

2018 / 19
NATIONAL TREASURY
ANNUAL REPORT
VOTE 7



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



2018 / 19
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ANNUAL REPORT



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PART A:
GENERAL INFORMATION



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PART A: GENERAL INFORMATION

1. DEPARTMENT INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

ADF	African Development Fund
AENE	Adjusted Estimates of National Expenditure
AfDB	African Development Bank
AFIAAR	African Forum of Independent Accounting and Audit Regulators
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
AIF	Africa Investment Forum
ALM	Asset and Liability Management
AO	Accounting Officer
APP	Annual Performance Plan
APR	Annual Performance Report
ARC	Africa Regional Centre
ASB	Accounting Standards Board
AU	African Union
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
BBCBE	Black Business Council Built Environment
BBI	Broadband Infraco
BCM	Business Continuity Management
BEE	Black Economic Empowerment
BEPP	Built Environment Performance Plan
BEPS	Base Erosion and Profit Shifting
BFI	Budget Facility for Infrastructure
BMA	Border Management Agency
BO	Budget Office
BPA	Benefits Payment Automation
BRICS	Brazil, Russia, India, China and South Africa
BTC	Belgian Technical Cooperation
BTO	Budget and Treasury Office
CA	Chartered Accountants
CAA	Chartered Accountants Academy
CAHF	Centre for Affordable Housing Finance in Africa
CBDA	Co-operative Banks Development Agency
CD	Chief Directorate
CDS	Capacity Development Strategy
CEF	Central Energy Fund
CFI	Co-operative Financial Institution

2. LIST OF ABBREVIATIONS/ACRONYMS

CFO	Chief Financial Officer
CFPs	Calls for Proposals
CGICTPF	Corporate Governance of Information and Communications Technology Policy Framework
CIDMS	Cities' Infrastructure Delivery and Management System
CIGFARO	Chartered Institute of Government Finance, Auditing and Risk Officers
CIT	Company Income Tax
CoE	Compensation of Employees
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs
CoGTA	Cooperative Governance and Traditional Affairs
COLA	Cost of Living Adjustment
COMAF	Communication of Audit Findings
CPS	Cash Paymaster Services
CS	Corporate Services
CSD	Central Supplier Database
CSIPs	City Support Implementation Plans
CSO	Civil Society Organisations
CSP	Cities Support Programme
CSPs	Country Strategy Papers
CwA	Compact with Africa
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DCoG	Department of Cooperative Governance
DFI	Development Finance Institution
DFID	Department for International Development
DFIs	Development Finance Institutions
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations and Cooperation
DMTN	Domestic Medium-Term Note
DoJCD	Department of Justice and Constitutional Development
DoRA	Division of Revenue Act
DORB	Division of Revenue Bill
DPCI	Directorate for Priority Crime Investigation
DPME	Department of Planning, Monitoring and Evaluation
DPW	Department of Public Works
DTI	Department of Trade and Industry
DTPS	Department of Telecommunications and Postal Services
DTT	Digital Terrestrial Television

2. LIST OF ABBREVIATIONS/ACRONYMS

DVD	Digital Video Disc
EAOs	Emolument Attachment Orders
ECA	Equivalent Competent Authority
ECIC	Export Credit Insurance Corporation
ECOSOC	Economic and Social Council
EDMS	Electronic Document Management System
eEd PDMS	e-Education Procurement and Delivery Management Standard
EHW	Employee Health and Wellness
ELP	Executive Leadership Programme
ENE	Estimates of National Expenditure
EPI	Expanded Programme on Immunisation
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
ETD	Education Training and Development
EU	European Union
EWRM	Enterprise Wide Risk Management
F15	Committee of Fifteen Finance Ministers
FAC	Finance and Audit Committee
FAIS	Financial Advisory and Intermediary Services
FAIS Ombud	Financial Advisory and Intermediary Services Ombud
FAOA	Federal Audit Oversight Authority
FFC	Financial and Fiscal Commission
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FIDPM	Framework for Infrastructure Delivery and Procurement Management
Fitch	Fitch Ratings Agency
FLC	Fiscal Liability Committee
FMCMM	Financial Management Capability Maturity Model
FMG	Financial Management Grant
FMIP	Financial Management Improvement Programme
FMISD	Financial Management Capacity Development Programme for Improved Service Delivery
FOSAD	Forum of South African Directors-General
FRP	Financial Recovery Plan
FSB	Financial Services Board
FSCA	Financial Sector Conduct Authority
FSR	Financial Sector Regulation
FSRB	Financial Sector Regulation Bill

2. LIST OF ABBREVIATIONS/ACRONYMS

G20	Group of Twenty
GAVI	Global Alliance for Vaccines and Immunisation
GCI	General Capital Increase
GEHS	Government Employees Housing Scheme
GEPF	Government Employees Pension Fund
GPAA	Government Pensions Administration Agency
GPW	Government Printing Works
GRAP	Standards of Generally Recognised Accounting Practice
GTAC	Government Technical Advisory Centre
HIV	Human Immunodeficiency Virus
HLPF	High Level Political Forum
HOD	Head of Department
HR	Human Resources
HSRC	Human Sciences Research Council
IA	Internal Audit
ICASA	Independent Communications Authority of South Africa
ICDG	Integrated City Development Grant
ICT	Information and Communication Technology
IDA	International Development Association
IDC	Industrial Development Corporation
IDIP	Infrastructure Delivery Improvement Programme
IDMS	Infrastructure Delivery Management System
IDMSBOK	Infrastructure Delivery Management System Body of Knowledge
IDP	Integrated Development Programme
IDT	Independent Development Trust
IES	Income and Expenditure Survey
IFIAR	International Forum of Independent Audit Regulators
IFMS	Integrated Financial Management System
IGR	Inter-Governmental Relations
IIF	Institute of International Finance
IMC	Inter-Ministerial Committee
IMF	International Monetary Fund
IPID	Independent Police Investigative Directorate
IPPs	Independent Power Producers
IPSASB	International Public Sector Standards Board
IRBA	Independent Regulatory Board for Auditors
ISDG	Infrastructure Skills Development Grant

2. LIST OF ABBREVIATIONS/ACRONYMS

ITAC	International Trade Administration Commission
IUDF	Integrated Urban Development Framework
IWG	Inter-Departmental Working Group
IYM	In-Year Monitoring
JSE	Johannesburg Stock Exchange
KIMLI	Knowledge Management, Learning and Innovation
KM	Knowledge Management
KRA	Key Result Area
KWSAP	Komati Water Scheme Augmentation Project
KZN	Kwazulu-Natal
LABS	iThemba Laboratory for Accelerator Based Sciences
Land Bank	Land and Agricultural Development Bank of South Africa
LCS	Living Conditions Survey
LED	Local Economic Development
LGBA	Local Government Budget Analysis
LTSM	Learner, Teacher Support Material
M&E	Monitoring and Evaluation
MAFR	Mandatory Audit Firm Rotation
MBRR	Municipal Budget and Reporting Regulations
MCS	Modified Cash Standards
MDBs	Multilateral Development Banks
MDDA	Media Development and Diversity Agency
MEC	Member of Executive Council
MeV	Million Electron Volts
MFIP	Municipal Finance Improvement Programme
MFMA	Municipal Finance Management Act
MFMP	Municipal Finance Management Programme
MFRS	Municipal Finance Recovery Service
MIC	Middle-Income Country
MIG	Municipal Infrastructure Grant
MINCOMBUD	Ministers' Committee on the Budget
MISA	Municipal Infrastructure Support Agent
MMTS-2	Mooi Mngeni Transfer Scheme Project
Moody's	Moody's Investors Service
MOU	Memorandum of Understanding
MPAC	Municipal Public Accounts Committees
MPAT	Management Performance Assessment Tool

2. LIST OF ABBREVIATIONS/ACRONYMS

MPC	Monetary Policy Committee
mSCOA	Municipal Standard Chart of Accounts
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
MTSF	Medium Term Strategic Framework
NCOP	National Council of Provinces
NDB	New Development Bank
NDOH	National Department of Health
NDP	National Development Plan
NDPG	Neighbourhood Development Partnership Grant
NECSA	Nuclear Energy Corporation of South Africa
NEDLAC	National Economic Development and Labour Council
NHI	National Health Insurance
NPA	National Prosecuting Authority
NPS	National Payment System
NQF	National Qualifications Framework
NRF	National Research Foundation
NRF	National Research Facility
NSA	National Skills Authority
NSG	National School of Government
NWDC	North West Development Corporation
OAG	Office of the Accountant General
OCPO	Office of the Chief Procurement Officer
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OHS	Occupational Health and Safety
OPFA	Office of the Pension Fund Adjudicator
OSBP	One Stop Border Post
OTO	Office of the Tax Ombud
PCG	Principles Consultative Group
PCM	Pensioner Case Management
PCU	Programme Coordinating Unit
PDFIs	Provincial Development Finance Institutions
PMDS	Performance Management and Development System
PEOU	Public Entities Oversight Unit

2. LIST OF ABBREVIATIONS/ACRONYMS

PEPA	Public Expenditure and Policy Analysis
PER	Performance Expenditure Reviews
PERSAL	Personnel and Salary Administration System
PF	Public Finance
PFM	Public Finance Management
PFMA	Public Finance Management Act
PFS	Public Finance Statistics
PIC	Public Investment Corporation
PINK	Procurement, Infrastructure Management and Knowledge Management Capacity Building Programme
PMTE	Property Management Trading Entity
PMU	Programme Management Unit
PoE	Port of Entry
PPAs	Power Purchase Agreements
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PPRs	Preferential Procurement Regulations
PSC	Public Service Commission
PSCBC	Public Service Co-ordinating Bargaining Council
PSO	Parliamentary Service Office
PSO	Programme Support Office
PSP	Private Sector Participation
PSRAF	Public Sector Remuneration Analysis and Forecasting
PT	Provincial Treasury
R&D	Research and Development
R&I	Ratings and Investment Information
RDP	Reconstruction and Development Programme
REDI	Research Project on Employment, Income Distribution and Inclusive Growth
S&P	Standard and Poor's Global Ratings Agency
SA	South Africa
SAA	South African Airways
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAFE	Sanitation Appropriate for Education
SAHPRA	South African Health Products Regulatory Authority
SAIPA	South African Institute of Professional Accountants
SALGA	South African Local Government Association
SAPO	South African Post Office

2. LIST OF ABBREVIATIONS/ACRONYMS

SAPS	South African Police Service
SARS	South African Revenue Service
SAS	Specialised Audit Services
SA-SAMS	South African School Administration and Management System
SASRIA	South African Special Risks Insurance Association
SASSA	South African Social Security Agency
SAX	South African Express
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SCoA	Standing Committee on Appropriations
SCoF	Standing Committee on Finance
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SECO	Swiss State Secretariat for Economic Development
SeCoA	Select Committee on Appropriations
SeCoF	Select Committee on Finance
SHRA	Social Housing Regulatory Authority
SIPDM	Standards for Infrastructure Procurement and Delivery Management
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SOC	State-Owned Company
SOERG	State-Owned Enterprises Remuneration Guide
SOP	Standard Operating Procedures
SPF	Strategic Procurement Framework
SQL	Structured Query Language
SSA	State Security Agency
STER	Single Transport Economic Regulator
TALAB	Tax Administration Laws Amendment Bill
TAS	Time Accounting System
TB	Tuberculosis
TCTA	Trans-Caledon Tunnel Authority
TETA	Transport Education and Training Authority
TFST	Thin Film Solar Technology
TLAB	Taxation Laws Amendment Bill
TR	Treasury Regulations

2. LIST OF ABBREVIATIONS/ACRONYMS

TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, Irregular, Fruitless and Wasteful
UIFWE	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
UK	United Kingdom
UN	United Nations
USAID	United States Agency for International Development
VAT	Value-Added Tax
VRESAP	Vaal River Eastern Subsystem Augmentation Project
WB	World Bank
WB	Water Board
WBG	World Bank Group
WBPHCOT	Ward-Based Primary Healthcare Outreach Teams
WCPT	Western Cape Treasury
WEF	World Economic Forum
WEFA	World Economic Forum Africa
YES	Youth Employment Service

3. FOREWORD BY THE MINISTER



Minister of Finance
TT Mboweni

In the year 2019 we celebrate 25 years since the dawn of democracy and reflect on the achievements of a united South Africa. Remarkable progress has been made to expand opportunities and build a vibrant democracy while maintaining economic stability in the face of significant headwinds. On the eve of the sixth democratic administration, a number of old challenges remain while new ones have emerged. Though the past rainy seasons have recently given way to dry spells, our resilience and capacity for self-correction is being confirmed by recent actions to restore trust in our institutions, attract investment into our economy, and plant the seeds of an economy that works for all South Africans.

Economic activity grew by only 0.8 per cent in real terms in 2018, compared to 1.3 per cent in 2017. These figures are important to digest when considering the increase in the country's population, which grew by 1.55 per cent in the same period according to Statistics South Africa. This means that the economy's growth is not keeping up with the additional people being added to the population and this has serious implications for the general welfare of families, the ability to find work, and the capacity of the state to obtain the resources necessary to fund critical public services.

The lacklustre performance reflects a combination of difficult global conditions and domestic impediments to growth, including high unemployment, poor skills competitiveness and low investor confidence. Poor growth and revenue shortfalls have also necessitated substantial fiscal consolidation against the existing baselines, with additional revenue measures and additional savings in the 2019 Medium Term Expenditure Framework (MTEF). While sobering, these realities offer us an opportunity to take ownership and unite behind a common purpose.

The National Treasury is focused on its constitutional mandate, and remains committed to ensuring the sustainability of public finances for service delivery and macro-economic stability.

Under the leadership of President Cyril Ramaphosa, government has acted to raise confidence in the economy, improve governance, address the challenges in state-owned companies (SOCs), and cushion the blow of economic hardship on ordinary South Africans.

3. FOREWORD BY THE MINISTER

The President announced five measures to help stimulate the economy, with a major focus on raising the levels of investment and thus potential growth. In the short term, these efforts have yielded positive results, including investment pledges of around R300 billion at the time of the February 2019 Budget, while efforts to address policy uncertainty contributed to a noticeable increase in investments in renewable energy and mining.

Moreover, significant progress has been made to address governance failures and restore confidence in public institutions. While the work of several commissions of inquiry continued, new leadership was appointed in various SOCs and institutions, culminating in the appointment of a new South African Revenue Service (SARS) Commissioner at the end of the financial year.

Finally, during the year we also adopted the Twin Peaks model of financial regulation, with the aim of ensuring a safer financial sector that serves South Africans better. On the fiscal side, we appointed an independent panel of experts to investigate options for lowering the impact of the Value-Added Tax (VAT) increase on lower income households and consequently provided relief in the form of a zero-rating of additional consumer products, such as bread flour, cake flour and sanitary pads.

The path to renewal and growth remains challenging, but like the fertile fields that cover our land, South Africa has immense potential for a fruitful future. As government, we have a responsibility to reverse the lack of a satisfactory recovery in the economy and the loss of trust in public institutions. We must replant anew and tend to the seeds of our future.

Finally, I wish to thank Deputy Minister David Maseko for his commitment to the public service and for serving all citizens with dedication and selflessness. To Director-General Dondo Mogajane and the National Treasury team, once again you have risen to the challenge and delivered. I and the country thank you.



TT Mboweni
Minister of Finance
20 September 2019

4. REPORT OF THE DEPUTY MINISTER



Deputy Minister of Finance

David Masondo

South Africa continues to navigate a highly challenging environment and address its shortcomings with tenacity. We are working to reverse the recent weakening of our institutions and SOCs, and to achieve inclusive growth, including by protecting the most vulnerable in our society, and ensuring that public institutions are able to fulfil their mandate without being a drag on the fiscus. Much still needs to be done, but reform momentum will continue.

Drawing from the findings of the Presidential Review Committee on SOCs, key challenges facing our institutions include policy and mandate misalignments, inefficient operations, governance failings and poor accountability mechanisms, as well as weak financial positions. The National Treasury has been working closely with shareholder departments, commissions of inquiry, and the SOCs and institutions themselves to find the appropriate solutions. While debate continues on the future of some entities, we are committed to making sure that they are financially stable and are able to fulfil their mandates, including investment in infrastructure and human capital.

The Public Investment Corporation (PIC) is undergoing a difficult but important process that should ultimately see a reinforcement of its core mandate and reputation as a client-centred investment manager. Although additional fiscal support had to be provided to SOCs such as Eskom and South African Airways (SAA), the National Treasury is developing stronger oversight mechanisms for these and other SOCs, as well as crafting a long-run strategy for government in this regard. Accordingly, frameworks for costing the developmental mandates, private sector participation, and the disposal of non-strategic assets have been developed.

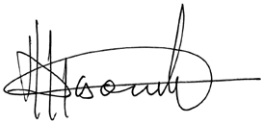
In fulfilling its core fiscal policy mandate, the National Treasury has admirably navigated difficult obligations, including measures to ensure the public sector wage bill remains within the approved ceilings, and maintaining a contingency reserve for unforeseen fiscal pressures. In addition, the 2019 Budget contained clear proposals for stabilising the gross government debt, as well as reinforcing the strategic risk benchmarks for the debt portfolio.

Finally, during this financial year government also took a further step towards a more inclusive economy by enacting the first national minimum wage in the country's history. While recognising the need for a more dynamic labour market, the minimum wage is aimed

4. REPORT OF THE DEPUTY MINISTER

at ensuring more equitable compensation for the poorest workers in our economy. Effects on labour market participation will be carefully monitored, but we take much comfort in the fact that the appropriateness of this policy is shared by our partners in the private sector and civil society.

I wish to thank Minister Mboweni for his unerring and courageous guidance and commend the staff of the National Treasury, under the leadership of DG Mogajane, for their hard work and unceasing commitment to the betterment of the country and all who live in it.

A handwritten signature in black ink, appearing to read 'D. Masondo', with a stylized flourish extending to the right.

David Masondo
Deputy Minister of Finance
20 September 2019

5. REPORT OF THE ACCOUNTING OFFICER



Director-General

Dondo Mogajane

5.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

Building a South Africa underpinned by democratic principles, free of discrimination and equal in opportunities and access to economic resources, is a long and arduous journey with many dangers and detours impeding our progress and frustrating our collective efforts. And yet, it is hardly possible to contemplate any endeavour that is more important; all sectors of South Africa continue to unite as we celebrate the nation's 25th anniversary of freedom, refocus our energies and redouble our efforts in addressing recent challenges and redressing past legacies.

The National Development Plan, which articulates our nation's shared vision, is built on the premise of a vibrant, inclusive and growing economy. It is a prerequisite to defeating the triple challenges of unemployment, inequality and poverty, and requisite to strengthening our democracy to fully realise economic freedom and dignity for the majority of South Africans. South African economic growth has stubbornly remained below what is needed, with the full fiscal year GDP having expanded by only 0.6 per cent compared to fiscal year 2017/18. The economy was negatively affected by external factors including the slowdown in economic activity in the Euro Area, escalating global trade tensions, heightened global geopolitics, and higher oil import bills. Domestically pressure continued to be exerted by the poor performance of agriculture, which contracted by 6.2 per cent as a result of drought-related difficulties, a slowdown in mining and quarrying, contractions in construction and low demand and productivity in manufacturing as a whole. Compounding matters further, the economy was negatively impacted by the financial tightening alongside the normalisation of monetary policy in the larger advanced economies that contributed to a waning of all global growth momentum as the year progressed. With this weakness expected to persist, the International Monetary Fund (IMF) projects a decline in growth in 2019 of 70 percent of the global economy. Despite these challenges, positive growth signs were recorded in financial and business services, food and beverages and manufacturing, with strong exports of motor vehicles and parts.

Confidence, which initially rallied at the start of the financial year, waned during the reporting period in response to the continued poor economic outlook. Consumption remained weak, with household consumption growing at a modest 1.1 per cent as South

5. REPORT OF THE ACCOUNTING OFFICER

Africans struggled with relatively high indebtedness, moderate real wage growth and high levels of unemployment. In contrast, consumption expenditure by government grew at 1.7 per cent. The struggling economy with weak domestic growth has had an adverse effect on South Africa's fiscal position. The budget deficit has come in at 0.6 per cent higher than forecast, while gross government debt rose by 0.5 per cent higher than anticipated. The contraction in public finances continues to exert pressure on government's ability to balance the need for public services with constraints in public resources. This has required and will continue to demand of the public sector to operate in an increasingly complex environment, requiring prioritisation of reliable public service delivery and strengthening of responsive public administration while continuously ensuring informed, value-for-money decision-making.

Government, together with all social partners, is responding to these challenges by applying measures to tackle structural constraints and stimulate growth, restore investor confidence and public trust, reduce policy uncertainty and lower the cost of doing business. While much remains to be done, progress is being made.

For the National Treasury, our most important contribution has been to ensure fiscal sustainability. The national budget was prepared and published in a manner that ensured resources allocations met the priorities set by government while adhering to expenditure containment. Through monitoring the use of scarce public resources by national spending agencies, the efficient and effective use of these resources has been promoted. Fiscal relations between national, provincial and local spheres of government was coordinated in advancement of sound budgetary planning at provincial and local spheres of government, as well as building capacity that will enable efficient and effective management practices. The National Treasury has continued its efforts to renew trust in public institutions, exercising oversight over state-owned companies with a priority to enabling these institutions to better achieve government's policy objectives in a financially and fiscally sustainable manner. Public debt and funding of government's borrowing requirements as well as government's cash resources was optimally managed. Measures to build a transformed financial sector were further advanced with the development of the necessary Twin Peaks implementation regulations, as well as a comprehensive prudential and market conduct framework for new authorities. Relevant economic research that informed economic policy and frameworks was conducted. The National Treasury continued to reinforce a commitment to ethical behaviour and ethical leadership through various monitoring mechanisms, investigative processes and capacity building initiatives to improve financial management governance and compliance across all spheres and entities in government, giving effect to the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA). Strategic procurement was further developed and implemented, and initiatives were implemented to modernise and automate government supply chain processes. The National Treasury continues to work tirelessly to build partnerships and diligently maintain stakeholder relations to optimise and impact results in change-agent programmes such as the Jobs Fund (employment creation facilitation programme), the Municipal Finance Improvement Programme (MFIP) and the Cities Support Programme (CSP).

Economic Policy, Tax and Financial Regulation and Research provided specialist policy research, analysis and advisory services in macroeconomics, microeconomics, taxation and regulatory reform. The research focus for this reporting period was to produce analysis on both macro- and microeconomic issues to create a supportive environment for job creation. Additional key research covered areas of analysis on foreign currency reserves, energy choices and capital flows. Tax proposals from the 2018 Budget were drafted, tabled and legislated, including the significant measure of increasing VAT from 14 per cent to 15 per cent and the identification of further items for zero-rating. After nine years of consultation, the Carbon Tax Bill was tabled and adopted by Parliament and enacted into law. The regulations that led to the commencement of the Financial Sector Regulation Act were finalised, which

5. REPORT OF THE ACCOUNTING OFFICER

creates a new system of financial regulation by establishing a prudential authority and a financial sector conduct authority. The division provided logistical support to the ministry in implementing the recommendations of the Nugent Commission to rebuild the capacity of the South African Revenue Service (SARS) as well as continuing to work with the Financial Intelligence Centre to implement the Financial Intelligence Centre Amendment Act. A World Bank diagnostic report that identified potential shortcomings in bank conduct and steps to improve market conduct practices in the banking sector was published, and in conjunction with the Reserve Bank, the National Payment System Act review policy paper was published for public comment.

The Budget Office has led the national budget process effectively during a time of particular fiscal constraints in a stressed economy. The division oversaw expenditure planning, provided fiscal advice and managed official development assistance, as well as compiling finance statistics. The budget reform programme was led both interdepartmentally and internationally, as well as conducting national budget outreach activities that facilitated wide-reaching and informative discussions on budget matters. As part of improving oversight, national departments' in-year monitoring reporting and public entities' quarterly reporting system were improved and an information dashboard rolled out.

Public Finance oversaw budgetary planning and execution in national departments, provided advice and analysis on sectorial policies and programmes, meticulously monitored public expenditure, and advised on financial and budgetary aspects of public policy and spending proposals. Work was done in conjunction with the appropriate departments on the One Stop Border Post National Framework, reviewing the National Youth Agency Development Act, 2008, cross-border currency solutions, the business case for the establishment of a state legal services public entity, the evaluation of learner transport and an early grade reading strategy. Furthermore, in conjunction with the Department of Trade and Industry, work was done on measures to address blockages in the Unemployment Insurance Fund (UIF), support was provided to the Department of Health and the Presidency in revising the National Health Insurance Bill (NHI), the projection model for social grants was refined, and with the Department of Small Business Development the National Treasury participated in the conceptualisation of a small business and innovation fund.

Intergovernmental Relations coordinates fiscal and financial relations between the national, provincial and local spheres of government. Inputs to the Division of Revenue, the annual Division of Revenue Bill and the draft Policy Framework for Municipal Borrowing, which proposes reforms to expand the scope of municipal borrowing, were coordinated. The 2019 Division of Revenue Bill introduced a new conditional grant to fill critical vacancies in the health sector, a new grant structure to enable and incentivise integrated infrastructure development in intermediate cities and a new incentive component for the Public Transport Network Grant that rewards cities running a successful public transport system. In addition, a ring fenced funding mechanisms and associated planning rules for the upgrading of informal settlements were introduced as part of the Human Settlements Development Grant and the Urban Settlements Development Grant. A number of policies have been updated to encourage and enhance the role of the private sector in funding municipal infrastructure as well as coordinating efforts to enhance engagements between government and the private sector. Progress has been made in the process to amend the Municipal Fiscal Powers and Functions Act, 2007, to improve the regulation of development charges. The Cities Support Programme continued supporting the metropolitan municipalities to take the lead in economic development. The Cities Support implementation plans identified a number of key programmes that were embarked on, including introduction of a component on climate Resilience into the Built Environment Performance Plans and the Executive Leadership Programme for political and administrative heads, focusing on sustainability and resilience of the metros. The Integrated City Development Grant focused on investment in the identified integration zones, with 12 catalytic programmes being planned and 10 implemented. There has been a focus on ensuring that all municipal budgets and adjusted budgets are funded.

5. REPORT OF THE ACCOUNTING OFFICER

To this end, support and guidance was provided to the 17 non-delegated municipalities as well as publishing Circulars 93 and 94 to provide guidance to all municipalities on preparing their 2018/19 Medium Term Revenue and Expenditure Framework budgets. The National Treasury continued to provide assistance to low-performing municipalities to improve spending and manage their conditional grants. While much work remains, significant progress has been made in the implementation of the Municipal Standard Chart of Accounts (mSCOA). In an effort to build a capable state, capacity building continued in the provincial sphere. This included the piloting of coaching for senior management, essentials of budget formulation and budget analysis, revenue management and collection and division of revenue. By the end of the financial year, significant progress was made with the North West intervention by the end of the financial year on directives issued by the National Treasury in relation to budget.

During the period under review, Assets and Liabilities exercised oversight over State-owned Companies (SOCs) to ensure their alignment with government priorities, financial sustainability and soundness of governance as well as the proactive identification of possible risks proactively so that appropriate mitigation actions could be taken. To this end, in this reporting period 100 per cent of Schedule 2 and 3b (SOCs, DFIs and water boards) corporate plans and annual reports received were reviewed within the stipulated timeframe with analysis conducted, including risk assessment. Government's gross borrowing requirements were successfully financed through net issuance of domestic short- and long-term loans and foreign loans. Relations with the sovereign credit rating agencies were maintained, and government's contingent liabilities were managed.

The Office of the Accountant-General prepared and tabled the 2017/18 consolidated annual financial statements for the National Revenue Fund, the Reconstruction and Development Programme Fund, national departments and public entities. Support was provided to national departments, provincial treasuries, entities and municipalities on accounting and reporting queries, improvement of audit outcomes, AFS preparation plans and audit action plans. The work of internal audit and risk management in both the PFMA and MFMA was supported including facilitation of information-sharing platforms, peer interactions and guidance provided. Implementation of the IFMS remains a challenge for the interdepartmental steering committee that oversees this game-changing initiative across government. The National Treasury commissioned a forensic investigation into both the IFMS 1 and IFMS 2 contracting processes, and is currently taking the outcomes forward in respect of strengthening various components of organisational administration and consequence management. Investigative capacity was provided to the state, with 48 forensic investigations and specialised performance audit reports being conducted. Advisory services were provided to law enforcement agencies and anti-corruption task teams, with 90 cases referred for criminal investigation. An Irregular Expenditure Framework was developed to provide procedures that accounting offices and accounting authorities must follow when dealing with irregular expenditure and to address implementation challenges previously experienced. Capacity building continued to make a significant impact with the enabling support of donors, including the conclusion of FMIP III and, based on its success, the commitment fund follow-up Public Financial Management Capacity Development Programme for Improved Service Delivery over 2018-2023, the initiation of the Procurement, Infrastructure Management and Knowledge Management Capacity Development Programme and the Municipal Financial Management Technical Assistance Project. Eleven new trainee accountants were recruited into the Chartered Accountants Academy, nine trainees qualified to attend the support programme towards writing the board exam and eight candidates qualified as chartered accountants. In total, this programme has developed 63 chartered accountants since its inception. During this reporting period the MFMA helpdesk continued to provide support and assistance to municipalities and municipal entities on matters from budgets to supply chain and borrowing to consequence management procedures. Support was provided to 30 municipalities prioritised for receiving adverse and disclaimer audit opinions, including reviewing the audit action plans and monitoring progress. Engagements were held with the senior municipal management of the highest 10 contributors to the previous financial year's

5. REPORT OF THE ACCOUNTING OFFICER

total unauthorised, irregular and wasteful expenditure. The Municipal Public Accounts Committees' guide and toolkit were released. Further support was provided by the Rapid Response Technical Team that assisted nine municipalities with the preparations of their financial recovery plans.

The Office of the Chief Procurement Officer continued to exercise oversight over compliance to SCM policies, procedures, norms and standards. Procurement plans, deviations and contract expansions to departments and public entities continued to be published in a continual effort to strengthen transparency in public sector procurement. Sourcing strategies were developed and implemented, 22 transversal contracts were renewed and the business case for a government online travel booking system was approved. An e-Education Procurement and Delivery Management Framework was developed and the existing Standard for Infrastructure Procurement and Delivery Management was reviewed and better aligned to the Infrastructure Delivery Management System. Significantly, the Public Procurement Bill was finalised and awaits Cabinet approval for public comment as well as the finalisation of the contract management framework for all of government.

International Financial Relations successfully supported the Minister of Finance in his newly established role of budget oversight at the African Union through the Committee of Fifteen Finance Ministers, having achieved a 12 per cent year-on-year saving on the AU budget. Progress was made in the work of the Southern African Customs Union, and in particular the review of the 2002 SACU agreement with the aim of putting the union on a development path. South Africa successfully chaired the Southern African Development Community for a 12-month period from August 2017. Participation in the OECD, World Economic Forum, G20, IMF and the World Bank continued with benefits impacting positively on advancing the interests of South Africa and Africa internationally. Significantly, South Africa co-hosted the Africa Investment Forum with the African Development Bank in support of the President's US\$100 billion investment mobilisation. Furthermore, South Africa assumed the chair of the New Development Bank board of governors and hosted their fourth annual meeting.

The civil and military pension contributions to funds and other benefits continue to provide pension and post-retirement medical benefits to former employees of state departments and bodies, as well as providing similar benefits to retired members of the military. Concerning client data, a figure of 100 per cent integrity was achieved as well as for customer service complaints responded to within seven days. This contributed to the achievement of 99 per cent of benefits being paid out within liable dates.

The Government Technical Advisory Centre (GTAC) continued to work towards the building and strengthening of a capable, ethical and developmental orientated state with capacity to work with the private sector in promoting growth, employment, infrastructure investment and public service delivery. Support was provided in assisting the National Treasury in conceptualising the budget facility for infrastructure as part of the ongoing reform process. A total of 56 project proposals were received in response to the second call for submissions under the BFI initiative, of which 32 were selected for detailed analysis by the GTAC with recommendations. Eighty projects aimed at building institutional capacity of client departments were supported. Twenty-six transactional advisory projects were registered, and reviews of public private partnership assessments were completed. The Municipal Finance Improvement Programme (MFIP) procured and deployed 69 technical advisers to provide support to departments and enhance programme management capabilities. The 8th call for proposals was completed, with 43 of the 214 concept note applications invited to submit a full business case application. The Jobs Fund has approved 152 projects since its inception. The Cities Support Programme continues to make significant impact, with the delivery of an Executive Leadership Programme to both political and administrative heads of metros.

5. REPORT OF THE ACCOUNTING OFFICER

5.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

5.2.1 DEPARTMENTAL RECEIPTS

The table below provides a breakdown of the sources of revenue and performance for the 2018/19 financial year.

Table 1: Source of Revenue

DEPARTMENTAL RECEIPTS	2017/18			2018/19		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Sale of goods and services other than capital assets	31 728	116 648	(84 920)	119 379	125 379	(6 000)
Interest, dividends and rent on land	2 988 602	3 325 439	(336 837)	3 260 761	6 830 187	(3 569 426)
Sale of capital assets	659	683	(24)	-	-	-
Financial transactions in assets and liabilities	1 090 340	988 002	102 338	260 500	158 157	102 343
Total	4 111 329	4 430 772	(319 443)	3 640 640	7 113 723	(3 473 083)

The revenue received on the interest and dividends item relates to 96% of the department's total revenue.

Sale of goods and services

The higher amount of R6 million is mainly due to an increase in guarantee fees collected from South African Airways (SAA), South African National Roads Agency Limited (SANRAL).

Interest

The highest amount of revenue received for the department is interest received from the four commercial banks as well as from the newly introduced CITI Bank. An amount of R3,7 billion was also received from the South African Reserve Bank on foreign currency deposits that increased the revenue projected.

5. REPORT OF THE ACCOUNTING OFFICER

Financial transactions

The deficit of R102 343 is due to lesser than anticipated surplus funds received from entities.

5.2.2 PROGRAMME EXPENDITURE

The table below provides a high-level comparison of 2017/18 versus 2018/19 of the expenditure incurred by the Department against appropriated funds.

Table 2: Payment expenditure made by programmes for the period 1 April 2018 to 31 March 2019

PROGRAMME	2017/18			2018/19		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	445 620	437 869	7 751	453 819	424 274	29 545
Economic Policy Tax Financial Regulation and Research	163 991	151 860	12 131	152 770	138 756	14 014
Public Finance and Budget Management	302 296	288 635	13 661	298 047	295 370	2 677
Asset and Liability Management	10 100 312	10 089 761	10 551	101 585	91 185	10,400
Financial Accounting and Supply Chain Management Systems	1 000 846	885 833	115 013	1 102 085	869 104	232 981
International Financial Relations	5 940 689	5 469 838	470 851	5 883 121	5 807 686	75 435

5. REPORT OF THE ACCOUNTING OFFICER

PROGRAMME	2017/18			2018/19		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Civil and Military Pensions Contributions to Funds and Other Benefits	4 648 202	4 618 088	30 114	5 021 277	5 020 100	1 177
Technical Support and Development Finance	2 558 513	2 526 350	32 163	2 926 779	2 235 067	691 712
Revenue Administration	10 218 198	10 218 198	-	9 007 217	9 007 217	-
Financial Intelligence and State Security	5 105 639	5 105 639	-	4 763 533	4 763 533	-
Total	40 484 306	39 792 071	692 235	29 710 233	28 650 931	1 057 941

The Department spent 96.4% of its appropriated funds. The underspending of R1.1 billion had no negative impact on attaining predetermined objectives, as processes were constantly assessed in order to improve spending effectiveness and efficiency. 60% of the total underspending represents unspent funds of R400 million on the Development Bank Southern Africa (DBSA) Infrastructure funds which were not transferred due to pending Memorandum of Agreement and the Business case.

PROGRAMME 1

The programme has spent 93.5% of its R453.8 million budget for the 2018/19 financial year. Underspending of R4.1 million on compensation of employees was mainly due to vacant posts not being filled. Savings of R12.2 million on goods and services items such as computer services, consultancy services, contractors, stationary and travel costs were mainly due to implementation of the cost containment measures. Underspending of R9.1 million on machinery and equipment mainly due to the pending procurement of wireless infrastructure for the Centurion building as well as upgrading the current obsolete wireless infrastructure in Cape Town, 240 Madiba Street and 40 Church Buildings.

5. REPORT OF THE ACCOUNTING OFFICER

PROGRAMME 2

The programme has spent 90.8% of its R152.8 million budget for the 2018/19 financial year. Unspent funds of R7.9 million on transfer and subsidies was mainly due to transfer payment to the Economic Research Southern Africa (ERSA) which did not materialise as a result of discontinuation of the research. Underspensing of R5.7 million on compensation of employees was mainly due to vacant posts not being filled. The saving of R600 000 on various items mainly due to implementation of cost containment measures.

PROGRAMME 3

The programme has spent 99.1% of its R298 million budget for the 2018/19 financial year. The Underspensing of R601 000 on compensation of employees was mainly due to vacant posts that haven't been filled. Furthermore, the saving of R1.3 million on goods and services was on various items such as bursaries, catering, entertainment, travel and stationery mainly due to implementation of cost containment measures. Underspensing of R800 000 on machinery and equipment due to non-replacement of obsolete equipment.

PROGRAMME 4

The programme has spent 89.8% of its R101.6 million budget for the 2018/19 financial year. Underspensing of R4.9 million on compensation of employees was mainly due to vacant posts not being filled. Underspensing of R5.5 million on goods and services was mainly due delays in the appointment of a consultant to assist with the completion of the final phase of the ALM Back Office System as well as the tender issuance process for a new support, maintenance and enhancement contract for the ALM Back Office System.

PROGRAMME 5

The programme has spent 78.9% of its R1.1 billion budget for the 2018/19 financial year. Underspensing of R227.8 million on goods and services was mainly on the Integrated Financial Management Systems (IFMS) project relating to the rescheduling of the procurement of various services. Underspensing of R4.5 million on machinery and equipment was due to non-replacement of system servers for transversal systems.

PROGRAMME 6

The programme has spent 98.7% of its R5.9 billion budget for the 2018/19 financial year. Saving of R56 million on payment of financial assets was mainly due to saving realised on payment to New Development Bank (NDB) and African Development Bank (AfDB) as a result of foreign exchange rate difference. Saving of R15.6 million on transfers and subsidies was mainly on Common Monetary Area (CMA) compensation due to less than anticipated yield on the South African long-term bonds. The underspensing of R1.5 million on compensation of employees was mainly due to vacant posts not being filled. Saving of R1.8 million on goods and services on various items mainly due to implementation of the cost containment measures.

5. REPORT OF THE ACCOUNTING OFFICER

PROGRAMME 7

The programme has spent 100% of its R5 billion budget for the 2018/19 financial year. The expenditure on the programme was on par with the budgeted amount with immaterial variance.

PROGRAMME 8

The programme has spent 76.4% of its R2.9 billion budget for the 2018/19 financial year. Underspending of R418 million on goods and services was mainly due to R400 million on the Development Bank Southern Africa (DBSA) Infrastructure funds which were not transferred due to pending Memorandum of Agreement and the Business Case and R11.6 million mainly on Jobs Fund operational expenditure which experienced delays in appointing service providers in the Job Fund operational budget. The underspending of R226 million on transfers and subsidies was mainly on the Jobs Fund grant disbursement due to lower than projected disbursements by the Jobs Fund Partners for the current financial year.

PROGRAMME 9

The programme has transferred 100% of its R9 billion budget for the 2018/19 financial year.

PROGRAMME 10

The programme has transferred 100% of its R4.7 billion budget for the 2018/19 financial year.

5.2.3 VIREMENTS/ROLLOVERS

The department had virements totalling R340.3 million between various programmes which experienced financial shortages and surpluses. The virement process was conducted during the 2018/19 year-end process through reprioritisation, where funds from under-performing programmes-“Surplus funds” were redirected to financially struggling programmes- “Shortages”.

In summary, the significant virements per programme were as follows:

- R20 million from Programme 1 to Programme 6.
- R92 million from Programme 5 to Programme 6.
- R142.5 million from Programme 7 to Programme 6, and
- R85.8 million from Programme 8 to Programme 6.

No rollovers were requested by the Department.

5.2.4 UNAUTHORISED EXPENDITURE

The National Treasury did not incur any unauthorised expenditure during the year under review.

5. REPORT OF THE ACCOUNTING OFFICER

5.2.5 IRREGULAR EXPENDITURE

The department incurred irregular expenditure of R465.9 million during the year under review and the main contributors were:

- R140.9 million on transfer of the Municipal Finance Improvement Programme (MFIP) funds to Government Technical Advisory Centre (GTAC) was not approved by the Accounting Officer.
- R185 million was incurred for the maintenance and support of the legacy systems (BAS, PERSAL, LOGIS and VULINDLELA).

5.2.6 FRUITLESS AND WASTEFUL EXPENDITURE

As reported in the previous financial year, the National Treasury procured software licences for the Integrated Financial Management System (IFMS) and was required to pay an annual fee for the technical support and maintenance.

Fruitless and wasteful expenditure of R68 million was incurred due to the payment of the Integrated Financial Management System (IFMS) for technical support and maintenance.

5.2.7 SUPPLY CHAIN MANAGEMENT

The National Treasury does not use the unsolicited bid process.

The National Treasury experienced challenges in the areas of supply chain management (SCM) procedures, policies and systems during the 2018/19 financial year due to non-compliance. Measures to strengthen the SCM control environment includes conducting a gap-analysis by assessing the current practices, policies, procedures and relevant information as it pertains to the department's SCM environment, identifying weakness areas and make improvement recommendations.

Based on the outcome of the gap analysis, the following improvement activities are underway:

- Review and institutionalisation of the entire SCM system policy,
- Development and institutionalisation of frameworks, mechanisms, procedures, manuals and application tools specifically addressing:
 - Demand Management and procurement planning,
 - Acquisition management processes and procedures,
 - Contract management and administration inclusive of a reformed contracts and commitment register, and
- Development of an improved performance and risk management mechanism inclusive of monitoring and reporting tools and an updated SCM risk register focusing on both operational and procedural risks.

5.2.8 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

Eskom is under the control of the Department of Public Enterprises. However, on 2 April 2019 the Minister of Finance approved that Section 16 (1) of the PFMA be invoked to transfer R17.652 billion to Eskom to meet its obligations and to avoid a call on its existing government guarantees by 30 May 2019. Transfers were made through the bank account of the National Treasury in accordance with the cash flow requirements of Eskom. On 2 April 2019 R5 billion was transferred and on 29 April 2019 a further R8.5 billion. As at 31 May 2019 the National Treasury has transferred a total of R13.5 billion to Eskom. Details on how the Department of Public

5. REPORT OF THE ACCOUNTING OFFICER

Enterprises envisaged to manage Eskom to remain financially viable can be obtained from the Annual report of the Department of Public Enterprises.

5.2.9 OTHER MATTERS

Included under note 26 in the Annual Financial Statements is the Irregular Expenditure of R75 million out of a total of R465.9 million. The amount of R75 million relates to transfers made to GTAC as an implementing agent in terms of the Principal-Agent relationship since 2014.

APPRECIATION AND CONCLUSION

I wish to thank the NT team, who with dedication and professionalism are committed to the building of a public service worthy of the democracy we envision. They serve with confidence, courage and compassion. I extend my gratitude towards Minister Mboweni and Deputy Minister Masondo for their leadership, clarity and determination in guiding and shaping consensus in critical national debates on matters as far-reaching and wide-ranging as the fiscal framework, SOCs and economic growth.



Dondo Mogajane

Accounting Officer

Date: 17 September 2019

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent. The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury. The annual financial statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2019.

Yours faithfully



Dondo Mogajane
Accounting Officer
Date: 6 September 2019

7. STRATEGIC OVERVIEW

7.1 VISION

The National Treasury is the custodian of the nation's financial resources. We hold ourselves accountable to the nation to discharge our responsibilities professionally and with humility, with the aim of promoting growth and prosperity for all.

We aspire to excellence in the quality of our analysis and advice, and in the execution of our financial management responsibilities. We aim to realise the full potential of South Africa's economy and people and to mobilise the resources of the state, business enterprises and the wider community in a partnership of trust and mutual respect.

7.2 MISSION

The National Treasury supports economic growth and development, good governance, social progress and rising living standards through the accountable, economic, efficient, equitable and sustainable management of South Africa's public finances, maintenance of macroeconomic and financial sector stability and effective financial regulation of the economy.

7.3 VALUES

As custodian of the nation's financial resources, the National Treasury acknowledges the authority of Parliament through whom we are accountable to the nation. We value teamwork, sound planning and enthusiasm, and strive continually to improve the quality, accuracy and reliability of our service delivery. Our people are our most valued assets. We seek to be an employer of choice, we invest in the education and training of our staff, we cultivate a learning and consultative environment, we make use of the best available technological support and we aim to mobilise the full potential of our people.

In our dealings with the public and with our colleagues, we act transparently and with integrity, showing respect and demonstrating fairness and objectivity. In achieving these things, we will honour the faith that the South African public has placed in us.

8. LEGISLATIVE AND OTHER MANDATES

The National Treasury's legislative mandate is based on Chapter 13, Section 216(1) of the Constitution, which calls for the establishment of a national treasury to ensure transparency, accountability and sound financial controls in the management of the country's public finances. This role is further elaborated in the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The department is mandated to promote the national government's fiscal policy and the coordination of macroeconomic policy; ensure the stability and soundness of the financial system and financial services; coordinate intergovernmental financial and fiscal relations; manage the budget preparation process; and enforce transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities and constitutional institutions. Accordingly, there have been no significant changes to the National Treasury's legislative and other mandates.

8.1 PARLIAMENTARY SERVICE

The Minister of Finance, as the political principal of the department, regards active collaboration with Parliament as vital. The National Treasury will continue to maintain good relations with parliamentary committees during the period ahead, including the Standing Committee on Finance, the Select Committee on Finance, the Standing Committee on Public Accounts, and the Standing Committee on Appropriations.

9. ORGANISATIONAL STRUCTURE



Minister of Finance
TT Mboweni (MP)



Deputy Minister of Finance
David Masondo (MP)



Director-General
Dondo Mogajane



Stadi Mngomezulu



Anthony Julies



Willie Mathebula



Mampho Modise



Ian Stuart



Malijeng Ngqaleni



Ismail Momoniat



Vuyelwa Vumendlini



Duncan Pieterse



Zanele Mxunyelwa

9. ORGANISATIONAL STRUCTURE

Stadi Mngomezulu

Deputy Director-General Corporate Services

- Strategic Projects & Support
- Human Resources Management
- Chief Financial Officer
- Information & Communications Technology
- Media Liaison & Communications
- Legal Services
- Legislation
- Internal Audit Function*
- Chief Risk Office*
- Strategic Planning, Monitoring and Evaluation*

Anthony Julies

Deputy Director-General Asset & Liability Management

- Sectoral Oversight
- Liability Management
- Financial Operations
- Strategy & Risk Management
- Governance & Financial Analysis

Willie Mathebula

Acting Deputy Director-General Chief Procurement Office (Acting since 1 September 2017)

- Transversal Contracting
- SCM Policy, Norms and Standards
- Strategic Procurement
- SCM Client Support
- SCM Information, Communication and Technology
- SCM Governance, Monitoring and Compliance

Mampho Modise

Deputy Director-General Public Finance

- Justice and Protection Services
- Economic Services
- Administrative Services
- Education & Related Departments & Labour
- Health & Social Development
- Urban Development & Infrastructure
- National Capital Projects
- Project Management Unit

Ian Stuart

Acting Deputy Director-General Budget Office (Acting since 1 December 2017)

- Expenditure Planning
- Public Finance Statistics
- International Development Coordination
- Fiscal Policy
- Public Entities Governance Unit
- Public Sector Remuneration Unit

Malijeng Ngqaleni

Deputy Director-General Intergovernmental Relations

- Local Government Budget Analysis
- Intergovernmental Policy & Planning
- Provincial & Local Government Infrastructure
- Provincial Budget Analysis
- Neighbourhood Development Unit

Ismail Momoniat

Deputy Director-General Tax & Financial Sector Policy

- Financial Sector Development
- Financial Services
- Financial Stability
- Economic Tax Analysis
- Legal Tax Design

Vuyelwa Vumendlini

Deputy Director-General International & Regional Economic Policy

- African Economic Integration
- Multilateral Development Banks and Concessional Finance
- Global and Emerging Markets
- Country and Thematic Analysis

Duncan Pieterse

Acting Deputy Director-General Economic Policy (Acting since 10 May 2018)

- Modelling & Forecasting
- Microeconomic policy
- Macroeconomic policy
- Regulatory Impact Assessment

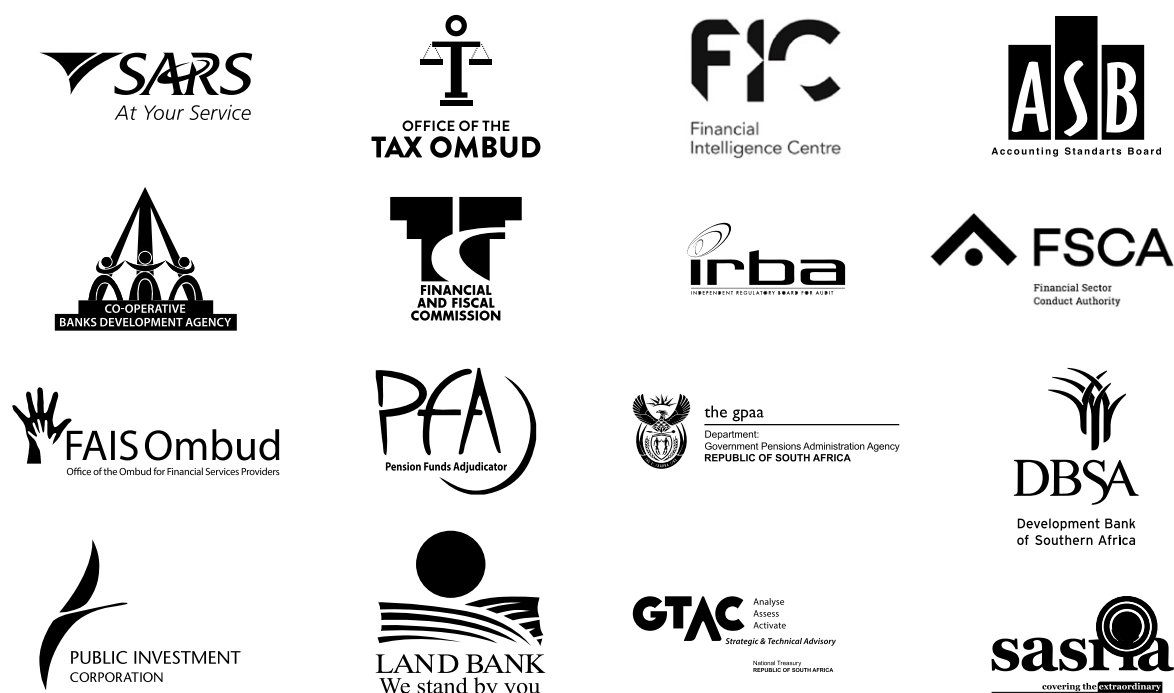
Zanele Mxunyelwa

Acting Deputy Director-General Office of the Accountant-General (Acting from 1 September 2017 to 31 May 2019)

- Capacity Building
- MFMA Implementation
- Accounting Support & Integration
- Internal Audit Support
- Risk Management
- Technical Support Services
- Governance Monitoring & Compliance
- Specialised Audit Services
- Financial Systems
- Integrated Financial Management Systems (IFMS)

* Established in the Director-General's office, for the administrative purposes located in Corporate Services

10. PUBLIC ENTITIES REPORTING TO THE MINISTER



Sixteen entities report to the Minister of Finance through governance arrangements that give each entity autonomy but also enable them to align their strategies with government policy. Eight of these entities - the Accounting Standards Board (ASB), the Co-operative Banks Development Agency (CBDA), the Financial and Fiscal Commission (FFC), the Financial Intelligence Centre (FIC), the Government Technical Advisory Centre (GTAC), the Independent Regulatory Board for Auditors (IRBA), the Office of the Tax Ombud (OTO) and the South African Revenue Service (SARS) - receive transfers from the National Treasury.

The remaining eight are self-funded and generate their own revenue. They are the Financial Sector Conduct Authority (FSCA), the Financial Advisory and Intermediary Services Ombud (FAIS Ombud), the Office of the Pension Funds Adjudicator (OPFA), the Government Pensions Administration Agency (GPAA), the Development Bank of Southern Africa (DBSA), the Public Investment Corporation (PIC), the Land and Agricultural Development Bank of South Africa (Land Bank) and the South African Special Risks Insurance Association (SASRIA). Each entity develops and reports on its own strategic plan or corporate plan. The reporting on the performance of the 16 entities describes the broad approach of each and how their work relates to the National Treasury's strategic objectives, which are in turn aimed at achieving the goals of the National Development Plan (NDP).

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

ACCOUNTING STANDARDS BOARD (ASB)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The ASB's legislative mandate is to develop uniform standards of Generally Recognised Accounting Practice (GRAP) for all spheres of government in terms of Section 216(1)(a) of the Constitution and the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The ASB has to promote accountability, transparency and the effective management of revenue, expenditure, assets and liabilities of the entities to which the standards of GRAP apply.

The ASB's key achievements during the year under review include the following:

- The ASB issued guidance on how to account for landfill sites (both the asset and the obligations) and the treatment of adjustments to revenue already recognised by an entity.
- The ASB issued guidance on applying materiality to ensure that the key users of financial statements and their information needs are identified.
- The ASB issued an amended standard of GRAP on financial instruments to align it with the equivalent international private and public sector standards.
- The Minister of Higher Education and Training determined that community education and training colleges should apply standards of GRAP when preparing annual financial statements.
- The board assessed the effectiveness of amendments made to the standards of GRAP on investment property and property, plant and equipment made based on the board's post-implementation review in 2014.
- The board issued a response to eight frequently asked questions, hosted eight Public Sector Accounting Forum meetings and submitted five articles to relevant accounting journals for publication.
- The ASB has received clean audit opinions every year since its establishment in October 2002.

CO-OPERATIVE BANKS DEVELOPMENT AGENCY (CBDA)

(SCHEDULE 3A: PUBLIC ENTITY)

The CBDA was established in terms of the Co-operative Banks Act, 2007 (Act No. 40 of 2007). The CBDA's mandate is to create a strong and vibrant cooperative banking sector. The biggest highlight was the implementation of the Financial Sector Regulation Act (FSRA). The FSRA brings into effect the Twin Peaks framework i.e. having a prudential regulator, which will be known as the Prudential Authority (PA), with the mandate of promoting and enhancing the safety and soundness of financial institutions, which include cooperative banks and cooperative financial institutions (CFIs) as defined in the Co-operative Banks Act; to promote and enhance the safety and soundness of market infrastructure; to protect financial customers against the risk of financial institutions failing to meet their obligations; and to assist in maintaining financial stability.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

The CBDA's achievements during the year under review include the following:

- Ten CFIs are using the banking platform and are now fully functional on the system.
- In the year under review, 15 presentations were made to interested groups.
- R9.5 million was sourced from key stakeholders with a similar mandate to assist the CBDA in achieving its objective.
- The National Association of Co-operative Financial Institutions of South Africa (NACFISA) was registered as a representative body.
- ABSA was appointed as the banking partner for connecting to the National Payment System (NPS).
- The CBDA developed financial management and compliance management tools for enhancing CFI performance.
- The CBDA conducted 30 investor education workshops as part of CFI member education with the assistance of the Financial Sector Conduct Authority.

OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS (FAIS OMBUD)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The FAIS Ombud was established in terms of Section 20 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) (FAIS Act). The FAIS Ombud is a Schedule 3A entity in terms of the PFMA and reports to the board of the Financial Sector Conduct Authority. Its mandate to resolve complaints in an economical, informal and expeditious manner flows from Section 20 of the FAIS Act. A further mandate is derived from the Financial Services Ombud Schemes Act, 2004 (Act No. 37 of 2004).

Key achievements for the year under review include the following:

- During the 2018/19 financial year, the Ombud's office received 9 323 complaints.
- The number of new complaints settled in favour of the complainant increased by 37 per cent from 883 during 2017/18 to 1 209 during 2018/19.
- Overall, the total number of complaints resolved (inclusive of complaints from all financial years) during the 2018/19 financial year was 9 954.
- Once again, the number of complaints settled increased, rising from 1 392 during 2017/18 to 1 871 during 2018/19, an increase of 34 per cent.
- This was the first time that this office achieved a settlement ratio of 30 per cent or more, which compares favourably with industry standards.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

FINANCIAL AND FISCAL COMMISSION (FFC)

(SCHEDULE 1: CONSTITUTIONAL INSTITUTION)

The Financial and Fiscal Commission (FFC) derives its mandate from Chapter 13, Section 220 of the Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) (as amended). In addition, the FFC's functions are also encompassed in Sections 214(2), 221, 222, 228 (2) (b), 229 (5), 230(2), and 230A (2) of the Constitution which provide, among others, that the commission is an independent and impartial advisory state institution that government has to consult on the division of revenue among the three spheres of government and in the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans.

The FFC's achievements in the year under review include the following:

- Timely delivery of all constitutional and legislative submissions, namely the FFC's submission on the Division of Revenue 2019/20, response to the 2018 Medium Term Budget Policy Statement, response to the Division of Revenue Bill and Appropriation Bill as tabled by the Minister of Finance in 2019.
- The FFC's annual submission for the 2019/20 Division of Revenue was tabled in Parliament on 31 May 2018 with the title: Re-engineering the intergovernmental fiscal relations system for national development in a fiscally constrained environment.

FINANCIAL INTELLIGENCE CENTRE (FIC)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The FIC was established in terms of the Financial Intelligence Centre Act, 2001 (Act 38 of 2001). The FIC Act works in concert with the Prevention of Organised Crime Act, 1998 (Act 121 of 1998), the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 (Act 33 of 2004), the South African Police Service Act, 1995 (Act 68 of 1995) and the National Strategic Intelligence Act, 1994 (Act 39 of 1994).

The FIC's achievements in the year under review include the following:

- The FIC conducted 17 FICA compliance awareness initiatives and 138 inspections on accountable and reporting institutions, and undertook 68 joint inspections with other supervisory bodies.
- The number of institutions registered with the FIC increased from 40 799 in 2017/18 to 42 353 in 2018/19.
- The FIC referred 1 059 matters for further investigation and responded to 1 840 requests for financial intelligence.
- The FIC blocked R53.5 million as suspected proceeds of crime, and contributed to 29 judicial actions and the recovery of R2.14 billion in criminal proceeds.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

FINANCIAL SECTOR CONDUCT AUTHORITY (FSCA)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The Financial Sector Conduct Authority (FSCA) is a market conduct regulator that commenced operating on 1 April 2018 in terms of the Financial Sector Regulation (FSR) Act, 2017 (Act No. 9 of 2017). The FSCA focuses exclusively on regulating and supervising the conduct of entities that provide the financial products and services set out in the FSR Act. This includes: 1) the non-banking financial services industry (retirement funds, short- and long-term insurance companies, collective investment schemes, investment institutions, and financial advisors and brokers; and 2) banking and services related to credit as well as the buying and selling of foreign exchange. Crucially, the FSCA objectives include financial inclusion and transformation of the financial sector.

Highlights of the year under review include the following:

- The FSCA published its regulatory strategy that charts its trajectory as the country's first dedicated financial conduct regulator over the next three years.
- The FSCA undertook an organisational redesign and capacity building programme and made key appointments to the executive team. A new activity-based functional operational structure and business model was designed to meet the needs of the expanded jurisdiction of the FSCA and the intrusive regulatory approach envisaged in the act.
- The FSCA provided support in the development of the Conduct of Financial Institutions (CoFI) Bill, which will be the second piece of legislation in the Twin Peaks regulatory architecture (the first being the FSR Act).
- The FSCA held 14 workshops for small and emerging financial service providers (FSPs) and 6 specialised training workshops for candidates attempting FAIS exams, and took on 25 unemployed graduates as interns and learner trainees.
- The FSCA featured in 12 high-profile interviews and conducted 4 media round table discussions. The introduction of social media has also increased the FSCA's footprint – during the Money Smart Week 2018 campaign a total of 2.6 million impressions were made on Facebook, Instagram, LinkedIn and YouTube.
- The FSCA implemented a total of 303 activities reaching about 440 000 consumers, and engaged with 107 stakeholders. As part of its consumer education programme, the FSCA held 190 workshops and 19 exhibitions, and produced 10 research, monitoring and evaluation (M&E) reports.
- During the year, the FSCA finalised 18 investigations. In some of these cases administrative penalties were levied; these amounted to R31 440 000 for the year.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY (GPAA)

(GOVERNMENT COMPONENT)

GPAA is a government component with the mandate to provide benefits administration services on behalf of its two customers, the Government Employees Pension Fund (GEPF) and National Treasury's Programme 7 funds. The establishment of this organisation was gazetted in March 2010 in terms of Section 7A (4) of the Public Service Act of 1994 (Proclamation No. 103 of 1994). The provision

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

of benefits administration services is regulated by service level agreements (SLAs) with both the GEPF and National Treasury. The benefits administration services include the processing and paying of benefits and claims to clients who are pensioners, members, spouses and orphans. All this is done in accordance with the Government Employees Pension (GEP) Law of 1996 and several other pieces of legislation which fall under the ambit of National Treasury's Programme 7 funds and schemes.

Notable achievements during the year under review include the following:

- An average of 93 per cent (National Treasury 99 per cent and GEPF 86 per cent) of benefits were paid on time upon the receipt of duly completed documentation.
- An average of 94% customer satisfaction was achieved on services rendered to clients through various service channels across the country.
- Mobile sites visited around the country totalled 848, with over 89 000 clients served.
- Contributions received amounted to R74.9 billion (compared to R71.4 billion in the previous financial year), with a total membership of 1.26 million (compared to 1.27 million in the previous financial year).
- A total of 70 995 claims were received (compared to 73 957 in 2017/2018) and a total of 68 401 of these claims were paid (compared to 73 336 in 2017/2018).
- The Self-Service functionality was successfully rolled out to over 18 000 members. It focused on authentication of the members and providing electronic access to benefit statements.
- The GEPF's new Child's Pension was introduced on 1 June 2018 to replace the old Orphan's Pension. This development was aimed at bridging the gaps identified in the implementation of the Orphan's Pension.

GOVERNMENT TECHNICAL ADVISORY CENTRE (GTAC)

(GOVERNMENT COMPONENT)

The GTAC was promulgated with effect from 30 March 2012 and began functioning as a government component in April 2014. Its primary purpose is to assist organs of state build their capacity for efficient, effective and transparent financial management. It stimulates debate and promotes discourse in the public economics space, using a range of communications and knowledge management approaches to optimise learning across the public sector. Over the last financial year, the GTAC has remained a service provider of choice in delivering value for money in advisory and support projects to all three spheres of government

Key highlights achieved during the year under review include the following:

- Eighty-three technical advisory projects were supported in the economic development and social development clusters which included inter-governmental infrastructure delivery support, macro institutional support, organisational strengthening services, and service delivery effectiveness and efficiency support.
- Public Expenditure and Policy Analysis (PEPA) has developed twenty-eight performance expenditure reviews (PERs) infographics and provided a provincial baseline assessment and costing of new policies course within the Eastern Cape, Mpumalanga and Limpopo provinces.
- Officials were capacitated in finding value for money in public expenditure and equipped on ways to use the PERs as a routine part of budgeting and policy making in government.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

- The partnership with the National Treasury and civil society organisations continued in developing the budget data portal named Vulekamali, which was successfully launched.
- The budget portal forms part of government's continued commitment to transparency and budget participation reforms. Stage 2 of the project was formally completed during the period under review and built on stage 1 of the project, which had entailed publishing data currently available within the National Treasury as well as budget-related data within the domain of civil society organisations.
- Personnel establishment and expenditure trends have been analysed for the South African Police Service (SAPS), Defence, Education, and General Public Service functional group using personnel and salary system (PERSAL) and other relevant datasets, including tax and survey data.
- The GTAC assisted the National Treasury in its review and assessment of infrastructure investment proposals to ensure value for money, affordability and efficiency in infrastructure expenditure, and completed 32 capital appraisal reports.

INDEPENDENT REGULATORY BOARD FOR AUDITORS (IRBA)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The IRBA was established by an act of Parliament in April 2006. Its mandate, as set out in the Auditing Profession Act, 2005 (Act No. 26 of 2005), is to protect the sections of the public that rely on the services of registered auditors, and to provide support to registered auditors. It is required to ensure that only suitably qualified individuals are admitted to the auditing profession, and that registered auditors deliver services of the highest quality and adhere to the highest ethical standards.

Key achievements during the period under review include the following:

- The IRBA published a set of audit quality indicators (AQI) that have been rolled out to JSE-accredited firms. The availability of AQI information will be useful to audit committees to more critically assess the performance of their current and (if relevant) future auditors.
- The IRBA requested firms to publish transparency reports on a voluntary basis. Transparency reports will provide users with information that will help them understand the firms' approach to audit quality, leadership, culture and ethics, and the firms' risk management practices.
- The IRBA recognises early adopters of the mandatory audit firm rotation (MAFR) rule. With four years remaining until the effective date for MAFR, approximately 17 per cent of JSE Limited main board listed companies have already voluntarily rotated their auditors.
- The IRBA signed the Chartered Accountancy Profession Charter in support of the transformation of the chartered accountancy profession.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

OFFICE OF THE PENSION FUNDS ADJUDICATOR (OPFA)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The OPFA was established in 1998 and mandated to investigate and determine complaints lodged in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956). In order to deliver on its mandate, it is required to dispose of complaints in a procedurally fair, economical and expeditious manner. It ensures awareness, affordability and access as an alternative dispute resolution mechanism to fund members. The OPFA has jurisdiction solely on funds registered under the act.

Key achievements in the year under review include the following:

- During the year 11 399 new complaints were received from across all provinces and various mediums. These were mostly relevant and justiciable, which reflects an improvement in consumer awareness about the existence and mandate of the OPFA.
- Of the 8 234 complaints which were finalised, 2 404 matters were settled, three were conciliated, 5 319 were formally determined, 711 were received out of time in terms of the Prescription Act, and 866 were referred to other forums.

OFFICE OF THE TAX OMBUD (OTO)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The Office of the Tax Ombud (OTO) concluded a report on the investigation in terms of Section 16 (1)(b) of the Tax Administration Act, 2011 (Act No. 28 of 2011) into alleged delayed payment of refunds as a systemic and emerging issue. The report generated significant interest including that from media, Parliament and other stakeholders.

The Office of the Tax Ombud recorded among others the following achievements during the 2018/2019 financial year:

- OTO received 4 822 complaints, an increase of 32 per cent in comparison with the previous year's complaints of 3 652.
- OTO finalised/facilitated the resolution of 2 043 complaints in the current financial year, an increase of 46 per cent in comparison with the prior year's finalised complaints.
- SARS implemented 99.27 per cent of the recommendations of finalised complaints.
- OTO signed a memorandum of understanding with SARS.
- OTO signed an MOU with the Public Protector.
- The office had 116 stakeholder engagements and collaborations during the financial year.
- The office continued to invest in 118 advertising campaigns through print, digital and broadcast media.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

SOUTH AFRICAN REVENUE SERVICE (SARS)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The mandate of SARS since its inception, in terms of the South African Revenue Service Act (Act No. 34 of 1997), is to collect all revenue due to the state and to support government in meeting its key growth and developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion.

- For the financial year ending 31 March 2019, SARS collected an amount of R1 287.7 billion, against the 2019 Budget (revised estimate) of R1 302.2 billion, resulting in a deficit of R14.5 billion (-1.1 per cent).
- The net revenue outcome of R1 287.7 billion represents a growth of R71.2 billion (5.8 per cent) compared to the 2017/18 financial year.
- Measured against the 2018/19 Budget (printed estimate) of R1 345.0 billion, it is a deficit of R57.3 billion (-4.3 per cent), and against the revised estimate of R1 302.2 billion, a shortfall of R14.5 billion (-1.1 per cent).

The main sources of revenue that contributed to the R1 287.7 billion collected were:

- Personal Income Tax (PIT), which contributed R493.8 billion (38.3 per cent).
- Value-Added Tax (VAT), contributing R324.8 billion (25.2 per cent).
- Company Income Tax (CIT), which contributed R214.4 billion (16.6 per cent).
- Customs duties contributed R55.0 billion (4.3 per cent).

Tax season for PIT is SARS's largest single engagement with taxpayers. SARS received 5.785 million returns by the close of tax season, with 2.11 per cent more returns received year-on-year for non-provisional taxpayers by Friday, 31 October 2018, comprising:

- 4.229 million submissions by individuals for the 2017/18 tax year.
- 1.5 million returns for previous years submitted.
- 42 087 submissions by trusts for the 2017/18 tax year.
- 91.18 per cent of tax returns processed within 24 hours.
- 241 583 taxpayers used the Help-You-eFile service.
- 73 663 taxpayers used the SARS MobiApp to file returns.
- R17.9 billion in refunds paid to more than 2 million non-provisional individual taxpayers.

Volumes SARS processed during the 2018/19 financial year are as follows:

- Total tax return submissions: 17.2 million.
- Inbound calls answered: 4.6 million.
- Payments processed: 19.1 million.
- Taxpayers served in branches: 6.5 million.
- Customs declarations processed: 7.1 million.
- Audits conducted: 1.9 million.
- Tax clearance certificate requests received: 1.2 million.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

SOUTH AFRICAN SPECIAL RISKS INSURANCE ASSOCIATION (SASRIA)

(SCHEDULE 3B: NATIONAL GOVERNMENT BUSINESS ENTERPRISE)

SASRIA is a short-term insurance company wholly owned by the state, represented by the Minister of Finance. SASRIA also reports to the Financial Sector Conduct Authority, the non-banking financial services industry regulator of South Africa. It is a member of the South African Insurance Association (SAIA). As a state-owned entity, it has a strategic mandate that is prescribed and further informed by the Reinsurance of Damages and Losses Act, 1989 (Act No. 56 of 1989), the Conversion of SASRIA Act, 1998 (Act No. 134 of 1998) and continual engagement with the National Treasury.

Key achievements during the year under review included the following:

- Gross written premiums increased from R1.99 billion to R2.16 billion, an increase of 8.5 per cent.
- SASRIA settled 71.1 per cent of the large claims under R250 000 within 30 days, and 85.6 per cent of large claims within 60 days.
- SASRIA's capital and solvency positions remain strong, underpinned by a continued focus on risk management in its disciplined investment and underwriting strategies.
- Assets under management amounted to R8.4 billion and shareholder equity decreased to R6.5 billion by 31 March 2019 (2017/18: R6.6 billion).

DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA)

(SCHEDULE 2: MAJOR PUBLIC ENTITY)

The bank was reconstituted in terms of the Development Bank of Southern Africa Act No. 13 of 1997 (Amended Act No. 41 of 2014), as a development finance institution wholly owned by the South African government. The geographic mandate of the bank has been extended beyond the Southern African Development Community (SADC) to any country on the African continent and its oceanic islands. The bank aims to deepen its development impact in South Africa, SADC and the rest of the African continent by expanding access to development finance while effectively integrating and implementing sustainable development solutions. Since its founding in 1983, the bank has expanded its role to serve as financier, advisor, partner, implementer and integrator to the benefit of its clients and communities. There have been no material changes to the nature of the business from the prior years.

The key financial indicators for the year under review are:

- Profitability of R3.10 billion (31 March 2018: R2.28 billion).
- Net interest income increased by 17 per cent to R4.49 billion from R3.84 billion in 2018.
- Operating income increased by 47 per cent to R5.64 billion from R3.84 billion in 2018.
- Development loans and equity disbursements amounted to R9.0 billion (31 March 2018: R12.2 billion).
- Value of infrastructure unlocked to under-resourced municipalities was R916 million against the target of R500 million.
- Value of infrastructure delivered amounted to R3.475 billion.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

PUBLIC INVESTMENT CORPORATION LIMITED (PIC)

(SCHEDULE 3B: NATIONAL GOVERNMENT BUSINESS ENTERPRISE)

The Public Investment Corporation (PIC) is a South African state-owned asset management company that manages assets for clients, all of which are public sector entities. It was originally established in 1911 as Public Debt Commissioners, with the PIC being corporatised on 1 April 2005, following the promulgation of the Public Investment Corporation Act, 2004 (Act No. 23 of 2004) (PIC Act).

Key highlights during the year under review included the following:

- The unlisted investment portfolio increased by 15 per cent to R86.41 billion (2017/18: R75.2 billion) during the year.
- Disbursements amounted to R7.4 billion (2017/18: R18.2 billion), representing a drop of 59 per cent compared to the previous year.
- Approvals during the year were R12.1 billion (2017/18: R12.7 billion) representing a decrease of 5% compared to the prior year.
- The PIC committed R1.2 billion for investment in the Edcon restructuring, which will result in a job preservation of approximately 38 000 direct jobs and 100 000 indirect jobs as well as prevention of a total UIF payment of R1.2 billion over a period of 8 months.
- The unlisted property portfolio increased in capital value by 3.5 per cent to R50.62 billion (2017/18: R49.7 billion) during the year.
- New approvals during the year for transactions within South Africa totalled R4.93 billion. In addition to this, US\$85 million (R1.2 billion) was approved for investments in the rest of Africa, bringing total new commitments to R6.1 billion and representing an 80/20 split in favour of domestic investment.
- A total of 37 per cent of the approved unlisted property transactions was funding towards Black Economic Empowerment (BEE) companies, and 40 per cent of the approved BEE transactions were allocated to women participants.
- Prior commitments to student accommodation development resulted in approved deals to construct 1 991 beds during the year.

THE LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA (LAND BANK)

(SCHEDULE 2: MAJOR PUBLIC ENTITY)

Established in 1912, the Land Bank is a wholly government-owned development finance institution (DFI), with the sole mandate of financing agricultural development to achieve food security, and to drive economic growth and rural development in South Africa. It is charged with promoting agricultural and rural development and providing a range of financial products and services, including insurance such as crop insurance to farmers and agribusinesses. Its mandate stems from the Land and Agricultural Development Bank Act, 2002 (Act No. 15 of 2002).

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

Key highlights during the year under review included the following:

- A substantial increase in the proportion of the bank's gross loan book that supports transformation from R4.9 billion (10.8 per cent) in 2017/18 to R7.9 billion (17.5 per cent) by 2018/19;
- Maintenance of the bank's total capital adequacy ratio of 16.7 per cent, well above the 15 per cent target.
- A cost-to-income ratio of 62.4 per cent (financial year 2017/18: 57.5 per cent).
- A strong liquidity position with a liquidity coverage ratio of 450.9 per cent (financial year 2017/18: 226.1 per cent) and a net stable funding ratio of 102.8 per cent (financial year 2017/18: 107.7 per cent), ensuring sufficient levels of liquidity and appropriate funding to support the bank's operations.
- Net new funding raised during the year amounted to R2.7 billion (R9.1 billion at gross level).
- Net interest margins were 2.7 per cent from 3.0% in 2017/18, due to pressure from rising funding costs.

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
Accounting Standards Board (ASB)	Public Finance Management Act, 1999 (Act No. 1 of 1999)	Transfer payments	The board serves the public interest by setting standards of generally recognised accounting practice (GRAP) and providing guidance for financial and other performance information reported by the public sector.
Co-operative Banks Development Agency (CBDA)	Co-operative Banks Act, 2007 (Act No. 40 of 2007)	Transfer payments	To support, promote and develop cooperative banking and to register, supervise and regulate deposit taking financial services cooperatives, savings and credit cooperatives, community banks and village banks as cooperative banks.
Office of the Ombud for Financial Services Providers (FAIS Ombud)	Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) (FAIS Act) Financial Services Ombud Schemes Act, 2004 (Act No. 37 of 2004)	No transfer from the National Treasury	To resolve financial services complaints in an economical, informal and expeditious manner that flows directly from Section 20 of the FAIS Act.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
Financial and Fiscal Commission (FFC)	Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996), Chapter 13, Section 220	Transfer payments	The commission makes recommendations to organs of state on financial and fiscal matters in accordance with Section 220 of the Constitution.
Financial Intelligence Centre (FIC)	Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (FICA)	Transfer payments	To identify the proceeds of crime, combat money laundering and terror financing, exchange information with law enforcement and other local and international agencies, supervise and enforce compliance with the act and facilitate effective supervision and enforcement with supervisory bodies.
Financial Sector Conduct Authority (FSCA)	Financial Sector Regulation Act, 2017 (Act No. 9 of 2017)	No transfer from the National Treasury	To regulate and supervise the financial services sector's market conduct, ensuring the integrity and efficiency of formal markets and allied institutions, protecting consumers of financial services, and improving access including financial literacy programmes.
Government Pensions Administration Agency (GPAA)	Public Service Act of 1994 (Proclamation No. 103 of 1994)	No transfer from the National Treasury	To administrate benefits on behalf of Government Employees Pension Fund (GEPF) and National Treasury pension benefits, funeral benefits, post-retirement medical subsidies, military pensions, injury on duty payments, and special pensions.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
Government Technical Advisory Centre (GTAC)	Section 7A (4) of the Public Service Act (1994) through Government Notice 261, Gazette 35194, of 30 March 2012	Transfer payments	To assist organs of state to build their capacity for efficient, effective and transparent financial management and stimulate debate and promote discourse in the public economics space, using a range of communications and knowledge management approaches to optimise learning across the public sector.
Independent Regulatory Board for Auditors (IRBA)	Auditing Profession Act, 2005 (Act No. 26 of 2005)	Transfer payments	To protect sections of the public that rely on the services of registered auditors, and to provide support to registered auditors.
Office of the Pension Funds Adjudicator (OPFA)	Pension Funds Act, 1956 (Act No. 24 of 1956)	No transfer from the National Treasury	To investigate and determine complaints lodged in terms of the Pension Funds Act (1956).
Office of the Tax Ombud (OTO)	Tax Administration Act, 2011 (Act No. 28 of 2011), Section 16(1)	Transfer payments	To review and address any complaint by a taxpayer regarding a service matter, or a procedural or administrative matter arising from the application of the provisions of a tax act by the South African Revenue Service (SARS).

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
South African Revenue Service (SARS)	South African Revenue Service Act (Act No. 34 of 1997)	Transfer payments	To collect all revenue due to the state and to support government in meeting its key growth and developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion.
South African Special Risks Insurance Association (SASRIA)	Reinsurance of Damages and Losses Act, 1989 (Act No. 56 of 1989) Conversion of SASRIA Act, 1998 (Act No. 134 of 1998)	No transfer from the National Treasury	To offer insurance to all individuals and businesses that own assets in South Africa, as well as to government entities.
Development Bank of Southern Africa (DBSA)	Development Bank of Southern Africa Act, 1997 (Act No. 13 of 1997)	No transfer from the National Treasury	To advance the development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions.
Public Investment Corporation (PIC)	Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002)	No transfer from the National Treasury	The PIC manages assets for clients, all of which are public sector entities, and operates principally in South Africa, while also investing offshore and in the rest of the African continent.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
Land and Agricultural Development Bank of South Africa (Land Bank)	Land and Agricultural Development Bank Act, 2002 (Act No. 15 of 2002)	No transfer from the National Treasury	To provide financial services to the commercial farming sector and to agri-business, and to make available new, appropriately designed financial products that would facilitate access to finance by new entrants to agriculture from historically disadvantaged backgrounds.

2018 / 19

NATIONAL TREASURY
ANNUAL REPORT

PART B:
PERFORMANCE INFORMATION



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

AGSA provide a reasonable assurance opinion on the selected programmes in the management report and all material findings reported therein will be included under the heading Report on the audit of the annual performance report in the auditor's report.

Refer to page 259 for the Report of the Auditor-General, published as Part E: Financial Information

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

The South African economy has grown at a rate below what is required to meaningfully address the triple challenges of poverty, inequality and unemployment. In 2018/19, this trend continued. For the full fiscal year GDP expanded by 0.6 per cent compared to fiscal year 2017/18.

Globally, growth of 3.8 per cent and 3.6 per cent was recorded in the 2017 and 2018 calendar years. The International Monetary Fund has projected a growth rate for 2019 of 3.2 per cent. Global growth was driven by the United States of America (USA) and several of the largest emerging markets. Growth however slowed as a result of a slowdown in economic activity in the euro area, the negative effects of escalating global trade tensions, geopolitical tensions, and higher oil import bills. Macroeconomic stress in Argentina and Turkey, disruptions to the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalisation of monetary policy in the larger advanced economies all contributed to a waning of global growth momentum as the year progressed. With this weakness expected to persist, the IMF projects a decline in growth in 2019 for 70 per cent of the global economy.

A major driver of South Africa's growth slowdown was the poor performance of agriculture, which contracted by 6.2 per cent as a result of drought-related difficulties. Mining and quarrying contracted by 2.6 per cent over the year as a result of continued policy and regulatory uncertainty and operational challenges, including power outages and labour strikes. Construction contracted by 1.5 per cent as a result of weak investment and low demand. Low but positive growth was recorded in the financial and business services, which grew at 2.1 per cent over the year, while manufacturing grew at 1.0 per cent driven by food and beverages and strong exports of motor vehicles and parts. However, surveys indicated that the manufacturing sector as a whole remained under significant pressure due to low demand and low competitiveness.

Domestically, confidence initially rose for both business and consumers in the first quarter of the financial year, although continued economic weakness saw confidence end lower at the end of the fiscal year. As a result, private sector capital investment grew at a modest 0.4 per cent compared to FY2017/18. Investment by general government declined by 5.2 per cent, and investment by public corporations experienced a sharp decline of 10.0 per cent amid financial and governance challenges. Total investment shrank by 2.2 per cent over the fiscal year.

Consumption was also relatively weak over the year. Household consumption grew at 1.1 per cent as households were constrained by relatively high indebtedness, moderate real wage growth and high levels of unemployment. Consumption expenditure by government grew at 1.7 per cent.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The current account deficit as a percentage of GDP widened to 3.2 per cent in 2018/19 from 2.6 per cent in the previous fiscal year, despite the slowdown in growth. Although the trade balance remained in surplus, a rise in interest payments and dividends saw the current account deficit widen.

Headline inflation slowed further from 4.7 per cent in 2017/18 to 4.6 per cent in 2018/19, as weak demand and surprisingly low food inflation offset high petrol inflation. Fuel inflation rose as high as 24.6 per cent year-on-year in June 2018.

In November 2018 the Reserve Bank raised interest rates by 0.25 percentage points to 6.75 per cent, reversing a 25bps cut from March 2018. The Monetary Policy Committee (MPC) expressed concern that long-term inflation risks were elevated, as inflation expectations were in danger of becoming anchored at high levels.

Weak domestic growth had a negative feedback loop to the fiscal situation. The budget deficit, which had been forecast at 3.6 per cent at the beginning of the fiscal year, came in at 4.2 per cent and gross government debt, which had been forecast to be 55.1 per cent of GDP, rose to 55.6 per cent. Challenges in key SOCs remain a significant risk to the country's fiscal position.

This fiscal deterioration, the threat posed by SOCs, and continued policy uncertainty through the year caused South Africa's risk premium to rise to 3.05 percentage points on average over 2018/19, from 2.63 percentage points in 2017/18. The risk premium also rose as inward portfolio investment slowed to R29.8 billion over 2018/19, down from R342.3 billion in the previous fiscal year, as non-residents sold both equities and bond holdings. Rand depreciation, driven by expectations of higher interest rates in the USA alongside contained domestic inflation, saw the real effective exchange rate of the rand end the fiscal year 8.3 per cent lower. In response to the weak growth outlook, government sought to forge partnerships with social partners to tackle the challenges we face. The Investment Conference saw domestic and international investors committing to over R300bn worth of investment in the coming years. The Jobs Summit sought to reach agreements through extensive collaboration with NEDLAC social partners to provide lasting solutions to the problem of wide-ranging joblessness.

The President announced an economic recovery and stimulus package in October 2018. The plan consists of five broad elements including:

- implementing key growth-enhancing reforms, including removing policy uncertainty and blockages to investment
- reprioritising public spending to support job creation, particularly in agriculture, townships and rural areas, and economic infrastructure
- improving government's approach to investment in infrastructure
- addressing the urgent and pressing matters in education and health
- investing in municipal social infrastructure improvement.

Progress in these areas will be critical if we are to sustainably increase our overall potential growth.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

ECONOMIC INDICATORS	2015/16	2016/17	2017/18	2018/19
GDP growth (y/y)	0.6%	0.9%	1.2%	0.6%
Household consumption growth (y/y)	1.5%	0.8%	2.8%	1.1%
Gross fixed investment growth (y/y)	1.3%	-3.1%	0.4%	-2.2%
RMB/BER Business Confidence Index (average)	38.3	38.0	35.8	33.3
RMB/BER Consumer Confidence Index (average)	-10.8	-7.3	0.0	9.5
Unemployment rate	25.4%	27.0%	27.2%	27.4%
Consumer inflation (y/y)	5.2%	6.3%	4.7%	4.6%

2.2 SERVICE DELIVERY IMPROVEMENT PLAN

The National Treasury Service Delivery Improvement Plan is in the final stage of the approval process, and is pending alignment to the National Treasury strategic plan 2020-2025 and the outcome of the organisational review process which is currently under way.

2.3 ORGANISATIONAL ENVIRONMENT

The National Treasury, while remaining measured and constant in its approach to improving the organisational environment, commenced with a number of pivotal initiatives to prepare for the next strategic plan period towards enhancing service delivery maturity.

The strategic planning 2020-25 process commenced with a number of engagements with the National Treasury executive committee and between the executive committee and the Ministry of Finance, and will continue in earnest towards completion in the next reporting period. A key early stage outcome was the development of an Optimising the Organisation Plan which, coupled with the current organisational review, is anticipated to strengthen the department's ability to deliver on economic policy imperatives and growth priorities into the future. The National Treasury has continued the drive to fill vacant key positions while maintaining the cost containment balance.

The National Treasury remained committed to achieving its mandate as set out in the Public Finance Management Act, namely to:

- Promote government's fiscal policy framework
- Coordinate macroeconomic policy and intergovernmental financial relations
- Manage the budget preparation process
- Facilitate the Division of Revenue Act, which provides for an equitable distribution of nationally raised revenue between national, provincial and local government
- Monitor the implementation of provincial budgets.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The National Treasury worked to ensure that there was no compromise on delivery in each of its medium-term core delivery areas identified as important for the sustainable economic wellbeing of the country. These are:

- Promoting economic policy coherence around the objectives of growth and jobs.
- Addressing risks on the public sector balance sheet.
- Executing a credible budget process that allocates resources sustainably to policy priorities and is in line with spending plans.
- Exercising public finance management oversight responsibilities, including capacity building, that deliver value for money.
- Making the financial sector serve South Africa better.
- Building an effective institution that is a centre of excellence.
- Implementing a strategic communications and outreach programme that addresses stakeholders' needs.

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

No new key policy developments or legislative changes were made during this reporting period.

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 1: Administration</p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury (NT) through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.</p>	<p>Corporate Services Division</p> <p>Corporate Services (CS) continued to provide integrated business solutions in the areas of business continuity, knowledge management, and information & communication technology (ICT). Further effect was given to organisational optimisation through cost savings and human resources utilisation and retention. Knowledge Management continued to expand the NT knowledge-sharing and preservation systems, and further implemented knowledge-sharing fora. The Project Support Office (PSO) continued to support strategic projects that strengthened cross-functional collaboration to further improve service delivery in NT.</p> <p>CS further embedded good governance and effected a sound control environment through the yearly implementation of the risk-based internal audit plans. The Financial Management team continued to be the first department nationally to close its accounting records on the Basic Accounting System. The team also submitted the NT annual and bi-annual tax reconciliations more than four weeks before due dates set by the South African Revenue Service (SARS). Staff security remained a high priority over the period, with effectively implemented security and emergency management procedures. A key area of emphasis has been the management of staff vetting, in both the department and ministry. As a responsible inner-city tenant, Facilities Management has set up a working group and is in engagement with stakeholders such as the City of Tshwane as well as the public and private sectors to establish a City Improvement Precinct. Human Resources Management continued to ensure that all transactional and transformational HR support services are rendered. Effective initiatives were undertaken towards enabling NT to attract, develop and retain the skills needed to deliver on its mandate.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 1: Administration</p>	<p>CS continues to provide support for strategic planning, project planning, performance management and reporting across the organisation. The Public Entities Oversight Unit has continued to provide support to the Minister of Finance in his role as the executive authority to oversee public entities reporting to the Ministry, by reviewing quarterly reports, analysing annual reports (irregular, unauthorised, wasteful and fruitless expenditure), and reviewing strategic plans and annual performance plans (APPs) for approval and tabling in Parliament. Strategic Planning, Monitoring and Evaluation has further strengthened and expanded the NT planning and reporting ecosystem. This included facilitating the department's strategic five-year and annual APP planning as well as the introduction of divisions' operational planning processes. Operational plans are now being developed in cooperation with risk planning, demand planning, budgeting and ICT planning. Impactful monitoring, evaluation and reporting on departmental performance delivery and outcomes reporting [Outcomes 4, 8, 11, 12 and Forum of South African Directors-General]] continue to be embedded into the organisation's reporting cycles. APP quarterly monitoring has been strengthened with intelligent reporting provided, including new datasets and combined quarterly reports that include people's matters, finance, risk, audit findings and performance information. Monitoring of operational plans commenced with a direct link established between operational reports and individual performance reporting. Internal Audit effectively executed annual internal audit plans for each year and delivered on ad-hoc NT requests.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 2: Economic Policy, Tax, Financial Regulation and Research</p> <p>This programme aims to promote economic policy coherence around the objectives of growth and jobs, and to improve South Africa’s macroeconomic and microeconomic frameworks by conducting ongoing analysis, research and policy advisory services. The programme supports economic growth, employment and macroeconomic stability and retirement reform by:</p> <ul style="list-style-type: none"> Developing tax policy proposals and supporting tax legislation for the annual budget. Monitoring the collection of revenue through ongoing consultation with relevant stakeholders, and analysing the factors determining tax collection. Providing macroeconomic forecasts and scenario modelling. Providing economic policy analysis, research, assessment and advice on macroeconomic and microeconomics, including government policy proposals. 	<p>Economic Policy Division</p> <p>The Economic Policy and Research programmes continued to provide analysis, research and policy advisory services for a wide range of economic and financial sector matters.</p> <p>The Economic Policy Division conducts relevant micro and macro-economic research internally and also oversees research conducted by academic research institutes. Work undertaken by the division included quarterly economic and revenue forecasts, growth policy including structural reform priorities and updates, and evaluations of how corporate incentives affect the relative cost of labour to capital.</p> <p>Tax and Financial Sector Policy Division</p> <p>The Tax and Financial Sector Policy Division published tax proposals in the annual budget review, and prepared and published the tax legislation to give effect to the tax proposals which were tabled and adopted by Parliament and enacted into law (significantly, after nine years of public consultation, the Carbon Tax Bill). The division monitored the revenue collected by SARS, analysing the reason for the shortfall. It also provided logistical support to the ministry to assist in implementing the recommendations of the Nugent Commission to rebuild the capacity of SARS.</p> <p>The division finalised the regulations that led to the commencement of the Financial Sector Regulation Act, as well as the establishment of the two regulatory bodies arising from the Twin Peaks legislation (the FSR Act). The draft COFI Bill was published for public comment on 11 December 2018.</p> <p>The default regulations to correct market conduct issues in the retirement sector took effect on 1 March 2019. In September 2018, the division published regulations under the Insurance Act to facilitate the commencement of the Act.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 3: Public Finance and Budget Management</p> <p>This programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies and through effective, efficient and appropriate allocation of public funds to address government’s policy priorities. It aims to achieve these objectives by:</p> <ul style="list-style-type: none"> • Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities. • Managing the annual budget process and providing public finance management support. 	<p>Budget Office Division</p> <p>The Budget Facility for Infrastructure (BFI), established to support the execution of national priority projects, has completed its review of 25 large infrastructure proposals under BFI Window 3. Blended Finance projects that have come through the BFI will be funded through the Infrastructure Fund. Options to engage development finance institutions and the private sector through the fund are being explored.</p> <p>The 2018 Budget proposed major spending adjustments and tax measures to reduce the budget deficit and stabilise national debt as a share of Gross Domestic Product (GDP) over the medium term. The main budget primary deficit will close over the medium term, helping to stabilise gross government debt at 56.2 per cent of GDP by 2022/23.</p> <p>Increased pressure continued to be exerted on the compensation budget, calling for cost containment measures to ensure that the wage bill remains within the existing compensation ceilings. The Department of Public Service and Administration has issued a circular on “Early Retirement without Penalisation of Pension Benefits in terms of Section 16(6) of the Public Service Act, 1994”. Implementation of the scaled-up early retirement without reduction of pension benefits has started.</p> <p>The State Report on remedial action contained in the Public Protector Report No. 18 of 2011/12 on alleged maladministration during the privatisation of the Venda Pension Funds has been completed. Copies of the final report have been submitted to both the Public Protector and the National Assembly for consideration. Based on this report, the remedial action of the Public Protector has been taken on judicial review.</p> <p>The budget processes continued to ensure that the sharing of division of revenue allocations among provinces and municipalities was highly redistributive, with significantly higher per capita allocations to poorer provinces and municipalities. This will enable them to make progress in achieving their Medium-Term Strategic Framework (MTSF) targets.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 3: Public Finance and Budget Management</p>	<p>Inter-Governmental Relations Division</p> <p>Support has been provided to provinces to build infrastructure capacity through the appointment of technical assistants and structured training to government officials on the Infrastructure Delivery Management System. This has continued to contribute to improvement in the administration of public finances, planning alignment, and budgeting.</p> <p>Provincial infrastructure plans were assessed together with national Departments of Health and Education. This contributes to improved integrated planning and budgeting.</p> <p>The Infrastructure Finance sub component of the Cities Support Programme (CSP) has been providing technical and financial assistance to cities to develop long-term financial strategies and prepare catalytic urban land development projects identified in municipal built environmental performance plans (BEPPs). This year a Catalytic Land Development Guideline was produced that has been successfully adopted and mainstreamed in the metros.</p> <p>The Infrastructure Finance Reform project continued to support municipalities to more effectively access and use available sources of infrastructure finance through two related work-streams that address policy and regulatory issues in municipal borrowing and development charges.</p> <p>The CSP provided inputs into reforming the national policy environment for urban infrastructure finance within a coherent a borrowing policy framework and functioning municipal debt market.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 3: Public Finance and Budget Management</p>	<p>To partly address the challenges associated with unfunded budgets, the work undertaken on revenue management had to be better coordinated and collaboration improved to prevent confusion and duplication. Consequently, a revenue steering committee was established to guide intended revenue initiatives to align with a single integrated approach. The National Treasury, through its municipal finance improvement programme (MFIP III), has placed technical advisors in five provinces to strengthen the capacity of these treasuries as well as address revenue challenges at selected municipalities. In addition, one senior advisor was placed at the National Treasury.</p> <p>The National Treasury continued to provide extensive support to provincial treasuries and municipalities with Municipal Standard Chart of Accounts (mSCOA) implementation and institutionalisation. Regular stakeholder engagements and various capacity building initiatives with provincial treasuries, system vendors, municipalities and those with a role in local government were held to ensure its successful implementation. Provincial treasuries were also provided with technical advisors through the MFIP to assist them with mSCOA implementation.</p> <p>Municipal Money, a web-based tool designed to inform citizens about their local authority's financial performance, was launched. Information is available 24/7 on internet and mobile devices. The application promotes transparency and community participation in the budget and planning cycle of the municipality. The Inter-Governmental Relations Division continued to meaningfully participate in and contribute to the Local Government cluster of government.</p> <p>Public Finance Division</p> <p>The Public Finance division continued to work with national government departments and their entities to make recommendations on budgets, monitor budget execution, assist on key policy issues related to government spending and assist departments and their entities on financial management issues.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 4: Asset and Liability Management</p> <p>The programme manages government’s annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. This programme also seeks to promote and enforce prudent financial management of state-owned companies (SOCs) through financial analysis and oversight.</p>	<p>Asset and Liability Management Division</p> <p>All corporate plans and annual reports received timeously from state-owned companies (SOCs), development finance institutions (DFIs) and water boards have continued to be reviewed.</p> <p>The Land and Agricultural Development Bank of South Africa (Land Bank) repaid debt of R2.7 billion, thereby reducing government guarantee exposure. The guarantees to Eskom, Denel, South African Airways (SAA), South African Express (SAX), the South African Post Office (SAPO), and the Land Bank have been continuously monitored and quarterly reports on compliance with guarantee conditions are provided to the Fiscal Liability Committee (FLC). During the year, government issued SAX, and Denel with an additional government guarantee of R1.962 billion and R1 billion respectively.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 4: Asset and Liability Management</p>	<p>Government has extended Eskom's R350 billion guarantee from 31 March 2017 to 31 March 2023. The extension will allow the utility to use the remaining portion of the guarantee to complete its current capital expenditure programme to 2023. As at 31 March 2019, an estimated R294 billion of the R350 billion government guarantees had been drawn down. Government has provided support of up to R200 billion for renewable energy from Independent Power Producers (IPPs). As at 31 March 2019, exposure to IPPs, representing the value of signed projects, was estimated at R146.9 billion.</p> <p>Eskom was also granted a foreign currency borrowing limit amounting to R308 billion. SAA's request for an R18 billion foreign currency borrowing limit was rejected as the minister was of the view that its balance sheet could not carry further debt. Approvals of borrowing authorisations and related limits were granted to Rand Water and the National Housing Finance Corporation.</p> <p>The review of the Development Finance System and draft development finance policy was completed. The outcome of the review has been communicated to the minister for his review and recommendation to the Cabinet.</p> <p>Although the debt portfolio has grown from a gross loan debt of R1.6 trillion in March 2014 to an estimated gross loan debt of R2.9 trillion in March 2019, none of the benchmark indicators were breached. In order to manage the natural tension that exists between risk, funding and liquidity objectives, government opted for an overarching objective of reducing refinancing risk by increasing the weighted average term to maturity of the government debt portfolio, reported to be 13 years and two months in March 2019, while managing the cost of net new funding prudently as and when government raised funding to fully fund the budget deficit and successfully repay debt redemptions due.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 4: Asset and Liability Management</p>	<p>Government successfully financed the gross borrowing requirement of R237.8 billion. This was financed through net issuance of domestic short-term loans (R33.4 billion), domestic long-term loans (R198.7 billion) and foreign loans of R33.9 billion (US\$2.5 billion) with R28.2 billion used to increase the cash and other balances. During 2017/18, R73.5 billion of short-dated bonds was exchanged for long-dated bonds.</p> <p>The cost of servicing government debt amounted to R162.6 billion, compared to an original budget of R162.4 billion. Domestic and foreign loans of R28.4 billion were repaid during 2017/18. The Financial Operations Unit met all government's rand and foreign currency commitments on a daily basis. In addition, surplus cash was optimally invested.</p>
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p> <p>This programme is made up of two divisions: The Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>The programme facilitates accountability, governance and oversight by promoting effective, efficient, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p>	<p>Office of the Accountant General Division</p> <p>The Office of the Accountant General (OAG) is the custodian for both the PFMA and MFMA within the National Treasury. The OAG is tasked with facilitating accountability and transparency in the management of the financial resources of the country.</p> <p>A process has been initiated whereby the MFMA and Municipal Systems Act are being aligned to ensure better correlation on policy direction and implementation. This will result in changes to national and provincial department mandates as they relate to local government. Administrative governance will be administered by the Department of Cooperative Governance (DCoG) as well as coordinate service delivery sectors, while the National Treasury is tasked with financial management and financial governance. A Memorandum of Understanding (MOU) was signed between the National Treasury and the DCoG in 2018 and its implementation has commenced.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p> <p>The OAG also provides financial support through the Financial Management Grant (FMG) and technical assistance in the form of specialist advisor placements to municipalities. This augments municipal own resources to implement the reforms legislated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The grant further assists municipalities in building institutional and technical skills in all aspects of financial management including:</p> <ul style="list-style-type: none"> • Growing the internship programme designed for graduates to be absorbed in municipalities. • Implementing budget reforms. • Improving supply chain management. • Addressing shortcomings in revenue management. • Implementing strict controls in expenditure management. • Developing management plans for assets that also address their repair and maintenance. • Producing accurate accounting records. • Assisting in auditing compliance and producing reports that are reliable and of a high standard. • Supporting training of officials to meet the minimum competencies. 	<p>As part of the objective to improve financial management governance and compliance, the OAG has facilitated bi-annual meetings with various stakeholders involved in the local government sphere to discuss and take resolutions to improve financial management in local government. This includes discussions on the financial management grant, unauthorised, irregular, fruitless and wasteful expenditure (UIFWE), audit outcomes, Financial Management Capability Maturity Model (FMCMM) progress, and financial recovery plans among others. The annual MFMA compliance reports, compiled from quarterly compliance reports, also highlight progress made and areas where remedial actions are required to correct weaknesses.</p> <p>The financial management grant of R504 566 was transferred to all 257 municipalities. The annual review of the support plans indicated that funds were allocated towards the appointment of financial management interns, improving financial management systems, compilation of annual financial statements (AFS), training officials to meet the minimum competency levels, and addressing audit findings and shortcomings in the FMCMM assessments as well as strengthening the capacity of the Budget and Treasury Office (BTO).</p> <p>In conjunction with the South African Local Government Association (SALGA), provincial treasuries (PTs) and CoGTA, Municipal Public Accounts Committees (MPAC) are continuously provided with training on their oversight functions to assist in reducing UIFWE and other related functions. This was underpinned by the issuance of the MPAC Guideline and Toolkit and MFMA Circular 92 to further support MPACs. One-on-one engagement sessions, including during the mid-year budget assessment reviews, to discuss progress made in reducing UIFWE and addressing slow progress continued with the top 10 municipalities contributing towards UIFWE.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p>	<p>Thirty municipalities with adverse and disclaimer audit opinions were identified for support over the medium term. A rapid response task team was formed to assist the Municipal Financial Recovery Service with the preparation of Financial Recovery Plans. A total of nine municipalities were assisted with developing/ reviewing their recovery plans.</p> <p>The OAG has facilitated accountability and transparency in the management of the financial resources of the country. Noteworthy is the consolidation of the Forum of South African Directors-General (FOSAD) and the Standing Committee on Public Accounts (SCOPA) reports, which outline issues of governance and proposed remedial actions. This annual report is collated from the quarterly dashboard reports at local government level. It demonstrates the level of compliance with the MFMA in municipalities, progress made and areas where remedial actions are required to correct weaknesses.</p> <p>In addition, support has been provided to spending agencies at national, provincial and local government levels in accounting, risk management and internal audit. State of Readiness assessments in internal audit, conducted for institutions that were due for external quality assurance review, and a programme to mentor officials and prepare their organisations for the external review has also been introduced.</p> <p>The consolidation of the annual financial statements for national government and entities was tabled in Parliament to provide oversight structures with the tools to hold spending agencies accountable.</p> <p>In order to ameliorate the skills deficit, capacity building in public financial management is critical. To this end, the OAG has put in place a number of interventions. These include the Chartered Accountants Academy (CAA), which provides an avenue for prospective chartered accountants (CAs) to receive training. In addition, the African Development Bank (AfDB)-funded Municipal Financial Management Technical Assistance Project has been implemented to strengthen municipal public finance management capacity and improve service delivery performance.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p>	<p>Municipalities which had shown a history of disclaimer and adverse audit opinions for the past three financial years were identified for support during 2017/18 and over the medium term.</p> <p>Support to municipalities included providing advice and placement of resources through the Municipal Finance Improvement Programme (MFIP) as well as the development of financial recovery plans for those municipalities under distress or where governance failures occurred. The Municipal Financial Recovery Service (MFRS) assisted municipalities with the preparation of financial recovery plans.</p> <p>The work of law enforcement authorities has been supported through investigations and the production of germane reports.</p> <p>The OAG division continued to meaningfully participate in and contribute to the Governance and Administration cluster of government.</p> <p>Office of the Chief Procurement Officer Division</p> <p>There has been continuous advancement in the use of technology to modernise supply chain management in government. A total of 16 242 tenders across all spheres of government was published on an electronic tendering system in the financial year 2018/19, exceeding the projected target of 10 000 for the year under review. The purpose of the system is to improve transparency and enable easy access to procurement opportunities in the public sector. Further, it has contributed to reducing cost of doing business for potential suppliers while reducing printing costs for government.</p> <p>Supply chain management business processes have been defined, with the focus in the year under review on gap analysis. The office continues to provide technical support to municipalities on SCM and contract management audit findings/ opinions, and monitoring corrective actions taken by non-compliant municipalities. This has been done with the aim of strengthening governance to reduce adverse audit findings.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p>	<p>The central supplier database (CSD) has been continuously enhanced to cater for subcontracting requirements of the Preferential Procurement Regulations, 2017 and to enable government institutions to detect employees of the state who are doing business with government. To date 625 432 suppliers are registered on the CSD. Significant improvement in call centre operations has resulted in reduced visits to the walk-in-centre.</p> <p>The current system enables government to extract information on procurement spend for statistical analysis, operational and reporting purposes. The OCPO completed the first phase of establishing a procurement codification standard to standardise item description across all government spheres.</p> <p>Oversight has continuously been exercised over compliance to SCM policies, procedures, norms and standards. Procurement plans, deviations and contract expansions for departments and public entities continue to be published to improve transparency. There is continuous review of bid specifications, evaluation and adjudication to ensure compliance with policy, norms and standards.</p> <p>Twenty-two transversal contracts were renewed in the financial year 2018/19 for a wide range of goods from medical and military equipment to agricultural remedies, toilet paper and education stationery supplies. The main aim of renewing these contracts is to ensure that maintenance and sourcing is primarily done to achieve economies of scale through bulk purchasing.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p>	<p>The department has completed 91 per cent of the project plans on sourcing strategies. These reforms aim to institutionalise strategic sourcing and continuous stream of projects to realise efficiencies. Sourcing strategies have been developed and implemented in order to improve service delivery in the health sector, as well as to strengthen procurement efficiencies and advance local economic development across all departments of health. The business case for a government online travel booking solution was approved in the financial year 2018/19. The National Travel Policy Framework and cost containment measures related to travel and subsistence were reviewed and circulated for inputs and comments. The purpose of the review was to bring the policy in line with best practice for government travellers. The department continuously tracks airline spend with the two domestic full-service carriers. It has also benchmarked industry accommodation rates with government's maximum allowable rates as published in the cost containment instruction. These reports will assist with future negotiations and savings strategies. An e-Education Procurement and Delivery Management Framework was developed and is currently being implemented together with the Department of Basic Education. The ultimate objective is to improve service delivery at schools and to contribute to efficient and effective procurement by expanding centre-led contracting for common goods and services. The Standard for Infrastructure Procurement and Delivery Management (SIPDM) has been reviewed to improve identified shortcomings and align it with Infrastructure Delivery Management Systems (IDMS) and other existing government procurement policies.</p> <p>Instructions for designated products to support local industrial policy continued to be issued, with four released in the year under review. The draft Public Procurement Bill has been finalised and was tabled to Cabinet during February 2019 to obtain approval to gazette for public comments. Cabinet has requested that it be deferred to the sixth administration, and it will be tabled again as soon as possible to the new Cabinet. Once finalised, the bill will be the single overarching legislative framework regulating public procurement in South Africa. A contract management framework</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p>	<p>to improve contract management in all spheres of government to reduce unnecessary irregular expenditure has been finalised. The department has also established the Interim SCM Council. The SCM Council will lead and advocate for the professionalisation of the SCM in the country, elevate the profession to the status of a career discipline, develop a framework for SCM professionalisation, and provide career management guidance and support as well as facilitate collaboration, cooperation and communication among key SCM stakeholders to enhance professionalisation.</p> <p>SCM stakeholder engagements continued to be conducted, with 14 delivered out of the 16 planned during the year under review. The objective of SCM forums continues to be to engage stakeholders in the SCM environment and address client management-related challenges and policy implementation. In the year under review a tailored engagement was facilitated with the Standing Committee on Appropriations (SCoA) to bolster its oversight responsibilities.</p> <p>The OAG division continued to meaningfully participate in and contribute to the Governance and Administration cluster of government.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 6: International Financial Relations</p> <p>This programme manages South Africa's interests in shaping regional and global policies which advance the economic, financial and development objectives of the country and those of Africa as a whole.</p>	<p>International and Regional Economic Policy</p> <p>The Committee of Fifteen Ministers of Finance (F15), of which South Africa is a member, continued to oversee the formulation of the African Union (AU) budget jointly with the Ministers of Foreign Affairs. The 2019 Budget was approved by the AU Assembly with a 12 per cent saving from the 2018 Budget. The National Treasury successfully negotiated a lower scale of 7.5 per cent for 2020-22 from the current 9.6 per cent for South Africa's contribution towards the AU.</p> <p>The Southern African Customs Union (SACU) Heads of State and Government continued to meet. For the year under review, the meeting was held in June 2018 in Gaborone, Botswana, where they re-affirmed their commitment to a developmental SACU as a key outcome of the current review. Key areas identified to support the developmental objective include industrialisation through regional value chain development and infrastructure development, which could be supported through a regional financing mechanism.</p> <p>As part of South Africa's chairship of SADC from August 2017 to August 2018, the Minister of Finance hosted the Committee of Ministers of Finance and Investment as well as the Macroeconomic Peer Review Panel, which was co-hosted with the Governor of the South African Reserve Bank in July 2018. A key highlight was that South Africa was presented as one of the countries that had been peer reviewed as part of the SADC macroeconomic convergence peer review process.</p> <p>The Minister of Finance participated in a Binational Commission with Zimbabwe in March 2019. A key outcome was South Africa's undertaking to advocate for the clearance of debt arrears for Zimbabwe with international development cooperation partners.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 6: International Financial Relations</p>	<p>During the period under review, a successful IMF Article IV consultation was facilitated in May-June 2018 and a staff visit in November 2018. South Africa facilitated a successful visit of the IMF Managing Director, Christine Lagarde, to South Africa in December 2018. The purpose of the visit was to enhance policy dialogue and exchange views on South Africa’s economic developments. South Africa became a member of the six-member IMF Africa Group 1 Constituency Panel for a period of two years.</p> <p>The Institute of International Finance (IIF) granted observer status to South Africa in the Principles Consultative Group (PCG) for the Principles for Stable Capital Flows and Fair Debt Restructuring.</p> <p>Continued support was provided to the President and Ministers with a successful engagement at the Buenos Aires Group of Twenty (G20) Summit in November 2018, where the President of South Africa was a lead speaker in the “Building Consensus” session, which focused on issues of international tax, the international financial architecture and international trade.</p> <p>In 2018, the National Treasury focused its efforts on strengthening Brazil, Russia, India, China and South Africa (BRICS) institutions by enhancing collaboration on infrastructure in the interest of South Africa’s domestic development objectives, as well as those of the region and continent. Through South Africa’s stewardship as BRICS Chair, the New Development Bank (NDB) increased its scale of work on expanding the bank’s membership by adopting criteria for the expansion of membership and a shareholding framework. The BRICS members have endorsed the Terms of Reference of the Public Private Partnership and Infrastructure Task Force, and produced the second annual publication of the BRICS Good Practices on Public-Private Partnership Frameworks. Furthermore, the task force committed itself to holding meetings on the margins of future G20 Infrastructure Working Group meetings to coordinate common positions on the issue.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 6: International Financial Relations</p>	<p>In 2018, the National Treasury represented South Africa in the recapitalisation of the World Bank. Our continued participation in these institutions has enabled South Africa to maintain her voice and shareholding, as well as influence the decision-making process at the bank. South Africa will subscribe to the shares allocated to it.</p> <p>In November 2018, South Africa co-hosted the Africa Investment Forum (AIF) with the African Development Bank (AfDB) in Johannesburg. The aim of the AIF is to mobilise funds for infrastructure development and bridge an estimated funding gap of US\$130-US\$170 billion a year in the continent. In support of President Cyril Ramaphosa's US\$100 billion investment mobilisation, South Africa successfully mobilised about US\$ 6.8 billion from the forum.</p> <p>In December 2018, the former President of the World Bank Group, Dr Jim Yong Kim, visited South Africa to attend the Global Citizen Festival at the invitation of President Cyril Ramaphosa. Bilateral discussions between the two presidents focused on how the World Bank Group could support the South African government's development priorities.</p>
<p>Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits</p> <p>This programme provides for the processing and payment of pensions to members and their dependents in terms of various statutes, collective bargaining agreements and other commitments.</p>	<p>Civil and Military Pensions, Contributions to Funds and Other Benefits</p> <p>The programme has continued to achieve above annual target. In the year under review a 99.4 per cent delivery of its Service Level Agreement indicators was achieved and targets exceeded in all four Annual Performance Plan (APP) indicators. This is attributed to payment of the correct amounts as per the legal entitlement prescribed by legislation and rules of the funds under its administration.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 8: Technical and Management Support and Development Finance</p> <p>This programme provides advisory services, programme management and development finance support to improve public finance management, support high-impact government initiatives, facilitate employment creation and strengthen infrastructure planning and delivery.</p>	<p>Technical and Management Support and Development Finance</p> <p>In the year under review, 109 projects were provided with technical (80) and transactional (26) advisory support. Sixty-nine financial management technical advisors were placed at the National Treasury, provincial treasuries and municipalities to support the implementation of the six local government financial management game changers, and 509 township projects were approved with 334 projects completed to date. The programme continued to provide support to selected national and provincial departments to institutionalise and sustainably implement the IDMS, with the aim of improving infrastructure delivery in the public sector.</p>

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 PROGRAMME 1: ADMINISTRATION

PURPOSE

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

STRATEGIC OBJECTIVES

- Provide integrated business solutions
- Ensure good governance and sound control environment
- Provide support for strategic and performance management across the organisation

SUB-PROGRAMMES

Office of the Minister and Deputy Minister

The Minister of Finance provides strategic direction and leadership to National Treasury. Additionally, and with the support of the Deputy Minister, the Minister of Finance is responsible for policy matters and Departmental outcomes.

This sub-programme supports the Minister and Deputy Minister by providing executive and administrative services. The sub-programme is responsible for the development of systems and mechanisms that deal with parliamentary questions and replies, Cabinet matters, correspondence, submissions and memoranda.

Office of the Director General

The Director General supports the Minister of Finance in providing strategic direction and leadership to National Treasury. Additionally the Director General is responsible for Departmental outputs and implementation as well as all responsibilities conferred by being the Department's accounting officer.

Management

This sub-programme primarily provides administrative services to and reports directly to the Director-General. It consists of the following support services:

Internal Audit (IA) contributes to the strengthening of National Treasury's accountability and enhancing public stewardship by evaluating and improving the adequacy and effectiveness of governance, risk management and control processes. The unit provides robust and practical strategic advice and recommendations founded on aligning the business with best practice. By acting as a frame of reference, the unit also supports the Office of the Accountant-General in providing guidance and support to internal audit functions in government.

4. PERFORMANCE INFORMATION BY PROGRAMME

Enterprise Risk Management improves organisational risk communication and knowledge sharing, developing a common risk language that ensures that a risk management culture is embedded in National Treasury. The unit supports evidence based decision-making by reducing uncertainty. This is realised by providing a holistic view of risk and the application of a robust risk management system. Fraud prevention is an integral part of the strategy, operations and administration function. The unit ensures that National Treasury has a strategic risk profile register that enables coordination and alignment of strategic initiatives across the Department.

Strategic Planning, Monitoring and Evaluation is tasked with embedding planning into National Treasury including facilitating the Department's short, medium and long term strategic planning processes and ensuring that plans are aligned to legislative mandates and broader government imperatives. The unit develops and administers systems and processes that entrench proper monitoring, evaluation and reporting on Departmental performance delivery and facilitates the development and implementation of service delivery improvement.

Legal Services is responsible for providing a comprehensive legal advisory service to enable National Treasury to carry out its mandate effectively within the law.

Legislation Services provides legislative services which include managing the National Treasury's Legislative Programme, drafting or checking draft fiscal and intergovernmental and financial sector regulation legislation, and commenting on other legislation as well as advising on the interpretation of legislation.

Communication furthers National Treasury transparency imperatives by ensuring effective communication between National Treasury and all stakeholders.

Corporate Services

The Corporate Services division delivers and oversees shared services in alignment with National Treasury's needs. It does this by proactively identifying requirements, monitoring and maintaining service levels and setting standards aligned with compliance and best practices, including reporting on delivery.

Human Resources (HR) Management ensures transactional and transformational HR support so that National Treasury can attract, develop and retain the skills needed to deliver on the Department's mandate and objectives.

Financial Management administers compliance with all relevant financial statutes and regulations, the most important of which is the PFMA. In ensuring compliance, the unit strives to attain a balance between achieving service excellence and maintaining administrative controls.

Information and Communication Technology (ICT) improves National Treasury's operational efficiency, optimises costs, drives innovation and accelerates the delivery of services. The unit provides long term planning and day-to-day support in respect of ICT-enabled delivery using ICT services and systems.

Strategic Projects and Support is responsible for preserving National Treasury's institutional memory and tangible knowledge and providing management support to internal projects. Knowledge management deals with the conservation and pollination

4. PERFORMANCE INFORMATION BY PROGRAMME

of organisational information created within and in partnership with National Treasury. Records management focuses on the preservation of tangible knowledge so that it can be accessed easily and be in compliance with the National Archives Act.

Public Entities Oversight unit ensures that entities reporting to the Minister of Finance are compliant with relevant governance and reporting requirements and reports progress made in this regard to the Minister of Finance.

Facilities and Security Management ensures continuous stringent physical and information security and provides, maintains and services available facilities.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

Risk Management unit continues to reconfigure its processes in order to entrench and improve the culture of risk management in the organisation. In the 2018/19 financial period, the risk management function improved its risk management maturity score as measured by the MPAT. There was improved alignment between strategic objectives and operational plans of divisions to risks identified. This allowed the risk management unit to strengthen monitoring of implementation of risks mitigation strategies, from which four quarterly monitoring reports were produced.

Business Continuity unit has finalised its implementation of a fully-fledged disaster recovery site in Pietermaritzburg and successfully performed data backup and replication tests to the site. The implementation of business continuity processes during the 2018/19 financial period gained recognition from the Business Continuity Institute, with the business continuity unit named the best Africa Region Continuity and Resilience Professional in the Public Sector.

Internal Audit implemented its annual risk-based audit plan for 2018/19 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's Audit Committee. Of the 46 planned audits, 41 audits were completed, 2 audits were still in progress while 2 audits were postponed to 2019/20 and 1 was cancelled due to emerging risks, changes in the department and requests from management. All changes were approved by the Audit Committee. An additional 18 ad hoc audits were also completed in the year under review, culminating in 59 audits being completed. All audits were conducted in accordance with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA).

Strategic Planning, Monitoring and Evaluation was further strengthened in the National Treasury with the full roll-out of standardised operational planning for all 60 Chief Directorates, adding to the existing organisational planning ecosystem of strategic, outcomes, annual performance and project planning. Operational objectives for each Chief Directorate have been aligned to the key performance areas of each Chief Director, creating a direct link between organisational and individual performance. This level of planning is a further contributor to aligning the planning practices of risk analysis, performance planning, budgeting, and human resources performance management, and responding to internal audit findings and reporting. All performance information plans and performance information reports requirements were met. Processes to monitor performance have been strengthened principally in the area of compliance with the AGSA's Annual Performance Report (APR) requirements, administration of reporting and introducing of upfront agreements with divisions on the type and nature of evidence required for each indicator for each

4. PERFORMANCE INFORMATION BY PROGRAMME

quarter. Reporting has been further strengthened through intelligent reporting enhancement. This included introducing new data sets and combined reporting that includes peoples matters, risk reporting, expenditure reporting, and resolution of audit findings acting as a basis for evidence-based decision-making. **Project Management Support** provided guidance to seven new projects while continuing to provide support to all ongoing projects. Ongoing training was provided to teams in those units that have been identified as high owners of projects including, but not limited to, Finance and Facilities.

Human Resource Management: In the 2018/19 financial year, the vacancy rate increased to 9.9 per cent compared to 5 per cent in the 2017/18 financial year. This was a result of the high turnover and reprioritisation of funded posts to ensure that the department remains within the compensation ceiling of employees, introduced by the National Treasury Budget Office.

As part of ensuring sustainable employee engagement, the department implemented the rotation of employees and also encouraged employees to act in vacant, unfunded positions for exposure and development. The turnover rate for the period was 13.9 per cent. The rotation of employees and acting in higher positions ensured that the department has a diverse set of skills and is able to recruit internally, should there be opportunities available. Three interns were appointed into permanent positions during the last financial year, and 15 were appointed on a contract basis.

The employment equity statistics at the end of the financial year were 0.86 per cent in respect of persons with disabilities and 53.13 per cent in respect of women at SMS level. Recruiting persons with disabilities was a challenge experienced across all echelons. There was an increase in awareness and utilisation of the Department's Employee Health and Wellness (EHW) programme to an overall utilisation of 8 per cent in 2018/19 from 6.13 per cent in 2017/18.

Knowledge Management unit implemented learning and innovation sharing events themed according to the topics dealt with during Learning and Innovation week, and documented National Treasury core business processes as part of the Organisational Review project. The directorate has secured funding through the Office of the Accountant-General (OAG) to implement knowledge management in collaboration with Office of the Chief Procurement Office (OCPO) and Intergovernmental Relations for the implementation of the Procurement Infrastructure and Knowledge Management Capacity Development Programme (PINK) project, funded by the State Secretariat for Economic Affairs (SECO). The **Records Management** unit continued to ensure the effective management of records of the National Treasury in line with the National Archives Act. Availability of filing space in the operational environment was facilitated through the identification, removal, archiving and capturing of records in the records management database. Two Records Management Training workshops were conducted. Approximately 3 tons of redundant records that had reached their full retention period and no longer had any administrative value were disposed in line with the standing disposal authority issued by the National Archives and Records Service of South Africa. The National Treasury's Promotion of Access to Information Act manual was approved and published on the departmental website. Thirty-two requests for information from members of the public were received and finalised in line with the Promotion of Access to Information Act. The GTAC was assisted to set up its records management system, and the GTAC file plan was developed in-house and approved by the National Archives.

Information and Communication Technology (ICT) retained a Management Performance Assessment Tool (MPAT) rating of 4 on ICT governance for the second year running. The unit continued its drive to digitise and automate departmental processes. This included:

- A content management project
- A unified communication and collaboration project

4. PERFORMANCE INFORMATION BY PROGRAMME

- Consolidation and automation of service desk systems of the National Treasury
- Automation of HR recruitment processes.

ICT took steps to position the department for the fourth industrial revolution by strengthening governance and reducing shadow IT. The department delivered against its mandates, and processes such as budgeting were once again conducted in a secure and collaborative environment enabled by ICT.

Financial Management unit continued to focus on reducing instances of deviations and non-compliance. The unit successfully reviewed 96 per cent of existing contracts and 100 per cent of close-out reports in respect of expiring contracts. Semi-annual and annual tax reconciliations were compiled accurately and submitted to the South African Revenue Service (SARS) six weeks before the closing date. On 4 April 2019, the National Treasury was the first national department to close its financial records for the 2018/19 reporting period. The unit increased its efforts in processing supplier payments, and processed 97 per cent of payments within an average of 12 days from receipt of an invoice.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 1: ADMINISTRATION									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 1.1: PROVIDE INTEGRATED BUSINESS SOLUTIONS									
1.1.1	Percentage completion of the business continuity strategy	N/A	90%	28,6%	70% of Phase 3	70% of Phase 3	N/A	N/A	
1.1.2	Percentage saved on the Rand value budgeted for paper usage, travel and strategic sourcing	A saving of R4 925 306.40 against expenditure of R657 212 March 16. This results in a saving of 0.7%.	1%	0,7%	1%	2.4%	1.4%	Over-performance is attributed to: Service providers being in a position / willing to negotiate prices. Increased monitoring of paper usage with reduction encouraged by each unit. Efficiency in approval of travel quotations by Budget Managers thereby qualifying for low travel fares rate.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: ADMINISTRATION									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 1.2: ENSURE GOOD GOVERNANCE AND SOUND CONTROL ENVIRONMENT									
1.2.1	Percentage completion of the approved risk-based IA plan	The annual risk-based internal audit plan has been fully (100%) implemented, with 55 (41 planned and 14 adhoc) audits completely executed during the 2015/16 financial year. The initial audit plan was approved with 50 audits, and was subsequently revised during the year as a result of requests from management to postpone some audits (9); these requests for postponement were approved by the audit committee. The approval of the postponement left the plan with 41 audits and was completely executed.	100%	100%	100%	90.7%	9.3%	Under-performance is attributed to the increased number of adhoc assignments compounded by capacity challenges within the unit.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: ADMINISTRATION									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
1.2.2	Number of quarterly risk implementation assessment reports produced	N/A	N/A	1 Plan 4 Reports	4	4	N/A	N/A	
1.2.3	Number of quarterly reports on monitored performance of entities reporting to MOF	All quarterly reports were submitted to the Minister in compliance with NT Regulations, 30 days after submission from the entities.	40	44	4	4	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE (INDICATORS AND ACTION PLANS)

UNDER-PERFORMING INDICATORS AND ACTION PLANS			
PROGRAMME 1: ADMINISTRATION			
APP #	Indicator	Deviation	Action Plan
STRATEGIC OBJECTIVE 1.2: ENSURE GOOD GOVERNANCE AND SOUND CONTROL ENVIRONMENT			
1.2.1	Percentage completion of the approved risk-based IA plan	Under-performance is attributed to the increased number of adhoc assignments compounded by capacity challenges within the unit.	The outstanding audits were outsourced to the appointed panel of service providers to execute and assist with capacity challenges in the unit.

CHANGES TO PLANNED TARGETS

There are no changes to planned targets for this reporting period.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 1: ADMINISTRATION	2018/19			2017/18		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
MINISTRY	4 659	3 692	967	4 555	3 768	787
DEPARTMENTAL MANAGEMENT	52 714	51 055	1 659	71 201	70 136	1 065
CORPORATE SERVICES	139 960	126 410	13 550	120 568	117 542	3 026
ENTERPRISE WIDE RISK MANAGEMENT	31 786	29 318	2 468	28 703	28 301	402
FINANCIAL ADMINISTRATION	45 342	43 397	1 945	41 993	41 490	503
LEGAL SERVICES	22 524	22 297	227	22 059	22 035	24
INTERNAL AUDIT	34 892	32 182	2 710	24 520	24 050	470
COMMUNICATIONS	10 960	9 681	1 279	12 779	12 457	322
OFFICE ACCOMMODATION	110 982	106 242	4 740	119 242	118 090	1 152
TOTAL	453 819	424 274	29 545	445 620	437 869	7 751

4. PERFORMANCE INFORMATION BY PROGRAMME

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

PURPOSE

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

STRATEGIC OBJECTIVES

- Build economic research capacity in academic research institutions with the objective of promoting relevant research
- Provide policy advice on the financial sector
- Provide advice and input into tax policy, frameworks and legislation
- Provide input into economic policy, related frameworks and strategies

SUB-PROGRAMMES

Programme Management for Economic Policy, Tax, Financial Regulation and Research

This sub-programme provides overall programme management and policy advice to government relating to the promotion of economic growth, employment, and microeconomic and macroeconomic stability.

Research

This sub-programme promotes economic research institutions by funding economic research in the public interest, and dedicated economic research on behalf of National Treasury. This includes research into the promotion of macroeconomic stability, poverty alleviation, social security and retirement reform and financial sector policy development. Most funding is assigned for long term agreements with institutions and for ad hoc economic research related projects.

Financial Sector Policy

This sub-programme is responsible for developing policy on the regulation of the financial sector in South Africa, on broadening access to financial services by all South Africans, and on improving the national savings rate through reforms to the legislative framework governing the savings industry, including work being undertaken towards the implementation of retirement reform proposals.

4. PERFORMANCE INFORMATION BY PROGRAMME

Tax Policy

This sub-programme is responsible for preparing tax and revenue proposals for the annual national budget, and for drafting the necessary tax legislation to give effect to the proposals adopted. The unit also processes recommendations made by the Davis Tax Committee to the Minister of Finance and provides advice to the Minister on such recommendations. The unit promotes an effective, equitable and efficient tax policy framework and tax administrative system that ensures sustainable growth and delivery on government's mandate to address the needs of all South Africans. This includes providing tax proposals towards improved environmental sustainability, reduction of inequality, and raising of revenue.

Economic Policy

This sub-programme provides macroeconomic and microeconomic policy analysis, economic forecasts that inform the budget and Medium Term Budget Policy Statement and scenario modeling. The sound policy advice on the economic environment assists in promoting economic policy coherence in relation to the objectives of growth and jobs, and helps to improve South Africa's macroeconomic and microeconomic framework as policy advice is mainly focused on creating decent employment through inclusive economic growth.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

Tax and Financial Sector Policy

The Tax Policy Chief Directorates implemented the tax proposals from the 2018 Budget during the 2018/19 financial year, entailing the drafting, tabling and enactment of legislation. Significant measures included the increase in VAT from 14 per cent to 15 per cent and the identification of further items for zero-rating, including white bread-flour and sanitary pads. Significantly, the division supported the process to table and enact the Carbon Tax Bill, following a nine-year consultation process. The President signed the bill into law on 23 May 2019, to enable the tax to take effect on 1 June 2019. The carbon tax forms an integral part of ensuring that South Africa meets its nationally-determined contribution targets as committed to in terms of the Paris Agreement.

The Tax Policy Chief Directorates also carried out research and provided advice to the minister on options for tax policy proposals for the 2019 Budget, which included proposals to increase tax revenues by R15 billion for the 2019/20 year to address the deterioration in the fiscal position. The final measures included limiting the relief for the effects of inflation on personal income tax. The division coordinated and chaired the Revenue Analysis Working Committee which provided revised tax revenue forecasts for the 2019 Budget, updated the estimates for tax expenditures and proposed numerous technical tax amendments to be legislated in 2019. The division provided logistical support to the ministry to assist in implementing the recommendations of the Nugent Commission to rebuild the capacity of SARS, including the appointment of a new Commissioner by the President, who was announced on 27 March 2019.

The Financial Sector Policy Chief Directorates implemented the Financial Sector Regulation (FSR) Act, developing the guidelines to enable the commencement of the Act and the establishment of the two regulators from 1 April 2018. through Parliament. The

4. PERFORMANCE INFORMATION BY PROGRAMME

FSR Act establishes a Twin Peaks approach to financial sector regulation, giving the Reserve Bank the responsibility of overseeing the stability of the financial system, establishing the Prudential Authority (PA) to oversee the safety and soundness of financial institutions, and establishing the Financial Sector Conduct Authority as a dedicated market conduct regulator to ensure the fair treatment of customers. The division also assisted in the passage of the Financial Matters Amendment Act, 2019 (Act No.18 of 2019), which includes amendments to the Banks Act to enable national state-owned companies as public entities for purposes of the application of the Banks Act. It also amends the Insolvency Act to protect rights over collateral security in the event of settlement or dispute.

The division published a World Bank diagnostic report that identified potential shortcomings in bank conduct and steps to improve market conduct practices in the banking sector. The division also secured the approval of Cabinet to publish the draft Conduct of Financial Institutions Bill for public comment on 11 December 2018. The default regulations in terms of the Pension Funds Act also took effect on 1 March 2019 for retirement funds.

The division, in conjunction with the South African Reserve Bank, also published the National Payment System Act review policy paper for public comment. The aim of the review is to ensure that the payments regulatory and legislative framework remains, robust, flexible and adaptable to technological changes and provides an enabling environment for innovation to thrive.

In September 2018, the division published regulations under the Insurance Act to facilitate the commencement of the Insurance Act, including regulating microinsurance in SA.

The Tax and Financial Sector Policy division continued to work with the Financial Intelligence Centre to implement the Financial Intelligence Centre Amendment Act, including the setting up of key consultative mechanisms within government and with the banking sector. Preparations are also under way to prepare South Africa for the coming Mutual Evaluation Process in 2019.

Economic Policy

The Macroeconomic Policy unit provided support into labour policy, such as the inception and development of the Youth Employment Service Initiative, analysis of monetary and exchange rate policy in light of global and financial market events, growth policy including structural reform priorities and updates, and the Southern African Development Community (SADC) peer review process.

The Microeconomic Policy unit contributed research and analysis in several areas including labour intensive sectors such as inputs to Operation Phakisa, industrial and trade policy including participation in the DTI's incentives review programme and International Trade Administration Commission (ITAC) processes, modern and competitive network industries and competition, firm entry and SME development including high growth firms in South Africa.

The Modelling and Forecasting unit continued to produce quarterly economic and revenue forecasts accompanied by scenarios highlighting the main risks to the baseline forecast. In addition to regular model maintenance, a number of additional projects were completed. These included research notes on capital requirements and how they affect the economy, sudden stops and fiscal multipliers. In addition, the unit continued to assist with the evaluation of tax and expenditure proposals on a macro level.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 2.1: BUILD ECONOMIC RESEARCH CAPACITY IN ACADEMIC RESEARCH INSTITUTIONS WITH THE OBJECTIVE OF PROMOTING RELEVANT RESEARCH									
2.1.1	Number of papers published in association with academic research institutions	80	80	80	50	50	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 2.2: PROVIDE POLICY ADVICE ON THE FINANCIAL SECTOR									
2.2.1	Twin Peaks model legislation implemented	N/A	N/A	New regulatory authorities established. Commencement Notice and Regulations implementing provisions of the FSR Act published on 29 March 2018.	Development of Twin Peaks Implementation Regulations as well as a comprehensive prudential and market conduct framework for new authorities.	Twin Peaks Implementation Regulations developed and two regulators established. A comprehensive prudential and market conduct framework for new authorities not fully developed having been published for comment. Thereafter the COFI bill will then proceed into the parliamentary process.	COFI Bill in consultation process and not yet supported through the parliamentary engagement process.	Under-performance is attributed to the engagement with Parliament over COFI Bill, which will commence later than expected, after public comments are taken into account and any revised changes to the Bill approved by Cabinet for tabling.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
2.2.2	Implement savings and retirement policies	Tax harmonisation laws implemented from 1 March 2015 and Revenue Laws Amendment Bill currently before Parliament. Bill postpones annuitisation by two years to 2018. Default regulations released on 22 July 2015 and currently going through consultations. The tax law harmonising the taxation and benefit pay-outs of all retirement funds was released for public consultation and approved by Parliament. The Bill postponing annuitisation currently being considered by NCOP.	2nd draft Default Regulations for Retirement funds released in December 2016.	A number of engagements have been conducted and consultations with NEDLAC still in progress.	Implementation of annuitisation resolution	Annuitisation resolution implemented	N/A	N/A	Under-performance is attributed to the process for assessing public comments and revising standards taking longer than anticipated and will be done in 2019/20.
					Implementation of default regulations for retirement funds	Default regulations for retirement fund not fully implemented	Draft Standards for regulations for retirement funds have been developed and issued for public comments.		

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 2.3: PROVIDE ADVICE AND INPUT INTO TAX POLICY, FRAMEWORKS AND LEGISLATION									
2.3.1	Publish tax proposals in annual budget review	2016 Tax proposals published in Chapter 4 of Budget Review on Budget Day, 24 February 2016. Revenue Laws Amendment Bill and Rates Bill currently before Parliament. Consultations for 2016 TLAB have commenced.	i Tax proposals to raise R28 billion included in the Budget Review. Including a new top rate of 45% above R1.5 million, partial bracket creep relief and increases in the fuel levy and excise duties. ii Revised forecasts for all tax instruments included in the Budget Review.	Published tax and revenue proposals in the 2017 Budget Review	Publish tax and revenue proposals on 2018 Budget	Tax and revenue proposals on 2018 Budget Published	N/A	N/A	
				Updated revenue estimates for 2017 Medium Term Budget Policy Statement (MTBPS)	Update revenue estimates for 2018 Medium Term Budget Policy Statement (MTBPS)	Revenue estimates for 2018 Medium Term Budget Policy Statement (MTBPS) updated	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
2.3.2	Implement legislation to give effect to tax proposals from the Budget.	The draft Carbon Tax Bill is being revised to take account of public comments. Process of consultation completed.	Tax Laws promulgated by the President of the Republic of South Africa in December 2016.	Prepared, published and tabled tax legislation in Parliament.	Prepare, publish, and table tax legislation in Parliament	Tax legislation in Parliament prepared, published, and tabled.	N/A	N/A	
STRATEGIC OBJECTIVE 2.4: PROVIDE INPUT INTO ECONOMIC POLICY, RELATED FRAMEWORKS AND STRATEGIES									
2.4.1	Number of economic models maintained	N/A	6	25	20	20	N/A	N/A	
2.4.2	Number of economic forecasts developed	N/A	25	4	4	4	N/A	N/A	
2.4.3	Chapter 2 of the MTBPS and Budget Review published	N/A	4	2	2 documents published	2 documents published	N/A	N/A	
2.4.4	Percentage response to user requests to develop new economic models	N/A	N/A	100%	100%	100%	N/A	No requests received in this reporting period.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH									
APP #	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
2.4.5	Percentage response to users requests for economic research and policy analysis, and assessments of government of government policy proposals	N/A	N/A	100%	100%	100%	N/A	N/A	
2.4.6	Percentage response to user requests for policy for policy and scenario modelling	N/A	N/A	100%	100%	100%	N/A	N/A	
2.4.7	Percentage response to user requests for commentaries on economic data	N/A	N/A	100%	100%	100%	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE (INDICATORS AND ACTION PLANS)

UNDER-PERFORMING INDICATORS AND ACTION PLANS			
PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH			
APP #	Indicator	Deviation	Action Plan
STRATEGIC OBJECTIVE 2.2: PROVIDE POLICY ADVICE ON THE FINANCIAL SECTOR			
2.2.1	Twin Peaks model legislation implemented	Under-performance is attributed to the engagement with Parliament over COFI Bill, which will commence later than expected, after public comments are taken into account and any revised changes to the Bill approved by Cabinet for tabling.	The Conduct of Financial Institutions Bill will be supported through the Parliamentary engagement process in the 2019/20 financial year.
2.2.2	Implement savings and retirement policies	Under-performance is attributed to the process for assessing public comments and revising standards taking longer than anticipated and will be done in 2019/20.	Report on tax free savings account has been deferred to 2019/20 financial year to allow for further engagements with SARS.

CHANGES TO PLANNED TARGETS

There are no changes to planned targets for this reporting period.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 2: ECONOMIC POLICY TAX FINANCIAL REGULATION AND RESEARCH	2018/19			2017/18		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
PROGRAMME MANAGEMENT FOR ECONOMIC POLICY TAX FINANCIAL REGULATION AND RESEARCH	52 332	44 417	7 915	50 207	43 559	6 648
RESEARCH	-	-	-	10 827	10 827	-
FINANCIAL SECTOR POLICY	23 839	21 574	2 265	27 214	24 851	2 363
TAX POLICY	31 311	30 942	369	30 381	28 621	1 760
ECONOMIC POLICY	25 405	21 940	3 465	26 088	24 727	1 361
COOPERATIVE BANKS DEVELOPMENT AGENCY	19 883	19 883	-	19 275	19 275	-
TOTAL	152 770	138 756	14 014	163 991	151 860	12 131

4. PERFORMANCE INFORMATION BY PROGRAMME

4.3 PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

PURPOSE

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

STRATEGIC OBJECTIVES

- Developing and implementing South Africa's fiscal policy and related frameworks
- Preparation of the national budget
- Publication of the national budget
- Monitoring and analysis of public expenditure and service delivery
- Coordinating international development cooperation
- Coordinating intergovernmental relations

SUB-PROGRAMMES

Three divisions within National Treasury are jointly responsible for fulfilling the functions of this programme. They are the Budget Office, Public Finance and Intergovernmental Relations.

Budget Office

The Budget Office is responsible for providing fiscal policy advice by monitoring economic and fiscal trends and advising on policy options and the budget framework. The Budget Office coordinates the national budgeting process which includes coordinating resource allocation to meet priorities set by government. The Budget Office oversees expenditure planning, leads the budget reform programme, coordinates international development cooperation, provides advice on public service remuneration and pension arrangements and compiles public finance statistics.

4. PERFORMANCE INFORMATION BY PROGRAMME

Public Finance

Public Finance provides financial and budgetary analysis, advises on policy and service delivery trends, and manages National Treasury's relations with other national Departments as well as its own analytical work. The division monitors the use of scarce public resources by national spending agencies, engaging where necessary with accounting officers and other officials to promote efficient and effective use of these resources. Based on engagements with Departments, the Public Finance team provides recommendations annually to the Medium Term Expenditure Committee (MTEC).

Intergovernmental Relations

Intergovernmental Relations coordinates fiscal relations between national, provincial and local government, promotes sound provincial and municipal budgetary planning, monitors implementation through periodic reporting and assists in building capacity that enables efficient and effective financial management practices. The division monitors the use of scarce public resources by provincial and local government, regularly engaging with a range of stakeholders to promote efficient and effective use of these resources. It also provides technical assistance to government Departments to promote improved planning and management of infrastructure delivery.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

Budget Office

The Budget Office is responsible for the national budget process, including the publication of the Budget Review, Medium Term Budget Policy Statement (MTBPS), the Estimates of National Expenditure (ENE) and Adjusted Estimates of National Expenditure (AENE). The division oversaw expenditure planning, provided fiscal advice, led the budget reform programme, managed official development assistance and compiled public finance statistics.

The Fiscal Policy unit manages and develops the fiscal framework used to advise the Minister of Finance on policy options available in setting the budget. This includes expenditure and revenue measures to achieve deficit targets. Two fiscal frameworks are published annually, one in the MTBPS and the other in the Budget Review. The unit also regulated, analysed and reported on public sector infrastructure spending. The unit coordinated the production of the Budget Review and the MTBPS and published a formal fiscal risks statement as part of the MTBPS.

The Expenditure Planning unit designs the annual national government Medium Term Expenditure Framework (MTEF) as well as the in-year budget process. The annual processes for budget allocation decision-making are carried out in consultation with the Minister of Finance and the Ministers' Committee on the Budget (MINCOMBUD). The unit issued various guidelines to government institutions on the input requirements for the budget process and administered the process of budget consultations, culminating in Cabinet approval of the budget allocations tabled in the budget and in the adjustments budget. The unit also coordinated the production of all budget legislation and accompanying documentation. The unit carried out budget outreach activities to enable discussion of the budget with a wider cross-section of South African society.

4. PERFORMANCE INFORMATION BY PROGRAMME

The unit also provided international and inter-departmental leadership for budget reform. Interactions with the Collaborative Africa Budget Reform Initiative, the Global Initiative for Fiscal Transparency and Civil Society and other institutions continued to strengthen, with the aim of increasing transparency, public participation and the understanding of budgeting processes and information.

Public Finance Statistics (PFS) provided public sector finance statistics summaries for the budget publications and detailed information to various internal and external stakeholders after the budget process. The statistics are classified according to international and national standards, and stored in a secure Structured Query Language (SQL) server database.

During the 2018/19 budget cycle, PFS consolidated government accounts including the operating account, the capital account and consolidated financing position, classified by economic and functional classification, for the 2018 Medium Term Budget Policy Statement and the 2019 Budget Review. The consolidation included all newly listed entities. Tables for the Estimates of National Expenditure (ENE) 2019 were also prepared. PFS continued with the development of a data warehouse which will enhance accessibility of data in the database, particularly for users with entry-level IT skills.

National Departments' in-year monitoring (IYM) reporting and the public entities quarterly reporting system were also improved, and a dashboard of the highlights of the information developed on Microsoft Power BI was rolled out. PFS continued to partner with the Technical Assistance unit in the Office of the Accountant-General to manage the standard chart of accounts (SCOA) and the SCOA committee. The committee published a number of classification circulars and participated in Basic Accounting System (BAS) user forums.

The Public Entities Governance unit implements the recommendations of the public entities' governance review framework. It provides institutional support on a range of issues to various national and provincial public entities. The unit assisted with preparing consolidated financial accounts and maintaining budget databases and administrative records of the general government sector, including public entities. The unit developed and implemented remuneration frameworks related to public entities.

The unit also provided public entities with advice on legislative, financial, human resources and other issues, thereby supporting an enhanced regulatory and governance environment. Various departmental review committees on public entities reporting to ministers were supported, and departments consulted on budgets and policy-related matters concerning the public entities.

Development cooperation (DC) support to South Africa received from international partners in the form of grants, concessionary loans and technical assistance is coordinated and managed by the Chief Directorate: International Development Cooperation in the National Treasury. Such support has changed in focus over time from interventions directed at policy and strategy improvements to those of strengthening service delivery of government and reducing poverty generally. Development coordination efforts continue to target the intensification of support for government leadership at sector level with development partners. Official Development Assistance (ODA) coordinators continued to work with both national and provincial spheres of government to strengthen government coordination efforts at the departmental level. Several development partner consultations were organised over the 2018/19 financial year to enable overall coordination and management of programmes.

The global financial crisis has had a deep and profound impact over the past decade on the flow of DC funds to the country. It has become commonplace for development partners not only to refocus their support to their own national priorities, but also to develop policies that exclude South Africa from DC support in future. For example, South Africa has been categorised as a middle-

4. PERFORMANCE INFORMATION BY PROGRAMME

income country (MIC) and DC funds have thus been redirected to new potential economic prospects on the continent. South Africa now finds itself receiving significantly less DC funding, with a reduction of almost 75 per cent in some cases, which in grant form is about R1.25 billion in the 2017/18 financial year. In contrast, there has been a slight increase in, and a willingness to, provide concessionary loan financing over the 10-year period targeting infrastructure programmes, while technical assistance continued to remain around similar levels of support. South Africa has therefore had to ensure effective and efficient use of such funds, maximising value for money and insisting that such support enables innovation and the development of best practice.

The Public Sector Remuneration Analysis and Forecasting unit provided timely analysis and policy advice about the fiscal impact of government compensation spending and changes in policy. The review of the existing cost of living adjustment (COLA) model is still in progress. A process has been initiated to engage external system development experts to assist with finalisation of the model. Appointment of these experts should be finalised during the course of the 2019/20 financial year.

The unit has fully supported work relating to the 2017/18 round of wage negotiations in the public service. On 8 June 2018 the agreement enjoyed majority and was concluded as Public Service Co-ordinating Bargaining Council (PSCBC) Resolution 1 of 2018. Implementation of the wage agreement is on schedule. Measures are also being implemented to ameliorate cost pressures originating from the wage agreement in order to protect the integrity of compensation ceilings. In particular, implementation of the scaled-up early retirement without reduction of pension benefits in terms of Section 16(6) of the Public Service Act (PSA), 1994 has started.

The report on the implementation of the remedial action of the Public Protector contained in the Final Report No.15 of 2016/2017 on privatisation of the Venda Pension Fund was completed. It was submitted to both the Public Protector and the National Assembly in terms of the Public Protector's remedial action. Furthermore, on 11 March 2019 the Minister of Finance brought a court application for a declaratory order that the remedial action imposed by the Public Protector in Reports No. 18 of 2011/2012 and No. 15 of 2016/2017 (reports on alleged maladministration during the privatisation of the Venda Pension Fund) has been discharged or alternatively, reviewing and setting aside the Public Protector's Reports No. 18 of 2011/2012 and No. 15 of 2016/2017. The application is still pending before court.

Public Finance

The Public Finance division oversees budgetary planning and execution in national departments, provides advice and analysis on sectoral policies and programmes, monitors public expenditure and advises on financial and budgetary aspects of public policy and spending proposals. The division provided advice to the Director-General, the Deputy Minister and the Minister on Cabinet memoranda and public finance issues that require ministerial concurrence or approval by the National Treasury. It continued to be the primary link between the National Treasury and other national departments and government agencies.

The Administrative Services unit oversees the finances and budgets of a number of central government departments and entities. Departments and other key structures with which the unit worked in 2018/19 included:

- *The Presidency:* The unit provided guidance and funding support to the Presidency for the re-establishment of the research and policy unit within the Presidency in order to ensure greater policy coordination.

4. PERFORMANCE INFORMATION BY PROGRAMME

- **Department of Home Affairs:** The unit, together with Budget Office, is part of a working committee on the One Stop Border Post (OSBP) National Framework. It also played a coordinating role in the process to operationalise the OSBP National Framework and assist in developing a funding and operating model for the proposed OSBP. The unit further supported the department with the public-private partnership (PPP) project for infrastructure improvements of six ports of entry and a PPP with banks for the issuing of passports and smart identity documents.
- **Department of Planning, Monitoring and Evaluation:** The unit worked closely with the department on the development of its new organisational structure, and processed the approval of the department's revised budget programme structure which comprised of a reduction in departmental programmes from seven to six, with effect from 2019/20. The unit continued participating in the inter-departmental task team reviewing the National Youth Development Act, 2008 (Act No. 54 of 2008) and advised the department on financial implications of new provisions to the Act.
- **Department of International Relations and Cooperation:** The unit, together with the Chief Directorate: African Economic Integration, continued to participate in the Technical Committee of 15 Finance Ministers' (TC F15) structures and engagements on financing modalities and budgeting reforms. The unit facilitated and participated in ongoing discussions between Citibank, the Reserve Bank and the Department of International Relations and Cooperation on cross-border currency solutions.
- **Department of Public Works:** The unit provided advice and support to the Property Management Trading Entity (PMTE) on its proposal to introduce advance billing (a quarter in advance) of or prepayments by client departments as well as the charging of interest on delayed payments. In line with requirements of the Public Finance Management Act (PFMA) and Treasury Regulations, the unit highlighted to the PMTE the need for prepayments to be formally provided for through legally binding accommodation agreements with clients, and for the Department of Public Works may obtain authorisation from the National Treasury for the PMTE to operate fully in terms of the provisions of Treasury Regulation 19. The unit also advised the PMTE to develop a business and funding model with a demonstrably adequate and stable capacity for operating the trading entity on a full-cost recovery basis, and eventually without the support of annual transfer payments from the fiscus. The PMTE presented a possible funding model to the National Treasury, and has been working on refining the model further in line with a review submitted by the unit. The unit worked closely with the Intergovernmental Relations division in writing the Public Works chapter of the 2018 Provincial Budget Review. It also worked with the Department of Public Works in analysing, understanding and proposing the way forward on both the short- and long-term funding requirements of the Independent Development Trust.
- **Department of Women:** The unit worked closely with the Department of Women, through an interdepartmental task team in drafting the framework for the policy on Sanitary Dignity. The Administrative Services Chief Directorate assisted by providing advice, guidance and recommendations on the funding mechanism for implementing the policy. In the 2019/20 financial year, provinces received funding of R157 million through the provincial equitable share for free sanitary products for learners from low income households. The project is targeting girls in the country's poorest schools (quintiles 1, 2 and 3). Results from this year will be used to forecast the total project costs over the medium term and determine budget allocations for 2020/21 and 2021/22.
- **Public Service Commission:** The unit provided advice to the Public Service Commission on the resource and legal implications of its policy proposal to extend its coverage to the local sphere of government. In its drafting of a bill which provides for the expansion of the work of the commission to local government, the Public Service Commission considered the comments from the unit and the Legislation Chief Directorate on attendant financial and legal consequences of the bill.

4. PERFORMANCE INFORMATION BY PROGRAMME

The Justice and Protection Services unit oversees planning, expenditure and service delivery by departments in this sector. Key achievements for 2018/19 included:

- **Justice and Secret Services Directorate.** The directorate provided policy support and advice to the client departments in respect of a business case for the establishment of a state legal services public entity; proposed directives and financial instructions to be issued in terms of the Justice Administered Fund Act (2017). A request was also received for consultation on the establishment of an administration for the Information Regulator, as well as amendment of its corporate form; requests for funding for State Capture Commission and SARS Commission of Inquiry operations was also received. The directorate also provided inputs to the High-Level Review Panel on the State Security Agency and Related Matters.
- **Police and the Independent Police Investigative Directorate.** To strengthen accountability, governance and the management of the Integrated Justice System programme, the Police and the Independent Police Investigative Directorate (IPID) directorate facilitated the shifting of funds from the South African Police Service to the Department of Justice and Constitutional Development (DoJCD) in the 2019 Medium Term Expenditure Framework (MTEF) budget. The directorate also provided guidance to the Civilian Secretariat for the Police Service on the development of the implementation plan for the White Paper on Safety and Security as a member of the task team established by the Secretariat to advise on key considerations for the development of the implementation plan.
- **Judicial Administration and Correctional Services Directorate.** In response to a court challenge, the directorate continued to provide support and advice on the financial implications associated with the proposed reconfiguration of the Judicial Inspectorate for Correctional Services in order to strengthen its independence. Related to this, the directorate is also participating in the task team responsible for exploring an appropriate organisational form that will enhance the independence of the Judicial Inspectorate for Correctional Services.
- **Defence and Military Veterans Directorate.** The directorate engaged and advised the Department of Defence on the human resource strategy that will enable the department to stay within the compensation of employees' ceiling. The directorate also provided ongoing support to the Department of Military Veterans to improve its delivery of benefits to military veterans and their dependants.

The *Education and Related Departments unit* monitors and advises on a number of functions implemented largely by provinces and public entities. During the year under review, the unit assisted with improved monitoring of expenditure and service delivery, and with reviews of current departmental policy and implementation approaches.

Departments assisted included:

- *Department of Basic Education:* The unit served on steering committees for the evaluation of learner transport and the early grade reading strategy. It assisted the Chief Directorate (CD): Public Sector Remuneration Analysis and Forecasting (PSRAF), the Department of Basic Education (DBE) and the Personnel and Salary Administration System (PERSAL) in ensuring the fair implementation of the resolution on equalising pay progression for teachers; it also provided assistance and guidance on an appropriate funding mechanism for the modernisation of the South African School Administration and Management System

4. PERFORMANCE INFORMATION BY PROGRAMME

(SA-SAMS). It further assisted and advised the sector on the planning and funding of the Sanitation Appropriate for Education (SAFE) initiative. The unit also assisted the sector to improve the delivery of education services to learners with severe intellectual disabilities by advising on adjustments to the conditional grant framework, so that the necessary personnel could be appointed by provinces as required.

- *Department of Higher Education and Training:* The unit, with the CD: PSRAF and the Department of Public Service and Administration (DPSA), assisted the department in resolving a payment dispute with Community Education and Training lecturers from Limpopo. The unit continues to serve on steering committees for the National Skills Development Strategy III, and the technical and vocational education and training expansion and capacity development programme. The unit is also represented in the extended ministerial task team working on the state of readiness of integrating returning South African students from Cuba into local universities and healthcare facilities for completion of their medical training. Along with the Department of Planning, Monitoring and Evaluation (DPME) and the Department of Higher Education and Training (DHET), the unit is part of the task team working on the roll-out of the new bursary scheme, implemented as part of the fee-free higher education and training policy.
- *Department of Labour:* The unit assisted the Department of Trade and Industry (DTI) Technical Working Group on Starting a Business to address blockages encountered at the Unemployment Insurance Fund (UIF) and Compensation Fund in order to improve South Africa's ranking in the Doing Business Index of the World Bank. The unit provided extensive assistance and guidance to the UIF on the Labour Activation Policy Framework and on the setting of application and evaluation criteria. The unit served on the Task Team with the DPSA and UIF on developing a guideline for the inclusion of public servants in the UIF.

The Health and Social Development unit oversees budgets, expenditure and service delivery of the Departments of Health and of Social Development respectively, and is closely involved in a number of policy areas for these sectors. Key work carried out in 2018/19 included:

- *Department of Health:* In line with the National Health Insurance (NHI) white paper proposals, the unit supported the Department of Health (DOH) and Presidency on various aspects of NHI including costing of NHI and development of NHI Fund. An indirect grant was created to address the shortage of critical staff in provinces, medical internship and community service posts, and provided funding for the immediate need for beds and linen in hospitals. Provision was made for funding for the elimination of malaria by creating new malaria components in the restructured human immunodeficiency virus (HIV), tuberculosis (TB), malaria and community outreach grant, and support was provided for the development of the provincial health action plan. As part of strengthening tertiary service provision, the unit supported the budget facility for infrastructure to finalise allocation for the building of a new central hospital in Limpopo. The unit has also contributed to numerous internal and external publications, including the finance chapter of the 2017/18 District Health Barometer and the South African Health Review 2018.
- *Department of Social Development (DSD):* The unit refined the projection model for social grants to inform the above-inflation increases in social grants to compensate for the VAT increase. The unit also made a recommendation to the Constitutional Court as per order regarding the price to be paid to Cash Paymaster Services (CPS) for the administration and payment of social grants, and was extensively involved in the technical committee of the inter-ministerial committee (IMC) for comprehensive social security regarding options for the new payment system for social grants. This included assessment of fees proposed by the South African

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Post Office (SAPO). Work continued in support of the South African Social Security Agency (SASSA) in oversight and grant payment facilitation, to manage challenges during the transition from CPS to SAPO and the National Payment System (NPS).

The Economic Services unit works with economic and financial related government departments and agencies. The unit analysed policy proposals, strategies, funding requests and expenditure plans of departments and state entities responsible for regulatory oversight, economic development, employment, growth, science and technology, tourism, environmental protection, land reform, rural development, agriculture, forestry, fisheries, trade and industrial development.

- Department of Public Enterprises: Together with the National Treasury's Asset and Liability Management Division, the unit prepared the recommendation on the funding of South African Express Airways.
- Department of Economic Development: As part of monitoring and ensuring implementation of the Public Finance Management Act, the unit instructed the department to carry out a forensic investigation into irregular expenditure by the Competition Commission. As a result, the unit developed the scope of the forensic investigation. Furthermore, the unit engaged with the department on the suitable funding model for the Competition Commission. The Competition Commission and the Department of Economic Development were further advised to implement cost saving measures, including being considerate with regards to salary increases.
- Department of Small Business Development: The unit, as a member of the steering committee, participated in the European Union-funded programme for employment promotion through small, micro and medium enterprises support. It further participated in conceptualisation of the small business and innovation fund. The unit updated the list of government-funded programmes that support small, micro and medium enterprises and cooperatives and organised site visits to companies that benefited from the National Gazelles programme.
- Department of Trade and Industry: During the year, the unit organised site visits to Dube TradePort Special Economic Zone and Coega Industrial Development Zone as part of monitoring programme implementation. As a result, support and advice were provided to the department during the process of designating Nkomazi Special Economic Zone in Mpumalanga Province. In addition, the unit provided comments to a number of Cabinet Memoranda and support was further provided through participating in the evaluation of applications for the Agro-Processing Support Scheme, the Aquaculture Development and Enhancement Programme, and participation in the steering committee on the evaluation of government business incentives.
- Department of Science and Technology: The unit provided comments to the Minister of Finance on the financing modalities for the acquisition of a new 70 MeV cyclotron by iThemba Laboratory for Accelerator Based Sciences (iThemba LABS), a National Research Facility within the NRF. The unit also provided comments on the 2018 White Paper on Science, Technology and Innovation.
- *Department of Environmental Affairs and Tourism*: The unit facilitated the correction and reclassification of the Expanded Public Works Programme budget and expenditure to align to the modified cash standard. It also represented the National Treasury in the Reference Group on Financing Methodologies for Biodiversity, participated at the United Nations Development Programme Regional Biodiversity Conference and the panel discussion on South Africa's Low Emission Development Strategy. The unit provided comments on the Tourism Amendment Bill, 2019.

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- *Job Creation and Labour Affairs:* The unit represented the National Treasury on the Expanded Public Works Programme (EPWP) Inter-Ministerial Committee.
- *Department of Agriculture, Forestry and Fisheries:* The unit facilitated the development of a blended finance framework and operating guidelines to ensure the efficient provision of concessionary loans and grants in the agricultural sector. The unit further assisted the sector departments with reprioritisations to increase allocation towards the blended finance programme. To facilitate agricultural exports to Europe, the unit arranged site visits funded by the private sector to observe and monitor how the funds allocated to an import and export system are used and how the South African economy will benefit.
- *Department of Mineral Resources:* The unit participated in and provided comments on the Mining Charter process. The charter is meant to help promote transformation of and investment in the mining sector, and its finalisation is expected to boost investment in the mining sector and the South African economy.
- *Department of Rural Development and Land Reform:* The unit remains a key member of the IMC on land reform. It is aimed at accelerating the land reform process, and is involved in all work streams intended to find sustainable land reform solutions.

The Urban Development and Infrastructure unit provides budget, policy and expenditure management and support to national departments and public entities involved in the built environment and infrastructure investment including transport, energy, water and sanitation, human settlements, telecommunications and postal services, cooperative governance and traditional affairs. Work carried out by the unit in 2018/19 included:

- *Department of Energy:* The unit participated in the consultation of various regulatory and legislative reforms undertaken by the department and participated in the Integrated National Electrification Programme Steering Committee. The unit provided comments to the Minister of Finance on the authorisation fees for nuclear licence holders for the National Nuclear Regulator, and authorisation fees for petroleum pipelines and piped gas for the National Energy Regulator of South Africa.
- *Department of Human Settlements:* The unit worked on establishing the Informal Settlements Upgrading Partnership Grant, which will be implemented first as a window within the Human Settlements Development grant in 2019/20. The unit initiated a revised budget programme structure for the national department. The unit also provided inputs into the Human Settlements Transition Guide on Classification of Expenditure, and comments were provided on the updated Human Settlements White Paper. The unit implemented a shift in the institutional arrangements for the Finance Linked Individual Subsidy Programme.
- *Department of Telecommunications and Postal Services:* The unit participated in the consultation of various legislative reforms undertaken by the department related to the Information and Communication Technology (ICT) Policy White Paper, including the Electronic Communications Amendment Bill, the ICT Sector Commission and Tribunal Bill, and the Digital Development Fund Bill.
- *Department of Water and Sanitation:* The unit coordinated efforts for interventions to address the pollution in the Vaal River system. Through the National Disaster Management Centre, the unit remains active in the national drought task team and responded to funding requests from various sectors. The unit provided support to the department in finalising the raw water pricing strategy, the water and sanitation master plan, and mine water management policy.

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- *Department of Transport:* The unit provided comments to the department on the road tariff determination framework and the Single Transport Economic Regulator (STER), and supported the department in cabinet approval of the final draft green transport strategy. The unit represents the National Treasury on various task teams related to policy reform and programme management support, including the rail policy, maritime strategy, and the intergovernmental steering committee for the rolling stock fleet renewal programme. Comments were provided on the Civil Aviation Amendment Bill, the Revised Taxi Recapitalisation Programme and the charter establishing the Southern African Development Community (SADC) aviation safety organisation.

Intergovernmental Relations

The Intergovernmental Relations (IGR) division coordinates fiscal and financial relations between the national, provincial and local spheres of government. This is an important function given that R739.6 billion or 51.9 per cent of non-interest expenditure for 2019/20 is allocated to provinces and municipalities. The bulk of this planned expenditure is for priority programmes such as education, health care and the provision of free basic services.

IGR coordinates inputs to the division of nationally raised revenue between the three spheres of government, the annual Division of Revenue Bill and Division of Revenue Amendment Bill, and the development of the framework for managing conditional grants. The 2019 Division of Revenue Bill was tabled in February 2019 and included a new conditional grant to fill critical vacancies in the health sector, and a new grant structure to enable and incentivise integrated infrastructure development in intermediate cities funded from a combination of grant funds and revenues raised and borrowed by the municipalities themselves. The bill also included a new incentive component for the Public Transport Network Grant that rewards cities running successful public transport systems. In addition, the bill introduces ring-fenced funding mechanisms and associated planning rules for the upgrading of informal settlements in the Human Settlements Development Grant and the Urban Settlements Development Grant. Furthermore, the 2019 Division of Revenue Bill introduced the second change approved through the ongoing review of the provincial equitable share formula. The education component of this formula now uses data from the Mid-Year Population Estimates produced by Statistics South Africa for the school aged population, instead of using data from the 2011 Census.

Various policies have been updated to enhance the role of the private sector in financing municipal infrastructure. The municipal borrowing policy framework was updated by the National Treasury to introduce reforms to expand the scope of municipal borrowing, and will shortly be submitted to Cabinet for consideration/approval. As part of continued stakeholder engagement and advancement of the reforms proposed by the Policy Framework for Municipal Borrowing in relation to Development Finance Institutions (DFIs), the division has commenced with one-on-one engagements to support DFIs in developing indicators for the developmental and social goals outlined in the policy. Engagement between government and the private sector is also facilitated through structured quarterly meetings of the Urban Finance Working Group, which provides a platform for aligning private sector development strategies and indicators with the vision (i.e. promoting investment in strategic infrastructure that drives urban transformation) of government as outlined in the updated municipal borrowing policy framework. The division publishes a quarterly Municipal Borrowing Bulletin which provides information on municipal borrowing trends and activities. Development charges are a key financing instrument for the provision of strategic infrastructure that will accelerate economic growth. The division has consulted various stakeholders to finalise the process of amending the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007) to enable the improved regulation of development charges. Formal consultation processes on the Municipal Fiscal Powers and Functions Amendment Bill commenced by presenting the bill at the Governance and Administration and the Economic Sectors, Employment and Infrastructure Development clusters. The division intends to submit the bill to Cabinet shortly for approval to publish for public comment.

4. PERFORMANCE INFORMATION BY PROGRAMME

The Cities Support Programme (CSP) supports metropolitan municipalities to lead the development of more inclusive, productive and sustainable cities. The CSP targets changes in the enabling policy and regulatory environment for city development and the fiscal framework that funds this. It supports complementary best practices in urban development. Projects and associated activities have been identified in consultation with cities through their City Support Implementation Plans (CSIPs). They are implemented at a national level through five component plans (core city governance, human settlements, public transport, climate resilience and economic development). Key programmes for the 2018/19 financial year included:

- The Planning Reforms project, which introduced a component on Climate Resilience into the Building Environment Performance Plans (BEPP) Guidelines for 2019/20. This will signal a new focus on resilience brought into the planning and infrastructure delivery sphere.
- The planning reforms projects that have been expanding discussions on spatial budgeting to include provincial government, with a focus on creating an intergovernmental project pipeline. The mid-year budget and benchmarking engagements with the cities are also reinforcing strategy-led budgeting in the metropolitan municipalities.
- The 2018 Executive Leadership Programme (ELP), which included the political and administrative heads of the metros. This five-day programme, in cooperation with GIBS, focused on sustainability and resilience in our metros. The feedback confirmed a highly successful ELP with significant political buy-in, support and programme participation.
- The finalised overview paper of the Urbanisation Review. The conclusions of the urbanisation review will be further discussed with the relevant national departments in order to influence some of the sectoral and urban policy discussions and reforms. Presentations on the urbanisation review summary findings have been made at a number of forums including the Extended Technical Budget Forum on 17 July 2018, the Winter Budget Forum on 24 July 2018, the Gauteng MEC-Mayors meeting on 24 August 2018, the Centre for Affordable Housing Finance in Africa (CAHF) 'Community of Practice' on housing and economic development, the Integrated Urban Development Framework (IUDF) meeting for provinces on 31 August 2018, and the Gauteng Planning Division on 14 September 2018.

The Cities' Infrastructure Delivery and Management System (CIDMS) manuals and companion were launched on 1 November 2018 as part of one Infrastructure Delivery Management System (IDMS) initiatives being rolled out by National Treasury. This will see the development of targeted interventions in the form of toolkits for different spheres of government, but with a unifying objective of improving and accelerating infrastructure delivery and enhancing its management. The CIDMS is being piloted in three cities: the City of Johannesburg, the eThekweni Municipality and the City of Cape Town.

- The Cities Support Programme is seen as the platform for the implementation of the IUDF, especially for the metropolitan municipalities. Projects undertaken through the CSP on accelerating land reform and the Urbanisation Review were elevated through the IUDF platforms and structures. Further, technical inputs emanating from the CSP were also utilised in the Urban Conference in October 2018 under the auspices of the IUDF.
- The Integrated City Development Grant (ICDG) was established in 2013/14 to provide incentives for metropolitan municipalities to integrate and focus their infrastructure investments and regulatory instruments in identified integration zones. In the 2018/19 financial year, the grant continued to focus on investments in the identified integration zones in cities through financing of agreed

4. PERFORMANCE INFORMATION BY PROGRAMME

studies and infrastructure. During the reporting period, 12 programmes were planned and 10 programmes implemented in the integration zones.

The division continues to support the implementation of the infrastructure delivery management system (IDMS) to improve infrastructure delivery performance across the provinces and in local governments. The implementation is supported by two major initiatives: the Infrastructure Delivery Management toolkit, which guides the implementation of the IDMS, as well as the Framework for Infrastructure Delivery and Procurement Management (FIDPM), which is the legislated arm of the IDMS. The performance-based system was introduced for Education and Health to institutionalise IDMS principles relating to planning and delivery in provinces. Thirty-six provincial infrastructure plans were assessed in collaboration with the relevant national sector departments (Education and Health). A Best Practice Workshop was facilitated to allow cross learning among provinces in an effort to strengthen various sections of the planning documents. Furthermore, provincial visits were conducted specifically for provinces that did not qualify to address specific areas that required improvement. These interventions are hoped to yield positive results during the next assessment period.

During the reporting period, the focus was on ensuring that all municipal budgets and adjustment budgets are funded. Extensive work was done to support and guide in the main the 17 non-delegated municipalities under the direct umbrella of the National Treasury's support. Municipal Finance Management Act (MFMA) Circulars numbers 93 and 94 were published to provide municipalities with guidance in preparing their 2018/19 Medium-Term Revenue and Expenditure Framework (MTREF) budgets, including annual guidance on the effective utilisation of the conditional grants. In addition, follow-up training on the use of a generic framework for assessment and analysis of municipal budgets in line with municipal budget and reporting regulations (MBRR) was undertaken.

For ten consecutive years, the division has institutionalised two formal annual engagements with the 17 non-delegated municipalities, namely the municipal budget and benchmark, and the mid-year budget and performance assessment engagements. The metros' 2018/19 budget and benchmark engagement was conducted over two days in conjunction with the Department of Cooperative Governance and Traditional Affairs (CoGTA) to allow for robust discussion on spatial development and integrated planning efforts, as well as budgetary and performance issues; other cities' engagements were held over a single day. Due to the maturing system of budget engagements and assessment, metros are beginning to contribute meaningfully to the process. These engagements have been instrumental in ensuring that the tabled budgets of 10 of the 17 non-delegated municipalities are credible, sustainable and funded. The National Treasury has subsequently engaged with the municipalities with unfunded tabled budgets to ensure that they adopt a funded budget. Notwithstanding this intervention, one (Mangaung) remained unfunded.

In-year reporting is now well institutionalised, with most municipalities consistently producing in-year financial reports. Consolidated in-year reports on municipal financial performance reports were published quarterly, in line with Section 71 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), Section 30(3) of the Division of Revenue Act, 2018 (Act No. 1 of 2018) (DoRA) and the Division of Revenue Amendment Act, 2018 (Act No. 14 of 2018). The National Treasury also published the annual consolidated set of budget information for all municipalities 12 times consecutively. The routine publication of budget and in-year financial performance information for local government enables better in-year management and oversight of budgets, since these reports become management tools on the one hand, and early warning mechanisms on the other, thereby assisting councils to improve their municipal performance.

4. PERFORMANCE INFORMATION BY PROGRAMME

IQR continued to improve the conditional grant monitoring framework for local government. In the 2018/19 municipal financial year, municipalities were allocated R62.7 billion in the form of the equitable share, and a total amount of R60.1 billion was transferred to municipalities by 30 March 2019. The remaining balance of R2.6 billion was not transferred to municipalities as a result of the offsetting of 2017/18 unspent conditional grants in terms of section 22(4) (a) of 2018 DoRA. The DoRA allows municipalities to repay unspent funds in instalments, since offsetting the entire amount from the equitable share in a single tranche could risk crippling their finances.

The National Treasury continues to assist low-performing municipalities to improve spending and manage their conditional grants. The principle is that if conditional grants are unspent at the end of the financial year, municipalities must request permission to roll over these unspent conditional grants. Failure to secure approval from the National Treasury, which oversees the process, results in these unspent funds being recalled to the National Revenue Fund.

During the 2017/18 financial year, the total conditional grant rollover amount requested by municipalities amounted to R3.2 billion. The National Treasury, however, only approved a rollover amount of R904.2 million (including the Urban Settlements Development Grant) for implementation into the 2018/19 financial year.

The Municipal Infrastructure Grant (MIG) continues to show under-performance, reflected by poor spending of some municipalities. During the 2018/19 financial year the Department of Cooperative Governance (DCoG), which administers the MIG, initiated the withholding of funds from municipalities with under-spending of 40 per cent or more and as a result, the National Treasury reallocated funds to municipalities that showed good spending performance. As part of the support provided by the National Treasury to under-performing municipalities, the National Treasury reallocated monies from the Masilonyana, Makana, Ubuntu, and Mamusa and redirected their MIG monies to Lejweleputswa, Sarah Baartman, Pixley Ka Seme and Dr Ruth Segomotsi Mompati district municipalities respectively to implement the programme on their behalf. The arrangement assisted these local municipalities to continue with projects while addressing their financial management and governance challenges. The Urban Settlements Development Grant (USDG), allocated to metropolitan municipalities as a supplementary programme to the cities capital programme, has seen a significant under-performance during the year.

Furthermore, the National Treasury continued to provide support to municipalities in the Eastern Cape, Free State, Limpopo, Mpumalanga and North West provinces. These municipalities have experienced institutional and cash flow challenges that impacted on their management of conditional grants. The National Treasury provided support to these municipalities through management of the in-year payment schedule to only transfer funds upon verification of approved invoices for work done against the conditional grant frameworks and complementary business plans. The National Treasury will continue to support some of these municipalities in the new financial year. Since the introduction of the support, municipalities are beginning to safeguard conditional grants, however extensive work still needs to be done to support these municipalities. The provincial treasuries and Cooperative Governance, Human Settlements and Traditional Affairs (CoGHSTA) together with the Municipal Infrastructure Support Agent (MISA) have been instrumental in this process, wherein they were at the forefront of the verification of submitted invoices, and verification of work done (especially MISA), thus ensuring conditional grants are spent for their intended purposes and payments are in line with work done.

4. PERFORMANCE INFORMATION BY PROGRAMME

The Municipal Standard Chart of Accounts (mSCOA) enforces the link between planning (IDP) and the budget through the project segment and enables annual reporting and performance management linked to strategic service delivery objectives. Towards this end, the National Treasury has also continued to meet quarterly with the Reporting Reference Group to discuss and agree on mSCOA-related reporting issues. The reference group consists of representatives from National and Provincial Treasuries, all municipal system vendors, municipalities that act as their own vendors (Cities of Cape Town, eThekweni and Johannesburg), the Accounting Standards Board (ASB) and the Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO). These meetings have also eliminated the duplication of efforts when National and Provincial Treasuries meet with system vendors separately on the same issues.

Significant strides have been made in the implementation of mSCOA post 1 July 2017. Two year post implementation, at least ten of the 12 system vendors in the municipal space have fully integrated system solutions, while the submission rate of financial information in the form of data strings by municipalities are exceeding 80 per cent. Nonetheless, mSCOA is an organisation-wide reform and should be embraced by the whole organisation to achieve the overall objectives. It is noted that a number of municipalities are exerting themselves to embrace the reform, while some are not putting in any effort, and others are simply not able to. Where municipalities have taken ownership of mSCOA implementation significant progress has been made, but too much reliance is still placed on consultants and system vendors.

In an effort to build a capable state, coaching was piloted in Mpumalanga treasury for senior management, which has had a positive effect in improved teamwork and cooperation towards common goals, and realisation of the importance of self-management. Capacity building continued in the provincial sphere of government, with the essentials of budget formulation and budget analysis courses restructured and held within a week for efficiencies. The demand continued to be high, leading to the set target being exceeded with 272 provincial officials trained during the year. Further 105 officials, mostly health revenue clerks in hospitals, were trained on revenue management and collection. Division of Revenue workshops were also held with relevant national and provincial departments.

The structure for the provincial budget benchmark meetings was changed from two half-day sessions to one full-day session per province, following feedback received from treasuries as a way of improving processes and value-add provided to Provincial Treasuries. The meeting focused on equitable distribution of resources and service delivery among departments, public entities and infrastructure. The focus was also on the impact of population dynamics on service delivery, given fiscal constraints on how provinces are creating fiscal space through cost-cutting or revenue improvement, and measures to improve provincial economic growth.

The division ensured that all provincial financial information is published quarterly, and brought the process forward to ensure that savings are realised in the gazetting process; the gazette included infrastructure spending. IGR also provided comprehensive parliamentary briefings on outcomes of provincial expenditure for 2017/18, and likely risks for provinces over the 2018 Medium Term Expenditure Framework (MTEF). Additionally, there was also a focus on the performance of several conditional grants such as the Human Settlements Development Grant and the Early Childhood Grant.

Significant progress was made in the North West intervention at the end of the financial year in the directives issued by the National Treasury in relation to budget. The North West Development Corporation (NWDC) was relocated to Enterprise and Economic Development, the budget of Health was increased as directed and entities were reviewed through the Government Technical Advisory Centre (GTAC) to ensure readiness for configuration together with departments after elections.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 3.1: DEVELOPING AND IMPLEMENTING SOUTH AFRICA'S FISCAL POLICY AND RELATED FRAMEWORKS									
3.1.1	Maintain the expenditure ceiling	Planned expenditure for the 2016 MTEF period is in line with expenditure ceiling requirements 2016 MTEF: R3.53 trillion main budget noninterest expenditure announced in the 2015 MTEF + R259.5 billion in terms of the fiscal policy stance = R3.79 trillion. This includes a provisional allocation not assigned to votes of R18.3 billion and a contingency reserve of R31 billion.	0	Less than 0 for each year	Less than or equal to expenditure ceiling announced in main budget	Expenditure ceiling announced in main budget not less than or equal to expenditure ceiling announced in the MTBPS	Expenditure ceiling announced in main budget greater than expenditure ceiling	Under-performance is attributed to the expenditure ceiling being revised upwards by R14 billion in 2019/20, R1.3 billion in 2020/21 and R732 million in 2021/22 as announced in the main budget.	
3.1.2	Number of fiscal frameworks provided	N/A	2	2	2	2	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 3.2: PREPARATION OF THE NATIONAL BUDGET									
3.2.1	Number of budget guidelines issued	N/A	1 set of MTEF guidelines issued by July 1 programme scheduling MTEC meetings drafted by July 1 AENE guideline issued in August	1 set of MTEF guidelines issued by July 1 programme scheduling MTEC meetings drafted by July 1 AENE guideline issued in August 1 ENE guideline issued in October	1 set of MTEF guidelines issued by July 1 AENE guideline issued in August 1 ENE guideline issued in October	1 set of MTEF guidelines issued by July 1 AENE guideline issued in August 1 ENE guideline issued in October	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
3.2.2	Obtain budget expenditure allocation decisions from the executive	The targets set by the MTEC Secretariat were met, with baseline Allocation recommendations being amended throughout the various phases of the budget process and approved by MTEC, the Ministers' Committee on the Budget and ultimately Cabinet. Final budget allocations to departments were determined in December 2015 and January 2016.	Adjustments Appropriation Bill, 2016 tabled in Parliament on 26 October 2016. 2016 Adjusted Estimates of National Expenditure tabled in Parliament on 26 October 2016. 2016 Medium Term Budget Policy Statement tabled in Parliament on 26 October 2016. Appropriation Bill, 2017 tabled in Parliament on 22 February 2017. 2017 Estimates of National Expenditure tabled in Parliament on 22 February 2017.	<ul style="list-style-type: none"> Various funding recommendations were made to the MTEC, the MINCOMBUD and Cabinet within budget calendar timelines 1 Cabinet endorsement of national government expenditure allocations obtained by end of calendar year 	<ul style="list-style-type: none"> 1 Cabinet endorsement of national government expenditure allocations by end of calendar year 	<ul style="list-style-type: none"> 1 Cabinet endorsement of national government expenditure allocations by end of calendar year 	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
3.2.2			2017 Budget Review tabled in Parliament on 22 February 2017.						
STRATEGIC OBJECTIVE 3.3: PUBLICATION OF THE NATIONAL BUDGET									
3.3.1	Budget legislation and accompanying documentation tabled in Parliament and published	The ENE and AENE was compiled and tabled in line with the parliamentary programme	3 budget documents tabled in February 3 budget documents tabled in October	<ul style="list-style-type: none"> Appropriation Bill, ENE and Budget Review tabled in February Adjustments Appropriation Bill, AENE and MTBPS tabled in October 	<ul style="list-style-type: none"> Appropriation Bill, ENE and Budget Review tabled in February Adjustments Appropriation Bill, AENE and MTBPS tabled in October 	<ul style="list-style-type: none"> Appropriation Bill, ENE and Budget Review tabled in February Adjustments Appropriation Bill, AENE and MTBPS tabled in October 	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
3.3.2	Number of reports produced on public finance statistics according to function and economic classification	Consolidated budget accounts for Budget Review 2016 -- national, provincial and public entities. Data used in the compilation of financial statistics for the budget moved to an appropriate storage platform.	4 reports	4	4	4	N/A	N/A	
3.3.3	Number of reports produced on guidance given to Departments and entities on the classification of expenditure	Issued classification circulars and guidelines. Provided advice on the interpretation of the SCOA and the reference guide on economic classification.	4 reports	4	4	4	N/A	N/A	
STRATEGIC OBJECTIVE 3.4: MONITORING AND ANALYSIS OF PUBLIC EXPENDITURE AND SERVICE DELIVERY									
3.4.1	Percentage responses to Departmental requests for PFMA and TR approvals, and sectoral analysis and policy advice	N/A	98.9%	97.5%	100%	94.1%	5.9%	Under-performance is attributed to delays in getting responses from Departments/entities on clarity seeking questions.	
3.4.2	Percentage comments to Cabinet memos	N/A	N/A	N/A	100%	100%	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
3.4.3	Number of YM feedback reports to Departments	N/A	277	441	540	534	6	Under-performance is attributed to Parliament not being required to submit YM reports due to separation of powers.	
3.4.4	Number of quarterly expenditure reports submitted to the Standing Committee on Appropriations	N/A	160	160	4	4	N/A	N/A	
3.4.5	Number of reports produced on review and implementation of the COLA costing model	The model has been used to estimate costs for implementing the 2016 wage adjustments as per PSCBC Resolution 8 of 2015 and to formulate compensation budget ceilings for the 2016 MTEF. Improvements to COLA model are in progress with analysis of remuneration policies and preliminary model design completed.	4	2	4	4	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
3.4.6	Percentage response to requests for support on governance and financial management monitoring and compliance system in public entities provided	Provided Institutional support to National and Provincial public entities related to financial reporting governance and compliance. Finalised NT regulation inputs related to public entities.	100%	100%	100%	100%	N/A	N/A	
3.4.7	Percentage of Budget Facility on Infrastructure (BFI) projects evaluated	N/A	N/A	N/A	#	#	N/A	N/A	
STRATEGIC OBJECTIVE 3.5: COORDINATING INTERNATIONAL DEVELOPMENT COOPERATION									
3.5.1	Percentage alignment of development cooperation to government policy and priorities	N/A	100%	100%	100%	100%	N/A	N/A	
3.5.2	Percentage management and coordination of development cooperation in South Africa	N/A	100%	100%	100%	100%	N/A	N/A	
STRATEGIC OBJECTIVE 3.6: COORDINATING INTERGOVERNMENTAL RELATIONS									
3.6.1	Number of Division of Revenue and Amendment Bills published annually	N/A	3	2	2	2	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
3.6.2	Number of reforms introduced to enhance provincial and local government fiscal frameworks	N/A	4	2	2	2	N/A	N/A	
3.6.3	Number of plans assessed to support improvements in infrastructure planning and implementation in provinces	N/A	18	34	36	36	N/A	N/A	
3.6.4	Number of built environment performance plans assessed to support improvement in the metropolitan municipalities	N/A	8	8	8	8	N/A	N/A	
3.6.5	Number of capacity building initiatives to facilitate improved planning, budgeting and financial management	N/A	33	59	50	50	N/A	N/A	
3.6.6	Number of quarterly financial reports published	N/A	4	4	8	8	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
3.6.7	Number of provincial and municipal budgeting benchmarking exercises held to improve provincial and municipal budget credibility, composition and achievability	4 quarterly reports published in terms of section 32 of the PFMA. Benchmark sessions for each of the nine provinces were conducted in December 2015 and January 2016 and reports compiled. Provided one briefing to parliament on the education infrastructure grant 2 June 2015. A total of 4 provincial government briefings were done on the following dates: 5 June 2015, 17 June 2015, 19 June and 12 August 2015.	18	35	35	26	9	Under-performance is attributed to rescheduling of programme delivery resulting from consultation with provinces.	
3.6.8	Number of annual municipal routine reports published	N/A	N/A	N/A	6	6	N/A	N/A	
3.6.9	Number of support initiatives implemented in provinces	N/A	N/A	3	13	13	N/A	N/A	
3.6.10	Number of municipal budgeting and reporting reforms implemented	N/A	N/A	3	3	3	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT								
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION
3.6.11	Number of provincial and municipal mid-year budget and expenditure performance assessment reports produced	N/A	N/A	26	26	26	N/A	N/A

4. PERFORMANCE INFORMATION BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE (INDICATORS AND ACTION PLANS)

UNDER-PERFORMING INDICATORS AND ACTION PLANS			
PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT			
APP#	Indicator	Deviation	Action Plan
STRATEGIC OBJECTIVE 3.1: DEVELOPING AND IMPLEMENTING SOUTH AFRICA'S FISCAL POLICY AND RELATED FRAMEWORKS			
3.1.1	Maintain the expenditure ceiling	Under-performance is attributed to the expenditure ceiling being revised upwards by R14 billion in 2019/20, R1.3 billion in 2020/21 and R732 million in 2021/22 as announced in the main budget.	N/A
STRATEGIC OBJECTIVE 3.4: MONITORING AND ANALYSIS OF PUBLIC EXPENDITURE AND SERVICE DELIVERY			
3.4.1	Percentage responses to Departmental requests for PFMA and TR approvals, sectoral analysis and policy advice	Under-performance is attributed to delays in getting responses from Departments/entities on clarity seeking questions.	Engagements were held with respective business units to ensure that the required consultations are finalised within the agreed timeframes.
3.4.3	Number of IYM feedback reports to Departments	Under-performance is attributed to Parliament not being required to submit IYM reports due to separation of powers	N/A
STRATEGIC OBJECTIVE 3.6: COORDINATING INTERGOVERNMENTAL RELATIONS			
3.6.7	Number of provincial and municipal budgeting benchmarking exercises held to improve provincial and municipal budget credibility, composition and achievability	Under-performance is attributed to rescheduling of programme delivery resulting from consultation with provinces.	This area of work has been restructured.

CHANGES TO PLANNED TARGETS

There are no changes to planned targets for this reporting period.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

	2018/19			2017/18		
	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT						
PROGRAMME MANAGEMENT FOR PUBLIC FINANCE AND BUDGET MANAGEMENT	19 316	19 121	195	24 535	20 833	3 702
PUBLIC FINANCE	64 706	64 037	669	64 221	61 687	2 534
BUDGET OFFICE AND COORDINATION	60 530	59 666	864	59 628	57 663	1 965
INTERGOVERNMENTAL RELATIONS	101 713	100 764	949	103 265	97 805	5 460
FINANCIAL AND FISCAL COMMISSION	51 782	51 782	-	50 647	50 647	-
TOTAL	298 047	295 370	2 677	302 296	288 635	13 661

4. PERFORMANCE INFORMATION BY PROGRAMME

4.4 PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

PURPOSE

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

STRATEGIC OBJECTIVES

- Exercise oversight of state-owned companies
- Optimal debt management and funding of government's borrowing requirement
- Ensure sound management of government's cash resources
- Minimise and mitigate risks emanating from government's fiscal obligations

SUB-PROGRAMMES

Programme Management for Asset and Liability Management

This sub-programme provides the overall management and regulatory support related to this programme, including support for planning, delivery implementation, monitoring and associated activities that include the management of government debt, financial assets and investments.

State-Owned Companies Financial Management and Governance

This sub-programme is responsible for overseeing state-owned enterprises to enable them to meet government's policy objectives in a financially and fiscally sustainable manner, and for promoting sound corporate governance of these enterprises. Over the medium term, the unit will continue to review and compile submissions on applications for funding, guarantees and borrowing limits as well as other PFMA applications from state-owned companies. Where such applications are approved, the unit will monitor financial performance and adherence to any conditions. It will also continue to review state owned enterprises' corporate plans and annual reports as they are received annually, and progress on the enterprises' capital expenditure programmes will be monitored on a quarterly basis. To strengthen regulatory compliance, the unit will report on compliance by major state-owned companies with the PFMA, the Companies Act (2008), Treasury Regulations and the King III and IV Code on Corporate Governance.

Government Debt Management

This sub-programme is responsible for government's long term funding needs. It manages the funding of domestic and foreign debt, contributes to the development of domestic financial markets, maintains sound investor relations, and ensures that debt servicing costs remain sustainable.

4. PERFORMANCE INFORMATION BY PROGRAMME

Financial Operations

This sub-programme provides for government's short term funding needs, invests government's surplus cash, prudently manages cash in all spheres of government, and ensures efficient accounting for debt, the supply of reliable systems, and the provision of high-quality information.

Strategy and Risk Management

This sub-programme develops and maintains a risk management framework for the debt and contingent liabilities of government and monitors the implementation of strategies to ensure that risks remain within tolerance thresholds and that the risk of an adverse credit rating outcome for the sovereign credit rating is mitigated.

Financial Investments

This sub-programme provides for the transfer of funding to meet the needs of state-owned entities such as the re-capitalisation of the Land and Agricultural Development Bank of South Africa, Postbank and the Development Bank of Southern Africa.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

The Governance and Financial Oversight of the State-Owned Companies (SOCs) annually reviews the corporate plans of all public entities listed in Schedule 2 and 3B of the PFMA, including selected Schedule 3A entities. In addition to assessing their alignment with government's priorities, financial sustainability and soundness of governance, the review aims to identify possible risks proactively so that appropriate mitigating actions can be taken. Similarly, public entities' performance is evaluated through a review of their annual reports. In 2018/19, 100 per cent of corporate plans and annual reports of Schedule 2 and 3B SOC, development finance institutions (DFIs) and water boards were received by the due date and reviewed within the stipulated timeframes. South African Airways (SAA) and Overberg Water Board had not submitted their annual financial statements at the time of the review. A negative economic outlook prevailed in the 2018/19 corporate plan projections, with SOC collectively revising profitability downward. The reviews highlighted that declining profitability is primarily driven by employee compensation, weak revenue growth and excessive debt levels. Financially strained SOC are expecting to realise better operational efficiencies over the Medium-Term Expenditure Framework (MTEF) against a backdrop of proposed restructuring efforts centred on revenue optimisation, cost reduction/containment initiatives and improved liquidity management.

The unit also analysed the performance of those Schedule 2 and 3B public entities that report to the minister of finance as their executive authority, against the key performance indicators agreed in their individual shareholder compacts. The analysis informed the remuneration incentives of the public entities, considering the State-Owned Enterprises Remuneration Guide (SOERG) and organisational performance.

The appointment and re-appointment of non-executive directors to the Development Bank of Southern Africa (DBSA) board was processed for Cabinet approval. The appointment of a Chief Executive Officer for the Land and Agricultural Development Bank of

4. PERFORMANCE INFORMATION BY PROGRAMME

South Africa (Land Bank) and the appointment of the Public Investment Corporation board is still under way. The appointment of a service provider that will assist the minister of finance to evaluate SOC boards that report to him, to ensure that members have the relevant skills, experience and competencies to strengthen and capacitate these boards, was at an advanced stage.

During the year, government issued South African Express (SAX) and Denel with additional government guarantees of R1.962 billion and R1 billion respectively.

Additionally, the Water Board tariff submissions were reviewed and analysed in terms of the Municipal Finance Management Act (MFMA) and response letters were provided.

As the shareholder for South African Airways (SAA) for most part of the year until transfer to the Department of Public Enterprises, the following Section 54 PFMA applications were finalised:

- Cease own metal operations to Abuja, Nigeria
- Purchase of two A340-600 aircraft
- Enter into direct operating lease agreement for eight B737-800 aircraft for a period of up to six years
- Cease SAA's own metal service to Central Africa
- Extension of lease agreements for two B737-300 freighter aircraft for a period of seven and 16 months respectively,
- Mango Airlines to commence operations between Lanseria and Zanzibar
- SAA to commence operations between Johannesburg and Guangzhou, China.

In terms of guarantee conditions for Eskom, the minister of finance also approves Section 54 PFMA applications for the entity. The following were completed:

- The retrofitting of flue gas desulphurisation technology at the Medupi power station.
- The renewable energy independent power producers' procurement programme in terms of bid window 3.5, 4 and 4.5 following the minister of energy's recent announcement of the revised tariff level.
- The Highveld South Reinforcement Scheme.

A Section 54 PFMA notification regarding disposal of Thin Film Solar Technologies (TFST) shares by the Central Energy Fund was finalised.

Recapitalisation requests for Denel, the South African Post Office (SAPO), the South African Broadcasting Corporation (SABC), SAA and SAX were reviewed and analysed, and inputs given. Inputs were provided on policy, legislation and strategies relating to Eskom, SAA, SAPO, the SABC, Sentech, Broadband Infracore (BBI), and the National Water Master Plan. The Land and Agricultural Development Bank of South Africa (Land Bank) repaid debt of R2.7 billion, thereby reducing government guarantee exposure. The guarantees to Eskom, Denel, SAA, SAX, SAPO, and the Land Bank are monitored regularly and quarterly reports on compliance with guarantee conditions were provided to the Fiscal Liability Committee (FLC).

During the year, Eskom was granted a foreign currency borrowing limit amounting to R308 billion. SAA's request for an R18 billion foreign currency borrowing limit was rejected as the Minister of Finance was of the view that SAA's balance sheet could not carry further debt. Approvals of borrowing authorisations and related limits were granted to Rand Water and the National Housing Finance Corporation.

4. PERFORMANCE INFORMATION BY PROGRAMME

The following activities were also undertaken during 2018/19:

- Review of 32 annual reports of SOCs/Development Finance Institutions (DFIs) and water boards, and 33 corporate plans of SOCs/DFIs and water boards for the 2018/19 financial year.
- Funding proposals for the recapitalisation of the Land Bank, Denel, SAA, SAX, Sentech and SAPO were presented to the Ministers' Committee on the Budget Technical Committee (MTEC).
- Conclusion of shareholder compacts with the Public Investment Corporation (PIC), the South African Special Risks Insurance Association (SASRIA), SAA, the Land Bank and the Development Bank of Southern Africa (DBSA).
- Review of the annual reports and corporate plans of the PIC, SASRIA, the Land Bank and DBSA, which were tabled in Parliament.
- The Land Bank Decade Report was completed. The document summarised the development and government support provided to the Land Bank since its transfer to the Minister of Finance.
- A report on the effectiveness of industrial policy as a tool for higher growth and developed was completed.
- Completion of the review of the Development Finance System and draft development finance policy. The outcome of the review has been communicated to the minister for his review and recommendations to the Cabinet.
- Supported the minister as a member of the inter-ministerial committee on SOC reforms by distributing circulars to all departments on the implementation of the Private Sector Participation framework as well as the framework for quantifying the costs of the developmental activities undertaken by SOCs. The circular requested that entities incorporate these frameworks into their 2019/20 Corporate Plan submissions.
- Reviewed and provided inputs on the Johannesburg Stock Exchange (JSE) debt listing requirement with respect to its impact on SOC debt financing activities.
- Reviewed and provided inputs to the drafting of various SOC Domestic Medium-Term Note (DMTN) programmes.
- Compiled a report on SOC liquidity and related risks as well as the potential threat to the fiscal framework.
- The strategic risk benchmark indicators express the preference of government to a set of exposure ranges and limits to refinancing risk, inflation risk, interest rate risk and foreign currency risk. These ranges and limits characterise government's portfolio and funding decisions in terms of: the maturity structure (how much to issue in the short-term, medium-term and long-term), currency structure (the share of local currency debt versus foreign currency debt) and the interest rate and/or indexation structure (fixed rate versus floating rate versus inflation-linked debt) under conditions of risk and uncertainty.
- Although the debt portfolio has grown from a gross loan debt of R1.6 trillion in March 2014 to an estimated gross loan debt of R2.9 trillion in March 2019, none of the benchmark indicators were breached. In order to manage the natural tension that exists between risk, funding and liquidity objectives, government opted for an overarching objective of reducing refinancing risk by increasing the weighted average term to maturity of government debt portfolio, reported to be 13 years and two months in March 2019, while managing the cost of net new funding prudently as and when government raised funding to fully fund the budget deficit and successfully repay debt redemptions due.
- South Africa's debt structure and length of maturity are often highly commended by rating agencies as credit strength, since they act as a buffer against external and interest shocks due to the relatively lower share of foreign currency debt of around 10 per cent compared to similar rated peers, while 90 per cent of the total debt is in local currency and of long maturity, which does not require frequent refinancing. These among other factors saw South Africa achieving stable outlooks from all rating agencies in 2018 from a challenging period of successive downgrades in 2017.
- The review of the Development Finance Institutions (DFIs) system has been completed, as well as a draft development finance policy in this regard. A Cabinet memo has been drafted and is in the approval process to communicate the outcome of the review as well as the draft policy.

4. PERFORMANCE INFORMATION BY PROGRAMME

- Asset and Liability Management played a coordinating role in the Eskom unbundling process including defining the Chief Restructuring Officer's roles and responsibilities, and identifying debt restructuring options.
- The government successfully financed the gross borrowing requirement of R259.1 billion. This was financed through net issuance of domestic short-term loans (R14.1 billion), domestic long-term loans (R183.0 billion) and foreign loans of R25.2 billion (US\$2.0 billion). In addition, R36.8 billion of cash and other balances was used to finance part of the gross borrowing requirement. During 2018/19, R21.4 billion of short-dated bonds was exchanged for long-dated bonds.
- The cost of servicing government debt amounted to R181.8 billion, compared to an original budget of R180.1 billion. Domestic and foreign loans of R15.6 billion were repaid during 2018/19. The Financial Operations Unit met all government's rand and foreign currency commitments on a daily basis. In addition, surplus cash was optimally invested.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 4.1: EXERCISE OVERSIGHT OF STATE-OWNED COMPANIES									
4.1.1	Percentage of complete corporate plans received from Schedule 2 and 3B public entities reviewed	N/A	32%	96.9%	100%	100%	N/A	N/A	
4.1.2	Percentage of annual reports received from Schedule 2 and 3B public entities reviewed	N/A	53%	91.5%	100%	100%	N/A	N/A	
4.1.3	Percentage of complete PFMA Section 54(2), 52, 55 and 92 applications received from Schedule 2 and 3B public entities reviewed	N/A	100%	81.25%	100%	100%	N/A	N/A	
4.1.4	Percentage of complete guarantee applications received from Schedule 2 and 3B public entities reviewed	N/A	100%	87.5%	100%	100%	N/A	N/A	
4.1.5	Percentage of received MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B public entities reviewed	N/A	100%	100%	100%	100%	N/A	N/A	
4.1.6	Percentage 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	N/A	N/A	N/A	100%	100%	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
4.1.7	Percentage of complete board appointments recommendations from Schedule 2 and 38 public entities reporting to the Minister of Finance received and reviewed	N/A	N/A	N/A	100%	100%	N/A	N/A	
4.1.8	Percentage of complete review requests of borrowing limit applications relating to Schedule 2 and 38 public entities reviewed	N/A	100%	100%	100%	100%	N/A	N/A	
STRATEGIC OBJECTIVE 4.2: OPTIMAL DEBT MANAGEMENT AND FUNDING OF GOVERNMENT BORROWING REQUIREMENT									
4.2.1	Percentage of government's annual gross borrowing requirement met	N/A	100%	100%	100%	100%	N/A	N/A	
4.2.2	Percentage of interest and redemptions met	N/A	100%	100%	100%	100%	N/A	N/A	
STRATEGIC OBJECTIVE 4.3: ENSURE SOUND MANAGEMENT OF GOVERNMENT'S CASH RESOURCES									
4.3.1	Percentage of government's liquidity requirements met	N/A	100%	100%	100%	100%	N/A	N/A	
STRATEGIC OBJECTIVE 4.4: MINIMISE AND MITIGATE RISKS EMANATING FROM GOVERNMENT'S FISCAL OBLIGATIONS									
4.4.1	Percentage compliance with market and refinancing risks benchmarks	N/A	100%	100%	100%	100%	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL 2017/2018	TARGET 2018/2019	ACTUAL 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
4.4.2	Number of interactions to manage and ensure effective relations with the credit rating agencies	N/A	6	N/A	8	7	1	Under-performance is attributed to a decision that was taken by one credit rating agency to reduce the number of annual visits.	
4.4.3	Number of reports on the management of government's contingent liabilities and counterparty risk's contingent liabilities and counterparty risk	N/A	5	N/A	6	6	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE (INDICATORS AND ACTION PLANS)

UNDER-PERFORMING INDICATORS AND ACTION PLANS			
PROGRAMME 4: ASSET AND LIABILIYT MANAGEMENT			
APP#	Indicator	Deviation	Action Plan
STRATEGIC OBJECTIVE 4.4: MINIMISE AND MITIGATE RISKS EMANATING FROM GOVERNMENT’S FISCAL OBLIGATIONS			
4.4.2	Number of interactions to manage and ensure effective relations with the credit rating agencies	Under-performance is attributed to a decision that was taken by one credit rating agency to reduce the number of annual visits.	N/A

CHANGES TO PLANNED TARGETS

There are no changes to planned targets for this reporting period.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT	2018/19			2017/18		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
PROGRAMME MANAGEMENT FOR ASSET AND LIABILITY MANAGEMENT	11 819	6 944	4 875	12 463	6 110	6 353
STATE OWNED ENTITY FINANCIAL MANAGEMENT AND GOVERNANCE	35 037	31 452	3 585	10 035 025	10 033 665	1 360
GOVERNMENT DEBT MANAGEMENT	19 984	19 539	445	18 735	17 924	811
FINANCIAL OPERATIONS	24 677	24 227	450	22 393	21 974	419
STRATEGY AND RISK MANAGEMENT	10 068	9 023	1 045	11 696	10 088	1 608
TOTAL	101 585	91 185	10 400	10 100 312	10 089 761	10 551

4. PERFORMANCE INFORMATION BY PROGRAMME

4.5 PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

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.

STRATEGIC OBJECTIVES

- Improve financial management governance and compliance across all spheres and entities in government, giving effect to the PFMA and MFMA
- Support and facilitate capacity development across all spheres of government in order to improve financial management execution
- Manage existing financial systems and renew these as required to exercise comprehensive financial management
- Modernise SCM policies and procedures
- Monitor and evaluate SCM performance
- Develop and implement strategic procurement
- Build and strengthen stakeholder relations
- Modernise and automate SCM processes

SUB-PROGRAMMES

PROGRAMME MANAGEMENT FOR FINANCIAL ACCOUNTING AND SUPPLY CHAIN SYSTEMS

This sub-programme supports planning, monitoring and coordinating deliverables of the programme plan.

Office of Accountant-General

The purpose of this sub-programme is to facilitate accountability, governance and oversight by promoting transparent, economic, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the South African public sector through:

- Financial Systems: Maintain and improve existing financial management systems and develop and implement the new IFMS. This will replace ageing and fragmented financial, supply chain and HR management systems within national and provincial Departments
- Financial Reporting for National Accounts: Provides support to all spheres of government in implementing financial reporting frameworks and preparing consolidated financial statements. Responsibilities include monthly monitoring of state budgets and expenditure reports in line with the PFMA

4. PERFORMANCE INFORMATION BY PROGRAMME

- Financial Management Policy and Compliance Improvement: Promotes financial management compliance with the PFMA and MFMA through the development of supporting guides and frameworks, instructions and regulations, and provides implementation support in the three spheres of government. It regulates financial management and accounting policies and sets the risk and IA frameworks in the three spheres of government. It also provides technical and other support for institutional capacity building relating to financial management and provides assistance with specialised performance audits and investigations of malpractice across all spheres of government

Office of the Chief Procurement Officer

The purpose of this sub-programme is to improve procurement systems in government, reduce wasteful expenditure and bring about efficient and cost-effective procurement across government. The office aims to enable the efficient, economic, effective and transparent use of financial and other resources, including state assets, for improved service delivery; and to promote, support and enforce transparent and effective management of state procurement and sound stewardship of government assets and resources.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

Office of the Accountant-General

During this reporting period, the Office of the Accountant-General achieved the following objectives per sub-programme:

Accounting Support and Reporting

During the period under review, the unit prepared and tabled the 2017/18 consolidated annual financial statements (AFS) for the National Revenue Fund, the Reconstruction and Development Programme Fund, and national departments and public entities. The unit monitored and reported on information on national revenue and expenditure through reports published monthly in terms of Section 32 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). The unit continued its initiatives in which national departments, entities, municipalities and provincial treasuries are supported in accounting and reporting queries, the improvement of audit outcomes; the review, feedback and monitoring of AFS preparation plans, AFS and audit action plans; participation in internal stakeholder engagements such as the mid-term budget visits and MFMA joint meetings; and external stakeholder engagements such as the public sector accounting forum, thereby influencing technical accounting developments. The Chief Financial Officers' forums were hosted by the unit within the national and local government spheres, facilitating peer learning and sharing of experiences by financial practitioners with regard to the operational impacts in respect of the coordination, communication and implementation of financial management and governance reforms.

Internal Audit and Risk Management Support: The Internal Audit Support and Risk Management Chief Directorates continued to support the work of internal audit and risk management in both the PFMA and MFMA spending agencies. Information-sharing platforms and forums were set up to disseminate information on new initiatives as well as create opportunities for interaction with

4. PERFORMANCE INFORMATION BY PROGRAMME

peers and provide guidance where necessary. Audit committees were also offered support through guidance available in various platforms, induction of new audit committees, attendance of audit committee meetings and continued interaction with Chief Audit Executives. State of Readiness assessments were conducted in those PFMA and MFMA spending agencies that were ready for them, to determine the effectiveness of the internal audit function. Reports generated from these assessments were also used to provide additional support. Targeted support was offered to the affected departments through the strategic support plans. An initiative on building capacity in the performance of state-of-readiness assessments has also ensued.

Technical Support Services

Technical Support Services (TSS) continued to provide technical accounting support to all spheres of government following due processes and established approaches. In providing technical accounting support, TSS kept record of the issues raised by clients and stakeholders, and responded to them as accurately and timeously as possible to ensure that all clients and stakeholders receive value.

As the custodians of the accounting framework for departments, the Modified Cash Standard (MCS), TSS interacted with various users and conducted research to maintain and enhance knowledge on the accounting subject matter. Comments received through interactions and research informed the development of relevant accounting frameworks, policies and guides. Development also encompassed updating the MCS and updating or creating accounting manuals and tools, including templates.

In addition to being the MCS standard-setter, TSS participated in setting local and international public sector accounting standards through board membership and providing comments on draft documents issued for comment by the Accounting Standards Board (ASB) and the International Public Sector Standards Board (IPSASB). TSS contributions had an impact on public sector standard-setting to achieve broader accountability.

The Office of the Accountant-General represented by TSS is the co-owner of the Standard Chart of Accounts (SCOA) with the Budget Office, and together they form the SCOA Technical Committee which aims to achieve uniformity in classification in budgeting and financial reporting. In the past year, the SCOA Technical Committee experienced an increase in requests for classification guidance emanating primarily from classification matters raised as audit findings. The SCOA Technical Committee provided responses to issues raised, issued circulars for pervasive issues and in certain instances collaborated with Provincial Treasuries in developing guidance.

Integrated Financial Management System

The Integrated Financial Management System (IFMS) Architecture Planning and Design phase was completed during the financial year. This will guide the design of the functional, technology and security elements of the IFMS. The planning for the Common Design phase of the programme also commenced in the third quarter of 2018/19. Common Design will be executed in 2019/20 and will provide the impetus for an acceleration of the final design and roll-out of the IFMS. The establishment of a panel of System Implementers is at an advanced stage and will be finalised in 2019/20. The overall implementation of the IFMS is nine months behind schedule, according to the plan approved by Cabinet in 2016. Actions to mitigate the impact of the delay have been factored into the revised implementation plan.

4. PERFORMANCE INFORMATION BY PROGRAMME

Financial Systems

The unit continued to operate at an optimum level, providing a stable platform for the systems operations of government. A slight difficulty was, however, experienced in daily bank reconciliations, largely due to external factors.

Specialised Audit Services

The unit provided investigation capacity to the state agencies on critical and complex forensic investigations relating to public procurement through 48 forensic investigations and specialised performance audit reports. In building the capacity of law enforcement institutions SAS provided training to prosecutors and detectives on PFMA and MFMA case law for criminal convictions.

In addition, Specialised Audit Services (SAS) provided advisory services to law enforcement agencies which included the National Prosecuting Authority (NPA) and the South African Police Service (SAPS) in the investigation of complex commercial crime cases including Eskom coal procurement, the Free State Vrede Dairy Farm and the Eastern Cape/North West and Kwazulu-Natal (KZN) Social Housing Regulatory Authorities (SHRAs). Ninety cases were referred for criminal investigations, with advisory services provided to law enforcement agencies or anti-corruption task teams.

SAS is also collaborating with the NPA's Asset Forfeiture Unit in the recovery of state funds to the National Revenue Fund and other assets lost through criminal incidents.

Governance Monitoring and Compliance

The Chief Directorate continues to support departments and public entities with the interpretation and application of the Public Finance Management Act (PFMA), Act No 1 of 1999 and Treasury regulations through the development of Treasury instructions, frameworks, guidelines and conducting information sessions.

In assisting institutions with the interpretation and application of the PFMA and its related prescripts, the Chief Directorate developed a Framework on Irregular Expenditure to provide procedures to be followed by accounting officers and accounting authorities when dealing with irregular expenditure, and to address challenges experienced with the implementation of principles issued in previous financial years. Advocacy sessions on the framework were undertaken with relevant stakeholders, including the Auditor-General of South Africa, with the aim of addressing linkages between the Public Audit Amendment Act, 2018 (Act No.5 of 2018) and application of the PFMA.

The Chief Directorate continued to monitor compliance with the requirement that spending agencies must pay suppliers within 30 days from receipt of an invoice. In this regard, regular reports were forwarded to the Forum of South African Directors-General (FOSAD) through the Department of Planning, Monitoring and Evaluation (DPME) and to the Outcome 12: Governance and Administration working sessions. The status of compliance in this regard is also reported annually to the Standing Committee on Public Accounts (SCOPA) and to Cabinet.

4. PERFORMANCE INFORMATION BY PROGRAMME

The Chief Directorate reports annually to SCOPA, the Standing Committee on Finance (SCoF) and Cabinet on progress with financial management in PFMA-compliant institutions. The report further conveys the National Treasury's initiatives in responding to transversal issues identified as challenges in PFMA-compliant institutions.

Capacity Building

For the year under review, the unit has recorded significant achievements in the implementation of the Capacity Development Strategy (CDS) for Public Finance Management (PFM) that seeks to achieve and sustain excellence in the management of public funds.

The unit concluded the €20 million European Union-funded Financial Management Improvement Programme (FMIP) III (2012-2018). Key achievements included the development of a range of standard operating procedures and public service-oriented PFM training programmes and the development of a Public Finance Management (PFM) Professionalisation Policy Framework as well as extensive technical support to the OCPO and the Provincial Treasuries of the North West, KwaZulu-Natal and the Western Cape. Specific municipal support in eight pilot municipalities in the NW also yielded positive results. Towards the end of the programme, the United Kingdom-based Department for International Development (DFID) provided an additional €2 million to strengthen critical FMIP III capacity building initiatives such as: monitoring and evaluation, knowledge management, i-Develop (individual competency development assessment), PFM Education Training and Development (ETD) solutions, revenue management, strategic sourcing, and infrastructure procurement.

Based on the positive impact of FMIP III, the EU committed €15 million to funding the follow-up Public Financial Management Capacity Development Programme for Improved Service Delivery (FMISD), over the 2018-23 period. The finance agreement has been signed and the multi-annual programme has been drafted and submitted to the EU for endorsement. The four Key Result Areas (KRAs) of the FMISD programme are:

- Result Area 1: Increased professionalisation of PFM within all spheres of government.
- Result Area 2: Enhanced capacity of provincial Treasuries to perform their roles with respect to provincial departments and municipalities.
- Result Area 3: Improved capacity of municipalities to manage public funds and deliver services.
- Result Area 4: Increased ability of citizens and civil society organisations (CSOs) to participate in budget formulation and monitor implementation.

The Chief Directorate: Capacity Building also initiated the R95 million Procurement, Infrastructure Management and Knowledge Management Capacity Building Programme (PINK), funded by the Swiss State Secretariat for Economic Affairs (SECO) over the 2018-22 period. PINK has the following Key Result Areas:

- KRA 1: More effective supply chain management (procurement) at local government level.
- KRA 2: Enhanced infrastructure management (budgeting, planning and asset management) at local government level.
- Crosscutting activity - knowledge management and peer learning.

During the period under review, the unit established the PINK Programme Coordinating Unit and completed the inception report and the programme workplan.

4. PERFORMANCE INFORMATION BY PROGRAMME

The unit implemented the Municipal Financial Management Technical Assistance Project, funded by the African Development Bank (AfDB), to strengthen municipal public finance management capacity and improve service delivery performance.

The Chief Directorate: Capacity Building coordinated the Bi-annual Donor Coordination Forum (DCF), comprising the key international development partners with an interest in good governance and PFM. The purpose of the Donor Coordination Forum is primarily to enhance, coordinate and harmonise collaboration between the National Treasury and the various international donor institutions in South Africa, specifically with regards to PFM capacity building.

The unit continued to support the development of a pool of accounting professionals through the Chartered Accountants Academy (CAA). A total of 11 new trainee accountants were recruited in February 2019, and nine trainees qualified to attend the support programme in preparation for writing board examinations. Eight candidates have qualified as chartered accountants through the academy during this past year. To date the academy has developed a total of 63 chartered accountants since inception in 2008. The academy currently has a total of 27 trainee accountants.

The OAG also continued to provide capacity development in the preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of generally recognised accounting practices (GRAP) standards as well as providing support in risk management and internal audit. This collaborative effort works effectively as skills are transferred to those who are responsible for programmes.

The unit facilitated four internal audit short learning programmes, which were developed based on public sector content with an emphasis on workplace practice-based solutions. The programmes focused on the review of financial statements from an internal audit perspective, audit plan development, information technology general controls for non-information technology auditors and audit of performance information. The National Treasury has further partnered and collaborated with the National School of Government (NSG) and other departments in the co-development of the ethics for internal auditors short learning programme. This programme capacitates internal auditors in the public service to handle ethical dilemmas specific to their work space professionally. Furthermore, the Public Finance Management (PFM) Conference 2018, a flagship project funded by the European Union and the British High Commission, was successfully delivered with the intent to strengthen the capacity of public sector practitioners through knowledge sharing, and create a heightened awareness of challenges and solutions that contribute to an enabling environment for good public financial management. It further geared the National Treasury to gather intelligence on the real issues facing departments, which will enable further development responsive solutions for the continuous improvement and calibration of government.

Within this reporting period, the i-Develop (Individual Competency Development Toolkit) underwent system enhancements following the piloting of the programme in four provinces for the three disciplines of Supply Chain Management, Internal Audit and Risk Management. The toolkit provides a systematic process for assessing the learning needs of individuals, the organisation and the province. Competency statements for the financial accounting discipline were developed in partnership with the Western Cape Provincial Treasury, and coordinated with the competency assessments of over 720 supply chain management practitioners in North West provincial departments, municipalities and entities as part of the Section 100 Intervention.

Funding from the African Development Bank was secured to design and develop the standard Operating Procedures (SOPs) for supply chain management, costing, budgeting and reporting and governance. The aim of SOPs is to strengthen the internal control systems and processes in local government. These SOPs will be piloted in two provinces.

4. PERFORMANCE INFORMATION BY PROGRAMME

Further funding was secured from the Transport Education and Training Authority (TETA) to pilot the roll-out of the supply chain management learnership certificate (National Qualifications Framework Level 5) in five provinces to 259 employed municipal officials and 30 unemployed youth.

MFMA Implementation

MFMA Legislation, Regulatory Oversight and Helpdesk: The MFMA Helpdesk facility was established in 2004 after the MFMA became effective on 1 July 2004. Its aim is to provide responses to requests received from municipalities and municipal entities including providing clarity on the implementation of the MFMA, its regulations and MFMA circulars. The MFMA Mailbox provides a central point through which requests are processed to relevant departments, Provincial Treasuries (PTs), municipalities and municipal entities for responses, including assistance in MFMA implementation.

Responses provided by the MFMA Helpdesk assisted municipalities and municipal entities to obtain a better understanding of among others budgets, investments, supply chain, borrowing, minimum competencies, measures to process and manage unauthorised, irregular, fruitless and wasteful expenditure, and application of consequence management procedures. The impact of the responses is evident in the better understanding among municipal officials of their roles and responsibilities, including how the specific provisions of the law are interpreted.

From 1 April 2018 to 31 March 2019, 238 requests were received via the helpdesk facility, and 222 (87 per cent) were responded to as at 31 March 2019, of which 77.3 per cent were responded to within 30 days of receipt.

Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The unit has worked with the Department of Performance Monitoring and Evaluation and the Department of Cooperative Governance and Traditional Affairs to include financial indicators and reporting on progress in the Medium-Term Strategic Framework (MTSF 2014-2019) Outcome 9. This also gives effect to the memorandum of understanding (MOU) between the Department of Cooperative Governance (DCoG) and the National Treasury, signed in April 2018, that transitions audit outcomes and actions related matters to National and Provincial Treasuries. The MOU will be used to amend the MFMA and Master Services Agreement (MSA) going forward. Therefore, the indicators on improvements in audit outcomes, financial management capability maturity assessments, and reduction in the incidents of unauthorised, irregular, fruitless and wasteful expenditure (UIFWE) form part of the responsibilities of the unit, as part of its coordination role.

The National and Provincial Treasuries prioritised 30 municipalities that received adverse and disclaimer audit opinions for support during 2018/19 and over the medium term, as these municipalities have shown a history of unfavourable audit opinions over the past three financial years. Support provided included reviewing audit action plans and monitoring progress on an ongoing basis, periodic visits to assist in resolving audit findings, reviewing annual financial statements and audit files, attendance at audit steering committee meetings and assisting in responding to contentious Communication of Audit Findings (COMAFs). It must be noted that treasuries are still in the process of gearing up their support mechanisms and structures as part of the transition process to give effect to the MOU between the DCoG and the National Treasury, and to undertake additional responsibilities.

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Moreover, engagements were conducted with senior municipal management of individual municipalities focused on the top 10 contributors to the R37 billion UIFWE expenditure. The purpose was to better understand the root causes that contributed towards occurrence of the UIFWE and to find solutions for implementation. As a result, several steps are being taken by senior management in processing the expenditure and controls put in place to manage the risk of reoccurrence. For the 2018/19 financial year, the unit met with and obtained progress updates from the City of Johannesburg Metropolitan Municipality, the City of Tshwane Metropolitan Municipality, the OR Tambo District Municipality, the Buffalo City Metropolitan Municipality, the Nelson Mandela Bay Metropolitan Municipality, the Mangaung Metropolitan Municipality, the Rustenburg Local Municipality, the Mbombela Local Municipality, the Polokwane Local Municipality, and the Mahikeng Local Municipality.

The unit also developed and issued the Municipal Public Accounts Committee (MPAC) Guideline and Toolkit, which is a comprehensive reference source for the roles and responsibilities of the MPAC. In collaboration with the Department of Cooperative Governance and Traditional Affairs and the South African Local Government Association, the unit coordinated the roll-out of countrywide workshops where approximately 875 councillors received training on the guideline and toolkit. The results of this training effort and the impact of the guideline and toolkit can only be properly assessed during the 2019/20 financial year. However, latest reviews suggest that for the current year UIFWE has reduced significantly for the municipalities mentioned above. Additional detailed guidance on how municipalities should go about addressing historical UIFWE coupled with more vigorous implementation of consequence management was undertaken.

MFMA Coordination

Bi-annual MFMA coordinators meetings with officials of the provincial treasuries, national and provincial Departments of Cooperative Governance, the Auditor-General and the South African Local Government Association (SALGA) were hosted in September 2018 and March 2019. Provincial engagements were also undertaken at five provincial treasuries between November 2018 and March 2019. The purpose of these engagements was to improve the coordination of financial management reforms in municipalities, identify gaps and areas of need and further define strategies that will enhance optimal municipal performance and entrench MFMA reforms. The identified gaps and proposed strategic solutions are cascaded to municipalities through the national non-delegated Chief Financial Officer (CFO) forums and provincial municipal CFO forums. This information also feeds into the various divisions in national and provincial treasuries. Resolutions were taken and implementation followed up. The annual MFMA compliance reports, compiled from the quarterly compliance reports, also highlighted progress made and areas where remedial actions are required to correct weaknesses.

Financial Management Capability Maturity reassessments were conducted at five municipalities, namely Mantsopa Local Municipality, Elias Motsoaledi Local Municipality, Thaba Chweu Local Municipality, Joe Morolong local Municipality and Nelson Mandela Bay Metropolitan Municipality based on the unfavourable audit outcomes and low maturity levels from the previous assessment. These municipalities were supported during the 2018/19 financial year to conduct the re-assessment and are currently in the process of developing action plans which will be monitored on an ongoing basis. Further re-assessments will be conducted at selected municipalities over the next financial year. Monitoring of progress on the development and implementation of action plans by municipalities that previously conducted assessments is ongoing.

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Financial Management Grant

The financial management grant of R504 million was transferred to all 257 municipalities to assist in improving financial management and implementing the MFMA. A review of the support plans submitted by municipalities indicated that funds were allocated towards the appointment of financial management interns, improving financial management systems, compilation of annual financial statements (AFS), training officials to meet the minimum competency levels, addressing audit findings, addressing shortcomings in the Financial Management Capability Maturity Model (FMCMM) assessments and strengthening the capacity of the Budget and Treasury Office (BTO).

Municipal Finance Recovery Services

The Municipal Finance Recovery Service (MFRS) was established in terms of Chapter 13 of the MFMA and is responsible for, among others, the preparation of financial recovery plans, monitoring of the plans, and assisting the municipality to identify the causes of and potential solutions to financial problems. This is undertaken upon request by the municipality in coordination with any other provincial or national efforts, collection of information on municipal financial problems, financial status assessment and monitoring of municipalities and best practices in resolving these problems.

The MFRS is supported by a Rapid Response Team that assisted nine municipalities with the preparation of financial recovery plans (FRPs). The municipalities were Emalahleni, Enoch Mgijima, Harry Gwala, Emfuleni, Msunduzi, Mbombela, Mangaung Metro, Maluti-a-Phofung and Kai Garib. The MFRS reviewed progress and provided guidance on the implementation of financial recovery plans for the following 15 municipalities: Naledi, eDumbe, Msunduzi, Emalahleni, Kai Garib, Ubuntu, Mafube, Tshwane Metro, Dikgatlong, Mbombela, Ba-Phalaborwa, Dipaleseng, Mangaung, Renosterberg and Nketoana. The monitoring of progress in these municipalities is ongoing as short-, medium- and long-term deliverables form part of the adopted FRP.

Office of the Chief Procurement Officer

As part of using technology to modernise supply chain management in government, a total of 16 242 tenders across all spheres of government were published on the electronic tendering system in the financial year 2018/19, exceeding the projected target of 10 000 for the year under review. The purpose of the system is to improve transparency and enable easy access to procurement opportunities in the public sector. It also contributes to reducing cost of doing business for potential suppliers while reducing printing costs for government.

Fewer supply chain management business processes were defined, as this exercise was completed in the previous financial year with the focus in the year under review on gap analysis. The office provided technical support to municipalities on supply chain management (SCM) and contract management audit findings/opinions, monitoring corrective actions taken by non-compliant municipalities. This was done with the aim of strengthening governance to reduce adverse audit findings.

The Central Supplier Database (CSD) has been enhanced to cater for subcontracting requirements of the Preferential Procurement Regulations, 2017 and to enable government institutions to detect employees of the state who are doing business with government. To date 625 432 suppliers have been registered on the CSD. Significant improvement in call centre operations resulted in reduced visits to the walk-in-centre.

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The current system enables government to extract information on procurement spend for statistical analysis, operational and reporting purposes. The OCPO completed the first phase of establishing a procurement codification standard to standardise item description across all government spheres.

SCM Governance, Monitoring and Compliance

In the financial year 2018/19, the Office of the Chief Procurement Officer continued to exercise oversight over compliance to SCM policies, procedures, norms and standards. Procurement plans, deviations and contract expansions for departments and public entities continue to be published to improve transparency. There is continuous review of bid specifications, evaluation and adjudication to ensure compliance with policy, norms and standards.

Transversal Contracting

Twenty-two transversal contracts were renewed in the financial year 2018/19. The principal aim for renewing these contracts is to ensure that maintenance and sourcing is primarily done to achieve economies of scale through bulk purchasing. The contracts mentioned were on diagnostic agents and contrast media, small volume parenterals and insulin devices, oncology and immunological agents, medical equipment, male and female condoms and lubrication, office automation solutions, surgical catheters, tubes and related items, bandages and dressings, biological preparations, lubrication oil, weapon oil, hydraulic fluid and grease, animal feed, clothing, respiratory aids and anaesthetic accessories, anti-retroviral medicines, pharmaceutical packaging material, dental instruments, dental materials and consumables, surgical instruments and equipment, hypodermic syringes, needles, administration sets, crutches and walking aids, footwear, surgical sundries, radio graphical material, dosage forms, small volume parenterals and insulin devices, fabric and towelling, blankets and house textiles, tyres and tubes, veterinary remedies, agricultural remedies, toilet paper, and supply and delivery of textbooks and school stationery.

Strategic Procurement

Several sourcing strategies were developed and implemented to improve service delivery in the health sector, address procurement efficiencies and advance local economic development across all Departments of Health. The department has completed 91 per cent of the project plans on the sourcing strategies discussed below. These reforms aim to institutionalise strategic sourcing and continuous stream of projects to realise efficiencies.

Health Reforms

Mental health equipment and therapeutic rehabilitation equipment strategic sourcing projects were developed to stabilise procurement of equipment in the public health sector, standardise equipment specification and improve service delivery in preparation for National Health Insurance (NHI).

The department commenced with the development of a sourcing strategy for Expanded Programme on Immunisation (EPI) vaccines in collaboration with the Department of Health, Department of Science and Technology and Department of Trade and Industry with the principal objective of supporting local manufacturing of some of these vaccines.

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Travel and Accommodation

The business case for a government online travel booking solution was approved in the financial year 2018/19. The project was registered with SITA as a turn-key project for the development of a bespoke government solution. This solution will provide a single platform from which government travel bookings will be made and provide more visibility on the travel spend. Travel policy rules and budget will be built into the solution. It will further promote competition in the market.

The National Travel Policy Framework and Cost Containment Measures related to Travel and Subsistence were reviewed and circulated for inputs and comments. The purpose of the review was to bring the policy in line with best practice for government travellers.

The unit continuously tracks airline spend with the two domestic full-service carriers. It has also benchmarked industry accommodation rates with government's maximum allowable rates as published in the cost containment instruction. These reports will assist with future negotiations and savings strategies.

Education and related projects

An e-Education Procurement and Delivery Management Framework was developed and is being implemented together with the department of Basic Education. The purpose of this framework is to provide a practical sourcing tool to procure any e-education-related commodities and services. It provides a holistic view of all the elements that need to be taken into consideration when procuring e-education commodities such as laptops, tablets and electronic teacher support items, to name but a few. The intended objective is to improve service delivery at schools and to contribute to efficient and effective procurement by expanding centre-led contracting for common goods and services.

Review of the Standard for Infrastructure Procurement and Delivery Management (SIPDM)

The existing SIPDM has been reviewed to improve identified shortcomings and align it with Infrastructure Delivery Management Systems (IDMS) and other existing government procurement policies.

SCM Policy, Norms and Standards

Four instructions for designated products to support local industrial policy have been issued.

The draft Public Procurement Bill was finalised and tabled to Cabinet during February 2019 to obtain approval to gazette for public comments. Cabinet has requested that it be deferred to the sixth administration and it will be tabled again to Cabinet during June 2019. Once finalised, the bill will be the single overarching legislative framework regulating public procurement in South Africa.

A contract management framework to improve contract management in all spheres of government, thereby reducing unnecessary irregular expenditure, has been finalised.

The department has also established the Interim SCM Council. The SCM Council will lead to the professionalisation of SCM and elevate the profession to the status of a career discipline. The SCM Council will also champion advocacy on SCM professionalisation,

4. PERFORMANCE INFORMATION BY PROGRAMME

development of a framework for SCM professionalisation, provision of career management guidance and support as well as facilitation of collaboration, cooperation and communication among SCM key stakeholders to enhance professionalisation.

Stakeholder and Client Management

Fourteen out of 16 planned SCM stakeholder engagements were conducted during the year under review. The objective of the SCM forums is to engage stakeholders in the SCM environment and address client management-related challenges and policy implementation. A tailored engagement was facilitated with the Standing Committee on Appropriations (SCoA) in support of the committee's oversight responsibilities.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
IMPROVE FINANCIAL MANAGEMENT GOVERNANCE AND COMPLIANCE ACROSS ALL SPHERES AND ENTITIES IN GOVERNMENT, GIVING EFFECT TO THE PFMA AND MFMA									
5.1.1	Number of workshops conducted on IA and risk management guidelines	N/A	66	29	10	10	N/A	N/A	
5.1.2	Number of institutions whose Audit Committees have been provided with support	N/A	2	22	15	18	3	Over-performance is attributed to increased demand for support due to Audit Committees now being requested to appear before Parliamentary oversight committees.	
5.1.3	Number of support plans developed for government entities struggling with financial management as identified in audit reports	N/A	5	6	5	5	N/A	N/A	
5.1.4	Number of training sessions conducted in risk management	N/A	N/A	N/A	4	3	1	Under-performance is attributed to this area of work being demand driven.	
5.1.5	Number of guidelines on risk management curriculum developed for institutions of higher learning	N/A	4	0	4	0	4	Under-performance is attributed to this area of work being restructured.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
5.1.6	Number of monitoring reports on improvement of financial management in national and provincial institutions produced	N/A	N/A	6	4	6	2	Over-performance is attributed to the additional Report for 2017/18 on Financial Improvement to SCOPA and a Cabinet Memorandum on Audit Outcomes for 2017/18	
5.1.7	Number of guidelines to assist with the implementation of Treasury Regulations, policies and Treasury Instructions developed	N/A	4	0	4	1	3	Under-performance is attributed to greater stakeholder engagements being required.	
5.1.8	Number of training sessions provided to support PFMA institutions on the implementation of Treasury Regulations, Treasury Instructions and guidelines	N/A	10	9	8	26	18	Over-performance is attributed to an increased demand for information sessions.	
5.1.9	Number of forensic investigation reports produced	The division has undertaken investigation in 28 targeted department/projects.	41	48	26	48	22	Over-performance is attributed to enhanced efficiency in responding to requests.	
5.1.10	Number of specialised audit reports produced	N/A	N/A	N/A	4	8	4	Over-performance is attributed to enhanced efficiency in reports produced.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
5.1.11	Number of criminal investigation cases supported	The division has referred 44 cases for criminal proceedings and civil recovery.	74	50	30	90	60	Over-performance is attributed to enhanced efficiency in support provided.	
5.1.12	Number of engagements held with public officials to address compliance and implementation of regulations, instructions and guidelines in a coordinated and consistent manner	N/A	N/A	3	2	2	N/A	N/A	
5.1.13	Percentage of financial management grant support plans reviewed for alignment with the grant framework for municipalities	N/A	N/A	100%	100%	100%	N/A	N/A	
5.1.14	Percentage of complete requests to draft financial recovery plans responded to within 90 days of receipt	N/A	N/A	N/A	100%	100%	N/A	N/A	
5.1.15	Percentage of requests to the MFMA helpdesk responded to within 30 days of receipt	N/A	N/A	92%	75%	77.3%	2.3%	Over-performance is attributed to efficiency in managing internal consultations.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
5.1.16	Number of municipalities assisted in addressing gaps as identified by FMCMM and financial indicator assessments	N/A	N/A	3	5	5	N/A	N/A	
5.1.17	Number of municipalities with the highest UJFW incurred annually monitored to rectify such expenditure in terms of the MFMA	N/A	N/A	10	10	10	10	N/A	
5.1.18	Number of monthly statement reports of actual revenue and actual expenditure for the National Revenue Fund (NRF) published	N/A	12	12	12	12	N/A	N/A	
5.1.19	Percentage compliance with the banking services for national government: <ul style="list-style-type: none"> • Daily bank reconciliation of NRF • Electronic verification of supplier banking details within four working days 	N/A	93%	99.8%	95%	99.2%	4.2%	Over-performance is attributed to the stability of the SARB banking system which enabled the unit to complete additional reconciliations.	
5.1.20	Number of consolidated annual financial statements for national Departments, public entities and Reconstruction and Development Programme (RDP) Fund tabled on 31 October	N/A	1	2	2	1	1	Under-performance is attributed to consolidated annual financial statements for national Departments and public entities not being tabled on 31 October 2019 due to the delayed completion of audit for one Department.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
5.1.21	Percentage of comments provided to Standard Setters on local and international exposure drafts	N/A	N/A	N/A	100%	100%	N/A	N/A	
5.1.22	Number of Modified Cash Standard published	N/A	N/A	N/A	1	1	N/A	N/A	
5.1.23	Percentage responses to queries logged on the SCOA helpdesk	N/A	N/A	N/A	100%	100%	N/A	N/A	
STRATEGIC OBJECTIVE 5.2: SUPPORT AND FACILITATE CAPACITY DEVELOPMENT ACROSS ALL SPHERES OF GOVERNMENT IN ORDER TO IMPROVE FINANCIAL MANAGEMENT EXECUTION									
5.2.1	Number of training sessions conducted in the preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of generally recognised accounting practices (GRAP) standards	N/A	N/A	N/A	4	8	4	Over-performance is attributed to an increased demand for training.	
5.2.2	Percentage of the public financial management education, training and development plan implementation plan achieved	N/A	N/A	100%	100%	100%	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
5.2.3	Number of municipal officials trained in financial management competencies	1380 municipal officials in training.	1080	1458	1000	1 185	185	Over-performance is attributed to increased demand for training.	
5.2.4	Percentage of the public financial management capacity development strategy (CDS) implementation plan achieved	N/A	100% of the planned initiatives completed.	100%	100%	100%	N/A	N/A	
5.2.5.	Percentage of qualifying trainees that participate in the academic support programme for prospective chartered accountants	N/A	N/A	100%	100%	100%	N/A	N/A	
5.2.6	Number of municipalities monitored to comply with minimum competencies regulations for financial management	N/A	N/A	70	70	70	N/A	N/A	
5.2.7	Number of municipalities that received disclaimers and adverse opinions prioritised by NT and PTs supported	N/A	N/A	10	30	30	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 5.3: MANAGE EXISTING FINANCIAL SYSTEMS AND RENEW THESE AS REQUIRED TO EXERCISE COMPREHENSIVE FINANCIAL MANAGEMENT									
5.3.1	Percentage availability of current transversal systems	System availability was greater than 98% during the reporting period.	99%	100%	98%	99.7%	1.7%	Over-performance is attributed to stability of the mainframes hosting the current transversal systems.	
5.3.2	Implementation of the IFMS II plan	N/A	N/A	N/A	Planning & design completed.	Planning & design & completed.	N/A	N/A	
					Pilot site preparation for National Treasury & DPSA.	Pilot site for National Treasury and DPSA prepared.	N/A	N/A	
STRATEGIC OBJECTIVE 5.4: MODERNISE SCM POLICIES AND PROCEDURES									
5.4.1	Number of instructions issued in line with policy interventions and proposed designated products or categories to enhance SCM policy	N/A	22	11	6	4	2	Under-performance is attributed to the protracted consultative process required prior to issuing an instruction or circular, thus some instructions were not concluded at the end of the financial year, and only 4 products were designated.	
STRATEGIC OBJECTIVE 5.5: MONITOR AND EVALUATE SCM PERFORMANCE									
5.5.1	Percentage of Departments' / entities' deviation / expansion requests reviewed	N/A	N/A	100%	100%	100%	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
5.5.2	Percentage of procurement plans published on the e-tender portal	N/A	100%	100%	100%	100%	N/A	N/A	
5.5.3	Percentage of bids reviewed to ensure compliance with norms and standards	N/A	100%	100%	100%	100%	N/A	N/A	
5.5.4	Percentage of projects inspected to verify if the delivery of awarded contracts is aligned with the contract conditions	N/A	100%	100%	100%	100%	N/A	N/A	
STRATEGIC OBJECTIVE 5.6: DEVELOP AND IMPLEMENT STRATEGIC PROCUREMENT									
5.6.1	Percentage implementation of the strategic sourcing opportunities plan	N/A	N/A	N/A	100%	91%	9%	Under-performance is attributed to three projects being delayed due the following reasons: A request by DOH that all pharmaceutical contracts be handed back to them following a National Health Council resolution; Extension requested by Departments for submission of inputs required on the travel policy review; and Online Booking tool that will be registered as a turn-key project for system development.	
5.6.2	Number of transversal term contracts implemented	N/A	N/A	N/A	22	22	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 5.7: BUILD AND STRENGTHEN STAKEHOLDER RELATIONS									
5.7.1	Number of stakeholder engagements conducted	N/A	N/A	100%	16	14	2	Under-performance is attributed to forums being rescheduled due to low responses.	
5.7.2	Number of prioritised Departments and entities supported on supply chain	N/A	31	31	10	15	5	Over-performance is attributed to the increased number of requests for support.	
STRATEGIC OBJECTIVE 5.8: MODERNISE AND AUTOMATE SCM PROCESSES									
5.8.1	Number of tenders advertised on an electronic tendering platform for contracts	N/A	N/A	N/A	10 000	16 242	6 242	Over-performance is attributed to an increase in the number of tenders advertised.	
5.8.2	Number of business processes defined for SCM	N/A	N/A	N/A	124	114	10	Under-performance is attributed to a gap analysis that was conducted requiring fewer business processes to be defined for SCM than anticipated.	
5.8.3	Number of municipalities supported in SCM and contract management audit findings / opinions; monitoring corrective actions taken by non-compliant municipalities	N/A	N/A	N/A	Metros: 1 Districts: 10 Local: 100	Metros: 8 Districts: 44 Local: 205	Metros: 7 Districts: 34 Local: 105	Over-performance is attributed to enhanced efficiencies implemented by the unit in response to the gaps identified during MFMA compliance monitoring.	

4. PERFORMANCE INFORMATION BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE (INDICATORS AND ACTION PLANS)

UNDER-PERFORMING INDICATORS AND ACTION PLANS			
PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS			
APP#	Indicator	Deviation	Action Plan
STRATEGIC OBJECTIVE 5.1: IMPROVE FINANCIAL MANAGEMENT GOVERNANCE AND COMPLIANCE ACROSS ALL SPHERES AND ENTITIES IN GOVERNMENT, GIVING EFFECT TO THE PFMA AND MFMA			
5.1.4	Number of training sessions conducted in risk management	Under-performance is attributed to this area of work being demand driven.	Appointments have been scheduled for training sessions in the 2019/20 financial year
5.1.5	Number of guidelines on risk management curriculum developed for institutions of higher learning	Under-performance is attributed to this area of work being restructured.	N/A
5.1.7	Number of guidelines to assist with the implementation of Treasury Regulations, policies and Treasury Instructions developed	Under-performance is attributed to greater stakeholder engagements being required.	The planned guidelines will be issued in the 2019/20 financial year.
5.1.20	Number of consolidated annual financial statements for national Departments, public entities and Reconstruction and Development Programme (RDP) Fund tabled on 31 October	Under-performance is attributed to consolidated annual financial statements for national Departments and public entities not being tabled on 31 October 2019 due to the delayed completion of audit for one Department.	The consolidated annual financial statements for national departments and public entities were submitted for tabling in Parliament on 14 December.
STRATEGIC OBJECTIVE 5.4: MODERNISE SCM POLICIES AND PROCEDURES			
5.4.1	Number of Instructions issued in line with policy interventions and proposed designated products or categories to enhance SCM policy	Under-performance is attributed to the protracted consultative process required prior to issuing an instruction or circular, thus some instructions were not concluded at the end of the financial year, and only 4 products were designated.	Outstanding instructions will be finalised in 2019/20 upon the conclusion of the consultative process.

4. PERFORMANCE INFORMATION BY PROGRAMME

UNDER-PERFORMING INDICATORS AND ACTION PLANS			
PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS			
APP#	Indicator	Deviation	Action Plan
STRATEGIC OBJECTIVE 5.6: DEVELOP AND IMPLEMENT STRATEGIC PROCUREMENT			
5.6.1	Percentage implementation of the strategic sourcing opportunities plan	Under-performance is attributed to three projects being delayed due the following reasons: <ul style="list-style-type: none"> • A request by DOH that all pharmaceutical contracts be handed back to them following a National Health Council resolution; • Extension requested by Departments for submission of inputs required on the travel policy review; and • Online Booking tool that will be registered as a turn-key project for system development. 	Engagements were held with respective stakeholders to ensure finalisation of the outstanding projects in the 2019/20 financial year.
STRATEGIC OBJECTIVE 5.7: BUILD AND STRENGTHEN STAKEHOLDER RELATIONS			
5.7.1	Number of stakeholder engagements conducted	Under-performance is attributed to forums being rescheduled due to low responses.	Appointments have been scheduled for stakeholder engagements in the 2019/20 financial year.
STRATEGIC OBJECTIVE 5.8: MODERNISE AND AUTOMATE SCM PROCESSES			
5.8.2	Number of business processes defined for SCM	Under-performance is attributed to a gap analysis that was conducted requiring fewer business processes to be defined for SCM than anticipated.	All the required business processes were defined in the 2018/19 financial year.

CHANGES TO PLANNED TARGETS

There are no changes to planned targets for this reporting period.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS	2018/19				2017/18				
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
PROGRAMME MANAGEMENT FOR FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS	62 637	50 175	12 462	100 734	25 525	75 209	100 734	25 525	75 209
OFFICE OF THE CHIEF PROCUREMENT OFFICER	70 570	69 018	1 552	74 613	71 824	2 789	74 613	71 824	2 789
FINANCIAL SYSTEMS	634 721	419 593	215 128	401 483	374 285	27 198	401 483	374 285	27 198
FINANCIAL REPORTING FOR NATIONAL ACCOUNTS	102 519	102 044	475	98 240	97 284	956	98 240	97 284	956
FINANCIAL MANAGEMENT POLICY AND COMPLIANCE IMPROVEMENT	133 611	130 261	3 350	129 225	120 456	8 769	129 225	120 456	8 769
AUDIT STATUTORY BODIES	97 738	97 738	-	196 278	196 278	-	196 278	196 278	-
SERVICE CHARGES: COMMERCIAL BANKS	289	275	14	273	180	93	273	180	93
TOTAL	1 102 085	869 104	232 981	1 000 846	885 833	115 013	1 000 846	885 833	115 013

4. PERFORMANCE INFORMATION BY PROGRAMME

4.6 PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

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.

STRATEGIC OBJECTIVES

- Advance South Africa's interests specifically, and those of Africa more generally, through regular strategic analysis, engagements and negotiations at regional and global financial and economic forums
- Increase Africa's voice and South Africa's influence in international institutions and forums
- Support an enabling environment for increased economic activity within Africa

SUB-PROGRAMMES

Programme Management for International Financial Relations

This sub-programme supports the planning, monitoring and delivering of the programme's activities. The unit oversees South Africa's representation in international and regional financial institutions; manages bilateral and multilateral relationships on behalf of National Treasury; and plans, implements and monitors programmes and activities within the divisional mandate.

International Economic Cooperation

This sub-programme focuses on improving South Africa's participation in international and regional economic institutions. This entails working through key economic institutions and fora such as the African Development Bank, the United Nations Economic Commission for Africa, the New Partnership for Africa's Development, the G20, the Brazil-Russia-India-China-South Africa (BRICS) group of countries and the International Monetary Fund.

African Integration and Support

This sub-programme serves mainly as a vehicle to enable National Treasury to engage with Africa through the Southern African Customs Union (SACU), the Southern African Development Co-operation (SADC) and the African Union (AU). Regional integration in terms of growing trade, infrastructure investment and strengthening bilateral relations with key countries are the focus areas for strengthening South Africa's relations with SACU, SADC and Africa more broadly.

4. PERFORMANCE INFORMATION BY PROGRAMME

International Development Funding Institutions

This sub-programme provides for subscriptions and contributions to international development institutions and multilateral banks. It transfers funds to the African Development Bank and African Development Fund for buying shares and subscriptions, and for accelerated encashment schedules to support African development; and to the World Bank Group (WBG) group for providing concessional loans and grants to low income countries and for contributing to general and selective increases in the authorised capital of the WBG.

International Projects

This sub-programme transfers funds to international projects and interventions. It supports priorities such as building capacity and providing medical support to disaster-hit and impoverished areas. To this end, National Treasury contributes to the Commonwealth Fund for Technical Cooperation and the International Finance Facility for Immunisation. The facility transfers funds to the Global Alliance for Vaccines and Immunisation (GAVI), a public-private global health partnership aimed at supporting health care and providing vaccines to reduce the number of vaccine-preventable deaths among children in low income countries.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

Africa Continental

Supported the Minister of Finance in his newly established role of budget oversight at the African Union (AU) through the Committee of Fifteen Finance Ministers (F15). A key outcome was that the AU 2019 Budget was formulated and approved by the AU Summit with a saving of 12 per cent from the 2018 Budget.

The participation of the F15 experts during the budget formulation led to the introduction of an effective budget planning and management system, which was also supported by the South African chairperson at the technical budget formulation meetings. The National Treasury participated in the AU Scale of Assessment negotiations for the financial years 2020-22. The key outcome was a reduction of the scales of assessment from 9.6 per cent to 7.5 per cent for the period 2020-22 of the top contributing member states, of which South Africa is part.

Southern African Customs Union

- Managed South Africa's membership of the Southern African Customs Union (SACU), in collaboration with the Department of Trade and Industry (DTI) and the South African Revenue Service (SARS), and led on the finance track of work.
- Exercised oversight over the effective governance of the SACU Secretariat by participating in the quarterly Finance and Audit Committee (FAC) Commission meetings and SACU Council of Ministers' meetings, as well as the 6th SACU Summit that took place on 29 June 2018 in Botswana.
- The deliverables of work in this sphere includes overseeing the review of the 2002 SACU agreement with the objective of putting SACU onto a developmental path.

4. PERFORMANCE INFORMATION BY PROGRAMME

Southern Africa Development Community

- South Africa successfully chaired the Southern Africa Development Community (SADC) from August 2017 to August 2018.
- The National Treasury provided a supporting role to the Department of International Relations and Cooperation (DIRCO) as the lead department during the Council of Ministers and the Heads of State and Government Summit in August 2018.
- The Minister of Finance hosted the Committee of Ministers of Finance and Investment as well as the Macroeconomic Peer Review Panel, which was co-hosted with the Governor of the South African Reserve Bank in July 2018. A highlight was that South Africa was presented as one of the countries that had been peer reviewed as part of the SADC macroeconomic peer review process.
- Supported the Minister of Finance's bilateral engagement with Zimbabwe, which culminated in a Binational Commission in March 2019. A key outcome was South Africa's undertaking to advocate for the clearance of debt arrears for Zimbabwe with international development cooperation Partners.

Organisation for Economic Cooperation and Development

- South Africa is a key partner of the Organisation for Economic Cooperation and Development (OECD) alongside China, Brazil, India and Indonesia. The National Treasury participated in the OECD bodies for experience-sharing, access to research and analysis, benchmarking, and capacity building.
- Co-chaired the SA-OECD inter-departmental working group (IWG) with the DIRCO. Led the IWG work on the renewal of the Cabinet mandate for SA-OECD relations and the negotiation of the South African Strategy for 2019/20.

World Economic Forum

The World Economic Forum (WEF) affords South Africa an opportunity to position the country as an attractive investment destination to international investors. The National Treasury led the planning and coordination of South Africa's participation at the January 2019 WEF Davos meeting, with the South African delegation led by President Cyril Ramaphosa.

World Bank

In 2018, the National Treasury represented South Africa (SA) in the recapitalisation of the World Bank. The recapitalisation of the bank is critical in enabling it to deliver on its mandate of supporting member countries to achieve their development objectives of reducing poverty and sharing prosperity. Participation in these institutions enables SA to maintain its voice and shareholding, as well as influence the decision-making process at the bank.

In December 2018, the former President of the World Bank Group, Dr Jim Yong Kim, visited South Africa and attended the Global Citizen Festival at the invitation of President Ramaphosa. Bilateral discussions between the two focused on how the World Bank Group could support the South African government's development priorities, including addressing the human capital crisis facing South Africa. Other interventions proposed included the school sanitation programme, scaling up the Youth Employment Service (YES) initiative and identifying future drivers of growth. The President also held meetings with the relevant ministers and other key stakeholders, where further areas of engagement in cities' spatial integration and e-commerce platforms were identified.

4. PERFORMANCE INFORMATION BY PROGRAMME

African Investment Forum

- South Africa co-hosted the Africa Investment Forum (AIF) with the African Development Bank (AfDB) in Johannesburg in November 2018. The aim of the AIF is to mobilise funds for infrastructure development and bridge an estimated funding gap of US\$130-US\$170 billion a year in the continent.
- It is supportive of the President's US\$100 billion investment mobilisation. South Africa managed to mobilise about US\$ 6.8 billion from the forum.

Brazil, Russia, India, China, South Africa

- South Africa assumed the Chair of the New Development Bank (NDB) Board of Governors in 2018 and subsequently, under the stewardship of the National Treasury, successfully hosted the Fourth Annual Meeting of the Board of Governors of the NDB.
- In 2019, South Africa scaled up its engagement with the NDB and ramped up its project pipeline. South Africa's total investments from the NDB increased to US\$ 1.46 billion, from US\$ 680 million. The majority of the approved projects were in the clean energy and water sectors.
- The NDB is in an advanced phase of preparation for launching a domestic bond programme in South Africa. The proceeds from the bonds issued under the programme will be used for financing infrastructure and sustainable development projects in rands.
- As chair of Brazil, Russia, India, China, South Africa (BRICS), South Africa hosted the 10th Leaders' Summit in Johannesburg. The National Treasury co-hosted a seminar themed 'BRICS and Africa: Navigating Global Economic Turbulence Together' with the South African Institute of International Affairs on the margins of the Leaders' Summit,

Group of Twenty

- Supported South Africa's effective engagement and coordination in the Group of Twenty (G20) and led on the finance track of work.
- Supported the drafting of South Africa's 2018 strategy for engagement with the G20, which was approved by Cabinet.
- Supported the President and ministers' successful engagement at the Buenos Aires G20 Summit in November 2018, where the President of South Africa was a lead speaker in the session called "Building Consensus", which focused on issues of international tax, the international financial architecture and international trade
- Supported the G20 Compact with Africa (CwA) initiative, which aims to stimulate economic activity in African economies and has enrolled 12 African countries since its launch in 2017. The South African and German Finance Ministries co-chair this initiative.
- The Institute of International Finance (IIF) granted observer status to South Africa in the Principles Consultative Group (PCG) for the principles for stable capital flows and fair debt restructuring.

4. PERFORMANCE INFORMATION BY PROGRAMME

International Monetary Fund

- Impactful dialogue between South Africa and the International Monetary Fund (IMF) was sustained. During the period under review, this included facilitating the IMF's Article IV mission in May-June 2018 and the staff visit in November 2018.
- South Africa became one of the six members of the IMF Africa Group 1 Constituency Panel for a period of two years. The purpose of the panel is to meet ahead of the Africa Group 1 Constituency meetings, where all 23 members are represented, to discuss administrative issues related to the group. This was the first return of South Africa to the panel since 2014.
- South Africa facilitated a successful visit of the IMF Managing Director, Christine Lagarde, to South Africa in December 2018 during which she met with South Africa's President, the Reserve Bank Governor and ministers. The purpose of the visit was to enhance policy dialogue and exchange views on South Africa's economic development.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 6.1: ADVANCE SOUTH AFRICA'S INTERESTS SPECIFICALLY, AND THOSE OF AFRICA MORE GENERALLY, THROUGH REGULAR STRATEGIC ANALYSIS, ENGAGEMENTS AND NEGOTIATIONS AT REGIONAL AND GLOBAL FINANCIAL AND ECONOMIC FORUMS									
6.1.1	Percentage of obligations towards international agreements met monitored	N/A	100%	100%	100%	100%	N/A	N/A	
6.1.2	Percentage response to customer requests on mandatory briefing notes and analysis	N/A	N/A	100%	100%	100%	N/A	N/A	
6.1.3	Percentage response to customer request on ad-hoc briefing notes and analyses	N/A	N/A	100%	100%	100%	N/A	N/A	
STRATEGIC OBJECTIVE 6.2: INCREASE AFRICA'S VOICE AND SOUTH AFRICA'S INFLUENCE IN INTERNATIONAL INSTITUTIONS AND FORUMS									
6.2.1	Number of interventions to increase South Africa's presence within institutions of particular strategic value	N/A	0	1	1	1	N/A	N/A	
6.2.2	Percentage of interventions in pursuit of institutional reform implemented	N/A	N/A	100%	100%	100%	N/A	N/A	
STRATEGIC OBJECTIVE 6.3: SUPPORT AN ENABLING ENVIRONMENT FOR INCREASED ECONOMIC ACTIVITY WITHIN AFRICA									
6.3.1	Number of initiatives developed to expand relations with key strategic partners in Africa	N/A	2	1	1	1	N/A	N/A	
6.3.2	Percentage of implemented identified projects and plans to accelerate regional integration reviewed	N/A	50%	100%	100%	100%	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE (INDICATORS AND ACTION PLANS)

No under-performance.

CHANGES TO PLANNED TARGETS

There are no changes to planned targets for this reporting period.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS	2018/19			2017/18		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
PROGRAMME MANAGEMENT FOR INTERNATIONAL FINANCIAL RELATIONS	10 161	9 043	1 118	8 207	7 507	700
INTERNATIONAL ECONOMIC COOPERATION	49 398	46 710	2 688	37 576	36 211	1 365
AFRICAN INTEGRATION AND SUPPORT	1 017 119	1 002 585	14 534	896 830	896 255	575
INTERNATIONAL DEVELOPMENT FUNDING INSTITUTIONS	4 786 127	4 729 982	56 145	4 977 549	4 512 036	465 513
INTERNATIONAL PROJECTS	20 316	19 366	950	20 527	17 829	2 698
	5 883 121	5 807 686	75 435	5 940 689	5 469 838	470 851

4. PERFORMANCE INFORMATION BY PROGRAMME

4.7 PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

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 retired members of the military.

STRATEGIC OBJECTIVES

- Ensure good governance and a robust control environment for fund administration
- Provide an improved and integrated customer service experience

SUB-PROGRAMMES

Civil Pensions and Contributions to Funds

This sub-programme, consisting of post-retirement medical benefits, injury on duty and special pensions, provides for medical subsidies to retired civil servants and pension payments to injured and disabled civil servants, to the beneficiaries of deceased civil servants and to former struggle veterans.

Military Pensions

This sub-programme provides for the payment of military pension benefits and medical claims arising from injuries sustained during various wars including the liberation wars. The payment includes pension payments and medical assistance including devices and other related expenses in terms of the Military Pensions Act.

Other Benefits

This sub-programme processes the payment of benefits to former members of legislative assemblies. These include payments to former members of the legislative assemblies of the former Venda, Transkei, Ciskei and Bophuthatswana governments; judges or their widows in terms of the Judges' Remuneration and Conditions of Employment Act (Act No. 88 of 1989); and former state presidents.

4. PERFORMANCE INFORMATION BY PROGRAMME

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

The programme achieved 100 per cent resolution of the integrity of data against a target of 85 per cent, by maintaining continual monitoring and data cleansing.

In terms of client queries, enquiries and complaints, the programme achieved its target of 100 per cent of queries resolved within seven days. This is attributed to customer-centric team efforts and continual maintenance of stakeholder relationships.

The programme paid 99 per cent of benefits within 45 days against a target of 96 per cent.

The programme paid out pensions and benefits of R4.9 billion in 2018/19 compared to R4.6 billion in 2017/18, an increase of 6.5 per cent. This can be attributed to the increase in post-retirement medical subsidies, injury on duty claims and annual increases.

The overall number of pensioners and beneficiaries increased by 5 per cent in 2017/18, from 132 407 in 2017/18 to 139 783 in 2018/19. The increase in applications received can be attributed to post-retirement medical subsidy and injury on duty claims.

Stakeholder Relations

The programme places a premium on building and maintaining stakeholder relations. This process entails planning, targeting, monitoring and reporting of all stakeholder activities that took place during the year.

The programme held various workshops and roadshows to ensure that members are informed of the programme's products and services in the following areas:

Kimberly, Modimolle, George, De Aar, Bloemfontein, Kuruman, Upington, KwaMhlanga, Tzaneen (Ga-Kgapane), Potchefstroom, Ga-Rankuwa, Mthatha, Oudtshoorn and Newcastle.

Focus areas arising from 2018/19

The programme will be embarking on a training initiative requested by the Northern Cape Province to all human resource practitioners on the injury on duty product and its processes at employer department level. This initiative will be rolled out to other provinces at a later stage.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 7: CIVIL MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 7.1: ENSURE GOOD GOVERNANCE AND ROBUST CONTROL ENVIRONMENT FOR FUND ADMINISTRATION									
7.1.1	Percentage of benefits validated for payment paid within liable dates	92.5% of benefits paid within liability date.	95%	99%	96%	99%	3%	Over-performance is attributed to effective management of administration of benefits.	
7.1.2	Percentage compliance with SLA between NT and GPAA specifically Programme 7 related indicators	97.5% Compliance with SLA.	83%	100%	97.5%	99.4%	1.9%	Over-performance is attributed to effective and efficient administration of all programme 7 benefit funds.	
7.1.3	Percentage integrity of client data	55% client data Integrity.	100%	95%	85%	100%	15%	Over-performance is attributed to continuous monitoring of programme data.	
STRATEGIC OBJECTIVE 7.2: PROVIDE AN IMPROVED AND INTEGRATED CUSTOMER SERVICE EXPERIENCE									
7.2.1	Percentage of customer service complaints responded to within seven days	100% of the complaints were resolved within 7 days.	100%	100%	100%	100%	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE (INDICATORS AND ACTION PLANS)

No under-performance.

CHANGES TO PLANNED TARGETS

There are no changes to planned targets for this reporting period.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 7: CIVIL MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS	2018/19			2017/18		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
GOVERNMENT PENSIONS ADMINISTRATION AGENCY	64 488	64 488	-	65 196	62 061	3 135
CIVIL PENSIONS AND CONTRIBUTIONS TO FUNDS	4 017 709	4 017 142	567	3 638 822	3 614 441	24 381
MILITARY PENSIONS AND OTHER BENEFITS	939 080	938 470	610	944 184	941 586	2 598
TOTAL	5 021 277	5 020 100	1 177	4 648 202	4 618 088	30 114

4. PERFORMANCE INFORMATION BY PROGRAMME

4.8 PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE

PURPOSE

This programme provides advisory services, programme management and development finance support to improve public finance management, support high-impact government initiatives, facilitate employment creation, and strengthen infrastructure planning and delivery.

STRATEGIC OBJECTIVES

- Establish the GTAC as a centre of excellence in public sector advisory services, transaction support, project management and public finance management
- Local government financial management improvement
- Promotion of urban integration and neighbourhood development
- Facilitation of employment creation and inclusive growth
- Improved infrastructure planning, management and skills development

Programme's and sub-programmes

Government Technical Advisory Centre (GTAC)

GTAC draws its mandate from the responsibility of National Treasury to promote transparency and the effective management of public finances and to assist organs of state in building their capacity for efficient, effective and transparent financial management, as set out in section 6 of the Public Finance Management Act (PFMA). GTAC was established as a government component in terms of section 7A(4) of the Public Service Act (Act No. 103 of 1994) through Government Notice 261, Gazette 35194, of 30 March 2012. GTAC is a component of National Treasury. GTAC's financing streams include core funding from National Treasury, donor funding from international partners, and cost recovery on the provision of services.

GTAC's scheduled functions are:

- To render technical consulting services to centre-of-government Departments and organs of state
- To provide specialised procurement support for high-impact government initiatives
- To provide advice on the feasibility of infrastructure projects
- To provide knowledge management for projects undertaken
- Anything ancillary to the functions listed

4. PERFORMANCE INFORMATION BY PROGRAMME

In support of National Treasury and its functions as set out in the PFMA, GTAC's responsibilities include the following:

- Advising on the feasibility and financing of major capital projects and the investment requirements of state-owned companies
- Supporting PPP transactions, in keeping with provisions of the PFMA and Treasury Regulations
- Undertaking expenditure and performance reviews for National Treasury and the DPME
- Providing support for budgetary and public finance management reform, enhancing accountability, transparency and effective service delivery
- Advising on organisational development, strategic planning and operational improvements in public service delivery
- Providing support for infrastructure investment, economic development and social service delivery improvements, in line with the NDP and the MTSF

GTAC's long term strategic intent is to provide a centre of excellence in policy advice and public finance management, in partnership with academic and research centres focused on public-sector management and training. In partnership with the Southern African Labour and Development Research Unit at the University of Cape Town, GTAC supports a research programme on employment, income distribution and inclusive growth and seeks to promote public discourse and understanding of public policy, social and economic development and public finance management through publications, consultative forums and dialogue.

On behalf of National Treasury, GTAC administers the Employment Creation Facilitation Programme and the Municipal Finance Improvement Programme, and contributes to the City Support and Infrastructure Delivery Improvement Programmes of the Intergovernmental Relations division.

Within the context of the NDP and the MTSF, GTAC contributes to building a capable and development-oriented state while also strengthening capacity to work with the private sector in promoting growth, employment, infrastructure investment and public service delivery.

For the medium-term period ahead, GTAC's activities are organised as follows:

- Management Support Services: Strategy, management and communications, financial management, human capital management, including human resources management and professional services procurement
- Transaction and Advisory Services: Public policy and finance advice, organisational development, planning and project management services, advice and support to Departments, municipalities and public entities on PPPs and high-impact procurement projects; transaction and contract management support for large or complex procurement processes. Advice and support for infrastructure and development finance, analysis of public expenditure and performance, environmental economics, state actuarial advice and capital project appraisal
- Programme Management Services: Planning and administration of the Jobs Fund, monitoring and evaluation of projects and support for employment-related research and planning, administration and monitoring of the MFIP III programme

Local Government Financial Management Support

The Local Government Financial Management Support sub-programme has one component:

- The Municipal Finance Improvement Programme (MFIP), which provides technical assistance and support to National Treasury, provincial treasuries and municipalities by placing long term advisors with experience and expertise in municipal financial management to facilitate key reforms, improvements and skills transfer

4. PERFORMANCE INFORMATION BY PROGRAMME

The third phase of the MFIP (MFIP III) commenced in April 2017 and draws extensively on the experiences and lessons of the first two phases of the programme. The MFIP is administered by a Programme Management Unit (PMU) located functionally in the Office of the Accountant-General and led by the Head of the Programme Management (PMU). GTAC provides administrative support to the PMU. Its responsibilities include assigning municipal finance specialists to assist national and provincial treasuries to improve their ability to monitor and support municipalities, and place long term advisors directly at municipalities, based on requests for assistance and diagnostic assessment outcomes.

The intended outcomes of the MFIP are to improve financial management capacity, qualified finance officers, enhanced budget and financial management practices, and improved financial health and audit outcomes. The MFIP is overseen by a steering committee chaired by the Accountant-General and constituted by national and provincial programme stakeholders.

Urban Development and Support

Urban Development and Support consists of two programmes:

The Neighbourhood Development Partnership Programme, which supports municipal planning and investment in targeted locations, aimed at attracting and sustaining third-party capital investment and business development towards spatial and economic transformation, with a focus on improving the quality of life and access to opportunities in under-served townships or settlements. The Neighbourhood Development Partnership Grant (NDPG) was introduced in 2006 with an initial commitment of R10 billion to invest in under-served residential neighborhoods and to leverage private sector development in these areas.

The NDP's Urban Network Strategy targets urban hub precincts with secondary linkages to under-served residential areas and built environment upgrade projects in urban or rural townships. The NDPG consists of two complementary components: a technical assistance grant for municipal planning of potential capital projects within urban hubs across sectors and spheres, and a capital grant for funding selected catalytic projects within urban hubs.

The programme aims to encourage complementary public and private investment in these targeted locations and in this way contribute to the broader goal of livable, sustainable, resilient, efficient and integrated towns and cities. The Urban Network Strategy aims to optimise the spatial impact of public infrastructure investment, fiscal and regulatory measures and coordinated urban management in identified transit-oriented urban hubs. NDP projects in rural municipalities are supported in collaboration with the Department of Rural Development and Land Reform.

The Cities Support Programme (CSP) aims to promote cities that are inclusive, productive and sustainable through accelerated and more inclusive development in major urban areas. This is delivered by focusing on improvements to cities' governance and built environment planning, improved human settlements and public transport management, local economic development and environmental sustainability as well as climate resilience. The CSP includes technical assistance, peer learning, collaborative reviews and development finance support and is implemented through a partnership model that includes the Development Bank of Southern Africa, the World Bank, SA Cities Network and GTAC.

The Integrated City Development Grant (ICDG) was introduced in 2013/14 and is a component of National Treasury's broader Cities Support Programme (CSP). The ICDG is intended as an incentive to metropolitan municipalities to strengthen planning and

4. PERFORMANCE INFORMATION BY PROGRAMME

delivery capacity and to target infrastructure spending to transform inefficient urban landscapes into more inclusive, productive and sustainable spatial forms. Eligibility is restricted to municipalities with sound financial management and acceptable levels of capital expenditure performance. To receive the first 2015/16 transfer of the ICDG, municipalities must approve and submit a Built Environment Performance Plan (BEPP) that identifies catalytic projects and associated outcome targets for identified integration zones. Subsequent transfers will be linked to progress reports on these projects.

The NDPG is administered by the Neighbourhood Development Programme under the Intergovernmental Relations division, while the CSP reports to the Provincial and Local Government Infrastructure units of the Intergovernmental Relations division.

EMPLOYMENT CREATION FACILITATION

The Employment Creation Facilitation sub-programme was introduced in 2011 to contribute to employment and inclusive growth by supporting innovative approaches to job creation and enterprise development. The main component of the programme is the Jobs Fund, a multi-year R9 billion investment which leverages complementary funding from public and private sector project partners. It operates as a “challenge fund” and allocates matching grants following a competitive, open and transparent application process. Project allocations are made by an independent investment committee.

As at 30 June 2016, the Jobs Fund had completed five funding rounds and approved 104 projects with a total grant value of R5.42 billion. Commitments by project partners amounted to a further R6.37 billion. The approved projects target the creation of 126 547 new permanent jobs, 88 997 permanent placements in existing vacant jobs and 222 377 training opportunities. Enterprise development and work-seeker support projects account for the bulk of project allocations and employment commitments.

A further call for proposals was initiated in November 2015 aimed at providing financial assistance for new and innovative initiatives that had high potential for direct job creation in the short to medium term and/or were focused on reducing barriers to job creation. These initiatives had to display the potential for triggering systemic change in the South African market, thus unlocking long term job creation. Concept note applications for this round opened on 17 November 2015 and closed on 1 February 2016. To date, 21 projects have been approved but the final outcome from this round is set to be confirmed by the Jobs Fund Investment Committee (IC) by the end of the year. Once these have been confirmed, their contracted targets will be added to the current portfolio targets, which will result in a possible new permanent job target of at least 140 000 and a permanent placement target of 98 000.

The Employment Facilitation sub-programme also supports a research project (REDI3x3), based at the Southern African Labour and Development Research Unit at the University of Cape Town, and the www.econ3x3.org web forum which publishes accessible policy-relevant research on employment, income distribution and inclusive growth.

INFRASTRUCTURE DEVELOPMENT SUPPORT

The Infrastructure Development Support sub-programme consists of two elements:

The Infrastructure Skills Development Grant (ISDG), which assists municipalities to provide built environment graduates with training and support leading to professional registration.

4. PERFORMANCE INFORMATION BY PROGRAMME

The Infrastructure Delivery Improvement Programme (IDIP), which provides advisory and technical support to provincial Departments of health, education and public works, and to selected municipalities, to improve infrastructure planning, procurement and contract management.

Municipalities apply for funding from the ISDG through a business plan which demonstrates that they have suitable projects, and training and mentoring capacity to support identified graduates in engineering, town planning, architecture, quantity surveying, geographic information systems and project management on the “road-to-registration” with the relevant statutory councils. The business plan must include an absorption strategy for successful candidates in the applicant municipality or in another municipality.

The key intended outcomes of the grant are to develop technical capacity in local government and increase the number of qualified and professionally registered graduates in built environment disciplines. The grant is administered by the Provincial and Local Government Infrastructure Unit of the Intergovernmental Relations division and its requirements are set out in the ISDG Guidelines published by the unit.

The Provincial and Local Government Infrastructure Unit is also responsible for the IDIP, through which experienced professional advisors are assigned to provincial Departments or municipalities to assist with developing infrastructure planning and project management capacity. Currently in its third phase, the IDIP programme includes implementation support for the Infrastructure Delivery Management System (IDMS) developed in partnership with the Construction Industry Development Board. The programme is implemented in cooperation with the national Departments of Basic Education, Health and Public Works.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

In 2018/19 GTAC's current portfolio of work included projects in key sectors of government business:

The Capital Projects Appraisal unit assisted the National Treasury in conceptualising the budget facility for infrastructure, as part of the ongoing budget reform process. The facility aims to improve the rigour of technical assessment and budgeting for full life cycle costs of projects. A second call for submissions under the Budget Facility for Infrastructure (BFI) initiative began with publishing the updated guidelines, together with a budget statement template developed by the Government Technical Advisory Centre (GTAC). A total of 56 project proposals were received, and the preliminary assessments were conducted based on the guidelines' set criteria to inform decisions on the selection of projects that would proceed to the detailed analysis stage. A total of 32 projects were selected for detailed analysis, and project findings and recommendations reports were completed. GTAC further completed two research reports in the energy planning area, which will be used to meaningfully contribute to policy dialogue given the country's energy challenges.

4. PERFORMANCE INFORMATION BY PROGRAMME

The Technical Consulting Services unit supported 80 projects aimed at building institutional capacity of client departments. This support is provided in four main areas: inter-governmental infrastructure delivery support, macro-institutional support, organisational strengthening services, and service delivery effectiveness and efficiency support. Some of the projects undertaken during the year include:

- Conducting a feasibility study for the Department of Public Service and Administration (DPSA) on the extension of the housing allowance for retired employees.
- Review of Department of Telecommunications and Postal Services (DTPS) business cases for the establishment of the State Infrastructure Company and State IT Company.
- Technical support to the Western Cape Delivery Support Unit, in the Western Cape Department of the Premier, to improve and streamline the performance and operation of strategic initiatives (known as game changers) in the province.
- Assisting the Department of Higher Education and Training (DHET) to produce a business case for the National Skills Authority (NSA) to improve its effectiveness and strengthen its new monitoring and evaluation role.

Transaction Advisory Services and Public-Private Partnership (PPP) has registered 26 transaction advisory projects and completed reviews of public-private partnership assessments to streamline the implementation of these partnerships and improve project delivery timelines.

The Public Expenditure and Policy Analysis (PEPA) unit conducted five performance expenditure reviews (PERs) feedback sessions with relevant stakeholders (the National Treasury: Public Finance and Intergovernmental Relations representatives) in support of the following five PERs:

- Fleet management
- Research, development and innovation
- Housing rental stock
- Defence
- General public service.

The *Municipal Finance Improvement Programme (MFIP)* procured and deployed a total of 69 technical advisors during the 2018/19 financial year to provide support in the functional areas referred to above, and to enhance programme management capabilities within the Programme Management Unit (PMU).

As at 31 March 2018, the programme was providing support in the following areas:

- Direct capacity support to municipal Budget and Treasury Offices (BTOs) in general financial management areas: 19 advisors were deployed in municipalities across the nine provinces
- Direct capacity support to the Municipal Finance Units of Provincial Treasuries (PTs); 31 technical advisors were placed at the PTs providing:
 - General PT support (5)
 - Specialist supply chain management (SCM) support (7)
 - Municipal standard chart of accounts (mSCOA) support (8)
 - Specialist asset management support (6)
 - Specialist revenue management support (5).

4. PERFORMANCE INFORMATION BY PROGRAMME

- Direct capacity support to two National Treasury (NT) Chief Directorates (CDs), namely Local Government Budget Analysis (LGBA) and MFMA Implementation. Thirteen technical advisors were placed in the two CDs, providing specialist support in the Financial Management Capability Maturity Model (FMCMM) (2); audit outcomes (3); budgeting and reporting (1); the municipal finance recovery service (MFRS) (6); and revenue management (1).
- The full complement of (6) technical advisors was procured to provide programme and project management capacity support to officials in the MFIP PMU.

During the period under review, significant progress was made with the implementation of a range of measures to improve the overall effectiveness and efficiency of the programme. These processes included strengthening the institutionalisation of the modified MFIP business model; ongoing elucidation and advocacy of revised governance and management arrangements with programme stakeholders; the appointment of PMU officials to further bolster programme accountability and sustainability; sourcing of the majority of technical advisors to implement the entire spectrum of MFIP technical support to programme beneficiaries; and implementing the MFIP knowledge and information management strategy and model to ensure increased efficiency in programme administration and enhance knowledge sharing and collaborative learning across the MFIP project work streams.

The Jobs Fund Management unit assessed 214 Concept Note applications submitted in response to its 8th funding round; of these, 43 applicants were invited to submit a full business case application. The total grant request from applicants in the 8th funding round was for a grant request of R3.7 billion to be matched with R8.2 billion.

Since inception, 152 projects have been approved against a target of 150; 25 withdrew prior to contracting, leaving 127 on the approved portfolio, with 116 projects currently in implementation. The quality of proposals submitted largely determines the number of projects approved.

Urban Development and Infrastructure Development Support

In 2018/19, 716 officials in local, provincial and national departments were oriented through Infrastructure Delivery Management System (IDMS) initiatives, including courses on infrastructure planning and budgeting, supply chain management and IDMS executive, Standards for Infrastructure Procurement and Delivery Management (SIPDM) and the Infrastructure Progression Model (IPM).

In the 2018/19 financial year, 378 graduates received professionalisation exposure and training through the Infrastructure Skills Development Grant (ICDG), which included 47 newly recruited graduates in the financial year 2018/19. In 2018/19, 18 graduates completed training and acquired professional registration. Thirteen of these graduates were absorbed in municipalities.

The Cities Support Programme (CSP) delivered a final executive leadership programme (ELP) to political as well as administrative heads of metros. This five-day programme, in cooperation with the Gordon Institute of Business Science (GIBS), focused on sustainability and resilience in metros. The feedback confirmed a highly successful ELP with significant political buy-in, support and programme participation.

Another flagship project was the delivery of the Urbanisation Review report for South Africa. The background to the Urbanisation Review project was that although the challenges and opportunities of urban growth and development were receiving renewed policy attention, the National Development Plan (NDP), the Integrated Urban Development Framework (IUDF) and various ministers

4. PERFORMANCE INFORMATION BY PROGRAMME

had emphasised the need for a new approach to providing infrastructure, housing and public transport services to make cities engines of economic growth while overcoming apartheid spatial divisions. Many key urban policy issues were not well understood, and the project therefore aimed to contribute to public policy efforts to enhance returns from urbanisation by clarifying implications of the evolution of the national urban system and of individual metros. It aimed to do this by identifying key policy recalibrations most likely to promote inclusive economic growth, and by suggesting a framework for prioritising and sequencing policy initiatives and institutional reforms. Ten papers constituted the major outputs of the Urbanisation Review project.

The CSP launched the Catalytic Land Development Guidelines on 18 August 2018. The CSP, the World Bank and the Swiss Economic Cooperation Organisation (SECO) hosted a third workshop on Catalytic Land Development Programmes in July 2017. The workshop was designed to mirror the CSP's emerging framework on the Catalytic Land Development Life Cycle, and was structured around three thematic areas:

- Catalytic Programme Inception and Concept stages
- Catalytic Programme Pre-feasibility and Feasibility stages
- Catalytic Programme Preparation Finalisation stage.

The guideline concluded the inputs and feedback from the workshop, and aimed at further supporting metropolitan municipalities to conceptualise and implement catalytic land development programmes to achieve their strategic objectives.

Infrastructure Development Support

The Infrastructure Delivery Management System Book of Knowledge (IDMSBOK), which was necessary for institutionalisation of the deliverables of the Infrastructure Delivery Improvement Programme (IDIP), which provided advisory and technical support to provincial Departments of health, education and public works, and to selected municipalities, to improve infrastructure planning, procurement and contract management.

The Provincial and Local Government Infrastructure unit continued to implement further infrastructure management reforms like IDMSBOK since the end of IDIP, the program ended March 2018 after four phases. In the IDIP programme experienced professional advisors were assigned to provincial Departments or municipalities to assist with developing infrastructure planning and project management capacity. The IDMSBOK will create a platform through which information can be shared ubiquitously and a digital platform that is systematically creating knowledge products through experiences of various professionals in the public sector.

In the reporting period we have continued to increase implementation support for the state through partnerships with the office of Procurement Officer and Construction Industry Development Board. The programme is implemented in cooperation with the national Departments of Basic Education, Health and Public Works. The IDIP program was implemented largely through appointment of consultants, in the reporting period, we started to appoint qualified officials; to capacitate the state, in Health and Education infrastructure units; that were created in the respective departments, through the use of a portion of Health Facility Revitalisation grant and Education infrastructure grant respectively. A further need was identified to increase capacity of Provincial Treasuries in quality of infrastructure spend by creating infrastructure units. This work was carried out and are awaiting finalisation by Minister of department of Public Service and Administration (DPSA) before appointing to the structures.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 8.1: ESTABLISHMENT OF GTAC AS A CENTRE OF EXCELLENCE IN PUBLIC SECTOR ADVISORY SERVICES, TRANSACTION SUPPORT, PROJECT MANAGEMENT AND PUBLIC FINANCE MANAGEMENT									
8.1.1	Number of GTAC monitoring reports reporting on progress produced	N/A	4 quarterly report to the Minister	4	4	4	N/A	N/A	
8.1.2	Number of technical advisory projects supported	135	84	80	80	80	N/A	N/A	
8.1.3	Number of transaction advisory projects registered	N/A	25	19	17	26	9	Over-performance is attributed to greater response than anticipated.	
8.1.4	Number of capital project appraisal reports completed	N/A	10	38	5	32	27	Over-performance is attributed to a greater response than anticipated given that the Budget Facility for Infrastructure is a relatively new initiative in government.	
8.1.5	Number of performance and expenditure reviews supported	N/A	10 per year	9 per year	5	5	N/A	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
STRATEGIC OBJECTIVE 8.2: LOCAL GOVERNMENT FINANCIAL MANAGEMENT IMPROVEMENT									
8.2.1	Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP)	50	36	19	60	69	9	Over-performance is attributed to the resolution taken by the MFIP Programme Steering Committee (PSC) that additional resources should be procured to further augment the support MFIP is currently providing to municipalities, PTs and NT. This was mainly as a result of the increase in the number of municipalities classified by NT and CoGTA as financially distressed and institutionally dysfunctional.	
STRATEGIC OBJECTIVE 8.3: PROMOTION OF URBAN INTEGRATION AND NEIGHBOURHOOD DEVELOPMENT									
8.3.1	Number of investment plans completed	N/A	4	4	4	4	N/A	N/A	
8.3.2	Number of catalytic projects approved	352	459	27	20	50	30	Over-performance is attributed to the multi-year project pipeline being approved to ensure project continuity and alignment with multi-year planned project cash flows reflected in MTEF Budgets	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
8.3.3	Number of programmes in Integration Zones identified for planning	30	12	12	12	12	N/A	N/A	
8.3.4	Number of programmes in Integration Zones under implementation	13	8	10	10	10	N/A	N/A	
STRATEGIC OBJECTIVE 8.4: FACILITATION OF EMPLOYMENT CREATION AND INCLUSIVE GROWTH									
8.4.1	Number of Jobs Fund projects approved (cumulative across the term of project)	107	125	127	150	127	23	Under-performance is attributed to projects that withdrew prior to contracting after approval by the Jobs Fund Investment Committee.	
8.4.2	Grant funding approved (cumulative across the term of project)	R5 499m	R6 508m	R6 802m	R7 880m	R6 684m	R1 196m	Under-performance is attributed to the withdrawal of projects. Grant amount approved is removed once a project is withdrawn.	
8.4.3	Matched funding committed (cumulative across the term of project)	R6 442m	R9 099m	R9 702m	R7 880m	R9 473m	R1 593m	Over-performance is attributed to the matched funding ratio being greater than the required 1:1 with projects committing more own funding.	
8.4.4	New jobs contracted (cumulative across the term of project)	142 445	136 069	149 043	150 000	150 627	627	Over-performance is attributed to projects contracting greater than expected number of new jobs.	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE										
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION		
8.4.5	Number of placements contracted (cumulative across the term of project)	77 317	90 087	70 744	105 000	75 718	29 282	Under-performance is attributed to the withdrawal of projects resulting in reduction in the number of placements by projects.		
8.4.6	Number of training opportunities contracted (cumulative across the term of project)	229 321	224 089	241 356	240 000	249 615	9 615	Over-performance is attributed to a greater number of training opportunities having been contracted than expected.		
8.4.7	Value of grant funding disbursed (cumulative across the term of project)	R 2 890m	R3 734m	R4 361m	R5 015m	R4 624m	R391m	Under-performance is attributed to a number of factors that includes project withdrawals, terminations, overestimation of cash flow forecasts provided by projects, output based disbursement, slow economic growth and drought.		
8.4.8	Number of Jobs Fund evaluation reports and dissemination of learning conducted	N/A	Mid-term evaluation Report 1 learning event	Portfolio of evaluations consisting of 2 evaluations completed 1 learning event	2 project evaluation reports 1 learning event	2 project evaluation reports 1 learning event	N/A N/A	N/A		
STRATEGIC OBJECTIVE 8.5: IMPROVED INFRASTRUCTURE PLANNING, MANAGEMENT AND SKILLS DEVELOPMENT										
8.5.1	Percentage response to procure approved Professional Service Providers to assist with institutionalising the IDMS	N/A	N/A	100%	100%	100%	N/A	No requests received in this reporting period.		

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE									
APP#	INDICATOR	ACTUAL 2015/16	ACTUAL 2016/17	ACTUAL ACHIEVEMENT 2017/2018	TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET	REASON FOR DEVIATION	
8.5.2	Number of officials trained on the infrastructure delivery management system initiatives	183	1 793	1636	500	716	216	Over-performance is attributed to a greater demand for workshops than anticipated.	
8.5.3	Number of graduates in training for professional registration	435 graduates in training, with a total of 124 having successfully completed training and 63 have been employed in the sector.	439	425	500	378	122	Under-performance is attributed to newly on-boarded municipalities taking longer than anticipated to recruit graduates.	
8.5.4	Number of capacity improvement initiatives undertaken to support infrastructure delivery	N/A	N/A	24	7	23	16	Over-performance is attributed to a greater demand for capacity improvement initiatives than anticipated.	

4. PERFORMANCE INFORMATION BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE (INDICATORS AND ACTION PLANS)

UNDER-PERFORMING INDICATORS AND ACTION PLANS			
PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE			
APP#	Indicator	Deviation	Action Plan
FACILITATION OF EMPLOYMENT CREATION AND INCLUSIVE GROWTH			
8.4.1	Number of Jobs Fund projects approved (cumulative across the term of project)	Under-performance is attributed to projects that withdrew prior to contracting after approval by the Jobs Fund Investment Committee.	The 8th funding round assessments will be finalised early 2019/20 and this will yield additional projects.
8.4.2	Grant funding approved (cumulative across the term of project)	Under-performance is attributed to the withdrawal of projects. Grant amount approved is removed once a project is withdrawn.	The finalisation of the 8th funding round in early 2019/20 will result in the approval of additional grant funding being approved.
8.4.5	Number of placements contracted (cumulative across the term of project)	Under-performance is attributed to the withdrawal of projects resulting in reduction in the number of placements by projects.	The finalisation of the 8th funding round in early 2019/20 will yield additional placements once the contracts for the projects have been finalised.
8.4.7	Value of grant funding disbursed (cumulative across the term of project)	Under-performance is attributed to a number of factors that includes project withdrawals, terminations, overestimation of cash flow forecasts provided by projects, output based disbursement, slow economic growth and drought.	The finalisation of the 8th funding round in early 2019/20 will lead to an increase in grant disbursements once the contracts for the projects have been finalised and implementation of new projects commences.
IMPROVED INFRASTRUCTURE PLANNING, MANAGEMENT AND SKILLS DEVELOPMENT			
8.5.3	Number of graduates in training for professional registration	Under-performance is attributed to newly on-boarded municipalities taking longer than anticipated to recruit graduates.	The Municipalities are monitored through an action log to recruit additional graduates early to meet ISDG targets.

CHANGES TO PLANNED TARGETS

There are no changes to planned targets for this reporting period.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE	2018/19				2017/18			
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
LOCAL GOVERNMENT FINANCIAL MANAGEMENT SUPPORT	645 481	645 481	-	-	627 762	627 762	-	-
URBAN DEVELOPMENT AND SUPPORT	924 829	910 853	13 976	13 976	983 253	972 917	10 336	10 336
EMPLOYMENT CREATION FACILITATION	603 237	330 597	272 640	272 640	609 990	593 058	16 932	16 932
GOVERNMENT TECHNICAL ADVISORY CENTRE	71 858	71 858	-	-	80 818	80 818	-	-
INFRASTRUCTURE DEVELOPMENT SUPPORT	681 374	276 278	405 096	405 096	256 690	251 795	4 895	4 895
TOTAL	2 926 779	2 235 067	691 712	691 712	2 558 513	2 526 350	32 163	32 163

5. TRANSFER PAYMENTS

5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES

The table below reflects the transfer payments made for the period 1 April 2018 to 31 March 2019

NAME OF PUBLIC ENTITY	SERVICES RENDERED BY THE PUBLIC ENTITY	AMOUNT TRANSFERRED TO THE PUBLIC ENTITY (R'000)	AMOUNT SPENT BY THE PUBLIC ENTITY (R'000)	ACHIEVEMENTS OF THE PUBLIC ENTITY
1. Accounting Standards Board	Determine standards of Generally Recognised Accounting Practice	14 054	14 054	Refer to General Information Public Entities reporting to Minister
2. Co-operative Banks Development Agency	Regulate, promote and develop co-operative banking, including deposit-taking and lending to co-operatives	19 883	19 883	Refer to General Information Public Entities reporting to Minister
3. Financial and Fiscal Commission	Assist and maintain the balance between fiscal decentralisation and the unitary state	51 782	51 782	Refer to General Information Public Entities reporting to Minister
4. Financial Intelligence Centre	Assist in the identification of unlawful activities and combating of money laundering activities, financing of terrorism and related activities	278 716	278 716	Refer to General Information Public Entities reporting to Minister

5. TRANSFER PAYMENTS

NAME OF PUBLIC ENTITY	SERVICES RENDERED BY THE PUBLIC ENTITY	AMOUNT TRANSFERRED TO THE PUBLIC ENTITY (R'000)	AMOUNT SPENT BY THE PUBLIC ENTITY (R'000)	ACHIEVEMENTS OF THE PUBLIC ENTITY
5. Government Technical Advisory Centre	Support public finance management through professional advisory services, programme and project management and transaction support	71 858	71 858	Refer to General Information Public Entities reporting to Minister
6. Independent Regulatory Board for Auditors	Registration of auditors and the regulation of training of public accountants and auditors	40 874	40 874	Refer to General Information Public Entities reporting to Minister
7. South African Revenue Service*	Efficient and effective collection of revenue	9 007 217	9 007 217	Refer to General Information Public Entities reporting to Minister

*Office of the Tax Ombud (OTO) receive transfers through SARS

5. TRANSFER PAYMENTS

5.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

NAME OF TRANSFEREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38 (1) (J) OF THE PFMA	AMOUNT TRANSFERRED (R'000)	AMOUNT SPENT BY THE TRANSFEREE (R'000)	REASONS FOR THE FUNDS UNSPENT BY THE TRANSFEREE
8. Economic Research SA	Research programme which is being funded by the National Treasury	Promote research capacity in areas such as economic growth, job creation, macroeconomic stability, poverty alleviation, financial sector development etc.	Yes	-	-	The ERSA project was discontinued.
9. Audit Statutory Bodies	Audit organisation	A financial injection to provinces with municipalities that are financially distressed and unable to pay their audit costs.	Yes	97 738	97 738	Not applicable

5. TRANSFER PAYMENTS

NAME OF TRANSFERREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38 (1) (J) OF THE PFMA	AMOUNT TRANSFERRED (R'000)	AMOUNT SPENT BY THE TRANSFEREE (R'000)	REASONS FOR THE FUNDS UNSPENT BY THE TRANSFEREE
10. African Regional Technical Assistance Centre	Foreign and International organisation	Providing technical assistance and cooperation in core macroeconomic and financial management.	Yes	1 074	1 074	Not applicable
11. African Risk Capacity	Foreign and International organisation	To anchor the Bank's engagements with South Africa and maintain complimentary linkages with development institutions.	No	-	-	The annual membership which could not be transferred as the concept to for South Africa to have a membership with ARC is being placed on hold until further notice.
12. Collaborative African Budget Reform Initiative	Foreign and International organisation	To provide capacity building in Africa's financial sector management, budget reform and governance through SA's contribution.	Yes	2 565	2 565	Not applicable

5. TRANSFER PAYMENTS

NAME OF TRANSFERREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38 (1) (J) OF THE PFMA	AMOUNT TRANSFERRED (R'000)	AMOUNT SPENT BY THE TRANSFEREE (R'000)	REASONS FOR THE FUNDS UNSPENT BY THE TRANSFEREE
13. Common Monetary Area Compensation (CMA)	Foreign and International organisation	To compensate the contracting parties of the MMA for the amount of rand currency in circulation.	Yes	997 833	997 833	Not applicable
14. Institute for Development and Economic Planning (IDEP)	Foreign and International organisation	For improving public sector management and development planning in support of member States' structural transformation.	Yes	1 112	1 112	Not applicable
15. Employment Creation Facilitation Fund	Employment creation and research organisation on behalf of National Treasury	To support innovative partnership-based approaches to sustainable employment creation and research into employment, income distribution and inclusive growth.	Yes	305 000	305 000	Not applicable

5. TRANSFER PAYMENTS

NAME OF TRANSFEREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38 (1) (J) OF THE PFMA	AMOUNT TRANSFERRED (R'000)	AMOUNT SPENT BY THE TRANSFEREE (R'000)	REASONS FOR THE FUNDS UNSPENT BY THE TRANSFEREE
15. African Development Bank & Fund (AfDB)	Foreign and International organisation	To provide financial and capacity building support to low income countries that are members of the AfDB and the World Bank, respectively.	Yes	82 431	82 431	Not applicable
16. World Bank	Foreign and International organisation	To provide concessional loans and grants to low income countries.	Yes	53 590	53 590	Not applicable
17. Commonwealth Fund for Technical Cooperation	Foreign and International organisation	To provide support for common secretarial goals and programmes on annual basis.	Yes	5 816	5 816	Not applicable

5. TRANSFER PAYMENTS

NAME OF TRANSFEREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38 (1) (J) OF THE PFMA	AMOUNT TRANSFERRED (R'000)	AMOUNT SPENT BY THE TRANSFEREE (R'000)	REASONS FOR THE FUNDS UNSPENT BY THE TRANSFEREE
18. International Finance Facility for Immunisation (IFFI)	Foreign and International organisation	To support health care, particularly the provision of vaccines to reduce the number of vaccine preventable deaths among children in low income countries.	Yes	13 550	13 550	Not applicable

Transfer payments were made in respect of all transfer payments budgeted for.

6. CONDITIONAL GRANTS

6.1 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

The table below describes each of the conditional grants and earmarked funds paid by the department.

CONDITIONAL GRANT 1: INTEGRATED CITY DEVELOPMENT GRANT

DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To provide a financial incentive for metropolitan municipalities to achieve a more compact, liveable inclusive, productive and sustainable urban spatial form.
Expected outputs of the grant	Metropolitan municipalities are to use the grant to conduct: Authorised studies/strategies. Infrastructure projects; acquire land and implement projects in identified integration zones. Implement planned catalytic/strategic projects within identified integration zones.
Actual outputs achieved	The grant allocation supported metropolitan municipalities towards integrated planning, spatial targeting, project pipelining and implementation of projects funded by different infrastructure grants in 34 identified integration zones. Overall the grant supported the realisation of national priorities, namely outcomes six, eight and nine.
Amount per amended DoRA	R293 609 million
Amount received	R293 609 million
Reasons if amount as per DoRA not received	Not applicable.
Amount spent by the Department/ municipality	R293 609 million was transferred to eight metropolitan municipalities.
Reasons for the funds unspent by the entity	Not applicable. The Integrated City Development Grant is a supplementary grant for various municipal infrastructure grants.
Reasons for deviations on performance	Not applicable.
Measures taken to improve performance	Not applicable.
Monitoring mechanism by the receiving Department	Municipalities report on the grant expenditure through Section 71. Municipalities also report on their financial and non-financial performance by submitting annual evaluation.

6. CONDITIONAL GRANTS

CONDITIONAL GRANT 2: INFRASTRUCTURE SKILLS DEVELOPMENT GRANT

DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To recruit unemployed graduates into municipalities to be trained and professionally registered as per the requirements of the relevant statutory councils within the built environment.
Expected outputs of the grant	Number of built environment graduates registered as candidates for training and professional development as per requirements of the relevant statutory councils. Number of graduates recognised as registered professionals by the relevant statutory councils. Number of graduates employed as registered professionals within the built environment in local government.
Actual outputs achieved	In quarter three, 378 graduates were still receiving training in the programme, of which 241 have successfully completed training and are registered as professionals, and 114 are permanently employed within municipalities and across other sectors.
Amount per amended DoRA	R141.492 million
Amount received	R141.492 million
Reasons if amount as per DoRA not received	Not applicable.
Amount spent by the Department/ municipality	R141.492 million was transferred to ISDG participating municipalities.
Reasons for the funds unspent by the entity	Municipalities spent R104.047 million out of R141.492 million. Spending was affected by slow recruitment in some municipalities.
Reasons for deviations on performance	Not applicable.
Measures taken to improve performance	Not applicable.
Monitoring mechanism by the receiving Department	Municipalities submit monthly, quarterly and annual reports reflecting their financial and non-financial performance. The National Treasury conducts site visits to verify training and graduates recruited.

6. CONDITIONAL GRANTS

CONDITIONAL GRANT 3: NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To provide spatially targeted capital funding of intergovernmental project pipelines, supporting and facilitating economic development opportunities in previously disadvantaged areas.
Expected outputs of the grant	20 targeted infrastructure projects.
Actual outputs achieved	30 targeted infrastructure projects delivered at municipal year-end.
Amount per amended DORA	Schedule 5B: R581.867 million, Schedule 6B: R49.353 million.
Amount received (R'000)	Schedule 5B: R581.867 million; Schedule 6B R49.353 million.
Reasons if amount as per DoRA not received	The full DoRA amount was received.
Amount spent by the Department/ municipality	For Schedule 5B, R569.117 million was transferred to municipalities, and for Schedule 6B, R48.127 million was paid to service providers appointed by the municipalities.
Reasons for the funds unspent by the entity	For Schedule 5B, R7.250 million for Buffalo City municipality and R3.500 million for the City of Tshwane was not transferred because the actual spend of the funds previously transferred was not reported by the municipalities; R2 million was not transferred to Newcastle municipality because its application for unspent funds for 2017/18 was approved and not yet fully spent. For Schedule 6B, R1.225 million was not paid to municipal service providers because of delayed invoice submissions before the end of the financial year.
Reasons for deviations on performance	Over-performance on the Baseline Management Process based on cash flows and associated timelines, including support alignment attributed to the multi-year project pipeline being approved to ensure project continuity and alignment with multi-year planned project cash flows reflected in MTEF Budgets.
Measures taken to improve performance	Application of the Baseline Management Process based on cash flows and associated timelines, including support for alignment.
Monitoring mechanism by the receiving Department	Actual spend measured against Baseline Management Cash flows.

6. CONDITIONAL GRANTS

CONDITIONAL GRANT 4: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).
Expected outputs of the grant	Implementation of reforms such as the internship programme, upgrading Information Technology systems to deliver reports, producing multi-year budgets, implementing new supply chain reforms, accounting standards, production of financial statements, preparation of recovery plans when needed, improving audits, etc.
Actual outputs achieved	Funds were transferred to all 257 municipalities for implementation of various reforms.
Amount per amended DoRA	R 504. 566 million

Amount received	R 504. 566 million
Reasons if amount as per DoRA not received	Not applicable.
Amount spent by the Department/ municipality	R504. 566 million was transferred to municipalities.
Reasons for the funds unspent by the entity	Municipalities spent R322. 182 million. The municipal financial year is different to the national financial year. The 2018/19 municipal financial year commences in July and therefore municipalities have three additional months (April, May and June) to spend the remaining funds.
Reasons for deviations on performance	Not applicable.
Measures taken to improve performance	Not applicable.
Monitoring mechanism by the receiving Department	Municipalities are required to submit a support plan before the start of the new financial year detailing how the FMG funds will be utilised. Municipalities are required to submit their monthly reports within ten working days after the end of each month as well as quarterly and annual performance reports within time frames as stipulated in the DoRA.

6.2. CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

No conditional grants and earmarked funds were received

7. DONOR FUNDS

7.1. DONOR FUNDS RECEIVED

DONOR FUND: USAID TECHNICAL ASSISTANCE FACILITY (TAF)

Name of donor	United States Agency for International Development (USAID)
Full amount of the funding	R 8 million
Period of the commitment	2016 - 2020
Purpose of the funding	Design, implementation and ad hoc support towards development cooperation projects.
Expected outputs	Technical assistance.
Actual outputs achieved	Technical assistance provided.
Amount received in current period (R'000)	R6.1 million
Amount spent by the Department (R'000)	R3.1 million
Reasons for the funds unspent	Not applicable.
Monitoring mechanism by the donor	Not applicable.

7. DONOR FUNDS

DONOR FUND: EUROPEAN UNION (EU)

Name of donor	European Union (EU): Capacity Building for Public Finance Management Programme in South Africa, also referred to as Financial Management Improvement Programme III (FMIP III).
Full amount of the funding	€ 20 million
Period of the commitment	24 May 2012 – 24 May 2018, with an additional 6-month close-out phase ending 22 December 2018.
Purpose of the funding	The programme aimed to develop public financial management capacity of national, provincial and local government to contribute to improved financial performance of the government of South Africa.
Expected outputs	For the reporting period, the Programme Coordinating Unit (PCU) housed within the Office of the Accountant-General: Capacity Building overseeing and managing the implementation of the programme planned to: <ul style="list-style-type: none"> • Support the 2018 PFM Conference. • Coordinate the FMIP III close-out. Undertake the FMIP III close-out and expenditure review.
Actual outputs achieved	The FMIP III Programme came to its end during 2018/19, therefore the activities were geared towards successful close-out and exit, namely: <ul style="list-style-type: none"> • Hosted the May 2018 PFM Conference. • Supported the Second Knowledge Management, Information, Learning and Innovation (KIMLI) initiative. • Coordinated the FMIP III close-out event with key stakeholders. • Finalised the FMIP III close-out report and exit strategy of the technical assistance team. • Undertook the independent expenditure review of the FMIP III Programme Estimate 6.
Amount received in current period (R'000)	R11 million through the Reconstruction and Development Programme (RDP) and R15 million in kind contribution (paid for directly by the EU).
Amount spent by the Department (R'000)	R7.218 million
Reasons for the funds unspent	The PCU staff budgeted for could not be appointed, and therefore the operational costs were less than anticipated.
Monitoring mechanism by the donor	The donor required: <ul style="list-style-type: none"> • An independent expenditure review. • FMIP III reports. • Submissions at the NT Capacity Building Steering Committee.

8. CAPITAL INVESTMENT

No capital investment was incurred during the 2018/19 financial year.

2018 / 19
NATIONAL TREASURY
ANNUAL REPORT

PART C:
GOVERNANCE



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PART C: GOVERNANCE

1. INTRODUCTION

The National Treasury (NT) is committed to continuously strengthening compliance, managing risks and upholding good governance within the governance, risk, and control environment. Good governance is fundamental to the management of public finances and the assurance that the utilisation of NT resources is effective, efficient and realises optimum value for money. This, in turn, further enables the NT to deliver on its mandate with an accessible, service-centred and solutions-oriented delivery approach.

The NT strives to achieve objectives and continuously drive improvement, as well as maintain legal and ethical standing with all stakeholders including the wider community. The NT manages risks and uses resources responsibly and with accountability. Good governance is achieved through both performance and conformance.

2. RISK MANAGEMENT

NT enterprise-wide risk management incorporates two key functions, namely enterprise risk management and business continuity management. Risk identification and assessments are performed at both Chief Directorate and divisional level. The resultant risk registers and identified mitigation strategies are monitored every quarter.

The risks identified are aligned to both strategic objectives of the department and operational plans of Chief Directorates. From this alignment, divisional strategic risk registers are developed from which the department's top 20 strategic risks are compiled.

In the 2018/19 financial year, the NT improved its risk management maturity score and continued to re-engineer its processes to further entrench the culture of risk management in the department. To this end, during the financial period the department commenced reconfiguring its Risk Committee, previously chaired by an independent member, to a management-run Risk Management Committee which has direct and frequent access to management and the Executive Committee.

Business continuity management also improved its maturity score and a fully-fledged disaster recovery site for the NT has been established in Pietermaritzburg. Business continuity management in the NT received recognition of its implementation processes when the business management function received a business continuity Africa award for best Africa Region Continuity and Resilience Professional in the Public Sector for 2018.

A business continuity awareness campaign was conducted during the financial period to make all employees aware of the importance of business continuity management.

3. FRAUD AND CORRUPTION

The NT stance on fraud and corruption remains that of zero tolerance. The NT focuses on preventative procedures in its fight against fraud and corruption. To this end all NT employees undergo a two-step process to ascertain their suitability for employment and reduce the risk of fraud.

All new employees undergo an initial pre-employment suitability check, which is followed by a comprehensive vetting process once the employee has been appointed. This process has already yielded results in identifying and dealing with employees who could have potentially defrauded the department.

The NT runs a comprehensive annual anti-corruption awareness campaign which ensures that all employees of the department are made aware of the internal and external impact of fraud and corruption.

4. MINIMISING CONFLICT OF INTEREST

In line with the 2016 Public Service Regulations, the NT supports the prohibition of employees doing business with any organs of state, or of being a director of a public or private company conducting business with an organ of state. In 2016 a process was put in place that required employees to either withdraw from such practices or to resign from the public service. Financial disclosures are submitted electronically and have been rolled out to other levels of designated employees and middle management service (levels 11 and 12) as well as employees below level 11 in the supply chain and finance units.

These new measures assist the department in raising awareness of possible conflicts of interest for employees, and to avoid them. The NT continues to raise awareness and to coach and guide employees on how to avoid conflicts of interest. Where such interests are identified, employees are engaged and, where appropriate, standard disciplinary steps are taken in terms of the disciplinary code and procedure of the Public Service.

5. CODE OF CONDUCT

The Code of Conduct outlines expectations regarding employees' behaviour towards their colleagues, stakeholders, members of the public, the legislature, and political and executive office bearers. The Code of Conduct is applicable to all NT employees. The NT is committed to being exemplary at all times and in all respects, and for its work and conduct to be guided by the values outlined in the Code of Conduct. The NT expects employees to be ethical, responsible and professional, and to fulfil their duties with integrity. The NT builds a culture that encourages employees to think and behave ethically by providing training and awareness through induction and employee relations capacity-building sessions. These sessions are conducted continuously to remind and reinforce the ethical conduct of employees at all times. The NT will take disciplinary action in terms of the disciplinary code and procedure of the Public Service against employees who repeatedly or intentionally fail to follow its Code of Conduct.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The NT health and safety unit deals with occupational health and safety (OHS), and environmental issues. This unit reports to the Director-General (DG) through the Health and Safety committee. The DG has assigned two employees at Deputy Director-General level as emergency controllers.

All divisions in the various buildings occupied by the Department have trained firefighting and first aid emergency floor representatives.

The NT has the necessary compliance certificates to provide reasonable assurance that employees will not be harmed due to OHS-related issues. The NT performed a successful fire drill during the financial period and received a score of 98 per cent during the physical security audit conducted by the South African Police Service.

The OHS unit performed periodical awareness sessions in all divisions during the period under review.

7. PORTFOLIO COMMITTEES

Standing Committee on Appropriations (SCOA)		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
27 February 2019	Public Works & Defence progress in moving infrastructure/maintenance function on Defence	Matters addressed as presented at the meeting and subsequent responses to follow-up questions.
21 February 2019	2019 Annual Budget Minister's briefing to joint committees	
13 February 2019	Deviations and expansions 2018/19 Q 2 and 3: Office of Chief Procurement Officer	Records available from the committee secretariat or on request from the NT.
12 February 2019	National Treasury Q 2 & 3 performance; Jobs Fund update	
27 November 2018	Committee report on 2018 MTBPS, Adjustments Appropriation Bill and Special Appropriation Bill	
23 November 2018	Adjustments Appropriation Bill: DBE hearing	
22 November 2018	Adjustments Appropriation Bill: DW&S	
21 November 2018	SAA on R5 billion Special Appropriation Bill Adjustments Appropriation Bill: DoT motivation	
12 November 2018	Division of Revenue Amendment Bill: committee report adoption	
17 October 2018	Statement on VBS Mutual Bank matter; VAT Panel report and TLAB & TALAB Bills: Treasury and SARS response	
8 November 2018	Division of Revenue Amendment Bill: NT briefing	
7 November 2018	2018 MTBPS: HSRC briefing	
6 November 2018	2018 MTBPS: PSC briefing	
9 October 2018	Division of Revenue: FFC 2019-20 submission	
14 September 2018	Land Bank and Agricultural Research Commission Q 1 briefing	
4 September 2018	Defence facilities in Bloemfontein: Challenges	
28 August 2018	Deviations and expansions: Office of Chief Procurement Officer	
21 August 2018	NT Q1: Deviations/expansions requests	
22 May 2018	Committee Report on 2018 Appropriation Bill	
16 May 2018	SAA latest quarterly report (meeting postponed)	
11 May 2018	2018 Appropriation Bill: HSRC & DA	
9 May 2018	2018 Appropriation Bill: PSC & BO	
8 May 2018	2018 Appropriation Bill: FFC	
4 May 2018	2018 Appropriation Bill: NT briefing	
25 April 2018	SAA & SAA Post Office recapitalisation: progress performance report	

7. PORTFOLIO COMMITTEES

Standing Committee on Appropriations (SCOA)		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
24 April 2018	NT: OCPO – progress report by NT	
17 April 2018	Financial Sector Regulations Act	
27 March 2018	National and Provincial Departments: 30-day payment update by NT	
20 March 2018	NT Q 2 & 3 performance report	
14 March 2018	Committee report on 2018 Division of Revenue Bill	
13 March 2018	2018 Division of Revenue Bill: public hearings	
9 March 2018	2018 Division of Revenue Bill: FFC & SALGA	
8 March 2018	2018 Division of Revenue Bill: NT briefing	

PARLIAMENTARY COMMITTEES		
Standing Committee on Finance (SCOF)		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
27 February 2019	2019 Budget: public hearings	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT.
21 February 2019	2019 Annual Budget Minister's briefing to joint committees	
20 February 2019	2019 Annual Budget tabling	
13 February 2019	Nugent Commission of Inquiry into SARS: interim findings and recommendations	
12 February 2019	FFC Remuneration referral; Customs and Excise Bill; PIC Committee Bill: adopted; Financial Matters Amendment Bill: public hearings	
6 February 2019	Public Investment Corporation (PIC) Amendment Bills; FFC referral to Committee; Committee Report on Carbon Tax Bill	
5 February 2019	Carbon Tax Bill: finalisation & voting, Financial Matters Amendment Draft Bill: briefing	
5 December 2018	Carbon Tax Bill: deliberations	
4 December 2018	Carbon Tax Bill: Treasury & stakeholder input	
27 November 2018	Carbon Tax Bill workshop	
21 November 2018	Committee Report on Financial Sector Transformation Report: Treasury, SARB and NEDLAC response	
20 November 2018	Financial Matters Amendment Bill: Committee Report on Fiscal Framework	

7. PORTFOLIO COMMITTEES

PARLIAMENTARY COMMITTEES		
Standing Committee on Finance (SCOF)		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
14 November 2018	Rates and Monetary Amounts and Amendment of Revenue Laws Bill; Taxation Laws Amendment Bill & Tax Administration Laws Amendment Bill: adoption; PIC Bills & Banks Amendment Bill: deliberations	Matters addressed as presented at the meeting and subsequent responses to follow-up questions.
13 November 2018	Rates and Monetary Amounts & Amendment of Revenue Laws Bill; Taxation Laws Amendment Bill; Tax Administration Laws Amendment Bill	Records available from the committee secretariat or on request from NT.
17 October 2018	Statement on VBS Mutual Bank matter; VAT Panel Report and TLAB & TALAB Bills: Treasury and SARS response	
7 November 2018	VBS Mutual Bank briefing	
6 November 2018	Committee Report on 2018 MTBPS	
31 October 2018	2018 MTBPS: public hearings	
30 October 2018	2018 MTBPS: PBO and FFC briefing	
25 October 2018	2018 MTBPS: Minister and Deputy Minister briefing on the MTBPS	
24 October 2018	2018 MTBPS: Tabling	
17 October 2018	VAT Panel Report and TLAB and TALAB Bills: Treasury Response	
16 October 2018	National Treasury & SARS 2017/18 Annual Report, with Minister & Deputy Minister present	
10 October 2018	Auditor-General Briefing – National Treasury audit	
13 September 2018	Non-VAT aspects: Rates and Monetary Amounts and Amendment of Revenue Laws Bill & Tax Bills: Treasury & SARS responses continued	
12 September 2018	Zero VAT report: stakeholder responses; Taxation Laws & Administration Bills: Treasury & SARS response to submissions	
4 September 2018	Bank Amendment Bill: public hearings	
28 August 2018	VAT Commission report	
21 August 2018	Taxation Laws & Tax Administration Laws Amendment Bills: public hearings; Steinhoff Committee Resolution	
16 August 2018	VAT Panel Recommendations; Taxation Laws Amendment Bill & Tax Administration Laws Amendment Bill: briefing	
15 August 2018	PIC Amendment Bills: hearings	

7. PORTFOLIO COMMITTEES

PARLIAMENTARY COMMITTEES		
Standing Committee on Finance (SCOF)		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
7 June 2018	SAA Quarterly report with Deputy Minister; Carbon Tax Bill: Treasury response to submissions	Matters addressed as presented at the meeting and subsequent responses to follow-up questions.
5 June 2018	Financial Sector Summit preparations; PIC rationale for investment decisions with Deputy Minister	
31 May 2018	PIC Bills: public hearings; partial closure of SAA meeting	Records available from the committee secretariat or on request from NT.
30 May 2018	VBS Mutual Bank and Capitec follow-up meeting	
23 May 2018	SARS on Makwakwa matter; KPMG Report; 2017/18 revenue; Steinhoff; Illicit Financial Flows; Illicit Tobacco Trade	
22 May 2018	PIC Amendment Bill (committee bill)	
16 May 2018	SAA latest quarterly report (meeting postponed)	
15 May 2018	Financial Sector Regulation Act Regulations; NT Budget: Committee Report	
8 May 2018	National Treasury 2018/19 Annual Performance Plan – Minister and Deputy Minister	
2 May 2018	Illicit Tobacco Trade - SARS	
25 April 2018	Rates and Monetary Amounts and Amendment of Revenue Laws (“VAT”) Bill: briefing & public hearings; Davis Tax Committee	
24 April 2018	PIC Amendment Bills briefing with NT and the GEPF input	
17 April 2018	Financial Sector Regulations Act	
27 March 2018	SAA Quarterly Report – with Deputy Minister of Finance	
20 March 2018	Capitec and VBS Mutual Bank briefing	
14 March 2018	Carbon Tax Draft Bill: public hearings	
13 March 2018	SARS follow-up: Makwakwa matter, SARS & KPMG report on SARS Intelligence Unit	
6 March 2018	Committee Report on 2018 Budget: adoption	
2 March 2018	2018 Budget: NT and SARS response to public comments	

7. PORTFOLIO COMMITTEES

Select Committee on Finance		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
29 November 2018	Committee Reports on Rates and Monetary Amounts & Amendment of Revenue Laws Bill & Taxation Laws Amendment Bill	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT.
28 November 2018	Taxation Laws & Administration Amendment Bills; Rates and Monetary Amounts & Amendment of Revenue Laws Bill: public hearings	
27 November 2018	Taxation Laws Amendment Bill; Tax Administration Laws Amendment Bill; Rates and Monetary Amounts and Amendment of Revenue Laws Bill: briefing; Fiscal Framework Committee Report	
6 November 2018	Money Bills Amendment Procedure and Related Matters Amendment Bill: adoption and committee report on metro engagements	
9 October 2018	Money Bills Amendment Procedure and Related Matters Amendment Bill: briefing and written submissions	
12 September 2018	Money Bills Amendment Procedure and Related Matters Amendment Bill: briefing	
11 September 2018	Buffalo City metro progress report	Treasury IGR & Cities Support Programme officials supported the committee
4 September 2018	City of Cape Town on IDP, LED and NDP	Treasury IGR attended to provide support to the committee
21 August 2018	Mangaung and eThekweni Metro Municipality on Integrated Development Programme (IDP), Local Economic Development (LED) and National Development Plan (NDP)	
14 August 2018	Nelson Mandela Bay Municipality on IDP, LED and service delivery	
26 June 2018	Public Audit Amendment Bill: briefing and finalisation	Treasury legal division attended to provide support to the committee
22 June 2018	Free state and Gauteng 2017/18 expenditure outcomes: Provincial Treasury	Treasury IGR attended to provide support to the committee
19 June 2018	KwaZulu-Natal 2017/18 expenditure outcomes: Provincial Treasury	
12 June 2018	Mpumalanga 2017/18 expenditure outcomes: Provincial Treasury	
5 June 2018	Western Cape 2017/18 expenditure outcomes: Provincial Treasury	

7. PORTFOLIO COMMITTEES

Select Committee on Finance		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
29 May 2018	Northern Cape & Limpopo 2017/18 expenditure outcomes: Provincial Treasury	Treasury IGR attended to provide support to the committee
15 May 2018	Eastern Cape 2017/18 expenditure outcomes: Provincial Treasury	

Standing Committee on Public Accounts (SCOPA)		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
6 December 2018	Public Investment Corporation (PIC) financial matters: hearing, with Deputy Minister	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT.
5 December 2018	National Treasury Integrated Financial Management System (IFMS) forensic report: hearing	
4 December 2018	DWS & WTE deviations, irregular, fruitless and wasteful expenditure: hearing; with Minister and Deputy Minister	Treasury OCPO and Public Finance attended to provide support to the committee
28 November 2018	DWS unauthorised, irregular, fruitless & wasteful expenditure: hearing, with Minister and Deputy Minister	
27 November 2018	SIU investigations: progress report; Department of Water and Sanitation challenges: Treasury briefing, with DWS Minister	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT
21 November 2018	Public Investment Corporation (PIC) response to information request, with Deputy Minister	
20 November 2018	Integrated Financial Management System (IFMS) forensic investigation: update, with Deputy Minister	Treasury OCPO attended to provide support to the committee
14 November 2018	SABC on irregular, fruitless & wasteful expenditure: hearing	
13 November 2018	Defaulting municipalities owing Eskom: Inter-Ministerial Task Team; with Minister	

7. PORTFOLIO COMMITTEES

Standing Committee on Public Accounts (SCOPA)		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
7 November 2018	SABC irregular, fruitless and wasteful expenditure: hearing; with Deputy Minister	Treasury OCPO attended to provide support to the committee
29 August 2018	Department of Public Works irregular, fruitless and wasteful expenditure; Prestige Portfolio report; with Minister and Deputy Minister	
28 August 2018	Eskom Quarter 4 expansions & deviations & Tegeta: more information	
22 August 2018	Eskom Quarter 3 & 4 deviations and expansions: hearing	
21 August 2018	Department of Public Works irregular, fruitless and wasteful expenditure: hearing follow-up	
14 June 2018	Municipalities owing Eskom debt: Inter-Ministerial Task Team report	Treasury OCPO and IGR attended to provide support to the committee
13 June 2018	Eskom debt: hearing with municipalities	Treasury OCPO and IGR attended to provide support to the committee
12 June 2018	Department of Defence deviations and expansions: hearing	Treasury OCPO attended to provide support to the committee
12 June 2018	SITA deviations and expansions: hearing	
7 June 2018	Department of Public Works (DPW) deviations & expansions: hearing	
7 June 2018	SARS deviations & expansions: hearing	
6 June 2018	Water and Sanitation & Trans Caledon Tunnel Authority deviations & expansions: hearing with Minister	
5 June 2018	Integrated Financial Management System (IFMS): hearing with National Treasury	
23 May 2018	National Departments & entities deviations & expansions in 2018: National Treasury report	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT
22 May 2018	SASSA irregular, fruitless & wasteful expenditure, deviations: hearing with Minister	Treasury OCPO attended to provide support to the committee
16 May 2018	Municipal Debt owed to Eskom: inputs by Eskom, COGTA, SALGA, National Treasury	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT

7. PORTFOLIO COMMITTEES

Standing Committee on Public Accounts (SCOPA)		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
24 April 2018	SAA 2016/17 financial statements & irregular, fruitless & wasteful expenditure: hearing	Treasury attended to provide support to the committee
6 March 2018	Defaulting municipalities: Eskom briefing	Treasury OCPO attended to provide support to the committee
6 March 2018	Integrated Financial Management Systems (IFMS): National Treasury briefing; with Deputy Minister of Finance	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT

Portfolio Committee on Water & Sanitation		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
14 November 2018	Municipal water debt: Department; COGTA; Treasury; SALGA update	Matters addressed as presented at the meeting and subsequent responses to follow-up questions.
9 October 2018	Department of Water and Sanitation on its 2017/18 Annual Report, with AGSA & Treasury input; with the Minister	
16 May 2018	Department of Water and Sanitation: Auditor-General & Treasury input on audit & financial management; with Minister	Records available from the committee secretariat or on request from NT.
9 May 2018	Department of Water & Sanitation financial position & contested audit: Treasury & Auditor-General briefing	
27 March 2018	Department of Water and Sanitation challenges: SIU, AGSA & National Treasury input	

Portfolio Committee on Trade & Industry		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
11 September 2018	Southern African Customs Union (SACU); with Minister of Finance & Deputy and Minister of Trade and Industry	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT.
12 June 2018	Steel & Sugar Tariffs: DTI, ITAC, SARS; Sugar Industry; Space activities	
7 March 2018	'Debt Intervention' National Credit Amendment Bill: Treasury on constitutionality & response to submissions	

7. PORTFOLIO COMMITTEES

Portfolio Committee on Governance and Traditional Affairs		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
25 April 2018	VBS Bank impact on municipalities' finances; Municipal Councillors Pension Fund	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT.

Portfolio Committee on Public Service Administration, Performance, Monitoring and Evaluation		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
23 May 2018	Integrated Financial Management System: DPSA Deputy Minister, Treasury, SITA	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT.

Portfolio Committee on Social Services		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
24 April 2018	Border Management Authority Bill: deliberations	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from NT.
17 April 2018	Border Management Authority Bill deliberations	

8. SCOPA RESOLUTIONS

There were no SCOPA resolutions adopted in the 2018/19 financial year.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

During the previous financial year 2017/18, the department obtained an unqualified audit opinion with emphasis of matters as discussed in a detailed audit report. To deal with prior-year audit findings, the department prepared the audit action plan which was approved by the Accounting Officer. This is intended to establish a road map for addressing audit findings raised by the external auditors and to define internal control measures that will be put in place to prevent the recurrence of these findings in future. Thereafter, an audit findings register was established to track progress made in resolving the findings on a quarterly basis.

In addition, follow-up meetings are held quarterly to resolve any bottlenecks, particularly on the audit findings that have not met the deadline for resolution. This is done to ensure that there is adequate follow-through and finalisation of the corrective measures within the agreed timelines.

The status of each audit finding in the register is presented to the Audit Committee for review every quarter. From time to time the Audit Committee will instruct internal audit to provide independent confirmation that the findings are resolved as indicated by management.

NATURE OF QUALIFICATION, DISCLAIMER, ADVERSE OPINION AND MATTERS OF NON-COMPLIANCE	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER
Performance targets were found to be lacking in respect of measurability. Performance indicators were not clearly defined. Technical Indicator descriptions were either inadequate, or not adequately aligned to performance targets.	2013/14	The department has made significant progress in developing programme performance indicators that are well defined and verifiable, with associated performance targets that are compliant with the SMART principles. Performance targets and technical indicator descriptions are reviewed internally by Internal Audit and externally by DPME prior to finalisation.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

<p>Misstatements in the annual financial statements.</p>	<p>2015/16</p>	<p>Monthly reconciliations are performed on all control accounts. Checking and verification is done by senior management before sign off by the CFO. Collaboration with key role players that contribute in the preparation of financial statement disclosures is undertaken to ensure completeness and accuracy. Formal reviews of financial statements are performed at different management levels, including the Audit Committee, before submission for approval.</p>
<p>Non-compliance with the normal supply chain management processes and procedures as prescribed in relevant regulations.</p>	<p>2016/17</p>	<p>A revised process has been implemented and meetings of the Bids Steering Committee are taking place as scheduled. No limited bidding process is undertaken without market analysis except where it is impractical to do so. In such cases, reasons are recorded and approved by a properly delegated official.</p>
<p>Deficiencies in the design and implementation of effective internal controls for financial reporting and compliance with legislation.</p>	<p>2017/18</p>	<p>A revised process is being developed for (1) quarterly preparation and review of, accurate and complete financial reports that are supported by reliable information. (2) Develop and monitor the implementation of action plans to address internal control deficiencies. Review and monitor compliance with SCM legislation on a regular basis.</p>

10. INTERNAL CONTROL UNIT

For the 2018/19 financial year, the Internal Control Unit conducted inspections on compliance and financial information. Inspections were performed on all payments related to procurement and transfers. Moreover, inspections were done on commitments and asset reconciliation as well as the interim and annual financial statements. The Internal Control unit also performed the following tasks during the period under review:

- Reported on all compliance matters in term of Section 40 of the Public Finance Management Act (PFMA).
- In collaboration with Internal Audit, followed up on the outstanding audit findings and provided reports on these to the Chief Financial Officer (CFO) and Audit Committee.
- Investigated operational losses and irregular expenditure as well as fruitless and wasteful Expenditure, and provided reports to the CFO on these.
- The Internal Control Unit continued to coordinate control activities within the department to promote efficiency and reduce risks.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal auditing is an independent and objective assurance and consulting activity that is guided by a policy of adding value to improve the operations of the National Treasury, Co-operative Banks Development Agency (CBDA), Government Technical Advisory Centre (GTAC), the Accounting Standards Board (ASB), Programme 7 and the Independent Regulatory Board for Auditors (IRBA). It assists the National Treasury, CBDA, GTAC, ASB, and the IRBA in accomplishing their objectives by bringing a systematic and disciplined approach (an annual and three-year rolling risk-based audit plan) to evaluate and improve the effectiveness of the organisations' governance, risk management and internal control.

Internal Audit (IA) implemented its annual risk-based audit plan for 2018/19 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's Audit Committee and the IRBA's audit and risk committee. 46 Audits were planned for the year, 41 were completed, 2 were still in progress at the end of the year, 2 audits were postponed to 2019/20 and 1 audit was cancelled due to emerging risks, changes in the department and requests from management. All the changes to planned audits were approved by the Audit Committee. For the year, 41 planned audits with an additional 18 ad-hoc audits culminating in 59 audits, were conducted in the predetermined timeframe. This resulted in a 90% per cent completion of the approved 2018/19 internal audit annual plan, and an overall 97 per cent completion of all audits. All audits and other work of the Internal Audit function were conducted in accordance with the International Standards for the Professional Practice of Internal Audit, as issued by the Institute of Internal Auditors (IIA).

The Audit Committee is established as a statutory committee in terms of section 38(1)(a)(ii) of the PFMA and Treasury Regulations. The committee performs an oversight and advisory role to the National Treasury and is accountable to the Accounting Officer, Executive Authority and the public to properly consider and evaluate all matters as per its terms of reference.

The purpose of the committee is to assist the Executive Authority in fulfilling its oversight responsibilities and the Accounting Officer in fulfilling executive duties regarding the financial reporting process, the management of risk, the system of internal control, the audit process, and the department's process for monitoring compliance with laws, regulations and code of conduct. The Committee also has a primary responsibility to the public to form an opinion on the effectiveness of those issues within its ambit, and communicates this in the annual report in terms of the Treasury Regulations.

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

LEGISLATIVE REQUIREMENTS

The Audit Committee herewith presents its report for the financial year ended 31 March 2019, as required by Treasury Regulation 3.1.13 read with section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

MEMBERSHIP AND ATTENDANCE

The members, their qualifications and record of their attendance, is as follows:

NAME OF MEMBER	QUALIFICATIONS	APPOINTMENT DATE	NUMBER OF MEETINGS ATTENDED
Ms Octavia Matloa (Chairperson)	Chartered Accountant (SA), B.Com (Hons) and CTA.	1 March 2016	14 of 14
Ms Anna Badimo	B.Sc Computer Science B.Sc Hons Computer Science MBA, MSC, CISM, CGEIT, CRISC M. InstD, Cobol Programming Diploma, Project Management Diploma and Certificate in IT Auditing.	1 July 2015	13 of 14
Mr Ameen Amod	Master in Business Administration, Bachelor of Commerce, Certificate in Internal Audit (CIA), Certified Government Auditing Professional Auditor and Certification in Risk Management Assurance, Chartered Director (SA)	1 July 2015*	4
Mr Brandon Furstenburg	Master of Science (MSc) in Financial Management, Master of Commerce (MCom) in Economics, BCom Hons, Bcom and FAIS exams: RE1, RE3 & RE5. M.InstD	1 June 2016	14 of 14
Mr Charl de Kock	Masters in IT Auditing, Honours degree in Accounting, Certified Information Systems Auditor (CISA), Certified Internal Auditor (CIA), South African Institute of Professional Accountants (SAIPA)	1 February 2017	12 of 14

12. AUDIT COMMITTEE REPORT

NAME OF MEMBER	QUALIFICATIONS	APPOINTMENT DATE	NUMBER OF MEETINGS ATTENDED
Mr Luyanda Mangquku	Chartered Accountant (SA), Masters in Business Leadership, Honours Bachelor of Accounting and Honours Bachelor of Commerce, Advanced Company Law I & II	1 July 2015*	5
Ms Pumla Mzizi (Chairperson from 1 July 2019)	BCom Honours in Transport Economics CA (SA) BCompt Honours CTA BBusSci Finance Honours	1 October 2018^	9 of 14

* Contracts expired on 30 June 2018.

^Contract commenced in 1 October 2018.

THE AUDIT COMMITTEE'S RESPONSIBILITIES

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1) (a) (ii) of the Public Finance Management Act, 1999 and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

RISK MANAGEMENT

Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and detection of fraud and implementation of effective internal controls. Internal Audit was guided by the consolidated risk profile, provided by the Enterprise Risk Management unit, key audit focus areas and managements inputs in the formulation of its 3-year strategic and annual plans. The Committee relied on Internal Audit and Auditor General South Africa (AGSA) to provide assurance on the effectiveness of the risk management system.

INTERNAL AUDIT

The Accounting Officer is obliged, in terms of the Public Finance Management Act, 1999, to ensure that the entity has a system of Internal Audit under the control and direction of the Audit Committee. The Audit Committee is satisfied that the Internal Audit function has properly discharged its functions and responsibilities during the year under review. The Audit Committee is satisfied that the Internal Audit function maintains an effective internal quality assurance programme that covers all aspects of the Internal Audit activity and that, as determined during the external quality assessment review, a general conformance rating can be applied to the Internal Audit work and that the term "Conforms with the International Standards for the Professional Practice of Internal Auditing" may be used by the function.

12. AUDIT COMMITTEE REPORT

The Committee approved a risk-based three-year rolling strategic internal audit plan and an annual audit coverage plan for the period 1 April 2018 to 31 March 2021 covering the following key audit activities for the 2018/2019 financial year:

TYPE	TOTAL PLANNED AUDITS	TOTAL COMPLETED
Regularity- and Compliance Audit	19	17(89%)
Performance Audit	8	7 (88%)
Information Technology Audit	14	13 (93%)
Compliance Audit	5	4 (80%)
Total planned audits	46	41 (90%)
Postponed Audits	(3)	
Ad hoc audits	18	18 (100%)
Total	61	59 (97%)

**NB All the postponed audits were approved by the Audit Committee.*

Effectiveness of Internal Controls

In line with the Public Finance Management Act, 1999, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their adequacy and efficiency, and by developing recommendations for enhancement or improvement. The Accounting Officer retains responsibility for implementing such recommendations as per Treasury Regulation 3.1.12. The reports of Internal Audit and the AGSA indicated the need to improve the system of internal control in areas pertaining to financial reporting, reporting on pre-determined objectives and compliance with laws and regulations. The Committee concludes that the system on internal control for the period under review has been generally adequate and effective.

Evaluation of Annual Financial Statements and the Annual Performance Information

The Committee has evaluated the annual financial statements and the annual performance information for the year ended 31 March 2019 and duly recommended them for the Accounting Officer's approval prior to being submitted to the Auditor-General for audit. Subsequently the material misstatements corrected were reviewed when the management report of the AGSA was discussed with the Audit Committee. The Audit Committee has discussed the external audit outcomes on the reporting on pre-determined objectives to be included in the annual report with the Auditor General South Africa and the Accounting Officer.

Compliance with Legal and Regulatory Provisions

The Audit Committee is concerned with the non-compliance with supply chain management laws and regulations that resulted in irregular and fruitless and wasteful expenditure.

12. AUDIT COMMITTEE REPORT

Other Identified Concerns

The Committee hereby highlights the following matters of concern:

- High vacancy rates in critical positions;
- Inadequate capacity within the finance unit;
- Inadequate governance and internal controls of the IFMS project;
- The forensic investigation into IFMS 2 was concluded and the forensic report was shared with the Audit Committee. The department is in the process of implementing the outcome of the investigation;
- Lack of consequence management;
- Inadequate ICT general controls; and
- Inability by the Committee to provide adequate oversight over the MSCOA project due to inadequate reporting.

External Audit

We have reviewed the department's implementation plan for audit issues raised in the previous year and based on the interaction with the Department and the internal audit reports, the committee is not satisfied that all matters have been adequately addressed. The Audit Committee is not aware of any unresolved issues with respect to the current audit. The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.

We would like to express our appreciation to the Director-General, Mr. Dondo Mogajane, for his leadership and support, and to Internal Audit and Management for their commitment and achievement of the unqualified audit opinion.

Pumla Mzizi CA(SA)

Ms. Pumla Mzizi CA(SA)

Chairperson of the Audit Committee

National Treasury

Date: 06 September 2019

2018 / 19
NATIONAL TREASURY
ANNUAL REPORT

PART D:
HUMAN RESOURCE
MANAGEMENT



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all Departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

2.1 STATUS OF HUMAN RESOURCES IN THE DEPARTMENT

In the last financial year, the vacancy rate increased to 9.9% compared to 5% in 2017/18 financial year. This has been as a result of the high turnover and the reprioritisation of funded posts to ensure that the Department remains within the ceiling on compensation of employees, introduced through the government budget process.

As part of ensuring sustainable employee engagement, the Department implemented the rotation of employees and encouraged employees to act in vacant unfunded positions for exposure and development. The turnover rate for the period was 13.9%. The rotation of employees and encouraging acting in higher positions ensured that the Department has a diverse set of skills and is able to recruit internally should there be opportunities available. Three interns were appointed in permanent positions during the last financial year and 15 were appointed on contract basis.

The employment equity statistics at the end of the financial year, with respect to persons with disabilities was 0.86% and women at SMS level was at 53.13%. Challenges experienced in recruiting persons with disabilities manifest across all echelons.

There was an increase in awareness and utilisation of the Department's Employee Health and Wellness Programme which has realised 89.6% utilisation in 2018/19 which is a highly improved service as compared to the previous year.

2.2 HUMAN RESOURCE PRIORITIES FOR THE YEAR UNDER REVIEW

The following were priorities for the year under review:

- Attraction of scarce and critical skills at middle and senior management level.
- Employee retention.
- Human resources information management that ensures improved efficiency in Human Resource (HR) processes and decision-making.

2. OVERVIEW OF HUMAN RESOURCES

2.3 WORKFORCE PLANNING AND KEY STRATEGIES TO ATTRACT AND RECRUIT SKILLED AND CAPABLE WORKFORCE

Human Resources Management continues to drive its core strategies to address the workforce challenges identified. Increased integration between Recruitment and Talent Management, has allowed the Department to focus on building talent within the Department rather than relying on appointing talent from external sources. This further supports the retention challenges, in that the Department is focusing on creating internal opportunities for employees, including international secondments, rotation within the Department and promotional opportunities. The Department's Graduate Development Programme continues to build a strong foundation with 60 Interns focusing on scarce and critical skills areas, including economics, tax, finances, auditing and legal. Noting that the current legislation prohibits absorptions into vacant permanent positions, the Department follows the recruitment process to appoint Interns and Chartered Accountant Academy Cadets into some positions.

2.4 EMPLOYEE PERFORMANCE MANAGEMENT

The Department has an approved performance management and development policy for all staff. Senior Management Service (SMS) members entered into performance agreements for the period under review. SMS members who did not sign performance agreements will not be eligible for any reward. The performance evaluations process for 2018/19 is currently underway and will be finalised before 30 December 2019 in line with DPSA Directive. The performance management system of the Department has been enhanced with the review of the performance management and reward policies. This has encouraged a stronger culture of high performance across the Department and has assisted in identifying shortfalls that can speedily be addressed through development programmes.

2.5 EMPLOYEE HEALTH AND WELLNESS PROGRAMME

The Employee Health and Wellness programme is fully operational in the Department. 1 076 employees have undergone health risk assessments in the 2018/19 financial year. Employees in the Department as well as their immediate family members have access to a 24-hour counselling service, which is available either telephonically or face-to-face.

2. OVERVIEW OF HUMAN RESOURCES

2.6 ACHIEVEMENTS AND CHALLENGES FACED BY THE DEPARTMENT

ACHIEVEMENTS

The priorities over the past year have been focused on attraction of scarce and critical skills. In addition, emphasis has been placed on improving HR processes across the HR cycle to enhance accountability and improve efficiencies within the Human Resources Management Chief Directorate. Employee engagement had been highlighted as requiring increased focus and this was prioritised during 2018/19. Highly engaged employees feel they are valued and have a real stake in the organisation, they strive to efficiently create new products, services and processes.

CHALLENGES

The skill combination sets required by the Department in terms of technical skill merged in a single position (e.g. Economics, Health and Policy Analysis) creates unique challenges that require unique strategies. This combined with various regulatory requirements that must be adhered to, places the Department in a position where internal development and skills transfer become key strategies to ensuring capacity requirements are met. The limited flexibility within the existing structure still remains a challenge. Even though the Department managed to promote internally from middle management to senior management positions, the fiscal challenges faced by the Department currently makes it difficult to fill positions that are vacated by middle managers and other junior positions. As a result, it leaves senior managers to perform both functions of middle and senior management services within their functional areas. This is further aggravated by a lack of meeting employee's financial needs in order to retain skills. Interns are appointed in permanent positions after completing their internship programme, through the recruitment process. The Department is undergoing an organisational optimisation process, which is envisaged to minimise these challenges.

2.7 FUTURE HUMAN RESOURCE PLANS/GOALS

- Enhance talent development and retention that is aligned to the Departmental strategic objectives.
- Enhance employee engagement initiatives.
- Improve compliance with the legislative framework.
- Improve efficiency in HR processes and decision-making.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 PERSONNEL RELATED EXPENDITURE

TABLE 3.1.1 Personnel expenditure by programme for the period 1 April 2018 to 31 March 2019

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	PROFESSIONAL AND SPECIAL SERVICES (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)*
Programme 1 Administration	424 274	190 837	1 302	12 304	45.0	582
Programme 2 Economic Policy, Tax, Financial Regulation and Research	138 756	73 003	561	31 201	52.6	936
Programme 3 Public Finance and Budget Management	295 370	213 854	165	4 627	72.4	859
Programme 4 Asset and Liability Management	91 185	73 813	73	987	80.9	785
Programme 5 Financial Systems and Accounting	869 104	206 944	437	119 450	23.8	778
Programme 6 International Financial Relations	5 807 686	31 893	107	0	0.5	966

3. HUMAN RESOURCES OVERSIGHT STATISTICS

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	PROFESSIONAL AND SPECIAL SERVICES (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)*
Programme 7 Civil and Military Pensions, Contributions to Funds and other benefits	5 020 100	0	0	64 488	0	0
Programme 8 Technical and Management Support and Development Finance	2 235 067	0	0	349 010	0	0
Programme 9 Revenue Administration	9 007 217	0	0	0	0	0
Programme 10 Financial Intelligence and State Security	4 763 533	0	0	0	0	0
Total	28 652 292	790 344	2 645	582 067	2.8	754

* Note: Percentage of average personnel cost per employee calculated based on the number of employees in table 3.1.1. Minister and Deputy Minister personnel expenditure included in total.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.1.2 Personnel costs by salary band for the period 2018/19

SALARY BANDS	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)***
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	11 754	1.5	49	240
Highly skilled production (Levels 6-8)	102 395	13.0	265	386
Highly skilled supervision (Levels 9-12)	365 808	46.5	477	767
Senior management (Levels 13-16)	306 008	39.9	255	1 200
Total**	785 965	100	1 046	751

** Note: Minister and Deputy Minister personnel expenditure not included in total.

*** Note: Percentage of average personnel cost per employee calculated based on the number of employees in table 3.1.2.

The following tables provide a summary, per programme (Table 3.1.3) and salary band (Table 3.1.4), of expenditure incurred as a result of salaries, overtime, home owners' allowance (HOA) and medical assistance. In each case, the table indicates the percentage of the personnel budget used for these items.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.1.3 Salaries, overtime, home owners' allowance and medical aid by programme for the period 2018/19

PROGRAMME	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
	AMOUNT (R'000)	SALARIES AS A % OF PERSONNEL COST ****	AMOUNT (R'000)	OVERTIME AS A % OF PERSONNEL COST ****	AMOUNT (R'000)	HOA AS A % OF PERSONNEL COST ****	AMOUNT (R'000)	MEDICAL ASSISTANCE AS A % OF PERSONNEL COST ****
Programme 1	129 999	68.1	1 131	0.6	2 866	1.5	5 467	2.9
Programme 2	49 045	67.2	0	0	346	0.5	894	1.2
Programme 3	146 282	68.4	205	0.1	2 194	1.0	3 101	1.5
Programme 4	51 333	69.5	0	0	890	1.2	1 496	2.0
Programme 5	144 897	70.0	0	0	2 352	1.1	3 956	1.9
Programme 6	18 794	58.9	73	0.2	157	0.5	637	2.0
Programme 7	0	0	0	0	0	0	0	0
Programme 8	0	0	0	0	0	0	0	0
Total****	540 350	68.4	1 409	0.2	8 805	1.1	15 551	2.0

**** Note: Percentages of personnel cost of salaries, overtime, HOA and medical assistance are calculated on the total personnel expenditure per programme in table 3.1.1

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.1.4 Salaries, overtime, home owners' allowance and medical aid by salary band for the period 2018/19

SALARY BANDS	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
	AMOUNT (R'000)	SALARIES AS A % OF PERSONNEL COST	AMOUNT (R'000)	OVERTIME AS A % OF PERSONNEL COST	AMOUNT (R'000)	HOA AS A % OF PERSONNEL COST	AMOUNT (R'000)	MEDICAL ASSISTANCE AS A % OF PERSONNEL COST*****
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	7 872	67.0	308	2.6	596	5.1	928	7.9
Highly skilled production (Levels 6-8)	76 995	75.2	519	0.5	2 855	2.8	5 382	5.3
Highly skilled supervision (Levels 9-12)	255 335	69.8	582	0.2	3 349	0.9	6 779	1.9
Senior management (Levels 13-16)	197 517	64.5	0	0	2 005	0.7	2 462	0.8
Total *****	537 719	68.4	1 409	0.2	8 805	1.1	15 551	2.0

***** Note: Minister and Deputy Minister personnel expenditure not included in total.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.2 EMPLOYMENT AND VACANCIES

Table 3.2.1 Employment and vacancies by programme as at 31 March 2019

PROGRAMME	NUMBER OF FUNDED POSTS	HEADCOUNT	VACANCY RATE %	NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT
Programme 1	364	328	9.9	76
Programme 2	98	78	20.4	1
Programme 3	274	249	9.1	4
Programme 4	107	94	12.1	4
Programme 5	284	266	6.3	31
Programme 6	36	33	8.3	2
Programme 7	0	0	0	0
Programme 8	0	0	0	0
Total	1 163	1 048	9.9	118

NB: Minister and Deputy Minister included in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2019

SALARY BANDS	NUMBER OF POSTS	HEADCOUNT	VACANCY RATE %	NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	51	49	3.9	2
Highly skilled production (Levels 6-8)	282	265	6.0	77
Highly skilled supervision (Levels 9-12)	529	477	9.8	32
Senior management (Levels 13-16)	301	257	14.6	7
Total	1 163	1 048	9.9	118

NB: Vacancy reduced by additional appointments. Minister and Deputy Minister included in totals

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2019

No formal critical occupations were approved for the National Treasury.

3.3 FILLING OF SMS POSTS

Table 3.3.1 SMS post information as at 31 March 2019

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Director-General/ Head of Department	1	1	100.0	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	12	8	66.7	4	33.3
Salary Level 14	63	53	84.1	10	15.9
Salary Level 13	223	193	86.5	30	13.5
Total	299	255	85.3	44	14.7

Minister and Deputy Minister excluded in totals.

Table 3.3.2 SMS post information as at 30 September 2018

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Director-General/ Head of Department	1	1	100.0	0	0
Salary Level 16	0	0	0.0	0	0
Salary Level 15	12	9	75.0	3	25
Salary Level 14	63	57	90.4	6	9.6
Salary Level 13	223	197	88.3	26	11.7
Total	299	263	88	35	11

Minister and Deputy Minister excluded in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 to 31 March 2019

SMS LEVEL	ADVERTISING	FILLING OF POSTS	
	NUMBER OF VACANCIES PER LEVEL ADVERTISED WITHIN 6 MONTHS OF BECOMING VACANT	NUMBER OF VACANCIES PER LEVEL FILLED WITHIN 6 MONTHS OF BECOMING VACANT	NUMBER OF VACANCIES PER LEVEL NOT FILLED WITHIN 6 MONTHS BUT FILLED WITHIN 12 MONTHS
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	6	3	3
Salary Level 13	29	7	3
Total	35	10	6

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS – Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2018 to 31 March 2019

REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS
Due to departmental financial constraints, the DG has requested the DDG: CS, the CFO and the CD: HR to analyse and review capacity needs within the department. This would have to be accommodated in and aligned to the compensation of employees (CoE) budget. The implication is that certain positions had to be put on hold after being vacated to first consider all the positions deemed critical by the department and to advertise them upon the CFO's confirmation of funding.
REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS
Reasons include the department choosing to have acting appointments so as to recruit internally, other reasons include inability to find a good pool of skills for recruiting.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 to 31 March 2019

REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS
<p>Currently the department's executive has taken a decision to only advertise critical technical positions as National Treasury needs to ensure alignment with the department's CoE budget in order to reduce and monitor the wage bill.</p> <p>Filling of positions is controlled by the availability of funding. Even if a position becomes vacant, filling it would depend on the needs of the department at that point in time. Hence the current resolution is to review the organisational structure to address the above-mentioned matters.</p>
REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS
<p>The EXCO ensures that all recruitment activities are aligned with the compensation of employees' budget and that the department remains within the budget allocated per financial year. The time it takes for the executives to recommend and approve posts, influences the average period within which such posts can be filled. However, the actual recruitment process to fill posts is within the DPSA's recommended timeline, which is within six months.</p>

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.4 JOB EVALUATION

Table 3.4.1 Job evaluation by salary band for the period 1 April 2018 to 31 March 2019

SALARY BAND	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF JOBS EVALUATED	% OF POSTS EVALUATED BY SALARY BANDS	POSTS UPGRADED		POSTS DOWNGRADED	
				NUMBER	% OF POSTS EVALUATED	NUMBER	% OF POSTS EVALUATED
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	51	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	282	7	2.5	0	0	0	0
Highly skilled supervision (Levels 9-12)	529	12	2.3	0	0	0	0
Senior Management Service Band A	223	15	6.7	0	0	0	0
Senior Management Service Band B	63	3	4.8	0	0	0	0
Senior Management Service Band C	12	1	8.3	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
Total	1163	38	3.3	0	0	0	0

NB: Minister and Deputy Minister included in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.4.2 Profile of employees whose salary positions were upgraded due to their posts being upgraded for the period 1 April 2018 to 31 March 2019

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	0	0	0	0	0
Male	0	0	0	0	0
Employees with a disability	0	0	0	0	0
Total	0	0	0	0	0

Table 3.4.3 Employees with salary levels higher than determined by job evaluation by occupation for the period 1 April 2018 to 31 March 2019 (in terms of PSR 1.V.C.3)

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR DEVIATION
	0	0	0	
Total number of employees whose salaries exceeded the level determined by job evaluation				
<i>Percentage of total employed (1048 as at 31 March 2019)</i>				

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 to 31 March 2019 (in terms of PSR 1.V.C.3)

Total number of employees whose salaries exceeded the grades determined by job evaluation	None
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3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.5 EMPLOYMENT CHANGES

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 to 31 March 2019

SALARY BAND	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD 31 MARCH 2018	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE %
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	49	2	0	0
Highly skilled production (Levels 6-8)	275	43	47	18.9
Highly skilled supervision (Levels 9-12)	512	20	50	10.7
Senior Management Service Band A	217	6	39	19.4
Senior Management Service Band B	58	4	12	20.7
Senior Management Service Band C	14	1	8	57.1
Senior Management Service Band D	3	1	1	33.3
Total	1 128	77	157	13.9

NB: Minister and Deputy Minister included in totals (Senior Management Service Band D).

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2019

No formal critical occupations were approved for the National Treasury.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.5.3 Reasons why staff left the department for the period 1 April 2018 to 31 March 2019

TERMINATION TYPE	NUMBER	% OF TOTAL RESIGNATIONS
Death	3	1.9
Resignation	76	48.4
Expiry of contract	52	33.1
Dismissal – operational changes	0	0
Dismissal – misconduct	3	1.9
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	8	5.1
Transfer to other public service departments	15	9.6
Other	0	0
Total	157	100
Total number of employees who left as a % of total employment (1048 as at 31 March 2019)		15

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 to 31 March 2019

No formal critical occupations were approved for the National Treasury.

Table 3.5.5 Promotions by salary band for the period 1 April 2018 to 31 March 2019

SALARY BAND	EMPLOYEES 31 MARCH 2018	PROMOTIONS TO ANOTHER SALARY LEVEL	SALARY BAND PROMOTIONS AS A % OF EMPLOYEES BY SALARY LEVEL
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	49	0	0
Highly skilled production (Levels 6-8)	275	0	0
Highly skilled supervision (Levels 9-12)	512	11	2.1
Senior management (Levels 13-16)	292	7	2.4
Total	1 128	18	1.6

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.6 EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2019

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	73	10	12	24	88	6	10	30	253
Professionals	187	13	6	26	217	6	8	21	484
Technicians and associate professionals	29	3	1	2	94	7	2	23	161
Clerks	29	0	0	0	65	1	3	11	109
Service and sales workers	17	0	0	0	11	0	0	0	28
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	8	0	0	0	5	0	0	0	13
Total	343	26	19	52	480	20	23	85	1 048
Employees with disabilities	0	2	0	0	0	0	0	0	2

NB: Minister and Deputy Minister included in totals (legislators, senior officials and managers).

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2019

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management	7	1	2	1	6	0	0	2	19
Senior management	69	11	10	25	85	6	10	29	245
Professionally qualified and experienced specialists and mid-management	135	8	6	21	136	8	4	24	342
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	109	4	1	4	234	6	9	30	397
Semi-skilled and discretionary decision making	23	2	0	1	19	0	0	0	45
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	343	26	19	52	480	20	23	85	1 048

NB: Minister and Deputy Minister included in totals (top management).

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	2	0	0	0	0	0	0	0	2
Senior management (13-14)	3	0	0	0	7	0	0	1	11
Professionally qualified and experienced specialists and mid-management (9-12)	11	0	1	0	7	0	1	0	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (6-8)	15	0	0	0	27	0	0	0	42
Semi-skilled and discretionary decision making (3-5)	2	0	0	0	0	0	0	0	2
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
Total	33	0	1	0	41	0	1	1	77
Employees with disabilities	0	0	0	0	0	0	0	0	0

NB: Minister and Deputy Minister included in totals (top management).

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	0	0	0	0	0	0	0	0	0
Senior management (13-14)	3	0	1	0	2	0	0	1	7
Professionally qualified and experienced specialists and mid-management (9-12)	5	0	0	1	5	0	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making (3-5)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
Total	8	0	1	1	7	0	0	1	18
Employees with disabilities	0	0	0	0	0	0	0	0	0

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	5	0	0	2	1	0	0	0	8
Senior management (13-14)	25	1	2	9	11	1	1	2	52
Professionally qualified and experienced specialists and mid-management (9-12)	20	1	1	1	21	0	2	4	50
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (6-8)	16	0	0	1	23	2	2	3	47
Semi-skilled and discretionary decision making (3-5)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
Total	66	2	3	13	56	3	5	9	157
Employees with disabilities									

NB: Minister and Deputy Minister included in totals (Top management).

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019

DISCIPLINARY ACTION	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
	3	0	0	0	1	0	0	0	4

Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

OCCUPATIONAL CATEGORIES	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	39	4	3	5	54	1	3	12	121
Professionals	92	0	2	9	158	5	2	7	275
Technicians and associate professionals	38	0	3	2	66	2	0	20	131
Clerks	74	0	0	0	97	1	9	1	182
Service and sales workers	3	1	0	0	2	0	0	0	6
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Elementary occupations	0	0	0	0	2	0	0	0	2
Total	247	5	8	16	379	9	14	40	718
Employees with disabilities	0	2	0	0	0	0	0	0	2

NB: Minister and Deputy Minister not included in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

To encourage good performance, the department granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 3.7.1), salary bands (Table 3.7.2) and critical occupations (Table 3.7.3).

Table 3.7.1 Signing of Performance Agreements by SMS members as at 31 May 2018

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS MEMBERS	TOTAL NUMBER OF SIGNED PERFORMANCE AGREEMENTS	SIGNED PERFORMANCE AGREEMENTS AS % OF TOTAL NUMBER OF SMS MEMBERS
Director-General/ Head of Department	1	1	1	100
Salary Level 16	0	0	0	0
Salary Level 15	8	8	6	75
Salary Level 14	55	55	50	91
Salary Level 13	206	206	199	97
Total	270	270	256	95

NB: Minister and Deputy Minister not included in totals.

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as at 31 May 2018

STATUS	13	14	15	16	TOTAL	REASONS
Performance agreements not signed	14	5	2	0	21	Temporary incapacity leave, abscondment and secondment
Total	14	5	2	0	21	

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as at 31 May 2018

Warning letters were issued.

3.8 PERFORMANCE REWARDS

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance rewards by race, gender, and disability for the period 1 April 2017 to 31 March 2018

RACE AND GENDER	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN GROUP	COST (R'000)	AVERAGE COST PER EMPLOYEE
African	659	865	76	8 520	12 974.92
Male	266	369	72	3 642	13 694.68
Female	393	496	79	4 878	12 411.12
Asian	35	48	73	629	17 970.03
Male	14	21	67	297	21 192.64
Female	21	27	78	332	15 821.62
Coloured	44	52	85	749	17 022.66
Male	22	29	76	390	17 720.23
Female	22	23	96	359	16 325.09
White	135	158	85	2 188	16 207.27
Male	55	65	85	969	17 616.24
Female	80	93	86	1 219	15 238.60
Total	873	1123	78	12 086	13 844.54

NB: Minister, Deputy Minister, Director-General (HOD) and the two Minister Special Advisors are excluded in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE (R'000)	
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	41	50	82	1 778	4 336.56	0.02
Highly skilled production (Levels 6-8)	192	273	70	1 435	7 413.96	0.18
Highly skilled supervision (Levels 9-12)	436	510	85	5 833	378.44	0.73
Total	669	833	80	9 046	130.05	0.93

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

No formal critical occupations were approved for the National Treasury.

Table 3.8.4 Performance related rewards (cash bonus), by salary band, for SMS for the period 1 April 2017 to 31 March 2018

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Band A	156	220	71	3 287	21 070.51	0.41
Band B	42	59	71	1 175	27 976.19	0.14
Band C	6	11	55	208	36 666.67	0.03
Band D	0	0	0	0	0	0
Total	204	290	70	4 670	0	0.58

NB: Minister, Deputy Minister, Director-General (HOD) and the two Minister Special Advisors are excluded in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.9 FOREIGN WORKERS

Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 to 31 March 2019

SALARY BAND	MARCH 2018		MARCH 2019		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	9	43	7	44	-2	22
Senior management (Levels 13-16)	12	57	9	56	-3	25
Total	21	100	16	100	-5	24

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 to 31 March 2019

MAJOR OCCUPATION	MARCH 2018		MARCH 2019		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Senior management	12	57	9	56	-3	25
Professional qualified	9	43	7	44	-2	22
Skilled technical	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0
Total	21	100	16	100	-5	24

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.10 LEAVE UTILISATION

Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2018

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING SICK LEAVE	% OF TOTAL EMPLOYEES USING SICK LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	300	80	43	4	7	271
Highly skilled production (Levels 6-8)	1 706	72	250	15	7	2 542
Highly skilled supervision (Levels 9-12)	2 868	72	434	15	7	8 013
Senior management (Levels 13-16)	1 323	72	217	16	6	5 536
Total	6 197	72	944	90	7	16 362

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

SALARY BAND	TOTAL DAYS TAKEN	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING DISABILITY LEAVE	% OF TOTAL EMPLOYEES USING DISABILITY LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	36	100	1	2	36	36
Highly skilled production (Levels 6-8)	706	100	16	36	44	1 123
Highly skilled supervision (Levels 9-12)	691	100	24	53	29	2 021
Senior management (Levels 13-16)	95	100	4	9	24	394
Total	1 528	100	45	100	34	3 574

Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2018

SALARY BAND	TOTAL DAYS TAKEN	NUMBER OF EMPLOYEES USING ANNUAL LEAVE	AVERAGE PER EMPLOYEE
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	1 074	47	23
Highly skilled production (Levels 6-8)	6 453	307	21
Highly skilled supervision (Levels 9-12)	12 204	519	24
Senior management (Levels 13-16)	6 998	309	23
Total	26 729	1 182	23

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018

SALARY BAND	TOTAL DAYS OF CAPPED LEAVE TAKEN	NUMBER OF EMPLOYEES USING CAPPED LEAVE	AVERAGE NUMBER OF DAYS TAKEN PER EMPLOYEE	AVERAGE CAPPED LEAVE PER EMPLOYEE AS ON 31 DECEMBER 2018
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	33
Highly skilled production (Levels 6-8)	19	3	6	17
Highly skilled supervision (Levels 9-12)	17	6	3	30
Senior management (Levels 13-16)	4	2	2	37
Total	40	11	4	29

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave payouts for the period 1 April 2018 to 31 March 2019

REASON	TOTAL AMOUNT (R'000)	NUMBER OF EMPLOYEES	AVERAGE PER EMPLOYEE (R'000)
Leave payout for 2018/19 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2018/19	1 161	6	193
Current leave payout on termination of service for 2018/19	3 235	109	30
Total	4 396	115	223

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.11. HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

UNITS/CATEGORIES OF EMPLOYEES IDENTIFIED TO BE AT HIGH RISK OF CONTRACTING HIV & RELATED DISEASES (IF ANY)	KEY STEPS TAKEN TO REDUCE THE RISK
The National Treasury provides regular health screenings through the on-site clinic. The highest trend of health issues noted is employees with signs of obesity and pre-hypertension. Pre-hypertension is a blood pressure that is higher than normal but not high enough to be deemed high blood pressure.	Employees are encouraged to follow a work-life balance by following exercise programmes and a healthy diet.

Table 3.11.2 Details of health promotion and HIV/AIDS programmes

QUESTION	YES	NO	DETAILS, IF YES
1. Has the department designated a member of the SMS to implement the provisions contained in Chapter 4, Part 3, Regulation 55 of the Public Service Regulations, 2016? If so, provide her/his name and position.	✓		The department has appointed an SMS member to implement the provisions contained in Chapter 4, Part 3, Regulation 55 of the Public Service Regulations, 2016.
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		The Employee Health and Wellness Unit is a Sub-Directorate of the Organisational Development Directorate within the Chief Directorate: Human Resources Management. The EWP Unit is run by a Wellness Specialist (Assistant Director). The unit has a budget of R3.8 million to utilise over a period of 3 years.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	✓		The National Treasury provides Employee Assistance Programmes under its programme brand of Siyaphila. Siyaphila is a confidential, free, 24-hour, 365-day, personal support line for the National Treasury (NT) employees and their immediate family members. These services include; counselling services, wellness management, HIV/AIDS management, primary health care services and productivity management.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

QUESTION	YES	NO	DETAILS, IF YES
4. Has the department established (a) committee(s) as contemplated in Chapter 4, Part 3, Regulation 55 of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	✓		The committee consists of employees across the Department in various divisions: 1. Neethling Francois 2. Leeuw Faith 3. Tau Alfred 4. Maupye Velencia 5. Makobe Lerato 6. Modibane Caroline 7. Molefe Lebogang 8. Malope Betty 9. Gwangwa Kelebogile 10. Majola Mmule 11. Ndzala Zalisile 12. Dodo Xolisa 13. Rudolph Judith 14. Mdzikwa Julia 15. Magoro Ditshego 16. Guma Nomvuyo 17. Kgare Reuben 18. Kruger Chris
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	✓		The HIV/AIDS and TB Management Policy has been reviewed and approved by the Director-General.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	✓		Confidentiality clauses have been in place and are still enforced. New infections are managed by the Primary Health Care personnel.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

QUESTION	YES	NO	DETAILS, IF YES
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	✓		122 employees voluntarily tested for HIV/AIDS during the financial year. The department has a clinic on-site providing primary health care services. The clinic is occupied by a nurse twice a week, for four hours on each day, and a doctor one day a week. The services are free and provide employees with an opportunity to do voluntary testing. In addition to this, the Siyaphila programme hosts wellness events where employees also have the opportunity to do voluntary counselling and testing.
8. Has the department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		Rate of absenteeism. Number of health-related complaints. Voluntary HIV/AIDS reports (that do not compromise confidentiality). Wellness cards to continuously monitor and improve on health risk assessments. Quarterly and annual utilisation statistics of services (reach – one new employee, as well as utilisation including repeat users of numerous contact points).

3.12. LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2018 to 31 March 2019

SUBJECT MATTER	DATE
None	N/A

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 to 31 March 2019

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL
Dismissal	3	60
Not guilty	1	20
Three (3) months suspension without pay	1	20
Total	5	100

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 to 31 March 2019

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
Assault	1	14.3
Refusal to sign performance agreement and insubordination	1	14.3
Absenteeism	1	14.3
Submission of fraudulent documents	2	28.5
Abuse of the state vehicle	1	14.3
Poor work performance	1	14.3
Total	7	100

Table 3.12.4 Grievances lodged for the period 1 April 2018 to 31 March 2019

GRIEVANCES	NUMBER	% OF TOTAL
Number of grievances resolved	6	54
Number of grievances not resolved	5	46
Total number of grievances lodged	11	100

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2018 to 31 March 2019

DISPUTES	NUMBER	% OF TOTAL
Number of disputes upheld	0	0
Number of disputes dismissed	1	11.1
Number of disputes pending	7	78
Number of disputes lodged	1	11.1
Total number of disputes lodged	9	100

Table 3.12.6 Strike actions for the period 1 April 2018 to 31 March 2019

Total number of persons working days lost	0
Total cost of working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.12.7 Precautionary suspensions for the period 1 April 2018 to 31 March 2019

Number of people suspended	4
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	608
Cost of suspensions	1 634 964.28

3.13. SKILLS DEVELOPMENT

Table 3.13.1 Training needs identified as at 31 March 2018

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2018	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	137	0	67	0	67
	Male	153	0	72	0	72
Professionals	Female	269	13	136	0	149
	Male	236	15	134	0	149
Technicians and associated professionals	Female	136	0	52	0	52
	Male	44	0	24	0	24
Clerks	Female	81	0	78	36	114
	Male	29	0	38	24	62
Service and sales workers	Female	11	0	10	0	10
	Male	18	0	3	0	3
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

3. HUMAN RESOURCES OVERSIGHT STATISTICS

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2018	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Skilled agriculture	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Elementary occupations	Female	5	0	3	0	3
	Male	8	0	0	0	0
Subtotal	Female	639	13	346	36	395
	Male	489	15	271	24	310
Total		1 128	28	617	60	705

** Note: Minister and Deputy Minister not included in total.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.13.2 Training provided for the period 1 April 2018 to 31 March 2019

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2018	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	137	0	70	0	70
	Male	153	0	51	0	51
Professionals	Female	269	54	118	0	172
	Male	236	18	85	0	103
Technicians and associated professionals	Female	136	0	88	0	88
	Male	44	0	43	0	43
Clerks	Female	81	0	7	101	108
	Male	29	0	3	71	74
Service and sales workers	Female	11	0	2	0	2
	Male	18	0	4	0	4
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators & assemblers	Female	0	0	0	0	0
	Male	1	0	1	0	1
Elementary occupations	Female	5	0	2	0	2
	Male	8	0	0	0	0
Subtotal	Female	639	54	287	101	442
	Male	489	18	187	71	276
Total		1 128	72	474	172	718

** Note: Minister and Deputy Minister not included in total.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.14. INJURY ON DUTY

Table 3.14.1 Injuries on duty for the period 1 April 2018 to 31 March 2019

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
Required basic medical attention only	7	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	7	100

3.15. UTILISATION OF CONSULTANTS

The following tables relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 to 31 March 2019

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	CONTRACT VALUE IN RAND
Eighty Twenty Consulting	Not specified	3 years	487 806.00
Cool Ideas	EOI005-2017: Appointment of a service provider for the development of standard operating procedures (SOPS) manuals; the design and development of the training support materials for the long-term advisors (LTA) and the technical advisors (TAS) to build financial management capacity in municipalities for the period of 12 months.	1 year	3 236 400.00
H&P IT Empowerment (Pty) Ltd	RFO030-2017: Appointment of a service provider(s) for the development of a three-day high level outcomes based non-credit bearing asset management learning programme on training material for the health sector for a period of four (4) months	4 months	485 640.00
Sekela Xabiso	RFQ011-2017: Appointment of a service provider to provide support pertaining to the implementation of chapter 13 of the MFMA	1 year	758 459.71
Deloitte & Touche	RFQ011-2017: Appointment of a service provider to provide technical support pertaining to the implementation of chapter 13 of the MFMA	8 months	Panel appointment, only utilised on a need basis
PricewaterhouseCoopers	RFQ011-2017: Appointment of a service provider to provide technical support pertaining to the implementation of chapter 13 of the MFMA	11 months	Panel appointment, only utilised on a need basis
Infinitum Software Solutions (Pty)Ltd	NT011-2017: Appointment of a service provider for data mining, cleaning, categorisation, integration, visualisation, reporting tool and services to the office of the Chief Procurement Officer, for the period of 12 months	1 year	4 200 000.00

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.15.2 Report on consultant appointments using Donor funds for the period 1 April 2018 to 31 March 2019

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	DONOR AND CONTRACT VALUE IN RAND
Cool Ideas	EOI005-2017: Appointment of a service provider for the development of standard operating procedures (SOPS) manuals; the design and development of the training support materials for the long-term advisors (LTA) and the technical advisors (TAS) to build financial management capacity in municipalities for the period of 12 months.	1 year	3 236 400.00
H&P IT Empowerment (Pty) Ltd	RFO030-2017: Appointment of a service provider(s) for the development of a three-day high-level outcomes based non-credit bearing asset management learning programme training on material for the health sector for a period of four (4) months	4 months	485 640.00

Table 3.15.3 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 to 31 March 2019

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
Development Co-operation Management Information System (DCMIS)	1	0	2

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.16. SEVERANCE PACKAGES

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2018 to 31 March 2019

SALARY BAND	NUMBER OF APPLICATIONS RECEIVED	NUMBER OF APPLICATIONS REFERRED TO THE MPSA	NUMBER OF APPLICATIONS SUPPORTED BY THE MPSA	NUMBER OF PACKAGES APPROVED BY DEPARTMENT
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

2018 / 19
NATIONAL TREASURY
ANNUAL REPORT

PART E:
FINANCIAL INFORMATION



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.7 NATIONAL TREASURY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the National Treasury set out on pages 268 to 375 which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Treasury as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act No.1 of 2018) (DoRA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

EMPHASIS OF MATTERS

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Irregular expenditure

7. As disclosed in note 25 to the financial statements, the department incurred irregular expenditure of R466 million, as a result of non-compliance with applicable procurement legislation.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.7 NATIONAL TREASURY

Fruitless and wasteful expenditure

8. As disclosed in note 26 to the financial statements, the department incurred fruitless and wasteful expenditure of R66 million, as payments were made for which no services were received.

Restatement of corresponding figures

9. As disclosed in note 38 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the department at, and for the year ended, 31 March 2019.

OTHER MATTER

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

11. The supplementary information set out on pages 376 to 435 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on it.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the National Treasury's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.7 NATIONAL TREASURY

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the Annual Performance Report
Programme 2 – Economic Policy, Tax, Financial Regulation and Research	85 – 90
Programme 8 – Technical and Management Support and Development Finance	174 – 178

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.7 NATIONAL TREASURY

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the reliability of the selected programmes are as follows:

PROGRAMME 2 - ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH

21. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of these targets. This was due to limitations placed on the scope of my work to substantiate the completeness of the reported achievements of the targets. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator	Target	Actual
2.1.1 Number of papers published in association with academic research institutions	50	50
2.4.5 Percentage response to users' requests for economic research and policy analysis, and assessments of government policy proposals	100%	100%
2.4.6 Percentage response to user requests for policy and scenario modelling	100%	100%
2.4.7 Percentage response to user requests for commentaries on economic data	100%	100%

PROGRAMME 8 - TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE

8.1.5 NUMBER OF PERFORMANCE AND EXPENDITURE REVIEWS SUPPORTED

22. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 5 performance and expenditure reviews supported. This was due to limitations placed on the scope of my work to substantiate the completeness of the reported achievement of the target. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 5 performance and expenditure reviews supported, as reported in the annual performance report.

OTHER MATTERS

23. I draw attention to the matters below.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.7 NATIONAL TREASURY

ACHIEVEMENT OF PLANNED TARGETS

24. Refer to the annual performance report on pages 72 to 180 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 21 and 22 of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2 - Economic Policy, Tax, Financial Regulation and Research and Programme 8 - Technical and Management Support and Development Finance. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported in paragraph 21 and 22 above.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
27. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

29. Some of the goods and services with a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by treasury regulations 16A6.1 and 16A6.4. Similar non-compliance was reported in the prior year.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.7 NATIONAL TREASURY

30. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with the policies of the department, as required by treasury regulation 16A6.2 (a), (b) and (c). This non-compliance related to transversal contracts facilitated by the department.
31. Some of the contracts were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. This non-compliance related to transversal contracts facilitated by the department. Similar non-compliance was reported in the prior year.
32. Some of the contracts were awarded to bidders based on pre-qualification criteria that is in contravention of preferential procurement regulation 4(1) and 4(2) of 2017. This non-compliance also relates to transversal contracts facilitated by the department.
33. Tender requirements for some of the contracts above R30 million did not include a condition for mandatory subcontracting to advance designated groups, as required by the preferential procurement regulation 9(1) of 2017.
34. Some contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulation 8.1 and 8.2.

EXPENDITURE MANAGEMENT

35. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R466 million, as disclosed in note 25 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with supply chain management processes.
36. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R66 million, as disclosed in note 26 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The fruitless and wasteful expenditure was incurred on the Integrated Financial Management System (IFMS 2) project.

OTHER INFORMATION

37. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
38. My opinion on the financial statements, findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.7 NATIONAL TREASURY

39. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
40. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

41. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
42. Instability in key leadership positions had a significant impact on the performance of the department and contributed towards the decline in internal control.
43. An audit action plan was developed and a committee was established to monitor the implementation of the action plan to address internal and external audit findings. However, repeat findings were identified in the financial statements as well as non-compliance with applicable legislation.
44. A lack of a formal business case, proper project management and inadequate budget monitoring relating to the IFMS programme may result in failure to deliver the overall quality solution on time and with the funds allocated. The vacancies in key positions within the IFMS programme may also cause delays in delivering the required solution timeously.
45. Effective systems of internal control and the management thereof had not been implemented to ensure accurate and complete financial statements. The preparation and review of the financial statements were not adequately planned, to ensure a comprehensive review of year-end adjustments and reconciliations, resulting in errors and omissions identified by the auditors.
46. The quality of the annual performance report requires improvement as significant audit findings were raised on the reliability of performance indicators and targets. This was as a result of management not being able to substantiate the completeness of the actual performance reported for a number of indicators and targets.
47. The reviewing of compliance with applicable legislation remains a challenge for the department especially in the areas of supply chain management and the prevention of irregular and fruitless and wasteful expenditure.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.7 NATIONAL TREASURY

48. The internal audit unit did not respond to the needs of the department in finalising and reporting on a significant matter within the required time and an investigation memorandum completed was not finalised with due care. The financial statements, reviewed by the internal audit unit, contained a number of material misstatements that had not been identified.

OTHER REPORTS

49. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

50. The audit committee instituted a forensic investigation into IFMS 2 focusing on the procurement processes followed, appointments of, and payments made, to service providers. The investigation was concluded and the forensic report was shared with the audit committee. The department is in the process of implementing the outcome of the investigation.

Auditor-General



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pretoria

07 September 2019

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the departments's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the departments's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Treasury ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

1. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
2. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards

APPROPRIATION STATEMENT

Appropriation per programme											
Voted funds	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
PROGRAMME											
1	Administration	473,819	-	(20,000)	453,819	424,274	29,545	93.5%	445,620	437,869	
2	Economic Policy, Tax, Financial Regulation and Research	152,770	-	-	152,770	138,756	14,014	90.8%	163,991	151,860	
3	Public Finance and Budget Management	298,047	-	-	298,047	295,370	2,677	99.1%	302,296	288,635	
4	Asset and Liability Management	101,585	-	-	101,585	91,185	10,400	89.8%	10,100,312	10,089,761	
5	Financial Accounting and Supply Chain Management Systems	1,194,148	-	(92,063)	1,102,085	869,104	232,981	78.9%	1,000,846	885,833	
6	International Financial Relations	5,542,776	-	340,345	5,883,121	5,807,686	75,435	98.7%	5,940,689	5,469,838	
7	Civil and Military Pensions, Contributions to Funds and Other Benefits	5,163,796	-	(142,519)	5,021,277	5,020,100	1,177	100.0%	4,648,202	4,618,088	
8	Technical Support and Development Finance	3,012,542	-	(85,763)	2,926,779	2,235,067	691,712	76.4%	2,558,513	2,526,350	
9	Revenue Administration	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198	
10	Financial Intelligence and State Security	4,763,533	-	-	4,763,533	4,763,533	-	100.0%	5,105,639	5,105,639	
	TOTAL	29,710,233	-	-	29,710,233	28,652,292	1,057,941	96.4%	40,484,306	39,792,071	

APPROPRIATION STATEMENT

Appropriation per programme									
2018/19					2017/18				
Adjusted Appropriation	R'000	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Voted funds									
Reconciliation with Statement of Financial Performance									
Add: Departmental receipts				7,090,148				4,430,772	
Aid assistance				64,268				20,209	
Actual amounts per Statement of Financial Performance (Total Revenue)				36,864,649				44,935,287	
Add: Aid assistance					49,958				14,324
Actual amounts per Statement of Financial Performance Expenditure					28,702,250				39,806,395

APPROPRIATION STATEMENT

APPROPRIATION PER ECONOMIC CLASSIFICATION									
	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2,898,466	(36,211)	(107,063)	2,755,192	2,071,255	683,937	75.2%	2,097,500	1,925,051
Compensation of employees	807,760	-	-	807,760	790,344	17,416	97.8%	823,276	803,732
Salaries and wages	717,642	3,547	-	721,256	707,504	13,752	98.1%	738,330	721,541
Social contributions	90,118	(3,547)	-	86,504	82,840	3,664	95.7%	84,947	82,192
Goods and services	2,090,706	(36,211)	(107,063)	1,947,432	1,280,911	666,521	65.8%	1,274,224	1,121,319
Administrative fees	6,453	1,728	-	8,181	7,166	1,015	87.6%	6,776	5,900
Advertising	2,417	(492)	-	1,925	1,370	555	71.3%	1,140	832
Minor assets	4,806	(4,272)	-	534	343	191	63.9%	733	448
Audit costs: External	15,163	1,637	-	16,800	16,113	687	95.9%	19,008	16,394
Bursaries: Employees	6,997	(1,530)	-	5,467	4,330	1,137	79.2%	6,809	5,699
Catering: Departmental activities	2,113	(242)	-	1,871	1,285	586	68.7%	1,875	1,099
Communication (G&S)	8,449	(199)	-	8,250	7,100	1,150	86.1%	8,566	7,758
Computer services	610,725	(15,858)	-	594,867	390,501	204,366	65.6%	394,540	380,744
Consultants: Business and advisory services	780,052	(21,381)	(93,063)	665,608	628,839	36,769	94.5%	599,388	482,047
Infrastructure and planning services	400,000	80	-	400,080	72	400,008	0.0%	65	64
Legal services	19,304	(324)	-	18,980	13,906	5,074	73.3%	15,959	15,285
Contractors	15,613	6,333	-	21,946	20,880	1,066	95.1%	14,628	14,466
Agency and support / outsourced services	7,137	115	-	7,252	6,732	520	92.8%	7,572	7,032
Entertainment	517	(66)	-	451	90	361	20.0%	468	84

APPROPRIATION STATEMENT

	APPROPRIATION PER ECONOMIC CLASSIFICATION									
	2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Fleet services (including government motor transport)	3,127	409	-	3,536	3,387	149	95.8%	3,486	3,134	
Inventory: Clothing material and accessories	-	29	-	29	24	5	82.8%	123	123	
Consumable supplies	3,168	(6)	-	3,162	2,451	711	77.5%	2,502	2,217	
Consumable: Stationery, printing and office supplies	14,074	(6,029)	-	8,045	5,692	2,353	70.8%	14,765	13,183	
Operating leases	81,065	(1,319)	(19,000)	60,746	59,817	929	98.5%	66,484	66,034	
Property payments	25,686	(5,658)	-	20,028	19,715	313	98.4%	23,968	23,963	
Travel and subsistence	61,249	9,720	3,869	74,838	69,579	5,259	93.0%	66,762	59,986	
Training and development	7,425	(3,008)	-	4,417	2,645	1,772	59.9%	4,812	3,352	
Operating payments	5,807	4,083	-	9,890	9,306	584	94.1%	5,682	4,164	
Venues and facilities	9,359	39	1,131	10,529	9,570	959	90.9%	8,116	7,311	
Transfers and subsidies	22,416,155	(101,309)	(52,937)	22,261,909	21,962,846	299,063	98.7%	23,499,566	23,454,215	
Provinces and municipalities	1,541,534	(20,000)	-	1,521,534	1,508,784	12,750	99.2%	1,598,289	1,592,738	
Municipalities	1,541,534	(20,000)	-	1,521,534	1,508,784	12,750	99.2%	1,598,289	1,592,738	
Municipal bank accounts	1,541,534	(20,000)	-	1,521,534	1,508,784	12,750	99.2%	1,598,289	1,592,738	
Departmental agencies and accounts	14,624,059	50,000	(85,763)	14,588,296	14,327,242	261,054	98.2%	16,250,986	16,250,953	
Departmental agencies (non-business entities)	14,624,059	50,000	(85,763)	14,588,296	14,327,242	261,054	98.2%	16,250,986	16,250,953	
Foreign governments and international organisations	1,137,905	(138,542)	175,345	1,174,708	1,159,123	15,585	98.7%	1,050,056	1,042,121	
Public corporations and private enterprises	13,316	(5,454)	-	7,862	-	7,862	-	10,586	5,000	

APPROPRIATION STATEMENT

APPROPRIATION PER ECONOMIC CLASSIFICATION									
	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Private enterprises	13,316	(5,454)	-	7,862	-	7,862	-	10,586	5,000
Other transfers to private enterprises	13,316	(5,454)	-	7,862	-	7,862	-	10,586	5,000
Households	5,099,341	12,687	(142,519)	4,969,509	4,967,694	1,815	100.0%	4,589,649	4,563,403
Social benefits	5,097,559	11,384	(142,519)	4,966,424	4,964,744	1,680	100.0%	4,586,353	4,560,534
Other transfers to households	1,782	1,303	-	3,085	2,950	135	95.6%	3,296	2,869
Payments for capital assets	42,605	520	-	43,125	23,448	19,677	54.4%	39,824	27,038
Machinery and equipment	31,848	4,020	-	35,868	20,466	15,402	57.1%	35,210	26,997
Transport equipment	1,830	-	-	1,830	1,733	97	94.7%	1,169	907
Other machinery and equipment	30,018	4,020	-	34,038	18,733	15,305	55.0%	34,041	26,090
Software and other intangible assets	10,757	(3,500)	-	7,257	2,982	4,275	41.1%	4,614	41
Payment for financial assets	4,353,007	137,000	160,000	4,650,007	4,594,743	55,264	98.8%	14,847,417	14,385,767
TOTAL	29,710,233	-	-	29,710,233	28,652,292	1,057,941	96.4%	40,484,306	39,792,071

APPROPRIATION STATEMENT

PROGRAMME 1: ADMINISTRATION PER SUBPROGRAMME										
SUBPROGRAMME	2018/19						2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	Actual Expenditure R'000
										SUBPROGRAMME
MINISTRY	4,859	(200)	-	4,659	3,692	967	79.2%	4,555	3,768	3,768
DEPARTMENTAL MANAGEMENT	49,104	3,610	-	52,714	51,055	1,659	96.9%	71,201	70,136	70,136
CORPORATE SERVICES	145,771	(4,811)	(1,000)	139,960	126,410	13,550	90.3%	120,568	117,542	117,542
ENTERPRISE WIDE RISK MANAGEMENT	31,750	36	-	31,786	29,318	2,468	92.2%	28,703	28,301	28,301
FINANCIAL ADMINISTRATION	43,674	1,668	-	45,342	43,397	1,945	95.7%	41,993	41,490	41,490
LEGAL SERVICES	22,593	(69)	-	22,524	22,297	227	99.0%	22,059	22,035	22,035
INTERNAL AUDIT	30,866	4,026	-	34,892	32,182	2,710	92.2%	24,520	24,050	24,050
COMMUNICATIONS	11,229	(269)	-	10,960	9,681	1,279	88.3%	12,779	12,457	12,457
OFFICE ACCOMMODATION	133,973	(3,991)	(19,000)	110,982	106,242	4,740	95.7%	119,242	118,090	118,090
TOTAL	473,819	-	(20,000)	453,819	424,274	29,545	93.5%	445,620	437,869	437,869

APPROPRIATION STATEMENT

PROGRAMME 1: ADMINISTRATION PER SUBPROGRAMME										
SUBPROGRAMME	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	439,469	(807)	(20,000)	418,662	402,394	16,268	96.1%	427,880	421,119	
Compensation of employees	195,903	-	(1,000)	194,903	190,837	4,066	97.9%	207,152	203,028	
Salaries and wages	173,475	(18)	(1,000)	172,524	170,061	2,518	98.5%	185,745	181,955	
Social contributions	22,428	18	-	22,379	20,776	1,548	93.1%	21,407	21,073	
Goods and services	243,566	(807)	(19,000)	223,759	211,557	12,202	94.5%	220,728	218,091	
Administrative fees	2,271	158	-	2,429	2,084	345	85.8%	2,951	2,681	
Advertising	712	(288)	-	424	209	215	49.3%	351	319	
Minor assets	4,562	(4,293)	-	269	180	89	66.9%	193	149	
Audit costs: External	8,405	550	-	8,955	8,952	3	100.0%	10,075	10,074	
Bursaries: Employees	2,332	(565)	-	1,767	1,497	270	84.7%	1,290	1,248	
Catering: Departmental activities	556	18	-	574	389	185	67.8%	571	413	
Communication (G&S)	7,797	(276)	-	7,521	6,636	885	88.2%	5,677	5,455	
Computer services	32,825	(2,377)	-	30,448	28,148	2,300	92.4%	27,990	27,945	
Consultants: Business and advisory services	11,416	2,691	-	14,107	12,304	1,804	87.2%	7,835	7,772	
Infrastructure and planning services	-	80	-	80	72	8	90.0%	65	64	
Legal services	14,304	(744)	-	13,560	13,487	73	99.5%	14,308	14,308	
Contractors	15,448	5,600	-	21,048	20,214	834	96.0%	14,456	14,370	
Contractors	7,039	213	-	7,252	6,732	520	92.8%	7,562	7,032	
Entertainment	151	3	-	154	38	116	24.7%	136	30	

APPROPRIATION STATEMENT

PROGRAMME 1: ADMINISTRATION PER SUBPROGRAMME										
SUBPROGRAMME	2018/19						2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Fleet services (including government motor transport)	3,088	403	-	3,491	3,387	104	97.0%	3,408	3,117	
Inventory: Clothing material and accessories	-	29	-	29	24	5	82.8%	123	123	
Consumable supplies	2,481	352	-	2,833	2,218	615	78.3%	1,942	1,869	
Consumable: Stationery, printing and office supplies	3,127	(197)	-	2,930	1,815	1,115	62.0%	2,323	2,090	
Operating leases	78,602	(1,282)	(19,000)	58,320	57,702	618	98.9%	63,759	63,709	
Property payments	25,686	(5,658)	-	20,028	19,715	313	98.4%	23,968	23,963	
Travel and subsistence	18,375	6,083	-	24,458	23,593	865	96.5%	28,842	28,633	
Training and development	3,130	(1,174)	-	1,956	1,302	654	66.6%	1,837	1,729	
Operating payments	996	(370)	-	626	458	168	73.2%	846	779	
Venues and facilities	263	237	-	500	401	99	80.2%	220	219	
Transfers and subsidies	7,137	807	-	7,944	7,283	661	91.6%	7,909	7,328	
Departmental agencies and accounts	2,120	-	-	2,120	2,078	42	97.9%	2,080	2,047	
Departmental agencies (non-business entities)	2,120	-	-	2,120	2,075	45	97.9%	2,080	2,047	
Households	5,017	807	-	5,824	5,208	616	89.4%	5,829	5,281	
Social benefits	3,235	807	-	4,042	3,556	486	88.0%	4,029	3,908	
Other transfers to households	1,782	-	-	1,782	1,652	130	92.7%	1,800	1,373	
Payments for capital assets	27,213	-	-	27,213	13,886	13,327	51.0%	9,831	9,333	
Machinery and equipment	17,154	-	-	20,654	11,529	9,125	55.8%	9,541	9,327	
Transport equipment	1,830	-	-	1,830	1,733	97	94.7%	910	907	
Other machinery and equipment	15,324	3,500	-	18,824	9,796	9,028	52.0%	8,631	8,420	

APPROPRIATION STATEMENT

PROGRAMME 1: ADMINISTRATION PER SUBPROGRAMME											
SUBPROGRAMME	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Software and other intangible assets	10,059	(3,500)	-	6,559	2,357	4,202	35.9%	290	6	290	6
Payment for financial assets	-	-	-	-	711	(711)	-	-	89	-	89
Total	473,819	-	(20,000)	453,819	424,274	29,545	93.5%	445,620	437,869	445,620	437,869

SUBPROGRAMME: 1.1: MINISTRY											
ECONOMIC CLASSIFICATION	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	4,859	(200)	-	4,659	3,692	967	79.2%	4,555	3,768	4,555	3,768
Compensation of employees	4,859	(200)	-	4,659	3,692	967	79.2%	4,555	3,768	4,555	3,768
Total	4,859	(200)	-	4,659	3,692	967	79.2%	4,555	3,768	4,555	3,768

APPROPRIATION STATEMENT

SUBPROGRAMME: 1.2: DEPARTMENTAL MANAGEMENT	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	43,461	3,610	-	47,071	45,442	1,629	96.5%	66,079	65,087
Compensation of employees	22,099	(1,000)	-	21,099	20,744	355	98.3%	34,559	33,873
Goods and services	21,362	4,610	-	25,972	24,698	1,274	95.1%	31,520	31,214
Transfers and subsidies	3,200	-	-	3,200	3,059	141	95.6%	3,373	3,317
Households	3,200	-	-	3,200	3,059	141	95.6%	3,373	3,317
Payments for capital assets	2,443	-	-	2,443	2,179	264	89.2%	1,749	1,732
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2,443	-	-	2,443	2,179	264	89.2%	1,749	1,732
Payment for financial assets	-	-	-	-	375	(375)	-	-	-
Total	49,104	3,610	-	52,714	51,055	1,659	96.9%	71,201	70,136

APPROPRIATION STATEMENT

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	120,979	(4,919)	(1,000)	115,060	110,816	4,244	96.3%	114,387	111,971
Compensation of employees	80,238	(1,925)	(1,000)	77,313	75,893	1,420	98.2%	79,201	77,172
Goods and services	40,741	(2,994)	-	37,747	36,054	1,693	95.5%	35,186	34,799
Transfers and subsidies	3,917	261	-	4,178	4,001	177	95.7%	4,353	3,841
Departmental agencies and accounts	2,100	-	-	2,100	2,060	40	98.0%	2,061	2,038
Households	1,817	261	-	2,078	1,941	137	93.4%	2,292	1,803
Payments for capital assets	20,875	(153)	-	20,722	10,462	10,260	50.5%	1,828	1,725
Machinery and equipment	10,816	3,347	-	14,163	8,238	9,125	35.6%	1,822	1,719
Software and other intangible assets	10,059	(3,500)	-	6,559	2,224	1,135	82.7%	6	6
Payment for financial assets	-	-	-	-	-	-	-	-	5
Total	145,771	(4,811)	(1,000)	139,960	126,410	13,550	90.3%	120,568	117,542

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29,836	766	-	30,602	28,793	1,809	94.1%	28,664	28,265
Compensation of employees	18,131	790	-	18,921	18,300	621	96.7%	18,360	18,077
Goods and services	11,705	(24)	-	11,681	10,493	1,188	89.8%	10,304	10,188
Transfers and subsidies	-	30	-	30	30	-	100.0%	13	13
Households	-	30	-	30	30	-	100.0%	13	13
Payments for capital assets	1,914	(760)	-	1,154	495	659	42.9%	26	23
Machinery and equipment	1,914	(760)	-	1,154	495	659	42.9%	26	23
Total	31,750	36	-	31,786	29,318	2,468	92.2%	28,703	28,301

APPROPRIATION STATEMENT

SUBPROGRAMME: 1.5: FINANCIAL ADMINISTRATION										
ECONOMIC CLASSIFICATION	2018/19					2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Current payments	43,453	1,298	-	44,751	42,926	1,825	95.9%	41,849	41,347	
Compensation of employees	28,306	1,260	-	29,566	29,274	292	99.0%	28,469	28,152	
Goods and services	15,147	38	-	15,185	13,652	1,533	89.9%	13,380	13,195	
Transfers and subsidies	-	340	-	340	-	340	-	54	53	
Households	-	340	-	340	-	340	-	54	53	
Payments for capital assets	221	30	-	251	138	113	55.0%	90	6	
Machinery and equipment	221	30	-	251	138	113	55.0%	90	6	
Payment for financial assets	-	-	-	-	333	(333)	-	-	84	
Total	43,674	1,668	-	45,342	43,397	1,945	95.7%	41,993	41,490	

SUBPROGRAMME: 1.6: LEGAL SERVICES										
ECONOMIC CLASSIFICATION	2018/19					2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Current payments	22,476	(126)	-	22,350	22,146	204	99.1%	22,057	22,034	
Compensation of employees	9,063	(300)	-	8,763	8,677	86	99.0%	8,577	8,572	
Goods and services	13,413	174	-	13,587	13,469	118	99.1%	13,480	13,462	
Transfers and subsidies	-	35	-	35	35	-	100.0%	-	-	
Households	-	35	-	35	35	-	100.0%	-	-	
Payments for capital assets	117	22	-	139	116	23	83.5%	2	1	
Machinery and equipment	117	22	-	139	116	23	83.5%	2	1	
Total	22,593	(69)	-	22,524	22,297	227	99.0%	22,059	22,035	

APPROPRIATION STATEMENT

SUBPROGRAMME: 1.7: INTERNAL AUDIT	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	30,619	3,945	-	34,564	31,911	2,653	92.3%	23,960	23,776	23,776
Compensation of employees	18,811	519	-	19,330	19,262	68	99.6%	17,554	17,545	17,545
Goods and services	11,808	3,426	-	15,234	12,649	2,585	83.0%	6,406	6,231	6,231
Transfers and subsidies	-	77	-	77	77	-	100.0%	30	29	29
Households	-	77	-	77	77	-	100.0%	30	29	29
Payments for capital assets	247	4	-	251	194	57	77.3%	530	245	245
Machinery and equipment	247	4	-	251	194	57	77.3%	246	245	245
Total	30,866	4,026	-	34,892	32,182	2,710	92.2%	24,520	24,050	24,050
SUBPROGRAMME: 1.8: COMMUNICATIONS										

SUBPROGRAMME: 1.8: COMMUNICATIONS	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	10,954	(652)	-	10,302	9,397	905	91.2%	12,545	12,229	12,229
Compensation of employees	6,222	352	-	6,574	6,527	47	99.3%	7,387	7,383	7,383
Goods and services	4,732	(1,004)	-	3,728	2,870	858	77.0%	5,158	4,846	4,846
Transfers and subsidies	-	26	-	26	26	-	100.0%	19	18	18
Households	-	26	-	26	26	-	100.0%	19	18	18
Payments for capital assets	275	357	-	632	258	374	40.8%	215	210	210
Machinery and equipment	275	357	-	632	125	374	40.8%	215	210	210
Software and other intangible assets	-	-	-	-	133	(133)	-	-	-	-
Total	11,229	(269)	-	10,960	9,681	1,279	88.3%	12,779	12,457	12,457

APPROPRIATION STATEMENT

SUBPROGRAMME: 1.9: OFFICE ACCOMMODATION	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	132,832	(4,529)	(19,000)	109,303	106,140	3,163	97.1%	113,784	112,642
Compensation of employees	8,174	504	-	8,678	8,468	210	97.6%	8,490	8,486
Goods and services	124,658	(5,033)	(19,000)	100,625	97,672	2,953	97.1%	105,294	104,156
Transfers and subsidies	20	38	-	58	55	3	94.8%	67	57
Departmental agencies and accounts	20	-	-	20	18	2	90.0%	19	9
Households	-	38	-	38	37	1	97.4%	48	48
Payments for capital assets	1,121	500	-	1,621	44	1,577	2.7%	5,391	5,391
Machinery and equipment	1,121	500	-	1,621	44	1,577	2.7%	5,391	5,391
Payment for financial assets				-	3	(3)	-	-	-
Total	133,973	(3,991)	(19,000)	110,982	106,242	4,740	95.7%	119,242	118,090

APPROPRIATION STATEMENT

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH										
2018/19										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
SUB-PROGRAMME										
1	52,836	(504)	-	52,332	44,417	7,915	84.9%	50,207	43,559	
2	-	-	-	-	-	-	-	10,827	10,827	
3	23,607	232	-	23,839	21,574	2,265	90.5%	27,214	24,851	
4	30,068	1,243	-	31,311	30,942	369	98.8%	30,381	28,621	
5	26,376	(971)	-	25,405	21,940	3,465	86.4%	26,088	24,727	
6	19,883	-	-	19,883	19,883	-	100.0%	19,275	19,275	
TOTAL	152,770	-	-	152,770	138,756	14,014	90.8%	163,991	151,860	

APPROPRIATION STATEMENT

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH											
ECONOMIC CLASSIFICATION	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Appropriation	Actual Expenditure	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	118,432	5,275	-	123,707	118,005	5,702	95.4%	132,752	132,752	126,543	
Compensation of employees	78,682	-	-	78,682	73,003	5,679	92.8%	79,949	79,949	76,997	
Salaries and wages	70,682	3	-	70,685	65,685	5,000	92.9%	71,939	71,939	69,189	
Social contributions	8,000	(3)	-	7,997	7,318	679	91.5%	8,010	8,010	7,808	
Goods and services	39,750	5,275	-	45,025	45,002	23	99.9%	52,803	52,803	49,546	
Administrative fees	269	292	-	561	550	11	98.0%	638	638	546	
Advertising	179	66	-	245	244	1	99.6%	144	144	142	
Minor assets	31	(20)	-	11	11	-	100.0%	16	16	3	
Bursaries: Employees	333	62	-	395	393	2	99.5%	334	334	297	
Catering: Departmental activities	154	(80)	-	74	71	3	95.9%	126	126	57	
Communication (G&S)	5	64	-	69	64	5	92.8%	338	338	285	
Computer services	48	34	-	82	81	1	98.8%	255	255	62	
Consultants: Business and advisory services	26,835	4,213	-	31,048	31,201	(153)	100.5%	36,763	36,763	36,667	
Legal services	-	420	-	420	419	1	99.8%	1,627	1,627	954	
Contractors	-	7	-	7	7	-	100.0%	4	4	4	
Entertainment	63	(47)	-	16	12	4	75.0%	53	53	13	
Consumable supplies	136	(97)	-	39	36	3	92.3%	121	121	35	
Consumable: Stationery, printing and office supplies	1,781	356	-	2,137	2,091	46	97.8%	3,030	3,030	2,983	
Operating leases	287	(88)	-	199	197	2	99.0%	246	246	210	
Travel and subsistence	6,030	1,127	-	7,157	7,068	89	98.8%	5,701	5,701	4,956	
Training and development	951	(386)	-	565	561	4	99.3%	522	522	436	
Operating payments	2,583	(591)	-	1,992	1,990	2	99.9%	2,859	2,859	1,894	
Venues and facilities	65	(57)	-	8	6	2	75.0%	29	29	2	

APPROPRIATION STATEMENT

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH											
ECONOMIC CLASSIFICATION	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Interest and rent on land	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	33,433	(5,275)	-	28,158	20,292	7,866	72.1%	30,246	24,658	30,246	24,658
Departmental agencies and accounts	19,883	-	-	19,883	19,883	-	100.0%	19,275	19,275	19,275	19,275
Departmental agencies (non-business entities)	19,883	-	-	19,883	19,883	-	100.0%	19,275	19,275	19,275	19,275
Public corporations and private enterprises	13,316	(5,454)	-	7,862	-	7,862	-	10,586	5,000	10,586	5,000
Private enterprises	13,316	(5,454)	-	7,862	-	7,862	-	10,586	5,000	10,586	5,000
Other transfers to private enterprises	13,316	(5,454)	-	7,862	-	7,862	-	10,586	5,000	10,586	5,000
Households	234	179	-	413	409	4	99.0%	385	383	385	383
Social benefits	234	179	-	413	409	4	99.0%	385	383	385	383
Payments for capital assets	905	-	-	905	452	453	49.9%	994	659	994	659
Machinery and equipment	905	-	-	905	452	453	49.9%	994	659	994	659
Other machinery and equipment	905	-	-	905	452	453	49.9%	994	659	994	659
Payment for financial assets	-	-	-	-	7	(7)	-	-	-	-	-
Total	152,770	-	-	152,770	138,756	14,014	90.8%	163,991	151,860	163,991	151,860

APPROPRIATION STATEMENT

SUBPROGRAMME: 2.1: PROGRAMME MANAGEMENT FOR ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	39,149	4,949	-	44,098	44,230	(132)	100.3%	39,345	38,337	
Compensation of employees	8,644	50	-	8,694	8,678	16	99.8%	9,562	9,553	
Goods and services	30,505	4,899	-	35,404	35,552	(148)	100.4%	29,783	28,784	
Transfers and subsidies	13,346	(5,453)	-	7,893	31	7,862	0.4%	10,586	5,000	
Public corporations and private enterprises	13,316	(5,454)	-	7,862	-	7,862	-	10,586	5,000	
Households	30	1	-	31	31	-	100.0%	-	-	
Payments for capital assets	341	-	-	341	156	185	45.7%	276	222	
Machinery and equipment	341	-	-	341	156	185	45.7%	276	222	
Total	52,836	(504)	-	52,332	44,417	7,915	84.9%	50,207	43,559	

SUBPROGRAMME: 2.2: RESEARCH	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	-	-	-	-	-	-	-	10,827	10,827	
Goods and services	-	-	-	-	-	-	-	10,827	10,827	
Total	-	-	-	-	-	-	-	10,827	10,827	

APPROPRIATION STATEMENT

SUBPROGRAMME 2.3 : FINANCIAL SECTOR POLICY	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	23,471	141	-	23,612	21,437	2,175	90.8%	27,109	24,850
Compensation of employees	21,236	(43)	-	21,193	19,064	2,129	90.0%	21,984	21,043
Goods and services	2,235	184	-	2,419	2,373	46	98.1%	5,126	3,807
Transfers and subsidies	46	91	-	137	135	2	98.5%	-	-
Households	46	91	-	137	135	2	98.5%	-	-
Payments for capital assets	90	-	-	90	-	90	-	105	1
Machinery and equipment	90	-	-	90	-	90	-	105	1
Payment for financial assets	-	-	-	-	2	(2)	-	-	-
Total	23,607	232	-	23,839	21,574	2,265	90.5%	27,214	24,851

SUBPROGRAMME 2.4: TAX POLICY	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29,736	1,237	-	30,973	30,626	347	98.9%	29,870	28,197
Compensation of employees	26,491	-	-	26,491	26,180	311	98.8%	26,764	25,307
Goods and services	3,245	1,237	-	4,482	4,446	36	99.2%	3,106	2,890
Transfers and subsidies	99	6	-	105	104	1	99.0%	290	289
Households	99	6	-	105	104	1	99.0%	290	289
Payments for capital assets	233	-	-	233	209	24	89.7%	222	135
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	233	-	-	233	209	24	89.7%	222	135
Payment for financial assets	-	-	-	-	3	(3)	-	-	-
Total	30,068	1,243	-	31,311	30,942	369	98.8%	30,381	28,621

APPROPRIATION STATEMENT

SUBPROGRAMME 2.5 : ECONOMIC POLICY									
ECONOMIC CLASSIFICATION	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	26,076	(1,052)	-	25,024	21,712	3,312	86.8%	25,602	24,332
Compensation of employees	22,311	(7)	-	22,304	19,081	3,223	85.5%	21,640	21,094
Goods and services	3,765	(1,045)	-	2,720	2,631	89	96.7%	3,962	3,238
Transfers and subsidies	59	81	-	140	139	1	99.3%	95	94
Households	59	81	-	140	139	1	99.3%	95	94
Payments for capital assets	241	-	-	241	87	154	36.1%	391	301
Machinery and equipment	241	-	-	241	87	154	36.1%	391	301
Payment for financial assets	-	-	-	-	2	(2)	-	-	-
Total	26,376	(971)	-	25,405	21,940	3,465	86.4%	26,088	24,727

SUBPROGRAMME 2.6 : COOPERATIVE BANKS DEVELOPMENT AGENCY									
ECONOMIC CLASSIFICATION	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies	19,883	-	-	19,883	19,883	-	100.0%	19,275	19,275
Departmental agencies and accounts	19,883	-	-	19,883	19,883	-	100.0%	19,275	19,275
Total	19,883	-	-	19,883	19,883	-	100.0%	19,275	19,275

APPROPRIATION STATEMENT

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT									
2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUBPROGRAMME									
1	20,635	(1,319)	-	19,316	19,121	195	99.0%	24,535	20,833
2	63,144	1,562	-	64,706	64,037	669	99.0%	64,221	61,687
3	62,756	(2,226)	-	60,530	59,666	864	98.6%	59,628	57,663
4	99,730	1,983	-	101,713	100,764	949	99.1%	103,265	97,805
5	51,782	-	-	51,782	51,782	-	100.0%	50,647	50,647
TOTAL	298,047	-	-	298,047	295,370	2,677	99.1%	302,296	288,635

APPROPRIATION STATEMENT

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT												
ECONOMIC CLASSIFICATION	2018/19						2017/18					
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Appropriation	Actual Expenditure	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	R'000
Current payments	243,502	(1,776)	-	241,726	239,832	1,894	99.2%	249,422	249,422	236,436	236,436	
Compensation of employees	214,455	-	-	214,455	213,854	601	99.7%	218,687	218,687	211,693	211,693	
Salaries and wages	188,277	3,949	-	192,226	191,874	352	99.8%	195,440	195,440	190,319	190,319	
Social contributions	26,178	(3,949)	-	22,229	21,980	249	98.9%	23,247	23,247	21,374	21,374	
Goods and services	29,047	(1,776)	-	27,271	25,978	1,293	95.3%	30,735	30,735	24,743	24,743	
Administrative fees	781	278	-	1,059	984	75	92.9%	831	831	644	644	
Advertising	249	73	-	322	272	50	84.5%	103	103	11	11	
Minor assets	34	(3)	-	31	13	18	41.9%	87	87	9	9	
Bursaries: Employees	1,370	(218)	-	1,152	983	169	85.3%	1,289	1,289	994	994	
Catering: Departmental activities	662	(155)	-	507	358	149	70.6%	579	579	331	331	
Communication (G&S)	15	15	-	30	27	3	90.0%	769	769	672	672	
Computer services	601	(88)	-	513	509	4	99.2%	547	547	516	516	
Consultants: Business and advisory services	5,809	(1,131)	-	4,678	4,627	51	98.9%	7,241	7,241	5,078	5,078	
Contractors	19	(11)	-	8	-	8	-	26	26	15	15	
Agency and support / outsourced services	38	(38)	-	-	-	-	-	-	-	-	-	
Entertainment	137	-	-	137	20	117	14.6%	105	105	22	22	
Fleet services (including government motor transport)	3	-	-	3	-	3	-	3	3	-	-	
Consumable supplies	346	(190)	-	156	126	30	80.8%	276	276	209	209	
Consumable: Stationery, printing and office supplies	7,102	(5,907)	-	1,195	1,007	188	84.3%	7,282	7,282	6,694	6,694	
Operating leases	876	(13)	-	863	787	76	91.2%	883	883	721	721	
Travel and subsistence	9,790	736	-	10,526	10,274	252	97.6%	9,783	9,783	8,482	8,482	

APPROPRIATION STATEMENT

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT												
ECONOMIC CLASSIFICATION	2018/19						2017/18					
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	
Training and development	795	(545)	-	250	165	85	66,0%	603	248	603	248	
Operating payments	54	5,759	-	5,813	5,807	6	99,9%	13	4	13	4	
Venues and facilities	366	(338)	-	28	19	9	67,9%	315	93	315	93	
Interest and rent on land	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	51,915	1,776	-	53,691	53,683	8	100,0%	51,059	51,046	51,059	51,046	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	51,782	-	-	51,782	51,782	-	100,0%	50,647	50,647	50,647	50,647	
Departmental agencies (non-business entities)	51,782	-	-	51,782	51,782	-	100,0%	50,647	50,647	50,647	50,647	
Households	133	1,776	-	1,909	1,901	8	99,6%	412	399	412	399	
Social benefits	133	1,776	-	1,909	1,901	8	99,6%	412	399	412	399	
Payments for capital assets	2,630	-	-	2,630	1,830	800	69,6%	1,815	1,051	1,815	1,051	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	-	
Machinery and equipment	2,630	-	-	2,630	1,830	800	69,6%	1,815	1,051	1,815	1,051	
Other machinery and equipment	2,630	-	-	2,630	1,830	800	69,6%	1,556	1,051	1,556	1,051	
Payment for financial assets	-	-	-	-	25	(25)	-	-	102	-	102	
Total	298,047	-	-	298,047	295,370	2,677	99,1%	302,296	288,635	302,296	288,635	

APPROPRIATION STATEMENT

SUBPROGRAMME 3.1: PROGRAMME MANAGEMENT FOR PUBLIC FINANCE AND BUDGET MANAGEMENT									
	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	20,341	(1,376)	-	18,965	18,777	188	99.0%	24,033	20,506
Compensation of employees	9,754	(1,130)	-	8,624	8,553	71	99.2%	12,495	11,462
Goods and services	10,587	(246)	-	10,341	10,224	117	98.9%	11,538	9,044
Transfers and subsidies	-	64	-	64	64	-	100.0%	246	238
Households	-	64	-	64	64	-	100.0%	246	238
Payments for capital assets	294	(7)	-	287	279	8	97.2%	256	89
Machinery and equipment	294	(7)	-	287	279	8	97.2%	256	89
Payment for financial assets	-	-	-	-	1	(1)	-	-	-
Total	20,635	(1,319)	-	19,316	19,121	195	99.0%	24,535	20,833

SUBPROGRAMME 3.2: PUBLIC FINANCE									
	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	62,047	1,378	-	63,425	62,859	566	99.1%	63,708	61,328
Compensation of employees	59,099	1,482	-	60,581	60,270	311	99.5%	60,171	58,818
Goods and services	2,948	(104)	-	2,844	2,589	255	91.0%	3,537	2,510
Transfers and subsidies	3	594	-	597	594	3	99.5%	66	65
Households	3	594	-	597	594	3	99.5%	66	65
Payments for capital assets	1,094	(410)	-	684	580	104	84.8%	447	294
Machinery and equipment	1,094	(410)	-	684	580	104	84.8%	447	294
Payment for financial assets	-	-	-	-	4	(4)	-	-	-
Total	63,144	1,562	-	64,706	64,037	669	99.0%	64,221	61,687

APPROPRIATION STATEMENT

SUBPROGRAMME 3.3: BUDGET OFFICE AND COORDINATION											
2018/19						2017/18					
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	62,130	(3,110)	-	59,020	58,556	464	99.2%	59,157	57,501		
Compensation of employees	59,245	(2,229)	-	57,016	56,822	194	99.7%	56,288	55,704		
Goods and services	2,885	(881)	-	2,004	1,734	270	86.5%	2,869	1,797		
Transfers and subsidies	67	601	-	668	665	3	99.6%	-	-		
Households	67	601	-	668	665	3	99.6%	-	-		
Payments for capital assets	559	283	-	842	445	397	52.9%	471	162		
Machinery and equipment	559	283	-	842	445	397	52.9%	471	162		
Total	62,756	(2,226)	-	60,530	59,666	864	98.6%	59,628	57,663		

SUBPROGRAMME 3.4: INTERGOVERNMENTAL RELATIONS											
2018/19						2017/19					
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	98,984	1,332	-	100,316	99,640	676	99.3%	102,524	97,101		
Compensation of employees	86,357	1,877	-	88,234	88,209	25	100.0%	89,733	85,709		
Goods and services	12,627	(545)	-	12,082	11,431	651	94.6%	12,791	11,392		
Transfers and subsidies	63	517	-	580	578	2	99.7%	100	96		
Households	63	517	-	580	578	2	99.7%	100	96		
Payments for capital assets	683	134	-	817	526	291	64.4%	641	506		
Machinery and equipment	683	134	-	817	526	291	64.4%	641	506		
Payment for financial assets	-	-	-	-	20	(20)	-	-	102		
Total	99,730	1,983	-	101,713	100,764	949	99.1%	103,265	97,805		

APPROPRIATION STATEMENT

SUBPROGRAMME 3.5: FINANCIAL AND FISCAL COMMISSION	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	51,782	-	-	51,782	51,782	-	100.0%	50,647	50,647
Departmental agencies and accounts	51,782	-	-	51,782	51,782	-	100.0%	50,647	50,647
Total	51,782	-	-	51,782	51,782	-	100.0%	50,647	50,647

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 PROGRAMME MANAGEMENT FOR ASSET AND LIABILITY MANAGEMENT	12,025	(206)	-	11,819	6,944	4,875	58.8%	12,463	6,110
2 STATE OWNED ENTITY FINANCIAL MANAGEMENT AND GOVERNANCE	35,159	(122)	-	35,037	31,452	3,585	89.8%	10,035,025	10,033,665
3 GOVERNMENT DEBT MANAGEMENT	19,656	328	-	19,984	19,539	445	97.8%	18,735	17,924
4 FINANCIAL OPERATIONS	24,677	-	-	24,677	24,227	450	98.2%	22,393	21,974
5 STRATEGY AND RISK MANAGEMENT	10,068	-	-	10,068	9,023	1,045	89.6%	11,696	10,088
TOTAL	101,585	-	-	101,585	91,185	10,400	89.2%	10,100,312	10,089,761

APPROPRIATION STATEMENT

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT											
ECONOMIC CLASSIFICATION	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	101,029	(2,271)	-	98,758	88,366	10,392	89.5%	96,656	88,856	96,656	88,856
Compensation of employees	78,692	-	-	78,692	73,813	4,879	93.8%	78,504	75,213	78,504	75,213
Salaries and wages	70,329	(357)	-	69,972	65,705	4,267	93.9%	70,156	67,105	70,156	67,105
Social contributions	8,363	357	-	8,720	8,108	612	93.0%	8,349	8,108	8,349	8,108
Goods and services	22,337	(2,271)	-	20,066	14,553	5,513	72.5%	18,152	13,643	18,152	13,643
Administrative fees	715	(27)	-	688	432	256	62.8%	233	190	233	190
Advertising	170	-	-	170	129	41	75.9%	157	156	157	156
Minor assets	7	2	-	9	-	9	-	9	1	9	1
Audit costs: External	691	308	-	999	998	1	99.9%	661	660	661	660
Bursaries: Employees	820	(128)	-	692	368	324	53.2%	887	680	887	680
Catering: Departmental activities	83	-	-	83	17	66	20.5%	68	8	68	8
Communication (G&S)	13	5	-	18	11	7	61.1%	284	188	284	188
Computer services	11,615	(2,173)	-	9,442	8,452	990	89.5%	8,107	8,049	8,107	8,049
Consultants: Business and advisory services	3,424	(576)	-	2,848	987	1,861	34.7%	2,822	91	2,822	91
Contractors	16	-	-	16	-	16	-	12	3	12	3
Entertainment	33	-	-	33	2	31	6.1%	49	1	49	1
Fleet services (including government motor transport)	-	-	-	-	-	-	-	19	-	19	-
Consumable supplies	-	2	-	2	2	-	100.0%	32	32	32	32
Consumable: Stationery, printing and office supplies	599	(1)	-	598	318	280	53.2%	515	388	515	388
Operating leases	405	6	-	411	275	136	66.9%	406	353	406	353
Travel and subsistence	3,119	355	-	3,474	2,376	1,098	68.4%	3,242	2,554	3,242	2,554
Training and development	452	(64)	-	388	73	315	18.8%	442	168	442	168

APPROPRIATION STATEMENT

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT									
ECONOMIC CLASSIFICATION	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Operating payments	85	-	-	85	55	30	64.7%	83	55
Venues and facilities	90	20	-	110	58	52	52.7%	124	66
Transfers and subsidies	48	2,023	-	2,071	2,070	1	100.0%	356	354
Households	48	2,023	-	2,071	2,070	1	100.0%	356	354
Social benefits	48	2,023	-	2,071	2,070	1	100.0%	356	354
Payments for capital assets	508	248	-	756	734	22	97.1%	3,300	550
Machinery and equipment	508	248	-	756	734	22	97.1%	680	550
Other machinery and equipment	508	248	-	756	734	22	97.1%	680	550
Software and other intangible assets	-	-	-	-	-	-	-	2,620	-
Payment for financial assets	-	-	-	-	15	(15)	-	10,000,000	10,000,001
Total	101,585	-	-	101,585	91,185	10,400	89.8%	10,100,312	10,089,761

APPROPRIATION STATEMENT

SUB-PROGRAMME 4.1 : PROGRAMME MANAGEMENT FOR ASSET AND LIABILITY MANAGEMENT	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	11,517	(453)	-	11,064	6,196	4,868	56.0%	9,169	5,561	5,561
Compensation of employees	3,568	122	-	3,690	3,687	3	99.9%	3,393	3,382	3,382
Goods and services	7,949	(575)	-	7,374	2,509	4,865	34.0%	5,776	2,179	2,179
Payments for capital assets	508	247	-	755	734	21	97.2%	3,294	548	548
Machinery and equipment	508	247	-	755	734	21	97.2%	674	548	548
Software and other intangible assets	-	-	-	-	-	-	-	2,620	-	-
Payment for financial assets	-	-	-	-	14	(14)	-	-	1	1
Total	12,025	(206)	-	11,819	6,944	4,875	58.8%	12,463	6,110	6,110

SUBPROGRAMME 4.2: STATE OWNED ENTITY FINANCIAL MANAGEMENT AND GOVERNANCE	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	35,127	(199)	-	34,928	31,343	3,585	89.7%	34,833	33,477	33,477
Compensation of employees	33,781	(122)	-	33,659	30,726	2,933	91.3%	33,500	32,607	32,607
Goods and services	1,346	(77)	-	1,269	617	652	48.6%	1,333	870	870
Transfers and subsidies	32	77	-	109	109	-	100.0%	190	188	188
Households	32	77	-	109	109	-	100.0%	190	188	188
Payments for capital assets	-	-	-	-	-	-	-	2	-	-
Machinery and equipment	-	-	-	-	-	-	-	2	-	-
Payment for financial assets	-	-	-	-	-	-	-	10,000,000	10,000,000	10,000,000
Total	35,159	(122)	-	35,037	31,452	3,585	89.8%	10,035,025	10,033,665	10,033,665

APPROPRIATION STATEMENT

	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	19,655	246	-	19,901	19,457	444	97.8%	18,683	17,872	17,872
Compensation of employees	18,315	-	-	18,315	18,042	273	98.5%	17,238	16,440	16,440
Goods and services	1,340	246	-	1,586	1,415	171	89.2%	1,445	1,432	1,432
Transfers and subsidies	1	81	-	82	81	1	98.8%	50	50	50
Households	1	81	-	82	81	1	98.8%	50	50	50
Payments for capital assets	-	1	-	1	-	1	-	2	2	2
Machinery and equipment	-	1	-	1	-	1	-	2	2	2
Payment for financial assets	-	-	-	-	1	(1)	-	-	-	-
Total	19,656	328	-	19,984	19,539	445	97.8%	18,735	17,924	17,924

	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	24,677	(1,865)	-	22,812	22,362	450	98%	22,277	21,858	21,858
Compensation of employees	13,734	-	-	13,734	12,692	1,042	92.4%	13,131	12,919	12,919
Goods and services	10,943	(1,865)	-	9,078	9,670	(592)	106.5%	9,146	8,939	8,939
Transfers and subsidies	-	1,865	-	1,865	1,865	-	100.0%	116	116	116
Households	-	1,865	-	1,865	1,865	-	100.0%	116	116	116
Total	24,677	-	-	24,677	24,227	450	98.2%	22,393	21,974	21,974

APPROPRIATION STATEMENT

SUB-PROGRAMME 4.5: STRATEGY AND RISK MANAGEMENT	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10,053	-	-	10,053	9,008	1,045	89.6%	11,694	10,088
Compensation of employees	9,294	-	-	9,294	8,666	628	93.2%	11,242	9,865
Goods and services	759	-	-	759	342	417	45.1%	452	223
Transfers and subsidies	15	-	-	15	15	-	100.0%	-	-
Households	15	-	-	15	15	-	100.0%	-	-
Payments for capital assets	-	-	-	-	-	-	-	2	-
Machinery and equipment	-	-	-	-	-	-	-	2	-
Total	10,068	-	-	10,068	9,023	1,045	89.6%	11,696	10,088

APPROPRIATION STATEMENT

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS											
2018/19											
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
SUBPROGRAMME											
1	195,663	(39,963)	(93,063)	62,637	50,175	12,462	80.1%	100,734	25,525	100,734	25,525
2	69,305	265	1,000	70,570	69,018	1,552	97.8%	74,613	71,824	74,613	71,824
3	644,758	(10,037)	-	634,721	419,593	215,128	66.1%	401,483	374,285	401,483	374,285
4	101,822	697	-	102,519	102,044	475	99.5%	98,240	97,284	98,240	97,284
5	134,573	(962)	-	133,611	130,261	3,350	97.5%	129,225	120,456	129,225	120,456
6	47,738	50,000	-	97,738	97,738	-	100.0%	196,278	196,278	196,278	196,278
7	289	-	-	289	275	14	95.2%	273	180	273	180
TOTAL	1,194,148	-	(92,063)	1,102,085	869,104	232,981	78.9%	1,000,846	885,833	1,000,846	885,833

APPROPRIATION STATEMENT

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS									
ECONOMIC CLASSIFICATION	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1,079,129	(52,204)	(92,063)	934,862	706,457	228,405	75.6%	726,396	619,094
Compensation of employees	206,590	-	1,000	207,590	206,944	646	99.7%	208,126	206,104
Salaries and wages	184,853	69	1,000	185,922	185,379	543	99.7%	187,076	185,145
Social contributions	21,737	(69)	-	21,668	21,565	103	99.5%	21,050	20,959
Goods and services	872,539	(52,204)	(93,063)	727,272	499,513	227,759	68.7%	518,270	412,990
Administrative fees	1,680	93	-	1,773	1,575	198	88.8%	1,549	1,309
Advertising	978	(325)	-	653	409	244	62.6%	371	204
Minor assets	145	(28)	-	117	70	47	59.8%	419	283
Audit costs: External	6,067	779	-	6,846	6,163	683	90.0%	8,272	5,660
Bursaries: Employees	1,784	(351)	-	1,433	1,083	350	75.6%	2,816	2,289
Catering: Departmental activities	613	(25)	-	588	428	160	72.8%	490	276
Communication (G&S)	619	(7)	-	612	362	250	59.2%	1,256	1,005
Computer services	565,636	(11,266)	-	554,370	353,305	201,065	63.7%	357,641	344,172
Consultants: Business and advisory services	268,512	(41,076)	(93,063)	134,373	119,450	14,923	88.9%	124,379	41,840
Legal services	5,000	-	-	5,000	-	5,000	-	24	23
Contractors	109	(77)	-	32	6	26	18.8%	123	67
Agency and support / outsourced services	-	-	-	-	-	-	-	10	-
Entertainment	113	(22)	-	91	17	74	18.7%	104	16
Fleet services	36	-	-	36	-	36	-	37	-
Consumable supplies	159	(76)	-	83	45	38	54.2%	117	69

APPROPRIATION STATEMENT

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS											
ECONOMIC CLASSIFICATION	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Expenditure	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Consumable: Stationery, printing and office supplies	1,313	(233)	-	1,080	428	652	39.6%	1,460	1,460	975	
Operating leases	783	11	-	794	725	69	91.3%	824	824	697	
Travel and subsistence	10,630	1,471	-	12,101	10,020	2,081	82.8%	11,356	11,356	8,346	
Training and development	1,917	(783)	-	1,134	437	697	38.5%	1,219	1,219	703	
Operating payments	999	(34)	-	965	594	371	61.6%	1,165	1,165	791	
Venues and facilities	5,446	(255)	-	5,191	4,396	795	84.7%	4,638	4,638	4,264	
Transfers and subsidies	104,330	51,980	-	156,310	156,303	7	100.0%	251,213	251,213	251,210	
Departmental agencies	102,666	50,000	-	152,666	152,666	-	100.0%	249,365	249,365	249,365	
Departmental agencies	102,666	50,000	-	152,666	152,666	-	100.0%	249,365	249,365	249,365	
Households	1,664	1,980	-	3,644	3,637	7	99.8%	1,848	1,848	1,845	
Social benefits	1,664	677	-	2,341	2,336	5	99.8%	698	698	695	
Other transfers to households	-	1,303	-	1,303	1,301	2	99.8%	1,150	1,150	1,150	
Payments for capital assets	10,689	224	-	10,913	6,324	4,589	57.9%	23,237	23,237	15,220	
Machinery and equipment	9,991	224	-	10,215	5,699	4,516	55.8%	21,533	21,533	15,184	
Other machinery and equipment	9,991	224	-	10,215	5,699	4,516	55.8%	21,533	21,533	15,184	
Software and other intangible	698	-	-	698	625	73	89.5%	1,704	1,704	35	
Payment for financial assets	-	-	-	-	20	(20)	-	-	-	309	
Total	1,194,148	-	(92,063)	1,102,085	869,104	232,981	78.9%	1,000,846	1,000,846	885,833	

APPROPRIATION STATEMENT

SUB-PROGRAMME 5.1: PROGRAMME MANAGEMENT FOR FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS											
2018/19						2017/18					
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		R'000
Current payments	195,510	(39,963)	(93,063)	62,484	50,175	12,309	80.3%	86,274	10,967		
Compensation of employees	6,186	37	-	6,223	6,217	6	99.9%	6,236	5,881		
Goods and services	189,324	(40,000)	(93,063)	56,261	43,958	12,303	78.1%	80,038	5,085		
Transfers and subsidies	-	-	-	-	-	-	-	1,150	1,150		
Households	-	-	-	-	-	-	-	1,150	1,150		
Payments for capital assets	153	-	-	153	-	153	-	13,310	13,121		
Machinery and equipment	153	-	-	153	-	153	-	13,310	13,121		
Payment for financial assets	-	-	-	-	-	-	-	-	287		
Total	195,663	(39,963)	(93,063)	62,637	50,175	12,462	80.1%	100,734	25,525		

APPROPRIATION STATEMENT

	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	68,212	(891)	1,000	68,321	67,487	834	98.8%	72,781	70,723
Compensation of employees	60,062	333	1,000	61,395	61,994	(599)	101.0%	65,127	64,608
Goods and services	8,150	(1,224)	-	6,926	5,493	1,433	79.3%	7,654	6,115
Transfers and subsidies	-	994	-	994	991	3	99.7%	143	141
Households	-	994	-	994	991	3	99.7%	143	141
Payments for capital assets	1,093	162	-	1,255	536	719	42.7%	1,689	959
Machinery and equipment	1,093	162	-	1,255	536	719	42.7%	1,689	959
Payment for financial assets	-	-	-	-	4	(4)	-	-	-
Total	69,305	265	1,000	70,570	69,018	1,552	97.8%	74,613	71,824

	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	637,134	(10,037)	-	627,097	415,179	211,918	66.2%	394,185	373,692
Compensation of employees	29,640	(37)	-	29,603	28,397	1,206	95.9%	27,054	26,762
Goods and services	607,494	(10,000)	-	597,494	386,782	210,712	64.7%	367,131	346,930
Payments for capital assets	7,624	-	-	7,624	4,405	3,219	57.8%	7,298	593
Machinery and equipment	7,624	-	-	7,624	4,405	3,219	57.8%	5,630	593
Software and other intangible assets	-	-	-	-	-	-	-	1,668	-
Payment for financial assets	-	-	-	-	9	(9)	-	-	-
Total	644,758	(10,037)	-	634,721	419,593	215,128	66.1%	401,483	374,285

APPROPRIATION STATEMENT

SUBPROGRAMME 5.4 : FINANCIAL REPORTING FOR NATIONAL ACCOUNTS										
	2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	45,994	632	-	46,626	46,263	363	99.2%	44,873	44,014	
Compensation of employees	32,758	(134)	-	32,624	32,617	7	100.0%	31,500	30,962	
Goods and services	13,236	766	-	14,002	13,646	356	97.5%	13,373	13,052	
Transfers and subsidies	54,928	49	-	54,977	54,977	-	100.0%	53,248	53,248	
Departmental agencies and accounts	54,928	-	-	54,928	54,928	-	100.0%	53,087	53,087	
Households	-	49	-	49	49	-	100.0%	161	161	
Payments for capital assets	900	16	-	916	804	112	87.8%	119	-	
Machinery and equipment	202	16	-	218	179	39	82.1%	119	-	
Software and other intangible assets	698	-	-	698	625	73	89.5%	-	-	
Payment for financial assets	-	-	-	-	-	-	-	-	22	
Total	101,822	697	-	102,519	102,044	475	99.5%	98,240	97,284	

APPROPRIATION STATEMENT

	SUBPROGRAMME 5.5: FINANCIAL MANAGEMENT POLICY AND COMPLIANCE IMPROVEMENT								
	2018/19				2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	131,990	(1,945)	-	130,045	127,078	2,967	97.7%	128,010	119,517
Compensation of employees	77,944	(199)	-	77,745	77,719	26	100.0%	78,209	77,889
Goods and services	54,046	(1,746)	-	52,300	49,359	2,941	94.4%	49,801	41,628
Transfers and subsidies	1,664	937	-	2,601	2,597	4	99.8%	394	393
Households	1,664	937	-	2,601	2,597	4	99.8%	394	393
Payments for capital assets	919	46	-	965	579	386	60.0%	821	546
Machinery and equipment	919	46	-	965	579	386	60.0%	785	511
Software and other intangible assets	-	-	-	-	-	-	-	36	35
Payment for financial assets	-	-	-	-	7	(7)	-	-	-
Total	134,573	(962)	-	133,611	130,261	3,350	97.5%	129,225	120,456

	SUBPROGRAMME 5.6: AUDIT STATUTORY BODIES								
	2018/19				2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	47,738	50,000	-	97,738	97,738	-	100.0%	196,278	196,278
Departmental agencies and accounts	47,738	50,000	-	97,738	97,738	-	100.0%	196,278	196,278
Total	47,738	50,000	-	97,738	97,738	-	100.0%	196,278	196,278

APPROPRIATION STATEMENT

SUB-PROGRAMME 5.7: SERVICE CHARGES: COMMERCIAL BANKS									
2018/19									
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	289	-	-	289	275	14	95.2%	273	180
Goods and services	289	-	-	289	275	14	95.2%	273	180
Total	289	-	-	289	275	14	95.2%	273	180

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS									
2018/19									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUBPROGRAMME	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 PROGRAMME MANAGEMENT FOR INTERNATIONAL FINANCIAL RELATIONS	11,786	(1,625)	-	10,161	9,043	1,118	89.0%	8,207	7,507
2 INTERNATIONAL ECONOMIC COOPERATION	42,773	1,625	5,000	49,398	46,710	2,688	94.6%	37,576	36,211
3 AFRICAN INTEGRATION AND SUPPORT	978,774	(137,000)	175,345	1,017,119	1,002,585	14,534	98.6%	896,830	896,255
4 INTERNATIONAL DEVELOPMENT FUNDING INSTITUTIONS	4,489,127	137,000	160,000	4,786,127	4,729,982	56,145	98.8%	4,977,549	4,512,036
5 INTERNATIONAL PROJECTS	20,316	-	-	20,316	19,366	950	95.3%	20,527	17,829
Total	5,542,776	-	340,345	5,883,121	5,807,686	75,435	98.7%	5,940,689	5,469,838

APPROPRIATION STATEMENT

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS									
ECONOMIC CLASSIFICATION	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	53,899	(12)	5,000	58,887	55,563	3,324	94.4%	44,756	43,112
Compensation of employees	33,438	-	-	33,438	31,893	1,545	95.4%	30,858	30,697
Salaries and wages	30,026	(154)	-	29,872	28,800	1,072	96.4%	27,974	27,828
Social contributions	3,412	154	-	3,566	3,093	473	86.7%	2,884	2,869
Goods and services	20,461	(12)	5,000	25,449	23,670	1,779	93.0%	13,898	12,415
Administrative fees	737	918	-	1,655	1,524	131	92.1%	574	529
Advertising	129	(18)	-	111	109	2	98.2%	14	0
Minor assets	27	-	-	27	-	27	-	9	3
Bursaries: Employees	358	(330)	-	28	6	22	21.4%	193	192
Catering: Departmental activities	45	-	-	45	22	23	48.9%	41	15
Communication (G&S)	-	-	-	-	-	-	-	242	153
Consultants: Business and advisory services	1,050	(706)	-	344	-	344	-	710	708
Contractors	21	814	-	835	653	182	78.2%	7	7
Agency and support / outsourced services	60	(60)	-	-	-	-	-	-	-
Entertainment	20	-	-	20	1	19	5.0%	21	2
Fleet services (including government motor transport)	-	6	-	6	-	6	-	19	17
Consumable supplies	46	2	-	48	23	25	47.9%	14	3
Consumable: Stationery, printing and office supplies	152	(46)	-	106	33	73	31.1%	155	53
Operating leases	112	47	-	159	131	28	82.4%	366	344
Travel and subsistence	13,305	(334)	3,869	16,840	15,969	871	94.8%	7,838	7,015
Training and development	180	(56)	-	124	107	17	86.3%	189	68

APPROPRIATION STATEMENT

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS									
ECONOMIC CLASSIFICATION	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	1,090	(681)	-	409	402	7	98.3%	716	640
Venues and facilities	3,129	432	1,131	4,692	4,690	2	100.0%	2,790	2,668
Transfers and subsidies	1,135,210	(136,988)	175,345	1,173,567	1,157,983	15,584	98.7%	1,047,869	1,041,246
Foreign governments and international organisations	1,135,210	(137,000)	175,345	1,173,555	1,157,971	15,584	98.7%	1,047,489	1,040,866
Households	-	12	-	12	12	-	100.0%	380	380
Social benefits	-	12	-	12	12	-	100.0%	34	34
Other transfers to households	-	-	-	-	-	-	-	346	346
Payments for capital assets	660	-	-	660	175	485	26.5%	647	226
Machinery and equipment	660	-	-	660	175	485	26.5%	647	226
Other machinery and equipment	660	-	-	660	175	485	26.5%	647	226
Payment for financial assets	4,353,007	137,000	160,000	4,650,007	4,593,965	56,042	98.8%	4,847,417	4,385,255
Total	5,542,776	-	340,345	5,883,121	5,807,686	75,435	98.7%	5,940,689	5,469,838

APPROPRIATION STATEMENT

SUBPROGRAMME: 6.1: PROGRAMME MANAGEMENT FOR INTERNATIONAL FINANCIAL RELATIONS	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Expenditure	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	11,547	(1,625)	-	9,922	9,009	913	90.8%	7,592	7,161	7,161
Compensation of employees	6,577	(373)	-	6,204	5,562	642	89.7%	3,790	3,785	3,785
Goods and services	4,970	(1,252)	-	3,718	3,447	271	92.7%	3,802	3,376	3,376
Transfers and subsidies	-	-	-	-	-	-	-	346	346	346
Households	-	-	-	-	-	-	-	346	346	346
Payments for capital assets	239	-	-	239	34	205	14.2%	269	-	-
Machinery and equipment	239	-	-	239	34	205	14.2%	269	-	-
Total	11,786	(1,625)	-	10,161	9,043	1,118	89.0%	8,207	7,507	7,507

SUBPROGRAMME 6.2: INTERNATIONAL ECONOMIC COOPERATION	2018/19							2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Expenditure	Actual Expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	42,352	1,613	5,000	48,965	46,554	2,411	95.1%	37,164	35,952	35,952
Compensation of employees	26,861	373	-	27,234	26,331	903	96.7%	27,068	26,913	26,913
Goods and services	15,491	1,240	5,000	21,731	20,223	1,508	93.1%	10,096	9,039	9,039
Transfers and subsidies	-	12	-	12	12	-	100.0%	34	34	34
Households	-	12	-	12	12	-	100.0%	34	34	34
Payments for capital assets	421	-	-	421	141	280	33.5%	378	226	226
Machinery and equipment	421	-	-	421	141	280	33.5%	378	226	226
Payment for financial assets	-	-	-	-	3	(3)	-	-	-	-
Total	42,773	1,625	5,000	49,398	46,710	2,688	94.6%	37,576	36,211	36,211

APPROPRIATION STATEMENT

SUBPROGRAMME 6.3: AFRICAN INTEGRATION AND SUPPORT									
ECONOMIC CLASSIFICATION	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	978,774	(137,000)	175,345	1,017,119	1,002,585	14,534	98.6%	896,830	896,255
Foreign governments and international organisations	978,774	(137,000)	175,345	1,017,119	1,002,585	14,534	98.6%	896,830	896,255
Total	978,774	(137,000)	175,345	1,017,119	1,002,585	14,534	98.6%	896,830	896,255

SUBPROGRAMME 6.4: INTERNATIONAL DEVELOPMENT FUNDING INSTITUTIONS									
ECONOMIC CLASSIFICATION	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	136,120	-	-	136,120	136,020	100	99.9%	130,132	126,781
Foreign governments and international organisations	136,120	-	-	136,120	136,020	100	99.9%	130,132	126,781
Payment for financial assets	4,353,007	137,000	160,000	4,650,007	4,593,962	56,045	98.8%	4,847,417	4,385,255
Total	4,489,127	137,000	160,000	4,786,127	4,729,982	56,145	98.8%	4,977,549	4,512,036

SUBPROGRAMME 6.5: INTERNATIONAL PROJECTS									
ECONOMIC CLASSIFICATION	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	20,316	-	-	20,316	19,366	950	95.3%	20,527	17,829
Foreign governments and international organisations	20,316	-	-	20,316	19,366	950	95.3%	20,527	17,829
Total	20,316	-	-	20,316	19,366	950	95.3%	20,527	17,829

APPROPRIATION STATEMENT

PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS											
2018/19											2017/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Expenditure	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
SUBPROGRAMME	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
1	68,856	(4,368)	-	64,488	64,488	-	100.0%	65,196	62,061	62,061	
2	4,151,353	8,875	(142,519)	4,017,709	4,017,142	567	100.0%	3,638,822	3,614,441	3,614,441	
3	943,587	(4,507)	-	939,080	938,470	610	99.9%	944,184	941,586	941,586	
TOTAL	5,163,796	-	(142,519)	5,021,277	5,020,100	1,177	100.0%	4,648,202	4,618,088	4,618,088	

PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS											
2018/19											2017/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Final Expenditure	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Current payments	68,856	(4,368)	-	64,488	64,488	-	100.0%	65,196	62,061	62,061	
Goods and services	68,856	(4,368)	-	64,488	64,488	-	100.0%	65,196	62,061	62,061	
Consultants: Business and advisory services	68,856	(4,368)	-	64,488	64,488	-	100.0%	65,196	62,061	62,061	
Transfers and subsidies	5,094,940	4,368	(142,519)	4,956,789	4,955,612	1,177	100.0%	4,583,006	4,556,016	4,556,016	
Foreign governments and international organisations	2,695	(1,542)	-	1,153	1,152	1	99.9%	2,567	1,255	1,255	
Households	5,092,245	5,910	(142,519)	4,955,636	4,954,460	1,176	100.0%	4,580,439	4,554,761	4,554,761	
Social benefits	5,092,245	5,910	(142,519)	4,955,636	4,954,460	1,176	100.0%	4,580,439	4,554,761	4,554,761	
Payment for financial assets	-	-	-	-	-	-	-	-	-	11	
Total	5,163,796	-	(142,519)	5,021,277	5,020,100	1,177	100.0%	4,648,202	4,618,088	4,618,088	

APPROPRIATION STATEMENT

SUBPROGRAMME 7.1: GOVERNMENT PENSIONS ADMINISTRATION AGENCY									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	68,856	(4,368)	-	64,488	64,488	-	100.0%	65,196	62,061
Goods and services	68,856	(4,368)	-	64,488	64,488	-	100.0%	65,196	62,061
Total	68,856	(4,368)	-	64,488	64,488	-	100.0%	65,196	62,061

SUBPROGRAMME 7.2: CIVIL PENSIONS AND CONTRIBUTIONS TO FUNDS									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies	4,151,353	8,875	(142,519)	4,017,709	4,017,142	567	100.0%	3,638,822	3,614,430
Foreign governments and international organisations	2,695	(1,542)	-	1,153	1,152	1	99.9%	2,567	1,255
Households	4,148,658	10,417	(142,519)	4,016,556	4,015,990	566	100.0%	3,636,255	3,613,175
Payment for financial assets	-	-	-	-	-	-	-	-	11
Total	4,151,353	8,875	(142,519)	4,017,709	4,017,142	567	100.0%	3,638,822	3,614,441

SUBPROGRAMME 7.3: MILITARY PENSIONS AND OTHER BENEFITS									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies	943,587	(4,507)	-	939,080	938,470	610	99.9%	944,184	941,586
Households	943,587	(4,507)	-	939,080	938,470	610	99.9%	944,184	941,586
Total	943,587	(4,507)	-	939,080	938,470	610	99.9%	944,184	941,586

APPROPRIATION STATEMENT

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE									
2018/19									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUBPROGRAMME									
1	645,481	-	-	645,481	645,481	-	100.0%	627,762	627,762
	LOCAL GOVERNMENT FINANCIAL MANAGEMENT SUPPORT								
2	924,829	-	-	924,829	910,853	13,976	98.5%	983,253	972,917
	URBAN DEVELOPMENT AND SUPPORT								
3	689,000	-	(85,763)	603,237	330,597	272,640	54.8%	609,990	593,058
	EMPLOYMENT CREATION FACILITATION								
4	71,858	-	-	71,858	71,858	-	100.0%	80,818	80,818
	GOVERNMENT TECHNICAL ADVISORY CENTRE								
5	681,374	-	-	681,374	276,278	405,096	40.5%	256,690	251,795
	INFRASTRUCTURE DEVELOPMENT SUPPORT								
TOTAL	3,012,542	-	(85,763)	2,926,779	2,235,067	691,712	76.4%	2,558,513	2,526,350

APPROPRIATION STATEMENT

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE											
ECONOMIC CLASSIFICATION	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	794,150	19,952	-	814,102	349,378	417,952	48.7%	354,442	327,830	354,442	327,830
Goods and services	794,150	19,952	-	814,102	396,150	417,952	48.7%	354,442	327,830	354,442	327,830
Administrative fees	-	16	-	16	15	1	93.8%	-	-	-	-
Minor assets	-	70	-	70	67	3	95.7%	-	-	-	-
Computer services	-	12	-	12	6	6	50.0%	-	-	-	-
Consultants: Business and advisory services	394,150	19,571	-	413,721	395,782	17,939	95.7%	354,442	327,830	354,442	327,830
Infrastructure and planning services	400,000	-	-	400,000	-	400,000	-	-	-	-	-
Consumable supplies	-	1	-	1	1	-	100.0%	-	-	-	-
Travel and subsistence	-	282	-	282	279	3	98.9%	-	-	-	-
Transfers and subsidies	2,218,392	(20,000)	(85,763)	2,112,629	1,838,870	273,759	87.0%	2,204,071	2,198,520	2,204,071	2,198,520
Provinces and municipalities	1,541,534	(20,000)	-	1,521,534	1,508,784	12,750	99.2%	1,598,289	1,592,738	1,598,289	1,592,738
Municipalities	1,541,534	(20,000)	-	1,521,534	1,508,784	12,750	99.2%	1,598,289	1,592,738	1,598,289	1,592,738
Municipal bank accounts	1,541,534	(20,000)	-	1,521,534	1,508,784	12,750	99.2%	1,598,289	1,592,738	1,598,289	1,592,738
Departmental agencies	676,858		(85,763)	591,095	330,086	261,009	55.8%	605,782	605,782	605,782	605,782
Departmental agencies (non-business entities)	676,858	-	(85,763)	591,095	330,086	261,009	55.8%	605,782	605,782	605,782	605,782
Payments for capital assets	-	48	-	48	47	1	97.9%	-	-	-	-
Machinery and equipment	-	48	-	48	47	1	97.9%	-	-	-	-
Other machinery and equipment	-	48	-	48	47	1	97.9%	-	-	-	-
TOTAL	3,012,542	-	(85,763)	2,926,779	2,235,067	691,712	76.4%	2,558,513	2,526,350	2,558,513	2,526,350

APPROPRIATION STATEMENT

SUBPROGRAMME: 8.1: LOCAL GOVERNMENT FINANCIAL MANAGEMENT SUPPORT									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	140,915	-	-	140,915	140,915	-	100.0%	125,756	125,756
Goods and services	140,915	-	-	140,915	140,915	-	100.0%	125,756	125,756
Transfers and subsidies	504,566	-	-	504,566	504,566	-	100.0%	502,006	502,006
Provinces and municipalities	504,566	-	-	504,566	504,566	-	100.0%	502,006	502,006
Total	645,481	-	-	645,481	645,481	-	100.0%	627,762	627,762

SUBPROGRAMME: 8.2: URBAN DEVELOPMENT AND SUPPORT									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29,353	20,000	-	49,353	48,127	1,226	97.5%	27,744	22,959
Goods and services	29,353	20,000	-	49,353	48,127	1,226	97.5%	27,744	22,959
Transfers and subsidies	895,476	(20,000)	-	875,476	862,726	12,750	98.5%	955,509	949,958
Provinces and municipalities	895,476	(20,000)	-	875,476	862,726	12,750	98.5%	955,509	949,958
Total	924,829	-	-	924,829	910,853	13,976	98.5%	983,253	972,917

APPROPRIATION STATEMENT

SUBPROGRAMME 8.3: EMPLOYMENT CREATION FACILITATION									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Current payments	84,000	-	-	84,000	72,369	11,631	86.2%	85,026	68,094
Goods and services	84,000	-	-	84,000	72,369	11,631	86.2%	85,026	68,094
Transfers and subsidies	605,000	-	(85,763)	519,237	258,228	261,009	49.7%	524,964	524,964
Departmental agencies and accounts	605,000	-	(85,763)	519,237	258,228	261,009	49.7%	524,964	524,964
Total	689,000	-	(85,763)	603,237	330,597	272,640	54.8%	609,990	593,058

SUBPROGRAMME: 8.4: GOVERNMENT TECHNICAL ADVISORY CENTRE									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies	71,858	-	-	71,858	71,858	-	100.0%	80,818	80,818
Departmental agencies and accounts	71,858	-	-	71,858	71,858	-	100.0%	80,818	80,818
Total	71,858	-	-	71,858	71,858	-	100.0%	80,818	80,818

APPROPRIATION STATEMENT

SUBPROGRAMME 8.5: INFRASTRUCTURE DEVELOPMENT SUPPORT										
2018/19										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	2017/18 Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
ECONOMIC CLASSIFICATION										
Current payments	539,882	(48)	-	539,834	134,739	405,095	25.0%	115,916	111,021	111,021
Goods and services	539,882	(48)	-	539,834	134,739	405,095	25.0%	115,916	111,021	111,021
Transfers and subsidies	141,492	-	-	141,492	141,492	-	100.0%	140,774	140,774	140,774
Provinces and municipalities	141,492	-	-	141,492	141,492	-	100.0%	140,774	140,774	140,774
Payments for capital assets	-	48	-	48	47	1	97.9%	-	-	-
Machinery and equipment	-	48	-	48	47	1	97.9%	-	-	-
Total	681,374	-	-	681,374	276,278	405,096	40.5%	256,690	251,795	251,795

PROGRAMME 9: REVENUE ADMINISTRATION										
2018/19										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	2017/18 Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
SUBPROGRAMME										
1 SOUTH AFRICAN REVENUE SERVICE	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198	10,218,198
TOTAL	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198	10,218,198

APPROPRIATION STATEMENT

PROGRAMME 9: REVENUE ADMINISTRATION									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198
Departmental agencies and accounts	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198
Departmental agencies (non-business entities)	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198
Total	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198

SUBPROGRAMME 9.1: SOUTH AFRICAN REVENUE SERVICE									
2018/19					2017/18				
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198
Departmental agencies and accounts	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198
Total	9,007,217	-	-	9,007,217	9,007,217	-	100.0%	10,218,198	10,218,198

APPROPRIATION STATEMENT

PROGRAMME 10: FINANCIAL INTELLIGENCE AND STATE SECURITY										
2018/19										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
SUB-PROGRAMME										
1 FINANCIAL INTELLIGENCE CENTRE	278,716	-	-	278,716	278,716	-	100.0%	278,716	278,716	270,191
2 SECRET SERVICES	4,484,817	-	-	4,484,817	4,484,817	-	100.0%	4,484,817	4,484,817	4,835,448
Total	4,763,533	-	-	4,763,533	4,763,533	-	100.0%	4,763,533	4,763,533	5,105,639

PROGRAMME 10: FINANCIAL INTELLIGENCE AND STATE SECURITY										
2018/19										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
ECONOMIC CLASSIFICATION										
Transfers and subsidies	4,763,533	-	-	4,763,533	4,763,533	-	100.0%	4,763,533	4,763,533	5,105,639
Departmental agencies and accounts	4,763,533	-	-	4,763,533	4,763,533	-	100.0%	4,763,533	4,763,533	5,105,639
Departmental agencies (non-business entities)	4,763,533	-	-	4,763,533	4,763,533	-	100.0%	4,763,533	4,763,533	5,105,639
Total	4,763,533	-	-	4,763,533	4,763,533	-	100.0%	4,763,533	4,763,533	5,105,639

APPROPRIATION STATEMENT

SUBPROGRAMME 10.1: FINANCIAL INTELLIGENCE CENTRE										
2018/19										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
ECONOMIC CLASSIFICATION										
Transfers and subsidies	278,716	-	-	278,716	278,716	-	100.0%	270,191	270,191	270,191
Departmental agencies and accounts	278,716	-	-	278,716	278,716	-	100.0%	270,191	270,191	270,191
Total	278,716	-	-	278,716	278,716	-	100.0%	270,191	270,191	270,191

SUB-PROGRAMME 10.2: SECRET SERVICES										
2018/19										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
ECONOMIC CLASSIFICATION										
Transfers and subsidies	4,484,817	-	-	4,484,817	4,484,817	-	100.0%	4,835,448	4,835,448	4,835,448
Departmental agencies and accounts	4,484,817	-	-	4,484,817	4,484,817	-	100.0%	4,835,448	4,835,448	4,835,448
Total	4,484,817	-	-	4,484,817	4,484,817	-	100.0%	4,835,448	4,835,448	4,835,448

NOTES TO THE APPROPRIATION STATEMENT

1. DETAIL OF TRANSFERS AND SUBSIDIES AS PER APPROPRIATION ACT (AFTER VIREMENT):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-G) to the Annual Financial Statements.

2. DETAIL OF SPECIFICALLY AND EXCLUSIVELY APPROPRIATED AMOUNTS VOTED (AFTER VIREMENT):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. DETAIL ON PAYMENTS FOR FINANCIAL ASSETS

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. EXPLANATIONS OF MATERIAL VARIANCES FROM AMOUNTS VOTED (AFTER VIREMENT):

4.1

Per programme:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Programme 1: Administration	453,819	424,274	29,545	6.5%

Underspending of R4.1 million on compensation of employees was mainly due to vacant posts not being filled. Savings of R13.3 million on goods and services items such as computer services, consultancy services, contractors, stationary and travel costs were mainly due to implementation of the cost containment measures. Underspending of R12.2 million on machinery and equipment mainly due to the pending procurement of wireless infrastructure for the Centurion building as well as upgrading the current obsolete wireless infrastructure in Cape Town, 240 Madiba Street and 40 Church Buildings.

Programme 2: Economic Policy, Tax, Financial Regulation and Research	152,770	138,756	14,014	9.2%
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Unspent funds of R7.7 million on transfer and subsidies was mainly due to transfer payment to the Economic Research Southern Africa (ERSA) which did not materialise as a result of discontinuation of the research. Underspending of R5.7 million on compensation of employees was mainly due to vacant posts not being filled. The saving of R600 000 on various items mainly due to implementation of cost containment measures.

NOTES TO THE APPROPRIATION STATEMENT

Programme 3: Public Finance and Budget Management	298,047	295,370	2,677	0.9%
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The Underspending of R601 000 on compensation of employees was mainly due to vacant posts that haven't been filled. Furthermore the saving of R1.3 million on goods and services was on various items such as bursaries, catering, entertainment, travel and stationery mainly due to implementation of cost containment measures. Underspending of R800 000 on machinery and equipment due to non-replacement of obsolete equipment.

Programme 4: Asset and Liability Management	101,585	91,185	10,400	10.2%
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Underspending of R4.9 million on compensation of employees was mainly due to vacant posts not being filled. Underspending of R5.5 million on goods and services was mainly due delays in the appointment of a consultant to assist with the completion of the final phase of the ALM Back Office System as well as the tender issuance process for a new support, maintenance and enhancement contract for the ALM Back Office System.

Programme 5: Financial Accounting and Supply Chain Management Systems	1,102,085	869,104	232,981	21.1%
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Underspending of R227.8 million on goods and services was mainly on the Integrated Financial Management Systems (IFMS) project relating to the rescheduling of the procurement of various services. Underspending of R4.5 million on machinery and equipment was due to non-replacement of system servers for transversal systems.

Programme 6: International Financial Relations	5,883,121	5,807,686	75,435	1.3%
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Saving of R56 million on payment of financial assets was mainly due to saving realised on payment to New Development Bank (NDB) and African Development Bank (AfDB) as a result of foreign exchange rate difference. Saving of R15.6 million on transfers and subsidies was mainly on Common Monetary Area (CMA) compensation due to less than anticipated yield on the South African long term bonds. The underspending of R1.5 million on compensation of employees was mainly due to vacant posts not being filled. Saving of R2.3 million on goods and services on various items mainly due to implementation of the cost containment measures.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits	5,021,277	5,020,100	1,177	0.0%
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The expenditure on the programme was on par with the budgeted amount with immaterial variance.

Programme 8: Technical Support and Development Finance	2,926,779	2,235,067	691,712	23.6%
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NOTES TO THE APPROPRIATION STATEMENT

Underspending of R464 million on goods and services was mainly due to R400 million on the Development Bank Southern Africa (DBSA) Infrastructure funds which were not transferred due to pending Memorandum of Agreement and the Business case and R64 million mainly on Jobs Fund operational expenditure which experienced delays in appointing service providers in the Job Fund operational budget. The underspending of R226 million on transfers and subsidies was mainly on the Jobs Fund grant disbursement due to lower than projected disbursements by the Jobs Fund Partners for the current financial year.

Programme 9: Revenue Administration	9,007,217	9,007,217	-	0.0%
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The expenditure on the programme was on par with the budgeted amount.

Programme 10: Financial Intelligence and State Security	4,763,533	4,763,533	-	0.0%
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The expenditure on the programme was on par with the budgeted amount.

NOTES TO THE APPROPRIATION STATEMENT

4.2

Per economic classification:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current expenditure	2,755,192	2,071,255	683,937	24.8%
Compensation of employees	807,760	790,344	17,416	2.2%
Goods and services	1,947,432	1,280,911	666,521	34.2%
Transfers and subsidies	22,261,909	21,962,846	299,063	1.3%
Provinces and municipalities	1,521,534	1,508,784	12,750	0.8%
Departmental agencies and accounts	14,588,296	14,327,242	261,054	1.8%
Public corporations and private enterprises	7,862	-	7,862	100.0%
Foreign governments and international organisations	1,174,708	1,159,123	15,585	1.3%
Households	4,969,509	4,967,694	1,815	0.0%
Payments for capital assets	43,125	23,448	19,677	45.6%
Machinery and equipment	35,868	20,466	15,402	42.9%
Software and other intangible assets	7,257	2,982	4,275	58.9%
Payments for financial assets	4,650,007	4,594,743	55,264	1.2%
Total per economic classification	29,710,233	28,652,292	1,057,941	3.6%

Underspending in compensation of employees was mainly due to longer turnaround time to fill vacant positions and on goods and services was mainly from IFMS projects, Jobs Fund Indirect Fund and the Development Bank Southern Africa (DBSA) Infrastructure funds which were not transferred. Material variance on transfers and subsidies was mainly on Jobs Fund grant disbursement due to lower than projected disbursements by the Jobs Fund Partners.

NOTES TO THE APPROPRIATION STATEMENT

4.3

Per conditional grant

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation.
	R'000	R'000	R'000	%
Financial Management grant - municipalities	504,566	504,566	-	0.0%
Infrastructure Skills Development grant - municipalities	141,492	141,492	-	0.0%
Neighbourhood Development Partnership grant	581,867	569,117	12,750	2.2%
Integrated Cities Development grant	293,609	293,609	-	0.0%
Neighbourhood Development Partnership indirect grant	49,353	48,127	1,226	2.5%
TOTAL	1,570,887	1,556,911	13,976	

The underspending on the Neighbourhood Development Partnership Grants (NDPG) was due to funds that were withheld to certain municipalities, subsequent to various issues such as procurement delays, failure to report actual spending on a regular bases and failure to spent 80% of the transferred funds before the next tranche of funding is released.

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2018/19 R'000	2017/18 R'000
REVENUE			
Annual appropriation	1	29,710,233	40,484,306
Departmental revenue	2	7,113,723	4,430,772
Aid assistance	3	64,268	20,209
TOTAL REVENUE		36,888,224	44,935,287
EXPENDITURE			
Current expenditure			
Compensation of employees	4	790,344	803,732
Goods and services	5	1,280,910	1,121,319
Aid assistance	3	49,958	14,324
Total current expenditure		2,121,212	1,939,375
Transfers and subsidies			
Transfers and subsidies	7	21,962,844	23,454,215
Total transfers and subsidies		21,962,844	23,454,215
Expenditure for capital assets			
Tangible assets	8	20,467	26,997
Intangible assets	8	2,982	41
Total expenditure for capital assets		23,449	27,038
Payments for financial assets	6	4,594,743	14,385,767
TOTAL EXPENDITURE		28,702,248	39,806,395
SURPLUS FOR THE YEAR		8,185,976	5,128,892
Reconciliation of Net Surplus for the year			
Voted Funds		1,057,943	692,235
Annual appropriation		1,045,192	686,684
Conditional grants		12,751	5,551
Departmental revenue and NRF Receipts		7,113,723	4,430,772
Aid assistance		14,310	5,885
SURPLUS FOR THE YEAR		8,185,976	5,128,892

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2018/19 R'000	2017/18 R'000
ASSETS			
Current Assets		1,109,759	705,732
Cash and cash equivalents	9	1,067,642	604,765
Prepayments and advances	10	18,485	88,829
Receivables	11	23,632	12,138
Non-Current Assets		404,756	23,433,483
Investments	12	400,956	23,409,714
Receivables	11	3,800	23,769
TOTAL ASSETS		1,514,515	24,139,215
LIABILITIES			
Current Liabilities		1,112,665	728,391
Voted funds to be surrendered to the Revenue Fund	14	1,057,940	692,235
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	23,851	244
Payables	16	16,663	30,027
Aid assistance repayable	3	14,211	5,885
TOTAL LIABILITIES		1,112,665	728,391
NET ASSETS		401,850	23,410,824
Represented by:			
Capitalisation reserve		400,957	23,409,714
Recoverable revenue		893	1,110
TOTAL		401,850	23,410,824

STATEMENT OF CHANGES IN NET ASSETS

	2018/19 R'000	2017/18 R'000
NET ASSETS		
Capitalisation Reserves		
Opening balance	23,409,714	13,409,714
Transfers:		
Movement in Operational Funds	(23,008,758)	-
Other movements	-	10,000,000
Closing balance	<u>400,956</u>	<u>23,409,714</u>
Recoverable revenue		
Opening balance	1,110	1,258,520
Transfers:		
Debts recovered (included in departmental receipts)	-	(1,257,434)
Debts raised	(216)	24
Closing balance	894	1,110
TOTAL	<u>401,850</u>	<u>23,410,824</u>

CASH FLOW STATEMENT

	Notes	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		36,808,224	44,691,625
Annual appropriated funds received	1.1	29,710,233	40,484,306
Departmental revenue received	2	283,636	1,104,650
Interest received	2.2	6,750,187	3,082,460
Aid assistance received	3	64,268	20,209
Net decrease / (increase) in working capital		65,455	(10,504)
Surrendered to Revenue Fund		(7,782,454)	(4,731,545)
Surrendered to RDP Fund/Donor		(5,984)	(13,282)
Current payments		(2,121,212)	(1,939,375)
Payments for financial assets		(4,594,743)	(14,385,767)
Transfers and subsidies paid		(21,962,844)	(23,454,215)
Net cash flow available from operating activities	17	406,442	156,937
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received		80,000	242,979
Payments for capital assets	8	(23,449)	(27,038)
Proceeds from sale of capital assets	2.3	-	683
Decrease in loans		-	1,257,434
Decrease/ (increase) in investments		23,008,758	(10,000,000)
Net cash flows from investing activities		23,065,309	(8,525,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/ increase in net assets		(23,008,974)	8,742,590
Net cash flows from financing activities		(23,008,974)	8,742,590
Net increase in cash and cash equivalents		462,777	373,585
Unrealised gains within cash and cash equivalents		100	-
Cash and cash equivalents at beginning of period		604,765	231,180
Cash and cash equivalents at end of period	18	1,067,642	604,765

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART A: ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies which have been applied consistently in all material aspects unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention has been used except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA) Act 1 of 1999 (as amended by Act 29 of 1999) and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

3. PRESENTATION CURRENCY

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. ROUNDING

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. FOREIGN CURRENCY TRANSLATION

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment/receipt and end of March 2019 for disclosure purposes.

6. COMPARATIVE INFORMATION

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6.2 Current year comparison with budget

A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. REVENUE

7.1 Appropriated funds

Appropriated funds comprise of departmental allocations but exclude direct charges against the revenue fund (i.e. statutory appropriation) which are reported and audited separately as part of the consolidated annual financial statements. This includes extra-ordinary receipts.

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.

7.2 DEPARTMENTAL REVENUE

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 ACCRUED DEPARTMENTAL REVENUE

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- The amount of revenue can be measured reliably.
- The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's write-off policy.

8. EXPENDITURE

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or in the case of services when they are rendered to the department or in case of transfers and subsidies when they are due and payable. Accruals and payables not recognised are measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements. Buildings and other fixed structures lease commitments are based on 12 months projection and there are no signed agreements with Public Works; it is an on-going negotiation.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- Cost being the fair value of the asset; or
- The sum of the minimum lease payments made including any payments made to acquire ownership at the end of the lease term excluding interest.

9. AID ASSISTANCE

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. PREPAYMENTS AND ADVANCES

Prepayments and advances are recognised in the statement of financial position only when the department becomes party to the provisions of the arrangement and receives or disburses the cash. Alternatively the department may recognise prepayments and advances in the statement of financial performance in accordance with MCS on Expenditure if the prepayment was budgeted for as an expense in the year in which the actual prepayment was made. The department discloses in its notes for prepayments and advances a reconciliation of the opening balance and the closing balance at the end of the reporting period where goods and services were partially received or prior to the recipient earning the cash in the case of transfer and subsidies.

12. LOANS AND RECEIVABLES

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest where interest is charged less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

13. INVESTMENTS

Investments are recognised in the statement of financial position at cost.

14. FINANCIAL ASSETS

14.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date a department shall measure its financial assets at cost less amounts already settled or written off except for recognised loans and receivables which are measured at cost plus accrued interest where interest is charged less amounts already settled or written-off.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset an estimation of the reduction in the recorded carrying value to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset is recorded in the notes to the financial statements.

15. PAYABLES

Loans and payables are recognised in the statement of financial position at cost.

16. CAPITAL ASSETS

16.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined reliably the immovable capital assets are measured at cost / fair value for recording in the asset register.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably the movable capital assets are measured at fair value and where fair value cannot be determined the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a no exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or Impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. PROVISIONS CONTINGENCIES AND COMMITMENTS

17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events and where existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

17.4 Commitments

Commitments (other than transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament with funding and the related funds are received; or
- approved by Parliament without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. IRREGULAR EXPENDITURE

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine in which case reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. CHANGES IN ACCOUNTING POLICIES ACCOUNTING ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with Modified Cash Standard (MCS) requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23. PRINCIPAL - AGENT ARRANGEMENTS

The department is party to a principal-agent arrangement for administrative services rendered on behalf of the National Treasury with respect to Programme 7 Civil and Military Pensions Contributions(GPAA mainly). The department is the Principal and provides funding and other benefits to the Government Pension Administration Agency (GPAA) as well as to the Government Technical Advisory Centre which provides technical assistance. Development Bank of Southern Africa is an agent in relation to the Cities Support Programme. In terms of these arrangements the department is the Principal and is responsible for providing funding for both programmes. All related revenues expenditures assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. CAPITALISATION RESERVE

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

25. RECOVERABLE REVENUE

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

26. RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

27. EMPLOYEE BENEFITS

The value of each major class of employee benefit obligation (accruals payables not recognised and provisions) is disclosed in the Employee benefits note.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

1. ANNUAL APPROPRIATION

1.1 Annual Appropriation

Annual Appropriation		2018/19			2017/18	
		Final	Actual Funds	Funds not	Final	Appropriation
		Appropriation	Received	requested/ not received	Appropriation	Received
Programmes		R'000	R'000	R'000	R'000	R'000
1	Administration	453,819	453,819	-	445,620	445,620
2	Economic Policy, Tax, Financial Regulation and Research	152,770	152,770	-	163,991	163,991
3	Public Finance and Budget Management	298,047	298,047	-	302,296	302,296
4	Asset and Liability Management	101,585	101,585	-	10,100,312	10,100,312
5	Financial Accounting and Supply Chain Management Systems	1,102,085	1,102,085	-	1,000,846	1,000,846
6	International Financial Relations	5,883,121	5,883,121	-	5,940,689	5,940,689
7	Civil and Military Pensions, Contributions to Funds and Other Benefits	5,021,277	5,021,277	-	4,648,202	4,648,202
8	Technical Support and Development Finance	2,926,779	2,926,779	-	2,558,513	2,558,513
9	Revenue Administration	9,007,217	9,007,217	-	10,218,198	10,218,198
10	Financial Intelligence and State Security	4,763,533	4,763,533	-	5,105,639	5,105,639
	Total	29,710,233	29,710,233	-	40,484,306	40,484,306

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
1.2 Conditional grants			
Conditional grants			
Total grants received	39	<u>1,576,728</u>	<u>1,621,385</u>

Conditional grants are included as part of the Annual Appropriation. Refer to note 39 for more information on the conditional grants.

2. DEPARTMENTAL REVENUE

Departmental Revenue			
Sales of goods and services other than capital assets	2.1	125,379	116,648
Interest, dividends and rent on land	2.2	6,830,187	3,325,439
Sales of capital assets	2.3	-	683
Transactions in financial assets and liabilities	2.4	158,157	988,002
Departmental revenue collected		<u>7,113,723</u>	<u>4,430,772</u>

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	125,191	116,637
Sales by market establishment	90	99
Administrative fees	1	1
Other sales ¹	125,100	116,537
Sales of scrap, waste and other used current goods	188	11
Total	<u>125,379</u>	<u>116,648</u>

2.2 Interest, dividends and rent on land

Interest	6,750,187	3,082,460
Dividends	80,000	242,979
Total	<u>6,830,187</u>	<u>3,325,439</u>

The increase in interest was due to higher interest received from investments made with the South African Reserve Bank.

¹ The sale of capital assets was recognised in other sales items since the sales of capital assets items on BAS system was inactive

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.3 Sale of capital assets

Sales of capital assets

Machinery and equipment	-	683
Total	<u>-</u>	<u>683</u>

2.4 Transactions in financial assets and liabilities

Loans and advances	-	840,000
Receivables	24,863	467
Other Receipts including Recoverable Revenue	133,294	147,535
Total	<u>158,157</u>	<u>988,002</u>

The decrease in loans and advances was due to a Gautrain loan which was paid-off in the previous financial year 2017/18.

2.5 Cash received not recognised – 2018/19

Name of entity	Amount received R'000	Amount paid to Revenue Fund R'000	Balance R'000
Funds surrendered by municipalities	458,751	(458,751)	-
Total	<u>458,751</u>	<u>(458,751)</u>	<u>-</u>

Cash received not recognised – 2017/18

Name of entity	Amount received R'000	Amount paid to Revenue Fund R'000	Balance R'000
Funds surrendered by municipalities	169,060	(169,060)	-
Total	<u>169,060</u>	<u>(169,060)</u>	<u>-</u>

3. AID ASSISTANCE

	2018/19 R'000	2017/18 R'000
Opening Balance	5,885	13,282
Prior period error		
As restated	<u>5,885</u>	<u>13,282</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
Transferred from statement of financial performance		14,310	5,885
Paid during the year		(5,984)	(13,282)
Closing Balance		<u>14,211</u>	<u>5,885</u>

Refer to annexure 1F for more information on aid assistance.

3.2 Analysis of balance by source

Aid assistance from RDP	14,211	5,885
Closing Balance	<u>14,211</u>	<u>5,885</u>

3.3 Analysis of balance

Aid assistance repayable	14,211	5,885
Closing balance	<u>14,211</u>	<u>5,885</u>

3.2.1 Aid assistance (expensed) - 2018/19

	Amount as at 1 April 2018 R'000	Add: Received in the current year R'000	Less: Paid back by/on 31 March 2019 R'000	Less: Current Year expenditure R'000	Amount as at 31 March 2019 R'000
Goods and services	5,885	64,268	(5,984)	(49,958)	14,211
Closing balance	<u>5,885</u>	<u>64,268</u>	<u>(5,984)</u>	<u>(49,958)</u>	<u>14,211</u>

3.3 Aid assistance expenditure per economic classification

Current	49,958	14,324
Total aid assistance expenditure	<u>49,958</u>	<u>14,324</u>

Refer to annexure 1F for more information on Aid Assistance Received.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
4. COMPENSATION OF EMPLOYEES			
4.1 Salaries and Wages			
Basic salary		540,350	543,858
Performance award		12,309	12,364
Service Based		1,693	1,945
Compensative/circumstantial		2,617	1,668
Other non-pensionable allowances		150,534	161,706
Total		<u>707,503</u>	<u>721,541</u>

Compensative/circumstantial payments and allowances paid to employees as compensation for cost relating to operational or job requirements relating to acting allowance. Other non-pensionable allowances refer to all other non-pensionable allowances not separately provided for e.g. housing allowances.

4.2 Social contributions

Employer contributions		R'000	R'000
Pension		67,199	66,706
Medical		15,551	15,393
Bargaining Council		91	92
Total		<u>82,841</u>	<u>82,191</u>
Total compensation of employees		<u>790,344</u>	<u>803,732</u>
Average number of employees		<u>1,062</u>	<u>1,133</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
5. GOODS AND SERVICES			
Administrative fees		7,166	5,903
Advertising		1,370	830
Minor assets	5.1	343	450
Bursaries (employees)		4,328	5,700
Catering		1,285	1,100
Communication		7,102	7,758
Computer services	5.2	390,500	380,741
Consultants: Business and advisory services		628,913	482,047
Infrastructure and planning services		-	62
Legal services		13,905	15,284
Contractors		20,881	14,465
Agency and support / outsourced services		6,732	7,033
Entertainment		89	85
Audit cost – external	5.3	16,114	16,395
Fleet services		3,387	3,134
Consumables	5.4	8,165	15,523
Operating leases		59,816	66,034
Property payments	5.5	19,715	23,962
Travel and subsistence	5.6	69,578	59,987
Venues and facilities		9,569	7,313
Training and development		2,645	3,351
Other operating expenditure	5.7	9,308	4,162
Total		1,280,910	1,121,319

The increase in goods and services was due to higher spending on Consultants: Business and advisory services for the Cities Support Programmes relating to the Reimbursable Advisory Service (RAS) payments to the World Bank, and the Municipal Finance Improvement Programme due to the fast-tracking of procurement processes. The increase in Consultants fees was due to payments made in relation to services rendered towards the completion of the Internal Audit's 2018/19 audit action plan.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
5.1 Minor assets			
Tangible assets			
Machinery and equipment		343	450
Total		343	450
5.2 Computer services			
SITA computer services		48,868	45,991
External computer service providers		341,632	334,750
Total		390,500	380,741

Increase in computer services was due to an increase in payments relating to the legacy systems' operational support (PERSAL and LOGIS); payments made in 2018/19 financial year were higher than payments made in the financial year 2017/18.

5.3 Audit cost – External

Regularity audits	16,114	16,395
Total	16,114	16,395

5.4 Consumables

Consumable supplies	2,472	2,306
Uniform and clothing	24	123
Household supplies	1,657	1,594
Building material and supplies	92	7
IT consumables	645	547
Other consumables	52	35
Stationery, printing and office supplies	5,693	13,217
Total	8,165	15,523

The decrease in consumable supplies was due to the implementation of cost containment measures within the department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
5.5 Property payments			
Municipal services		18,696	22,812
Property management fees		935	1,150
Other		84	-
Total		19,715	23,962
5.6 Travel and subsistence			
Local		34,313	10,835
Foreign		35,265	49,152
Total		69,578	59,987

The increase in foreign travel was due to an increase in the number of international roads shows to attract foreign investors

5.7 Other operating expenditure

Professional bodies, membership and subscription fees		3,129	3,585
Resettlement costs		73	382
Other		6,106	195
Total		9,308	4,162

Increase in other operating expenditure relates to the printing expenditure of various budget documentation which was an erroneous allocation and was paid under Stationery, Printing and Office Supplies in previous financial year 2017/18.

6. PAYMENTS FOR FINANCIAL ASSETS

Purchase of equity		4,593,962	14,385,255
Debts written off	6.1	781	512
Total		4,594,743	14,385,767

Purchase of equity relates to payment made to the New Development Bank (NDB) amounting to R4.2 billion for the current year (2017/18 R4.1 billion) and R312 million payment made to African Development Bank. South African Airways (SAA) was transferred to Department of Public Enterprises, therefore there was no payment made to SAA in the current year as compared to a R10 billion payment made in 2017/18 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
6.1 Debts written off			
Losses and damages		781	512
Total		781	512

7. TRANSFERS AND SUBSIDIES

		2018/19 R'000	2017/18 R'000
Provinces and municipalities	Annexure 1A	1,508,784	1,592,738
Departmental agencies and accounts	Annexure 1B	14,327,245	16,250,953
Foreign governments and international organisations	Annexure 1D	1,159,123	1,042,121
Public corporations and private enterprises	Annexure 1C	-	5,000
Households	Annexure 1E	4,967,692	4,563,403
Total		21,962,844	23,454,215

The decrease in Departmental agencies and accounts was due to the reduction on transfers made to the South African Revenue Service (R1.2 billion) and the Government Technical Advisory Centre (R228.9 million), Secret Services (R350.6 million), Audit Statutory Bodies (R98.5 million) were Adhoc payments that were lesser than prior year.

8. EXPENDITURE FOR CAPITAL ASSETS

Tangible assets		20,467	26,997
Machinery and equipment	32.1	20,467	26,997
Intangible assets		2,982	41
Software	35.1	2,982	41
Total		23,449	27,038

The decrease in machinery and equipment was due to a minimum number of replacement of redundant computer equipment and. The increase in 2018/19 Intangible assets was due to purchase of software licences for Information and Communication Technology.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
8.1 Analysis of funds utilised to acquire capital assets – 2018/19			
	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	20,467	-	20,467
Machinery and equipment	20,467	-	20,467
Intangible assets	2,982	-	2,982
Software	2,982	-	2,982
Total	23,449	-	23,449

8.2 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	26,997	-	26,997
Machinery and equipment	26,997	-	26,997
Intangible assets	41	-	41
Software	41	-	41
Total	27,038	-	27,038

8.3 Finance lease expenditure included in expenditure for capital assets

Tangible assets		
Machinery and equipment	4	75
Total	4	75

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
9. CASH AND CASH EQUIVALENTS			
Consolidated Paymaster General Account		1,016,202	604,424
Cash on hand		20	20
Cash with commercial bank		51,420	321
Total		1,067,642	604,765

The increase in Consolidated Paymaster General Account is mainly due to unspent funds on IFMS projects, Jobs Fund, as well as funds which were not transferred to Development Bank of the Southern Africa (DBSA) to support infrastructure in public sector institution.

10. PREPAYMENTS AND ADVANCES

Travel and subsistence		20	3
Prepayments (Not expensed)	10.2	18,168	88,467
Advances paid (Not expensed)	10.1	297	359
Total		18,485	88,829

Decrease in prepayments and advance was due to no prepayments made to Government Pensions Administration Agency (GPAA) as compared to the previous financial year where payments were made on 30 March 2018 (Friday) for claims that were due for 1 April 2018 (Weekend).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2018/19		2017/18
			R'000	Note	R'000
10.1 Advances paid (Not expensed)					
2018/19					
	Balance as at 1 April 2018	Less: Amount expensed in current year	Add/Less: Other	Add: Current Year advances	Balance as at 31 March 2019
	R'000	R'000	R'000	R'000	R'000
National departments	359	(359)	-	-	-
Public entities	-	-	297	-	297
Total	359	(359)	297	-	297

Advance payment of R297 000 on Public Entities.

2017/18	Balance as at 1 April 2017	Less: Amount expensed in current year	Add/Less: Other	Add: Current Year advances	Balance as at 31 March 2018
	R'000	R'000	R'000	R'000	R'000
Advances paid (Not expensed)					
National departments	76	(76)	-	359	359
Provincial departments	-	-	-	-	-
Public entities	95	(95)	-	-	-
Other institutions	-	-	-	-	-
Total	171	(171)	-	359	359

Advance payment made to Department of International Relations and Cooperation (DIRCO). Refer to annexure 5A

10.2 Prepayments (Not expensed)

2018/19	Balance as at 1 April 2018	Less: Amount expensed in current year	Add/Less: Other	Add: Current Year prepayments	Balance as at 31 March 2019
	R'000	R'000	R'000	R'000	R'000
Listed by economic classification					
Goods and services	18,434	(804)	-	-	17,630
Other	70,033	(70,033)	-	538	538
Total	88,467	(70,837)	-	538	18,168

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000		
<p>The decrease from 2017/18 was due to civil and military claims that were due on 1 April 2018 (Sunday) valued at R70 million but were paid on 30 March 2018 (Friday). The amount for goods and services relates to a mobilisation of IFMS fee of R19 million incurred in 2016/17 of which R804 000 was expensed in 2018/19.</p>					
2017/18					
	Balance as at 1 April 2017	Less: Amount expensed in current year	Add/Less: Other	Add: Current Year prepayments	Balance as at 31 March 2018
	R'000	R'000	R'000	R'000	R'000
Listed by economic classification					
Goods and services	19,049	(615)	-	-	18,434
Other	-	-	-	70,033	70,033
Total	19,049	(615)	-	70,033	88,467

10.3 Advances paid (Expensed)

2018/19	Balance as at 1 April 2018	Add/(Less): Other	Amount expensed in the current year	Add: Current Year advances	Amount as at 31 March 2019
	R'000	R'000	R'000	R'000	R'000
GTAC - MFIP	69,110		(95,446)	140,915	114,579
Public entities - Jobs Funds	41,639	(88,411)	(283,825)	330,597	-
DBSA - Cities Support Programme	-	-	-	14,600	14,600
Total	110,749	(88,411)	(379,271)	486,112	129,179

NT made advance payments to Public Entities as follows: Government Technical Advisory Centre (GTAC) R140,915 million and R14,6 million was paid to the Development Bank of Southern Africa (DBSA).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

				2018/19	2017/18
			Note	R'000	R'000
2017/18					
	Balance as at 1 April 2018	Add/(Less): Other	Less: Amount expensed in current year	Add: Current Year advances	Balance as at 31 March 2018
	R'000	R'000	R'000	R'000	R'000
GTAC - MFIP	73,745	-	(130,391)	125,756	69,110
Jobs Funds	473	-	(551,892)	593,058	41,639
Total	74,218	-	(682,283)	718,814	110,749

11. RECEIVABLES

		2018/19			2017/18		
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	209	1,949	2,158	7,093	1,888	8,981
Recoverable expenditure	11.2	749	530	1,279	2,054	-	2,054
Staff debt	11.3	257	979	1,236	263	1,306	1,569
Other receivables	11.4	22,417	342	22,759	2,728	20,575	23,303
Total		23,632	3,800	27,432	12,138	23,769	35,907

11.1 Claims recoverable

National departments	984	7,895
Provincial departments	21	21
Foreign governments	1,153	1,065
Total	2,158	8,981

11.2 Recoverable expenditure

Disallow damages & Losses	710	728
Disallowance miscellaneous	560	1,322
Private telephones	9	4
Total	1,279	2,054

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
11.3 Staff debts			
Departmental debts		1,236	1,569
Total		1,236	1,569
11.4 Other receivables			
Value added tax (SARS)		1,348	556
Amount owed by departments - Civil and military pensions		4,060	3,851
Outstanding debts - Civil and military pensions.		32	30
Disallowance - Civil and military pensions		4,382	4,705
Disallowance - Special pensions		12,937	14,161
Total		22,759	23,303
11.5 Impairment of receivables			
Estimate of impairment of receivables		8,351	7,788
Total		8,351	7,788

Irrecoverable debt owing to Civil Military Pension (GPAA) due to debtors that were discovered to have been deceased.

12. INVESTMENTS

Development Bank of Southern Africa	200,000	200,000
Public Investment Corporation Limited	1	1
Land Bank	200,955	200,955
South African Airways	-	23,008,758
Total	400,956	23,409,714

The decrease on investments relates to SAA being transferred to Department of Public Enterprises in terms the Presidential announcement that was made effective from 1 August 2018.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
Impairment of investments			
Opening Balance		23,008,758	23,008,758
Estimate of impairment of investments		(23,008,758)	-
Total		-	23,008,758
13. LOANS			
Public corporations		-	-
Total		-	-
Analysis of Balance			
Opening balance		-	1,257,434
Repayments		-	(1,257,434)
Closing balance		-	-

Gautrain loan was settled on 6 April 2017 in PMG account.

14. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	2018/19 R'000	2017/18 R'000
Opening balance	692,235	271,634
Transfer from statement of financial performance	1,057,943	692,235
Paid during the year	(692,238)	(271,634)
Closing balance	1,057,940	692,235

The increase in voted funds to be surrendered to the revenue fund was mainly due to unspent funds on IFMS projects, Jobs Fund.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
15. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND			
Opening balance		344	29,383
Prior period error			100
Transfer from Statement of Financial Performance		7,113,723	4,430,772
Paid during the year		(7,090,216)	(4,459,911)
Closing balance		23,851	344

16. PAYABLE - CURRENT

Advances received	16.1	4,068	45
Clearing accounts	16.2	183	73
Other payables	16.3	12,412	29,909
Total		16,663	30,027

16.1 Advances received

National departments	Annex 5B	-	33
Other institutions	Annex 5B	4,068	12
Total		4,068	45

16.2 Clearing accounts

Income Tax (PAYE)		167	48
Pension Fund		-	2
Government Employees Housing Scheme		-	23
Salary Reversal		16	-
Total		183	73

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
16.3 Other payables			
Civil, Military and Special Pensions		12,412	29,909
Total		12,412	29,909

The decrease in 2018/19 was due to civil and military claims that were due on 1 April 2018 (Sunday), paid on 30 March 2018 (Friday).

17. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

Net surplus as per Statement of Financial Performance	8,185,976	5,128,892
Add back non cash/cash movements not deemed operating activities	(7,779,534)	(4,971,955)
Decrease/(Increase) in receivables	8,475	(5,067)
Decrease/(Increase in prepayments and advances	70,344	(2,069)
Increase/(decrease) in payables – current	(13,364)	(3,368)
Proceeds from sale of capital assets		(683)
Expenditure on capital assets	23,449	27,038
Surrenders to Revenue Fund	(7,782,454)	(4,731,545)
Surrenders to RDP Fund/Donor	(5,984)	(13,282)
Other non-cash items	(80,000)	(242,979)
Net cash flow generated by operating activities	406,442	156,937

The increase in voted funds surrendered to Revenue Fund was due to higher interest received from investments made with South African Reserve Bank for Foreign Deposit Account and Sterilization Account.

18. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

Consolidated Paymaster General account	1,016,202	604,424
Cash on hand	20	20
Cash with commercial banks (Local)	51,420	321
Total	1,067,642	604,765

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
19. CONTINGENT LIABILITIES			
Other guarantees	Annex 3A	5,298,419	18,923,409
Claims against the department	Annex 3B	102,294,697	2,366,855
Other	Annex 3B	382,308	481,788
Total		107,975,424	21,772,052

The increase of R86 billion was due to new claims in the 2018/19 financial year against the Department.

20. COMMITMENTS

Current expenditure			
Approved and contracted		3,691,636	5,082,360
GTAC		139,650	171,430
Total Commitments		3,831,286	5,253,790

The decrease in commitments was due to the majority of contracts that expired by the reporting date. The approved and contracted commitments are made up of the SCM related contract i.e. Goods and services of R1.7 billion (2017/18: R2.3 billion) and the Non-Statutory Forces commitment of R1.986 billion (2017/18: R2.7 billion). In terms of the Municipal Financial Improvement Programme (MFIP), GTAC is an agent of National Treasury and contracted commitments was R139 million (2017/18: R171 million).

21. ACCRUALS

Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	72,515	12,623	85,138	89,826
Transfers and subsidies	96	-	96	130
Capital assets	12	-	12	285
GTAC	9,000	-	9,000	30,927
Total	81,623	12,623	94,246	121,168

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
Listed by programme level			
Administration		10,504	13,051
Economic Policy, Tax, Financial regulation and Research		5,894	3,524
Public Finance and Budget Management		1,623	1,190
Asset and Liability Management		711	1,619
Financial Systems and Accounting		29,591	53,988
International Financial Relations		2,158	6,098
Civil and Military Pensions, Contributions to Funds and Other Benefits		34,765	35,860
Government Technical Advisory Centre		9,000	5,838
Total		94,246	121,168

22. EMPLOYEE BENEFITS

Leave entitlement	27,476	26,552
Service bonus	16,615	16,944
Performance awards	13,040	11,989
Capped leave commitments	10,040	11,782
Total	67,171	67,267

23. LEASE COMMITMENTS

23.1 Operating leases

2018/19	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	81,463	3,162	84,625
Later than 1 year and not later than 5 years	-	-	246,696	1,646	248,342
Later than five years	-	-	348,410	-	348,410
Total lease commitments	-	-	676,569	4,808	681,377

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			Note	2018/19 R'000	2017/18 R'000
2017/18	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	64,447	2,792	67,239
Later than 1 year and not later than 5 years	-	-	18,119	1,969	20,088
Later than five years	-	-	-	-	-
Total lease commitments	-	-	82,566	4,761	87,327

The 240 Madiba street building contract was based on a lease renewal for 9 years and 1 months and other fixed structures lease commitments' were based on projections.

23.2 Finance leases

2018/19	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	881	881
Later than 1 year and not later than 5 years	-	-	-	434	434
Total lease commitments	-	-	-	1,315	1,315
2017/18	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1,729	1,729
Later than 1 year and not later than 5 years	-	-	-	267	267
Total lease commitments	-	-	-	1,996	1,996

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
24. ACCRUED DEPARTMENTAL REVENUE			
Sales of goods and services other than capital assets		1	-
Interest, dividends and rent on land		220,017	318,401
Transactions in financial assets and liabilities		346	132,873
Total		220,364	451,274
24.1 Analysis of accrued departmental revenue			
Opening balance		451,274	262,136
Less: Amounts received		(451,274)	(262,136)
Add: Amounts recognised		220,364	451,274
Closing balance		220,364	451,274
25. IRREGULAR EXPENDITURE			
25.1 Reconciliation of irregular expenditure			
Opening balance		809,432	40,490
Prior period error		-	-
As restated		809,432	40,490
Add: Irregular expenditure - relating to prior year		61,719	444,362
Add: Irregular expenditure - relating to current year		404,227	324,852
Less: Prior year amounts condoned		(687,456)	(149)
Less: Current year amounts condoned		(273)	(123)
Irregular expenditure awaiting condonation		587,649	809,432
Analysis of awaiting condonation per age classification			
Current year		404,954	768,942
Prior years		183,695	40,490
Total		587,649	809,432

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note	2018/19 R'000	2017/18 R'000
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25.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Corrective steps taken	2018/19 R'000
ALM's Back Office System confirmed to be irregular through Internal Audit Assessment	Internal audit recommendation in-progress for implementation by management	4,251
SWIFT connectivity services procured without contract	Under investigation by Internal Audit	631
Services rendered without obtaining quotations from Credit Rating Agencies	Under investigation by Internal Audit	1,356
Services rendered without obtaining quotations from Credit Rating Agencies	Under investigation by Internal Audit	2,537
Cleaning services were extended without testing the market	Internal audit recommendation in-progress for implementation by management	5,967
VAT panel members were appointed by deviating from the normal procurement process	Appointment of VAT panel members was approved by the accounting officer and expenditure condoned	273
Tax status was noncompliant at time of award	Internal audit recommendation in-progress for implementation by management	486
Splitting of quotations to avoid going through a tender process	Internal audit recommendation in-progress for implementation by management	600

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2018/19
Incident	Corrective steps taken	R'000
Override of controls in the procurement processes by procuring services from second highest bidder	Internal audit recommendation in-progress for implementation by management	41
Settlement agreement due to contractual obligation with ICT Works	Review of forensic audit recommendations is in-progress	15,512
Document approved by the AO for implementation of the Municipal Financial Management Programme could not be located for audit purposes	Approved memo was discovered, and the expenditure was condoned	140,915
Bid specification not based on relevant characteristic	Internal audit recommendation in-progress for implementation by management	4,001
Contract extension for transversal systems without going on open tender	Reasons for not following competitive bidding to be recorded for approval by AO	185,494
Bidder who failed to meet the pre-qualifying criteria was not disqualified (NT003-2018)	Under determination test by Internal Control	4,592
Goods and services with a transaction value of more than R 500 000 were not procured through a competitive bidding process	Under determination test by Internal Control	588
A bidder who failed to meet the pre-qualifying criteria was not disqualified (NT006-2018)	Under determination test by Internal Control	2,472
Expenditure incurred without prior approval by the DG and OCPO	Under determination test by Internal Control	17,866
Procurement (from Accenture) of services for the development and enhancement of the central supplier database (CSD) functionality that were procured in terms of the Treasury Regulation 16A6.6 through an existing SLA and not through a new tender process	Internal audit recommendation in-progress for implementation by management	3,144
The Municipal Financial Improvement Programme was outsourced to an Agent on behalf of the department and the procurement process was found to be irregular	Assessment is in progress and corrective steps will be recommended for approval by the accounting authority	75,220
Total		465,946

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25.3 Details of irregular expenditure condoned

		2018/19
Incident	Condoned by (Condoning authority)	R'000
Services rendered without a contract	Accounting Officer	273
Contracts for transversal systems were extended without following a competitive bid	Accounting authority	317,517
Override of controls in the procurement processes by procuring services from second highest bidder	Accounting authority	41
Goods & services procured without obtaining three quotations	Accounting authority	16
The appointment of GTAC to implement the MFIP project was not approved by the Director General	Accounting authority	369,883
Total		687,729

An amount of R465,9 million for current and prior year was identified as Irregular expenditure in the 2018/19 financial year

26. FRUITLESS AND WASTEFUL EXPENDITURE

26.1 Reconciliation of fruitless and wasteful expenditure

Opening balance	136,635	69,614
As restated	136,635	69,614
Fruitless and wasteful expenditure – relating to current year	67,609	67,021
Service utilised	(3,066)	-
Closing balance	201,178	136,635

26.2 Analysis of awaiting resolution per economic classification

Current	67,609	67,021
Total	67,609	67,021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
26.3 Analysis of current year's (relating to current and prior years) fruitless and wasteful expenditure			
			2018/19 R'000
Incident	Disciplinary steps taken/criminal proceedings		
Payment for technical support on perpetual software licences relating to the IFMS project	Assessment is in progress and corrective steps will be recommended for approval by the accounting officer		67,609
Total			67,609

27. RELATED PARTY TRANSACTIONS

27.1 Related parties falling under the Ministry of Finance Portfolio²

1. The Financial and Fiscal Commission (FFC)
2. Financial Intelligence Centre (FIC)
3. Development Bank of Southern Africa Limited (DBSA)
4. Accounting Standards Board (ASB)
5. Public Investment Corporation (PIC)
6. South African Revenue Service (SARS)
7. SASRIA Limited (SASRIA)
8. The Land and Agricultural Development Bank of South Africa (Land Bank)
9. Government Employee Pension Fund (GEPF)
10. Independent Regulatory Board for Auditors (IRBA)
11. Financial Advisory Intermediary Services (FAIS) Ombudsman
12. Office of the Pension Fund Adjudicator (OPFA)
13. The Co-Operative Banks Development Agency (CBDA)
14. Government Pensions Administration Agency (GPAA)
15. Government Technical Advisory Centre (GTAC)
16. Office of the Tax Ombud (OTO)
17. Financial Sector Conduct Authority (FSCA)

During 2018/19 financial year Financial Sector Conduct Authority (FSCA) was established and Financial Services Board was dis-established on 31 March 2018. SAA was transferred to Public Enterprises during 2018.

² South African Airways (SAA) was transferred to the Department of Public Enterprises on 1 August 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
27.2 Related Party In-kind goods and services received / provided			
RECEIVED		2018/19 R'000	2017/18 R'000
GTAC - Budget Portal (software)		3,777	-
Total		<u>3,777</u>	<u>-</u>

	2018/19 R'000	(Restated) 2017/18 R'000
PROVIDED		
CBDA - Office space occupied and professional services	6,197	6 799
GTAC - Office space occupied	8,475	11 716
ESAAG - Office space occupied	493	383
Total	<u>15,166</u>	<u>18 898</u>

27.3 Related Party Transactions

Payments made

Goods and services (GTAC)	260,900	247 530
Payments for financial assets (SAA)	-	10 000 000
Total	<u>260,900</u>	<u>10 247 530</u>

Guarantees issued to related parties

South African Airways	-	11 004 716
Land Bank	955 455	3 792 728
Development Bank of Southern Africa	4 297 600	4 018 559
Total	<u>5 253 055</u>	<u>18 816 003</u>

The decrease in 2018/19 was mainly due to the transfer of SAA to Public Enterprises and the reduced risk exposure of the Land Bank.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
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28 KEY MANAGEMENT PERSONNEL

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers	3	4,520	4,322
Officials:			
Level 15 to 16	14	18,013	18,370
Level 14	66	75,372	79,545
Total		<u>97,905</u>	<u>102,237</u>

29. IMPAIRMENT (OTHER THAN RECEIVABLES, ACCRUED DEPARTMENTAL REVENUE, LOANS AND INVESTMENTS)

<i>Other material losses</i>	42,654	40,478
Total	<u>42,654</u>	<u>40,478</u>

Impairment of other material losses for 2018/19 amounting to R43 million relate to special pension pay-out made to 580 pensioners as a result of misinterpretation of the Special Pensions Act which were approved for write-off annually.

30. PROVISIONS

SA Smit claims	14	14
Injury on Duty	131,107	138,202
Military Pension	13,446	16,084
Military Medical Benefits	4,522	358
Admin Expense Claim	-	4,933
Special Pensions	32,786	29,507
Post-Retirements Medical Benefits	3,733	3,111
Total	<u>185,608</u>	<u>192,209</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2018/19	2017/18		
	Note	R'000	R'000		
30.1 Reconciliation of movement in provisions – 2018/19					
	MILITARY & SPECIAL PENSIONS	INJURY ON DUTY	MILITARY PENSION	POST- RETIREMENT MEDICAL BENEFITS & CLAIM	Total provisions
	R'000	R'000	R'000	R'000	R'000
Opening balance	29,865	143 135	16,084	3,125	192,209
Increase in provision	47,549	60 475	7,776	21,317	137,117
Settlement of provision	(23,749)	(72 503)	(9,048)	(20,695)	(125,995)
Unused amount reversed	(16,357)	-	(1,366)	-	(17,723)
Closing balance	37,308	131,107	13,446	3,747	185,608

Reconciliation of movement in provisions – 2017/18

	MILITARY & SPECIAL PENSIONS	INJURY ON DUTY	MILITARY PENSION	POST- RESIREMENT MEDICAL BENEFITS & CLAIM	Total provisions
	R'000	R'000	R'000	R'000	R'000
Opening balance	37,489	119,482	15,423	4,733	177,127
Increase in provision	30,333	83,285	29,495	25,484	168,597
Settlement of provision	(18,956)	(51,722)	(14,711)	(27,091)	(112,480)
Unused amount reversed	(19,002)	(7,910)	(14,122)	-	(41,034)
Closing balance	29,864	143,135	16,084	3,125	192,209

31. NON-ADJUSTING EVENTS AFTER REPORTING DATE

South African Airways (SAA)	-	23,409,714
Eskom	13,500 000	-
Total	13,500,000	23,409,714

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note	2018/19 R'000	2017/18 R'000
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SAA was transferred to Department of Public Enterprises (DPE) effective from 1st August 2018. Eskom is under the control of the DPE. However on 2 April 2019 the Minister of Finance approved that Section 16(1) of the PFMA be invoked to transfer R17.652 million to Eskom to meet its obligations and to avoid a call on its existing government guarantees by 30 May 2019. Transfers were made through the bank account of the National Treasury (NT) in accordance with the cash flow requirements of Eskom. On 2 April 2019 R5 billion was transferred and on 29 April 2019 a further R8,5 billion. As at 31 May 2019 the NT transferred a total of R13.5 billion to Eskom. Details on how the DPE envisaged to manage Eskom to remain financially viable can be obtained from the Annual report of the DPE.

32 MOVABLE TANGIBLE CAPITAL ASSETS

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	213,545	-	20,464	(9 383)	224,625
Transport assets	5,271	-	1,733	(192)	6,811
Computer equipment	136,886	-	15,658	(8 554)	143,991
Furniture and office equipment	17,876	-	365	(511)	17,731
Other machinery and equipment	53,512	-	2,707	(126)	56,092
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	213,545	-	20,464	(9, 383)	224,625
Movable Tangible Capital Assets under investigation				Number	Value R'000
Machinery and equipment				96	1,633

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000			
32.1 Additions						
		Cash R'000	Non-cash R'000	Finance lease payments) R'000	Received current, not paid (Paid current year, received prior year R'000	Total R'000
MACHINERY AND EQUIPMENT		20,468	-	(4)	-	20,464
Transport assets		1,733	-	-	-	1,733
Computer equipment		15,658	-	-	-	15,658
Furniture and office equipment		365	-	-	-	365
Other machinery and equipment		2,711	-	(4)	-	2,707
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS		20,468	-	(4)	-	20,464

32.2 Disposals

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
MACHINERY AND EQUIPMENT	6,828	2,555	9,383	162
Transport assets	192	-	192	35
Computer equipment	5,999	2,555	8,554	127
Furniture and office equipment	511	-	511	-
Other machinery and equipment	126	-	126	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	6,828	2,555	9,383	162

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000		
32.3 Movement for 2017/18					
	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	189,079	-	26,922	(2,456)	213,545
Transport assets	6,389	-	907	(2,025)	5,271
Computer equipment	117,793	-	19,367	(273)	136,886
Furniture and office equipment	17,713	-	163	-	17,876
Other machinery and equipment	47,184	-	6,485	(158)	53,512
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	189,079	-	26,922	(2,456)	213,545

33. MINOR ASSETS

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	32,372	-	32,372
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	342	-	342
Disposals	-	-	-	(828)	-	(828)
TOTAL MINOR ASSETS	-	-	-	31,886	-	31,886

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

				2018/19		2017/18
			Note	R'000		R'000
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets						-
Number of minor assets at cost	-	-	-	20,734	-	20,734
TOTAL NUMBER OF MINOR ASSETS	-	-	-	20,734	-	20,734
						R'000
Minor Capital Assets under investigation					Number	Value
Machinery and equipment					-	-
MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	32,580	-	32,580
Prior period error	-	-	-	-	-	-
Additions	-	-	-	448	-	448
Disposals	-	-	-	(656)	-	(656)
TOTAL MINOR ASSETS	-	-	-	32,372	-	32,372

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of R1 minor assets						
Number of minor assets at cost	-	-	-	20,734	-	20,734
TOTAL NUMBER OF MINOR ASSETS	-	-	-	20,734	-	20,734

34. MOVABLE ASSETS WRITTEN OFF

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	166	-	166
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	166	-	166

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	905	-	905
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	905	-	905

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	521 781	-	6 759	-	528 540
TOTAL INTANGIBLE CAPITAL ASSETS	521 781	-	6 759	-	528 540

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	521 740	-	41	-	521 781
TOTAL INTANGIBLE CAPITAL ASSETS	521 740	-	41	-	521 781

35.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-cash	(Work-in- progress current costs)	Received current, not paid	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	2,982	3,777	-	-	6,759
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	2,982	3,777	-	-	6,759

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Other fixed structures	1,062	-	-	-	1,062
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1,062	-	-	-	1,062

36.1 Movement for 2017/18

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
Other fixed structures	1,062	-	-	-	1,062
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	1,062	-	-	-	1,062

37. PRINCIPAL-AGENT ARRANGEMENTS

37.1 Department acting as the principal – fees paid

	2018/19	(Restated) 2017/18
Government Pension Administration Agency (GPAA)	63,524	61,099
Development Bank of Southern Africa (DBSA)	-	22,000
Government Technical Advisory Centre (GTAC)	360	360
Total	63,884	83,459

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018/19	2017/18
Note	R'000	R'000

National Treasury is party to a principal-agent arrangement with the GPAA which renders administration services on behalf of the National Treasury with respect to Post-Retirement Medical Subsidies, Military Pensions, Injury on Duty, Special Pensions and other pensions specified in the Administration Agreement. GTAC provides technical assistance on behalf of the department. (DBSA is an agent of NT in relation to Cities Support Programme). The department pays fees to GPAA for the administration services and there will be no possible cost implication if the arrangements are terminated. Resources that are under the custodianship of the agents are recognised and recorded by the agents.

38. PRIOR PERIOD ERRORS

38.1 Correction of prior period errors

Related party in-kind goods and services / provided

Professional services -CBDA	27.2	4,338
Net effect		4,338

Advances paid (expensed)

Consulting services - MFIP(III)	10.3	69,110
Jobs Funds		42,015
Net effect		111,125

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R'000	2017/18 R'000
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
GPAAs – Returned claims	15		100
Net effect			100
Principal-agent arrangement			
Administration fee – GTAC	37.1		360
Net effect			360

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

39. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION						SPENT				2017/18	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under/ (overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Financial Management Grant - municipalities	504,566	-	-	-	504,566	504,566	504,566	-	100%	502,006	502,006	
Infrastructure Skills Development Grant - municipalities	141,492	3,141	2,700	-	147,333	147,333	141,492	5,841	96%	141,677	141,677	
Neighbourhood Development Partnership Grant	601,867	-	(20,000)	-	581,867	581,867	569,117	12,750	98%	657,839	657,839	
Integrated Cities Development Grant	293,609	-	-	-	293,609	293,609	293,609	-	100%	292,119	292,119	
Neighbourhood Development Partnership Indirect Grant	29,353	-	20,000	-	49,353	49,353	49,353	-	100%	27,744	25,411	
Total Conditional Grants Received	1,570,887	3,141	2,700	-	1,576,728	1,576,728	1,558,137	18,591		1,621,385	1,619,052	

The Neighbourhood Development Partnership Indirect Grant (NDPG) was restated to include all conditional grants received as depicted in the Division of Revenue Act. The funds for the NDPG are paid to the GTAC bank account as and when needed according to the approved payments schedule on goods and services.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

40.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT								
IKai/Garib	2,415	-	-	2,415	2,415	-	-	
IKheis	2,415	-	-	2,415	2,415	-	-	
AbaQulusi	1,770	-	-	1,770	1,770	-	-	
Alfred Duma	3,600	-	-	3,600	3,600	-	-	
Alfred Nzo District Municipality	1,865	-	-	1,865	1,865	-	-	
Amahlathi	1,770	-	-	1,770	1,770	-	-	
Amajuba District Municipality	1,570	-	-	1,570	1,570	-	-	
Amathole District Municipality	1,000	-	-	1,000	1,000	-	-	
Ba-Phalaborwa	2,215	-	-	2,215	2,215	-	-	
Beaufort West	1,700	-	-	1,700	1,700	-	-	
Bela-Bela	1,700	-	-	1,700	1,700	-	-	
Bergrivier	1,550	-	-	1,550	1,550	-	-	
Big Five Hlabisa	3,870	-	-	3,870	3,870	-	-	
Bitou	1,550	-	-	1,550	1,550	-	-	
Blouberg	2,534	-	-	2,534	2,534	-	-	
Blue Crane Route	1,770	-	-	1,770	1,770	-	-	
Bojanala Platinum District Municipality	1,000	-	-	1,000	1,000	-	-	
Breedevale	1,550	-	-	1,550	1,550	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Buffalo City	1,150	-	-	1,150	1,150	-	-	
Bushbuckridge	2,215	-	-	2,215	2,215	-	-	
Cape Agulhas	1,550	-	-	1,550	1,550	-	-	
Cape Winelands District Municipality	1,000	-	-	1,000	1,000	-	-	
Capricorn District Municipality	1,000	-	-	1,000	1,000	-	-	
Cederberg	1,620	-	-	1,620	1,620	-	-	
Central Karoo District Municipality	1,000	-	-	1,000	1,000	-	-	
Chief Albert Luthuli	1,700	-	-	1,700	1,700	-	-	
Chris Hani District Municipality	1,250	-	-	1,250	1,250	-	-	
City of Cape Town	1,000	-	-	1,000	1,000	-	-	
City of Johannesburg	1,000	-	-	1,000	1,000	-	-	
City of Matlosana	2,215	-	-	2,215	2,215	-	-	
City of Mbombela	3,470	-	-	3,470	3,470	-	-	
City of Tshwane	2,650	-	-	2,650	2,650	-	-	
Dannhauser	1,900	-	-	1,900	1,900	-	-	
Dawid Kruiper	4,115	-	-	4,115	4,115	-	-	
Dikhalabeng	1,770	-	-	1,770	1,770	-	-	
Dikgatlong	2,415	-	-	2,415	2,415	-	-	
Dipaleseng	1,970	-	-	1,970	1,970	-	-	
Ditsobotla	2,215	-	-	2,215	2,215	-	-	
Dr Beyers Naude	6,085	-	-	6,085	6,085	-	-	
Dr JS Moroka	1,770	-	-	1,770	1,770	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Dr Kenneth Kaunda District Municipality	1,000	-	-	1,000	1,000	-	-	
Dr Nkosazana Dlamini Zuma	3,870	-	-	3,870	3,870	-	-	
Dr Pixley ka Isaka Seme	1,770	-	-	1,770	1,770	-	-	
Dr Ruth Segomotsi Mompati District Municipality	1,320	-	-	1,320	1,320	-	-	
Drakenstein	1,550	-	-	1,550	1,550	-	-	
Eden District Municipality	1,000	-	-	1,000	1,000	-	-	
eDumbe	1,970	-	-	1,970	1,970	-	-	
Ehlanzeni District Municipality	1,250	-	-	1,250	1,250	-	-	
Ekurhuleni	1,000	-	-	1,000	1,000	-	-	
Elias Motsoaledi	1,770	-	-	1,770	1,770	-	-	
Elundini	1,700	-	-	1,700	1,700	-	-	
eMahlangueni	1,970	-	-	1,970	1,970	-	-	
Emakhazeni	1,970	-	-	1,970	1,970	-	-	
Emalahleni (EC)	2,415	-	-	2,415	2,415	-	-	
Emalahleni (MP)	2,215	-	-	2,215	2,215	-	-	
Emfuleni	1,550	-	-	1,550	1,550	-	-	
Emthangeni	1,700	-	-	1,700	1,700	-	-	
eNdlumeni	1,770	-	-	1,770	1,770	-	-	
Engcobo	1,700	-	-	1,700	1,700	-	-	
Enoch Mgijima	6,015	-	-	6,015	6,015	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Ephraim Mogale	2,215	-	-	2,215	2,215	-	-	
eThekweni	1,000	-	-	1,000	1,000	-	-	
Fezile Dabi District Municipality	1,000	-	-	1,000	1,000	-	-	
Frances Baard District Municipality	1,000	-	-	1,000	1,000	-	-	
Gamagara	1,770	-	-	1,770	1,770	-	-	
Ga-Segonyana	2,215	-	-	2,215	2,215	-	-	
George	1,550	-	-	1,550	1,550	-	-	
Gert Sibande District Municipality	1,000	-	-	1,000	1,000	-	-	
Govan Mbeki	1,770	-	-	1,770	1,770	-	-	
Great Kei	2,415	-	-	2,415	2,415	-	-	
Greater Giyani	2,145	-	-	2,145	2,145	-	-	
Greater Kokstad	1,800	-	-	1,800	1,800	-	-	
Greater Letaba	2,145	-	-	2,145	2,145	-	-	
Greater Taung		-	-	2,415	2,415	-	-	
Greater Tzaneen	2,145	-	-	2,145	2,145	-	-	
Hantam	1,970	-	-	1,970	1,970	-	-	
Harry Gwala District Municipality	1,000	-	-	1,000	1,000	-	-	
Hessequa	1,550	-	-	1,550	1,550	-	-	
iLembe District Municipality	1,000	-	-	1,000	1,000	-	-	
iMpendle	1,900	-	-	1,900	1,900	-	-	
iNkosi Langalibalele	3,670	-	-	3,670	3,670	-	-	
Intsika Yethu	2,215	-	-	2,215	2,215	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Inxuba Yethemba	2,215	-	-	2,215	2,215	-	-	
Joe Qqabi District Municipality	1,320	-	-	1,320	1,320	-	-	
Joe Morolong	2,215	-	-	2,215	2,215	-	-	
John Taolo Gaetsewe District Municipality	1,000	-	-	1,000	1,000	-	-	
Jozini	1,970	-	-	1,970	1,970	-	-	
Kagisano-Molopo	3,146	-	-	3,146	3,146	-	-	
Kamiesberg	2,415	-	-	2,415	2,415	-	-	
Kannaland	2,215	-	-	2,215	2,215	-	-	
Kareeberg	1,970	-	-	1,970	1,970	-	-	
Karoo Hoogland	1,970	-	-	1,970	1,970	-	-	
Kgatelopele	2,415	-	-	2,415	2,415	-	-	
Kgetlengrivier	2,415	-	-	2,415	2,415	-	-	
Khâi-Ma	1,970	-	-	1,970	1,970	-	-	
King Cetshwayo District Municipality	1,000	-	-	1,000	1,000	-	-	
King Sabata Dalindyebo	2,215	-	-	2,215	2,215	-	-	
Knysna	1,550	-	-	1,550	1,550	-	-	
Koparong	1,700	-	-	1,700	1,700	-	-	
Kouga	1,770	-	-	1,770	1,770	-	-	
Kou-Kamma	1,970	-	-	1,970	1,970	-	-	
KwaDukuza	1,800	-	-	1,800	1,800	-	-	
Laingsburg	1,800	-	-	1,800	1,800	-	-	
Langeberg	1,550	-	-	1,550	1,550	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Lejweleputswa District Municipality	1,000	-	-	1,000	1,000	-	-	
Lekwa	1,770	-	-	1,770	1,770	-	-	
Lekwa-Teemane	2,215	-	-	2,215	2,215	-	-	
Lepele-Nkumpi	2,145	-	-	2,145	2,145	-	-	
Lephalale	1,700	-	-	1,700	1,700	-	-	
Lesedi	1,550	-	-	1,550	1,550	-	-	
Letsemeng	1,970	-	-	1,970	1,970	-	-	
LIM 345	2,345	-	-	2,345	2,345	-	-	
LIM 368	4,115	-	-	4,115	4,115	-	-	
LIM 476	4,115	-	-	4,115	4,115	-	-	
Madibeng	1,770	-	-	1,770	1,770	-	-	
Mafikeng	2,215	-	-	2,215	2,215	-	-	
Mafube	2,415	-	-	2,415	2,415	-	-	
Magareng	1,970	-	-	1,970	1,970	-	-	
Makana	2,215	-	-	2,215	2,215	-	-	
Makhado	1,700	-	-	1,700	1,700	-	-	
Makhuduthamaga	1,770	-	-	1,770	1,770	-	-	
Maluti-a-Phofung	2,215	-	-	2,215	2,215	-	-	
Mamusa	2,415	-	-	2,415	2,415	-	-	
Manderi	1,900	-	-	1,900	1,900	-	-	
Mangaung	3,345	-	-	3,345	3,345	-	-	
Mantsopa	2,215	-	-	2,215	2,215	-	-	
Maphumulo	1,900	-	-	1,900	1,900	-	-	
Maquassi Hills	2,215	-	-	2,215	2,215	-	-	
Maruleng	1,900	-	-	1,900	1,900	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Masilonyana	1,970	-	-	1,970	1,970	-	-	
Matiele	1,700	-	-	1,700	1,700	-	-	
Matjhabeng	2,215	-	-	2,215	2,215	-	-	
Matzikama	1,550	-	-	1,550	1,550	-	-	
Mbashe	1,770	-	-	1,770	1,770	-	-	
Mbizana	2,215	-	-	2,215	2,215	-	-	
Merafong City	1,700	-	-	1,700	1,700	-	-	
Metsimaholo	1,770	-	-	1,770	1,770	-	-	
Mhlonlo	2,415	-	-	2,415	2,415	-	-	
Midvaal	1,550	-	-	1,550	1,550	-	-	
Mkhambathini	1,970	-	-	1,970	1,970	-	-	
Mkhondo	2,215	-	-	2,215	2,215	-	-	
Mnquma	1,700	-	-	1,700	1,700	-	-	
Mogalakwena	1,770	-	-	1,770	1,770	-	-	
Mogale City	1,550	-	-	1,550	1,550	-	-	
Mohokare	1,970	-	-	1,970	1,970	-	-	
Molemole	2,403	-	-	2,403	2,403	-	-	
Mopani District Municipality	1,865	-	-	1,865	1,865	-	-	
Moghaka	2,215	-	-	2,215	2,215	-	-	
Moretele	2,215	-	-	2,215	2,215	-	-	
Moses Kotane	1,700	-	-	1,700	1,700	-	-	
Mossel Bay	1,550	-	-	1,550	1,550	-	-	
Mpoofana	1,970	-	-	1,970	1,970	-	-	
Msukaligwa	2,215	-	-	2,215	2,215	-	-	
Msunduzi	1,700	-	-	1,700	1,700	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Mthonjaneni	2,850	-	-	2,850	2,850	-	-	
Mtubatuba	1,970	-	-	1,970	1,970	-	-	
Musina	1,900	-	-	1,900	1,900	-	-	
Nala	2,415	-	-	2,415	2,415	-	-	
Naledi	1,770	-	-	1,770	1,770	-	-	
Nama Khoi	2,215	-	-	2,215	2,215	-	-	
Namakwa District Municipality	1,320	-	-	1,320	1,320	-	-	
Ndlambe	1,970	-	-	1,970	1,970	-	-	
Ndwedwe	1,970	-	-	1,970	1,970	-	-	
Nelson Mandela Bay	1,000	-	-	1,000	1,000	-	-	
Newcastle	1,700	-	-	1,700	1,700	-	-	
Ngaka Modiri Molema District Municipality	1,865	-	-	1,865	1,865	-	-	
Nggushwa	2,415	-	-	2,415	2,415	-	-	
Nngquza Hill	1,700	-	-	1,700	1,700	-	-	
Ngwathe	2,215	-	-	2,215	2,215	-	-	
Nkandla	1,970	-	-	1,970	1,970	-	-	
Nkangala District Municipality	1,000	-	-	1,000	1,000	-	-	
Nketoana	1,770	-	-	1,770	1,770	-	-	
Nkomazi	1,770	-	-	1,770	1,770	-	-	
Nongoma	1,970	-	-	1,970	1,970	-	-	
Nquthu	1,900	-	-	1,900	1,900	-	-	
Ntabankulu	1,970	-	-	1,970	1,970	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Nyandeni	1,700	-	-	1,700	1,700	-	-	
O.R. Tambo District Municipality	2,115	-	-	2,115	2,115	-	-	
Okhahlamba	1,900	-	-	1,900	1,900	-	-	
Oudtshoorn	1,620	-	-	1,620	1,620	-	-	
Overberg District Municipality	1,000	-	-	1,000	1,000	-	-	
Overstrand	1,550	-	-	1,550	1,550	-	-	
Phokwane	2,215	-	-	2,215	2,215	-	-	
Phumelela	2,415	-	-	2,415	2,415	-	-	
Pixley Ka Seme District Municipality	1,320	-	-	1,320	1,320	-	-	
Polokwane	3,048	-	-	3,048	3,048	-	-	
Port St Johns	1,970	-	-	1,970	1,970	-	-	
Prince Albert	1,700	-	-	1,700	1,700	-	-	
Ramotshere Molloa	2,215	-	-	2,215	2,215	-	-	
Rand West City	3,170	-	-	3,170	3,170	-	-	
Ratlou	1,940	-	-	1,940	1,940	-	-	
Ray Nkonyeni	3,600	-	-	3,600	3,600	-	-	
Raymond Mhlaba	3,870	-	-	3,870	3,870	-	-	
Renosterberg	2,415	-	-	2,415	2,415	-	-	
Richmond	1,900	-	-	1,900	1,900	-	-	
Richtersveld	1,970	-	-	1,970	1,970	-	-	
Rustenburg	-	-	-	1,700	1,700	-	-	
Sakhiszwe	1,700	-	-	1,700	1,700	-	-	
Saldanha Bay	1,550	-	-	1,550	1,550	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Sarah Baartman District Municipality	1,000	-	-	1,000	1,000	-	-	
Sedibeng District Municipality	1,250	-	-	1,250	1,250	-	-	
Sekhukhune District Municipality	1,320	-	-	1,320	1,320	-	-	
Senqu	1,700	-	-	1,700	1,700	-	-	
Setoto	1,700	-	-	1,700	1,700	-	-	
Siyancuma	2,415	-	-	2,415	2,415	-	-	
Siyathemba	2,415	-	-	2,415	2,415	-	-	
Sol Plaatje	1,700	-	-	1,700	1,700	-	-	
Stellenbosch	1,550	-	-	1,550	1,550	-	-	
Steve Tshwete	1,700	-	-	1,700	1,700	-	-	
Sundays River Valley	2,415	-	-	2,415	2,415	-	-	
Swartland	1,550	-	-	1,550	1,550	-	-	
Swellendam	1,770	-	-	1,770	1,770	-	-	
Thaba Chweu	2,215	-	-	2,215	2,215	-	-	
Thabazimbi	2,215	-	-	2,215	2,215	-	-	
Thabo Mofutsanyana District Municipality	1,320	-	-	1,320	1,320	-	-	
Theewaterskloof	1,700	-	-	1,700	1,700	-	-	
Thembelille	2,415	-	-	2,415	2,415	-	-	
Thembisile Hani	1,770	-	-	1,770	1,770	-	-	
Thulamela	1,700	-	-	1,700	1,700	-	-	
Tokologo	1,970	-	-	1,970	1,970	-	-	
Tsantsabane	2,415	-	-	2,415	2,415	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Tswaing	2,415	-	-	2,415	2,415	-	-	
Tswelopele	1,970	-	-	1,970	1,970	-	-	
uBuhlebezwe	1,970	-	-	1,970	1,970	-	-	
Ubuntu	1,970	-	-	1,970	1,970	-	-	
Ugu District Municipality	1,865	-	-	1,865	1,865	-	-	
Ulundi	1,870	-	-	1,870	1,870	-	-	
uMdoni	4,315	-	-	4,315	4,315	-	-	
uMfolozi	1,900	-	-	1,900	1,900	-	-	
uMgungundlovu District Municipality	1,000	-	-	1,000	1,000	-	-	
uMhlabuyalingana	1,900	-	-	1,900	1,900	-	-	
uMhlathuze	2,650	-	-	2,650	2,650	-	-	
uMkhanyakude District Municipality	1,000	-	-	1,000	1,000	-	-	
uMlalazi	1,770	-	-	1,770	1,770	-	-	
uMngeni	1,770	-	-	1,770	1,770	-	-	
uMshwathi	1,970	-	-	1,970	1,970	-	-	
uMsinga	1,900	-	-	1,900	1,900	-	-	
Umsobomvu	1,970	-	-	1,970	1,970	-	-	
uMuziwabantu	1,900	-	-	1,900	1,900	-	-	
uMvoti	1,870	-	-	1,870	1,870	-	-	
uMzimkhulu	1,900	-	-	1,900	1,900	-	-	
Umzimvubu	1,770	-	-	1,770	1,770	-	-	
uMzinyathi District Municipality	1,320	-	-	1,320	1,320	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
uMzambe	1,900	-	-	1,900	1,900	-	-	
uPhongolo	1,970	-	-	1,970	1,970	-	-	
uThukela District Municipality	1,545	-	-	1,545	1,545	-	-	
Ventersdorp/Tlokwe	4,115	-	-	4,115	4,115	-	-	
Vhembe District Municipality	1,865	-	-	1,865	1,865	-	-	
Victor Khanye	1,770	-	-	1,770	1,770	-	-	
Walter Sisulu	4,315	-	-	4,315	4,315	-	-	
Waterberg District Municipality	1,000	-	-	1,000	1,000	-	-	
West Coast District Municipality	1,000	-	-	1,000	1,000	-	-	
West Rand District Municipality	1,000	-	-	1,000	1,000	-	-	
Witzenberg	1,550	-	-	1,550	1,550	-	-	
Xhariep District Municipality	1,320	-	-	1,320	1,320	-	-	
Z.F. Mgcawu District Municipality	1,000	-	-	1,000	1,000	-	-	
Zululand District Municipality	1,000	-	-	1,000	1,000	-	-	
TOTAL	504,566	-	-	504,566	504,566	-	-	
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT								
Buffalo City	10,800	-	-	10,800	10,800	-	-	
Nelson Mandela Bay	11,834	-	-	11,834	11,834	-	-	
Enoch Mgijima	-	-	-	-	-	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				Re-allocations by National Treasury or National Department
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	R'000	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
King Sabata Dalindyebo	6,000	-	-	6,000	6,000	-	-	-	-
Alfred Nzo	5,400	-	-	5,400	5,400	-	-	-	-
City of Johannesburg	7,200	-	-	7,200	7,200	-	-	-	-
Rand West Local Municipality	-	-	-	-	-	-	-	-	-
eThekweni	30,500	-	2,700	33,200	33,200	-	-	-	-
uMhlatuze	5,000	-	-	5,000	2,300	2,700	-	-	-
Aflred Duma	1,800	-	-	1,800	1,800	-	-	-	-
Polokwane	6,500	-	-	6,500	6,500	-	-	-	-
Thulamela	1,800	-	-	1,800	1,800	-	-	-	-
Govan Mbeki	22,500	-	-	22,500	22,500	-	-	-	-
Gert Sibande	5,553	-	-	5,553	5,553	-	-	-	-
Sol Plaatjie	3,800	3,141	-	6,941	3,800	-	-	-	-
John Taolo Gaetsewe District Municipality	3,200	-	-	3,200	3,200	-	-	-	-
City of Cape Town	13,605	-	-	13,605	13,605	-	-	-	-
George	6,000	-	-	6,000	6,000	-	-	-	-
Sub-total	141,492	3,141	2,700	147,333	141,492	2,700	141,492	2,700	-
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT									
Amathole	7,080	-	920	8,000	8,000	-	-	-	-
Buffalo City	13,250	-	-	13,250	6,000	-	-	-	-
City of Cape Town Metropolitan	-	-	7,300	7,300	7,300	-	-	-	-
City of Johannesburg Metropolitan	40,120	-	39,880	80,000	80,000	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
City of Matlosana	48,485	-	26,515	75,000	75,000	-	-	
City of Tshwane Metropolitan	7,105	-	-	7,105	3,605	-	-	
Ekurhuleni Metropolitan	75,262	-	(15,262)	60,000	60,000	-	-	
Emalahleni/Witbank	10,605	-	-	10,605	10,605	-	-	
Empuleni	37,849	-	(22,925)	14,924	14,924	-	-	
eThekwinini Metropolitan	25,220	-	-	25,220	25,220	-	-	
Knysna	12,000	-	11,000	23,000	23,000	-	-	
Mandeni	10,667	-	-	10,667	10,667	-	-	
Mangaung	13,000	-	-	13,000	13,000	-	-	
Mbombela	33,535	-	-	33,535	33,535	-	-	
Mogale City	18,630	-	56,731	75,361	75,361	-	-	
Msunduzi	42,360	-	(27,460)	14,900	14,900	-	-	
Nelson Mandela Bay	-	-	-	-	-	-	-	
Newcastle	-	-	2,000	2,000	-	-	-	
Polokwane	35,000	-	10,000	45,000	45,000	-	-	
Rustenburg	-	-	5,000	5,000	5,000	-	-	
Sol Plaatje	171,699	-	(113,699)	58,000	58,000	-	-	
West Rand	-	-	-	-	-	-	-	
Sub-total	601,867	-	(20,000)	581,867	569,117	-	-	
INTEGRATED CITIES DEVELOPMENT GRANT								
Buffalo	10,003	-	-	10,003	10,003	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

40.1.1 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Neelson Mandela Bay	12,355	-	-	12,355	12,355	-	-	
Mangaung	7,207	-	-	7,207	7,207	-	-	
City of Johannesburg	63,536	-	-	63,536	63,536	-	-	
City of Tshwane	45,013	-	-	45,013	45,013	-	-	
Ekurhuleni Metro	45,537	-	-	45,537	45,537	-	-	
eThekweni	45,596	-	-	45,596	45,596	-	-	
Cape Town	64,362	-	-	64,362	64,362	-	-	
Total	293,609	-	-	293,609	293,609	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT													
IKai IGarib	2,415	-	-	2,415	2,415	-	-	2,415	1,149	1,266	48%	2,345	2,345
IKheis	2,415	-	-	2,415	2,415	-	-	2,415	1,683	732	70%	2,345	2,345
AbaQulusi	1,770	-	-	1,770	1,770	-	-	1,770	478	1,292	27%	1,700	1,700
Alfred Duma	3,600	-	-	3,600	3,600	-	-	3,600	939	2,661	26%	3,600	3,600
Alfred Nzo District Municipality	1,865	-	-	1,865	1,865	-	-	1,865	1,278	587	69%	1,795	1,795
Amahlathi	1,770	-	-	1,770	1,770	-	-	1,770	1,011	759	57%	1,700	1,700
Amajuba District Municipality	1,570	-	-	1,570	1,570	-	-	1,570	1,438	132	92%	1,500	1,500
Amathole District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	413	587	41%	1,250	1,250
Ba-Phalaborwa	2,215	-	-	2,215	2,215	-	-	2,215	1,789	426	81%	2,145	2,145
Beaufort West	1,700	-	-	1,700	1,700	-	-	1,700	844	856	50%	1,700	1,700
Bela-Bela	1,700	-	-	1,700	1,700	-	-	1,700	1,137	563	67%	1,700	1,700

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18			
	R'000	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	R'000	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	R'000	Actual Transfer	R'000
Bergvliet	1,550	-	-	1,550	1,550	-	-	1,550	977	573	63%	1,550	1,550	1,550		
Big Five Hlabisa	3,870	-	-	3,870	3,870	-	-	3,870	2,357	1,513	61%	3,800	3,800	3,800		
Bitou	1,550	-	-	1,550	1,550	-	-	1,550	445	1,105	29%	1,550	1,550	1,550		
Bloubaerg	2,534	-	-	2,534	2,534	-	-	2,534	1,567	967	62%	2,533	2,533	2,533		
Blue Crane Route	1,770	-	-	1,770	1,770	-	-	1,770	1,005	765	57%	1,700	1,700	1,700		
Bojanala Platinum District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	982	18	98%	1,250	1,250	1,250		
Breede Valley	1,550	-	-	1,550	1,550	-	-	1,550	365	1,185	24%	1,550	1,550	1,550		
Buffalo City	1,150	-	-	1,150	1,150	-	-	1,150	497	653	43%	1,300	1,300	1,300		
Bushbuckridge	2,215	-	-	2,215	2,215	-	-	2,215	1,366	849	62%	2,145	2,145	2,145		
Cape Agulhas	1,550	-	-	1,550	1,550	-	-	1,550	432	1,118	28%	1,550	1,550	1,550		
Cape Winelands District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	803	197	80%	1,250	1,250	1,250		
Capricorn District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	790	210	79%	1,250	1,250	1,250		

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2017/18			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Cederberg	1,620	-	-	1,620	1,620	-	-	1,620	840	780	52%	1,550	1,550
Central Karoo District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	699	301	70%	1,250	1,250
Chief Albert Luthuli	1,700	-	-	1,700	1,700	-	-	1,700	1,362	338	80%	1,700	1,700
Chris Hani District Municipality	1,250	-	-	1,250	1,250	-	-	1,250	689	561	55%	1,500	1,500
City of Cape Town	1,000	-	-	1,000	1,000	-	-	1,000	814	186	81%	1,050	1,050
City of Johannesburg	1,000	-	-	1,000	1,000	-	-	1,000	669	331	67%	1,050	1,050
City of Matlosana	2,215	-	-	2,215	2,215	-	-	2,215	875	1,340	40%	2,145	2,145
City of Mbombela	3,470	-	-	3,470	3,470	-	-	3,470	2,352	1,118	68%	3,400	3,400
City of Tshwane	2,650	-	-	2,650	2,650	-	-	2,650	2,370	280	89%	2,650	2,650
Dannhauser	1,900	-	-	1,900	1,900	-	-	1,900	1,556	344	82%	1,900	1,900
Dawid Kruijer	4,115	-	-	4,115	4,115	-	-	4,115	2,083	2,032	51%	4,045	4,045
Dihlabeng	1,770	-	-	1,770	1,770	-	-	1,770	1,431	339	81%	1,700	1,700
Dikgatlong	2,415	-	-	2,415	2,415	-	-	2,415	2,250	165	93%	2,345	2,345

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER					SPENT				2017/18	
	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	R'000	R'000
Dipaleseng	1,970		-	-	1,970	1,970	-	-	1,970	1,847	123	94%	1,900	1,900	1,900	1,900
Ditsobotla	2,215		-	-	2,215	2,215	-	-	2,215	461	1,754	21%	2,145	2,145	2,145	2,145
Dr Beyers Naude	6,085		-	-	6,085	6,085	-	-	6,085	2,466	3,619	41%	5,945	5,945	5,945	5,945
Dr JS Moroka	1,770		-	-	1,770	1,770	-	-	1,770	1,614	156	91%	1,700	1,700	1,700	1,700
Dr Kenneth Kaunda District Municipality	1,000		-	-	1,000	1,000	-	-	1,000	516	484	52%	1,250	1,250	1,250	1,250
Dr Nkosazana Dlamini Zuma	3,870		-	-	3,870	3,870	-	-	3,870	2,540	1,330	66%	3,800	3,800	3,800	3,800
Dr Pixley ka Isaka Seme	1,770		-	-	1,770	1,770	-	-	1,770	957	813	54%	1,700	1,700	1,700	1,700
Dr Ruth Segomotsi Mompati District Municipality	1,320		-	-	1,320	1,320	-	-	1,320	495	825	38%	1,250	1,250	1,250	1,250
Drakenstein	1,550		-	-	1,550	1,550	-	-	1,550	1,550	-	100%	1,550	1,550	1,550	1,550
Eden District Municipality	1,000		-	-	1,000	1,000	-	-	1,000	726	274	73%	1,250	1,250	1,250	1,250
eDumbe	1,970		-	-	1,970	1,970	-	-	1,970	1,249	721	63%	1,900	1,900	1,900	1,900
Ehlanzeni District Municipality	1,250		-	-	1,250	1,250	-	-	1,250	850	400	68%	1,500	1,500	1,500	1,500

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Ekurhuleni	1,000	-	-	1,000	1,000	-	-	1,000	454	546	45%	1,050	1,050	
Elias Motsoaledi	1,770	-	-	1,770	1,770	-	-	1,770	886	884	50%	1,700	1,700	
Elundini	1,700	-	-	1,700	1,700	-	-	1,700	467	1,233	27%	1,700	1,700	
eMahlangueni	1,970	-	-	1,970	1,970	-	-	1,970	1,188	782	60%	1,900	1,900	
Emakhazeni	1,970	-	-	1,970	1,970	-	-	1,970	1,934	36	98%	1,900	1,900	
Emalahleni (EC)	2,415	-	-	2,415	2,415	-	-	2,415	939	1,476	39%	2,345	2,345	
Emalahleni (MP)	2,215	-	-	2,215	2,215	-	-	2,215	870	1,345	39%	2,145	2,145	
Emfuleni	1,550	-	-	1,550	1,550	-	-	1,550	364	1,186	23%	1,550	1,550	
Emtharjeni	1,700	-	-	1,700	1,700	-	-	1,700	1,700	-	100%	1,700	1,700	
eNdameni	1,770	-	-	1,770	1,770	-	-	1,770	667	1,103	38%	1,700	1,700	
Engcobo	1,700	-	-	1,700	1,700	-	-	1,700	1,114	586	66%	1,700	1,700	
Enoch Mgijima	6,015	-	-	6,015	6,015	-	-	6,015	2,565	3,450	43%	5,945	5,945	
Ephraim Mogale	2,215	-	-	2,215	2,215	-	-	2,215	1,747	468	79%	2,145	2,145	
eThekweni	1,000	-	-	1,000	1,000	-	-	1,000	1,000	-	100%	1,050	1,050	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fezile Dabi District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	642	358	64%	1,250	1,250
Frances Baard District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	694	306	69%	1,250	1,250
Gamagara	1,770	-	-	-	1,770	1,770	-	-	1,770	1,507	263	85%	1,700	1,700
Ga-Segonyana	2,215	-	-	-	2,215	2,215	-	-	2,215	1,499	716	68%	2,145	2,145
George	1,550	-	-	-	1,550	1,550	-	-	1,550	1,160	390	75%	1,550	1,550
Gert Sibande District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	900	100	90%	1,250	1,250
Govan Mbeki	1,770	-	-	-	1,770	1,770	-	-	1,770	648	1,122	37%	1,700	1,700
Great Kei	2,415	-	-	-	2,415	2,415	-	-	2,415	1,599	816	66%	2,345	2,345
Greater Giyani	2,145	-	-	-	2,145	2,145	-	-	2,145	1,166	979	54%	2,145	2,145
Greater Kokstad	1,800	-	-	-	1,800	1,800	-	-	1,800	335	1,465	19%	1,800	1,800
Greater Letaba	2,145	-	-	-	2,145	2,145	-	-	2,145	1,119	1,026	52%	2,145	2,145
Greater Taung	2,415	-	-	-	2,415	2,415	-	-	2,415	772	1,643	32%	2,345	2,345
Greater Tzaneen	2,145	-	-	-	2,145	2,145	-	-	2,145	2,014	131	94%	2,145	2,145

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Hantam	1,970	-	-	1,970	1,970	-	-	1,970	996	974	51%	1,900	1,900	
Harry Gwala District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	548	452	55%	1,250	1,250	
Hessequa	1,550	-	-	1,550	1,550	-	-	1,550	1,550	-	100%	1,550	1,550	
iLembe District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	579	421	58%	1,250	1,250	
iMpendle	1,900	-	-	1,900	1,900	-	-	1,900	1,238	662	65%	1,900	1,900	
iNkosi Langalibalele	3,670	-	-	3,670	3,670	-	-	3,670	2,556	1,114	70%	3,600	3,600	
Intsika Yethu	2,215	-	-	2,215	2,215	-	-	2,215	2,215	-	100%	2,145	2,145	
Inxuba Yethemba	2,215	-	-	2,215	2,215	-	-	2,215	1,954	261	88%	2,145	2,145	
Joe Gqabi District Municipality	1,320	-	-	1,320	1,320	-	-	1,320	903	417	68%	1,250	1,250	
Joe Morolong	2,215	-	-	2,215	2,215	-	-	2,215	376	1,839	17%	2,145	2,145	
John Taolo Gaetsewe District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	797	203	80%	1,250	1,250	
Jozini	1,970	-	-	1,970	1,970	-	-	1,970	764	1,206	39%	1,900	1,900	
Kagisano-Molopo	3,146	-	-	3,146	3,146	-	-	3,146	846	2,300	27%	3,076	3,076	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Kamiesberg	2,415	-	-	-	2,415	2,415	-	-	2,415	1,813	602	75%	2,345	2,345
Kannaland	2,215	-	-	-	2,215	2,215	-	-	2,215	1,698	517	77%	2,145	2,145
Kareeberg	1,970	-	-	-	1,970	1,970	-	-	1,970	916	1,054	46%	1,900	1,900
Karoo Hoogland	1,970	-	-	-	1,970	1,970	-	-	1,970	1,906	64	97%	1,900	1,900
Kgatelopele	2,415	-	-	-	2,415	2,415	-	-	2,415	1,672	743	69%	2,345	2,345
Kgetlengrivier	2,415	-	-	-	2,415	2,415	-	-	2,415	1,318	1,097	55%	2,345	2,345
Khâi-Ma	1,970	-	-	-	1,970	1,970	-	-	1,970	1,385	585	70%	1,900	1,900
King Cetshwayo District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	572	428	57%	1,250	1,250
King Sabata Dalindyebo	2,215	-	-	-	2,215	2,215	-	-	2,215	890	1,325	40%	2,145	2,145
Knysna	1,550	-	-	-	1,550	1,550	-	-	1,550	743	807	48%	1,550	1,550
Kopanong	1,700	-	-	-	1,700	1,700	-	-	1,700	334	1,366	20%	1,700	1,700
Kouga	1,770	-	-	-	1,770	1,770	-	-	1,770	1,219	551	69%	1,700	1,700
Kou-Kamma	1,970	-	-	-	1,970	1,970	-	-	1,970	1,195	775	61%	1,900	1,900

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
KwaDukuza	1,800	-	-	1,800	1,800	-	-	1,800	500	1,300	28%	1,800	1,800	
Laingsburg	1,800	-	-	1,800	1,800	-	-	1,800	1,183	617	66%	1,800	1,800	
Langeberg	1,550	-	-	1,550	1,550	-	-	1,550	1,390	160	90%	1,550	1,550	
Lejweleputswa District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	529	471	53%	1,250	1,250	
Lekwa	1,770	-	-	1,770	1,770	-	-	1,770	1,314	456	74%	1,700	1,700	
Lekwa-Teemane	2,215	-	-	2,215	2,215	-	-	2,215	-	2,215	0%	2,145	2,145	
Lepele-Nkumpi	2,145	-	-	2,145	2,145	-	-	2,145	968	1,177	45%	2,145	2,145	
Lephalale	1,700	-	-	1,700	1,700	-	-	1,700	935	765	55%	1,700	1,700	
Lesedi	1,550	-	-	1,550	1,550	-	-	1,550	1,012	538	65%	1,550	1,550	
Letsemeng	1,970	-	-	1,970	1,970	-	-	1,970	1,045	925	53%	1,900	1,900	
LIM 345	2,345	-	-	2,345	2,345	-	-	2,345	816	1,529	35%	2,345	2,345	
LIM 368	4,115	-	-	4,115	4,115	-	-	4,115	779	3,336	19%	4,045	4,045	
LIM 476	4,115	-	-	4,115	4,115	-	-	4,115	1,966	2,149	48%	4,045	4,045	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

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	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Madibeng	1,770	-	-	-	1,770	1,770	-	-	1,770	272	1,498	15%	1,700	1,700
Mafikeng	2,215	-	-	-	2,215	2,215	-	-	2,215	1,837	378	83%	2,145	2,145
Mafube	2,415	-	-	-	2,415	2,415	-	-	2,415	264	2,151	11%	2,345	2,345
Magareng	1,970	-	-	-	1,970	1,970	-	-	1,970	1,225	745	62%	1,900	1,900
Makana	2,215	-	-	-	2,215	2,215	-	-	2,215	1,641	574	74%	2,145	2,145
Makhado	1,700	-	-	-	1,700	1,700	-	-	1,700	1,209	491	71%	1,700	1,700
Makhuduthamaga	1,770	-	-	-	1,770	1,770	-	-	1,770	1,100	670	62%	1,700	1,700
Maluti-a-Phofung	2,215	-	-	-	2,215	2,215	-	-	2,215	1,368	847	62%	2,145	2,145
Mamusa	2,415	-	-	-	2,415	2,415	-	-	2,415	704	1,711	29%	2,345	2,345
Mandeni	1,900	-	-	-	1,900	1,900	-	-	1,900	1,557	343	82%	1,900	1,900
Mangaung	3,345	-	-	-	3,345	3,345	-	-	3,345	2,567	778	77%	3,645	3,645
Mantsopa	2,215	-	-	-	2,215	2,215	-	-	2,215	1,912	303	86%	2,145	2,145
Maphumulo	1,900	-	-	-	1,900	1,900	-	-	1,900	974	926	51%	1,900	1,900
Maquassi Hills	2,215	-	-	-	2,215	2,215	-	-	2,215	207	2,008	9%	2,145	2,145

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2017/18			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Maruleng	1,900	-	-	1,900	1,900	-	-	1,900	1,529	371	80%	1,900	1,900
Masilonyana	1,970	-	-	1,970	1,970	-	-	1,970	400	1,570	20%	1,900	1,900
Matatiele	1,700	-	-	1,700	1,700	-	-	1,700	880	820	52%	1,700	1,700
Matjhabeng	2,215	-	-	2,215	2,215	-	-	2,215	2,215	-	100%	2,145	2,145
Matzikama	1,550	-	-	1,550	1,550	-	-	1,550	1,029	521	66%	1,550	1,550
Mbhashe	1,770	-	-	1,770	1,770	-	-	1,770	1,613	157	91%	1,700	1,700
Mbizana	2,215	-	-	2,215	2,215	-	-	2,215	1,287	928	58%	2,145	2,145
Merafong City	1,700	-	-	1,700	1,700	-	-	1,700	538	1,162	32%	1,700	1,700
Metsimaholo	1,770	-	-	1,770	1,770	-	-	1,770	1,077	693	61%	1,700	1,700
Mhlonlolo	2,415	-	-	2,415	2,415	-	-	2,415	874	1,541	36%	2,345	2,345
Midvaal	1,550	-	-	1,550	1,550	-	-	1,550	882	668	57%	1,550	1,550
Mkhambathini	1,970	-	-	1,970	1,970	-	-	1,970	1,492	478	76%	1,900	1,900
Mkhondo	2,215	-	-	2,215	2,215	-	-	2,215	1,193	1,022	54%	2,145	2,145
Mnquma	1,700	-	-	1,700	1,700	-	-	1,700	1,610	90	95%	1,700	1,700

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

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	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Mogalakwena	1,770	-	-	-	1,770	1,770	-	-	1,770	1,211	559	68%	1,700	1,700
Mogale City	1,550	-	-	-	1,550	1,550	-	-	1,550	583	967	38%	1,550	1,550
Mohokare	1,970	-	-	-	1,970	1,970	-	-	1,970	439	1,531	22%	1,900	1,900
Molemole	2,403	-	-	-	2,403	2,403	-	-	2,403	512	1,891	21%	2,333	2,333
Mopani District Municipality	1,865	-	-	-	1,865	1,865	-	-	1,865	848	1,017	45%	1,795	1,795
Moghaka	2,215	-	-	-	2,215	2,215	-	-	2,215	515	1,700	23%	2,145	2,145
Moretele	2,215	-	-	-	2,215	2,215	-	-	2,215	475	1,740	21%	2,145	2,145
Moses Kotane	1,700	-	-	-	1,700	1,700	-	-	1,700	1,417	283	83%	1,700	1,700
Mossel Bay	1,550	-	-	-	1,550	1,550	-	-	1,550	400	1,150	26%	1,550	1,550
Mpofana	1,970	-	-	-	1,970	1,970	-	-	1,970	455	1,515	23%	1,900	1,900
Msukaligwa	2,215	-	-	-	2,215	2,215	-	-	2,215	945	1,270	43%	2,145	2,145
Msunduzi	1,700	-	-	-	1,700	1,700	-	-	1,700	1,050	650	62%	1,700	1,700
Mthonjaneni	2,850	-	-	-	2,850	2,850	-	-	2,850	2,514	336	88%	2,850	2,850

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Mtubatuba	1,970	-	-	1,970	1,970	-	-	1,970	1,175	795	60%	1,900	1,900	
Musina	1,900	-	-	1,900	1,900	-	-	1,900	1,018	882	54%	1,900	1,900	
Nala	2,415	-	-	2,415	2,415	-	-	2,415	1,076	1,339	45%	2,345	2,345	
Naledi	1,770	-	-	1,770	1,770	-	-	1,770	1,610	160	91%	1,700	1,700	
Nama Khoi	2,215	-	-	2,215	2,215	-	-	2,215	1,392	823	63%	2,145	2,145	
Namakwa District Municipality	1,320	-	-	1,320	1,320	-	-	1,320	910	410	69%	1,250	1,250	
Ndlambe	1,970	-	-	1,970	1,970	-	-	1,970	1,448	522	74%	1,900	1,900	
Ndwedwe	1,970	-	-	1,970	1,970	-	-	1,970	377	1,593	19%	1,900	1,900	
Nelson Mandela Bay	1,000	-	-	1,000	1,000	-	-	1,000	531	469	53%	1,050	1,050	
Newcastle	1,700	-	-	1,700	1,700	-	-	1,700	829	871	49%	1,700	1,700	
Ngaka Modiri Molema District Municipality	1,865	-	-	1,865	1,865	-	-	1,865	924	941	50%	1,795	1,795	
Ngqushwa	2,415	-	-	2,415	2,415	-	-	2,415	931	1,484	39%	2,345	2,345	
Ngquza Hill	1,700	-	-	1,700	1,700	-	-	1,700	1,217	483	72%	1,700	1,700	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Ngwathe	2,215	-	-	-	2,215	2,215	-	-	2,215	-	2,215	0%	2,145	2,145
Nkandla	1,970	-	-	-	1,970	1,970	-	-	1,970	1,495	475	76%	1,900	1,900
Nkangala District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	1,000	-	100%	1,250	1,250
Nketoana	1,770	-	-	-	1,770	1,770	-	-	1,770	1,115	655	63%	1,700	1,700
Nkomazi	1,770	-	-	-	1,770	1,770	-	-	1,770	1,052	718	59%	1,700	1,700
Nongoma	1,970	-	-	-	1,970	1,970	-	-	1,970	1,766	204	90%	1,900	1,900
Nquthu	1,900	-	-	-	1,900	1,900	-	-	1,900	1,588	312	84%	1,900	1,900
Ntabankulu	1,970	-	-	-	1,970	1,970	-	-	1,970	1,463	507	74%	1,900	1,900
Nyandeni	1,700	-	-	-	1,700	1,700	-	-	1,700	1,621	79	95%	1,700	1,700
OR Tambo District Municipality	2,115	-	-	-	2,115	2,115	-	-	2,115	1,164	951	55%	2,045	2,045
Okhahlamba	1,900	-	-	-	1,900	1,900	-	-	1,900	1,095	805	58%	1,900	1,900
Oudtshoorn	1,620	-	-	-	1,620	1,620	-	-	1,620	896	724	55%	1,550	1,550
Overberg District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	606	394	61%	1,250	1,250

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2017/18			
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Overstrand	1,550	-	-	1,550	1,550	-	-	1,550	495	1,055	32%	1,550	1,550
Phokwane	2,215	-	-	2,215	2,215	-	-	2,215	289	1,926	13%	2,145	2,145
Phumelela	2,415	-	-	2,415	2,415	-	-	2,415	1,601	814	66%	2,345	2,345
Pixley Ka Seme District Municipality	1,320	-	-	1,320	1,320	-	-	1,320	893	427	68%	1,250	1,250
Polokwane	3,048	-	-	3,048	3,048	-	-	3,048	1,856	1,192	61%	2,979	2,979
Port St Johns	1,970	-	-	1,970	1,970	-	-	1,970	916	1,054	46%	1,900	1,900
Prince Albert	1,700	-	-	1,700	1,700	-	-	1,700	1,327	373	78%	1,700	1,700
Ramotshere Molloa	2,215	-	-	2,215	2,215	-	-	2,215	837	1,378	38%	2,145	2,145
Rand West City	3,170	-	-	3,170	3,170	-	-	3,170	1,443	1,727	46%	3,100	3,100
Ratlou	1,940	-	-	1,940	1,940	-	-	1,940	1,743	197	90%	1,900	1,900
Ray Nkonyeni	3,600	-	-	3,600	3,600	-	-	3,600	1,820	1,780	51%	3,600	3,600
Raymond Mhlaba	3,870	-	-	3,870	3,870	-	-	3,870	1,188	2,682	31%	3,800	3,800
Renosterberg	2,415	-	-	2,415	2,415	-	-	2,415	1,551	864	64%	2,345	2,345

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Richmond	1,900	-	-	-	1,900	1,900	-	-	1,900	287	1,613	15%	1,900	1,900
Richtersveld	1,970	-	-	-	1,970	1,970	-	-	1,970	1,180	790	60%	1,900	1,900
Rustenburg	1,700	-	-	-	1,700	1,700	-	-	1,700	593	1,107	35%	1,700	1,700
Sakhisizwe	1,700	-	-	-	1,700	1,700	-	-	1,700	643	1,057	38%	1,700	1,700
Saldanha Bay	1,550	-	-	-	1,550	1,550	-	-	1,550	646	904	42%	1,550	1,550
Sarah Baartman District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	915	85	92%	1,250	1,250
Sedibeng District Municipality	1,250	-	-	-	1,250	1,250	-	-	1,250	763	487	61%	1,250	1,250
Sekhukhune District Municipality	1,320	-	-	-	1,320	1,320	-	-	1,320	515	805	39%	1,250	1,250
Senqu	1,700	-	-	-	1,700	1,700	-	-	1,700	1,290	410	76%	1,700	1,700
Setseto	1,700	-	-	-	1,700	1,700	-	-	1,700	989	711	58%	1,700	1,700
Siyancuma	2,415	-	-	-	2,415	2,415	-	-	2,415	1,696	719	70%	2,345	2,345
Siyathemba	2,415	-	-	-	2,415	2,415	-	-	2,415	1,523	892	63%	2,345	2,345
Sol Plaatje	1,700	-	-	-	1,700	1,700	-	-	1,700	388	1,312	23%	1,700	1,700

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Stellenbosch	1,550	-	-	1,550	1,550	-	-	1,550	274	1,276	18%	1,550	1,550	
Steve Tshvete	1,700	-	-	1,700	1,700	-	-	1,700	1,242	458	73%	1,700	1,700	
Sundays River Valley	2,415	-	-	2,415	2,415	-	-	2,415	2,139	276	89%	2,345	2,345	
Swartland	1,550	-	-	1,550	1,550	-	-	1,550	566	984	37%	1,550	1,550	
Swellendam	1,770	-	-	1,770	1,770	-	-	1,770	998	772	56%	1,700	1,700	
Thaba Chweu	2,215	-	-	2,215	2,215	-	-	2,215	1,584	631	72%	2,145	2,145	
Thabazimbi	2,215	-	-	2,215	2,215	-	-	2,215	2,215	-	100%	2,145	2,145	
Thabo Mofutsanyana District Municipality	1,320	-	-	1,320	1,320	-	-	1,320	657	663	50%	1,250	1,250	
Theewaterskloof	1,700	-	-	1,700	1,700	-	-	1,700	1,084	616	64%	1,700	1,700	
Thembelihle	2,415	-	-	2,415	2,415	-	-	2,415	1,226	1,189	51%	2,345	2,345	
Thembisile Hani	1,770	-	-	1,770	1,770	-	-	1,770	1,100	670	62%	1,700	1,700	
Thulamela	1,700	-	-	1,700	1,700	-	-	1,700	929	771	55%	1,700	1,700	
Tokologo	1,970	-	-	1,970	1,970	-	-	1,970	1,827	143	93%	1,900	1,900	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18		
	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	R'000	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Tsantsabane	2,415	-	-	-	2,415	2,415	-	-	2,415	1,390	1,025	58%	2,345	2,345	2,345
Tswaing	2,415	-	-	-	2,415	2,415	-	-	2,415	196	2,219	8%	2,345	2,345	2,345
Tswelopele	1,970	-	-	-	1,970	1,970	-	-	1,970	450	1,520	23%	1,900	1,900	1,900
uBuhlebezwe	1,970	-	-	-	1,970	1,970	-	-	1,970	1,322	648	67%	1,900	1,900	1,900
Ubuntu	1,970	-	-	-	1,970	1,970	-	-	1,970	1,970	-	100%	1,900	1,900	1,900
Ugu District Municipality	1,865	-	-	-	1,865	1,865	-	-	1,865	94	1,771	5%	1,795	1,795	1,795
Ulundi	1,870	-	-	-	1,870	1,870	-	-	1,870	410	1,460	22%	1,800	1,800	1,800
uMdoni	4,315	-	-	-	4,315	4,315	-	-	4,315	2,443	1,872	57%	4,245	4,245	4,245
uMfolozi	1,900	-	-	-	1,900	1,900	-	-	1,900	1,559	341	82%	1,900	1,900	1,900
uMgungundlovu District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	1,000	-	100%	1,250	1,250	1,250
uMhlabuyalingana	1,900	-	-	-	1,900	1,900	-	-	1,900	790	1,110	42%	1,900	1,900	1,900
uMhlatuze	2,650	-	-	-	2,650	2,650	-	-	2,650	1,208	1,442	46%	2,650	2,650	2,650
uMkhanyakude District Municipality	1,000	-	-	-	1,000	1,000	-	-	1,000	673	327	67%	1,250	1,250	1,250

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
uMlalazi	1,770	-	-	1,770	1,770	-	-	1,770	1,437	333	81%	1,700	1,700	
uMngeni	1,770	-	-	1,770	1,770	-	-	1,770	823	947	46%	1,700	1,700	
uMshwathi	1,970	-	-	1,970	1,970	-	-	1,970	620	1,350	31%	1,900	1,900	
uMsinga	1,900	-	-	1,900	1,900	-	-	1,900	1,540	360	81%	1,900	1,900	
Umsobomvu	1,970	-	-	1,970	1,970	-	-	1,970	1,450	520	74%	1,900	1,900	
uMuziwabantu	1,900	-	-	1,900	1,900	-	-	1,900	1,550	350	82%	1,900	1,900	
uMvoti	1,870	-	-	1,870	1,870	-	-	1,870	881	989	47%	1,800	1,800	
uMzmkhulu	1,900	-	-	1,900	1,900	-	-	1,900	1,422	478	75%	1,900	1,900	
Umzimvubu	1,770	-	-	1,770	1,770	-	-	1,770	1,723	47	97%	1,700	1,700	
uMzinyathi District Municipality	1,320	-	-	1,320	1,320	-	-	1,320	295	1,025	22%	1,250	1,250	
uMzumbhe	1,900	-	-	1,900	1,900	-	-	1,900	1,529	371	80%	1,900	1,900	
uPhongolo	1,970	-	-	1,970	1,970	-	-	1,970	431	1,539	22%	1,900	1,900	
uThukela District Municipality	1,545	-	-	1,545	1,545	-	-	1,545	1,264	281	82%	1,795	1,795	
Ventersdorp/Tlokwe	4,115	-	-	4,115	4,115	-	-	4,115	3,241	874	79%	4,045	4,045	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18		
	R'000	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	R'000	R'000
Vhembe District Municipality	1,865	-	-	1,865	1,865	-	-	1,865	17	1,848	1%	1,795	1,795		
Victor Khanye	1,770	-	-	1,770	1,770	-	-	1,770	285	1,485	16%	1,700	1,700		
Walter Sisulu	4,315	-	-	4,315	4,315	-	-	4,315	2,950	1,365	68%	4,245	4,245		
Waterberg District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	531	469	53%	1,250	1,250		
West Coast District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	666	334	67%	1,250	1,250		
West Rand District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	501	499	50%	1,250	1,250		
Witzenberg	1,550	-	-	1,550	1,550	-	-	1,550	717	833	46%	1,550	1,550		
Xhariep District Municipality	1,320	-	-	1,320	1,320	-	-	1,320	342	978	26%	1,250	1,250		
Z.F. Mgcawu District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	575	425	58%	1,250	1,250		
Zululand District Municipality	1,000	-	-	1,000	1,000	-	-	1,000	811	189	81%	1,250	1,250		
TOTAL	504,566	-	-	504,566	504,566	-	-	504,566	285,829	218,737	57%	502,006	502,006	502,006	502,006

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT				2017/18		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT													
Buffalo City	10,800	-	-	10,800	10,800	-	-	10,800	7,367	3,433	68%	10,560	10,560
Nelson Mandela Bay	11,834	-	-	11,834	11,834	-	-	11,834	8,715	3,119	74%	15,394	15,394
Enoch Mgijima	-	-	-	-	-	-	-	-	-	-	-	1,800	-
King Sabata Dalindyebo	6,000	-	-	6,000	6,000	-	-	6,000	5,269	731	88%	5,334	5,334
Alfred Nzo	5,400	-	-	5,400	5,400	-	-	5,400	3,823	1,577	71%	5,394	5,394
City of Johannesburg	7,200	-	-	7,200	7,200	-	-	7,200	6,569	631	91%	8,760	8,760
Rand West Local Municipality	-	-	-	-	-	-	-	-	-	-	-	2,100	-
eThekweni	30,500	-	2,700	33,200	33,200	-	-	33,200	29,795	3,405	90%	27,893	30,293
uMhlatuze	5,000	-	-	5,000	2,300	2,700	-	2,300	3,053	(753)	133%	6,500	6,500
Alfred Duma	1,800	-	-	1,800	1,800	-	-	1,800	272	1,528	15%	-	-
Polokwane	6,500	-	-	6,500	6,500	-	-	6,500	3,540	2,960	54%	6,213	7,213
Thulamela	1,800	-	-	1,800	1,800	-	-	1,800	531	1,269	30%	-	-
Govan Mbeki	22,500	-	-	22,500	22,500	-	-	22,500	16,726	5,774	74%	23,000	23,000

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18	
	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Gert Sibande	5,553	-	-	-	5,553	5,553	-	-	5,553	4,668	885	84%	5,500	5,500
Sol Plaatjie	3,800	3,141	-	-	6,941	3,800	-	-	3,800	2,037	1,763	54%	4,633	4,633
John Taolo Gaetsewe District Municipality	3,200	-	-	-	3,200	3,200	-	-	3,200	1,969	1,231	62%	3,200	3,200
City of Cape Town	13,605	-	-	-	13,605	13,605	-	-	13,605	6,245	7,360	46%	10,393	11,296
George	6,000	-	-	-	6,000	6,000	-	-	6,000	3,468	2,532	58%	4,100	4,600
Total	141,492	3,141	2,700	147,333	141,492	2,700	-	141,492	104,047	37,445	74%	140,774	141,677	
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRAND														
Amathole	7,080	-	920	-	8,000	8,000	-	-	8,000	8,000	-	100%	15,080	8,000
Buffalo City	13,250	-	-	-	13,250	6,000	-	-	6,000	6,000	-	45%	10,000	-
City of Cape Town Metropolitan	-	-	7,300	-	7,300	7,300	-	-	7,300	7,300	-	100%	2,109	2,109
City of Johannesburg Metropolitan	40,120	-	39,880	-	80,000	80,000	-	-	80,000	80,000	-	100%	79,523	45,482
City of Matlosana	48,485	-	26,515	-	75,000	75,000	-	-	75,000	75,000	-	100%	75,000	48,755

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STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

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	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
City of Tshwane Metropolitan	7,105	-	-	7,105	3,605	-	-	3,605	3,605	-	51%	20,000	20,000
Ekurhuleni Metropolitan	75,262	-	(15,262)	60,000	60,000	-	-	60,000	60,000	-	100%	82,000	102,574
Emalahleni/Witbank	10,605	-	-	10,605	10,605	-	-	10,605	10,605	-	100%	25,000	9,500
Ermfuleni	37,849	-	(22,925)	14,924	14,924	-	-	14,924	14,924	-	100%	30,000	9,474
eThekweni Metropolitan	25,220	-	-	25,220	25,220	-	-	25,220	25,220	-	100%	50,000	50,674
Krystna	12,000	-	11,000	23,000	23,000	-	-	23,000	23,000	-	100%	10,000	8,909
Mandeni	10,667	-	-	10,667	10,667	-	-	10,667	10,667	-	100%	11,178	11,178
Mangaung	13,000	-	-	13,000	13,000	-	-	13,000	13,000	-	100%	15,000	5,000
Mbombela	33,535	-	-	33,535	33,535	-	-	33,535	33,535	-	100%	40,000	38,135
Mogale City	18,630	-	56,731	75,361	75,361	-	-	75,361	75,361	-	100%	20,000	21,235
Msunduzi	42,360	-	(27,460)	14,900	14,900	-	-	14,900	14,900	-	100%	40,000	38,096
Nelson Mandela Bay	-	-	-	-	-	-	-	-	-	-	-	15,000	12,110
Newcastle	-	-	2,000	2,000	-	-	-	-	-	-	0%	50,000	34,767

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER					SPENT				2017/18	
	R'000	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	R'000	R'000
Polokwane	35,000	-	-	10,000	45,000	45,000	-	-	45,000	45,000	-	100%	26,000	41,027		
Rustenburg	-	-	-	5,000	5,000	5,000	-	-	5,000	5,000	-	100%	10,000	-		
Sol Plaatje	171,699	-	-	(113,699)	58,000	58,000	-	58,000	58,000	-	100%	27,500	97,537			
West Rand	-	-	-	-	-	-	-	-	-	-	-	-	10,000	53,277		
Total	601,867	-	(20,000)	-	581,867	569,117	-	569,117	569,117	-	98%	663,390	657,839			
INDIRECT GRANT																
Indirect Grant transfers	29,353	-	-	20,000	49,353	49,353	-	-	-	49,353	49,353	100%	27,744	27,744		
Total	29,353	-	20,000	-	49,353	49,353	-	-	-	49,353	100%	27,744	27,744			
INTEGRATED CITIES DEVELOPMENT GRANT																
Buffalo	10,003	-	-	-	10,003	10,003	-	-	10,003	9,695	308	97%	6,956	6,956		
Nelson Mandela Bay	12,355	-	-	-	12,355	12,355	-	-	12,355	814	11,541	7%	7,308	7,308		
Mangaung	7,207	-	-	-	7,207	7,207	-	-	7,207	2,507	4,700	35%	8,224	8,224		
City of Johannesburg	63,536	-	-	-	63,536	63,536	-	-	63,536	10,846	52,690	17%	82,182	82,182		

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer	R'000	R'000
CityOfTshwane	45,013	-	-	45,013	45,013	-	-	45,013	21,865	23,148	49%	38,429	38,429	R'000	R'000
Ekurhuleni Metro	45,537	-	-	45,537	45,537	-	-	45,537	44,679	858	98%	48,646	48,646	R'000	R'000
eThekweni	45,596	-	-	45,596	45,596	-	-	45,596	38,385	7,211	84%	39,111	39,111	R'000	R'000
Cape Town	64,362	-	-	64,362	64,362	-	-	64,362	30,464	33,898	47%	61,263	61,263	R'000	R'000
Total	293,609	-	-	293,609	293,609	-	-	293,609	159,255	134,354	54%	292,119	292,119	R'000	R'000
Grand Total	1,541,534	3,141	(17,300)	1,527,375	1,508,784	2,700	-	1,508,784	1,118,248	390,536		1,598,289	1,593,641	R'000	R'000

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES - continued
ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18	
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
Accounting Standards Board	14,054	-	-	14,054	14,054	100%	13,463	
Audit Statutory Bodies	47,738	-	50,000	97,738	97,738	100%	196,278	
Tv Licences	20	-	-	20	18	90%	19	
Financial Intelligence Centre	278,716	-	-	278,716	278,716	100%	270,191	
Government Technical Advisory Centre	849,538	(172,680)	(85,763)	591,095	330,086	56%	605,754	
Independent Regulatory Board for Auditors	40,874	-	-	40,874	40,874	100%	39,624	
South African Revenue Service	9,007,217	-	-	9,007,217	9,007,217	100%	10,218,193	
Secret Services	4,484,817	-	-	4,484,817	4,484,817	100%	4,835,448	
Skills Development Levy	2,032	68	-	2,100	2,060	98%	2,061	
Cooperative Banking Development Agency	19,883	-	-	19,883	19,883	100%	19,275	
Financial and Fiscal Commission	51,782	-	-	51,782	51,782	100%	50,647	
Total	14,796,671	(172,612)	(35,763)	14,588,296	14,327,245	98%	16,250,953	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION			EXPENDITURE				2017/18	
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	Capital R'000	Current R'000	Final Appropriation R'000
Public corporations									
Transfers	13,316	-	(5,630)	7,686	-	-	-	-	10,586
Economic Research of Southern Africa	13,316	-	(5,630)	7,686	-	-	-	-	10,586
Total: Public corporations	13,316	-	(5,630)	7,686	-	-	-	-	10,586

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

ANNEXURE 1D

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE			2017/18
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
Transfers								
Commonwealth Fund for Technical Cooperation	6,423	(607)	-	5,816	5,816	100%	6,117	
International Funding Facility for Immunisation	14,500	-	-	14,500	13,550	93%	14,410	
Common Monetary Area Compensation	973,790	-	38,045	1,011,835	997,833	-	891,724	
World Bank Group (International Development Association)	53,590	-	-	53,590	53,590	-	56,667	
African Development Bank and African Development Fund	35,406	47,124	-	82,530	82,431	-	73,465	
African Regional Technical Assistance Centre for Southern Africa	1,213	-	-	1,213	1,074	-	1,441	
Infrastructure Consortium for Africa	-	-	-	-	-	-	-	
Collaborative African Budget Reform Initiative	1,712	708	300	2,720	2,565	94%	2,512	
African Institute for Economic Development and Planning	1,351	-	-	1,351	1,112	82%	1,153	
African Export Import Bank	-	-	-	-	-	-	-	
African Risk Capacity	7,676	(7,676)	-	-	-	-	-	
United Kingdom Tax (FIGO)	2,695	-	(1,542)	1,153	1,152	100%	2,567	
Total	1,098,356	39,549	36,803	1,174,708	1,159,123		1,050,056	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS - continued

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18	
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation	R'000
Transfers	R'000	R'000	R'000	R'000	R'000	%		R'000
Other benefits	116,648	-	(1,062)	115,586	116,585	101%	-	-
Injury on duty	652,309	(9,000)	(11,779)	631,530	640,530	101%	1,496	1,496
Military benefits ex-servicemen	16,021	(5,000)	(2,258)	8,763	8,702	99%	12,447	12,447
SA citizen force	-	-	-	-	-	-	-	-
Special pensions	953,971	(223,211)	(867,885)	662,875	652,325	98%	1,371,730	1,371,730
Post-retirement medical schemes contribution	2,615,996	240,411	(49,333)	2,806,452	2,806,452	100%	2,462,727	2,462,727
Social assistance (bursaries)	3,514	(94)	(335)	3,085	2,949	96%	1,800	1,800
Service benefits leave gratuity	-	475	2,821	3,296	2,849	86%	2,149	2,149
Non-statutory Forces	737,300	-	-	737,300	737,300	100%	737,300	737,300
Total	5,095,759	3,581	(129,831)	4,969,509	4,967,692		4,589,649	4,589,649

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

ANNEXURE 1F STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING	REVENUE	EXPENDI-	PAID BACK	CLOSING
		BALANCE		TURE	ON/BY 31	BALANCE
		R'000	R'000	R'000	MAR	R'000
European Union (Mum Fin Man Tech Assistance)	Improve capacity development in public finance management across the three spheres of government with emphasis on provincial and municipal levels	486	11,004	7,218	486	3,786
Scholarship Programme (Ga)	Belgian contribution towards the completion of masters and postgraduate degrees in development finance	(0)	-	-	1	(1)
Budget Off Data Analy Project	Support for budget data analysis for improvement of budgeting processes in the public sector	1,851	-	-	1,851	-
The Belg Technical Coop (Btc)	Belgian contribution towards the research in development finance	371	3,000	2,548	370	453
JICADGIS Project	Establish and operationalise a management information system (knowledge management information system for ODA (DCMIS))	-	750	290	-	460
Cities Support Programme	Contribute to the implementation of the Medium Term Strategic Framework and accompanying outcomes based approach which aims to improve the conditions of life of South Africans and halving poverty and unemployment.	-	35,000	34,676	-	324
Capacity Building For Public Finance Management Program	Develop public finance management capacity of national provincial and local government	(100)	7,990	1,648	-	6,242

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

NAME OF DONOR	PURPOSE	OPENING	REVENUE	EXPENDI-	PAID BACK	CLOSING
		BALANCE		TURE	ON/BY 31	BALANCE
		R'000	R'000	R'000	MAR	R'000
Technical and Management Support (TMS)	Strengthening capacity of national and provincial departments and agencies to combating poverty and inequality	55	-	-	55	-
PFMA Ass in Prov PEFA METH African Fiscal Forum (Ga)	Measure the progress made with regards to Public Finance Management (PFM) improvement informing and guiding the Government's PFM capacity development programme in coordination with the donor community.	170	-	94	170	(94)
Technical Assist Facility(Ga)	Strengthening capacity of national and provincial departments in South Africa	3,051	6,052	3,080	3,051	2,972
Market Readiness Project (Ga)	The Partnership for Market Readiness provides technical assistance to South Africa on the enhancement of the design of the carbon tax and development of the measurement, reporting and verification system to enable the implementation of the carbon tax. South Africa is a recipient of funding (US\$5 million which has been approved) for the Partnership for Market Readiness (PMR) initiative implemented by the World Bank	-	472	403	-	69
TOTAL		5,885	64,268	49,958	5,984	14,211

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF AID ASSISTANCE RECEIVED - continued

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
Received in kind			
DTA for DCMIS within IDC in South Africa	-	-	182
Systems developer for DCMIS within IDC	-	-	-
Assistance to Review General Budget Support in South Africa	-	-	1,934
Boikhutso Moahlodi attended a UNI-WIDER course on Public Economics from 28 May to 01 June 2018 in Finland (sponsored ticket only)	United Nations University (UNU-WIDER)	20	-
Konstantin Makrelov participated in the expert group meeting (EGM) on Macroeconomic Modelling in Africa from 3-4 July 2018 in Addis Ababa, Ethiopia	United Nations	17	-
Konstantin Makrelov and Mangoba Ntshakala participated in the UNI-WIDER development conference from 11-16 September 2018 in Finland (Ticket and accommodation)	United Nations University (UNU-WIDER)	90	-
TA to assist with DCMIS	EU	126	-
TOTAL		253	2,116

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of public entity	State Entity's PFMA Schedule type (state year-end if not 31 March)	% of shares held		Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Accounting Standards Board	Schedule 3A	-	-	-	-	-	-	38	-	-	(86)	No
Cooperative Banks Development Agency	Schedule 3A	-	-	-	-	-	-	6,804	-	-	2,404	No
Development Bank of Southern Africa	Schedule 2	-	100	-	200,000	-	200,000	-	31,971,063	-	2,758,289	Yes
FAIS Ombudsman	Schedule 3A	-	-	-	-	-	-	-	2,162	-	(6,972)	No
Financial and Fiscal Commission	Schedule 1	-	-	-	-	-	-	-	7,632	-	5,128	No
Financial Intelligence Centre	Schedule 3A	-	-	-	-	-	-	-	98,352	-	15,232	No
Financial Services Board	Schedule 3A	-	-	-	-	-	-	-	412,442	-	131,589	No
Government Technical Advisory Centre	Schedule 3A	-	-	-	-	-	-	-	345,021	-	(87,247)	No

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of public entity	State Entity's PFMA Schedule type (state year-end if not 31 March)	% of shares held		Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Government Pensions Administration Agency	Schedule 3A	-	-	-	-	-	-	147,307	-	-	-	No
Independent Regulatory Board for Auditors	Schedule 3A	-	-	-	-	-	-	44,925	-	(4,662)	-	No
LAND Bank	Schedule 2	-	100	-	1	-	200,955	-	5,227,078	-	305,757	No
Office of the Pension Funds Adjudicator	Schedule 3A	-	-	-	-	-	-	-	8,576	-	572	No
Public Investment Corporation Ltd	Schedule 3B	-	100	-	1	-	1	-	2,250,771	-	505,880	No
Sasria SOC Ltd	Schedule 3B	-	100	-	1	-	-	-	5,749,629	-	532,954	No
South African Airways SOC Ltd	Schedule 2	-	100	-	13,008,758	-	13,008,758	-	(15,795,000)	-	(4,677,000)	Yes
South African Revenue Service	Schedule 3A	-	-	-	10,000,000	-	-	-	3,581,935	-	(623,368)	No
TOTAL					23,208,761		13,409,714		34,058,735		(1,141,530)	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of public entity	Nature of business	Cost of investment R'000		Net Asset Value of investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Accounting Standards Board	Determine standards of generally recognised accounting practice	-	-	-	38	-	69	-	338
Co-operative Banks Development Agency	Establish a regulatory framework for co-operative banks	-	-	-	6,804	-	3,806	-	1,916
Development Bank of Southern Africa	Promote, facilitate by funding mobilise socioeconomic development in Southern Africa while promoting efficiency, fairness, transparency and responsibility	-	200,000	-	31,971,063	-	121,982	-	884,819
FAIS Ombudsman	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	-	-	-	2,162	-	730	-	2,231
Financial and Fiscal Commission	Assist and maintain fiscal the balance between fiscal decentralisation and the unitary state	-	-	-	7,632	-	23	-	665
Financial Intelligence Centre	Assist in in the identification of unlawful activities, and combating of money laundering activities, financing of terrorism and related activities	-	-	-	98,352	-	414	-	23,209

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES - continued

Name of public entity	Nature of business	Cost of investment R'000		Net Asset Value of investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Financial Services Board	To oversee the South African non-banking financial services industry in the public interest	-	-	-	412,442	-	46,415	-	76,593
Government Technical Advisory Centre	Assist organs of state in building their capacity for efficient, effective and transparent financial and management.	-	-	-	345,021	-	2,445	-	223,436
Government Pensions Administration Agency	Government Employees Pension Fund in terms of the Government Employees Pension (GEP) Act (1996)	-	-	-	147,307	-	-	-	-
Independent Regulatory Board for Auditors	Registration of public accountants and auditors and for the regulation of the training of public accountants and auditors	-	-	-	44,925	-	5,099	-	5,769
LAND Bank	Facilitate access to ownership of land for the development of farming enterprises and agricultural processes for the historically disadvantaged people	-	200,955	-	5,227,078	-	138,949	-	163,998
Office of the Pension Funds Adjudicator	The adjudicator's office investigates and determines complaints of abuse of power, maladministration, dispute of fact or law and employer dereliction of duty in respect of retirement pension funds.	-	-	-	8,576	-	3,955	-	2,601

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES - continued

Name of public entity	Nature of business	Cost of investment R'000		Net Asset Value of investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Public Investment Corporation Ltd	Invests funds on behalf of the South African public sector	-	1	-	2,250,771	-	561,449	-	56,846
Sasria SOC Ltd	Special Risk Insurance	-	-	-	5,749,629	-	273,782	-	51,162
South African Airways SOC Ltd	South African Airways is South Africa's national air carrier, which operates a full service network in the international region and domestic routes	-	13,008,758	-	15,795,000	-	6,780,000	-	9,762,000
South African Revenue Service	Efficient and effective collection of revenue	-	-	-	3,581,935	-	129,513	-	617,537
TOTAL		-	13,409,714	-	65,648,735	-	8,068,631	-	11,873,120

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES - continued

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees drawdowns during the year	Guaranteed repayments/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Local								
Development Bank of Southern Africa	Former Bophuthatswana Regional Authority	126,060	57,719	-	1,842	-	55,877	-	20,760
Land and Agricultural Development Bank of South Africa	Consolidation of debt	100,000	92,728	-	-	-	92,728	-	-
Land and Agricultural Development Bank of South Africa	Financial sustainability	1,500,000	-	-	-	-	-	-	-
Land and Agricultural Development Bank of South Africa	Financial sustainability	2,700,000	2,700,000	-	2,700,000	-	-	-	-
Land and Agricultural Development Bank of South Africa	Refinancing risk	3,000,000	-	-	-	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees drawdowns during the year	Guaranteed repayments/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
South African Airways ¹							-		
	Subtotal	7,426,060	2,850,447	-	148,605	-	-	-	20,760
	Other								
Development Bank of Southern Africa	African Development Bank	1,448,685	59,340	-	82,106	22,766	-	-	-
Development Bank of Southern Africa	Eurobonds	8,470,000	3,171,554	323,982	-	-	3,495,536	-	10,875
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	476,023	213,653	-	23,715	24,272	214,210	-	1,083
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	237,255	143,758	-	11,820	16,346	148,284	-	750
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	204,100	152,008	-	9,896	17,295	159,407	-	806
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	208,118	109,719	-	10,123	12,471	112,067	-	567

¹ South African Airways (SA) approved guarantees of R19,1 billion with a corresponding exposure of R11,0 billion as at 1 April 2018 were transferred to Department of Public Enterprises.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees drawdowns during the year	Guaranteed repayments/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	224,438	110,808	-	11,181	12,592	112,219	-	568
Land and Agricultural Development Bank of South Africa	African Development Bank	1,000,000	1,000,000	-	227,273	-	772,727	-	9,995
Land and Agricultural Development of South Africa	World Bank	1,300,000	-	90,000	-	-	90,000	-	-
	Subtotal	13,568,619	4,960,840	413,982	376,114	105,742	5,104,450	24,604	-
	Total	20,994,679	7,811,287	413,982	3,077,956	105,742	5,253,055 2	45,364	-

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

NATURE OF LIABILITY	Opening balance 1 April 2018	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2019
Claims against the department					
Contract cancellation claims	4,500	-	-	-	4,500

2 The closing balance figure at 31 March 2019 plus the revaluation due to inflation rate movements figure is note 19 under contingent liabilities.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL

NATURE OF LIABILITY	Opening balance 1 April 2018	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2019
	R'000	R'000	R'000	R'000	R'000
Unlawful use of photograph claim	500	-	500	-	-
Xia Xu claim	284	-	284	-	-
Callcom claim	2,400	-	-	-	2,400
VMA Court Records claim	190	-	190	-	-
Stolen cheque claim	67	-	-	-	67
Medihelp claim	9,997	-	-	-	9,997
Transnet Second Benefit Fund claim	1,963,000	-	-	-	1,963,000
Gratuity payment claim	479	-	-	-	479
Injury on duty claim	233	-	233	-	-
Services rendered claim	33,134	-	-	-	33,134
Forfeited money claim	1,100	-	-	-	1,100
ML Ceza	335	-	-	-	335
City of Tshwane Metropolitan Municipality	171,815	-	-	-	171,815
Talking Trade (Pty) Ltd	286	-	-	-	286
Matola Zongezile	59	-	-	-	59
Vincent Matome	1,000	-	-	-	1,000
Eng Chun Liu	1,250	-	-	-	1,250
Swire Express (Pty) Ltd	1,101	-	-	-	1,101
Flyfofa Airways (Pty) Ltd	32,668	-	-	-	32,668
Flyfofa Airways (Pty) Ltd	17,500	-	-	-	17,500
Roeilitta cc t/a RVR Consulting	1,730	-	1,730	-	-
David Chauke	-	98,000,000	-	-	98,000,000
Candice Jean van der Merwe	-	1,000,000	-	-	1,000,000
Gideon Napoleon SAM obo SA Red Cross	-	54,006	-	-	54,006
Gary Walter van der Merwe	-	1,000,000	-	-	1,000,000
Subtotal	2,243,628	100,054,006	2,937	-	102,294,697

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

NATURE OF LIABILITY	Opening balance 1 April 2018	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2019
	R'000	R'000	R'000	R'000	R'000
Other					
Military Pension	358,905	30,469	96,809	-	292,565
Injury on duty	24,583	7,036	22,154	-	9,465
Special Pension	98,300	18,558	36,580		80,278
Subtotal	481,788	56,063	155,543	-	382,308
TOTAL	2,725,416	100,110,069	158,480	-	102,677,005

ANNEXURE 4

CLAIMS RECOVERABLE

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	Total	Cash in transit at year end 2018/19*	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Western Cape	-	-	21	21		
National Departments	5	5,834	979	984	7,895	
Foreign government	-	-	1,153	1,153	1,065	
Gauteng	-	-	-	-	-	
Total	5	5,834	2,153	3,147	8,981	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019 - continued

ANNEXURE 5A

INTER-ENTITY ADVANCES PAID

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation (DIRCO)	-	-	-	359	-	359
Total	-	-	-	359	-	359

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

ANNEXURE 5B
INTER-ENTITY ADVANCES RECEIVED

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Current				45		45
Health	-	-	-	33	-	33
Government Technical Advisory Centre (GTAC)		1 610			1 610	
PSETTA		420			420	
WINGS		677			677	
State Debt Account		1 361			1 361	
Other Institutions				12		12
Total	-	4 068	-	45	4 068	45

NOTES

Lined area for notes, consisting of 25 horizontal lines.

2018/19
NATIONAL TREASURY
ANNUAL REPORT
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national treasury

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