

2023 ADJUSTMENTS APPROPRIATION BILL

PRESENTATION TO THE SELECT COMMITTEE ON
APPROPRIATIONS

Presenter:
Dr Mampho Modise

Date: November
2023



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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Introduction

- Section 30(1) of the Public Finance Management Act (PFMA), No 1 of 1999, states that the Minister of Finance may table an adjustment budget in the National Assembly as and when necessary
- Section 30(2) further states that the adjustments budget may provide for:
 - Significant and unforeseeable economic and financial events affecting the fiscal targets set by the annual budget
 - Unforeseeable and unavoidable expenditure recommended by a committee of Cabinet and through section 6 of the Appropriations Act
 - Any expenditure in terms of section 16, which governs the use of funds in emergency situations
 - Money to be appropriated for expenditure already announced by the Minister during the tabling of the annual budget
 - The shifting of funds between and within votes
 - Utilisation of unspent funds under a main division of a vote to defray excess expenditure in another main division, in terms of section 43 of the PFMA which governs the use of virements and section 5 of the Appropriation Act; and
 - The roll-over of unspent funds from the preceding financial year

Introduction

- The *Adjustments Appropriation Bill* provides for increases or decreases to allocations set out in the main Appropriation Act, including shifts in the anticipated economic classification of this spending
- Adjustments to allocations to provinces and municipalities are set out in the *Division of Revenue Amendment Bill*
- The *Adjusted Estimates of National Expenditure (AENE)* publication explains national changes in detail, together with in-year performance and expenditure information
- Shifts of allocated expenditure and other adjustments are subject to the PFMA and its regulations as well as section 5 of the Appropriation Act, 2022
- The adjustments budget serves both to effect necessary changes and to contribute to in-year oversight and management

PARLIAMENTARY PROCESS



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Parliamentary Process

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

- Section 12(2) – An Adjustments Appropriation Bill must be tabled with a national adjustments budget
- Section 12(15) – In the event of a revised fiscal framework, an Adjustment Appropriation Bill must be referred to the Committee on Appropriations of the National Assembly only after the Division of Revenue Amendment Bill is passed by Parliament
- Section 12(16) – The standing rules must provide for—
 - a) the Committee on Appropriations to report comments on and amendments to the Adjustments Appropriation Bill;
 - b) other committees to consult with the Committee on Appropriations on amendments to transfer payments, recurrent and capital expenditure of a vote or a main division within a vote, taking into consideration the reports referred to in section 5(2) or any other report adopted by the House; and

Parliamentary Process (continued...)

- c) the Committee on Appropriations to mediate between committees proposing conflicting amendments to the Adjustment Appropriation Bill; and
- d) the Committee on Appropriations to recommend to the House that proposed amendments by other committees are rejected where those amendments are inconsistent with the fiscal framework, the adopted Division of Revenue Bill or not motivated adequately in terms of this section.
- Section (17) – The Minister must be given at least 4 days to respond to any proposed amendments to the Adjustment Appropriation Bill by the Committee on Appropriations.
- Section (18) – The report of the Committee on Appropriations must—
 - a) comply with section 10(10); and
 - b) include comments of the Minister to any proposed amendments.
- Section (19) – The Committee on Appropriations must report to the relevant House within 30 days after the tabling of the national adjustments budget.

Parliamentary Process (continued...)

- The Minister must table a revised fiscal framework with the national adjustments budget if the adjustments budget effects changes to the fiscal framework
- The Minister must table a Division of Revenue Amendment Bill with the revised fiscal framework if the adjustments budget effects changes to the Division of Revenue Act for the relevant financial year
- In the event of a revised fiscal framework, an Adjustments Appropriation Bill must be referred to the Committee on Appropriations only after the Division of Revenue Amendment Bill is passed by Parliament
- Any amendments to allocations for votes in the Adjustments Appropriation Bill implies that additions to one vote must come from reductions to another vote

Amendments to an Appropriation Bill

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 PFMA
 - annual reports and
 - any other information submitted to a House or committee in terms of the standing rules or on request

2023 ADJUSTMENTS APPROPRIATION BILL – SUMMARY OF ADJUSTMENTS



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Adjustments required due to significant and unforeseeable economic and financial events

Adjustments required due to significant and unforeseeable economic and financial events

Vote and description of expenditure		R thousand
Reductions		
National government:		
1	The Presidency	(10 939)
2	Parliament	(214 670)
3	Cooperative Governance	(1 523 464)
4	Government Communication and Information System	(8 000)
5	Home Affairs	(68 861)
6	International Relations and Cooperation	(55 030)
7	National School of Government	(7 878)
8	National Treasury	(1 037 095)
9	Planning, Monitoring and Evaluation	(10 365)
10	Public Enterprises	(27 635)
11	Public Service and Administration	(11 833)
12	Public Service Commission	(3 366)
13	Public Works and Infrastructure	(306 139)
14	Statistics South Africa	(48 744)
16	Basic Education	(1 990 097)
17	Higher Education and Training	(2 951 245)
18	Health	(1 645 440)
19	Social Development	(2 135 224)
20	Women, Youth and Persons with Disabilities	(42 500)

Considerations:

- Underspending
- Cost containment guidelines
 - Restricting non-core recruitment
 - Significantly reduce traveling, conferences, workshops and catering
 - Postponement of capital projects including buildings and other fixed structures as well as machinery and other equipment
- Surpluses in public entities

Adjustments required due to significant and unforeseeable economic and financial events

Adjustments required due to significant and unforeseeable economic and financial events

Vote and description of expenditure		R thousand
Reductions		
National government:		
22	Correctional Services	(256 754)
23	Defence	(607 280)
25	Justice and Constitutional Development	(285 601)
26	Military Veterans	(48 419)
27	Office of the Chief Justice	(10 000)
28	Police	(662 021)
29	Agriculture, Land Reform and Rural Development	(496 651)
30	Communications and Digital Technologies	(200 000)
31	Employment and Labour	(79 449)
32	Forestry, Fisheries and the Environment	(234 598)
33	Human Settlements	(3 184 421)
34	Mineral Resources and Energy	(430 000)
35	Science and Innovation	(311 230)
36	Small Business Development	(45 471)
37	Sport, Arts and Culture	(268 396)
38	Tourism	(63 699)
39	Trade, Industry and Competition	(292 050)
40	Transport	(1 270 000)
41	Water and Sanitation	(881 390)
Total		(21 725 955)

Adjustments required due to significant and unforeseeable economic and financial events

Adjustments required due to significant and unforeseeable economic and financial events

Vote and description of expenditure	R thousand
Additions for budget pressures emanating from the 2023 wage agreement	
National government:	6 000 000
22 Correctional Services	800 000
23 Defence	1 200 000
28 Police	4 000 000
Provincial government:	17 558 206
8 National Treasury <i>Provincial equitable share</i> R10.753 billion will be allocated to provincial education departments and R6.805 billion to provincial health departments.	17 558 206
Total	23 558 206

Unforeseeable and Unavoidable expenditure

Unforeseeable and Unavoidable expenditure

Vote and description of expenditure		R thousand
3	Cooperative Governance R1 184.472 million for the municipal disaster recovery grant for the reconstruction and rehabilitation of municipal infrastructure damaged by floods in the Eastern Cape, KwaZulu-Natal, Mpumalanga and Limpopo. R372 million to replenish the municipal disaster response grant	1 556 472
6	International Relations and Cooperation Additional funding for foreign exchange fluctuations	191 593
Total		1 748 065

Appropriation of expenditure announced during the tabling of the 2023 budget for future allocation

Appropriation of expenditure announced during the tabling of the 2023 budget for future allocation

Vote and description of expenditure	R thousand
8 National Treasury South African Revenue Service to improve revenue raising capabilities.	1 000 000
Total	1 000 000

Roll-overs

Roll-overs

Vote and description of expenditure	R thousand
5 Home Affairs R300 million for the Represented Political Parties' Fund and R38.472 million for the digitisation of records.	338 472
16 Basic Education R119.183 million for payments for capital assets in respect of the accelerated school infrastructure delivery initiative and sanitation appropriate for education initiative within the school infrastructure backlogs grant, R99.245 million for workbooks and R17.551 million for a management fee paid to the implementing agent for the school infrastructure backlogs grant	235 979
31 Employment and Labour Refurbishment of existing buildings	3 938
Total	578 389

Self-financing expenditure

Self-financing expenditure

Vote and description of expenditure	R thousand
4 Government Communication and Information System Expenditure to produce Vuk'uzenzele newspaper, which is funded from revenue generated through advertising in the newspaper	800
5 Home Affairs Expenditure incurred by issuing official documents, which is defrayed by revenue generated from issuing the documents	1 047 000
18 Health Expenditure related to the COVID-19 vaccination programme, which is funded from revenue collected from costs recuperated from the COVID-19 vaccine programme.	84 000
22 Correctional Services Expenditure for offender gratuities, which is funded from revenue generated from the hiring out of offender labour	1 048
23 Defence Expenditure for defence activities, of which R717.508 million is defrayed from reimbursements from the United Nations, and R33.527 million from the sale of equipment and spares procured through the special defence account.	751 035
39 Trade Industry and Competition R64.022 million for unitary payment in respect of the public-private partnership for shared campus accommodation, which is funded from unitary payments received from public entities and R15 million for expenditure towards the Industrial Development Corporation: Tirisano Construction Fund for projects that form part of the annual plan under the voluntary rebuild programme settlement agreement	79 022
Total	1 962 905

Declared unspent funds and projected underspending

Declared unspent funds and projected underspending

Vote and description of expenditure	R thousand
3 Cooperative Governance Local government equitable share allocation due to lower than projected bulk electricity costs.	(1 357 517)
8 National Treasury Payments for financial assets	(502 000)
32 Forestry, Fisheries and the Environment Agency and outsourced services due to cancellation of contracts	(100 000)
Total declared unspent funds	(1 959 517)
National government projected underspending	(797 300)
Local government repayment to the National Revenue Fund	(2 500 000)
Total	(5 256 817)

Virements And Shifts

Accounting officers may approve the following virements

- Utilise a saving in the amount appropriated under a main division within a vote towards the defrayment of excess expenditure under another main division within the same vote, unless the relevant treasury directs otherwise, not exceeding 8%
- This section does not authorise the utilisation of a saving in—
 - an amount specifically and exclusively appropriated for a purpose mentioned under a main division within a vote;
 - an amount appropriated for transfer to another institution; and
 - an amount appropriated for capital expenditure in order to defray current expenditure

National Treasury approves the following virements:

- Increasing CoE and transfers and subsidies to other institutions;
- Introducing new transfers and subsidies to other institutions;
- Utilising earmarked allocations for a specific purpose for other purposes, except with its approval

Parliament may approve the following virement:

- All other virements that are not approved by NT and AOs

Virements

Vote	Column Label					From Total					To Total	
	From	CoE	G&S	Transfers	Capital	Other	CoE	G&S	Transfers	Capital		Other
VOTE 01: THE PRESIDENCY	-1 050	-8 000	0	0	0	-9 050	0	0	1 050	8 000	0	9 050
VOTE 02: PARLIAMENT	0	-140 193	0	0	0	-140 193	0	30 000	0	110 193	0	140 193
VOTE 03: COOPERATIVE GOVERNANCE	-3 000	-70 708	-30 000	0	0	-103 708	3 000	18 500	52 208	30 000	0	103 708
VOTE 04: GOVERNMENT COMMUNICATION AND INFORMATION SYSTEM	-1 000	-1 507	0	0	0	-2 507	0	1 507	1 000	0	0	2 507
VOTE 05: HOME AFFAIRS	-559 513	-550 414	-7 841	-272 487	0	-1 390 255	100 000	612 187	4 948	673 120	0	1 390 255
VOTE 06: INTERNATIONAL RELATIONS AND COOPERATION	0	-19 984	-14 585	-71 418	0	-105 987	5 138	82 248	2 400	16 201	0	105 987
VOTE 08: NATIONAL TREASURY	0	-19 787	-322 485	0	0	-342 272	0	113 705	186 878	4 562	37 127	342 272
VOTE 09: PLANNING, MONITORING AND EVALUATION	0	-13 076	0	-1 321	0	-14 397	0	12 648	1 030	694	25	14 397
VOTE 10: PUBLIC ENTERPRISES	-688	-1 500	0	0	0	-2 188	0	1 500	688	0	0	2 188
VOTE 11: PUBLIC SERVICE AND ADMINISTRATION	0	-4 618	0	0	0	-4 618	0	3 000	346	1 272	0	4 618
VOTE 12: PUBLIC SERVICE COMMISSION	0	-2 130	-73	0	0	-2 203	0	1 689	73	441	0	2 203
VOTE 13: PUBLIC WORKS AND INFRASTRUCTURE	0	-37 058	-81 900	0	0	-118 958	0	17 495	88 069	13 394	0	118 958
VOTE 14: STATISTICS SOUTH AFRICA	0	-85 303	-93	-7 538	0	-92 934	65 000	15 704	2 279	9 951	0	92 934
VOTE 15: TRADITIONAL AFFAIRS	0	-316	0	0	0	-316	0	0	316	0	0	316
VOTE 16: BASIC EDUCATION	0	-27 042	0	-57 000	0	-84 042	32 000	44 200	7 578	0	264	84 042
VOTE 17: HIGHER EDUCATION AND TRAINING	-194 797	-21 529	-2 210	-8 420	0	-226 956	181 997	16 283	20 023	8 653	0	226 956
VOTE 18: HEALTH	0	-113 380	0	-9 743	0	-123 123	5 300	95 230	10 000	12 593	0	123 123
VOTE 19: SOCIAL DEVELOPMENT	-2 612	-22 405	-23 818	0	0	-48 835	25 017	0	0	0	23 818	48 835
VOTE 20: WOMEN, YOUTH AND PERSONS WITH DISABILITIES	0	-7 321	0	0	0	-7 321	3 189	4 132	0	0	0	7 321
VOTE 21: CIVILIAN SECRETARIAT FOR THE POLICE SERVICE	0	0	0	-450	0	-450	0	0	450	0	0	450
VOTE 22: CORRECTIONAL SERVICES	0	-27 324	-128 572	-65 693	0	-221 589	128 572	89 929	0	3 088	0	221 589
VOTE 23: DEFENCE	0	-660 638	0	0	0	-660 638	0	183 710	476 928	0	0	660 638
VOTE 24: INDEPENDENT POLICE INVESTIGATIVE DIRECTORATE	-543	-2 057	-20	0	0	-2 620	0	663	563	1 391	3	2 620
VOTE 25: JUSTICE AND CONSTITUTIONAL DEVELOPMENT	0	-554 761	0	-104 000	0	-658 761	648 200	6 500	0	1 796	2 265	658 761
VOTE 26: MILITARY VETERANS	-12 916	-31 876	-105 100	0	0	-149 892	19 916	74 500	48 750	6 726	0	149 892
VOTE 27: OFFICE OF THE CHIEF JUSTICE	0	0	0	-12 197	0	-12 197	0	12 000	0	197	0	12 197
VOTE 28: POLICE	0	-1 000	0	-388 000	0	-389 000	0	388 000	1 000	0	0	389 000
VOTE 29: AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT	-25 931	-667 469	-1 029 458	-394 605	-1	-2 117 464	420 571	955 771	89 630	651 482	10	2 117 464
VOTE 30: COMMUNICATIONS AND DIGITAL TECHNOLOGIES	0	-2 831	0	0	0	-2 831	0	0	2 831	0	0	2 831
VOTE 31: EMPLOYMENT AND LABOUR	-7 063	-4 785	-60 160	0	0	-72 008	23 484	39 770	4 348	4 406	0	72 008
VOTE 32: FORESTRY, FISHERIES AND THE ENVIRONMENT	0	-1 072 896	-1 745	-115 140	-400	-1 190 181	118 104	192 611	872 049	5 162	2 255	1 190 181
VOTE 33: HUMAN SETTLEMENTS	0	-30 621	0	0	0	-30 621	0	17 933	2 605	10 063	20	30 621
VOTE 34: MINERAL RESOURCES AND ENERGY	-15 500	0	-52 800	0	0	-68 300	15 500	52 800	0	0	0	68 300
VOTE 35: SCIENCE AND INNOVATION	0	-20 500	-146 053	0	0	-166 553	19 000	99 931	47 522	0	100	166 553
VOTE 36: SMALL BUSINESS DEVELOPMENT	-8 954	-8 506	-582 951	-216	0	-600 627	8 259	36 658	553 646	2 064	0	600 627
VOTE 37: SPORT, ARTS AND CULTURE	-2 414	-23 572	-29 680	-42 086	0	-97 752	0	18 411	77 841	1 500	0	97 752
VOTE 38: TOURISM	0	-5 278	-21 000	0	0	-26 278	21 000	0	2 065	3 000	213	26 278
VOTE 39: TRADE, INDUSTRY AND COMPETITION	0	-59 030	-713 808	0	0	-772 838	0	20 324	715 116	37 177	221	772 838
VOTE 40: TRANSPORT	0	-25 399	-638 000	0	0	-663 399	10 000	13 104	638 000	2 295	0	663 399
VOTE 41: WATER AND SANITATION	-20 000	-128 053	-707 443	-221 125	0	-1 076 621	104 000	219 589	720 463	32 565	4	1 076 621
Grand Total	-855 981	-4 472 867	-4 699 795	-1 771 439	-401	-11 800 483	1 957 247	3 492 232	4 632 693	1 651 986	66 325	11 800 483

Thank You