

NATIONAL TREASURY IN YEAR PERFORMANCE REPORT 2019/20

BRIEFING TO THE STANDING COMMITTEE ON FINANCE

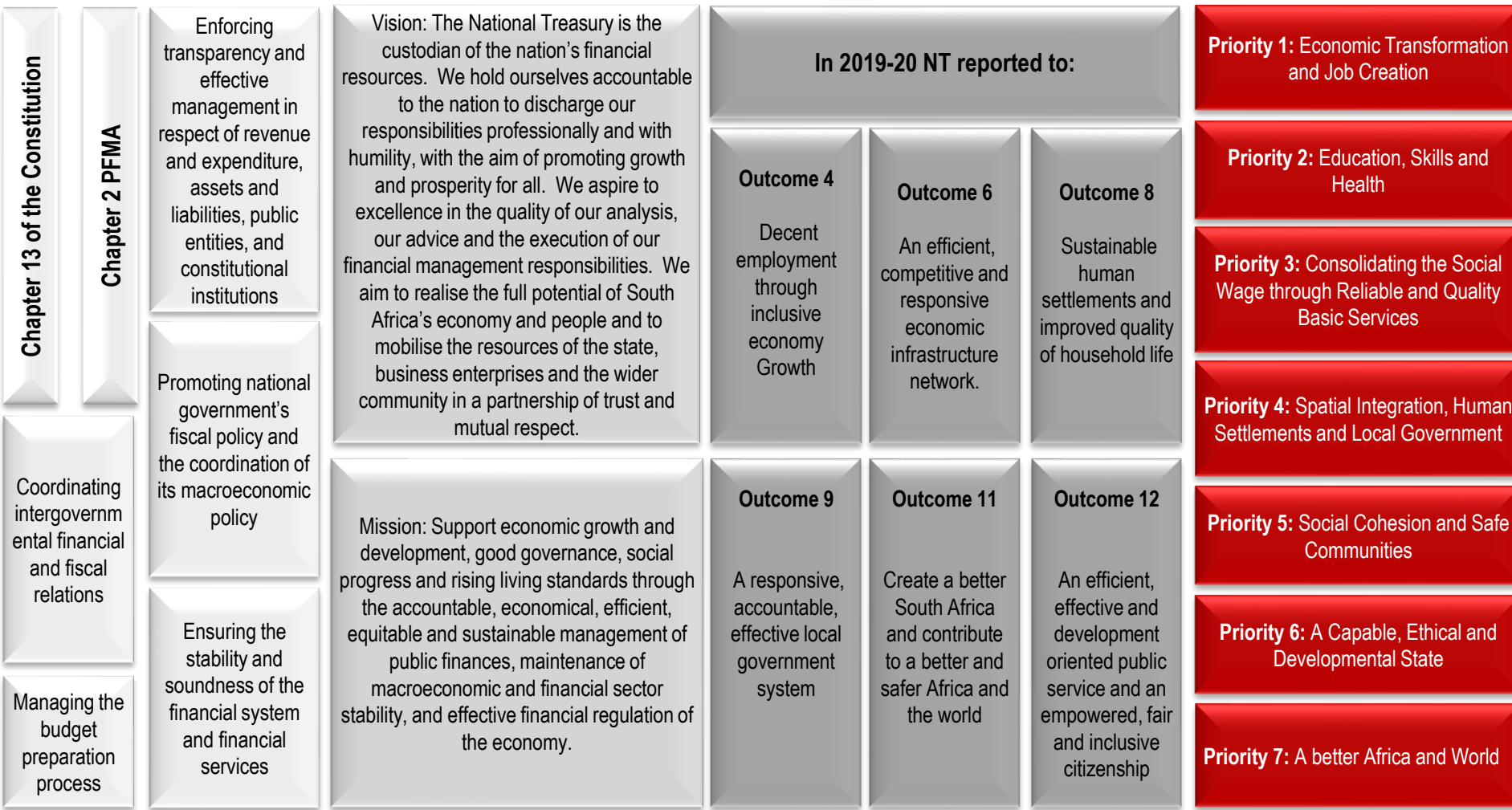
6 OCTOBER 2020



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

NATIONAL TREASURY (NT) MANDATE CONTRIBUTING TO OUTCOMES AND GOVERNMENT PRIORITIES



STRUCTURE AND COMPOSITION OF PROGRAMMES

Programme 1: Administration

*Ministry
Office of the DG
Corporate Services*

Programme 2: Economic Policy, Tax, Financial Regulation & Research

*Economic Policy and
Tax and Fin Sec. Policy*

Programme 3: Public Finance and Budget Management

*Public Finance,
Budget Office and
Intergovernmental
Relations*

Programme 4 : Asset and Liability Management

*Asset and Liability
Management*

Programme 5: Financial Accounting and Supply Chain Management Systems

OAG and OCPO

Programme 6: International Financial Relations

*International and
Regional Economic
Policy*

Programme 7: Civil & Military Pensions, Contributions to Funds & Other Benefits

Programme 8: Technical Support & Development Finance

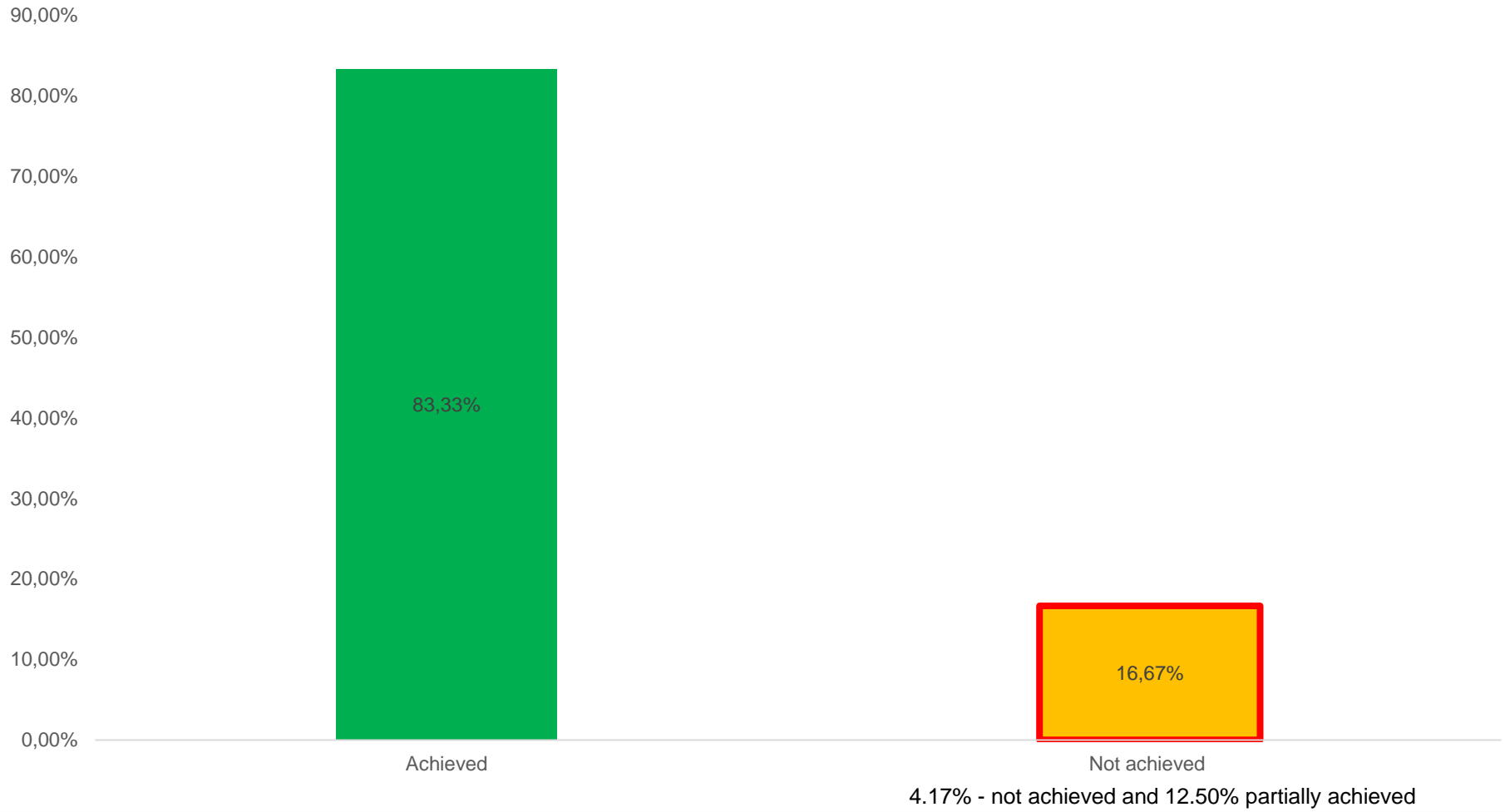
Programme 9: Revenue Administration

Programme 10: Financial Intelligence and State Security

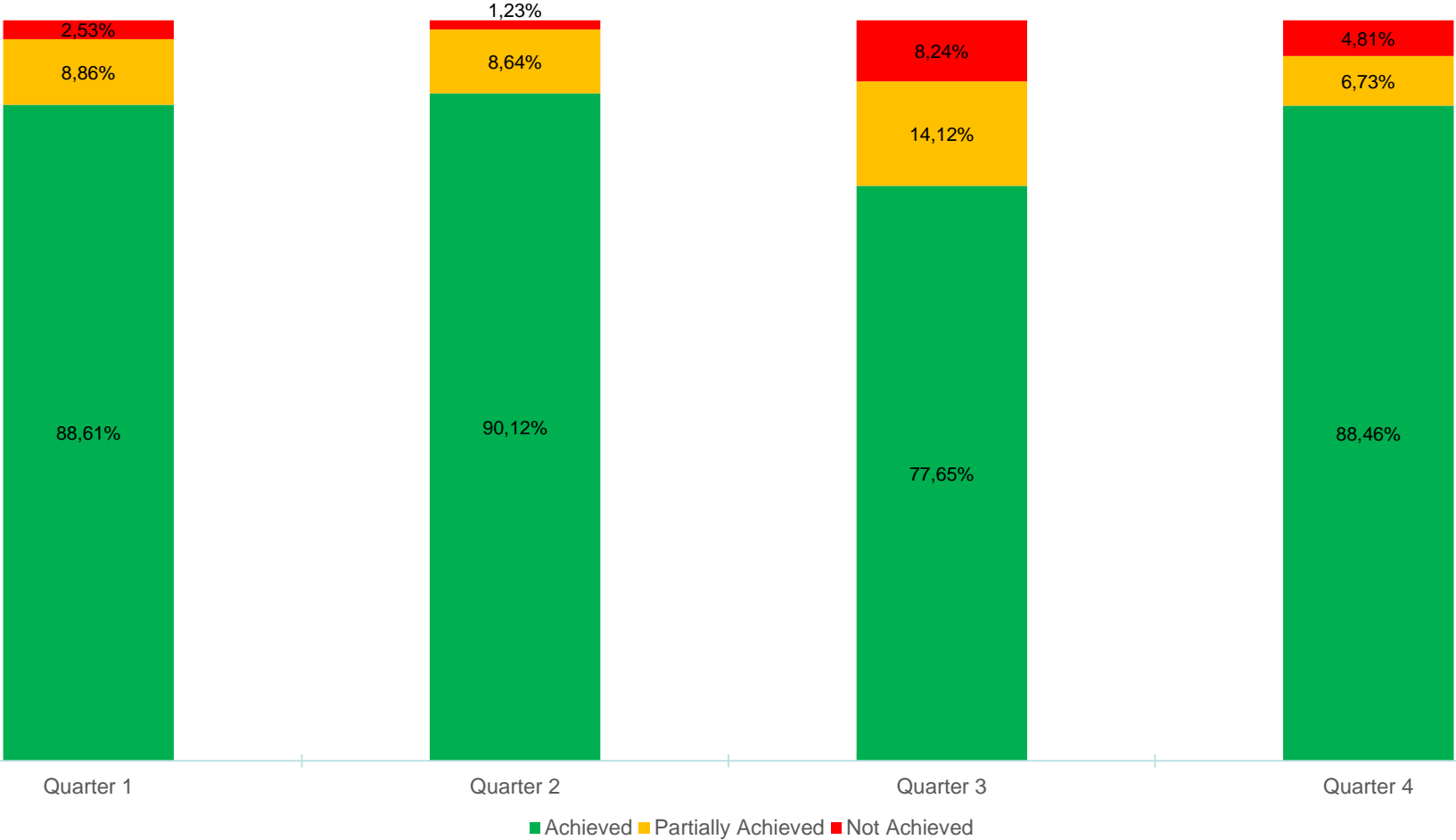
OVERVIEW

- South African economic growth has stubbornly remained below what is needed, the 2019 GDP expanded by only 0.2% (saar) compared to 2018.
- External Pressures: aggregate growth for main trading partners have been revised down, consistently over the last 3 years. Global trade slowed amid trade policy uncertainty and tariffs. Debt levels in developing countries have risen sharply and are projected to grow, limiting possible responses to shocks globally.
- Domestically pressure : poor electricity availability, slowdown in mining and quarrying, contractions in construction and low demand and productivity in manufacturing as a whole
- In contrast consumption expenditure by government grew by 1.5 per cent in 2019. Struggling economy had adverse effect on SA's fiscal position. The main budget deficit projection of 4.7% of GDP for 2019/20 in the 2019 Budget grew to 6.8% of GDP in the 2020 Budget. The contraction in public finances requires prioritisation of spend.
- Government, with social partners, is responding to these challenges by applying measures to tackle structural constraints and stimulate growth, restore investor confidence and public trust, reduce policy uncertainty and lower the cost of doing business. While much remains to be done, progress is being made.
- The in-year quarterly reports on the expenditure of national departments and selected public entities provide insight into the use of public funds thereby improving financial oversight
- Fiscal relations between national, provincial and local spheres of government was coordinated in advancement of sound budgetary planning at provincial and local spheres of government, as well as building capacity that will enable efficient and effective management practices.
- Measures to build a transformed financial sector were further advanced with the development of the necessary Twin Peaks implementation regulations, as well as a comprehensive prudential and market conduct framework for new authorities. Furthermore, efforts continued to operationalise the Financial Sector Regulation Act with the commencement of section chapters and provisions of the Act.
- Investigation capacity was provided to the state on critical and complex forensic investigations relating to public procurement through conducting 50 forensic investigations, 6 specialised performance audit reports produced and 62 criminal investigation cases supported.
- The internship programme currently has 1 600 active municipal interns across the 257 municipalities, the Chartered Accountants Academy has 30 trainee accountants , 10 municipalities with the highest UIFW incurred annually monitored to rectify, 30 municipalities that received disclaimers and adverse opinions supported and 70 monitored to comply with minimum competencies regulations for financial management
- The National Treasury continues to work tirelessly to build partnerships and diligently maintain stakeholder relations to optimise and impact results in change agent programmes such as the Jobs Fund (employment creation facilitation programme), and the Cities Support Programme (CSP).
- The Neighbourhood Development Programme (NDP) provides support to municipalities in spatially targeted areas and funds catalytic projects that contribute to socio-economic transformation and inclusive growth by attracting both public and private sector investment into these precincts.

DRAFT TOTAL ANNUAL PERFORMANCE 2019/20



DEPARTMENTAL - QUARTER ON QUARTER COMPARISON 2019-20



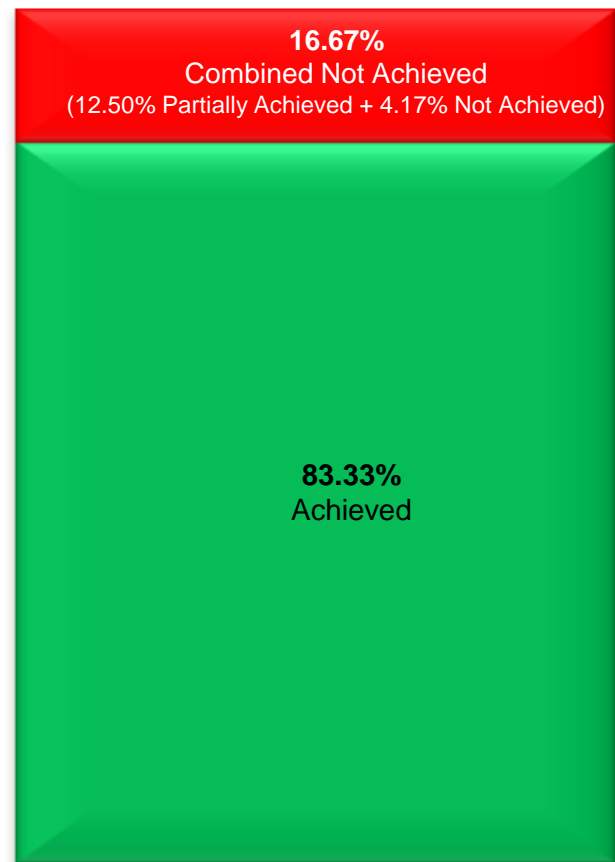
QUARTER ON QUARTER COMPARISON BY PROGRAMME

Programme	Achieved					Partially Achieved					Not Achieved				
	Q1	Q2	Q3	Q4	Draft Annual	Q1	Q2	Q3	Q4	Draft Annual	Q1	Q2	Q3	Q4	Draft Annual
Programme 1- Administration	40.00%	80.00%	100.00%	66.67%	66.67%	60.00%	20.00%	0.00%	33.33%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Programme 2 - Economic Policy, Tax and Financial Sector Policy	100.00%	100.00%	72.73%	91.67%	91.67%	0.00%	0.00%	18.18%	0.00%	0.00%	0.00%	0.00%	9.09%	8.33%	8.33%
Programme 3 - Public Finance and Budget Management	93.33%	94.12%	76.19%	85.19%	85.19%	0.00%	5.88%	14.29%	14.81%	14.81%	6.67%	0.00%	9.52%	0.00%	0.00%
Programme 4 - Asset and Liability Management	92.86%	92.31%	76.92%	92.86%	71.43%	7.14%	7.69%	15.38%	0.00%	21.43%	0.00%	0.00%	7.69%	0.00%	7.14%
Programme 5 - Financial Accounting and Supply Chain Management Systems	86.36%	76.19%	85.00%	87.50%	84.38%	9.09%	19.05%	10.00%	6.25%	6.25%	4.55%	4.76%	5.00%	6.25%	9.38%
Programme 6 - International Financial Relations	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Programme 7 – Civil and Military Pensions, Contributions to Funds and Other Benefits	75.00%	100.00%	100.00%	100.00%	100.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Programme 8 - Technical and Management Support and Development Finance	100.00%	100.00%	33.33%	76.92%	77.78%	0.00%	0.00%	33.33%	15.38%	22.22%	0.00%	0.00%	33.33%	7.69%	0.00
TOTAL	88.61%	90.12%	77.65%	88.46%	83.33%	8.86%	8.64%	14.12%	6.73%	12.50%	2.53%	1.23%	8.24%	4.81%	4.17%

QUARTER ON QUARTER COMPARISON BY DIVISION

Division	Achieved					Partially Achieved					Not Achieved				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Corporate Services	40.00%	80.00%	100.00%	66.67%	66.67%	60.00%	20.00%	0.00%	33.33%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Economic Policy	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax and Financial Sector Policy	100.00%	100.00%	25.00%	75.00%	80.00%	0.00%	0.00%	50.00%	0.00%	0.00%	0.00%	0.00%	25.00%	25.00%	20.00%
Budget Office	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Intergovernmental Relations	80.00%	100.00%	50.00%	100.00%	81.82%	0.00%	0.00%	16.67%	0.00%	18.18%	20.00%	0.00%	33.33%	0.00%	0.00%
Public Finance	100.00%	75.00%	50.00%	50.00%	50.00%	0.00%	25.00%	50.00%	50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset and Liability Management	92.86%	92.31%	76.92%	92.86%	71.43%	7.14%	7.69%	15.38%	0.00%	21.43%	0.00%	0.00%	7.69%	0.00%	7.14%
Office of the Accountant General	100.00%	85.71%	92.31%	86.96%	87.50%	0.00%	7.14%	0.00%	0.00%	0.00%	0.00%	7.14%	7.69%	13.04%	12.50%
Office of the Chief Procurement Officer	57.14%	57.14%	71.43%	71.43%	75.00%	28.57%	42.86%	28.57%	28.57%	25.00%	14.29%	0.00%	0.00%	0.00%	0.00%
International Financial Relations	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Civil and Military Pensions. Contributions to Funds and Other Benefits	75.00%	100.00%	100.00%	100.00%	100.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Technical and Management Support and Development Finance	100.00%	100.00%	33.33%	76.92%	77.78%	0.00%	0.00%	33.33%	15.38%	22.22%	0.00%	0.00%	33.33%	7.69%	0.00%
TOTAL	88.61%	90.12%	77.65%	88.46%	83.33%	8.86%	8.64%	14.12%	6.73%	12.50%	2.53%	1.23%	8.24%	4.81%	4.17%

DRAFT 2019/20 PERFORMANCE ACHIEVED BY TOTAL NUMBER OF INDICATORS



Division	Total number of targets	Achieved	Partially Achieved	Not Achieved
Economic Policy	7	7	0	0
Tax and Financial Sector Policy	5	4	0	1
Budget Office	12	12	0	0
Intergovernmental Relations	11	9	2	0
Public Finance	4	2	2	0
Assets and Liability Management	14	10	3	1
Office of the Accountant General	24	21	0	3
Office of the Chief Procurement Officer	8	6	2	0
International Financial Relations	7	7	0	0
Civil Military Pensions, Contributions to Funds and Other Benefits	4	4	0	0
Technical Support and development finance programme management	18	14	4	0
Administration	6	4	2	0



PROGRAMME 1: ADMINISTRATION

ACHIEVED – 66.67%

10% of the Enterprise Architecture Programme implemented as planned

20% of corporate governance of ICT programme implemented as planned

4 quarterly reports on monitored performance of entities reporting to the Minister of Finance produced

4 quarterly risk implementation assessment reports produced

PARTIALLY ACHIEVED – 33.33%

97% completion of the approved risk based Internal Audit plan, less than the targeted 100%

A saving of 1.8% of the rand value budgeted for paper usage travel and strategic sourcing, less than the targeted 2%

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH

ACHIEVED – 91.67%

50 papers published through Southern Africa – Towards Inclusive Economic Development (SA-TIED) programme

Retirement reform policies developed

Tax and revenue proposals on 2019 Budget Published and revenue estimates for 2019 Medium-Term Budget Policy Statement (MTBPS) updated

Tax legislation submitted for tabling in Parliament

20 economic models maintained and 4 economic forecasts developed

4 economic forecasts developed

100% response to users requests for economic research and policy analysis, and assessments of government policy proposals

100% response to user requests for policy and scenario modelling

100% response to user requests for commentaries on economic data

NOT ACHIEVED – 8.33%

Comprehensive prudential and market conduct framework for new authorities not developed due to substantial revision of the Bill following the invitation of public comments

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

ACHIEVED – 85.19%

100% response to requests for support on governance & financial management monitoring and compliance system in public entities provided

30 capacity building initiatives to facilitate improved planning, budgeting and financial management conducted

4 reports produced on review and implementation of the COLA costing model

4 reports produced on public finance statistics according to function and economic classification

4 quarterly expenditure reports submitted to the Standing Committee on Appropriations

100% of Budget Facility on Infrastructure (BFI) projects evaluated

26 of provincial and municipal budgeting benchmarking exercises held to improve provincial and municipal budget credibility, composition and achievability

5 support initiatives implemented in provinces

26 provincial and municipal mid-year budget and expenditure performance assessment reports produced

PARTIALLY ACHIEVED – 14.81%

35 plans assessed to support infrastructure planning in provinces less than the planned 36

96% responses to departmental requests for PFMA and TR approvals, sectoral analysis and policy advice less than the planned 100%

99.6% of IYM feedback reports provided to departments less than the planned 100%

5 annual municipal routine reports published less than the planned 6

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

ACHIEVED – 71.43%

100% of complete corporate plans received from Schedule 2 and 3B public entities reviewed

100% of annual reports received from Schedule 2 and 3B public entities reviewed

100% of complete guarantee applications received from Schedule 2 and 3B public entities reviewed

100% of complete review requests of borrowing limit applications relating to Schedule 2 and 3B public entities reviewed

100% of government's annual gross borrowing requirement met

100% of interest and redemptions met

100% of government's liquidity requirements met

PARTIALLY ACHIEVED – 21.43%

86% of complete PFMA Section 54(2), 52, 55 and 92 applications received from Schedule 2 and 3B public entities reviewed less than the planned 100% due to greater inter-departmental stakeholder consultations required on the applications received.

7 interactions to manage and ensure effective relations with the credit rating agencies less than the planned 8

60% of complete remuneration review requests of executive and non-executive directors received from Schedule 2 and 3B public entities reporting to the Minister of Finance reviewed less than planned 100% due to consolidation for a comprehensive and comparable view

NOT ACHIEVED - 7.14%

22% of received MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B public entities reviewed less than the planned 100% due to greater inter-departmental stakeholder consultations required

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

ACHIEVED – 84.38%

6 support plans developed for government entities struggling with financial management as identified in audit reports above the planned 5

4 guidelines to assist with the implementation of Treasury Regulations, policies and Treasury Instructions developed

4 monitoring reports on improvement of financial management in national and provincial institutions produced

34 training sessions provided to support PFMA institutions on the implementation of Treasury Regulations, Treasury Instructions and guidelines above the planned 8

50 forensic investigation reports produced above the planned 26

6 specialised audit reports produced above the planned 4

62 criminal investigation cases supported above the planned 30

100% of complete requests to draft financial recovery plans responded to within 90 days of receipt

70 municipalities monitored to comply with minimum competencies regulations for financial management

10 municipalities with the highest UIFW incurred annually monitored to rectify such expenditure

30 municipalities that received disclaimers and adverse opinions prioritised by NT and PTs supported

99% availability of current transversal systems above the planned 98%

19 instructions issued in line with policy interventions and proposed designated products or categories to enhance SCM policy above the planned 3

100% of procurement plans published on the e-tender portal

52 of transversal term contracts implemented above the planned 25

10 of prioritised departments and entities supported on supply chain

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

PARTIALLY ACHIEVED – 6.25%

Functional and technical specifications of IFMS system not developed

99.5% of departments'/ entities' deviation/ expansion requests reviewed less than the planned 100%

98% of bids reviewed to ensure compliance with norms and standards less than the planned 100%

NOT ACHIEVED – 9.38%

333 municipal officials trained in management competencies less than the planned 1000 due to fewer learning outcomes endorsed by LGSETA and capacity constraints in LGSETA and NT

No consolidated annual financial statements for national departments, public entities and RDP Fund tabled on 31 October due to late submission of audited information by a number of institutions. Consequently, the audit of consolidated annual financial statements was delayed.

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

ACHIEVED - 100%

100% obligations towards international agreements met monitored

100% response to customer request on mandatory briefing notes and analyses

100% response to customer request on ad-hoc briefing notes and analyses

1 intervention to increase South Africa's presence within institutions of particular strategic value

100% of interventions in Pursuit of Institutional reform implemented

1 initiative developed to expand relations with key strategic partners in Africa

100% of implemented identified plans to accelerate regional integration reviewed

PROGRAMME 7: CIVIL MILITARY PENSIONS, CONTRIBUTION TO FUNDS AND OTHER BENEFITS

ACHIEVED - 100%

98.9% of benefits validated for payment paid within liable dates above the planned 96%

100% compliance with SLA between NT and GPAA specifically Programme 7 related indicators above the planned 97.5%

99.9% integrity of client data above the planned 85%

100% of customer service complaints responded to within seven days of receipt

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT

FINANCE PROGRAMME MANAGEMENT

ACHIEVED - 77.78%

80 technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP) above the planned 60

2 investment plans completed

37 catalytic projects approved above the planned 20

153 Jobs Fund projects approved (cumulative across the term of the project) above the planned 150

R8 927m grant funding approved (cumulative across the term of project) above the planned R7 880m and R14 118m matched funding committed (cumulative across the term of project) above the planned R7 880m

177 532 new jobs contracted (cumulative across the term of project) above the planned 150 000, 81 987 placements contracted (cumulative across the term of project) above the planned 80 000 and 306 991 training opportunities contracted (cumulative across term of project) above the planned 250 000

1 208 officials trained on the infrastructure delivery management system initiatives above the planned 500

532 graduates in training for professional registration above the planned 500

21 capacity improvement initiatives undertaken to support infrastructure delivery above the planned 18

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE PROGRAMME MANAGEMENT

PARTIALLY ACHIEVED – 22.22%

11 programmes in Integration Zones identified for planning less than the planned 12

9 programmes in Integration Zones under implementation less than the planned 10

R5 037m grant funding disbursed (cumulative across the term of project) less than the planned R5 825m

57.9% response to procure approved Professional Service Providers to assist with institutionalising the IDMS less than the planned 100%

HUMAN CAPITAL

Vacancy Rate of 11.8% achieved

Total Staff Compliment of 1 045 of which 88% are black, 59% female and 0.76% of the NT total staff compliment are persons with disabilities

A total of 22 promotions were made

96% of SMS members entered into a performance agreement. Those who did not sign a performance agreement will not be eligible for any performance reward

38% of employees participated in skills development and leadership programmes

SUMMARY OF Q1: 2019/20 ACTUAL OUTCOMES VS BUDGET PER CLASSIFICATION AND PROGRAMME

Vote 07: National Treasury: Expenditure as at 30 June 2019

Programmes	QUARTER 1			
	Projected Expenditure as at 30 June 2019	Actual expenditure as at 30 June 2019	Variance for the YTD	Actual as % of Budget
	R'000	R'000	R'000	
1. Administration	106 494	92 369	14 125	87%
2. Eco Pol, Tax, Fin Reg & Res	38 814	29 937	8 877	77%
3. Public Finance & Budget Man	75 395	74 287	1 108	99%
4. Asset & Liability Management	24 435	20 067	4 368	82%
5. Financial Acc and SCM Systems	287 069	190 183	96 886	66%
6. International Financial Relations	20 931	10 849	10 082	52%
7. Civ & Mil Pen, Cont to Funds	1 138 899	1 130 471	8 428	99%
8. Tech Sup & Dev Finance	178 823	157 218	21 605	88%
9. Revenue Administration	2 382 258	2 382 258	-	100%
10. Fin Intel & State Security	1 172 041	1 172 041	-	100%
Sub-total: Dept expen	5 425 159	5 259 680	165 479	97%
Economic Classification				
Compensation of Employees	212 241	194 015	18 226	91%
Goods and Services	400 022	239 805	160 217	60%
Transfers and Subsidies	4 808 682	4 820 567	(11 885)	100%
Payment of Financial Assets			-	0%
Payment of Capital Assets	4 214	5 293	(1 079)	126%
Total	5 425 159	5 259 680	165 479	97%

Actual spending in Q1 was R5.260 billion (97%) against the budget of R5.425 billion.

Q1 therefore reflected underspending of R165.5 million (3%).

SUMMARY OF Q2: 2019/20 ACTUAL OUTCOMES VS BUDGET PER CLASSIFICATION AND PROGRAMME

Vote 07: National Treasury: Expenditure as at 30 September 2019

Programmes	QUARTER 2			
	Q2 Projected Expenditure	Q2 Actual expenditure	Variance for the Q2	Actual as % of Budget
	R'000	R'000	R'000	
1. Administration	215 947	204 869	11 078	95%
2. Eco Pol, Tax, Fin Reg & Res	72 633	59 897	12 736	82%
3. Public Finance & Budget Man	160 295	151 399	8 896	94%
4. Asset & Liability Management	52 484	44 743	7 741	85%
5. Financial Acc and SCM Systems	521 269	386 612	134 657	74%
6. International Financial Relations	36 378	25 392	10 986	70%
7. Civ & Mil Pen, Cont to Funds	2 281 316	2 279 713	1 603	100%
8. Tech Sup & Dev Finance	1 384 605	1 267 242	117 363	92%
9. Revenue Administration	4 764 516	4 764 516	-	100%
10. Fin Intel & State Security	2 344 081	2 344 081	-	100%
Sub-total: Dept expen	11 833 524	11 528 464	305 060	97%
Economic Classification				
Compensation of Employees	441 713	409 050	32 663	93%
Goods and Services	731 713	493 207	238 506	67%
Transfers and Subsidies	10 651 649	10 618 146	33 503	100%
Payment of Capital Assets	8 449	8 061	388	95%
Total	11 833 524	11 528 464	305 060	97%

Actual spending in Q2 was R11.528 billion (97%) against the budget of R11.834 billion.

Q2 therefore reflected underspending of R305 million (3%).

SUMMARY OF Q3: 2019/20 ACTUAL OUTCOMES VS BUDGET PER CLASSIFICATION AND PROGRAMME

Vote 07: National Treasury: Expenditure Variance as at 31 December 2019

Programmes	QUARTER 3			
	Projected Expenditure as at 31 December 2019	Actual Expenditure as at 31 December 2019	Variance for the YTD	Actual as % of Budget
	R'000	R'000	R'000	%
1. Administration	358 289	305 205	53 084	85%
2. Eco Pol, Tax, Fin Reg & Res	113 247	91 436	21 811	81%
3. Public Finance & Budget Man	232 977	225 155	7 822	97%
4. Asset & Liability Management	79 782	73 076	6 706	92%
5. Financial Acc and SCM Systems	782 223	621 362	160 861	79%
6. International Financial Relations	4 307 460	4 321 501	(14 041)	100%
7. Civ & Mil Pen, Cont to Funds	3 431 803	3 470 883	(39 080)	101%
8. Tech Sup & Dev Finance	2 061 132	1 829 705	231 427	89%
9. Revenue Administration	7 146 774	7 146 774	-	100%
10. Fin Intel & State Security	3 601 336	3 601 336	-	100%
Total	22 115 023	21 686 433	428 590	98%
Economic Classification				
Compensation of Employees	655 728	608 305	47 423	93%
Goods and Services	1 109 121	832 643	276 478	75%
Transfers and Subsidies	16 083 075	15 960 779	122 296	99%
Payment of Financial Assets	4 250 000	4 273 579	(23 579)	101%
Payment of Capital Assets	17 099	11 127	5 972	65%
Total	22 115 023	21 686 433	428 590	98%

Actual spending in Q3 was R21.686 billion (98%) against the budget of R22.115 billion.

Q3 therefore reflected underspending of R428.6 million (2%).

Q4 2019/20 ACTUAL OUTCOMES VS BUDGET PER CLASSIFICATION AND PROGRAMME

Programmes	QUARTER 4			
	Q4 Projected Expenditure	Q4 Actual expenditure	Q4 Variance	% Spent
	R'000	R'000	R'000	R'000
1. Administration	153 081	148 429	4 652	97%
2. Eco Pol, Tax, Fin Reg & Res	29 878	33 446	(3 568)	112%
3. Public Finance & Budget Man	95 581	81 729	13 852	86%
4. Asset & Liability Management	21 647	23 642	(1 995)	109%
5. Financial Acc and SCM Systems	261 970	175 428	86 542	67%
6. International Financial Relations	1 520 671	1 137 261	383 410	75%
7. Civ & Mil Pen, Cont to Funds	2 142 700	2 016 216	126 484	94%
8. Tech Sup & Dev Finance	619 200	799 530	(180 330)	129%
9. Revenue Administration	2 382 257	2 382 257	-	100%
10. Fin Intel & State Security	1 349 717	1 349 717	-	100%
Total	8 576 702	8 147 655	429 047	95%
Economic Classification				
Compensation of Employees	191 477	196 513	(5 036)	103%
Goods and Services	454 127	376 932	77 195	83%
Transfers and Subsidies	7 408 413	7 571 553	(163 140)	102%
Payment of Financial Assets	497 024	238	496 786	0%
Payment of Capital Assets	25 661	2 419	23 242	9%
Total	8 576 702	8 147 655	429 047	95%

Actual spending in Q4 was R8.148 billion (95%) against the budget of R8.577 billion.

Q4 therefore reflected underspending of R429 million (5%).

Q4 2019/20 BUDGET RELATED HIGHLIGHTS

OVERALL SPENDING FOR FOURTH QUARTER

- The department spent R8.148 billion which equates to the 95% of its appropriated budget of R8.577 billion, including transfers to SARS (R2.4 billion).

DETAILS OF UNDER-SPENDING PER ECONOMIC CLASSIFICATION

- Net under-spending was R429.1 million. The main areas of underspending were:
 - **Compensation of employees:** over-spending of R5 million as a result of a “technical” overspending in March 2020 due to the effects of the Adjusted Estimate of National Expenditure;
 - **Goods and Services:** under-spending of R77.2 million mainly on the IFMS and Municipal Financial Recovery Services (MFRS) projects due to the delayed commencement of the IFMS common design project and procurement of professional services for MFRS, respectively;
 - **Transfers and Subsidies:** over-spending of R163 million mainly on the Neighbourhood Development Programme Grant (NDPG) upon release of funds previously withheld from municipalities in line with Section 18(6) of the Division of Revenue Act (DoRA) owing to various non-compliance issues. The previous quarters would have reflected the corresponding under-spending;
 - **Payment of Financial Assets:** R496.8 million relating to the unspent allocation for the International Bank of Reconstruction and Development (IBRD) and the African Development Bank (AfDB), while the finalisation of documentation for the acquisition of additional shares was in progress; and
 - **Payment of Capital Assets:** under-spending of R23.2 million due to the delayed procurement of IT hardware for the Local Area Network and disaster recovery sites in Centurion and Pietermaritzburg.

THANK YOU

BRIEFING TO THE STANDING COMMITTEE ON FINANCE

6 OCTOBER 2020



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA