



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO: ACCOUNTING OFFICERS OF ALL NATIONAL DEPARTMENTS

NATIONAL TREASURY INSTRUCTION NO. 2 OF 2020/21

UTILISATION OF FUNDS WITHDRAWN FROM NATIONAL REVENUE FUND IN TERMS OF SECTION 29 OF PUBLIC FINANCE MANAGEMENT ACT

1. PURPOSE

- 1.1. The purpose of this Instruction is to further regulate the withdrawal of funds from the National Revenue Fund to use for services for which funds were appropriated in the previous financial year in terms of section 29 of the Public Finance Management Act, 1999 (Act No. 1 of 1999 (PFMA) that deals with expenditure before the annual budget is passed.

2. BACKGROUND

- 2.1. Section 29(1) of the PFMA states that, if an annual budget is not passed before the start of the financial year to which it relates, funds may be withdrawn in accordance with this section from the National Revenue Fund for the services of the state or the province concerned during that financial year as direct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.
- 2.2. According to section 29(2)(a) and (b)(i) of the PFMA, funds withdrawn from the National Revenue Fund in terms of section 29(1) may be utilised only for services for which funds were appropriated in the previous annual budget or adjustment budget and such funds may not exceed 45 per cent of the total amount appropriated in the previous annual budget in the first four months of that financial year. Section 43 of the PFMA and Treasury Regulation 6.3.1 regulate virements between votes and main divisions (programmes) within votes once the Appropriation Bill is enacted. However, this will only occur later during the financial year and the COVID-19 pandemic will require a more urgent response.
- 2.3. The proposed allocations for national departments (are indicated per main division (programme) in the votes in the Schedule to the Appropriation Bill tabled in Parliament on 26 February 2020. The current COVID-19 pandemic was declared a national state of disaster on 15 March 2020, effective for three months, which may be extended. This requires that spending incurred in terms of section 29 of the PFMA until the Appropriation Bill is passed, must be further regulated to ensure that government responds appropriately to the pandemic.
- 2.4. Regulation 2(4) of the regulations made under section 27(2) of the Disaster Management Act, 2002 (Act No. 57 of 2002), following the declaration of the national state of disaster stipulates that institutions within national, provincial and local government must—
 - (a) make funding available; and
 - (b) as far as possible, without affecting service delivery in relation to the realisation of the rights contemplated in sections 26 to 29 of the Constitution of the Republic of South Africa, 1996, shift funding,

within its budget to implement these Regulations or directions issued in terms of section 27(2) of the Disaster Management Act, regarding the national state of disaster.

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3. VIREMENTS

- 3.1. The accounting officer of a department may shift a proposed allocation in a main division (programme) in the vote for the department in the Schedule to the Appropriation Bill for the 2020/21 financial year as if section 43(1), (2) and (4) of the PFMA and Treasury Regulation 6.3.1 apply.
- 3.2. As required by section 29(2)(a) of the PFMA, funds may only be shifted to be used for services for which funds were appropriated in the Appropriation Act, 2019 or the Adjustments Appropriation Act, 2019.
- 3.3. If the proposed shift exceeds the proposed main division (programme) allocation in the vote for the department in the Schedule to the Appropriation Bill for the 2020/21 financial year, the National Treasury may, after consultation with the affected departments, shift funds between votes in that Schedule to fund any shortfalls created by the COVID-19 pandemic response.
- 3.4. A shift requiring the approval of the National Treasury, and that is approved, will be included in the Adjustments Appropriation Bill for the 2020/21 financial year as will all shifts approved by the Accounting Officer.

4. APPLICABILITY

This Instruction is applicable to all national departments.

5. AUTHORITY

This Instruction is issued in terms of section 76(2)(j) of the PFMA.

6. EFFECTIVE DATE

This Instruction is effective from the date of signature.


7. REPORTING

The accounting officer of a department must report on shifts in terms of this Instruction to the executive authority responsible for the department and the National Treasury within 30 days after the shift is approved.

8. CONTACT INFORMATION

Julia de Bruyn
Public Finance,
CD: Education and related departments
Tel: 012 315 5682
Julia.deBruyn@treasury.gov.za

Approved/Not Approved *Approved*


Dondo Mogajane
Director-General
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