

BRIEFING TO THE SELECT COMMITTEE ON APPROPRIATIONS ON THE 2023/24 SECOND ADJUSTMENTS APPROPRIATION BILL

National Treasury

Presented by:

Public Finance



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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Context



The Minister of Finance tabled the Second Adjustments Appropriation Bill on 21 February 2024 during the presentation of the 2024 National Budget in Parliament. These are further adjustments required beyond the adjustments to the appropriation of money provided for in the Appropriation Act, 2023



Section 213 (2) of the Constitution provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation Act of Parliament or as a direct charge against that Fund, when it is provided for in the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 12(1) and (2) of the Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009), provides for the tabling of a national adjustments budget, as envisaged in section 30 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), with an adjustments appropriation Bill

Accordingly, the National Assembly referred the Bill to Committee of Appropriations for consideration and report

Processing of the Bill

Introduction of the Bill to the National Assembly took place on 21 February 2024



The National Assembly and the National Council of Provinces refer the Second Adjustment Appropriation Bill to their respective committee of finance.

The Second Adjustments Appropriation Bill is dealt with by the Standing Committees on Finance and Appropriations. The committees must conduct public hearings on the Bill and report to the National Assembly



Second Adjustment Appropriation Bill will be referred to Select Committee



Second adjustment appropriation Bill is sent for assent and enacted into law.

Summary of the Second Adjustments Bill



The Second Adjustment Bill provides for a net movement of R290 million across functions, with the source of funds mainly goods and services.



In terms of functions, the fund allows for adjustment of allocations in the peace and security cluster and public service administration using savings identified mainly from the community development and economic development functions to mainly absorb the 2023/24 wage agreement increases.



In terms of economic classification, R190 million of this amount is put on transfers and subsidies, while R99 million provides for increases under compensation of employees, and R1 million for payment of capital assets. The bulk of funds are from goods and services



The Department of Cooperative Governance allocations have been adjusted downwardly by R400 million. These are reductions in allocations for the Community Work Programme realised as result of contract not being finalised on time with new implementing agents for the Community Work Programme.

Vote 1: Presidency

- The Presidency has been allocated R70 million in the 2nd adjustment appropriation Bill to cover the cost of the Ministry of Electricity for the 2023/2024 financial year. The new Ministry will oversee the electricity crisis response, with the appointed Minister having political responsibility and control over all critical aspects of the Energy Action Plan.
- This will help address the challenge of fragmentation of responsibility across various departments and Ministers. The Minister of Electricity will facilitate coordination of departments involved in the crisis response, work with Eskom leadership to improve power station performance, and accelerate the procurement of new generation capacity.

Vote 3: Cooperative Governance

- The Department of Cooperative Governance allocations have been adjusted downwardly by R400 million. These are reductions in allocations for the Community Work Programme realised as result of contract not being finalised on time with new implementing agents for the Community Work Programme.

Vote 5: Home Affairs

- Department of Home Affairs has received R200 million in reallocation to increase Political Party Funding allocations. The Electoral Commission established the Party Funding Unit to ensure adequate capacity for implementing the Public Funding of Represented Political Parties Act. Funds are provided annually from the National Revenue Fund and distributed to political parties in the National Assembly or provincial legislatures. The Commission pays the allocated amounts quarterly.

Vote 6: International Relations

- The Department of International Relations and Cooperation has been allocated an additional R80 million for hosting of the BRICS Summit in 2023/24. Owing to existing budget pressures and depreciation of the Rand, the department was unable to accommodate the costs of the Summit without the additional allocations.

Vote 12: Public Service Commission

- The Public Service Commission has been allocated an additional R12 million to augment existing allocations for compensation of employees due to the higher-than budgeted for 2023/24 public service wage bill and to fund vacancies.

Vote 13: Public Works and Infrastructure

- Public Works and Infrastructure allocations have been adjusted downwardly by R70 million due to savings. The funding will be shifted to the Presidency for the Ministry of Electricity and the e-Cabinet system.
- The underspending was identified in three programs: Administration for employee compensation due to funded vacant posts (R12 million), Expanded Public Works Programme (R8 million), and Property and Construction Industry Policy and Research (R35 million) due to delays in appointing consultants for project preparation services by Infrastructure South Africa.

Vote 20: Women, Youth and Persons with Disabilities

- The Women, Youth and Persons with Disabilities (DWYPD) received an R13 million increase in general administration and allocations to the Commission for Gender Equality (CGE). The R8 million was used to alleviate pressure on goods and services.
- The R5 million is to enable the CGE to implement various projects such as, researches on thematic areas on Gender based violence and femicide, commissioners project on female Traditional Leaders, and other projects that are planned to occur in 2023/24.

Vote 25: Justice and Constitutional Development

- R50 million has been allocated to cover the 2023/24 public service wage agreement increases for the Justice for Court Services and National Prosecuting Authority.

Vote 27: Office of the Chief Justice

- R45 million has been allocated to the Office of the Chief Justice to cover increases related to the 2023/24 public service wage agreement, these adjustments are for Court Services and Judicial Education and Support.

THANK YOU