

# NATIONAL TREASURY QUARTER 4 PERFORMANCE REPORT

Briefing to SCOF  
25 May 2022



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



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SAFE**

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# NATIONAL TREASURY (NT) MANDATE

## Mandate

**Chapter 13 of the Constitution**

**Chapter 2 PFMA**

Coordinating intergovernmental financial and fiscal relations.

Enforcing transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities, and constitutional institutions.

Promoting national government's fiscal policy and the coordination of its macroeconomic policy.

Managing the budget preparation process.

Ensuring the stability and soundness of the financial system and financial services.

## Vision:

National Treasury strives to be professional, courageous and trusted, working in partnership to mobilise resources, to improve the living standards of South Africans.

We aspire to excellence in the quality of our analysis, advice and execution of our financial management responsibilities.

## Mission:

As custodians of the nation's financial resources we oversee the management of public finances, we maintain the stability of the macro-economic and financial sectors and we ensure the effective financial regulation of the economy. We embrace innovation and sustainability as we strive to realise the full potential of South Africa's economy and people. In doing this, we value and invest in our staff, hold them accountable, recognise each contribution and celebrate our diversity.

## NT reports to MTSF:

### Priority 1

Capable, ethical and developmental state.

### Priority 2

Economic transformation and job creation.

### Priority 3

Education, skills and health.

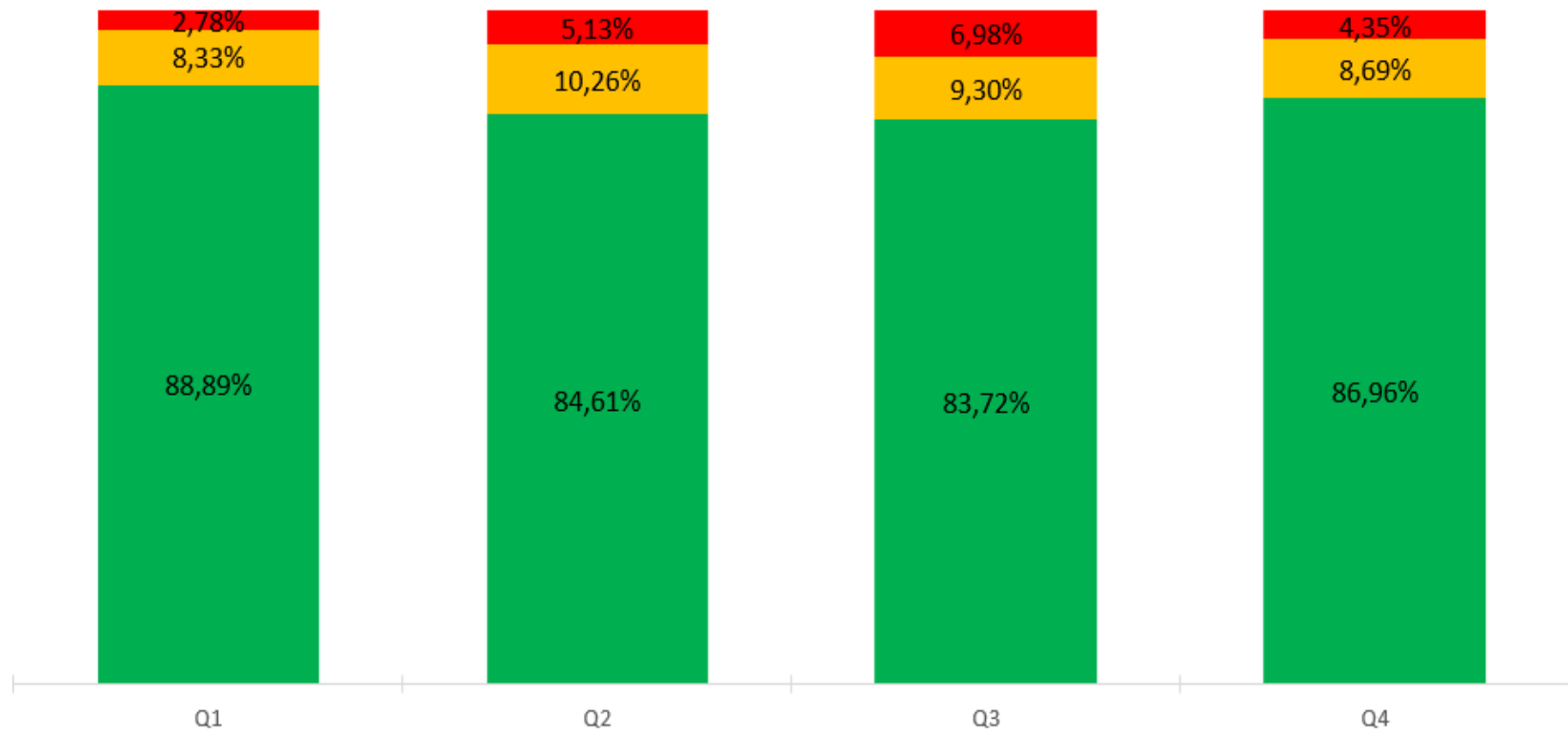
### Priority 5

Spatial integration, human settlements and local government.

### Priority 7

A better Africa and world.

# DEPARTMENTAL APP PERFORMANCE - QUARTER ON QUARTER COMPARISON 2021-22



# QUARTER 4 2021/22 PERFORMANCE ACHIEVED BY TOTAL NUMBER OF APP INDICATORS

**Combined Not Achieved 13.04%**  
(8.69% Partially Achieved + 4.35% Not Achieved)

**86.96%**  
Achieved

Achieved  
(40)

Partially  
Achieved  
(4)

Not  
Achieved  
(2)

Division	Total number of targets due	%Achieved	%Partially Achieved	%Not Achieved
Economic Policy	3	100.00%	0.00%	0.00%
Tax and Financial Sector Policy	1	100.00%	0.00%	0.00%
Budget Office	1	100.00%	0.00%	0.00%
Intergovernmental Relations	5	100.00%	0.00%	0.00%
Public Finance	2	50.00%	50.00%	0.00%
Assets and Liability Management	13	100.00%	0.00%	0.00%
Office of the Accountant General	7	57.14%	14.29%	28.57%
Office of the Chief Procurement Officer	5	80.00%	20.00%	0.00%
International Financial Relations	2	100.00%	0.00%	0.00%
Civil Military Pensions, Contributions to Funds and Other Benefits	3	100.00%	0.00%	0.00%
Administration	3	100.00%	0.00%	0.00%
Jobs Fund	1	0.00%	100.00%	0.00%

## PROGRAMME 1: ADMINISTRATION

**ACHIEVED – 100.00%**

90% of ICT service delivery standards met

Level 5 of the Risk Management Maturity achieved. Above the planned 3.5

1 quarterly reports on the implementation of the action plan on gender mainstreaming produced

*Programme Purpose:*

*Ensure effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.*

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

**ACHIEVED – 100.00%**

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

Financial sector legislation submitted for tabling in Parliament

1 economic forecast developed

4 research outputs related to the macroeconomic policy review and microeconomic reform agenda produced

*Programme Purpose:*

*Provide specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector and regulatory reform*

## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

### ACHIEVED – 77.78%

Appropriation Bill, ENE and Budget Review published in February

1 Division of Revenue and Division of Revenue Amendment Bills published annually.

3 reforms introduced to enhance provincial and local government fiscal frameworks

30 catalytic projects approved in spatially targeted areas within metropolitan cities, secondary cities and rural towns.  
Above the planned 5

2 quarterly financial reports published

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

### PARTIALLY ACHIEVED – 22.22%

96% of Cabinet memos received commented on. Below the planned 100%

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

R6 075m value of grant funding disbursed (cumulative across the term of project). Below the planned R6 317m

#### *Programme Purpose:*

*To provide analysis and advise on fiscal policy and public finances, intergovernmental financial relations, expenditure and planning priorities. Manage government's annual budget process and provide public finance management support.*

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

### ACHIEVED – 100.00%

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 PFMA Section 51(g), 52, 54(2), 55, and 92 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 complete guarantee applications received from Schedule 2 and 3B public entities reviewed
100% 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
100% of complete board appointments recommendations received from Schedule 2 and 3B public entities reporting to the Minister of Finance reviewed
100% of received MFMA submissions relating to tariff adjustments received from 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
100% compliance with market and refinancing risks benchmarks
1 report on the management of government's contingent liabilities

#### Programme Purpose:

*Manage government's annual funding programme in a manner that ensures prudent cash management, an optimal portfolio of debt and other fiscal obligations. Promote and enforce the prudent financial management of SOEs through financial analysis and oversight*



# PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

## ACHIEVED – 66.67%

23 governance reports produced. Above the planned 4.
7 public finance management capacity development programmes progress reports produced. Above the planned 4
100% availability of transversal systems. Above the planned 98%
4 statutory reports produced. Above the planned 3
1 quarterly compliance report produced
100% of SCM directives approved
100% of support implementation plan on identified or prioritised institutions in order to improve SCM performance
13 transversal term contracts implemented. Above the planned 7

## PARTIALLY ACHIEVED – 16.67%

86% implementation of the strategic sourcing opportunities plan. Less than the planned 100%

## NOT ACHIEVED – 16.67%

Functional and technical specifications of IFMS system not developed. IFMS Generic template not completed and accelerated implementation of i-Recruitment - Rollout of i-Recruitment at Lead Sites not achieved.

### *Programme Purpose:*

*Facilitate governance and accountability by promoting and enforcing the transparent, economic and effective management of revenue, expenditure, assets, liabilities and supply chain processes in the public sector*

## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

### ACHIEVED - 100%

3 country partnership framework progress reports produced

100% of policy positions developed

#### *Programme Purpose:*

*Manage South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa*

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

### ACHIEVED - 100%

99.9% of benefits validated for payment paid within liable dates. Above the planned 99%

100% fewer fraudulent claims than 2020/21. Above the planned 90%

100% integrity of client data. Above the planned 95%

#### *Programme Purpose:*

*Provide for government's pension and post-retirement medical benefit obligations to former employees of state departments and bodies. Provide for similar benefits to members of the military*

# HUMAN CAPITAL

Vacancy Rate of 13.77% achieved

Total Staff Compliment of 1 065 of which 89% are black, 59% female and 1.13% of the NT total staff compliment are persons with disabilities

A total of 44 promotions were made

98% of SMS members entered into a performance agreement. Those who did not sign a performance agreement will not be eligible for any performance reward

29% of employees participated in skills development and leadership programmes

# FINANCIAL PERFORMANCE

## Vote 08: National Treasury: Q4 Expenditure Variance

Programmes	2021/22 Final Appropriation	QUARTER 4 - JAN - MAR 2022			
		Q4 Projected Expenditure	Q4 Actual expenditure	Q4 Variance	% Spent
	R'000	R'000	R'000	R'000	
1. Administration	513 051	168 354	150 104	18 250	89%
2. Eco Pol, Tax, Fin Reg & Res	141 802	48 477	40 767	7 710	84%
3. Public Finance & Budget Man	4 337 505	863 114	1 748 088	(884 974)	203%
4. Asset & Liability Management	9 005 938	8 935 563	8 489 099	446 464	95%
5. Financial Acc and SCM Systems	1 000 026	318 069	156 755	161 314	49%
6. International Financial Relations	7 844 172	959 304	1 527 257	(567 953)	159%
7. Civ & Mil Pen, Cont to Funds	6 409 525	2 225 838	1 863 609	362 229	84%
9. Revenue Administration	11 295 167	2 823 791	2 823 791	-	100%
10. Fin Intel & State Security	4 999 521	1 257 872	1 132 867	125 005	90%
<b>Total: Deptmental Expenditure Per Programme</b>	<b>45 546 707</b>	<b>17 600 382</b>	<b>17 932 337</b>	<b>(331 955)</b>	<b>102%</b>
<b>Economic Classification</b>	<b>45 546 707</b>	<b>17 600 382</b>	<b>17 932 337</b>	<b>(331 955)</b>	<b>102%</b>
Compensation of Employees	1 162 826	221 178	210 899	10 279	95%
Goods and Services	1 713 641	655 494	388 607	266 887	59%
Transfers and Subsidies	27 649 381	7 816 695	8 555 981	(739 286)	109%
Payment of Capital Assets	65 341	7 015	13 119	(6 104)	187%
Payment of Financial Assets	14 955 518	8 900 000	8 763 731	136 269	98%
<b>Total: Departmental Expenditure Per Economic Classification</b>	<b>45 546 707</b>	<b>17 600 382</b>	<b>17 932 337</b>	<b>(331 955)</b>	<b>102%</b>

## REASONS FOR UNDER/OVER-SPENDING

**Compensation of Employees**: The under-spending of **R10.3 million** is mainly due to the vacant positions. A recruitment process for critical vacancies is ongoing.

**Goods and Services**: The **R267 million** under-spending was mainly on:

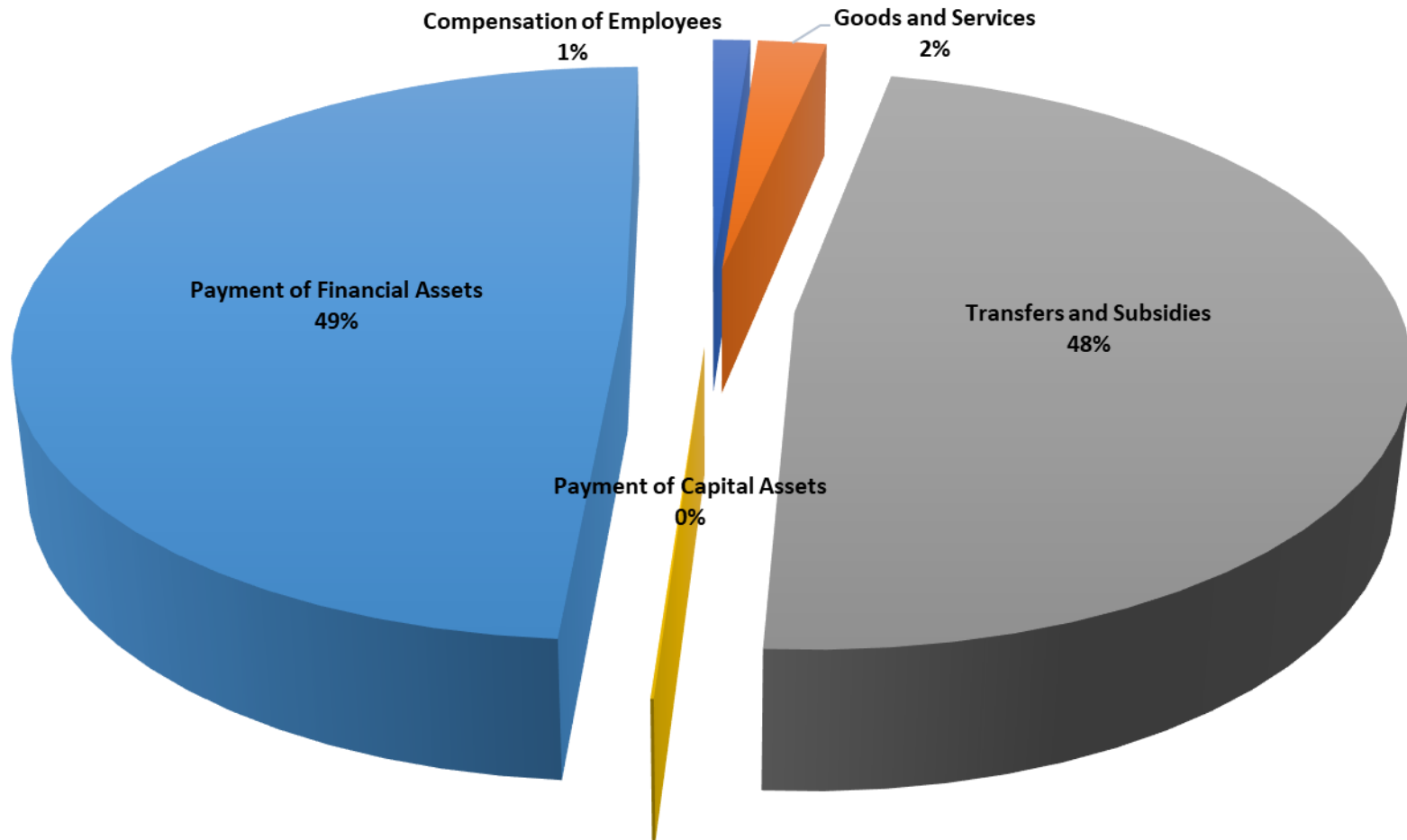
- **R124.4 million** on Consultancy Services on Municipal Revenue Management Improvement Programme (MRMIP), primarily due to delays in the implementation of revenue management projects, and delays in the initiation of the tender process for the aforementioned projects.
- **R88.2 million** on IFMS mainly due to delays in the procurement of system implementation services for the pilot and lead sites, and delays in finalising the procurement schedule by the State Information Technology Agency (SITA).
- **R54.4 million** on Consultancy Services relating to various projects within the Office of the Chief Procurement Officer (OCPO) that are currently at various stages of the procurement process. Furthermore, various projects amounting to R34.7 million were deferred to the 2022/23 financial year due to delays in the commencement of the projects.

## REASONS FOR UNDER/OVER-SPENDING

- **Transfers and Subsidies:** The **R739.3 million over**-spending was mainly on:
  - R841 million on the Neighbourhood Development Partnership Grant transfer for the city public employment programme window.
  - The above overspending of R841 million was partially offset by the underspending of R102 million mainly on Secret services which was paid earlier in November 2021, hence the underspending in quarter 4 when comparing against the projections. The full transfer has since been made for the Secret Services.
- **Payment of Capital Assets:** The overspending of R7.8 million mainly relates to the procurement of the Network LAN within the ICT unit which was projected earlier but processed in March 2022 due to the delays in delivery of goods.
- **Payment for Financial Assets:** The underspending of R136 million is mainly on the Land Bank due to the outstanding Commitment Agreement. There was R5 billion allocated to Land Bank in 2021/22 financial year. Of the total R5 billion, an amount of R4.6 billion was redirected to settle the GEPP debt and the remaining R400 million was unspent and surrendered back to the fiscus.
- The R400 million underspending on Land bank was partially offset by the overspending on New Development Bank 7<sup>th</sup> Capital Instalment payment that was outstanding due to exchange rate differences, this was since paid in March 2022 after sourcing of funds from underspending programmes.

# ECONOMIC CLASSIFICATIONS

% SPENT PER ECONOMIC CLASSIFICATION



■ Compensation of Employees ■ Goods and Services ■ Transfers and Subsidies ■ Payment of Capital Assets ■ Payment of Financial Assets



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