2022 APPROPRIATION BILL AND SECOND ADJUSTMENTS APPROPRIATION BILL (2021/22 FINANCIAL YEAR)

Standing Committee on Appropriations

PRESENTED BY:

Nompumelelo Radebe

National Treasury:
Public Finance

03 May 2022

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

2030 NDP

STAY SAFE
VACCINATE TO SAVE SOUTH AFRICA

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2022 APPROPRIATION BILL

national treasury
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BACKGROUND

- Section 27(1) of the Public Finance Management Act (PFMA) (1999) requires that the Minister of Finance tables the annual budget for a financial year in the National Assembly before the start of that financial year or, in exceptional circumstances, on a date as soon as possible after the start of the financial year, as the Minister may determine
- Section 27(3) further notes that an annual budget must be in accordance with a format as may be prescribed, and must at least contain:-
  - estimates of all revenue expected to be raised during the financial year to which the budget relates;
  - estimates of current expenditure for that financial year per vote and per main division within the vote;
  - estimates of interest and debt servicing charges, and any repayments on loans;
  - estimates of capital expenditure per vote and per main division within a vote for that financial year and the projected financial implications of that expenditure for future financial years;
  - estimates of revenue excluded in terms of section 13 (1) or 22 (1) from the relevant Revenue Fund for that financial year;
  - estimates of all direct charges against the relevant Revenue Fund and standing appropriations for that financial year;
  - proposals for financing any anticipated deficit for that financial year;
  - an indication of intentions regarding borrowing and other forms of public liability that will increase public debt during that financial year and future financial years;
  - the projected—
    i. revenue for the previous financial year;
    ii. expenditure per vote, and per main division within the vote, for the previous financial year; and
    iii. borrowing for the previous financial year; and
  - any other information as may be prescribed, including any multiyear budget information.

BACKGROUND

- The Appropriation Bill is the legislation that provides for the appropriation of money by Parliament from the National Revenue Fund in terms of section 213 of the Constitution of the Republic of South Africa (1996) and section 26 of the PFMA (1999)
- Section 213(2) of the Constitution provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament or as a direct charge against that Fund, when it is provided for in the Constitution of the Republic of South Africa (1996) or an Act of Parliament
- Section 26 of the PFMA (1999) provides that Parliament must appropriate money for each financial year for the requirements of the State
- Section 7(1) of the Money Bills and Related Matters Act (2009) provides that the Minister of Finance must table the annual budget, as set out in section 27 of the Public Finance Management Act, 1999, in the National Assembly at the same time as the Appropriation Bill
- The Appropriation Bill was tabled in Parliament together with the national Budget on 23 February 2022
- The 2022 Appropriation Bill proposes to appropriate money from the National Revenue Fund for the requirements of the State for the 2022/23 financial year; to prescribe conditions for the spending of funds withdrawn for the 2023/24 financial year before the commencement of the Appropriation Act for the 2023/24 financial year; and to provide for matters incidental thereto

PARLIAMENTARY PROCESS

- The Money Bills Amendments Procedure and Related Matters Act (2009) sets out **Parliament's** role in the budget process and enhances stakeholder participation and coordination
- The Budget is dealt with by the **Standing Committees on Finance and Appropriations** comprising members of both houses
- Individual **Portfolio Committees** deal with the budget and strategic plan for each national department
- The **Public Accounts Committee** deals with post-facto issues raised by the Auditor General
- **Parliament** votes first on the Fiscal Framework, then Division of Revenue and then the Appropriation Bill
- The **committees on appropriations** may not consider amendments to the Appropriation Bill prior to the passing of the Division of Revenue Bill
- Any amendment to the Appropriation Bill must be consistent with the adopted fiscal framework and Division of Revenue Bill passed by Parliament

PARLIAMENTARY PROCESS (continued…)

A report of the Committee on Appropriations to the House that proposes amendments to the main Appropriation Bill must, in respect of each amendment—

- Indicate the reason for such proposed amendment;
- Demonstrate how the amendment takes into account the broad strategic priorities and allocations of the relevant budget;
- Demonstrate the implications of each proposed amendment for an affected vote and the main divisions within that vote;
- Demonstrate the impact of any proposed amendment on the balance between transfer payments, capital and recurrent spending in an affected vote;
- Set out the impact of any proposed amendment on service delivery; and
- Set out the manner in which the amendment relates to prevailing departmental strategic plans, reports of the Auditor General, committee reports adopted by a House, reports in terms of section 32 of the Public Finance Management Act, annual reports and any other information submitted to a House or committee in terms of the standing rules or on request

2022 Appropriation Bill

- The Money Bills Amendment Procedure and Related Matters Amendment Act, 2018 requires that after the tabling of a national budget:

Section 8(3) – Committees on finance must within 16 days or as soon as reasonably possible thereafter, submit a report to the National Assembly and the National Council of Provinces on the fiscal framework and revenue proposals

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Section 9(3) – The Division of Revenue Bill (DORA) must be passed within 35 days after the adoption of the fiscal framework by Parliament, or as soon as reasonably possible thereafter

↓

Section 10(7) – Parliament must pass the Appropriation Bill with or without amendments, within four months after the start of the financial year (i.e. by the end of July)

EXPENDITURE BEFORE PROMULGATION OF THE BILL

- Prior to the 2022 Appropriation Bill being promulgated, departments will incur expenditure in terms of section 29 of the PFMA (1999), which makes provision for spending before an annual budget is passed

- **Section 29(1) – Expenditure before annual budget is passed** —If an annual budget is not passed before the start of the financial year to which it relates, funds may be withdrawn in accordance with this section from the relevant Revenue Fund for the services of the state or the province concerned during that financial year as direct charges against the Fund until the budget is passed

- **Section 29(2)** – Funds withdrawn from a Revenue Fund in terms of subsection (1) – (a) may be utilised only for services for which funds were appropriated in the previous annual budget or adjustments budget; and (b) may not—

    i. during the first four months of that financial year, exceed 45 per cent of the total amount appropriated in the previous annual budget;

    ii. during each of the following months, exceed 10 per cent of the total amount appropriated in the previous annual budget; and

    iii. in aggregate, exceed the total amount appropriated in the previous annual budget

- Promulgation of the 2022 Appropriation Bill is therefore necessary to:
    - allow for monthly expenditure above the transitional provisions contained in the PFMA
    - ensure expenditure in accordance with the vote and programme purposes as stated in the Act

STRUCTURE OF THE BILL

- The Bill sets out various provisions to govern utilisation of the appropriated funds for 2022/23
- **Section 3** - An amount that is marked as specifically and exclusively appropriated in the Schedule may be used only for the purpose indicated, unless the amount or purpose is amended by, or in terms of, an Act of Parliament.
- **Section 4** - The Minister may, in writing— (a) impose conditions on an amount in the Schedule, other than a conditional allocation, in order to promote transparency and accountability and the effective management of the appropriation; and (b) stop the use of an amount in respect of which conditions imposed in terms of paragraph (a) are not met
- **Section 5(1)** - Despite section 3 of this Act and section 43(4) of the Public Finance Management Act, the Minister may approve that unspent funds in an amount in the Schedule allocated for—
    a) compensation of employees, be used within the same vote for transfers and subsidies for the payment of severance or exit packages;
    b) goods and services, be used within the same vote for compensation of employees;
    c) transfers and subsidies to other institutions, be used elsewhere within the same main division;
    d) payments for capital assets, be used elsewhere in any main division within the same vote; or
    e) payments for financial assets, be used elsewhere within the same main division.
- **Section 5(2)** - The Minister may not approve the use of unspent funds in terms of subsection (1)(c), (d) or (e) for compensation of employees.

STRUCTURE OF THE BILL (continued…)

- The amounts appropriated to each vote are set out in the Schedule to the Bill
- The Schedule is divided by vote and by main division within a vote (i.e. by programme and / or transfer and subsidy to a national department within a vote)
- A purpose is set out for each vote, programme and transfer and subsidy to a national department within a vote
- Allocations are categorised in terms of:
  - Current payments
    - Compensation of employees
    - Goods and services
    - Interest and rent on land
  - Transfers and subsidies
  - Payments for capital assets
  - Payments for financial assets
- Allocations marked with a single asterisk refer to specifically and exclusively appropriated allocations, including, but not limited to:
    - all vote and national departments compensation of employees appropriations; and
    - conditional grants (also listed in the Division of Revenue Bill, 2022)

ESTIMATES OF NATIONAL EXPENDITURE

- The ENE publication is the explanatory memorandum to the Appropriation Bill
- Outlines detailed information on each vote and its entities
- Can be accessed online at www.treasury.gov.za
- The ENE publications contain information on:
  - what institutions aim to achieve over the MTEF, and why;
  - how institutions plan to spend their budget allocations in support of this; and what outputs and outcomes the spending is intended to produce;
  - how institutions have spent their budgets in previous years;
  - performance data and targets;
  - detailed expenditure trends and estimates by programme, subprogramme, significant spending item and economic classification for each department and selected entities;
  - the institution's mandate, purpose (and that of its programmes), together with programme-level objectives and descriptions of subprogrammes;
  - infrastructure spending;
  - personnel spending;
  - provincial and municipal conditional grants;

BUDGET 2022 – KEY HIGHLIGHTS

- The 2022 Budget continues to consolidate public finances while providing immediate support for the pandemic response, job creation and social protection
- Following economic growth of 4.8 per cent in 2021, GDP growth is expected to average 1. 8 per cent over the next three years
- Total consolidated government spending will amount to R6.62 trillion over the next 3 years
- More than 50 per cent (R3.33 trillion) will go towards the social wage
- Main budget non-interest spending is increased by a net of R282.3 billion over the MTEF period compared to the 2021 Budget
- Increase supported by higher-than-anticipated revenue collections and does not jeopar dise the path to deficit reduction
- Additional allocations of R110.8 billion in 2022/23, R60 billion in 2023/24 and R56.6 billio n in 2024/25 are made for several priorities that could not be funded through reprioritisa tion
- A primary surplus will be achieved in 2023/24 and the consolidated budget deficit is proje cted to narrow to 4.2 per cent of GDP by 2024/25. Gross debt stabilises in 2024/25.

SPENDING PRESSURES FUNDED IN BUDGET 2022

Table 1 Spending pressures funded

R million	2022/23	MTEF total
Social welfare interventions and free basic services	**48 227**	**87 565**
Extension of special COVID-19 social relief of distress grant	44 000	44 000
Social grant CPI shortfall and double orphans provision	–	14 658
Local government equitable share	4 227	28 907
Health pressures	**10 757**	**21 088**
Provincial health (provincial equitable share)	7 414	15 569
Medical interns and community service doctors	1 093	3 269
COVID-19 vaccination programme[1]	2 250	2 250
Education pressures	**16 763**	**57 145**
Provincial education (provincial equitable share)	8 987	24 559
Higher education: National Student Financial Aid Scheme	7 776	32 586
Infrastructure investments and employment	**10 059**	**27 874**
Presidential employment initiative	9 000	18 400
Rehabilitation of the national non-toll road network: SANRAL	-	7 000
Disaster recovery due to storms and floods	1 059	2 474
Other priorities	**25 009**	**33 748**
Provision for wage bill adjustments	20 512	20 512
Capacitation of the security cluster departments	1 489	7 448
Other spending priorities[2]	3 008	5 789
Total spending pressures funded in 2022 Budget	**110 815**	**227 420**

1. Includes a provisional allocation of R1.3 billion

2. Includes adjustment for lower skills development levy projections

Source: National Treasury

- Main budget non-interest spending is increased by R110.8 billion in 2022/23 and a total of R227.4 billion over the MTEF

*SOCIAL WAGE

Table 2 Social wage

R billion	2022/23
Community development	**188,8**
Housing development	28,8
Transport	35,4
Water services	4,6
Local government[1]	119,9
Employment programmes	**24,8**
Health	**234,0**
Basic education	**266,7**
Higher education and training	**59,9**
Social protection	**276,1**
of which: Social grants	*248,3*
Social security funds	**71,1**
Social wage	**1 121,4**
Percentage of non-interest spending	*60,4%*
Percentage of consolidated spending	*52,0%*

1. Includes local government equitable share

Source: National Treasury

***based on consolidated government spending**

PROVISIONAL ALLOCATIONS

Table 3 Provisional allocations not assigned to votes

R million	2022/23
2022 Budget including baseline adjustments	
Infrastructure Fund	4 197
Eskom	–
Public entity: South African Social Security Agency	–
Broadband (South Africa Connect Phase 2)	–
Construction of the Klipfontein hospital	–
Construction of the Tygerberg hospital	–
COVID-19 vaccination programme	1 250
General buffer funds (was originally Township Entrepreneurship Fund)	122
Total	**5 569**

Source: National Treasury

- These allocations will only be confirmed once certain requirements have been met
- The allocations will be reviewed in the 2022 MTBPS

PRESIDENTIAL EMPLOYMENT INTERVENTION

Presidential Employment Initiative - 2022/23 Allocations and targeted jobs

Department	Name of initiative	2022/23	
		Budget allocation (R thousand)	Targeted short-term jobs
National Treasury: neighbourhood development partnership grant	Metro Presidential Employment Programme Innovation Grant Placemaking in Townships, Informal Settlements and Inner Cities	800 000	33 000
Employment and Labour	Pathway management network	304 934	127 500
Trade, Industry and Competition	Social employment fund	861 566	33 000
National Treasury: provincial equitable share	Basic Education: presidential employment initiative	6 199 000	250 000
Higher Education and Training	Graduate placement in universities	94 500	3 000
Higher Education and Training	National Skills Fund: Pay for performance model	100 000	8 000
Sport, Arts and Culture	Creative sector support	440 000	24 405
Women, Youth and Persons with Disabilities	National youth service	200 000	35 000
Total		**9 000 000**	**513 905**

Source: National Treasury

SUMMARY OF 2022/23 APPROPRIATED FUNDS

Summary of 2022/23 Appropriated Funds	
R million	**2022/23**
Total Appropriated	**1 057 029**
Of which	
Current payments	**260 954**
Compensation of employees	179 010
Goods and services	81 730
Transfers and subsidies	**754 992**
Payments for capital assets	**15 506**
Payments for financial assets	**25 577**

ALLOCATIONS BY VOTE (Excluding Direct Charges)

Table 4 Expenditure by national vote: 2022/23

	R million	2022/23
1	The Presidency	606,9
2	Parliament	2 212,2
3	Cooperative Governance	111 364,9
4	Government Communication and Information System	719,9
5	Home Affairs	9 406,0
6	International Relations and Cooperation	6 600,5
7	National School of Government	228,1
8	National Treasury	33 939,2
9	Planning, Monitoring and Evaluation	470,9
10	Public Enterprises	23 928,9
11	Public Service and Administration	540,3
12	Public Service Commission	288,4
13	Public Works and Infrastructure	8 547,3
14	Statistics South Africa	2 758,5
15	Traditional Affairs	177,0
16	Basic Education	29 560,2
17	Higher Education and Training	109 514,9
18	Health	64 531,0
19	Social Development	257 001,4
20	Women, Youth and Persons with Disabilities	987,3

- *61% of the total budget is appropriated to DCoG, DHET, DSD, Police and Transport mainly for free basic services, post-school education and training, social grants, crime prevention and investigation, and maintenance of the road transport network*

ALLOCATIONS BY VOTE (Excluding Direct Charges, continued…)

Table 4 Expenditure by national vote: 2022/23

R million		2022/23
21	Civilian Secretariat for the Police Service	152,3
22	Correctional Services	26 108,7
23	Defence	49 090,1
24	Independent Police Investigative Directorate	357,2
25	Justice and Constitutional Development	20 021,9
26	Military Veterans	666,4
27	Office of the Chief Justice	1 265,8
28	Police	100 695,3
29	Agriculture, Land Reform and Rural Development	17 287,7
30	Communications and Digital Technologies	2 717,2
31	Employment and Labour	3 956,0
32	Forestry, Fisheries and the Environment	8 947,9
33	Human Settlements	33 024,7
34	Mineral Resources and Energy	10 345,7
35	Science and Innovation	9 133,3
36	Small Business Development	2 563,1
37	Sport, Arts and Culture	6 295,1
38	Tourism	2 491,6
39	Trade, Industry and Competition	10 859,3
40	Transport	69 125,9
41	Water and Sanitation	18 539,7
Total appropriation for 41 Votes		**1 057 028,6**

COMPENSATION OF EMPLOYEES BY VOTE

Table 5 Personnel expenditure per vote for 2022/23

R million		2022/23
1	Presidency	374,3
2	Parliament	959,2
3	Cooperative Governance	353,7
4	Government Communication and Information System	282,1
5	Home Affairs	3 883,9
6	International Relations and Cooperation	2 859,8
7	National School of Government	59,8
8	National Treasury	888,4
9	Planning, Monitoring and Evaluation	314,0
10	Public Enterprises	177,5
11	Public Service and Administration	294,0
12	Public Service Commission	216,7
13	Public Works and Infrastructure	581,2
14	Statistics South Africa	1 627,0
15	Traditional Affairs	86,7
16	Basic Education	549,3
17	Higher Education and Training	10 775,6
18	Health	787,3
19	Social Development	507,3
20	Women, Youth and Persons with Disabilities	113,1

- Total compensation spending for national departments amounts to R179 billion in 2022/23
- Largest allocations are to DHET, police, defence, justice and correctional services
- DHET allocation provides for salaries of over 16 000 TVET and over 9000 CET lecturers

COMPENSATION OF EMPLOYEES BY VOTE (Continued...)

Table 5 Personnel expenditure per vote for 2022/23

R million		2022/23
21	Civilian Secretariat for the Police Service	107,2
22	Correctional Services	17 871,7
23	Defence	30 679,6
24	Independent Police Investigative Directorate	239,5
25	Justice and Constitutional Development	10 440,6
26	Military Veterans	129,8
27	Office of the Chief Justice	780,4
28	Police	79 137,4
29	Agriculture, Land Reform and Rural Development	4 078,8
30	Communications and Digital Technologies	302,9
31	Employment and Labour	1 430,8
32	Forestry, Fisheries and the Environment	1 946,0
33	Human Settlements	410,8
34	Mineral Resources and Energy	1 037,1
35	Science and Innovation	363,7
36	Small Business Development	190,0
37	Sport, Arts and Culture	376,4
38	Tourism	370,8
39	Trade, Industry and Competition	1 047,3
40	Transport	542,6
41	Water and Sanitation	1 836,4
Total		**179 010,4**

- Peace and Security departments are labour intensive hence a large proportion of their budgets goes to CoE

GOODS AND SERVICES ALLOCATIONS BY VOTE

Table 6 Goods and services per vote for 2022/23

R million		2022/23
1	Presidency	217,2
2	Parliament	726,8
3	Cooperative Governance	4 709,3
4	Government Communication and Information System	179,7
5	Home Affairs	2 914,2
6	International Relations and Cooperation	2 456,1
7	National School of Government	48,7
8	National Treasury	1 887,9
9	Planning, Monitoring and Evaluation	151,7
10	Public Enterprises	113,1
11	Public Service and Administration	195,1
12	Public Service Commission	70,3
13	Public Works and Infrastructure	499,1
14	Statistics South Africa	814,9
15	Traditional Affairs	41,6
16	Basic Education	2 246,9
17	Higher Education and Training	678
18	Health	3 984,9
19	Social Development	415,5
20	Women, Youth and Persons with Disabilities	87,9

- DCoG budget includes provision for the community works programme
- Health budget mainly for medicine and medical supplies, contractors and operating leases
- Home Affairs budget mainly for computer services, operating leases and property payments
- DIRCO budget mainly for travel, operating leases and operating payments
- Basic Education budget mainly for printing and distribution of workbooks for Grade R to 9 learners

GOODS AND SERVICES ALLOCATIONS BY VOTE (Continued...)

Table 6 Goods and services per vote for 2022/23

R million		2022/23
21	Civilian Secretariat for the Police Service	39,9
22	Correctional Services	6 875,3
23	Defence	13 086,2
24	Independent Police Investigative Directorate	110,7
25	Justice and Constitutional Development	5 546,9
26	Military Veterans	307,2
27	Office of the Chief Justice	371,9
28	Police	16 736,2
29	Agriculture, Land Reform and Rural Development	3 808,1
30	Communications and Digital Technologies	440,3
31	Employment and Labour	717
32	Forestry, Fisheries and the Environment	4 658,6
33	Human Settlements	534,2
34	Mineral Resources and Energy	1 031,2
35	Science and Innovation	213,9
36	Small Business Development	63
37	Sport, Arts and Culture	632,3
38	Tourism	550,4
39	Trade, Industry and Competition	876,6
40	Transport	920,1
41	Water and Sanitation	1 770,9
Total		**81 729,9**

- Goods and services budgets for Peace and Security departments are proportionate to their budget size and provide for operational expenses
- ALR&RD budget mainly for administrative support
- DFFE budget mainly for agency and support/outsourced services

TRANSFERS AND SUBSIDIES ALLOCATIONS BY VOTE

Table 7 Transfers and subsidies per vote for 2022/23

R million		2022/23
1	Presidency	0,546
2	Parliament	513
3	Cooperative Governance	106 259,8
4	Government Communication and Information System	255
5	Home Affairs	2 593,6
6	International Relations and Cooperation	799,7
7	National School of Government	115,7
8	National Treasury	29 182,7
9	Planning, Monitoring and Evaluation	0
10	Public Enterprises	0,19
11	Public Service and Administration	46,9
12	Public Service Commission	611
13	Public Works and Infrastructure	7 446,8
14	Statistics South Africa	0,93
15	Traditional Affairs	46,8
16	Basic Education	24 662,3
17	Higher Education and Training	98 038,0
18	Health	58 329,8
19	Social Development	256 065,4
20	Women, Youth and Persons with Disabilities	782,2

- DCoG – mainly the local government equitable share and MIG
- Health – mainly for entities and the human resources and training grant
- Treasury – mainly for SARS and other entities
- Basic Ed – mainly for infrastructure grant and school nutrition programme
- Higher Ed – mainly subsidies for universities and NSFAS
- DSD – social grants

TRANSFERS AND SUBSIDIES ALLOCATIONS BY VOTE (Continued...)

Table 7 Transfers and subsidies per vote for 2022/23

R million		2022/23
21	Civilian Secretariat for the Police Service	0,129
22	Correctional Services	721,6
23	Defence	4 668,4
24	Independent Police Investigative Directorate	0,826
25	Justice and Constitutional Development	3 214,4
26	Military Veterans	209,2
27	Office of the Chief Justice	1,5
28	Police	1 259,4
29	Agriculture, Land Reform and Rural Development	9 147,1
30	Communications and Digital Technologies	1 960,4
31	Employment and Labour	1 737
32	Forestry, Fisheries and the Environment	1 996,1
33	Human Settlements	32 072,4
34	Mineral Resources and Energy	8 263,8
35	Science and Innovation	8 552,7
36	Small Business Development	2 305,3
37	Sport, Arts and Culture	5 080,2
38	Tourism	1 565,6
39	Trade, Industry and Competition	8 911,6
40	Transport	67 657,4
41	Water and Sanitation	10 528,1
Total		**754 992,5**

- Transport – mainly for SANRAL, PRASA and grants i.e. provincial roads maintenance grant, public transport operations and network operations grants

PAYMENTS FOR CAPITAL ASSETS BY VOTE

Table 8 Payments for capital assets allocations

		Appropriated
R million		Payments for capital assets
1	The Presidency	14,9
2	Parliament[2]	13,2
3	Cooperative Governance	42,1
4	Government Communication and Information	3,1
5	Home Affairs	14,3
6	International Relations and Cooperation	353,8
7	National School of Government	3,8
8	National Treasury	38,2
9	Planning, Monitoring and Evaluation	5,2
10	Public Enterprises	3,9
11	Public Service and Administration	4,2
12	Public Service Commission	0,8
13	Public Works and Infrastructure	20,1
14	Statistics South Africa	316,5
15	Traditional Affairs	2,0
16	Basic Education	2 061,1
17	Higher Education and Training	23,4
18	Health	1 429,0
19	Social Development	13,2
20	Women, Youth and Persons with Disabilities	4,1

- Basic Education – mainly for the school infrastructure backlogs grant. This is an indirect grant for a designated special programme as outlined in Schedule 6A of DORA
- Health – construction, maintenance, upgrading and rehabilitation of new and existing health infrastructure

PAYMENTS FOR CAPITAL ASSETS BY VOTE (continued…..)

Table 8 Payments for capital assets allocations

		Appropriated
R million		Payments for capital assets
21	Civilian Secretariat for the Police Service	5,1
22	Correctional Services	640,2
23	Defence	655,9
24	Independent Police Investigative Directorate	6,2
25	Justice and Constitutional Development	820,0
26	Military Veterans	20,2
27	Office of the Chief Justice	112,0
28	Police	3 562,3
29	Agriculture, Land Reform and Rural Develop	253,7
30	Communications and Digital Technologies	13,5
31	Employment and Labour	71,3
32	Forestry, Fisheries and the Environment	305,2
33	Human Settlements	7,1
34	Mineral Resources and Energy	13,5
35	Science and Innovation	3,0
36	Small Business Development	4,7
37	Sport, Arts and Culture	206,2
38	Tourism	4,8
39	Trade, Industry and Competition	23,8
40	Transport	5,8
41	Water and Sanitation	4 404,3
Total		**15 505,5**

- Police – mainly for the construction and upgrading of police stations; machinery and equipment
- Water and Sanitation – mainly for the bulk regional infrastructure and water services infrastructure grants. These are indirect grants for designated special programmes as outlined in Schedule 6B of DORA

PAYMENTS FOR FINANCIAL ASSETS

Table 9 Payments for financial assets allocations

Allocations per vote for 2022/23		
R million		**2022/23**
8	National Treasury	1 942,2
10	Public Enterprises	23 634,5
TOTAL		**25 576,7**

- Allocations provide for the recapitalisation of Eskom and the Land and Agricultural Development Bank of South Africa, as well as the World Bank, African Development Bank and African Development Fund

APPROPRIATION BILL – SUMMARY

- Cost pressures funded through a combination of reallocations, reprioritisation and additional funding
- Priority given to interventions associated with the impact of COVID-19 and to meet urgent service delivery needs
- Largest allocations are:
  - R44 billion in 2022/23 to extend the *special COVID-19 social relief of distress grant* for 12 months
  - R7.8 billion (R32.6 billion over the MTEF) for financial support to current bursary holders and qualifying first- year students under the National Student Financial Aid Scheme
  - R4.2 billion (R28.9 billion over the MTEF) for the local government equitable share
  - R9 billion (R24.6 billion over the MTEF) for provincial education departments mainly to address the shortfall in compensation budgets
  - R7.4 billion (R15.6 billion over the MTEF) to provincial health departments to support their continued response to the COVID-19 pandemic, and to bridge shortfalls in essential goods and services
  - R9 billion (and R9.4 billion in 2023/24) for the Presidential Employment Intervention to create about 514 000 short term jobs in 2022/23

APPROPRIATION BILL – SUMMARY (Continued…)

- 71% of the total budget is for transfers and subsidies – mainly social grants, conditional grants, transfers to public entities, university subsidies and NSFAS
- Largest share of compensation of employees allocations goes to labour intensive departments e.g. in the Peace and Security function group
- No provision is made for compensation increases above the carry through implications of the 2021/22 public service wage agreement. Departments are required to continue adhering to their compensation ceilings and, if needed, reduce personnel numbers to sustainable levels.
- Payments for capital assets constitute 1.5% of the total budget and are mainly for indirect grants (bulk of infrastructure funds allocated to provinces and municipalities mainly through conditional grants)
- Any permanent new spending commitments, such as additional social protection, must be fully financed by tax measures or spending cuts to prevent a deterioration of fiscal balances and ensure that the public finances are not overextended when the economic cycle turns negative in future.

SECOND ADJUSTMENTS APPROPRIATION BILL (2021/22 FINANCIAL YEAR)

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

2030 NDP

STAY SAFE
VACCINATE TO SAVE SOUTH AFRICA

BACKGROUND

- Gives effect to adjustments to the appropriation of money from the National Revenue Fund for expenditure approved in the 2021/22 financial year and provides for matters incidental thereto
- Section 12(1) and (2) of the Money Bills and Related Matters Act, 2009, provides for the tabling of a national adjustments budget, as envisaged in section 30 of the Public Finance Management Act, 1999, with an adjustments appropriation Bill
- The Appropriation Act, 2021, provides for the appropriation of money from the National Revenue Fund to provide for the requirements of the State in respect of the 2021/22 financial year, whereas
- The Adjustments Appropriation Act, 2021, effected adjustments to the appropriation of money provided for in the Appropriation Act, 2021, and whereas
- ***Further adjustments are required to authorise expenditure approved in terms of section 6 of the Appropriation Act, 2021, and section 16 of the Public Finance Management Act, 1999***
- Section 3(a) of the Bill notes:

Despite the effective date of this Act, the appropriation of money for expenditure in terms of—

a) section 6 of the Appropriation Act, 2021, envisaged in subsection (1), must be regarded as an appropriation and expenditure for the 2021/22 financial year; and

b) section 16 of the Public Finance Management Act, envisaged in subsection (1), must be regarded as an appropriation for the 2021/22 and 2022/23 financial years and the expenditure must be recorded in the financial year in which any portion of the appropriation is spent.

BACKGROUND (Continued…)

SCHEDULE

Vote		Main Division	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of Employees	Goods and Services	Interest and Rent on Land			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
8	**National Treasury**	**18 100 000**						**18 100 000**
	4 Asset and Liability Management	18 100 000						18 100 000
	Of which							
	*** ** * – South African Special Risks Insurance Association: Purchase of equity							18 100 000
18	**Health**	**500 000**		**500 000**				
	3 Communicable and Non-Communicable Diseases	500 000		500 000				
	Of which							
	**** * – Covid-19 vaccine programme			500 000				
	TOTAL	**18 600 000**		**500 000**				**18 100 000**

* **Specifically and Exclusively Appropriated**

** **Includes R7.1 billion expenditure authorised in terms of section 16(1) of the Public Finance Management Act, 1999 (Act No. 1 of 1999)**

*** **Includes R11 billion expenditure authorised in terms of section 6(1)(b) of the Appropriation Act, 2021 (Act No. 10 of 2021)**

**** **Expenditure authorised in terms of section 6(1)(b) of the Appropriation Act, 2021 (Act No. 10 of 2021)**

COVID-19 Vaccines

- The Second Adjustments Appropriation Bill includes an additional R500 million to the National Department of Health to pay for COVID-19 vaccines and related logistics costs
- These funds were authorised by the Minister of Finance in terms of s6(1)(b) of the 2021 Appropriation Act (which relates to expenditure announced in the budget speech)
- Subject to conditions of: (a) monthly reports on expenditure, available supply and delivery schedule; and (b) NT approval for additional vaccine purchases
- This is in addition to funds already allocated to the COVID-19 vaccination programme, setting the allocation for 2021/22 at R8.8 billion and total allocations (2020/21 – 2022/23) at R15.3 billion

Allocations for the COVID-19 vaccination rollout

R million	**2020/21**	**2021/22**	**2022/23**	**Total**	**Areas covered**
National Department of Health	1,100*	7,192**	3,350	11,642	Vaccine procurement and distribution, information systems, no-fault compensation
Provincial Departments of Health	0	1,500	1,900	3,400	Service delivery costs
Medical Research Council	150	100	0	250	Sisonke trial, vaccine research
Government Communication and Information System	0	50	0	50	Communication campaigns
Total allocated	**1,250**	**8,842**	**5,250**	**15,342**	

* Allocated through emergency provisions in Section 16 of PFMA

** R4.35 billion in the main 2021/22 budget, R2.342 billion approved in September 2021 and R500 million approved in February 2022.

SASRIA

- Due to the July 2021 unrest and magnitude of claims received, Sasria has been technically insolvent, unable to settle claims and to maintain a minimum solvency cover ratio (SCR) of 100% required by the Prudential Authority
- Based on Sasria's projection that the claims received from the July 2021 civil unrest would settle at R32 billion, the entity requested an equity injection of R22 billion
- Thus, R3.9 billion was provided through the Second Special Appropriation Act (Act 15 of 2021), R7.1 billion through section 16(1) of the Public Finance Management Act and R11 billion through section 6(1)(b) of the Appropriation Act, 2021
- This additional equity of R18.1 billion (together with the R3.9 billion) is enabling Sasria to settle its valid received claims, support the self-help initiatives being implemented, and recover its SCR to a targeted 180% to create a buffer
- Sasria had settled claims amounting to approximately R20 billion as at 14 April 2022
- Following receipt of Government's support, Sasria's external auditors also confirmed satisfaction, to demonstrate that Sasria is a going concern, and signed-off on the annual financial statements for 31 March 2021
- Sasria also confirmed that its SCR will recover to a projected 120% by June 2022, provided that the entity manages to achieve a 90% claim pay-out rate. Sasria projects to achieve a SCR of 166% as at March 2023, with all the initiatives being implemented.

THANK YOU