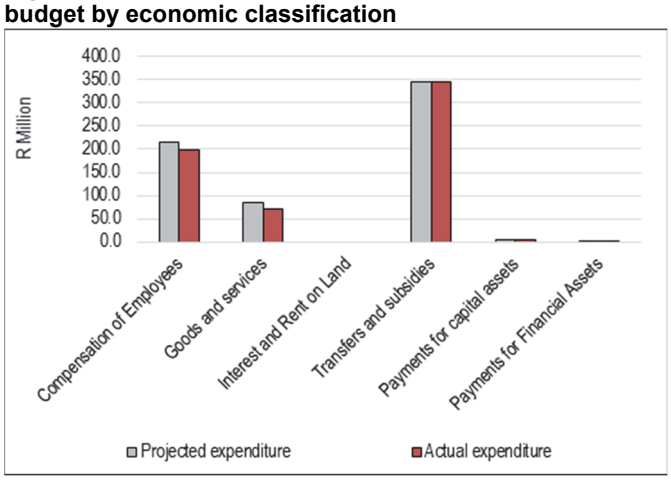
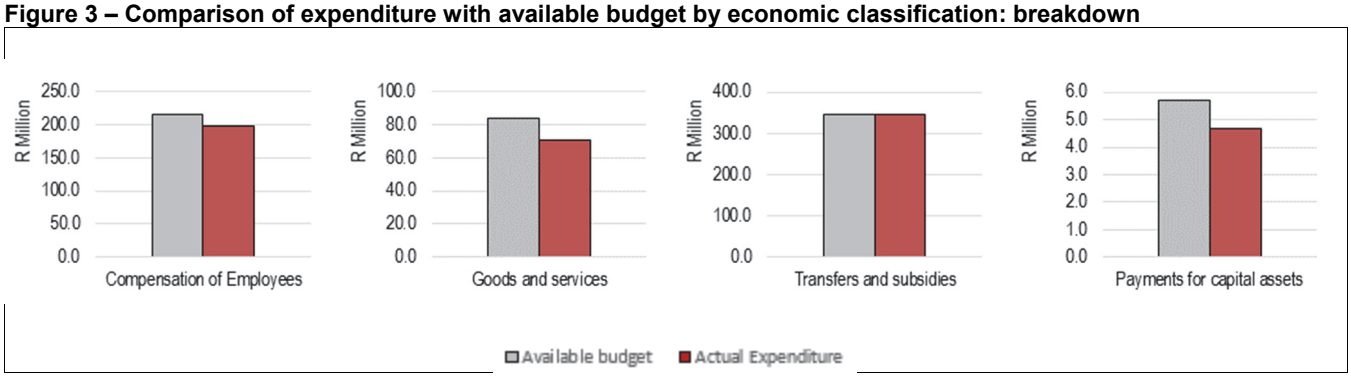


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Overall expenditure as at the end of the third quarter of 2018/19 financial year amounts to R618.7 million million or 64.6 per cent of the department's total budget of R958.0 million. The expenditure to the end of third quarter of R618.7 million is lower than projected expenditure of R650.8 million by R32.1 million or

4.9 per cent. The lower than projected expenditure is mainly in the compensation of employees due to vacant posts and also in the goods and services due to delays in finding new office accommodation.

Programme 1: Administration expenditure to the end of third quarter amounts to R99.9 million or 58.5 per cent of the adjusted appropriation of R170.8 million for 2018/19. The programme's expenditure of R99.9 million is lower than projected expenditure of R109.5 million by R9.6 million or 8.7 per cent. The lower than projected expenditure is mainly in compensation of employees due to vacant posts and also in goods and services due to delays in finding suitable office accommodation and also savings on travelling.

Programme 2: National Planning Coordination expenditure to the end of third quarter amounts to R45.7 million or 56.1 per cent of the adjusted appropriation of R81.5 million for 2018/19. The programme's expenditure of R45.7 million is lower than the projected expenditure of R52.2 by R6.5 million or 12.4 per cent. The lower than projected expenditure is mainly in compensation of employees due to vacant posts and also in goods and services due to delays in finalising research projects.

Programme 3: Sector Planning and Monitoring expenditure to the end of third quarter amounts to R32.0 million or 51.5 per cent of the adjusted appropriation of R62.2 million for 2018/19. The programme's expenditure of R32.0 is lower than the projected expenditure of R38.2 million by R6.2 million or 16.2 per cent. The lower than projected expenditure in compensation of employees due to vacant posts as a result of natural attrition that created vacancies.

Programme 4: Public Sector Monitoring and Capacity Development expenditure to the end of third quarter amounts to R26.4 million or 59.0 per cent of the adjusted appropriation of R44.8 million for 2018/19. The programme's expenditure of R26.4 million is lower than the projected expenditure of 29.9 by R3.5 million or 11.7 per cent. The lower than projected expenditure is mainly in compensation of employees due to vacant posts and also in goods and services due to savings on travelling.

Programme 5: Frontline and Citizen-Based Service Delivery and Monitoring expenditure to the end of third quarter amounts to R39.5 million or 62.4 per cent of the adjusted appropriation of R63.3 million for 2018/19. The programme's expenditure of R39.5 million is lower than the projected expenditure of R39.7 by R200 000.00 or 0.4 per cent. The lower than projected expenditure is mainly in goods and services due to late submission of invoices by the State Information Technology Agency.

Programme 6: Evidence and Knowledge Systems expenditure to the end of third quarter amounts to R24.6 million or 52.5 per cent of the adjusted appropriation of R46.8 million for 2018/19. The programme's expenditure of R24.6 million is lower than the projected expenditure of R29.7 million by R5.1 million or 17.2 per cent. The lower than projected expenditure is mainly in compensation of employees and also in goods and services due to delays in finalising evaluation projects.

Programme 7: National Youth Development expenditure to the end of third quarter amounts to R350.5 million or 71.7 per cent of the adjusted appropriation of R488.6 million for 2018/19. The programme's expenditure of R350.5 million is lower than the projected expenditure of R351.6 million by R1.1 million or 0.3 per cent. The lower than projected expenditure is mainly in compensation of employees due to vacant posts.

Virements

The department processed virements amounting to R173 000.00 for leave gratuity payments across various programmes and also shifted R5 000.00 and R1 000.00 for vehicle licences and TV licences respectively.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	99.5	98.0	64.1	68.9	4.8	195	164	-31	2
2	National Planning Coordination	54.9	55.3	33.2	37.0	3.8	64	53	-11	10
3	Sector Planning and Monitoring	49.7	47.8	27.0	31.3	4.3	63	43	-20	3
4	Public Sector Monitoring and Capacity Development	31.7	36.2	23.8	25.5	1.6	40	36	-4	-2
5	Frontline and Citizen-Based Service Delivery and Monitoring	39.1	38.9	27.6	28.3	0.7	60	55	-5	0
6	Evidence and Knowledge Systems	31.5	29.8	18.7	20.5	1.8	47	36	-11	-3
7	National Youth Development	6.4	6.5	3.1	4.0	0.9	9	6	-3	0
Total		**312.8**	**312.6**	**197.5**	**215.5**	**18.0**	**478**	**393**	**-85**	**10**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.9	7	7	0	0
3	0.0	1	0	-1	0
4	1.4	8	7	-1	1
5	2.1	10	8	-2	3
6	8.9	36	39	3	1
7	11.5	37	27	-10	0
8	16.3	43	42	-1	9
9	16.8	35	27	-8	1
10	23.9	42	45	3	8
11	18.2	24	22	-2	3
12	66.2	75	69	-6	2
13	80.3	75	59	-16	8
14	41.2	32	16	-16	0
15	12.4	8	9	1	-3
16	4.3	2	5	3	0
Other	8.5	43	11	-32	-23
Total	**312.8**	**478**	**393**	**-85**	**10**

Issues for the committee to note

None

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
7	National Youth Development Agency: Operations	446.5	477.1	477.1	345.0	72.3%	345.0	0.0	0.0%
Total		**446.5**	**477.1**	**477.1**	**345.0**	**72.3%**	**345.0**	**0.0**	**0.0%**

Vote 9

Public Enterprises

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	152.0	152.0	152.0	95.6	62.9%	92.0	-3.6	-3.9%
2	State-owned Companies Governance Assurance and Performance	39.1	39.1	39.1	23.6	60.4%	25.3	1.7	6.6%
3	Business Enhancement, Transformation and Industrialisation	82.9	6 331.9	6 331.9	40.0	0.6%	42.1	2.1	5.0%
Total		**273.9**	**6 522.9**	**6 522.9**	**159.2**	**2.4%**	**159.4**	**0.2**	**0.1%**
Economic Classification									
Current payments		**270.8**	**268.9**	**268.9**	**151.1**	**56.2%**	**155.3**	**4.2**	**2.7%**
Compensation of Employees		171.4	171.4	171.4	109.4	63.8%	108.9	-0.5	-0.4%
Goods and services		99.4	97.5	97.5	41.7	42.8%	46.4	4.7	10.1%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**0.0**	**0.4**	**0.4**	**1.0**	**256.3%**	**0.9**	**0.0**	**-4.9%**
Payments for capital assets		**3.1**	**4.6**	**4.6**	**7.1**	**154.7%**	**3.1**	**-4.0**	**-126.5%**
Payments for Financial Assets		**0.0**	**6 249.0**	**6 249.0**	**0.0**	**0.0%**	**0.0**	**0.0**	**0.0%**
Total		**273.9**	**6 522.9**	**6 522.9**	**159.2**	**2.4%**	**159.4**	**0.2**	**0.1%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

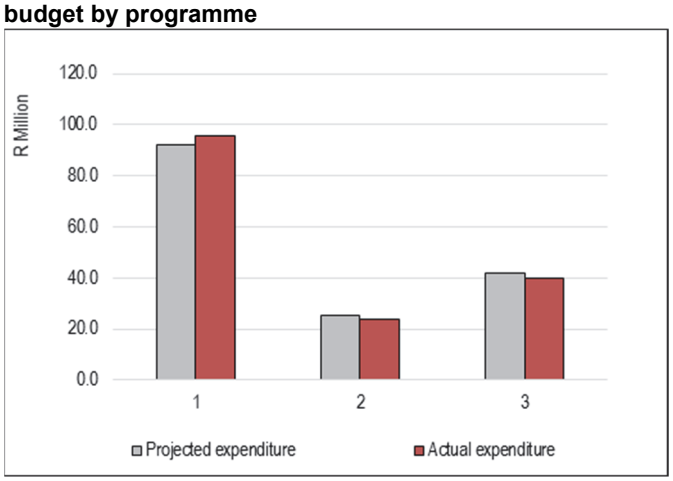


Figure 2 – Comparison of expenditure with available budget by economic classification

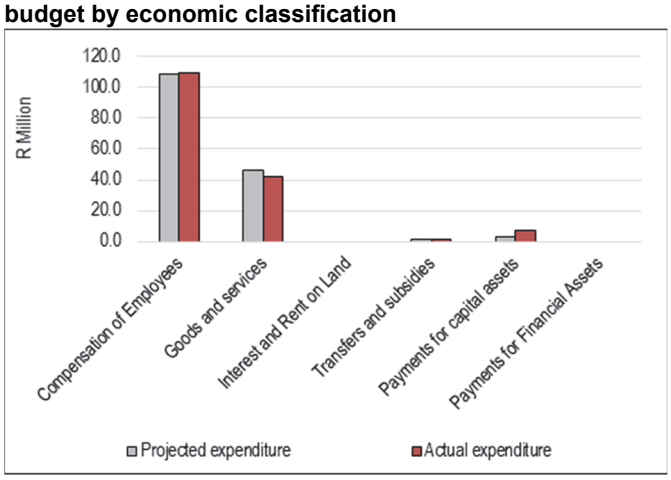
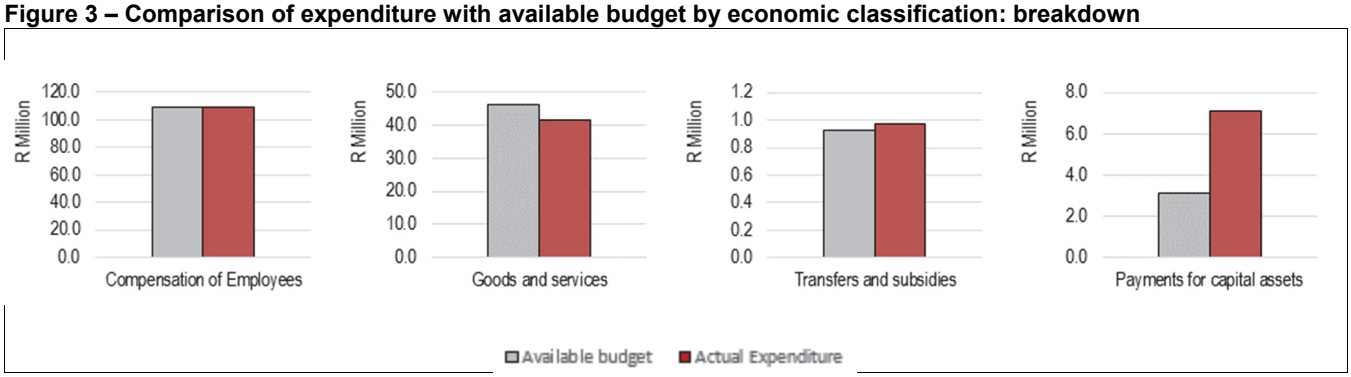


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



In 2018/19, the Department has an adjusted budget of R6,522.9 billion. For the period under review, spending amounted to R159.3 million or 2.4 percent of the available budget in comparison to the projected spending of R159.4 million. This translates to 0.1 per cent lower than projected spending primarily on goods and services.

Programme 1: Administration: Spending was higher than projected by R3.6 million or 3.9 per cent mainly on goods and services, owing to the purchase of security and IT related equipment. Budget shifts will be implemented between capital assets and goods and services to address overspending and accommodate outstanding invoices for furniture and equipment.

Programme 2: State-owned Companies Governance Assurance and Performance: Spending was lower than projected by R1.7 million or 6.6 per cent mainly on goods and services, owing to delays in the commencement of some projects.

Programme 3: Business Enhancement, Transformation and Industrialisation: Spending was lower than projected by R2.1 million or 5 per cent mainly on goods and services, owing to delays in the commencement of some projects. Office accommodation invoices are to be received from service providers.

Virements

No virements for this period.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	82.3	82.3	53.4	51.4	-2.0	134	95	-39	7
2	State-owned Companies Governance Assurance and Performance	30.1	30.1	20.0	20.3	0.3	33	28	-5	6
3	Business Enhancement, Transformation and Industrialisation	59.0	59.0	36.0	37.2	1.2	64	53	-11	-3
Total		**171.4**	**171.4**	**109.4**	**108.9**	**-0.5**	**231**	**176**	**-55**	**10**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.0	0	0	0	0
4	0.0	0	0	0	-1
5	2.0	7	7	0	1
6	2.5	7	5	-2	1
7	6.7	17	15	-2	0
8	15.0	32	31	-1	2
9	14.2	26	23	-3	0
10	2.9	4	4	0	0
11	28.3	36	30	-6	1
12	5.0	5	6	1	2
13	46.2	43	31	-12	2
14	25.8	20	17	-3	0
15	12.0	8	4	-4	1
16	8.9	4	3	-1	1
Other	2.0	22	0	-22	0
Total	**171.4**	**231**	**176**	**-55**	**10**

Spending on compensation of employees was higher than projected by R0.5 million or 0.4 per cent. As at the end of quarter 3, the department had a headcount of 176. The department intended to implement a new organisational structure from April 2018. However, the implementation was put on hold following change in leadership prior to the beginning of the new financial year.

Issues for the committee to note

Delays in implementing the new organisational structure previously affected spending on compensation of employees as posts were not being filled. On a yearly basis, the department underspends its budget mainly on compensation of employees.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1									
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	72.7%	0.0	0.0	0.0%
Total		**0.0**	**0.0**	**0.0**	**0.0**	**72.7%**	**0.0**	**0.0**	**0.0%**

Vote 10

Public Service and Administration

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	248.9	240.6	240.6	135.7	56.4%	158.1	22.4	14.2%
2	Policy Development, Research and Analysis	34.1	34.1	34.1	23.8	69.9%	25.1	1.2	5.0%
3	Public Service Employment and Conditions of Service	82.4	78.0	78.0	51.1	65.5%	52.7	1.6	3.1%
4	Government Chief Information Officer	21.7	22.4	22.4	16.2	72.3%	16.1	-0.1	-0.8%
5	Service Delivery Support	257.6	262.4	262.4	190.2	72.5%	192.9	2.8	1.4%
6	Governance of Public Administration	311.9	313.1	313.1	230.7	73.7%	232.9	2.3	1.0%
Total		**956.7**	**950.7**	**950.7**	**647.7**	**68.1%**	**677.9**	**30.2**	**4.5%**
Economic Classification									
Current payments		**479.7**	**470.2**	**470.2**	**286.1**	**60.9%**	**316.2**	**30.1**	**9.5%**
Compensation of Employees		288.4	283.1	283.1	206.1	72.8%	208.3	2.2	1.1%
Goods and services		191.3	187.0	187.0	80.0	42.8%	107.9	27.9	25.8%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**471.6**	**472.9**	**472.9**	**354.5**	**75.0%**	**354.4**	**-0.1**	**0.0%**
Payments for capital assets		**5.4**	**7.6**	**7.6**	**6.9**	**90.0%**	**7.1**	**0.3**	**3.9%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.2**		**0.1**	**-0.1**	**-56.7%**
Total		**956.7**	**950.7**	**950.7**	**647.7**	**68.1%**	**677.9**	**30.2**	**4.5%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

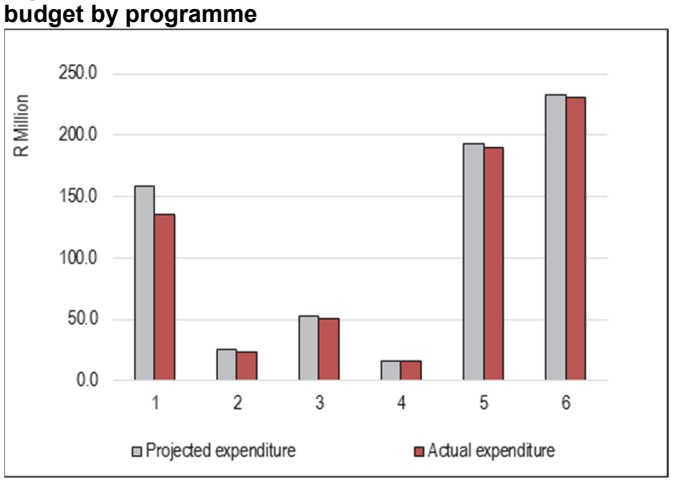


Figure 2 – Comparison of expenditure with available budget by economic classification

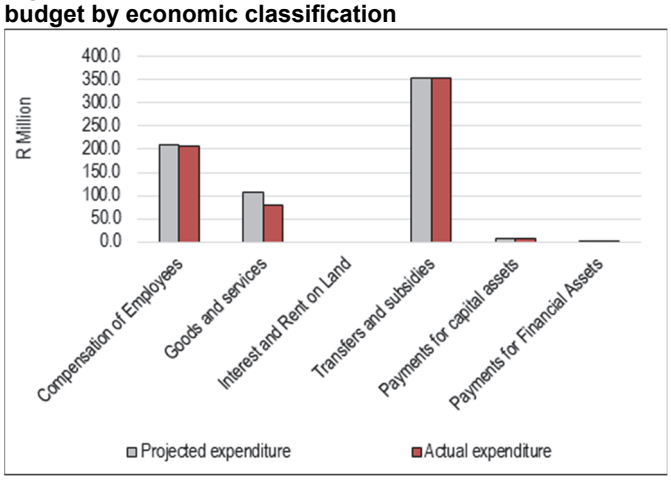
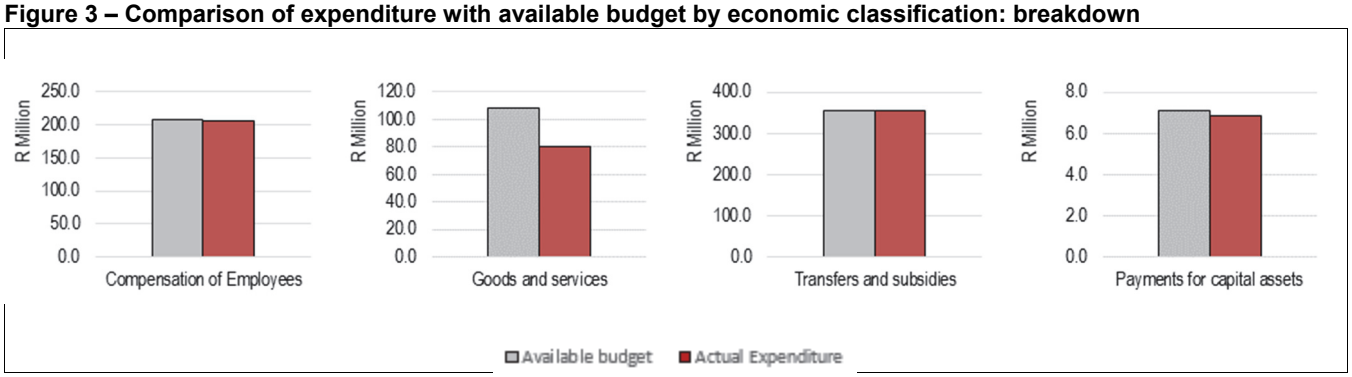


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Public Service and Administration spent R647.7 million or 68.1 per cent of its 2018/19 budget allocation of R950.7 million as at the end of December 2018. The R647.7 million in actual spending was R30.2 million or 4.5 per cent lower than the projected expenditure of R677.9 million for the period under review. The lower than anticipated spending was mostly reported under compensation of employees mainly

due to funded vacancies across all programmes, as well as in goods and services mainly due to unpaid rentals and maintenance costs for the department's office accommodation.

Programme 1: Administration: This programme reported an expenditure of R135.7 million or 56.4 per cent of the programme's 2018/19 available budget of R240.6 million as at the end of the third quarter of 2018/19. The reported expenditure was R22.4 million or 14.2 per cent below the projected expenditure of R158.1 million for the period under review. The lower than anticipated spending was mainly due to funded vacancies as well as unpaid rentals and maintenance costs for the department's office accommodation. The department was not able to incur expenditure in the Office Accommodation subprogramme as planned because of a dispute that the department has lodged with the Department of Public Works in relation to the monthly rental amounts and maintenance costs charged for its office buildings. The department reported an expenditure of R5.1 million against a total budget of R58.1 million under the Office Accommodation subprogramme as at the end of the third quarter of 2018/19.

Programme 2: Policy Development, Research and Analysis: This programme reported an actual expenditure of R23.8 million or 69.9 per cent of its 2018/19 budget allocation of R34.1 million as at the end of December 2018. The expenditure translated into a lower than anticipated expenditure of R1.2 million or 5.0 per cent of the programme's projected expenditure of R25.1 million for the period under review. The low expenditure was attributed to delays in the development of a strategic framework for public administration norms and standards for municipalities and state owned entities and the drafting of the white paper on the transformation and modernisation of public administration, which are both still in progress and expected to be finalised by the end of March 2019.

Programme 3: Public Service Employment and Conditions of Service: This programme spent R51.1 million or 65.5 per cent of its 2018/19 budget allocation of R78.0 million as at the end of the third quarter of 2018/19. The expenditure of R51.1 million translated into a lower than projected expenditure of R1.6 million or 3.1 per cent over the period under review. The department experienced low spending under the Government Employees Housing Scheme because of delays in the capacitation of the scheme. The department expects spending in the Government Employees Housing Scheme to improve as posts are filled and implementation of projects improves in the remaining months of the year.

Programme 4: Government Chief Information Officer: This programme spent R16.2 million or 72.3 per cent of its 2018/19 total available budget of R22.4 million as at the end of the third quarter of 2018/19. The spending translated into a R100 000 or 0.8 per cent higher than anticipated expenditure when compared to the projected spending of R16.1 million in the programme for the same period.

Programme 5: Service Delivery Support: This programme reported a total expenditure of R190.2 million against a total available budget of R262.4 million as at the end of the third quarter of 2018/19. The expenditure translated into a lower than projected expenditure of R2.8 million or 1.4 per cent of the projected expenditure of 192.9 million for the same period, mainly because of funded vacancies and slow spending in relation to the Open Government Partnership and the second generation of the African Peer Review Mechanism.

Programme 6: Governance of Public Administration: The programme spent R230.7 million or 73.7 per cent of the programme's available budget of R313.1 million as at the end of the third quarter of 2018/19. The expenditure represents 99 per cent of the programme's projected expenditure of R232.9 million for the period under review. The lower than anticipated spending of R2.3 million was mainly due to the non-issuance of invoices by the State Information Technology Agency for services rendered in relation to the hosting of the e-Disclosure System.

Virements

The department implemented a virement of R3.8 million from the Government Employees Housing Scheme for purposes of the second generation review of the African Peer Review Mechanism, while an amount of R2.6 million was shifted from Administration to fund activities relating to the Presidential Remuneration Review Commission in programme 3. The department has also moved an amount of R1.3 million from compensation of employees to transfers and subsidies for purposes of leave gratuities.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	129.9	119.7	85.7	87.8	2.1	285	214	-71	-6
2	Policy Development, Research and Analysis	26.3	28.5	21.3	21.9	0.6	41	31	-10	2
3	Public Service Employment and Conditions of Service	49.0	51.7	38.4	37.5	-1.0	79	57	-22	-11
4	Government Chief Information Officer	15.4	15.4	11.0	11.9	0.9	27	18	-9	0
5	Service Delivery Support	32.6	32.6	24.2	23.9	-0.3	44	44	0	1
6	Governance of Public Administration	35.2	35.2	25.5	25.4	-0.1	43	43	0	7
Total		**288.4**	**283.1**	**206.1**	**208.3**	**2.2**	**519**	**407**	**-112**	**-7**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	2.5	48	0	-48	0
2	2.6	21	19	-2	-2
3	0.3	2	1	-1	0
4	3.6	19	11	-8	-1
5	15.8	75	61	-14	0
6	10.8	41	37	-4	-1
7	11.5	35	35	0	3
8	7.6	20	14	-6	0
9	18.1	37	38	1	-4
10	11.5	20	18	-2	0
11	29.6	39	44	5	0
12	43.2	51	40	-11	1
13	67.8	70	54	-16	-2
14	32.7	26	22	-4	-1
15	14.3	9	8	-1	-1
16	6.8	3	4	1	2
Other	9.7	4	1	-3	-1
Total	**288.4**	**519**	**407**	**-112**	**-7**

Issues for the committee to note

The National Treasury would like the committee to take note of the lower than anticipated expenditure in the department's Office Accommodation subprogramme. The department has not spent the planned budget allocated to this subprogramme for accommodation because of a dispute that the department has lodged with the Department of Public Works in relation to the monthly rental amounts and maintenance costs that the Department of Public Works charges for the use of Batho Pele House. The National Treasury has written a number of letters to the department, urging the department to conclude its negotiations with the Department of Public Works, so that monies due to the Department of Public Works may be paid, and the underspending by the Department of Public Service and Administration can be avoided.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	African Association for Public Administration and Management: International organisation: Membership fees	0.3	0.3	0.3	0.3	100.0%	0.3	0.0	0.0%
	Communication: Radio and television licences	0.1	0.1	0.1	0.1	66.1%	0.1	0.0	0.0%
	Government Employees Housing Scheme	24.2	24.2	24.2	17.6	72.8%	17.6	0.0	0.0%
	Government Employees Housing Scheme: 0	24.2	24.2	24.2	17.6	72.8%	17.6	0.0	0.0%
	International Institute of Administration Services: International organisation: Membership fees	0.0	0.0	0.0	0.0	100.0%	0.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	60.0%	0.0	0.0	0.0%
2	Communication: Radio and television licences	0.0	0.0	0.0	0.0	100.0%	0.0	0.0	0.0%
5	Centre for Public Service Innovation: Operations	36.0	36.0	36.0	27.6	76.7%	27.6	0.0	0.0%
	Communication: Radio and television licences	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	100.0%
	National School of Government: Operations	169.0	169.0	169.0	126.2	74.7%	126.2	0.0	0.0%
	Open Government Partnership: Membership fee	1.4	1.4	1.4	0.0	0.0%	1.4	1.4	100.0%
6	Organisation for Economic Cooperation and Development: Working Group on Bribery of Foreign Public Officials in International Business Transactions: Partnership fee	0.3	0.3	0.3	0.0	0.0%	0.3	0.3	100.0%
	Public Service Commission: Operations	264.4	264.4	264.4	199.4	75.4%	199.4	0.0	0.0%
Total		**519.9**	**519.9**	**519.9**	**388.8**	**74.8%**	**390.5**	**1.7**	**0.4%**

Vote 11

Public Works

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	480.3	483.4	483.4	329.5	68.2%	345.8	16.3	4.7%
2	Intergovernmental Coordination	58.1	56.1	56.1	35.3	62.8%	38.8	3.5	9.0%
3	Expanded Public Works Programme	2 566.6	2 547.3	2 547.3	2 181.5	85.6%	2 261.2	79.7	3.5%
4	Property and Construction Industry Policy and Research	4 250.4	4 246.5	4 246.5	3 225.6	76.0%	3 227.7	2.1	0.1%
5	Prestige Policy	97.9	150.0	150.0	163.0	108.7%	130.7	-32.3	-24.7%
Total		**7 453.3**	**7 483.3**	**7 483.3**	**5 935.0**	**79.3%**	**6 004.2**	**69.3**	**1.2%**
Economic Classification									
Current payments		**951.5**	**990.5**	**990.5**	**744.0**	**75.1%**	**736.8**	**-7.3**	**-1.0%**
Compensation of Employees		518.3	518.3	518.3	373.1	72.0%	380.1	7.0	1.8%
Goods and services		433.2	471.8	471.8	370.6	78.5%	356.3	-14.2	-4.0%
Interest and Rent on Land		0.0	0.4	0.4	0.4	100.3%	0.4	0.0	0.0%
Transfers and subsidies		**6 478.3**	**6 471.0**	**6 471.0**	**5 186.3**	**80.1%**	**5 257.7**	**71.4**	**1.4%**
Payments for capital assets		**23.5**	**21.7**	**21.7**	**4.7**	**21.4%**	**9.8**	**5.1**	**52.4%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**7 453.3**	**7 483.3**	**7 483.3**	**5 935.0**	**79.3%**	**6 004.2**	**69.3**	**1.2%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

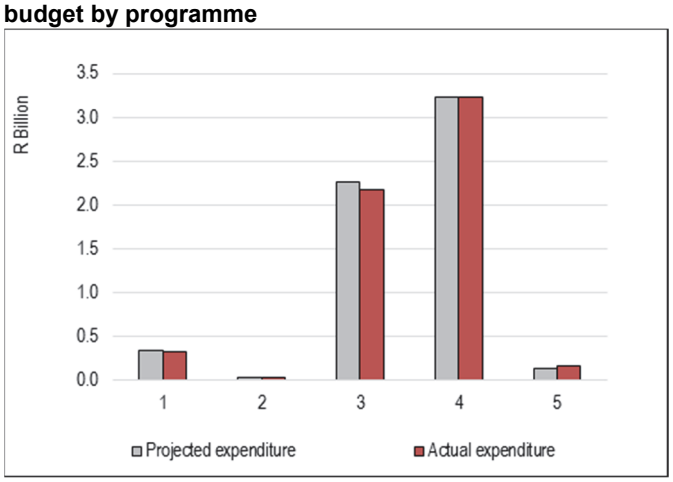


Figure 2 – Comparison of expenditure with available budget by economic classification

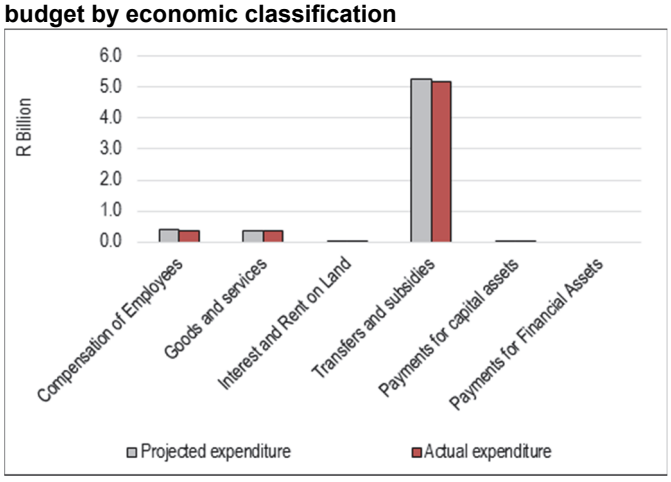
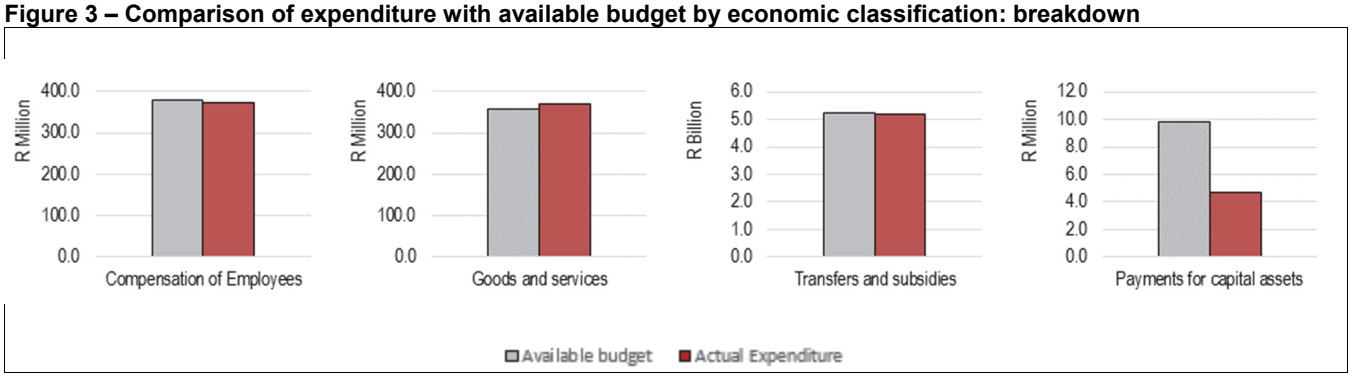


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Public Works spent R5.935 billion or 79.3 per cent of its 2018/19 adjusted appropriation budget allocation of R7.483 billion as at the end of December 2018. The R5.935 billion actual spending is R69.3 million lower than the projected expenditure of R6.004 billion for this period. The lower than projected spending is mainly attributed to transfers and subsidies in Programme 3: Expanded Public Works Programme, specifically the Expanded Public Works Programme Integrated Grant for Municipalities and

Expanded Public Works Programme Integrated Grant for Provinces, as a result of transfers which were withheld due to municipalities' and provinces' non-compliance with DORA requirements.

Programme 1: Administration spent R16.3 million lower than the projected spending of R345.8 million, mainly due to late receipt of invoices from service providers for expenditure relating to computer services and legal services.

Programme 2: Intergovernmental Coordination spent R3.5 million lower than the projected spending of R38.8 million. Slow spending is evident in compensation of employees due to vacant positions.

Programme 3: Expanded Public Works Programme spent R79.7 million lower than the projected spending of R2.261 billion. The low spending is evident in transfers and subsidies. The lower than projected spending on the budget for transfers and subsidies, specifically the Expanded Public Works Programme Integrated Grant for Provinces and Expanded Public Works Programme Integrated Grant for Municipalities, is as a result of transfers which were withheld due to provinces' and municipalities' non-compliance with DORA requirements.

Programme 4: Property and Construction Industry Policy and Research spent R2.1 million lower than the projected spending of R3.227 billion. The low spending is evident in goods and services, specifically on consultants due to delays in the appointment of the Government Technical Advisory Centre for the review of the Construction Industry Development Board Act, as well as delays in making a payment to the Construction Sector Charter Council due to the delayed signing of the relevant memorandum of agreement.

Programme 5: Prestige Policy spent R32.3 million higher than the projected spending of R130.7 million. The high spending is evident in goods and services, specifically on contractors due to unforeseeable and unavoidable costs arising from three state funerals.

Virements

Major virements included in the 2018 Adjusted Estimates of National Expenditure:

- R21.329 million was shifted from programmes 1, 2, 3 and 4 to programme 5: *Prestige Policy (goods and services: contractors)* to provide for costs associated with three official state funerals. The economic classifications that have contributed to the identified savings are goods and services, transfers and subsidies (Commonwealth War Graves Commission) and payments for capital assets.

Personnel

The department has spent R7 million lower than the projected spending of R380 million on its compensation of employees due to vacant positions which need to be filled in line with the new organisational structure.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	263.5	276.9	197.8	201.8	4.0	451	491	40	-29
2	Intergovernmental Coordination	36.1	36.1	25.6	26.4	0.8	51	55	4	5
3	Expanded Public Works Programme	178.1	160.2	115.7	118.0	2.3	234	203	-31	2
4	Property and Construction Industry Policy and Research	13.1	16.7	12.5	12.5	0.0	14	18	4	3
5	Prestige Policy	27.6	28.4	21.6	21.4	-0.2	47	46	-1	2
Total		**518.3**	**518.3**	**373.1**	**380.1**	**7.0**	**797**	**813**	**16**	**-17**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.0	0	72	72	-1
4	9.3	48	43	-5	0
5	14.7	62	67	5	3
6	4.7	16	21	5	1
7	34.6	93	85	-8	-6
8	45.8	98	81	-17	-3
9	5.3	10	9	-1	-1
10	65.6	102	100	-2	-3
11	17.5	23	16	-7	-1
12	182.3	193	176	-17	4
13	78.5	70	64	-6	-8
14	37.5	28	26	-2	0
15	11.0	7	5	-2	-1
16	4.0	2	4	2	0
Other	7.3	45	44	-1	-1
Total	**518.3**	**797**	**813**	**16**	**-17**

Issues for the committee to note

It is a concern that non-compliance with DORA requirements by implementing bodies is negatively affecting the creation of work opportunities, as transfer payments for the Expanded Public Works Programme Integrated Grant for Municipalities and Expanded Public Works Programme Integrated Grant for Provinces are consequently continuing to be withheld. Technical support needs to be provided by the Department of Public Works to struggling implementing bodies in order to help them to improve their compliance with DORA requirements.

The department is projecting an overspending of R6 million in Programme 5: Prestige Policy, specifically on its budget for goods and services as a result of declared state funerals. The National Treasury will continue to advise the department to use savings within its own budget to offset as much of the projected overspending as possible.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Employee social benefits: Leave gratuities	5.9	5.9	3.4	0.4	10.9%	1.4	1.0	73.6%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	93.9%	0.0	0.0	-55.0%
2	Bursaries for non-employees: Infrastructure-related studies	5.0	5.0	5.0	3.2	64.7%	3.3	0.1	2.0%
	Employee social benefits: Leave gratuities	0.2	0.2	0.2	0.0	31.3%	0.1	0.1	53.0%
3	Employee social benefits: Leave gratuities	0.2	0.2	0.2	0.1	30.9%	0.1	0.0	17.9%
	Expanded public works programme integrated grant for municipalities: To ensure the creation of work opportunities	692.9	692.9	692.9	437.9	63.2%	485.0	47.1	9.7%
	Expanded public works programme integrated grant for provinces: To ensure the creation of work opportunities	416.0	416.0	416.0	395.4	95.0%	416.0	20.6	5.0%
	Social sector expanded public works programme incentive grant for provinces: To ensure the creation of work opportunities	407.9	407.9	407.9	405.7	99.4%	407.9	2.3	0.6%
	Various institutions: Non-state sector programme: Non-wage costs	29.7	29.7	29.7	29.7	100.0%	29.7	0.0	0.0%
	Various institutions: Non-state sector programme: Work opportunities	690.4	690.4	690.4	690.4	100.0%	690.4	0.0	0.0%
4	Agrément South Africa: Operations	30.0	30.0	30.0	30.0	100.0%	30.0	0.0	0.0%
	Commonwealth War Graves Commission: Maintenance of soldiers' graves	27.5	27.5	22.7	22.7	99.9%	22.7	0.0	0.0%
	Construction Education and Training Authority: Operations	0.5	0.5	0.5	0.5	100.0%	0.5	0.0	0.0%
	Construction Industry Development Board: Operations	73.3	73.3	73.3	73.3	100.0%	73.3	0.0	0.0%
	Council for the Built Environment: Operations	50.1	50.1	50.1	50.1	100.0%	50.1	0.0	0.0%
	Employee social benefits: Leave gratuities	0.2	0.2	0.2	0.0	7.2%	0.1	0.1	88.0%
	Independent Development Trust: Operations	28.4	28.4	28.4	28.4	100.0%	28.4	0.0	0.0%
	Property Management Trading Entity: Operations	4 009.5	4 009.5	4 009.5	3 007.1	75.0%	3 007.1	0.0	0.0%
5	Employee social benefits: Leave gratuities	0.2	0.2	0.2	0.0	0.0%	0.1	0.1	100.0%
	Parliamentary Villages Management Board: Operations	10.4	10.4	10.4	10.4	100.0%	10.4	0.0	0.0%
Total		**6 478.3**	**6 478.3**	**6 471.0**	**5 185.4**	**80.1%**	**5 256.8**	**71.4**	**1.4%**

Vote 12

Statistics South Africa

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	695.3	678.6	678.6	491.5	72.4%	502.7	11.3	2.2%
2	Economic Statistics	236.9	248.9	248.9	186.6	75.0%	187.4	0.8	0.4%
3	Population and Social Statistics	202.3	183.9	183.9	111.1	60.4%	121.9	10.8	8.8%
4	Methodology, Standards and Research	67.4	75.0	75.0	55.1	73.5%	55.6	0.5	0.8%
5	Statistical Support and Informatics	267.1	279.4	279.4	146.0	52.2%	163.3	17.3	10.6%
6	Statistical Collection and Outreach	608.0	616.0	616.0	488.5	79.3%	480.9	-7.6	-1.6%
7	Survey Operations	194.7	189.8	189.8	132.5	69.8%	134.4	1.9	1.4%
Total		**2 271.7**	**2 271.7**	**2 271.7**	**1 611.3**	**70.9%**	**1 646.1**	**34.8**	**2.1%**
Economic Classification									
Current payments		**1 986.9**	**1 964.1**	**1 964.1**	**1 405.3**	**71.5%**	**1 415.8**	**10.6**	**0.7%**
Compensation of Employees		1 442.7	1 442.7	1 442.7	1 116.4	77.4%	1 120.4	4.0	0.4%
Goods and services		544.2	521.4	521.4	288.9	55.4%	295.4	6.5	2.2%
Interest and Rent on Land		0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Transfers and subsidies		**11.6**	**13.4**	**13.4**	**8.2**	**61.1%**	**7.9**	**-0.3**	**-4.1%**
Payments for capital assets		**273.2**	**294.2**	**294.2**	**197.8**	**67.2%**	**222.4**	**24.6**	**11.1%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**2 271.7**	**2 271.7**	**2 271.7**	**1 611.3**	**70.9%**	**1 646.1**	**34.8**	**2.1%**

Expenditure Analysis

The department had projected to spend R1.646 billion in the third quarter of 2018/19. Actual expenditure amounted to R1.611 billion which is 2.1 per cent of the projected expenditure and R34.8 million, lower than projected spending for the third quarter. The lower spending is mainly due to posts that became vacant and cannot be filled due to budget reductions, austerity measures on travel and subsistence, delay in the appointment of consultants to assist with rebasing and benchmarking of Gross Domestic Product (GDP) and the updating of the Supply Use Tables (SUTs), finalisation of IT procurement and the implementation of the telephone policy since April 2018 which has realised savings due to prudent usage.

Figure 1 – Comparison of expenditure with available budget by programme

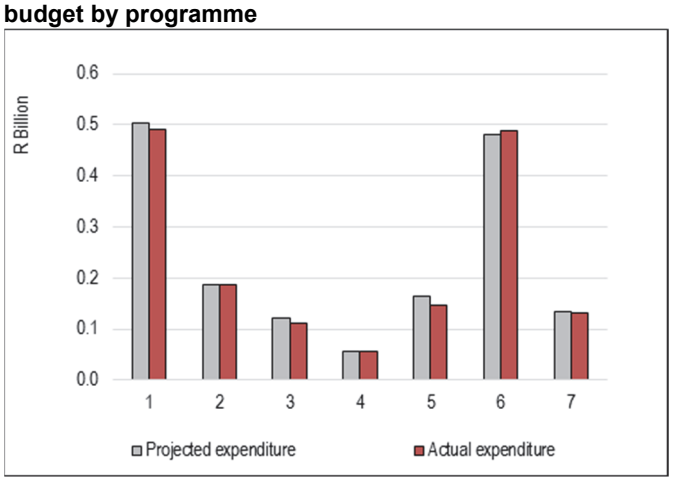


Figure 2 – Comparison of expenditure with available budget by economic classification

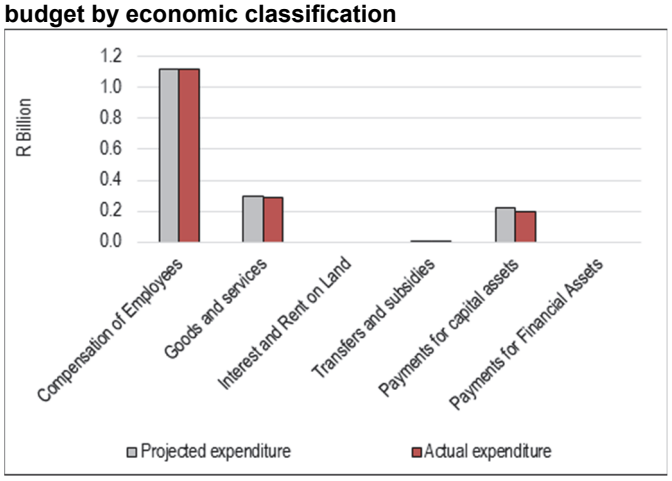
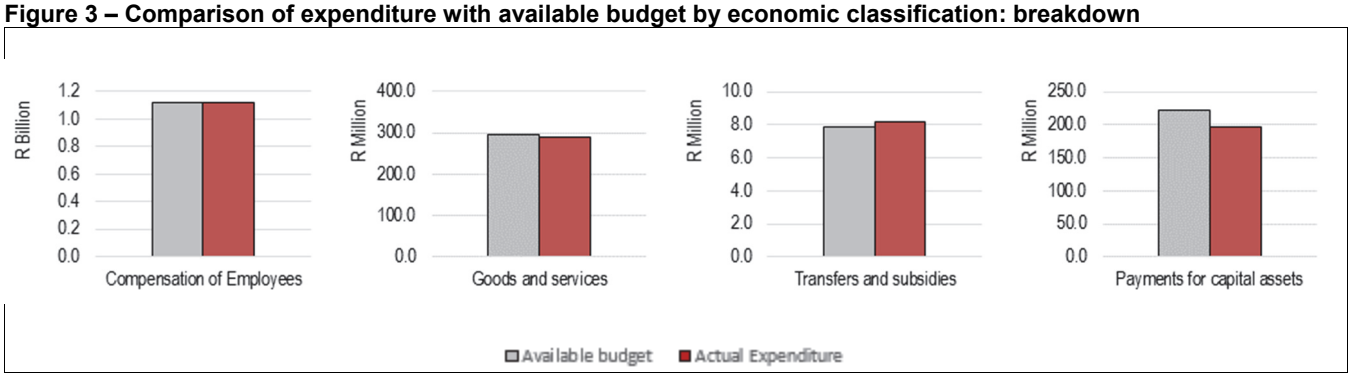


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: expenditure under this programme is lower than projected by R11.3 million, mainly due to accrued payments on office accommodation, operating leases for the rental of premises, property payments relating to municipal fees, and the implementation of the telephone policy in April 2018.

Programme 2: Economic Statistics: expenditure under this programme is lower than projected by R800 000, mainly due to posts that became vacant and cannot be filled as a result of budget reductions, austerity measures on travel and subsistence, telephone costs due to the implementation of the telephone policy in April 2018, and the delayed appointment of consultants to assist with the rebasing and benchmarking of Gross Domestic Product(GDP) and the updating of the Supply Use Tables(SUTs).

Programme 3: Population and Social Statistics: expenditure under this programme is lower than projected by R10.8 million, mainly due to posts that become vacant and cannot be filled due to budget reductions and the rescheduling of the Quarterly Labour Force Survey parallel run and lower than anticipated spending on other operational costs such as office supplies and on training and bursaries.

Programme 4: Methodology, Standards and Research: expenditure under this programme is lower than projected by R500 000, mainly due to posts that become vacant and cannot be filled due to budget reduction and saving on communication as a result of the implementation of the telephone policy in April 2018.

Programme 5: Statistical Support and Informatics: expenditure under this programme is lower than projected by R17.3 million, mainly on computer services due to the delay in the procurement process with the service provider for the upgrading of the NetBackup software and IT refresh process, it is anticipated that the procurement process will be concluded in the last quarter of 2018/19 and payments processed.

Programme 6: Statistical Collection and Outreach: expenditure under this programme is higher than projected by R7.6 million, mainly due to operating leases for vehicles utilised in the provinces for fieldwork relating to Household survey's undertaken.

Programme 7: Survey Operations: expenditure under this programme is lower than projected by R1.9 million, mainly due to the finalisation of the Census 2021 project plans. Underspending on infrastructure and planning funds were reprioritised during 2018 AENE process to computer services to improve IT infrastructure for the Computer Assisted Personal Interview (CAPI) mode of data collection expenditure is expected to increase in the last quarter of 2018/19.

Virements

Virements included in the 2018 Adjusted Estimates of National Expenditure (AENE):

- R31.8 million was allocated from compensation of employees for the Continuous Population Survey within programme 3 to defray the projected overspending on compensation of employees within programmes 2, 4 and 5.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	218.8	218.8	184.9	182.7	-2.2	582	557	-25	-20
2	Economic Statistics	208.4	226.6	173.7	175.2	1.5	559	504	-55	-13
3	Population and Social Statistics	176.2	144.6	94.3	95.0	0.8	202	414	212	186
4	Methodology, Standards and Research	62.9	71.6	53.0	53.6	0.6	128	105	-23	-4
5	Statistical Support and Informatics	133.7	138.3	102.3	108.5	6.3	241	207	-34	-4
6	Statistical Collection and Outreach	490.6	490.6	395.7	385.4	-10.4	1 357	1 190	-167	-17
7	Survey Operations	152.1	152.1	112.6	120.0	7.4	342	385	43	65
Total		**1 442.7**	**1 442.7**	**1 116.4**	**1 120.4**	**4.0**	**3 411**	**3 362**	**-49**	**193**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	88	82	-6	-4
3	0.0	0	0	0	0
4	0.0	133	108	-25	-6
5	0.0	108	77	-31	0
6	0.0	1 122	1 225	103	211
7	0.0	260	285	25	11
8	0.0	267	250	-17	2
9	0.0	590	465	-125	-18
10	0.0	52	75	23	2
11	0.0	275	213	-62	-7
12	0.0	193	161	-32	2
13	0.0	198	154	-44	-8
14	0.0	54	44	-10	0
15	0.0	11	6	-5	0
16	0.0	2	1	-1	0
Other	1 442.7	58	216	158	8
Total	**1 442.7**	**3 411**	**3 362**	**-49**	**193**

The department's actual expenditure on compensation of employees in the third quarter is R1.116 billion compared to its projected spend of R1.120 billion. The variance of R4 million is mainly due to posts that became vacant and cannot be filled due to budget reductions.

Issues for the committee to note

Shortfall on compensation of employees

The department's compensation of employees' budget was reduced by R179.5 million in the 2018/19 financial year. The department has a total of 3 511 permanent partially funded posts, of which 2 936 are filled and 575 are vacant. Whilst there is an underspending of R4 million in the reporting period, the department is projecting an overspending of R66 million for 2018/19.

Capital contribution and unitary fee

The unitary fee expenditure is lower by R1.7 million due to the tax amount being included in the unitary fee which the department is disputing. Stats SA entered into discussions with legal advisors in preparation for a formal arbitration process due to the delay in completing the remainder of the items by the private party. It was finally agreed, by both Stats SA and Dipalopalo that the legal process be delayed given progress made with regard to the completion of all outstanding items.

Outstanding fees to DPW

Stats SA has an outstanding debt of R68 million owed to the Department of Public Works. Savings of R2.5 million from the closing down of three offices in the Tshwane, Nelspruit and Uitenhage will be utilised to reduce the outstanding debt by the end of 2018/19.

Specifically, appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Bursaries for non-employees: Statistics-related studies	2.1	2.1	2.1	0.1	3.8%	0.5	0.4	84.3%
	New building: Unitary Fee	242.2	242.2	242.2	179.9	74.3%	181.3	1.4	0.8%
	South African Statistical Association: Capacity building in support of the national statistics system	0.1	0.1	0.1	0.0	0.0%	0.1	0.1	100.0%
	Stellenbosch University: Gifts and donations: Stellenbosch University	6.0	6.0	6.0	4.5	75.0%	4.5	0.0	0.0%
	University of Cape Town: Gifts and donations: University of Cape Town	1.0	1.0	1.0	0.0	0.0%	0.0	0.0	0.0%
	University of the Witwatersrand: Gifts and donations: University of the Witwatersrand	0.5	0.5	0.5	0.0	0.0%	0.0	0.0	0.0%
2	Communication: Radio and television licences	0.0	0.0	0.0	0.0	0.0%	0.1	0.1	100.0%
3	Population Association of Southern Africa: Engagements on regional population issues	0.2	0.2	0.2	0.0	0.0%	0.2	0.2	100.0%
4	Employee social benefits: Leave gratuities	0.0	0.0	0.0	0.4	2327.8%	0.0	-0.4	-1576.0%
6	Communication: Radio and television licences	0.0	0.0	0.0	0.0	100.0%	0.0	0.0	0.0%
	Employee Ex-gratia payment: Contributions towards funeral costs	0.2	0.2	0.2	0.0	0.0%	0.1	0.1	100.0%
7	Census 2019: Survey Operations	35.7	35.7	35.7	16.4	46.0%	21.3	4.9	23.2%
	Employee social benefits: Leave gratuities	1.5	1.5	1.5	0.0	1.8%	0.1	0.0	49.0%
Total		**289.4**	**289.4**	**289.4**	**201.3**	**69.6%**	**208.2**	**6.8**	**3.3%**

Vote 13

Women

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	78.7	79.4	79.4	61.9	78.0%	61.9	0.0	0.0%
2	Social Transformation and Economic Empowerment	106.7	109.5	107.7	73.8	68.5%	77.4	3.6	4.6%
3	Policy, Stakeholder Coordination and Knowledge Management	44.9	41.3	43.1	21.5	49.9%	26.3	4.8	18.3%
Total		**230.2**	**230.2**	**230.2**	**157.2**	**68.3%**	**165.6**	**8.4**	**5.1%**
Economic Classification									
Current payments		**146.4**	**145.9**	**145.4**	**95.4**	**65.6%**	**102.4**	**7.0**	**6.9%**
Compensation of Employees		85.5	85.5	85.5	56.8	66.5%	59.7	2.9	4.8%
Goods and services		61.0	60.5	60.0	38.5	64.3%	42.7	4.2	9.8%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**80.7**	**80.7**	**80.8**	**61.3**	**75.9%**	**61.3**	**0.0**	**0.0%**
Payments for capital assets		**3.0**	**3.0**	**3.0**	**0.4**	**12.6%**	**1.7**	**1.3**	**77.6%**
Payments for Financial Assets		**0.0**	**0.5**	**1.0**	**0.2**	**22.3%**	**0.2**	**0.0**	**0.0%**
Total		**230.2**	**230.2**	**230.2**	**157.2**	**68.3%**	**165.6**	**8.4**	**5.1%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

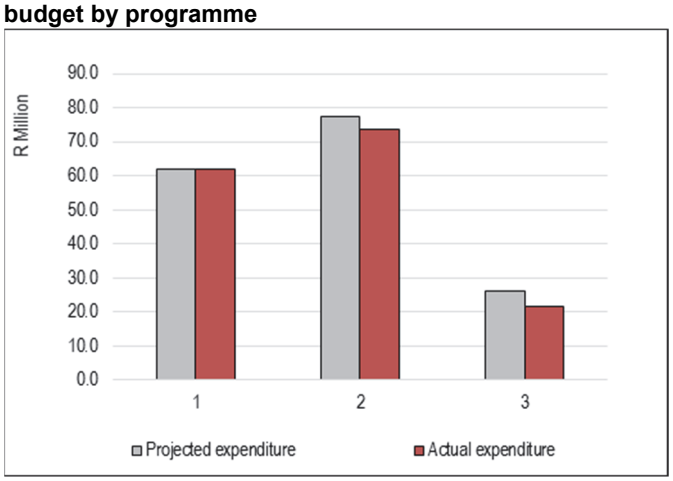


Figure 2 – Comparison of expenditure with available budget by economic classification

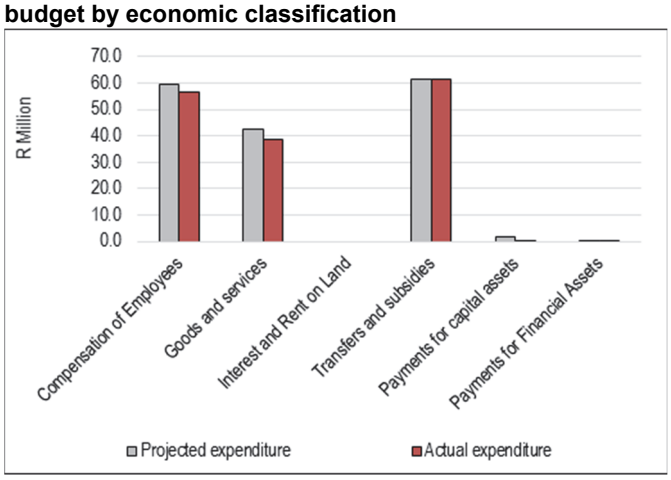
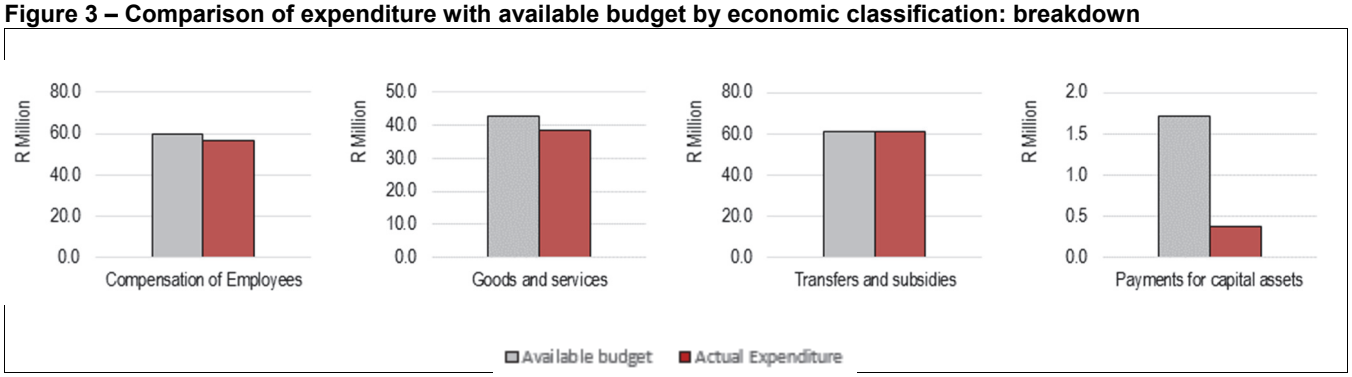


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Women spent R157.2 million or 68.3 per cent of its 2018/19 budget allocation of R230.2 million as at the end of December 2018. The R157.2 million in actual spending was R8.4 million or 5.1 per cent lower than the projected expenditure of R165.6 million for the period under review. The lower than anticipated spending was mostly reported in the Social Transformation and Economic Empowerment and Policy, Stakeholder Coordination and Knowledge Management programmes.

Programme 1: Administration: This programme reported an expenditure of R61.9 million or 78.0 per cent of the programme's 2018/19 available budget of R79.4 million as at the end of the third quarter of 2018/19. The reported expenditure was in line with expenditure projected in the programme for the period under review. Actual expenditure reported in this programme includes expenditure relating to international relations, which should be charged against the Policy, Stakeholder Coordination and Knowledge Management programme. It is expected that the expenditure will be journalised and charged against the correct programme by the department before the end of the financial year.

Programme 2: Social Transformation and Economic Empowerment: This programme reported an actual expenditure of R73.8 million or 68.5 per cent of its 2018/19 budget allocation of R107.7 million as at the end of December 2018. The expenditure translated into a lower than anticipated expenditure of R3.6 million or 4.6 per cent of the programme's projected expenditure of R77.4 million for the period under review. The low expenditure was mainly attributed to funded vacancies, as well as delays in work relating to the development of the sanitary dignity framework due to poor responses from the market to the research work that the department had planned to appoint consultants for.

Programme 3: Policy, Stakeholder Coordination and Knowledge Management: This programme spent R21.5 million or 49.9 per cent of its 2018/19 budget allocation of R43.1 million as at the end of the third quarter of 2018/19. The expenditure of R21.5 million translated into a lower than projected expenditure of R4.8 million or 18.3 per cent over the period under review. The low spending recorded by this programme was as a result of funded vacancies, as well as international travel related expenditure which was charged against the Administration programme instead of the Policy, Stakeholder Coordination and Knowledge Management programme.

Virements

The department implemented a virement of R737 000 and R4.7 million from the Policy, Stakeholder Coordination and Knowledge Management programme to the Administration and Social Transformation and Economic Empowerment programmes, respectively, in order to reallocate funds incorrectly allocated to the programme at the beginning of the year. The department also moved an amount of R1.8 million from the Social Transformation and Economic Empowerment programme to the Policy, Stakeholder Coordination and Knowledge Management programme due to the transfer of one function from programme 2 to programme to programme 3.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	47.3	47.3	34.5	35.0	0.4	70	70	0	1
2	Social Transformation and Economic Empowerment	14.9	14.9	10.7	10.6	-0.1	20	22	2	7
3	Policy, Stakeholder Coordination and Knowledge Management	23.3	23.3	11.5	14.1	2.5	31	23	-8	8
Total		**85.5**	**85.5**	**56.8**	**59.7**	**2.9**	**121**	**115**	**-6**	**16**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.5	3	0	-3	-3
3	0.0	0	3	3	3
4	0.0	0	0	0	0
5	2.5	10	4	-6	-6
6	4.1	14	19	5	4
7	4.2	12	16	4	2
8	3.9	9	9	0	2
9	5.7	11	3	-8	-4
10	1.3	2	5	3	3
11	13.6	18	16	-2	5
12	2.6	3	8	5	4
13	25.5	24	18	-6	2
14	10.9	9	10	1	3
15	2.8	2	2	0	-1
16	2.2	1	2	1	2
Other	5.6	3	0	-3	0
Total	**85.5**	**121**	**115**	**-6**	**16**

Issues for the committee to note

The department received additional funding of R18.3 million in 2018/19 for the capacitation of its core programmes. The department reported, at the end of the third quarter, 16 funded vacancies across all its programmes. 7 of these vacancies were reported under the Social Transformation and Economic Empowerment, programme while 8 were reported under the Policy, Stakeholder Coordination and Knowledge Management programme. The National Treasury is concerned about the pace with which the department seems to be filling vacant positions in its core programmes, and the impact that the non-filling of these vacancies may have on the department's overall performance in 2018/19.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Employee social benefits: Leave gratuity	0.0	0.0	0.0	0.0	100.0%	0.0	0.0	0.0%
2	Commission for Gender Equality: Operations	80.7	80.7	80.7	60.6	75.0%	60.6	0.0	0.0%
Total		**80.7**	**80.7**	**80.7**	**60.6**	**75.0%**	**60.6**	**0.0**	**0.0%**

Vote 14

Basic Education

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	450.5	472.1	472.1	347.8	73.7%	346.9	-0.9	-0.3%
2	Curriculum Policy, Support and Monitoring	1 905.0	1 867.1	1 867.1	1 534.5	82.2%	1 493.8	-40.7	-2.7%
3	Teachers, Education Human Resources and Institutional Development	1 290.5	1 313.0	1 313.0	1 235.6	94.1%	1 238.4	2.8	0.2%
4	Planning, Information and Assessment	11 971.3	12 938.3	12 938.3	10 420.4	80.5%	10 186.1	-234.2	-2.3%
5	Educational Enrichment Services	7 105.1	7 109.0	7 109.0	5 905.1	83.1%	5 905.4	0.3	0.0%
Total		**22 722.4**	**23 699.6**	**23 699.6**	**19 443.3**	**82.0%**	**19 170.6**	**-272.7**	**-1.4%**
Economic Classification									
Current payments		**2 431.2**	**2 433.5**	**2 433.5**	**1 794.7**	**73.7%**	**1 783.1**	**-11.6**	**-0.6%**
Compensation of Employees		504.6	510.6	510.6	367.8	72.0%	372.1	4.3	1.1%
Goods and services		1 875.1	1 871.5	1 871.5	1 392.5	74.4%	1 376.6	-15.9	-1.2%
Interest and Rent on Land		51.5	51.5	51.5	34.4	66.8%	34.4	0.1	0.2%
Transfers and subsidies		**18 953.4**	**19 128.0**	**19 128.0**	**16 389.3**	**85.7%**	**16 207.0**	**-182.3**	**-1.1%**
Payments for capital assets		**1 337.9**	**2 137.9**	**2 137.9**	**1 259.1**	**58.9%**	**1 180.2**	**-78.9**	**-6.7%**
Payments for Financial Assets		**0.0**	**0.3**	**0.3**	**0.3**	**123.6%**	**0.3**	**0.0**	**2.0%**
Total		**22 722.4**	**23 699.6**	**23 699.6**	**19 443.3**	**82.0%**	**19 170.6**	**-272.7**	**-1.4%**

As at end December 2018, the department has spent R19.4 billion or 82 per cent of the adjusted budget of R23.7 billion. This expenditure is higher by R272.7 million or 1.4 per cent compared to its projections to spend, and is mainly attributed to payments for capital assets and transfers and subsidies in programme 4 and goods and services in programme 2.

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

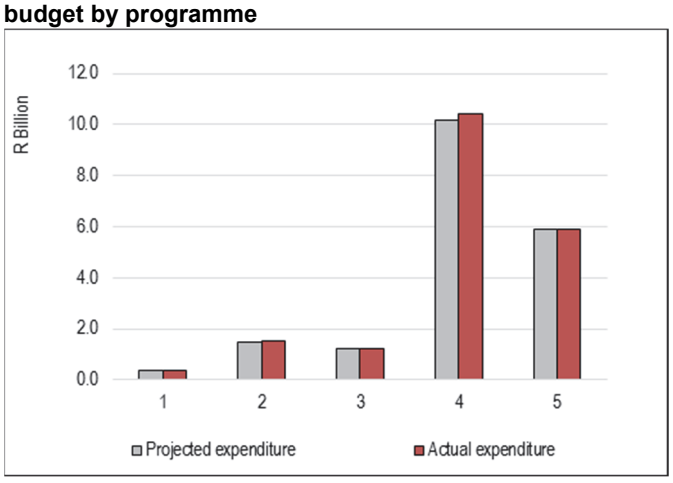


Figure 2 – Comparison of expenditure with available budget by economic classification

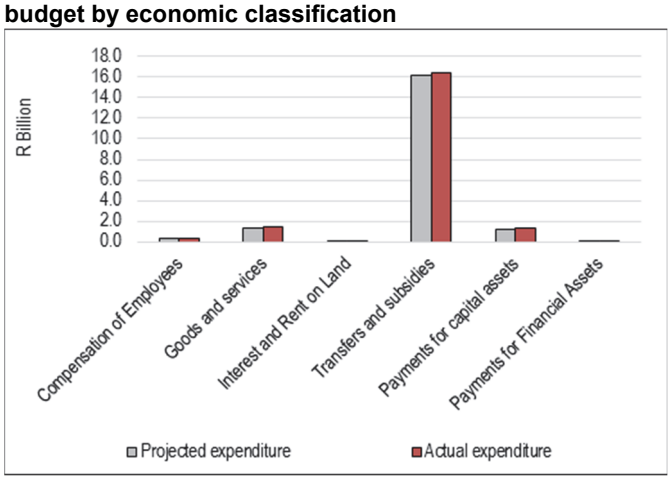
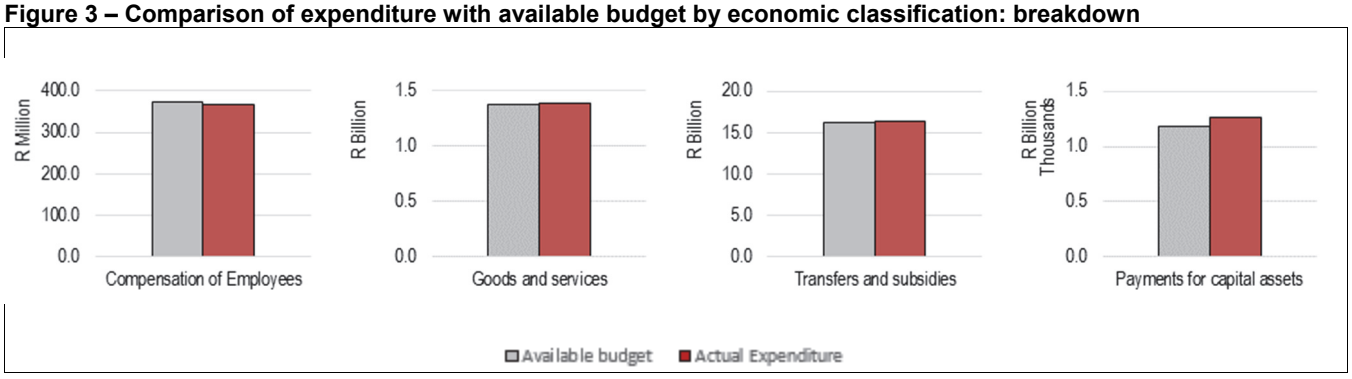


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: Expenditure under this programme is higher than projected by R900 000 or 0.3 per cent, mainly due to escalating audit fees pertaining to the departmental regularity audit. The 2017/18 audit took longer as there were issues raised by the Auditor-General that needed to be resolved, resulting in higher audit costs.

Programme 2: Curriculum Policy, Support and Monitoring: Expenditure under this programme is higher than projected up to this point by R40.7 million or 2.7 per cent. This is mainly attributed to the processing of invoices for printing and distribution of workbook 2 in December when invoices were received rather than in January 2019 as projected. This high spending is off-set by lower than projected spending due to the withholding of the transfer of the *Learners with Profound Intellectual Disabilities* grant to provinces that are struggling to appoint itinerant outreach team members. The matric second chance programme also experienced lower spending than projected due to delays in the processing of payments.

Programme 3: Teachers, Education Human Resources and Institutional Development: Spending is on track, and mainly in line with projections to spend.

Programme 4: Planning, Information and Assessment: The higher than projected expenditure is due to an additional R175.8 million allocated through the *Education Infrastructure Grant* for unforeseeable and unavoidable events for the post-disaster rehabilitation of 87 schools in KwaZulu-Natal and 22 schools in Western Cape provinces. An additional R800 million was allocated to the *School Infrastructure Backlogs* grant to complete existing projects. These funds were immediately available after the announcement of the MTBPS, which accounts for the higher spending than projected of transfers to provinces and payments for capital assets, since quarter 3 spending projections were made before the funds were allocated.

Programme 5: Educational Enrichment Services: Spending is on track, and mainly in line with projections to spend.

Virements

There were no post Adjustment Estimate Expenditure (AENE) virements.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	167.4	169.4	128.1	126.6	-1.5	286	319	33	12
2	Curriculum Policy, Support and Monitoring	91.1	98.1	62.8	64.9	2.0	91	126	35	11
3	Teachers, Education Human Resources and Institutional Development	72.2	70.2	47.6	49.2	1.6	106	99	-7	2
4	Planning, Information and Assessment	133.2	131.7	99.2	101.1	1.9	152	165	13	-2
5	Educational Enrichment Services	40.7	41.2	30.1	30.3	0.2	57	59	2	-2
Total		**504.6**	**510.6**	**367.8**	**372.1**	**4.3**	**692**	**768**	**76**	**21**

The department is below its projected expenditure on compensation of employees by about R10 million and is thus will stay within the CoE ceiling at year end.

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	7	7	7
3	0.0	0	0	0	0
4	4.9	23	18	-5	2
5	4.0	16	62	46	1
6	48.6	160	132	-28	-2
7	17.5	47	47	0	0
8	32.3	70	72	2	2
9	12.4	24	23	-1	-2
10	61.0	89	87	-2	-2
11	20.1	26	39	13	4
12	150.8	157	151	-6	1
13	56.2	50	47	-3	-2
14	25.5	19	18	-1	3
15	11.5	8	8	0	1
16	2.5	1	4	3	1
Other	57.3	2	53	51	7
Total	**504.6**	**692**	**768**	**76**	**21**

The headcount of 768 is higher than the HRBP target of 692, mainly due to the renewal of 76 contracted officials, for Integrated Quality Management System (IQMS) project mainly in salary levels 5, 11 and under "other". The department must carefully monitor these appointments to ensure that the CoE ceiling is not exceeded.

Issues for the committee to note

Improved spending on school infrastructure backlogs grant is noted, where R1.3 billion or 91 per of the main appropriated funds has been spent. This is an improvement compared to same period in 2017/18 where R751 million or only 28.9 per cent of the available budget had been spent up to this point.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Education, Training and Development Practices Sector Education and Training Authority: Operations	0.4	0.4	0.4	0.4	100.0%	0.4	0.0	0.0%
2	Guidance, Counselling and Youth Development Centre for Africa: Operations	0.2	0.2	0.2	0.0	0.0%	0.0	0.0	0.0%
	Learner with Profound Intellectual Disabilities	5.0	5.0	5.0	3.9	77.3%	4.1	0.2	4.9%
	Learners with profound intellectual disabilities grant: To provide the necessary support, resources and equipment to identified care centres and schools for the provision of education to children with severe to profound intellectual disabilities.	185.5	185.5	185.5	121.2	65.4%	139.1	17.9	12.9%
	Maths, science and technology grant: To strengthen collaborative programmes amongst Department of Basic Education, Department of Science and Technology and Department of Higher Education and Training to improve performance of Maths, Sciences and Technology in schools.	370.5	370.5	370.5	352.0	95.0%	352.0	0.0	0.0%
	Matric Second Chance programme	65.7	65.7	65.7	17.3	28.7%	24.9	6.0	24.1%
	Oversight of Maths, Science and Technology	5.9	5.9	5.9	5.0	84.2%	4.8	-0.2	-2.3%
	Workbooks	1 109.1	1 109.1	1 109.1	962.0	86.7%	739.6	-222.4	-30.1%
3	Association for the Development of Education in Africa: Operations	0.1	0.1	0.1	0.0	0.0%	0.0	0.0	0.0%
	National Student Financial Aid Scheme: Funza Lushaka bursaries	1 159.3	1 159.3	1 159.3	1 159.3	100.0%	1 159.3	0.0	0.0%
	South African Council for Educators: Operations	16.0	16.0	16.0	12.0	75.0%	12.0	0.0	0.0%
	United Nations Educational, Scientific and Cultural Organisation: Membership fee	15.4	15.4	15.4	0.0	0.0%	0.0	0.0	0.0%
4	Education infrastructure grant: To supplement provinces to fund provincial education infrastructure	9 917.7	10 093.6	10 093.6	8 678.0	86.0%	8 502.2	-175.8	-2.1%
	National Education Collaboration Trust: Piloting of interventions to improve the quality of basic education	111.0	111.0	111.0	106.0	95.5%	106.0	0.0	0.0%
	School Infrastructure Backlogs allocation-in-kind: To eradicate inappropriate school structures	1 471.8	2 271.8	2 271.8	1 332.2	58.6%	1 250.0	-82.2	-6.6%
	Southern and Eastern Africa Consortium for Monitoring Educational Quality: Membership fee	3.3	3.3	3.3	2.7	81.0%	2.7	0.0	0.0%
	Umalusi Council for Quality Assurance in General and Further Education and Training: Operations	128.5	128.5	128.5	96.4	75.0%	96.4	0.0	0.0%
5	Childline South Africa: Operations	0.1	0.1	0.1	0.1	100.0%	0.1	0.0	0.0%
	HIV and AIDS (life skills education) grant: To enhance awareness programmes offered by schools to prevent and mitigate the impact of HIV	243.2	243.2	243.2	194.6	80.0%	194.6	0.0	0.0%
	National School Nutrition Programme	19.1	19.1	19.1	13.2	69.4%	14.1	0.9	6.1%
	National school nutrition programme grant: To provide nutritious meals to targeted learners	6 802.1	6 802.1	6 802.1	5 664.5	83.3%	5 664.5	0.0	0.0%
Total		**21 629.9**	**22 605.8**	**22 605.8**	**18 720.8**	**86.6%**	**18 488.6**	**-232.2**	**-1.3%**

Vote 15

Higher Education and Training

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	432.3	446.6	446.6	309.4	69.3%	319.3	9.9	3.1%
2	Planning, Policy and Strategy	80.2	79.9	79.9	54.6	68.3%	55.1	0.5	0.9%
3	University Education	59 147.1	59 250.2	59 250.2	55 963.6	94.5%	55 940.0	-23.6	0.0%
4	Technical and Vocational Education and Training	10 739.7	10 727.3	10 727.3	8 143.9	75.9%	8 754.6	610.7	7.0%
5	Skills Development	262.6	264.5	264.5	193.4	73.1%	194.4	1.0	0.5%
6	Community Education and Training	2 358.8	2 355.6	2 355.6	1 701.4	72.2%	1 750.7	49.3	2.8%
Total		**73 020.6**	**73 124.1**	**73 124.1**	**66 366.3**	**90.8%**	**67 014.1**	**647.8**	**1.0%**
Economic Classification									
Current payments		**9 391.5**	**9 380.2**	**9 380.2**	**6 736.5**	**71.8%**	**6 589.6**	**-146.9**	**-2.2%**
Compensation of Employees		8 957.0	8 952.3	8 952.3	6 439.5	71.9%	6 307.5	-132.0	-2.1%
Goods and services		434.5	427.9	427.9	297.1	69.4%	282.1	-14.9	-5.3%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**63 620.5**	**63 728.7**	**63 728.7**	**59 620.3**	**93.6%**	**60 414.9**	**794.6**	**1.3%**
Payments for capital assets		**8.6**	**13.9**	**13.9**	**8.1**	**58.4%**	**8.3**	**0.2**	**2.0%**
Payments for Financial Assets		**0.0**	**1.4**	**1.4**	**1.4**	**101.6%**	**1.4**	**0.0**	**0.0%**
Total		**73 020.6**	**73 124.1**	**73 124.1**	**66 366.3**	**90.8%**	**67 014.1**	**647.8**	**1.0%**
Direct charges		**16 929.4**	**16 929.4**	**17 312.2**	**12 832.1**	**74.1%**	**12 653.1**	**-179.0**	**-1.4%**
Sector Education and Training Authorities		13 543.5	13 543.5	13 849.7	10 834.6	78.2%	10 396.2	-438.4	-4.2%
National Skills Fund		3 385.9	3 385.9	3 462.4	1 997.4	57.7%	2 256.9	259.4	11.5%
Total		**89 950.0**	**90 053.5**	**90 436.2**	**79 198.4**	**87.6%**	**79 667.2**	**468.9**	**0.6%**

Expenditure Analysis

The department has spent R66.3 billion, or 90.8 per cent of the available budget, which is R647 million, or 0.6 per cent lower than projected. The slower than projected spending is mainly because of delays in the disbursement of the infrastructure and efficiency grant to Technical and Vocational Education and Training (TVET) Colleges in Programme 4.

Figure 1 – Comparison of expenditure with available budget by programme

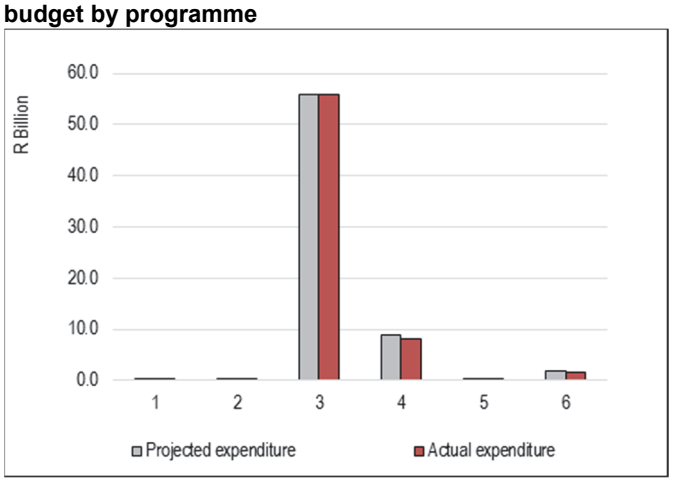


Figure 2 – Comparison of expenditure with available budget by economic classification

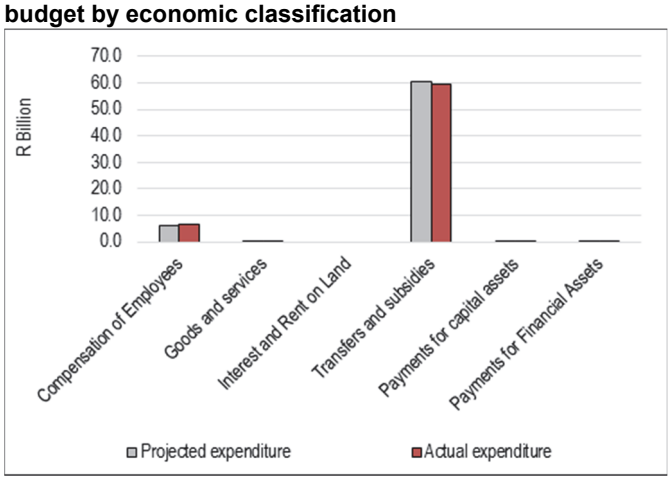
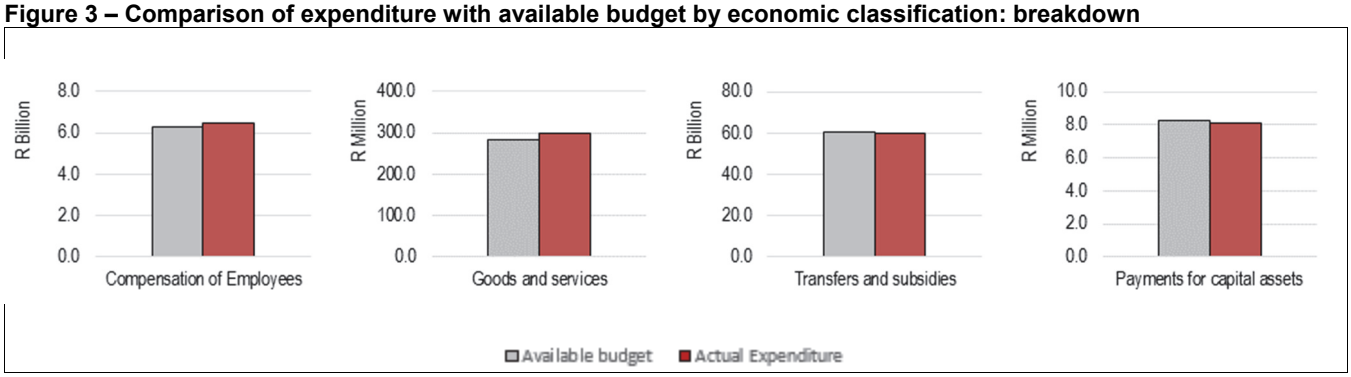


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: Spending to the end of the third quarter is R9.9 million or 3.1 per cent less than projected, mainly under goods and services because of delays in receiving invoices for audit costs and property payments, and under compensation of employees because of delays in filling posts where no suitable candidates were found.

Programme 2: Planning, Policy and Strategy: Expenditure to the end of the third quarter was R54.6 million, which is largely in line with planned spending for the year up to this point.

Programme 3: University Education: Expenditure for the programme was R23.6 million higher than projected due to payment of earmarked grants (university infrastructure, veterinary sciences, university capacity development and foundation provision grants) that were released earlier than anticipated because the required progress reports were submitted earlier than expected by the various universities. There was also a R4.5 million or 33.3 per cent higher than projected spending on non-profit institutions, due to funds that were disbursed earlier than anticipated for the higher education HIV/AIDS programme.

Programme 4: Technical and Vocational Education and Training spending is lower than projected by R610.7 million or 7 per cent, mainly due to a delay in the payment of the Infrastructure and Efficiency Grant (IEG). This grant is earmarked for infrastructure refurbishments and maintenance at TVET Colleges. The IEG is a new allocation for TVET Colleges, and the department is still finalising disbursement criteria of the grant. Payment of this grant has been rescheduled and is expected to be made in the last quarter of the year.

Programme 5: Skills Development: Expenditure to the end of the third quarter was R193.4 million or 99.5 per cent of the projected expenditure, which is largely in line with planned spending for the year up to this point.

Programme 6: Community Education and Training: Spending is lower than projected by R49.3 million or 2.8 per cent, mainly because the transfer payment of the Community Education and Training (CET) college subsidy to Ehlanzeni college was withheld because of financial management challenges at this college. The department expects the matter to be resolved soon and expects the transfer to be made in the fourth quarter.

Virements

No virements occurred during the third quarter of the year.

Personnel

The department has exceeded projected expenditure on compensation of employees by R132 million, mainly due to the high number of claims received from examiners and moderators for Technical and Vocational Education and Training (TVET) college exams. This high expenditure is despite delays in the filling of posts in the Technical and Vocational Education and Training (TVET) and Community Education and Training (CET) programmes, mainly recorded under salary levels 5 and 7. The department has been advised to monitor the claims and appointments of staff in order not to exceed the CoE ceiling.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	248.0	247.7	179.9	183.9	4.0	552	591	39	76
2	Planning, Policy and Strategy	65.9	65.9	44.4	45.9	1.5	125	114	-11	29
3	University Education	72.1	71.9	43.8	47.4	3.6	101	58	-43	-28
4	Technical and Vocational Education and Training	6 276.2	6 274.7	4 533.3	4 353.8	-179.5	17 077	16 041	-1 036	-263
5	Skills Development	111.7	113.7	82.9	83.3	0.5	272	647	375	67
6	Community Education and Training	2 183.0	2 178.3	1 555.3	1 593.2	37.9	15 331	9 144	-6 187	-185
Total		**8 957.0**	**8 952.3**	**6 439.5**	**6 307.5**	**-132.0**	**33 458**	**26 595**	**-6 863**	**-304**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	1.9	15	2	-13	-201
2	217.2	1 381	1 343	-38	-375
3	214.8	1 171	1 036	-135	-1 760
4	107.5	552	533	-19	-268
5	1 034.8	3 991	3 133	-858	-2 029
6	754.4	2 469	2 671	202	-354
7	2 197.8	5 789	5 631	-158	-341
8	794.2	1 709	1 713	4	6
9	766.6	1 366	1 349	-17	16
10	326.3	482	577	95	-142
11	254.1	317	266	-51	180
12	296.8	307	322	15	22
13	166.6	148	129	-19	0
14	44.4	29	28	-1	1
15	14.6	9	6	-3	1
16	2.4	1	4	3	0
Other	1 762.7	13 722	7 852	-5 870	4 940
Total	**8 957.0**	**33 458**	**26 595**	**-6 863**	**-304**

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
2	Commonwealth of Learning: Membership fee	3.1	3.1	3.1	2.8	89.2%	3.1	0.3	10.8%
	India-Brazil-South Africa Trilateral Commission: Operations	0.6	0.6	0.6	0.0	0.0%	0.6	0.6	100.0%
3	Council on Higher Education: Operations	50.7	50.7	50.7	38.0	75.0%	38.0	0.0	0.0%
	National Institute for the Humanities and Social Sciences: Operations	38.8	38.8	38.8	29.1	75.0%	29.1	0.0	0.0%
	National Student Financial Aid Scheme: Operations	269.1	269.1	269.1	269.1	100.0%	269.1	0.0	0.0%
	National Student Financial Aid Scheme: Student loans and bursaries	20 065.3	20 065.3	20 065.3	20 065.3	100.0%	20 065.3	0.0	0.0%
	Sol Plaatje University: Building, maintenance and upgrading of infrastructure	362.0	362.0	362.0	362.0	100.0%	362.0	0.0	0.0%
	Sol Plaatje University: Operations	231.2	231.2	231.2	231.2	100.0%	231.2	0.0	0.0%
	South African Qualifications Authority: Operations	66.7	66.7	66.7	50.0	75.0%	50.0	0.0	0.0%
	Universities South Africa: Higher Education HIV and AIDS programme	17.9	17.9	17.9	17.9	100.0%	13.4	-4.5	-33.3%
	University of Mpumalanga: Building, maintenance and upgrading of infrastructure	638.5	638.5	638.5	638.5	100.0%	638.5	0.0	0.0%
	University of Mpumalanga: Operations	324.4	324.4	324.4	324.4	100.0%	324.4	0.0	0.0%
	University subsidies: Academic clinical training grants	574.3	574.3	574.3	390.3	68.0%	574.3	184.0	32.0%
	University subsidies: Block grants and other grant allocations	33 737.0	33 737.0	33 737.0	31 207.4	92.5%	31 082.7	-124.7	-0.4%
	University subsidies: Interest and redemption on loans	3.5	3.5	3.5	2.5	72.5%	3.5	1.0	27.5%
	University subsidies: University infrastructure projects	2 688.1	2 791.5	2 791.5	2 292.7	82.1%	2 207.1	-85.6	-3.9%
4	Education, Training and Development Practices Sector Education and Training Authority: Operations	15.2	15.2	15.2	15.2	100.0%	15.2	0.0	0.0%
	Technical and Vocational Education and Training colleges: Infrastructure and efficiency grant	1 300.0	1 300.0	1 300.0	455.0	35.0%	1 300.0	845.0	65.0%
	Technical and Vocational Education and Training colleges: Subsidies	2 987.5	2 987.5	2 987.5	3 018.7	101.0%	2 987.5	-31.2	-1.0%
5	Public Service Sector Education and Training Authority: Operations	106.4	106.4	106.4	79.8	75.0%	79.8	0.0	0.0%
	Quality Council for Trades and Occupations: Operations	27.4	27.4	27.4	20.5	75.0%	20.5	0.0	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
6	Community Education and Training colleges: Subsidies	109.9	109.9	109.9	101.4	92.2%	109.9	8.6	7.8%
	Education, Training and Development Practices Sector Education and Training Authority: Operations	2.8	2.8	2.8	2.8	100.0%	2.8	0.0	0.0%
Total		**63 620.5**	**63 724.0**	**63 724.0**	**59 614.7**	**93.6%**	**60 408.2**	**793.5**	**1.3%**

Vote 16

Health

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	550.8	537.1	537.1	311.7	58.0%	283.7	-28.0	-9.9%
2	National Health Insurance, Health Planning and Systems Enablement	1 671.6	1 848.2	1 848.2	396.0	21.4%	619.7	223.7	36.1%
3	HIV and AIDS, Tuberculosis, and Maternal and Child Health	20 719.1	20 714.1	20 714.1	15 587.1	75.2%	15 581.0	-6.1	0.0%
4	Primary Health Care Services	301.7	301.7	301.7	179.5	59.5%	195.1	15.6	8.0%
5	Hospitals, Tertiary Health Services and Human Resource Development	22 124.2	22 310.7	22 310.7	16 477.4	73.9%	16 456.9	-20.5	-0.1%
6	Health Regulation and Compliance Management	1 775.5	1 796.5	1 796.5	1 348.5	75.1%	1 357.9	9.3	0.7%
Total		**47 142.9**	**47 508.4**	**47 508.4**	**34 300.2**	**72.2%**	**34 494.3**	**194.1**	**0.6%**
Economic Classification									
Current payments		**3 088.4**	**3 222.8**	**3 252.9**	**1 273.1**	**39.1%**	**1 420.5**	**147.4**	**10.4%**
Compensation of Employees		828.8	828.8	828.8	584.1	70.5%	603.9	19.8	3.3%
Goods and services		2 259.6	2 394.0	2 424.1	689.0	28.4%	816.5	127.6	15.6%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**43 017.0**	**43 280.9**	**43 250.9**	**32 593.6**	**75.4%**	**32 583.9**	**-9.7**	**0.0%**
Payments for capital assets		**1 037.5**	**1 004.6**	**1 004.6**	**433.6**	**43.2%**	**490.0**	**56.4**	**11.5%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**47 142.9**	**47 508.4**	**47 508.4**	**34 300.2**	**72.2%**	**34 494.3**	**194.1**	**0.6%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

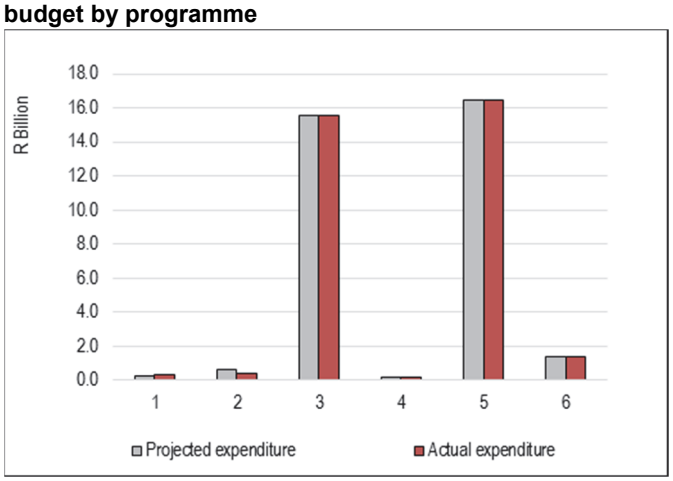


Figure 2 – Comparison of expenditure with available budget by economic classification

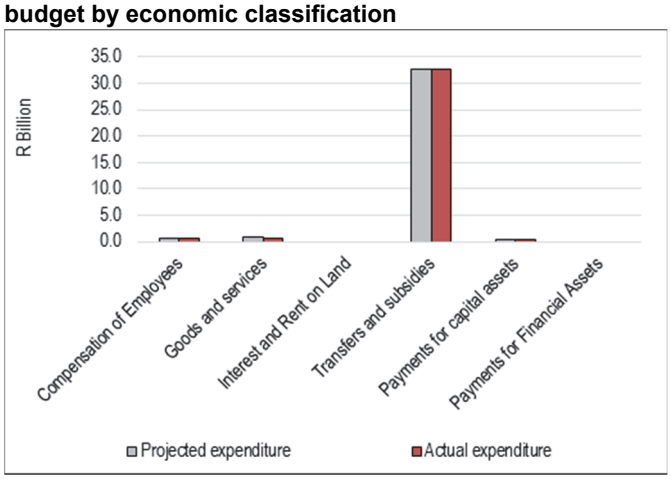
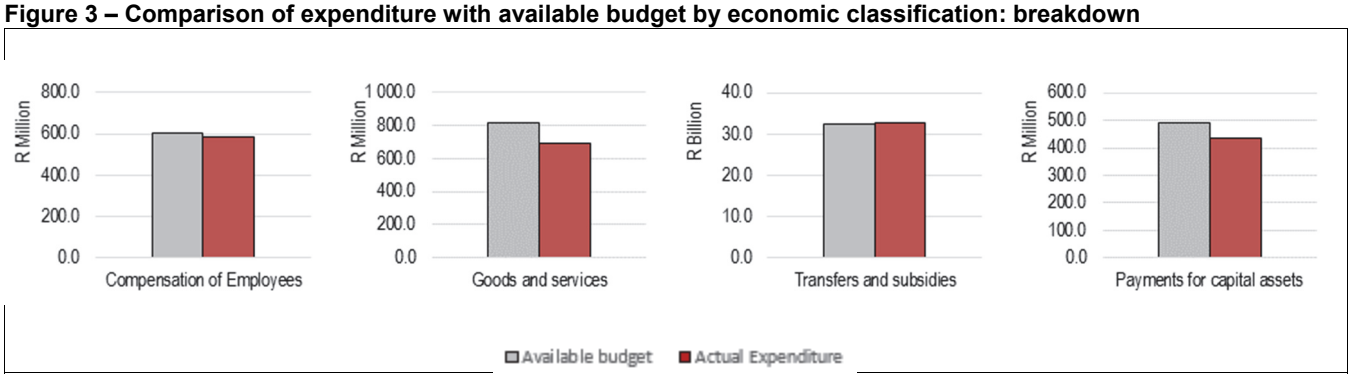


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: Spending for the programme is R311.7 million or 58.0 per cent of the R537.1 million available budget. This is higher than the projected spending for the period by R28.0 million or 9.9 per cent, mainly due to higher than projected spending in goods and services (R158.4 million spent against a projection of R129.3 million). The main contributor to this variance is operating leases (R57.2 million spent against a projection of R35.8 million), there were delays in settling the invoices from the Department of Public Works due to matters under dispute, resultantly, payments that were planned for the first and second quarter were paid in the third quarter. Nevertheless, the Department indicates it may underspend this year by R114.4 million, this is largely due to unresolved disputes regarding the invoices for the Civitas operating lease.

Programme 2: National Health Insurance, Health Planning and Systems Enablement: Spending for the programme is R396.0 million or 21.4 per cent of the R1.8 billion available budget which reflects extremely poor spending performance. This is below the projected spending for the period by R223.7 million or 36.1 per cent. Low spending is due to the Non-Personal Services component and the Personal Services component of the National Health Insurance Indirect grant (NHIIG). Spending in the Non-Personal services component was R239.2 million, which is 34.2 per cent of the available budget. This is largely due to delays in the procurement of hardware and software relating to the patient information system and the electronic medicine stock management system. Spending in the subcomponents is as follows:

- Central Chronic Medicines Dispensing and Distribution: Spending is R124.2 or 34.5 per cent of the R360.0 million
- Patient information system: spending is R67.0 million or 41.9 per cent of the R160.0 million available budget. Due to the labour action, orders for the capital equipment and hardware required to support the patient information system have not been placed.
- Medicines stock surveillance system: spending is R27.2 million or 18.1 per cent of the R150.0 million available budget. The piloting of the warehouse management system has not commenced and expenditure will take place once the raised concerns are addressed by the supplier; additionally, orders for the capital equipment have not been placed due to the labour unrest.
- Ideal Clinics: Spending is R13.4 million or 67.2 million of the R20.0 million available budget.

Spending in the Personal Services component is R40.7 million of R712.5 million available budget (see table of specifically appropriated items at the end). It must be noted that 99.9 per cent of this expenditure was recorded only in May 2018. The following are subcomponents affected:

- Health professionals contracting: Spending is R40.7 million out of the R221.5 million available budget (18,4%).
- General Practitioner contracting through new capitation model: zero spending of the R100.0 million available budget
- Other priority services: zero spending of R200.0 million available budget due to tender delays
- School health services: zero spending of R111.0 million available budget due to tender delays
- Psychiatric, mental services: zero spending of R80.0 million available budget. The tender for mental health services has not been finalised.

Given slow spending in this component, R321 million has been reprioritised in the adjustments budget for the recruitment of health professionals in provinces through a new Human Resources Capacitation component in the same grant. Expenditure on this will show in the fourth quarter. The DG: National Treasury wrote to the DG: Health in November 2018 raising concerns around underspending and requesting plans to address this underspending. However, NT has not received a response to this request.

Furthermore, there has been zero spending on the NHI-related earmarked items including; NHI interim fund (with an available budget of R5.0 million), health technology assessment (available budget of R7.0 million) and chronic disease prevention and health promotion (available budget of R50.0 million) linked to the introduction of a sugar tax; all of these are a great concern. There is no detail on the reasons for no spending in these areas; and no clear indication of plans in place to address this.

Programme 3: HIV and AIDS, Tuberculosis, and Maternal and Child Health: Spending for the programme is R15.6 billion or 75.2 per cent of the R20.7 billion available budget. This is higher than projected spending for the period by R6.1 million or 0.0 per cent. This is due to a transfer made to

South African National Aids Council (SANAC) (R17.1 million) which was projected for March 2019, but it was processed in December 2018. This variance is slightly offset by slow spending in transfers to non-profit institutions where R142.9 million was transferred against a projection of R152.6 million.

Programme 4: Primary Health Care Services: Spending for the programme is R179.5 million or 59.5 per cent of the R301.7 million available budget. This is lower than projected spending for the period by R15.6 million or 8.0 per cent, due to slow spending in goods and services (R24.7 million spent against a projection of R37.4 million, indicating a variance of R12.7 million). There were delays in the procurement of Cancer Campaign and expenditure will reflect in the fourth quarter; and expenditure for the printing of Malaria Health Promotion material is delayed. There is also lower than projected spending under transfers and subsidies (R1.7 million against a projection of R3.4 million) due to pending service level agreements with NGOs.

Programme 5: Hospitals, Tertiary Health Services, and Human Resource Development: Spending for the programme is R16.5 billion or 73.9 per cent of the R22.3 billion available budget. This is higher than projected spending for the period by R20.5 million or 0.1 percent, mainly due to goods and services (R61.0 million spent against a projection of R44.5 million) and capital assets (R375.1 million spent against a projection of R368.1 million) due to settlement of invoices that were received from the implementing agent for services rendered in previous months.

- Health Infrastructure Revitalisation component, is below projected spending (R304.5 million spent against a projection of R341.8 million). Based on poor performance of this component since its inception, NDOH has limited capacity to manage a large number of infrastructure projects and should consider converting it back to the Health Facility Revitalisation direct grant.
- This component has also been identified as an area of in-year reprioritisation. R150 million will be shifted to a new component to purchase beds and linen in hospitals, R42 million will be shifted to the direct Health Facility Revitalisation grant for Northern Cape and R29 million will be shifted to the new Human Resource Capacitation component in Programme 2. All these adjustments will reflect in the fourth quarter.

Programme 6: Health Regulation and Compliance Management: Spending for the programme is R1.3 billion million or 75.1 per cent of the R1.8 billion available budget. This is lower than the projected spending for the period by R9.3 million or 0.7 per cent. This is due to lower than projected spending under compensation of employees (R48.9 million spent against a projection of R57.6 million), as some employees in the radiation control unit have been moved to SAHPRA while the budget still remains in the department. Journals will be passed in the fourth quarter to correct this.

Virements

There were no virements in this quarter.

Personnel

- The headcount variance from target is 216. The SAHPRA employees has not been moved from the department's establishment.
- Lower than projected spending is due to some employees in the radiation control unit who have been moved to SAHPRA while the budget still remains in the department. Journals will be passed in the fourth quarter to correct this.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	209.2	209.2	148.6	149.9	1.3	435	434	-1	12
2	National Health Insurance, Health Planning and Systems Enablement	116.7	116.7	79.7	85.1	5.4	152	159	7	1
3	HIV and AIDS, Tuberculosis, and Maternal and Child Health	84.4	84.4	59.5	60.2	0.7	121	127	6	3
4	Primary Health Care Services	209.1	209.1	152.9	153.6	0.7	413	411	-2	16
5	Hospitals, Tertiary Health Services and Human Resource Development	145.2	145.2	94.4	97.5	3.1	272	254	-18	2
6	Health Regulation and Compliance Management	64.3	64.3	48.9	57.6	8.7	105	329	224	-15
Total		**828.8**	**828.8**	**584.1**	**603.9**	**19.8**	**1 498**	**1 714**	**216**	**19**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	14.1	75	68	-7	-6
4	27.0	123	117	-6	-2
5	38.2	133	214	81	-1
6	61.6	172	144	-28	1
7	48.9	115	173	58	19
8	200.8	395	365	-30	-9
9	3.9	6	18	12	-10
10	168.7	215	216	1	-42
11	0.8	1	88	87	40
12	122.3	128	183	55	24
13	82.6	83	74	-9	-8
14	38.8	39	22	-17	-3
15	14.6	10	10	0	-2
16	6.5	3	4	1	0
Other	0.0	0	18	18	18
Total	**828.8**	**1 498**	**1 714**	**216**	**19**

Issues for the committee to note

Labour unrest related to the condition of the Civitas building had a negative impact on the budget the departmental operations. Slow spending in most areas is reported to have been a result of a partially incapacitated supply chain unit and the absence of staff to process invoices and issue orders for services. It is projected that by end of this financial year the department will underspend by roughly R1 billion which would be an enormous poor performance and this might affect service delivery systems; although the extent to it has not been measured. The committee should also note very low spending in substantial areas in the table below. For instance, on the medico-legal committees and SAICA item, only 35.6 per cent of the available budget has been spent despite the escalating liability of medico-legal claims.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Establishment of expert Medico-legal committees and South African Institute of Chartered Accountants (SAICA) financial management support programme for provinces	13.0	13.0	13.0	4.6	35.6%	2.9	-1.8	-61.7%
	Health and Welfare Sector Education and Training Authority: Operations	2.5	2.5	2.5	1.9	76.0%	1.9	0.0	0.0%
2	Electronic Medicine Stock Management System	10.0	10.0	10.0	0.0	0.0%	2.1	2.1	100.0%
	Health information systems programme: Operations	14.2	14.2	0.0	0.0		0.0	0.0	0.0%
	Health Systems Trust: Operations	15.9	15.9	0.0	0.0		0.0	0.0	0.0%
	National Health Insurance Grant: Non-Personal Services Component	700.0	700.0	700.0	239.2	34.2%	297.8	58.6	19.7%
	National Health Insurance Grant: Personal Services Component	712.5	712.5	712.5	40.7	5.7%	184.7	144.0	78.0%
	Transitional NHI Structures and health promotion: Chronic disease prevention and Health promotion	50.0	50.0	50.0	0.0	0.0%	11.9	11.9	100.0%
	Transitional NHI Structures and health promotion: Health Technology Assessment	7.0	7.0	7.0	0.0	0.0%	1.2	1.2	100.0%
	Transitional NHI Structures and health promotion: NHI Interim Fund	5.0	5.0	5.0	0.0	0.0%	0.8	0.8	100.0%
	Transitional NHI Structures and health promotion: NHI Ministerial implementation committees	2.0	2.0	2.0	0.0	0.0%	0.4	0.4	100.0%
3	Accelerating HIV Prevention and Management	233.9	233.9	233.9	138.7	59.3%	136.3	-2.5	-1.8%
	Accelerating HIV Prevention and Management: Condoms	119.1	119.1	119.1	40.5	34.0%	48.0	7.5	15.7%
	Comprehensive HIV, AIDS and tuberculosis grant: Conditional grant	19 921.7	19 921.7	19 921.7	15 040.0	75.5%	15 040.0	0.0	0.0%
	HIV and AIDS: Operations	54.4	54.4	54.4	44.7	82.2%	54.4	9.7	17.8%
	Human papillomavirus vaccine grant: Conditional grant	200.0	200.0	200.0	160.5	80.2%	160.5	0.0	0.0%
	Lifeline: Operations	23.3	23.3	23.3	23.3	100.0%	23.3	0.0	0.0%
	LoveLife: Operations	64.8	64.8	64.8	64.8	100.0%	64.8	0.0	0.0%
	Soul City: Operations	20.3	20.3	20.3	10.1	50.0%	10.1	0.0	0.0%
	South African National AIDS Council: Operations	17.1	17.1	17.1	17.1	100.0%	0.0	-17.1	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
4	National Council Against Smoking: Operations	0.9	0.9	0.9	0.0	0.0%	0.9	0.9	100.0%
	National Kidney Foundation of South Africa: Operations	0.4	0.4	0.4	0.4	100.0%	0.4	0.0	0.0%
	South African Federation for Mental Health: Operations	0.4	0.4	0.4	0.4	100.0%	0.4	0.0	0.0%
	South African Medical Research Council: South African Community Epidemiology Network on Drug Use	0.6	0.6	0.6	0.0	0.0%	0.6	0.6	100.0%
	South African National Council for the Blind: Operations	0.9	0.9	0.9	0.9	100.0%	0.9	0.0	0.0%
5	Forensic Chemistry Laboratories	145.8	145.8	145.8	73.5	50.4%	79.6	6.1	7.6%
	Health facility revitalisation grant: Grant to Province	5 815.7	5 815.7	5 815.7	4 356.3	74.9%	4 356.3	0.0	0.0%
	Health professions training and development grant: Grant to Province	2 784.5	2 784.5	2 784.5	2 088.3	75.0%	2 088.3	0.0	0.0%
	Improve Infrastructure management, IUSS programme and Hospital Revitalisation	30.6	30.6	30.6	13.8	45.3%	16.5	2.7	16.1%
	National Health Insurance Grant: Health Facility Revitilisation	891.4	891.4	891.4	304.5	34.2%	341.8	37.2	10.9%
	National tertiary services grant: Grant to Province	12 400.7	12 400.7	12 400.7	9 502.0	76.6%	9 502.0	0.0	0.0%
6	Compensation Commissioner: Operations	3.8	3.8	3.8	3.8	100.0%	0.0	-3.8	0.0%
	Council for Medical Schemes: Operations	5.7	5.7	5.7	4.3	75.0%	4.3	0.0	0.0%
	National Health Laboratory Service: Operations	789.8	810.8	810.8	613.3	75.6%	613.3	0.0	0.0%
	Office of Health Standards Compliance: Operations	129.7	129.7	129.7	97.3	75.0%	97.3	0.0	0.0%
	South African Health Product Regulatory Authority: Operations	125.2	125.2	125.2	93.9	75.0%	93.9	0.0	0.0%
	South African Medical Research Council: Research	624.8	624.8	624.8	468.6	75.0%	468.6	0.0	0.0%
Total		**45 937.3**	**45 958.3**	**45 928.2**	**33 447.4**	**72.8%**	**33 705.9**	**258.5**	**0.8%**

Vote 17

Social Development

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	383.2	391.7	391.7	264.7	67.6%	261.0	-3.7	-1.4%
2	Social Assistance	162 960.7	162 860.7	162 860.7	121 433.8	74.6%	121 350.7	-83.1	-0.1%
3	Social Security Policy and Administration	7 880.8	7 877.0	7 877.0	5 788.9	73.5%	5 800.6	11.7	0.2%
4	Welfare Services Policy Development and Implementation Support	1 284.5	1 300.4	1 300.4	887.8	68.3%	917.8	30.0	3.3%
5	Social Policy and Integrated Service Delivery	392.3	392.3	392.3	356.5	90.9%	355.4	-1.2	-0.3%
Total		**172 901.6**	**172 822.2**	**172 822.2**	**128 731.6**	**74.5%**	**128 685.5**	**-46.2**	**0.0%**
Economic Classification									
Current payments		**888.3**	**886.8**	**886.8**	**574.6**	**64.8%**	**581.7**	**7.1**	**1.2%**
Compensation of Employees		490.4	490.4	490.4	362.4	73.9%	358.9	-3.5	-1.0%
Goods and services		397.9	396.4	396.4	212.1	53.5%	222.7	10.6	4.8%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**172 002.3**	**171 924.4**	**171 924.4**	**128 150.2**	**74.5%**	**128 096.3**	**-53.9**	**0.0%**
Payments for capital assets		**11.1**	**11.1**	**11.1**	**6.9**	**62.1%**	**7.5**	**0.7**	**8.7%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**172 901.6**	**172 822.2**	**172 822.2**	**128 731.6**	**74.5%**	**128 685.5**	**-46.2**	**0.0%**

The department of Social Development has a 2018/19 available budget of R172.8 billion of which R171.9 billion is appropriated for transfers and subsidies, mainly to households for social grants. Currently, the bulk of social grants are allocated to the child support grant, which benefits 12.4 million poor children, and this is followed by the old age grant, which benefits 3.5 million people older than 60.

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

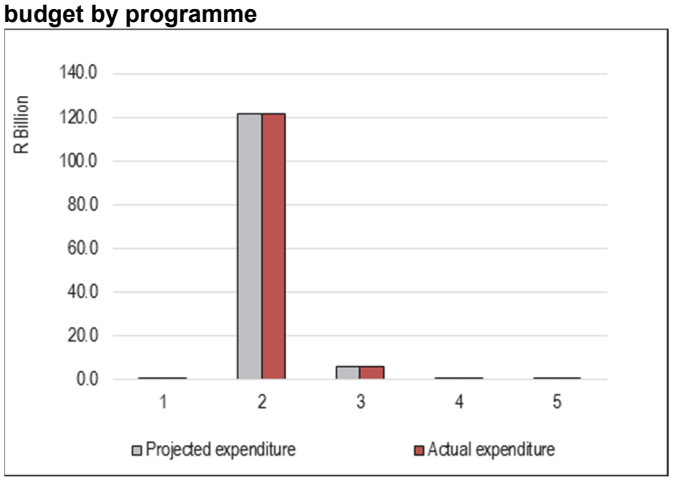


Figure 2 – Comparison of expenditure with available budget by economic classification

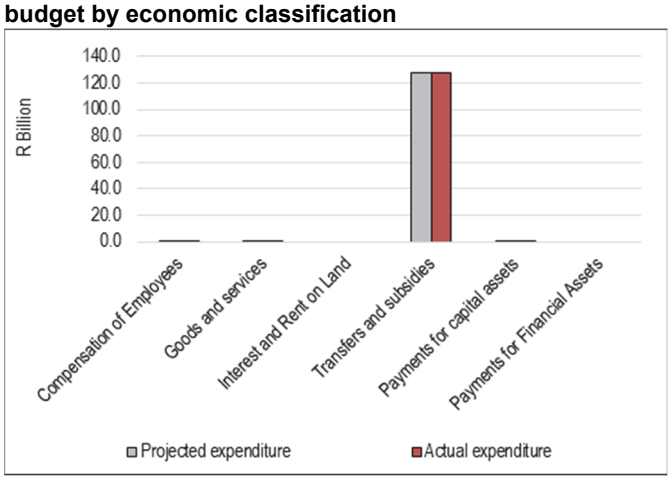
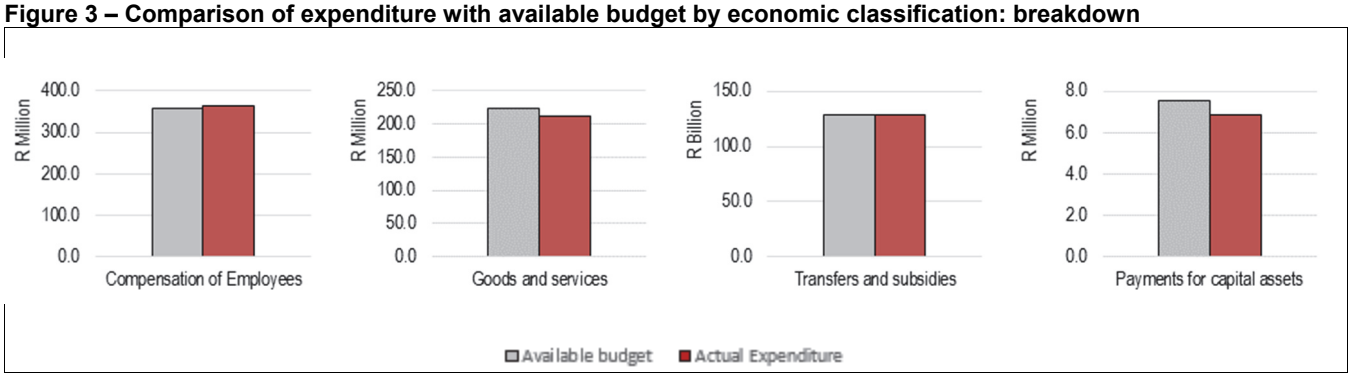


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: The programme spent R264.7 million or 67.6 percent of the available budget of R391.7 million. The programme expenditure is R3.7 million higher than the approved drawings of R261.0 million at the end of December 2018.This is mainly due to higher than projected spending on travel and subsistence in November and December on Ministerial travel claims. Total expenditure is expected to be within the available budget by the end of the financial year.

Programme 2: Social Assistance: The programme spent R121.43 billion or 74.6 per cent of the available budget of R162.9 billion. The programme expenditure is R83.1 million higher than the approved drawings of R121.35 billion at the end of December 2018. This is mainly due to higher than projected beneficiaries. Total spending will be in line with the available budget by the end of the financial year.

Programme 3: Social Security Policy and Administration: The programme spent R5.8 billion or 73.5 per cent of the available budget of R7.9 billion. The programme expenditure is R11.7 million lower than the approved drawings of R5.8 billion at the end of December 2018.

Lower than expected expenditure is mainly on salaries and wages and legal services. This is due to a ministerial directive on the suspension of all processes in the filling of all vacant funded posts. Most of these posts relate to the establishment of the inspectorate tasked with providing oversight on the social assistance function to curb fraud. The moratorium coincides with a decrease in the number of appeals handled by the inspectorate, which area result of the Tribunal being able to adjudicate appeals within the 90-day period. SASSA has also been informing persons not to appeal, but to rather wait for 3 months and then re-apply for a grant.

Programme 4: Welfare Services Policy Development and Implementation Support: The programme spent R887.8 million or 68.3 per cent of the available budget of R1.3 billion. The programme expenditure is R30.0 million lower than the approved drawings of R917.8 million at the end of December 2018.

Lower than expected spending is mainly shown on transfers to NPIs. The non-transfer of R62.6 million to HIV and AIDS organisations through the South African National Aids Council (SANAC) arises partly due to slow spending on previous transfers to SANAC. Although the department indicated that there will be no underspending for the 2018/19 financial year, National Treasury is concerned about the underspending and the impact on service delivery. Public Finance will review this spending in 2019/20 to ensure spending is line priority programmes and with a signed business plan.

Programme 5: Social Policy and Integrated Service Delivery: The programme spent R356.5 million or 90.9 per cent of the available budget of R392.3 million. The programme expenditure is R1.2 million higher than the approved drawings of R355.4 million at the end of December 2018. The higher than expected expenditure is shown mainly on transfers on salaries and wages due to performance bonuses being paid in December.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	197.8	197.8	148.7	148.4	-0.3	361	345	-16	-17
2	Social Assistance	0.0	0.0	0.0	0.0	0.0	0	0	0	0
3	Social Security Policy and Administration	68.2	68.2	36.7	39.8	3.1	104	83	-21	-1
4	Welfare Services Policy Development and Implementation Support	144.0	144.0	113.1	109.0	-4.1	243	316	73	-6
5	Social Policy and Integrated Service Delivery	80.3	80.3	63.9	61.7	-2.2	156	145	-11	-13
Total		**490.4**	**490.4**	**362.4**	**358.9**	**-3.5**	**864**	**889**	**25**	**-37**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	2.1	22	0	-22	0
2	0.0	0	0	0	0
3	1.3	8	7	-1	-2
4	4.2	25	90	65	0
5	18.2	88	57	-31	-16
6	28.7	111	101	-10	-3
7	30.7	101	121	20	-8
8	30.9	85	82	-3	2
9	44.0	96	81	-15	-3
10	29.9	52	33	-19	1
11	77.3	90	85	-5	-21
12	71.6	72	85	13	21
13	89.8	73	64	-9	-5
14	43.2	31	29	-2	-1
15	9.7	6	8	2	1
16	3.8	2	2	0	1
Other	5.1	2	44	42	-4
Total	**490.4**	**864**	**889**	**25**	**-37**

The department spent R362.4 million or 73.9 per cent of the available budget of R490.4 million for the compensation of employees at the end of Quarter 3, which is R3.5 million above the projected expenditure due to performance bonuses being paid in December.

Out of the 889 headcount above, 180 are additional to the establishment. The department aims to reduce the headcount to 857 by March 2019, mainly through contract terminations. This is slightly below the initial projection of 864. The reduction will enable the department to remain within the compensation ceiling.

Other discrepancies shown in the table are due to the incorrect capture of interns within the “other” line item.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Health and Welfare Sector Education and Training Authority: Operations	1.6	1.6	1.6	1.4	88.9%	1.4	0.0	0.0%
2	Care dependency: Social Assistance Transfers: Social grants	3 138.4	3 138.4	3 138.4	4 162.2	132.6%	2 298.3	-1 863.9	-81.1%
	Child support: Social Assistance Transfers: Social grants	60 631.0	60 531.0	60 531.0	81 411.9	134.5%	44 941.2	-36 470.7	-81.2%
	Disability: Social Assistance Transfers: Social grants	22 104.8	22 104.8	22 104.8	29 436.3	133.2%	16 480.1	-12 956.2	-78.6%
	Foster care: Social Assistance Transfers: Social grants	5 131.6	5 131.6	5 131.6	7 289.7	142.1%	3 954.9	-3 334.8	-84.3%
	Grant-in-Aid: Social Assistance Transfers: Social grants	1 011.1	1 011.1	1 011.1	1 652.9	163.5%	680.2	-972.7	-143.0%
	Old age: Social Assistance Transfers: Social grants	70 531.4	70 531.4	70 531.4	96 097.9	136.2%	52 781.8	-43 316.1	-82.1%
	Social relief of distress: Social Assistance Transfers: Social grants	410.0	410.0	410.0	431.7	105.3%	212.3	-219.4	-103.3%
	War veterans: Social Assistance Transfers: Social grants	2.4	2.4	2.4	3.6	148.0%	1.9	-1.7	-87.0%
3	International Social Security Association: Membership fee	1.7	1.7	1.7	0.0	0.0%	1.7	1.7	100.0%
	South African Social Security Agency: Administration of social assistance	7 695.4	7 697.6	7 697.6	5 694.6	74.0%	5 694.6	0.0	0.0%
	South African Social Security Agency: Social assistance fraud investigations	65.2	65.2	65.2	48.9	75.0%	48.9	0.0	0.0%
4	Early childhood development grant	490.8	490.8	490.8	371.8	75.8%	358.8	-13.0	-3.6%
	HIV and AIDS organisations: HIV and AIDS awareness and prevention	62.6	62.6	62.6	0.0	0.0%	62.6	62.6	100.0%
	National bodies: Children: Operations	8.9	8.9	8.9	4.0	45.2%	3.2	-0.9	-27.0%
	National bodies: Disabilities: Operations	4.4	4.4	4.4	0.0	0.0%	0.0	0.0	0.0%
	National bodies: Families: Operations	1.6	1.6	1.6	0.4	24.8%	0.0	-0.4	0.0%
	National bodies: Older persons: Operations	2.8	2.8	2.8	1.4	50.0%	0.8	-0.6	-80.9%
	National bodies: Social crime prevention: Operations	6.4	6.4	6.4	1.4	21.4%	1.1	-0.3	-29.2%
	National bodies: Substance abuse: Operations	3.2	3.2	3.2	1.6	50.0%	1.6	0.0	0.0%
	National Student Financial Aid Scheme: Social work scholarships	126.2	126.2	126.2	126.2	100.0%	126.2	0.0	0.0%
	Social worker employment grant	196.8	196.8	196.8	147.6	75.0%	147.6	0.0	0.0%
	South African National AIDS Council: HIV and AIDS awareness and prevention	30.0	30.0	30.0	20.0	66.7%	0.0	-20.0	0.0%
	Substance abuse treatment grant	70.8	89.3	89.3	31.0	34.7%	31.0	0.0	0.0%
5	Food relief: Contribution to Food for All scheme - Cost of meals	27.6	27.6	27.6	27.6	100.0%	27.6	0.0	0.0%
	Food relief: Contribution to Food for All scheme - Operations	32.4	32.4	32.4	32.4	100.0%	32.4	0.0	0.0%
	National Development Agency: Operations	202.6	202.6	202.6	202.6	100.0%	202.6	0.0	0.0%
Total		**171 991.7**	**171 912.4**	**171 912.4**	**227 199.0**	**132.2%**	**128 092.8**	**-99 106.2**	**-77.4%**

Vote 18

Correctional Services

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	4 283.8	4 387.8	4 387.8	3 192.2	72.8%	3 181.3	-10.9	-0.3%
2	Incarceration	14 529.3	14 350.4	14 350.4	9 870.4	68.8%	10 402.3	531.9	5.1%
3	Rehabilitation	1 861.3	1 810.1	1 810.1	1 220.6	67.4%	1 294.3	73.8	5.7%
4	Care	2 275.3	2 332.6	2 332.6	1 695.9	72.7%	1 719.0	23.1	1.3%
5	Social Reintegration	898.9	968.0	968.0	692.9	71.6%	708.2	15.3	2.2%
Total		**23 848.5**	**23 849.0**	**23 849.0**	**16 672.0**	**69.9%**	**17 305.2**	**633.1**	**3.7%**
Economic Classification									
Current payments		**23 040.9**	**22 985.8**	**22 985.8**	**16 197.8**	**70.5%**	**16 751.4**	**553.6**	**3.3%**
Compensation of Employees		16 994.9	16 994.9	16 994.9	12 128.9	71.4%	12 482.2	353.3	2.8%
Goods and services		6 046.0	5 990.9	5 990.9	4 067.1	67.9%	4 267.5	200.4	4.7%
Interest and Rent on Land		0.0	0.0	0.0	1.7		1.7	0.0	-2.5%
Transfers and subsidies		**132.7**	**133.2**	**133.2**	**104.4**	**78.4%**	**97.2**	**-7.3**	**-7.5%**
Payments for capital assets		**674.9**	**730.0**	**730.0**	**369.8**	**50.7%**	**444.7**	**74.9**	**16.8%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**12.0**	**11.9**	**99.9%**
Total		**23 848.5**	**23 849.0**	**23 849.0**	**16 672.0**	**69.9%**	**17 305.3**	**633.2**	**3.7%**

Figure 1 – Comparison of expenditure with available budget by programme

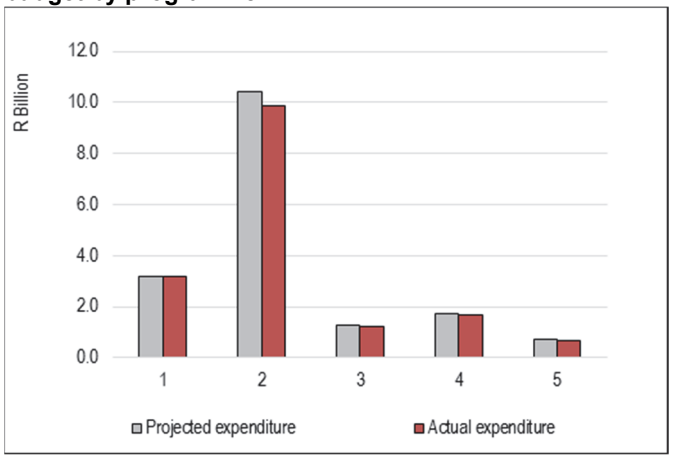


Figure 2 – Comparison of expenditure with available budget by economic classification

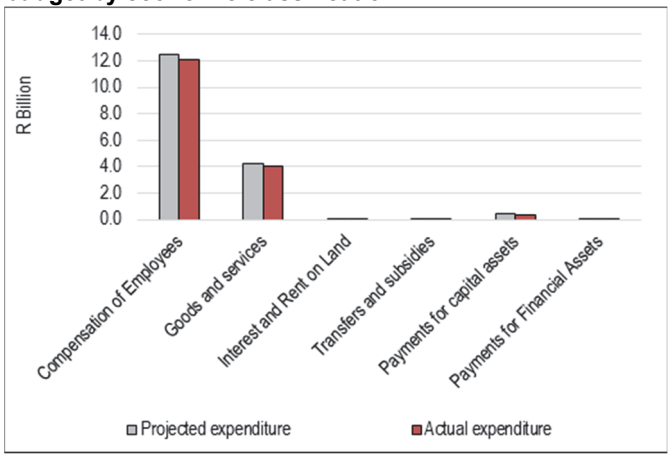
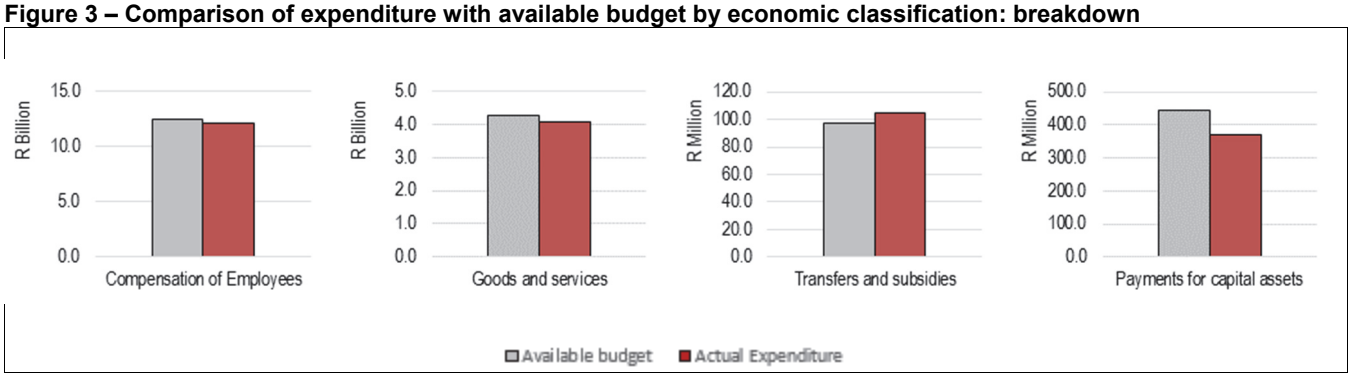


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Expenditure Analysis

The overall expenditure as at the end of quarter 3 was R16.7 billion or 69.9 per cent of the R23.8 billion allocated budget. Therefore, the department underspent against its projected expenditure of R17.3 billion by R633.1 million mainly on compensation of employees and goods and services. Underspending on compensation of employees was mainly due to outstanding Occupation Specific Dispensation (OSD) phase 2 payments for current and ex-members as well as funded vacant posts. The underspending on goods and

services is attributed mainly on item: operating leases for accommodation charges due to outstanding invoices from Department of Public Works (DPW) for the first three quarters of 2018/19 financial year.

Programme 1: Administration: The actual spending of this programme was R3.19 billion or 72.8 per cent against the projected spending of R3.18 billion resulting in R10.9 million overspending. Contributing to this overspending was goods and services that incurred R747 million expenditure against the spending plan of R687 million resulting in R60 million overspending. The overspending on goods and services is mainly attributed to item contractors due to payments to the Special Investigating Unit for forensic investigations in the department in the 3rd quarter, as well as under item legal services for payment on legal advice from the office of the state attorneys. However, there was an actual spending of R2,4 billion against the spending plan of R2,5 billion under compensation of employees resulting in R128 million underspending due to outstanding OSD phase 2 payments for current members and service terminations as well as vacant funded posts. Worth noting is that the payment for OSD phase 2 for the department is provided for under this programme.

Programme 2: Incarceration: The actual spending on this programme was R9.9 billion or 68.8 per cent against the spending plan of R10.4 billion resulting in R531.9 million underspending. Contributing to this underspending are the items compensation of employees and goods and services, transfers and subsidies and payments for capital assets. The compensation of employees had spent R7.5 billion or 71.2 per cent against the spending plan of R7.9 billion resulting in R429 million underspending as result of funded vacant posts. With regards to goods and services, the actual spending was R2 billion or 63.9 per cent against the spending plan of R2.4 billion resulting in R377 million underspending. This was due to the outstanding accommodation charges invoices from DPW for the first three quarters of 2018/19 financial year. In addition, the underspending is attributed to the spending plan for capital works which was submitted in February 2018 before finalising the DPW project allocations for capital works programme.

Programme 3: Rehabilitation: The actual spending on this programme was R1.2 billion or 67.4 per cent against the spending plan of R1.3 billion resulting in R73.8 million underspending. Items contributing to the underspending are: compensation of employees, goods and services and payments for capital assets. Compensation of employees expenditure was R999 million against the spending plan of R1.1 billion resulting in R111 underspending due to funded vacant posts. This programme has a vacancy rate of 12.54 per cent. The actual spending for goods and services was R215 million against the spending plan of R276 million resulting in R61 million underspending mainly on item: inventory clothing materials and accessories under activity processible materials as a result of delays in deliveries of materials due to tender award for quality testing of materials which was only awarded end of September 2018. Therefore, it is anticipated that there will be improvement in the final quarter of 2018/19 financial year.

Programme 4: Care: The actual spending on this programme was R1.69 billion or 72.7 per cent against the spending plan of R1.7 billion resulting in an underspending of R23.1 million. Only goods and services contributed to the underspending with an actual spending of R1.037 billion against the spending plan of R1.077 billion resulting in underspending of R40 million. Contributing to the underspending on goods and services was mainly item Inv: food and food supplies due to slow clearance of internal charges from programme Administration: stores to end user programmes.

Programme 5: Social Reintegration: The actual spending of programme Social Reintegration was R692.9 million against the spending plan of R708.2 million resulting in R15.3 million underspending. The underspending is mainly contributed by goods and services with an underspending of R36 million which was due to item operating leases as a result of payments not made for electronic monitoring amounting to R12 million as well as outstanding invoices for community corrections amounting to R9 million.

Personnel by programme

At the end of quarter 3 the department spent R12.1 billion on personnel and this was against the planned expenditure of R12.5 billion. This means that the department has underspent by R353.3 million due to funded vacant posts, and outstanding payment for OSD phase 2. Worth noting is that the programme with the highest headcount (26 081) is Incarceration, and bears the huge burden of the department's core business. This programme also incurred the highest personnel expenditure (R7.7 billion) when compared to other programmes. However, Care had the lowest number of personnel headcount (2041). Compared to other programmes, the lowest expenditure was on Social Reintegration at R627.4 million. Overall, by the end of the quarter under review the department has 38 869 headcounts against the target of 39 621, thus resulting in a variance of 752.

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	3 319.7	3 385.5	2 378.7	2 435.6	56.9	5 826	6 029	203	-126
2	Incarceration	10 595.2	10 490.1	7 469.9	7 722.2	252.3	26 831	26 081	-750	-406
3	Rehabilitation	1 474.5	1 383.9	999.2	1 027.6	28.4	2 677	3 002	325	-108
4	Care	837.3	898.3	653.8	660.1	6.2	2 041	1 799	-242	-76
5	Social Reintegration	768.3	837.2	627.4	636.7	9.3	2 246	1 958	-288	10
Total		**16 994.9**	**16 994.9**	**12 128.9**	**12 482.2**	**353.3**	**39 621**	**38 869**	**-752**	**-706**

Moreover, programmes Care, Incarceration and Social Reintegration did not reach their HRBP headcount targets of 2 041, 26 831 and 2 246, respectively. The other programmes (Administration and Rehabilitation) exceeded their HRBP headcount targets by 203 and 325, respectively.

Personnel by Salary Level

The HRBP headcount shows that by the end of quarter 3, the department had 38 869 headcount against the target of 39 621, resulting in a variance of 752. The levels that exceeded their targets are 5, and 12, whereas the other levels are below their targets. Therefore, in order to remain within the compensation of employees ceiling the department must manage its personnel numbers.

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.1	1	1	0	0
3	6.2	33	23	-10	-43
4	1 387.5	6 119	90	-6 029	-7 026
5	564.3	2 216	18 342	16 126	16 798
6	3 312.6	10 410	1 395	-9 015	-8 966
7	3 045.4	7 677	6 146	-1 531	-1 027
8	3 226.7	6 628	6 554	-74	-243
9	2 653.5	4 799	4 511	-288	-248
10	635.1	868	793	-75	-148
11	301.7	394	360	-34	39
12	176.6	204	390	186	115
13	234.5	214	145	-69	-10
14	51.5	40	31	-9	-22
15	22.6	15	10	-5	-2
16	6.3	3	3	0	2
Other	1 370.4	0	75	75	75
Total	**16 994.9**	**39 621**	**38 869**	**-752**	**-706**

Salary level 5 has the highest headcount (18 342) when compared to other salary levels. Only R564.3 million is appropriated for this level. The salary level with the highest appropriation is 6 at R3.3 billion and it is this level that has the highest HRBP headcount target (10 410), however, it did not reach its target with a variance of 9 015. The other levels that did not reach their HRBP headcount targets are 3, 4, 7, 8, 9, 10, 11, 13, 14, and 15.

Specifically Appropriated Items

Generally, the specifically appropriated items had an actual spending of R1.6 billion which is 61.2 per cent of the available budget (R2.6 billion) resulting in an underspending of R245.8 million against projected expenditure of R1.9 billion. The items that had higher overspending of their available budget are employees social benefits: post-retirement benefits, leases, repair and maintenance of correctional and other facilities: repair and maintenance and upgrading, rehabilitation and refurbishment of correctional and other facilities: upgrading, rehabilitation and refurbishment. These have overspent by R12.2 million, R11 million, R10.1 million and R29.1 million, respectively. However, the highest underspending is evident under item accommodation charges at R286.6 million.

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Employee social benefits: Post-retirement benefits	6.5	6.5	6.5	25.0	384.4%	12.8	-12.2	-95.2%
	Leases	60.8	60.8	60.8	64.8	106.6%	53.8	-11.0	-20.4%
	Municipal services	21.8	21.8	21.8	5.7	26.3%	10.5	4.8	45.4%
	Safety and Security Sector Education and Training Authority: Operations	8.4	8.4	8.4	0.0	0.0%	0.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	6.3	6.3	6.3	4.6	72.6%	5.3	0.7	13.2%
2	Accommodation charges	573.1	573.1	573.1	268.6	46.9%	555.2	286.6	51.6%
	Employee social benefits: Post-retirement benefits	86.7	86.7	86.7	35.8	41.3%	43.0	7.2	16.8%
	Municipal services	1 127.5	1 127.5	1 127.5	830.1	73.6%	845.1	15.0	1.8%
	Offender gratuity: Cash payments to sentenced inmates who participate in income generating work	24.1	24.1	24.1	22.2	92.0%	21.5	-0.7	-3.4%
	Repair and maintenance of correctional and other facilities: Repair and maintenance	168.6	168.6	168.6	52.9	31.4%	42.9	-10.1	-23.5%
	Upgrading, rehabilitation and refurbishment of correctional and other facilities: Upgrading, rehabilitation and refurbishment	511.4	511.4	511.4	261.3	51.1%	232.3	-29.1	-12.5%
3	Employee social benefits: Post-retirement benefits	0.1	0.1	0.1	4.6	6993.9%	4.0	-0.6	-14.9%
4	Employee social benefits: Post-retirement benefits	0.4	0.4	0.4	5.3	1274.4%	4.9	-0.3	-7.0%
5	Employee social benefits: Post-retirement benefits	0.2	0.2	0.2	4.2	2513.3%	3.0	-1.1	-38.0%
	Leases	36.8	36.8	36.8	26.2	71.1%	22.9	-3.3	-14.2%
Total		**2 632.7**	**2 632.7**	**2 632.7**	**1 611.4**	**61.2%**	**1 857.3**	**245.8**	**13.2%**

Vote 19

Defence and Military Veterans

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	5 548.9	5 653.3	5 653.3	3 988.6	70.6%	4 023.8	35.2	0.9%
2	Force Employment	3 375.6	3 375.6	3 375.6	2 316.5	68.6%	2 319.8	3.3	0.1%
3	Landward Defence	16 234.3	16 271.2	16 271.2	12 587.6	77.4%	12 377.2	-210.3	-1.7%
4	Air Defence	6 415.9	6 650.8	6 650.8	4 498.4	67.6%	4 451.8	-46.6	-1.0%
5	Maritime Defence	4 424.7	4 699.4	4 699.4	3 081.7	65.6%	3 109.4	27.7	0.9%
6	Military Health Support	4 714.1	4 714.1	4 714.1	3 740.2	79.3%	3 726.6	-13.6	-0.4%
7	Defence Intelligence	950.4	950.4	950.4	712.4	75.0%	700.0	-12.4	-1.8%
8	General Support	6 285.9	6 181.6	6 181.6	4 325.1	70.0%	4 221.8	-103.3	-2.4%
Total		**47 949.7**	**48 496.2**	**48 496.2**	**35 250.5**	**72.7%**	**34 930.5**	**-320.0**	**-0.9%**
Economic Classification									
Current payments		**39 447.5**	**39 265.5**	**39 265.5**	**29 300.8**	**74.6%**	**29 111.1**	**-189.7**	**-0.7%**
Compensation of Employees		27 116.7	27 116.7	27 116.7	22 205.5	81.9%	21 656.3	-549.2	-2.5%
Goods and services		12 330.8	12 148.8	12 148.8	7 095.3	58.4%	7 454.9	359.6	4.8%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**7 614.4**	**8 160.9**	**8 160.9**	**5 122.8**	**62.8%**	**5 078.6**	**-44.2**	**-0.9%**
Payments for capital assets		**887.8**	**1 069.8**	**1 069.8**	**824.1**	**77.0%**	**738.1**	**-86.0**	**-11.7%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**2.8**		**2.7**	**-0.1**	**-2.5%**
Total		**47 949.7**	**48 496.2**	**48 496.2**	**35 250.5**	**72.7%**	**34 930.5**	**-320.0**	**-0.9%**

Expenditure Analysis

The Department of Defence has spent R35.3 billion against the approved projections of R34.9 billion. This translates to a variance (higher than projected spending) of R320 million. At this stage, the department has spent 72.7 per cent of its adjusted budget of R48.5 billion.

The higher than projected spending was mainly on Landward Defence (R210.3 million), General Support (R103.3 million), Air Defence (R46.6 million), Military Health Support (R13.6 million) and Defence Intelligence (R12.4 million) programmes. This was mainly due to the compensation of employees which does not support the personnel numbers of the department. Despite the overall higher than projected spending by the department, Administration, Maritime Defence and Force employment programmes recorded lower than projected spending of R35.2 million, R27.7 million and R3.3 million, respectively. This was mainly due lower spending on goods and services as a result of delays in processing the invoices for the payment of the quarterly accommodation charges from Department of Public Works as well as prolonged procurement process regarding the maintenance and repair of ships and submarines.

Figure 1 – Comparison of expenditure with available budget by programme

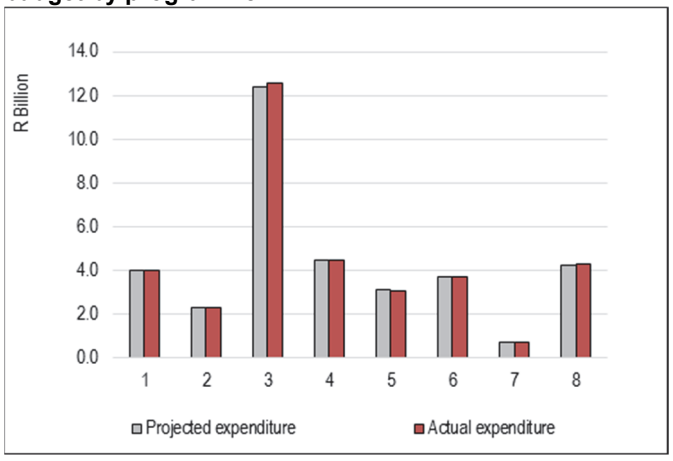


Figure 2 – Comparison of expenditure with available budget by economic classification

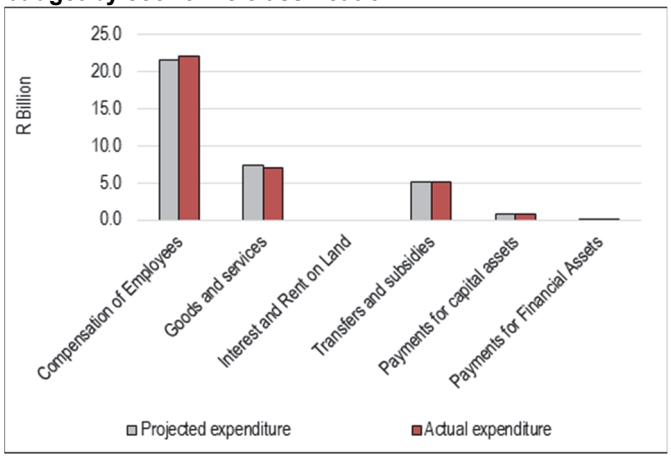
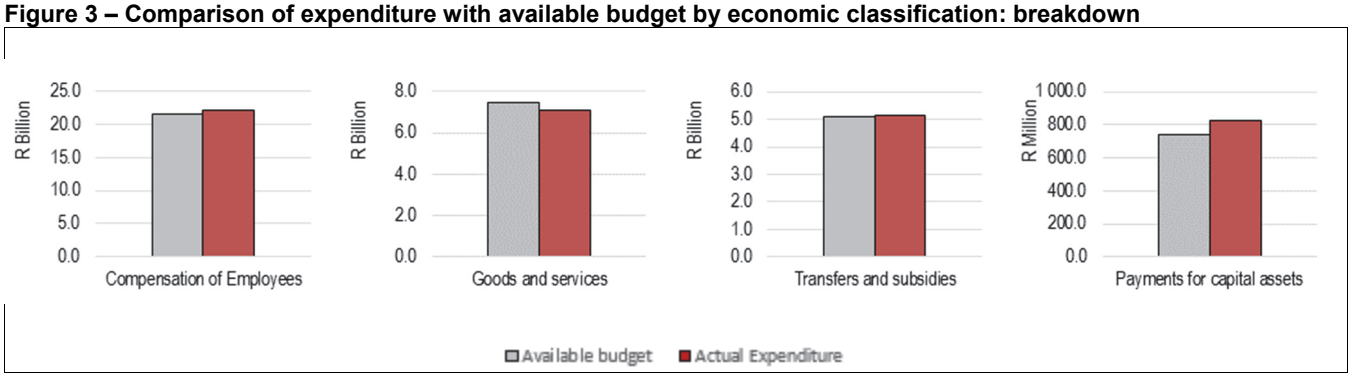


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: the programme has recorded lower than projected spending of R35.2 million. This was mainly due to the delay in the processing of invoices for the payment of the quarterly accommodation charges from the Department of Public Works as a result of the department's processing system not working properly as required.

Programme 2: Force Employment: the programme has recorded lower than projected spending of R3.3 million. This was mainly due to the outstanding payments to be made for the back loading of equipment to the mission area abroad. The delay was mainly due to the prolonged 2018 general elections process that took place in the Democratic Republic of the Congo.

Programme 3: Landward Defence: the programme has recorded higher than projected spending of R210.3 million. This was mainly due to the compensation of employees ceiling which does not support the personnel numbers of the department.

Programme 4: Air Defence: the programme has recorded higher than the projected spending of R46.6 million. This was mainly due to higher than planned expenditure for commodities such as rations as well as payment made for maintenance and repairs of the Rooivalk helicopter which resulted in higher than anticipated expenditure.

Programme 5: Maritime Defence: the programme has recorded lower than projected spending of R27.7 million. This was mainly due to the prolonged procurement process regarding the maintenance and repairs of ships and submarines inclusive of the procurement of refit spares and the conduct of docking essential defects through ARMSCOR.

Programme 6: Military Health Support: the programme has recorded higher than projected spending of R13.6 million. This was mainly due to the compensation of employees ceiling which does not support the personnel numbers of the department, as well as higher than anticipated expenditure regarding medical outsourcing and replenishment of medical stock required in hospital and sickbays.

Programme 7: Defence Intelligence: the programme has recorded higher than projected spending of R12.4 million. This was mainly due to the compensation of employees ceiling which does not support the personnel numbers of the department.

Programme 8: General Support: the programme has recorded higher than projected spending of R103.3 million. This was mainly due to the compensation of employees ceiling which does not support the current strength of the department.

In terms of economic classification, the department recorded higher than projected spending of R549.2 million on compensation of employees and this is due to the compensation of employees' ceiling which does not support the current personnel numbers of the department. Furthermore, payments for capital assets also recorded higher than projected spending of R86 million and this was due to the payment of software licence fees as well as the procurement of the equipment required for the department's information systems disaster recovery capability which was not included in the original cash flow projection. On the other hand, goods and services recorded lower projected spending of R359.6 million and this was mainly due to outstanding payments regarding SITA Service Level Agreement which was signed late in August 2018 as well as prolonged procurement process regarding the maintenance and repair of ships and submarines inclusive of the procurement of refit spares and the conduct of docking essential defects through ARMSCOR.

Virements

No virement was approved by National Treasury for the period under review.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	1 891.5	1 891.5	1 521.4	1 486.1	-35.3	3 887	3 733	-154	-11
2	Force Employment	1 909.1	1 909.1	1 526.5	1 482.5	-44.1	1 965	2 007	42	0
3	Landward Defence	11 499.3	11 499.3	9 494.0	9 265.5	-228.5	38 300	37 608	-692	-921
4	Air Defence	3 602.5	3 602.5	2 908.9	2 846.7	-62.2	9 918	9 620	-298	-18
5	Maritime Defence	2 274.7	2 274.7	1 813.1	1 780.3	-32.8	7 071	6 703	-368	-273
6	Military Health Support	3 379.9	3 379.9	2 805.1	2 727.3	-77.7	7 526	7 436	-90	-203
7	Defence Intelligence	387.4	387.4	309.5	301.8	-7.7	858	828	-30	-16
8	General Support	2 172.3	2 172.3	1 827.0	1 766.0	-61.0	5 679	5 637	-42	-97
Total		**27 116.7**	**27 116.7**	**22 205.5**	**21 656.3**	**-549.2**	**75 204**	**73 572**	**-1 632**	**-1 539**

With regards to compensation of employees, the department has spent R22.2 billion against the approved projection of R21.7 billion, this translated to the higher than projected spending of R549.2 million. This is as a result of the set compensation of employees ceiling which does not support the current personnel numbers of the department. Personnel headcount of the department shows a decline of 1 539 from 75 111 in April 2018 to 73 572 in December 2018. The National Treasury is of the view that if this trend continues throughout the remainder of 2018/19, this will assist in reducing the pressure on compensation of employees' budget.

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	1	1	0
2	416.6	2 813	2 674	-139	31
3	4 312.2	20 108	18 788	-1 320	-751
4	1 625.6	6 206	5 406	-800	-442
5	3 222.5	11 622	11 557	-65	-253
6	2 928.3	9 518	9 735	217	8
7	3 220.1	9 103	9 539	436	-14
8	2 314.7	5 357	5 403	46	2
9	3 236.1	5 837	5 847	10	-158
10	1 897.8	2 843	2 946	103	89
11	234.1	308	317	9	-37
12	976.2	1 077	986	-91	0
13	347.4	308	295	-13	-11
14	98.1	76	54	-22	-2
15	27.4	18	14	-4	-1
16	7.8	4	4	0	0
Other	2 251.8	6	6	0	0
Total	**27 116.7**	**75 204**	**73 572**	**-1 632**	**-1 539**

Issues for the committee to note

Given that the department's request to lift the compensation of employee's ceiling by R3.2 billion in 2018/19 has not been favourably considered, the department is likely to overspend its compensation of employees' budget at year end. As part of the National Treasury's early warning system, the department has been cautioned that it is likely to incur unauthorised expenditure at year end should the current expenditure trend on compensation of employees continue. The department was also reminded that the accounting officer may not commit a department to any liability for which money has not been appropriated as per section 38 (2) of the Public Finance Management Act of 1999.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Communication: Radio and television licences	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Department of Military Veterans: Operations and military veterans' benefits	627.1	627.1	627.1	423.8	67.6%	423.8	0.0	0.0%
	Employee social benefits: Severance packages	17.2	17.2	17.2	26.5	154.4%	24.8	-1.7	-6.8%
	Reserve Force Council: Operations	8.3	8.3	8.3	6.2	75.0%	6.2	0.0	0.0%
	Safety and Security Sector Education and Training Authority: Operations	22.0	22.0	22.0	17.1	77.9%	15.8	-1.3	-8.5%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	80.5%	0.0	0.0	-22.2%
2	Armaments Corporation of South Africa: Acquisition, maintenance and disposal services in terms of defence matériel, including research	9.3	9.3	9.3	7.0	75.0%	7.0	0.0	0.0%
	Communication: Radio and television licences	0.0	0.0	0.0	0.0	4.7%	0.0	0.0	0.0%
	Employee social benefits: Severance packages	5.3	5.3	5.3	10.6	198.4%	9.9	-0.7	-6.8%
	Special defence account: Acquisition and upgrading of main weapon systems and technology	251.8	251.8	251.8	155.7	61.8%	155.7	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	300.0%	0.0	0.0	-20.0%
3	Armaments Corporation of South Africa: Acquisition, maintenance and disposal services in terms of defence matériel, including research	27.8	27.8	27.8	20.9	75.0%	20.9	0.0	0.0%
	Communication: Radio and television licences	0.1	0.1	0.1	0.0	1.4%	0.0	0.0	0.0%
	Employee social benefits: Severance packages	57.9	57.9	57.9	85.8	148.1%	52.4	-33.4	-63.7%
	Special defence account: Acquisition and upgrading of main weapon systems and technology	2 446.2	2 446.2	2 446.2	1 746.5	71.4%	1 746.5	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	216.7%	0.0	0.0	0.0%
4	Communication: Radio and television licences	0.0	0.0	0.0	0.0	200.0%	0.0	0.0	0.0%
	Employee social benefits: Severance packages	35.8	35.8	35.8	15.4	43.1%	18.8	3.4	18.0%
	Special defence account: Acquisition and upgrading of main weapon systems and technology	785.1	785.1	785.1	342.8	43.7%	342.8	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	100.0%	0.0	0.0	0.0%
5	Armaments Corporation of South Africa: Acquisition, maintenance and disposal services in terms of defence matériel, including research	283.7	283.7	283.7	212.8	75.0%	212.8	0.0	0.0%
	Employee social benefits: Severance packages	21.1	21.1	21.1	13.2	62.6%	14.6	1.4	9.6%
	Special defence account: Acquisition and upgrading of main weapon systems and technology	957.3	957.3	957.3	532.8	55.7%	532.8	0.0	0.0%
6	Communication: Radio and television licences	0.1	0.1	0.1	0.0	0.0%	0.0	0.0	0.0%
	Employee social benefits: Severance packages	12.5	12.5	12.5	49.8	398.3%	38.4	-11.4	-29.8%
	St. Johns Ambulance Brigade: Operations	1.0	1.0	1.0	0.0	0.0%	0.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	1.4	1.4	1.4	0.0	0.0%	0.0	0.0	0.0%
7	Communication: Radio and television licences	0.4	0.4	0.4	0.0	0.0%	0.0	0.0	0.0%
	Employee social benefits: Severance packages	4.5	4.5	4.5	4.0	87.6%	3.6	-0.4	-11.9%
	Special defence account: Defence intelligence activities	505.1	505.1	505.1	368.3	72.9%	368.3	0.0	0.0%
8	Armaments Corporation of South Africa: Acquisition, maintenance and disposal services in terms of defence matériel, including research	1 051.5	1 051.5	1 051.5	789.3	75.1%	789.2	-0.1	0.0%
	Armaments Corporation of South Africa: Transformative Enterprise Development	50.4	50.4	50.4	37.8	75.0%	37.8	0.0	0.0%
	Communication: Radio and television licences	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Employee social benefits: Severance packages	15.1	15.1	15.1	11.4	75.3%	11.4	0.0	0.3%
	Special defence account: Acquisition and upgrading of main weapon systems and technology	416.2	416.2	416.2	245.2	58.9%	245.2	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.1	0.1	0.1	0.0	55.4%	0.0	0.0	-3.3%
Total		**7 614.4**	**7 614.4**	**7 614.4**	**5 122.8**	**67.3%**	**5 078.6**	**-44.2**	**-0.9%**

Vote 20

Independent Police Investigative Directorate

Budget and expenditure summary

R million	Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme								
1 Administration	109.0	106.5	106.5	73.8	69.3%	79.2	5.4	6.8%
2 Investigation and Information Management	190.1	196.2	196.2	136.6	69.6%	142.0	5.3	3.8%
3 Compliance Monitoring and Stakeholder Management	16.0	12.4	12.4	8.0	64.3%	8.6	0.7	7.8%
Total	**315.1**	**315.1**	**315.1**	**218.4**	**69.3%**	**229.8**	**11.4**	**5.0%**
Economic Classification								
Current payments	**310.0**	**306.7**	**304.9**	**208.6**	**68.4%**	**221.4**	**12.9**	**5.8%**
Compensation of Employees	212.3	197.4	197.4	139.2	70.5%	142.0	2.9	2.0%
Goods and services	97.7	109.4	107.5	69.4	64.5%	79.4	10.0	12.6%
Interest and Rent on Land	0.0	0.0	0.0	0.0		0.0	0.0	-37.4%
Transfers and subsidies	**0.6**	**0.8**	**0.8**	**0.7**	**91.5%**	**0.8**	**0.1**	**8.1%**
Payments for capital assets	**4.5**	**7.6**	**9.4**	**9.1**	**96.9%**	**7.6**	**-1.5**	**-20.3%**
Payments for Financial Assets	**0.0**	**0.0**	**0.0**	**0.0**	**82.8%**	**0.0**	**0.0**	**0.0%**
Total	**315.1**	**315.1**	**315.1**	**218.4**	**69.3%**	**229.8**	**11.4**	**5.0%**

As at the end of the third quarter of 2018/19, the directorate had spent R218.4 million or 69.3 per cent of its available budget of R315.1 million. This spending was against a projection of R229.8 million as per the directorate's October in-year monitoring report, thus resulting in a deviation of R11.4 million between planned and actual spending. The bulk of the variance was recorded in the *Administration* (R5.4 million) and *Investigation and Information Management* programmes (R5.3 million).

At economic classification level, spending on *compensation of employees* and *goods and services* was lower than planned by R2.9 million and R10 million, respectively. The slow spending on *compensation of employees* was mainly due to vacant posts (45 posts were vacant). The directorate had anticipated that the recruitment process (in terms of the new structure) for funded vacant posts will take place in the third quarter of 2018/19, as it was anticipating to receive feedback (i.e. concurrence) from the Minister for Public Service and Administration on its proposed new structure. However, in terms of feedback sent to the directorate from the Department of Public Service and Administration (DPSA), the Minister did not concur with the directorate's proposed new structure and raised several queries for the directorate's attention. In response, the directorate has requested a meeting (through a letter dated 18 December 2018) with the Director-General of the DPSA to clarify its request for concurrence. As a result, this has delayed the filling of funded vacant posts in the directorate hence the slow spending on *compensation of employees*.

The slow spending on *goods and services* was due to slow spending on *operating leases,* as a result of the non-payment of monthly lease payments due for the directorate's National Head Office (City Forum Building). The directorate has withheld payments for the building due to a pending legal dispute between the Department of Public Works (DPW), the department which entered into the lease contract on behalf of the directorate, and the owner of the building. Engagements with the directorate on this issue suggest that the legal dispute is still ongoing and there are no indications at this stage as to when it will be resolved. The directorate has decided to withhold payments for the lease as the lease contract was declared invalid by the Court meaning that any payments made in this regard would be irregular. However, the directorate continues to occupy the building.

A detailed analysis of spending trends per programme is provided in the sections that follow.

Expenditure Analysis

Figure 1 – Comparison of actual expenditure to projected expenditure by programme

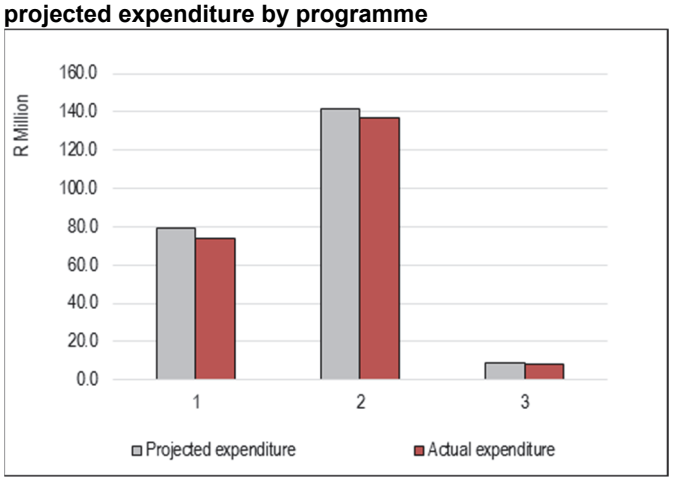


Figure 2 – Comparison of actual expenditure to projected expenditure by economic classification

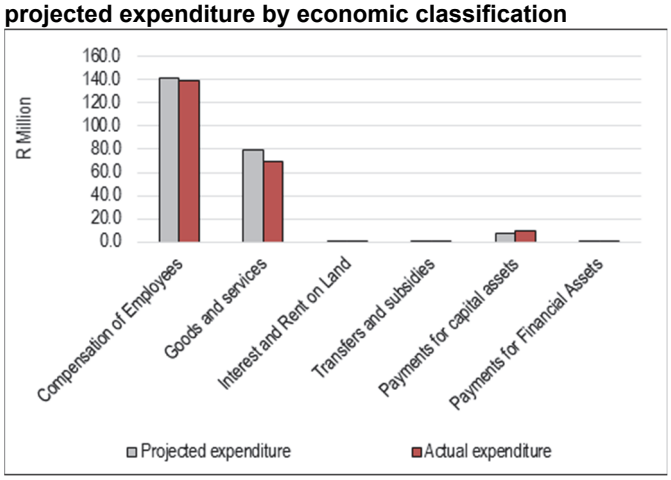
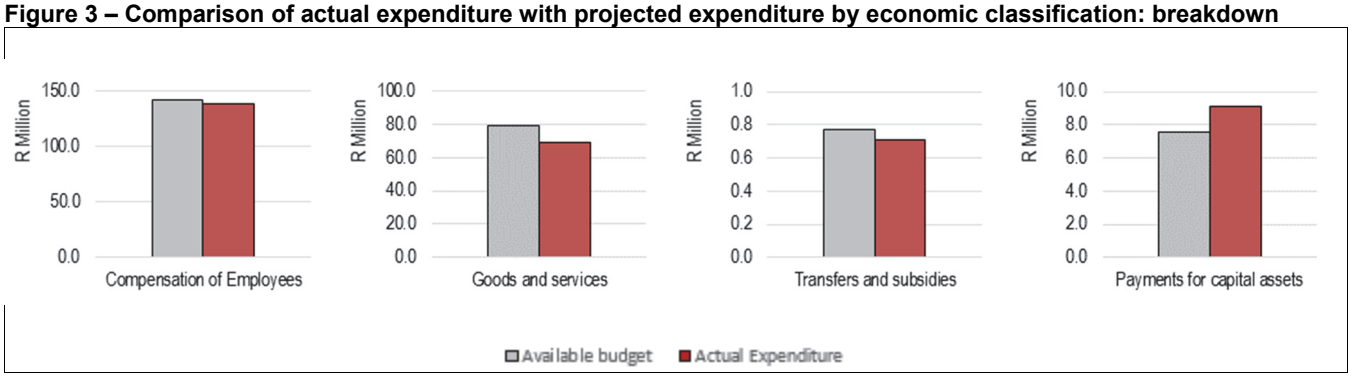


Figure 3 – Comparison of actual expenditure with projected expenditure by economic classification: breakdown



Programme 1: Administration: As at the end of the third quarter, the directorate had spent R73.8 million or 69.3 per cent of its available budget of R106.5 million for the programme. This spending was against a projection of R79.2 million, thus showing a variance of R5.4 million between actual and projected expenditure. The bulk of the slow spending was incurred in the *Corporate Services* subprogramme, which recorded a variance of R3.5 million.

At economic classification level, spending on *compensation of employees* and *goods and services* was lower than projections by R1.8 million and R3.1 million, respectively. The slow spending on *compensation of employees* was due to vacant posts. As at the end of the third quarter, there were 13 vacant posts in this programme. The slow spending on *goods and services* was attributed to the slow spending on *operating leases* as a result of the non-payment of the monthly lease payments due for the directorate's National Head Office Building.

Programme 2: Investigation and Information Management: As at the end of the third quarter, the directorate had spent R136.6 million or 69.6 per cent of its available budget of R196.2 million for the programme. This was against a projection of R142 million. When comparing actual with projected expenditure, actual expenditure was lower than projected by R5.3 million, mainly due to slow spending across all subprogramme except in the *Investigation Management* subprogramme, which recorded higher than planned spending of R514 000.

In terms of spending at economic classification level, spending on *compensation of employees* and *goods and services* was lower than projections. The slow spending on *compensation of employees* was due to vacant posts, whereby the programme had 24 vacant posts as at the end of third quarter of 2018/19. The slow spending on *goods and services* was due to slower than planned spending on *property payments* as a result of the closure of the department's satellite offices in the Eastern Cape, Free State and Northern Cape provinces. These offices were closed as it was no longer financially feasible to operate them. The staff in these offices were relocated to the relevant provincial offices hence the saving on *property payments*.

Programme 3: Compliance Monitoring and Stakeholder Management: As at the end of the third quarter, the directorate had spent R8 million or 64.3 per cent of its available budget of R12.4 million for the

programme. This expenditure was against a projection of R8.6 million, thus showing a variance of R700 000 between actual and projected expenditure. The slow spending was recorded across all subprogrammes.

At economic classification level, spending on *compensation of employees* and *goods and services* was lower than projected, showing deviations of R600 000 and R126 000, respectively. The slow spending on *compensation of employees* was due to vacant posts. As at the end of the third quarter of 2018/19, there were 8 vacant posts in this programme. The slow spending on *goods and services* was mainly visible on *travel and subsistence*. These funds were meant to cater for travel expenses for the directorate's officials involved in the consultation process for the amendment of the IPID Act (2011). However, the consultation process has since been postponed to the next financial year hence the resultant slow spending on *travel and subsistence*.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	64.2	58.7	39.1	40.9	1.7	124	111	-13	4
2	Investigation and Information Management	134.1	127.6	92.9	93.5	0.6	274	250	-24	-4
3	Compliance Monitoring and Stakeholder Management	13.9	11.0	7.1	7.7	0.6	23	15	-8	2
Total		**212.3**	**197.4**	**139.2**	**142.0**	**2.9**	**421**	**376**	**-45**	**2**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.4	6	0	-6	0
2	0.0	0	0	0	0
3	0.0	0	0	0	0
4	0.0	0	0	0	0
5	18.5	71	70	-1	1
6	6.1	20	16	-4	0
7	21.1	59	49	-10	-2
8	33.4	77	74	-3	4
9	42.8	85	76	-9	-4
10	13.0	21	10	-11	0
11	29.6	40	36	-4	2
12	1.7	2	4	2	1
13	25.4	25	15	-10	-2
14	18.6	14	13	-1	3
15	1.6	1	1	0	0
16	0.0	0	0	0	0
Other	0.0	0	12	12	-1
Total	**212.3**	**421**	**376**	**-45**	**2**

As at the end of the third quarter, the directorate had a filled establishment of 376 posts against the Human Resource Budget Plan (HRBP) target of 421 posts, thus recording 45 posts as vacant. The non-filling of vacant posts in the directorate has resulted in slow spending on *compensation of employees*, which was behind projections by R2.9 million as at the end of the third quarter. Although there are 45 vacant posts, the magnitude of slow spending on *compensation of employees* is smaller as the department was granted approval to shift funds (R14.9 million) away from *compensation of employees* to other items (*goods and services and machinery and equipment*) with budget pressures during the 2018 adjustments budget.

The bulk of the vacant posts were in the *Administration* (13) and *Investigation and Information Management* (24) programmes. The directorate had anticipated to obtain concurrence of its new structure from the Minister for Public Service and Administration during the third quarter of 2018/19, such that the recruitment process for the new posts can commence. However, the Minister did not concur with the directorate's proposed new structure. Therefore, the directorate will meet with the Director-General of the DPSA during the last quarter of 2018/19 to clarify its request to revise the personnel structure. The implication is that there will be underspending on *compensation of employees* at the end of 2018/19.

Issues for the Committee to Note

- Although it is noted above that the non-filling of vacant posts is due to the non-concurrence of the directorate's new structure by the DPSA, it should be noted that only 27 of the 45 vacant posts are directly impacted on by this decision.

- Prior to the addition of 27 new posts, the directorate's funded establishment was 388 posts (excluding the provision for 6 intern positions). Accordingly, this implies that the filling of 18 of the 45 vacant posts is within the directorate's control as these posts are not new posts on the directorate's personnel structure.
- Accordingly, the directorate's internal recruitment processes continue to be a hindrance to its ability to fill vacant posts on time. This trend was also observed in previous years and the directorate indicated that it had put measures in place to address this issue, such as establishing its own internal vetting unit. However, it seems that the interventions put in place have not yet resulted in improved performance in relation to the filling of vacant positions, hence the resultant slow spending on *compensation of employees*.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Communication: Radio and television licences	0.0	0.0	0.0	0.0	66.3%	0.0	0.0	-46.6%
	Devolution of funds from Public Works: Accommodation charges	0.4	0.4	0.4	0.2	42.8%	0.3	0.1	33.7%
	Devolution of funds from Public Works: Leases	9.9	9.9	9.9	9.6	97.4%	8.7	-0.9	-10.1%
	Devolution of funds from Public Works: Municipal Services	2.2	2.2	2.2	2.4	111.1%	2.3	-0.1	-4.7%
	Safety and Security Sector Education and Training Authority: Operations	0.6	0.6	0.6	0.6	100.0%	0.6	0.0	0.0%
2	Communication: Radio and television licences	0.0	0.1	0.1	0.0	0.6%	0.1	0.1	99.4%
Total		**13.1**	**13.2**	**13.2**	**12.8**	**97.5%**	**12.0**	**-0.8**	**-7.0%**

Vote 21

Justice and Constitutional Development

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	2 117.7	2 502.5	2 502.5	1 590.7	63.6%	1 647.8	57.1	3.5%
2	Court Services	6 443.7	6 431.0	6 431.0	4 708.5	73.2%	4 733.6	25.1	0.5%
3	State Legal Services	1 251.5	1 245.8	1 245.8	908.8	72.9%	902.4	-6.4	-0.7%
4	National Prosecuting Authority	3 648.8	3 648.8	3 648.8	2 757.6	75.6%	2 750.1	-7.5	-0.3%
5	Auxiliary and Associated Services	3 587.6	3 630.6	3 630.6	2 488.1	68.5%	2 539.6	51.5	2.0%
Total		**17 049.4**	**17 458.8**	**17 458.8**	**12 453.7**	**71.3%**	**12 573.6**	**119.9**	**1.0%**
Economic Classification									
Current payments		**13 186.1**	**13 596.5**	**13 596.5**	**9 676.4**	**71.2%**	**9 719.9**	**43.5**	**0.4%**
Compensation of Employees		8 884.0	8 897.4	8 897.4	6 531.2	73.4%	6 621.8	90.6	1.4%
Goods and services		4 302.1	4 699.1	4 699.1	3 145.2	66.9%	3 098.2	-47.0	-1.5%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**2 695.0**	**2 736.0**	**2 736.0**	**2 046.2**	**74.8%**	**2 054.8**	**8.6**	**0.4%**
Payments for capital assets		**1 168.3**	**1 125.2**	**1 125.2**	**726.2**	**64.5%**	**794.0**	**67.9**	**8.5%**
Payments for Financial Assets		**0.0**	**1.1**	**1.1**	**4.9**	**429.2%**	**4.8**	**-0.1**	**-2.1%**
Total		**17 049.4**	**17 458.8**	**17 458.8**	**12 453.7**	**71.3%**	**12 573.6**	**119.9**	**1.0%**
Direct charges		**2 215.5**	**2 215.5**	**2 215.5**	**1 487.0**	**67.1%**	**1 565.9**	**78.9**	**5.0%**
Magistrates' salaries		2 215.5	2 215.5	2 215.5	1 487.0	67.1%	1 565.9	78.9	5.0%
Total		**19 265.0**	**19 674.4**	**19 674.4**	**13 940.7**	**70.9%**	**14 139.5**	**198.8**	**1.4%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

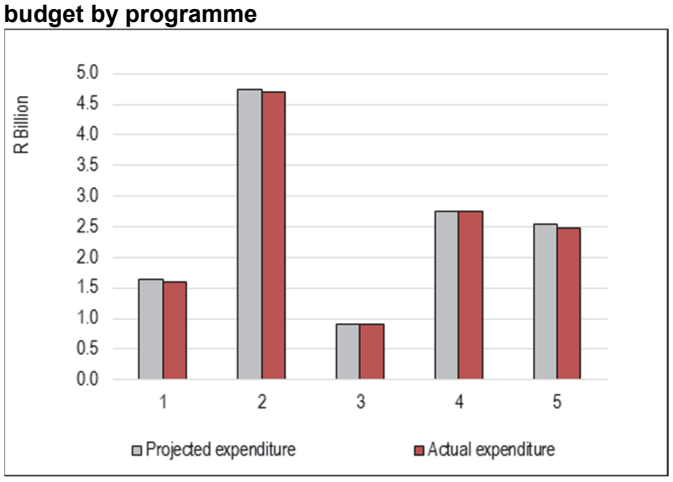


Figure 2 – Comparison of expenditure with available budget by economic classification

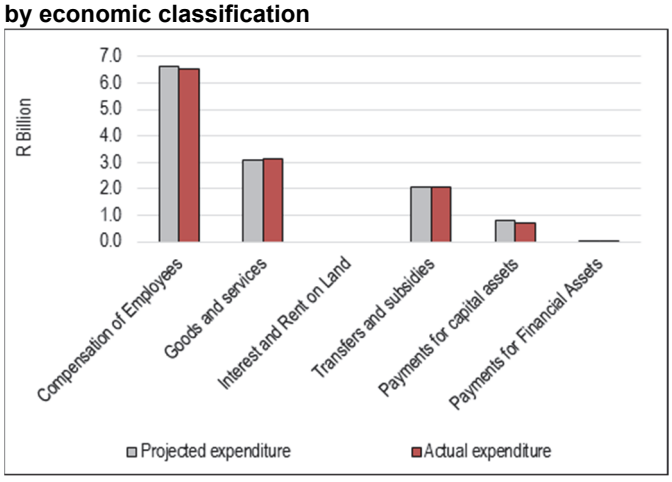
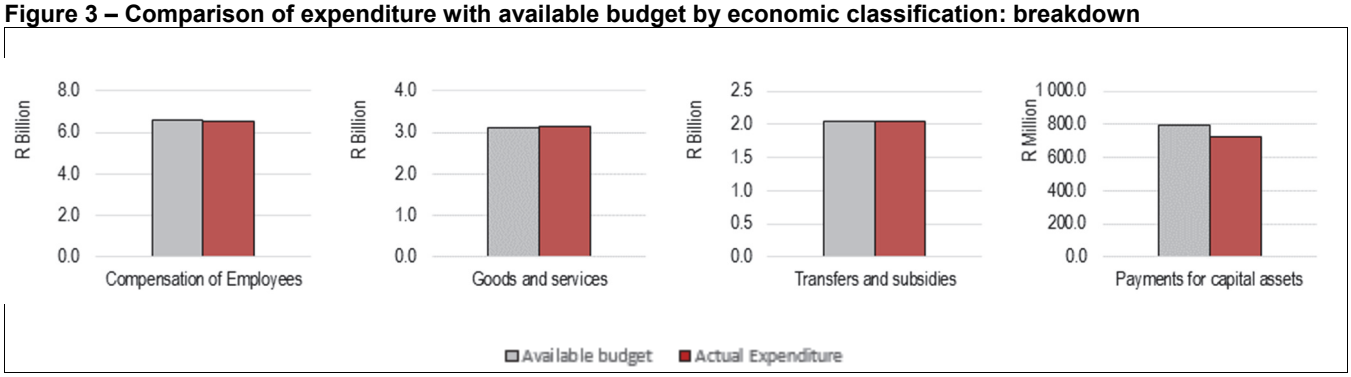


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Inclusive of direct charges, the department has spent R13.9 billion (or 70.9 per cent) of the available budget of R19.7 billion. This spending is lower by R198.8 million when compared to its projection to spend R14.1 billion, and is mainly due to lower than planned spending on compensation of employees and

machinery and equipment, which is as a result of vacancies (natural attrition) and delays experienced in the renewal of a leased vehicle contract (protracted tender processes).

Programme 1: Administration: The actual spending on this programme is R57.1 million lower than its approved projection, mainly due to lower than planned expenditure on compensation of employees and machinery and equipment. These are as a result of vacancies (natural attrition) and delays experienced in the renewal of a leased vehicle contract (protracted tender processes). According to the department, vacancies have been advertised and the recruitment process is underway, while expenditure on a newly awarded tender for vehicle leasing is expected to flow from January 2019.

Programme 2: Court Services: Expenditure under this programme is lower by R25.1 million, when compared to its projection to spend, mainly due to lower than planned expenditure on compensation of employees. Again, this is as a result of vacancies (natural attrition), which the department confirms have been advertised and the recruitment process is underway.

Programme 3: State Legal Services: The actual spending on this programme is R6.4 million higher than its approved projection, mainly due to legal cost (goods and services) expenditure for the State Capture Commission which was incorrectly journalised to this programme, instead of programme 1. This error will be corrected in January 2019.

Programme 4: National Prosecuting Authority: Expenditure under this programme is higher by R7.5 million, when compared to its projection to spend, mainly due to computer services (goods and services) expenditure for the Integrated Justice System (IJS) modernisation programme which was incorrectly journalised to this programme, instead of programme 5. This error will be corrected in January 2019.

Programme 5: Auxiliary and Associated Services: Expenditure under this programme is lower by R51.5 million, when compared to its projection to spend, mainly due to due to lower than planned spending on goods and services, as a result of delays experienced in the finalisation of service level agreements between IJS member departments and the State Information Technology Agency (SITA) leading to interruptions in the rendering of required services and submission of claims to the department.

Virements

Due to underperformance by some service providers for court infrastructure projects and the resultant cancellation of their contracts, the department identified a saving of R150 million on buildings and other fixed structures in December 2018 and approached the National Treasury with a request for approval to utilise this amount to settle accruals carried over from 2017/18 in respect of Department of Public Works accommodation charges (goods and services). Approval was granted on 15 January 2019.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	543.9	557.3	391.8	402.0	10.2	1 415	1 030	-385	-28
2	Court Services	4 019.4	4 019.4	2 941.1	3 008.0	66.9	13 582	12 825	-757	-258
3	State Legal Services	1 080.6	1 080.6	769.0	776.5	7.5	2 025	2 091	66	-10
4	National Prosecuting Authority	3 240.1	3 240.1	2 429.3	2 435.2	5.9	4 439	4 444	5	-134
5	Auxiliary and Associated Services	0.0	0.0	0.0	0.0	0.0	0	0	0	0
Total		**8 884.0**	**8 897.4**	**6 531.2**	**6 621.8**	**90.6**	**21 461**	**20 390**	**-1 071**	**-430**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	1.4	19	10	-9	0
3	113.3	674	336	-338	-266
4	64.5	255	448	193	250
5	2 392.6	10 386	9 477	-909	-176
6	181.6	1 031	958	-73	-53
7	868.7	1 945	2 635	690	-6
8	800.5	1 808	1 294	-514	-42
9	457.2	775	1 191	416	-60
10	799.4	1 212	940	-272	-2
11	324.1	334	300	-34	-290
12	2 336.3	2 198	2 227	29	1 252
13	247.0	183	140	-43	-496
14	242.8	172	172	0	-435
15	38.1	17	16	-1	-82
16	12.2	5	9	4	-12
Other	4.2	447	237	-210	-12
Total	**8 884.0**	**21 461**	**20 390**	**-1 071**	**-430**

At the end of December, the department spent R6.5 billion of the available budget of R8.9 billion for compensation of employees. This spending is lower by R90.6 million compared to the department's projection to spend R6.6 billion, and is mainly due to vacancies (natural attrition) in programmes 1 and 2.

In terms of posts, at the end of the period, a total of 20 390 posts were filled against a HRBP headcount target of 21 461. Personnel numbers are therefore below the HRBP headcount target for 2018/19.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Communication: Radio and television licences	0.0	0.0	0.0	0.0	5.0%	0.0	0.0	83.3%
	Devolution of funds from Public Works: Accommodation charges	400.5	400.5	400.5	465.1	116.1%	300.4	-164.7	-54.8%
	Devolution of funds from Public Works: Leases	460.9	460.9	460.9	304.0	66.0%	351.3	47.2	13.4%
	Devolution of funds from Public Works: Municipal Services	438.4	438.4	438.4	252.6	57.6%	328.8	76.2	23.2%
	Employee social benefits: Leave gratuities	0.3	-0.2	-0.2	1.6	-963.3%	1.4	-0.2	-16.8%
	Safety and Security Sector Education and Training Authority: Operations	16.4	16.4	16.4	16.1	97.8%	16.1	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.1	0.1	0.1	0.0	48.0%	0.0	0.0	-14.3%
2	Buildings and other fixed structures: Building, maintenance and upgrading of infrastructure	819.8	819.8	819.8	631.7	77.1%	671.2	39.5	5.9%
	Claims against the state: Civil claims instituted against the department for possible compensation	1.7	1.7	1.7	0.0	0.0%	0.1	0.1	100.0%
	Communication: Radio and television licences	0.0	0.0	0.0	0.0	52.2%	0.0	0.0	40.0%
	Employee social benefits: Leave gratuities	25.0	25.1	25.1	22.1	88.1%	23.7	1.5	6.4%
	Vehicle licences: Licence fees paid to municipalities	0.6	0.6	0.6	0.4	61.8%	0.4	0.0	6.6%
3	Claims against the state: Civil claims instituted against the department for possible compensation	2.5	2.5	2.5	14.3	571.7%	12.1	-2.2	-18.2%
	Communication: Radio and television licences	0.0	0.0	0.0	0.0	33.3%	0.0	0.0	50.0%
	Employee social benefits: Leave gratuities	2.6	3.2	3.2	3.3	103.0%	3.9	0.5	14.2%
	Hague Conference on Private International Law: Membership fee	1.2	1.2	1.2	1.1	92.5%	1.1	0.0	0.0%
	International Criminal Court: Membership fee	15.4	15.4	15.4	0.0	0.0%	0.0	0.0	0.0%
	International Institute for the Unification of Private Law: Membership fee	0.4	0.4	0.4	0.0	0.0%	0.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	30.0%	0.0	0.0	52.0%
4	Employee social benefits: Leave gratuities	8.4	8.4	8.4	13.8	164.8%	14.6	0.7	5.0%
	Safety and Security Sector Education and Training Authority: Operations	9.5	9.5	9.5	9.3	97.3%	9.3	0.0	0.0%
5	Implementation of criminal justice system seven-point plan	458.9	458.9	458.9	174.5	38.0%	282.6	108.1	38.3%
	Legal Aid South Africa: Operations	1 764.3	1 800.9	1 800.9	1 322.7	73.4%	1 331.9	9.2	0.7%
	President's Fund: Reparation payments for victims identified by the Truth and Reconciliation Commission	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Public Protector of South Africa: Operations	310.6	310.6	310.6	237.9	76.6%	237.9	0.0	0.0%
	South African Human Rights Commission: Operations	178.8	178.8	178.8	134.7	75.3%	134.7	0.0	0.0%
	Special Investigating Unit: Operations	357.1	357.1	357.1	267.8	75.0%	267.8	0.0	0.0%
Total		**5 273.5**	**5 310.3**	**5 310.3**	**3 873.0**	**72.9%**	**3 989.2**	**116.1**	**2.9%**

At the end of quarter 3, the department has spent R3.9 billion (or 72.9 per cent) of the available budget of R5.3 billion for specifically appropriated items. This spending is lower by R116.1 million compared to its projection to spend R4.0 billion.

Notable higher than planned spending occurred on item: accommodation charges (programme 1), as a result of a decision by the department to settle accruals carried over from 2017/18 in respect of Department of Public Works accommodation charges (goods and services). On the other hand, prominent lower than anticipated spending occurred on item: implementation of the criminal justice system seven-point plan (programme 5) as a result of delays in the finalisation of service level agreements between IJS member departments and SITA leading to interruptions in the rendering of required services and submission of claims to the department.

Vote 22

Office of the Chief Justice and Judicial Administration

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	201.9	201.4	201.4	126.8	63.0%	122.7	-4.1	-3.3%
2	Superior Court Services	838.9	845.3	845.3	566.8	67.1%	575.9	9.1	1.6%
3	Judicial Education and Support	79.0	73.1	73.1	40.7	55.7%	45.6	4.9	10.7%
Total		**1 119.7**	**1 119.7**	**1 119.7**	**734.3**	**65.6%**	**744.3**	**10.0**	**1.3%**
Economic Classification									
Current payments		**1 020.7**	**1 002.4**	**1 002.4**	**675.3**	**67.4%**	**687.5**	**12.2**	**1.8%**
Compensation of Employees		687.9	687.9	687.9	494.1	71.8%	495.7	1.5	0.3%
Goods and services		332.8	314.4	314.4	181.2	57.6%	191.9	10.7	5.6%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**1.3**	**1.7**	**1.7**	**1.6**	**94.4%**	**1.2**	**-0.4**	**-33.2%**
Payments for capital assets		**97.7**	**115.7**	**115.7**	**57.4**	**49.6%**	**55.6**	**-1.8**	**-3.3%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**1 119.7**	**1 119.7**	**1 119.7**	**734.3**	**65.6%**	**744.3**	**10.0**	**1.3%**
Direct charges		**1 022.1**	**1 022.1**	**1 022.1**	**754.7**	**73.8%**	**758.3**	**3.6**	**0.5%**
Judges' salaries		1 022.1	1 022.1	1 022.1	754.7	73.8%	758.3	3.6	0.5%
Total		**2 141.8**	**2 141.8**	**2 141.8**	**1 489.0**	**69.5%**	**1 502.6**	**13.6**	**0.9%**

Expenditure Analysis

The overall expenditure for the month end December 2018 indicates that the department has spent R734.3 million or 65.6 per cent of the available budget (R1.1 billion) excluding direct charges. Including direct charges, the department has by the end of quarter 3 spent R1.489 billion or 69.5 per cent of R2.1 billion available budget. This expenditure was lower than the planned spending (R1.502 billion) by R13.6 million mainly due to non-filing of vacant posts, delay in the payment of the e-Filing analysis stage, non-training of magistrates and postponement of judicial workshops.

At economic classification, compensation of employees spent R494.1 million or 71.8 per cent of R687.9 million available budget resulting in underspending of R1.5 million against the planned spending of R495.7 million. Contributing to this underspending was the delay in the approval of the macro-organisational structure by the Department of Public Service and Administration (DPSA) as well as the hold ups in the completion of Mpumalanga High Court. Goods and services incurred an expenditure of R181.2 million against the projected expenditure of R191.9 million, thus underspending by R10.7 million mainly due to the outstanding G-Fleet invoices for judges' vehicles and savings realised due to cost containment on consumption of consumable items, travel and subsistence as well as venues and facilities, through utilising in-house facilities. Lastly, the purchasing of capital assets' actual expenditure in the 3rd quarter was R57.4 million against the planned spending of R55.6 million resulting to an overspending of R1.8 million. The overspending relates to the outright purchase of pool vehicles, which were projected in January 2019 during the adjustment process.

Programme 1: Administration: The actual expenditure on this programme was R126.8 million against the planned spending of R122.7 million, thus overspending by R4.1 million. The overspending is due to the backdated payment of pay progression to all officials and once off performance bonuses paid to officials at level 1-12. In addition, overspending resulted in the payment of Telkom outstanding invoices of the previous months, outright purchase of pool vehicles, which were projected during the adjustment process and payments of the e-Filing analysis stage which was reported as outstanding in the previous months.

Programme 2: Superior Courts Services: Actual expenditure on this programme is R566.8 million which is less than the projected expenditure of R575.9 million, this is mainly due to the outstanding G-fleet invoices for November and December 2018. In this regard, the department has had a meeting with G-fleet to discuss the outstanding invoices thus leading to an agreement that an asset register will be reconciled by the end of March 2019 as well as ensuring that invoices are submitted earlier by G-fleet. Moreover, the underspending

was due to the delay by the DPSA to approve the macro-organisational structure of the department. Lastly, the department underspent as a result of delays in the completion and operationalisation of the Mpumalanga High Court, as the department has been unable to fill the newly created positions on the structure.

Programme 3: Judicial Education and Support: The actual expenditure on this programme is R40.7 million compared to the projected expenditure of R45.6 million, thus resulting in an underspending of R4.9 million. Contributing to this underspending is the non-training of magistrates as a result of delays in the recruitment process of appointing magistrates, postponed judicial workshops, savings realised on venues and facilities as well as printing and publication due to the implementation of cost containment measures by utilising in-house venues for the Judicial Service Commission sittings.

Programme 4: Judges' salaries: The budget allocated against the National Revenue Fund is R1.022 billion of which R956.1 million is for transfers and subsidies. The expenditure of the 3rd quarter on the direct charges was R754.7 million against the planned spending of R758.3 million, which resulted in underspending of R3.6 million. The underspending is due to the delay in the implementation of the salary adjustment pending the President's approval as well as lesser than anticipated gratuities paid in the month of December 2018.

Figure 1 – Comparison of expenditure with available budget by programme

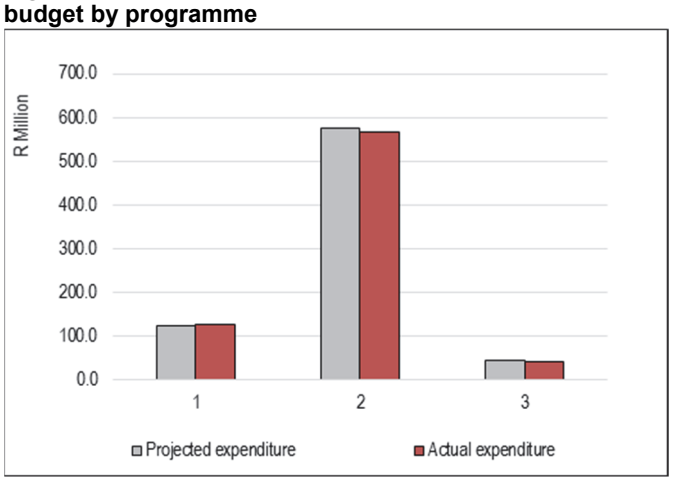


Figure 2 – Comparison of expenditure with available budget by economic classification

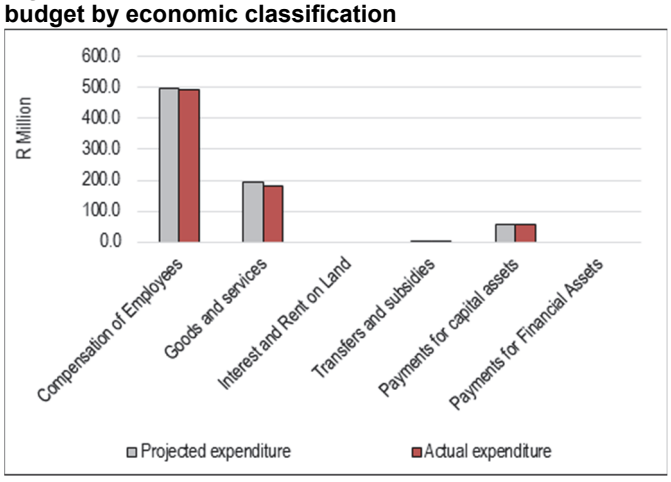
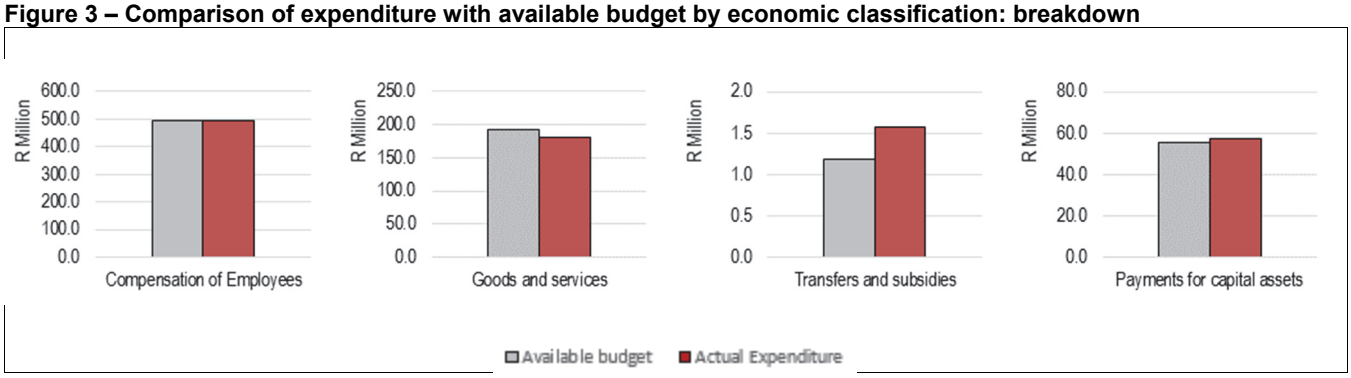


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Personnel

At the end of December 2018, the department's actual spending was R494.1 million compared to the projected expenditure of R495.7million for personnel (excluding direct charges), thus underspending by R1.5 million. As a result, the underspending on compensation of employees is mainly due to non-filling of the funded vacant posts because of the hold up in the approval of the macro-organisational structure by the DPSA. Additionally, the department cannot fill some vacant posts because of the delay in the completion and operationalisation of the Mpumalanga High Court. It is also worth noting that the programme with the highest headcount (1 709) is Superior Court Services, which bear the huge burden of the department's core business. This programme also incurred the highest personnel expenditure (R411.2 million) when compared to other programmes such as Administration and Judicial Education and Support. However, the programme that overspent its compensation of employees was Administration with a variance of R900 000, due to the

backdated payment of pay progression to all officials and once off performance bonuses paid to officials at level 1-12.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	91.6	89.5	65.2	64.3	-0.9	280	168	-112	23
2	Superior Court Services	571.2	575.3	411.2	413.3	2.1	1 610	1 709	99	96
3	Judicial Education and Support	25.1	23.1	17.7	18.0	0.4	50	42	-8	7
Total		**687.9**	**687.9**	**494.1**	**495.7**	**1.5**	**1 940**	**1 919**	**-21**	**126**

Personnel by Salary Level

The department had a total of 1 919 by the end of quarter 3 out of the target of 1 940 resulting in a variance of 21. The salary level with the highest number is 5 with 728 employees. However, salary level 7 with 472 personnel number has the highest appropriation compared to others.

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.1	4	0	-4	0
3	40.0	228	199	-29	-8
4	16.0	85	71	-14	2
5	148.2	636	728	92	115
6	29.6	83	63	-20	-16
7	159.9	377	472	95	31
8	37.1	95	83	-12	2
9	84.7	188	156	-32	-4
10	26.7	52	24	-28	2
11	44.0	69	62	-7	1
12	35.2	42	22	-20	7
13	38.6	40	29	-11	-6
14	19.4	16	6	-10	-1
15	6.3	3	2	-1	0
16	2.2	5	1	-4	0
Other	0.0	17	1	-16	1
Total	**687.9**	**1 940**	**1 919**	**-21**	**126**

The levels that exceeded their HRBP targets in this quarter 5, and 7.

Specifically, Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
2	Employee social benefits: Leave gratuities	1.3	1.3	1.3	0.4	29.3%	0.4	0.0	0.0%
Total		**1.3**	**1.3**	**1.3**	**0.4**	**29.3%**	**0.4**	**0.0**	**0.0%**

Vote 23

Police

Budget and expenditure summary

R million	Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme								
1 Administration	19 403.1	19 403.1	19 403.1	13 514.5	69.7%	14 084.7	570.2	4.0%
2 Visible Policing	46 872.3	46 872.3	46 872.3	34 951.2	74.6%	34 859.4	-91.7	-0.3%
3 Detective Services	18 811.6	18 661.6	18 661.6	13 167.6	70.6%	13 318.0	150.5	1.1%
4 Crime Intelligence	3 804.7	3 804.7	3 804.7	2 856.1	75.1%	2 807.1	-49.1	-1.7%
5 Protection and Security Services	2 942.4	2 942.4	2 942.4	2 196.9	74.7%	2 200.3	3.4	0.2%
Total	**91 834.2**	**91 684.2**	**91 684.2**	**66 686.3**	**72.7%**	**67 269.5**	**583.2**	**0.9%**
Economic Classification								
Current payments	**86 942.7**	**87 084.0**	**87 084.0**	**63 784.6**	**73.2%**	**64 456.2**	**671.6**	**1.0%**
Compensation of Employees	70 801.9	70 801.9	70 801.9	53 382.3	75.4%	53 562.1	179.7	0.3%
Goods and services	16 140.8	16 282.1	16 282.1	10 402.3	63.9%	10 894.1	491.9	4.5%
Interest and Rent on Land	0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies	**1 145.4**	**1 145.4**	**1 145.4**	**1 128.3**	**98.5%**	**1 037.5**	**-90.7**	**-8.7%**
Payments for capital assets	**3 746.1**	**3 454.8**	**3 454.8**	**1 758.7**	**50.9%**	**1 764.3**	**5.5**	**0.3%**
Payments for Financial Assets	**0.0**	**0.0**	**0.0**	**14.6**		**11.5**	**-3.2**	**-27.6%**
Total	**91 834.2**	**91 684.2**	**91 684.2**	**66 686.3**	**72.7%**	**67 269.5**	**583.2**	**0.9%**

As at the end of the third quarter of 2018/19, the department had spent R66.7 billion or 72.7 per cent of its available budget of R91.7 billion. At programme level, the bulk of the spending was incurred in the *Visible Policing* programme, which also receives the largest share of the budget allocation (51%), while the bulk of the spending at item level was on *compensation of employees,* as the department is labour intensive. Relative to revised projections as indicated in the department's in-year monitoring report for October 2018, there was slow spending of R583.2 million as at the end of the third quarter. The slow spending was mainly recorded in the *Administration* (R570.2 million) and *Detective Services* (R150.5 million) programmes. On the contrary, the *Visible Policing* and *Crime Intelligence* programmes recorded higher than planned spending of R91.7 million and R49.1 million, respectively.

As at the end of the third quarter, the department had 3 985 vacant posts, mainly in the *Visible Policing* (2 845) and *Administration* (699) programmes. This explains the slow spending on *compensation of employees* of R179.7 million. Given that the *Visible Policing* programme performs the department's core service delivery function in relation to crime prevention, it is concerning that the largest number of vacancies are in this programme. The department has advised that the vacancy rate in the programme will improve following the intake of student or police trainees which is scheduled to take place in February 2019.

The slow spending on *goods and services* was mainly on *computer services* (R747 million). In terms of conditions 1 and 2 of the 2018 medium term expenditure framework (MTEF) allocation letter to the department, the department was requested to obtain Cabinet's approval to revise the project scope (and shift funds for maintenance and consumables to the baseline) for the implementation of the Criminal Justice System (CJS) 7-point plan. These conditions had to be met prior to the National Treasury approving the 2018/19 CJS project plans and related spending. Accordingly, as the department has not yet met the conditions, no spending has occurred for the implementation of the CJS 7 point plan since the beginning of the financial year, hence the slow spending on *computer services*. Numerous engagements have been held between the National Treasury and the department in this regard and the department has advised that the relevant Cabinet Memorandum to obtain Cabinet's approval will be tabled in Cabinet in the last quarter of 2018/19.

Spending on transfers to households was higher than projections mainly due to payments for claims against the State that were made to the families of the victims of the Marikana tragedy. The department has indicated that it is currently implementing an intervention strategy that is aimed at reducing claims against the State. The strategy entails identifying the root cause of such claims, creating an internal policy to manage them and strengthening consequence management measures internally.

Expenditure Analysis

Figure 1 – Comparison of actual expenditure to projected expenditure by programme

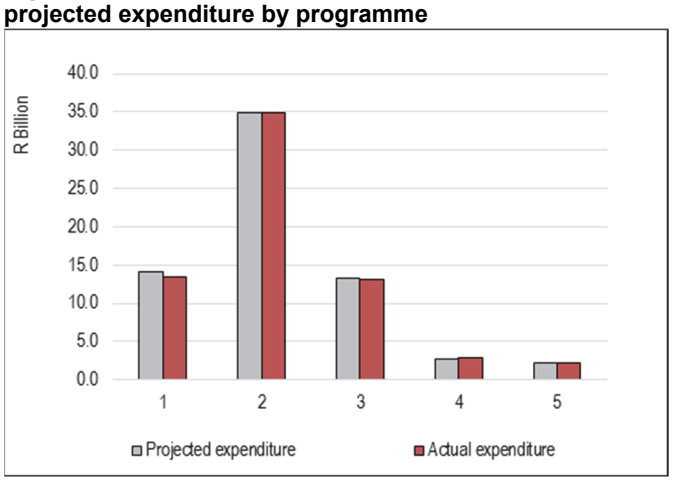


Figure 2 – Comparison of actual expenditure to projected expenditure by economic classification

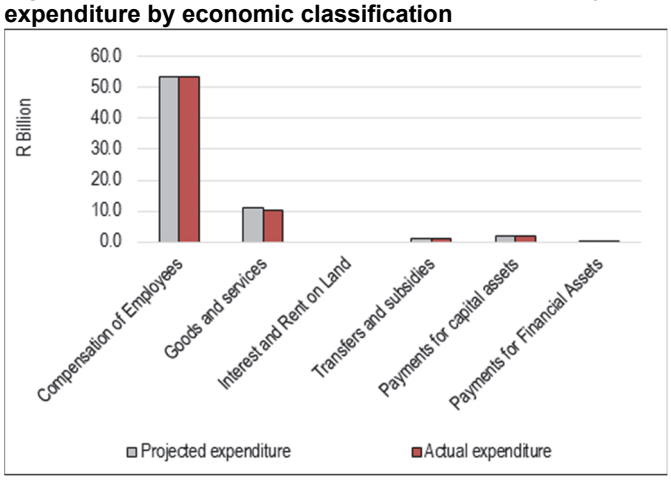
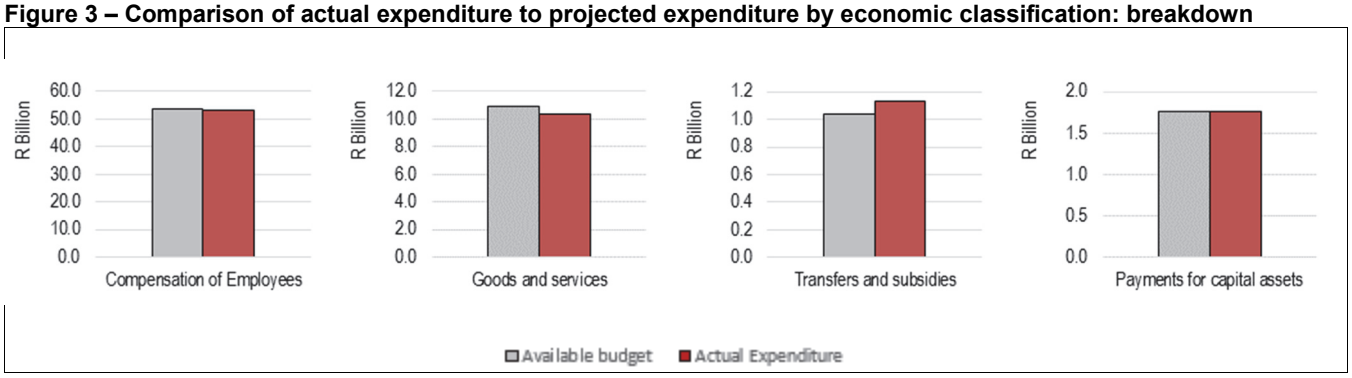


Figure 3 – Comparison of actual expenditure to projected expenditure by economic classification: breakdown



Programme 1: Administration – Actual spending in the programme was R13.5 billion against a projection of R14.1 billion, thus resulting in a deviation of R570.2 million between planned and actual spending. The bulk of the slower than planned spending was recorded in the *Corporate Services* subprogramme. At economic classification level, slow spending was recorded on *goods and services,* mainly on *computer services* (R649.5 million)*,* as a result of slow spending against funds allocated for the implementation of the CJS 7 Point Plan due to non-compliance with conditions 1 and 2 of the allocation letter.

On the contrary, higher than planned spending was recorded on *transfers and subsidies* as well as on *payments for financial assets*. The high spending on *transfers and subsidies* was mainly on transfers to households due to payments made to the families of the victims of the Marikana tragedy as part of an out of court settlement with the claimants. The higher than planned spending on *payments for financial assets* was due to bad debts written off.

Programme 2: Visible Policing: Actual spending in the programme was R35 billion against a projection of R34.9 billion, thus resulting in a deviation of R91.7 million between planned and actual spending. The bulk of the higher than planned spending was recorded in the *Facilities* subprogramme, mainly on *goods and services,* largely driven by high spending *on operating leases* among other items*.* The higher than planned spending on *operating leases* was due to the settlement of invoices for the department's leased buildings. These invoices were submitted late to the department as reported in previous SCOA reports hence they were only settled in the third quarter. The programme recorded slow spending on *compensation of employees* of R188.2 million due to vacant posts.

Programme 3: Detective Services: Actual spending in the programme was R13.2 billion against a projection of R13.3 billion, thus resulting in a deviation of R150.5 million between planned and actual spending. The bulk of the slower than planned spending was recorded in the *Forensic Science Laboratory* subprogramme, mainly on *computer services* (R301.5 million) and *machinery and equipment* (R263.7 million). The slow spending on both items was due to non-compliance with conditions 1 and 2 of the allocation letter to the department in relation to the implementation of the CJS 7 Point Plan.

Programme 4: Crime Intelligence: Actual spending in the programme was R2.9 billion against projected spending of R2.8 billion, thus resulting in higher than planned spending of R49.1 million. The higher than planned spending was recorded across all subprogrammes with the bulk of the variance recorded in the *Intelligence and Information Management* subprogramme. At economic classification level, higher than planned spending was recorded on *compensation of employees*, *goods and services* and *transfers and subsidies*. The higher than planned spending on *compensation of employees* was due to the implementation of higher than planned cost of living adjustments for employees on levels 1 to 12 in terms of the 2018 public sector wage agreement. The increased spending on *transfers and subsidies* was as a result of higher than planned payments for employee severance packages, as the number of employees who exited the department in the first three quarters was higher than anticipated.

Programme 5: Protection and Security Services: Actual spending in the programme was lower than planned by R3.4 million. The bulk of the slow spending was recorded in the *Government Security Regulator* and *Operational Support* subprogrammes. At economic classification level, spending on *compensation of employees* was higher than planned due to the implementation of higher than planned cost of living adjustments for employees on levels 1 to 12 in terms of the 2018 public sector wage agreement. The department intends to offset the high spending on *compensation of employees* in the programme against slow spending recorded on the same item in other programmes (*Administration and Visible Policing*), through virements and shifts in line with section 43 of the Public Finance Management Act (1999).

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	12 793.5	12 793.5	9 720.7	9 767.4	46.7	37 473	36 774	699	-690
2	Visible Policing	36 797.8	36 797.8	27 655.4	27 843.6	188.2	100 355	97 510	2 845	-2 717
3	Detective Services	15 120.1	15 120.1	11 403.6	11 393.7	-9.9	38 868	38 710	158	-394
4	Crime Intelligence	3 482.9	3 482.9	2 628.3	2 589.3	-39.0	9 184	8 881	303	-77
5	Protection and Security Services	2 607.6	2 607.6	1 974.4	1 968.1	-6.3	6 551	6 571	(20)	-225
Total		**70 801.9**	**70 801.9**	**53 382.3**	**53 562.1**	**179.7**	**192 431**	**188 446**	**3 985**	**-4 103**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	283.7	3 938	2 177	1 761	-1 832
2	763.1	5 098	5 134	36	-65
3	1 119.9	5 890	5 179	711	-217
4	139.8	529	431	98	-20
5	23 446.8	86 995	85 950	1 045	-3 389
6	9 502.8	29 286	31 963	(2 677)	3 272
7	13 762.4	34 574	33 395	1 179	-1 183
8	7 897.0	16 454	15 092	1 362	-574
9	1.6	3	1	2	-2
10	3 950.3	6 526	5 925	601	-172
11	697.9	826	1	825	0
12	1 224.9	1 377	2 306	(929)	100
13	756.4	674	672	2	-9
14	290.2	224	184	40	-13
15	57.7	33	33	0	1
16	4.4	2	1	1	0
Other	6 903.1	2	2	0	0
Total	**70 801.9**	**192 431**	**188 446**	**3 985**	**-4 103**

In order to remain within the *compensation of employees* ceiling, the department reduced its personnel headcount from 190 000 to 188 446 between the second and third quarters of 2018/19. The filled headcount as at the end of the third quarter of 2018/19 was below the approved HRBP headcount target of 192 431 posts by 3 985 posts, thus translating into slow spending of R179.7 million. Given pressures on *compensation of employees* experienced in the first three quarters due to the implementation of cost of living adjustments to staff which were higher than anticipated in the case of levels 1 to 12, the department was advised to closely monitor its vacancy rate throughout the course of the financial year. The department was further requested to ensure that only critical vacant posts are filled, such as those in the *Visible Policing* and *Detective Services* programmes, and that this is done within the confinements of the compensation ceiling.

Issues for the Committee to Note

Given the non-compliance with conditions 1 and 2 of the 2018 MTEF allocation letter by the department to date, it is brought to the Committee's attention that the department is anticipating to significantly underspend its 2018/19 budget of R1.6 billion for the implementation of the CJS 7 point plan. This is despite numerous engagements with the department by the National Treasury impressing the urgency for the department to commence with the Cabinet process to obtain approval to revise the project scope for the programme. The initial formal communication to the department on conditions 1 and 2 was through the allocation letter dated 30 October 2017. This provided sufficient time for the department to conclude the Cabinet process prior to the beginning of the financial year, and yet nothing happened until recently when the department advised that it had drafted the Cabinet Memorandum. Therefore, the department must be requested to explain to the Committee what the service delivery implications of the non-compliance have been thus far.

Spending for the Civilian Secretariat for the Police Service (CSPS) as at 31 December 2018

R'000	Adjusted Appropriation	Actual spending as at the end of Dec	Projections as at the end of Dec	Variance in nominal terms	Cumulative variance as a percentage of approved drawings	Actual spending for Dec	Projections for the month of Dec	Variance for the month of Dec in nominal terms
Programme								
Administration	54 415	38 480	41 464	2 984	7,2%	4 355	5 167	812
Intersectoral Coordination and Strategic Partnerships	24 416	16 514	17 534	1 020	5,8%	2 201	2 394	193
Legislation and Policy Development	21 392	15 551	16 316	765	4,7%	1 715	1 773	58
Civilian Oversight, Monitoring and Evaluations	30 996	20 783	22 562	1 779	7,9%	2 690	2 428	(262)
Total	**131 219**	**91 329**	**97 876**	**6 547**	**6,7%**	**10 961**	**11 762**	**801**
Economic Classification	-							
Current payments	**129 384**	**90 371**	**96 462**	**6 091**	**6,3%**	**10 916**	**11 735**	**819**
Compensation of employees	97 452	67 643	72 250	4 607	6,4%	8 454	8 324	(130)
Goods and services	31 932	22 728	24 212	1 484	6,1%	2 462	3 411	949
Interest and rent on land	-	-	-					
Transfers and subsidies	182	**23**	**119**	**96**	**80,3%**	-	**1**	**1**
Provinces and municipalities	6	5	5	0	5,4%	-	1	1
Departmental agencies and accounts	176	-	114	114	100,0%	-	-	-
Households	-	19	-	(19)		-	-	-
Payments for capital assets	**1 653**	**934**	**1 295**	**361**	**27,8%**	**44**	**26**	**(18)**
Buildings and other fixed structures	-	-	-	-		-	-	-
Machinery and equipment	1 594	861	1 236	375	30,4%	44	26	(18)
Biological assets	-	-	-	-		-	-	-
Software and other intangible assets	59	74	59	(15)	-24,7%			
Payments for financial assets	-	-	-	-		-	-	-
Total	**131 219**	**91 329**	**97 876**	**6 547**	**6,7%**	**10 961**	**11 762**	**801**

As at the end of December 2018, the CSPS had spent R91.3 million or 69.6 per cent of its adjusted appropriation budget of R131.2 million for the 2018/19 financial year. This spending was against projected spending of R97.9 million as per the department's drawings projections at the beginning of the financial year, thus resulting in lower than planned spending of R6.5 million. The slow spending was recorded across all programmes, with the bulk recorded in the *Administration* programme (R3 million).

At economic classification level, slow spending was mainly visible on *compensation of employees,* showing a variance of R4.6 million. The slow spending on *compensation of employees* was due to funded vacant posts. As at the end of the third quarter, the department had 9 funded vacant positons. These posts have already been advertised, with some critical ones already at the interview stage. The department has also established a recruitment and selection committee with the responsibility to ensure that all critical vacant funded posts are timeously filled.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Civilian Secretariat for the Police Service: Operations	131.2	131.2	131.2	97.9	74.6%	97.9	0.0	0.0%
	Claims against the state: Civil claims instituted against the department for possible compensation	379.8	379.8	379.8	479.1	126.1%	442.0	-37.1	-8.4%
	Construction and Upgrading of Police Stations: Building and upgrading of infrastructure	822.2	822.2	822.2	481.6	58.6%	439.3	-42.4	-9.6%
	Employee social benefits: Injury on duty	115.5	115.5	115.5	91.8	79.5%	91.2	-0.6	-0.6%
	Employee social benefits: Post-retirement benefits	55.5	55.5	55.5	57.5	103.6%	50.6	-6.9	-13.6%
	Safety and Security Sector Education and Training Authority: Operations	45.6	45.6	45.6	34.2	74.9%	11.6	-22.6	-195.7%
	Vehicle licences: Licence fees paid to municipalities	7.8	7.8	7.8	6.1	78.9%	5.9	-0.2	-4.1%
2	Detainee medical expenses: Medical services for awaiting trial detainees	56.6	56.6	56.6	38.7	68.4%	39.3	0.7	1.7%
	Employee social benefits: Post-retirement benefits	183.8	183.8	183.8	167.4	91.1%	158.7	-8.7	-5.5%
	South African Police Service Education Trust: Gifts and donations to provide for the educational needs of the children of deceased police members	1.0	1.0	1.0	1.0	100.0%	1.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	27.1	27.1	27.1	22.4	82.8%	23.4	1.0	4.4%
3	Directorate for Priority Crime Investigation: Specialised Investigations: Priority crime investigations	1 604.8	1 604.8	1 604.8	1 197.7	74.6%	1 186.6	-11.1	-0.9%
	Employee social benefits: Post-retirement benefits	94.9	94.9	94.9	78.7	82.9%	70.8	-7.9	-11.1%
	Employee social benefits: Post-retirement benefits: Specialised Investigations: Directorate for Priority Crime Investigation	11.6	11.6	11.6	13.5	116.0%	10.9	-2.6	-23.7%
	Vehicle licences: Licence fees paid to municipalities	9.4	9.4	9.4	7.0	74.2%	6.9	-0.1	-1.3%
	Vehicle licences: Licence fees paid to municipalities: Specialised Investigations: Directorate for Priority Crime Investigation	1.0	1.0	1.0	0.7	70.0%	0.7	0.0	0.1%
4	Employee social benefits: Injury on duty	2.7	2.7	2.7	2.1	76.8%	2.3	0.2	9.0%
	Employee social benefits: Post-retirement benefits	15.0	15.0	15.0	22.7	151.9%	17.5	-5.2	-29.9%
	Vehicle licences: Licence fees paid to municipalities	1.2	1.2	1.2	0.8	65.6%	0.9	0.1	7.7%
5	Employee social benefits: Post-retirement benefits	4.6	4.6	4.6	6.0	131.1%	5.2	-0.8	-15.5%
	Vehicle licences: Licence fees paid to municipalities	1.1	1.1	1.1	0.7	63.7%	0.7	0.0	6.1%
Total		**3 572.4**	**3 572.4**	**3 572.4**	**2 807.6**	**78.6%**	**2 663.4**	**-144.2**	**-5.4%**

Vote 24

Agriculture, Forestry and Fisheries

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	923.2	951.7	951.7	750.3	78.8%	796.7	46.4	5.8%
2	Agricultural Production, Health and Food Safety	2 367.1	2 364.5	2 364.5	1 908.0	80.7%	2 008.5	100.5	5.0%
3	Food Security and Agrarian Reform	2 037.9	2 037.8	2 037.8	1 364.6	67.0%	1 574.7	210.1	13.3%
4	Trade Promotion and Market Access	273.9	273.9	273.9	175.5	64.1%	235.7	60.2	25.5%
5	Forestry and Natural Resources Management	1 075.1	1 617.1	1 617.1	902.8	55.8%	1 342.8	440.0	32.8%
6	Fisheries	487.8	487.8	487.8	413.6	84.8%	415.1	1.4	0.3%
Total		**7 165.0**	**7 732.8**	**7 732.8**	**5 514.8**	**71.3%**	**6 373.4**	**858.6**	**13.5%**
Economic Classification									
Current payments		**3 039.4**	**3 124.4**	**3 117.6**	**2 183.5**	**70.0%**	**2 459.8**	**276.2**	**11.2%**
Compensation of Employees		2 182.3	2 176.1	2 176.1	1 583.9	72.8%	1 639.4	55.5	3.4%
Goods and services		855.7	946.9	940.2	599.3	63.7%	819.8	220.6	26.9%
Interest and Rent on Land		1.4	1.4	1.3	0.4	26.8%	0.6	0.2	37.6%
Transfers and subsidies		**3 997.0**	**4 471.5**	**4 471.6**	**3 250.1**	**72.7%**	**3 795.3**	**545.1**	**14.4%**
Payments for capital assets		**128.6**	**136.9**	**143.6**	**80.9**	**56.3%**	**118.1**	**37.3**	**31.5%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.2**		**0.2**	**0.0**	**2.1%**
Total		**7 165.0**	**7 732.8**	**7 732.8**	**5 514.8**	**71.3%**	**6 373.4**	**858.6**	**13.5%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

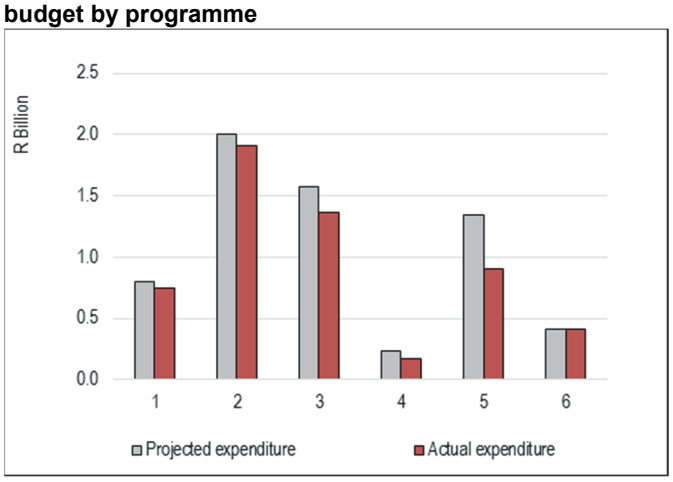


Figure 2 – Comparison of expenditure with available budget by economic classification

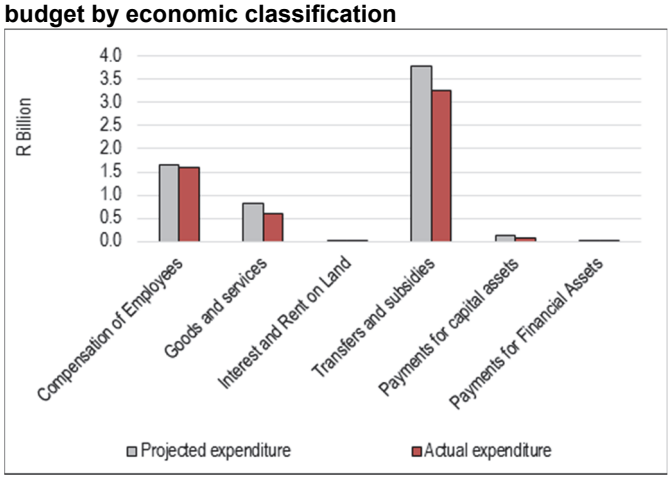
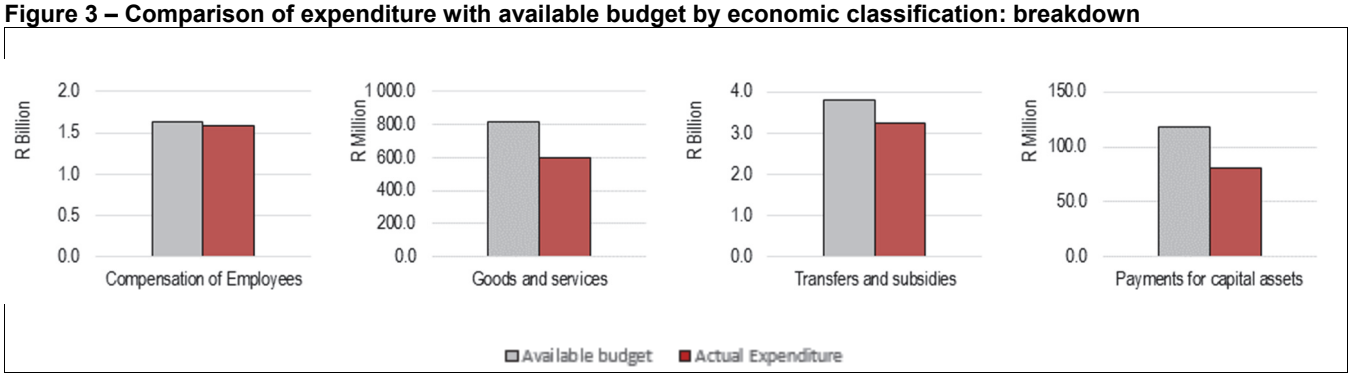


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Actual expenditure by 31 December 2018 amounted to R5.515 billion or 86.5 per cent, compared to third quarter projected expenditure of R6.373 billion. The overall variance was R858.553 million or 13.5 per cent slower than projected expenditure.

Expenditure per programme

Programme 1: Administration, actual expenditure amounted to R750.3 million or 94.2 per cent, which was R46.4 million or 5.8 per cent slower than projected expenditure of R796.7 million. The slow spending was mainly under goods and services and transfers and subsidies, due to slow spending of funds for the development of the farmer register; and an outstanding memorandum of understanding for research projects implemented by the National Research Foundation.

Programme 2: Agricultural Production, Health and Food Safety, actual expenditure amounted to R1.9 billion or 95.0 per cent, which was R100.5 million or 5.0 per cent slower compared to the projected expenditure of R2.0 billion. The slow expenditure was under good and services; and transfers and subsidies: provincial revenue funds, mainly due to the withholding of the Ilima/Letsema, conditional grant to the Free state, and Mpumalanga provinces, as a result of underspending). The upgrade of laboratory infrastructure and equipment: Pretoria and Western Cape which is now expected to be finalised in the fourth quarter has also caused slow spending.

Programme 3: Food Security and Agrarian Reform, actual expenditure was R1.4 billion or 86.7 per cent, which was R210.1 million or 13.3 per cent slower than the projected spending of R1.6 billion. The slow expenditure was under goods and services; and transfers and subsidies: provincial revenue funds, as a result of slow spending on Comprehensive Agricultural Support Programme conditional grants by the Free State, Mpumalanga, and Northwest provinces.

Programme 4: Trade Promotion and Market Access, actual expenditure was R175.5 million or 74.5 per cent, which was R60.2 million or 25.5 per cent slower than the projected expenditure of R235.7 million. The slow expenditure was under transfers to the Land Bank, earmarked for the AgriBEE fund, as a result of an outstanding memorandum of understanding.

Programme 5: Forestry and Natural Resources Management, actual expenditure was R902.8 million or 67.2 per cent, which was R440.0 million or 32.8 per cent slower than the projected expenditure of R1.343 billion. The slow expenditure was noticeable mainly under compensation of employees; and goods and services, due to high vacancies and control measures to stay within the compensation of employees ceiling, together with expenditure on the prevention and mitigation of disasters (Land Care) in the forestry sector which have been postponed to the last quarter of the year.

Programme 6: Fisheries, actual expenditure was R413.6 million or 99.7 per cent, which was R1.4 million or 0.3 per cent slower than the projected expenditure of R415.1 million, due to a slight slow spending on compensation of employees.

Virements

None.

Personnel

The actual expenditure on compensation of employees amounted to R1.584 billion compared to projected expenditure of R1.639 billion. This translates to R64.1 million or 3.9 per cent slower than projected. Furthermore, the department is commended for remaining within the projected personnel budget. The department had a headcount of 5 256 against a projected annual target of 5 761, this translate to 505 funded vacancies.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	466.1	464.9	338.5	350.7	12.3	1 025	965	-60	-29
2	Agricultural Production, Health and Food Safety	631.9	630.7	466.8	473.1	6.4	1 471	1 277	-194	-143
3	Food Security and Agrarian Reform	168.5	168.1	120.1	126.8	6.8	603	555	-48	-36
4	Trade Promotion and Market Access	110.1	110.0	79.8	82.5	2.7	149	137	-12	-9
5	Forestry and Natural Resources Management	577.6	574.8	405.6	431.6	25.9	2 021	1 845	-176	-117
6	Fisheries	228.1	227.6	173.1	174.6	1.5	492	477	-15	-11
Total		**2 182.3**	**2 176.1**	**1 583.9**	**1 639.4**	**55.5**	**5 761**	**5 256**	**-505**	**-345**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	9	0	-9	0
2	0.0	797	507	-290	-236
3	0.0	1 136	1 011	-125	-88
4	0.0	311	282	-29	-21
5	0.0	479	462	-17	-2
6	0.0	273	257	-16	-7
7	0.0	778	734	-44	-29
8	0.0	626	596	-30	-19
9	0.0	470	442	-28	-24
10	0.0	206	198	-8	-87
11	0.0	380	281	-99	-21
12	0.0	158	165	7	8
13	0.0	78	75	-3	-1
14	0.0	42	27	-15	-13
15	0.0	15	12	-3	-3
16	0.0	1	4	3	1
Other	2 182.3	2	203	201	197
Total	**2 182.3**	**5 761**	**5 256**	**-505**	**-345**

Issues for the committee to note

The committee to note the recent outbreak of the foot and mouth disease in the Vhembe District, in Limpopo Province. Budgetary constraints my delay the response to control the spread of the disease with the requisite urgency, as the expenditure would be unforeseeable in nature.

Specifically Appropriated Items

R million

Prog	Item	Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
1	Agriculture Sector Education and Training Authority: Operations	1.2	1.2	1.2	1.2	100.0%	1.2	0.0	0.0%
	Communication: Radio and television licences	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Fibre Processing and Manufacturing Sector Education and Training Authority: Operations	0.5	0.5	0.5	0.5	100.0%	0.5	0.0	0.0%
	National Research Foundation: Research	18.6	18.6	18.6	0.0	0.0%	18.6	18.6	100.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	66.3%	0.0	0.0	27.2%
2	Agricultural Research Council: Capital	131.8	131.8	131.8	120.8	91.7%	120.8	0.0	0.0%
	Agricultural Research Council: Kaonafatso ya Dikgomo event - animal improvement scheme	0.1	0.1	0.1	0.1	100.0%	0.0	-0.1	0.0%
	Agricultural Research Council: Master Dairy competion - animal improvement scheme	0.1	0.1	0.1	0.1	100.0%	0.1	0.0	0.0%
	Agricultural Research Council: Operations	899.3	899.3	899.3	826.6	91.9%	826.6	0.0	0.0%
	Deciduous Fruit Producers' Trust: Pest control programme	14.4	14.4	14.4	0.0	0.0%	10.8	10.8	100.0%
	Employee social benefits: Leave gratuities	0.1	0.8	0.8	1.0	124.4%	0.9	-0.1	-13.0%
	Food Safety and Quality Assurance: Upgrade of laboratory infrastructure and equipment: Pretoria and Western Cape	20.0	20.0	20.0	2.1	10.3%	20.0	17.9	89.7%
	Ilima/Letsema projects grant: Contribution to Ilima Letsema projects	552.4	552.4	552.4	431.8	78.2%	461.4	29.6	6.4%
	Inspection services: Strengthen inspection services at ports of entry and inland: improve on plnt and animal quarantine services	33.6	33.6	33.6	20.7	61.5%	28.9	8.2	28.4%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.1	0.1	0.1	82.7%	0.1	0.0	-32.2%
3	Agricultural colleges: Students' tuition and book fees: Bursaries for Non-employees	1.8	1.8	1.8	0.7	37.4%	1.0	0.3	32.7%
	Comprehensive agricultural support programme grant: Extension recovery planning services	355.6	355.6	355.6	238.8	67.1%	264.3	25.6	9.7%
	Comprehensive agricultural support programme grant: Infrastructure: Payments to provinces as a conditional grant	1 164.8	1 164.8	1 164.8	743.1	63.8%	873.6	130.5	14.9%
	Comprehensive agricultural support programme grant: Upgrading of provincial agricultural colleges	74.5	74.5	74.5	46.9	63.0%	55.6	8.7	15.6%
	Employee social benefits: Leave gratuities	0.0	0.4	0.4	0.4	115.7%	0.4	-0.1	-13.9%
	Female entrepreneur of the year awards: Prize money	0.5	0.5	0.5	0.0	0.0%	0.0	0.0	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
3	Grootfontein Agricultural Development Institute: Studies: Bursaries for Non-employees	1.6	1.6	1.6	1.4	86.6%	1.5	0.1	4.4%
	Land and Agricultural Development Bank of South Africa: Support to small emerging farmers	120.0	120.0	120.0	120.0	100.0%	120.0	0.0	0.0%
	National Student Financial Aid Scheme: Agriculture-related studies: Bursaries for Non-employees	20.6	20.6	20.6	20.6	100.0%	20.6	0.0	0.0%
	Ncera Farms (Pty) Limited: Operations	6.6	6.6	6.6	6.6	100.0%	6.6	0.0	0.0%
	Perishable Products Export Control Board: Skills development and training for technologists	0.6	0.6	0.6	0.6	100.0%	0.6	0.0	0.0%
	Red Meat Industry Forum: Levy payment in terms of the Marketing of Agricultural Products Act, 1996	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.3	0.3	0.3	0.2	65.7%	0.2	0.0	13.0%
4	Commonwealth Agricultural Bureau International: Membership fees	0.3	0.3	0.3	0.0	0.0%	0.3	0.3	100.0%
	Consultative Group on International Agricultural Research: Membership fees	7.3	7.3	7.3	0.3	3.7%	7.3	7.0	96.3%
	Food and Agriculture Organisation of the United Nations: Membership fees	24.8	24.8	24.8	22.2	89.5%	24.8	2.6	10.5%
	Foreign rates and taxes: Obligations paid in foreign regions	0.6	0.6	0.6	0.2	41.0%	0.5	0.2	48.3%
	Forest Sector Charter Council: Operations	4.7	4.7	4.7	4.7	100.0%	4.7	0.0	0.0%
	International Commission of Agricultural Engineering: Membership fees	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	100.0%
	International Cotton Advisory Council: Membership fees	0.3	0.3	0.3	0.4	136.5%	0.3	-0.1	-36.5%
	International Dairy Federation: Membership fees	0.1	0.1	0.1	0.1	100.0%	0.1	0.0	0.0%
	International Grains Council: Membership fees	0.2	0.2	0.2	0.2	102.0%	0.2	0.0	0.0%
	International Organisation of Vine and Wine: Membership fees	0.9	0.9	0.9	1.0	116.7%	1.0	0.0	0.0%
	International Seed Testing Association: Membership fees	0.2	0.2	0.2	0.1	81.0%	0.1	0.0	0.0%
	International Union for the Protection of New Varieties of Plants: Membership fees	0.9	0.9	0.9	0.0	0.0%	0.9	0.9	100.0%
	International Union of Forest Research Organisations: Membership fees	0.0	0.0	0.0	0.0	92.7%	0.0	0.0	0.0%
	Land and Agricultural Development Bank of South Africa: Promotion of black economic empowerment	42.5	42.5	42.5	0.0	0.0%	42.5	42.5	100.0%
	National Agricultural Marketing Council: Operations	43.2	43.2	43.2	43.2	100.0%	43.2	0.0	0.0%
	Organisation for Economic Cooperation and Development: Committee for Agriculture: Partnership fee	1.3	1.3	1.3	1.1	83.4%	1.1	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	22.2%	0.0	0.0	53.0%
	World Organisation for Animal Health: Membership fees	1.7	1.7	1.7	0.0	0.0%	1.7	1.7	100.0%
5	Comprehensive agricultural support programme grant: Disasters: Flood damaged infrastructure: Repair and replacement of flood damaged agricultural resources	155.9	423.7	423.7	155.9	36.8%	422.4	266.5	63.1%
	Employee social benefits: Leave gratuities	0.5	2.9	2.9	4.9	168.5%	3.7	-1.2	-31.8%
	Expanded Public Works Programme Incentive: Working for Forest	2.3	2.3	2.3	1.6	69.2%	2.3	0.7	30.8%
	Food and Trees for Africa: Promotion of school greening	0.4	0.4	0.4	0.0	0.0%	0.4	0.4	100.0%
	Forestry South Africa: Promotion of greening	5.2	5.2	5.2	5.2	100.0%	5.2	0.0	0.0%
	Land care programme grant: Poverty relief and infrastructure development	77.9	277.9	277.9	200.4	72.1%	202.3	1.9	0.9%
	National Arbor City Awards	0.6	0.6	0.6	0.6	100.0%	0.6	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.2	0.3	0.3	0.2	60.3%	0.3	0.1	28.5%
	Water Research Commission: Research regarding water management	2.0	2.0	2.0	2.0	100.0%	2.0	0.0	0.0%
6	Marine Living Resources Fund: Expanded public works programme: Working for fisheries	79.0	79.0	79.0	59.3	75.0%	59.3	0.0	0.0%
	Marine Living Resources Fund: Operations	8.6	8.6	8.6	8.6	100.0%	8.6	0.0	0.0%
	Marine Living Resources Fund: Vessels operations	172.1	172.1	172.1	172.1	100.0%	172.1	0.0	0.0%
Total		**4 052.9**	**4 524.3**	**4 524.4**	**3 268.7**	**72.2%**	**3 842.3**	**573.6**	**14.9%**

Vote 25

Economic Development

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	86.5	86.4	86.4	67.5	78.1%	66.3	-1.2	-1.8%
2	Growth Path and Social Dialogue	34.4	34.5	34.5	23.1	67.0%	23.6	0.5	2.0%
3	Investment, Competition and Trade	951.7	951.8	951.8	731.8	76.9%	732.3	0.5	0.1%
Total		**1 072.6**	**1 072.6**	**1 072.6**	**822.4**	**76.7%**	**822.2**	**-0.2**	**0.0%**
Economic Classification									
Current payments		**135.2**	**135.0**	**135.0**	**101.9**	**75.5%**	**100.8**	**-1.1**	**-1.1%**
Compensation of Employees		90.8	90.8	90.8	68.7	75.6%	68.6	-0.1	-0.1%
Goods and services		44.4	44.2	44.2	33.2	75.1%	32.2	-1.0	-3.3%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**932.9**	**933.1**	**933.1**	**719.9**	**77.2%**	**719.9**	**0.0**	**0.0%**
Payments for capital assets		**4.5**	**4.5**	**4.5**	**0.6**	**13.7%**	**1.5**	**0.9**	**59.3%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**1 072.6**	**1 072.6**	**1 072.6**	**822.4**	**76.7%**	**822.2**	**-0.2**	**0.0%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

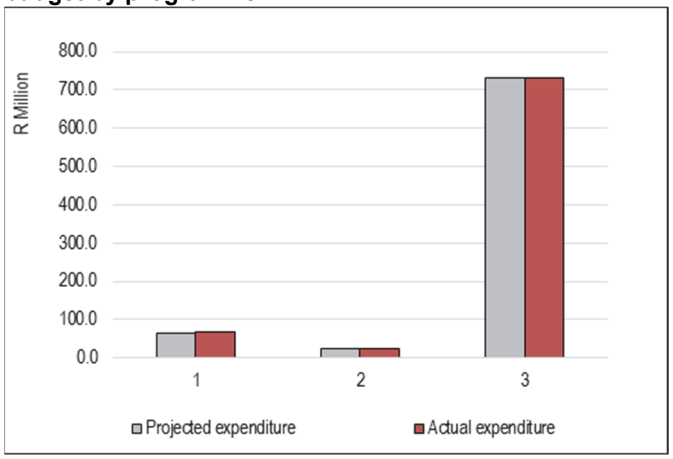


Figure 2 – Comparison of expenditure with available budget by economic classification

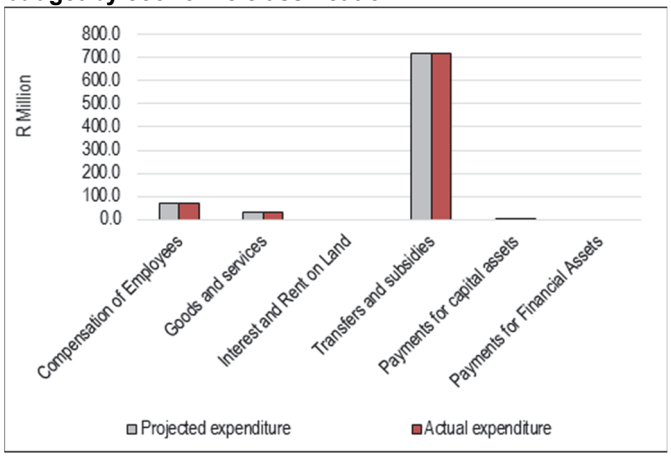
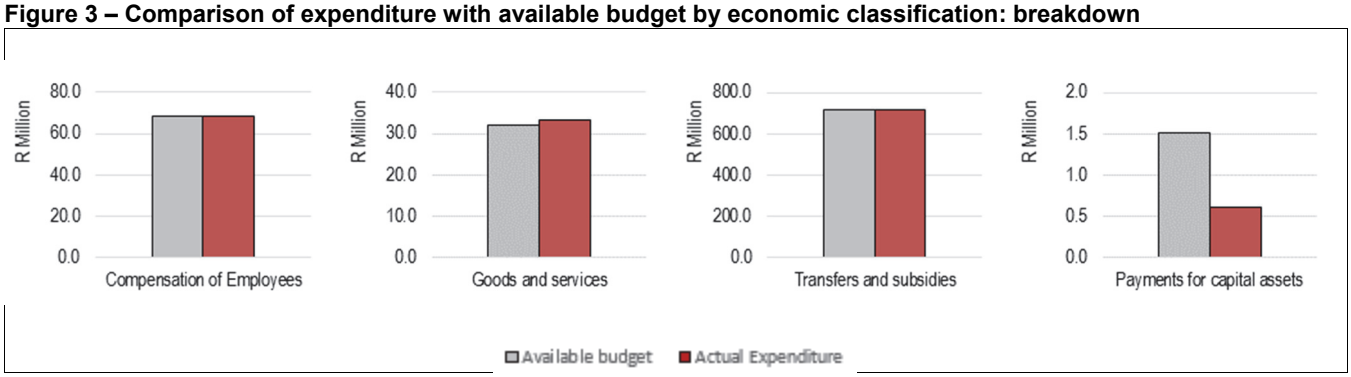


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Economic Development has an appropriated budget of R1.1 billion for 2018/19. Transfers and subsidies accounts for 87 per cent or R932.9 million of the available budget which is mainly allocated to public corporations and private enterprises: R281.8 million for the Competition Commission, R228.8 million to the Small Enterprise Finance Agency, R102.2 million to the International Trade

Administration Commission, R285 million to the Industrial Development Corporation, and R35.1 million to the Competition Tribunal.

The department has spent R822.4 million or 77 per cent of the total available budget during the second quarter. Spending was lower than projected by R1.9 million at this point in the year. The slower than projected spending can be attributed to payments for capital assets as spending has been delayed due to discussion with the State Information Technonology Agency regarding an IT project and cost containment implemented on goods and services.

However, spending on compensation of employees was higher than projected by R989 thousand.

Programme 1: Administration: Spending was higher than projected by R2 million being attributed to over spending due to legal and consulting fees paid and compensation of employees due.

Programme 2: Growth Path and Social Dialogue: Spending was lower than projected by R2.5 million due to lower than projected spending due to internal staff transfers as compensation of employees funds need to be shifted accordingly.

Programme 3: Investment, Competition and Trade programme: Spending was lower than projected by R1.7 million mainly on compensation of employees because of internal staff transfer.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	42.7	42.7	36.2	35.3	-0.9	72	93	21	2
2	Growth Path and Social Dialogue	32.3	32.3	21.8	22.2	0.4	28	21	-7	-2
3	Investment, Competition and Trade	15.8	15.8	10.7	11.1	0.5	25	13	-12	-1
Total		**90.8**	**90.8**	**68.7**	**68.6**	**-0.1**	**125**	**127**	**2**	**-1**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.3	2	2	0	0
4	0.3	1	0	-1	0
5	2.2	7	10	3	0
6	2.7	8	11	3	1
7	4.6	10	8	-2	-1
8	6.7	14	15	1	-1
9	3.3	8	10	2	0
10	3.2	4	2	-2	0
11	9.1	16	11	-5	-1
12	12.2	14	11	-3	-1
13	21.9	20	22	2	-2
14	16.5	14	13	-1	-2
15	1.3	2	2	0	-1
16	3.5	3	3	0	0
Other	3.2	2	7	5	7
Total	**90.8**	**125**	**127**	**2**	**-1**

Spending on compensation of employees was higher than projected by R989 thousand.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
3	Competition Commission: Operations	281.8	281.8	281.8	140.9	50.0%	140.9	0.0	0.0%
	Competition Tribunal: Operations	35.1	35.1	35.1	35.1	100.0%	35.1	0.0	0.0%
	Industrial Development Corporation: Presidential Infrastructure Coordinating Commission	10.0	10.0	10.0	0.0	0.0%	0.0	0.0	0.0%
	Industrial Development Corporation: Presidential Infrastructure Coordinating Commission: Secretariat	5.0	5.0	5.0	0.0	0.0%	0.0	0.0	0.0%
	Industrial Development Corporation: Steel development fund	30.0	30.0	30.0	30.0	100.0%	30.0	0.0	0.0%
	Industrial Development Corporation: Tirisano Construction Fund Trust	240.0	240.0	240.0	180.0	75.0%	180.0	0.0	0.0%
	International Trade Administration Commission: Operations	102.2	102.2	102.2	76.6	75.0%	76.6	0.0	0.0%
	Small Enterprise Finance Agency: Operations	228.8	228.8	228.8	114.4	50.0%	114.4	0.0	0.0%
Total		**932.9**	**932.9**	**932.9**	**577.0**	**61.9%**	**577.0**	**0.0**	**0.0%**

Vote 26

Energy

Budget and expenditure

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	282.6	283.4	288.9	218.1	75.5%	223.6	5.4	2.4%
2	Energy Policy and Planning	53.1	50.1	47.2	30.8	65.2%	32.8	2.0	6.1%
3	Petroleum and Petroleum Products Regulation	87.1	86.1	83.5	53.7	64.2%	55.8	2.2	3.9%
4	Electrification and Energy Programme and Project Management	5 435.4	5 383.6	5 383.6	4 114.0	76.4%	4 084.0	-30.1	-0.7%
5	Nuclear Energy	816.6	875.6	875.6	792.8	90.5%	792.1	-0.7	-0.1%
6	Clean Energy	370.2	484.7	484.7	302.0	62.3%	204.6	-97.5	-47.6%
Total		**7 045.0**	**7 163.5**	**7 163.5**	**5 511.4**	**76.9%**	**5 392.8**	**-118.6**	**-2.2%**
Economic Classification									
Current payments		**612.8**	**783.1**	**783.1**	**455.8**	**58.2%**	**467.1**	**11.3**	**2.4%**
Compensation of Employees		360.5	360.5	360.5	260.7	72.3%	261.9	1.2	0.5%
Goods and services		252.3	422.6	422.6	195.1	46.2%	205.1	10.0	4.9%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**6 427.7**	**6 375.2**	**6 375.2**	**5 050.9**	**79.2%**	**4 920.9**	**-130.0**	**-2.6%**
Payments for capital assets		**4.5**	**5.3**	**5.3**	**4.7**	**89.2%**	**4.9**	**0.1**	**3.0%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**7 045.0**	**7 163.5**	**7 163.5**	**5 511.4**	**76.9%**	**5 392.8**	**-118.6**	**-2.2%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

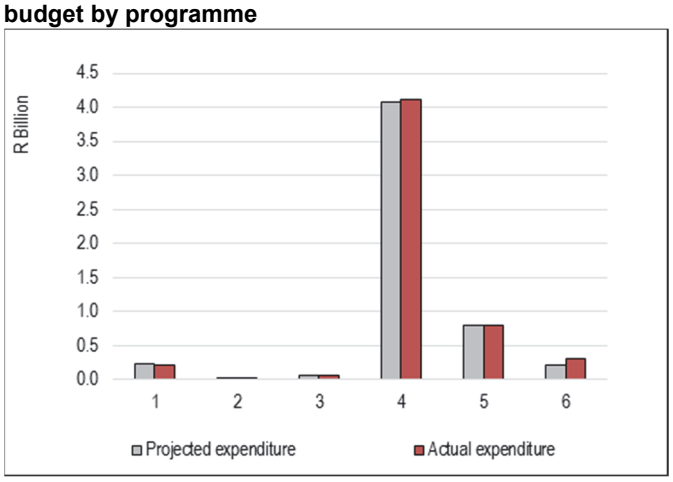


Figure 2 – Comparison of expenditure with available budget by economic classification

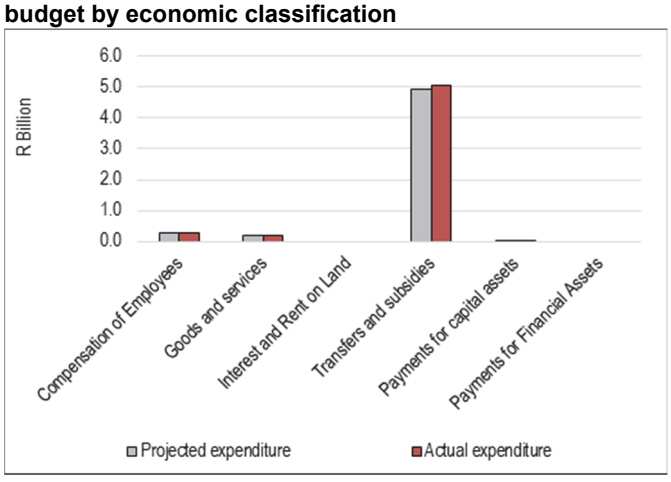
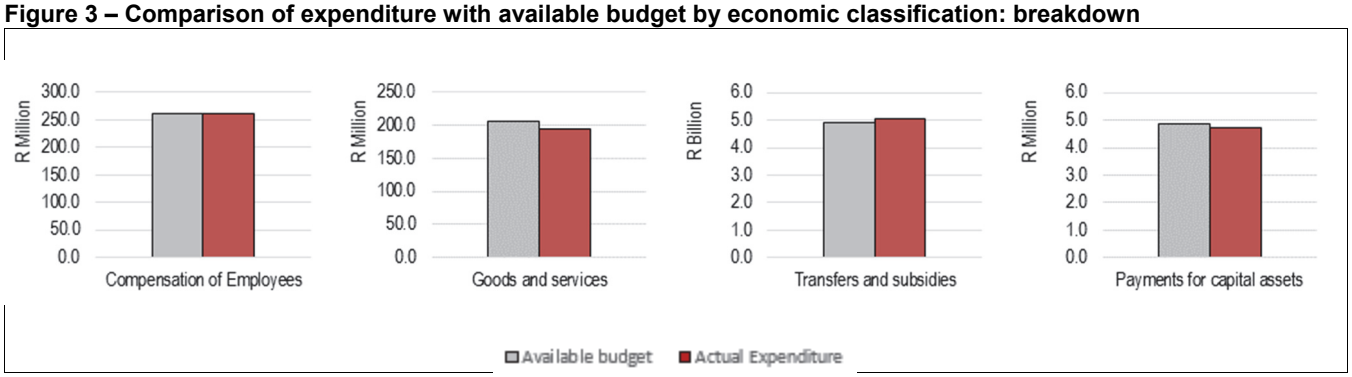


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Energy has a total adjusted appropriation of R7.2 billion for the 2018/19 financial year. For the period April to December 2018 (Q3: 2018/19), the department has spent a total amount of R5.5 billion or 76.9 per cent of the available budget.

Transfers and Subsidies accounts for R6.4 billion of the available budget and is mainly to department agencies, accounts, public corporations, and private enterprises. At the end of Q3: 2018/19, the department had made transfers of R5.1 billion, which resulted in higher than projected spending of R130 million. This is due to higher transfer payments to the EEDSM and a transaction which was incorrectly processed under transfers and subsidies instead of goods and services for the delayed retention fee for the the manufacturers of the solar water units.

Programme 1: Administration spent R5.4 million or 2.4 per cent less than projected in the third quarter. Spending of R218.1 million is lower than the projected expenditure of R223.4 million. This is due to fewer official trips than expected taken by the Ministry and departmental management in December 2018. In addition, payments for procured computer services is outstanding and the department is currently awaiting the delivery to take place.

Programme 2: Energy Policy and Planning spent R2.0 million or 6.1 per cent less than projected in the third quarter. Spending of R30.8 million is lower than the projected expenditure of R32.8 million. This was mostly on compensation of employees due to unfilled vacant posts, as well as goods and services item consultants: business and advisory services due to the delayed Footprint and Saving Potential project owing to expired contracts.

Programme 3: Petroleum and Petroleum Products Regulation spent R2.2 million or 3.9 per cent less than projected in the third quarter. Spending of R53.7 million is lower than the projected expenditure of R55.8 million. This was mostly on compensation of employees due to unfilled vacant posts, as well as the goods and services items consultants: business and advisory services due to delayed appointment of a new service provider for the fuel sampling and testing project after the contract expired in March 2018. Other reasons for slower spending include payments not made for the Retail Audit project as the department is awaiting the final report from the service provider; payment for the Liquid Fuel Charter Alignment to B-BBEE Act project which could not be processed due to the expired contract, and transfers for the payment of membership fees that were not made due to an outstanding invoice.

Programme 4: Electrification and Energy Programme and Project Management spent R30.1 million more than projected in the third quarter. Spending of R4.1 billion exceeded the projected expenditure of R4.0 billion. Higher than projected spending is due to misalignment between the re-gazetted conditional grant projections and the national approved drawings schedules. The projections had not been updated in the department's monthly expenditure report, resulting in higher spending than projected. There was also higher than projected spending in travel and subsistence costs relating to official trips undertaken for monitoring and evaluation of electrification projects.

Programme 5: Nuclear Energy spent R7 000 or 0.1 per cent more than projected in the third quarter. Spending of R792.8 million exceeded the projected expenditure of R792.1 million. The higher than projected spending is due to a payment for legal services for a claim relating to the Earthlife judgement against the department that was received in December from the state attorneys.

Programme 6: Clean Energy spent R97.5 million or 47.6 per cent more than projected in the third quarter. Spending of R302 million exceeded the projected expenditure of R204.6 million. Higher than projected spending is due to the projections for the transfer payments to the EEDSM that was not updated by the department in its IYM report. This expenditure consequently reflects as higher than projected spending by the department.

Virements

Virements approved by National Treasury:

None

Virements approved by Accounting Officer:

- An amount of R2.9 million was approved to be shifted from goods and services in Programme 2 to programme 1 in goods and services as result of travel and subsidence expenses in the Ministry's office.
- An amount of R 2.6 million was approved to be shifted from goods and services in Programme 3 to programme 1 to defray excess expenditure incurred for venue and facilities under sub-programme departmental management.

Personnel

The department is allocated a total amount of R360.5 million for compensation of employee in 2018/19. At the end of Q3: 2018/19, the department spent R260.7 million against a projection of R261.9 million, which is a variance of 0.5 per cent. This is mostly due to unfilled vacant posts within various programmes including the four (4) DDG positions that are still pending.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	164.2	164.2	121.2	120.9	-0.3	279	274	-5	14
2	Energy Policy and Planning	41.6	41.6	28.1	28.7	0.7	54	49	-5	0
3	Petroleum and Petroleum Products Regulation	63.4	63.4	44.0	44.7	0.8	115	107	-8	-3
4	Electrification and Energy Programme and Project Management	49.6	49.6	36.6	36.9	0.3	79	80	1	2
5	Nuclear Energy	21.8	21.8	16.9	16.7	-0.2	31	30	-1	-1
6	Clean Energy	19.9	19.9	14.0	14.1	0.1	24	24	0	0
Total		**360.5**	**360.5**	**260.7**	**261.9**	**1.2**	**582**	**564**	**-18**	**12**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.1	1	0	-1	0
2	3.2	21	23	2	-2
3	0.4	2	2	0	0
4	0.0	0	0	0	0
5	22.1	85	89	4	1
6	4.7	16	12	-4	-1
7	29.0	81	87	6	3
8	19.1	44	41	-3	0
9	26.9	54	39	-15	-13
10	48.7	81	87	6	12
11	45.4	57	50	-7	1
12	43.7	45	45	0	2
13	66.3	62	60	-2	6
14	23.4	18	18	0	1
15	16.2	10	7	-3	1
16	6.4	3	4	1	1
Other	5.0	2	0	-2	0
Total	**360.5**	**582**	**564**	**-18**	**12**

Issues for the committee to note

Slow spending is noted on the non-grid project as at the end of the third quarter. The department has in previous years regularly applied for funds in this item to be rolled over to the next financial year. The department must institute measures to ensure that projects (INEP non-grid) is implemented on time, as this will have a negative impact on service delivery.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Employee Ex-Gratia payments: Funeral costs	0.1	0.1	0.1	0.3	511.0%	0.3	0.0	-15.2%
	Employee Social Benefits: Leave gratuities	0.4	0.4	0.4	0.4	101.9%	0.4	0.0	8.7%
	Energy and Water Sector Education and Training Authority: Operations	1.1	1.1	1.1	1.1	100.0%	1.1	0.0	0.0%
3	African Petroleum Producers Association: Membership fees	2.9	2.9	2.9	0.0	0.0%	0.0	0.0	0.0%
4	Eskom: Integrated national electrification programme	3 262.0	3 262.0	3 262.0	2 493.3	76.4%	2 493.3	0.0	0.0%
	Integrated National Electrification Programme Grant: Integrated national electrification programme	1 904.5	1 904.5	1 904.5	1 565.5	82.2%	1 450.7	-114.8	-7.9%
	Various institutions: Integrated National Electrification Programme: Non-grid electrification service providers	201.6	201.6	201.6	68.4	33.9%	91.0	22.6	24.8%
5	Generation IV International Forum: Membership fees	0.7	0.7	0.7	0.0	0.0%	0.0	0.0	0.0%
	International Atomic Energy Agency: African Regional Cooperation Agreement for Research Development and Training related to Nuclear Science and Technology (AFRA) Fund : Membership Fees	3.3	3.3	3.3	0.1	4.3%	0.1	0.0	0.0%
	International Atomic Energy Agency: Membership fees	18.2	18.2	18.2	0.0	0.0%	0.0	0.0	0.0%
	National Nuclear Regulator: Building, maintenance and upgrading of infrastructure	0.4	0.4	0.4	0.4	100.0%	0.4	0.0	0.0%
	National Nuclear Regulator: Operations	16.1	16.1	16.1	16.1	100.0%	16.1	0.0	0.0%
	National Radioactive Waste Disposal Institute: Operations	45.5	45.5	45.5	45.5	100.0%	45.5	0.0	0.0%
	South African Nuclear Energy Corporation: Capital	95.4	95.4	95.4	53.5	56.0%	53.5	0.0	0.0%
	South African Nuclear Energy Corporation: Decommissioning and decontamination of old strategic nuclear facilities	19.2	19.2	19.2	321.1	1675.7%	321.1	0.0	0.0%
	South African Nuclear Energy Corporation: Operations	568.2	568.2	568.2	308.1	54.2%	308.1	0.0	0.0%
6	Energy efficiency and demand side management grant: National energy efficiency and demand side management grant (municipal)	215.0	215.0	215.0	86.5	40.2%	86.5	0.0	0.0%
	International Energy Forum: Membership fees	0.3	0.3	0.3	0.0	0.0%	0.0	0.0	0.0%
	International Partnership for Energy Efficiency Cooperation: Membership fees	1.3	1.3	1.3	0.0	0.0%	0.0	0.0	0.0%
	International Renewable Energy Agency: Membership fees	1.1	1.1	1.1	0.0	0.0%	0.0	0.0	0.0%
	South African National Energy Development Institute: Operations	70.2	70.2	70.2	52.7	75.0%	52.7	0.0	0.0%
Total		**6 427.7**	**6 427.7**	**6 427.7**	**5 013.1**	**78.0%**	**4 920.9**	**-92.2**	**-1.9%**

Vote 27

Environmental Affairs

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	941.8	941.8	941.8	688.3	73.1%	643.3	-45.0	-7.0%
2	Legal, Authorisations, Compliance and Enforcement	189.3	189.3	189.3	131.7	69.5%	131.3	-0.4	-0.3%
3	Oceans and Coasts	492.0	492.0	492.0	296.6	60.3%	286.0	-10.7	-3.7%
4	Climate Change and Air Quality	294.5	294.5	294.5	229.9	78.1%	226.5	-3.4	-1.5%
5	Biodiversity and Conservation	773.4	773.4	773.4	609.8	78.9%	598.5	-11.4	-1.9%
6	Environmental Programmes	3 871.3	4 189.3	4 189.3	1 167.7	27.9%	2 131.7	964.0	45.2%
7	Chemicals and Waste Management	550.3	550.3	550.3	398.4	72.4%	376.9	-21.5	-5.7%
Total		**7 112.5**	**7 430.5**	**7 430.5**	**3 522.4**	**47.4%**	**4 394.1**	**871.7**	**19.8%**
Economic Classification									
Current payments		**2 276.7**	**2 276.7**	**2 276.7**	**1 854.8**	**81.5%**	**1 682.4**	**-172.4**	**-10.2%**
Compensation of Employees		1 149.0	1 149.0	1 149.0	851.6	74.1%	853.4	1.8	0.2%
Goods and services		1 127.6	1 127.6	1 127.6	989.4	87.7%	818.9	-170.4	-20.8%
Interest and Rent on Land		0.0	0.0	0.0	13.9		10.1	-3.7	-37.1%
Transfers and subsidies		**4 657.5**	**4 975.5**	**4 975.5**	**1 456.6**	**29.3%**	**2 511.4**	**1 054.8**	**42.0%**
Payments for capital assets		**178.3**	**178.3**	**178.3**	**210.8**	**118.2%**	**200.2**	**-10.7**	**-5.3%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**7 112.5**	**7 430.5**	**7 430.5**	**3 522.4**	**47.4%**	**4 394.1**	**871.7**	**19.8%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

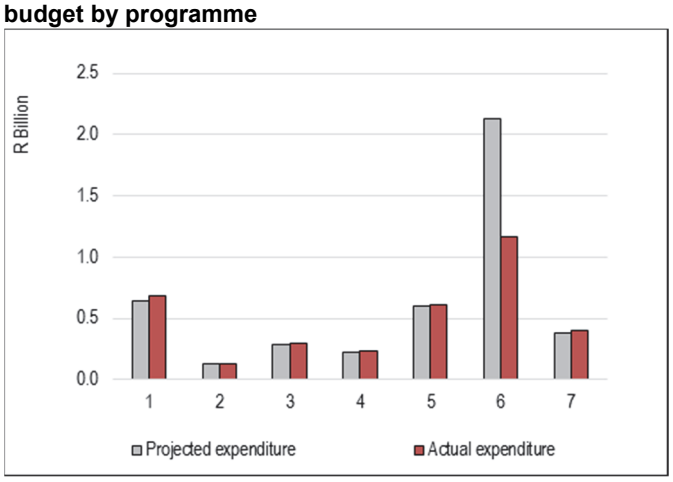


Figure 2 – Comparison of expenditure with available budget by economic classification

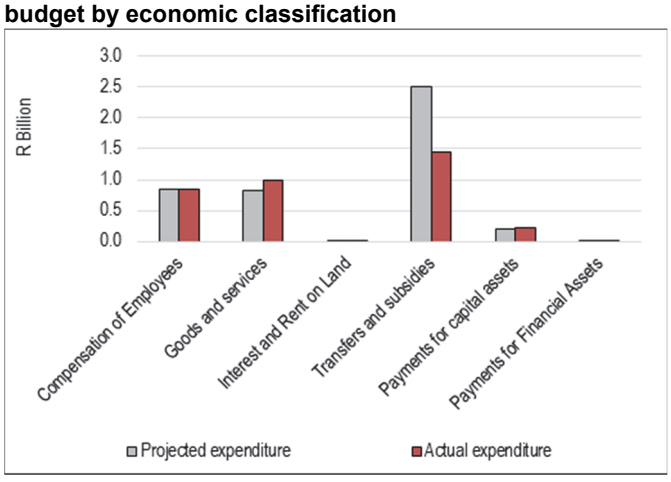
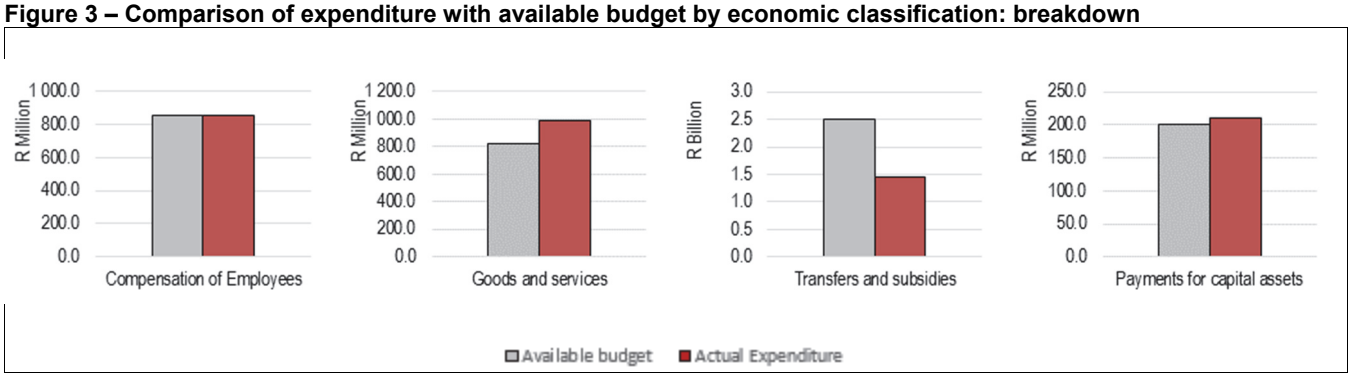


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



During the three quarters of 2018/19 departmental expenditure amounted to R3.5 billion, which was R871.7 million or 19.8 per cent slower compared to the projected spending of R4.4 billion.

Programme 1: Administration: Actual spending amounted to R688.3 million, which was R45 million or 7 per cent higher compared to the projected spending of R643.3 million. This higher spending is due to unplanned expenses incurred by the department towards the memorial service and funeral for the late Minister of Environmental Affairs, communication services and office accommodation claims.

Programme 2: Legal, Authorisations, Compliance and Enforcement: Actual spending amounted to R131.7 million, which was R426 521 or 0.3 per cent higher compared to the projected spending of R131.3 million. This higher spending is due to the processing of legal claims received from the Department of Justice.

Programme 3: Oceans and Coasts: Actual spending amounted to R296.6 million, which was R10.7 million or 3.7 per cent higher compared to the projected spending of R286 million. This higher spending is due to the scheduled payment for the Antarctica voyage research vessel; including the payment of service provide fees for the operation and manning of the Algoa and Algulhas II Research Vessels. Increased fuel cost also contributed to higher expenditure than anticipated for the period under review.

Programme 4: Climate Change and Air Quality: Actual spending amounted to R229.9 million, which was R3.4 million or 1.5 per cent higher compared to the projected spending of R226.5 million. The overspending was largely due to the earlier than expected payment for the Air Quality Monitoring Stations.

Programme 5: Biodiversity and Conservation: Actual spending amounted to R609.8 million, which was R11.4 million or 1.9 per cent higher compared to the projected spending of R598.5 million. The higher than anticipated expenditure is due to the biodiversity economy conference held by the department in September 2018 and the Biodiversity Phakisa project related transactions which were processed during the period under review.

Programme 6: Environmental Programmes: Actual spending amounted to R1.2 billion, which was R964 million or 45.2 per cent slower compared to the projected spending of R2.1 billion. The slow spending was due to the implementation of the new procurement procedures in the appointment of service provides for projects linked to the Expanded Public Works Programme. This follows the department receiving an adverse audit opinion in the 2017/18 financial year as a result of discrepancies in accounting treatment and classification of transactions emanating from the modified cash standard (MCS). Consequently, the department has had to amend certain terms and stipulations of existing contracts in order to be compliant with new accounting approach and prescripts, this has resulted in a backlog in finalising agreements with service providers. The expenditure incurred on the EPWP projects was also journalised from the expense account to an advance account, reversal of these advances has contributed to the decrease in the previously reported “transfers expensed”. This is a result of correcting the accounting treatment to disclose at year end correctly.

Programme 7: Chemicals and Waste Management: Actual spending amounted to R398.4 million, which was R21.5 million or 5.7 per cent higher compared to the projected spending of R376.9 million. This higher spending is due to purchase of equipment and machinery as well as an increase in the operational expenses of the Waste Management Bureau.

Virements

During the quarter under review no virements were approved by National Treasury.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	427.9	427.9	303.2	309.4	6.2	938	756	-182	-149
2	Legal, Authorisations, Compliance and Enforcement	124.2	124.2	94.8	94.7	-0.1	176	172	-4	-3
3	Oceans and Coasts	130.4	130.4	92.0	92.7	0.7	197	207	10	15
4	Climate Change and Air Quality	71.1	71.1	46.0	47.1	1.1	84	80	-4	5
5	Biodiversity and Conservation	81.1	81.1	55.4	56.9	1.5	111	110	-1	2
6	Environmental Programmes	252.0	252.0	191.0	191.0	0.0	482	459	-23	-23
7	Chemicals and Waste Management	62.2	62.2	69.3	61.6	-7.6	91	124	33	-1
Total		**1 149.0**	**1 149.0**	**851.6**	**853.4**	**1.8**	**2 079**	**1 908**	**-171**	**-154**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	25.7	243	0	-243	-2
3	5.8	18	11	-7	-5
4	32.7	81	65	-16	-14
5	2.3	5	9	4	-1
6	152.8	270	231	-39	-29
7	162.0	226	229	3	1
8	197.8	224	207	-17	-31
9	178.4	160	138	-22	-25
10	462.6	326	294	-32	-41
11	176.5	102	73	-29	-12
12	436.4	230	230	0	29
13	289.6	133	112	-21	-55
14	110.8	42	38	-4	-3
15	47.4	15	18	3	2
16	4.4	1	3	2	-1
Other	13.0	3	250	247	33
Total	**2 298.0**	**2 079**	**1 908**	**-171**	**-154**

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Global Environmental Fund: Membership Fees	16.9	16.9	16.9	16.9	100.0%	16.9	0.0	0.0%
4	National Association for Clean Air: Operations	1.6	1.6	1.6	1.2	73.3%	1.2	0.0	0.0%
	South African Weather Service: Operations	200.0	200.0	200.0	150.0	75.0%	150.0	0.0	0.0%
5	African World Heritage Fund: Operations	1.0	1.0	1.0	1.0	100.0%	1.0	0.0	0.0%
	iSimangaliso Wetland Park Authority: Operations	32.8	32.8	32.8	24.6	75.0%	24.6	0.0	0.0%
	KwaZulu-Natal Conservation Board: Maloti Drakensberg Transfrontier Park	1.3	1.3	1.3	0.0	0.0%	0.0	0.0	0.0%
	South African National Biodiversity Institute: Operations	325.8	325.8	325.8	245.0	75.2%	245.0	0.0	0.0%
	South African National Parks: Capital	36.6	36.6	36.6	21.1	57.7%	16.6	-4.5	-27.2%
	South African National Parks: Operations	255.4	255.4	255.4	211.6	82.8%	210.6	-1.0	-0.5%
6	Development Bank of Southern Africa: Facilitation of public funds for Green Fund projects	95.0	95.0	95.0	0.0	0.0%	0.0	0.0	0.0%
	Expanded public works programme: Environmental protection and infrastructure programme	777.3	777.3	777.3	401.9	51.7%	434.7	32.8	7.5%
	Expanded public works programme: Incentive (Environmental protection and infrastructure programme)	186.8	186.8	186.8	124.0	66.4%	124.0	0.0	0.0%
	Expanded public works programme: Incentive (Working for Water)	245.1	245.1	245.1	0.0	0.0%	0.0	0.0	0.0%
	Expanded public works programme: Incentive (Working on Fire)	96.2	96.2	96.2	0.0	0.0%	0.0	0.0	0.0%
	Expanded public works programme: Working for Water	990.7	990.7	990.7	350.3	35.4%	350.3	0.0	0.0%
	Expanded public works programme: Working on Fire	556.2	556.2	556.2	613.7	110.3%	613.7	0.0	0.0%
	iSimangaliso Wetland Park Authority: Capital	111.7	111.7	111.7	0.0	0.0%	0.0	0.0	0.0%
	South African National Biodiversity Institute: Biosecurity: Expanded Public Works Programme	29.0	29.0	29.0	0.0	0.0%	0.0	0.0	0.0%
	South African National Biodiversity Institute: Capital	79.4	79.4	79.4	72.4	91.2%	72.4	0.0	0.0%
	South African National Parks: Building, maintenance and upgrading of infrastructure	104.5	104.5	104.5	104.5	100.0%	104.5	0.0	0.0%
	South African National Parks: Eco-furniture Factories: Expanded Public Works Programme	117.4	117.4	117.4	35.5	30.2%	74.9	39.5	52.7%
	South African Weather Service: Capital	37.0	37.0	37.0	37.0	100.0%	37.0	0.0	0.0%
7	National Regulator for Compulsory Specifications: Research and implementation of waste management projects	11.9	11.9	11.9	0.0	0.0%	0.0	0.0	0.0%
	Waste Bureau: Operation of the Waste Bureau as Public Entity	348.0	348.0	348.0	200.2	57.5%	236.1	35.9	15.2%
Total		**4 657.5**	**4 657.5**	**4 657.5**	**2 610.9**	**56.1%**	**2 713.5**	**102.6**	**3.8%**

Vote 28

Labour

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	917.4	906.6	906.6	541.1	59.7%	578.6	37.5	6.5%
2	Inspection and Enforcement Services	598.2	592.2	592.2	384.9	65.0%	405.8	20.9	5.2%
3	Public Employment Services	582.6	580.6	580.6	404.1	69.6%	396.5	-7.6	-1.9%
4	Labour Policy and Industrial Relations	1 197.1	1 203.4	1 203.4	904.9	75.2%	907.2	2.3	0.3%
Total		**3 295.2**	**3 282.9**	**3 282.9**	**2 234.9**	**68.1%**	**2 288.1**	**53.2**	**2.3%**
Economic Classification									
Current payments		**1 946.7**	**1 885.3**	**1 885.3**	**1 219.0**	**64.7%**	**1 260.0**	**41.0**	**3.3%**
Compensation of Employees		1 317.8	1 293.1	1 293.1	861.4	66.6%	892.0	30.6	3.4%
Goods and services		628.9	592.3	592.3	357.6	60.4%	368.0	10.4	2.8%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**1 273.6**	**1 288.0**	**1 288.0**	**996.2**	**77.3%**	**990.4**	**-5.8**	**-0.6%**
Payments for capital assets		**75.0**	**109.6**	**109.6**	**18.5**	**16.9%**	**36.5**	**18.0**	**49.4%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**1.2**		**1.2**	**0.0**	**-2.3%**
Total		**3 295.2**	**3 282.9**	**3 282.9**	**2 234.9**	**68.1%**	**2 288.1**	**53.2**	**2.3%**

Expenditure Analysis

By the end of December, the Department of Labour had spent R2.2 billion or 68.1 per cent of the total budget of R3.3 billion for the year. This is lower than projected for the third quarter by R53.2 million or 2.3 per cent. The slow spending is mainly under compensation of employees, goods and services and payments for capital assets.

Figure 1 – Comparison of expenditure with available budget by programme

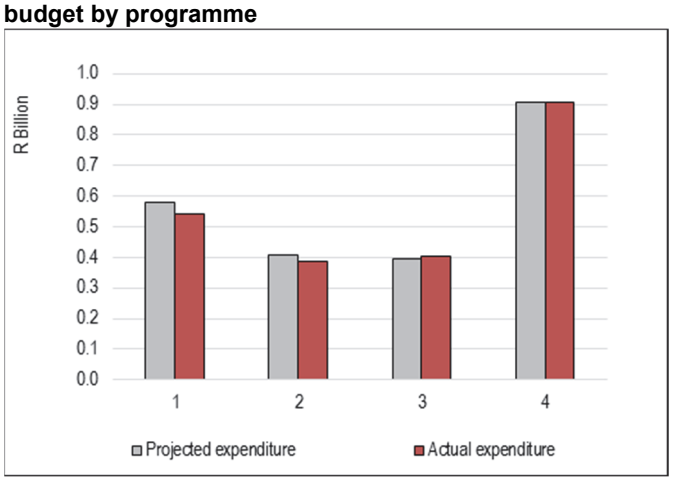


Figure 2 – Comparison of expenditure with available budget by economic classification

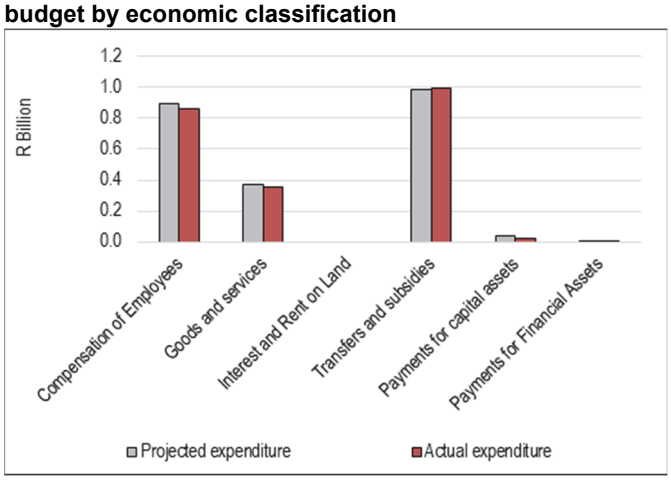
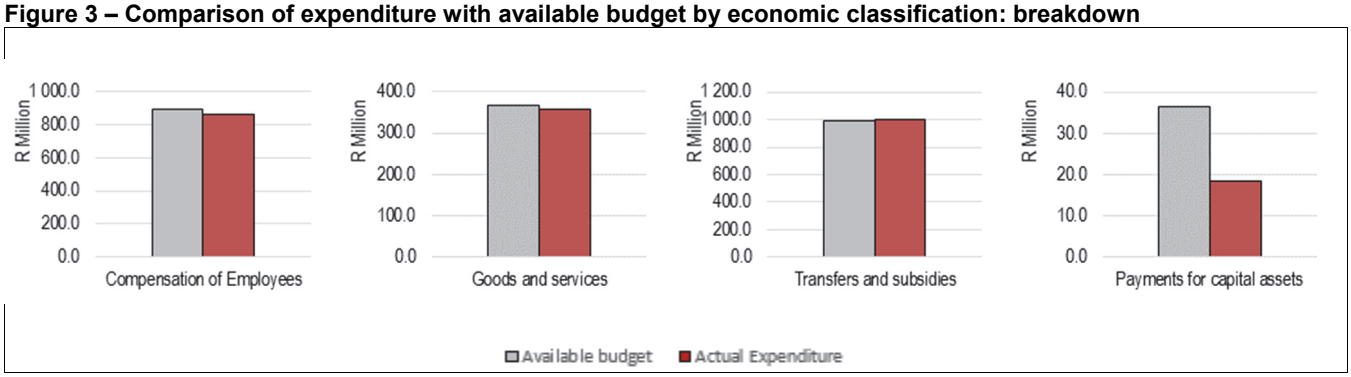


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: Slow spending by this programme amounts to R37.5 million or 6.5 per cent mainly under compensation of employees due to vacant finance, supply chain, security and management posts at provincial offices and labour centres and IT posts at head office. The slow spending on goods and services is due to delays in invoicing by service providers for the procurement of cars for the departmental fleet in the provinces as well as delays in the issuing of invoices for office accommodation leases and municipal service charges by the Department of Public Works.

Programme 2: Inspection and Enforcement Services: Compensation of employees was the main contributor to slow spending by R20.9 million or 5.2 per cent because of vacant labour inspector posts. The department struggles to attract and retain labour inspectors as they are offered higher salaries in the private sector. Having fewer inspectors than budgeted for, also accounts for the slow spending under goods and services on travel and subsistence and staff training and development. Invoices for cell phones and data were also received late resulting in slow spending under goods and services.

Programme 3: Public Employment Services: Spending was higher than projected by R7.6 million or 1.9 per cent mainly under transfers and subsides. The higher spending under transfers and subsidies is due to a revised drawdown agreement in December 2018 with the Supported Employment Enterprises.

Programme 4: Labour Policy and Industrial Relations: Slow spending of R2.3 million or 0.3 per cent is mainly under compensation of employees due to vacant posts due to delays in establishing the National Minimum Wage Commission. Slow spending under goods and services is due to delayed invoicing for property payments as well as delayed invoicing by service providers for the procurement of cars for the regional offices. The slow spending under transfers and subsidies is due to delays in payments to two organisations (Mitchell's Plain Community Advice and Development Project and Masiphakameni Local Development Agency) who were supposed to receive money early in December. However due to late submission of reports the money will only be disbursed in January 2019.

Virements

No virements during the third quarter.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	402.9	397.1	275.0	283.4	8.4	1 632	885	-747	18
2	Inspection and Enforcement Services	492.3	485.6	324.8	344.5	19.7	1 259	1 339	80	0
3	Public Employment Services	312.0	306.9	190.7	191.1	0.4	466	302	-164	0
4	Labour Policy and Industrial Relations	110.7	103.5	70.8	73.0	2.2	182	161	-21	0
Total		**1 317.8**	**1 293.1**	**861.4**	**892.0**	**30.6**	**3 539**	**2 687**	**-852**	**18**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	18.8	148	110	-38	0
4	7.2	53	39	-14	0
5	74.9	361	331	-30	3
6	296.5	1 134	785	-349	0
7	118.5	399	281	-118	2
8	305.0	743	620	-123	0
9	39.5	118	64	-54	0
10	116.4	197	159	-38	1
11	88.1	124	97	-27	5
12	155.2	168	138	-30	1
13	57.7	63	37	-26	4
14	25.0	20	15	-5	1
15	9.5	7	6	-1	0
16	2.5	2	3	1	1
Other	3.1	2	0	-2	0
Total	**1 317.8**	**3 539**	**2 687**	**-852**	**18**

Expenditure on compensation of employees during the third quarter was R861.4 million or 65.4 percent of the available budget of R1.3 billion, against projected spend of R892 million as at end December 2018. The headcount target for 2018/19 as per the 2018 Estimates of National Expenditure is 3 539 with only 2 687

posts filled by the end of quarter 3. The slow spending and lower headcount is due to delays in the filling of vacant posts, mainly in programmes 1, 2, 3 and 4 as explained above.

Issues for the committee to note

- Programme 2: Inspection and Enforcement Services is struggling to retain labour inspectors. Many labour inspectors leave the department for higher salaries in the private sector and departments such as Mineral Resources. The department needs to develop a strategy to retain inspectors within the Inspection and Enforcement Services baseline in consultation with the DPSA.
- The National Minimum Wage Bill was enacted by the President for implementation from the 1st of January 2019.

Specifically, Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Employee social benefits: Post-retirement benefits	0.2	0.2	0.2	1.0	400.8%	0.7	-0.3	-46.2%
	Vehicle licences: Licence fees paid to municipalities	0.6	0.6	0.6	0.6	92.5%	0.5	0.0	-7.9%
2	Employee social benefits: Post-retirement benefits	0.1	0.1	0.1	0.8	1131.9%	0.6	-0.2	-26.9%
3	Compensation Fund: Administration of civil servants' claims	16.1	16.1	16.1	15.3	95.0%	14.9	-0.4	-2.8%
	Deaf Federation of South Africa: Wage subsidy	0.3	0.3	0.3	0.0	6.9%	0.0	0.0	58.3%
	Employee social benefits: Post-retirement benefits	0.0	0.0	0.0	0.2	457.4%	0.2	0.0	-9.1%
	National Council for the Physically Disabled: Wage subsidy	0.3	0.3	0.3	0.0	6.0%	0.1	0.0	63.6%
	Productivity South Africa: Operations	53.3	53.3	53.3	53.3	100.0%	53.3	0.0	0.0%
	South African National Council for the Blind: Wage subsidy	0.4	0.4	0.4	0.0	8.7%	0.1	0.0	47.8%
	Unemployment Insurance Fund: Operations	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Work-centres for the disabled: Operational subsidy	146.8	146.8	146.8	110.8	75.5%	103.5	-7.3	-7.0%
	Workshops for the Blind: Wage subsidy	12.4	12.4	12.4	3.3	26.7%	6.2	2.9	46.7%
4	African Regional Labour Administration Centre: Membership fees	1.2	1.2	1.2	1.2	100.0%	1.2	0.0	0.0%
	Commission for Conciliation, Mediation and Arbitration: Operations	963.1	963.1	963.1	722.3	75.0%	963.1	240.8	25.0%
	International Labour Organisation: Membership fees	24.0	24.0	24.0	24.0	100.0%	24.0	0.0	0.0%
	National Economic Development and Labour Council: Operations	33.7	33.7	33.7	46.0	136.5%	50.5	4.5	9.0%
	Various civil and labour organisations: Strengthen civil society	21.0	21.0	21.0	20.1	95.7%	21.3	1.2	5.7%
	Various schools: Donation for National Day Against Child Labour	0.1	0.1	0.1	0.0	0.0%	0.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Total		**1 273.6**	**1 273.6**	**1 273.6**	**998.9**	**78.4%**	**1 240.1**	**241.3**	**19.5%**

Vote 29

Mineral Resources

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	327.0	335.0	335.0	273.6	81.7%	248.7	-24.8	-10.0%
2	Mine Health and Safety	205.0	205.0	205.0	158.8	77.4%	154.3	-4.5	-2.9%
3	Mineral Regulation	393.6	393.6	393.6	299.5	76.1%	298.0	-1.5	-0.5%
4	Mineral Policy and Promotion	965.0	957.0	957.0	742.9	77.6%	767.3	24.4	3.2%
Total		**1 890.7**	**1 890.7**	**1 890.7**	**1 474.8**	**78.0%**	**1 468.3**	**-6.5**	**-0.4%**
Economic Classification									
Current payments		**876.9**	**871.1**	**871.1**	**672.5**	**77.2%**	**638.0**	**-34.5**	**-5.4%**
Compensation of Employees		617.6	617.6	617.6	460.1	74.5%	465.4	5.4	1.2%
Goods and services		259.2	253.4	253.4	212.4	83.8%	172.6	-39.8	-23.1%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**1 001.5**	**1 007.3**	**1 007.3**	**798.7**	**79.3%**	**824.6**	**25.9**	**3.1%**
Payments for capital assets		**12.4**	**12.4**	**12.4**	**2.9**	**23.6%**	**5.0**	**2.1**	**42.1%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.7**		**0.6**	**0.0**	**-5.0%**
Total		**1 890.7**	**1 890.7**	**1 890.7**	**1 474.8**	**78.0%**	**1 468.3**	**-6.5**	**-0.4%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

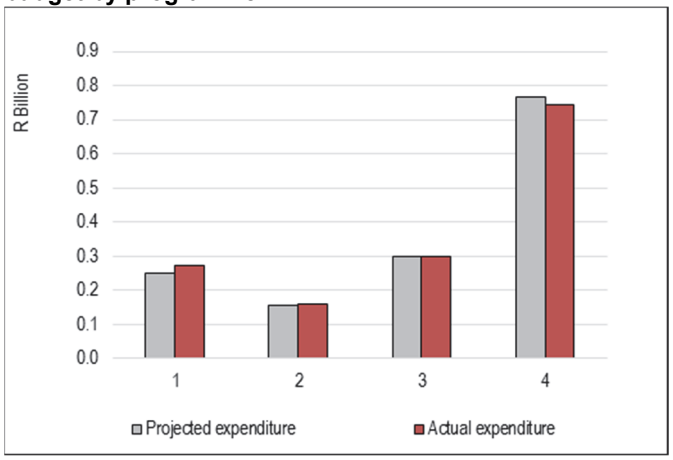


Figure 2 – Comparison of expenditure with available budget by economic classification

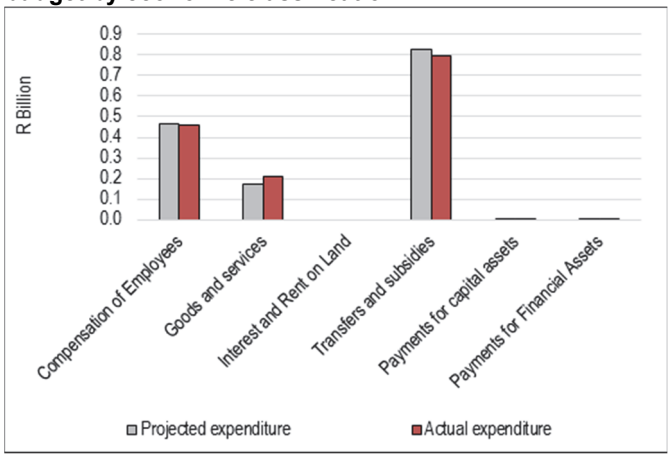
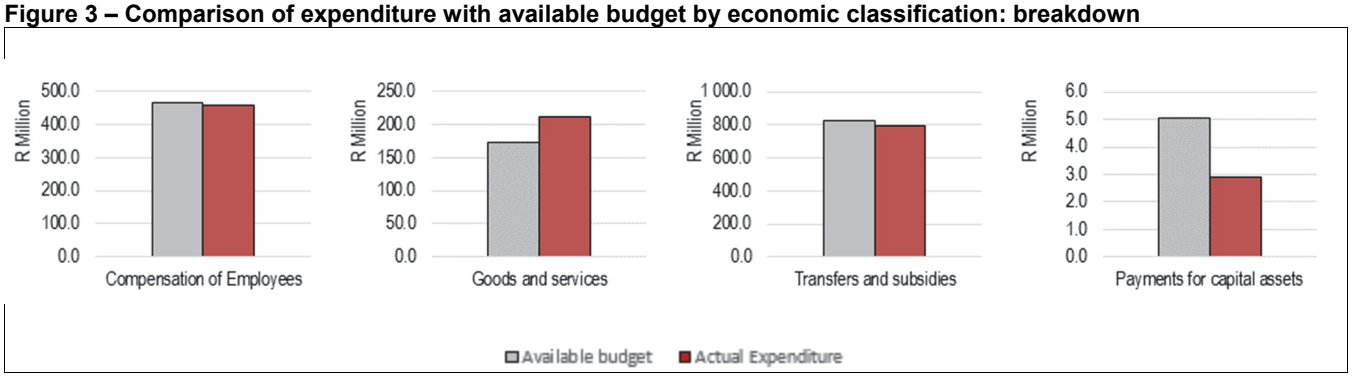


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The department has spent R1.47 billion or 78 per cent of the total budget of R1.89 billion allocated for the 2018/19 financial year. This represents R6.5 million or 0.4 per cent faster than the projected amount of R1.47 billion by the end of third quarter.

Programme 1: Administration: Expenditure was R273.6 million while the projected expenditure was R248.7 million, which translates to R24.8 million or 10 per cent faster than projected expenditure. The spike

in expenditure was on goods and services, specifically the operating leases item for office accommodation which was inadequately catered for. The department will identify other areas of savings to cater for the remaining shortfall during the last quarter.

Programme 2: Mine Health and Safety: Expenditure was R158.8 million while the projected expenditure was R154.3 million, which translates to R4.5 million or 2.9 per cent faster than projected expenditure. The spike in expenditure was mainly on compensation of employees, due to salary adjustments for salary levels 1 to12, which were more than anticipated. The department is making adjustments in order to cater for the variance during the last quarter and balance the allocated compensation of employees' budget.

Programme 3: Mineral Regulation: Expenditure was R299.5 million while the projected expenditure was R298 million, which translates into R1.5 million or 0.5 per cent faster than projected expenditure.

Programme 4: Mineral Policy and Promotion: Expenditure was R742.9 million while the projected expenditure was R767.3 million, which translates to R24.4 million or 3.2 per cent slower than projected. The slow spending on goods and services is due to delays in receiving invoices from the travel agency and from DIRCO for participation in international events/ conferences and bilateral engagements. There was slower spending on transfers and subsidies as a result of funds allocated to provide financial and technical support to small, medium and micro enterprises which had a low uptake during the first three quarters of the year.

Personnel

The actual expenditure on compensation of employees amounted to R460.1 million compared to projected expenditure of R465.4 million. This translates to R5.4 million or 1.2 per cent slower than projected. The department is commended for remaining within the projected personnel budget. The department had a headcount of 1 026 against a projected annual target of 1 067, this translate to 41 funded vacancies.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	186.9	186.9	135.7	139.5	3.8	330	324	-6	-9
2	Mine Health and Safety	166.3	166.3	128.0	127.3	-0.7	272	259	-13	-11
3	Mineral Regulation	193.2	193.2	144.6	145.8	1.2	361	342	-19	-6
4	Mineral Policy and Promotion	71.2	71.2	51.8	52.8	1.0	104	101	-3	1
Total		**617.6**	**617.6**	**460.1**	**465.4**	**5.4**	**1 067**	**1 026**	**-41**	**-25**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.0	1	0	-1	0
4	9.5	42	0	-42	-39
5	36.3	140	179	39	17
6	18.9	60	60	0	10
7	58.1	157	137	-20	-7
8	57.6	132	131	-1	4
9	31.9	62	4	-58	-23
10	110.0	171	216	45	9
11	62.2	80	83	3	-3
12	111.1	118	144	26	7
13	79.5	74	47	-27	-1
14	24.8	20	15	-5	-2
15	9.2	6	6	0	2
16	8.4	4	4	0	1
Other	0.0	0	0	0	0
Total	**617.6**	**1 067**	**1 026**	**-41**	**-25**

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Employee Ex-gratia payments: Funeral costs	0.3	0.3	0.3	0.1	42.4%	0.3	0.1	52.8%
	Employee social benefits: Leave gratuities	1.3	1.3	1.3	1.7	131.6%	1.4	-0.3	-20.9%
	Mining Qualification Authority: Operations	2.0	2.0	2.0	1.9	93.9%	2.0	0.1	6.1%
3	Petroleum Agency South Africa: Operations	98.4	98.4	98.4	81.1	82.3%	81.1	0.0	0.0%
	South African Diamond and Precious Metal Regulator: Operations	59.1	59.1	59.1	45.1	76.2%	45.1	0.0	0.0%
4	Council for Geoscience: Capital	37.5	37.5	37.5	3.3	8.9%	3.3	0.0	0.0%
	Council for Geoscience: Economic competitiveness and support package	90.0	90.0	90.0	90.0	100.0%	90.0	0.0	0.0%
	Council for Geoscience: Operations	257.8	257.8	257.8	236.7	91.8%	247.7	10.9	4.4%
	Council for Geoscience: Rehabilitation of derelict and ownerless mines	1.0	1.0	1.0	9.2	878.7%	9.2	0.0	0.0%
	Industrial Development Corporation: Implementation of small scale mining projects	23.0	23.0	15.0	0.0	0.0%	15.0	15.0	100.0%
	Mintek: Capital	59.8	59.8	59.8	22.9	38.2%	22.9	0.0	0.0%
	Mintek: Economic competitiveness and support package	70.0	70.0	70.0	42.3	60.4%	42.3	0.0	0.0%
	Mintek: Operations	290.5	290.5	290.5	259.7	89.4%	259.7	0.0	0.0%
	Various institutions: Water management solutions subsidies for marginal mines	5.9	5.9	0.0	0.0		0.0	0.0	0.0%
Total		**1 001.5**	**1 001.5**	**987.6**	**798.7**	**80.9%**	**824.6**	**25.9**	**3.1%**

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Science and Technology

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	383.8	379.5	379.5	246.0	64.8%	274.5	28.5	10.4%
2	Technology Innovation	1 131.7	1 131.7	1 131.7	842.7	74.5%	1 025.9	183.2	17.9%
3	International Cooperation and Resources	136.4	137.9	137.9	80.4	58.3%	117.1	36.7	31.3%
4	Research, Development and Support	4 360.3	4 531.0	4 531.0	3 481.2	76.8%	3 801.1	319.9	8.4%
5	Socio-Economic Innovation Partnerships	1 778.3	1 778.3	1 778.3	1 159.9	65.2%	1 392.2	232.4	16.7%
Total		**7 790.5**	**7 958.4**	**7 958.4**	**5 810.2**	**73.0%**	**6 610.8**	**800.6**	**12.1%**
Economic Classification									
Current payments		**603.3**	**602.7**	**602.7**	**410.7**	**68.1%**	**447.7**	**37.0**	**8.3%**
Compensation of Employees		352.9	352.9	352.9	250.1	70.9%	261.6	11.5	4.4%
Goods and services		250.4	249.8	249.8	160.5	64.3%	186.1	25.6	13.7%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**7 175.0**	**7 343.5**	**7 343.5**	**5 394.8**	**73.5%**	**6 155.2**	**760.4**	**12.4%**
Payments for capital assets		**12.2**	**12.2**	**12.2**	**4.6**	**37.8%**	**7.8**	**3.1**	**40.6%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.1**		**0.1**	**0.0**	**0.0%**
Total		**7 790.5**	**7 958.4**	**7 958.4**	**5 810.2**	**73.0%**	**6 610.8**	**800.6**	**12.1%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

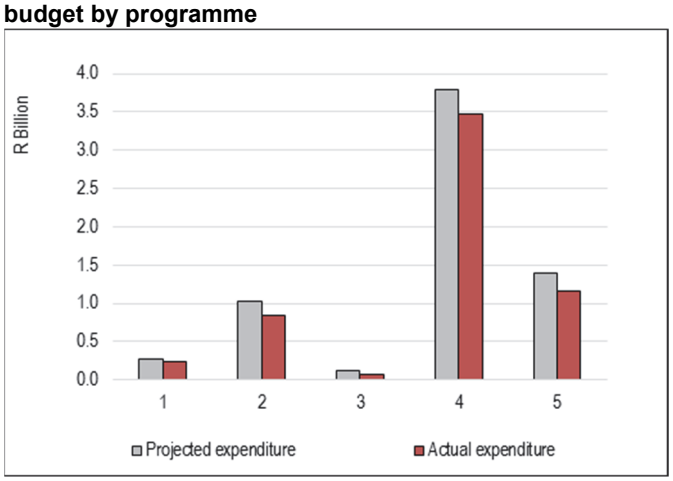


Figure 2 – Comparison of expenditure with available budget by economic classification

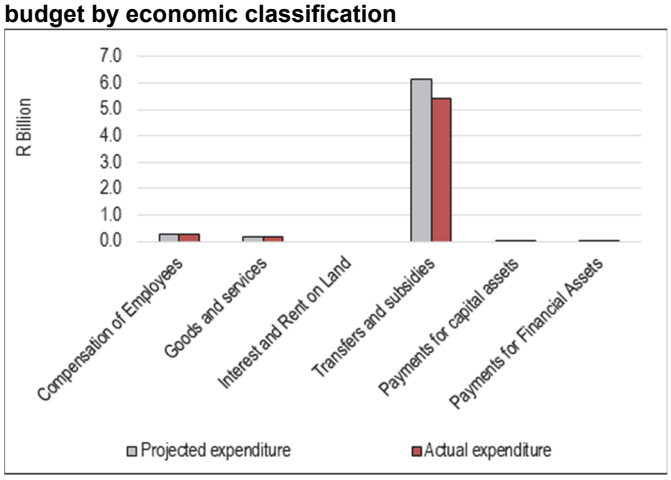
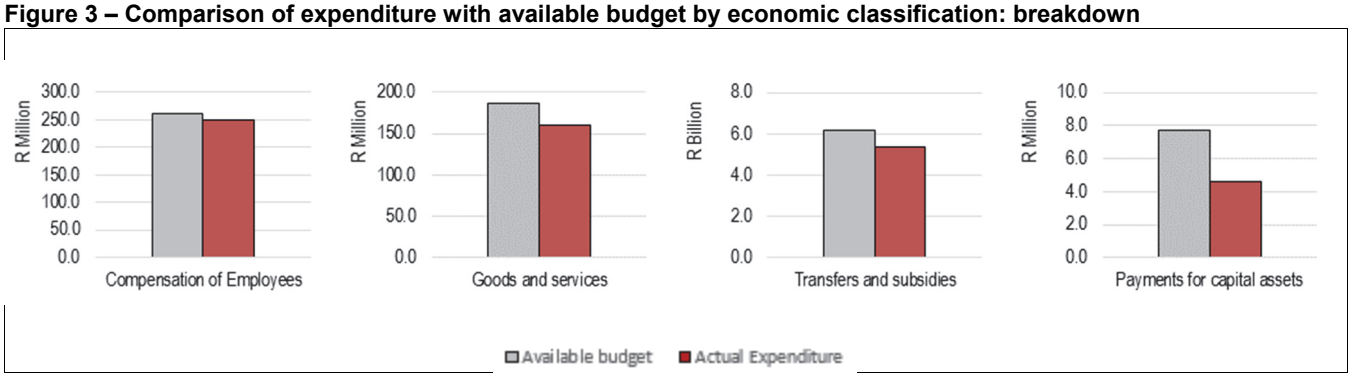


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



At the end of the third quarter, the department had spent R5.8 billion or 71.5 per cent of the projected expenditure amount of R6.6 billion. This equates to slower spending of R800.6 million or 12.1 per cent driven by the *Technology Innovation* and the *International Cooperation and Resources* programmes.

Programme 1: Administration: This programme spent R246 million or 64.8 per cent against the total budget of R379.5 million in the third quarter of 2018/19. The lower spending of R28.5 million or 10.4 per cent

was primarily on goods and services due to delays in receiving invoices for the World Intellectual Property Organization (WIPO) summer school, Astronomy event and Ministerial events resulting in delayed payments.

Programme 2: Technology Innovation: This programme spent R842.7 million or 74.5 per cent against the total budget of R1.1 billion in the third quarter of 2018/19. The lower spending of R183.2 million or 17.9 per cent was mainly on goods and services due to late payments on the following projects: The National Space Programme work, Space for National Development Week, delays in reviewing and finalising the Bioenergy contract, Energy Grand Challenge, Hydrogen Strategy Business Plans and Indigenous Knowledge System.

Programme 3: International Cooperation and Resources: This programme spent R80.4 million or 58.3 per cent against the total budget of R137.9 million in the third quarter of 2018/19. The lower spending of R36.7 million or 31.3 per cent was primarily on goods and services and transfer payments to entities due to late payments on the following projects:

- South African National AIDS Council, payment was rescheduled and will now be processed in February 2019;
- Technology Transfer Offices Support, payment deferred to February 2019 as the department awaits the submission of audited annual report for 2017/18 , further disbursements of funds are contingent on the offices complying with the requirement.
- Hydrogen Strategy Business Plans, payment rescheduled to January 2019 due to revision to the terms of the contract.

Programme 4: Research, Development and Support: This programme spent R3.5 billion or 76.8 per cent against the total budget of R4.5 billion in the third quarter of 2018/19. The lower spending of R319.9 million or 8.4 per cent was mainly on goods and services and transfers and subsidies. Under spending in goods and services is mainly attributable to cost containment measures implemented on travelling, whilst underspending on transfers is mainly due to the department withholding the transfer payment to the Square Kilometer Array and delays in the processing of payments to the Research and Development Infrastructure project and the National Equipment Programme.

Programme 5: Socio-Economic Innovation Partnership: This programme spent R1.2 billion or 65.2 per cent against the total budget of R1.8 billion in the third quarter of 2018/19. The lower spending of R232.4 million or 16.7 per cent was primarily due to lower than anticpated spending in goods and services. This was due to the following reasons:

- Tax incentives experts/consultants for the department didn't produce tax certificates in time for payment to be processed;
- The Mining Research and Development project realised an unexpected surplus in funds;
- Delayed payments for the Local Manufacturing project due to the internal submission and contract being revised;
- Delayed payments for the Resourced Based Industries project due to contracts and business plans that are still being finalised by the implementing agencies; and
- The Innovation for Inclusive Development project being delayed due to outstanding contracts from implementing agencies.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	174.0	174.0	125.2	129.6	4.4	212	220	8	-6
2	Technology Innovation	49.3	49.3	31.9	35.1	3.2	49	47	-2	-3
3	International Cooperation and Resources	50.4	50.4	36.1	38.3	2.2	57	55	-2	-2
4	Research, Development and Support	36.2	36.2	26.3	27.2	0.9	41	41	0	0
5	Socio-Economic Innovation Partnerships	43.0	43.0	30.6	31.5	0.9	51	45	-6	-6
Total		**352.9**	**352.9**	**250.1**	**261.6**	**11.5**	**410**	**408**	**-2**	**-17**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.0	0	0	0	0
4	1.3	6	4	-2	-1
5	2.3	9	8	-1	0
6	13.9	47	42	-5	-4
7	8.6	23	24	1	0
8	15.7	33	36	3	-2
9	22.6	41	31	-10	-4
10	18.2	27	28	1	-1
11	78.6	75	62	-13	-2
12	41.2	40	69	29	1
13	98.8	75	74	-1	-4
14	30.6	22	21	-1	0
15	14.1	9	4	-5	-2
16	2.2	1	4	3	1
Other	4.8	2	1	-1	1
Total	**352.9**	**410**	**408**	**-2**	**-17**

Expenditure on compensation of employees during the third quarter was R250.1 million while projected expenditure was R261.6 million. This implies that spending was lower than projected by R11.1 million. The department has remained under ceiling and has not advertised any posts for over two years.

Issues for the committee to note

No issues for the committee to note.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Various institutions: Institutional and programme support research	14.3	14.3	14.3	8.6	59.9%	10.6	2.0	19.1%
2	Biofuels research	7.2	7.2	7.2	1.0	13.1%	1.0	0.0	0.0%
	International Centre for Genetic Engineering and Biotechnology: Research and development	13.5	13.5	13.5	13.5	100.0%	13.5	0.0	0.0%
	National Research Foundation: Research and development in indigenous knowledge systems	4.9	4.9	4.9	2.2	46.0%	2.2	0.0	0.0%
	South African Association of Science and Technology Centres: Technology top 100 awards	3.9	3.9	3.9	2.1	53.8%	2.1	0.0	0.0%
	South African National AIDS Council: Research	30.0	30.0	30.0	30.0	100.0%	30.0	0.0	0.0%
	South African National Space Agency: Operations	138.0	138.0	138.0	138.0	100.0%	138.0	0.0	0.0%
	Technology Innovation Agency: Operations	420.3	420.3	420.3	420.3	100.0%	420.3	0.0	0.0%
	Various institutions: Emerging research areas	106.7	106.7	106.7	73.5	68.9%	100.6	27.1	26.9%
	Various institutions: Energy grant challenge research	37.0	37.0	37.0	26.6	71.7%	37.0	10.5	28.3%
	Various institutions: Health innovation research	46.9	46.9	46.9	45.2	96.2%	46.9	1.8	3.8%
	Various institutions: Hydrogen strategy	111.2	111.2	111.2	59.4	53.4%	111.2	51.8	46.6%
	Various institutions: Implementation of the Bio-technology strategy	37.7	37.7	37.7	26.8	71.0%	36.4	9.6	26.4%
	Various institutions: Innovation project research	29.5	29.5	29.5	25.0	84.8%	25.0	0.0	0.0%
	Various institutions: Research in HIV and AIDS prevention and treatment technologies	24.6	24.6	24.6	24.6	100.0%	0.0	-24.6	0.0%
	Various institutions: Space science research-Economic competitiveness and support package	9.2	9.2	9.2	1.6	17.4%	9.2	7.6	82.6%
	Various institutions: Technology transfer offices: Support for research units	39.0	39.0	39.0	0.3	0.8%	39.0	38.7	99.2%
3	National Research Foundation: Bilateral cooperation for global science development	14.9	14.9	14.9	14.9	100.0%	14.9	0.0	0.0%
	Various institutions: Global science: African multilateral agreements	9.4	9.4	9.4	1.5	16.3%	9.4	7.9	83.7%
	Various institutions: Global science: International multilateral agreements	43.1	43.1	43.1	25.2	58.4%	36.7	11.5	31.4%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
4	Academy of Science of South Africa: Operations	25.7	25.7	25.7	19.3	75.0%	19.3	0.0	0.0%
	Council for Scientific and Industrial Research: Cyberinfrastructure research and development	236.3	236.3	236.3	236.3	100.0%	236.3	0.0	0.0%
	National Research Foundation: Human resources development for science and engineering	889.2	889.2	889.2	881.2	99.1%	889.2	7.9	0.9%
	National Research Foundation: Human resources development for science and engineering: Economic competitiveness and support package	13.8	13.8	13.8	13.8	100.0%	13.8	0.0	0.0%
	National Research Foundation: Operations	904.8	904.8	904.8	678.6	75.0%	678.6	0.0	0.0%
	National Research Foundation: South African research chairs initiative to develop human resources in science	530.3	530.3	530.3	530.3	100.0%	530.3	0.0	0.0%
	National Research Foundation: Square kilometer Array: Capital contribution to research	709.4	709.4	709.4	426.6	60.1%	426.6	0.0	0.0%
	Various institutions: Astronomy research and development	31.1	31.1	31.1	31.1	100.0%	31.1	0.0	0.0%
	Various institutions: Infrastructure projects for research and development	654.3	654.3	654.3	548.5	83.8%	768.6	220.1	28.6%
	Various institutions: Policy development on human and social development dynamics	27.4	27.4	27.4	27.4	100.0%	27.4	0.0	0.0%
	Various institutions: Science awareness, research and initiatives to encourage youth participation in science	77.3	77.3	77.3	77.3	100.0%	77.3	0.0	0.0%
	Various institutions: Strategic science platforms for research and development	208.3	208.3	208.3	208.3	100.0%	208.3	0.0	0.0%
5	Council for Scientific and Industrial Research: Information communication technology	34.7	34.7	34.7	34.7	100.0%	34.7	0.0	0.0%
	Council for Scientific and Industrial Research: Mining research and development	63.0	63.0	63.0	0.0	0.0%	0.0	0.0	0.0%
	Council for Scientific and Industrial Research: Operations	963.2	963.2	963.2	722.4	75.0%	722.4	0.0	0.0%
	Human Science Research Council: Develop and monitor science and technology indicators	10.0	10.0	10.0	10.0	100.0%	10.0	0.0	0.0%
	Human Science Research Council: Operations	303.7	303.7	303.7	303.7	100.0%	303.7	0.0	0.0%
	National Research Foundation: Research information management system	4.0	4.0	4.0	4.0	100.0%	4.0	0.0	0.0%
	Various instituions: Local systems of innovation for the cold chain technologies project	10.6	10.6	10.6	0.0	0.0%	10.6	10.6	100.0%
	Various institutions: Advanced manufacturing technology strategy implementation	53.7	53.7	53.7	35.5	66.2%	35.5	0.0	0.0%
	Various institutions: Economic competitiveness and support package: Local manufacturing capacity research and technical support	80.0	80.0	80.0	58.7	73.4%	80.0	21.3	26.6%
	Various institutions: Economic competitiveness and support package: Local systems of innovation for the cold chain technologies project	62.0	62.0	62.0	0.0	0.0%	62.0	62.0	100.0%
	Various institutions: Environmental innovation	26.5	26.5	26.5	0.0	0.0%	26.5	26.5	100.0%
	Various institutions: Innovative research and development	39.9	39.9	39.9	25.0	62.7%	39.9	14.9	37.3%
	Various institutions: Local manufacturing capacity research and technical support	25.9	25.9	25.9	23.8	92.2%	23.8	0.0	0.0%
	Various institutions: Resource based industries research and development	48.4	48.4	48.4	0.0	0.0%	0.0	0.0	0.0%
Total		**7 175.0**	**7 175.0**	**7 175.0**	**5 836.9**	**81.4%**	**6 344.1**	**507.2**	**8.0%**

Vote 31

Small Business Development

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	124.7	127.1	127.1	88.0	69.2%	91.6	3.5	3.9%
2	Sector Policy and Research	22.4	22.4	22.4	10.9	48.4%	11.9	1.0	8.6%
3	Integrated Cooperative Development	111.0	115.0	115.0	45.8	39.8%	72.7	27.0	37.1%
4	Enterprise Development and Entrepreneurship	1 230.3	1 223.9	1 223.9	980.5	80.1%	917.2	-63.3	-6.9%
Total		**1 488.5**	**1 488.5**	**1 488.5**	**1 125.2**	**75.6%**	**1 093.4**	**-31.8**	**-2.9%**
Economic Classification									
Current payments		**221.1**	**222.4**	**222.4**	**149.0**	**67.0%**	**148.0**	**-1.0**	**-0.7%**
Compensation of Employees		140.8	140.6	140.6	99.4	70.7%	95.6	-3.8	-4.0%
Goods and services		80.3	81.8	81.8	49.6	60.7%	52.4	2.8	5.3%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**1 261.6**	**1 262.1**	**1 262.1**	**972.8**	**77.1%**	**942.2**	**-30.6**	**-3.2%**
Payments for capital assets		**5.8**	**4.0**	**4.0**	**3.3**	**83.4%**	**3.1**	**-0.2**	**-6.1%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**1 488.5**	**1 488.5**	**1 488.5**	**1 125.2**	**75.6%**	**1 093.4**	**-31.8**	**-2.9%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

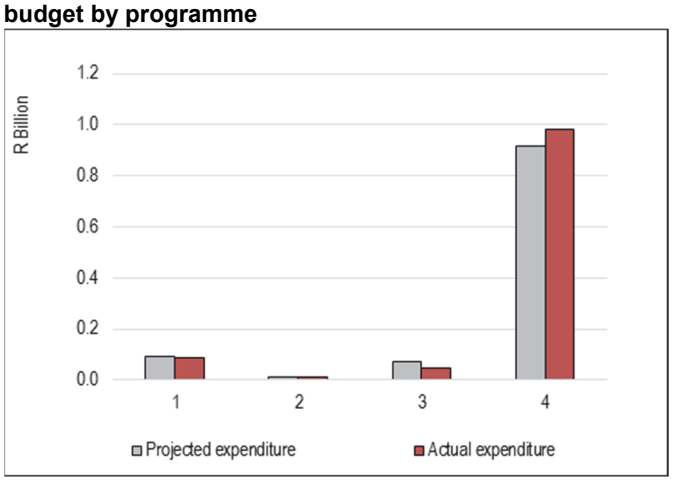


Figure 2 – Comparison of expenditure with available budget by economic classification

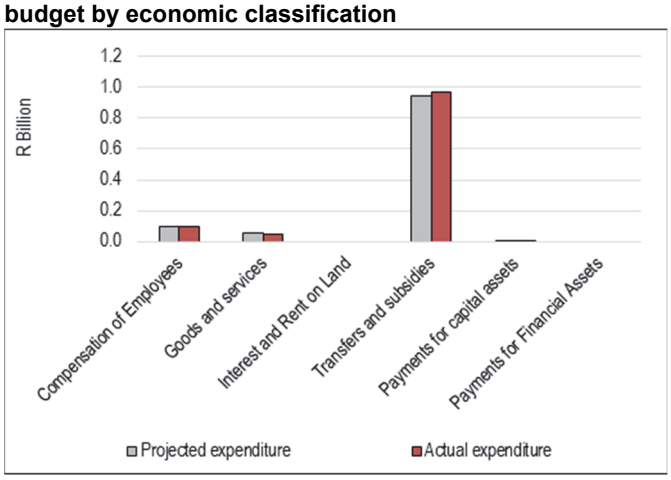
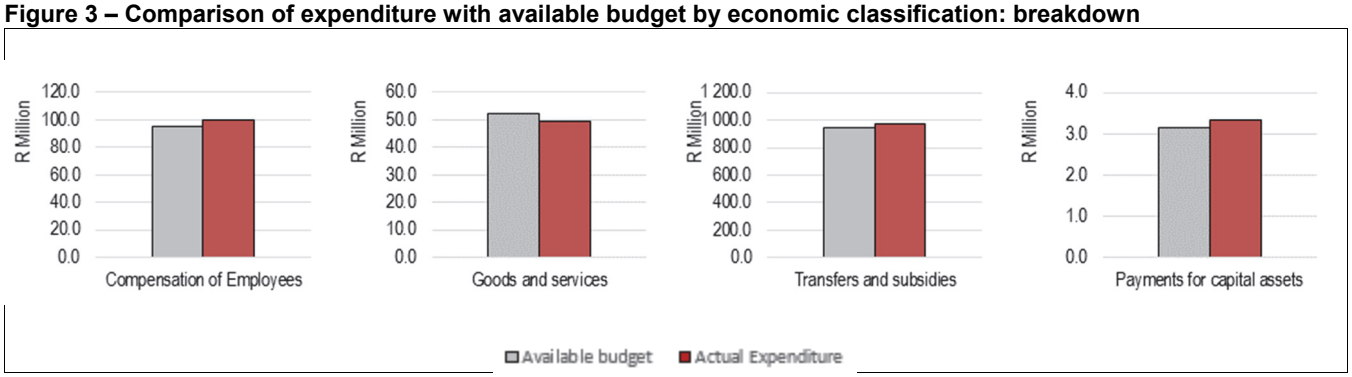


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Small Business Development has an appropriated budget of R1 488.5 million for 2018/19 of which transfers and subsidies constitute 84.8 per cent. Expenditure during the third quarter was R1 125.2 million or 75.6 percent of the appropriated budget against projected spending of R1 093.4 million. This translates to 2.1 percent or R31.8 million higher than projected spending. This was mainly on transfers and subsidies for incentive schemes.

Programme 1: Administration: Spending was lower than projected by R3.5 million or 3.9 percent mainly on compensation of employees due to slow filling of posts.

Programme 2: Sector Policy and Research: Spending was lower than projected by R1 million or 8.6 per cent was mainly on goods and services because of delays in processing payments on travel and subsistence due to outstanding invoices.

Programme 3: Integrated Cooperative Development: spending was lower than projection by R27 million or 37.1 percent mainly due to slow disbursement on Cooperative incentive scheme. This was attributed to ICT challenges.

Programme 4: Enterprise Development and Entrepreneurship: Spending was higher than planned by R63.3 million or 6.9 percent mainly on transfers and subsidies for incentive schemes. The black business supplier development programme received and processed more application than anticipated, hence expending of R18 million or 9.8 more that projected.

However, the Department has transferred the implementation of the Enterprise Incubation Programme to the Small Enterprise Development Agency during the 2018 Adjustments Budget process. This explains expending of R19.8 million or 16.5 percent higher that projection SEDA: technology programme.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	67.6	67.5	49.3	49.4	0.1	105	101	-4	-4
2	Sector Policy and Research	10.8	10.8	7.3	7.4	0.2	16	20	4	-2
3	Integrated Cooperative Development	19.8	26.3	25.4	21.7	-3.8	36	66	30	5
4	Enterprise Development and Entrepreneurship	42.6	36.0	17.4	17.1	-0.3	72	1	-71	1
Total		**140.8**	**140.6**	**99.4**	**95.6**	**-3.8**	**229**	**188**	**-41**	**0**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.4	3	3	0	0
4	0.7	5	0	-5	0
5	2.9	15	13	-2	-1
6	5.2	23	14	-9	-2
7	5.8	22	20	-2	-2
8	14.8	44	37	-7	0
9	4.7	12	10	-2	5
10	5.0	9	11	2	-3
11	23.6	29	20	-9	2
12	18.4	21	21	0	0
13	27.9	25	27	2	2
14	17.2	13	8	-5	-1
15	6.2	4	1	-3	1
16	8.0	4	3	-1	0
Other	0.0	0	0	0	-1
Total	**140.8**	**229**	**188**	**-41**	**0**

Issues for the committee to note

During the last quarter, Treasury learned that the ICT challenges on CIS where being addressed, however spending below projection is persisting on CIS. The department had been requested to provide to Treasury a catch-up plan for CIS before 15 February 2019.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
3	Various institutions: Cooperatives incentive scheme	83.3	83.3	83.3	16.0	19.2%	47.7	31.7	66.4%
4	Industrial Development Corporation: Craft customised Sector Programme	10.0	10.0	10.0	10.0	100.0%	10.0	0.0	0.0%
	Small Enterprise Development Agency: Capacity Building Programme for Economic development	14.6	30.5	30.5	22.5	73.9%	22.5	0.0	0.0%
	Small Enterprise Development Agency: National Gazelles Programme	30.0	30.0	30.0	10.0	33.3%	10.0	0.0	0.0%
	Small Enterprise Development Agency: Operations	580.2	635.0	635.0	552.0	86.9%	559.0	7.0	1.3%
	Small Enterprise Development Agency: Technology programme	144.6	144.6	144.6	139.8	96.7%	120.0	-19.8	-16.5%
	Various institutions: Black business supplier development programme	271.0	271.0	271.0	201.8	74.5%	183.8	-18.0	-9.8%
	Various institutions: Enterprise Incubation Programme	54.7	0.0	0.0	0.0		-27.0	-27.0	100.0%
	Various institutions: National Informal Business Upliftment Scheme	73.1	57.2	57.2	19.5	34.0%	15.2	-4.3	-28.5%
Total		**1 261.6**	**1 261.6**	**1 261.6**	**971.7**	**77.0%**	**941.2**	**-30.5**	**-3.2%**

Vote 32

Telecommunications and Postal Services

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	218.3	235.2	235.2	140.2	59.6%	142.3	2.1	1.5%
2	International Affairs and Trade	52.0	80.0	80.0	75.7	94.7%	73.6	-2.2	-2.9%
3	Policy, Research and Capacity Development	86.0	85.0	85.0	55.3	65.1%	56.0	0.6	1.1%
4	ICT Enterprise Development and Public Entities Oversight	250.4	3 205.1	3 205.1	189.3	5.9%	188.8	-0.4	-0.2%
5	ICT Infrastructure Support	316.6	401.6	401.6	254.4	63.4%	254.5	0.0	0.0%
Total		**923.4**	**4 006.9**	**4 006.9**	**715.0**	**17.8%**	**715.1**	**0.2**	**0.0%**
Economic Classification									
Current payments		**403.3**	**541.2**	**541.2**	**287.4**	**53.1%**	**286.8**	**-0.6**	**-0.2%**
Compensation of Employees		224.3	224.3	224.3	166.2	74.1%	166.1	-0.1	-0.1%
Goods and services		179.0	316.9	316.9	121.3	38.3%	120.8	-0.5	-0.4%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**498.9**	**497.5**	**497.5**	**421.5**	**84.7%**	**421.3**	**-0.2**	**0.0%**
Payments for capital assets		**21.3**	**21.3**	**21.3**	**5.8**	**27.4%**	**6.8**	**1.0**	**14.4%**
Payments for Financial Assets		**0.0**	**2 947.0**	**2 947.0**	**0.2**	**0.0%**	**0.2**	**0.0**	**-16.0%**
Total		**923.4**	**4 006.9**	**4 006.9**	**715.0**	**17.8%**	**715.1**	**0.2**	**0.0%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

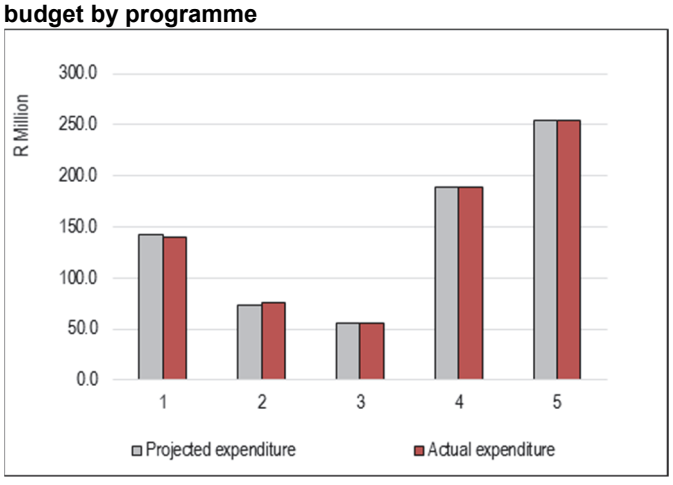


Figure 2 – Comparison of expenditure with available budget by economic classification

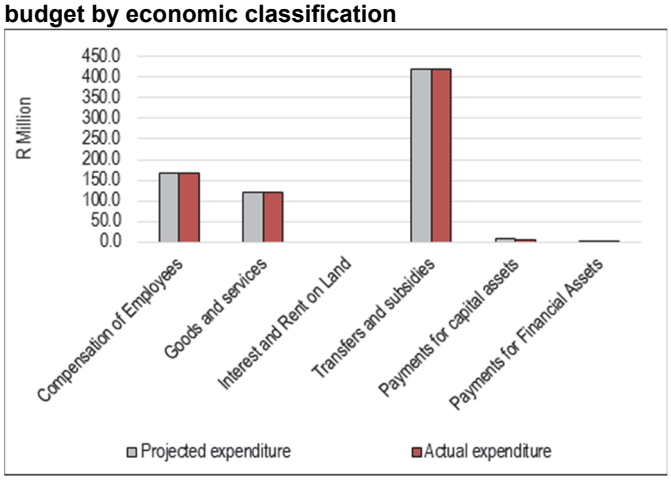
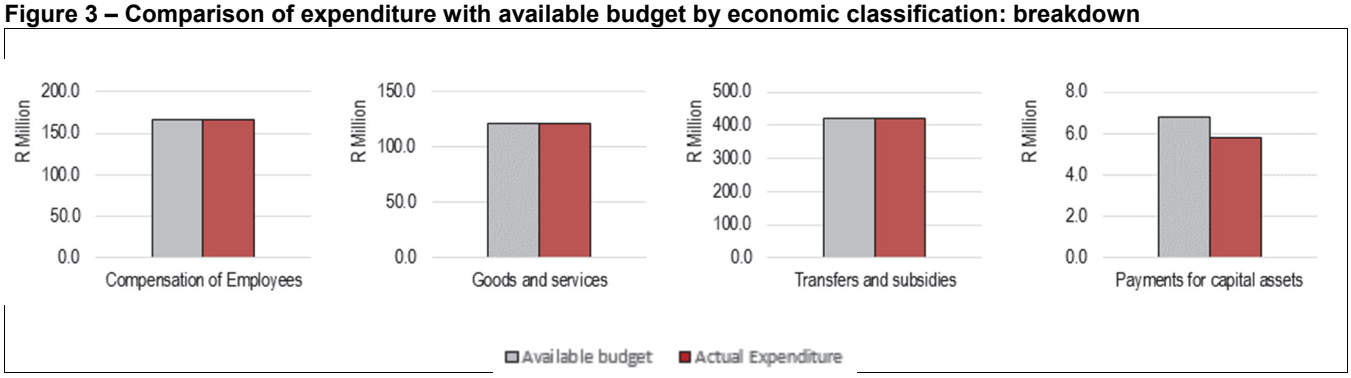


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Telecommunications and Postal services has a total budget appropriation of R4 billion for the 2018/19 financial year. As at the end of December 2018, the Department reported actual expenditure

of R715 million, against a projection of R715.1 million to this point. This amount is lower than the approved projections by R181 thousand up to this period.

Further details on spending per programme and per economic classification is discussed below.

Programme 1: Administration: Spending of R140.2 million under this item is R2.1 million lower than the projected amount of R142.3 million for Q3 up to the month of December 2018. The variance of 1.5 per cent is mainly comprised of lower than expected spending in operating leases, property payments and software and other intangible assets. Reasons are as follows:

- **Compensation of Employees**: the variance is due to delays in the filling of critical vacant positions within the Administration programme.
- **Operating Leases** – The variance is due to non-payment of the rental expense to the property owner. The Department of Public Works (DPW) notified DTPS that they would pay the property owner and claim back from the Department. DTPS has since requested DPW to provide proof of payment in order to reconcile payments. The Department has not yet received any invoices and hence the underspending in operating leases.
- **Software and other intangible assets**: this was due to delays in the tender process for the procurement of software. An advert will be published by end of January 2019 and a service provider will be appointed by February 2019.

Programme 2: International Affairs and Trade: Spending of R75.7 million under this item is R2.2 million higher than the projected amount of R73.6 million for Q3 up to the month of December 2018. The variance of 2.9 per cent is mainly attributable to higher than expected spending in compensation of employees; travel and subsistence and operating payments. Reasons are as follows:

- **Compensation of Employees:** the higher spending is due to allowances paid to an employee who was placed abroad (in Geneva). These costs were not budgeted for during ENE budget process.
- **Travel and Subsistence:** the higher spending is due to ITU World Telecom conference and BRICS projects that took place during the third quarter. Virements to adjust the ITU conference budget were approved by the accounting officer, while sponsorship funds have been appropriated in the AENE as self-financing expenditure.

Programme 3: Policy, Research and Capacity Development: Spending of R55.3 million under this programme is R635 thousand lower than the projected amount of R56 million for Q3 up to the month of December 2018. The variance of 1.1 per cent is mainly attributable to slow spending in Consultants, Training and Development and Travel and Subsistence. Reasons are as follows:

- **Consultants: Business and Advisory services:** The BBBEEE Charter project did not progress as planned; therefore, the savings identified from this project will be redirected to the SMME project.
- **Training and Development:** – The lower than projected spending is due to delays in the transfer of funds for the payment of work done by consultants on e-skills to the CoLab situated at Walter Sisulu University.
- **Travel and Subsistence:** The slow spending is due to cost containment measures put in place under this item.

Programme 4: ICT Enterprise Development and Oversight: Spending of R189.3 million under this item is R433 thousand higher than the projected amount of R188.8 million for Q3 up to the month of December 2018. The variance of -0.2 per cent is mainly attributable to higher expenditure under Compensation of Employees. The Compensation of Employee's budget was understated in this programme during ENE process, and a virement was approved during the adjustment estimates process to align the compensation of employee's budget accordingly in this programme.

Programme 5: ICT Infrastructure Support: Spending of R254.4 million under this item is R31 thousand lower than the projected amount of R254.5 million for Q3 up to the month of December 2018. The variance is mainly attributable to slow spending in Consultants: Business and Advisory services, and is mainly attributable to delays in the approval of the contracts with CSIR for the virtual cyber-security hub work.

Virements

Virements approved by Accounting Officer

The Accounting Officer has approved virements amounting to R21.9 million during this quarter. Details are outlined below:

- An amount of R15.4 million was shifted from Programme 1: Administration to Programme 2: International Affairs and Trade.
- An amount of R3.3 million was shifted from Programme 3: Policy, Research and Capacity Development to Programme 2: International Affairs and Trade.
- An amount of R2 million was shifted from Programme 3: Policy, Research and Capacity Development to Programme 2: International Affairs and Trade.
- An amount of R1.3 million was shifted from Programme 4: ICT Enterprise Development and Oversight to Programme 2: International Affairs and Trade.

There were no Virements approved by the Treasury during the reporting period.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	108.8	108.8	79.2	80.3	1.1	135	132	-3	-19
2	International Affairs and Trade	13.7	13.7	12.6	11.9	-0.7	18	16	-2	0
3	Policy, Research and Capacity Development	52.6	52.6	40.1	39.4	-0.7	63	65	2	-5
4	ICT Enterprise Development and Public Entities Oversight	16.0	23.1	15.7	14.7	-1.1	17	22	5	-3
5	ICT Infrastructure Support	33.3	26.2	18.6	19.8	1.2	38	26	-12	-2
Total		**224.3**	**224.3**	**166.2**	**166.1**	**-0.1**	**271**	**261**	**-10**	**-29**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	-13
3	0.0	0	0	0	0
4	0.0	0	0	0	0
5	2.6	8	8	0	0
6	5.8	16	15	-1	0
7	8.3	22	25	3	0
8	20.3	42	39	-3	-5
9	1.1	2	22	20	2
10	20.8	27	11	-16	0
11	4.4	6	27	21	1
12	49.0	52	33	-19	-1
13	58.8	56	48	-8	-10
14	38.3	30	26	-4	-2
15	5.8	4	5	1	1
16	1.9	1	2	1	-2
Other	7.4	5	0	-5	0
Total	**224.3**	**271**	**261**	**-10**	**-29**

The department is allocated a budget of R224.3 million for Compensation of Employees in the 2018/19 financial year. This amount is specifically and exclusively earmarked for this purpose. As at the end of December 2018, the department spent R166.2 million, and this amount is R1.1 million lower than the R167.3 million projected up to this period. Lower spending is due to vacancies not being filled as a result of a moratorium placed by the Minister on the filling of vacant posts.

Issues for the committee to note

SA Connect: The department provided a progress update on the implementation of the broadband project to National Treasury as follows:

Phase 1: With regards to the R9,7 million allocation in 2018/19, as at end of Q3, the Department had completed the rollout of broadband connectivity to 63 government facilities within 8 district municipalities under SA Connect Phase 1. The invoices for the connectivity completed are being processed.

With regards to the R110 million approved rollover, the Department issued orders for the broadband connectivity to 507 government facilities in 8 district municipalities under SA Connect Phase 1, immediately upon the approval of the rollover. By end of Q3, 348 of these facilities had broadband infrastructure installed or upgraded. In addition, the Department issued another order, in October 2018, for the broadband connectivity of 400 additional government facilities, in 8 district municipalities under SA Connect Phase 1. By end of Q3, 52 of these facilities had broadband infrastructure installed. The invoices for the connectivity completed are being processed.

Phase 2: The process of concluding a scope for the feasibility study is nearing an end (the scope is expected to be finalised by end of Jan 2018). The scope was developed in consultation with key stakeholders of SA Connect. The scope will be used to formulate the request for proposals (RFP) specification for the feasibility study.

Outstanding leased property invoices: The DTPS is experiencing significant slow spending on the budget item Operating leases due to outstanding leased property invoices from the Department of Public Works. This poses an underspending risk at the end of the financial year if not rectified sooner. There is an additional issue of a new lease agreement not yet finalised by DPW and this is resulting in the department being charged a rate that is much higher than the amount they could be paying had the lease agreement be finalised.

USAF digital migration funds: In light of the revised delivery model for the BDM project, an amount of R18.9 million was reprioritised to cover the costs claims against the state being for the settlement of Arbitration award.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Vehicle licences: Renewal of car licences	0.0	0.0	0.0	0.0	20.0%	0.0	0.0	0.0%
2	African Telecommunications Union: International Organisation: Membership fees	1.0	1.0	1.0	1.0	94.5%	1.0	0.0	0.0%
	Commonwealth Telecommunications Organisation: International Organisation: Membership fees	0.4	0.4	0.4	0.5	103.9%	0.5	0.0	0.0%
	Dona Foundation: International Organisation: Membership fees	1.2	1.2	1.2	1.0	86.0%	1.0	0.0	0.0%
	International Telecommunications Union: International Organisation: Membership fees	18.3	18.3	18.3	17.1	93.6%	17.1	0.0	0.0%
	Organisation for Economic Cooperation and Development: Committee on Digital Economy Policy: Partnership fees	0.2	0.2	0.2	0.2	87.0%	0.2	0.0	0.0%
	Pan-African Postal Union: International Organisation: Membership fees	1.1	1.1	1.1	1.1	100.7%	1.1	0.0	0.0%
	Universal Postal Union: International Organisation: Membership fees	6.3	6.3	6.3	6.3	100.0%	6.3	0.0	0.0%
4	National Electronic Media Institute of South Africa: Operations	90.8	90.8	90.8	68.1	75.0%	68.1	0.0	0.0%
	Universal Service and Access Agency of South Africa: Operations	80.1	80.1	80.1	60.7	75.8%	60.7	0.0	0.0%
	Universal Service and Access Fund: Operations	57.8	57.8	57.8	42.0	72.7%	57.7	15.7	27.2%
5	Sentech: Dual illumination costs relating to the digital migration project	203.9	203.9	203.9	203.9	100.0%	203.9	0.0	0.0%
	Universal Service and Access Fund: Broadcasting digital migration: Set top box subsidies, antennae and installation costs	37.9	18.9	18.9	18.9	100.0%	18.9	0.0	0.0%
Total		**498.9**	**480.0**	**480.0**	**420.7**	**87.6%**	**436.4**	**15.7**	**3.6%**

Vote 33

Tourism

Budget and expenditure summary

R million	Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme								
1 Administration	271.4	271.4	266.6	187.0	70.1%	190.5	3.5	1.8%
2 Tourism Research, Policy and International Relations	1 282.0	1 282.0	1 288.1	1 170.7	90.9%	1 172.4	1.8	0.2%
3 Destination Development	401.8	401.8	406.7	187.2	46.0%	209.8	22.5	10.7%
4 Tourism Sector Support Services	306.7	306.7	300.4	184.0	61.3%	244.5	60.4	24.7%
Total	**2 261.8**	**2 261.8**	**2 261.8**	**1 728.9**	**76.4%**	**1 817.1**	**88.2**	**4.9%**
Economic Classification								
Current payments	**555.9**	**556.5**	**556.5**	**419.1**	**75.3%**	**424.9**	**5.8**	**1.4%**
Compensation of Employees	310.4	310.4	320.4	236.4	73.8%	238.5	2.1	0.9%
Goods and services	245.6	246.1	236.1	182.6	77.4%	186.4	3.7	2.0%
Interest and Rent on Land	0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies	**1 481.8**	**1 481.2**	**1 481.2**	**1 236.5**	**83.5%**	**1 290.2**	**53.7**	**4.2%**
Payments for capital assets	**224.1**	**224.1**	**224.1**	**73.2**	**32.7%**	**102.0**	**28.8**	**28.2%**
Payments for Financial Assets	**0.0**	**0.0**	**0.0**	**0.1**		**0.1**	**0.0**	**-61.6%**
Total	**2 261.8**	**2 261.8**	**2 261.8**	**1 728.9**	**76.4%**	**1 817.1**	**88.2**	**4.9%**

Expenditure Analysis

Overall expenditure as at the end of the third quarter of the 2018/19 financial year amounted to R1.7 billion or 76.4 per cent of the department's total main appropriation of R2.3 billion. Departmental expenditure was R88.2 million or 4.9 per cent slower than the projected expenditure of R1.8 billion. This was mainly attributable to underspending under the Expanded Public Works Programme, emanating from delays in the process of finalising training agreements with service providers. Additionally, the lower than anticipated spending was due to delays in finalising contracts with project implementers of the Tourism Incentive Programme.

Figure 1 – Comparison of expenditure with available budget by programme

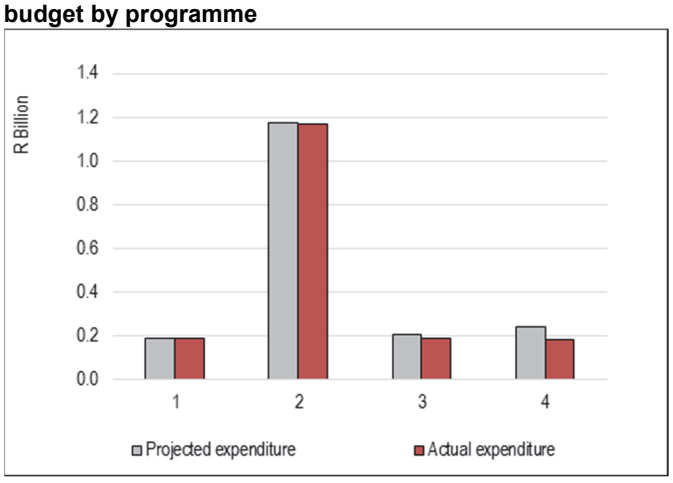


Figure 2 – Comparison of expenditure with available budget by economic classification

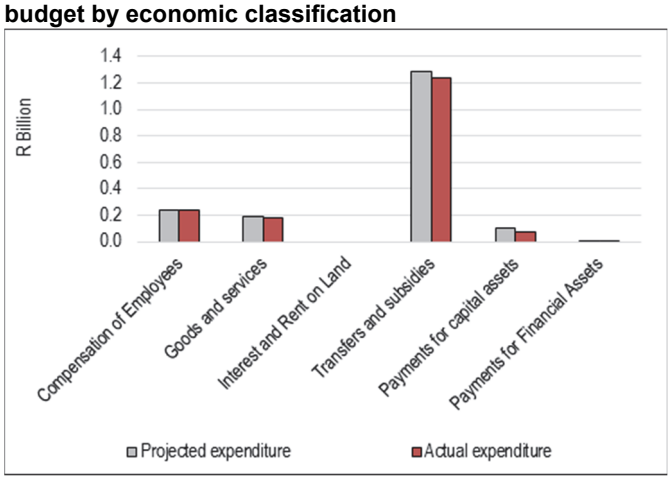
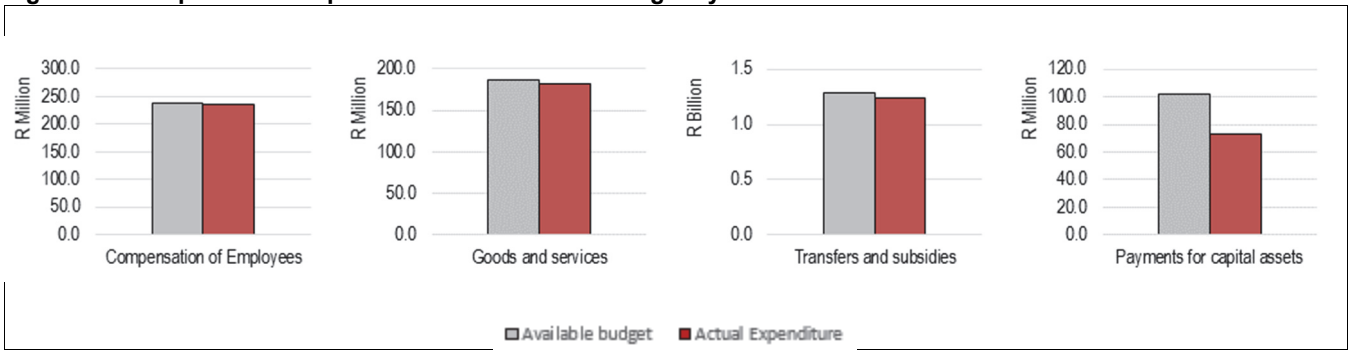


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: actual expenditure as at the end of the third quarter amounted to R187 million or 70.1 per cent of the programme's total main appropriation of R271.4 million. The programme's expenditure was R3.5 million or 1.8 per cent slower than the projected expenditure of R190.5 million, due to delays in the disbursement of funds designated for office accommodation due to outstanding invoices from the Department of Public Works.

Programme 2: Tourism Research, Policy and International Relations: actual expenditure as at the end of the third quarter amounted to R1.170 billion or 90.9 per cent of the programme's total main appropriation of R1.282 billion. The programme's expenditure was R1.8 million or 0.2 per cent slower than the projected expenditure of R1.172 billion, mainly due to operational savings realised under various goods and services as the department adheres to strict cost containment policies.

Programme 3: Destination Development: actual expenditure as at the end of the third quarter amounted to R187.2 million or 46.0 per cent of the programme's total main appropriation of R401.8 million. The programme's expenditure was R22.5 million or 10.7 per cent slower than the projected expenditure of R209.8 million, mainly due delays in the payment of funds relating to the Expanded Public Works Programme projects. The substantial delays led to the deferral of signing of contracts concerning the training projects.

Programme 4: Tourism Sector Support Services: actual expenditure as at the end of the third quarter amounted to R184.0 million or 61.3 per cent of the programme's total main appropriation of R306.7 million. The programme's expenditure was R60.4 million or 24.7 per cent slower than the projected expenditure of R244.5 million, mainly due to the delays experienced in the finalisation of contracts with project implementers of the Tourism Incentive Programme.

Virements

National Treasury approved the following virements:

- R567 000 was shifted from the N12 Treasure Route funds appropriated under transfers and subsidies within Programme 3: Destination Development to goods and services for the development of tourism offerings along the N12 Treasure Route; and
- R10 million was shifted from the Tourism Incentive Programme budget to Compensation of Employees (COE).

Personnel

As at 31 December 2018, spending on compensation of employees (CoE) was R236.4 million compared to the projected expenditure of R238.5 million. Spending was therefore slower than projected by R2.1 million or 0.9 per cent. The department's targeted headcount for the third quarter was 484, and the actual headcount at the end of the third quarter was 472, which is less than the target by 12 positions.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	147.9	147.9	103.9	104.8	1.0	254	238	-16	-28
2	Tourism Research, Policy and International Relations	45.5	45.5	38.9	39.0	0.2	62	69	7	4
3	Destination Development	48.3	48.3	40.0	40.2	0.2	67	70	3	-2
4	Tourism Sector Support Services	68.6	68.6	53.7	54.4	0.8	101	95	-6	-11
Total		**310.4**	**310.4**	**236.4**	**238.5**	**2.1**	**484**	**472**	**-12**	**-37**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	-25
2	0.0	0	1	1	0
3	0.0	0	0	0	0
4	6.2	24	24	0	1
5	1.4	5	6	1	0
6	24.1	73	46	-27	-10
7	23.3	59	42	-17	2
8	26.9	57	45	-12	2
9	16.3	30	38	8	0
10	38.9	60	90	30	-1
11	25.2	33	31	-2	-4
12	71.6	79	80	1	-2
13	47.9	45	47	2	-2
14	12.7	10	14	4	2
15	7.4	5	5	0	0
16	3.8	2	3	1	0
Other	4.7	2	0	-2	0
Total	**310.4**	**484**	**472**	**-12**	**-37**

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority: Operations	0.2	0.2	0.2	0.0	0.0%	0.0	0.0	0.0%
2	Bursaries for non-employees: National tourism research framework capacitation	4.0	4.0	4.0	0.0	0.0%	0.0	0.0	0.0%
	South African Tourism: Operations	1 208.0	1 208.0	1 208.0	1 121.5	92.8%	1 121.5	0.0	0.0%
	United Nations World Tourism Organisation: Membership fees	2.5	2.5	2.5	2.3	93.7%	2.3	0.0	0.0%
3	Expanded public works programme incentive: Work opportunities	30.9	30.9	30.9	5.0	16.3%	0.0	-5.0	0.0%
	Expanded public works programme: Work opportunities	50.0	50.0	50.0	28.9	57.8%	26.7	-2.2	-8.2%
	N12 Treasure Route Association: Operations	0.6	0.6	0.6	0.0	0.0%	0.0	0.0	0.0%
4	Federated Hospitality Association of South Africa: Membership fees	0.5	0.5	0.5	0.5	100.0%	0.5	0.0	0.0%
	National Tourism Careers Expo: Operations	4.2	4.2	4.2	4.2	100.0%	4.2	0.0	0.0%
	Tourism incentive programme: Work opportunities	180.9	180.9	180.9	73.2	40.5%	136.4	63.1	46.3%
Total		**1 481.8**	**1 481.8**	**1 481.8**	**1 235.7**	**83.4%**	**1 291.6**	**55.9**	**4.3%**

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Trade and Industry

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	760.6	837.3	838.6	590.9	70.5%	617.0	26.1	4.2%
2	International Trade and Economic Development	124.9	124.8	124.8	78.9	63.2%	79.9	1.0	1.3%
3	Special Economic Zones and Economic Transformation	165.4	146.3	146.3	80.8	55.3%	123.2	42.4	34.4%
4	Industrial Development	1 622.6	2 029.8	2 029.8	1 874.0	92.3%	1 876.7	2.7	0.1%
5	Consumer and Corporate Regulation	314.6	330.3	330.3	286.6	86.7%	307.7	21.1	6.9%
6	Incentive Development and Administration	6 009.0	5 567.9	5 567.9	2 867.9	51.5%	3 514.7	646.8	18.4%
7	Trade and Investment South Africa	411.6	411.6	411.6	362.9	88.2%	375.4	12.5	3.3%
8	Investment South Africa	53.8	83.8	82.5	48.2	58.4%	42.7	-5.5	-13.0%
Total		**9 462.6**	**9 531.8**	**9 531.8**	**6 190.2**	**64.9%**	**6 937.3**	**747.0**	**10.8%**
Economic Classification									
Current payments		**1 603.5**	**1 682.1**	**1 682.0**	**1 214.1**	**72.2%**	**1 280.3**	**66.1**	**5.2%**
Compensation of Employees		987.5	987.5	987.5	725.4	73.5%	757.0	31.6	4.2%
Goods and services		616.0	694.6	694.5	488.8	70.4%	523.3	34.5	6.6%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**7 829.4**	**7 821.6**	**7 821.6**	**4 966.0**	**63.5%**	**5 641.3**	**675.3**	**12.0%**
Payments for capital assets		**29.7**	**28.1**	**28.1**	**10.1**	**36.0%**	**15.7**	**5.6**	**35.6%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**9 462.6**	**9 531.8**	**9 531.8**	**6 190.2**	**64.9%**	**6 937.3**	**747.0**	**10.8%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

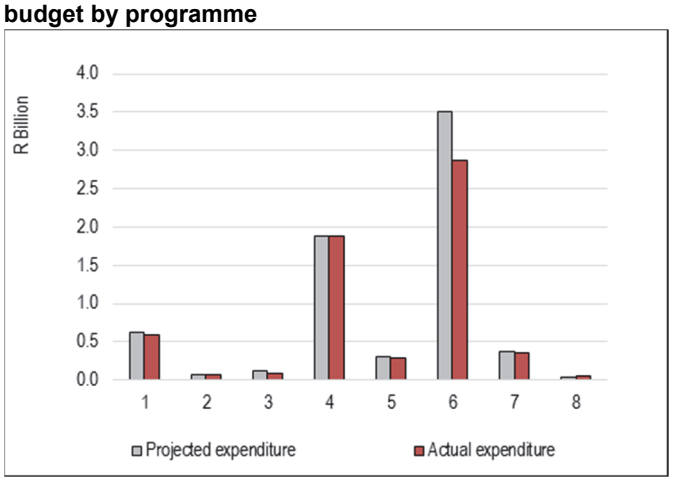


Figure 2 – Comparison of expenditure with available budget by economic classification

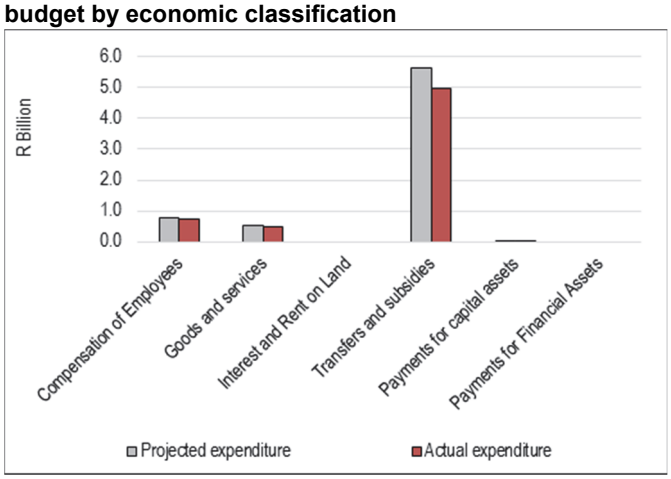
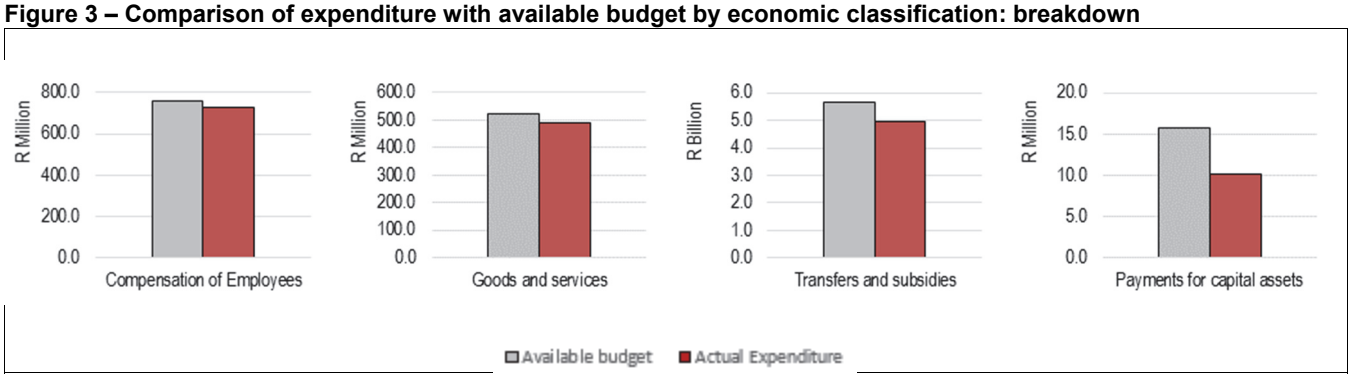


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Trade and Industry has an adjusted appropriation of R9.5 billion of which transfers and subsidies account for 82.1 per cent. Total spending by the end of the third quarter was 64.9 per cent or R6.2

billion of the adjusted appropriation. Spending was therefore 10.8 per cent or R747 million slower than projected mainly on transfers to public corporations and private enterprises within Programme 6: Incentive Development and Administration. However, higher than projected spending occurred on Program 8: Investment South Africa.

Programme 1: Administration: Spending was 4.2 per cent or R26.1 million slower than projected. This was mainly on subprogrammes Office of the Director General (R17.7 million) and Financial Management (R10.4 million). The slow spending was mostly on goods and services (R11.8 million) and compensation of employees (R8.5 million).

Programme 2: International Trade and Economic Development: Spending was marginally lower than projected by 1.3 per cent or R1 million.

Programme 3: Special Economic Zones and Economic Transformation: Spending was lower than projected by R42.4 million or 34.4 per cent. Significant lower than projected spending occurred on subprogramme Equity and Empowerment due to transfers and subsidies for the Broad-Based Black Economic Empowerment Commission which could not be made as the Commission is not yet scheduled as a public entity.

Programme 4: Industrial Development: Spending was lower than projected by R2.7 million or 0.1 per cent. This was mainly on subprogramme Customised Sector Programmes where spending was R939.3 million against projection of R956.3 million due to delays on effecting transfers to the Council for Scientific and Industrial Research for the National Foundry Technology Network. However, spending on the Industrial Competitiveness subprogramme was R14.2 million or 1.5 per cent higher than projected.

Programme 5: Consumer and Corporate Regulation: Spending was R21.1 million or 6.9 per cent lower than projected. This was mainly on the subprogramme Regulatory Services due to delays in effecting transfers to the National Consumer Commission (R13.8 million) and National Consumer Tribunal (R2.7 million) as funds could not be transferred prior to the accession of the 2018 Adjustments Appropriation Bill.

Programme 6: Incentive Development and Administration: Spending was lower than projected by R646.8 million or 18.4 per cent. This was mainly on transfers and subsidies to public corporations and private enterprises for incentive programmes. Incentive programmes that had significant slow spending include:

- Special Economic Zones - R512.3 million
- Critical Infrastructure Programme – R70.8 million
- Support Programme for Industrial Innovation: incentive to support black business – R40.5 million

Programme 7: Trade and Investment South Africa: Spending was lower than projected by R12.5 million or 3.3 per cent. This was mainly on Trade and Investment South Africa Executive Management Unit subprogramme – R9.6 million due to delays in the receipt of claims for expenses at foreign missions.

Programme 8: Investment South Africa: Spending was higher than projected by R5.5 million or 13 per cent. This was mainly on transfers and subsidies and on subprogrammes Investment Promotion (R3.8 million) and Investment and Inter-Departmental Clearing House (R5.1 million).

Virements

During the third quarter, R1.3 million was shifted from Programme 8: Investment South Africa towards Programme 1: Administration for the development of the Roadmap for South Africa.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	297.2	297.2	215.2	223.7	8.5	467	453	-14	-14
2	International Trade and Economic Development	79.6	79.6	57.9	58.8	0.9	140	94	-46	-2
3	Special Economic Zones and Economic Transformation	77.9	77.9	52.0	56.7	4.8	176	111	-65	5
4	Industrial Development	116.8	116.8	84.3	87.2	2.9	242	139	-103	-7
5	Consumer and Corporate Regulation	59.4	59.4	44.1	44.5	0.5	143	73	-70	-4
6	Incentive Development and Administration	145.4	145.4	104.7	109.0	4.3	358	208	-150	-1
7	Trade and Investment South Africa	174.2	174.2	137.6	146.1	8.5	203	142	-61	-6
8	Investment South Africa	37.0	37.0	29.5	30.8	1.3	59	60	1	11
Total		**987.5**	**987.5**	**725.4**	**757.0**	**31.6**	**1 788**	**1 280**	**-508**	**-18**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	1.1	21	0	-21	-19
2	0.0	2	1	-1	0
3	6.0	60	18	-42	0
4	0.5	3	2	-1	0
5	9.6	58	38	-20	1
6	17.3	94	52	-42	-1
7	47.4	191	112	-79	-2
8	97.1	220	200	-20	-6
9	26.3	134	40	-94	1
10	145.1	238	213	-25	-4
11	49.6	140	42	-98	-3
12	255.6	317	256	-61	-8
13	161.8	190	163	-27	-5
14	77.7	65	54	-11	-3
15	21.6	14	13	-1	1
16	9.0	4	4	0	0
Other	61.7	37	72	35	30
Total	**987.5**	**1 788**	**1 280**	**-508**	**-18**

Spending on compensation of employees was R31.6 million or 4.2 per cent lower than projected due to vacant posts. 1 280 posts were filled against 1 401 funded posts which translates to a vacancy rate of 8.6 per cent.

Issues for the committee to note

Slow spending on incentive programmes remains a concern. The department needs to develop measures that can improve compliance levels by the beneficiaries of the incentives to improve turnaround time for disbursement of funds.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
2	Council for Geoscience: Equipment	1.3	1.3	1.3	0.9	75.0%	0.9	0.0	0.0%
	Organisation for the Prohibition of Chemical Weapons: International Organisation: Membership fees	5.5	5.5	5.5	0.0	0.0%	0.0	0.0	0.0%
	Protechnik Laboratories: Capital	1.4	1.4	1.4	1.4	100.0%	1.4	0.0	0.0%
	Protechnik Laboratories: Operations	3.3	3.3	3.3	2.4	73.4%	2.5	0.1	2.2%
	World Trade Organisation: International Organisation: Membership fees	15.3	15.3	15.3	0.0	0.0%	0.0	0.0	0.0%
3	Black Business Council: Study on the development of the Black Industrialist Programme	1.5	1.5	1.5	0.0	0.0%	1.5	1.5	100.0%
	Broad-Based Black Economic Empowerment Commission: Operations	59.5	34.5	34.5	0.0	0.0%	34.5	34.5	100.0%
	Council for Scientific and Industrial Research: Fibre and textile centre of excellence	1.8	1.8	1.8	1.8	100.0%	1.8	0.0	0.0%
	National Productivity Institute: Promote productivity in South African companies	9.2	9.2	9.2	9.2	100.0%	9.2	0.0	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
4	Automotive supply chain competitiveness initiative: Competitiveness in South Africa's automotive value chain	8.0	8.0	8.0	6.0	75.0%	6.0	0.0	0.0%
	Centurion Aerospace Village: Operations	15.5	15.5	15.5	11.6	75.0%	11.6	0.0	0.0%
	Council for Scientific and Industrial Research: Aerospace industry	20.4	20.4	20.4	15.3	75.0%	15.3	0.0	0.0%
	Council for Scientific and Industrial Research: National Cleaner Production Centre	58.0	58.0	58.0	43.5	75.0%	43.5	0.0	0.0%
	Council for Scientific and Industrial Research: National Foundry Technology Network	27.5	17.5	17.5	0.0	0.0%	17.5	17.5	100.0%
	Industrial Development Corporation: Clothing, textiles, leather and footwear competitiveness improvement programme	503.6	803.6	803.6	803.6	100.0%	803.6	0.0	0.0%
	Intsimbi future production technologies initiatives: Rehabilitation and growth of the tool, die and mould manufacturing industry	116.1	116.1	116.1	116.1	100.0%	116.1	0.0	0.0%
	National Metrology Institute of South Africa: Capital	123.1	123.1	123.1	123.1	100.0%	123.1	0.0	0.0%
	National Metrology Institute of South Africa: Operations	109.7	109.7	109.7	93.6	85.3%	93.6	0.0	0.0%
	National Regulator for Compulsory Specifications: Operations	132.1	146.1	146.1	118.9	81.3%	118.9	0.0	0.0%
	Proudly South African campaign: Operations	30.7	35.7	35.7	29.0	81.2%	29.0	0.0	0.0%
	South African Bureau of Standards: Operations	275.9	375.9	375.9	375.9	100.0%	354.7	-21.2	-6.0%
	South African National Accreditation System: Operations	31.0	31.0	31.0	23.9	77.0%	23.9	0.0	0.0%
	Trade and industrial policy strategies: Policy development	27.1	27.1	27.1	18.6	68.6%	18.6	0.0	0.0%
	Treaty Organisations for Metrology: Membership fees	1.9	1.7	1.7	1.7	99.9%	1.7	0.0	0.1%
	United Nations Industrial Development Organisation: International Organisation: Membership fees	7.2	7.2	7.2	0.0	0.0%	0.0	0.0	0.0%
5	Companies Tribunal: Operations	16.7	16.7	16.7	16.7	100.0%	16.7	0.0	0.0%
	National Consumer Commission: Operations	55.9	69.7	69.7	55.9	80.2%	69.7	13.8	19.8%
	National Consumer Tribunal: Operations	50.0	52.7	52.7	50.0	94.9%	52.7	2.7	5.1%
	National Credit Regulator: Operations	75.4	75.4	75.4	75.4	100.0%	75.4	0.0	0.0%
	National Gambling Board: Operations	32.6	32.6	32.6	32.6	100.0%	32.6	0.0	0.0%
	World Intellectual Property Organisation: International Organisation: Membership fees	5.5	5.5	5.5	0.0	0.0%	0.0	0.0	0.0%
6	Employee social benefits: Leave gratuities	0.8	0.8	0.8	0.2	20.8%	0.6	0.5	72.0%
	Various institutions: Critical Infrastructure programme	120.1	120.1	120.1	22.2	18.5%	71.6	49.5	69.1%
	Various institutions: Critical infrastructure programme: Bulk infrastructure development	91.0	91.0	91.0	46.9	51.6%	68.3	21.3	31.2%
	Various institutions: Export Market and investment assistance	227.7	227.7	227.7	154.3	67.8%	161.5	7.2	4.5%
	Various institutions: Industrial Development Zones - Other	40.0	1.0	1.0	0.9	88.7%	0.0	-0.9	0.0%
	Various institutions: Manufacturing Development Incentives	3 241.0	2 841.0	2 841.0	1 830.8	64.4%	1 296.7	-534.0	-41.2%
	Various institutions: Services sector development incentives	732.1	832.1	832.1	579.1	69.6%	315.4	-263.8	-83.6%
	Various institutions: Special Economic Zones	1 300.0	900.0	900.0	100.9	11.2%	613.2	512.3	83.5%
	Various Institutions: Support programme for industrial innovation: Incentive to support black business	67.6	67.6	67.6	9.6	14.2%	50.2	40.5	80.8%
7	Export Credit Insurance Corporation: Interest make-up scheme	183.2	183.2	183.2	183.2	100.0%	183.2	0.0	0.0%
	International Finance Corporation: Export consultancy trust funds: Fund South African businesses to build a long term sustainable export strategy	1.5	1.5	1.5	0.0	0.0%	0.0	0.0	0.0%
	World Bank: Export consultancy trust funds: International Bank for Reconstruction and Development: Feasibility studies	1.5	1.5	1.5	0.0	0.0%	0.0	0.0	0.0%
Total		**7 829.4**	**7 490.7**	**7 490.7**	**4 955.3**	**66.2%**	**4 836.7**	**-118.6**	**-2.5%**

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Transport

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	430.1	430.1	430.1	256.1	59.6%	272.3	16.2	5.9%
2	Integrated Transport Planning	90.0	90.0	90.0	55.5	61.7%	58.8	3.3	5.6%
3	Rail Transport	18 887.3	15 887.3	15 887.3	6 543.6	41.2%	6 545.2	1.5	0.0%
4	Road Transport	27 098.8	30 098.8	30 098.8	20 177.4	67.0%	20 183.6	6.2	0.0%
5	Civil Aviation	182.3	182.3	182.3	124.2	68.2%	136.9	12.7	9.3%
6	Maritime Transport	119.9	119.9	119.9	92.2	76.9%	92.9	0.7	0.7%
7	Public Transport	12 990.0	13 023.0	13 023.0	7 209.2	55.4%	7 106.2	-103.0	-1.5%
Total		**59 798.3**	**59 831.3**	**59 831.3**	**34 458.3**	**57.6%**	**34 395.8**	**-62.5**	**-0.2%**
Economic Classification									
Current payments		**1 197.6**	**1 197.6**	**1 197.6**	**656.1**	**54.8%**	**714.8**	**58.7**	**8.2%**
Compensation of Employees		496.7	496.7	496.7	329.7	66.4%	335.1	5.5	1.6%
Goods and services		700.9	700.9	700.9	326.4	46.6%	379.7	53.2	14.0%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**58 596.0**	**58 629.0**	**58 629.0**	**33 797.5**	**57.6%**	**33 676.9**	**-120.6**	**-0.4%**
Payments for capital assets		**4.7**	**4.7**	**4.7**	**3.8**	**80.6%**	**4.1**	**0.2**	**5.6%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.9**		**0.0**	**-0.8**	**-2554.4%**
Total		**59 798.3**	**59 831.3**	**59 831.3**	**34 458.3**	**57.6%**	**34 395.8**	**-62.5**	**-0.2%**
Direct charges		**10.2**	**10.2**	**10.2**	**0.0**	**0.0%**	**10.2**	**10.2**	**100.0%**
International Oil Pollution Compensation Fund		10.2	10.2	10.2	0.0	0.0%	10.2	10.2	100.0%
Total		**59 808.5**	**59 841.5**	**59 841.5**	**34 458.3**	**57.6%**	**34 406.0**	**-52.3**	**-0.2%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

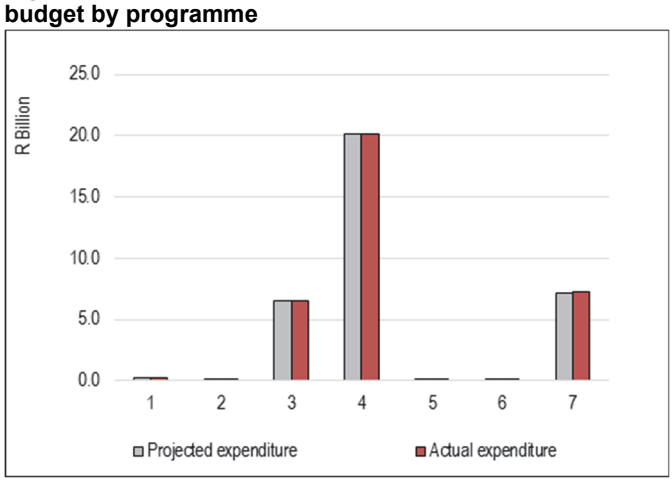


Figure 2 – Comparison of expenditure with available budget by economic classification

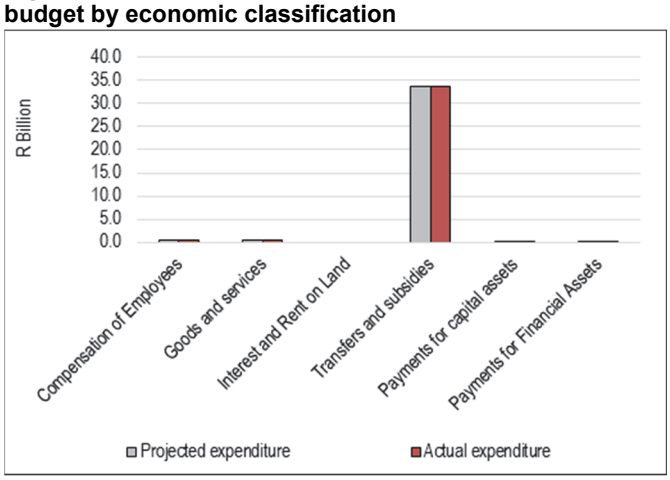
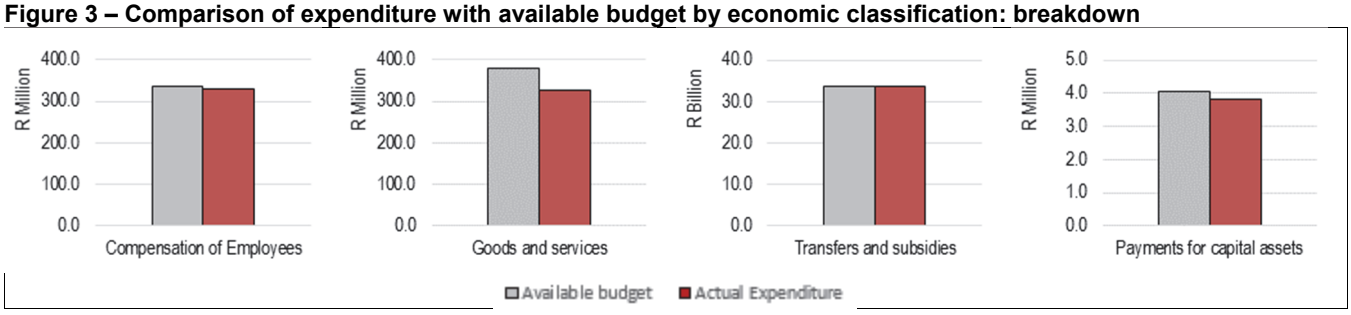


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Of the R59.8 billion budget available for the 2018/19 financial budget, the department has spent R34.5 billion or 57.6 per cent. The department projected spending of R34.5 billion at the end of the 3rd quarter in the year, indicating higher than expected spending of 0.2 per cent – equivalent to R52.3 million.

Programme 1: Administration: The department spent R256.1 million of the projected spending of R272.3 million at the end of the 3rd quarter, indicating lower than expected spending of 5.9 per cent – equivalent to R16.2 million. The lower than expected spending is mainly due to outstanding invoices for the office accommodation lease, pending engagements with the Department of Public Works relating to the lease agreement.

Programme 2: Integrated Transport Planning: As at 31 December 2018, the department spent R55.5 million of its projected spending of R58.8 million. This equals a lower than expected spending of 5.6 per cent – equivalent to R3.3 million. The lower than expected spending is mainly due to delays in projects such as the National Transport Planning Databank and Freight Corridor Development.

Programme 3: Rail Transport: At the end of the 3rd quarter of 2018/19, the department had projected a spending of R6.55 billion. It has spent R6.54 billion, a lower than expected spending of 0.02 per cent – equivalent to R1.5 million. The lower than expected spending is mainly due to delays in the filling of vacant posts.

Programme 4: Road Transport: The department has spent R20.177 billion of the projected spending of R20.184 billion at the end of the 3rd quarter of 2018/19. This is a lower than expected spending of 0.03 per cent, R6.2 million, on account of procurement delays in projects such as S'hamba Sonke and the development of road engineering standards.

Programme 5: Civil Aviation: The department has spent R124.2 million of the projected spending of R136.9 million at the end of the 3rd quarter of 2018/19, indicating lower than expected spending of 9.3 per cent – equivalent to R12.7 million. The lower than expected spending is mainly due to outstanding invoices for communications services related to watch-keeping services, pending the outcome of engagements with Telkom on the costing model of the project.

Programme 6: Maritime Transport: The department has spent R92.2 million of the projected spending of R92.9 at the end of the 3rd quarter of 2018/19, indicating lower than expected spending of R700 000 or 0.7 per cent. The lower than expected spending is mainly due to delays in the filling of vacant posts.

Programme 7: Public Transport: The department has spent R7.2 billion of the projected spending of R7.1 billion at the end of the 3rd quarter of 2018/19, indicating higher than expected spending of 1.5 per cent – equivalent to R103 million. The higher than expected spending is mainly due to advance transfer payments of the Public Transport Network Grant to Msunduzi, Rustenburg, and Polokwane where projects are progressing faster than previously anticipated.

Virements

As at the end of the third quarter of 2018/19, the National Treasury and/or Parliament approved the following virements and shifts of funds:

- R333.3 million from the Passenger Rail Agency of South Africa (PRASA): Other capital programmes transfer line to the PRASA: Metrorail: Operations transfer line;
- R124.6 million from the PRASA: Other capital programmes transfer line to the PRASA: Mainline passenger services: Operations transfer line;
- R832.9 million from the PRASA: Other capital programmes transfer line to the PRASA: Rail maintenance operations and inventories transfer line.
- R3 billion from PRASA: Other capital programmes transfer line to the South African National Road Agency Limited (SANRAL): Non-toll network transfer line; and
- R5.8 billion from SANRAL: Non-toll network transfer line to SANRAL: Gauteng Freeway Improvement Project (GFIP).

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	220.7	220.7	150.8	150.2	-0.6	354	322	-32	6
2	Integrated Transport Planning	53.8	53.8	37.6	37.6	0.1	78	69	-9	-1
3	Rail Transport	26.8	26.8	19.7	21.5	1.8	38	36	-2	-1
4	Road Transport	70.5	70.5	41.3	42.9	1.7	94	80	-14	-4
5	Civil Aviation	46.4	46.4	26.3	27.4	1.1	64	52	-12	0
6	Maritime Transport	23.2	23.2	15.3	16.8	1.6	34	27	-7	0
7	Public Transport	55.3	55.3	38.8	38.7	-0.1	77	66	-11	-1
Total		**496.7**	**496.7**	**329.7**	**335.1**	**5.5**	**739**	**652**	**-87**	**-1**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.4	3	0	-3	0
3	3.2	15	14	-1	-1
4	4.0	16	18	2	0
5	8.0	26	23	-3	-1
6	28.7	89	80	-9	-3
7	28.0	73	67	-6	0
8	43.2	93	92	-1	-1
9	46.7	87	37	-50	2
10	37.7	51	77	26	-5
11	66.2	80	34	-46	-2
12	64.9	66	99	33	10
13	95.9	89	70	-19	-2
14	44.0	36	30	-6	0
15	16.5	11	7	-4	1
16	4.2	2	4	2	1
Other	5.2	2	0	-2	0
Total	**496.7**	**739**	**652**	**-87**	**-1**

As at the end of the third quarter, the department spent R329.7 million, 66.4 per cent, of the total available budget of R496.7 million for *compensation of employees*. The department projected spending of R335.1 million by this point in the year, indicating lower than projected spending of 1.6 per cent – equivalent to R5.5 million. The delay in spending is mainly due to delays in the filling of vacant posts. The department has 652 filled posts against the funded establishment of 739 posts, equivalent to a vacancy rate of 11.8 per cent or 87 posts.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Bursaries for non-employees: Transport-related studies	11.0	11.0	11.0	5.0	45.1%	7.7	2.8	35.6%
	Employee social benefits: Leave gratuities	0.2	0.2	0.2	0.6	319.7%	0.6	0.0	0.0%
	Transport Education and Training Authority: Operations	1.2	1.2	1.2	0.0	0.0%	1.2	1.2	100.0%
3	Passenger Rail Agency of South Africa: Capital	4 382.8	91.9	91.9	0.0	0.0%	0.0	0.0	0.0%
	Passenger Rail Agency of South Africa: Mainline passenger services - Operations	1 524.3	1 648.9	1 648.9	1 394.9	84.6%	1 394.9	0.0	0.0%
	Passenger Rail Agency of South Africa: Mainline: Refurbishment of coaches	160.2	160.2	160.2	0.0	0.0%	0.0	0.0	0.0%
	Passenger Rail Agency of South Africa: Metrorail - operations	4 232.2	4 565.5	4 565.5	3 860.2	84.6%	3 860.2	0.0	0.0%
	Passenger Rail Agency of South Africa: Metrorail: Refurbishment of coaches	1 409.4	1 409.4	1 409.4	0.0	0.0%	0.0	0.0	0.0%
	Passenger Rail Agency of South Africa: Rail maintenance operations and inventories	369.4	1 202.3	1 202.3	1 202.3	100.0%	1 202.3	0.0	0.0%
	Passenger Rail Agency of South Africa: Rolling stock fleet renewal programme	4 676.9	4 676.9	4 676.9	0.0	0.0%	0.0	0.0	0.0%
	Passenger Rail Agency of South Africa: Signalling	2 023.8	2 023.8	2 023.8	0.0	0.0%	0.0	0.0	0.0%
	Railway Safety Regulator: Operations	63.0	63.0	63.0	63.0	100.0%	63.0	0.0	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
4	Provincial roads maintenance grant: Disaster relief component: Contribution to capital investment	210.0	210.0	210.0	310.2	147.7%	310.2	0.0	0.0%
	Provincial roads maintenance grant: Road network supporting electricity generation infrastructure component: Contribution to capital investment	501.1	501.1	501.1	325.7	65.0%	325.7	0.0	0.0%
	Provincial roads maintenance grant: Roads maintenance component: Contribution to capital investment	10 324.6	10 324.6	10 324.6	8 907.5	86.3%	8 907.5	0.0	0.0%
	Road Traffic Infringement Agency: Operations	11.7	11.7	11.7	8.8	75.0%	8.8	0.0	0.0%
	Road Traffic Management Corporation: Operations	200.2	200.2	200.2	150.2	75.0%	150.2	0.0	0.0%
	Rural roads asset management systems grant: Operations	107.5	107.5	107.5	73.0	67.9%	73.0	0.0	0.0%
	South African National Roads Agency: Gauteng freeway improvement project	505.1	6 255.1	6 255.1	1 873.8	30.0%	1 873.8	0.0	0.0%
	South African National Roads Agency: Moloto Road upgrade	1 806.8	1 806.8	1 806.8	1 355.1	75.0%	1 355.1	0.0	0.0%
	South African National Roads Agency: Non-toll road	7 875.5	5 125.5	5 125.5	3 937.7	76.8%	3 937.7	0.0	0.0%
	South African National Roads Agency: Operations	5 436.8	5 436.8	5 436.8	3 171.5	58.3%	3 171.5	0.0	0.0%
5	African Civil Aviation Commission: International organisations membership fees	5.3	5.3	5.3	5.3	101.4%	5.3	0.0	0.0%
	Cospas-Sarsat search and rescue satellite programme: International organisations membership fees	0.5	0.5	0.5	0.4	79.5%	0.4	0.0	0.0%
	International Civil Aviation Organisation: International organisations membership fees	4.6	4.6	4.6	4.1	89.6%	4.1	0.0	0.0%
	K9 Search and Rescue Association of South Africa: Search and rescue services	0.1	0.1	0.1	0.1	100.0%	0.1	0.0	0.0%
	Mountain Club of South Africa: Search and rescue services	0.1	0.1	0.1	0.1	100.0%	0.1	0.0	0.0%
	National Emergency Communications Division of the South African Radio League: Search and rescue services	0.1	0.1	0.1	0.1	100.0%	0.1	0.0	0.0%
	National Sea Rescue Institute: Search and rescue services	2.5	2.5	2.5	2.5	100.0%	2.5	0.0	0.0%
	Off Road Rescue Unit: Search and rescue services	0.1	0.1	0.1	0.1	100.0%	0.1	0.0	0.0%
	South African Civil Aviation Authority: Accident and incident investigations	23.5	23.5	23.5	17.7	75.0%	17.7	0.0	0.0%
	South African Maritime Safety Authority: Maritime rescue coordination centre	13.7	13.7	13.7	10.3	75.0%	10.3	0.0	0.0%
	Southern African Development Community Aviation Safety Organisation: International Civil Aviation Organisation Mission: Mandatory contribution towards Southern African Development Community: permanent mission to International Civil Aviation Organisation	0.1	0.1	0.1	0.1	105.0%	0.1	0.0	0.0%
	Southern African Development Community Aviation Safety Organisation: International organisations membership fees	6.0	6.0	6.0	6.9	115.8%	6.9	0.0	0.0%
6	Indian Ocean Memorandum of Understanding: International organisations membership fees	0.4	0.4	0.4	0.3	91.9%	0.3	0.0	0.0%
	International Maritime Organisation: International organisations membership fees	1.6	1.6	1.6	0.0	0.0%	1.6	1.6	100.0%
	Ports Regulator of South Africa: Operations	25.6	25.6	25.6	19.2	75.0%	19.2	0.0	0.0%
7	Public transport network grant: Contibution to Capital Investment	6 253.7	6 286.7	6 286.7	2 842.9	45.2%	2 616.7	-226.1	-8.6%
	Public transport operations grant: Operations	5 990.3	5 990.3	5 990.3	4 160.1	69.4%	4 160.1	0.0	0.0%
	South African National Taxi Council: Operations	22.5	22.5	22.5	17.0	75.5%	17.0	0.0	0.0%
	Taxi recapitalisation: Payment to taxi owners for scrapping their old taxis	411.6	411.6	411.6	69.8	17.0%	169.8	100.0	58.9%
Total		**58 596.0**	**58 629.0**	**58 629.0**	**33 796.4**	**57.6%**	**33 675.9**	**-120.5**	**-0.4%**

Vote 36

Water and Sanitation

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	1 714.6	1 661.2	1 661.2	1 205.1	72.5%	1 858.0	652.9	35.1%
2	Water Planning and Information Management	862.1	689.6	689.6	520.7	75.5%	570.2	49.5	8.7%
3	Water Infrastructure Development	12 496.2	14 204.3	14 204.3	8 312.5	58.5%	7 959.9	-352.6	-4.4%
4	Water Sector Regulation	498.6	318.7	318.7	209.2	65.7%	240.5	31.3	13.0%
Total		**15 571.5**	**16 873.7**	**16 873.7**	**10 247.6**	**60.7%**	**10 628.7**	**381.1**	**3.6%**
Economic Classification									
Current payments		**3 293.8**	**3 281.1**	**3 281.1**	**2 746.0**	**83.7%**	**2 841.5**	**95.5**	**3.4%**
Compensation of Employees		1 720.2	1 718.0	1 718.0	1 197.4	69.7%	1 224.8	27.4	2.2%
Goods and services		1 573.6	1 563.1	1 563.1	1 548.6	99.1%	1 616.7	68.0	4.2%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	-86.4%
Transfers and subsidies		**8 633.3**	**8 927.5**	**8 927.5**	**5 527.5**	**61.9%**	**5 580.9**	**53.4**	**1.0%**
Payments for capital assets		**3 644.4**	**4 665.1**	**4 665.1**	**1 974.1**	**42.3%**	**2 206.3**	**232.2**	**10.5%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**15 571.5**	**16 873.7**	**16 873.7**	**10 247.6**	**60.7%**	**10 628.7**	**381.1**	**3.6%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

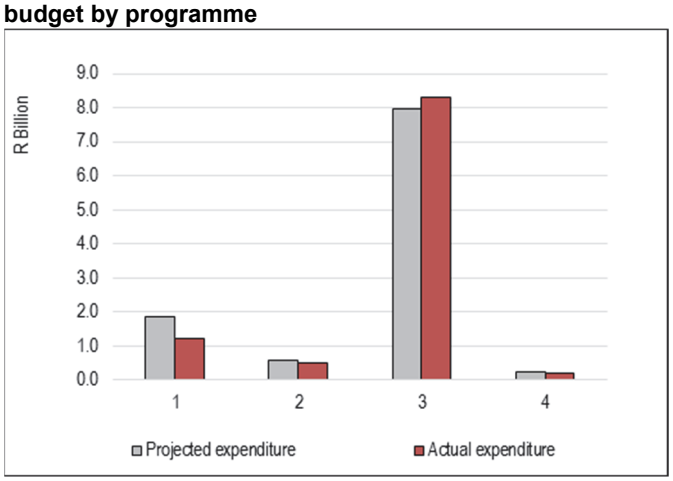


Figure 2 – Comparison of expenditure with available budget by economic classification

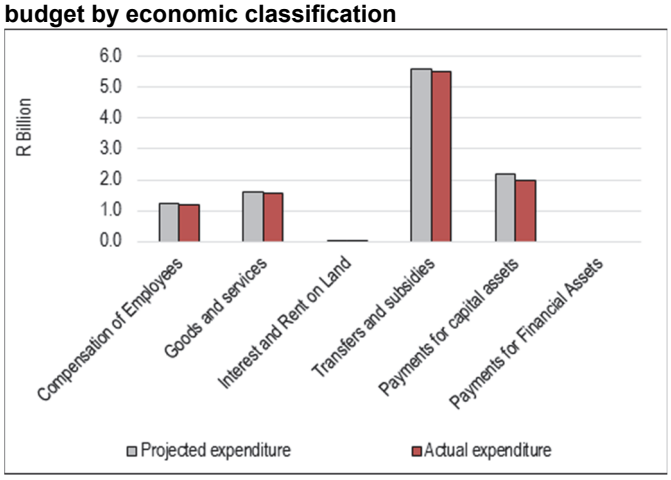
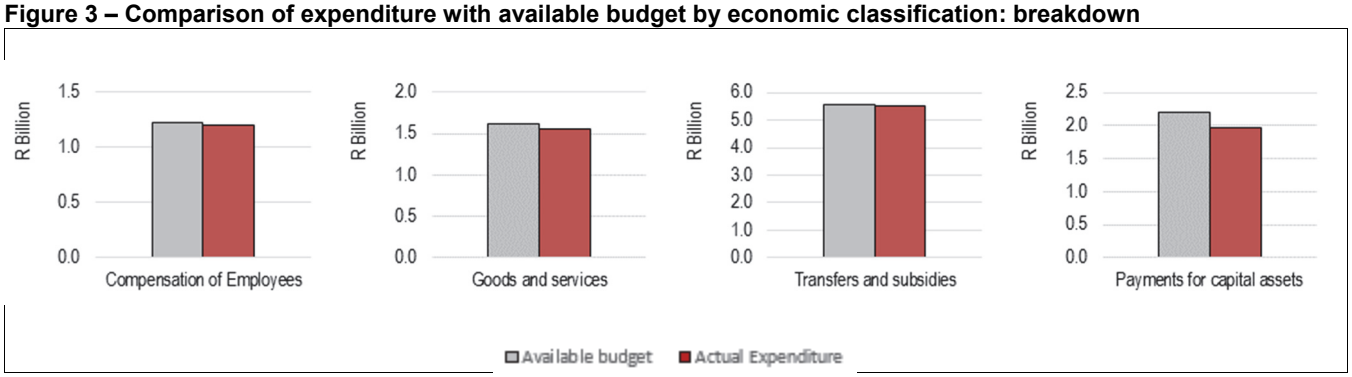


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



As at 31 December 2018, the department spent R10.2 billion or 96.2 per cent of the projected expenditure of R10.6 billion. Spending in the 3rd quarter is R381.1 million or 3.6 cent lower than projected due to vacant posts, delayed transfers to water boards, slow spending on both the direct and indirect Regional Bulk Infrastructure Grant (RBIG) and Water Services Infrastructure Grant (WSIG).

Programme 1: Administration programme: spent R1.2 billion of the projected expenditure of R1.9 billion at end of quarter 3. The programme has slower than expected spending of 35.1 per cent – equivalent to R652.9 million. The delays in spending are due to vacant posts that exist across most subprogrammes; slow processing of travel invoices, delays in repairs at the Roodeplaat offices, as the department of Public Works is yet to appoint a contractor.

Programme 2: Water Planning and Information Management programme: spent R520.7 million of the total projected expenditure of R570.2 million at end quarter 3. This indicates slower than anticipated spending of R49.5 million (8.7 per cent). The slower spending is mainly due to vacant posts, delays in the processing of invoices for the Algoa, Western Cape and Vaal reconciliation strategies and the suspension of the appointments related to initiatives of the Reliability Master plan and the other procurement activities within the programme. There is also slower than planned spending on the payments of capital assets, of R15.8 million, due to the delays in processing outstanding invoices.

Programme 3: Water Infrastructure Development programme: spent R8.3 billion of the projected expenditure of R7.9 billion as at end of quarter 3. The programme therefore spent R352.6 million (4.4 per cent) more than the projected. The variance is due to the processing of the expenditure incurred in the 2017/18 financial year on the War on Leaks (WoL) programme which the department had shifted from Programme 1 which was not budgeted for.

Programme 4: Water Sector Regulation programme: spent R209.2 million against planned expenditure of R240.5 million. The programme spent 13 per cent or R31.3 million less than projected, mainly due to vacant posts and delays in the finalising of the Electronic Water Use Licence Application and Authorisation System (E-WULAAS) and the appointment of a professional service provider to develop a business case finalise the pricing regulations and funding model for the department's economic regulator.

Personnel

At the end of the third quarter, the department spent R1.197 billion against a projection of R1.224 billion for compensation of employee's. This indicates that the department has spent R27.4 million or 2.2 per cent less than projected. The lower than anticipated spending is due to vacant posts across all programmes within the department. As at end of December 2018, the department had 3 199 filled posts out of a funded establishment of 3 717, resulting in a vacancy rate of 14 per cent.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	769.1	778.2	544.9	558.0	13.2	1 692	1 521	-171	-58
2	Water Planning and Information Management	457.9	457.9	323.3	328.9	5.6	913	875	-38	-5
3	Water Infrastructure Development	253.1	242.2	160.2	167.9	7.8	472	402	-70	-9
4	Water Sector Regulation	240.1	239.7	169.0	169.9	0.9	536	375	-161	4
Total		**1 720.2**	**1 718.0**	**1 197.4**	**1 224.8**	**27.4**	**3 613**	**3 173**	**-440**	**-68**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	24	0	-24	0
2	28.1	206	95	-111	4
3	35.9	222	193	-29	-27
4	21.7	121	121	0	4
5	145.6	651	284	-367	-32
6	82.3	299	392	93	-24
7	166.3	499	501	2	-22
8	138.1	339	377	38	12
9	103.0	209	183	-26	-4
10	190.7	320	298	-22	-160
11	261.0	279	258	-21	141
12	310.8	280	294	14	68
13	159.1	120	114	-6	-24
14	47.6	29	28	-1	-6
15	22.4	12	6	-6	-23
16	7.8	3	4	1	0
Other	0.0	0	25	25	25
Total	**1 720.2**	**3 613**	**3 173**	**-440**	**-68**

Issues for the committee to note

- There is continuous slower than projected infrastructure spending reported by the department over the past three quarters. Based on the current expenditure trend, it is projected that the department will under spend by R1.9 billion which is made up on the non transfer of funds to Amatola and Magalies water boards, delays on the direct and indirect grants: Regional bulk infrastructure and Water Services Infrastructure grants and the Bucket Eradication Programme (BEP). This is mainly due to non-compliance with the Division of Revenue Act and the slow processing of invoices as a result of construction performance verification for projects implemented by the water boards, other implementing agents and municipalities.
- At the end of the third quarter, the department had recorded higher than planned expenditure of R640.3 million on the War on Leaks (WoL) due to the payment of invoices of the 2017/18 financial year on the WoL programme which was not originally budgeted for. This may result in unauthorised expenditure at the end of the financial year.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	African Ministers' Council on Water: Membership fees	0.1	0.1	0.1	0.1	107.1%	0.8	0.7	84.9%
	Bursaries for non-employees: Water and Forestry Learning Academy studies	15.6	15.6	15.6	5.4	34.5%	5.4	0.0	0.0%
	Employee social benefits: Leave gratuities	1.4	1.4	1.4	1.4	94.4%	1.4	0.0	0.0%
	Energy and Water Sector Education and Training Authority: Operations	2.8	2.8	2.8	2.8	100.0%	3.0	0.1	4.8%
	Limpopo Watercourse Commission: Operations	0.2	0.2	0.2	0.0	0.0%	0.0	0.0	0.0%
	Orange-Senqu River Basin Commission: Operations	0.7	0.7	0.7	0.7	100.0%	0.7	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.1	0.1	0.1	0.0	12.9%	0.0	0.0	47.6%
2	Employee social benefits: Leave gratuities	0.8	0.8	0.8	2.8	324.4%	2.8	0.0	0.0%
	South African youth water prize: Award for South African youth water prize	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.4	0.4	0.4	0.4	100.0%	0.2	-0.2	-108.6%
3	Amatola Water Board: Regional bulk infrastructure: Upgrade and refurbishment of six water plants and downstream infrastructure	92.4	92.4	92.4	0.0	0.0%	0.0	0.0	0.0%
	Employee social benefits: Leave gratuities	1.5	1.5	1.5	3.5	234.2%	3.3	-0.2	-5.9%
	Komati River Basin Water Authority: Loan repayment to the Development Bank of Southern Africa	208.2	208.2	208.2	175.4	84.2%	180.5	5.2	2.9%
	Magalies Water Board: Regional bulk infrastructure: Pilansberg Bulk Water Supply Scheme	36.0	36.0	36.0	6.2	17.1%	6.2	0.0	0.0%
	Regional Bulk Infrastructure Grant: Indirect Grant	2 440.9	2 440.9	2 440.9	1 574.0	64.5%	1 575.3	1.3	0.1%
	Regional Bulk Infrastructure Grant: Indirect Grant: Bucket Eradication Programme: Bulk	440.0	440.0	440.0	67.0	15.2%	211.0	144.0	68.2%
	Regional bulk infrastructure grant: Regional bulk direct transfer	1 957.0	1 957.0	1 957.0	1 121.3	57.3%	1 451.9	330.7	22.8%
	Sedibeng Water Board: Regional bulk infrastructure: Sedibeng Bulk Regional Sewerage Scheme	434.0	434.0	434.0	434.0	100.0%	287.0	-147.0	-51.2%
	Umgeni Water Board: Regional bulk infrastructure: Lower Thukela Bulk Water Supply Scheme	132.3	132.3	132.3	132.3	100.0%	132.3	0.0	0.0%
	Water Services Infrastructure Grant: Indirect Grant: Bucket Eradication Programme: Reticulation	608.2	1 616.3	1 616.3	421.2	26.1%	527.9	106.7	20.2%
	Water services infrastructure grant: To facilitate the planning, acceleration and implementation of various (Infrastructure for basic water and sanitation services; On-site water and sanitation (part of basic services); Interim services and the refurbishment of schemes) water services project	3 481.1	3 769.1	3 769.1	2 047.9	54.3%	1 777.3	-270.6	-15.2%
	Water Trading Entity: Acid mine drainage and other capital projects	2 083.9	2 083.9	2 083.9	1 561.5	74.9%	1 561.5	0.0	0.0%
	Water Trading Entity: Operations and maintenance	183.0	183.0	183.0	183.0	100.0%	183.0	0.0	0.0%
4	Employee social benefits: Leave gratuities	0.6	0.6	0.6	0.5	89.3%	0.5	0.0	0.0%
	Water Institute of Southern Africa: Biennial Conference and Exhibition	1.0	1.0	1.0	1.0	100.3%	1.0	0.0	0.0%
Total		**12 122.4**	**13 418.6**	**13 418.6**	**7 742.3**	**57.7%**	**7 913.0**	**170.7**	**2.2%**

Vote 37

Arts and Culture

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	300.8	310.3	310.3	231.4	74.6%	241.7	10.3	4.3%
2	Institutional Governance	416.0	287.8	287.8	153.3	53.3%	148.4	-4.9	-3.3%
3	Arts and Culture Promotion and Development	1 184.4	1 167.5	1 167.5	857.1	73.4%	858.3	1.3	0.1%
4	Heritage Promotion and Preservation	2 471.0	2 573.1	2 573.1	1 904.7	74.0%	1 926.9	22.2	1.2%
Total		**4 372.3**	**4 338.7**	**4 338.7**	**3 146.5**	**72.5%**	**3 175.3**	**28.8**	**0.9%**
Economic Classification									
Current payments		**640.6**	**631.0**	**631.0**	**483.4**	**76.6%**	**485.4**	**1.9**	**0.4%**
Compensation of Employees		253.5	253.5	253.5	178.3	70.3%	188.0	9.7	5.1%
Goods and services		387.1	377.5	377.5	296.2	78.5%	288.5	-7.7	-2.7%
Interest and Rent on Land		0.0	0.0	0.0	8.9		8.9	0.0	0.0%
Transfers and subsidies		**3 498.7**	**3 580.5**	**3 580.5**	**2 620.9**	**73.2%**	**2 638.9**	**18.0**	**0.7%**
Payments for capital assets		**232.9**	**127.2**	**127.2**	**41.9**	**33.0%**	**50.9**	**9.0**	**17.7%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.2**		**0.0**	**-0.2**	**-100.0%**
Total		**4 372.3**	**4 338.7**	**4 338.7**	**3 146.5**	**72.5%**	**3 175.3**	**28.8**	**0.9%**

Expenditure Analysis

As at 31 December 2018, the Department spent R3.15 billion or 72.5 per cent of the adjusted appropriation of R4.34 billion, as at the end of the second quarter. Actual spending is less than the projections by R28.8 million or 0.9 per cent, mainly on payments for capital assets and goods and services.

Figure 1 – Comparison of expenditure with available budget by programme

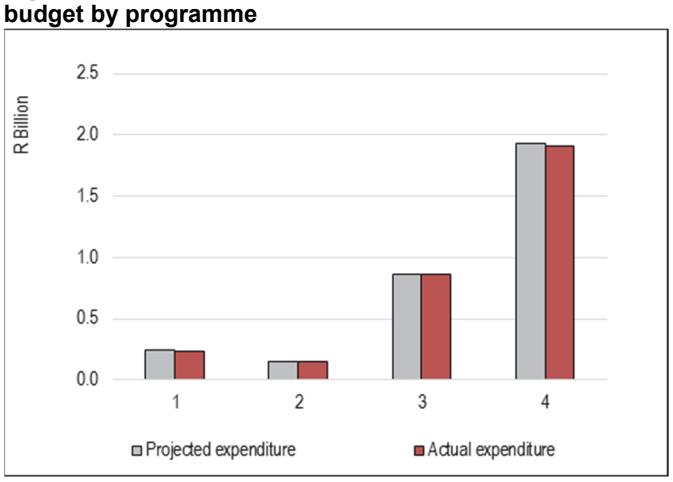


Figure 2 – Comparison of expenditure with available budget by economic classification

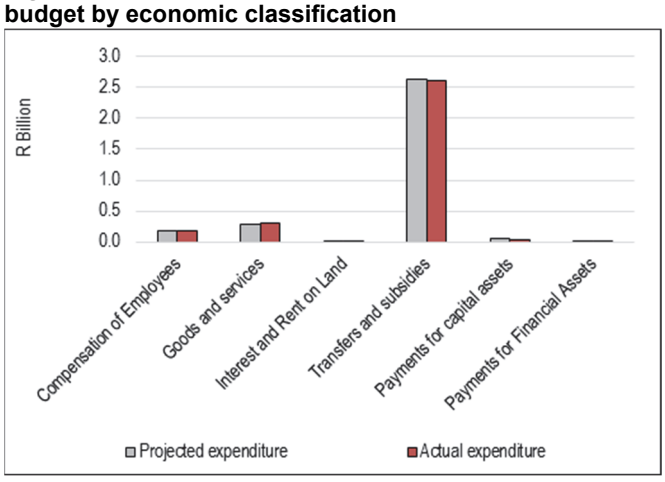
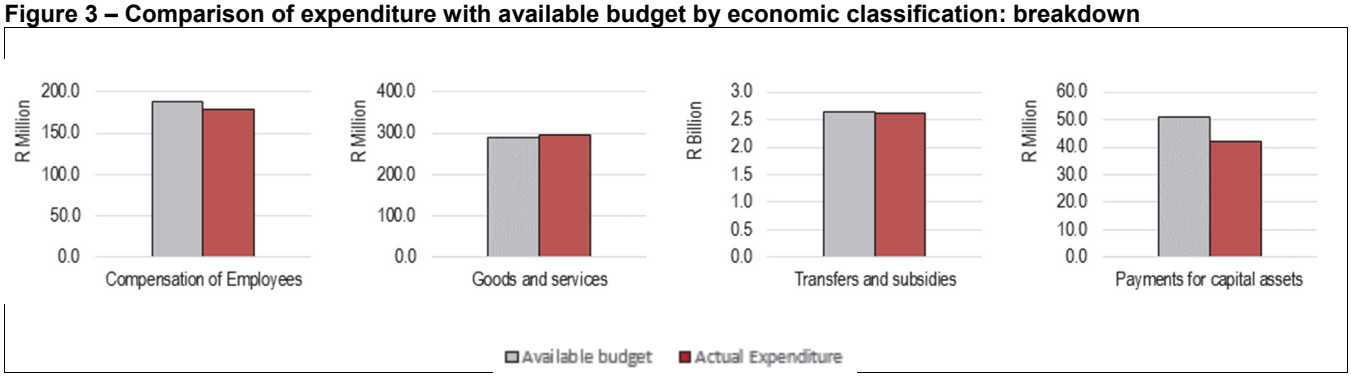


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Key issues by programme

Programme1: Administration: Second quarter expenditure by this programme is lower than projected by R10.3 million or 4.3 per cent. This is mainly on Operating leases and Property payments due to delayed invoicing for office accommodation and municipal charges by the Department of Public Works.

Programme 2: Institutional Governance: Second quarter expenditure in this programme is higher than projected by R4.9 million or 3.3 per cent. This is due to higher spending on goods and services as a result of under budgeting for events such as the BRICS Summit, Nelson Mandela Centenary, and the Minister's Imbizos.

Programme 3: Arts and Culture Promotion and Development: Second quarter expenditure in this programme is lower by R1.3 million or 0.1 per cent. Spending in this programme is on track. Improved spending can be attributed to more efficient management of calls for proposals and allocation of spending on Mzansi Golden Economy projects in the second and third quarters.

Programme 4: Heritage Promotion and Preservation: Second quarter expenditure under this programme is lower than projected by R22.2 million or 1.2 per cent, mainly on transfers and subsidies. This is due to the delay in processing the capital transfer payment for the Iziko Museums infrastructure project, which is processed on a recovery basis by DPW, due to lack of progress on the project.

Virements

No post AENE virement.

Personnel

Spending on personnel was R178.3 million or 94.7 per cent of the projected expenditure, resulting in a variance of R9.7 million or 5.3 per cent in the third quarter. The department's third quarter report shows a reduction of 15 posts from the HRBP's target of 408 headcounts, showing a continued commitment to staying within the personnel ceiling. The spending variance on personnel is due to less than projected payment of performance bonuses across all programmes and 23 vacant posts.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	107.1	107.1	75.1	78.3	3.2	163	168	5	11
2	Institutional Governance	40.4	40.4	27.5	29.4	1.9	52	63	11	7
3	Arts and Culture Promotion and Development	51.8	51.8	35.4	37.4	2.1	78	78	0	4
4	Heritage Promotion and Preservation	54.3	54.3	40.4	42.9	2.5	115	114	-1	3
Total		**253.5**	**253.5**	**178.3**	**188.0**	**9.7**	**408**	**423**	**15**	**25**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	2.8	13	13	0	0
3	2.3	10	7	-3	0
4	2.3	10	10	0	-2
5	5.3	21	19	-2	-2
6	5.7	18	19	1	1
7	26.9	76	79	3	4
8	13.1	30	27	-3	0
9	39.6	73	71	-2	1
10	9.0	14	15	1	-3
11	42.4	54	54	0	4
12	27.9	32	35	3	-1
13	38.7	33	29	-4	1
14	22.8	16	13	-3	-1
15	8.0	5	5	0	0
16	1.9	1	3	2	0
Other	4.8	2	24	22	23
Total	**253.5**	**408**	**423**	**15**	**25**

Issues for the committee to note

- The department needs to improve the monitoring of spending against budget for official travel and ensure that budgeting for events is more accurate.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
	!Kauru African contemporary art touring exhibition: Facilitation of public funds for cultural projects	0.5	0.0	0.5	0.5	100.0%	0.0	-0.5	0.0%
2	Commonwealth Foundation: Facilitation of public funds for cultural projects	2.9	2.9	2.9	2.2	75.5%	0.0	-2.2	0.0%
	Gcwala-Ngamasiko Cultural Festival: Facilitation of public funds for cultural projects	2.0	2.0	2.0	2.0	100.0%	0.0	-2.0	0.0%
	Moral Regeneration Movement: Facilitation of public funds for arts and youth development projects	4.0	4.0	4.0	3.7	92.5%	0.0	-3.7	0.0%
	National Heritage Monument: Building, maintenance and upgrading of infrastructure	17.4	17.4	17.4	0.0	0.0%	0.0	0.0	0.0%
	National Heroes Acre: Building, maintenance and upgrading of infrastructure	10.0	10.0	10.0	0.0	0.0%	0.0	0.0	0.0%
	National Youth Development Agency: Young Patriots Project	9.0	9.0	9.0	8.5	94.9%	0.0	-8.5	0.0%
	Steve Biko Foundation: Building, maintenance and upgrading of infrastructure	3.1	3.1	3.1	0.0	0.0%	0.0	0.0	0.0%
	Various institutions: Facilitation of public funds for arts and youth development projects	14.8	14.8	14.8	8.7	58.4%	0.0	-8.7	0.0%
3	Arts and Culture Industries: Community arts development: Facilitation of public funds for arts projects	7.0	7.0	7.0	3.5	50.2%	0.0	-3.5	0.0%
	Arts and Culture Industries: Local market development and promotion: Facilitation of public funds for arts projects	30.4	30.4	30.4	30.4	99.9%	0.0	-30.4	0.0%
	Artscape: Building, maintenance and upgrading of infrastructure	4.6	4.6	4.6	4.6	100.0%	0.0	-4.6	0.0%
	Artscape: Operations	60.9	60.9	60.9	45.4	74.6%	0.0	-45.4	0.0%
	Business and Arts South Africa: Operations	8.9	8.9	8.9	6.7	75.0%	0.0	-6.7	0.0%
	Council for Scientific and Industrial Research: Facilitation of public funds for language projects	3.1	3.1	3.1	3.8	122.6%	0.0	-3.8	0.0%
	Human languages technologies projects: Facilitation of public funds for language projects	7.1	7.1	7.1	4.2	59.1%	0.0	-4.2	0.0%
	Language development projects: Facilitation of public funds for language projects	6.0	6.0	6.0	6.0	100.0%	0.0	-6.0	0.0%
	Mzansi golden economy: Art bank resources: Facilitation of public funds for arts projects	6.0	6.0	6.0	3.0	50.0%	0.0	-3.0	0.0%
	Mzansi golden economy: Public art: Facilitation of public funds for arts projects	5.5	5.5	5.5	1.0	17.8%	0.0	-1.0	0.0%
	National Arts Council: Building, maintenance and upgrading of infrastructure	1.8	1.8	1.8	1.8	100.0%	0.0	-1.8	0.0%
	National Arts Council: Operations	109.7	109.7	109.7	82.2	74.9%	0.0	-82.2	0.0%
	National Film and Video Foundation: Building, maintenance and upgrading of infrastructure	13.2	13.2	13.2	0.0	0.0%	0.0	0.0	0.0%
	National Film and Video Foundation: Operations	133.5	133.5	133.5	95.0	71.2%	0.0	-95.0	0.0%
	Pan South African Language Board: Operations	113.6	113.6	113.6	85.2	75.0%	0.0	-85.2	0.0%
	Performing Arts Centre of the Free State: Building, maintenance and upgrading of infrastructure	7.7	7.7	7.7	0.0	0.0%	0.0	0.0	0.0%
	Performing Arts Centre of the Free State: Operations	45.3	45.3	45.3	33.7	74.4%	0.0	-33.7	0.0%
	Performing Arts Institutions: Mzansi golden economy (Incubators entrepreneur and local content development): Facilitation of public funds for arts projects	9.0	9.0	9.0	5.4	60.0%	0.0	-5.4	0.0%
	Polokwane Performing Arts Centre - Incubator: Building, maintenance and upgrading of infrastructure for performing arts projects	20.0	20.0	20.0	0.0	0.0%	0.0	0.0	0.0%
	The Market Theatre Foundation: Building, maintenance and upgrading of infrastructure	15.0	15.0	15.0	1.5	10.0%	0.0	-1.5	0.0%
	The Market Theatre Foundation: Operations	46.3	46.3	46.3	34.7	74.8%	0.0	-34.7	0.0%
	The Playhouse Company: Building, maintenance and upgrading of infrastructure	31.9	31.9	31.9	37.1	116.4%	0.0	-37.1	0.0%
	The Playhouse Company: Operations	49.6	49.6	49.6	24.9	50.1%	0.0	-24.9	0.0%
	The South African State Theatre: Building, maintenance and upgrading of infrastructure	5.9	5.9	5.9	41.3	700.4%	0.0	-41.3	0.0%
	The South African State Theatre: Operations	55.5	55.5	55.5	5.9	10.6%	0.0	-5.9	0.0%
	Various Institutions: Building, maintenance and upgrading of infrastructure for performing arts projects	23.1	23.1	23.1	11.9	51.4%	0.0	-11.9	0.0%
	Various Institutions: Mzansi golden economy (Artists in schools): Facilitation of public funds for arts projects	18.0	18.0	18.0	13.4	74.3%	0.0	-13.4	0.0%
	Various Institutions: Mzansi golden economy (Community arts development): Facilitation of public funds for arts projects	8.5	8.5	8.5	5.0	58.7%	0.0	-5.0	0.0%
	Various Institutions: Mzansi golden economy (Cultural events): Facilitation of public funds for arts projects	114.4	114.4	114.4	118.1	103.3%	0.0	-118.1	0.0%

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
3	Various Institutions: Mzansi golden economy (Entrepreneur and local content development): Facilitation of public funds for arts projects	52.5	52.5	52.5	1.2	2.3%	0.0	-1.2	0.0%
	Various Institutions: Mzansi golden economy (Export market development and promotion): Facilitation of public funds for arts projects	7.0	7.0	7.0	3.0	42.1%	0.0	-3.0	0.0%
	Various Institutions: Mzansi golden economy (National Cultural Industries Skills Academy): Facilitation of public funds for arts projects	26.3	26.3	26.3	26.6	101.1%	0.0	-26.6	0.0%
	Various Institutions: Mzansi golden economy (Touring ventures): Facilitation of public funds for arts projects	21.0	21.0	21.0	18.8	89.5%	0.0	-18.8	0.0%
4	African World Heritage Fund: Operations	1.9	1.9	1.9	1.9	100.0%	0.0	-1.9	0.0%
	Blind South Africa: Operations	8.3	8.3	8.3	6.2	75.0%	0.0	-6.2	0.0%
	Community library services grant: Support to resource construction of new library, upgrading old libraries and purchasing library materials	1 423.7	1 423.7	1 423.7	1 116.4	78.4%	0.0	-1 116.4	0.0%
	Die Afrikaanse Taalmuseum en -monument: Paarl: Building, maintenance and upgrading of infrastructure	1.6	1.6	1.6	1.0	62.2%	0.0	-1.0	0.0%
	Die Afrikaanse Taalmuseum en -monument: Paarl: Operations	9.4	9.4	9.4	6.8	72.5%	0.0	-6.8	0.0%
	Ditsong Museums of South Africa: Pretoria: Building, maintenance and upgrading of infrastructure	21.0	21.0	21.0	21.0	100.0%	0.0	-21.0	0.0%
	Ditsong Museums of South Africa: Pretoria: Operations	87.2	87.2	87.2	66.6	76.3%	0.0	-66.6	0.0%
	Engelenburg House Art Collection: Pretoria: Operations	0.4	0.4	0.4	0.3	74.5%	0.0	-0.3	0.0%
	Freedom Park Trust: Operations	84.6	84.6	84.6	63.2	74.7%	0.0	-63.2	0.0%
	Heritage projects: Facilitation of public funds for heritage projects	5.9	5.9	5.9	3.1	52.9%	0.0	-3.1	0.0%
	Iziko Museums: Cape Town: Building, maintenance and upgrading of infrastructure	20.2	20.2	20.2	13.2	65.3%	0.0	-13.2	0.0%
	Iziko Museums: Cape Town: Operations	86.3	86.3	86.3	66.5	77.0%	0.0	-66.5	0.0%
	KwaZulu-Natal Museum: Pietermaritzburg: Building, maintenance and upgrading of infrastructure	4.2	4.2	4.2	1.0	23.8%	0.0	-1.0	0.0%
	KwaZulu-Natal Museum: Pietermaritzburg: Operations	35.2	35.2	35.2	29.0	82.2%	0.0	-29.0	0.0%
	Library and Information Association of South Africa: Hosting of the World Library and Information Congress	2.0	2.0	2.0	1.1	55.0%	0.0	-1.1	0.0%
	Luthuli Museum: Stanger: Operations	14.8	14.8	14.8	11.1	75.1%	0.0	-11.1	0.0%
	National Heritage Council: Operations	68.5	68.5	68.5	54.0	78.9%	0.0	-54.0	0.0%
	National Library of South Africa: Building, maintenance and upgrading of infrastructure	9.6	9.6	9.6	9.6	100.0%	0.0	-9.6	0.0%
	National Library of South Africa: Community libraries	18.5	18.5	18.5	18.5	100.0%	0.0	-18.5	0.0%
	National Library of South Africa: Operations	99.3	99.3	99.3	78.2	78.8%	0.0	-78.2	0.0%
	National Museum: Bloemfontein: Operations	54.3	54.3	54.3	41.6	76.7%	0.0	-41.6	0.0%
	Nelson Mandela Museum: Mthatha: Building, maintenance and upgrading of infrastructure	4.0	4.0	4.0	4.0	100.0%	0.0	-4.0	0.0%
	Nelson Mandela Museum: Mthatha: Operations	27.1	27.1	27.1	20.6	75.9%	0.0	-20.6	0.0%
	Robben Island Museum: Cape Town: Building, maintenance and upgrading of infrastructure	43.3	43.3	43.3	34.9	80.6%	0.0	-34.9	0.0%
	Robben Island Museum: Cape Town: Operations	80.5	80.5	80.5	60.6	75.3%	0.0	-60.6	0.0%
	South African Heritage Resources Agency: Operations	55.7	55.7	55.7	41.5	74.5%	0.0	-41.5	0.0%
	South African Library for the Blind: Building, maintenance and upgrading of infrastructure	12.3	12.3	12.3	0.0	0.0%	0.0	0.0	0.0%
	South African Library for the Blind: Operations	22.3	22.3	22.3	17.2	76.8%	0.0	-17.2	0.0%
	The National English Literary Museum: Grahamstown: Building, maintenance and upgrading of infrastructure	4.1	4.1	4.1	3.0	73.2%	0.0	-3.0	0.0%
	The National English Literary Museum: Grahamstown: Operations	11.5	11.5	11.5	8.1	70.4%	0.0	-8.1	0.0%
	Various institutions: Heritage Projects: Facilitation of public funds	3.6	3.6	3.6	0.9	25.3%	0.0	-0.9	0.0%
	Voortrekker Museum: Pietermaritzburg: Operations	18.3	18.3	18.3	13.6	74.3%	0.0	-13.6	0.0%
	War Museum of the Boer Republics: Bloemfontein: Operations	12.7	12.7	12.7	9.1	71.3%	0.0	-9.1	0.0%
	William Humphreys Art Gallery: Kimberley: Building, maintenance and upgrading of infrastructure	4.1	4.1	4.1	7.7	186.8%	0.0	-7.7	0.0%
	William Humphreys Art Gallery: Kimberley: Operations	10.4	10.4	10.4	0.0	0.0%	0.0	0.0	0.0%
Total		**3 498.7**	**3 498.2**	**3 498.7**	**2 612.0**	**74.7%**	**0.0**	**-2 612.0**	**0.0%**

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Human Settlements

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	442.7	439.8	429.9	298.7	69.5%	305.8	7.1	2.3%
2	Human Settlements Policy, Strategy and Planning	89.8	92.7	96.6	68.1	70.5%	64.2	-4.0	-6.2%
3	Human Settlements Delivery Support	246.0	246.0	250.3	113.4	45.3%	149.0	35.7	23.9%
4	Housing Development Finance	31 577.3	31 677.4	31 679.0	21 883.8	69.1%	21 710.0	-173.9	-0.8%
Total		**32 355.7**	**32 455.8**	**32 455.8**	**22 364.0**	**68.9%**	**22 229.0**	**-135.0**	**-0.6%**
Economic Classification									
Current payments		**787.6**	**776.4**	**774.1**	**482.6**	**62.3%**	**515.3**	**32.7**	**6.3%**
Compensation of Employees		376.9	376.9	376.9	258.8	68.7%	268.6	9.8	3.7%
Goods and services		410.7	399.5	397.2	223.8	56.3%	246.6	22.8	9.3%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**31 482.1**	**31 585.5**	**31 585.8**	**21 796.0**	**69.0%**	**21 626.1**	**-169.9**	**-0.8%**
Payments for capital assets		**6.0**	**13.8**	**15.8**	**5.3**	**33.6%**	**7.5**	**2.2**	**29.7%**
Payments for Financial Assets		**80.0**	**80.2**	**80.2**	**80.1**	**100.0%**	**80.1**	**0.0**	**0.0%**
Total		**32 355.7**	**32 455.8**	**32 455.8**	**22 364.0**	**68.9%**	**22 229.0**	**-135.0**	**-0.6%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

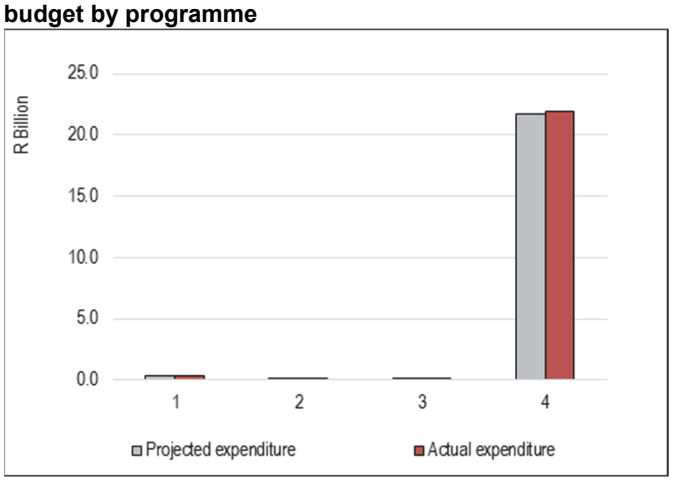


Figure 2 – Comparison of expenditure with available budget by economic classification

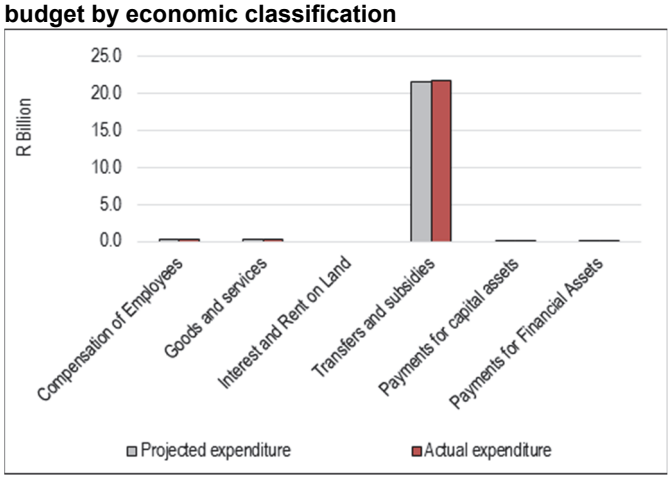
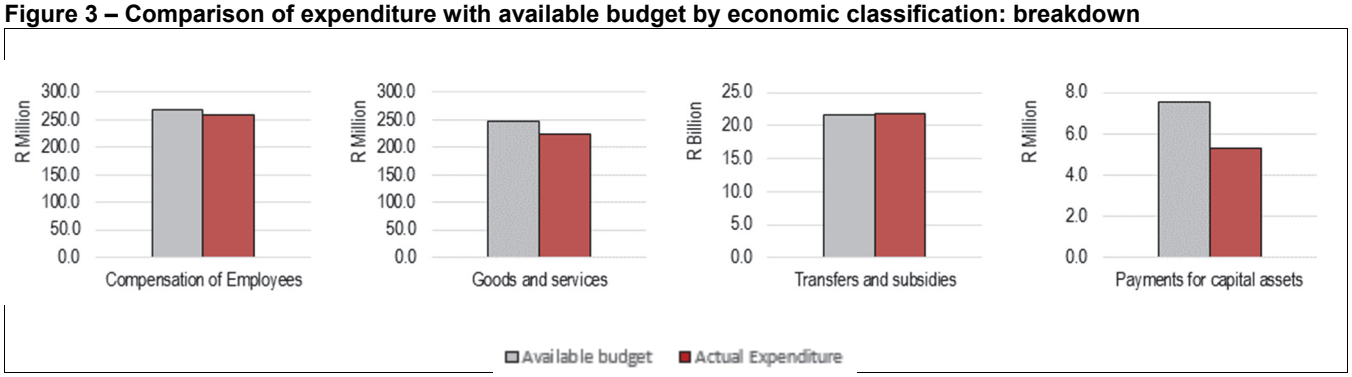


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Total expenditure as at the end of the third quarter of 2018/19 is R22.4 billion against the adjusted budget of R32.5 billion. Spending at the end of the 3rd quarter is R135.0 million or 0.6 per cent higher than projected.

Programme 1: Administration: expenditure for the third quarter is R298.7 million against a projection of R305.8 million. This represents a variance of R7.1 million or 2.3 per cent, mainly due to lower than

anticipated spending on compensation of employees that results from lower staff remuneration costs. The programme's headcount has decreased by 32 from 382 employees on 1 April 2018 to 350 employees as at 31 December 2018.

Programme 2: Human Settlements Policy, Strategy and Planning: expenditure for the third quarter is R68.1 million against a projection of R64.2 million. This is R4.0 million or 6.2 per cent higher than projected expenditure for the third quarter. This is due to higher than expected expenditure on various goods and services items such as travel and subsistence and venues and facilities related to various conferences and events held such as the Women Indaba and the Govan Mbeki Awards.

Programme 3: Programme Delivery Support: expenditure for the third quarter is R113.4 million against a projection of R149.0 million. This represents a variance of R35.7 million or 23.9 per cent largely due to slower than projected spending on computer services for the Housing Subsidy System, , on consultants for the National Upgrading Support Programme and the title deeds restoration programme.

Programme 4: Housing Development Finance: expenditure for the third quarter is R21.9 billion against a projection of R21.7 billion. This represents a variance of R173.9 million and it is 0.8 per cent higher than projected expenditure for the quarter mainly due to higher than anticipated transfers to the following public entities: Community Schemes Ombud Service and the Social Housing Regulatory Authority. The additional transfer of R6.1 million to the Community Schemes Ombud Service was scheduled for January 2019 however, payment was expedited as a response to the entity's operational funding shortfalls. The department transferred R164.0 million more than the 9-month projections for the consolidated capital grant and the institutional investment grant to the Social Housing Regulatory Authority. Another contributing factor to this variance is the expenditure incurred against the municipal portion of the emergency housing grant. An amount of R4.0 million was transferred to Bitou Local Municipality for the provision of temporary shelter in response to a fire disaster outbreak.

Virements

- National Treasury approved the shift of R2.9 million from various non-core goods and services in the Administration programme to fund membership fees for the Cities Alliance and the United Nations Human Settlements Programme.

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	223.8	223.8	152.5	159.3	6.8	403	350	-53	-32
2	Human Settlements Policy, Strategy and Planning	61.5	61.5	44.9	45.4	0.5	77	76	-1	-2
3	Human Settlements Delivery Support	72.0	72.0	46.6	49.6	3.0	99	87	-12	0
4	Housing Development Finance	19.7	19.7	14.8	14.4	-0.4	27	27	0	-1
Total		**376.9**	**376.9**	**258.8**	**268.6**	**9.8**	**606**	**540**	**-66**	**-35**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	6.0	30	30	0	0
4	7.1	30	28	-2	0
5	13.4	50	51	1	-4
6	14.3	44	22	-22	-17
7	31.0	81	77	-4	-3
8	19.8	43	36	-7	-4
9	47.5	90	74	-16	-6
10	14.6	22	20	-2	-3
11	62.0	80	78	-2	-2
12	40.0	40	37	-3	7
13	62.1	57	50	-7	-4
14	32.4	25	19	-6	-1
15	11.8	7	5	-2	-4
16	10.3	5	6	1	-1
Other	4.6	2	7	5	7
Total	**376.9**	**606**	**540**	**-66**	**-35**

The department's expenditure on compensation of employees amounts to R258.8 million or 68.7 per cent of the total personnel budget. Third quarter spending resulted in a variance of R9.8 million or 3.7 per cent lower than projected expenditure resulting from a decrease of 35 employees in the department's staff compliment from 575 employees on 1 April 2018 to 540 employees as at 31 December 2018.

At the end of quarter three, the departments staff compliment comprised of 350 employees in the Administration programme; 76 in the Human Settlements Policy, Strategy and Planning programme; 87 in the Human Settlements Delivery Support programme and 27 in the Housing Development Finance programme.

Issues for the committee to note

Expenditure outcomes on conditional grants:

Human Settlements Development Grant

Over the first 9 months of 2018/19, the national department of Human Settlements has transferred R14.1 billion to provinces. Compared against the adjusted appropriation of R18.3 billion, this spending represents 77.0 per cent. Provinces have spent R13.0 billion or 92.4 per cent of the transferred budget. This spending outcome reflects an overall improved spending trend as 8 of the 9 provinces have spent 72 per cent and above with the exception of the Northern Cape which only spent 59 per cent of transferred funds. The Eastern Cape, Free State, KwaZulu Natal, Mpumalanga and Western Cape have spent their entire allocations thus far. Non-financial performance information for the third quarter is not yet available.

Urban Settlements Development Grant

As at 31 December 2018, a total of R6.6 billion has been transferred to metropolitan cities in respect of the Urban Settlements Development Grant. The second tranche of the grant was transferred in November 2018 amounting to R4.3 billion. Cities have spent a total of R2.9 billion, or 43.4 per cent against total transferred funds of R6.6 billion, with Buffalo City and Nelson Mandela Bay being the top spenders against transferred funds, whereas the cities of eThekwini and Ekurhuleni are the lowest spenders. As at the reporting date, non-financial performance information is not yet available.

Title Deeds Restoration Grant

Total transfers as at 31 December 2018 amount to R357.0 million, representing 68.8 per cent of the adjusted appropriation. Provinces have in turn spent a total of R173.9 million or 33.5 per cent of annual allocation. As at the reporting date, non-financial performance information is not yet available.

Provincial and Municipal Emergency Grants

As at 31 December 2018, no funds have been released from the provincial emergency grant. However, in November 2018, R4.0 million was transferred from the municipal emergency grant to fund the provision of temporary shelter in response to a fire disaster outbreak.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Gifts and donations: Retirement Gifts	0.1	0.1	0.1	0.1	100.0%	0.1	0.0	0.0%
2	Habitat Foundation: Membership fees	1.3	4.2	4.2	4.2	100.0%	4.2	0.0	0.0%
3	Bursaries for non-employees: Housing studies scholarship programme	6.9	6.9	6.9	4.5	65.5%	4.5	0.0	0.0%
	Nelson Mandela Metropolitan University	3.5	3.5	3.5	0.0	0.0%	3.5	3.5	100.0%
4	Community Schemes Ombud Services: Operations	31.1	31.1	31.1	31.1	100.0%	25.0	-6.1	-24.4%
	Housing Development Agency: Operations	222.2	222.2	222.2	222.2	100.0%	222.2	0.0	0.0%
	Human Settlements Development Grant	18 166.5	18 266.6	18 266.6	14 069.0	77.0%	14 067.6	-1.4	0.0%
	Municipal Emergency Housing Grant	140.0	140.0	140.0	4.0	2.8%	0.0	-4.0	0.0%
	National Housing Finance Corporation	80.0	80.0	80.0	80.0	100.0%	80.0	0.0	0.0%
	Provincial Emergency Housing Grant	260.0	260.0	260.0	0.0	0.0%	0.0	0.0	0.0%
	Social Housing Regulatory Authority: Consolidated Capital Grant	743.6	743.6	743.6	405.2	54.5%	247.9	-157.3	-63.5%
	Social Housing Regulatory Authority: Institutional Investment	20.1	20.1	20.1	20.1	100.0%	13.4	-6.7	-50.0%
	Social Housing Regulatory Authority: Operations	52.0	52.0	52.0	52.0	100.0%	52.0	0.0	0.0%
	Social Housing Regulatory Authority: Regulations	10.0	10.0	10.0	10.0	100.0%	10.0	0.0	0.0%
	Title Deeds Restoration Grant	518.7	518.7	518.7	357.0	68.8%	358.4	1.4	0.4%
	Urban Settlements Development Grant	11 306.1	11 306.1	11 306.1	6 614.5	58.5%	6 614.5	0.0	0.0%
Total		**31 562.1**	**31 665.2**	**31 665.2**	**21 873.9**	**69.1%**	**21 703.3**	**-170.6**	**-0.8%**

Vote 39

Rural Development and Land Reform

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	1 825.4	1 877.9	1 877.9	1 376.1	73.3%	1 333.5	-42.6	-3.2%
2	National Geomatics Management Services	690.4	657.7	657.7	462.9	70.4%	471.9	9.0	1.9%
3	Rural Development	1 814.5	1 787.2	1 787.2	1 150.1	64.4%	1 172.3	22.1	1.9%
4	Restitution	3 371.0	3 359.3	3 359.3	2 199.9	65.5%	2 301.0	101.1	4.4%
5	Land Reform	2 723.9	2 743.1	2 743.1	1 470.5	53.6%	1 597.1	126.7	7.9%
Total		**10 425.2**	**10 425.2**	**10 425.2**	**6 659.5**	**63.9%**	**6 875.8**	**216.3**	**3.1%**
Economic Classification									
Current payments		**4 061.3**	**3 872.5**	**3 872.5**	**2 795.5**	**72.2%**	**2 770.2**	**-25.4**	**-0.9%**
Compensation of Employees		2 325.6	2 325.6	2 325.6	1 671.8	71.9%	1 703.7	31.9	1.9%
Goods and services		1 735.7	1 546.9	1 546.9	1 122.9	72.6%	1 065.7	-57.1	-5.4%
Interest and Rent on Land		0.0	0.1	0.1	0.8	1680.3%	0.7	-0.1	-14.2%
Transfers and subsidies		**6 339.0**	**6 248.4**	**6 248.4**	**3 618.1**	**57.9%**	**3 894.8**	**276.7**	**7.1%**
Payments for capital assets		**25.0**	**304.4**	**304.4**	**244.2**	**80.2%**	**209.2**	**-35.0**	**-16.7%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**1.8**		**1.8**	**0.0**	**0.0%**
Total		**10 425.2**	**10 425.2**	**10 425.2**	**6 659.5**	**63.9%**	**6 875.8**	**216.3**	**3.1%**

Expenditure Analysis

Figure 1 – Comparison of expenditure with available budget by programme

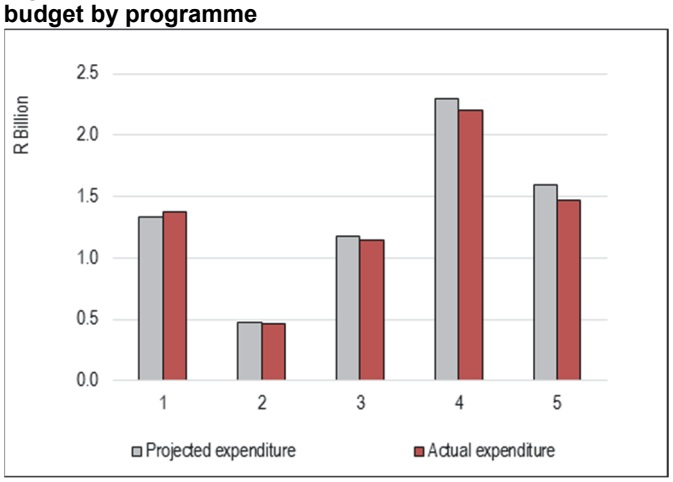


Figure 2 – Comparison of expenditure with available budget by economic classification

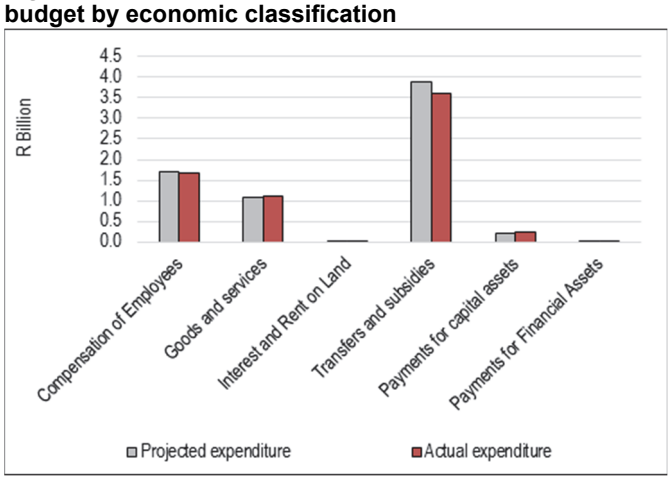
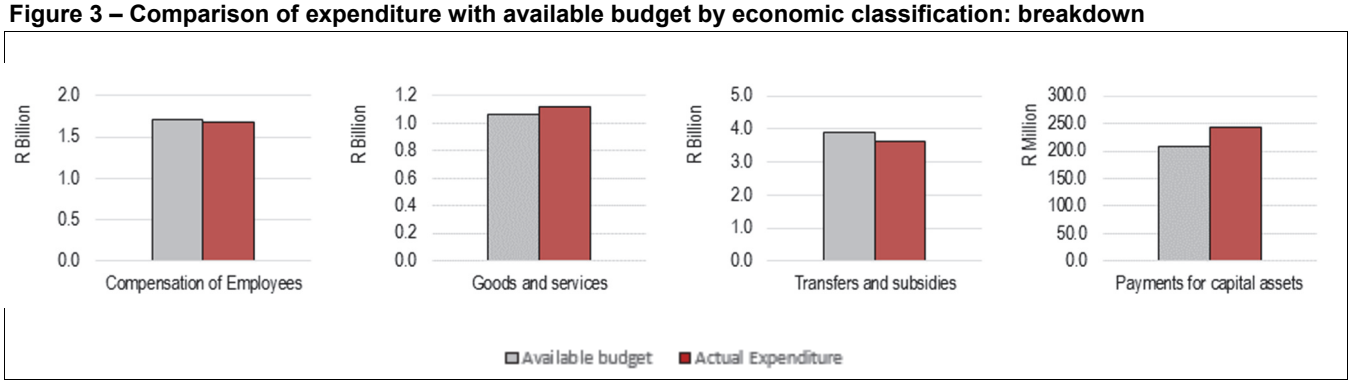


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



The Department of Rural Development and Land Reform (Department) has spent R6.7 billion or 63.9 per cent of its total available budget of R10.4 billion, after projecting to spend R6.8 billion or 65.9 per cent of its allocated budget by the end of December 2018. This equates to slower spending of R216.3 million or 3.1

per cent, driven mainly by under spending on Restitution programme (4.4 per cent), and Land reform programme (7.9 per cent).

Programme 1: Administration: Spending was R1.37 billion, higher than projected spending of R1.33 billion at the end of 2018/19 third quarter, indicating higher than expected expenditure of 3.2 per cent or R42.6 million. Contributing to the overspending is the payment of R37.3 million during the third quarter made to Wilson Bayly Holmes Ovcon for construction of the department's new office building (through public private partnership) which as originally expected to be paid in February 2019.

Programme 2: National Geomatics Management Services: Spending was R462.9 million, which was R9 million or 1.9 per cent lower than the projected spending of R471.9 million by the end of third quarter of 2018/19. Lower spending was mainly driven by the programme's high vacancy rate of 16.7 per cent and delayed submission of business case by the ICT Business Analyst for Development of an Online Application for SACPLAN registration submission and registration tracking system.

Programme 3: Rural Development: Spending was R1.15 billion, which was R22.1 million or 1.9 per cent lower than projected by end of December 2018. The underspending was due to high vacancy rate of 7.5 per cent and delay in spending on Rural Development Infrastructure projects such as construction of irrigation schemes and drilling of boreholes, due to delayed procurement processes.

Programme 4: Restitution: At the end of December 2018 the programme had spent R2.19 billion of the projected R2.3 billion. The 4.4 per cent (R101.1 million) underspending was a result of delayed finalisation of research reports caused by complexity of some restitution claims.

Programme 5: Land Reform: Total spending was R1.47 billion, compared to the projected spending of R1.59 billion at the end of 2018/19 third quarter, indicating lower than expected spending of 7.9 per cent equivalent to R126.7 million. The underspending was mainly due to delayed transfer of quarterly funding totalling R366.8 million to the Agricultural Land Holding Account entity and Office of the Valuer-General

Virements

Treasury approval has been granted to the department to institute a new transfer payment to the Land Bank by reprioritising an amount of R500 million within programme 4: Restitution from transfers and subsidies: Households to transfers and subsidies: Public Corporations and R150 million within programme 5: Land Reform: transfers and subsidies: Households to transfers and subsidies: Public Corporations.

Furthermore, through the Adjusted Appropriation Act 2018, approval has been granted to the department to reduce Rural *Enterprise and Industrial Development:* Other transfers to household and increase *National Rural Youth Services Corps:* Other transfers to household by R52 million.

Personnel

The department has a funded establishment of 4 467 posts (of which 4 397 are filled positions, 70 vacant positions) as at 31 December 2018. The department was allocated a total amount of R2.32 billion for compensation of employees in 2018/19. As at the end of December 2018, the department had spent R1.67 billion, representing an under spending of R31.9 million against projected spending of R1.7 billion. The under spending was mainly because of the vacancy rate of 1.5 per cent in National Geomatics Management Services and Rural Development programmes.

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	785.5	793.5	571.9	587.9	16.0	1 521	1 705	184	56
2	National Geomatics Management Services	516.4	473.5	345.5	360.2	14.7	1 072	893	-179	-38
3	Rural Development	296.6	304.4	215.7	219.5	3.8	496	459	-37	-7
4	Restitution	369.0	371.6	273.3	270.8	-2.5	745	714	-31	-2
5	Land Reform	358.0	382.5	265.3	265.2	-0.1	633	626	-7	10
Total		**2 325.6**	**2 325.6**	**1 671.8**	**1 703.7**	**31.9**	**4 467**	**4 397**	**-70**	**19**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	11.6	56	46	-10	-5
4	12.9	59	56	-3	-1
5	165.4	567	209	-358	-1
6	148.8	470	664	194	-9
7	249.1	659	611	-48	-11
8	357.6	808	879	71	-4
9	168.4	316	230	-86	17
10	316.4	515	495	-20	-113
11	233.6	320	307	-13	104
12	310.9	383	356	-27	18
13	238.2	225	197	-28	14
14	89.3	70	60	-10	-7
15	15.3	10	8	-2	-1
16	0.0	0	3	3	1
Other	8.3	9	276	267	17
Total	**2 325.6**	**4 467**	**4 397**	**-70**	**19**

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Employee social benefits: Leave gratuities	0.2	0.2	0.2	0.6	353.0%	1.0	0.4	43.2%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	50.0%	0.0	0.0	5.3%
2	Bursaries for non-employees: Cadastral science, surveys and mapping - related studies	26.8	26.8	26.8	11.9	44.2%	13.7	1.9	13.6%
	Employee social benefits: Leave gratuities	0.4	0.4	0.4	0.4	90.8%	0.3	-0.1	-21.8%
	Regional centre for mapping of resources for development: Operations	1.7	1.7	1.7	2.2	124.0%	2.2	0.0	0.0%
	Registration of deeds trading account: Operations	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	South African Council for Planners: Membership fee	3.7	3.7	3.7	1.8	50.0%	1.8	0.0	0.0%
	South African Geomatics Council: Operations	3.9	3.9	3.9	0.9	23.7%	0.9	0.0	0.0%
	Vehicle licences: Licence fees paid to municipalities	0.0	0.0	0.0	0.0	57.1%	0.0	0.0	-14.3%
3	National Rural Youth Services Corps: Stipends	273.0	273.0	273.0	264.2	96.8%	250.2	-14.1	-5.6%
	Rural Enterprise and Industrial Development: Building, maintenance and upgrading of infrastructure	313.8	313.8	313.8	214.8	68.5%	203.7	-11.2	-5.5%
	Rural Infrastructure Development: Building, maintenance and upgrading of infrastructure	823.1	823.1	823.1	377.1	45.8%	428.7	51.6	12.0%
4	Employee social benefits: Leave gratuities	0.3	0.3	0.3	0.1	24.1%	0.1	0.0	35.0%
	Land reform empowerment facility: Land management support to land reform beneficiaries	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Municipal rates and taxes: Rates and Taxes paid to municipalities	5.8	5.8	5.8	3.6	62.8%	4.1	0.4	10.8%
	Restitution grants: Land claims settlements	2 762.9	2 762.9	2 762.9	1 748.1	63.3%	1 821.2	73.1	4.0%
	Vehicle licences: Licence fees paid to municipalities	0.2	0.2	0.2	0.5	198.8%	0.1	-0.4	-389.9%
5	Agricultural land holdings account: Land acquisition	1 326.5	1 326.5	1 326.5	663.2	50.0%	994.8	331.6	33.3%
	Employee social benefits: Leave gratuities	0.1	0.1	0.1	0.1	62.1%	0.1	0.1	48.6%
	KwaZulu-Natal Ingonyama Trust Board: Land management support to communities on communal land	20.3	20.3	20.3	19.6	96.4%	-248.7	-268.3	107.9%
	Land reform empowerment facility: Land management support to land reform beneficiaries	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
	Land reform grants: Land redistribution payments	472.0	472.0	472.0	111.3	23.6%	175.9	64.6	36.7%
	Land reform grants: Land tenure payments	96.3	96.3	96.3	27.4	28.5%	15.5	-12.0	-77.2%
	Municipal rates and taxes: State owned farms	66.7	66.7	66.7	99.8	149.6%	59.0	-40.8	-69.1%
	Office of the Valuer-General: Operations	141.1	141.1	141.1	35.3	25.0%	105.8	70.6	66.7%
Total		**6 339.0**	**6 339.0**	**6 339.0**	**3 583.0**	**56.5%**	**3 830.6**	**247.6**	**6.5%**

Vote 40

Sport and Recreation South Africa

Budget and expenditure summary

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme									
1	Administration	142.3	125.3	125.3	94.5	75.4%	93.5	-0.9	-1.0%
2	Active Nation	696.8	717.3	717.3	578.3	80.6%	563.5	-14.8	-2.6%
3	Winning Nation	79.8	69.8	69.8	63.9	91.6%	55.3	-8.6	-15.6%
4	Sport Support	158.1	166.6	166.6	139.8	83.9%	158.2	18.4	11.7%
5	Sport Infrastructure Support	13.8	11.8	11.8	5.4	45.9%	5.9	0.5	8.8%
Total		**1 090.8**	**1 090.8**	**1 090.8**	**881.8**	**80.8%**	**876.4**	**-5.4**	**-0.6%**
Economic Classification									
Current payments		**278.6**	**281.6**	**281.6**	**231.4**	**82.2%**	**202.6**	**-28.8**	**-14.2%**
Compensation of Employees		111.5	111.5	111.5	75.5	67.7%	77.5	2.0	2.6%
Goods and services		167.0	170.0	170.0	155.9	91.7%	125.1	-30.8	-24.7%
Interest and Rent on Land		0.0	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies		**809.8**	**806.8**	**806.8**	**648.8**	**80.4%**	**672.2**	**23.4**	**3.5%**
Payments for capital assets		**2.4**	**2.4**	**2.4**	**1.6**	**67.9%**	**1.6**	**0.0**	**-0.9%**
Payments for Financial Assets		**0.0**	**0.0**	**0.0**	**0.0**		**0.0**	**0.0**	**0.0%**
Total		**1 090.8**	**1 090.8**	**1 090.8**	**881.8**	**80.8%**	**876.4**	**-5.4**	**-0.6%**

Expenditure Analysis

By the end of December, the Department of Sport and Recreation South Africa (SRSA) had spent R881.8 million or 80.8 per cent of the total budget for the financial year, which is R5.4 million more than they had projected to spend. The higher than projected spending is mainly under goods and services in programmes 2 and 3, but this is off-set by lower than projected spending in programme 4 under transfers and subsidies.

Figure 1 – Comparison of expenditure with available budget by programme

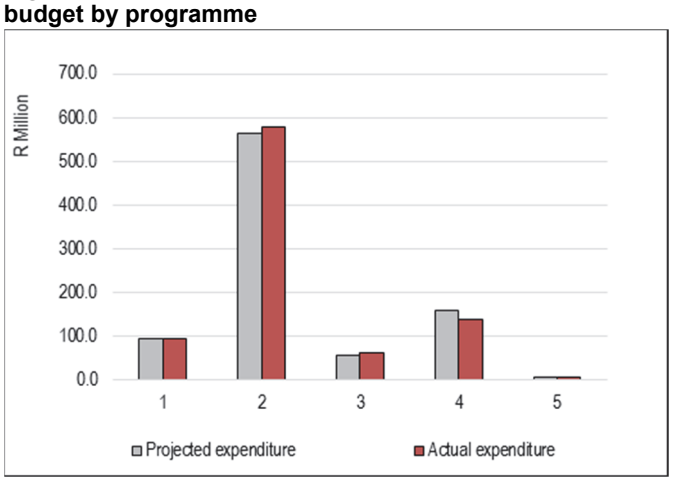


Figure 2 – Comparison of expenditure with available budget by economic classification

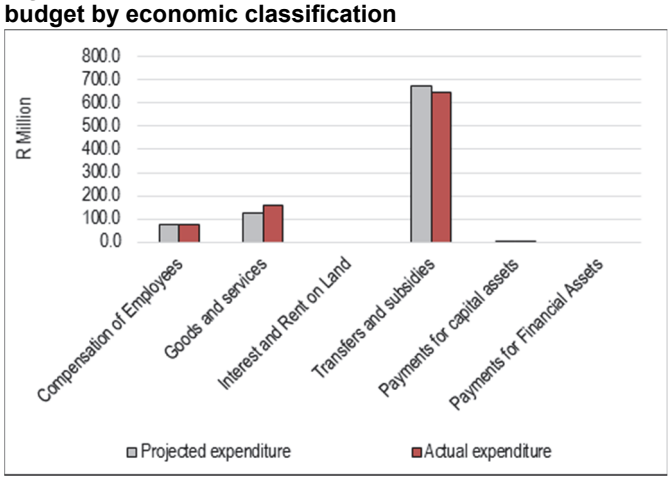
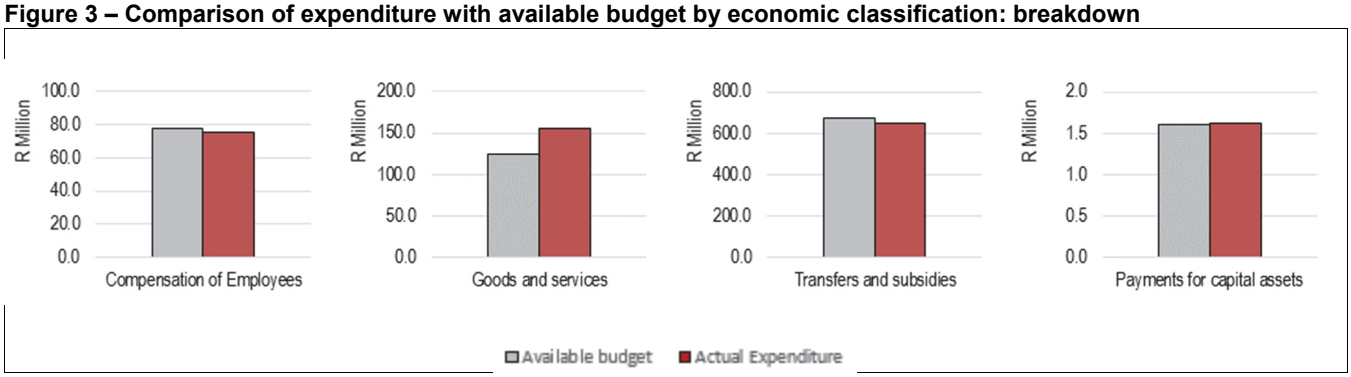


Figure 3 – Comparison of expenditure with available budget by economic classification: breakdown



Programme 1: Administration: Expenditure under this programme is higher by R900 000 or 1.0 per cent, mainly in line with projections to spend.

Programme 2: Active Nation has spent R14.8 million, or 2.6 per cent more than projected. The higher than expected expenditure was mainly for contractors under goods and services due to the increased participation at the Ministerial Outreach programmes, Indigenous Games, National Recreation Day and the Big Walk.

Programme 3: Winning Nation has spent R8.6 million or 15.6 per cent more than projected. The variance is under goods and services for contractors, mainly because invoices for the South African Sports Awards were paid in quarter 3 rather than in January 2019 as projected.

Programme 4: Sport Support has spent R18.4 million or 11.7 per cent lower than projected. The variance is under transfers to the sport federations, due to the non-compliance of the federations to submit the required documentation (e.g. financial statements). Most of the federations should submit these financial statements which will facilitate the transfer of funds to the federations in the fourth quarter.

Programme 5: Sport Infrastructure Support has spent R500 000 or 8.8 per cent lower than projected. This variance is mainly under compensation of employees. The department is in the process of filling these vacancies. Virements

Personnel

Personnel by Programme

R million		Main Appropriation	Adjusted Appropriation	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme										
1	Administration	80.6	77.6	54.7	55.6	0.9	115	105	-10	-1
2	Active Nation	8.3	11.3	7.4	7.8	0.5	15	17	2	-3
3	Winning Nation	3.7	3.7	2.6	2.5	-0.1	12	6	-6	0
4	Sport Support	13.7	13.7	8.0	8.5	0.5	19	18	-1	0
5	Sport Infrastructure Support	5.2	5.2	2.7	3.0	0.3	9	5	-4	0
Total		**111.5**	**111.5**	**75.5**	**77.5**	**2.0**	**170**	**151**	**-19**	**-4**

Personnel by Salary Level

Salary Level	Main Appropriation	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
1	0.0	0	0	0	0
2	0.0	0	0	0	0
3	0.0	0	0	0	0
4	0.0	0	0	0	0
5	9.7	34	30	-4	-2
6	1.0	3	3	0	0
7	9.4	27	21	-6	0
8	4.2	10	9	-1	-1
9	14.0	25	22	-3	-1
10	7.2	11	11	0	-1
11	18.5	23	22	-1	-1
12	7.7	8	6	-2	0
13	22.4	21	17	-4	0
14	6.7	4	5	1	1
15	2.6	1	1	0	0
16	2.8	1	3	2	0
Other	5.3	2	1	-1	1
Total	**111.5**	**170**	**151**	**-19**	**-4**

The department projected to spend R77.5 million by the 3rd quarter and have spent R75.5 million. The department is in the process of filling vacant positions.

Specifically Appropriated Items

R million		Main Appropriation	Adjusted Appropriation	Available Budget	Q3 Actual expenditure	Expenditure as % of Available Budget	Q3 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Prog	**Item**								
1	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority: Operations	0.1	0.1	0.1	0.0	30.4%	0.0	0.0	0.0%
2	loveLife: HIV and AIDS awareness through sport programmes	42.8	42.8	42.8	32.1	75.0%	32.1	0.0	0.0%
	Mass participation and sport development grant: Mass Participation and Sport Development Conditional Grant	587.4	587.4	587.4	464.4	79.1%	464.4	0.0	0.0%
3	Bursaries for non-employees: Ministerial Sport Bursary Programme	6.7	9.7	9.7	3.0	30.3%	2.6	-0.4	-15.3%
	South African Institute for Drug-Free Sport: Operations	24.3	24.3	24.3	24.3	100.0%	24.3	0.0	0.0%
	South African Sports Confederation and Olympic Committee: Support for athletes	10.4	10.4	10.4	10.4	100.0%	10.4	0.0	0.0%
4	Boxing South Africa: Operations	12.3	12.3	12.3	12.3	100.0%	12.3	0.0	0.0%
	The Sports Trust: Sport development projects	22.6	22.6	22.6	22.6	100.0%	22.6	0.0	0.0%
	Various sport federations: Operations	103.2	103.2	103.2	79.3	76.9%	103.2	23.8	23.1%
5	Oversight and support for sport infrastructure projects in municipalities	10.0	10.0	10.0	6.4	64.1%	6.4	0.0	0.0%
Total		**819.8**	**822.8**	**822.8**	**654.9**	**79.6%**	**678.3**	**23.4**	**3.5%**