



# 2021/22 NATIONAL TREASURY ANNUAL REPORT

**VOTE 8**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



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SAFE**

VACCINATE TO SAVE SOUTH AFRICA





**2021/22**  
NATIONAL TREASURY  
**ANNUAL REPORT**  
**VOTE 8**

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Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



2021/22  
NATIONAL TREASURY  
**ANNUAL REPORT**  
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**PART A:**  
**GENERAL**  
**INFORMATION**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# **DEPARTMENT INFORMATION 01**

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# 02 LIST OF ABBREVIATIONS/ ACRONYMS

| ABBREVIATION | DESCRIPTION   |
|--------------|---|
| AC           | Audit Committee                                     |
| ACSA         | Airports Company of South Africa                    |
| ADF          | African Development Fund                            |
| AEMFC        | African Exploration Mining and Finance Corporation  |
| AENE         | Adjusted Estimates of National Expenditure          |
| AfDB         | African Development Bank                            |
| AFS          | Annual Financial Statements                         |
| AGSA         | Auditor-General South Africa                        |
| AHIRP        | Accelerated Health Infrastructure Rollout Programme |
| AIF          | Africa Investment Forum                             |
| AIPF         | Associated Institutions Pension Fund                |
| ALM          | Asset and Liability Management                      |
| AO           | Accounting Officer                                  |
| APA          | Auditing Profession Act                             |
| APC          | Assessment of Professional Competence               |
| APP          | Annual Performance Plan                             |
| APR          | Annual Performance Report                           |
| AQI          | Audit Quality Indicators                            |
| ASB          | Accounting Standards Board                          |
| ASISA        | Association for Savings and Investment South Africa |
| AU           | African Union                                       |
| BAC          | Bids Adjudication Committee                         |
| BANKSETA     | Banking Sector Education and Training Authority     |
| BAS          | Basic Accounting System                             |
| BASA         | Banking Association South Africa                    |
| BBBEE        | Broad Based Black Economic Empowerment              |
| BCM          | Business Continuity Management                      |
| BCP          | Business Continuity Plan                            |
| BEE          | Black Economic Empowerment                          |
| BFI          | Budget Facility for Infrastructure                  |
| BMA          | Border Management Agency                            |
| BO           | Budget Office                                       |
| BRICS        | Brazil, Russia, India, China and South Africa       |
| BTO          | Budget and Treasury Office                          |
| CA           | Chartered Accountant                                |
| CAA          | Chartered Accountants Academy                       |
| CABRI        | Collaborative Africa Budget Reform Initiative       |
| CBA          | Co-operative Banks Act                              |
| CBDA         | Co-operative Banks Development Agency               |
| CBU          | Capacity Building Unit                              |

LIST OF ABBREVIATIONS/  
ACRONYMS

02

| ABBREVIATION | DESCRIPTION  |
|--------------|--|
| CD           | Chief Directorate  |
| CDOP         | Chief Directorate Operational Plan                           |
| CEF          | Central Energy Fund  |
| CEO          | Chief Executive Officer                                      |
| CFI          | Cooperative Financial Institution                            |
| CFO          | Chief Financial Officer                                      |
| CG           | Capital Grant  |
| CIDMS        | Cities Infrastructure Delivery and Management System         |
| CIPPPF       | Cities Investment Programme and Project Preparation Facility |
| CMA          | Common Monetary Area   |
| CoGTA        | Cooperative Governance and Traditional Affairs               |
| COLA         | Cost of Living Adjustment                                    |
| COP          | Conference of the Parties                                    |
| CPF          | Country Partnership Framework                                |
| CPO          | Chief Procurement Office                                     |
| CS           | Corporate Services   |
| CSD          | Central Supplier Database                                    |
| CSIR         | Council for Scientific and Industrial Research               |
| CSP          | Cities Support Programme                                     |
| CSPs         | Country Strategy Papers                                      |
| CSPS         | Civilian Secretariat for the Police Service                  |
| CwA          | Compact with Africa  |
| DAG          | Development Action Group                                     |
| DBE          | Department of Basic Education                                |
| DBSA         | Development Bank of Southern Africa                          |
| DCoG         | Department of Cooperative Governance                         |
| DED          | Department of Economic Development                           |
| DEL          | Department of Employment and Labour                          |
| DFI          | Development Finance Institution                              |
| DG           | Director-General   |
| DHA          | Department of Home Affairs                                   |
| DHET         | Department of Higher Education and Training                  |
| DHS          | Department of Human Settlements                              |
| DIRCO        | Department of International Relations and Cooperation        |
| DMRE         | Department of Mineral Resources and Energy                   |
| DoH          | Department of Health   |
| DoJCD        | Department of Justice and Constitutional Development         |
| DoRA         | Division of Revenue Act                                      |
| DoRB         | Division of Revenue Bill                                     |
| DoT          | Department of Transport                                      |



# 02 LIST OF ABBREVIATIONS/ ACRONYMS

| ABBREVIATION | DESCRIPTION   |
|--------------|---|
| DPCI         | Directorate for Priority Crime Investigation                                      |
| DPE          | Department of Public Enterprises  |
| DPME         | Department of Planning, Monitoring and Evaluation                                 |
| DPSA         | Department of Public Service and Administration                                   |
| DPWI         | Department of Public Works  |
| DSBD         | Department of Small Business Development  |
| DSD          | Department of Social Development  |
| DSSI         | Debt Service Suspension Initiative  |
| DTIC         | Department of Trade, Industry and Competition                                     |
| DCDT         | Department of Communications and Digital Technologies                             |
| DTT          | Digital Terrestrial Television  |
| DWS          | Department of Water and Sanitation  |
| DWYPD        | Department of Women, Youth and People with Disability                             |
| EC           | Eastern Cape  |
| ECD          | Early Childhood Development   |
| EHW          | Employee Health and Wellness  |
| EMDCs        | Economically More Developed Countries   |
| ENE          | Estimates of National Expenditure   |
| EPWP         | Expanded Public Works Programme   |
| EQAR         | External Quality Assurance Review   |
| ERAP         | Emergency Response Action Plan  |
| ERM          | Enterprise Risk Management  |
| ERRP         | Economic Reconstruction and Recovery Plan   |
| EU           | European Union  |
| EXCO         | Executive Committee   |
| F15          | Committee of Fifteen Finance Ministers  |
| FAC          | Finance and Audit Committee   |
| FAIS         | Financial Advisory and Intermediary Services                                      |
| FAQs         | Frequently Asked Questions  |
| FASSET       | Finance and Accounting Services Sector Education and Training Authority           |
| FFC          | Financial and Fiscal Commission   |
| FIC          | Financial Intelligence Centre   |
| FICA         | Financial Intelligence Centre Act   |
| FLC          | Fiscal Liability Committee  |
| FMCM         | Financial Management Capability Maturity Model                                    |
| FMG          | Financial Management Grant  |
| 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  |

LIST OF ABBREVIATIONS/  
ACRONYMS

02

| ABBREVIATION | DESCRIPTION   |
|--------------|---|
| FSCA         | Financial Sector Conduct Authority                      |
| FSLAB        | Financial Sector Laws Amendment Bill                    |
| FSR          | Financial Sector Regulation                             |
| FSRA         | Financial Sector Regulation Act                         |
| FST          | Financial Sector Tribunal                               |
| G20          | Group of Twenty   |
| G2P          | Government to Person                                    |
| GBS          | General Budget Support                                  |
| GBVF         | Gender Based Violence and Femicide                      |
| GDP          | Gross Domestic Product                                  |
| GDP          | Graduate Development Programme                          |
| GEMS         | Government Employees Medical Scheme                     |
| GEPF         | Government Employees Pension Fund                       |
| GHG          | National Greenhouse Gas                                 |
| GIZ          | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| GMC          | Governance, Monitoring and Compliance                   |
| GP           | Gauteng Province  |
| GPAA         | Government Pensions Administration Agency               |
| GPEFA        | Government Employees Pension Fund Act                   |
| GEPL         | Government Employees Pension Law                        |
| GPW          | Government Printing Works                               |
| GRAP         | Standards of Generally Recognised Accounting Practice   |
| GTAC         | Government Technical Advisory Centre                    |
| HIPC         | Heavily Indebted Poor Countries                         |
| HIV          | Human Immunodeficiency Virus                            |
| HOD          | Head of Department                                      |
| HRM          | Human Resource Management                               |
| HSRC         | Human Sciences Research Council                         |
| IA           | Internal Audit  |
| IAASB        | International Auditing and Assurance Standards Board    |
| IBP          | International Budget Partnership                        |
| ICASA        | Independent Communications Authority of South Africa    |
| ICDG         | Integrated Cities Development Grant                     |
| ICT          | Information and Communication Technology                |
| ICU          | Internal Control Unit                                   |
| IDA          | International Development Association                   |
| IDC          | Industrial Development Corporation                      |
| IDC          | International Development Cooperation                   |
| IDEP         | Institute for Development Economic Planning             |
| IDIP         | Infrastructure Delivery Improvement Programme           |



# 02 LIST OF ABBREVIATIONS/ ACRONYMS

| ABBREVIATION     | DESCRIPTION  |
|------------------|--|
| IDMS             | Infrastructure Delivery Management System                |
| IFFI             | International Finance Facility for Immunization          |
| IFIAR            | International Forum of Independent Audit Regulators      |
| IFMS             | Integrated Financial Management System                   |
| IFWG             | Intergovernmental Fintech Working Group                  |
| IGR              | Inter-Governmental Relations                             |
| IIA SA           | Institute of Internal Auditors South Africa              |
| IKMS             | Integrated Knowledge Management System                   |
| IMF              | International Monetary Fund                              |
| IOD              | Injury on Duty   |
| IPID             | Independent Police Investigative Directorate             |
| IPPs             | Independent Power Producers                              |
| IRBA             | Independent Regulatory Board for Auditors                |
| ISA              | Infrastructure South Africa                              |
| ISDG             | Infrastructure Skills Development Grant                  |
| IT               | Information Technology                                   |
| ITAC             | International Trade Administration Commission            |
| ITC              | Initial Test of Competence                               |
| IYM              | In-Year Monitoring                                       |
| JICS             | Judicial Inspectorate for Correctional Services          |
| KM               | Knowledge Management                                     |
| KRA              | Key Result Area  |
| KZN              | KwaZulu-Natal  |
| <b>Land Bank</b> | Land and Agricultural Development Bank of South Africa   |
| LGBA             | Local Government Budget Analysis                         |
| LGFM             | Local Government Financial Management                    |
| LGS              | Loan Guarantee Scheme                                    |
| LGSETA           | Local Government Sector Education and Training Authority |
| LICs             | Low Income Countries                                     |
| LOGIS            | Logistical Information System                            |
| LSPID            | Learners with Severe to Profound Intellectual Disability |
| LVC              | Land Value Capture                                       |
| M&E              | Monitoring and Evaluation                                |
| MCS              | Modified Cash Standards                                  |
| MDBs             | Multilateral Development Banks                           |
| MEC              | Member of Executive Council                              |
| MFIP             | Municipal Finance Improvement Programme                  |
| MFMA             | Municipal Finance Management Act                         |
| MFMP             | Municipal Finance Management Programme                   |
| MFRRS            | Municipal Finance Recovery Service                       |

LIST OF ABBREVIATIONS/  
ACRONYMS

02

| ABBREVIATION | DESCRIPTION   |
|--------------|---|
| MICs         | Middle Income Counties                                |
| MIG          | Municipal Infrastructure Grant                        |
| MINCOMBUD    | Ministers' Committee on the Budget                    |
| MISA         | Municipal Infrastructure Support Agent                |
| MMA          | Multilateral Monetary Agreement                       |
| MOU          | Memorandum of Understanding                           |
| MPAT         | Management Performance Assessment Tool                |
| MPSA         | Minister of Public Service and Administration         |
| mSCOA        | Municipal Standard Chart of Accounts                  |
| MTA          | Municipal Technical Assistant                         |
| 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                       |
| NC           | Northern Cape   |
| NCOP         | National Council of Provinces                         |
| NCR          | National Credit Regulator                             |
| NDA          | National Development Agency                           |
| NDB          | New Development Bank                                  |
| NDOH         | National Department of Health                         |
| NDP          | National Development Plan                             |
| NDPG         | Neighbourhood Development Partnership Grant           |
| NDPP         | Neighbourhood Development Partnership Programme       |
| NEDLAC       | National Economic Development and Labour Council      |
| NERSA        | National Energy Regulator of South Africa             |
| NHI          | National Health Insurance                             |
| NPA          | National Prosecuting Authority                        |
| NQF          | National Qualifications Framework                     |
| NRF          | National Research Facility                            |
| NRF          | National Revenue Fund                                 |
| NSF          | National Skills Fund                                  |
| NSFAS        | National Student Financial Aid Scheme                 |
| NSG          | National School of Government                         |
| NT           | National Treasury                                     |
| NYDA         | National Youth Development Agency                     |
| OAG          | Office of the Accountant-General                      |
| OCPO         | Office of the Chief Procurement Officer               |
| ODA          | Official Development Assistance                       |
| OECD         | Organisation for Economic Cooperation and Development |

# 02 LIST OF ABBREVIATIONS/ ACRONYMS

| ABBREVIATION | DESCRIPTION   |
|--------------|---|
| OHS          | Occupational Health and Safety  |
| OPFA         | Office of the Pension Funds Adjudicator   |
| OPMMS        | Organisational Performance Monitoring Management System                                     |
| OPSC         | Office of the Public Service Commission   |
| OSBP         | One Stop Border Post  |
| OTO          | Office of the Tax Ombud   |
| PAIA         | Promotion of Access to Information Act  |
| PBER         | Provincial Budgets and Expenditure Review   |
| PBO          | Public Benefit Organisation   |
| PCCC         | Presidential Climate Change Commission  |
| PEOU         | Public Entities Oversight Unit  |
| PER          | Performance Expenditure Reviews   |
| PERSAL       | Personnel and Salary Administration System  |
| PES          | Provincial Equitable Share  |
| PF           | Public Finance  |
| PFM          | Public Finance Management   |
| PFMA         | Public Finance Management Act   |
| PFMCDS       | Public Financial Management Capacity Development Strategy                                   |
| PFS          | Public Finance Statistics   |
| PFSA         | Peace Fund Scale of Assessments   |
| PIC          | Public Investment Corporation   |
| PINK         | Procurement, Infrastructure Management and Knowledge Management Capacity Building Programme |
| PMDS         | Performance Management and Development System   |
| POCA         | Prevention of Organised Crime Act   |
| POPIA        | Protection of Personal Information Act  |
| PPB          | Public Procurement Bill   |
| PPE          | Personal Protective Equipment   |
| PPF          | Project Preparation Fund  |
| PPP          | Public Private Partnership  |
| PPPFA        | Preferential Procurement Policy Framework Act   |
| PPPSG        | Programme Project Preparation Support Grant   |
| PPR          | Preferential Procurement Regulation   |
| PRASA        | Passenger Rail Agency of South Africa   |
| PSA          | Public Service Act  |
| PSB          | Professional Services Branch  |
| PSC          | Public Service Commission   |
| PSCBC        | Public Service Co-ordinating Bargaining Council   |
| PSETA        | Public Service Sector Education and Training Authority                                      |
| PSIRA        | Private Security Industry Regulatory Authority  |

LIST OF ABBREVIATIONS/  
ACRONYMS

02

| ABBREVIATION | DESCRIPTION  |
|--------------|--|
| PSRAF        | Public Sector Remuneration Analysis and Forecasting      |
| PT           | Provincial Treasury                                      |
| PTA          | Provincial Technical Assistants                          |
| RDP          | Reconstruction and Development Programme                 |
| REIPPP       | Renewable Independent Power Producer Programme           |
| RFI          | Rapid Financing Instrument                               |
| RISDP        | Regional Indicative Strategic Development Plan           |
| RM           | Records Management                                       |
| RMC          | Risk Management Committee                                |
| RMIPPP       | Risk Mitigation Independent Power Producer Programme     |
| S&P          | Standard and Poor Global Ratings Agency                  |
| SA           | South Africa   |
| SAA          | South African Airways                                    |
| SABC         | South African Broadcasting Corporation                   |
| SABS         | South African Bureau of Standards                        |
| SACU         | Southern African Customs Union                           |
| SADC         | Southern African Development Community                   |
| SALGA        | South African Local Government Association               |
| SANDF        | South African National Defence Force                     |
| SANRAL       | South African National Roads Agency                      |
| SAPO         | South African Post Office                                |
| SAPS         | South African Police Service                             |
| SARB         | South African Reserve Bank                               |
| SARS         | South African Revenue Service                            |
| SAS          | Specialised Audit Services                               |
| SASRIA       | South African Special Risks Insurance Association        |
| SASSA        | South African Social Security Agency                     |
| SA-TIED      | Southern Africa - Towards Inclusive Economic Development |
| SAX          | South African Express                                    |
| SCCU         | Serious Commercial Crimes Unit                           |
| 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                        |
| SDRs         | Special Drawing Rights                                   |
| SECO         | Swiss State Secretariat for Economic Development         |
| SeCoA        | Select Committee on Appropriations                       |
| SeCoF        | Select Committee on Finance                              |



# 02 LIST OF ABBREVIATIONS/ ACRONYMS

| ABBREVIATION | DESCRIPTION   |
|--------------|---|
| SEDA         | Small Enterprise Development Agency                         |
| SEFA         | Small Enterprise Finance Agency                             |
| SHERQ        | Safety, Health, Environment, Risk and Quality               |
| SITA         | State Information Technology Agency                         |
| SIU          | Special Investigating Unit                                  |
| SLA          | Service Level Agreement                                     |
| SMME         | Small, Medium and Micro Enterprises                         |
| SMS          | Senior Management Service                                   |
| SNDB         | Sub-National Doing Business                                 |
| SOC          | State-Owned Company   |
| SOE          | State-Owned Entity  |
| SOP          | Standard Operating Procedures                               |
| SPF          | Strategic Procurement Framework                             |
| SPM&E        | Strategic Planning, Monitoring and Evaluation               |
| SQL          | Structured Query Language                                   |
| SSA          | State Security Agency                                       |
| STI          | Science, Technology and Innovation                          |
| TA           | Technical Advisors  |
| TAA          | Tax Administration Act                                      |
| TAF          | Technical Assistance Facility                               |
| TALAB        | Tax Administration Laws Amendment Bill                      |
| TCTA         | Trans-Caledon Tunnel Authority                              |
| TERS         | Temporary Employee Relief Scheme                            |
| TEPF         | Temporary Employees Pension Fund                            |
| TETA         | Transport Education and Training Authority                  |
| TFSP         | Tax and Financial Sector Policy                             |
| TLAB         | Taxation Laws Amendment Bill                                |
| TOMSA        | Tourism Marketing South Africa                              |
| TVR          | Treasury Views & Recommendations                            |
| UIF          | Unemployment Insurance Fund                                 |
| UIFW         | Unauthorised, Irregular, Fruitless and Wasteful Expenditure |
| UN           | United Nations  |
| UNDP         | United Nations Development Programme                        |
| UNFCCC       | United Nations Framework Convention on Climate Change       |
| UNS          | Urban Network Strategy                                      |
| USAID        | United States Agency for International Development          |
| USDG         | Urban Settlement Development Grant                          |
| VPN          | Virtual Private Network                                     |
| WB           | World Bank  |
| WC           | Western Cape  |
| WEF          | World Economic Forum  |

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**PART A:**  
GENERAL INFORMATION  
**FOREWORD BY  
THE MINISTER**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# 03 FOREWORD BY THE MINISTER



“In order to improve fairness in the tax system, the National Treasury has engaged with the South African Revenue Service (SARS) and numerous stakeholders in the medium term on ways to improve government’s revenue collection and eliminate tax loopholes”

Navigating an ever changing global and domestic environment has always been a critical part of the National Treasury’s capability in the context of managing the public finances of South Africa. During the reporting period, significant developments called on the department to exercise its nimbleness and agility to a great extent. South Africa also began to see the light in the fight against COVID-19, despite a relatively slow vaccination rate. Soon after the last significant lockdown period ended in July 2021, infection rates and serious illnesses requiring hospitalisation started to decline and this helped to spur a recovery that saw the economy grow by 4.9 per cent for the calendar year 2021. At the same time, government finances improved more quickly than expected, due to a strong increase in the international price of key South African commodity exports. By the end of the 2021/22 financial year, fiscal revenues had improved by over R190 billion compared to the estimates of the 2021 Budget. This, together with significant restraint across most departments, allowed the fiscal deficit to be reduced from 10.2 per cent of GDP in 2020/21, to 5.2 per cent of GDP in 2021/22.

Nevertheless, gains were somewhat overshadowed by both lingering and new challenges. A shocking period of unrest in July 2021, mainly in Gauteng and KwaZulu-Natal, led to the tragic deaths of over 300 South Africans. At the same time, and in the context of severe fiscal constraints, government had to take additional measures to stem a brief spike in COVID-19 cases, requiring the extension of the Social Relief of Distress grant.

As outlined in both the 2021 Medium Term Budget Policy Statement (MTBPS) and the 2022 Budget, South Africa faces deep-rooted socio-economic crises, including persistently high unemployment, rising poverty and increasing inequality. Even before the outbreak of COVID-19, the economy was already seeing a rise in poverty levels. According to Stats SA’s 2017 survey on poverty rates, 55.5 per cent of the population was already living in poverty prior to the pandemic, and the pandemic has further worsened this situation. Linked to this is the rising rate of unemployment, which increased from 28 per cent before COVID-19 to 35 per cent at the end of this reporting period.

South Africa’s economy has not been growing sufficiently quickly to create the jobs needed to address poverty, unemployment and inequality. Long-term economic growth has hovered around 1 per cent to 1.5 per cent since the 2008 global financial crisis. To address this, actual impediments to growth, many of which do not require additional government spending, must be removed. Resources must also be redirected from ineffective and inappropriate items towards those items that protect the poor while supporting economic growth. In this regard, government has made important progress. During the reporting period, work got underway to expedite the approvals required to register embedded electricity generation plants, complete the analogue to digital migration, auction spectrum, and clear the backlog of water-use licenses. A review of administered pricing, specifically the fuel levies, was announced which, together with the Department of Mineral Resources and Energy (DMRE), will identify inefficiencies in the system and explore ways to reduce these prices.

# FOREWORD BY THE MINISTER

# 03

Other initiatives through Operation Vulindlela (OV) in the year under review included the creation of an e-visa system to facilitate easier entry for highly skilled individuals from selected countries into South Africa, and encourage valuable tourism activities that can benefit our country. Overall, there is continuous steady progress to help government address inefficiency and the high cost of network services – including electricity, water, transport and telecommunications – that mitigate against our goals of reducing the cost and improving the ease of doing business.

Economic growth is anchored in strong local economies that are reliant on effective local government. As a country we are faced with the formidable challenge of an increasing number of dysfunctional municipalities that are experiencing financial distress or have even deteriorated into crisis. During the reporting period, the National Treasury renewed its commitment to transparency and intervention in municipalities in order to improve this situation.

A priority for the National Treasury is to strengthen the transparency, efficiency, effectiveness and impact of public procurement by introducing the long-awaited public procurement bill, strengthening procurement decision-making responsibility and management at all public departments and institutions and, most importantly, modernising the procurement system. This will strengthen data collection and enhance analysis, allowing for better reporting and increased monitoring by both government and the public parties.

The department received over 4 000 submissions on the revised Public Procurement Bill and these have been considered along with the recommendations by several recent commissions of inquiry.

Work continued on reforms to the PFMA and MFMA and support measures as well as on accelerating the implementation of the government's integrated financial management system, with a roll out of modules in pilot departments and provinces planned for 2022/23.

In addition to strengthening legislative frameworks, capacity, capabilities, systems and processes of financial governance and management, the National Treasury will continue to fight corruption and maladministration by conducting forensic audits and special performance audits and reviewing internal controls.

In order to improve fairness in the tax system, the National Treasury has engaged with the South African Revenue Service (SARS) and numerous stakeholders in the medium term on ways to improve government's revenue collection and eliminate tax loopholes. Recommendations in this regard are planned for 2022/23.

Work is also continuing to secure the financial stability required to support economic growth, and ensure better access to the financial sector for all residents and those doing business with South Africa. Regulation of the financial sector will continue to ensure its safety and the provision of enhanced customer services.

The Bounce-Bank Support scheme for businesses signaled in the February 2022 Budget speech has come into effect. The scheme comprises two mechanisms. The first is a loan guarantee that facilitates guaranteed

# 03 FOREWORD BY THE MINISTER

*“Five-year country partnership strategies with the MDBs will focus on fostering competitiveness and investment, supporting SMMEs, creating jobs, and economic recovery”*

government loans to eligible businesses to assist them to recover from constraints in accessing finance due to COVID-19 lockdowns, the July 2021 civil unrest and disasters such as the floods affecting KZN. The second mechanism of the scheme will support economic growth and foster job creation in South Africa. Funds borrowed from this scheme, through participating banks, Development Finance Institutions (DFIs) and non-bank Small Medium Enterprise (SME) finance providers, will be used for growth and expansion and foster job creation in South Africa. The department looks forward to providing feedback on the performance of the scheme in the next annual report.

Finally, as the threat from COVID-19 began to wane during the reporting period, international engagements, including with multilateral development banks (MDBs) and international finance institutions (IFIs), slowly regained momentum. Virtual and physical engagements with the Group of Twenty (G20), Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) and the World Bank Group took place. South Africa will continue to foster collaboration and source technical best practice and competitive financing as part of the department’s borrowing strategy. Five-year country partnership strategies with the MDBs will focus on fostering competitiveness and investment, supporting SMMEs, creating jobs, and economic recovery.

Following the completion of the financial year, the Director-General of the National Treasury, Mr Dondo Mogajane, opted not to renew his contract. Having served for more than 23 years in public service, I pay tribute to his commitment, resilience and leadership during a truly difficult period in the democratic era. To him and the staff of the National Treasury, I express my gratitude for their tireless service during the year under review. I also wish to thank Deputy Minister, Dr David Masondo, for his continuing support.



**Enoch Godongwana**

Minister of Finance

**Date:** 11 January 2023

**2021/22**  
NATIONAL TREASURY  
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**PART A:**  
GENERAL INFORMATION  
**REPORT OF THE  
DEPUTY MINISTER**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# 04 REPORT OF THE DEPUTY MINISTER



“To address the scarcity of skills for economic growth in the short term, the focus has been on reforms to the work permit system to enable South African businesses to import skills that are not available in South Africa, and to successfully compete internationally to attract such skills”

As mandated by the executive and Parliament, the National Treasury continued to support the optimal allocation and utilisation of financial resources in all spheres of government. Since the outbreak of the COVID-19 pandemic in 2020, the National Treasury has worked to ensure a balance between supporting the economy and those most affected by poverty on the one hand, and ensuring that the public finances are restored to stability on the other. The Budget tabled by the Minister towards the end of the 2021/22 financial year confirms this effort to reduce poverty and vulnerability among South Africa’s most marginalised.

In keeping with our commitment to a highly redistributive budget, the Budget committed to 60 per cent of our non-interest spending and 52 per cent of our total consolidated spending towards the social wage. This includes spending on education, health, social protection and other social sector functions. About 60 per cent of the total budget is appropriated to the Departments of Cooperative Governance (DCoG), Higher Education and Training (DHET), Social Development (DSD) and Transport (DOT) and the South African Police Service (SAPS) mainly for free basic services, post-school education and training, social grants, crime prevention and investigation, and maintenance of the road transport network.

These measures must nevertheless be underpinned by a growing economy. Our road to economic recovery is encapsulated in the Economic Reconstruction and Recovery Plan (ERRP). The ERRP interventions are in pursuit of the National Development Plan goals of reducing unemployment, poverty and inequality. The ERRP is geared towards ensuring that beyond just returning the economy to its pre-COVID-19 levels, GDP growth is catalysed and jobs are generated. The plan is anchored on a social compact aimed at ensuring that there is cooperation and collaboration towards growing the economy, protecting the poor and vulnerable, and transforming the patterns of ownership in the economy. Its success rests on the strength of the social compact and the associated mobilisation of resources.

In this regard, the National Treasury will lead efforts to implement reforms, key examples of which were already underway during the reporting period. They include the work to address challenges in local government. During the reporting period, the National Treasury engaged in numerous efforts to address the challenges in the local government sphere as well as encourage and incentivise good leadership and innovation. The department undertook visits to troubled cities and other municipal councils, urging them to improve performance and ensure accountability. These visits proved to be invaluable in this regard.

Operation Vulindlela has also facilitated technical support in the form of business process reengineering expertise to assist the Department of Water and Sanitation (DWS) to redesign its water-use licensing processes to make them more efficient and effective. The National Treasury also facilitated financial and legal expertise to the department to assist the development of its business plan and the Bill for the establishment of the national Water Resource Infrastructure Agency.

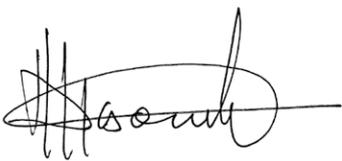
REPORT OF THE  
DEPUTY MINISTER 04

In the digital communications sector, the National Treasury is focusing on reforms aimed at reducing the cost and increasing the quality of digital communications. The auction of the additional spectrum by ICASA was completed.

To address the scarcity of skills for economic growth in the short term, the focus has been on reforms to the work permit system to enable South African businesses to import skills that are not available in South Africa, and to successfully compete internationally to attract such skills. Working together with the Departments of Home Affairs (DHA), Employment and Labour (DEL), and Trade, Industry and Competition (dtic), Operation Vulindlela has started a comprehensive review of the process for issuing work permits, with the aim of identifying possible improvements while still protecting employment opportunities for skilled South Africans.

In summary, significant progress has been achieved by Operation Vulindlela. Detailed work is continuing on the reforms. These reforms are complex and obviously cannot be implemented overnight, but with due care, diligence, and thorough consultation to avoid negative unintended consequences. I would like to take this opportunity to thank the Ministers, Deputy Ministers and Directors-General of the various reform implementing departments for their collaboration in implementing Operation Vulindlela. I would also like to thank Business for South Africa, Business Unity South Africa, and Business Leadership South Africa for facilitating technical expertise to support the implementation of some of the reforms. In addition, I would like to thank the range of industry associations with which we have been meeting to enable us to understand the challenges experienced and the reforms required to address them. Operation Vulindlela is truly an example of our election manifesto commitment of “Working together, we can do more”.

Most importantly, I express gratitude to the Minister of Finance, Mr Enoch Godongwana, for his service during the year. My sincere appreciation to the acting Director-General, his predecessor Mr Dondo Mogajane, and the whole National Treasury staff for their efforts in the drive for a successful and prosperous country.



**David Masondo**

Deputy Minister of Finance

**Date:** 11 January 2023

**2021/22**  
NATIONAL TREASURY  
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**PART A:**  
GENERAL INFORMATION  
**REPORT OF THE**  
**ACCOUNTING OFFICER**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# REPORT OF THE ACCOUNTING OFFICER

05

## 5.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

This year, South Africa was again severely tested. Nevertheless, the country rose to the challenges with courage, conviction and perseverance. After great sacrifices made by all citizens in the fight against the COVID-19 pandemic, the easing of the containment measures brought some relief although the long-term damage to the economy and livelihoods remains of grave concern. The emerging economic recovery was severely disrupted and compromised by the events of July 2021 with unrest, looting and damage to property in KwaZulu-Natal and Gauteng. These events brought entrenched inequalities, economic deprivation and structural exclusion into stark reality and reminded us that they remain fundamental national crises and a reminder that government still has much work to do. To this end, the National Treasury worked tirelessly to respond to national challenges while supporting economic growth, safeguarding the fiscal framework, continuing to deliver a redistributive budget and ensuring management of public finances. The department strengthened its ongoing endeavours to stabilise local government, modernise procurement and end corruption of public funds.

Globally, as countries emerged from the worst of the COVID -19 pandemic and lockdown restrictions, output saw strong growth of 6.1 per cent, rebounding from the 3.1 per cent contraction of the previous year. The resumption of economic activity was buoyed by significant progress in the world-wide roll out of vaccines and reduced severity of the new emerging strains of the disease. Although not all jurisdictions achieved the same levels of progress and despite setbacks in some countries, there was a general sense of returning to normalisation with some notable exceptions such as China. Subsequent international developments, mostly as a consequence of the Russia/Ukraine conflict, have severely reduced growth projections. As a result, the IMF, which had earlier forecast growth of 4.4 per cent in 2022 and 3.8 per cent in 2023, cut its forecast to 3.2 per cent in 2022 and 2.9 per cent in 2023.

Domestically, South Africa was already in a vulnerable social, economic and fiscal state when hit by the COVID-19 pandemic, with persistently high levels of poverty, inequality, unemployment and weak growth. This meant that despite rapid mobilisation of resources and support interventions, GDP contracted by 7.0 per cent in 2020/21. Following the easing of lockdown measures, recovery has been more rapid than anticipated with GDP growing at 6.3 per cent in 2021/22 despite the disruptions of the July 2021 social unrest. Mining has shown especially strong growth on the back of an international commodities boom while sectors that rely on interpersonal contact and mobility have rebounded strongly. Only the construction sector has yet to recover and remains at levels near those during the worst of the pandemic.

While GDP growth was driven by a rebound in household consumption, gross fixed capital formation saw a relatively small rebound. This, along with the lag in construction sector recovery, reflects continued low levels of business confidence which nevertheless rose from the previous year. The outlook has been further dampened by ongoing loadshedding. The current account of the balance of payments saw a positive shock during the pandemic



**ISMAIL  
MOMONIAT**  
Acting Accounting  
Officer

“Following the easing of lockdown measures, recovery has been more rapid than anticipated with GDP growing at **6.3 per cent** in **2021/22** despite the disruptions of the **July 2021** social unrest”

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having risen on an annual basis with a surplus of 2.8 per cent of GDP in 2020/21, increasing to 3.1 per cent of GDP in 2021. It must be noted that the trade surplus began to narrow during the second half of the year as oil prices rose and global supply was restricted. The financial account remained in deficit despite registering a small surplus in the first quarter of 2022. This was mainly due to large net portfolio outflows on the back of high global and domestic uncertainty, while foreign direct investment experienced positive net inflows.

Fiscal metrics improved in 2021/22. The main budget deficit reached 9.9 per cent of GDP in 2020/21, before narrowing to 5.5 per cent in 2021/22, while gross government debt reached 70.7 per cent of GDP in 2020/21 before declining to 69.5 per cent in 2021/22. South Africa's risk premium also improved, averaging 3.5 percentage points in 2021/22 (compared to 4.8 percentage points the previous year), while the Rand appreciated, with the average real exchange rate being 8.5 per cent higher than the average in 2019/20. Budget 2022 has set a target to stabilise gross government debt at 75.1 per cent in 2024/25 (significantly down from the 88.9 per cent targeted in Budget 2021) and achieve a surplus on the primary balance by 2023/24.

Progress was made on the structural reforms that support economic recovery as part of Operation Vulindlela. Significantly, as the country grapples with the challenge of scarce electricity supply, the licensing threshold in the energy sector for new grid-connected generation projects was raised to 100 MW, Bid Windows 5 and 6 of the renewable energy programme were opened and the National Transmission company has been established. In the transport and logistics sector, the National Ports Authority was established, enabling private sector participation in port operations, and the White Paper on National Rail Policy was finalised. The spectrum auction was completed, the e-Visa system launched, the Blue/Green/No Drop water quality monitoring system reinstated, and a revised critical skills list published.

With tireless effort, resoluteness, dedication and proficiency, the National Treasury delivered on our constitutional mandate and legislative obligations. These endeavours included our primary responsibility of ensuring fiscal sustainability, monitoring efficient and effective use of scarce public resources by spending agencies and coordinating fiscal relations between the three spheres of government. Sound budgetary planning at provincial and local government levels was encouraged and supported, and capacity to enable good financial practices was built. Efforts continued to stabilise state-owned companies (SOCs) to be financially and fiscally sustainable while delivering on national growth and development objectives. Relevant economic research and analysis that informed economic policy and frameworks was conducted and quarterly economic and revenue forecasts were produced. Public debt and funding of government's borrowing requirements as well as its cash resources were optimally managed. Ethical behaviour and good governance in public financial management was supported through investigations, administering various monitoring mechanisms and delivering capacity building programmes across all spheres of government, thereby giving effect to the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). Strategic procurement was further developed, progress was made on the automation and modernisation of the public procurement system, and public comment on the draft Public Procurement Bill was received. Change agent programmes such as the Jobs Fund, the Municipal Finance Improvement Programme and the Cities Support Programme continued to deliver on national imperatives and departmental priorities. Stakeholder relations and communication were extended and expanded, thus strengthening existing partnerships and forging new relations.

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Analysis and research on growth policy was undertaken including progress on the macroeconomic review and monetary and exchange rate policy in light of global and financial market events. Feasible labour market reforms were investigated to boost employment and research and analysis support provided for policies to address inequality and implement gender-based budgeting and labour market policy support. Research was published on the regulation of the fuel price, electricity sector reform, economic regulation of rail and modelling of the Economic Reconstruction and Recovery Plan (ERRP). Substantive and impactful technical support was provided to Operation Vulindlela. Quarterly economic and revenue forecasts were produced with associated scenarios highlighting the primary risks to the baseline macroeconomic forecast as well as evaluation of tax and expenditure proposals on a macro level.

Processes to implement the tax proposals announced in the 2021 Budget were carried out. Due to the constrained economic climate and the negative impact of COVID-19 restriction measures, two large initiatives to broaden the base line announced in the 2020 Budget were suspended. In response to the extended impact of the pandemic and the period of social unrest, additional tax relief measures were announced, including the expansion of the employment tax incentive and the deferment of pay-as-you-earn taxes and exercise duties. The revenue analysis working committee provided revised tax revenue forecasts for the 2021 Medium Term Budget Policy Statement (MTBPS) and 2022 Budget. The final estimate revenue collected for 2021/22 was better than expected in the 2021 budget, surpassing the previous Budget forecast by R198.7 billion, due to the elevated commodity prices and broader recovery in the finance and manufacturing sector. Numerous technical tax amendments were announced in the 2022 Budget.

Together with the South African Reserve Bank (SARB), participating banks and other stakeholders, work was done on the Bounce-Back Scheme, including and importantly leveraging off the lessons from the Loan Guarantee Scheme. The implementation of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR) continued as well as finalising the constituting of the executive committee of the Financial Sector Conduct Authority. The processing of the Financial Sector and Deposit Insurance Levies Bill and Administration Bill by Parliament was coordinated. The report "South Africa: Financial ombud system diagnostic" was published as an independent review of South Africa's financial ombud system, and reforms to enhance consumer protection and good quality outcomes in the financial service sector recommended. Two papers - "Encouraging South African households to save more for retirement" and "Governance of umbrella funds" - were published on the proposed retirement reforms. Public comment on the draft financial inclusion paper, "An inclusive financial sector for all", was received and incorporated into a revised policy paper that will be submitted to Cabinet on finalisation. The Financial Sector Amendment Bill, which provides tools for regulatory authorities to facilitate the resolution of systemic financial institutions as well as proposing the introduction of a deposit insurance scheme funded by industry, was introduced to Parliament. An updated technical paper, "Financing a sustainable economy", and a draft green taxonomy were published.

Through the Intergovernmental Fintech Working Group, a revised position paper on crypto assets was published. Working with other government departments and agencies, deficiencies identified by the mutual evaluation peer review of the country's anti-money laundering and combating the financing of terrorism system conducted by the financial action task force is being addressed. In conjunction with the financial surveillance department of the SARB, a new capital management system is being put into place that will simplify cross-border trade and financial flows while tightening monitoring systems for combating sophisticated financial crimes, unexplained wealth and suspicious financial flows.

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The national budget process was effectively led in a time of severe fiscal constraints, with a vulnerable economy and having to secure additional funding for response measures to a number of national emergencies including the prolonged support in response to the COVID-19 pandemic and the measures taken to repair and rebuild after the social unrest of July 2021. The Budget Review, the MTBPS, the Estimates of National Expenditure (ENE) and Adjusted Estimates of National Expenditure (AENE) were published. Expenditure planning was overseen, fiscal advice provided, the budget reform programme led, official development assistance managed, and public finance statistics compiled.

Government efforts for the medium term continue to balance support for economic recovery and reconstruction – through both short-term spending measures and structural reforms – with rebuilding the public finances. Fiscal consolidation is critical to reduce the public debt burden, restore investor confidence and avoid overexposure to global and domestic risks. This consolidation is being supported by structural reforms that unlock private sector investment and job creation. The focus remained on strengthening public finances while providing immediate support for the pandemic response, job creation and social protection. On average, 20 cents of every Rand collected in revenue every year will be needed to pay debt service costs. Reducing the crowding-out effects of debt service costs is a key fiscal policy goal, and government remains committed to stabilising debt levels.

Infrastructure development continued to be a priority for the National Treasury given its catalytic impact on economic growth. To this end the Development Infrastructure Fund was led, including the operation and governance frameworks as well as its integration into the budget process. The PPP Framework Review, aimed at implementing efficiencies in the regulatory process, attracting increased private sector investment and building a pipeline of blended finance projects, was completed.

Budget outreach activities were carried out and interactions with the Collaborative Africa Budget Reform Initiative, the Global Initiative on Fiscal Transparency, and civil society and other institutions continued to strengthen transparency, increase public participation and broaden understanding of budgeting processes and information. The mainstreaming of cross-cutting reforms into the budget process was successfully coordinated as well as the continued development and maintenance of the Vulekamali data portal. The 2022 Budget publication on the National Treasury website included newly developed dashboards to accompany the statistical tables. The statistics are classified according to international and national standards and stored in a secure Structured Query Language (SQL) server database.

During the reporting period, government accounts were consolidated and the development of a data warehouse continued. This will enhance accessibility of data, particularly for users with entry-level IT skills. National departments' in-year monitoring (IYM) reporting and public entities' quarterly reporting systems were further improved and a dashboard of the highlights of the information was developed.

The world economy, global geo-politics and shifting international aid priorities have had an impact on the flow of official development assistance (ODA) to South Africa over the past years. The classification of South Africa as an upper middle-income country has resulted in international development partners scaling down or withdrawing ODA to South Africa. As a result, donor funding in the form of grants and donations continued to decline with a move towards supporting debt instruments, loans and technical assistance. A total of R1.50 billion in grants and donations were received in 2021/22 compared to R1.54 billion in 2020/21. It is with gratitude that some international development partners have signalled their intention to continue bilateral development

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cooperation with South Africa, albeit at a reduced scale. These partners include Germany, the United States, the European Union, Canada and France.

Given the share constituted by the public service wage bill, the sustainability of public finances depends largely on government's ability to slow growth in the public service wage bill. Government continues to institute cost containment measures and encourage all government institutions to contribute towards the containment of the public sector wage bill by prioritising expenditure in areas that stimulate economic growth. Although the resource envelope remains severely limited, government reached an agreement that balanced fairness, equity and affordability relative to the broader economic growth of the country. The single term agreement consists of a sliding scale non-pensionable cash gratuity and a 1.5 per cent pensionable increase to employees not eligible for pay progression, including those on the top notch of their salary level. In March 2022, organised labour and government, including the National Treasury, participated in the Public Service Labour Summit. The summit resulted in a declaration outlining work to be undertaken by all parties to strengthen the centralised collective bargaining process. It was agreed that parties will work towards the alignment and timing of the annual budget process, with the Public Service Co-ordinating Bargaining Council (PSCBC) wage negotiations process to ensure that the final budget envelope on compensation of employees reflects the council's signed wage agreement.

Bringing this protracted matter to a conclusion, a court challenge was successfully defended in respect of the litigation on the privatisation of the erstwhile Venda Pension Fund. The settlement of the long outstanding debt of R2.3 billion owed to the Government Employees Pension Fund, relating to the redefinition of the pensionable salary for members of the senior management service in 2012/13 and a further R2.3 billion settlement for a debt relating to the implementation of early retirement programme in 2019/20, was facilitated.

Budgetary planning and execution in national departments was overseen, advice and analysis on sectoral policies and programmes provided, public expenditure monitored, and advice on financial and budgetary aspects of public policy and spending proposals given.

In respect of the Administrative Services, guidance was provided to the Presidency regarding the extension of the Presidential Youth Employment Initiative (PYEI). A number of spending reviews were conducted including on consulting services used for long-term projects, funding of multilateral banks and the Common Market Area, statistics on South Africa's main spending areas, and the cost of reporting in Programme 1. DIRCO's spending review on foreign missions was conducted, on the basis of the findings, the department has begun the process of closing missions and to date has closed 10. Guidance was provided on the establishment of the Border Management Authority (BMA) as an independent entity. Support was provided in the revision of the Vuk'uzenzele newspaper funding model which included approval of private sector advertising. Comments were provided on the Department of Public Service and Administration's (DPSA) draft directive on compulsory training programmes for the public service offered by the National School of Government (NSG). Support was provided in the closure of ten foreign missions as part of finding cost efficiencies across government. Guidance was given on the

*“Budgetary planning and execution in national departments was overseen, advice and analysis on sectoral policies and programmes provided, public expenditure monitored, and advice on financial and budgetary aspects of public policy and spending proposals given”*

# 05 REPORT OF THE ACCOUNTING OFFICER

“A task team, led by the National Treasury, reviewed compensation of employees in provincial departments of basic education to understand the factors contributing to this critical spending item and identified possible savings without compromising delivery”

process to be followed and requirements to be met to enable the transition of Infrastructure South Africa into a public entity.

In respect of the Justice and Secret Services, support was provided to the Department of Justice and Constitutional Development (DoJ&CD) to reprioritise funding in the department’s baseline to accommodate extensions of the work of the Commission of Inquiry into Allegations of State Capture. Allocation of additional funding to the National Prosecuting Authority and Investigating Directorate for additional personnel capacity was facilitated. This allocation is intended to rebuild critical capacity in units such as asset forfeiture, sexual offences and priority crimes litigation, and to respond to the recommendations of the Commission of Inquiry into Allegations of State Capture. A review of security spending in the DoJ&CD was undertaken to identify possible savings.

A spending review was conducted focusing on the effective use of office space in the three buildings occupied by the South African Police Service (SAPS), as well as on ICT management in the SAPS, Independent Police Investigative Directorate (IPID), Civilian Secretariat for the Police Service (CSPS) and the Private Security Industry Regulatory Authority (PSIRA). Support was provided for greater transparency of the SAPS infrastructure budget through the introduction of project-based budgeting. Support was also provided to the Department of Correctional Services (DCS) with inputs on the feasibility study for the implementation of the self-sustainability model.

Funding was secured for the implementation of an exit mechanism for South African National Defence Force (SANDF) members as a long-term solution to the pressure of overcompensation of employees. Support was provided to the Deputy President’s intervention to resolve service delivery challenges in the Department of Military Veterans. Assistance was given to the Department of Defence regarding funding for the deployment of the SANDF in Mozambique and KwaZulu-Natal in support of SAPS in dealing with the July 2021 unrest.

In respect of Education and related departments, the basic education sector was advised on the planned shifting of the early childhood development function from social development to basic education as well as the setting up of a transversal contract for the school nutrition programme. A task team, led by the National Treasury, reviewed compensation of employees in provincial departments of basic education to understand the factors contributing to this critical spending item and identified possible savings without compromising delivery. Support was provided on the review of student funding with a view to establishing a sustainable student funding model as well as to the improvement of infrastructure delivery at higher education institutions. National Treasury/Unemployment Insurance Fund (UIF) oversight meetings were held to monitor the funding of the COVID-19 temporary employee relief scheme benefit, the workers affected by unrest benefit and the status of the UIF investment portfolio. Advice was given to the Compensation Fund on the voluntary funding of the vaccination programme.

In respect of Health and Social Development, extensive support was provided to the health sector response to the COVID-19 pandemic, including facilitating the budget allocations for the COVID-19 vaccine rollout, additional in-year allocations to augment these budgets,

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supporting the establishment of the COVID-19 vaccine no-fault compensation fund and facilitating budget allocations for the general COVID-19 response. A process of costing the shortfalls for the medical internship and community service programme was led and additional allocations to cover these shortfalls were facilitated. Health conditional grants were restructured, including the creation of the District Health Programmes Grant. Reviews on medicine expenditure and the administration programme of provincial health departments were conducted.

The National Treasury analysed, costed and tracked spending on COVID-19 Emergency Top-up Grants and the re-introduction of the special COVID-19 Social Relief of Distress Grant, all aimed at supporting individuals and household. Analysis was undertaken to assess costs and effectiveness in addressing extreme poverty of the Social Relief of Distress Grant, Basic Income Grant and three other safety net options. A spending review of the Department of Women, Youth and Persons with Disabilities (DWYPD) was undertaken, in which overlaps with other structures were noted.

In respect of Economic Services, spending reviews were conducted on travel and subsistence, operating leases and consultancies as well as the export marketing and investment assistance programme of the Department of Public Enterprises (DPE). Advice was provided on funding requests for state-owned companies (SOCs) which include South African Airways SOC Limited to complete the business rescue plan, and Denel SOC Limited for settlement of guaranteed debt and implementation of the new business model. Assistance was provided to establish the business recovery support programme for uninsured small enterprises that were impacted negatively by the July 2021 civil unrest. Engagements continued on the special economic zones programme issues which included scheduling of special economic zones operating entities, amendment of the Special Economic Zones Act, 2014 (Act No. 16 of 2014) and gazetting special economic zones for additional tax incentives. Support was provided for the development of a single register of beneficiaries of government business incentives. Comments were provided on the National Climate Change Bill, South Africa's updated nationally determined contribution for submission to the United Nations Framework Convention on Climate Change (UNFCCC), protocol for the protection of the marine and coast environment for member states, South Africa's negotiating position to serve as the basis for engagement on part I of the 15th Conference of the Parties (COP) to the Basel Convention as well as on the extended producer responsibility scheme fee applications for paper and packaging, lighting and electrical and electronic waste streams. The Department of Agriculture, Land Reform and Rural Development (DALRRD) was assisted with funding support towards small holder and subsistence farmers affected by the COVID-19 pandemic in order to ensure national food security.

Urban Development and Infrastructure represented the National Treasury on the disaster management task team and national joint flood coordination committee. Support was provided to improve the management and outcomes of the community work programme. Recommendations were made on fees and tariffs of regulators such as the National Nuclear Regulator (NNR) and the National Energy Regulator of South Africa (NERSA). Comments were made on the proposed Human Settlements Development Bank and the rental housing debt relief programme, as part of efforts to improve housing market dynamics as well as on the affordable housing strategy. Ongoing support to the broadcasting digital migration programme and the development of a sustainable model for SA Connect phase II was provided. The National Treasury focussed on strengthening financial management systems in the Department of Water and Sanitation (DWS). Coordination of the intergovernmental efforts to deal with pollution in the Vaal River system was provided. Comments were provided on the establishment of catchment management agencies, the National Water Infrastructure Agency and work on the National Raw Water Pricing Strategy. Support was provided to the Department of Transport on financial modelling and funding

# 05 REPORT OF THE ACCOUNTING OFFICER

options for the Gauteng Freeway Improvement Project as well as providing comments on the White Paper on National Rail Policy, Public Transport Subsidisation Strategy draft paper, and the business case for the Economic Regulator for Transport and the Maritime Development Fund Bill.

Intergovernmental Relations coordinates fiscal and financial relations between the national, provincial and local spheres of government. This function has significant impact given that R833.2 billion or 50.1 per cent of noninterest expenditure for 2022/23 is allocated to provinces and municipalities, the majority of which is for priority programmes such as education, health care and the provision of free basic services.

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 was coordinated.

The 2022 Division of Revenue Bill was tabled in February 2022 and included an additional R74.8 billion for provinces over the medium term to fund spending pressures in the education, health, social development, human settlements and transport sectors, and an additional R30.9 billion for municipalities over the medium term to increase coverage of the provision of free basic services. The bill introduces a revised methodology of determining allocations from the health component of the Provincial Equitable Share (PES). Several changes have been made to conditional grants. These include the restructuring of the former HIV, AIDS, TB, Malaria and Community Outreach Grant into a new District Health Programmes Grant, shift of the Early Childhood Development Grant from the Department of Social Development (DSD) to the Department of Basic Education (DBE), and the introduction of an indirect component to the Municipal Infrastructure Grant to improve efficiency in grant expenditure and assist municipalities to develop better-quality infrastructure. The bill includes changes to expedite spending of transfers funded from the contingency reserve and better administer transfers made to Eskom and water boards for purposes of implementing indirect grants.

The diagnostic phase of the review of local government capacity building system was finalised. Policies were updated to further enhance the role of the private sector in financing municipal infrastructure. The Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007) is being amended to regulate the levying of the development charges in order to establish an unambiguous, fair and consistent basis on which municipalities can recover development charges for all land development projects that require statutory approvals through the municipal land use planning system. To complement the use of development charges as a means for infrastructure financing, progress was made on the adoption of the Updated Borrowing Policy Framework by Cabinet.

The Cities Support Programme continued to support economic development in metros. Eight metro spatialised economic data reports were released. A multi-stakeholder engagement was held with Ethekewini to develop a shared approach for unlocking public and private sector investment in the Cato Ridge Inland Port development and on behalf of the City of Cape Town and Western Cape Government on the World Bank's Cargo Container Port Index 2020 report as well as to strengthen collaboration in addressing port efficiencies. Working with the Department of Trade, Industry and Competition (DTIC), an institutionalisation plan for the Sub National Doing Business (SNDB) support programme was developed and a model City Incentives Policy was completed. Support was provided to the development of long-term financial strategies (LTFS) for Buffalo City, Mangaung and Ekurhuleni. Work was undertaken with metros to assess their readiness to acquire the provincial bus contracting functions.

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The planning reforms support work culminated in the launch of an urban reforms online learning platform. The land value capture support work progressed further with the launch of the national dialogue on land value. The titling support work was included as part of the Operation Vulindlela as well as launching the latest national residential property report.

Support was provided to seven metros on the integration of climate resilience in the project preparation process of eight capital investments as well as the provision of technical assistance to metros that commenced with urban heat assessments, as part of strengthening metro capability to integrate resilience into capital project planning and design. A legal and regulatory gap analysis on the procurement of new generation power capacity by municipalities was concluded which informed the drafting of MFMA Circular on the Legal Framework for Procurement of New Generation Capacity by South African Municipalities. The launch of climate budget tagging in the Tshwane metro as part of the wider National Treasury climate budget tagging process was supported.

The Neighbourhood Development Partnership Programme (NDPP) responds to the socio-economic redevelopment challenges facing South Africa's townships. The Neighbourhood Development Partnership Grant (NDPG) consists of two components: Technical Assistance (TA) Grant for municipal planning of investment areas and a Capital Grant (CG) for funding selected catalytic projects in investment areas. During the period under review six investment plans and 60 new catalytic projects were approved while supporting municipalities to prepare seven project preparation reports. In addition, support was provided to 37 municipalities in total - eight metros, 12 intermediate cities and 17 rural municipalities.

Support was provided for the further implementation of the Infrastructure Delivery Management System (IDMS) to improve infrastructure delivery performance across the provinces and in local government. Thirty-six provincial infrastructure plans were assessed in collaboration with the relevant national departments of Basic Education and Health. A best practice workshop was held to enable cross-learning among provinces to strengthen various sections of the planning documents and visits to provinces that did not qualify for performance incentive allocations conducted to address specific areas requiring improvement. These interventions are expected to yield positive results during the next assessment period.

For 13 consecutive years, two formal annual engagements have been institutionalised: the municipal budget and benchmark and the mid-year budget and performance assessment with the 17 non-delegated municipalities. As a result, the tabled budgets of all metropolitan municipalities were funded. Subsequently, an assessment was conducted on whether the adopted budgets for 2021/22 were funded or not. The results show that 13 of the 17 non-delegated municipalities were funded for 2021/22.

During the reporting period, councillor training was conducted in collaboration with SALGA, the development of dashboards to track the performance of municipalities in distress and compliance with deadlines as per the MFMA timetable schedule commenced, and an mSCOA compliance audit was conducted. Training was conducted with all provinces on the use of S139 interventions to improve municipal performance. The financial recovery plan was reviewed to enhance the impact by focusing on fewer select indicators using a phased in approach.

**“For 13 consecutive years, two formal annual engagements have been institutionalised: the municipal budget and benchmark and the mid-year budget and performance assessment with the 17 non-delegated municipalities”**

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“The 2020/21 rollover process showed a significant annual decline in both rollover requests and approvals with a reduction from **R6.5 billion to R3.3 billion** on rollover requests and from **R4.2 billion to R1.1 billion** on rollover approvals”

The Conditional Grant Monitoring Framework for Local Government was further improved. In the 2021/22 municipal financial year, municipalities were allocated R77.9 billion in the form of the equitable share and a total of R44.7 billion was transferred to municipalities by 31 March 2022 for direct conditional grants including the Urban Settlement Development Grant (USDG) and the disaster funding allocations, namely the Municipal Housing Emergency Grant and the Municipal Disaster Response Grant. An amount of R2.1 billion was not transferred to municipalities because of offsetting of 2020/21 unspent conditional grants in terms of section 21(4) (a) of the 2021 Division of Revenue Act (DoRA). Offsetting the entire amount from the equitable share in a single tranche could risk crippling municipal finances; the DoRA therefore allows municipalities to repay unspent funds in instalments.

The National Treasury continues to assist under-performing municipalities to improve spending and manage their conditional grants. A total of 148 municipalities have requested rollovers for the 2020/21 unspent conditional grants amounting to R3.3 billion, of which the National Treasury approved R1.1 billion for implementation in 2021/22. The 2020/21 rollover process showed a significant annual decline in both rollover requests and approvals with a reduction from R6.5 billion to R3.3 billion on rollover requests and from R4.2 billion to R1.1 billion on rollover approvals. During the reporting period, the Department of Cooperative Governance and Traditional Affairs (CoGTA), which administers the Municipal Infrastructure Grant (MIG), reflected expenditure of 62.0 per cent on the grant as at 31 March 2022 and was reported as the second best performing conditional grant after the Expanded Public Works Programme (EPWP) which reflected expenditure of 79 per cent. This action has affected 91 municipalities across all provinces, while 156 municipalities reflected underspending as at the end of the second quarter of 2021/22. The reasons include the non-appointment or late appointment of service providers, delays in housing projects that resulted in houses not being available for electrification, technical capacity to implement the projects and legal objections against appointed contractors. The stopped funds were re-allocated to municipalities that have fast-tracked the implementation of their projects, have accelerated expenditure against their original allocations and had the capacity to fully spend their funds by 30 June 2022.

The division published the 14th edition of the Provincial Budgets and Expenditure Review (PBER), for the period 2015/16 to 2022/23, together with a publication on the effect of COVID-19 on the financial positions of provinces in 2020/21.

Capacity building continued to be a priority with leadership workshops held in the Eastern Cape, Free State and Northern Cape for premiers, MECs and heads of departments. In addition, the division partnered with the NSG to provide training to MECs and senior officials in provinces to 60 people to attend the University College of London virtually.

A revenue steering committee was established to guide intended revenue initiatives to align with a Single Integrated Revenue Management Framework (SIRMF). Through its Municipal Finance Improvement Programme (MFIP III), the National Treasury has placed technical advisors in seven provinces to strengthen the capacity of their treasuries and to address revenue challenges in selected municipalities. In addition, one senior advisor was placed at the National Treasury.

An analysis of compensation of employees was conducted to assist accounting officers in

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managing personnel in provinces. Provincial budget visits were again successfully held and all provincial financial information was published quarterly.

A health review study was conducted in the North West as a way of closing out the work of the section 100 (1) intervention. The implementation of the recommendations will ensure that the provincial department delivers quality health services while improving on financial management. An exit plan was submitted to the intervention leading department for submission to Cabinet and the National Council of Provinces (NCOP), including that the implementation of budgets as required by the PFMA from 2022/23 will be monitored.

The Jobs Fund has successfully allocated R9 billion in grant funding to its portfolio of projects, and project partners have committed R13.5 billion in matched funding over the implementation period. As at 31 March 2022, the Jobs Fund had disbursed R6.1 billion and leveraged an additional R11.9 billion from project partners. The Jobs Fund continues to make a significant impact with its portfolio of 146 job creation projects and has exceeded its permanent job creation target of 150 000. As at 31 March 2022, the Fund had facilitated the creation of 185 967 permanent jobs and placements. In addition, the Fund's project partners had created 17 208 seasonal jobs that will endure well beyond the implementation period for these projects, 64 337 short-term jobs, 23 169 internships and trained 285 670 people. To date nine funding rounds have been concluded including COVID-19 relief support. On 17 February 2022, the Jobs Fund launched its tenth funding round, aimed at supporting innovative solutions to accelerate economic recovery, particularly in sectors with low barriers to entry and high growth potential. During the reporting period, eight Jobs Fund-supported projects came to completion.

Assets and Liabilities exercised oversight over SOCs to ensure their alignment with government priorities, financial sustainability and soundness of governance as well as identifying emerging risks so that appropriate proactive actions could be taken. Implementation of the approved minimum criteria that must be met by state-owned entities (SOEs) and government departments when submitting requests for government guarantees is underway. When fully implemented, this will ensure that guarantees are issued only to SOEs that can clearly demonstrate their ability to service the debt of the guarantees.

Reviews of the corporate plans and annual reports of public entities listed in Schedules 2 and 3B of the PFMA were conducted. Most submitted their corporate plans on or before the PFMA deadline, with some experiencing delays in finalising audits for various reasons. During the reporting period, 100 per cent of submissions, made in line with the PFMA requirements, were reviewed. In light of its default status, the Land Bank was exempt from submitting a corporate plan annual report as it continues to negotiate the cure to its default with its lenders.

The process of appointing the Public Investment Corporation (PIC) and the Land Bank boards has been finalised and the appointments for the Development Bank of South Africa (DBSA) are underway.

The Minister of Finance reviewed requests for utilisation of guarantees relating to Eskom, the Risk Mitigation Independent Power Producer Programme (RMIPPP), and the Trans-Caledon

**“On 17 February 2022, the Jobs Fund launched its tenth funding round, aimed at supporting innovative solutions to accelerate economic recovery, particularly in sectors with low barriers to entry and high growth potential”**

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Tunnel Authority (TCTA). This allowed TCTA to raise R15.8 billion for financing phase 2 of the Lesotho Highlands Water Project and for redemption of the WSP 5 bond which matured on 28 May 2021. Various Section 54 PFMA applications were finalised for Umgeni Water Board, SAA, Denel, Eskom, the Central Energy Fund (CEF), and the South African Bureau of Standards (SABS). Tariff submissions from all nine water boards were reviewed and analysed in terms of the MFMA and response letters issued.

Due to delays in concluding negotiations with lenders, a revision was made to the 2021 Budget for a conditional allocation of R5 billion to the Land Bank in 2021/22 and R1 billion in each of the two subsequent years. To assist SASRIA with the settlement of claims and ensure that the entity is sufficiently capitalised government recapitalised SASRIA with R22 billion in 2021/22. The Minister of Finance approved a special dispensation to allow Eskom to access additional guaranteed debt of R42 billion in 2021/22 and R25 billion in 2022/23, which is still within the R350 billion limit. Through Section 70(2)(b) of the PFMA, Denel was allocated R3 billion to cover capital and interest payments on guaranteed debt as the entity continues to experience solvency and liquidity challenges, thus reducing government's guarantee exposure to the entity. An allocation of R16.4 billion over the 2020 MTEF for the settlement of SAA's government guaranteed legacy debt was made in the 2020 Budget. SAA was placed under business rescue in December 2019. In addition, R10.5 billion was provided for the implementation of the business rescue plan. Since SAA has been taken out of the business rescue process, any additional fiscal funding requested for SAA will be considered as part of the budget process with a strategic equity partner expected to provide the majority of the funding for the airline going forward.

Inputs were provided on policy, legislation and strategies relating to Eskom, SAA, Transnet SAPO, the SABC, Sentech, Broadband Infraco and a draft of the Raw Water Pricing Strategy. Government guarantees were monitored with quarterly compliance reports issued.

During the reporting period, borrowing authorisation and related limit applications as well as foreign currency borrowing limit applications were considered for Eskom, Rand Water, Mhlathuze Water, Umgeni Water, SASRIA, SANRAL and DBSA.

S&P affirmed South Africa's long-term foreign and local currency debt ratings at 'BB-' and 'BB', respectively. The agency maintained a stable outlook. Fitch affirmed the country's long-term foreign and local currency debt ratings at 'BB-' and maintained a negative outlook.

South Africa's credit ratings began to stabilise following multiple credit rating downgrades from the solicited credit ratings in 2020, as a result of the outbreak of the COVID-19 pandemic and associated long-lasting and devastating effects. Fitch affirmed the country's non-investment ratings ('BB-') and revised the outlook to stable from negative. The agency indicated that the outlook revision reflects the faster than expected economic recovery, surprisingly strong fiscal performance as well as significant improvements to key GDP based credit metrics following the rebasing of national accounts. Moody's affirmed the country's long-term foreign and local debt credit ratings at 'Ba2' and revised the outlook to stable from negative. The agency said that the key driver behind the revision of the outlook is the improved fiscal outlook that raises the likelihood of government's debt burden stabilising over the medium term. In addition, over the past two fiscal years, government has shown the ability to reprioritise its spending while staying committed to fiscal consolidation.

Although the debt portfolio has grown from a gross loan debt of R2.2 trillion in March 2017 to an estimated gross loan debt of R4.3 trillion in March 2022, none of the strategic risk benchmark indicators were breached.

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To reduce the cost of new debt, government issued 71 per cent of the funding in the 7-15 year maturity area. Due to issuing in the mid part of the curve, the weighted average term to maturity of the government debt portfolio decreased to 12 years as at 31 March 2021. While 90 per cent of the total debt is in local currency, mainly fixed rate and of long maturity, it does not require frequent refinancing.

The government successfully financed the gross borrowing requirement of R393.2 billion, financed through net redemption of domestic short-term loans (R8 billion), domestic long-term loans (R290.3 billion) and foreign loans of R31.3 billion (US\$2.2 billion). In addition, R79.6 billion of cash and other balances was used to finance the gross borrowing requirement. During the reporting period, R48 billion of short-dated bonds were exchanged for long-dated bonds.

The stock of government debt increased by R409.6 billion from R3.6 trillion in March 2021 to R4 trillion in March 2022 and none of the strategic risk benchmark indicators were breached. To reduce the cost of new debt, government issued 77 per cent of the funding in the 5 - 15-year maturity bucket.

The cost of servicing government debt amounted to R268.1 billion compared to the original budget of R269.7 billion. During the reporting period, domestic and foreign loans of R65.3 billion were repaid. The division met all government's Rand and foreign currency commitments on a daily basis and surplus cash was optimally invested.

The Office of the Accountant-General (OAG) continued to facilitate accountability and transparency in the management of the country's financial resources. Concerted efforts were made to provide clarity to PFMA-compliant institutions on matters related to irregular expenditure by publishing a Circular on Implementation of Irregular Expenditure Frequently Asked Questions 2021, Amendments to National Treasury Instruction No 2 of 2019/20 on Irregular Expenditure, and an Updated Irregular Expenditure Frequently Asked Questions 2021/22. In addition, a Guideline on Material Irregularities and a Loss Control Function Guideline was released. Information sessions, provided on request, were conducted with PFMA institutions to assist with the interpretation, application, and implementation of the PFMA. Technical meetings were held throughout the financial year with the Auditor-General of South Africa (AGSA) and PFMA-compliant institutions to provide clarity on the interpretation of the PFMA, Treasury Regulations and the related instructions and framework.

The National Treasury continued to monitor compliance with and issue quarterly reports on the requirement to pay suppliers within 30 days from receipt of an invoice. The department presented an annual progress report on financial management and compliance matters of the PFMA institutions with information that will strengthen their oversight functions.

The MFMA circulars, guides and tools were issued relating to reporting on COVID-19 expenditure, bidding process for infrastructure procurement, UIFW reduction strategy as required by MTSF and reported on by the AGSA, as well as the issuance and training of municipal officials in the use of the web enabled audit action plan and web enabled assessments for financial capability and maturity tools.

*“The National Treasury continued to monitor compliance with and issue quarterly reports on the requirement to pay suppliers within **30 days** from receipt of an invoice”*

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*“To ensure effective implementation and achievement of the overall objectives of FMISD programme, **43 project ToRs** were successfully launched, contracted and implementation commenced as planned”*

A project to raise awareness and highlight the requirements to strengthen consequence management and accountability in municipalities and municipal entities has commenced.

The Financial Management Grant was transferred to all 257 municipalities to assist with improving financial management and implementing the MFMA.

The impact of the COVID-19 pandemic resulted in delays in the submission of the 2020/21 audited financial information from national departments and public entities for preparation of the 2020/21 consolidated financial statements, the National Revenue Fund (NRF) and Reconstruction and Development Programme (RDP) for tabling. The delays were largely caused by delayed finalisation of audits by the AGSA.

Initiatives continued to support national departments, entities, municipalities and provincial treasuries with accounting and reporting queries. Assistance was provided to improve audit outcomes, the review, feedback and monitoring of AFS preparation plans as well as AFS and audit action plans.

Three chief financial officer (CFO) forums were hosted. The proposed amendments to the MCS, effective for the 2022/23 financial year, were issued for comment, finalised and published with supporting material.

In support of institutions applying the standards of GRAP, five GRAP implementation guides were updated and published as well as the GRAP accounting and disclosure checklist. In addition, an updated GRAP accounting tool on leases was published.

Knowledge sharing sessions were convened and state of readiness reviews conducted to determine the effectiveness of the internal audit functions in PFMA and MFMA spending agencies. Audit committees were supported through the public sector audit committee forum, induction of new audit committees, attendance of audit committee meetings and responses to queries on application of legislative prescripts. Surveys on the status of internal audit and audit committees were conducted.

The MFIP Municipal Technical Advisors (MTAs) were assigned to the eight selected municipalities. This intervention aims to build capacity for sound and good financial management which is a prerequisite for an efficient and effective public service.

Municipal diagnostic and baseline assessments as well as organisational change readiness assessments were conducted. The implementation of support plans in eight local municipalities is progressing, with inception reports for all finalised. A blended national PFM week conference was successfully held.

To ensure effective implementation and achievement of the overall objectives of FMISD programme, 43 project ToRs were successfully launched, contracted and implementation commenced as planned.

Implementation of the Procurement, Infrastructure and Knowledge Management (PINK) Programme, funded by the Swiss Economic Council (SECO), continued at a steady pace.

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As at March 2022, there were just over 1 250 interns across the 257 municipalities with a retention rate of over 63 per cent since the programme's inception. Just over 9 500 municipal officials have accessed training in line with the issued minimum competency levels. The MFMA induction programme is being rolled out as interactive DVD e-learning. There are just over 8 000 registrations with more than 2 500 officials having completed all six modules.

Support in developing a pool of accounting professionals continued through the Chartered Accountants Academy (CAA). Eleven trainee accountants were recruited and ten candidates registered. Eighteen first year candidates and ten second year candidates were preparing to write the Initial Test of Competence (ITC) and Assessment of Professional Competence (APC) examinations respectively. During the reporting period, four candidates qualified as chartered accountants through the academy that has developed 76 chartered accountants since its establishment in 2008. The programme currently has 31 trainee accountants enrolled.

The Public Financial Management Capacity Development Programme for Improved Service Delivery (FMISD), funded with the support of the European Union, engaged training experts to provide accredited training on the Standard Chart of Accounts (SCoA). This intervention has been targeted at providing support to the Budget Office ensuring that supply chain practitioners have a clear understanding of SCoA and improving the accuracy of recording transactions in the financial systems of government. As at 31 March 2022, over 150 SCM practitioners have been trained. In addition, a short learning programme on the preparation of financial statements based on the Modified Cash Accounting Standards is being rolled out.

During the reporting period, the National Treasury received R4.8 million from the Finance and Accounting Services Sector Education and Training Authority (FASSET) to rollout a public sector accounting technician learnership certificate (NQF Level 4) in the Eastern Cape and Limpopo targeting 65 unemployed youth. With the easing of the restrictions, 65 learners were placed in workplaces. During the period of the learnership, stipends and training opportunities were provided to 65 unemployed youth who were previously "not in education and not in training". The programme is ongoing with 60 learners due to complete the intervention on 31 July 2022.

The supply chain management (SCM) learnership programme (SAQA QUAL ID: 74149, NQF Level 5, 152 credits) funded by TETA has successfully been delivered to over 159 SCM municipal officials in Northern Cape, North West and Free State. Support was provided to 500 employed SCM departmental officials in Limpopo, North West, Gauteng, Mpumalanga and national departments on the programme through discretionary grant funding. The programme has also been delivered to an additional 105 employed officials in Eastern Cape and Gauteng.

Competency assessments were done through the i-Develop toolkit and conducted for financial accounting and SCM in Gauteng and Western Cape (both PFMA and MFMA institutions). Competency assessment statements were developed for asset management and internal control in Limpopo (both PFMA and MFMA institutions) as well as for management accounting in the Northern Cape (both PFMA and MFMA institutions).

Progress was made in the development and professionalisation of the SCM function as a discipline including the development of SCM Technical Standards and Competency Framework in South Africa and the process of finalising the business case and ToRs for the establishment of the SCM capacity building forum is underway.

As part of the gender research project, gender research was rolled out in four provinces.

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“To build capacity of law enforcement institutions, national training sessions on PFMA and MFMA case law for criminal convictions were conducted with members of the Directorate for Priority Crime Investigation (DPCI) and prosecutors from the Serious Commercial Crimes Unit (SCCU)”

A stable platform for the systems operations of government was maintained. In respect of the Integrated Financial Management System (IFMS), all assignments leading up to the common design and pilot implementation of the IFMS have been completed. However, an unsuccessful procurement process was initiated for the third time since 2018/19 in May 2021 through the State Information Technology Agency (SITA) for the appointment of a service provider to implement the IFMS pilot to establish the basis for its national roll out. Since the State Information Technology Agency Act (Act No. 88 of 1998) (SITA) requires departments to procure information and technology goods and services through SITA, the National Treasury has initiated mitigating measures to ensure the implementation of the critical modernisation and automation of financial management systems. In addition, regardless of the strengthening of governance processes, two partners who had previously approved the memorandum of understanding (MoU) have not yet signed which has resulted in the National Treasury receiving audit findings on project governance matters.

Since 2016/17, the National Treasury has been in dispute with the Auditor-General of South Africa (AGSA) regarding its approach of finding legitimate expenditure that is incurred in line with a contractual commitment for annual support and maintenance of the IFMS as fruitless and wasteful. In National Treasury’s view, the payment is not made in vain as failure to do so would result in legal and financial implications for the department. It should be noted that to date, none of the expenditure in this respect has been regarded by the AGSA or any of the forensic investigations conducted as suspicious or inappropriate from a criminal law perspective.

The licence support and maintenance fees are paid annually to ensure that the IFMS project has automatic access to updated versions of licences and software patches, including security patches and updates as well as specialised technical problem solving when required in preparation for the full implementation of the IFMS. In addition, if the licence support and maintenance fee is not paid, discounts will be lost, and penalties and back-payments will be incurred.

Considering the current antiquated legacy systems, such as PERSAL and BAS, the National Treasury believes that government has no alternative but to successfully implement the IFMS.

Twenty-five forensic investigations and one specialised performance audit report were conducted. Advisory services were extended to law enforcement agencies, the National Prosecuting Authority (NPA) and South African Police Service (SAPS) in the criminal investigation of complex commercial crime cases including personal protective equipment (PPE) investigations. To build capacity of law enforcement institutions, national training sessions on PFMA and MFMA case law for criminal convictions were conducted with members of the Directorate for Priority Crime Investigation (DPCI) and prosecutors from the Serious Commercial Crimes Unit (SCCU). Collaboration continued with the NPA’s Asset Forfeiture Unit in the recovery of state funds to the NRF and other assets lost through crime. Participation in a number of task teams involved in protection of whistle blowers and foreign bribery was provided.

The Office of the Chief Procurement Officer (CPO) continued to exercise oversight over compliance with SCM policies, procedures, norms and standards.

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A revised draft Public Procurement Bill has been finalised and consultations with Nedlac are undergoing. Once all the associated processes are completed, the draft bill will be submitted to Cabinet for approval prior to its introduction to Parliament. In March, the draft Preferential Procurement Regulations were published for public comment and the review of these is ongoing. Three PFMA instructions and one PPPFA Designated Sector Circular were issued.

Thirty-five transversal contracts were renewed.

A total of 1 003 358 suppliers are now registered on the Central Supplier Database (CSD) of which 315 058 are women-owned, 289 379 are youth-owned and 8 418 are owned by people with disabilities. The eTender portal was revamped and enhanced to include procurement planning and contract management functions with 18 594 procurement opportunities advertised. Public sector procurement information planned for the next 12 months was published including a dashboard with search capabilities on COVID-19 procurement.

Institutions and municipalities that required assistance in strengthening their SCM functions and improving SCM performance were identified and supported. Assistance was provided to law enforcement agencies and the Fusion Centre with review of procurement processes for PPE. Significant progress has been made in strengthening transparency with the publication of detailed procurement reports with a search capability.

Following the Constitutional Court judgement on 16 February 2022 regarding the 2017 Preferential Procurement Regulations, 464 organs of state were exempted in terms of section 3(c) of the Preferential Procurement Policy Framework Act, 2000 (Act no. 5 of 2000) (PPPFA).

Through strategic procurement initiatives, sourcing strategies for various commodity categories were developed. Research was conducted into government's bulk fuel tanks, their current state of repair, maintenance and ownership. Standardised procurement strategies and contracts for the maintenance of hospital equipment whose warranties have expired were developed. Eighteen specifications for nuclear medicine equipment and six for radiography equipment were developed. The government online travel booking solution is still in progress. The National Travel Framework and travel cost containment directives were revised and the project for the revision of the Strategic Procurement Framework (SPF) is underway.

Stakeholder engagement on SCM and procurement matters continued in partnership with the Presidency to capacitate women in business nationally to compete successfully in public procurement and provide goods and services to institutions of government. A radio campaign to simplify the process of transacting with government through public procurement was rolled out. The provincial SCM forum was adopted as a sub-committee of the technical committee on finance with heads of provincial treasuries as permanent members.

South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa continued to be managed. Support was provided to South Africa's effective engagement in the approval of the International Development Association (IDA), the concessional fund of the World Bank Group, and the approval of an historic IDA20 financing package. This included the approval to make US\$93 billion of concessional finance available to 74 low income countries to support their COVID-19 recovery efforts, and build a greener, more resilient and inclusive future.

Support was provided to South Africa's successful engagement in the working group of the 16th replenishment of the African Development Fund (ADF-16), the concessional fund of the African Development Bank (AfDB).

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The World Bank approved the new Country Partnership Framework (CPF) for 2022-2026 for South Africa. Under the new CPF, the World Bank approved South Africa's request for a US\$750 million (R11 billion) development policy loan for COVID-19 response to protect the poor and vulnerable from the adverse socio-economic impacts of the pandemic.

The AfDB conducted a review of the 2018-2022 Country Strategy Paper (CSP) for South Africa and the country portfolio performance review in order to assess progress made towards achieving the CSP outcomes and outputs. The assessment result was satisfactory. South Africa is the biggest client of the AfDB in Southern Africa accounting for over 40 per cent of the bank's total portfolio in the region with 23 ongoing projects amounting to an equivalent of US\$5.59 billion (R76.81 billion).

While South Africa's term of office in the African Union (AU) Committee of Fifteen Finance Ministers (F15) came to an end in February 2021, the National Treasury's request to continue to serve on the F15 for a further term (2022-2024) was approved. Support continued for the work of the Minister of Finance on the budget oversight role at the African Union (AU) through the F15 including ensuring that the AU adheres to austerity measures when formulating the AU commission's 2022 budget due to the impact of COVID-19. The National Treasury further participated in the AU Specialised Technical Committee of the Ministers of Finance, Economic Planning and Development and Monetary Affairs and successfully advanced South Africa's position on the establishment of the AU financial institutions. The National Treasury participated in the F15 committee to kickstart the scale of assessment negotiations for the regular budget to revise the scale for 2023-2025.

Oversight of the effective governance of the SACU Secretariat continued to be exercised by participating in the quarterly finance and audit committee (FAC) meetings, commission and council. The National Treasury, along with relevant departments, continued to be engaged on the process of appointing the new Executive Secretary of SACU with the nomination of a South African candidate facilitated. The common revenue pool continued to be managed having successfully championed calls to review the compensation structure of the SACU secretariat.

The SADC Heads of State and Government Summit in August 2020 was supported, and participation in the negotiations and finalisation of the 2050 vision and the 2020-2030 Regional Indicative Strategic Development Plan (RISDP) was provided. These will serve as SADC's framework and long-term implementation plan respectively for this decade.

The National Treasury continues to effectively represent South Africa in the finance track of the Brazil, Russia, India, China, South Africa (BRICS) group of countries, as well as in the BRICS public private partnership and infrastructure task force which is aimed at advancing collaboration on infrastructure investment and exchanging best practices. Since becoming a member of the NDB, South Africa has secured funding to the value of US\$5.343 billion, including two COVID-19 emergency loans. South Africa contributed US\$1 million towards the Project Preparation Fund (PPF) to as part of promoting infrastructure and sustainable

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development by supporting the preparation of bankable projects. Four new members were welcomed into the NDB. The BRICS Think Tank Network for Finance was established to strengthen research cooperation on finance among BRICS countries.

South Africa's 2021 finance strategy was drafted and endorsed by Cabinet for engagement with the G20. Support was provided to the South African delegation attending the Rome G20 Summit. Support was provided to 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. South Africa's development finance institutions participated in the Debt Service Suspension Initiative (DSSI) which provided debt relief for low income countries. South Africa advocated for G20 Leaders to commit to stepping up their efforts to implement the common framework in a timely, orderly and coordinated manner. South Africa also participates in the creditor committee for Zambia as vice-chair, with France and China as co-chairs.

South Africa continued to participate in the Paris Club meetings as an *ad hoc* member and in 2022 received approval to become a prospective member of the Paris Club following an invitation by the Paris Club chair. As a prospective member, South Africa will be afforded approximately 12 months to decide on acceding to the Paris Club as a full member or returning to *ad hoc* status.

The National Treasury successfully sustained the dialogue between South Africa and the International Monetary Fund (IMF), including coordinating the IMF Article IV consultation with the report published. South Africa has successfully advocated for a general allocation of the IMF's special drawing rights (SDRs) to provide additional liquidity to the global economic system by supplementing the reserve assets of the IMF's member countries. South Africa received approximately US\$4.2 billion (SDR2.9 billion) from the general allocation based on its quota share in the IMF. South Africa consented to return the full portion of South Africa's SCA-1 and deferred charge funds to clear Sudan's arrears at the IMF in support of Sudan receiving debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) initiative.

Civil and Military Pensions, Contributions to Funds and Other Benefits continued 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. The programme paid R6.0 billion in 2021/22 compared to R5.1 billion in 2020/21 attributed to the recapitalisation of the Government Employees Medical Scheme (GEMS). The number of pensioners and beneficiaries increased by 3.6 per cent, from 155 740 in 2020/21 to 161 335 during the reporting period. The increase in applications received is attributed partly to a 4.9 per cent increase in post-retirement medical subsidy pensioners and beneficiaries from 133 649 in 2020/21 to 140 160 in 2021/22.

“Civil and Military Pensions, Contributions to Funds and Other Benefits continued 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”

# 05 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 2021/22 financial year.

**TABLE 1: SOURCES OF REVENUE**

| DEPARTMENTAL RECEIPTS                                | 2020/21          |                         | 2021/22                  |                  |                         |                          |
|--|------------------|-------------------------|--------------------------|------------------|-------------------------|--------------------------|
|  | 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 | 14 328           | 9 901                   | 4 427                    | 9 901            | 9 523                   | 378                      |
| Interest, dividends and rent on land                 | 4 937 901        | 6 838 487               | (-1 900 586)             | 6 838 487        | 5 448 513               | 1 389 974                |
| Sale of capital assets                               | -                | -                       | -                        | -                | -                       | -                        |
| Financial transactions in assets and liabilities     | 275 788          | 76 386                  | 199 402                  | 76 386           | 47 999                  | 28 387                   |
| <b>Total</b>   | <b>5 228 017</b> | <b>6 924 774</b>        | <b>(-1 696 757)</b>      | <b>6 924 774</b> | <b>5 506 035</b>        | <b>1 418 739</b>         |

The revenue received on the interest and dividends item relates to 79.5 per cent of the department's total revenue. The department under collected by R1.419 billion mainly due to lower interest income received from investments in the tax and loan accounts for the period.

#### Sale of goods and services

The lower amount of R378 is mainly due to a decrease in guarantee fees collected and there were no guarantee fees collected from South African Airways (SAA) and South African National Roads Agency Limited (SANRAL).

#### Interest

The under collection of R1.390 billion is mainly due to lower interest income received from investments in the tax and loan accounts.

#### Financial transactions

The deficit of R28 387 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 2020/21 versus 2021/22 of the expenditure incurred by the Department against appropriated funds.

**TABLE 2: PAYMENT EXPENDITURE MADE BY PROGRAMMES  
FOR THE PERIOD 1 APRIL 2020 TO 31 MARCH 2022**

| PROGRAMME   | 2020/21                |                       |                             | 2021/22                |                       |                             |
|---|------------------------|-----------------------|-----------------------------|------------------------|-----------------------|-----------------------------|
|   | FINAL<br>APPROPRIATION | ACTUAL<br>EXPENDITURE | (OVER)/UNDER<br>EXPENDITURE | FINAL<br>APPROPRIATION | ACTUAL<br>EXPENDITURE | (OVER)/UNDER<br>EXPENDITURE |
|   | R'000                  | R'000                 | R'000                       | R'000                  | R'000                 | R'000                       |
| Administration  | 529 287                | 496 345               | 32 942                      | 513 051                | 455 063               | 57 988                      |
| Economic Policy Tax<br>Financial Regulation and<br>Research                 | 141 919                | 124 731               | 17 188                      | 141 802                | 125 304               | 16 498                      |
| Public Finance and Budget<br>Management                                     | 2 802 782              | 2 697 171             | 105 611                     | 4 337 505              | 4 200 770             | 136 735                     |
| Asset and Liability<br>Management   | 3 035 331              | 3 022 592             | 12 739                      | 27 105 938             | 26 663 167            | 442 771                     |
| Financial Accounting and<br>Supply Chain Management<br>Systems              | 833 973                | 696 625               | 137 348                     | 1 000 026              | 761 688               | 238 338                     |
| International Financial<br>Relations  | 6 650 492              | 6 640 501             | 9 991                       | 7 844 172              | 7 826 450             | 17 722                      |
| Civil and Military Pensions<br>Contributions to Funds<br>and Other Benefits | 5 317 128              | 5 188 781             | 128 347                     | 6 409 525              | 6 042 773             | 366 752                     |
| Revenue Administration  | 10 271 873             | 10 271 873            | -                           | 11 295 167             | 11 295 167            | -                           |
| Financial Intelligence and<br>State Security                                | 4 942 888              | 4 942 888             | -                           | 4 999 521              | 4 999 521             | -                           |
| <b>Total</b>  | <b>34 525 673</b>      | <b>34 081 507</b>     | <b>444 166</b>              | <b>63 646 707</b>      | <b>62 369 903</b>     | <b>1 276 804</b>            |

The department's budget allocation for the 2021/22 financial year activities was R63.647 billion. Actual expenditure as at 31 March 2022 amounted to R62.370 billion, representing 98 per cent of the total allocated budget. The main contributors to the underspending are made up:

# 05 REPORT OF THE ACCOUNTING OFFICER

**Compensation of Employees:** The under-spending of R337 million was due to:

- R37 million on Vacant positions and the performance bonuses as well as pay progression for the 2020/21 financial year which were not implemented in the 2021/22 financial year.
- R300 million on GEFP debt for the SMS as a result of DPSA changing the definition of pensionable salary for SMS members from 60% to 70% of the total cost to employer package.

**Goods and Services:** The R400 million under-spending was due to:

- Consultancy Services on Municipal Revenue Management Improvement Programme (MRMIP).
- Integrated Financial Management Systems(IFMS) delays in the procurement of system implementation; and OCPO projects deferred to the next financial year.
- Operating Leases relating to the outstanding rental invoices.
- Government Pensions Administration Agency (GPAA) admin claims.
- Travel and subsistence due to restricted travel due to COVID-19.

**Transfers and Subsidies:** The main components of the R50 million under-spending relates to Post-retirement medical benefits.

**Payment of Capital Assets:** The underspending of R40.8 million is mainly within :

- Delays on the procurement of firewall devices, the Transversal System (LOGIS) and Laptops that could not be delivered due to unanticipated manufacturing delays.

**Payment of Financial Assets:** The underspending of R442.7 million due to:

- Unspent fund on the Land Bank due to the outstanding Commitment Agreement and saving on New Development Bank (NDB) due to a stronger exchange rate at the time of the NDB 7th Capital Instalment payment.

## PROGRAMME 1

Administration spent R455.063 million, which represents 88.7per cent of the allocated budget.

## PROGRAMME 2

Economic Policy, Tax, Financial Regulation and Research spent R125.304 million, which represents 88.4 per cent of the allocated budget.

## PROGRAMME 3

Public Finance and Budget spent R4.201 billion, which represents 96.7 per cent of the allocated budget.

## PROGRAMME 4

Asset and Liability spent R26.663 billion, which represents 98.4 per cent of the allocated budget.

**PROGRAMME 5**

Financial Accounting and Supply Chain Management System spent R761.688 million, which represents 76.2 per cent of the allocated budget.

**PROGRAMME 6**

International Financial Relations spent R7.826 billion, which represents 99.8 per cent of the allocated budget.

**PROGRAMME 7**

Civil and Military Pension Funds and Other Benefits spent R6.043 billion, which represents 94.3 per cent of the allocated budget.

**PROGRAMME 8**

Revenue Administration transferred R11.295 billion, which represents 100 per cent of the budget allocated.

**PROGRAMME 9**

Financial Intelligence and State Security transferred R4.999 billion, which represents 100 per cent of the budget allocated.

**5.2.3 VIREMENTS/ROLLOVERS**

The department applied internal virements from savings to cover overspending mainly on the following:

- Programme 6 received an additional R98.3 million to cover the shortfall on the New Development Bank due to the exchange rate differences.
- The R98.3 million was sourced from savings on various programmes within the department.

No rollovers were requested by the Department.

**5.2.4 UNAUTHORISED EXPENDITURE**

No unauthorised expenditure has been recorded after the application of virements.

**5.2.5 IRREGULAR EXPENDITURE**

The department started the financial year with irregular expenditure cases to the value of R289.974 million. There were no new irregular expenditure transactions/cases that were identified or reported in the 2021/22 financial period. Department's internal controls have proven to be effective in that there was no occurrence of irregular expenditure in the current financial year.

# 05 REPORT OF THE ACCOUNTING OFFICER

The expenditure reported on the accumulated cases was R30.682 million. During the reporting period, an amount of R51.327 million of irregular expenditure was condoned. The department has a closing balance of R269.329 million at the end of the reporting period.

All irregular expenditure incurred by the department is investigated and will be condoned in terms of the applicable framework.

## 5.2.6 FRUITLESS AND WASTEFUL EXPENDITURE

There were no new cases of fruitless and wasteful expenditure reported in 2021/22. The IFMS licences were reclassified as capital work-in-progress (see note 33 to the financial statements) and removed the fruitless and wasteful expenditure to reclassify the expenditure as under assessment so that the audit is closed appropriately. The current dispute is referred for a legal opinion to a jointly agreed on senior counsel.

## 5.2.7 SUPPLY CHAIN MANAGEMENT

The department does not use the process of unsolicited bids.

Improvements in control measures for compliance with procurement regulations are beginning to bear fruit. No adverse audit findings were raised by Internal Audit and the Auditor-General in the year under review, only housekeeping issues that need to be addressed. The courts' invalidation of the 2017 Preferential Procurement Regulation (PPR) necessitates a comprehensive review of Supply Chain Management activities, which include, among other things:

- Development of departmental policies in accordance with the revised Preferential Procurement Regulation.
- Review of Standard Operating Procedures.
- Review of Financial Delegation for order processing.
- Improvement of Bidding Process Turnaround times.
- Creation of statistical reporting and client communication plans to reduce delays in the SCM value chain.

## 5.2.8 ADJUSTING EVENTS AFTER THE REPORTING DATE

The department has disclosed adjusting events after reporting date on note 31 of the annual financial statements. This relates to the second adjustment appropriation act of 2021 which was passed and approved by the President on 11 July 2022 which include the R18.1 billion paid as a direct charge from the National Revenue Fund (NRF). The funds have been appropriated under the Vote within Programme 4: Asset & Liability Management.

### **5.2.9 OTHER MATTERS**

There were no other material facts or circumstances to be reported.

### **APPRECIATION AND CONCLUSION**

I wish to thank Mr Dondo Mogajane for serving National Treasury with integrity, commitment and dedication for 23 years, of which the last five were as the Director-General. His unwavering leadership during difficult times was exemplary and under his stewardship National Treasury successfully navigated unprecedented challenges.

A special thanks to the National Treasury team, of whom we continue to ask so much under ever demanding circumstances. They all serve the National Treasury and the South African public with resilience, tenacious dedication, principles and professionalism.

Finally, I extend my gratitude to Minister Enoch Godongwana and Deputy Minister David Maseko for their leadership, guidance, and steadfast support.



**Ismail Momoniat**

Acting Accounting Officer

**Date:** 11 January 2023

## 06

**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 2022.

Yours faithfully

**Ismail Momoniat**

Acting Accounting Officer

**Date:** 11 January 2023

# STRATEGIC OVERVIEW 07

## 7.1. VISION

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

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

## 7.2. MISSION

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

## 7.3. VALUES

We are guided by a core set of values:

- Integrity - We do the right thing by holding ourselves to exemplary ethical standards.
- Professionalism - Our work is of the highest quality, accuracy and reliable.
- Accountability - We are responsible for our decisions, actions and our work.
- Consultation - We believe in consulting within and outside our organisation.
- Transparency - We are committed to being accessible, honest, trustworthy and open.

# 08 LEGISLATIVE AND OTHER MANDATES

The legislative mandate of National Treasury' is drawn from Chapter 13 of the Constitution. This Chapter requires the establishment of a National Treasury tasked with enforcing compliance with uniform treasury norms and standards to ensure transparency, accountability and sound management of public finances. This mandate is further elaborated mainly in the Public Finance Management Act, 1999 and the Municipal Finance Management Act, 2003.

Among its responsibilities, the department is mandated to promote the national government's fiscal policy; coordinate macroeconomic policy; ensure the stability and soundness of the financial system and of financial services; coordinate intergovernmental financial and fiscal relations; manage the budget preparation process; exercise control over implementation of annual national budgets and adjustments budgets; monitor the implementation of provincial and municipal budgets; promote good budget and fiscal management by municipalities; and enforce treasury norms and standards applicable to departments, public entities, constitutional institutions and municipalities.

There have been no significant changes to National Treasury's legislative and other mandates during the reporting period.

## 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.

**2021/22**  
NATIONAL TREASURY  
**ANNUAL REPORT**  
**VOTE 8**



**PART A:**  
GENERAL INFORMATION  
**ORGANISATIONAL  
STRUCTURE**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# 09 ORGANISATIONAL STRUCTURE



**ENOCH  
GODONGWANA**  
Minister of Finance



**DAVID MASONDO**  
Deputy Minister of Finance



**ISMAIL  
MOMONIAT**  
**ACTING:**  
Director-General



**MALIJENG  
NGQALENI**

**HEAD:**  
Intergovernmental  
Relations

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



**STADI  
MNGOMEZULU**

**HEAD:**  
Corporate Services

- Strategic Projects & Support
- Human Resources Management
- Financial Management
- Information & Communications Technology
- Facilities Management
- Security Management



**EDGAR  
SISHI**

**HEAD:**  
Budget Office

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



**BOIPUSO  
MODISE**

**HEAD:**  
Economic Policy

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



**LAURA MSEME**

**ACTING:**  
Chief Operating Officer

- Media Liaison & Communications
- Legal Services
- Legislation
- Internal Audit Function

- Enterprise-Wide Risk Management
- Strategic Planning, Monitoring & Evaluation

ORGANISATIONAL  
STRUCTURE 09**MAMPHO  
MODISE****HEAD:**  
Public Finance

- Justice & Protection Services
- Economic Services
- Administrative Services
- Education & Related Departments & Labour
- Health & Social Development
- Urban Development & Infrastructure

**DUNCAN  
PIETERSE****HEAD:**  
Asset & Liability  
Management

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

**MENDOE NTSWAHLANA****HEAD:**  
Chief Procurement Office

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

**SHABEER  
KHAN****HEAD:**  
Office of the  
Accountant-General

- 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)

**NOLUNDI  
DIKWENI**  
**ACTING HEAD:**  
International & Regional  
Economic Policy

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

**MMAKGOSHI  
LEKHETHE**  
**ACTING HEAD:**  
Tax & Financial  
Sector Policy

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

**2021/22**  
NATIONAL TREASURY  
**ANNUAL REPORT**  
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**PART A:**  
GENERAL INFORMATION  
**PUBLIC ENTITIES  
REPORTING TO  
THE MINISTER**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# PUBLIC ENTITIES REPORTING TO THE MINISTER

# 10



Eighteen entities report to the Minister of Finance through governance arrangements that provide each with autonomy and enable alignment of 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 ten entities are self-funded, generating their own revenue. They are the Financial Sector Conduct Authority (FSCA), the Ombud Council (OC), the Office of the Ombud for Financial Services Providers (FAIS Ombud), the Office of the Pension Funds Adjudicator (OPFA), the Government Pensions Administration Agency (GPAA), the Financial Services Tribunal (FST), 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 and corporate plans. The report on the performance of the 18 entities describes each entity's approach and how its 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 to fulfill section 216(1)(a) of the Constitution and the PFMA, as amended. The ASB promotes accountability, transparency and effective management of revenue, expenditure, assets and liabilities of the entities to which the standards of GRAP apply.

### Key achievements during the reporting period include the following:

- Issued an exposure draft to the amendments to the Standard of GRAP on Heritage Assets (GRAP 103), proposed due process Handbook and Proposed Amendments to the Standard of GRAP on Presentation of Financial Statements (GRAP 1).
- Issued a final pronouncement for the Interpretation of the Standards of GRAP on The Effect of Past Decisions about Materiality (IGRAP 21) and the reporting framework for 2022/23 as an annexure to Directive 5 on Determining the GRAP Reporting Framework.
- Issued a research paper on the Standard of GRAP on Cash Flow Statements (GRAP 2) and issued a review report on the Standard of GRAP on Presentation of Budget Information in Financial Statements (GRAP 24).
- Issued a review report for directive 12 on The Selection of an Appropriate Reporting Framework by Public Entities.

## CO-OPERATIVE BANKS DEVELOPMENT AGENCY (CBDA) (SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The CBDA was established in terms of the Co-operative Banks Act, 2007 (Act No. 40 of 2007). Its mandate is to create a strong and vibrant co-operative banking sector. Its vision is to facilitate financial inclusion, economic transformation, and sector competitiveness to grow the co-operative banking sector.

### Key achievements during the reporting period included:

- Growth in deposits by the cooperative banking sector from R419 million to R468 million.
- Hosted a successful "International Cooperatives Day" with a theme of "Building Financial Health for a Brighter Tomorrow" in October 2021.
- Embarked on the implementation of the national cooperative banking strategy developed by the cooperative sector in collaboration with the World Bank.
- Facilitated technology services for second tier cooperative bank for scale to access to the financial infrastructure and intermediate funds among CFIs/CBs.
- Tiered licensing and proportional supervision for small entities to enable the sector to focus on the provision of services and fair outcomes for members as opposed to compliance.
- Continued to offer capacity building to the CBIs in the form of direct technical assistance, training, and pre-registration support to prospective CBIs. Seventy per cent of the interventions were conducted virtually.
- Hosted training programmes in collaboration with the National Credit Regulator (NCR), the Banking Sector Education Training Authority (BANKSETA), the Association for Savings and Investment South Africa (ASISA), and the Eastern Cape and Gauteng Departments of Economic Development.

## PUBLIC ENTITIES REPORTING TO THE MINISTER

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- Achieved all its targets, with 11 training programmes conducted, 72 direct technical assistance (DTA) provided, 45 monitoring interventions and assistance to 100 per cent organised groups that approached CBDA for assistance.
- The financial year 2021/22 was a challenging year with the merger of the Small Enterprise Development Agency (SEDA), the Small Enterprise Finance Agency (SEFA) and CBDA into a single new entity being announced by Cabinet.

### DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA) (SCHEDULE 2: MAJOR PUBLIC ENTITY)

The DBSA was established by the Development Bank of Southern Africa Act, 1997 (Act No. 13 of 1997). As one of Africa's leading development finance institutions (DFIs), the DBSA aims to accelerate inclusive development in Africa by expanding access to development finance to effectively implement integrated and sustainable infrastructure developments. Infrastructure-led economic growth, which responds to the socio-economic needs of our people as well as addressing the threat of climate change, is vital to improving the lives of the growing African population. The DBSA continued to work towards achieving exceptional results even in the extremely difficult conditions of 2021/22.

#### Key achievements during the reporting period included:

- Recorded a net profit of R3.8 billion and achieved a return on equity on sustainable earnings of 8.8 per cent.
- Achieved disbursements of R12.9 billion and unlocked infrastructure for under-resourced municipalities to the value of R2.1 billion.
- Committed to five transactions for black owned entities (above 50 per cent shareholding).
- Delivered infrastructure on behalf of state entities with expenditure to the value of R3.3 billion. R2.9 billion of infrastructure expenditure was delivered by black owned entities (above 50 per cent shareholding) of which R1.3 billion have women ownership greater than 30 per cent.
- Refurbished and constructed new school's infrastructure that will benefit close to 60 000 pupils.
- Created 9 230 temporary jobs during the implementation of the infrastructure projects in 2021/22.
- Incurred no irregular, fruitless, unauthorised and wasteful expenditure during the financial year.
- Achieved a clean audit.

### FINANCIAL AND FISCAL COMMISSION (FFC) (SCHEDULE 1: CONSTITUTIONAL INSTITUTION)

The Financial and Fiscal Commission is a constitutional institution established under Chapter 13: Finance, Sections 220-222 of the Constitution, which makes recommendations envisaged in the following sections of the Constitution to Parliament, provincial legislatures and any other authorities determined by national legislation: Section 214(2) Equitable shares and allocations of revenue; Section 218(2) Government guarantees; Section 228(2)(b) Provincial taxes; Section 229(5) Municipal fiscal powers and functions; Section 230(2) Provincial loans; and Section 230A(2) Municipal loans.

# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

## Key achievements during the reporting period included:

- Delivered all constitutional and legislative submissions, including the FFC's submission on the Division of Revenue 2022/23, on time.
- Published 11 policy briefs, a technical report, and a summary report on the seminar held on socio-economic rights and the role of the FFC.
- Attended 34 engagements in response to invitations from stakeholders.
- Tabled the submission on the 2021 Medium Term Budget Policy Statement (MTBPS) in terms of the 2021 Division of Revenue Amendment Bill and the 2021 Adjustments Appropriation Bill.

## FINANCIAL INTELLIGENCE CENTRE (FIC) (SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The FIC was established by the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (FIC Act) to combat money laundering activities and the financing of terrorist and related activities, identify the proceeds of unlawful activities, exchange information with law enforcement and other local and international agencies, supervise and enforce compliance and facilitate effective supervision and enforcement by supervisory bodies in terms of the FIC Act. To deliver on this mandate and protect the integrity of South Africa's financial system, the FIC Act works in conjunction with other legislation including the Prevention of Organised Crime Act, 1998 (Act No. 121 of 1998) (POCA), the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 (Act No. 33 of 2004) and the South African Police Service Act, 1995 (Act No. 68 of 1995).

## Key achievements during the reporting period included:

- Produced 2 299 reactive reports and 782 proactive reports of which 131 were high priority.
- Blocked R204.4 million suspected proceeds of crime, in terms of section 34 of the FIC Act and contributed to the recovery of over R5 billion in criminal proceeds.
- Maintained a register of accountable and reporting institutions and confirmed 45 555 institutions in the ambit of the FIC Act as active.
- Conducted 24 FIC Act compliance awareness initiatives, 404 inspections on accountable and reporting institutions and issued 27 Notices of Sanctions to enhance compliance with the FIC Act.

## FINANCIAL SECTOR CONDUCT AUTHORITY (FSCA) (SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The FSCA is a market conduct regulator that began operations on 1 April 2018 in terms of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSRA). The FSCA focuses exclusively on regulating and supervising the conduct of entities that provide financial products and services as set out in the FSRA. These include 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 banking and services related to credit and the buying and selling of foreign exchange. Crucially, the FSCA's objectives include financial inclusion and transformation of the financial sector.

# PUBLIC ENTITIES REPORTING TO THE MINISTER

# 10

## Key achievements during the reporting period included:

- Finalised the guidance notices on the net asset valuation calculation and pricing best practice guideline for collective investment scheme portfolios, permissible deductions in terms of Section 93 of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) and a joint guidance notice on the application of Section 5 of the Insurance Act, 2017 (Act No. 18 of 2017) in respect of foreign entities insuring first party risks.
- Published a draft FSCA transformation strategy for public comment, setting out the proposed role of the FSCA in supporting transformation of the financial sector.
- Initiated and implemented 256 consumer education activities reaching 16 099 consumers. A further 756 media engagements took place, reaching a media audience of approximately 39 732 095 consumers.
- Conducted 238 webinars and workshops, reaching 13 866 consumers. The FSCA outreach programme was re-ignited, reaching 2 233 consumers during 18 exhibitions.
- Reached approximately 1 400 grade 11 learners from quintile 1 to 3 “no-fee” schools from all the provinces through the National Financial Literacy Speech competition. A total of 617 online viewers watched the competition final on the FSCA’s social media platforms, while the various segments of content were viewed more than 5 000 times on the competition’s dedicated website.
- Following a study by the FSCA in 2020 that revealed a lack of financial knowledge and a need for financial literacy training among first-year undergraduate commerce students, the Consumer Education Department (CED) rolled out a financial literacy campaign for students in tertiary institutions at the Rhodes and North-West Universities between September and October 2021. The campaign consisted of five webinars and 270 participants logged onto the digital platforms to participate.
- The FSCA’s Fintech Department, in collaboration with GTAC and the World Bank, successfully hosted the government to person (G2P) Payment Hackathon in December 2021. The objective of the G2P hackathon was to assist government leverage/access best in class Fintech innovations to solve G2P payment challenges.

## FINANCIAL SECTOR TRIBUNAL (FST)

The FST was established in terms of section 219 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSRA) to reconsider decisions as defined in section 218 of the FSRA and to perform the other functions conferred on it by this Act and specific financial sector laws. The Tribunal is independent, impartial and exercises its powers without fear, favour or prejudice.

## Key achievements during the reporting period included:

- Received 430 applications for reconsideration and applications for leave to appeal to reconsider.
- Published 175 decisions and 31 consent orders in relation to applications for reconsideration on the FSCA website.
- Six decisions of the Tribunal were taken on review to the high court and rulings for leave to reconsider summary dismissal decisions by the Financial Advisory and Intermediary Services (FAIS) Ombud were handed down.

# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY (GPAA)

### (GOVERNMENT COMPONENT)

The GPAA provides administration services to the GEPP and National Treasury (Programme7) - an arrangement regulated through Service Level Agreements (SLAs). The GPAA administers government employees' pensions and other benefits in terms of the Government Employees Pension (GEP) Law of 1996 on behalf of the GEPP and its Board of Trustees. The GPAA on behalf of the National Treasury administers the Temporary Employees Pension Fund (TEPF) in terms of the Temporary Employees Pension Fund Act (1979), and the Associated Institutions Pension Fund (AIPF) in terms of the Associated Institutions Pension Fund Act (1963). Post-Retirement Medical subsidies are administered as provided for and regulated by the Public Services Co-ordinating Bargaining Council (PSCBC). Military Pensions are administered in terms of the Military Pensions Act (1976); Injury on Duty payments in terms of the Compensation for Occupational Injuries and the Diseases Act (1993); and Special Pensions in terms of the Special Pensions Act (1996).

#### Key achievements during the reporting period included:

- Paid an average of 88.25 per cent (GEPP: 76.52 per cent and National Treasury: 99.98 per cent) of benefits on time on receipt of duly completed documentation.
- Admitted an average of 99.41 per cent of new members within 14 days (GEPP: 100 per cent and National Treasury: 98.82 per cent).
- Serviced 99.86 per cent of total clients who visited the GPAA offices throughout the country.
- Reached an average of 56.30 per cent clients through digital communication channels.

## GOVERNMENT TECHNICAL ADVISORY CENTRE (GTAC)

### (GOVERNMENT COMPONENT)

The GTAC was established in terms of the Public Service Act, 1994 (Act No. 103 of 1994) (PSA) as a government component. Its mandate is to assist organs of state build their capacity for efficient, effective and transparent financial management. GTAC's objectives are to provide consulting services to government departments and other organs of state, specialised procurement support for high-impact government initiatives, advice on the feasibility of infrastructure projects, knowledge management for projects undertaken, and any ancillary support.

#### Key achievements during the reporting period include the following:

- Completed a cost benefit analysis (CBA) model and produced a template to provide practical guidance in the compilation of a CBA, a key requirement in the BFI that many submissions fail to meet.
- In response to a proposal by the national Department of Health, a report, "Counter proposal to Accelerated Health Infrastructure Rollout Programme (AHIRP)" was completed. The report presents an alternative approach to how the programme can be delivered in a manner that ensures value for money, affordability, and expediency. The report will inform future engagements with the department and the sector around infrastructure issues.
- In collaboration with the National School of Government and the Department of Planning, Monitoring and Evaluation (DPME), the evidence-based policy making course targeted at public sector officials was successfully delivered.

## PUBLIC ENTITIES REPORTING TO THE MINISTER

# 10

- Showcased the Renewable Independent Power Producer Programme (REIPPP) as an alternative delivery model for infrastructure, this intervention highlighted the achievements of the programme, and some of the key factors that contributed to the success. It then assessed if the model was replicable to other sectors of the economy and lessons learnt.
- Hosted a webinar on finding solutions to water infrastructure challenges in the country. This was the first in a series of sessions to be held around finding solutions to the challenges that plague the water sector. The focus was on stock-taking of the most pressing challenges in the sector and factors that contributed to the current state.
- Supported 22 institutional development projects, ranging from business case development, diagnostics and reviews, feasibility studies, function shift, organisational reviews and development, inter-governmental infrastructure delivery support, and programme and project management support.
- Successfully hosted four foundational public private partnerships (PPPs) and two municipal capacity building webinars.
- Conducted analysis of compensation of employees for government. This was published in the 2021 MTBPS.
- Conducted an analysis on Department of Defence compensation of employees' expenditure, focusing on trends in the size of the establishment, as well as drivers of salary growth from 2010 to 2020.
- Completed an analysis report for DPME.
- Reviewed and analysed the compensation of employees for the National Treasury and Western Cape and Eastern Cape provincial government departments.
- Implemented a spending review e-course on performance expenditure reviews (PER) with the Public Expenditure and Public Analysis's (PEPA's) knowledge hub serving as the e-platform to roll out the e-course.

## INDEPENDENT REGULATORY BOARD FOR AUDITORS (IRBA) (SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The IRBA was established under the Auditing Profession Act, 2005 (Act No. 26 of 2005) (APA) as amended, and commenced operations in April 2006. It is mandated to protect the financial interests of the public by setting competency requirements for auditors, issuing standards and a code of ethics, monitoring compliance, and disciplining auditors, when necessary. The execution of its mandate ensures that the financial interests of investors are protected and high-quality audits are delivered, which, in turn, provides confidence in and reliance on financial statements and consequential investments.

Over and above the legislated mandate, one of the IRBA's main priority areas is restoring confidence and trust in the auditing profession through its revised five-year strategy. This plan is focused on improved audit quality, comprehensive stakeholder engagement that emphasises collaboration without compromising independence and with the view to promote broader reforms, as well as sustainability and the relevance of the profession and that of the regulator to deliver on its mandate more effectively and efficiently.

### Key achievements during the reporting period include the following:

- Introduced amendments as per the Auditing Profession Amendment Act that came into effect on 26 April 2021. The plan to implement the amendments consisted of 11 projects, 10 of which have been concluded.

# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

The completed projects include strengthened independence of governance structures, developing a regulatory strategy, referral of non-audit complaints to accredited professional bodies, development of subpoena as well as search and seizure guidelines, amended disciplinary rules; and the implementation of the Protection of Personal Information Act, 2013 (Act No. 4 of 2013) (POPIA).

- The Minister of Finance appointed a Board of ten members to provide IRBA with governance oversight and stability, in line with the APA, as amended.
- The IRBA was re-elected to serve another four-year term on the board of the International Forum of Independent Audit Regulators (IFIAR).
- The Board approved the International Auditing and Assurance Standards Board (IAASB) suite of Quality Management (QM) standards for use by registered auditors in South Africa. The QM standards strengthen and modernise the firm's approach to quality management through an integrated quality management approach.
- The regulator published its third annual Audit Quality Indicators (AQI) report. The AQI reporting continues to make headway by availing actionable information to stakeholders and reflecting trends in audit quality. While the IRBA compiles the report, the data belongs to the firms that provide it, and its value is to be extracted and understood by those charged with governance and the firms that share information.
- The IRBA issued the 2021 Public Inspections report, which highlights areas of audit quality that were identified as being deficient during firm-wide and individual assurance engagement inspections.
- 1st April 2022 marked exactly one year before the mandatory audit firm rotation rule became effective.
- The process to evaluate the accreditation application lodged by the Association of Chartered Certified Accountants reached a milestone with the review of the draft evaluation reports from the specialist working groups.

## THE LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA (LAND BANK) (SCHEDULE 2: MAJOR PUBLIC ENTITY)

The mandate of the Land Bank, as a development finance institution, is to address agricultural and rural development in South Africa. The bank operates in the agricultural and agribusiness sectors and is regulated by the Land and Agricultural Development Bank Act, 2002 (Act No. 15 of 2002) and the PFMA. Its mandate, as expressed in the Act, is to promote equitable ownership of agricultural land, particularly by historically disadvantaged people, agrarian reform, land redistribution or development programmes for historically disadvantaged people, land access for agricultural purposes, productivity, profitability, investment and innovation in agriculture, the growth of the agricultural sectors and better use of land, rural development and job creation, commercial agriculture and food security.

### Key achievements during the reporting period include the following:

- Collection of R14.3 billion from clients and disbursement of only R939 million as part of its strategy to pay lenders and remedy its default position in 2020/21.
- Achieved a profit of R1.5 billion during the reporting period compared to a loss of R920 million in the prior year. Gross interest income was R3.1 billion and net interest income was R748 million compared to R163 million reported in March 2021

PUBLIC ENTITIES REPORTING  
TO THE MINISTER

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**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(1) of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) (FAIS Act) and is a Schedule 3A entity in terms of the PFMA. Its mandate, to consider and resolve complaints in a procedurally fair, informal, economical and expeditious manner, flows from Section 20(3) of the FAIS Act and is discharged by the Ombud for Financial Services Providers (the Ombud), who is, in terms of Section 21(1) of the FAIS Act, appointed by the Minister of Finance. The FAIS Ombud also has a further mandate which is derived from the operation of Section 211 of the Financial Sector Regulation Act (FSR Act), which entitles the Ombud Council to designate any Ombud scheme (including the FAIS Ombud) to deal with and resolve complaints about financial services or products of a particular kind, where there is no Ombud scheme or statutory Ombud that makes provision for the resolution of complaints about financial services or products of that particular kind.

**Key achievements during the reporting period included:**

- Received 11 827 complaints, a year-on-year increase of 6.96 per cent over the 10 552 complaints received during the previous reporting period.
- Of the 11 827 complaints received, 8 011 (68 per cent) of these were within the scope of mandate of the Office.
- A total of 12 089 complaints (84.70 per cent) of all complaints received by the Office (other than property syndication related complaints) were resolved in the financial year.
- The number of complaints settled increased by 6.61 per cent from 1 710 in the previous financial year to 1 823 in this reporting period.
- A total settlement value of R69 979 324 was returned to complainants, the highest amount ever attained by the Office.
- The Office referred 3 794 complaints to other agencies to provide the required assistance as part of the FAIS Ombud's commitment to enhance access to justice for all South Africans.

**OFFICE OF THE PENSION FUNDS ADJUDICATOR (OPFA)**  
**(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)**

The mandate of the OPFA, effective since January 1998, is to investigate and determine complaints lodged in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956). To achieve its mandate, the OPFA is required to ensure a procedurally fair, economical and expeditious resolution of complaints in terms of the Act by ensuring that its services are accessible to all, investigating complaints in a procedurally fair manner, reaching just and expeditious resolutions of complaints in accordance with the law while incorporating innovation and proactive thought and action in its activities, and providing opportunities for individual growth to its staff. The OPFA's jurisdiction is only applicable to funds registered under the Pension Funds Act.

**Key achievements during the reporting period included:**

- Received 8 858 complaints from across all provinces through various mediums.
- Finalised 8 382 complaints (including those carried forward from 2020/21), settled 2 420, formally determined 3 816, deemed 1 585 out of jurisdiction for various reasons, and closed 561 for other reasons.

# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

## OFFICE OF THE TAX OMBUD (OTO) (SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The OTO was established in October 2013 in terms of the Tax Administration Act, 2011 (Act No. 28 of 2011) (TAA). Its purpose is to review and address any complaint by a taxpayer regarding a service or procedural or administrative matter arising from the application of the provision of a tax act by the SARS. The main aim is to enhance confidence in the country's tax administration.

### Key achievements during the reporting period include the following:

- Resolved 1 561 complaints. The Office administered 17 378 contacts, which consisted of 13 284 queries and 4 094 complaints.
- The top 10 tax refunds paid to taxpayers through the intervention of the OTO collectively amounted to R215 734 320.
- A total of 98 per cent of OTO recommendations were implemented by SARS.
- Compiled and approved a document, Compilation of Taxpayers' Rights, Entitlement, and Obligations, to promote awareness about taxpayers' rights.
- Generated an estimated R8 390 000 of public relations value in media engagements.
- Reached 13 788 000 listeners through 46 mentions on six radio stations, and coverage on four television channels.
- Engaged 40 institutions on various subjects.
- Upgraded the OTO website to increase its online brand presence and promote its services. This new site offers improvements in the mobile experience and provides a facility for the online submission of complaints.

## PUBLIC INVESTMENT CORPORATION LIMITED (PIC) (SCHEDULE 3B: NATIONAL GOVERNMENT BUSINESS ENTERPRISE)

The PIC was established by the Public Investment Corporation Act, 2004 (Act No. 23 of 2004). The corporation is a registered financial services provider, wholly owned by the government, with the Minister of Finance as shareholder representative. The corporation is mandated to invest funds on behalf of its clients based on investment mandates as agreed with each client and approved by the FSCA. The corporation's clients are public sector entities, most of which are pension, provident, social security, development and guardian funds.

### Key achievements during the reporting period include the following:

- Concluded negotiation of the revised investment mandate with the Government Employee Pension Fund (GEPF). The previous mandate expired in April 2021. Both the GEPF and PIC teams sought improvements to the revised mandate to incorporate lessons learned and industry best-practices. The revised mandate was approved by the governance structures of both organisations and is effective from 1 April 2022. The 2022 Unlisted Investment Mandate, with a capital commitment of R25 billion, is focused on developmental investments that will generate positive sustainable long-term returns while simultaneously supporting socially useful outcomes such as improving South Africa's competitiveness, greening the economy, creating jobs, and supporting transformation in Africa.

PUBLIC ENTITIES REPORTING  
TO THE MINISTER

## 10

- The Isibaya portfolio amounted to R75.15<sup>1</sup> billion as at 31 March 2022, a 7.79 per cent decrease compared to the previous year due to impairments raised during the year.
- Disbursements of R2.34 billion, representing a decrease of 59.03 per cent when compared to the previous year. Investment activity was affected due to an extended period of negotiations with GEPP on a new mandate for unlisted investments.
- Completion of the 140 MW Roggeveld Wind Power Project. The PIC and its fellow investors deployed a total of R4 billion into the project. The Roggeveld project started producing electricity for the Eskom grid from 26 February 2022, and is expected to help displace 24 tons of carbon dioxide annually while generating 613 GWh of electricity, sufficient to supply consumption to 49 000 households.
- Construction of the greenfield Mpudulle project, a specialised eye day clinic facility in Suiderberg, Northern Pretoria. Construction is expected to be completed in August 2022. Mpudulle will provide retinal, cataract and squint surgeries and is targeting middle-income earners in areas in the north and west of Pretoria such as Soshanguve, Rosslyn, Amandasig, Garankua, Mabopane, Laudium, Atteridgeville, Centurion and Montana.
- The Lona Group, a PIC Investee company, opened one of the biggest cold storage and packing facility in Africa, the Coega Fruit Terminal. Located in Gqeberha, the project is an integrated export fruit terminal, combining fruit packing, cold storage and container depot activities in a single development. The 16 000 m<sup>2</sup> facility will pack fruit for both export and local fruit customers. This is yet another successful circa R500 million PPP project in the IDZ in which the DTI and Lona came together to realise the project.
- The Oceans Umhlanga Hotel, a development worth R680 million was realised in early 2022. This 5-star luxury hotel is part of the Oceans Umhlanga Mixed Use Precinct development, which also includes a retail mall and two tower residential developments. The state-of-the-art hotel facility has been completed despite headwinds in the construction sector and COVID-19 disruption, providing a major boost to the KwaZulu-Natal economy as it seeks to rebound from the COVID-19 pandemic, the July 2021 unrest and recent catastrophic flooding. Construction on the retail centre continues with the centre scheduled to open its doors to customers in November 2022.

## SOUTH AFRICAN REVENUE SERVICE (SARS)

### (SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

In terms of the South African Revenue Service Act, 1997 (Act No. 34 of 1997), SARS is mandated to collect all revenues due to the state and administer trade to support the government in meeting its key growth developmental objectives. This involves facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion. The organisation's purpose is to contribute to the economic and social development of the country by collecting the resources needed by the government to meet its policy and delivery priorities.

#### Key achievements during the reporting period include the following:

- The tax revenue collection for the 2021/22 financial year was R1.563 trillion, which is R16.69 billion more than the final estimate of R1.547 trillion. This represents an increase of 25 per cent or R314 billion compared to the previous year and 15.3 per cent growth from 2019/20.

<sup>1</sup> The 31 March 2022 external valuation of the portfolio still being undertaken.

# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

- The efficacy of SARS administrative efforts, also referred to as compliance revenue, contributed R209.7 billion for 2021/22, including R137.5 billion in revenue and preventing impermissible refunds and tax leakages of R72.2 billion from being lost.
- Over 4.3 million non-provisional tax returns were submitted. This is an increase of 46 per cent over the previous year. Of those, over 3 million were submitted via the eFiling and MobiApp digital channels.
- SARS auto assessed more than 2.8 million taxpayers: 93 per cent of assessments were issued in under 5 seconds after the submission of returns (2020/21: 85 per cent). SARS paid refunds to 86 per cent of taxpayers who claimed a refund within 72 hours. SARS paid out more than R17 billion in refunds.
- A total of 90.74 per cent of taxpayers and traders used digital and self-help platforms to interact with SARS.
- A total of 97.67 per cent success rate in the number of cases SARS prosecuted.
- Revenue of R8.2 billion was recovered from illicit activities.

## **SOUTH AFRICAN SPECIAL RISKS INSURANCE ASSOCIATION (SASRIA)** **(SCHEDULE 3B: NATIONAL GOVERNMENT BUSINESS ENTERPRISE)**

SASRIA was established in terms of the Conversion of SASRIA Act, 1998 (Act No. 134 of 1998) and the Companies Act, 2008 (Act No. 71 of 2008). The government is the company's sole shareholder. SASRIA is mandated to support the insurance industry by providing cover for special risks such as riots, strikes, political unrest, terrorist attacks, civil commotion, public disorder and labour disturbances.

### **Key achievements during the reporting period include the following:**

- Achieved sustained growth: received gross written premium income growth of 13 per cent amounting to R3.2 billion.
- Achieved an unqualified audit opinion for the financial year ending 31 March 2021, without matters of emphasis.
- Delivered value-add to the customer – 0.5 per cent (47 out of 20 993) of total claims were received from the short-term insurance Ombudsman and five complaints were overturned.
- Achieved a distribution capability of 35 per cent related to the current website and social media traffic.
- Achieved operational expense ratio percentage of 7.1 per cent which is within the target of between 7 to 9 per cent.
- At the end of March 2022, SASRIA had already paid out R22 billion to honour the July 2021 civil unrest obligations. This has restored the *status quo* of affected customers as quickly as possible.

## **OMBUD COUNCIL (OC)**

The Ombud Council was recently established and as a result granted exemption from compliance with the Public Finance Management Act during the 2021/22 financial year. Accordingly, there were no approved strategic and annual performance plans in respect of the 2021/22 financial year.

PUBLIC ENTITIES REPORTING  
TO THE MINISTER

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| NAME OF ENTITY  | LEGISLATIVE MANDATE   | FINANCIAL RELATIONSHIP                 | NATURE OF OPERATION  |
|---|---|--|--|
| <b>Accounting Standards Board (ASB)</b>                 | Public Finance Management Act, 1997 (Act No. 1 of 1999) PFMA                                      | Transfer payments                      | The Board serves the public interest by setting Standards of GRAP and providing guidance for financial and other performance information reported by the public sector.  |
| <b>Co-operative Banks Development Agency (CBDA)</b>     | Co-operative Banks Act, 2007 (Act No. 40 of 2007)   | Transfer payments                      | To support, promote and develop co-operative banking and to register, supervise and regulate deposit-taking financial services co-operatives, savings and credit co-operatives, community banks and village banks as co-operative banks.   |
| <b>Development Bank of Southern Africa (DBSA)</b>       | 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.   |
| <b>Financial and Fiscal Commission (FFC)</b>            | Constitution of the Republic of South Africa, 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.  |
| <b>Financial Intelligence Centre (FIC)</b>              | 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. |
| <b>Financial Sector Conduct Authority (FSCA)</b>        | Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSRA)                                  | No transfer from the National Treasury | To regulate and supervise the market conduct of the financial services sector, ensuring the integrity and efficiency of the formal markets and allied institutions, protecting consumers of financial services and improving access including through financial literacy programmes.               |
| <b>Financial Sector Tribunal (FST)</b>                  | Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSRA)                                  | No transfer from the National Treasury | To reconsider decisions as defined in section 218 of the FSRA and to perform the other functions conferred on it by this Act and specific financial sector laws.   |
| <b>Government Pensions Administration Agency (GPAA)</b> | Public Service Act of 1994 (Proclamation No. 103 of 1994)   | No transfer from the National Treasury | To administer pension benefits, funeral benefits, post-retirement medical subsidies, military pensions, injury on duty payments, and special pensions on behalf of the GEPP and the National Treasury.   |

# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

| NAME OF ENTITY  | LEGISLATIVE MANDATE   | FINANCIAL RELATIONSHIP                 | NATURE OF OPERATION  |
|---|---|--|--|
| <b>Government Technical Advisory Centre (GTAC)</b>                        | Section 7A (4) of the Public Service Act 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, 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. |
| <b>Independent Regulatory Board for Auditors (IRBA)</b>                   | Auditing Profession Act, 2005 (Act No. 26 of 2005)  | Transfer payments                      | To protect the sections of the public that rely on the services of registered auditors and to provide support to registered auditors.  |
| <b>Land and Agricultural Development Bank of South Africa (Land Bank)</b> | 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 facilitate access to finance by new entrants to agriculture from historically disadvantaged backgrounds.                                   |
| <b>Office of the Ombud for Financial Services Providers (FAIS Ombud)</b>  | 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.  |
| <b>Office of the Pension Funds Adjudicator (OPFA)</b>                     | 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 (Act No. 24 of 1956).   |
| <b>Office of the Tax Ombud (OTO)</b>                                      | 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 SARS.   |
| <b>Ombud Council (OC)</b>   | Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSRA)  | No transfer from the National Treasury | To assist in ensuring that financial customers have access to, and are able to use affordable, effective, independent and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products and services.                                      |

PUBLIC ENTITIES REPORTING  
TO THE MINISTER

## 10

| NAME OF ENTITY  | LEGISLATIVE MANDATE  | FINANCIAL RELATIONSHIP                 | NATURE OF OPERATION   |
|---|--|--|---|
| <b>Public Investment Corporation (PIC)</b>                        | Public Investment Corporation Act, 2004 (Act No. 23 of 2004)   | No transfer from the National Treasury | Manages assets for clients, all of which are public sector entities. The PIC operates principally in South Africa while also investing offshore and in the rest of the African continent.   |
| <b>South African Revenue Service (SARS)</b>                       | South African Revenue Service Act, 1997 (Act No. 34 of 1997)   | Transfer payments                      | To collect all revenue due to the state and to support the 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. |
| <b>South African Special Risks Insurance Association (SASRIA)</b> | Reinsurance of Damages and Losses Act, 1990 (Act No. 65 of 1990);<br>Conversion of the South African Special Risks Insurance Association 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.   |

2021/22  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8



**PART B:**  
**PERFORMANCE**  
**INFORMATION**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$
$$= 3x^3 + x^2 + 4x + C \Big|_0^3 = 102$$
$$e^{+iy} = e^x (\cos y + i \sin y)$$

$$\tilde{U}(\tau, c)$$

$$\beta(\tau, c)$$

$$\Lambda(\tau, c)$$

# **AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES** 01

AGSA provides 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 265 for the Report of the Auditor-General, published as Part E: Financial Information.

# 02 OVERVIEW OF DEPARTMENTAL PERFORMANCE

## 2.1 SERVICE DELIVERY ENVIRONMENT

In 2021, global output saw strong growth of 6.1 per cent, rebounding from the 3.1 per cent contraction the previous year, as countries began to emerge from the worst of the COVID-19 pandemic and the subsequent lockdown restrictions. The resumption of economic activity was aided by significant global progress in the roll out of COVID-19 vaccines, as well as the emergence of increasingly less deadly strains of the disease. However, the progression was not linear, nor uniform across jurisdictions, with several countries experiencing significant setbacks and the re-imposition of previously relaxed restrictions. Nevertheless, by the end of the first quarter of 2022, most countries appeared to have made some progress towards a broad “normalisation”, with a few notable exceptions such as China which was still imposing strict regional lockdowns as part of its “zero COVID” strategy.

Subsequent developments, however, have seen drastic reductions in projections for global growth going forward. This has largely been as a result of the Russian invasion of Ukraine towards the end of the first quarter of 2022. This conflict has resulted in worldwide spill over into commodity markets, trade, and financial channels. In addition to hampering growth, the conflict has resulted in strong surges of inflation, with fuel and food prices in particular having experienced rapid increases. This in turn has prompted sharp withdrawals of the accommodative monetary policies that had been put in place in response to the COVID-19 pandemic. As a result, the International Monetary Fund (IMF), which had earlier forecast growth of 4.4 per cent in 2022 and 3.8 per cent in 2023, cut its forecast to 3.2 per cent in 2022 and 2.9 per cent in 2023<sup>2</sup>.

South Africa entered the COVID-19 pandemic already in a vulnerable social, economic and fiscal state with persistently high levels of poverty, inequality and unemployment and weak growth. As a result, the pandemic hit South Africa hard, and despite the rapid mobilisation of resources to provide support to the economy, GDP contracted by 7.0 per cent in the 2020/21 financial year. Following the easing of lockdown restrictions, the recovery has been more rapid than initially anticipated with GDP growing at 6.3 per cent in 2021/22. This was achieved despite the outbreak of widespread destructive social unrest in parts of South Africa in July 2021. Contributions to the recovery were fairly broad-based, with only the construction sector still near levels seen during the worst of the pandemic. Not surprisingly, sectors that rely on interpersonal contact and mobility, such as trade, catering and accommodation, transport, storage and communication, manufacturing and personal services have seen the strongest rebounds in the wake of lockdown relaxation, while mining has shown especially strong growth on the back of the international commodities price boom.

On the expenditure side, the GDP growth was driven by a rebound in household consumption expenditure. Worryingly, gross fixed capital formation saw only a relatively small rebound, following a sharp decline in the previous financial year. The slow recovery in construction on the production side and gross fixed capital on the expenditure side, reflects the continued low levels of business confidence, which despite considerable improvement from an average of 26 points in 2020/21 to 45.5 points in 2021/22, remains below the 50-point mark indicating a neutral outlook. The outlook is further clouded by the re-implementation of load-shedding, first in late 2021 and then again at higher levels towards the end of the first quarter of 2022.

The current account of the balance of payments saw a positive shock during the pandemic, and actually rose on

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an annual basis in 2021/22 despite declining in the second half of the financial year. At the outset of the pandemic, lower imports prices (predominantly oil) and volumes and increasing export prices (initially gold, driven by demand for it as a safe haven, and later other commodities including platinum group metals, coal and iron ore) led to a favourable terms of trade shock, a positive trade surplus and a resultant current account surplus of 2.8 per cent of GDP in 2020/21, increasing to 3.1 per cent of GDP in 2021/22. However, the latter half of the year saw the trade surplus begin to narrow as oil prices began to rise on increasing demand and restricted global supply (even prior to the Russia-Ukraine conflict) and export commodities softened somewhat. Nevertheless, by historical standards the surplus on the trade account remained exceptionally wide by the end of the financial year, driving the overall current account surplus.

The financial account remained in deficit on an annual basis for the financial year but did register a small surplus in the first quarter of 2022. The deficit continued to be led by large net portfolio outflows on the back of high global and domestic uncertainty, while foreign direct investment experienced positive net inflows.

Fiscal metrics, which had worsened in the previous financial year as a result of the fiscal support provided in response to COVID-19, combined with contractions in tax revenue and economic growth, improved in 2021/22. The main budget deficit reached 9.9 per cent of GDP in 2020/21, before narrowing to 5.5 per cent in 2021/22, while gross government debt reached 70.7 per cent of GDP in 2020/21 before declining to 69.5 per cent in 2021/22. South Africa's risk premium also improved, averaging 3.5 percentage points in 2021/22 (compared to 4.8 percentage points the previous year), while the rand appreciated, with the average real exchange rate being 8.5 per cent higher than the 2019/20 average. Budget 2022 has set a target to stabilise gross government debt at 75.1 per cent in 2024/25 (significantly down from the 88.9 per cent targeted in Budget 2021) and achieve a surplus on the primary balance by 2023/24.

Following the COVID-19 pandemic the presidential Economic Reconstruction and Recovery Plan (ERRP) was adopted in 2020/21 to advance holistic and broad economic reforms. In addition, Operation Vulindlela, a collaboration between the National Treasury and the Presidency, was launched to fast track the necessary structural reforms and support economic recovery. Progress on these initiatives to the end of 2021/22 included:

- Raising of the licensing threshold for new grid-connected generation projects to 100 MW, aimed at unlocking significant private investment in embedded generation and allowing the sale of electricity to multiple customers
- Release of Bid Windows 5 and 6 of the renewable energy programme opened, for a combined 5200 MW of wind and solar PV capacity
- Establishment of the National Transmission Company as part of Eskom's unbundling process. The combined reforms in the energy space will reduce the risk of load shedding and enable faster economic growth
- Completion of the spectrum auction to improve network quality and reduce the cost of data
- Establishment of the National Ports Authority as a subsidiary of Transnet, creating incentives for greater efficiency and lower cost by enabling private sector participation in port operations
- Finalisation of the White Paper on National Rail Policy to guide reform in the rail sector

*“The main budget deficit reached 9.9 per cent of GDP in 2020/21, before narrowing to 5.5 per cent in 2021/22, while gross government debt reached 70.7 per cent of GDP in 2020/21 before declining to 69.5 per cent in 2021/22”*

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“During the reporting period, the National Treasury completed the first phase of the organisational review which culminated in a proposed organisational design that will form the anchor-frame for the implementation of the institutional development projects in the following years”

- Development and implementation of a turnaround plan to reduce the processing time for water use license applications from over 300 days to under 90 days
- Reinstatement of the Blue Drop, Green Drop and No Drop water quality monitoring system to enable swift intervention where municipalities fail to meet norms and standards for water quality and wastewater treatment
- Publication of a revised critical skills list for the first time since 2014 which will allow businesses to fill critical vacancies
- Launch of the e-Visa system in 14 countries, including major new tourist markets such as China, India, Kenya and Nigeria.

TABLE 1: ECONOMIC INDICATORS

|   | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---|---------|---------|---------|---------|
| GDP growth (y/y)                            | 1,3%    | 0,3%    | (7,0%)  | 6,3%    |
| Household consumption growth (y/y)          | 1,8%    | 1,8%    | (7,3%)  | 7,3%    |
| Gross fixed capital formation growth (y/y)  | (2,0%)  | (2,9%)  | (15,6%) | 3,9%    |
| RMB/BER Business Confidence Index (average) | 33,25   | 23,25   | 26,00   | 45,50   |
| RMB/BER Consumer Confidence Index (average) | 9,50    | (4,50)  | (19,25) | (11,25) |
| Unemployment rate                           | 27,4%   | 29,3%   | 29,8%   | 34,8%   |
| Consumer inflation (y/y)                    | 4,7%    | 4,2%    | 3,0%    | 5,2%    |

Source: Statistics South Africa, Bureau for Economic Research

## 2.2 SERVICE DELIVERY IMPROVEMENT PLAN

During the reporting period, the National Treasury completed the first phase of the organisational review which culminated in a proposed organisational design that will form the anchor-frame for the implementation of the institutional development projects in the following years. Two institutional development interventions, namely the Organisational Optimisation Plan as well as the Service Delivery Improvement Plan (SDIP) are central to this. The development of a comprehensive SDIP has commenced and will be implemented in three phases. The first will be the development of a service delivery model which will outline the National Treasury operations and services provided to its clients in fulfilment of its constitutional mandate. This will be followed by the development of service delivery standards for the frontline service provided to the public through the retails bonds programme as well as the Central Supplier Database. Finally, a plan to further strengthen internal supply chain management (SCM) practices will be developed.

SCM practices across government have been identified as a major risk area not least of which, and most recently, by the Commission of Inquiry into Allegations of State Capture which identified, amongst others, governance challenges and procedural weaknesses that impact negatively on the operational efficiency and effectiveness of public procurement. Central to the SDIP will be the implementation of measures to enhance efficiencies and compliance that will be identified by the SCM performance evaluation study currently underway and which will be concluded during the second quarter of 2022/23.

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## 2.3 ORGANISATIONAL ENVIRONMENT

### Operating environment

National Treasury implemented the Organisational Optimisation Plan to improve operational efficiency and effectiveness. The plan is anchored on four pillars that focus on improving institutional capability:

- Pillar one: To strengthen governance, planning, people and financial management services
- Pillar two: To build and reinforce organisational leadership and strengthen internal collaboration protocols between divisions
- Pillar three: To develop and strengthen organisational structures, including building and reinforcing trust and enhancing communication and
- Pillar four: To establish and further promote partnerships.

During the reporting period, substantial progress was made towards achieving the plan's objectives. Initiatives that were undertaken included an organisation-wide campaign on organisational goals and values in order to advance the building of and collective subscription to a shared culture. A review of the departmental budget process was conducted during the period, culminating in the integration of planning, monitoring and evaluation in the budgeting process. Significant progress was made on the review of the structure of the organisation with the design concepts aiming to enforce intra- and inter-divisional collaboration. The business processes were mapped and documented in such a way that they articulate and enforce these dependencies.

The individual performance management process is now fully aligned to organisational performance management and both Strategic Planning, Monitoring and Evaluation (SPM&E) and Human Resources continue to ensure that there is synergy in departmental planning to inform performance agreements and departmental monitoring to inform performance evaluations. The established DG's Special Committee on Gender Mainstreaming deals and coordinates organisational self-introspection on gender issues, reviews the departmental norms, values, policies and practices and support services to ensure that they are free from discrimination and are responsive to the specific needs of women employees. This Committee holds National Treasury accountable for actions and omissions, and also identifies areas that need to be addressed, including proposing concrete change steps for the organisation to transform. The committee has established various workstreams with each having a workplan detailing specific interventions:

- Values and ethics stream
- Policies work stream
- Working conditions work stream
- Facilities and security work stream
- Development work stream
- Inclusivity
- Campaigns work streams

Work continued on modernising and automating the department's planning, monitoring and reporting ecosystem. This has led to the introduction of the Organisational Performance Monitoring Management System (OPMMS). The development of the OPMMS system has been finalised during the reporting period and roll out will be implemented during 2022/23. The system integrates risk, organisational performance planning, monitoring and reporting, demand planning, budgeting, and IT planning on a single IT platform, and links to the audit

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“The Information and Communication Technology (ICT) governance function further strengthened the governance of ICT and achieved better collaboration and greater economies of scale as more ICT resources were shared”

findings register and the human resources Performance Management and Development System (PMDS). It is envisaged that the system will be fully operational in the next reporting period, enabling combined analysis and joint evidenced based reporting.

Risk management is crucial to corporate governance ensuring minimisation of the impact of threats to the mandate and reputation of the National Treasury. Efforts to further entrench a risk management culture continued with annual risk assessments and quarterly monitoring of mitigation strategies. The Risk Management Committee has been appointed by the Director-General to provide oversight on the effectiveness of the risk management function, the management of strategic risks, recommendations on risk management governance documents and the monitoring of progress on risk management activities. The risk management function has matured through the development of risk appetite and tolerance thresholds that define the National Treasury’s position on risk and guides all employees on options to manage risks. This has provided criteria from which to escalate risks to the National Treasury top risk profile. The department’s risk maturity will continue to be improved through conducting risk awareness and advocacy initiatives on a quarterly basis.

The National Treasury continued to adapt to the new ways of work with agility, flexibility and responsiveness. The e-Recruitment system ensured that vacancies were advertised and filled, and the e-Leave project was initiated during this time. The Graduate Development Programme continued to serve as a pipeline for the department’s entry level positions. The National Treasury maintained high representation of women at SMS level and continued to achieve adequate representation of persons with disabilities. Investment in employees continued through the tailormade learning and development programmes for required skills and competencies. The DG’s special purpose dialogues continued enabling the DG to engage employees on topical issues and organisational priorities. The health and wellbeing of employees remained at the centre of service delivery and the wellness services, including mental wellness, offered during the reporting period.

The Information and Communication Technology (ICT) governance function further strengthened the governance of ICT and achieved better collaboration and greater economies of scale as more ICT resources were shared. The ICT governance documents were approved strengthening the maturity of ICT management across the department.

The ICT services continued to support and enable National Treasury employees to securely work off site during the lockdown. This included the capability to approve and digitally sign documents on various devices. The acquisition of cloud solutions provided multiple benefits such as accessing files anywhere from any device at any time, improved collaboration, and communication with the Office 365 platform. This also provided better business continuity with the utilisation of secure cloud platforms and made collaboration with external stakeholders easier and more secure. Microsoft Viva also provided employees a better insight into their work environment, facilitated effective time management as well as managing work/life balance.

Work continued to upgrade ICT back office capacity while improving the service delivery through automation including the e-recruitment system which assisted Human Resources to

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process and shortlist the high volumes of applications received, eTenders portal for publishing government and SOE tenders, and improvement of security around user and corporate data.

The National Treasury continues to strive towards achieving the objectives set in the legislative mandate enshrined in 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 South Africa's public finances. This role is further elaborated in the Public Finance Management Act (1999) which enjoins the department to;

- Promote 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
- Enforce transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities, and constitutional institutions
- Facilitate the Division of Revenue Act which provides for equitable distribution of nationally raised revenue between national, provincial and local government and
- Monitor the implementation of provincial budgets.

The National Treasury 2021/22 Annual Performance Plan directed the departments' endeavours towards three strategic outcomes:

- Strategic outcome 1: Sustainable public finances;
- Strategic outcome 2: Coherent economic policy advocated; and
- Strategic outcome 3: Sound financial controls and management of public finances.

In realising these outcomes, the department delivers the following services:

- Coordination of the national budget process
- Monitoring and analysing public expenditure as well as managing future spending growth and fiscal risk
- Coordination of fiscal relations between the three spheres of government with emphasise on ensuring sound budgetary planning at provincial and local levels of government
- Providing advice and input into tax policy, frameworks and legislation and strengthening financial sector regulation
- Conducting research into strategic areas of the economy to better inform the implementation of economic policy
- Managing government's annual funding programme by way of optimally managing public debt, ensuring that government's liquidity requirements are met through effective cash management, and overseeing state-owned companies to enable their achievement of government's policy objectives in a manner that is financially and fiscally sustainable
- Strengthening public sector financial management as well as improving financial management governance and compliance across all spheres of government and in government entities
- Managing government's financial systems
- Overseeing and modernising government's supply chain management systems and making government procurement more transparent, efficient, effective and economical
- Advancing South Africa's national economic interests, within the context of reputable international institutions dealing with economic development and facilitating regional and international cooperation and
- Supporting infrastructure development and economically integrated cities and communities.

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### **2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES**

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

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| OUTCOME  | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS  |
|--|--|
| <p><b>PROGRAMME 1:<br/>ADMINISTRATION</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.</p> | <p><b>CORPORATE SERVICES DIVISION</b></p> <p>Corporate Services (CS) continued to provide integrated business solutions in the areas of strategic planning, human resource management, financial management, risk and business continuity management, and information and communication technology (ICT).</p> <p>Financial Management continued to exercise governance in curbing deviations and incidents of non-compliance. The unit enhanced the contract management and monitoring process in line with the newly approved Contract Management and Administration Framework. The unit provided financial resource support to internal and external stakeholders with transparent and credible budgeting processes which align the Operational Plans, Annual Performance Plan and the Procurement Plans, entailing the Medium Term Expenditure Framework (MTEF), the Estimates of National Expenditure (ENE), the Adjusted Estimates of National Expenditure (AENE) and the rollovers in line with the Public Financial Management Act, 1999 (Act No. 1 of 1999) (PFMA), Treasury Regulations and public finance guidelines.</p> <p>Semi-annual and annual tax reconciliations were compiled accurately and submitted to the South African Revenue Service (SARS) six weeks before the closing date. The unit improved its control measures with regards to processing supplier payments, achieving 99 per cent of payments in an average of 13 days from receipt of invoice. Preparation and fair presentation of audited financial statements remain a core function, including the coordination of internal and external audit processes on behalf of the department. In support of capacity building, the unit continues to provide skills development through employing chartered accountant trainees. Two trainees were assisted and given exposure to preparation and review of annual financial statements. Two former chartered accountant trainees, now qualified chartered accountants, were appointed on a contractual basis to assist with the preparation and review of the Annual Financial Statements (AFS). The preparation and review process of the AFS improved in 2021/22 as the process was successfully completed on time, referred to Internal Audit for review, all necessary approvals granted including from the Audit Committee secured and submitted to the Accountant-General by 31 May 2022. Financial Management continues to provide administrative support to other business units through effective and efficient internal control, personnel remuneration, supply chain, asset, budget, revenue and expenditure management.</p> |

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| OUTCOME  | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS  |
|--|--|
| <p><b>PROGRAMME 1:<br/>ADMINISTRATION - CONTINUED</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.</p> | <p><b>CORPORATE SERVICES DIVISION - CONTINUED</b></p> <p>The Enterprise Risk Management unit continued to review its structure and reconfigure its processes to improve and further entrench the culture of risk management in the organisation. During the reporting period, the National Treasury achieved a risk maturity level 5 score. The unit enhanced its practice and application of risk management principles by working in partnership with Strategic Planning, Monitoring and Evaluation to draft divisional and chief directorate operational plans integrating risk management in both performance and project planning. The top 17 strategic risks have been identified and are consistently monitored.</p> <p>The effective and continuous implementation of the Business Continuity Programme improved organisational resilience and maturity, and the Business Continuity Plans (BCPs) were continuously tested for effectiveness and relevance to improve the business continuity capability following any business disruptions. Hybrid working strategies and solutions were implemented to ensure the continuity of operations. To enhance organisational resilience, online platforms have been created to allow remote access to VPN anywhere in the country and internationally. Disaster recovery sites are available and operational in Pietermaritzburg and SITA (Centurion).</p> <p>The post COVID-19 ways of working require re-imagined human resources management practices, including policy changes and embedding these with talent attraction and retention initiatives. New initiatives, such as eLeave, need to be fast-tracked to ensure that employee self-service is realised and the potential audit risks are minimised. The department continues to ensure a high percentage of representation of women at SMS level and achievement of disability targets has improved. The Graduate Development Programme continues to be a pipeline feeder into entry level positions in the department. The mentorship and coaching initiatives are structured and continuously rolled out to employees as part of their developmental journey. The department nevertheless encourages rotation as a means of continuous professional development and retention endeavours.</p> |

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| OUTCOME  | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS  |
|--|--|
| <p><b>PROGRAMME 1:<br/>ADMINISTRATION - CONTINUED</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.</p> | <p><b>CORPORATE SERVICES DIVISION - CONTINUED</b></p> <p>The pressures on the fiscus continue, posing a challenge in recruitment and retention as performance bonuses and other monetary rewards are no longer offered. Future retention efforts will need to focus on increasing the exposure opportunities for employees, improving the working environment and alternative non-financial methods of recognition.</p> <p>Internal Audit (IA) implemented its annual risk-based audit plan for 2021/22 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's Audit Committee. Twenty-two audits were approved and planned for in the 2021/22 audit plan. Twenty-one audits, or 100 per cent of the audit plan, were completed and one audit was cancelled on the recommendation of management and approval of the Audit Committee. All changes to planned audits were approved by the Audit Committee. 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.</p> <p>An external assurer was appointed to conduct an External Quality Assurance Review (EQAR) on the work of Internal Audit Function during 2021/22 and the conclusion and opinion on the work of the Internal Audit was "general conformance", the highest possible rating by The Institute of Internal Auditors.</p> <p>Strategic Planning and Performance Monitoring has been matured to be fully embedded into the evidence-based decision making of the department. Efforts were focused on completing the integration, modernisation and automation initiatives as well as the continuous development of intelligent reporting. The development of the Organisational Performance Planning and Reporting Management System (OPPMMS) is nearing completion and with full implementation will integrate organisational planning and monitoring, project management, risk, demand planning and budgeting, allow for combined reporting and is linked to the PMDS system and audit findings register.</p> |

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| OUTCOME  | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS   |
|--|---|
| <p><b>PROGRAMME 1:<br/>ADMINISTRATION - CONTINUED</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.</p> | <p><b>CORPORATE SERVICES DIVISION - CONTINUED</b></p> <p>It is anticipated that the system will enhance the performance of all departmental planning, monitoring and reporting functions and reduce efforts and costs. The monitoring and reporting on big projects was strengthened and this latest addition to the ecosystem is making an impact on ensuring universal strategic departmental planning and monitoring oversight. The advocacy and information sharing campaign continues to contribute significantly to the entrenching of an organisational culture of planning and monitoring. The revitalisation and strengthening of the GRC has continued with enhanced process efficiency and effectiveness of the department's policy administration.</p> <p>National Treasury ICT implemented technologies, such as automated memorandums and digital signatures, that enabled officials to work from home during the lockdown period. These technologies are being shared with other government departments to reduce their learning curve and to enable them to optimise and build on the lessons learned by the National Treasury. Data analytics and artificial intelligence technologies are being harnessed to measure productivity and collaboration as officials work from the office, at home and at other sites and on any device. During the reporting period, officials sent over a million chat messages and had over four hundred thousand hours of online meetings.</p> <p>Legislation continued to develop and process annual budget legislation and other draft legislation and scrutinise subordinate legislation according to needs identified by the National Treasury and more broadly by government. It provided input on draft legislation developed by other departments that impacts on the National Treasury's mandate and on the fiscus. It also provided legal advice on wide-ranging matters to assist the National Treasury to implement its mandate and ensure that internal operations are legally sound.</p> <p>The Communications unit successfully managed all communication activities of the department's media and external communications and ensured adherence to the government corporate ID guidelines. The unit ensured that the National Treasury had a presence in the national discourse on public finances and its management through internal and external stakeholder engagement and public participation by ensuring that budget and other relevant information was appropriately and professionally packaged and made accessible to all.</p> |

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| OUTCOME  | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS   |
|--|---|
| <p><b>PROGRAMME 1:<br/>ADMINISTRATION - CONTINUED</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.</p> | <p><b>CORPORATE SERVICES DIVISION - CONTINUED</b></p> <p>The Legal Services unit is responsible for providing a comprehensive legal advisory service to the National Treasury to execute its mandate effectively in the rule of law. During the reporting period, Legal Services provided civil litigation services in respect of approximately 120 cases with a complex mix of law and policy involving constitutional attacks on legislation, procurement, special pensions, labour and general litigation.</p> |

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| OUTCOME   | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS  |
|---|--|
| <p><b>PROGRAMME 2:<br/>ECONOMIC POLICY, TAX,<br/>FINANCIAL REGULATION<br/>AND RESEARCH</b></p> <p>This programme aims to promote economic policy coherence around the objectives of growth and jobs and 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"> <li>• Developing tax policy proposals and supporting tax legislation for the annual budget.</li> <li>• Monitoring the collection of revenue through ongoing consultation with relevant stakeholders and analysing the factors determining tax collection.</li> <li>• Providing macroeconomic forecasts and scenario modelling.</li> <li>• Providing economic policy analysis, research, assessment and advice on macro and microeconomics, including government policy proposals.</li> </ul> | <p><b>ECONOMIC POLICY DIVISION</b></p> <p>The Economic Policy division conducts policy-relevant economic research and manages the Southern Africa - Towards Inclusive Economic Development (SA-TIED) research programme. SA-TIED is a collaboration between various government departments and international agencies to produce high-quality, evidence-based policy research and build the economic policy development and implementation capacity of the state.</p> <p>The division also:</p> <ul style="list-style-type: none"> <li>• Analysed monetary and exchange rate policy.</li> <li>• Concluded research on the objectives and implementation of macroeconomic policy review and investigated feasible labour market developments to boost employment.</li> <li>• Appraised suggested product designations.</li> <li>• Made submissions to the International Trade Administration Commission (ITAC).</li> <li>• Provided inputs into key policy processes including electricity sector reform.</li> <li>• Provided technical support to Operation Vulindlela to accelerate the implementation of structural reforms.</li> </ul> <p>Strategic priorities supported by the division included production of quarterly macroeconomic and revenue forecasts that underpin the fiscal framework, and formulation and assessment of growth policy, including structural reform priorities.</p> <p><b>TAX AND FINANCIAL SECTOR POLICY DIVISION</b></p> <p>The 2021 Budget included the tax proposals that were prepared by the Tax and Financial Sector policy division and approved by the Minister of Finance. The proposals included a small amount of personal income tax relief and above-inflation increases on excise duties on alcohol and tobacco products. These were included in Chapter 4 of the Budget Review, on top of numerous technical tax proposals that were included in Annexure C of the Budget Review. The division prepared and published the necessary tax legislation to give effect to these proposals. The tax bills for the 2021 Budget were tabled and adopted by Parliament and enacted into law after consultation and engagements with the Standing Committee on Finance.</p> |

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| OUTCOME   | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS   |
|---|---|
| <p><b>PROGRAMME 2:<br/>ECONOMIC POLICY, TAX,<br/>FINANCIAL REGULATION<br/>AND RESEARCH - CONTINUED</b></p> <p>This programme aims to promote economic policy coherence around the objectives of growth and jobs and 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"> <li>• Developing tax policy proposals and supporting tax legislation for the annual budget.</li> <li>• Monitoring the collection of revenue through ongoing consultation with relevant stakeholders and analysing the factors determining tax collection.</li> <li>• Providing macroeconomic forecasts and scenario modelling.</li> <li>• Providing economic policy analysis, research, assessment and advice on macro and microeconomics, including government policy proposals.</li> </ul> | <p><b>TAX AND FINANCIAL SECTOR POLICY DIVISION - CONTINUED</b></p> <p>The legislation included additional measures announced in July 2021 to provide support in light of the continuing COVID-19 pandemic and the social unrest of that month.</p> <p>The division also published discussion papers on the taxation of vaping products, a proposed reform to the retirement system to improve household savings, proposals on an adjustment to the tax regime for the oil and gas sector and potential revisions to the research and development tax incentive.</p> <p>The division monitored the revenue collected by SARS throughout the year, with detailed assessment on the impact of higher commodity prices on the positive rate of tax collections.</p> <p>Working with the Financial Sector Conduct Authority, the division published a Diagnostic report prepared by the World Bank Group, "South Africa: Financial Ombud System Diagnostic", for public comment in July 2021.</p> <p>In December 2021, the division also published two papers on additional retirement reforms, "Encouraging South African households to save more for retirement" and "Governance of umbrella funds" for public comment. In addition, the draft amendments to Regulation 28 of the Pension Funds Act, 1956 (Act No. 24 of 1956) was finalised and published in a government gazette for implementation.</p> <p>The division published the second draft of the Conduct of Financial Institutions Bill for a second round of public comments.</p> <p>Following the publication of the draft financial inclusion policy paper, "An inclusive financial sector for all", for public comment in 2020, comments from the stakeholder-wide consultation process were received and incorporated during the financial year. The revised draft policy paper will be submitted to Cabinet once finalised.</p> <p>Draft amendments to Regulation 28 of the Pension Funds Act, 1956 (Act No. 24 of 1956) were published for public comment. The first board of the Ombud Council was appointed by the Minister, giving effect to the new financial Ombud system in terms of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR).</p> |

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| <p><b>PROGRAMME 2:<br/>ECONOMIC POLICY, TAX,<br/>FINANCIAL REGULATION<br/>AND RESEARCH - CONTINUED</b></p> <p>This programme aims to promote economic policy coherence around the objectives of growth and jobs and 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"> <li>• Developing tax policy proposals and supporting tax legislation for the annual budget.</li> <li>• Monitoring the collection of revenue through ongoing consultation with relevant stakeholders and analysing the factors determining tax collection.</li> <li>• Providing macroeconomic forecasts and scenario modelling.</li> <li>• Providing economic policy analysis, research, assessment and advice on macro and microeconomics, including government policy proposals.</li> </ul> | <p><b>TAX AND FINANCIAL SECTOR POLICY DIVISION - CONTINUED</b></p> <p>Working through the Intergovernmental Fintech Working Group, the division published a revised position paper on crypto assets. This followed the publication for public comment of the initial consultation paper in 2019. The revised paper provides recommendations for the development of a regulatory framework for crypto assets.</p> <p>The division continued working with other government departments and agencies on addressing the deficiencies that were identified in the mutual evaluation/peer review of the country's Anti-Money Laundering and Combating of the Financing of Terrorism system being conducted by the Financial Action Task Force.</p> <p>The division also continued working with the Financial Surveillance Department of the South African Reserve Bank to put in place a new capital flow management system that will simplify cross-border trade and financial flows, while tightening the system for combating sophisticated financial crimes, unexplained wealth and suspicious financial flows.</p> <p>The division continued with the implementation of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act), and finalised the process of constituting the executive committee of the Financial Sector Conduct Authority (FSCA). This culminated in the appointment of two additional deputy commissioners of the FSCA by the Minister of Finance, and the de-establishment of the transitional management committee of the FSCA, which played the role of the FSCA EXCO during the transitional period.</p> <p>In addition, the division also facilitated the processing of the Financial Sector and Deposit Insurance Levies (Administration) Bill by Parliament to provide for the implementation of the FSR Act through the capacitation of the regulatory authorities.</p> <p>Following Cabinet approval, the division introduced the Financial Sector Laws Amendment Bill (FSLAB) in Parliament. The FSLAB will provide tools for regulatory authorities to facilitate the resolution of systemic financial institutions. The FSLAB also proposes the introduction of a deposit insurance scheme funded by the industry.</p> <p>The division, together with the South African Reserve Bank, participating banks and other stakeholders, worked on the Bounce-Back Scheme.</p> |

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| <p><b>PROGRAMME 2:<br/>ECONOMIC POLICY, TAX,<br/>FINANCIAL REGULATION<br/>AND RESEARCH - CONTINUED</b></p> <p>This programme aims to promote economic policy coherence around the objectives of growth and jobs and 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"> <li>• Developing tax policy proposals and supporting tax legislation for the annual budget.</li> <li>• Monitoring the collection of revenue through ongoing consultation with relevant stakeholders and analysing the factors determining tax collection.</li> <li>• Providing macroeconomic forecasts and scenario modelling.</li> <li>• Providing economic policy analysis, research, assessment and advice on macro and microeconomics, including government policy proposals.</li> </ul> | <p><b>TAX AND FINANCIAL SECTOR POLICY DIVISION - CONTINUED</b></p> <p>This scheme leveraged the lessons from the Loan Guarantee Scheme which was launched in 2020, but was calibrated to support businesses to recover following relaxations of COVID-19 related restrictions. The Bounce-Back Scheme's broader objective also includes providing support to businesses affected by floods in KZN, as well as those businesses affected by the July 2021 unrest. The Bounce-Back Scheme was expanded to include a broader set of SME finance providers such as Development Finance Institutions and non-bank SME finance providers.</p> |

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| <p><b>PROGRAMME 3:<br/>PUBLIC FINANCE AND BUDGET<br/>MANAGEMENT</b></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"> <li>• Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities;</li> <li>• Managing the annual budget process and providing public finance management support.</li> </ul> | <p><b>BUDGET OFFICE DIVISION</b></p> <p>The Budget Facility for Infrastructure (BFI), established to support the execution of national priority projects, has completed its review of 227 large infrastructure proposals over four bid windows (63 in the first window, 64 in the second window, 42 in the third window and 58 in the fourth window). Of these, 28 projects worth R128 billion have been allocated R19.8 billion through the BFI. In Window 5 of the BFI, R1.8 billion was allocated to projects in the 2022 Adjustments Budget and R6.6 billion was allocated to projects over the 2022 MTEF period.</p> <p>Blended finance projects that came 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. In the 2021 MTBPS, government efforts for the medium term are to balance support for economic recovery and reconstruction through both short-term spending measures and structural reforms on the one hand with rebuilding the public finances on the other. Fiscal consolidation is critical to reduce the public debt burden, restore investor confidence and avoid overexposure to global and domestic risks. This consolidation will be supported by structural reforms that unlock private sector investment and job creation.</p> <p>The 2022 Budget consolidates the public finances while providing immediate support for the pandemic response, job creation and social protection, as outlined in the 2021 MTBPS. The fiscal outlook benefited from higher tax collection compared with the 2021 Budget estimates. The fiscal strategy divides this revenue between deficit reduction and spending priorities. As a result, a primary surplus will be achieved in 2023/24 and the consolidated budget deficit is projected to narrow to 4.2 per cent of GDP by 2024/25. Staying the course will enable government to bring fiscal consolidation to a close. In 2024/25, main budget non-interest expenditure will grow slightly above inflation. Gross debt will stabilise at 75.1 per cent in 2024/25.</p> <p>Over the medium term, restoring fiscal sustainability requires continued restraint in expenditure growth and reforms to raise economic growth.</p> <p>The 2022 Budget proposed:</p> <ul style="list-style-type: none"> <li>• Additional allocations to address immediate spending pressures, including extending the special COVID-19 social relief of distress grant for 12 months until March 2023, and bolstering provincial transfers for health and education.</li> </ul> |

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| <p><b>PROGRAMME 3:<br/>PUBLIC FINANCE AND BUDGET<br/>MANAGEMENT - CONTINUED</b></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"> <li>• Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities;</li> <li>• Managing the annual budget process and providing public finance management support.</li> </ul> | <p><b>BUDGET OFFICE DIVISION - CONTINUED</b></p> <ul style="list-style-type: none"> <li>• Setting aside a portion of higher-than-expected revenue to narrow the budget deficit. This mitigates the impact of higher interest rates on debt-service costs and improves the longer-term debt outlook.</li> <li>• Supporting economic growth through a range of reforms, including the infrastructure build programme financed through innovative funding mechanisms and supported by improved technical capabilities.</li> </ul> <p>Debt-service costs consume an increasing share of GDP and revenue. Interest payments on debt have crowded out spending on essential public services such as health and basic education. Over the medium term, debt redemptions will increase, and debt-service costs are expected to average R333.4 billion a year. On average, 20 cents of every rand collected in revenue every year will be needed to pay debt-service costs. Reducing the crowding-out effects of debt-service costs is a key fiscal policy goal, and government remains committed to stabilising debt levels.</p> <p><b>INTERGOVERNMENTAL RELATIONS DIVISION</b></p> <p>The division provided support to provinces to build capacity in infrastructure departments (education and health). Structured training on the Infrastructure Delivery Management System (IDMS), which contributes to improving the administration of public finances, planning alignment and budgeting, was provided to government officials.</p> <p>The division assessed provincial infrastructure plans of the national Departments of Health and Education, thus contributing to better-integrated planning and budgeting.</p> <p>The Cities Support Programme (CSP) continued to support metros to strengthen their built environment planning and outcome-based reporting. The support for metros to develop and implement reform action plans for the three sub-national doing business (SNDB) indicators (getting electricity, registering property and construction permitting) continued and noteworthy progress has been made with all metros reporting on their action plans. The support for township economic development in five metros completed its first year with detailed situational analyses reports now in place for five townships.</p> |

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| <p><b>PROGRAMME 3:<br/>PUBLIC FINANCE AND BUDGET<br/>MANAGEMENT - CONTINUED</b></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"> <li>• Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities;</li> <li>• Managing the annual budget process and providing public finance management support.</li> </ul> | <p><b>INTERGOVERNMENTAL RELATIONS DIVISION - CONTINUED</b></p> <p>The Neighbourhood Development Partnership Programme (NDPP) provides support to municipalities in planning and delivering catalytic projects in spatially targeted areas. The NDPP's support has attracted over R36.5 million in third-party investment in these areas, contributing to economic growth and job creation. In collaboration with the CSP and Government Technical Advisory Centre (GTAC), initial cities assessments to institutionalise Cities Investment Programme and Project Preparation Facility (CIPPPF) were conducted with further work ongoing.</p> <p>Cities have submitted their work plans outlining their intention to implement the project preparation programmes. Programmes and projects that also require preparation have been submitted to Infrastructure South Africa (ISA). The NDPP is setting up a panel of service providers through GTAC to support cities with programme and project preparation.</p> <p>The NDPP collaborated with the Department of Small Business Development, the Department of Trade, Industry and Competition, the Department of Economic Development and the Department of Public Works and Infrastructure on how to support the development of spatially targeted areas.</p> <p>In collaboration with the Department of Rural Development and Land Reform, the South African Local Government Association (SALGA) and the Department of Cooperative Governance and Traditional Affairs (CoGTA), the NDPP identified 27 rural service centres to be supported with planning and implementing infrastructure programmes. The NDPP collaborated with the Investment and Infrastructure Office in reviewing and submitting cities' projects to the country's project pipeline and forged a partnership with General Budget Support (GBS) to deliver economic development projects in selected municipalities.</p> <p>As part of measures to address the challenges associated with unfunded budgets, work on revenue management had to be better coordinated and collaboration improved to prevent misalignment and duplication. A revenue steering committee was therefore established to guide intended revenue initiatives to align with a single integrated revenue management framework. Through its Municipal Finance Improvement Programme (MFIP III), the National Treasury has placed technical advisors in seven provinces to strengthen the capacity of their treasuries and to address revenue challenges in selected municipalities.</p> |

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| <p><b>PROGRAMME 3:<br/>PUBLIC FINANCE AND BUDGET<br/>MANAGEMENT - CONTINUED</b></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"> <li>• Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities;</li> <li>• Managing the annual budget process and providing public finance management support.</li> </ul> | <p><b>INTERGOVERNMENTAL RELATIONS DIVISION - CONTINUED</b></p> <p>In addition, one senior advisor was placed at the National Treasury.</p> <p>Further extensive support was provided to provincial treasuries and municipalities on implementing and institutionalising the Municipal Standard Chart of Accounts (mSCOA). Regular stakeholder engagements and capacity building initiatives were held with provincial treasuries, system vendors, municipalities, and those with a role in local government to ensure its successful implementation. Provincial treasuries were also provided with technical advisors through the MFIP to assist them with implementing mSCOA.</p> <p>The division continued to coordinate the provincial budget preparation process and the monitoring of the implementation of provincial budgets in the year under review. Provinces were also supported through the Division of Revenue Act (DoRA) workshop for the education sector.</p> <p>The division continued to collaborate with provincial treasuries on own revenue, assisting with methods of improving collection of revenue.</p> <p>Reforms have been made to the provincial and local government fiscal frameworks by introducing a number of new grants, including standalone informal settlement upgrading grants for provinces and the metros and a programme and project preparation support grant for metros. Further reforms include better management of the administration of immediate disaster grants and provisions for asset management planning in the Municipal Infrastructure Grant (MIG). Processing the inputs on the draft Municipal Fiscal Powers and Functions Amendment Bill, which was published for public comment in January 2020, is nearing completion.</p> |

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| <p><b>PROGRAMME 3:<br/>PUBLIC FINANCE AND BUDGET<br/>MANAGEMENT - CONTINUED</b></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"> <li>• Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities;</li> <li>• Managing the annual budget process and providing public finance management support.</li> </ul> | <p><b>PUBLIC FINANCE DIVISION</b></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> |

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| <p><b>PROGRAMME 4:<br/>ASSET AND LIABILITY<br/>MANAGEMENT</b></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. It also seeks to promote and enforce prudent financial management of state-owned entities (SOEs) through financial analysis and oversight.</p> | <p><b>ASSET AND LIABILITY MANAGEMENT DIVISION</b></p> <p>During the year under review, the Minister of Finance approved the minimum criteria that must be met by state-owned entities (SOEs) and government departments when submitting requests for government guarantees. The minimum criteria seek to reduce the volume of guarantees issued and improve the quality of the contingent liability exposure from guarantees issued to SOEs. These minimum criteria were published through a practice note in December 2020. When fully implemented, these will ensure that guarantees are issued only to SOEs that can clearly demonstrate their ability to service the debt that would be acquired on the back of government guarantees. As a result, there has been a significant decline in the number of poor quality requests for guarantees which has improved government's contingent liability exposure from guarantees issued to SOEs.</p> <p>The division continued to review all corporate plans and annual reports received timeously from SOEs, development finance institutions (DFIs) and water boards. Due to the COVID-19 pandemic, some SOEs revised and resubmitted their corporate plans, which were also reviewed. The analysis formed the basis for reporting in the annual Budget Review, Supplementary Budget and Mid Term Budget identifying fiscal risks and informing stakeholders of SOEs' performance over the period. The Land Bank, after approval by the Minister of Finance, did not submit its corporate plan and annual report in accordance with legislative timelines due to its current financial challenges.</p> <p>The division continuously monitored the guarantees to Eskom, Denel, Trans-Caledon Tunnel Authority (TCTA), South African Airways (SAA), South African Express (SAX), and the Land Bank and provided quarterly reports on compliance with guarantee conditions to the Fiscal Liability Committee (FLC).</p> <p>During the reporting period, borrowing authorisation and related limit applications as well as foreign currency borrowing limit applications from the following public entities were considered: Eskom, Rand Water, Mhlathuze Water, Umgeni Water, SASRIA, SANRAL and DBSA.</p> <p>The stock of government debt increased by R409.6 billion from R3.6 trillion in March 2021 to R4 trillion in March 2022 and none of the strategic risk benchmark indicators were breached.</p> |

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| <p><b>PROGRAMME 4:<br/>ASSET AND LIABILITY<br/>MANAGEMENT - CONTINUED</b></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. It also seeks to promote and enforce prudent financial management of state-owned entities (SOEs) through financial analysis and oversight.</p> | <p><b>ASSET AND LIABILITY MANAGEMENT DIVISION - CONTINUED</b></p> <p>To reduce the cost of new debt, government issued 77 per cent of the funding in the 5-15-year maturity bucket. This strategy yielded some cost benefit, as the weighted cost of funding was lower than the target of 10.07 per cent.</p> <p>The government successfully financed the gross borrowing requirement of R393.2 billion. This was financed through net redemption of domestic short-term loans (R8.0 billion), domestic long-term loans (R290.3 billion) and foreign loans of R31.3 billion (US\$2.2 billion). In addition, R79.6 billion of cash and other balances was used to finance the gross borrowing requirement. During the reporting period, R48 billion of short-dated bonds were exchanged for long-dated bonds.</p> <p>The cost of servicing government debt amounted to R268.1 billion compared to the original budget of R269.7 billion. During the reporting period, domestic and foreign loans of R65.3 billion were repaid. The division met all government's rand and foreign currency commitments on a daily basis and surplus cash was optimally invested.</p> |

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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND<br/>SUPPLY CHAIN MANAGEMENT<br/>SYSTEMS</b></p> <p>This programme comprises of two divisions: The Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>This programme facilitates accountability, governance and oversight by promoting effective, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p> <p>The Office of the Accountant-General (OAG) 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 (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"> <li>• The appointment of suitably qualified financial officials;</li> <li>• Growing the internship programme for graduates to be absorbed in municipalities;</li> <li>• Implementing budget reforms;</li> <li>• Improving supply chain management;</li> </ul> | <p><b>OFFICE OF THE ACCOUNTANT GENERAL DIVISION</b></p> <p>The OAG is the custodian of the PFMA and the MFMA in the National Treasury. The OAG is tasked with facilitating accountability and transparency in the management of the country's financial resources.</p> <p>The MFMA Unauthorised, Irregular, Fruitless and Wasteful (UIFW) Expenditure reduction strategy for the municipal sphere was developed and issued.</p> <p>In an effort to assist PFMA compliant institutions to curb and deal with irregular expenditure and the consequential unfavorable audit outcomes, Amendments to National Treasury Instruction No 2 of 2019/20 was issued as well as a circular on Implementation of Irregular Expenditure Frequently Asked Questions 2021, and the Updated Circular on Implementation of Irregular Expenditure.</p> <p>Technical meetings were held throughout the financial year with the AGSA and PFMA-compliant institutions to assist in providing clarity on the interpretation of the PFMA, Treasury Regulations and the related instructions and frameworks as well as to assist in resolving disputes emanating from the 2021/22 audit.</p> <p>The OAG continued to support PFMA compliant institutions with the implementation of the PFMA and its prescripts by providing information sessions.</p> <p>An automated, electronic and web-enabled audit action plan has been developed and issued. It will be used as a standard and uniform measure by all municipalities. It will also facilitate effective in-year monitoring and oversight by provincial treasuries and the National Treasury. Six MFMA circulars were issued in support of financial management implementation and reforms.</p> <p>The annual MFMA compliance reports, compiled from quarterly compliance reports, highlights progress made and areas where remedial actions are required to correct weaknesses.</p> <p>The FMG was transferred to all municipalities. Support plans were developed to address gaps in implementing financial management. Proactive and preventive strategies were employed during the Chief Financial Officer (CFO) forum sessions with municipalities.</p> |

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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND<br/>SUPPLY CHAIN MANAGEMENT<br/>SYSTEMS - CONTINUED</b></p> <ul style="list-style-type: none"> <li>Addressing shortcomings in revenue management;</li> <li>Strictly implementing controls in expenditure management;</li> <li>Developing asset management plans that also address their repair and maintenance of assets;</li> <li>Producing accurate accounting records;</li> <li>Assisting in achieving auditing compliance and in producing reports that are reliable and of quality; and</li> <li>Supporting the training of officials to meet the minimum competencies.</li> </ul> <p>The Office of the Chief Procurement Officer aims to:</p> <ul style="list-style-type: none"> <li>Modernise the state procurement system to be fair, equitable transparent, competitive and cost effective;</li> <li>Enable the efficient, economic effective and transparent utilisation of financial and other resources, including state assets, for improved service delivery; and</li> <li>Promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources.</li> </ul> | <p><b>OFFICE OF THE ACCOUNTANT GENERAL DIVISION - CONTINUED</b></p> <p>The OAG continued to monitor compliance with the requirement to pay suppliers within 30 days from receipt of an invoice by national and provincial departments. Quarterly reports were sent to relevant stakeholders including the Department of Planning, Monitoring and Evaluation (DPME), the Office of the Public Service Commission (OPSC) and the Department of Small Business Development (DSBD).</p> <p>The annual report was provided to the Cabinet, Standing Committee on Public Accounts (SCOPA) and the Standing Committee on Finance (SCoF) including the status of compliance with the requirements to pay suppliers within a prescribed period, reasons for late and/or non-compliance, and interventions by the National Treasury to improve the status of compliance by national and provincial departments. The National Treasury continued to assist and support suppliers with queries relating to the non-payment of invoices by government institutions that are reported to the 30 days supplier's hotline at the National Treasury.</p> <p>The OAG provided support to national, provincial and local level spending agencies in accounting, risk management and internal audit. Information-sharing platforms were convened to disseminate information on new initiatives, create opportunities for interaction with peers and provide guidance where necessary. State of readiness assessments of internal audits were conducted for institutions due for external quality assurance review, and a programme to mentor officials and prepare their organisations for the external review has also been introduced. The survey on status of internal audit functions and audit committees was conducted and relationships between the Institute of Internal Auditors South Africa (IIASA) and the Public Sector Audit Committee Forum were strengthened.</p> <p>The consolidated annual financial statements for national government and entities, the NRF and RDP, were tabled in Parliament by the extended deadline of 10 December 2021. This is a PFMA requirement to provide oversight structures and users with a consolidated position of the national government. The unit provided support on accounting and reporting issues to national PFMA compliant institutions including provincial treasuries, as well as to MFMA compliant institutions or local government.</p> <p>To ameliorate the skills deficit, capacity building in public financial management is critical.</p> |

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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND<br/>SUPPLY CHAIN MANAGEMENT<br/>SYSTEMS - CONTINUED</b></p> <p>This programme comprises of two divisions: The Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>This programme facilitates accountability, governance and oversight by promoting effective, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p> <p>The Office of the Accountant-General (OAG) 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 (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"> <li>• The appointment of suitably qualified financial officials;</li> <li>• Growing the internship programme for graduates to be absorbed in municipalities;</li> <li>• Implementing budget reforms;</li> <li>• Improving supply chain management;</li> </ul> | <p><b>OFFICE OF THE ACCOUNTANT GENERAL DIVISION - CONTINUED</b></p> <p>To this end, the OAG has put several capacitation interventions in place, including the Chartered Accountants Academy (CAA), which provides an avenue for prospective Chartered Accountants (CAs) to receive training.</p> <p>In addition, the Swiss funded Procurement Infrastructure and Knowledge Management (PINK) and the European Union (EU) Financial Management for Improved Service Delivery (FMISD) programmes have been implemented in the selected provinces and municipalities to strengthen the implementation of MFMA and PFMA reforms across beneficiary municipalities and other clients, and to help build capacity for sound and good financial management which is a prerequisite for an efficient and effective public service.</p> <p>The EU-funded FMISD programme has been implemented in two selected provinces (Northern Cape and Eastern Cape) and in the selected eight local municipalities i.e. four municipalities in Eastern Cape (Blue Crane Route, Kouga, Ndlambe and Sundays River Valley), and four municipalities in Northern Cape (Dawid Kruiper, Ga-Segonyana, Kareeberg and Umsobomvu). Two Provincial Technical Advisors (PTAs) were assigned to each province and eight Municipal Technical Advisors (MTAs) were placed in the respective municipalities.</p> <p>The Municipal Finance Improvement Programme (MFIP) is a strategically driven programme of technical support that is aligned with the six local government financial management ‘game changers’ and is designed to build the institutional and technical financial management capacity of the National Treasury, the provincial treasuries and municipalities. This is achieved mainly through the placement of Technical Advisors (TAs) in the MFMA support units of provincial treasuries and the Budget and Treasury Office (BTO) of municipalities. The overall strategic goal of the programme is to facilitate improvements in the management of the financial affairs of municipalities and effective implementation of the MFMA. The MFIP supports the government’s Medium Term Strategic Framework Priority 1 towards building a capable, ethical and developmental state.</p> <p>The programme is implemented under the budget and functional authority of the National Treasury’s Office of the Accountant-General (OAG), in partnership with the Intergovernmental Relations (IGR) division, Office of the Chief Procurement Officer (OCPO), with administrative management support provided by GTAC.</p> |

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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND<br/>SUPPLY CHAIN MANAGEMENT<br/>SYSTEMS - CONTINUED</b></p> <ul style="list-style-type: none"> <li>Addressing shortcomings in revenue management;</li> <li>Strictly implementing controls in expenditure management;</li> <li>Developing asset management plans that also address their repair and maintenance of assets;</li> <li>Producing accurate accounting records;</li> <li>Assisting in achieving auditing compliance and in producing reports that are reliable and of quality; and</li> <li>Supporting the training of officials to meet the minimum competencies.</li> </ul> <p>The Office of the Chief Procurement Officer aims to:</p> <ul style="list-style-type: none"> <li>Modernise the state procurement system to be fair, equitable transparent, competitive and cost effective;</li> <li>Enable the efficient, economic effective and transparent utilisation of financial and other resources, including state assets, for improved service delivery; and</li> <li>Promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources.</li> </ul> | <p><b>OFFICE OF THE ACCOUNTANT GENERAL DIVISION - CONTINUED</b></p> <p>As at 31 March 2022, the MFIP had procured and deployed 73 TAs as follows:</p> <ul style="list-style-type: none"> <li>Municipalities: 21 TAs were deployed supporting 42 municipalities across the nine provinces.</li> <li>Provincial treasuries: 32 TAs were placed. The support to the provincial treasuries was offered in supply chain management, Municipal Standard Chart of Accounts (mSCOA), accounting and audit support, asset management and budget and revenue management.</li> <li>National Treasury: 20 TAs were placed were placed to support the Chief Directorates: Local Government Budget Analysis, Municipal Finance Management Act Implementation and the OCPO. The support was provided in accounting and audit support, budgeting and financial management, budget and revenue management, Municipal Financial Recovery Services (MFRS), mSCOA and supply chain management.</li> </ul> <p>The MFIP capacity building and skills transfer initiatives support various institutional and technical areas in financial management in terms of the MFMA and the local government reform agenda of the National Treasury. While these interventions are mostly informal and non-accredited, they assist in enhancing the practical, on-the job skills of officials involved in municipal financial management. During the reporting period, 2 494 capacity building sessions were held involving 16 723 officials, which is more than double compared to the previous financial year. The municipal advisors conducted 1 062 capacity building sessions reaching 2 634 officials across the supported municipalities. The MFIP specialists conducted 1 432 capacity building sessions with 14 089 officials.</p> <p>The programme has made substantial progress with the implementation of MFIP. Various measures have been implemented to improve the overall effectiveness and efficiency of the programme. These include strengthening the institutionalisation of the modified business model, undertaking ongoing advocacy of the revised governance and management arrangements with programme stakeholders and implementing MFIP knowledge and information management initiatives to improve the efficiency of programme administration and enhance knowledge sharing and collaborative learning across the project work streams.</p> |

# INSTITUTIONAL IMPACTS AND OUTCOMES

03

| OUTCOME   | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS   |
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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND<br/>SUPPLY CHAIN MANAGEMENT<br/>SYSTEMS - CONTINUED</b></p> <p>This programme comprises of two divisions: The Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>This programme facilitates accountability, governance and oversight by promoting effective, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p> <p>The Office of the Accountant-General (OAG) 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 (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"> <li>• The appointment of suitably qualified financial officials;</li> <li>• Growing the internship programme for graduates to be absorbed in municipalities;</li> <li>• Implementing budget reforms;</li> <li>• Improving supply chain management;</li> </ul> | <p><b>OFFICE OF THE ACCOUNTANT GENERAL DIVISION - CONTINUED</b></p> <p>The programme also supported the procurement and coordination of <i>ad hoc</i> projects. These included the 12-month municipal financial management programme (NQF 6) which registered 115 nominated officials from the National Treasury and provincial treasuries with the Local Government Sector Education and Training Authority (LGSETA), functionality audits on municipal financial systems and the development of municipal socio-economic profiles for eight provinces, excluding Western Cape province.</p> <p>The programme initiatives mentioned above, with the exception of the <i>ad hoc</i> projects, will continue in 2022/23.</p> <p>The work of law enforcement authorities has been supported through investigations and the production of germane reports.</p> <p>The National Treasury developed and presented an annual progress report on financial management and compliance matters of the PFMA institutions to the Standing Committee on Public Accounts (SCOPA) and the Standing Committee on Finance (SCoF) on the progress report related to improvement of financial management in PFMA institutions to assist with information that will strengthen their oversight functions. The reports also provide information on strategic initiatives taken by the OAG in addressing transversal matters and those that pose challenges during audits of PFMA institutions.</p> <p>The National Treasury also prepared and tabled a memorandum on audit outcomes of the PFMA institutions for 2020/21 to the Cabinet.</p> <p><b>OFFICE OF THE CHIEF PROCUREMENT OFFICER DIVISION</b></p> <p>A revised draft Public Procurement Bill has been finalised, with due consideration of the recommendations of the Zondo Commission reports and the Constitutional Court judgement of 16 February 2022. Approval was obtained from the Minister to consult Nedlac on the draft Public Procurement Bill (PPB). Consultations with Nedlac on the draft Public Procurement Bill will commence in the new financial year. Once all the associated processes are completed, the draft Bill will be submitted to Cabinet for approval to introduce it in Parliament.</p> |

# 03 INSTITUTIONAL IMPACTS AND OUTCOMES

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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS - CONTINUED</b></p> <ul style="list-style-type: none"> <li>Addressing shortcomings in revenue management;</li> <li>Strictly implementing controls in expenditure management;</li> <li>Developing asset management plans that also address their repair and maintenance of assets;</li> <li>Producing accurate accounting records;</li> <li>Assisting in achieving auditing compliance and in producing reports that are reliable and of quality; and</li> <li>Supporting the training of officials to meet the minimum competencies.</li> </ul> <p>The Office of the Chief Procurement Officer aims to:</p> <ul style="list-style-type: none"> <li>Modernise the state procurement system to be fair, equitable transparent, competitive and cost effective;</li> <li>Enable the efficient, economic effective and transparent utilisation of financial and other resources, including state assets, for improved service delivery; and</li> <li>Promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources.</li> </ul> | <p><b>OFFICE OF THE CHIEF PROCUREMENT OFFICER DIVISION - CONTINUED</b></p> <p>Following the Constitutional Court judgement issued on 16 February 2022 on the matter between the Minister of Finance and Afribusines regarding the 2017 Preferential Procurement Regulations, the National Treasury, through the office of the Chief Procurement Officer, received a request for exemptions in terms of Section 3(c) of the Preferential Procurement Policy Framework Act, 2000, that exempts organs of state from complying with the Act until the new Preferential Procurement Regulations take effect or the Constitutional Court's clarity on the suspension of the invalidity of the Preferential Procurement Regulations, 2017, is provided, whichever occurs first. Through this process, the Minister of Finance granted exemption to 464 organs of state.</p> <p>Recognising the urgency of the requests for exemption in terms of Section 3 of the Act, the department instituted a process to ensure that the requests were dealt with expeditiously. In March, the draft Preferential Procurement Regulations were published for public comment with a closing date of 11 April 2022. The review of the comments is ongoing, and it is envisaged that the process will be expedited and new regulations will be in place to implement the provisions of the PPPFA.</p> <p>The OCPO successfully issued three PFMA instructions and one PPPFA Designated Sector Circular. These were:</p> <ul style="list-style-type: none"> <li>PFMA SCM Instruction No. 01 of 2021/22 - Departure from publication of bids, bid awards and related notifications in the government Tender Bulletin and the eTender portal</li> <li>PFMA SCM Instruction No. 02 of 2021/22 - Threshold values for the procurement of goods and services by means of petty cash, written price quotations or competitive bids</li> <li>PFMA SCM Instruction No. 03 of 2021/22 - Enhancing compliance, transparency and accountability in Supply Chain Management and</li> <li>Designated Sector Circular No. 1 of 2021/22 – Cement.</li> </ul> <p>Thirty-five transversal contracts were renewed in 2021/22 against a target of 21.</p> <p>Through strategic procurement initiatives, sourcing strategies for various commodity categories were developed. Research was conducted into government's bulk fuel tanks in respect of their current state of repair and maintenance as well as the ownership thereof.</p> |

# INSTITUTIONAL IMPACTS AND OUTCOMES

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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND<br/>SUPPLY CHAIN MANAGEMENT<br/>SYSTEMS - CONTINUED</b></p> <p>This programme comprises of two divisions: The Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>This programme facilitates accountability, governance and oversight by promoting effective, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p> <p>The Office of the Accountant-General (OAG) 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 (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"> <li>• The appointment of suitably qualified financial officials;</li> <li>• Growing the internship programme for graduates to be absorbed in municipalities;</li> <li>• Implementing budget reforms;</li> <li>• Improving supply chain management;</li> </ul> | <p><b>OFFICE OF THE CHIEF PROCUREMENT<br/>OFFICER DIVISION - CONTINUED</b></p> <p>There are currently 465 bulk fuel tanks situated at government institutions whose ownership is unknown. The tanks are old, damaged, not maintained, dilapidated and causing environmental damage to the premises as well as the vehicles consuming fuel from them. This project will continue in 2022/23.</p> <p>Two projects in the health industry were undertaken. The first was for the development of standardised procurement strategies and standard contracts for the maintenance of hospital equipment whose warranties have expired. This project will continue in 2022/23. The second health related project was for radiology equipment in which 18 specifications were developed for nuclear medicine equipment and six specifications for radiography equipment. The outputs on this project included the standardised specifications, template service level agreements, template maintenance agreements as well as special conditions of contract. This project was completed in 2021/22.</p> <p>The project for a government online travel booking solution is still in progress and will continue into 2022/23. During the reporting period, all travel business processes were mapped with various national and provincial departments, public entities and local government institutions. This project was completed in 2021/22 and its output will be an input into the travel booking solution project.</p> <p>The National Travel Policy Framework (now called the National Travel Framework) and the travel cost containment directives were revised and will be published in quarter 2 of 2022/23 to become effective in September 2022.</p> <p>The project for the revision of the Strategic Procurement Framework (SPF) is underway and will continue into 2022/23 with the appointment of a service provider to revise, edit, proofread and develop short e-learning tutorials.</p> <p>The Central Supplier Database (CSD) continues to simplify and strengthen accessibility of doing business with the state. As at 31 March 2022, the system had 1 003 358 registered suppliers, with 315 058 women, 289 379 youth and 8 418 people with disabilities.</p> |

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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS - CONTINUED</b></p> <ul style="list-style-type: none"> <li>Addressing shortcomings in revenue management;</li> <li>Strictly implementing controls in expenditure management;</li> <li>Developing asset management plans that also address their repair and maintenance of assets;</li> <li>Producing accurate accounting records;</li> <li>Assisting in achieving auditing compliance and in producing reports that are reliable and of quality; and</li> <li>Supporting the training of officials to meet the minimum competencies.</li> </ul> <p>The Office of the Chief Procurement Officer aims to:</p> <ul style="list-style-type: none"> <li>Modernise the state procurement system to be fair, equitable transparent, competitive and cost effective;</li> <li>Enable the efficient, economic effective and transparent utilisation of financial and other resources, including state assets, for improved service delivery; and</li> <li>Promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources.</li> </ul> | <p><b>OFFICE OF THE CHIEF PROCUREMENT OFFICER DIVISION - CONTINUED</b></p> <p>The eTender portal that is used for publication of government tender opportunities was revamped and enhanced to include procurement planning and contract management functions.</p> <p>A total of 18 594 procurement opportunities were advertised on the platform. Through the OCPO, the National Treasury has published public sector procurement information planned for the next 12 months, including the dashboard on COVID-19 procurement.</p> <p>During the reporting period, institutions that required assistance in strengthening their SCM functions and improving SCM performance were identified. These included Eskom, Denel, Department of Justice and Constitutional Development and Transnet. The OCPO has also provided support on a municipal audit programme to several municipalities in the country and continued to monitor procurement practices in the organs of states as well as acting on issues identified to ensure compliance.</p> <p>The OCPO provided oversight in respect of compliance with SCM policies, procedures, norms and standards, and procurement plans, deviations and contract expansions for departments and public entities. These were published to improve transparency. The OCPO also continued to assist and support the law enforcement agencies and the Fusion Centre with review of procurement processes for PPE.</p> <p>The OCPO continues to work with the Presidency to capacitate and educate women in business across the nine provinces to enable them to compete successfully in public procurement and provide goods and services to institutions of government.</p> <p>The division continued to support empowerment objectives through public procurement strategies targeted at vulnerable women facing economic challenges. These included services offered to support emerging businesses in developing business plans and sourcing funding to build sustainable businesses. The Constitutional Court ruling on public procurement created turbulence in the programme of empowering women. Without sight of individual preferential policies from different organs of state, it is and will remain a challenge to convey a message of uniformity in the public procurement system.</p> |

# INSTITUTIONAL IMPACTS AND OUTCOMES

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| <p><b>PROGRAMME 5:<br/>FINANCIAL ACCOUNTING AND<br/>SUPPLY CHAIN MANAGEMENT<br/>SYSTEMS - CONTINUED</b></p> <p>This programme comprises of two divisions: The Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>This programme facilitates accountability, governance and oversight by promoting effective, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p> <p>The Office of the Accountant-General (OAG) 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 (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"> <li>• The appointment of suitably qualified financial officials;</li> <li>• Growing the internship programme for graduates to be absorbed in municipalities;</li> <li>• Implementing budget reforms;</li> <li>• Improving supply chain management;</li> </ul> | <p><b>OFFICE OF THE CHIEF PROCUREMENT OFFICER DIVISION - CONTINUED</b></p> <p>A 4-week radio campaign, whose objective was to simplify the process of transacting with government through public procurement, was implemented late in the financial year. The campaign was rolled out in Gauteng through SAFM, Mpumalanga on RiseFM and on YouFM in the North West and Northern Cape.</p> <p>The OCPO has provided ongoing engagements with internal stakeholders. During the reporting period, the provincial SCM forum was adopted as a sub-committee of the technical committee on finance with heads of provincial treasuries as permanent members with a focus on the following towards improving SCM performance agreed to:</p> <ul style="list-style-type: none"> <li>• The legislative framework</li> <li>• Audit outcomes</li> <li>• Skills and professionalisation of the SCM discipline</li> <li>• The use of technology in SCM</li> <li>• Strategic procurement/transversal contracts.</li> </ul> <p>The engagements on these areas have been extended to the SCM Forum for State Owned Entities as well.</p> |

# 03 INSTITUTIONAL IMPACTS AND OUTCOMES

| OUTCOME   | ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS  |
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| <p><b>PROGRAMME 6:<br/>INTERNATIONAL FINANCIAL RELATIONS</b></p> <p>This programme manages South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa as a whole.</p> | <p><b>INTERNATIONAL AND REGIONAL ECONOMIC POLICY DIVISION</b></p> <p>In June 2021, the African Development Bank (AfDB) conducted a review of the 2018-2022 Country Strategy Paper (CSP) for South Africa and the country portfolio performance review to assess progress made towards achieving the CSP outcomes and outputs. South Africa is the biggest client of the AfDB accounting for over 40 per cent of the Southern Africa bank's portfolio. As of 31 May 2021, the AfDB had 23 ongoing projects in South Africa to a value of \$5.59 billion (R76.81 billion). The overall performance of the portfolio was assessed as "satisfactory".</p> <p>The National Treasury represented South Africa in the meetings of the African Development Fund (ADF) and the International Development Association (IDA). Continued participation has enabled South Africa to maintain its voice in these concessional funds and, as one of the only African donors, to influence the funds' strategic focus to ensure that it is geared towards meeting the needs of low-income African countries.</p> <p>In 2021, the World Bank approved the new Country Partnership Framework (CPF) for 2022-2026 for South Africa. The CPF is a non-binding bilateral cooperation programme that outlines the bank's areas of focus in its member countries over a five-year period. Under the new CPF, the World Bank approved a development policy loan for \$750 million (R11 billion) to help South Africa protect the poor and vulnerable from the adverse socio-economic impact of the COVID-19 pandemic. This loan is part of the National Treasury's Medium-Term Funding Strategy which includes supplementing market borrowing with multilateral development financing. This diversification of funding sources considers the relatively competitive, lower interest rate costs associated with multilateral development financing, which is concessional in nature, compared to the non-concessional market funding as part of the funding mix.</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. South Africa's continued participation, through the National Treasury, has led to South Africa continuing as a member of the F15 in 2022 following a request by the National Treasury through the South African Embassy, which was approved by the Southern Region in Addis Ababa.</p> |

# INSTITUTIONAL IMPACTS AND OUTCOMES

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| <p><b>PROGRAMME 6:<br/>INTERNATIONAL FINANCIAL<br/>RELATIONS - CONTINUED</b></p> <p>This programme manages South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa as a whole.</p> | <p><b>INTERNATIONAL AND REGIONAL ECONOMIC<br/>POLICY DIVISION - CONTINUED</b></p> <p>As part of South Africa's engagement in the Southern African Customs Union (SACU) and informed by the strategic objective to promote integration and strengthen governance in the Secretariat, the National Treasury continued to engage on all finance track related matters. Completion of the review of the conditions of service and guidelines for the appointment of senior executives, including the Executive Secretary, has strengthened the process of appointing the Executive Secretary of SACU. Accordingly, the Council of Ministers will undertake to conclude the appointment of the new Executive Secretary by end of July 2022. Additionally, the National Treasury participated in the 7th SACU Summit which endorsed the strategic plan of the institution and the refocused work programme of SACU.</p> <p>The macroeconomic convergence programme of the Southern African Development Community (SADC) continued to be a key feature of the integration agenda. South Africa prioritised engagement and achievement of the set targets and experience sharing among member states towards strengthened financial and economic integration. Of key importance is the process now underway to review the SADC Finance and Investment Protocol, which is at the core of financial integration.</p> <p>On behalf of the South African government, the National Treasury successfully concluded the International Monetary Fund (IMF) Article IV Consultation from 17 November to 3 December 2021.</p> <p>In the Group of Twenty (G20), the National Treasury supported the Minister of International Relations and Cooperation in her engagement at the hybrid Rome (G20) Summit in October 2021 on behalf of the President. During the summit, discussions focused on global economy and health issues, including climate change and the environment. In the discussions on the global economy and health, the Minister highlighted that more resources should be provided to the Africa Centres for Disease Control and Prevention to ensure it becomes more capable of addressing future pandemics. She also proposed that Africa be supported to produce at least 60 per cent of the vaccine doses needed on the continent. Lastly, the Minister emphasised that the G20 should address the fault lines that impede global and inclusive growth.</p> |

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| <p><b>PROGRAMME 6:<br/>INTERNATIONAL FINANCIAL RELATIONS - CONTINUED</b></p> <p>This programme manages South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa as a whole.</p> | <p><b>INTERNATIONAL AND REGIONAL ECONOMIC POLICY DIVISION - CONTINUED</b></p> <p>National Treasury represented South Africa in advocating for a timely, orderly and coordinated implementation of the Common Framework for Debt Treatment beyond the Debt Service Suspension Initiative (DSSI) in support of the most vulnerable countries. South Africa is also participating in the creditor committee for Zambia as vice-chair with France and China as the co-chairs.</p> <p>In 2022 South Africa received approval to become a prospective member of the Paris Club following an invitation by the Paris Club Chair. This status provides countries with the opportunity to join the Paris Club as a full member in the near term and demonstrates South Africa's interest to work more closely on sovereign debt issues especially as it relates to African countries.</p> <p>The National Treasury continued to represent South Africa in the Brazil, Russia, India, China and South Africa (BRICS) formation to advance collaboration on the BRICS public private partnership and infrastructure task force focusing on social infrastructure investment and the use of digital technologies.</p> <p>Since becoming a member of the New Development Bank (NDB), South Africa has secured funding to the value of US\$5.3 billion for various sectors. This includes US\$2 billion financing from the NDB fast-track COVID-19 assistance facility which supports NDB member countries in two phases: Phase I focuses on the most urgent needs of NDB's member country governments, mostly for health and social safety nets, while Phase II supports economic stimulus and recovery.</p> |

# INSTITUTIONAL IMPACTS AND OUTCOMES

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| <p><b>PROGRAMME 7:<br/>CIVIL AND MILITARY PENSIONS,<br/>CONTRIBUTIONS TO FUNDS<br/>AND OTHER BENEFITS</b></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><b>CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS</b></p> <p>The programme has continued to achieve its annual targets. During the reporting period, all indicators were achieved and of the three, two were exceeded.</p> <ul style="list-style-type: none"> <li>• 99.99 per cent benefits paid within liability date against a target of 99 per cent.</li> <li>• 100 per cent fewer fraudulent benefit claims prevented from materializing against a target of 90per cent.</li> <li>• 100 per cent achievement of data integrity against target of 95 per cent</li> </ul> <p>This is attributed to continuous monitoring of production statistics and effective administration of the programme fund benefits.</p> |

# 04 PERFORMANCE INFORMATION BY PROGRAMME

“The Minister of Finance provides strategic direction and leadership to the National Treasury. With the support of the Deputy Minister, the Minister of Finance is also responsible for policy matters and departmental outcomes”

## 4.1 PROGRAMME 1: ADMINISTRATION

**Purpose:** Provide strategic leadership, management and support services to the department.

### Institutional Outcomes

- Sound financial controls and management of public finances.

## SUB-PROGRAMMES

### *Office of the Minister and Deputy Minister*

The Minister of Finance provides strategic direction and leadership to the National Treasury. With the support of the Deputy Minister, the Minister of Finance is also 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 the National Treasury. The Director-General is also 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 and reports directly to the Director-General. It consists of the following support services:

*Internal Audit* 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 OAG in providing guidance and support to internal audit functions in government.

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

## PROGRAMME 1: ADMINISTRATION

*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 effective and efficient 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* 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 its stakeholders.

### **Corporate Services**

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

*Human Resources Management* ensures transactional and transformational human resources 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 Public Finance Management Act (PFMA). In ensuring compliance, the unit strives to attain a balance between achieving service excellence and maintaining administrative controls.

*Information and Communication Technology* 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.

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

## PROGRAMME 1: ADMINISTRATION

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 of organisational information created within and in-partnership with the 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, 2003 (Act No. 629 of 2003).

*The 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

**Enterprise Risk Management** continued to refine the structure and strengthen processes to improve and further entrench the culture of risk management in the organisation. During the reporting period, the National Treasury achieved a risk maturity level 5. The practice and application of risk management principles were further enhanced by working in partnership with Strategic Planning, Monitoring and Evaluation (SPM&E) in the development of the divisional and chief directorate operational plans, thereby integrating risk management in both performance and project planning. The top 17 strategic risks have been identified and are consistently monitored.

The effective and continuous implementation of the Business Continuity Programme (BCP) improved organisational resilience and maturity. The BCPs were regularly tested for effectiveness and relevance to improve the business continuity capability following business disruptions. Hybrid working strategies and solutions were implemented to ensure uninterrupted operations. To enhance organisational resilience, online platforms have been created to allow remote access to VPN anywhere in the country and internationally. Disaster recovery sites are available and operational in Pietermaritzburg and SITA (Centurion).

The National Treasury continues to have zero tolerance of corrupt activities. Ethics and anti-corruption risk profiles have been developed to ensure an ethical organisational culture that supports the achievement of organisational objectives.

**Internal Audit** (IA) successfully implemented its annual risk-based audit plan for 2021/22 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's Audit Committee. Twenty-two audits were approved and planned for with twenty-one audits completed and one audit cancelled on recommendation of management and approval by the Audit Committee. All audits and other work of the IA function were conducted in accordance with the International Standards for the Professional Practice of Internal Audit as issued by the Institute of Internal Auditors.

During the reporting period, an external assurer was appointed to conduct an External Quality Assurance Review (EQAR) on the IA function. The conclusion and opinion on the work of the Internal Audit was "general conformance", the highest possible rating by The Institute of Internal Auditors.

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

## PROGRAMME 1: ADMINISTRATION

**Strategic Planning, Monitoring and Evaluation** (SPM&E) has matured to full integration of planning and reporting across the organisation, enabling combined intelligent reporting that supports evidence-based decision making. This capacity has strengthened the coupling between performance planning and budgeting and performance reporting and expenditure monitoring, allowing a nuanced approach to performance evaluation and budget allocation. Planning and monitoring at Chief Directorate level has been fully linked to individual performance management, thereby creating end to end oversight over the organisation. This has been accompanied by enhancements to the Big Projects and Reporting Instrument to increase flexibility tailored to the unique characteristics of these big projects while introducing uniform monitoring measures. Monitoring and reporting have been further supplemented with the development of a single instrument that monitors delivery against the various performance obligations of the Minister of Finance. The bespoke Organisational Performance Planning and Reporting Management System (OPPMMS), that modernises, automates and integrates the core elements of risk, budgeting, audit findings register, strategic planning, monitoring and evaluation and SCM, has been undergoing testing for roll out. Once fully implemented, this system will enhance productivity, increase efficiency, enable integration, advance performance and reduce efforts and costs of all constituencies to departmental planning and reporting. The advocacy and information sharing campaign further embedded a culture of planning and monitoring throughout the organisation, inculcating a sense of ownership over performance reporting and trust in the results and consequently increasing compliance levels.

**Human Resource Management** (HRM) continues to drive its core strategies to address the workforce challenges identified. A combination of approaches, both internal and external talent sourcing, is employed for the acquisition of the best talent. The Graduate Development Programme (GDP) is a key enabler for the investment in and retention of talent. Other platforms in addition to the public service vacancy circular are being used for advertising to reach the appropriate level of talent.

National Treasury's vacancy rate was 13.69 per cent in the reporting period compared to 14.59 per cent in the previous financial year. Certain unfunded positions nevertheless remain in the establishment. Policies and other relevant frameworks are being reviewed and some concluded to enhance relevance and good governance including the Talent Management Framework and Mentoring and Coaching Framework. Human Resources Management will continue to support technical training needs of all employees by means of training interventions through the hybrid model to support employees' preferred flexible working environment. Similarly, as a pipeline into the department, the GDP will continue to provide a foundation for entry level positions. Currently, 56 per cent of SMS employees are women; 30.93 per cent are youth; and 1.1 per cent are people with disabilities.

The department's performance management system has been enhanced with the review of the performance management as well as the recognition and rewards policies. This suite of policies encourages a culture of performance across the department and has assisted in identifying underperformance that can be addressed through development programmes. National Treasury has an approved Performance Management and Development Policy

*"The department's performance management system has been enhanced with the review of the performance management as well as the recognition and rewards policies"*

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

## PROGRAMME 1: ADMINISTRATION

“Efforts towards the national priority of youth employment continued with the National Treasury staff complement comprising **31.65 per cent youth**”

(PMDP) for all employees. During the reporting period, 98 per cent of senior management service (SMS) members entered into performance agreements. SMS members who did not sign performance agreements with their line managers were not eligible for any performance related recognition and reward. The 2020/21 performance evaluation process and the 2022/23 signing of performance agreements have been finalised. The 2021/22 performance evaluation process has been initiated and will be finalised in line with DPSA directives.

Staff turnover for 2021/22 in the organisation was 8.5 per cent. While this is a decrease from 10.4 per cent in the previous financial year, it is still considered high. Exits from the organisation remain mostly as a result of resignations which were at 41 per cent compared to 42 per cent in the previous financial year. During the reporting period, the vacancy rate for the period was 14 per cent compared with 11 per cent in the previous financial year. The increasing pressures on the fiscus with the reduction in budget for compensation of employees are challenging and the option to retain staff through offering higher remuneration is not sustainable. Future retention efforts will need to focus on instruments such as increasing exposure of employees, improving the working environment and alternative methods of recognition.

The National Treasury continued to encourage employees to consider rotation as part of ensuring sustainable employee engagement. Rotation and acting in higher positions for exposure purposes ensures that the department can call on a diverse set of skills and is able to recruit internally should opportunities become available. During the reporting period, three interns were appointed to permanent positions. The total percentage of female employees in the National Treasury is 54.47 per cent. The gender equity target for SMS members has been exceeded, with 56 per cent female representation against the target of 50 per cent. At the end of the financial year, the employment equity statistics indicated that 0.88 per cent of employees had declared disabilities. Efforts towards the national priority of youth employment continued with the National Treasury staff complement comprising 31.65 per cent youth. There was an increase in awareness and utilisation of the department's employee health and wellness programme to 17 per cent in 2021/22, up from 10 per cent in the previous financial year. This was mainly due to the COVID-19 pandemic when an increase in the use psychosocial services was recorded.

**Knowledge Management** (KM) facilitated the institutionalisation of the Ndzhaka (“inheritance”) project and secured an implementation partnership with the Government Technical Advisory Centre (GTAC). This innovative knowledge harvesting initiative aims to capture and preserve the institutional memory of the organisation's cornerstone institutional reforms. These will be recorded as academic papers as well as first hand oracle recordings. Knowledge Management also facilitated the development of the National Treasury's integrated knowledge and information management system funded by Swiss State Secretariat for Economic Affairs (SECO). Work continued to document the National Treasury's core business processes as part of the organisational review project and to provide business analysis support to its divisions.

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

## PROGRAMME 1: ADMINISTRATION

**Records Management** (RM) continued to provide records management support to the National Treasury and the GTAC and to ensure compliance with the National Archives Act. Bulk document scanning services were provided, in which paper records are scanned and uploaded to SharePoint to enable staff and auditors quick and easy access to official records off the National Treasury's premises. Paper files that are in the departmental archives repository were retrieved as required for reference and audit purposes, valuable records were also collected from different business units, captured in the records database and stored in the records repository. Work was done with KM in ensuring compliance with the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA) and the Protection of Personal Information Act, 2013 (Act No. 4 of 2013) (POPIA) through facilitating requests for information from members of the public and private bodies, submitting the Section 32 report to the Information Regulator and putting systems in place to ensure POPIA compliance.

The **Information and Communication Technology** (ICT) unit is using the power of technology to optimise internal processes such as e-recruitment, e-leave and the Budget process. Such technologies are also being employed to improve services to external stakeholders through eTenders, the Central Supplier Database (CSD) and retail bonds. Working virtually during the lockdown led to the deployment of supporting technologies including automated memorandums and digital signatures. These technologies are being shared with other government departments to reduce learning curves by building on the lessons learned by the National Treasury. Data analytics and artificial intelligence technologies are being harnessed to measure productivity and collaboration as officials work at various times from the office, at home and at other sites and on any device. Cybersecurity and IT governance are being strengthened as more services move into the cloud to enable better integration of diverse technologies and collaboration. The National Treasury also increased its computing and storage capacity and there is continual improvement of business continuity technologies to ensure that organisation is able to operate at all times regardless of any emergencies.

**Public Entities Oversight unit** (PEOU), in pursuit of its objective to oversee public entities reporting to the Minister of Finance, has continued to provide recommendations that are constructive, consistent and solution based. To ensure alignment of entities' strategic objectives and government priorities, all public entities' strategic plans and annual performance plans were reviewed for ministerial approval and timeously tabled in Parliament. Inputs have been provided in the allocation of the financial resources to 16 public entities and appropriate funding recommendations have been made during the processes of the Medium Term Expenditure Framework (MTEF), the Estimates of National Expenditure (ENE) and the Adjusted Estimates of National Expenditure (AENE). Public entities were supported with the completion and implementation of strategic projects with the timeous approval of the requests for the retention of surplus. During the reporting period, advice was provided to entities regarding the filling of executive management vacancies and the minister on the appointment of board members. Stakeholder relationships were strengthened to improve accountability in the deployment of public funds, help inform decisions and provide support for long-term sustainability.

"Public entities were supported with the completion and implementation of strategic projects with the timeous approval of the requests for the retention of surplus"

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

## PROGRAMME 1: ADMINISTRATION

“The department’s public reputation was protected and enhanced by managing its identity and positive image through the dissemination of functional, thoughtful, consistent and well-articulated internal communication messages through corporate communications”

The **Financial Management** unit continued to exercise governance in curbing deviations and incidents of non-compliance. Contract management was strengthened and monitoring of processes took place in line with the newly approved Contract Management and Administration Framework. Financial resource support was provided to internal and external stakeholders on an annual basis, with transparent and credible budgeting processes which align the operational plans, annual performance plan and the procurement plan. This entails the MTEF, ENE, the AENE and the rollovers in line with the PFMA, Treasury Regulations and public finance guidelines.

Semi-annual and annual tax reconciliations were compiled accurately and submitted to the South African Revenue Service six weeks before the closing date. National Treasury closed its financial records on 5 April 2022. Control measures were increased with regards to processing supplier payments, with 99 per cent of payments processed at an average of 13 days from receipt of invoice. Preparation and fair presentation of audited financial statements remains a core function including the coordination of internal and external audit processes on behalf of the department. In support of capacity building, skills development continued to be provided by employing chartered accountant trainees on a rotational basis for various functions. Two trainees assisted and were given exposure to preparation and review of annual financial statements (AFS) and two former chartered accountant trainees, now qualified, were appointed on contractual basis to assist with the preparation and review of the AFS. The preparation and review process of the AFS has improved in 2021/22 as evidenced by its timeous completion, referral for review to Internal Audit, securing of all necessary approvals, including from the Audit Committee, and submission to the Accountant-General by 31 May 2022. Financial Management continues to provide administrative support to other business units through effective and efficient internal control, personnel remuneration, supply chain, asset, budget, revenue and expenditure management.

**Communications** successfully managed media and external communications to ensure that the National Treasury had a presence in the national discourse around public finance and its management. This was done strategically and proactively by creating media and public speaking platforms for executives and senior officials, with the department’s principals (the Minister and Deputy Minister of Finance and the Director-General of the National Treasury) and members of EXCO taking part in a number of radio, television, newspaper and online interviews.

Drawing on content from the National Treasury’s divisions, the unit published a range of media statements on the department’s website informing the public about key policy related issues such as the budget and procurement. Concise social media banners were used to provide speedy updates on policy developments and, through content development, monitoring and analysis, the executive was assured of effective and efficient media and communication management on all platforms.

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

## PROGRAMME 1: ADMINISTRATION

The department's public reputation was protected and enhanced by managing its identity and positive image through the dissemination of functional, thoughtful, consistent and well-articulated internal communication messages through corporate communications. Assistance was provided to departmental divisions and units to communicate the purpose and value of their work to stakeholders. Internal campaigns were successfully managed including commemorations, wellness programmes, and profiling of divisions and individuals in support of the business outcomes that contributed to the department's service delivery performance. External campaigns and outreach projects were successfully contributed to strategic matters such as the budget, budget vote, and the Medium Term Budget Policy Statement (MTBPS). Continuous planning for corporate social responsibility projects was provided, and creative and production services (visuals, design, layout, and brand activation) were completed in-house for a range of production projects.

**Legal Services** is responsible for providing a comprehensive legal advisory service to the National Treasury to execute its mandate effectively in the rule of law. During the reporting period, civil litigation services were provided in respect of approximately 120 cases involving a complex mix of law and policy in respect of constitutional attacks on legislation, procurement, special pensions, labour and general litigation. In particular, the following matters were successfully litigated:

- Nehawu and others/Minister of Public Administration and others in which the applicants sought to enforce a clause in a collective agreement that would have imposed a burden of billions of rand on the fiscus.
- Ndorum Joint Venture/Minister of Transport and others which was an attempt to hold the Minister jointly and severally liable with other departments for the payment of improvements done at Mthatha airport.
- Minister of Finance/Public Protector and others which concerned setting aside a report issued by the Public Protector which, if implemented, would have had a crippling effect on the fiscus.

The following matters were successfully advised on, thereby averting litigation:

- An attempt to unlawfully deprive the National Treasury of access to the building at 240 Madiba Street and
- The threat of litigation for an order to extend the Relief and Disaster Grant to individuals who were receiving social grants as proxies on behalf of children or dependants.

Commercial legal advice was provided in respect of various contractual arrangements between the National Treasury and its service providers. Additionally, other organs of state, such as the Hawks and the Public Protector, were assisted by officials from the National Treasury to draft statements as requested.

“Public entities were supported with the completion and implementation of strategic projects with the timeous approval of the requests for the retention of surplus”

# 04 PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 1: ADMINISTRATION

During the reporting period, Legislation prepared and enacted into law the annual budget legislation, and a supplementary Adjustments Appropriation Bill was tabled to deal with the impact of the COVID-19 pandemic and July 2021 unrest. The Financial Sector Laws Amendment Bill, providing a framework for the resolution of systemically important financial institutions to manage their impact on financial stability appropriately, was enacted into law. The Financial Sector and Deposit Insurance Levies Bill, the Financial Sector and Deposit Insurance (Administration) and the Deposit Insurance Premium Bill were tabled in Parliament. The draft Financial Matters Amendment Bill amending several Acts was published for public comment. The draft Public Procurement Bill was finalised for submission to Nedlac. Work on the draft of the Conduct of Financial Institutions Bill continued. Valuable input was provided on draft legislation developed by other departments. A number of regulations, instructions and other legal instruments were scrutinised during the reporting period. Legal advice was provided to the department and the Minister of Finance on various matters critical to the National Treasury and institutions to which the legislation it administers applies.

# PERFORMANCE INFORMATION BY PROGRAMME

04

## PROGRAMME 1: ADMINISTRATION

## PROGRAMME 1: ADMINISTRATION

| APP #                              | OUTCOME  | OUTPUT  | OUTPUT INDICATOR   | ACTUAL 2019/20 | ACTUAL 2020/21   | TARGET 2021/22  | ACTUAL 2021/22  | DEVIATION FROM PLANNED TARGET  | REASON FOR DEVIATION  |
|------------------------------------|--|---|--|----------------|--|---|---|--|---|
| <b>PROGRAMME 1: ADMINISTRATION</b> |  |   |  |                |  |   |   |  |   |
| 1.1.1                              | Sound financial controls and management of public finances | ICT service delivery reports<br>Audit Outcome | Percentage of ICT service delivery standards met<br>Audit Opinion obtained | #              | 90%  | 90%   | 90%   | N/A  | N/A   |
| 1.1.2                              |  |   |  | #              | Unqualified audit opinion with 37.7% fewer findings than 2019/20 on financial performance information    | Unqualified audit opinion with 25% fewer findings than 2020/21 on financial performance information     | Qualified audit opinion with 62.5% more findings than 2020/21 on financial performance information      | 37.5% More findings were raised in 2021/22                               | Under-performance is attributed to a year on year increase of five additional findings raised on 2021/22 financial performance information                    |
|                                    |  |   |  |                | Unqualified audit opinion with 100% fewer findings than 2019/20 on non-financial performance information | Unqualified audit opinion with 25% fewer findings than 2020/21 on non-financial performance information | Unqualified audit opinion with 100% more findings than 2020/21 on non-financial performance information | 100% more findings than 2020/21 on non-financial performance information | Under-performance is attributed to one finding raised on 2021/22 non-financial performance information due to a misstatement which was subsequently corrected |

# 04

## PERFORMANCE INFORMATION BY PROGRAMME

### PROGRAMME 1: ADMINISTRATION

| APP #                              | OUTCOME  | OUTPUT                          | OUTPUT INDICATOR  | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION  |
|------------------------------------|--|---------------------------------|---|----------------|----------------|----------------|----------------|-------------------------------|---|
| <b>PROGRAMME 1: ADMINISTRATION</b> |  |                                 |   |                |                |                |                |                               |   |
| 1.1.3                              | Sound financial controls and management of public finances | Risk Management Maturity report | Risk Management Maturity Assessment level achieved  | #              | 3.9            | 3.5            | 5              | 1.5                           | Over-performance is attributed to the risk maturity level being increased due to review and approval of governance documents.   |
| 1.1.4                              |  | Annual Training Report          | Percentage spend of training and development budget   | #              | 50.6%          | 70%            | 60%            | -10%                          | Under-performance is attributed to the delays in the processing of courses by SCM due to capacity constraints and the changing course dates which resulted in training being cancelled. |
| 1.1.5                              |  | Quarterly reports               | Number of quarterly reports on the implementation of the action plan on gender mainstreaming produced | #              | #              | 4              | 4              | N/A                           | N/A   |

PERFORMANCE INFORMATION  
BY PROGRAMME

04

## PROGRAMME 1: ADMINISTRATION

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

| UNDER-PERFORMING INDICATORS AND ACTION PLANS |  |                        |   |   |  |
|--|--|------------------------|---|---|--|
| PROGRAMME 1: ADMINISTRATION                  |  |                        |   |   |  |
| APP#   | OUTCOME  | OUTPUT                 | OUTPUT INDICATOR                                    | REASON FOR DEVIATION  | ACTION PLAN  |
| 1.1.4  | Sound financial controls and management of public finances | Annual Training Report | Percentage spend of training and development budget | Under-performance is attributed to the delays in the processing of courses by SCM due to capacity constraints and the changing course dates which resulted in training being cancelled. | HR will annually submit the Individual Development Plan reports, together with a template on the roll-out of group training to Supply Chain Management. Furthermore, training will be scheduled in employees' diaries. |

## CHANGES TO PLANNED TARGETS

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

## LINKING PERFORMANCE WITH BUDGETS

|                                    | 2021 / 22 FINANCIAL YEAR |                    |                          | 2020 / 21 FINANCIAL YEAR |                    |                          |
|------------------------------------|--------------------------|--------------------|--------------------------|--------------------------|--------------------|--------------------------|
|                                    | 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                    |
| <b>PROGRAMME 1: ADMINISTRATION</b> |                          |                    |                          |                          |                    |                          |
| Ministry                           | 4 411                    | 3 747              | 664                      | 4 283                    | 3 678              | 605                      |
| Departmental Management            | 44 392                   | 36 436             | 7 956                    | 31 786                   | 24 716             | 7 070                    |
| Corporate Services                 | 175 426                  | 149 775            | 25 651                   | 183 909                  | 171 905            | 12 004                   |
| Enterprise-Wide Risk Management    | 36 032                   | 32 526             | 3 506                    | 33 906                   | 29 531             | 4 375                    |
| Financial Administration           | 56 594                   | 54 884             | 1 710                    | 49 424                   | 46 935             | 2 489                    |
| Legal Services                     | 26 771                   | 26 322             | 449                      | 25 698                   | 25 138             | 560                      |
| Internal Audit                     | 20 457                   | 18 836             | 1 621                    | 21 611                   | 19 572             | 2 039                    |
| Communications                     | 11 945                   | 10 777             | 1 168                    | 11 472                   | 9 488              | 1 984                    |
| Office Accommodation               | 137 023                  | 121 760            | 15 263                   | 167 198                  | 165 382            | 1 816                    |
| <b>Total</b>                       | <b>513 051</b>           | <b>455 063</b>     | <b>57 988</b>            | <b>529 287</b>           | <b>496 345</b>     | <b>32 942</b>            |

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

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

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.

**Institutional Outcomes**

- Coherent economic policy advocated
- Sustainable public finances

**SUB-PROGRAMMES****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 towards 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.

**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 (MTBPS) and scenario modelling. The sound policy advice on the economic environment assists in promoting economic policy coherence in relation to the objectives of growth and job creation, and helps to improve South Africa's macroeconomic and microeconomic

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

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

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 and Financial Sector Policy (TFSP) carried out the processes required to implement the tax proposals that were announced by the Minister of Finance in the 2021 Budget. These included follow-ups on implementing the 2020 Budget tax proposals through research and drafting of legislation, consultations with the public and the Standing Committee on Finance, adjustment of specific policy measures and the related legislation after taking into account public comments, the tabling of the legislation and facilitating their enactment. In addition, two large initiatives to broaden the base announced in the 2020 Budget were put on hold in light of the economic climate during and following the COVID-19 pandemic lockdown. Due to the extended impact of the COVID-19 pandemic and the period of social unrest, additional tax relief measures were announced in July 2021, including an expansion of the employment tax incentive and deferrals of pay-as-you-earn taxes and excise duties. These measures were subsequently included in the tax legislation that was passed by Parliament.

The division coordinated and chaired the revenue analysis working committee which provided revised tax revenue forecasts for the 2021 Medium Term Budget Policy Statement (MTBPS) and the 2022 Budget. For the 2022 Budget, it also updated the estimates for tax expenditures and proposed numerous technical tax amendments to be legislated in 2022. At the time of the 2022 MTBPS, revenue for 2021/22 was expected to surpass the estimates that were made in the 2021 Budget by R120 3312.8 billion due to elevated commodity prices which improved the profitability of mining firms and a broader recovery in the finance and manufacturing sectors, relative to the estimate at the time of the 2020 Budget. However, revenue collection recovered substantially in the last quarter of 2020, resulting in a smaller projected shortfall of R213.2 billion by the time of the 2021 Budget. The positive performance continued through to the end of the fiscal year, with revenue collections for the full. The final estimate revenue collected for 2021/22 fiscal year was better than expected in the 2021 Budget, surpassing it in the previous Budget forecast by R198.7 billion.

Together with the South African Reserve Bank, participating banks and other stakeholders, the division worked on the Bounce-Back Scheme. This scheme leveraged the lessons from the Loan Guarantee Scheme which was launched in 2020, but was calibrated to support businesses to recover following relaxations of restrictions related to COVID-19. The Bounce-Back Scheme's broader objective also includes providing support to businesses affected by floods in KwaZulu-Natal, as well as those businesses affected by the July 2021 unrest. The Bounce-Back Scheme was expanded to include a broader set of SME finance providers such as development finance institutions and non-bank SME finance providers.

“The Bounce-Back Scheme's broader objective also includes providing support to businesses affected by floods in KwaZulu-Natal, as well as those businesses affected by the July 2021 unrest”

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

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

“The Minister of Finance made an announcement in the November 2021 MTBPS speech (also in the 2021 Budget Scheme), with regards to boosting household savings by increasing preservation before retirement and increasing flexibility through partial access to retirement funds through a “two-pot” system”

The division continued with the implementation of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act), and finalised the process of constituting the executive committee of the Financial Sector Conduct Authority (FSCA). This culminated in the appointment of two additional deputy commissioners of the FSCA by the Minister of Finance, and the establishment of the transitional management committee of the FSCA, which played the role of the FSCA EXCO during the transitional period. In addition, the division also facilitated the processing of the Financial Sector and Deposit Insurance Levies Bill and Administration Bill by Parliament to provide for the implementation of the FSR Act through the capacitation of the regulatory authorities.

Following the consultation policy document, “A known and trusted ombuds system for all” published in 2017, a diagnostic report “South Africa: Financial ombud system diagnostic” was published in July 2021. The paper aims to provide an independent review of South Africa’s financial ombud system and recommend reforms to enhance consumer protection and good quality outcomes in the financial services sector.

The Minister of Finance made an announcement in the November 2021 MTBPS speech (also in the 2021 Budget Scheme), with regards to boosting household savings by increasing preservation before retirement and increasing flexibility through partial access to retirement funds through a “two-pot” system. The division subsequently published two papers on the proposed retirement reforms. The papers, titled “Encouraging South African households to save more for retirement” and “Governance of umbrella funds”, were published for public comment in December 2021. The second paper seeks to improve governance in retirement funds in general, but particularly for commercial umbrella funds.

Following the publication of the draft financial inclusion policy paper, titled “An inclusive financial sector for all” for public comment in 2020, comments from the consultation process among stakeholders were received and incorporated during the financial year. The revised draft policy paper will be submitted to Cabinet once finalised.

Following Cabinet approval, the division introduced the Financial Sector Laws Amendment Bill (FSLAB) in Parliament. The FSLAB will provide tools for regulatory authorities to facilitate the resolution of systemic financial institutions. The FSLAB also proposes the introduction of a deposit insurance scheme funded by industry.

During the reporting period, the division published an updated technical paper, entitled “Financing a sustainable economy”, taking into consideration the comments received. The paper seeks to introduce a voluntary framework for addressing the risks and opportunities posed by climate change, with the aim of unlocking access to sustainable finance and stimulating the allocation of capital to support a development-focused and climate-resilient economy. One of the recommendations of the paper was to develop or adopt a taxonomy for green, social and sustainable finance initiatives. A draft green finance taxonomy was published for comment during the financial year. The green finance taxonomy is a catalogue or classification system that defines a minimum set of assets, projects, and sectors that are eligible to be defined as “green” or environmentally friendly in line with international best practice and national priorities.

## PERFORMANCE INFORMATION BY PROGRAMME

# 04

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

Working through the Intergovernmental Fintech Working Group, the division published a revised position paper on crypto assets. This followed the publication for public comment of the initial consultation paper in 2019. The revised paper provides recommendations for the development of a regulatory framework for crypto assets.

The division continued working with other government departments and agencies on addressing the deficiencies that were identified in the mutual evaluation/peer review of the country's anti-money laundering and combating of the financing of terrorism system being conducted by the financial action task force.

The division also continued working with the Financial Surveillance Department of the South African Reserve Bank in putting in place a new capital flow management system that will simplify cross-border trade and financial flows, while tightening the system for combatting sophisticated financial crimes, unexplained wealth and suspicious financial flows.

#### **Economic Policy**

The Macroeconomic Policy unit provided analysis of monetary and exchange rate policy in light of global and financial market events. Analysis and research on growth policy was undertaken, including research on the objectives and implementation of macroeconomic policy. The unit also investigated feasible labour market developments to boost employment. Research and analytical support were provided for policies to address inequality, socio-economic policy and to ensure gender-based budgeting as well as labour market policy support.

The Microeconomic Policy unit continued to produce policy relevant research, reports and presentations in accordance with the unit's approved research programme. The unit also generated appraisals of suggested product designations and International Trade Administration Commission submissions and participated and provided guidance to technical task teams and stakeholder engagement forums. In addition, the unit provided technical support to Operation Vulindlela in the implementation of structural reforms related to the electricity sector, telecommunications, freight and port performance and the skilled immigration regime. The unit also manages an inter-departmental project to examine the transitioning of the electricity sector in collaboration with the Department of Mineral Resources and Energy (DMRE), the Department of Public Enterprises (DPE) and the Presidency. The unit continued to support the collaborative programme "Southern Africa-towards inclusive economic development" jointly with DTI, DPME, SARS, IFPRI and UNU-WIDER, in particular the management of the administrative data lab.

The Modelling and Forecasting unit continued to produce quarterly economic and revenue forecasts accompanied by scenarios highlighting the main risks to the baseline macroeconomic forecast. In addition to providing information about the macroeconomic outlook, significant capacity building was conducted over the year to ensure continuity and to mitigate institutional risks; this included extensive training in forecasting and economic policy impact analysis. The unit continued to assist with the evaluation of tax and expenditure proposals on a macro level.

*"The Modelling and Forecasting unit continued to produce quarterly economic and revenue forecasts accompanied by scenarios highlighting the main risks to the baseline macroeconomic forecast."*

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

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

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

| APP #   | OUTCOME                            | OUTPUT                       | OUTPUT INDICATOR   | ACTUAL 2019/20                                      | ACTUAL 2020/21   | TARGET 2021/22   | ACTUAL 2021/22   | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION |
|---|------------------------------------|------------------------------|--|---|--|--|--|-------------------------------|----------------------|
| <b>PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH</b> |                                    |                              |  |   |  |  |  |                               |                      |
| 2.1.1   | Coherent economic policy advocated | Published papers             | Number of papers published through the SA-TIED programme   | 50  | 64   | 50   | 50   | N/A                           | N/A                  |
| 2.1.2   |                                    | Financial sector legislation | Financial sector legislation drafted   | #   | Financial sector legislation submitted for tabling in Parliament | Financial sector legislation submitted for tabling in Parliament | Financial sector legislation submitted for tabling in Parliament | N/A                           | N/A                  |
| 2.1.3   |                                    | Tax legislation              | Legislation to give effect to tax proposals from the Budget drafted  | Tax legislation submitted for tabling in Parliament | Tax legislation submitted for tabling in Parliament              | Tax legislation submitted for tabling in Parliament              | Tax legislation submitted for tabling in Parliament              | N/A                           | N/A                  |
| 2.1.4   | Sustainable public finances        | Economic forecasts           | Number of economic forecasts developed   | 4   | 4  | 4  | 4  | N/A                           | N/A                  |
| 2.1.5   | Coherent economic policy advocated | Research outputs             | Number of research outputs related to the macroeconomic policy review and microeconomic reform agenda produced | #   | #  | 4  | 4  | N/A                           | N/A                  |

# PERFORMANCE INFORMATION BY PROGRAMME

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

### 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.

### LINKING PERFORMANCE WITH BUDGETS

| PROGRAMME 2: ECONOMIC POLICY,<br>TAX, FINANCIAL REGULATION<br>AND RESEARCH             | 2021/22 FINANCIAL YEAR |                       |                             |       | 2020/21 FINANCIAL YEAR |                       |                             |       |
|--|------------------------|-----------------------|-----------------------------|-------|------------------------|-----------------------|-----------------------------|-------|
|  | FINAL<br>APPROPRIATION | ACTUAL<br>EXPENDITURE | (OVER)/UNDER<br>EXPENDITURE | R'000 | FINAL<br>APPROPRIATION | ACTUAL<br>EXPENDITURE | (OVER)/UNDER<br>EXPENDITURE | R'000 |
|  | R'000                  | R'000                 | R'000                       | R'000 | R'000                  | R'000                 | R'000                       | R'000 |
| Programme Management for<br>Economic Policy, Tax, Financial<br>Regulation and Research | 34 811                 | 31 099                | 3 712                       |       | 40 780                 | 37 096                | 3 684                       |       |
| Financial Sector Policy  | 24 877                 | 21 221                | 3 656                       |       | 24 443                 | 18 018                | 6 425                       |       |
| Tax Policy   | 32 154                 | 27 996                | 4 158                       |       | 29 901                 | 27 393                | 2 508                       |       |
| Economic Policy  | 29 632                 | 24 660                | 4 972                       |       | 26 322                 | 21 751                | 4 571                       |       |
| Cooperative Banks Development<br>Agency  | 20 328                 | 20 328                | -                           |       | 20 473                 | 20 473                | -                           |       |
| <b>Total</b>   | <b>141 802</b>         | <b>125 304</b>        | <b>16 498</b>               |       | <b>141 919</b>         | <b>124 731</b>        | <b>17 188</b>               |       |

# 04 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. Facilitate employment creation and high-impact government initiatives, and strengthen infrastructure planning and delivery.

### Institutional Outcomes

- Coherent economic policy advocated
- Sustainable public finances

### SUB-PROGRAMMES

#### *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.

#### *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. The division also reports to Parliament quarterly on the spending of national departments and selected public entities. Based on engagements with departments, the Public Finance team provides recommendations annually to the Medium term Expenditure Committee (MTEC), Ministers Committee on the Budget, as well as Cabinet.

#### *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.

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

### SERVICE DELIVERY OBJECTIVES AND INDICATORS

#### Recent outputs

##### *Budget Office*

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

During the reporting period, two fiscal frameworks and two fiscal policy chapters for the 2021 MTBPS and the 2022 Budget were published. The fiscal risks statement and technical annexure published in the 2021 MTBPS are also some of the key outputs of this reporting period. A leading role was played in providing fiscal policy advice. Effective work was done with all the relevant stakeholders including the Ministers' Committee on the Budget (MINCOMBUD), Cabinet and Parliament to ensure that all relevant processes were completed for the approval and adoption of the fiscal framework.

In addition to Fiscal Policy's regular work of regulating, analysis and reporting on public sector infrastructure spending, Treasury Approvals (TAs) and Treasury Views and Recommendations (TVRs) were provided to provincial, national, and municipal Public Private Partnerships (PPPs), production of the Budget Review and the MTBPS was coordinated and the development of the Infrastructure Fund was led including the operation and governance frameworks and the integration of the Infrastructure Fund into the budget process. The year 2021/22 was the first of operation for the Infrastructure Fund. The PPP Framework Review, aimed at streamlining the regulatory processes, attracting increased private sector investment, and building a pipeline of blended finance projects, was completed.

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

"The Expenditure Planning unit designs the annual national government Medium Term Expenditure Framework (MTEF) as well as the in-year budget process and maintains the budget process calendar"

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## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

“Various departmental review committees on public entities reporting to ministers were supported as well as being consulted by departments on budgets and policy-related matters concerning the public entities”

The unit also provides leadership for budget reforms. Interactions with the Collaborative Africa Budget Reform Initiative (CABRI), the Global Initiative on Fiscal Transparency (GIFT) and civil society and other institutions continued to increase transparency, public participation and understanding of budgeting processes and information. The mainstreaming of cross-cutting reforms into the budget process was successfully coordinated as well as the continued development and maintenance of the *Vulekamali* data portal.

Public Finance Statistics (PFS) provides summaries of public sector finance statistics for the budget publications and detailed information to various internal and external stakeholders after the budget process. The 2022 budget publication on the National Treasury website included newly developed dashboards to accompany the statistical tables. The statistics are classified according to international and national standards and stored in a secure Structured Query Language (SQL) server database.

During the reporting period, government accounts were consolidated, including the operating account, the capital account and consolidated financing position, classified by economic and functional classification, for the 2021 MTBPS and the 2022 Budget Review and tables were prepared for the 2022 ENE. The development of a data warehouse was continued which will enhance accessibility of data, particularly for users with entry-level IT skills.

National departments' in-year monitoring (IYM) reporting and public entities' quarterly reporting systems were further improved and a dashboard of the highlights of the information was developed. The partnership with the Technical Support Services unit in the Office of the Accountant-General (OAG) continued 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. Assistance was provided with preparing consolidated financial accounts and maintaining budget databases and administrative records of the government sector in general, including public entities, and remuneration frameworks related to public entities were developed and implemented.

Public entities were provided with advice on legislative, financial and human resources and other issues, thus supporting an enhanced regulatory and governance environment. Various departmental review committees on public entities reporting to ministers were supported as well as being consulted by departments on budgets and policy-related matters concerning the public entities.

The International Development Cooperation (IDC) chief directorate coordinates and manages bilateral development cooperation support/official development assistance (ODA) to South Africa. The support received from international development partners takes the form of grants, concessional loans and technical assistance. The focus of the ODA has changed over time from interventions directed at policy and strategy improvements to intervention targeting the

# PERFORMANCE INFORMATION BY PROGRAMME

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## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

strengthening of government service delivery and reducing poverty.

Developments in global geo-politics and the world economy have had an impact on the flow of ODA to South Africa over the past few years. These developments and the classification of South Africa as an upper middle-income country have resulted in international development partners scaling down or withdrawing ODA to South Africa, including the Nordics, the Netherlands, Belgium, Sweden and the United Kingdom. As a result, donor funding in the form of grants and donations continues to decline, and a move towards supporting debt instruments, loans and technical assistance is evident. A total of R1.50 billion in grants and donations were received in 2021/22 compared to R1.54 billion in 2020/21. Notwithstanding this decline in ODA, some international development partners have signalled an intent to continue bilateral development cooperation with South Africa, albeit at a reduced scale. These partners include Germany, the United States, the European Union, Canada and France.

In the face of declining grant funding and the shift in ODA towards concessionary loans and technical assistance, the allocation of funding resources has been directed to specific priority areas such as fostering innovation, piloting new projects and approaches, and developing best practices, while promoting the effective and efficient use of these resources and value-for-money. Work with sector departments receiving ODA support and various units within the National Treasury continue to ensure coordination and alignment of ODA to budget and policy priorities.

The Public Sector Remuneration Analysis and Forecasting (PSRAF) unit provides timely analysis and policy advice on the fiscal impact of government's remuneration policies. These include forecasts of the two main drivers of the public service wage bill namely, the public service employees remuneration and headcounts over the medium term. Given the large share constituted by the public service wage bill, the sustainability of the public finances depends largely on government's ability to slow growth in the public service wage bill. As such government continues to institute costs containment measures and encourages all government institutions to contribute towards the containment of the public sector wage bill by prioritising expenditure in areas that stimulate economic growth.

During the reporting period, the National Treasury, represented by the PSRAF unit, the Department of Public Service and Administration, and the relevant labour unions, met in the PSCBC to commence the process of wage negotiations. Although the resource envelope remains extremely limited in the current economic circumstances, government reached an agreement that balanced fairness, equity and affordability relative to the broader economic growth of the country. The conclusion of the 2021/22 wage negotiations resulted in Resolution 1 of 2021 (2021 Wage Agreement) being agreed on and signed by all parties in the PSCBC on 27 July 2021. The 2021 Wage Agreement is a single term agreement consisting of a sliding scale non-pensionable cash gratuity and a 1.5 per cent pensionable increase to employees not eligible for pay progression, including those on the top notch of their salary level.

In March 2022, organised labour and government, including the National Treasury, participated in the Public Service Labour Summit. The purpose of the summit in principle required parties in the Public Sector Coordinating Bargaining Council (PSCBC) to develop and strengthen collective bargaining to underline the importance of the characteristics of a developmental state. The summit resulted in a declaration which outlines work to be undertaken by all parties in an effort to strengthen the centralised collective bargaining process, thereby advancing economic development among others. It was also agreed that parties will work towards the alignment and the timing of the annual budget process, with the PSCBC wage negotiations process to ensure that the final budget envelope on compensation of employees reflects the wage agreement signed by the council.

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## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

Technical and institutional support continues to be provided to various stakeholders in relation to the public service wage bill. These include the quantification of the fiscal risks associated with the public service wage bill, comparative analysis between public and private sectors, national and provincial spheres as well as international benchmarking in the public sector.

The PSRAF unit, in collaboration with Legal Service, has successfully defended a court challenge pertaining to litigation on the privatisation of the erstwhile Venda Pension Fund. The litigation follows a protracted investigation by the state and Office of the Public Protector of South Africa based on various allegations. Complainants had alleged that the state and Government Employees Pension Fund (GEPF) acted improperly to their prejudice during the privatisation process. The Public Protector made findings of prejudice and maladministration, among others, and had issued various reports containing a set of remedial action to be implemented by the state.

The Minister of Finance subsequently brought an application seeking a declaratory order that he has sufficiently complied with and discharged the remedial action required by the Public Protector as required in the last two reports, namely Report 18 of 2011/12 and Special Report 15 of 2016/17. Alternatively, the Minister of Finance sought an order that the two reports be reviewed and set aside. The High Court of South Africa, Gauteng Division in Pretoria, considered the matter and ruled in favour of the Minister of Finance.

Lastly, in collaboration with the Office of the Chief Financial Officer and other units, the settlement of the long outstanding debt owed to the GEPF amounting to R2.3 billion relating to the redefinition of the pensionable salary for members of the Senior Management Service in 2012/13 and a further R2.3 billion settlement for a debt relating to the implementation of early retirement programme in 2019/20 was facilitated.

**Public Finance**

The Public Finance division oversees budgetary planning and execution in national departments, provides advice on and analysis of sectoral policies and programmes, monitors public expenditure, and advises on financial and budgetary aspects of public policy and spending proposals. The division provides advice to the director-general, the minister and the deputy minister on Cabinet memoranda and public finance issues that require ministerial concurrence or approval by the National Treasury. It continues to be the primary link between the National Treasury and other national departments and national 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 2021/22 included:

- **The Presidency:** provided guidance and support to the Presidency regarding the extension of the Presidential Youth Employment Initiative.
- **Department of Home Affairs:** As part of the Border Management Authority (BMA) steering committee, provided support and technical guidance on the establishment of the BMA as an independent entity. As part of the BMA technical committee and National Macro Reorganisation of Government (NMOG) process, support was provided in the shifting of budgets from various departments to the BMA. Support was given to the Department of Home Affairs (DHA) to secure funding through a self-financing mechanism during the adjustment budgeting process and aid was provided for the revision and approval of the DHA client tariffs.

# PERFORMANCE INFORMATION BY PROGRAMME

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## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

- **National Treasury:** The National Treasury and GTAC cooperated to conduct spending reviews focusing on consultancy services within long term projects, funding of Multilateral Development Banks and the Common Monetary Area, and cost of reporting in programme 1 (administration). The findings of the reports are still under consideration.
- **Statistics South Africa:** The National Treasury and GTAC reviewed and analysed spending on the department's main spending areas (personnel, compensation of employees, information and communication technology and vehicle operating leases). Further engagements on the implementation plan of the spending review will resume once feedback has been received from the department. In addition, assistance was provided to the department to monitor the spending and progress of the 2022 population census project.
- **Government Communication and Information System:** Support was provided to the department in the revision of the Vukuzenzele newspaper funding model. The department was granted approval to include private sector advertising. In addition, advice was given to the department on its proposal to implement a central communications budget for government.
- **Department of Public Service and Administration (DPSA) and National School of Government (NSG):** Comments were provided on the DPSA's draft directive on compulsory training programmes for the public service which are to be offered by the NSG, and these comments enabled the DPSA and NSG to work towards ensuring that the directive does not conflict with the powers and functions granted to accounting officers by sections 38 and 39 of the Public Finance Management Act (PFMA), affirms the requirements of the PFMA for all related procurement of training to be governed by a fair and competitive bidding process, does not grant the NSG a sole training provider status (as such a status can only be granted to an institution through an Act of Parliament), is fully costed and that the relevant funding for category II programmes is provided by the fiscus before publication of the directive.
- **Department of International Relations and Cooperation:** In line with government's imperative to contain the wage bill, a review of the DIRCO's spending on foreign missions was conducted, on the basis of the findings of which closure of some of the foreign missions was recommended. The department has begun the process of closing missions and to date has closed 10 missions in Minsk (Belarus), SA Embassy in the Holy See (the Vatican), SA Embassy in Helsinki (Finland), SA Consulate-General in Milan (Italy), SA Embassy in Bucharest (Romania), SA Embassy in Muscat (Oman), SA High Commission in Suva (Fiji), SA Embassy in Port of Spain (Trinidad and Tobago), SA Embassy in Lima (Peru) and SA Consulate-General in Chicago (USA). Two more missions - SA Embassy in Sophia (Bulgaria) and SA Consulate-General in Toronto (Canada) - are planned for closure in 2022/23.
- In collaboration with the International Development Coordination, African Economic Integration and Legislation chief directorates, the Minister of Finance was advised on the appropriate organisational arrangements and form for the South African Development Partnership Fund, as part of the Minister's response to the request from the Minister

"In line with government's imperative to contain the wage bill, a review of the DIRCO's spending on foreign missions was conducted, on the basis of the findings of which closure of some of the foreign missions was recommended"

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## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

of International Relations and Cooperation for comments on the draft South African Development Partnership Fund Bill. Accordingly, the DIRCO started working towards revising the bill in line with the recommendations from the National Treasury.

- **Department of Public Works and Infrastructure:** Through a National Treasury approved DPWI programme budget structure revision, transitional arrangements were made for Infrastructure South Africa, which is expected to become a public entity in the long term, to become a division or branch in the vote of the DPWI. The DPWI was guided on the processes to be followed, and requirements to be met, to enable the development of Infrastructure South Africa into a public entity.

The Justice and Protection Services unit oversees planning, expenditure and service delivery by departments in this sector. During the reporting period, the key achievements by each directorate were:

- **Justice and Secret Services Directorate:** The directorate provided policy support and advice on client department and entities' requests on the following:
  - The Minister of Finance's concurrence on proposed remuneration payable to Enforcement Committee members appointed in terms of s47(7) of the Protection of Personal Information Act (2013), and regulations relating to the access to information to be issued in accordance with s92(4) of the Promotion of Access to Information Act (2000);
  - Reprioritisation of 2021/22 funding within the baseline of the Department of Justice and Constitutional Development (DoJCD) to accommodate the extension of the work of the State Capture Commission;
  - Facilitation of the allocation of additional funding to the National Prosecuting Authority and Investigating Directorate for additional personnel capacity. These allocations will rebuild critical capacity in units such as asset forfeiture, sexual offences and priority crimes litigation, and ensure a smooth transition from the concluding enquiries of the State Capture Commission to competent investigation and prosecution of persons accused of offences or criminal or unlawful activities involving serious, high-profile and complex corruption, by the Investigating Directorate.
  - Introduction of subprogrammes for the Information Regulator and Investigating Directorate in the budget programme structure of the department to ease future visibility, monitoring and reporting.
  - Provided the Ministers of Finance and Justice and Correctional Services with specific advice on the best approach to successfully transfer the legal representation portion of the land rights management facility from the Department of Agriculture, Land Reform and Rural Development to Legal Aid South Africa in 2022/23.
  - Undertook a critical review of security spending in the DoJCD, with the aim of identifying possible savings.
- **Police and Independent Police Investigative Directorate**
  - Conducted a spending review focusing on the efficient use of office space in three buildings occupied by the South African Police Service (SAPS), as well as on ICT management in the SAPS, Independent Police Investigative Directorate (IPID), Civilian Secretariat for the Police Service (CSPS) and the Private Security Industry Regulatory Authority (PSIRA). A joint departmental bi-monthly forum was established comprising the NT, SAPS, IPID, CSPS, PSIRA, the DPWI and the State Information Technology Agency (SITA) for purposes of benchmarking best practice, collecting and clarifying information relevant to the reviews, and to share and discuss the review findings and recommendations with all affected institutions.

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## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

- Facilitated greater transparency of the SAPS infrastructure budget through the introduction of project-based budgeting. Effective from 2022/23, the SAPS is required to submit a detailed project plan outlining all planned infrastructure projects and their estimated budget for the financial year for consideration by the National Treasury before the beginning of the financial year. This is also intended to improve project planning and the in-year monitoring of spending and project implementation.
- Provided advice and support to the IPID in relation to the proposed revision of its budget programme structure.
- Analysed 2020/21 annual reports of SAPS, IPID, CSPA and PSIRA and presented findings with recommendations to each institution, highlighting expenditure management, performance and governance matters that need improvement in 2022/23 and over the medium term.
- **Judicial Administration and Correctional Services Directorate**
  - Provided continued support and advice on the appropriate organisational form as well as the financial implications of the government component model proposed by the Judicial Inspectorate for Correctional Services (JICS) to strengthen its independence.
  - Supported the Department of Correctional Services with inputs on the feasibility study for the implementation of the self-sustainability model, which will ensure that products from farms and workshops produced by offenders are used to generate revenue as well as provide nutrition to offenders, thereby reducing service provider costs.
- **Defence and Military Veterans Directorate**
  - With support from the GTAC and Public Sector Remuneration Analysis and Forecasting unit, secured funding for the implementation of an exit mechanism for South African National Defence Force (SANDF) members as a long-term solution to pressure over compensation of employees.
  - Provided continued support to the Deputy President's intervention to resolve service delivery challenges in the Department of Military Veterans.
  - Supported the Department of Defence regarding funding for the deployment of the SANDF in Mozambique and KwaZulu-Natal in support of SAPS in dealing with the July 2021 unrest.

Education and related departments: The unit monitors and advises on several functions implemented largely by provinces and public entities. During the reporting period, the unit assisted with improved monitoring of expenditure and service delivery and with reviews of current departmental policy and implementation approaches. The following departments were assisted:

- **Department of Basic Education:**
  - Assisted and advised the basic education sector on the planned shifting of the early childhood development function from social development to basic education and was part of the national and provincial steering committees that oversaw this shift.
  - Worked with the Office of the Chief Procurement Officer to advise and assist the sector on the setting up of a transversal contract for the school nutrition programme.
  - Served on the project steering committee overseeing implementation of Phase II of the Presidential Youth Employment Initiative and advised on the planning for Phase III of this initiative.
  - Led a task team that reviewed compensation of employees in provincial departments of basic education to understand the factors contributing to this critical spending item and identified possible savings without compromising delivery.

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- Supported the International Development Coordination chief directorate with the implementation of the Education for Employment (E4E) donor-funded collaborative project with DHET, DBE and DEL.
- **Department of Higher Education and Training:**
  - Served on the project steering committee for the skills development dialogue series as part of the capacity building programme for employment promotion initiative.
  - Provided advice, guidance and support to the department and the National Student Financial Aid Scheme (NSFAS) on the re-design of the scheme's business process systems.
  - Served on the ministerial task team on student funding providing advice and support on the review of student funding with a view to establishing a sustainable student funding model.
  - Supported the department to improve infrastructure delivery at higher education institutions.
  - Supported the International Development Coordination chief directorate with the implementation of the Education for Employment (E4E) donor-funded collaborative project with DHET, DBE and DEL.
- **Department of Employment and Labour:**
  - Provided advice to the department on the Presidential Youth Employment Intervention phase II and III.
  - Advised and served on the adjudication committee for public employment services subsidy schemes for people with disabilities.
  - Participated in the National Treasury/Unemployment Insurance Fund (UIF) oversight meetings on monitoring of the funding of the COVID-19 temporary employee relief scheme benefit and the workers affected by unrest benefit and the status of the UIF investment portfolio.
  - Provided advice to the Compensation Fund on the voluntary funding of the vaccination programme.
  - Supported the International Development Coordination chief directorate with the implementation of the Education for Employment (E4E) donor-funded collaborative project with DHET, DBE and DEL.
  - Advised NEDLAC on the options for a relationship with the Presidential Climate Change Commission (PCCC) and the hosting of the PCCC at NEDLAC.
- **Department of Sports, Arts and Culture:**
  - Provided advice and support on the Presidential Youth Employment Intervention Phase II and III as well as the process to minimise the virements to fund the approved Mzansi Golden Economy beneficiaries.
  - Along with the Provincial and Local Infrastructure Chief Directorate, provided advice to the department on the procurement of a project management IT system for infrastructure.

Health and Social Development: The unit oversees the budgets, expenditure and service delivery of the Departments of Health, Social Development and Women, Youth and Persons with Disabilities and provides support and advice to these sectors in a number of policy areas. Key work carried out with the departments in 2021/22 included:

- **Department of Health:**
  - Provided extensive support to the health sector response to the COVID-19 pandemic, including facilitating the budget allocations for the COVID-19 vaccine rollout, additional in-year allocations to augment these budgets, supporting the establishment of the COVID-19 vaccine no-fault

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compensation fund and facilitating budget allocations for the general COVID-19 response.

- Led the costing of the shortfalls for the medical internship and community service programme and facilitated additional allocations to cover these shortfalls. The budget process also included the restructuring of the health conditional grants, including the creation of the District Health Programmes Grant.
- Conducted spending reviews focusing on medicine expenditure and the administration programme of provincial health departments.
- Supported the IGR division in provincial benchmark process and provincial visits.
- Supported the ALM division with preparation and reporting for COVID-19-related loans.
- Engaged with the health and justice sectors around medico-legal claims.
- Authored several articles and chapters of various health publications.

### Department of Social Development:

- Analysed, costed and tracked spending on COVID-19 emergency top-up grants and the re-introduction of the special COVID-19 social relief of distress grant, all aimed at supporting individuals and households.
- Prepared reports for MDBs on the spending on the social relief of distress grant in line with loan provided.
- Undertook analyses to assess costs and effectiveness in addressing extreme poverty, of the social relief of distress grant, basic income grant and other three safety net options.
- Provided support to the department in preparing for and effecting the shift of the Early Childhood Development (ECD) programme from the Department of Social Development (DSD) to the Department of Basic Education.
- Provided support to entities in addressing bottlenecks in the implementation, reporting and noting of emerging governance issues as was the case with the National Development Agency (NDA).
- Reviewed a number of policies proposed by DSD and continued to work with the department in analysing funding mechanisms and strategies for the non-profit sector, including modalities for service provision.
- In support of the Department of Planning, Monitoring and Evaluation (DPME), participated in various performance discussions on sectoral outcomes and reviews of the APP.

### Department of Women, Youth and Persons with Disabilities:

- Assisted the department in complying with its financial reporting and reviewed and provided feedback to the department on proposed amendment of policies, acts and budget programme structure.
- Undertook a spending review of the department noting overlaps with other structures.
- Guided resolutions of planning and reporting issues in entities, reviewed presidential employment proposals from the department and entities, and reviewed implementation strategy of the NYDA's NYS and its costing.
- Provided inputs on the department's regular submissions to Cabinet, including regular reports to Cabinet on progress in implementing youth, women and people with disabilities empowerment frameworks, plans for awareness coordination events, and policies and strategies on youth development and the agency.
- Reviewed and provided advice and input to the department and the cluster on the proposal to set a Gender-Based Violence and Femicide (GBVF) council.

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“... Economic Policy, Tax and Financial Sector Policy and the Budget Office, continued to engage the department with respect to the special economic zones programme issues which included scheduling of special economic zones operating entities...”

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

During the reporting period, the following departments were supported:

- **Department of Public Enterprises:**
  - Conducted spending reviews on travel and subsistence, operating leases and consultancies.
  - In collaboration with the Asset and Liability Management division, engaged the department on funding requests for state-owned companies (SOCs) which include South African Airways SOC Limited to complete the business rescue plan, and Denel SOC Limited for settlement of guaranteed debt and implementation of the new business model.
- **Department of Small Business Development:**
  - Assisted the department to establish the business recovery support programme that was intended to assist uninsured small enterprises that were impacted negatively by the July 2021 civil unrest that resulted in stock losses and damage to business infrastructure. It was funded through the Small Enterprise Finance Agency: Township and Rural Entrepreneurship Fund. The main aim of the programme was to assist the small enterprise sector towards economic recovery, and curb job losses and business closure.
- **Department of Trade, Industry and Competition:**
  - Conducted a spending review on the export marketing and investment assistance programme.
  - Worked with the department on the economic rebuilding package to provide support to businesses that were affected by the civil unrest of July 2021.
  - During the reporting period, in collaboration with other divisions in the National Treasury: Economic Policy, Tax and Financial Sector Policy and the Budget Office, continued to engage the department with respect to the special economic zones programme issues which included scheduling of special economic zones operating entities, amendment of the Special Economic Zones Act, and gazetting special economic zones for additional tax incentives.
  - Provided support to the development of a single register of beneficiaries of government business incentives, and facilitated engagements with some public entities to monitor progress on projects that were funded from approved retention of surplus.
- **Department of Science and Innovation:**
  - Continued to provide support to the department on proposals to integrate the

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approved public science, technology and innovation (STI) budget coordination mechanism as an instrument in the MTEC and DPME Budget Reprioritisation Framework processes to ensure sustainable at-scale funding for STI interventions, attract higher private sector and foreign investment into the South African STI system, improve the targeting of public budget allocations for STI and improve funding effectiveness and efficiency.

- **Department of Forestry, Fisheries and the Environment:**

- Convened the quarterly National Treasury working group on climate change.
- Represented the National Treasury on the National Adaptation Funds Advisory Body, and the Strategic Advisory Group on Natural Capital Accounting.
- Acted as the primary focal point for the World Bank national determined contribution support facility.
- Provided inputs to various Cabinet memoranda including comprehensive comments to the Minister of Finance on the national climate change bill, South Africa's updated nationally determined contribution for submission to the United Nations Framework Convention on Climate Change (UNFCCC), protocol for the protection of the marine and coast environment for member states, South Africa's negotiating position to serve as the basis for engagement on part I of the 15th Conference of the Parties (COP) to the Basel Convention.
- Provided written inputs on the extended producer responsibility scheme fee applications for paper and packaging, lighting and electrical and electronic waste streams.

- **Department of Tourism:**

- Assisted the department with the implementation of the Tourism Marketing South Africa (TOMSA) levy. The levy is currently being reviewed as part of alternative means to finance tourism infrastructure.

- **Department of Agriculture, Land Reform and Rural Development:**

- Assisted the department, through the presidential employment stimulus, with funding support towards small holder and subsistence farmers affected by the COVID-19 pandemic in order to ensure national food security.
- Continued to provide support as a key member of the inter-ministerial committee on land reform, whose aim is to accelerate the land reform process to find sustainable land reform solutions.
- Provided comments on the department's 2022/23 annual performance plan to ensure that there was alignment to the budget.

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 including transport, mineral resources and energy, water and sanitation, human settlements, communications and digital technologies, cooperative governance and traditional affairs. Work carried out by the unit in 2021/22 included:

- **Department of Co-operative Governance:**

- Represented the National Treasury on the disaster management task team, and national joint flood coordination committee.
- Continued to provide support to improve the management and outcomes of the community work programme.

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- **Department of Mineral Resources and Energy:**
  - Made recommendations to the Minister of Finance on fees and tariffs of regulators such as the National Nuclear Regulator and the National Energy Regulator of South Africa (NERSA).
  - Participated in consultations on various regulatory and legislative reforms undertaken by the department and participated in the integrated national electrification programme steering committee.
- **Department of Human Settlements:**
  - Provided comments on the proposed Human Settlements Development Bank and the rental housing debt relief programme, as part of efforts to improve housing market dynamics.
  - Commented on the affordable housing strategy through the review of the finance linked individual subsidy programme.
- **Department of Communications and Digital Technologies:**
  - Continued to participate in consultations on various legislative reforms undertaken by the department related to the implementation of the Information and Communication Technology Policy White Paper.
  - Provided ongoing support to the broadcasting digital migration programme and the development of a sustainable model for SA Connect phase II.
- **Department of Water and Sanitation:**
  - Focused on strengthening financial management systems in the department.
  - Coordinated intergovernmental efforts to deal with pollution in the Vaal River system.
  - Provided comments on various policy and institutional reforms, including the establishment of catchment management agencies, the National Water Infrastructure Agency and work on the National Raw Water Pricing Strategy.
- **Department of Transport:**
  - Represented the National Treasury on various task teams related to policy reform, including roads, rail, maritime, civil aviation and public transport.
  - Supported the department on financial modelling and funding options for the Gauteng Freeway Improvement Project.
  - Provided comments on the White Paper on National Rail Policy, public transport subsidisation strategy draft paper, and the business case for the Transport Economic Regulator and the Maritime Development Fund Bill.
  - Represented the National Treasury on the intergovernmental steering committee for the rolling stock fleet renewal programme.

### ***Intergovernmental Relations***

The Intergovernmental Relations (IGR) division coordinates fiscal and financial relations between the national, provincial and local spheres of government. This function has significant impact given that R833.2 billion or 50.1 per cent of noninterest expenditure for 2022/23 is allocated to provinces and municipalities. The majority of this planned expenditure is for priority programmes such as education, health care and the provision of free basic services.

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Intergovernmental Relations coordinates inputs for 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 2022 Division of Revenue Bill was tabled in February 2022 and included an additional R74.8 billion for provinces over the medium term to fund spending pressures in the education, health, social development, human settlements and transport sectors, and an additional R30.9 billion for municipalities over the medium term to increase coverage of the provision of free basic services.

The bill introduces a revised methodology of determining allocations from the health component of the Provincial Equitable Share (PES). This is an outcome of the ongoing PES review. The changing health risk profile across provinces was considered and new factors that account for multiple deprivation, more comprehensive burden of diseases and costs associated with providing services to sparsely populated areas have been introduced. Several changes have been made to conditional grants. These include the restructuring of the former HIV, AIDS, TB Malaria and Community Outreach Grant into a new District Health Programmes Grant, shift of the Early Childhood Development Grant from the DSD to the DBE, and the introduction of an indirect component to the Municipal Infrastructure Grant to improve efficiency in grant expenditure and assist municipalities to develop better-quality infrastructure. The bill includes changes to expedite spending of transfers funded from the contingency reserve and better administer transfers made to Eskom and water boards for purposes of implementing indirect grants.

With the assistance of GTAC, the division finalised the diagnostic phase of the review of local government capacity building system. The key recommendation emanating from this phase of the review is the adoption of a Capability Development Problem Led Framework approach to fundamentally re-orient the system. This framework requires that solutions be tailored to specific municipalities, ensuring participation of municipalities in the development and implementation of the system, and an integrated approach among supporting institutions.

The division continued to update policies to enhance the role of the private sector in financing municipal infrastructure. The Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007) is being amended to regulate the levying of the development charges in order to establish an unambiguous, fair and consistent basis on which municipalities can recover development charges for all land development projects that require statutory approvals through the municipal land use planning system. Development charges are one of the key financing instruments for the provision of strategic infrastructure that will accelerate economic growth. The Amendment Bill was published for comment in January 2020. The Amendment Bill has been refined in line with public comments received. The National Treasury conducted a socio-impact assessment on the refined Amendment Bill and submitted it to the Presidency for certification. The Presidency furnished the National Treasury with a final socio-economic impact assessment system certification and recommended that the Bill be presented to Cabinet. The refined Amendment Bill was also submitted to the Office of the State Law Advisors for a legal opinion. The Amendment Bill has been presented at several clusters and was supported and recommended to be submitted to Cabinet. The revised Amendment Bill will be submitted to Cabinet for approval to table in Parliament during 2022/23.

“The Presidency furnished the National Treasury with a final socio-economic impact assessment system certification and recommended that the Bill be presented to Cabinet”

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*“With respect to public transport support and with CSIR support, work was done with metros to assess their readiness to acquire the provincial bus contracting functions”*

To complement the use of development charges as a means for infrastructure financing, the division is also pursuing the adoption of the Updated Borrowing Policy Framework by Cabinet. The purpose of the borrowing policy framework is to clarify several mechanisms that municipalities can pursue in terms of infrastructure financing. The adoption of this policy will assist in growing the municipal borrowing market by strengthening engagements between government and the private sector to align strategies that promote investment in strategic infrastructure with the purpose of driving urban transformation. These strategies span over the long term, with some short- and medium-term interventions. These include capacity-building initiatives to enable municipalities to produce a pipeline of bankable projects; this will be complemented by financing options, which include the usage of blended financing options that will aim to leverage funding sources from the Infrastructure Fund as well as the conditional grant system. The division publishes a quarterly municipal borrowing bulletin that provides information on municipal borrowing trends and activities.

The Cities Support Programme (CSP) supports metropolitan municipalities to lead the development of more inclusive, productive and sustainable cities. During the reporting period, the metros were supported through the delivery on the CSP's 42 projects across all components. In the economic development component, eight metro spatialised economic data reports were released with support from the Human Sciences Research Council (HSRC). The CSP convened multi-stakeholder sessions with EtheKwini to develop a shared approach for unlocking public and private sector investment in the Cato Ridge Inland Port development and on behalf of the City of Cape Town and Western Cape government on the World Bank's Cargo Container Port Index 2020 report as well as to strengthen collaboration in addressing port efficiencies. Working with DTIC, an institutionalisation plan for the Sub National Doing Business (SNDB) support programme was developed and a model city incentives policy was completed related to spatial targeting of national level economic incentives, using the cities of Cape Town and EtheKwini as case studies.

The production of long-term financial strategies (LTFS) for Buffalo City, Mangaung and Ekurhuleni metros was supported. As part of continued support to metros to strengthen their Infrastructure Delivery and Management systems (CIDMS), the CIDMS reference group comprising representatives of the eight metros was established to guide and oversee the implementation of the technical support and the community of practice, which promotes learning through expert inputs and peer learning processes. With respect to public transport support and with CSIR support, work was done with metros to assess their readiness to acquire the provincial bus contracting functions.

The planning reforms support work culminated in the launch of an urban reforms online learning platform, launched in August 2021, providing training materials on the planning, budgeting and reporting reforms. This platform has also been accredited by the National School of Government (NSG). The land value capture support work is progressing well with the launch of the national dialogue on land value capture on 28 June in partnership with the Development Action Group and the Lincoln Institute for Land Policy.

Key human settlement areas of the human settlements support work undertaken included the titling support work which has now been included as part of the Operation Vulindlela, as

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well as launching the latest national residential property report. The climate resilience support work has made significant progress with support provided to seven metros on the integration of climate resilience in the project preparation process of eight capital investments as well as the provision of technical assistance to metros that commenced with urban heat assessments, as part of a wider initiative to strengthen metro capability to integrate resilience into capital project planning and design. A legal and regulatory gap analysis on the procurement of new generation power capacity by municipalities was concluded. This has informed the drafting of MFMA circular on the Legal Framework for Procurement of New Generation Capacity by South African Municipalities which is being led by the MFMA team of the National Treasury. The CSP supported the launch of climate budget tagging in the Tshwane metro as part of the wider National Treasury climate budget tagging process. This brings three metros into the climate budget tagging process, including Cape Town and Johannesburg, alongside Steve Tshwete and uMhlatuze.

The Neighbourhood Development Partnership Programme (NDPP) was established in 2006 in response to the socio-economic redevelopment challenges facing South Africa's townships. The Neighbourhood Development Partnership Grant (NDPG) consists of two components: Technical Assistance (TA) Grant for municipal planning of investment areas and a Capital Grant (CG) for funding selected catalytic projects in investment areas. The purpose of the grant is to support municipal planning and implementation processes including to catalyse and invest in under-served neighbourhoods and spatially targeted townships and key settlements to attract and sustain third party capital investments aimed at spatial and economic transformation that will improve the quality of life and access to opportunities for residents in South Africa.

This work is guided by the Urban Network Strategy (UNS) which targets urban hub precincts with secondary linkages to underserved residential areas and built environment upgrade projects in urban or rural townships. The UNS consists of a set of sequential activities that optimise a package of public infrastructure investment, fiscal and regulatory measures, and coordinated urban management in targeted transit-orientated locations. The UNS is aligned to the spatial targeting and investment principles of the National Development Plan (NDP). The NDPP projects in rural municipalities are supported in collaboration with the Department of Agriculture, Land Reform and Rural Development. The NDPP programme aims to contribute to the broader goal of creating liveable, sustainable, resilient, efficient and integrated towns and cities.

During the reporting period, the NDPP supported municipalities to prepare six municipal investment plans and approved 60 new catalytic projects. In addition, the NDPP supported municipalities to finalise seven project preparation reports. Ongoing programme and project management support were provided to 37 municipalities in total - 8 metros, 12 intermediate cities and 17 rural municipalities.

The division continued to support implementation of the Infrastructure Delivery Management System (IDMS) to improve infrastructure delivery performance across the provinces and in local government. Implementation is supported by two major initiatives: The Infrastructure Delivery Management toolkit which guides implementation of the IDMS; and the Framework for Infrastructure Delivery and Procurement Management which is the legislated arm of the IDMS. The performance-based system was introduced for provincial departments of 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 of basic education and health. The division facilitated a best practice workshop to enable cross-learning among provinces to strengthen various sections of the planning documents and conducted visits to provinces that did not qualify for performance incentive allocations to address specific areas requiring

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improvement. These interventions are expected to yield positive results during the next assessment period.

For 13 consecutive years, the division has successfully institutionalised two formal annual engagements, the municipal budget and benchmark and the mid-year budget and performance assessment with the 17 non-delegated municipalities. The generic framework for assessment and analysis of municipal budgets, in line with the municipal budget and reporting regulation, was updated. Guidance was provided to municipalities on preparing their 2022/23 MTREF budgets through the Municipal Finance Management Act (MFMA) circulars No. 112 (6 December 2021) and 115 (4 March 2022).

Virtual budget benchmark meetings were held with all 17 non-delegated municipalities to assess the tabling of the 2021/22 budgets. The result was the funding of tabled budgets of all metropolitan municipalities. Subsequently, the division also assessed whether the adopted budgets for 2021/22 were funded or not. The results show that 13 of the 17 non-delegated municipalities were funded for 2021/22.

During the reporting period, a number of routine publications were issued including the state of local government finances and financial management report (6 December 2021). Routine publication of budget and in-year financial performance information for local government enables better oversight over budgets and in-year financial performance and serves as an early warning mechanism for the need to improve municipal performance.

Councillor training was conducted with the South African Local Government Association (SALGA). The IGR was represented on the interdepartmental steering committee (consisting of SALGA, the Auditor-General of South Africa (AGSA), the Department of Cooperative Governance (DCoG) and the National Treasury). Training materials were reviewed and presented on local government budgeting, revenue and financial management to the councillors of all 17 non-delegated municipalities, except OR Tambo.

The division commenced with the development of dashboards to track the performance of municipalities in distress and compliance with deadlines as per the MFMA timetable schedule.

An mSCOA compliance audit was conducted, which included arranging 17 system demonstrations with 13 system vendors and 4 municipalities (in-house systems), arranging and chairing 17 inception meetings with auditee municipalities, 17 pre-audit briefings with municipal management and following up on submission of pre-audit information, conducting 17 on-site audits, distributing 17 draft reports for comments and producing 17 final municipal reports.

Training was conducted with all provinces on how to use S139 interventions to improve municipal performance and subsequent engagements were held with all provincial treasuries to validate the results of the assessment. Briefings were held with CoGTA and the Portfolio Committee of CoGTA on the approach for the 43 municipalities in a financial and service delivery crisis. Letters were sent to all premiers notifying them of the appropriate action to be taken in these municipalities. The Financial Recovery Plan (FRP) was reviewed to enhance the impact by focusing on a few indicators using a phased in approach.

Work was done as part of an interdepartmental technical working group to develop and roll out performance indicators (MFMA Circular 88) to all municipalities. An amendment to the circular was also issued to provide guidance to municipalities in this regard.

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Intergovernmental Relations continued to improve the conditional grant monitoring framework for local government. In the 2021/22 municipal financial year, municipalities were allocated R77.9 billion in the form of the equitable share and a total of R44.7 billion was transferred to municipalities by 31 March 2022 for direct conditional grants including the Urban Settlement Development Grant (USDG) and the disaster funding allocations, namely the Municipal Housing Emergency Grant and the Municipal Disaster Response Grant. An amount of R2.1 billion was not transferred to municipalities to offset 2020/21 unspent conditional grants in terms of section 21(4) (a) of the 2021 Division of Revenue Act (DoRA). Offsetting the entire amount from the equitable share in a single tranche could cripple municipal finances; the DoRA therefore allows municipalities to repay unspent funds in instalments.

The National Treasury continues to assist under-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 them over. Failure to secure approval from the National Treasury, which oversees the process, results in these unspent funds having to be paid into the National Revenue Fund. A total of 148 municipalities have requested rollovers for the 2020/21 unspent conditional grants. The total conditional grant rollover amount requested by municipalities was R3.3 billion. However, the National Treasury approved a rollover amount of only R1.1 billion for implementation in 2021/22. The 2020/21 rollover process showed a significant decline on both rollover requests and approvals showing a reduction from R6.5 billion to R3.3 billion on rollover requests and from R4.2 billion to R1.1 billion on rollover approvals respectively from 2019/20 to 2020/21 financial year.

For many years, the Municipal Infrastructure Grant (MIG) has consistently been the best performing conditional grant in the local government sphere in comparison to other capital infrastructure grants. During the reporting period, CoGTA, which administers the MIG, reflected expenditure of 62.0 per cent on the grant as at 31 March 2022 and was reported as the second best performing conditional grant after the EPWP incentive programme which reflected expenditure of 79 per cent. This performance is consistent with the previous year's performance where MIG performed at 62 per cent during the same period.

Section 18 of the 2021 DoRA stipulates that the National Treasury may at its discretion or at the request of a transferring national officer or receiving officer stop the transfer for schedule 4 and 5 allocations pertaining to anticipated underspending on programmes or allocations by the municipalities. Further, section 19 of the DoRA stipulates that when a Schedule 4 or 5 allocation or a portion of it is stopped in terms of section 19(1)(a) or (b), the National Treasury may, after consultation with the transferring officer and the relevant provincial treasury, determine the portion of the allocation to be reallocated, as the same type of allocation as it was allocated originally, to one or more provinces or municipalities, on condition that the allocation must be spent by the end of 2021/22. This action has affected 91 municipalities across all provinces, while 156 municipalities reflected underspending as at the end of the second quarter of 2021/22. The reasons include the non-appointment or late appointment of service providers, delays in housing projects that resulted in houses not being available for electrification, technical capacity to implement the projects and legal objections against appointed contractors. The stopped funds were re-allocated to municipalities that have fast-tracked the implementation of their

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“As at 31 March 2022, the Jobs Fund had disbursed R6.1 billion and leveraged an additional R11.9 billion from project partners”

projects, have accelerated expenditure against their original allocations and had the capacity to fully spend their funds by 30 June 2022.

The division published the 14th edition of the Provincial Budgets and Expenditure Review (PBER), which covers eight-years from 2015/16 to 2022/23, together with a supplementary book covering the effect of COVID-19 on the financial positions of provinces in 2020/21, and the 2021 Medium Term Expenditure Framework (MTEF) allocations. On capacity building, the division developed and piloted the training with National Treasury interns. The division also held leadership workshops in Eastern Cape, Free State and Northern Cape for premiers, MECs and the heads of departments. In addition, the division partnered with the National School of Government (NSG) to provide training to MECs and senior officials in provinces to 60 people to attend the University College of London virtually. During the reporting period, the Division of Revenue Bill workshops were held successfully for the seven sectors.

The division also partnered with GTAC to do an analysis on compensation of employees to assist accounting officers in managing personnel in provinces. The provincial budget visits were successfully held virtually for the second time, with a good attendance from the national departments. The division ensured that all provincial financial information was published quarterly and brought the process forward to ensure that savings are realised in the gazetting process. The provincial budget benchmark meetings were held to assess the second draft budgets of provincial departments and make recommendations on amendments required to be done before the tabling of provincial budget. The division also provided comprehensive parliamentary briefings on provincial conditional grants spending for 2020/21, and parliamentary queries on provincial budgets were responded to. Stopping and reallocation of funds for the Informal Settlements Upgrading Partnership Grant, Provincial Roads Maintenance Grant, as well as the Education Infrastructure Grant were approved and gazetted in the year under review.

The division undertook a health review study in the North West province, as a way of closing out the work of the section 100 (1) intervention in the province. The implementation of the recommendations by the province will ensure that the department delivers quality health services while improving on financial management. The division also submitted the exit plan to the intervention leading department for submission to Cabinet and NCOP, and will be monitoring the implementation of budgets as required by the PFMA from 2022/23.

### ***Jobs Fund Project Management***

To date, nine funding rounds, including the COVID-19 relief support funding round, have been concluded. The fund offers matched funding grants across four funding windows viz, enterprise development, infrastructure, support for work seekers and institutional capacity building. Grant funding is made available through a competitive process to initiatives that innovatively solve employment challenges and have potential to be scaled up.

The fund has allocated R9 billion in grant funding to its portfolio of projects and project partners have committed R13.5 billion in matched funding over the implementation period. As at 31 March 2022, the Jobs Fund had disbursed R6.1 billion and leveraged an additional R11.9 billion

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from project partners. The Jobs Fund has a portfolio of 146 job creation projects and has exceeded its permanent job creation target of 150 000. As at 31 March 2022, the fund had facilitated the creation of 185 967 permanent jobs and placements. In addition, the fund's project partners had created 17 208 seasonal jobs that will endure well beyond the implementation period for these projects, 64 337 short-term jobs, 23 169 internships and trained 285 670 people. The Jobs Fund's overall grant cost per job created for government is competitive at R21 843 (including operating costs).

On 17 February 2022, the Jobs Fund launched its 10th funding round, aiming to support innovative solutions to accelerate economic recovery, particularly those intervening in sectors with low barriers to entry and high growth potential. The fund has spent a decade creating an environment that fosters innovation by the private sector and civil society by offering support through government grant funding and overall risk sharing. The 10th funding round has shown that the market continues to be interested in partnering with government.

During the reporting period, eight Jobs Fund-supported projects came to completion. Among these was the successful small scale grower cane development project, a partnership between the Jobs Fund and Illovo Sugar South Africa, a major sugar supplier to consumer and industrial markets in South Africa and neighbouring regional markets.

The project was a response to the decline in the number of small-scale sugarcane farmers' productivity, largely caused by lack of access to finance, high input costs and barriers to economic activity on communal/tribal land, among others. At its peak, more than half a million tons were being delivered from small-scale growers, but this had declined over the last two decades.

In 2017, Illovo implemented a unique hybrid cooperative model to increase smallholder farmers' participation in the sugar value chain and their production. The aim was to establish 3 000ha of sugarcane for smallholder farmers and provide them with blended finance, which lowered their interest commitment and resulted in all the farmers successfully repaying their loans. The project created a flow of product and revenue relationships between the growers, contractors, and Illovo, which ultimately included the smallholders in the value chain. The sugar industry has always been one of the biggest and most important contributors to South Africa's agricultural value-added products and exports. Initiatives like the small scale grower cane development project promote better access to benefits for previously disadvantaged participants.

Over 3 000ha and 1 712 sustainable farming enterprises were established. This initiative has not only benefitted the local community but has also secured additional trade for agricultural input suppliers. Through the successful implementation of the project and realised additional benefits, there has been an increase in the cane supplied to the Illovo sugar mills. Therefore, contractors and growers involved in the project have also had increased realised value.

The project proved resilient during the recent challenging economic conditions. Sugar production was deemed an essential service under COVID-19 lockdown conditions, allowing the continuation of sugar mill operations and cane deliveries, ensuring security for the beneficiaries.

The capacity built within the existing growers and contractors throughout the project has been immense. Illovo will continue to provide extensive support services and further training as required by the growers as they grow their operations.



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| APP #  | OUTCOME                    | OUTPUT  | OUTPUT INDICATOR  | ACTUAL 2019/20 | ACTUAL 2020/21  | TARGET 2021/22  | ACTUAL 2021/22  | DEVIATION FROM PLANNED TARGET  | REASON FOR DEVIATION  |
|--|----------------------------|---|---|----------------|---|---|---|--|---|
| <b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b> |                            |   |   |                |   |   |   |  |   |
| 3.1.1  | Sustainable Public Finance | Published budget legislation and documentation        | Published budget legislation and documentation  | #              | Appropriation Bill, ENE and Budget Review published in February     | Appropriation Bill, ENE and Budget Review published in February     | Appropriation Bill, ENE and Budget Review published in February | N/A  | Under-performance is attributed to Parliament scheduling the tabling of the Medium Term Budget Policy Statement outside of the department's planned period. |
| 3.1.2  |                            | DoR Bill  | Number of Division of Revenue and Division of Revenue Amendment Bills published annually  | 2              | Adjustments Appropriation Bill, AENE and MTBPS published in October | Adjustments Appropriation Bill, AENE and MTBPS published in October | 2   | Adjustments Appropriation Bill, AENE and MTBPS published in November | N/A   |
| 3.1.3  |                            | Provincial and local government fiscal policy reforms | Number of reforms introduced to enhance provincial and local government fiscal frameworks | 2              | Adjustments Appropriation Bill, AENE and MTBPS published in October | Adjustments Appropriation Bill, AENE and MTBPS published in October | 2   | Adjustments Appropriation Bill, AENE and MTBPS published in November | N/A   |

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| APP #  | OUTCOME                            | OUTPUT  | OUTPUT INDICATOR   | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION  |
|--|------------------------------------|---|--|----------------|----------------|----------------|----------------|-------------------------------|---|
| <b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b> |                                    |   |  |                |                |                |                |                               |   |
| 3.1.4  | Sustainable Public Finance         | Progress reports on the economic development strategies implemented | Number of township economic development strategies implemented   | #              | #              | 5              | 0              | -5                            | Under-performance is attributed to the township economic development strategies still in the process of being approved by municipal councils.   |
| 3.1.5  |                                    | Infrastructure plans assessment reports                             | Number of Infrastructure plans assessment reports produced   | 35             | 35             | 36             | 36             | N/A                           | N/A   |
| 3.1.6  | Coherent economic policy advocated | Approved catalytic projects   | Number of catalytic projects approved in spatially targeted areas within metropolitan cities, secondary cities and rural towns | #              | 61             | 20             | 60             | 40                            | Over-performance is attributed to the multi-year project pipeline that was approved to ensure project continuity and alignment with multi-year planned project cash flows reflected in the medium term expenditure framework budgets. |
| 3.1.7  | Sustainable Public Finance         | Quarterly financial status reports                                  | Number of quarterly financial reports published  | 8              | 8              | 8              | 8              | N/A                           | N/A   |

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| APP #  | OUTCOME                    | OUTPUT                   | OUTPUT INDICATOR  | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION   |
|--|----------------------------|--------------------------|---|----------------|----------------|----------------|----------------|-------------------------------|--|
| <b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b> |                            |                          |   |                |                |                |                |                               |  |
| 3.1.8  | Sustainable Public Finance | Financial recovery plans | Percentage of financial recovery plans responded to within 90 days of receipt                 | #              | 100%           | 100%           | 0%             | -100%                         | In terms of the process as stipulated by section 139 of the MFMA, National Treasury submitted the financial recovery plans within the 90 days. However, under-performance is attributed to consultations in the municipality and their stakeholders exceeding the 90 day period. |
| 3.1.9  |                            | Cabinet memos comments   | Percentage of Cabinet memos received commented on   | 100%           | 100%           | 100%           | 98%            | -2%                           | Under-performance is attributed to three Cabinet memos being received on the day they were due for submission.   |
| 3.1.10   |                            | SCOA reports             | Number of quarterly expenditure reports submitted to the Standing Committee on Appropriations | 4              | 4              | 4              | 4              | N/A                           | N/A  |

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| APP #  | OUTCOME                    | OUTPUT                      | OUTPUT INDICATOR  | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION   |
|--|----------------------------|-----------------------------|---|----------------|----------------|----------------|----------------|-------------------------------|--|
| <b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b> |                            |                             |   |                |                |                |                |                               |  |
| 3.1.11   | Sustainable Public Finance | Technical advisors in place | Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP) | 80             | 73             | 80             | 73             | -7                            | Under-performance is attributed to technical advisors exiting the programme during the latter part of 2021/22.   |
| 3.1.12   |                            | Grant funding disbursed     | Value of grant funding disbursed (cumulative across the term of project)  | R5 037m        | R5 687m        | R6 317m        | R6 075m        | -R242m                        | Under-performance is attributed to Jobs Fund disbursements being impacted on by lower economic growth, exacerbated by the COVID -19 pandemic and civil unrest. The Jobs Fund has a significant portfolio of agriculture projects where it partners with the LandBank. The Jobs Fund had to delay its disbursements to projects because |

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PERFORMANCE INFORMATION  
BY PROGRAMME

## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

| APP #  | OUTCOME                 | OUTPUT                  | OUTPUT INDICATOR   | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION   |
|--|-------------------------|-------------------------|--|----------------|----------------|----------------|----------------|-------------------------------|--|
| <b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b> |                         |                         |  |                |                |                |                |                               |  |
| 3.1.12   | Grant funding disbursed | Grant funding disbursed | Value of grant funding disbursed (cumulative across the term of project) | R5 037m        | R5 687m        | R6 317m        | R6 075m        | -R242m                        | the Landbank could not meet its matched funding commitments. Disbursements have also been delayed because of institutional capacity constraints experienced by the Fund's Public Sector partners. This impacted the ability of projects to achieve their projected targets which resulted in the disbursements being lower than projected. Grant funding is disbursed upon the achievement of targets; availability of matched funding and project spending. |

# PERFORMANCE INFORMATION BY PROGRAMME

04

## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

### 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#  | OUTCOME                    | OUTPUT  | OUTPUT INDICATOR  | REASON FOR DEVIATION   | ACTION PLAN   |
| 3.1.1   | Sustainable Public Finance | Published budget legislation and documentation                      | Published budget legislation and documentation  | Under-performance is attributed to Parliament scheduling the tabling of the Medium Term Budget Policy Statement outside of the department's planned period.  | -   |
| 3.1.4   | Sustainable Public Finance | Progress reports on the economic development strategies implemented | Number of township economic development strategies implemented                                  | Under-performance is attributed to the township economic development strategies still in the process of being approved by municipal councils.  | To ensure that the TED Strategies in the 5 pilot sites are submitted for adoption by Council or EXCO by September 2022.   |
| 3.1.8   | Sustainable Public Finance | Financial recovery plans  | Percentage of requests to draft financial recovery plans responded to within 90 days of receipt | In terms of the process as stipulated by section 139 of the MFMA, National Treasury submitted the financial recovery plans within the 90 days. However, under-performance is attributed to consultations in the municipality and their stakeholders exceeding the 90 day period. | -   |
| 3.1.9   | Sustainable Public Finance | Cabinet memos comments  | Percentage of Cabinet memos received commented on   | Under-performance is attributed to three Cabinet memos being received on the day they were due for submission.   | Cabinet has noted departments non-adherence to Guidelines for the Drafting of Cabinet Memoranda specifically with regards to the distribution of Cabinet memoranda. The relevant ministries and Cabinet Secretariat have been requested to address this matter. |

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## PERFORMANCE INFORMATION BY PROGRAMME

### PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

| <b>UNDER-PERFORMING INDICATORS AND ACTION PLANS</b>      |                            |                             |  |  |   |
|--|----------------------------|-----------------------------|--|--|---|
| <b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b> |                            |                             |  |  |   |
| <b>APP#</b>  | <b>OUTCOME</b>             | <b>OUTPUT</b>               | <b>OUTPUT INDICATOR</b>  | <b>REASON FOR DEVIATION</b>  | <b>ACTION PLAN</b>  |
| 3.1.11   | Sustainable Public Finance | Technical advisors in place | Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MIFIP) | Under-performance is attributed to technical advisors exiting the programme during the latter part of 2021/22.   | SPME has concluded an evaluation on the effectiveness, efficiency and relevance of the programme. The recommendations are currently being implemented to enhance the efficiency and effectiveness of the programme.   |
| 3.1.12   | Sustainable Public Finance | Grant funding disbursed     | Value of grant funding disbursed (cumulative across the term of project)   | Under-performance is attributed to Jobs Fund disbursements being impacted on by lower economic growth, exacerbated by the COVID -19 pandemic and civil unrest. The Jobs Fund has a significant portfolio of agriculture projects where it partners with the Land Bank. The Jobs Fund had to delay its disbursements to projects because the Land bank could not meet its matched funding commitments. Disbursements have also been delayed because of institutional capacity constraints experienced by the Fund's Public Sector partners. This impacted the ability of projects to achieve their projected targets which resulted in the disbursements being lower than projected.<br><br>Grant funding is disbursed upon the achievement of targets, availability of matched funding and project spending. | The Jobs Fund has a performance monitoring and tracking framework in place. This includes conducting project site visits and quarterly Project Implementation Review meetings. Disbursement of funds is tightly managed, and funds are only released when performance targets and project conditions are met. |

# PERFORMANCE INFORMATION BY PROGRAMME

04

## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

### CHANGES TO PLANNED TARGETS

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

### LINKING PERFORMANCE WITH BUDGETS

| PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT             | 2021 / 22 FINANCIAL YEAR |                    |                          |                     | 2020 / 21 FINANCIAL YEAR |                          |                     |                    |                          |
|---|--------------------------|--------------------|--------------------------|---------------------|--------------------------|--------------------------|---------------------|--------------------|--------------------------|
|   | 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 Public Finance and Budget Management | 26 726                   | 20 367             | 6 359                    | 14 135              | 14 105                   | 30                       | 14 135              | 14 105             | 30                       |
| Public Finance  | 73 231                   | 69 692             | 3 539                    | 71 789              | 68 632                   | 3 157                    | 71 789              | 68 632             | 3 157                    |
| Budget Office and Coordination                                | 64 759                   | 58 824             | 5 935                    | 66 084              | 55 518                   | 10 566                   | 66 084              | 55 518             | 10 566                   |
| Intergovernmental Relations                                   | 226 716                  | 107 339            | 119 377                  | 107 850             | 92 470                   | 15 380                   | 107 850             | 92 470             | 15 380                   |
| Financial and Fiscal Commission                               | 63 199                   | 63 199             | -                        | 63 821              | 63 821                   | -                        | 63 821              | 63 821             | -                        |
| Facilitation of Conditional Grants                            | 2 366 201                | 2 366 201          | -                        | 1 481 861           | 1 481 861                | -                        | 1 481 861           | 1 481 861          | -                        |
| Catalytic Infrastructure and Development Support Programme    | 677 871                  | 677 826            | 45                       | 312 227             | 311 011                  | 1 216                    | 312 227             | 311 011            | 1 216                    |
| Government Technical Advisory Centre                          | 838 802                  | 837 322            | 1 480                    | 685 015             | 609 753                  | 75 262                   | 685 015             | 609 753            | 75 262                   |
| <b>Total</b>  | <b>4 337 505</b>         | <b>4 200 770</b>   | <b>136 735</b>           | <b>2 802 782</b>    | <b>2 697 171</b>         | <b>105 611</b>           | <b>2 802 782</b>    | <b>2 697 171</b>   | <b>105 611</b>           |

# 04 PERFORMANCE INFORMATION BY PROGRAMME

“To assist SASRIA with the settlement of claims and ensure that the entity has sufficient capital to meet regulatory requirements, government recapitalised SASRIA with R22 billion in 2021/22”

## 4.4 PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

**Purpose:** Provide To prudently manage government’s financial assets and liabilities.

### Institutional Outcomes

- Sound financial controls and management of public finances

### 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 (SOCs) Financial Management and Governance*

This sub-programme is responsible for overseeing SOCs 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.

#### *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.

#### *Financial Operations*

This sub-programme provides for government’s short-term funding needs, invests government’s surplus cash, prudently manages cash 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 sovereign credit rating is mitigated.

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

### SERVICE DELIVERY OBJECTIVES AND INDICATORS

#### Recent outputs

During this reporting period the Minister of Finance approved the minimum criteria that must be met by state-owned entities (SOEs) and government departments when submitting requests for government guarantees with implementation underway. The minimum criteria seek to reduce the volume of guarantees issued and improve the quality of the contingent liability exposure from guarantees issued to SOEs. These minimum criteria were published through a practice note in December 2020 and were discussed with relevant departments and ultimately presented to Cabinet in 2021. When fully implemented, they will ensure that guarantees are issued only to SOEs that can clearly demonstrate their ability to service the debt of the guarantees.

Reviews of the corporate plans and annual reports of public entities listed in Schedule 2 and 3B of the PFMA were conducted. In addition to assessing their alignment with government's priorities, financial sustainability and soundness of governance, the reviews aim to proactively identify possible risks so that appropriate mitigating actions can be taken. Most SOEs submitted their corporate plans on or before the PFMA deadline, with some experiencing delays in finalising audits for various reasons. During the reporting period, 100 per cent of submissions, made in line with PFMA requirements were reviewed. In light of its default status, the Land Bank was exempt from submitting a corporate plan annual report as it continues to negotiate with its lenders the cure to the default.

The process of appointing the Public Investment Corporation (PIC) board and the Land Bank board has been finalised, however, the process of appointing a number of the DBSA board members, as a result of amongst others expiry of the board member's terms, is underway. It is also worth noting that the boards review process for the DBSA and SASRIA is underway since the majority of the board members have been appointed for a period over one year, hence the review of their performance is necessary. The review will assist in ensuring that the composition of these current boards is in line with the skill gaps that will be identified by the review process.

The Minister of Finance reviewed requests for utilisation of guarantees relating to Eskom, the Risk Mitigation Independent Power Producer Programme (RMIPPP), Trans-Caledon Tunnel Authority (TCTA). This allowed TCTA to raise R15.8 billion for financing Phase 2 of the Lesotho Highlands Water Project and for redemption of the WSP 5 bond which matured on 28 May 2021. Various Section 54 PFMA applications were finalised for Umgeni Water Board, SAA, Denel, Eskom, the Central Energy Fund (CEF), and the South African Bureau of Standards (SABS). Tariff submissions from all nine Water Boards were reviewed and analysed in terms of the MFMA and response letters issued.

Due to delays in concluding negotiations with lenders, a revision was made to the 2021 Budget for a conditional allocation of R5 billion to the Land Bank in 2021/22 and R1 billion in each of the two subsequent years. The R5 billion allocation was provisioned for 2022/23. To assist SASRIA with the settlement of claims and ensure that the entity has sufficient capital to meet regulatory requirements, government recapitalised SASRIA with R22 billion in 2021/22. This includes R3.9 billion appropriated through the Second Special Appropriation Act (2021), R11 billion through the 2021 adjustments budget and R7.1 billion allocated through Section 16 of the PFMA. The Minister of Finance approved a special dispensation to allow Eskom to access additional guaranteed debt of R42

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

“Following multiple credit rating downgrades from the solicited credit ratings in 2020, as a result of the outbreak of the COVID-19 pandemic and associated long-lasting and devastating effects, South Africa’s credit ratings began to stabilise”

billion in 2021/22 and R25 billion in 2022/23, which is still within the R350 billion limit. As of 31 March 2022, government’s exposure in terms of Eskom’s guaranteed debt (including interest and inflation) amounted to R313.09 billion. Of the R350 billion government guarantee facility granted to Eskom, R322 billion has been committed, leaving R28 billion unallocated for future funding. Meanwhile, government provided Eskom with equity support of R31.7 billion as at 31 March 2022.

Inputs were provided on policy, legislation and strategies relating to Eskom, SAA, Transnet SAPO, the SABC, Sentech, Broadband Infraco and a draft of the Raw Water Pricing Strategy. The guarantees to Eskom, Denel, TCTA, SAA, SAX and the Land Bank were regularly monitored and quarterly reports on compliance with guarantee conditions were provided to the fiscal liability committee. Through Section 70(2)(b) of the PFMA, Denel was allocated R3 billion to cover capital and interest payments on guaranteed debt as the entity continues to experience solvency and liquidity challenges, thus reducing government’s guarantee exposure to the entity.

An announcement was made in the February 2020 Budget of R16.4 billion over the 2020 Medium Term Expenditure Framework (MTEF) for the settlement of SAA’s government guaranteed legacy debt, of which R10.3 billion was settled in 2020/21. Of the remaining R6.1 billion, R4.3 billion was provided in 2021/22 and R1.8 billion will be provided in 2022/23. SAA was placed under business rescue in December 2019. In addition, R10.5 billion (R7.8 billion for SAA and R2.7 billion for SAA’s subsidiaries) was provided for the implementation of the business rescue plan. Since SAA has been taken out of the business rescue process, any additional fiscal funding requested for SAA will be considered as part of the budget process with a strategic equity partner expected to provide the majority of the funding for the airline going forward.

During the reporting period, borrowing authorisation and related limit applications as well as foreign currency borrowing limit applications from the following public entities were considered: Eskom, Rand Water, Mhlathuze Water, Umgeni Water, SASRIA, SANRAL and DBSA. On 21 May 2021, S&P affirmed South Africa’s longterm foreign and local currency debt ratings at ‘BB-’ and ‘BB’, respectively. The agency maintained a stable outlook. On the same day, Fitch affirmed the country’s long term foreign and local currency debt ratings at ‘BB-’ and maintained a negative outlook. Both agencies highlighted that long standing structural constraints are expected to continue to hinder economic growth. Further, high and rising government debt and high inequality remain the key rating weaknesses.

Following multiple credit rating downgrades from the solicited credit ratings in 2020, as a result of the outbreak of the COVID-19 pandemic and associated long-lasting and devastating effects, South Africa’s credit ratings began to stabilise. On 15 December 2021, Fitch affirmed the country’s non-investment ratings (‘BB-’) and revised the outlook to stable from negative. The agency indicated that the outlook revision reflects the faster than expected economic recovery,

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

surprisingly strong fiscal performance as well as significant improvements to key GDP based credit metrics following the rebasing of national accounts.

Following the tabling of the 2022 Budget and the economy performing better than expected, Moody's affirmed the country's long term foreign and local debt credit ratings at 'Ba2' and revised the outlook to stable from negative on 1 April 2022. The agency said that the key driver behind the revision of the outlook is the improved fiscal outlook that raises the likelihood of government's debt burden stabilising over the medium term. In addition, over the past two fiscal years, government has shown the ability to reprioritise its spending while staying committed to fiscal consolidation.

Although the debt portfolio has grown from a gross loan debt of R2.2 trillion in March 2017 to an estimated gross loan debt of R4.3 trillion in March 2022, none of the strategic risk benchmark indicators were breached. To reduce the cost of new debt, government issued 71 per cent of the funding in the 7-15 year maturity area. Due to issuing in the mid part of the curve, the weighted average term to maturity of the government debt portfolio decreased to 12 years as at 31 March 2021.

South Africa's debt structure and length of maturity are regularly highly commended by ratings agencies as credit strengths since they act as a buffer against exchange rate volatility and interest rate shocks due to the relatively low share of foreign currency debt of around ten per cent compared to similarly rated peers. While 90 per cent of the total debt is in local currency, mainly fixed rate and of long maturity, it does not require frequent refinancing.

The government successfully financed the gross borrowing requirement of R393.2 billion. This was financed through net redemption of domestic short-term loans (R8.0 billion), domestic long-term loans (R290.3 billion) and foreign loans of R31.3 billion (US\$2.2 billion). In addition, R79.6 billion of cash and other balances was used to finance the gross borrowing requirement. During the reporting period, R48 billion of short-dated bonds were exchanged for long-dated bonds.

The stock of government debt increased by R409.6 billion from R3.6 trillion in March 2021 to R4 trillion in March 2022 and none of the strategic risk benchmark indicators were breached. To reduce the cost of new debt, government issued 77 per cent of the funding in the 5 - 15-year maturity bucket.

The cost of servicing government debt amounted to R268.1 billion compared to the original budget of R269.7 billion. During the reporting period, domestic and foreign loans of R65.3 billion were repaid. The division met all government's Rand and foreign currency commitments on a daily basis and surplus cash was optimally invested.

"The stock of government debt increased by **R409.6 billion** from **R3.6 trillion** in March 2021 to **R4 trillion** in March 2022 and none of the strategic risk benchmark indicators were breached"

# PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

### PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

| APP #  | OUTCOME  | OUTPUT                                      | OUTPUT INDICATOR   | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION  |
|--|--|---|--|----------------|----------------|----------------|----------------|-------------------------------|---|
| <b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b> |  |   |  |                |                |                |                |                               |   |
| 4.1.1  | Sound financial controls and management of public finances | Reviewed planning and performance documents | Percentage of complete corporate plans received from Schedule 2 and 3B public entities reviewed  | 100%           | 100%           | 100%           | 100%           | N/A                           | N/A   |
| 4.1.2  |  |   | Percentage of annual reports received from Schedule 2 and 3B public entities reviewed  | 100%           | 100%           | 100%           | 100%           | N/A                           | N/A   |
| 4.1.3  |  | Reviewed complete applications              | Percentage of complete PFMA Section 51(g), 52, 54(2), 55, and 92 applications received from Schedule 2 and 3B public entities reviewed   | 86%            | 100%           | 100%           | 86%            | -14%                          | Under-performance is attributed to capacity constraints which has since been addressed with the filling of the vacancy. |
| 4.1.4  |  |   | Percentage of complete review requests of borrowing limit applications relating to Schedule 2 and 3B public entities reviewed  | 100%           | 100%           | 100%           | 100%           | N/A                           | N/A   |
| 4.1.5  |  |   | Percentage of complete guarantee applications received from Schedule 2 and 3B public entities reviewed   | 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 | 60%            | 100%           | 100%           | 100%           | N/A                           | N/A   |

# PERFORMANCE INFORMATION BY PROGRAMME

04

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

| APP #  | OUTCOME  | OUTPUT  | OUTPUT INDICATOR  | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION |
|--|--|---|---|----------------|----------------|----------------|----------------|-------------------------------|----------------------|
| <b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b> |  |   |   |                |                |                |                |                               |                      |
| 4.1.7  | Sound financial controls and management of public finances | Complete applications reviewed                                  | Percentage of complete board appointments recommendations received from Schedule 2 and 3B public entities reporting to the Minister of Finance reviewed | 100%           | 100%           | 100%           | 100%           | N/A                           | N/A                  |
| 4.1.8  |  | Reviewed MFMA submissions                                       | Percentage of received MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B public entities reviewed                         | 22%            | 100%           | 100%           | 100%           | N/A                           | N/A                  |
| 4.1.9  | Sustainable public finances                                | Annual gross borrowing requirement met reports                  | Percentage of government's annual gross borrowing requirement met   | 100%           | 100%           | 100%           | 100%           | N/A                           | N/A                  |
| 4.1.10   |  | Interest and redemptions met reports                            | Percentage of interest and redemptions met  | 100%           | 100%           | 100%           | 100%           | N/A                           | N/A                  |
| 4.1.11   |  | Liquidity requirements met reports                              | Percentage of government's liquidity requirements met   | 100%           | 100%           | 100%           | 100%           | N/A                           | N/A                  |
| 4.1.12   |  | Compliance with market and refinancing risks benchmarks reports | Percentage compliance with market and refinancing risks benchmarks  | 100%           | 100%           | 100%           | 100%           | N/A                           | N/A                  |

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# PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

| APP #  | OUTCOME                     | OUTPUT                                      | OUTPUT INDICATOR   | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION |
|--|-----------------------------|---|--|----------------|----------------|----------------|----------------|-------------------------------|----------------------|
| <b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b> |                             |   |  |                |                |                |                |                               |                      |
| 4.1.13   | Sustainable public finances | Government's contingent liabilities reports | Number of reports on the management of government's contingent liabilities | 6              | 4              | 4              | 4              | N/A                           | N/A                  |

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

| <b>UNDER-PERFORMING INDICATORS AND ACTION PLANS</b> |  |                                |  |   |  |  |  |  |  |
|---|--|--------------------------------|--|---|--|--|--|--|--|
| <b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b>  |  |                                |  |   |  |  |  |  |  |
| APP#  | OUTCOME  | OUTPUT                         | OUTPUT INDICATOR   | REASON FOR DEVIATION  |  |  | ACTION PLAN  |  |  |
| 4.1.3   | Sound financial controls and Management of public finances | Reviewed complete applications | Percentage of complete PFMA Section 51(g), 52, 54(2), 55, and 92 applications received from Schedule 2 and 3B public entities reviewed | Under-performance is attributed to capacity constraints which has since been addressed with the filling of the vacancy. |  |  | The full capacity of the unit has been fully restored following the filling of vacant positions. |  |  |

### CHANGES TO PLANNED TARGETS

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

PERFORMANCE INFORMATION  
BY PROGRAMME

04

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

## LINKING PERFORMANCE WITH BUDGETS

| PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT             | 2021/22 FINANCIAL YEAR |                    |                          | 2020/21 FINANCIAL YEAR |                    |                          |
|---|------------------------|--------------------|--------------------------|------------------------|--------------------|--------------------------|
|   | 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 | 10 064                 | 7 627              | 2 437                    | 9 525                  | 6 325              | 3 200                    |
| State Owned Entity Financial Management and Governance  | 27 039 102             | 26 600 922         | 438 180                  | 2 963 251              | 2 962 147          | 1 104                    |
| Government Debt Management                              | 19 113                 | 18 473             | 640                      | 20 795                 | 19 931             | 864                      |
| Financial Operations                                    | 26 578                 | 25 767             | 811                      | 28 993                 | 24 985             | 4 008                    |
| Strategy and Risk Management                            | 11 081                 | 10 378             | 703                      | 12 767                 | 9 204              | 3 563                    |
| <b>Total</b>  | <b>27 105 938</b>      | <b>26 663 167</b>  | <b>442 771</b>           | <b>3 035 331</b>       | <b>3 022 592</b>   | <b>12 739</b>            |

# 04 PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

### 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.

#### Institutional Outcomes

- Coherent economic policy advocated
- Sustainable public finances

#### 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: Maintains and improves existing financial management systems and develops and implements 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.
- 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 manage policy and legislative formulation for 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; that supports and enforces transparent and effective management of state procurement and sound stewardship of government assets and resources.

# PERFORMANCE INFORMATION BY PROGRAMME

# 04

## PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

### SERVICE DELIVERY OBJECTIVES AND INDICATORS

#### Recent outputs

#### *Office of the Accountant-General*

##### *Governance Monitoring and Compliance*

Concerted efforts were made to provide further clarity to PFMA-compliant institutions on matters related to irregular expenditure by publishing a Circular on Implementation of Irregular Expenditure Frequently Asked Questions 2021, Amendments to National Treasury Instruction No 2 of 2019/2020 on Irregular Expenditure and an Updated Irregular Expenditure Frequently Asked Questions 2021/22. A PFMA compliance reporting instrument has been developed for PFMA-compliant institutions that prescribe new reporting requirements for irregular, fruitless and wasteful expenditure including an annual report disclosure for unwanted expenditure. A guideline on material irregularities and a loss control function guideline have been developed to assist PFMA-compliant institutions to deal with material irregularities and losses emanating from unauthorised, irregular, fruitless and wasteful expenditure (UIFW).

Information sessions were provided on request by PFMA institutions to ensure that accounting officers and accounting authorities comply with the legislative framework and assist them with the interpretation, application and implementation of the PFMA. These sessions were attended by, among others, members of boards, executive management, finance practitioners, and non-financial practitioners and dealt with various topics related to the PFMA such as the overview of the PFMA and irregular, fruitless and wasteful expenditure.

Technical meetings were held throughout the financial year with the Auditor-General of South Africa (AGSA) and PFMA-compliant institutions to provide clarity on the interpretation of the PFMA, Treasury Regulations and related instructions and frameworks. Responses to requests from PFMA-compliant institutions for the OAG to condone irregular expenditure was provided, which has assisted institutions to reduce the balances of irregular expenditure.

The National Treasury continued monitoring compliance with the requirement for national and provincial departments to pay suppliers within 30 days from receipt of an invoice in terms of section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3. The department provided quarterly reports to relevant stakeholders including the Department of Planning, Monitoring and Evaluation (DPME), the Office of the Public Service Commission (OPSC) and the Department of Small Business Development (DSBD). The National Treasury continued to assist and support suppliers with queries reported to the 30 days' suppliers' hotline at the National Treasury relating to the non-payment of invoices by government institutions.

The annual report was provided to the Cabinet, the Standing Committee on Public Accounts (SCOPA) and the Standing Committee on Finance (SCoF) with the status of compliance with the requirement to pay suppliers within the prescribed period, reasons for late and/or non-compliance, and interventions by the National Treasury to improve the status of compliance by national and provincial departments.

The department developed and presented an annual progress report on financial management and compliance matters of the PFMA institutions to assist with information that will strengthen their oversight functions. The National Treasury prepared and tabled memoranda on audit outcomes of the PFMA institutions for 2020/21 to the Cabinet.

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### *MFMA Implementation*

The Municipal Finance Management Act (MFMA) legislation, regulatory oversight and helpdesk provides responses to requests from municipalities and municipal entities including providing clarity on implementation of the MFMA and its regulations and MFMA circulars.

The MFMA mailbox provides a central point through which requests are processed to relevant departments, provincial treasuries, municipalities and municipal entities for responses, including assistance with implementing the MFMA. Through the responses provided via the MFMA helpdesk, municipalities and municipal entities gain a better understanding of the MFMA disciplines such as budgets, investments, supply chain, borrowing, minimum competencies, measures to process and manage UIFW expenditure, and the application of consequence management procedures. The impact of the responses is evident in the improved understanding of municipal officials of their roles and responsibilities, and councillors of the oversight activities, including how the specific provisions of the law must be interpreted and implemented. Assistance was provided to the generic councillor induction programme and the specialised municipal public accounts committee training relating to MFMA financial management oversight by councillors.

The MFMA circulars, guides and tools were issued relating to reporting on COVID-19 expenditure, the bidding process for infrastructure procurement, UIFW reduction strategy as required by MTSF and reported upon by the AGSA, as well as the issuance and training of municipal officials in the use of the web-enabled audit action plan and web-enabled assessments for financial capability and maturity tools. The tools available on the National Treasury websites are free for all municipalities and municipal entities and generate reports to be used by municipal management, councils, provincial and national oversight departments. A project has been initiated to raise awareness and highlight the requirements to strengthen consequence management and accountability in municipalities and municipal entities. The project is supported by the European Union, and planned for completion later this year, after which it will be rolled out.

The MFMA coordinators' meetings with officials of provincial treasuries, national and provincial departments of cooperative governance, the Auditor General and the South African Local Government Association (SALGA) were hosted virtually. The purpose was to improve coordination of financial management reforms in municipalities, to identify gaps and areas of need, and to further define strategies that will improve municipal performance and entrench MFMA reforms.

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

### *Accounting Support and Reporting*

The impact of the COVID-19 pandemic resulted in delays in the submission of the 2020/21 audited financial information from national departments and public entities for the purpose of preparing the 2020/21 consolidated

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financial statements, the National Revenue Fund (NRF) and Reconstruction and Development Programme (RDP) for tabling. The delays were largely caused by delayed finalisation of audits by AGSA due to the multiplier effect of COVID-19 on its auditors. The consolidated financial statements and NRF, due for tabling by the legislated date of 31 October 2021, could therefore only be tabled on 10 December 2021.

The unit monitored and reported on information on national revenue and expenditure through reports published monthly in terms of Section 32 of the PFMA. The unit continued its initiatives to support national departments, entities, municipalities and provincial treasuries with accounting and reporting queries. It also assisted with improving audit outcomes, the review, feedback and monitoring of AFS preparation plans as well as audit action plans. The unit conducted a review of and provided feedback on the interim financial statements and was involved in internal stakeholder engagements such as mid-term budget visits, MFMA joint meetings and external stakeholder engagements including the Public Sector Accounting Forum, thereby influencing technical accounting developments. Three CFO forums were hosted for the national and local government spheres, through which peer learning and sharing of experiences by financial practitioners on the operational impacts relating to coordination, communication and implementation of financial management and governance reforms were facilitated.

### *Technical Support Services*

The unit published updates to all 16 accounting manuals supporting the application of the Modified Cash Standard (MCS) applied by national and provincial departments. Support was offered to departments during the audit cycle through responses to queries, engagements with the AGSA and the issuing of Frequently Asked Questions (FAQs).

The proposed amendments to the MCS, effective for the 2022/23 financial year, were issued for comment during the reporting period and were finalised after completion of an extensive due process comprising working group meetings with the provinces, forums with departments and targeted discussions with key stakeholders. The final MCS was published along with supporting material, such as a summary of all the changes and a summary of the core principles in each chapter of the MCS.

In support of institutions applying the standards of GRAP, five GRAP implementation guides were updated and published as well as the GRAP accounting and disclosure checklist. This tool assists preparers and auditors in identifying material accounting and disclosure requirements for inclusion in the financial statements. An updated GRAP accounting tool on leases was published, aimed at supporting entities with the classification, measurement and disclosure of finance and operating leases in their annual financial statements.

### *Internal Audit and Risk Management Support*

The Internal Audit Support chief directorate continued to support the work of internal auditors and risk management in the PFMA and MFMA spending agencies. Due to the ongoing COVID-19

*“In support of institutions applying the standards of GRAP, five GRAP implementation guides were updated and published as well as the GRAP accounting and disclosure checklist”*

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induced restrictions, virtual knowledge-sharing sessions were convened to disseminate information on new internal audit initiatives as well as create opportunities for interaction with various stakeholders and provide guidance where necessary. State of readiness reviews were conducted to determine the effectiveness of the internal audit functions in PFMA and MFMA spending agencies. Reports generated from these reviews were used to provide additional support. Audit committees were supported through the Public Sector Audit Committee Forum, induction of new audit committees, attendance of audit committee meetings and responses to queries on the application of legislative prescripts. Surveys on the status of internal audit and audit committees were conducted, focusing on areas such as institutional arrangements, quality control, resourcing and standing of both internal audit and audit committees in PFMA and MFMA spending agencies. Reports on these surveys were used to determine the support initiatives on the focus areas. Various activities in support of internal auditors in the public sector were undertaken in collaboration with the Institute of Internal Auditors (IIA SA). Relations with the AGSA were further strengthened to support internal auditors and audit committees to resolve internal audit and audit committee related findings raised by the audit teams.

*Capacity Building*

National Treasury Capacity Building is informed by the Public Financial Management Capacity Development Strategy (PFM CDS) which acts as the blueprint for providing support in the reform agenda and thus for delivering on the mandate derived from the Constitution, the MFMA and the PFMA. Generous support from the international development community continues to enable the advancement of the PFM capacity development mandate.

The Municipal Technical Advisors (MTAs) were successfully assigned to each of the eight selected municipalities. This intervention aims to build capacity for sound and good financial management which is a prerequisite for an efficient and effective public service. Introductory visits were undertaken to the Northern Cape to meet heads of departments (HODs), municipal managers, CFOs together with provincial treasury advisor and municipal treasury advisors for Gasegonyana and Dawid Kruiper municipalities.

In order to determine the required support and provide appropriate capacity to enhance PFM practices for improved service delivery in all selected municipalities and provincial treasuries, municipal diagnostic and baseline assessments as well as organisational change readiness assessments were conducted. These initiatives were completed in collaboration with the respective provinces and eight local municipalities. The implementation of support plans in all eight local municipalities is continuing at a steady pace. Inception reports for eight municipalities were finalised.

A blended (virtual and face-to-face) national PFM week conference was hosted to build on the platform created for PFM officials to update their knowledge and awareness of the latest trends and developments in the PFM space, both locally and internationally. It also facilitated the building of communities of practice for sharing successes and lessons learned, showcased the PFM resources currently available, and highlighted how these resources can be accessed.

To ensure effective implementation and achievement of the overall objectives of FMISD programme, 43 project ToRs were successfully launched, contracted and implementation commenced as planned. These included the roll outs of a short learning programme on how to develop audit plans, a short learning programme for IT general controls, audit of performance information and the development and pilot for procurement planning

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and specification writing skills development programmes. The learning material for the municipal financial management minimum competency training programme (MFMP) was reviewed and updated, competency framework and guidelines were developed for the loss control function to address UIFW expenditure incurred by PFMA institutions, research on recovery of revenue foregone in tribal authority control areas project, the electronic platform for the MFMA Financial Management Capability Maturity Model (FMCMM) was enhanced and piloted, and financial viability studies for selected municipalities were conducted.

Four capacity building steering committee meetings were held during the reporting period. This committee oversees the implementation of the donor funded programmes. The FMISD programme quarterly performance reports highlighting progress were presented to relevant stakeholders. Implementation and financial reports were submitted to the EU for endorsement and approval, and the external audit verification process for the second year of the PE implementation was concluded with no findings.

Implementation of the Procurement, Infrastructure and Knowledge Management (PINK) Programme, funded by the Swiss Economic Council (SECO) from 2018 to 2022 (R96 million), continued at a steady pace.

Under key result area 1 (KRA1), the SCM toolkits were rolled out to the eight pilot municipalities. The development of the demand management framework was completed with train the trainer sessions being held for SCM officials from the national and provincial treasuries and the representatives from the eight pilot municipalities. The SCM assessments using the FMCMM model were completed with the results proving that the SCM processes in the eight pilot municipalities has improved as a result of PINK. The SCM virtual forums that were established in response to COVID-19 challenges grew in popularity and attendance by both PINK and non-PINK municipalities. These have become a community of practice where learnings and knowledge are shared. The International Budget Partnership (IBP) of South Africa and the Dullah Omar Institute partnered with PINK to include the eight PINK pilot municipalities in their survey to gauge the transparency of municipal procurement. The assessment is based on the premise that municipal residents should be able to use their municipality's website for information about procurement affecting them. The results have highlighted that there are areas in the PINK municipalities that need further improvement and support is being provided to address these.

Key result area 2 (KRA 2), which focuses on the development of the local government Infrastructure Delivery Management System (IDMS), has made significant progress. All five modules of the IDMS were finalised. To support the testing of the IDMS in the municipalities, three long term experts were appointed with one being placed at IGR and two at the Free State and Mpumalanga provincial treasuries. To support the IDMS, the process of mapping the as-is IM processes at the eight pilot municipalities was completed. Similarly, the development of the infrastructure management competency statements project was finalised. The competency statements will be loaded onto the i-Develop tool and used in the assessment of competencies of the IM practitioners in the National Treasury, provincial treasuries, and the municipalities. The testing of modules 1 and 2 of the local government IDMS was completed at two of the eight municipalities namely, Moqhaka and Chief Albert Luthuli local municipalities.

Knowledge Management and Peer Learning are the focus of key result area 3 (KRA 3) which is the crosscutting activity between KRAs 1 and 2. The PINK programme reached a milestone with the commencement of the development of an Integrated Knowledge Management System (IKMS) in September 2021.

As at March 2022, there were just over 1 250 interns across the 257 municipalities with a retention rate of over 63 per cent or over 3 146 interns since the programme's inception in 2005. The verification processes on the

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“The Public Financial Management Capacity Development Programme for Improved Service Delivery (FMISD) was funded with the support of the European Union”

implementation of this programme is now managed through an e-interface with the support of the relevant provincial treasuries. Just over 9 500 municipal officials have accessed the training in line with the issued minimum competency levels. During the reporting period, there were just over 400 enrolments and continuations in the programme across municipalities. The compliance level remains at 68 per cent for all the affected positions including municipal managers, CFOs and CEOs of the municipal entities, heads of SCM, senior managers, managers and middle managers.

The MFMA induction programme is being rolled out in the form of interactive DVD e-learning. There are just over 8 000 registrations in the e-learning programme with a completion rate for all the six modules of over 32 per cent over 2 500 officials, including financial officials, interns and councillors. The face-to-face induction has been delivered through the e-interface of Microsoft Teams and Zoom to provinces and municipalities.

Support in developing a pool of accounting professionals continued through the Chartered Accountants Academy (CAA). Eleven trainee accountants were recruited and 10 candidates registered to attend the study support programme. Two groups of nine first year candidates and ten second year candidates were preparing to write the Initial Test of Competence (ITC) and Assessment of Professional Competence (APC) examinations respectively. During the reporting period, four candidates qualified as chartered accountants through the academy that has developed 76 chartered accountants since its establishment in 2008. The programme currently has 31 trainee accountants enrolled.

The Public Financial Management Capacity Development Programme for Improved Service Delivery (FMISD) was funded with the support of the European Union, and training experts were engaged to provide accredited training on the Standard Chart of Accounts (SCoA). The SCoA is instrumental to the improvement of financial management in departments as it forms the basis for all transactions recorded in the books of the department. This intervention has been targeted at providing support to the Budget Office on ensuring that supply chain practitioners have a clear understanding of SCoA and improving the accuracy of recording transactions in the financial systems of government which ultimately will lead to better reporting by departments. As at 31 March 2022, over 150 SCM practitioners have been trained on this solution.

In addition, a short learning programme on the preparation of financial statements based on the Modified Cash Accounting Standards is being rolled out. This programme is geared at assisting finance practitioners to prepare financial statements in line with the National Treasury’s guideline of the Modified Cash Accounting Standard. By the end of the financial year, 200 officials have been trained.

During the reporting period, the National Treasury received R4.8 million from the Finance and Accounting Services Sector Education and Training Authority (FASSET) to rollout a public sector accounting technician learnership certificate in line with National Qualifications Framework (NQF) Level 4, in two provinces and targeting 65 unemployed youth (37 in Eastern Cape and 28 in Limpopo). The aim of this certificate programme is to empower unemployed learners with public sector specific competencies in line with the National Treasury’s Competency Framework for Financial Management, and to provide skills development and employment opportunities for

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the employed officials. The Department of Higher Education (DHET) has called on all public sector institutions to use the sector to provide unemployed youth with the opportunity to learn about public financial management as a means to alleviate the social ills caused by unemployment. The project was delayed in the previous financial year due to the nationwide lockdown and restrictions caused by the COVID-19 pandemic. With the easing of the restrictions, 65 learners were placed in the workplaces of the identified provinces. During the period of the learnership, stipends and training opportunities were provided to 65 unemployed youth who were previously “not in education and not in training”. The programme is ongoing with 60 learners due to complete the intervention on 31 July 2022.

During the period under review, three SCM education, training and development (ETD) solutions were designed, developed and pilot delivered. They included procurement planning skills development programme to over 150 SCM officials from all three spheres of government, specification writing skills development programme to over 150 SCM officials from all three spheres of government, and SCM executive development programme for the local government sector to 60 municipalities. The solutions targeted municipal executive teams of municipal managers, CFOs, Heads of SCM and municipal heads of service delivery departments in the nine provinces of South Africa, and were funded by the EU.

The New Zealand Embassy was approached for technical assistance and funding support to develop and deliver the SCM executive development programme to municipal managers, mayors and councillors in 257 municipalities.

The SCM learnership programme (SAQA QUAL ID: 74149, NQF Level 5, 152 credits) funded by the Transport Education and Training Authority (TETA) has been successfully delivered to over 159 SCM municipal officials in Northern Cape, North West and Free State. Strategic support was provided for the learners’ enrolment and registration, induction and training delivery of the employed SCM departmental officials on the programme through its discretionary grant funding to 500 employed departmental SCM officials in Limpopo, North West, Gauteng, Mpumalanga and national departments. The programme has also been delivered to an additional 105 employed officials in Eastern Cape and Gauteng province learners. Graduation ceremonies were held for 28 unemployed learners in Limpopo, 50 employed learners in Mpumalanga and 50 employed learners in Gauteng who successfully completed the SCM Learnership Programme.

Competency assessments were done through the i-Develop toolkit and conducted for financial accounting and SCM in Gauteng and Western Cape (both PFMA and MFMA institutions). Various demonstration sessions were held including PINK and IGR on conception of the infrastructure discipline as a component on the toolkit and uploading competency assessment statements for infrastructure management (IGR). Competency assessment statements were developed for asset management and internal control in Limpopo (both PFMA and MFMA institutions) as well as for management accounting in the Northern Cape (both PFMA and MFMA institutions).

Support was provided and contributions made to the development and professionalisation of the SCM function as a discipline through the interim SCM council. In addition, with support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the SCM Technical Standards and Competency Framework in South Africa was developed. These initiatives are aimed at contributing to the development of SCM as a discipline and its professionalisation in the country. The interim SCM council has formally participated and submitted inputs, comments and recommendations to DPSA and NSG coordinating team for professionalisation of the public service.

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Key stakeholder engagements on SCM-related initiatives were held with SCM/CFO forums. Introductory meetings were coordinated with provincial treasuries and municipalities on the pilot delivery of the SCM executive development programme and participation in the Public Works Sector Capacity Building Forum took place.

The process of finalising the business case and ToRs for the establishment of the SCM Capacity Building Forum (the National Treasury and provincial treasuries and national departments) and its three sub-committees (SCM ETD Committee, SCM Professionalisation Committee and SCM Capacity Building Committee) is underway.

As part of the gender research project, gender research was rolled out in four provinces. The outcome was presented to the National Treasury steering committee: Development of the Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing (GRPBMEA) learning module/training material funded by GIZ in collaboration with the Collaborative Africa Budget Reform Initiative (CABRI). Consultations were held with the Department of Women, Youth and Persons with Disabilities (DWYPD) and women empowerment and leadership programme activities were developed in partnership with the United Nations Development Programme (UNDP) and GIZ.

*Financial Systems*

The Financial Systems Unit continues to operate at optimum level, providing a stable platform for the systems operations of government. This includes ongoing maintenance and adaption of the Personnel and Salary Administration System (PERSAL), the Logistical Information System (LOGIS), the Basic Accounting System (BAS) and the Vulindlela Management Information System to comply with policy and user requirements.

*Integrated Financial Management System*

All assignments leading up to the common design and pilot implementation have been completed including change readiness assessment, pre-common design training for Pilot and Lead sites and the conceptual model for the Integrated Financial Management System (IFMS) Centre of Excellence.

A procurement process was initiated in May 2021 through SITA, as is required, for the procurement of a service provider to implement the IFMS at two national and two provincial departments (the National Treasury, DPSA, EC and WC provincial treasuries) for pilot purposes and to set a basis for national roll out. The bid was cancelled in September 2021 due to the proposed price exceeding the budgeted amount. The pilot implementation has therefore once again been delayed due to the unsuccessful procurement process conducted by SITA. This has again resulted in delays to the implementation of the IFMS with consequential negative impact on the National Treasury's external audit findings. In an effort to mitigate these delays, the IFMS programme adopted alternative approaches for the procurement of a service provider for the implementation of the IFMS system, and preparations are underway for the initiation of a new procurement process. A panel of system implementers will be established to ensure capacity to execute and support the national roll out of the IFMS. The actions to mitigate the impact of the delays have been factored into a revised project implementation plan. The frequent sitting of key governance structures such as the programme and steering committees has resulted in key project decisions being implemented timeously, resulting in accelerated progress in various areas of the programme. Unfortunately, despite the IFMS steering committee being made up of IFMS partner government departments approving the MoU, two partners have not signed resulting in the National Treasury receiving audit findings on project governance matters.

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### *Specialised Audit Services*

Investigative capacity on critical and complex forensic investigations relating to public procurement was provided through 25 forensic investigations and one specialised performance audit report. Advisory services were extended to law enforcement agencies, the National Prosecuting Authority (NPA) and South African Police Service (SAPS) in the criminal investigation of complex commercial crime cases including personal protective equipment (PPE) investigations. Cases were referred for criminal investigation, with advisory services being provided to law enforcement agencies or anti-corruption task teams. To assist with building the capacity of law enforcement institutions, national training sessions on PFMA and MFMA case law for criminal convictions were conducted with members of the Directorate for Priority Crime Investigation (DPCI) and prosecutors from the Serious Commercial Crimes Unit (SCCU). Collaboration continued with the NPA's Asset Forfeiture Unit in the recovery of state funds to the NRF, and other assets lost through crime. Participation in a number of task teams involved in protection of whistle blowers and foreign bribery was provided.

### *Office of the Chief Procurement Officer*

#### *SCM Policy, Norms and Standards*

A revised draft Public Procurement Bill has been finalised, with due consideration of the recommendations of the Judicial Commission of Inquiry into Allegations of State Capture reports and the Constitutional Court judgement of 16 February 2022. Approval was obtained from the Minister to consult Nedlac on the draft Public Procurement Bill (PPB). Once all the associated processes are completed, the draft bill will be submitted to Cabinet for approval to introduce it in Parliament.

Following the Constitutional Court judgement issued on 16 February 2022 on the matter between the Minister of Finance and Afribusiness regarding the 2017 Preferential Procurement Regulations, the National Treasury has ensured that public procurement is not delayed, and service delivery is uninterrupted by guiding organs of state on how to respond to the judgement. The department has since provided clarity on the implications of the Constitutional Court judgement. The advice was cautionary and not prohibitive, and after considering all legal options and consultations, organs of state were advised to apply for exemption from certain provisions of the Preferential Procurement Policy Framework Act (PPPFA).

The department recognised the urgency of the requests for exemption in terms of section 3 of the Act and instituted a process to ensure that the requests were dealt with expeditiously. In March, the draft Preferential Procurement Regulations were published for public comment with a closing date of 11 April 2022. The review of the comments is ongoing, and it is envisaged that the process will run faster and have new regulations in place to govern the PPPFA.

As of 31 March 2022, the OCPO issued three PFMA instructions and one PPPFA Designated Sector Circular including PFMA SCM Instruction No. 01 of 2021/22 - Departure from publication of bids, bid awards and related notifications in the Government Tender Bulletin and the eTender Portal; PFMA SCM Instruction No. 02 of 2021/22 - Threshold values for the procurement of goods and services by means of petty cash, written price quotations or competitive bids, PFMA SCM Instruction No. 03 of 2021/22 - Enhancing compliance, transparency and accountability in supply chain management, and Designated Sector Circular No. 1 of 2021/22 - Cement.

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### *Transversal Contracting*

During the reporting period, 35 transversal contracts were renewed against a target of 21 contracts. The principal aim for renewing the transversal contracts was to ensure that sourcing of goods and services brings about savings and achieves economies of scale through bulk purchasing. The contracts are arranged in categories such as transport, medical services, educational services, voice and telecommunication and clothing and textiles.

### *SCM Information and Communication Technology*

The Central Supplier Database (CSD) continues to simplify and strengthen accessibility of doing business with the state. As at 31 March 2022, the system had 1 003 358 registered suppliers of which 315 058 are women-owned, 289 379 are youth-owned and 8 418 are owned by people with disabilities. The eTender portal that is used for publication of government tender opportunities was revamped and enhanced to include procurement planning and contract management functions. During the reporting period, 18 594 procurement opportunities were advertised on the platform. Through the OCPO, the National Treasury has published public sector procurement information planned for the next 12 months, including the dashboard on COVID-19 procurement.

### *SCM Governance, Monitoring and Compliance (GMC)*

During the reporting period, institutions that required assistance in strengthening their SCM functions and improving SCM performance were identified. They included Eskom, Denel, the Department of Justice and Constitutional Development and Transnet. The OCPO has also provided support on the municipal audit programme to several municipalities in the country. The OCPO continued to monitor procurement practices in the organs of states as well as acting upon issues identified to ensure compliance.

The OCPO provided oversight over compliance with SCM policies, procedures, norms and standards, and procurement plans, deviations and contract expansions for departments and public entities. These were published to improve transparency. The OCPO also continued to assist and support the law enforcement agencies and the Fusion Centre with review of procurement processes for PPE.

Following the Constitutional Court judgement issued on 16 February 2022 on the matter between the Minister of Finance and Afribusiness regarding the 2017 Preferential Procurement Regulations, the National Treasury through the OCPO received a request for exemptions in terms of section 3(c) of the Preferential Procurement Policy Framework Act, 2000, exempting the organs of state from complying with the Act until the new Preferential Procurement Regulations take effect or the Constitutional Court's clarity on the suspension of the invalidity of the Preferential Procurement Regulations, 2017, is provided, whichever occurs first. Through this process, the Minister of Finance granted exemption to 464 organs of state.

### *Strategic Procurement*

Through strategic procurement initiatives, sourcing strategies for various commodity categories were developed. Research was conducted into government's bulk fuel tanks, their current state of repair and maintenance as well as

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the ownership thereof. There are currently 465 bulk fuel tanks situated at government institutions whose ownership is unknown. The tanks are old, damaged, not maintained, dilapidated and causing environmental damage to the premises as well as the vehicles consuming fuel from them. This project will continue in 2022/23.

Two projects in the health industry were undertaken. The first included the development of standardised procurement strategies and standard contracts for the maintenance of hospital equipment whose warranties have expired. This project will continue in 2022/23. The second project was for radiology equipment in which approximately 18 specifications were developed for nuclear medicine equipment and six specifications for radiography equipment. The outputs on this project included the standardised specifications, template service level agreements, template maintenance agreements as well as special conditions of contract. This project was completed in 2021/22.

The government online travel booking solution is still in progress and will continue into 2022/23. During the reporting period, all travel business processes were mapped with various national and provincial departments, public entities and local government institutions.

The National Travel Policy Framework (now called the National Travel Framework) as well as the travel cost containment directives were revised and will be published in quarter 2 2022/23 to become effective in September 2022.

The project for the revision of the Strategic Procurement Framework (SPF) is underway and will continue into 2022/23 with the appointment of a service provider to revise, edit, proofread and develop short e-learning tutorials.

### ***Stakeholder and Client Management***

The OCPO continues to work with the Presidency to capacitate and educate women in business across the nine provinces to enable them to compete successfully in public procurement and provide goods and services to institutions of government. The division continued to support empowerment objectives through public procurement strategies targeted at vulnerable women facing economic challenges. These included other services offered to support emerging businesses in developing business plans and sourcing funding to build sustainable businesses. A radio campaign to simplify the process of transacting with government through public procurement was rolled out, albeit late, in Gauteng through SAFM, Mpumalanga on RiseFM and YouFM for North West and Northern Cape.

The office continued to work with the Western Cape Chamber of Commerce giving insight into the reforms and developments in the public sector procurement or supply chain management.

The OCPO has provided ongoing engagement with internal stakeholders. During the reporting period, the provincial SCM forum was adopted as a sub-committee of the technical committee on finance with heads of provincial treasuries as permanent members. The provincial treasury SCM forum was tasked to focus on a number of themes towards improving SCM performance including the Public Procurement Bill (legislative focus), audit outcomes (SCM issues) (major themes for national, provincial and local spheres), skills and professionalisation of the SCM discipline, the use of technology in SCM and strategic procurement/transversal contracts.

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| APP #  | OUTCOME  | OUTPUT                             | OUTPUT INDICATOR                        | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION   |
|--|--|------------------------------------|---|----------------|----------------|----------------|----------------|-------------------------------|--|
| <b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b> |  |                                    |   |                |                |                |                |                               |  |
| 5.1.1  | Sound financial controls and management of public finances | Public Finance Norms and Standards | Number of norms and standards developed | #              | 19             | 8              | 5              | -3                            | Under-performance is attributed to a reduced number of issues raised by PFMA and MFMA compliant institutions on the existing legislative frameworks requiring the issuance of norms and standards. |
| 5.1.2  |  | Public Finance Governance Reports  | Number of governance reports produced   | #              | 48             | 16             | 50             | 34                            | Over-performance is attributed to an increased number of governance matters identified to improve financial management and governance and compliance.  |

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## PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

| APP #  | OUTCOME  | OUTPUT  | OUTPUT INDICATOR   | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION  |
|--|--|---|--|----------------|----------------|----------------|----------------|-------------------------------|---|
| <b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b> |  |   |  |                |                |                |                |                               |   |
| 5.1.3  | Sound financial controls and management of public finances | Public Finance Management Capacity Development Programmes Reports | Number of public finance management capacity development programmes progress re-ports produced | #              | 18             | 16             | 20             | 4                             | Over-performance is attributed to an increased demand for capacity development programmes to strengthen the implementation of both MFMA and PFMA reforms by public institutions.                |
| 5.1.4  |  | Transversal systems available                                     | Percentage availability of transversal systems   | #              | 99.9%          | 98%            | 100%           | 2%                            | Over-performance is attributed to the transversal systems remaining stable throughout the financial year, providing a predictable and reliable processing environment to all mainframe clients. |

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## PERFORMANCE INFORMATION BY PROGRAMME

### PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

| APP #  | OUTCOME  | OUTPUT                              | OUTPUT INDICATOR                     | ACTUAL 2019/20  | ACTUAL 2020/21  | TARGET 2021/22  | ACTUAL 2021/22  | DEVIATION FROM PLANNED TARGET   | REASON FOR DEVIATION   |
|--|--|-------------------------------------|--------------------------------------|---|---|---|---|---|--|
| <b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b> |  |                                     |                                      |   |   |   |   |   |  |
| 5.1.5  | Sound financial controls and management of public finances | Statutory reports                   | Number of statutory reports produced | #   | 20  | 10  | 21  | 11  | Over-performance is attributed to enhanced efficiency in producing reports to improve financial management statutory compliance across all spheres and entities in government.   |
| 5.1.6  |  | IFMS II plan implementation reports | Implementation of the IFMS II plan   | Functional and technical specifications of IFMS system not developed. | Execution of Common Design and Procurement of supporting services not achieved. | Functional and technical specifications of IFMS system developed. | Functional and technical specifications of IFMS system not developed. | Functional and technical specifications of IFMS system not developed. | Under-performance is attributed to non-appointment of a service provider. A procurement process that was initiated was not successful due to the bid price exceeding the budget which led to the bid cancellation. National Treasury |

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## PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

| APP #  | OUTCOME  | OUTPUT                  | OUTPUT INDICATOR                                | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22                   | ACTUAL 2021/22                       | DEVIATION FROM PLANNED TARGET   | REASON FOR DEVIATION   |
|--|--|-------------------------|---|----------------|----------------|----------------------------------|--------------------------------------|---|--|
| <b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b> |  |                         |   |                |                |                                  |                                      |   |  |
| 5.1.6  | Sound financial controls and management of public finances |                         |   |                |                | IFMS Generic template developed. | IFMS Generic Template not developed. | IFMS Generic Template not developed.  | is also partnering with the Western Cape Provincial Treasury (WCPT) to utilise WCPT's technical resources for the implementation of I-Recruitment module of the IFMS system. |
| 5.1.7  |  | SCM compliance report   | Number of quarterly compliance reports produced | #              | 1              | 4                                | 4                                    | Roll out of the generic template for accelerated implementation to Lead Sites and Pilot Sites not achieved. | Roll out of the generic template for accelerated implementation to Lead Sites and Pilot Sites not achieved.  |
| 5.1.8  |  | Approved SCM directives | Percentage of approved SCM directives           | #              | 100%           | 100%                             | 100%                                 | N/A   | N/A  |

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## PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

| APP #  | OUTCOME  | OUTPUT   | OUTPUT INDICATOR  | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION  |  |
|--|--|--|---|----------------|----------------|----------------|----------------|-------------------------------|---|--|
| <b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b> |  |  |   |                |                |                |                |                               |   |  |
| 5.1.9  | Sound financial controls and management of public finances | Development of the support implementation plan reports | Percentage implementation of support plan on identified or prioritised institutions in order to improve SCM performance | #              | 100%           | 100%           | 100%           | N/A                           | N/A   |  |
| 5.1.10   |  | Transversal term contracts                             | Number of transversal term contracts implemented  | #              | 41             | 21             | 35             | 14                            | Over-performance is attributed to new commodities and supplementary items that were identified for transversal contracting.   |  |
| 5.1.11   |  | Strategic sourcing opportunities plan reports          | Percentage implementation of the strategic sourcing opportunities plan  | #              | 59%            | 100%           | 93%            | -7%                           | Under-performance is attributed to the delayed approval of a single source deviation which affected timelines for issuing the Request for Proposal (RFP) within the 2021/2022 financial year. |  |

# PERFORMANCE INFORMATION BY PROGRAMME

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## PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

### 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#  | OUTCOME  | OUTPUT  | OUTPUT INDICATOR   | REASON FOR DEVIATION  | ACTION PLAN  |
| 5.1.1   | Sound financial controls and management of public finances | Public Finance Norms and Standards            | Number of norms and standards developed                                | Under-performance is attributed to a reduced number of issues raised by PFMA and MFMA compliant institutions on the existing legislative frameworks requiring the issuance of norms and standards.  | The norms and standards are developed as and when matters are raised by the public institutions. This indicator has been amended to reflect the response to demand characteristics of this work.   |
| 5.1.6   |  | IFMS II plan implementation reports           | Implementation of the IFMS II plan                                     | Under-performance is attributed to unsuccessful procurement and appointment of a service provider. A procurement process that was initiated was not successful due to the bid price exceeding the budget which led to the bid cancellation. | Internal processes to initiate a new procurement process for the appointment of a service provider are currently underway. Additionally, the implementation model is being discussed by a meeting of ministers. National Treasury is also partnering with the Western Cape Provincial Treasury (WCPT) to utilise WCPT's technical resources for the implementation of i-Recruitment module of the IFMS system. |
| 5.1.11  |  | Strategic sourcing opportunities plan reports | Percentage implementation of the strategic sourcing opportunities plan | Under-performance is attributed to the delayed approval of a single source deviation which affected timelines for issuing the Request for Proposal (RFP) within the 2021/22 financial year.   | It is envisaged that the RFP process will be concluded in 2022/23.   |

### CHANGES TO PLANNED TARGETS

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

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## PERFORMANCE INFORMATION BY PROGRAMME

### PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

#### LINKING PERFORMANCE WITH BUDGETS

|   | 2020 / 21 FINANCIAL YEAR |                    |                          |                     | 2020 / 21 FINANCIAL YEAR |                          |                     |                    |                          |  |
|---|--------------------------|--------------------|--------------------------|---------------------|--------------------------|--------------------------|---------------------|--------------------|--------------------------|--|
|   | 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                    |  |
| <b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b>      |                          |                    |                          |                     |                          |                          |                     |                    |                          |  |
| Programme Management for Financial Accounting and Supply Chain Management Systems | 102 007                  | 42 896             | 59 111                   | 39 790              | 32 141                   | 7 649                    |                     |                    |                          |  |
| Office of the Chief Procurement Officer   | 77 143                   | 67 742             | 9 401                    | 69 917              | 64 630                   | 5 287                    |                     |                    |                          |  |
| Financial Systems   | 537 013                  | 400 672            | 136 341                  | 428 502             | 355 061                  | 73 441                   |                     |                    |                          |  |
| Financial Reporting for National Accounts   | 109 500                  | 107 207            | 2 293                    | 110 785             | 105 113                  | 5 672                    |                     |                    |                          |  |
| Financial Management Policy and Compliance Improvement                            | 124 038                  | 92 874             | 31 164                   | 134 659             | 89 472                   | 45 187                   |                     |                    |                          |  |
| Service Charges: Commercial Banks   | 325                      | 297                | 28                       | 320                 | 208                      | 112                      |                     |                    |                          |  |
| Audit Statutory Bodies  | 50 000                   | 50 000             | -                        | 50 000              | 50 000                   | -                        |                     |                    |                          |  |
| <b>Total</b>  | <b>1 000 026</b>         | <b>761 688</b>     | <b>238 338</b>           | <b>833 973</b>      | <b>696 625</b>           | <b>137 348</b>           |                     |                    |                          |  |

## 4.6 PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

**Purpose:** Advocate for South Africa's financial, economic and developmental interests in forums regionally and globally.

### Institutional Outcomes

- Coherent economic policy advocated

### 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 and organisations; manages bilateral and multilateral relationships on behalf of the National Treasury; and plans, implements and monitors work 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 and organisations. This entails working through key economic institutions and fora such as the African Development Bank, the United Nations Economic Commission for Africa, the African Union and related specialised technical committees, SADC Project Preparation and Development Facility, 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 the National Treasury to engage with Africa through the Southern African Customs Union (SACU), the Southern African Development Community (SADC) and the African Union (AU). The main focus being pursuance of regional integration objectives around resources mobilization, adherence to prudent policies, and laying the foundation for long-term economic development through amongst others infrastructure investment. Also, engagement with Africa includes strengthening bilateral relations with key countries. Further, the sub-programme is responsible for the transfer of payments to countries that constitute the Common Monetary Area.

#### ***International Development Funding Institutions***

This sub-programme provides for subscriptions and contributions to international development institutions, organisations, and multilateral banks. It transfers funds to the African Development Bank (AfDB) and to the World Bank Group (WBG) for buying shares and subscriptions contributing to general and selective increases in the authorised capital of the WBG and AfDB, which in turn allows South Africa to access loan financing from these institutions. Contributions are also made to the African Development Fund and the International Development Association, and through providing concessional loans and grants to low income countries.

# 04 PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

### ***International Projects***

This sub-programme transfers funds to international projects and interventions. It supports priorities such as building capacity and providing support to disaster-hit and impoverished areas. To this end, the National Treasury contributes to the IMF-supported AFRITAC South, the African Institute for Economic Development and Planning (IDEP), and the Collective Africa Budget Reform Initiative (CABRI), the Commonwealth Fund for Technical Cooperation and the International Finance Facility for Immunisation (IFFI). The facility transfers funds to the Global Alliance for Vaccines and Immunization (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**

During the reporting period, the programme continued to manage South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa.

### ***Concessional Finance***

The programme supported South Africa's effective engagement in the approval of the International Development Associations (IDA), the concessional fund of the World Bank Group, and the approval of an historic IDA20 financing package. This included the approval to make US\$93 billion of concessional finance available to 74 Low Income Countries (LICs), of which 39 are in Africa, to support their COVID-19 recovery efforts, and build a greener, more resilient and inclusive future. Through effective participation in the negotiations by the National Treasury, key priorities such as job creation and private sector development were retained as priority areas in the IDA20.

The programme supported South Africa's effective engagement in the working group of the 16th replenishment of the African Development Fund (ADF-16), the concessional fund of the African Development Bank (AfDB). The working group focused on developing options for the review of the institutional governance of the ADF as well as how the allocation of ADF resources can be targeted towards fragile countries. The outcomes of ADF-16 working group were presented to ADF deputies and will inform the structure of Resources Allocation Framework of the ADF-16 financing package that will be negotiated in 2022/23.

### ***Multilateral Development Banks***

#### ***World Bank***

In July 2021, the World Bank approved the new Country Partnership Framework (CPF) for 2022-2026 for South Africa. The CPF is a non-binding bilateral cooperation programme that outlines the bank's areas of focus in its member countries over a five-year period. Its purpose is to provide the overarching strategy for the bank's engagement with South Africa in support of the country's development agenda.

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## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

Three key priority areas identified for the CPF are:

- Promoting increased competition and improved business environment for sustainable growth.
- Strengthening medium and small enterprise performance and skills development to support job creation.
- Improving infrastructure investment framework and selected infrastructure services.

Under the new CPF, the World Bank approved South Africa's request for a US\$750 million (R11 billion) development policy loan for COVID-19 response to protect the poor and vulnerable from the adverse socio-economic impacts of the pandemic.

### ***African Development Bank***

In June 2021, the AfDB conducted a review of the 2018-2022 Country Strategy Paper (CSP) for South Africa and the country portfolio performance review in order to assess progress made towards achieving the CSP outcomes and outputs. South Africa is the biggest client of the AfDB in Southern Africa accounting for over 40 per cent of the bank's total portfolio in the region. In terms of the project status, as of 31st May 2021, the bank had 23 ongoing projects in South Africa amounting to an equivalent of US\$5.59 billion (R76.81 billion). The overall performance of the portfolio was assessed as "satisfactory".

The Minister of Finance participated as part of a five-member country *ad hoc* panel on the review of governance instruments of the AfDB.

### ***Africa Continental***

South Africa's term of office in the African Union (AU) Committee of Fifteen Finance Ministers (F15) come to an end in February 2021 as membership of the F15 is for a 3-year tenure with rotation among regional members. The National Treasury's request to continue to serve on the F15 for a further term (2022-2024 was approved by the Dean of the Southern Region). Subsequently this has been formally registered with the African Union Commission for South Africa to continue being a member of the Southern Region in the F15.

The programme continued supporting the work of the Minister of Finance on the budget oversight role at the African Union (AU) through the F15. A key outcome of this was to ensure that the AU adheres to austerity measures when formulating the AU Commission's 2022 budget due to the impact of COVID-19.

The National Treasury further participated in the AU Specialised Technical Committee of the Ministers of Finance, Economic Planning and Development and Monetary Affairs together with the South African Reserve Bank (SARB) to successfully advance South Africa's position on the establishment of the AU financial institutions. This position led to a study that the AU Commission has undertaken to assess the feasibility of establishing the proposed AU institutions in line with the current existing international financial institutions on the continent.

In January 2022, the National Treasury participated in the F15 committee to kickstart the scale of assessment negotiations for the regular budget to revise the scale for the years 2023-2025. The negotiations for the revision of the scale of assessment will continue through 2022 and are envisaged to be concluded by the end of December 2022 during which the National Treasury will continue to negotiate on behalf of South Africa.

# 04 PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

### ***Southern African Customs Union (SACU)***

In collaboration with the Department of Trade, Industry and Competition (DTIC) and the South African Revenue Service (SARS), the programme managed South Africa's membership of the Southern African Customs Union (SACU) and led on the finance track.

The programme exercised oversight over the effective governance of the SACU Secretariat by participating in the quarterly finance and audit committee (FAC) meetings, commission and council. This programme oversaw implementation of the 2021/22 budget and business plan and approval of the internal audit plan for 2021/22. The work further included overseeing the discussion on the SACU Strategic Plan, refocused work programme and the review of the organisational structure.

The programme also engaged on the process of appointing the new Executive Secretary of SACU. Working together with the DTIC, and the Department of International Relations and Cooperation (DIRCO) the National Treasury facilitated the nomination of a South African candidate for the position of the Executive Secretary.

As part of implementing the 2002 SACU agreement, the National Treasury continues to manage the common revenue pool. Related to this work, the programme participated in the 2020 trade data reconciliation task team meetings responsible for determining SACU revenue shares for member states as well as the budget for the SACU secretariat. In this regard, the programme successfully championed calls to review the compensation structure of the SACU secretariat.

### ***Southern Africa Development Community (SADC)***

The programme managed South Africa's engagement with the macroeconomic convergence programme and all finance track work, informed by the SADC Finance and Investment Protocol. This included engaging in the meetings of the Ministers of Finance and Investment and the peer review panel of the macroeconomic convergence programme of July 2020. This engagement was supported by participation at the technical level.

The programme supported DIRCO as lead department during the Council of Ministers and the Heads of State and Government Summit in August 2020. This included providing the support on the report on the status of the implementation of the macroeconomic convergence programme, as well as the impact of COVID-19 pandemic on SADC economies.

The programme also engaged in the negotiations and finalisation of the 2050 vision and the 2020-2030 Regional Indicative Strategic Development Plan (RISDP) which will respectively serve as SADC's framework and long-term implementation plan for this decade. Both documents were approved by the summit of August 2020.

The programme continued with the ongoing work to strengthen good financial management in the SADC secretariat, through participation in the finance committee and subcommittee meetings. The reports of the finance committee were approved by the council meetings of August 2020 and March 2021.

### ***Brazil, Russia, India, China, South Africa (BRICS)***

The National Treasury continues to effectively represent South Africa in the finance track of BRICS as well as in

# PERFORMANCE INFORMATION BY PROGRAMME

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## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

the BRICS public private partnership and infrastructure task force which is aimed at advancing collaboration on infrastructure investment and exchange best practices. The focus during the reporting period was on digital platforms and the use of digital technologies. Considering the importance of infrastructure investment and in light of the COVID-19 pandemic, BRICS member countries are expected to collaborate on innovative financing models for social infrastructure and the use of digital technologies in enhancing the quality of social infrastructure services.

Since signing the Articles of Agreement of the New Development Bank (NDB) in 2014 and becoming a member of the NDB, South Africa has secured funding to the value of US\$5.343 billion which includes two COVID-19 emergency loans. The first COVID-19 emergency loan was aimed at providing health and social safety nets while the second emergency loan will assist the South African government in its efforts to contain the economic fallout of the pandemic and start economic recovery. The loan will finance creation of employment opportunities in South Africa. On the occasion of the signing of the treaty establishing the NDB, BRICS finance ministers agreed to the establishment of a special fund (within the NDB) for the purpose of helping project preparation and implementation. South Africa has pledged to pay US\$2 million (R30 million) towards the fund for the financial years 2021/22 and 2022/23. In March 2022, South Africa contributed US\$1 million towards the Project Preparation Fund (PPF). The objective of the PPF is to assist the NDB to achieve its purpose of promoting infrastructure and sustainable development by supporting the preparation of bankable projects to facilitate borrowing from member countries to raise funds for such projects from the NDB and other development partners. The PPF will enhance the project preparation capacity of South Africa, facilitate feasibility studies and support improved project implementation.

BRICS countries, in the interests of a more efficient and effective NDB, urged the institution to constantly improve internal governance and strengthen its partnership with peer Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs), including undertaking more co-financing ventures. They welcomed the admission of four new members to the NDB and looked forward to further membership expansion in a gradual and balanced manner in terms of geographic representation and comprising of both developed and developing countries, to enhance the NDB's international influence as well as the representation and voice of the EMDCs in global governance. Lastly, member countries decided to establish the BRICS Think Tank Network for Finance and approved its concept paper, to strengthen research cooperation on finance among BRICS countries.

### **Group of Twenty (G20)**

During the reporting period, the National Treasury led South Africa's effective engagement and coordination with the finance track of the Group of Twenty (G20) where it advocated for the country's economic and financial interests. Critical to this was drafting South Africa's 2021 finance strategy, endorsed by Cabinet, for engagement with the G20.

The programme supported the successful engagement by the Minister of International Relations and Cooperation, who represented the President, at the Rome G20 Summit in October 2021, which took place both physically and virtually due to the COVID-19 pandemic. The Minister was a speaker in the session on "Global economy and global health" which focused on the impact of the COVID-19 pandemic on the global recovery. The minister highlighted the uneven economic recovery between countries and warned that this unevenness may lead to a tightening of financial conditions for emerging market and developing countries, shifting some countries to the verge of debt distress and others further into debt distress.

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## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

The programme also 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 German Chancellor hosted the annual G20 Investment Summit in Berlin in August 2021, attended by our President, where key discussions centred around “Framework conditions for business and investment” and the “G20 compact with Africa amid the pandemic”.

South Africa’s development finance institutions participated in the Debt Service Suspension Initiative (DSSI) which provided debt relief for low income countries from May 2020 to December 2021. South Africa also endorsed the common framework for debt treatments beyond the DSSI which brings together both Paris Club and non-Paris Club members. In the discussions pertaining to support for vulnerable countries, South Africa advocated for G20 Leaders to commit to stepping up their efforts to implement the common framework in a timely, orderly and coordinated manner. Furthermore, South Africa is also participating in the creditor committee for Zambia as vice-chair with France and China being the co-chairs.

South Africa continued to participate in the Paris Club meetings as an *ad hoc* member providing a sub-Saharan African perspective on global and regional developments in debt sustainability. In 2022 South Africa received approval to become a prospective member of the Paris Club following an invitation by the Paris Club chair. As a prospective member, South Africa is able to attend all Paris Club meetings in their entirety. A prospective member has generally the same obligations as an *ad hoc* participant and is expected to take extra steps in terms of data sharing and participation in debt workouts on its way to formal integration. The information shared by South Africa in the Paris Club will remain confidential. As a prospective member, South Africa will be afforded approximately 12 months to decide on acceding to the Paris Club as a full member or returning to *ad hoc* status.

### ***International Monetary Fund (IMF)***

During the reporting period, the National Treasury successfully sustained the dialogue between South Africa and the IMF, including coordinating the IMF Article IV consultation from 17 November to 7 December 2021, with South Africa’s Article IV report being published on 11 February 2022.

South Africa has successfully advocated for a general allocation of the IMF’s special drawing rights (SDRs) to provide additional liquidity to the global economic system by supplementing the reserve assets of the IMF’s member countries. The IMF announced an SDR allocation of US\$650 billion in August 2021, when South Africa and all other IMF members received SDRs in accordance with their quota shares. South Africa received approximately US\$4.2 billion (SDR2.9 billion) from the general allocation based on its quota share in the IMF. As the general allocation took place in proportion to countries’ existing quotas in the IMF, it resulted in advanced economies receiving the majority share of the general allocation. In order to magnify the impact of the general SDR allocation, South Africa has been advocating for countries with strong external positions to voluntarily channel a share of their allocated SDRs to help vulnerable low-income countries (LICs) and middle-income countries (MICs). There is currently a global ambition to reallocate US\$100 billion equivalent of SDRs to vulnerable countries.

South Africa consented to return the full portion of South Africa’s SCA-1 and deferred charge funds to clear Sudan’s arrears at the IMF in support of Sudan receiving debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) initiative.

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## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

### PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

| APP #   | OUTCOME                            | OUTPUT  | OUTPUT INDICATOR  | ACTUAL 2019/20 | ACTUAL 2020/21 | TARGET 2021/22 | ACTUAL 2021/22 | DEVIATION FROM PLANNED TARGET | REASON FOR DEVIATION |
|---|------------------------------------|---|---|----------------|----------------|----------------|----------------|-------------------------------|----------------------|
| <b>PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS</b> |                                    |   |   |                |                |                |                |                               |                      |
| 6.1.1   | Coherent economic policy advocated | Economic surveillance response-reports  | Percentage of economic surveillance reports responded to  | #              | 100%           | 100%           | 100%           | N/A                           | N/A                  |
| 6.1.2   |                                    | Advocacy forums   | Number of advocacy forums hosted for uptake of development finance  | #              | 1              | 1              | 1              | N/A                           | N/A                  |
| 6.1.3   |                                    | Country partnership framework progress reports  | Number of country partnership framework progress reports produced   | #              | 3              | 3              | 3              | N/A                           | N/A                  |
| 6.1.4   |                                    | Outcomes of South Africa's engagements in regional and global forums analysis reports | Number of analysis reports on the outcomes of South Africa's engagements in regional and global forums produced | #              | 1              | 1              | 1              | N/A                           | N/A                  |
| 6.1.5   |                                    | Policy positions  | Percentage of policy positions developed  | #              | 100%           | 100%           | 100%           | N/A                           | N/A                  |

### 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.

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BY PROGRAMME

## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

## LINKING PERFORMANCE WITH BUDGETS

| PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS             | 2021 / 22 FINANCIAL YEAR |                    |                          |                     | 2020 / 21 FINANCIAL YEAR |                          |                     |                    |                          |
|--|--------------------------|--------------------|--------------------------|---------------------|--------------------------|--------------------------|---------------------|--------------------|--------------------------|
|  | 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 International Financial Relations | 6 586                    | 4 677              | 1 909                    | 6 848               | 5 353                    | 1 495                    | 6 848               | 5 353              | 1 495                    |
| International Economic Cooperation                         | 34 125                   | 27 713             | 6 412                    | 32 014              | 25 768                   | 6 246                    | 32 014              | 25 768             | 6 246                    |
| African Integration and Support                            | 1 570 799                | 1 569 163          | 1 636                    | 768 188             | 766 586                  | 1 602                    | 768 188             | 766 586            | 1 602                    |
| International Development Funding Institutions             | 6 210 219                | 6 203 389          | 6 830                    | 5 822 430           | 5 822 301                | 129                      | 5 822 430           | 5 822 301          | 129                      |
| International Projects                                     | 22 443                   | 21 508             | 935                      | 21 012              | 20 493                   | 519                      | 21 012              | 20 493             | 519                      |
| <b>Total</b>   | <b>7 844 172</b>         | <b>7 826 450</b>   | <b>17 722</b>            | <b>6 650 492</b>    | <b>6 640 501</b>         | <b>9 991</b>             | <b>6 650 492</b>    | <b>6 640 501</b>   | <b>9 991</b>             |

## PERFORMANCE INFORMATION BY PROGRAMME

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### 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.

#### Institutional Outcomes

- Sound financial control and management of public finances

#### 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.

##### *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, 1989 (Act No. 88 of 1989); and former state presidents.

#### SERVICE DELIVERY OBJECTIVES AND INDICATORS

##### Recent outputs

The programme achieved 99.9 per cent target in the payment of validated benefits within liable dates. The programme paid R6.0 billion in 2021/22 compared to R5.1 billion in 2020/21, an increase of 16 per cent. This is attributed to the Government Employees Medical Scheme (GEMS) recapitalisation during the reporting period. The number of pensioners and beneficiaries increased by 3.6 per cent, from 155 740 in 2020/21 to 161 335 during the reporting period. The increase in applications received is attributed partly to a 4.9 per cent increase in post-retirement medical subsidy pensioners and beneficiaries from 133 649 in 2020/21 to 140 160 in 2021/22.

"The increase in applications received is attributed partly to a **4.9 per cent** increase in post-retirement medical subsidy pensioners and beneficiaries from **133 649** in **2020/21** to **140 160** in **2021/22**"

## 04

PERFORMANCE INFORMATION  
BY PROGRAMMEPROGRAMME 7: CIVIL AND MILITARY PENSIONS,  
CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

“To increase efficiencies and enhance service delivery, the programme has embarked on a technology innovation solution project for post-retirement medical subsidies and Injury on Duty (IOD) claims”

By maintaining continual monitoring and data cleansing, the programme achieved 100 per cent resolution of the integrity of data against a target of 95 per cent. The programme achieved its target of 100 per cent reduction of fraudulent claims compared to the target of 90 per cent. This is attributed to effective and adequate internal controls and mitigating risks in the value chain.

**Stakeholder Relations**

Roadshows and member education were not implemented due to COVID-19 restrictions. However, the programme continued to interact with key stakeholders virtually.

**Focus areas arising from 2021/22**

Payment of benefits is the programme’s core business. To increase efficiencies and enhance service delivery, the programme has embarked on a technology innovation solution project for post-retirement medical subsidies and Injury on Duty (IOD) claims. This project will de-link the processing of claims for post-retirement medical subsidies from the pension retirement claim process. The intervention will improve the turnaround time for processing of a medical subsidy claim. The automation of the IOD award lodgement system will ensure that payment is made to beneficiaries and dependants within shorter turnaround times. The programme will also embark on roadshows and member education in the new financial year.

# PERFORMANCE INFORMATION BY PROGRAMME

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

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

| APP #  | OUTCOME   | OUTPUT                             | OUTPUT INDICATOR  | ACTUAL 2019/20 | ACTUAL 2020/21                            | TARGET 2021/22                           | ACTUAL 2021/22                            | DEVIATION FROM PLANNED TARGET                 | REASON FOR DEVIATION   |
|--|---|------------------------------------|---|----------------|---|--|---|---|--|
| <b>PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS</b> |   |                                    |   |                |   |  |   |   |  |
| 7.1.1  | Sound financial control and management of public finances | Validated benefits payment reports | Percentage of benefits validated paid within liable dates | 98.9%          | 100%                                      | 99%                                      | 99.9%                                     | 0.9%  | Over-performance is attributed to effective management and administration of programme benefits.                       |
| 7.1.2  |   | Fraudulent claims reports          | Percentage reduction of fraudulent claims                 | #              | 100% fewer fraudulent claims than 2019/20 | 90% fewer fraudulent claims than 2020/21 | 100% fewer fraudulent claims than 2020/21 | 10% more fewer fraudulent claims than 2020/21 | Over-performance is attributed to effective and adequate internal controls and mitigated risks within the value chain. |
| 7.1.3  |   | Exceptions report                  | Percentage integrity of client data                       | 99.9%          | 100%                                      | 95%                                      | 100%                                      | 5%  | Over-performance is attributed to continuous monitoring and management of client data.                                 |

### 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.

# 04

## PERFORMANCE INFORMATION BY PROGRAMME

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

#### LINKING PERFORMANCE WITH BUDGETS

| PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS | 2021 / 22 FINANCIAL YEAR |                    |                          | 2020 / 21 FINANCIAL YEAR |                    |                          |
|---|--------------------------|--------------------|--------------------------|--------------------------|--------------------|--------------------------|
|   | 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   | 77 725                   | 61 663             | 16 062                   | 76 711                   | 60 026             | 16 685                   |
| Civil and Pensions Funds  | 6 102 974                | 5 766 256          | 336 718                  | 4 128 971                | 4 027 389          | 101 582                  |
| Military Pensions and Other Benefits  | 228 826                  | 214 854            | 13 972                   | 1 111 446                | 1 101 366          | 10 080                   |
| <b>Total</b>  | <b>6 409 525</b>         | <b>6 042 773</b>   | <b>366 752</b>           | <b>5 317 128</b>         | <b>5 188 781</b>   | <b>128 347</b>           |

# PERFORMANCE INFORMATION BY PROGRAMME

04

## REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

### REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

| BUDGET PROGRAMME             | INTERVENTION                | GEOGRAPHIC LOCATION [PROVINCE/DISTRICT/LOCAL MUNICIPALITY] (WHERE POSSIBLE) | NO. OF BENEFICIARIES (WHERE POSSIBLE)   | DISAGGREGATION OF BENEFICIARIES (WHERE POSSIBLE) | TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000)       | BUDGET SPENT PER INTERVENTION | CONTRIBUTION TO THE OUTPUTS IN THE APP (WHERE APPLICABLE)  | IMMEDIATE OUTCOMES  |
|------------------------------|-----------------------------|---|---|--|--|-------------------------------|--|---|
| Programme 1 - Administration | Hand sanitiser              | Gauteng   | 50  | Frontline employees                              |  | R 1 915,90                    |  | Safe and secure environment for frontline staff.                              |
|                              | Building de-contamination   | Gauteng   | 240 Madiba and 40 Church buildings.   | NT Buildings                                     |  | R 13 552,63                   |  | Safe and secure workplace for NT employees.                                   |
|                              | Building de-contamination   | Gauteng   | 240 Madiba and 40 Church buildings.   | NT Buildings                                     |  | R 77 541,05                   |  | Safe and secure environment for frontline staff.                              |
|                              | Procurement of Laptops      | Gauteng   | 200 laptops procured for NT officials.  |  | No budget was allocated but R7m was in the CFO budget. |                               | Output Indicator no 1.1.1 - Percentage of ICT service delivery standards met. This indicator measures the delivery against the service level agreements. | Reduced number of officials in the buildings thus adhering to work-rotations. |
|                              | Digital Signatures solution | Gauteng   | A total of +/-300 officials have been on-boarded to the Digital Signature solution. |  | R 1 232 359,26   | R 1 232 359,26                |  | Modernised and automated business processes.                                  |

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

## PROGRAMME 7: REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

| BUDGET PROGRAMME             | INTERVENTION   | GEOGRAPHIC LOCATION [PROVINCE/DISTRICT/LOCAL MUNICIPALITY] (WHERE POSSIBLE) | NO. OF BENEFICIARIES (WHERE POSSIBLE) | DISAGGREGATION OF BENEFICIARIES (WHERE POSSIBLE) | TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000) | BUDGET SPENT PER INTERVENTION   | CONTRIBUTION TO THE OUTPUTS IN THE APP (WHERE APPLICABLE) | IMMEDIATE OUTCOMES  |
|------------------------------|--|---|---------------------------------------|--|--|---|---|---|
| Programme 1 - Administration | VPN access   | Gauteng   | All NT officials                      |  |  |   |   | <ul style="list-style-type: none"> <li>Remote access to NT ICT services.</li> <li>Ability to work remotely from anywhere.</li> <li>Reduced number of officials in the buildings thus adhering to work-rotations.</li> </ul> |
|                              | Automation of Minister's Budget Speech   | Gauteng   | National - 200 Media/Economists       |  | N/A  | N/A   |   | Contactless registration and vetting of Media for MTBPS.  |
|                              | Training interventions   | Gauteng   | 174                                   | Available on Quarterly training report.          | R 2 691 000,00                                   | R 623 522,00  | Indicator 1.1.4 of the APP.                               | 23% training spent.   |
|                              | Wall Mounted Sanitizers<br>Foot operated hand sanitizer<br>Reusable Face Masks<br>Thermometers<br>Building de-contamination<br>Face Shields<br>Hand Sanitizers | Gauteng, National Office  | 1200                                  | All employees                                    | R1 636 405,23                                    | <u>Wall Mounted Sanitizers</u><br>R156 302,26<br><u>Foot operated hand sanitizer</u><br>R332 062,50<br><u>Reusable Face Masks</u><br>R 477 250,00 |   | Safe and secure environment.  |

# PERFORMANCE INFORMATION BY PROGRAMME

04

## PROGRAMME 7: REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

| BUDGET PROGRAMME             | INTERVENTION                | GEOGRAPHIC LOCATION [PROVINCE/DISTRICT/LOCAL MUNICIPALITY] (WHERE POSSIBLE) | NO. OF BENEFICIARIES (WHERE POSSIBLE)   | DISAGGREGATION OF BENEFICIARIES (WHERE POSSIBLE)   | TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000) | BUDGET SPENT PER INTERVENTION   | CONTRIBUTION TO THE OUTPUTS IN THE APP (WHERE APPLICABLE)   | IMMEDIATE OUTCOMES  |
|------------------------------|-----------------------------|---|---|--|--|---|---|---|
| Programme 1 - Administration | Procurement of Laptops      | Gauteng – Pretoria National Treasury  | Laptops were procured for NT officials in Q1.   | Target for Women: N/A<br>Target for Youth: N/A<br>Target for People with Disabilities: N/A | No budget was allocated in Q4.                   | Thermometers R 12 128.82<br>Building de-contamination R 402 087.00<br>Face Shields R 5 900.65<br>Hand Sanitizers R 250 674.00 | Output Indicator no 1.1.1 - Percentage of ICT service delivery standards met.<br>This indicator measures the delivery against the service level agreements. | Reduced number of officials in the buildings thus adhering to work-rotations. |
|                              | Digital Signatures solution |   | Officials have been onboarded to the Digital Signature solution has been operational. |  | N/A  | N/A   |   | Modernised and automated business processes.                                  |

## 04

PERFORMANCE INFORMATION  
BY PROGRAMME

## PROGRAMME 7: REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

| BUDGET PROGRAMME | INTERVENTION                            | GEOGRAPHIC LOCATION [PROVINCE/DISTRICT/LOCAL MUNICIPALITY] (WHERE POSSIBLE) | NO. OF BENEFICIARIES (WHERE POSSIBLE)  | DISAGGREGATION OF BENEFICIARIES (WHERE POSSIBLE) | TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000) | BUDGET SPENT PER INTERVENTION | CONTRIBUTION TO THE OUTPUTS IN THE APP (WHERE APPLICABLE) | IMMEDIATE OUTCOMES  |
|------------------|---|---|--|--|--|-------------------------------|---|---|
|                  | VPN access                              | Gauteng – Pretoria<br>National Treasury                                     | All NT officials                       |  | N/A  | N/A                           |   | Remote access to NT ICT services.<br>Ability to work remotely from anywhere.<br>Reduced number of officials in the buildings thus adhering to work-rotations. |
|                  | Automation of Minister's Budget Speech. |   | National -<br>200 Media/<br>Economists |  | N/A  | N/A                           |   | Contactless registration and vetting of Media for MTBPS.  |

# PERFORMANCE INFORMATION BY PROGRAMME

04

## PROGRAMME 7: REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

### NARRATIVE REPORT ON COVID -19 INTERVENTIONS

- a) The narrative report should include additional information on the interventions outlined in the Table above. Such information includes:
- i. *Determination of beneficiaries (How were the beneficiaries determined?)*

|  |   |
|--|---|
| Procurement of Laptops                 | Laptops were procured for NT officials who have old equipment and those working from home who required laptops. DDGs approved the allocation of the laptops based on their unit requirement.  |
| Digital Signatures solution            | Rollout of digital signatures was implemented in phases based on the roles and responsibilities of the officials.<br>Minister<br>Deputy Minister's office<br>Director-General's office<br>All DDGs<br>All Chief Directors<br>Chief Directors' Personal Assistants<br>All Directors, and Support teams |
| VPN access                             | Remote Work VPN access forms were required for all NT officials to be able to use the service. However, this process has since been changed to be the only requirement for NT service providers.  |
| Automation of Minister's Budget Speech | From the MTBPS Process - 200 Media/Economists.  |

- ii. *Provincial and local government readiness to implement interventions (How did national departments ensure that provincial and local government were prepared to implement interventions – national sphere reporting)*

|  |     |
|--|-----|
| Procurement of Laptops                 | N/A |
| Digital Signatures solution            | N/A |
| VPN access                             | N/A |
| Automation of Minister's Budget Speech | N/A |

# 04 PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 7: REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

iii. Challenges encountered during implementation of interventions and plans to mitigate challenges in subsequent quarters.

|  |  |
|--|--|
| Procurement of Laptops                 | Due to the lockdown, it was difficult for officials to come to the office and collect laptops. This caused a delay in the distribution of laptops.   |
| Digital Signatures solution            | Change Management and adoption to the solution was the biggest challenge.  |
| VPN access                             | Remote VPN access requires users' workstations/laptops to be fully patched with Windows updates. Users using their own devices pose a security risk. |
| Automation of Minister's Budget Speech | Not applicable.  |

iv. Learnings from implementation of interventions (what worked well, what did not work well, and recommendations for improvement).

|  |  |
|--|--|
| Procurement of Laptops                 | Bulk buying worked well as discounts were received from the OEM. Old equipment was also identified and some were replaced.   |
| Digital Signatures solution            | The solution improved on business processes and brought about modernisation and automation to NT processes.  |
| VPN access                             | Higher capacity VPN gateway device with unlimited VPN licenses is planned to be procured to ensure that services are not interrupted and all officials can access resources from home. |
| Automation of Minister's Budget Speech | Not applicable.  |

v.

# TRANSFER PAYMENTS 05

## 5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES

| 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  | 14 362  | 14 362                                    | Refer to General Information Public Entities reporting to Minister |
| 2. Co-operative Banks Development Agency     | Regulate, promote and develop cooperative banking, including deposit-taking and lending co-operatives  | 20 328  | 20 328                                    | 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  | 63 199  | 63 199                                    | 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 | 297 259   | 297 259                                   | Refer to General Information Public Entities reporting to Minister |
| 5. Government Technical Advisory Centre      | Support public finance management through professional advisory services, programme and project management and transaction support               | 74 034  | 74 034                                    | Refer to General Information Public Entities reporting to Minister |
| 6. Independent Regulatory Board for Auditors | Registration of auditors and regulation of the training of public accountants and auditors   | 44 609  | 44 609                                    | Refer to General Information Public Entities reporting to Minister |
| 7. South African Revenue Service*            | Efficient and effective collection of revenue  | 11 295 167                                      | 11 295 167                                | Refer to General Information Public Entities reporting to Minister |

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

## 5.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

| 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 TRANSFERREE (R'000) | REASONS FOR THE FUNDS UNSPENT BY THE TRANSFERREE |
|--|--|---|--|----------------------------|---|--|
| 8. African Regional Technical Assistance Centre                                | Foreign and International organisation | Providing technical assistance and cooperation in core macroeconomic and financial management.  | Yes  | -                          | -                                       | Not applicable                                   |
| 9. Common Monetary Area Compensation (CMA)                                     | Foreign and International organisation | To compensate the contracting parties of the Multilateral Monetary Agreement (MMA) for the amount of rand currency in circulation.                        | Yes  | 1 565 727                  | 1 565 727                               | Not applicable                                   |
| 10. International Finance Facility for Immunization (IFFI)-Donations and Gifts | 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  | 15 565                     | 15 565                                  | Not applicable                                   |
| 11. 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  | 1 143                      | 1 143                                   | Not applicable                                   |
| 12. 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  | 79 160                     | 79 160                                  | Not applicable                                   |
| 13. 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  | 2 293                      | 2 293                                   | Not applicable                                   |
| 14. Common-wealth Fund for Technical Cooperation                               | Foreign and International organisation | To provide support for common secretarial goals and programmes on annual basis.   | Yes  | 5 943                      | 5 943                                   | Not applicable                                   |

TRANSFER  
PAYMENTS 05

| 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. United Kingdom Tax                            | Foreign and International organisation | These are members locally recruited and appointed or deemed to have been appointed under section 1 of the Diplomatic Mission in United Kingdom Service Act 1961. | Yes  | 599                        | 599                                    | Not applicable                                  |
| 16. World Bank                                    | Foreign and International organisation | To provide concessional loans and grants to low-income countries.  | Yes  | 59 707                     | 59 707                                 | Not applicable                                  |
| 17. New Development Bank Project Preparation Fund | Foreign and International organisation | Project Support to New Development Bank regional office  | Yes  | 14 625                     | 14 625                                 | Not applicable                                  |

# 06 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: PROGRAMME PROJECT PREPARATION SUPPORT GRANT

| DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY |   |
|---|---|
| Purpose of the grant                                    | To support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation and the allocation of a growing level of municipal resources to preparation activities.   |
| Expected outputs of the grant                           | <ul style="list-style-type: none"> <li>• Effective and transparent system for project approvals (clearly defined authorising environment) in the metropolitan municipalities.</li> <li>• Increased investment in programme and project preparation by the metropolitan municipalities.</li> <li>• Credible pipeline of bankable projects developed by metropolitan municipalities.</li> <li>• Improved project partnerships between metropolitan municipalities and private sector.</li> <li>• Number of feasibility studies/strategies completed</li> <li>• Long-term programmes/projects that will attract private investment and assist metropolitan municipality revenue collection. Number of feasibility studies/strategies completed</li> <li>• Long-term programmes/projects that will attract private investment and assist metropolitan municipality revenue collection.</li> </ul> |
| Actual outputs achieved                                 | <ul style="list-style-type: none"> <li>• Engagement with 8 Cities on PPPSG requirements and establishment of the authorising environment.</li> <li>• Workplan engagements with 8 Cities on how to select projects for preparation and the associated project list.</li> <li>• Workplans submitted and approved.</li> <li>• DoRA framework established/completed for PPPSG.</li> </ul>   |
| Amount per amended DoRA                                 | R 341.312 million   |
| Amount received   | R 341.312 million   |
| Reasons if amount as per DoRA not received              | Not applicable  |
| Amount spent by the department/ municipality            | R341.312 million was transferred to eight metropolitan municipalities.  |
| Reasons for the funds unspent by the entity             | Not applicable  |
| Reasons for deviations on performance                   | Not applicable  |

| DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY |   |
|---|---|
| Measures taken to improve performance                   | Not applicable  |
| Monitoring mechanism by the receiving department        | <ul style="list-style-type: none"> <li>Submit a work plan of activities relating to the establishment and institutionalisation of programme and project preparation.</li> <li>Compile and submit monthly and quarterly expenditure and progress reports in line with NDPG requirements and as stipulated in the 2022 Division of Revenue Act.</li> <li>Engage stakeholders to develop partnerships that leverage funding into the targeted locations.</li> <li>Implement the work plan and report on progress.</li> </ul> |

**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 with the relevant statutory councils, within the built environment.  |
| Expected outputs of the grant                           | <ul style="list-style-type: none"> <li>Number of built environment graduates in training and registered as candidates for professional registration, with the relevant statutory councils.</li> <li>Number of graduates registered as professionals by the relevant statutory councils.</li> <li>Number of graduates employed as registered professionals within the built environment in local government.</li> </ul>  |
| Actual outputs achieved                                 | <ul style="list-style-type: none"> <li>During the reporting period, 367 graduates were still receiving training.</li> <li>From 2012/13 to 2021/22, a cumulative number of 310 graduates have successfully completed training and are registered as professionals. The cumulative output is reflected as recruitment is not conducted on an annual basis as it is a three-year graduate training programme. Graduates exit the programme on completing all the requirements and competencies of the respective statutory councils for professional registration.</li> <li>From 2012/13 to 2021/22, 263 graduates have been permanently employed within municipalities and across other sectors.</li> </ul> |
| Amount per amended DoRA                                 | R155.217 million  |
| Amount received   | R155.217million   |
| Reasons if amount as per DoRA not received              | Not applicable  |
| Amount spent by the department/ municipality            | <ul style="list-style-type: none"> <li>R155.217 million was transferred to Infrastructure Skills Development Grant (ISDG) participating municipalities.</li> <li>Municipalities spent R90.460 million out of R155.217 million.</li> </ul>   |
| Reasons for the funds unspent by the entity             | Spending was affected by slow recruitment of graduates by municipalities and limited training due to the COVID-19 pandemic restrictions.  |
| Reasons for deviations on performance                   | Not applicable  |

# 06

## CONDITIONAL GRANTS

| DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY |   |
|---|---|
| Measures taken to improve performance                   | COVID-19 restrictions are lifted, it is envisioned that municipalities will increase recruitment of graduates. Graduates will be enrolled to attend the relevant courses and training.  |
| Monitoring mechanism by the receiving department        | <ul style="list-style-type: none"> <li>Municipalities submit monthly, quarterly, and annual reports reflecting their financial and non-financial performance.</li> <li>The National Treasury conducts site visits to verify training and graduates recruited and hosts workshops with municipalities. However, these were conducted virtually during the reporting period.</li> </ul> |

### CONDITIONAL GRANT 3: NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

| DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY |  |
|---|--|
| Purpose of the grant                                    | To plan, catalyse, and invest in targeted locations to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life and access to opportunities for residents in South Africa's targeted locations, under-served neighbourhoods (generally townships and rural towns). |
| Expected outputs of the grant                           | <ul style="list-style-type: none"> <li>Twenty catalytic projects.</li> <li>Six investment plans.</li> </ul>  |
| Actual outputs achieved                                 | <ul style="list-style-type: none"> <li>Sixty catalytic projects approved at municipal year-end.</li> <li>Six investment plans approved at year-end.</li> </ul>   |
| Amount per amended DORA                                 | Schedule 5B: R1 317.611 billion, Schedule 6B: R 180.755 million  |
| Amount received (R'000)                                 | Schedule 5B: R1 317.611 billion; Schedule 6B R 180.755 million.  |
| Reasons if amount as per DoRA not received              | Not applicable.  |
| Amount spent by the department/ municipality            | <ul style="list-style-type: none"> <li>For Schedule 5B, R 1 317.611 billion was transferred to municipalities.</li> <li>For Schedule 6B, R 179.262 million was paid to service providers appointed by the municipalities.</li> </ul>   |
| Reasons for the funds unspent by the entity             | For Schedule 6B, R 1.493 million was unspent because of delays in work deliverables in some of the participating municipalities. These unspent funds were paid back to National Treasury (Revenue Fund).   |
| Reasons for deviations on performance                   | 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.  |
| Measures taken to improve performance                   | Application of the baseline management process based on cash flows and work plans and associated timelines, including support for alignment.   |
| Monitoring mechanism by the receiving department        | Actual spend measured against baseline management cash flows, investment planning review sessions and work plans.  |

## 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 the graduate internship programme, upgrading reporting systems, implementing supply chain reforms, accounting standards, preparation of financial statements, developing audit action plans to improve outcomes and implementation of financial misconduct regulations.   |
| Actual outputs achieved                                 | Funds were transferred to 257 municipalities.   |
| Amount per amended DoRA                                 | R 552.061 million   |
| Amount received   | R 552.061 million   |
| Reasons if amount as per DoRA not received              | Not applicable  |
| Amount spent by the department/ municipality            | <ul style="list-style-type: none"> <li>R 552.061 million was transferred to municipalities.</li> <li>Municipalities spent R346.294 million.</li> </ul>  |
| Reasons for the funds unspent by the entity             | <p>The municipal financial year begins in July and ends in June which is different from the national financial year being April to March. Therefore, for the 2021/22 financial year, municipalities have three additional months (April, May and June) to spend the grant funds.</p> <p>The cash flow projections of municipalities indicate that the bulk of the funds will be spent between April and June.</p> |
| 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 prior to the commencement of the new financial year, detailing priority areas for utilisation of the grant. Municipalities are required to submit monthly and quarterly reports.   |

## 6.2 CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

No conditional grants and earmarked funds were received.

# 07 DONOR FUNDS

## 7.1. DONOR FUNDS RECEIVED

### DONOR FUND: EUROPEAN UNION (EU)

|  |   |
|--|---|
| <b>NAME OF DONOR</b>                             | European Union (EU):<br>Public Financial Management Capacity Development Programme for Improved Service Delivery in South Africa, also referred to as Financial Management Capacity Development Programme for Improved Service Delivery (FMISD).  |
| <b>FULL AMOUNT OF THE FUNDING</b>                | €15 million   |
| <b>PERIOD OF THE COMMITMENT</b>                  | 2018 – 2023   |
| <b>PURPOSE OF THE FUNDING</b>                    | The overall objective of this programme is to improve public finance management and participatory decision making in all three spheres of government - national, provincial and local - with a particular focus on the local government level.  |
| <b>EXPECTED OUTPUTS</b>                          | The expected results from the activities carried out over the period covered by this programme are: <ul style="list-style-type: none"> <li>• Key result area 1: Increased professionalisation of public financial management within all spheres of government (national, provincial and local).</li> <li>• Key result area 2: Enhanced capacity of provincial treasuries to perform their roles with respect to provincial departments and municipalities.</li> <li>• Key result area 3: Improved capacity of municipalities to manage public funds and deliver services.</li> </ul>  |
| <b>ACTUAL OUTPUTS ACHIEVED</b>                   | <ul style="list-style-type: none"> <li>• Out of 43 projects coordinated, 15 were completed, and 28 contracted and implementation commenced.</li> <li>• Municipal advisors placed in each of the eight selected municipalities.</li> <li>• Developed, approved and conducted municipal diagnostic and baseline assessments, organisational change readiness assessments.</li> <li>• Approved and implementation of support plans commenced in the provinces and eight municipalities.</li> <li>• Hosted a blended national Public Finance Management (PFM) week conference on 22 - 29 November 2021.</li> <li>• Rolled out several public sector PFM training programmes and systems development.</li> </ul> |
| <b>AMOUNT RECEIVED IN CURRENT PERIOD (R'000)</b> | R14 797 451,99 (programme estimate)   |
| <b>AMOUNT SPENT BY THE DEPARTMENT (R'000)</b>    | R10 017 898,04 (programme estimate)   |
| <b>REASONS FOR UNSPENT FUNDS</b>                 | The reasons for under expenditure are:<br>Due to the unforeseen circumstances triggered by the COVID-19 pandemic, not all projects under the programme estimate were contracted. This was also due to non-compliance of tenderers with the selection criteria.  |

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| <b>MONITORING MECHANISM BY THE DONOR</b> | <ul style="list-style-type: none"> <li>Quarterly progress reports approved by the National Treasury Capacity Building Steering Committee.</li> <li>Yearly implementation report.</li> <li>Annual expenditure verification.</li> </ul> |
|--|---|

**DONOR FUND: USAID TECHNICAL ASSISTANCE FACILITY (TAF)**

|  |  |
|--|--|
| <b>NAME OF DONOR</b>                             | United States Agency for International Development (USAID) including counterpart funding.  |
| <b>FULL AMOUNT OF THE FUNDING</b>                | R31 000 000.00   |
| <b>PERIOD OF THE COMMITMENT</b>                  | 2016 - 2022  |
| <b>PURPOSE OF THE FUNDING</b>                    | Design, implementation and <i>ad hoc</i> support for development cooperation projects.   |
| <b>EXPECTED OUTPUTS</b>                          | Technical assistance   |
| <b>ACTUAL OUTPUTS ACHIEVED</b>                   | As approved by the Director-General, technical assistance was provided in the form of funds allocated for contract personnel in International Development Corporation (IDC)- National Treasury and the Budget Facility for Infrastructure (BFI). Funds were also allocated for the appointment of supply chain management (SCM) and audit experts to ensure compliance with regards to SCM policies and directives including the monitoring of expenditure of all general budget support projects. |
| <b>AMOUNT RECEIVED IN CURRENT PERIOD (R'000)</b> | R 0.0  |
| <b>AMOUNT SPENT BY THE DEPARTMENT (R'000)</b>    | R2 773 539.50  |
| <b>REASONS FOR UNSPENT FUNDS</b>                 | Not applicable as this is a technical assistance facility. Funds are released as and when required.  |
| <b>MONITORING MECHANISM BY THE DONOR</b>         | Donor monitoring and reporting is not required as the funds are used according to South African systems in agreement with the donor.   |

# 08 **CAPITAL INVESTMENT**

No capital investment was incurred during the 2021/22 financial year.



**2021/22**  
**NATIONAL TREASURY**  
**ANNUAL REPORT**  
**VOTE 8**



**PART C:**  
**GOVERNANCE**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# 01 INTRODUCTION

The National Treasury continues to strengthen its ability, honour its obligations and maintain its legal and ethical standing with all stakeholders and wider community. The National Treasury remains firmly committed to strengthening compliance, managing risks and, through performance and conformance, practicing good governance in the governance, risk and control environment. Good governance is fundamental to managing public finances, ensuring that the organisation uses its resources effectively, efficiently and with optimal value for money, as well as adopting an accessible, service-centred and solutions-orientated approach to delivering on its mandate.

# RISK MANAGEMENT 02

The Office of the Chief Risk Officer is responsible for facilitating the process of identifying, reviewing, managing and monitoring risks. This involves performing risk identification and assessment at strategic and operational levels. Through these processes, the National Treasury's top risk profile is developed, and divisional and operational risk registers are compiled with mitigation strategies. These are implemented and monitored on a quarterly basis.

In 2021/22, the National Treasury continued to improve its practice and application of Enterprise Risk Management (ERM) principles and has subsequently acquired a risk maturity level 5 status. Working closely with key stakeholders in the department, the ERM unit has formulated department-wide strategic and operational plans ensuring that ERM principles are embedded in all projects and processes. The unit also ensured that ethics and anti-corruption risk identification and evaluation was conducted in line with the National Anti-Corruption Strategy.

The Business Continuity Management (BCM) programme has been designed and implemented through a Business Continuity Policy, a Business Continuity Strategy and a Business Continuity Plan aligned with the Disaster Recovery Plan. BCM maturity was strengthened through a business impact analysis to enable continuity of operations during normal business disruption; this includes enabling officials to work remotely anywhere in the world. Business continuity sites are available on the ground floor of the 40 Church Square building, with seating for approximately 50 officials and at SITA in Centurion with seating for approximately 30 officials. A disaster recovery site at Pietermaritzburg is linked to the Virtual Private Network (VPN) and allows access to the National Treasury's mission critical systems. Officials not physically in the office can connect to the VPN through 3G and mobile devices.

A campaign to participate in the Global Business Continuity Awareness week was conducted with the aim of raising awareness and resilience by educating employees of the importance of implementing BCM.

A Risk Management Committee (RMC) was appointed by the Director-General. The RMC is a structure responsible for adoption, implementation and oversight of ERM policies, systems and processes. During the reporting period, the National Treasury restructured the RMC to be chaired by an internal executive member from the previous committee that was chaired by external/non-executive members. The new RMC still consists of members in executive management and reports to the audit committee.

*“The Business Continuity Management (BCM) programme has been designed and implemented through a Business Continuity Policy, a Business Continuity Strategy and a Business Continuity Plan aligned with the Disaster Recovery Plan”*

# 03 FRAUD AND CORRUPTION

Focusing on preventative procedures, the National Treasury adopts a zero tolerance stance on fraud and corruption, with all officials undergoing a two-step process to ascertain their suitability for employment and to reduce the risk of fraud and corruption. All new officials undergo an initial pre-employment suitability check; this is followed by a comprehensive vetting process once the official has been appointed. This process has already yielded results in identifying and dealing with officials who could have posed a risk to the department.

The National Treasury's annual anti-corruption awareness campaign ensures that all officials in the department are aware of the internal and external impact of fraud and corruption. Awareness sessions were also held in the reporting period to emphasise the importance of whistle blowing as well as how the anti-corruption hotline can be utilised optimally to report any suspected corrupt activities.

# MINIMISING CONFLICT OF INTEREST 04

The National Treasury minimises conflict of interest by raising awareness of and applying the Public Service Regulations (2016) and directives from the Department of Public Service and Administration. During the reporting period, 97 per cent of Senior Management Service (SMS) personnel had disclosed their financial interests electronically by the required deadline. Financial disclosure is compulsory for members of the middle management service (levels 11 and 12), officials in the supply chain management and finance areas as well as assistant directors (level 9 and 10). These disclosures are analysed and a report provided to the Director-General (DG). Non-compliance with the Public Service Regulations is dealt with in terms of the disciplinary code and procedures for the public service and chapter 7 of the SMS Handbook.

The department implemented measures that prohibits officials from conducting business with organs of state. It analyses information drawn from the PERSAL and Central Supplier Database (CSD) systems. If such interests are identified, officials are engaged and where appropriate, and disciplinary steps are taken in terms of the disciplinary code and procedure of the public service and chapter 7 of the SMS Handbook.

Intention to issue written warning letters were issued to five employees in SMS category who did not disclose their registrable interests such as directorships, vehicles, or/and immovable assets.

# 05 CODE OF CONDUCT

The code of conduct details expectations of officials of the National Treasury in dealing with members of the public, members of legislatures, political and executive office bearers and all other stakeholders. Its purpose is to promote a culture of ethical behaviour and to ensure public trust and confidence in the integrity and professionalism of the department's officials who are required to be ethical, impartial, honest and to act with integrity. To reinforce ethical conduct among its officials, the department provides continuous training and raising of awareness through induction and capacity building sessions. Contravening the code is an act of misconduct and disciplinary steps, in terms of the public service disciplinary code and procedures and chapter 7 of the SMS handbook, are taken against officials found to be in breach.

# **HEALTH, SAFETY AND ENVIRONMENTAL ISSUES** 06

The National Treasury's Security Management and Facilities Management provides measures to ensure that the organisation is compliant with Occupational Health and Safety (OHS) requirements. The DG has appointed two Section 16.2 appointees at Deputy Director-General level, to oversee compliance with the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and all related regulations.

A Safety, Health, Environment, Risk and Quality (SHERQ) Committee was established to ensure that the National Treasury monitors compliance with the Act and its regulations, the Disaster Management Act, 2002 (Act No. 57 of 2002) and COVID-19 related regulations. An OHS risk assessment was conducted during the reporting year to ensure continued improvement of the SHERQ system.

The National Treasury holds the necessary compliance certificates that provide reasonable assurance that officials are free from OHS hazards.

# 07 PORTFOLIO COMMITTEES

## STANDING COMMITTEE ON APPROPRIATIONS (SCoA)

| PARLIAMENTARY COMMITTEES                    |  |  |
|---|--|--|
| STANDING COMMITTEE ON APPROPRIATIONS (SCoA) |  |  |
| DATE OF MEETING                             | MATTERS RAISED BY PARLIAMENTARY COMMITTEE  | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS  |
| 23 Mar 2022                                 | National Treasury 2022/23 Annual Performance Plan; with Deputy Minister  | Matters addressed as presented at the meeting and subsequent responses to follow-up questions.<br><br>Records available from the committee secretariat or on request from the National Treasury. |
| 22 Mar 2022                                 | 2022 tax proposals; draft rates and monetary amounts and Amendment of Revenue Laws Bill  |  |
| 8 Mar 2022                                  | 2022 Fiscal Framework and Revenue Proposals: committee report  |  |
| 4 Mar 2022                                  | 2022 Fiscal Framework and Revenue Proposals: National Treasury and SARS response to oral submissions   |  |
| 2 Mar 2022                                  | 2022 Fiscal Framework and Revenue Proposals: public hearings   |  |
| 1 Mar 2022                                  | 2022 Budget: FFC and PBO briefing  |  |
| 24 Feb 2022                                 | 2022 Budget: National Treasury briefing with Minister and Deputy Minister  |  |
| 16 Feb 2022                                 | Transformation in the Financial Sector: Broad-Based Black Economic Empowerment Commission  |  |
| 15 Feb 2022                                 | Financial action task force mutual evaluation report: Financial Intelligence Centre briefing   |  |
| 9 Feb 2022                                  | National Treasury and SARS briefing: Financial Sector and Deposit Insurance Levies Bill and Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Bill |  |
| 8 Feb 2022                                  | Audit action plans for finance portfolio; with Deputy Minister   |  |
| 1 Feb 2022                                  | Finance Minister on R11 billion World Bank loan  |  |
| 7 Dec 2021                                  | Pension Funds Amendment Bill: Committee report on motion of desirability   |  |
| 1 Dec 2021                                  | Pension Funds Amendment Bill: Consideration of motion of desirability  |  |
| 30 Nov 2021                                 | National Treasury and SARS budget review and recommendation report   |  |
| 7 Dec 2021                                  | Pension Funds Amendment Bill: Committee report on motion of desirability   |  |
| 1 Dec 2021                                  | Pension Funds Amendment Bill: Consideration of motion of desirability  |  |
| 30 Nov 2021                                 | National Treasury and SARS budget review and recommendation report   |  |
| 24 Nov 2021                                 | Tax Bills and Rates Bill: Finalisation   |  |

| PARLIAMENTARY COMMITTEES                    |   |  |
|---|---|--|
| STANDING COMMITTEE ON APPROPRIATIONS (SCoA) |   |  |
| DATE OF MEETING                             | MATTERS RAISED BY PARLIAMENTARY COMMITTEE   | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS  |
| 23 Nov 2021                                 | 2021 Revised Fiscal Framework: Committee report   | Matters addressed as presented at the meeting and subsequent responses to follow-up questions.<br><br>Records available from the committee secretariat or on request from the National Treasury. |
| 19 Nov 2021                                 | 2021 Revised Fiscal Framework and MTBPS: National Treasury response to public submissions |  |
| 17 Nov 2021                                 | National Treasury 2020/21 annual report; with Deputy Minister                             |  |
| 17 Nov 2021                                 | 2021 Revised Fiscal Framework and MTBPS: public hearings                                  |  |
| 16 Nov 2021                                 | 2021 MTBPS: PBO and FFC briefing  |  |
| 16 Nov 2021                                 | 2021 MTBPS: National Treasury briefing with Deputy Minister                               |  |
| 10 Nov 2021                                 | 2021 Draft Tax Bills and Rates Bill: National Treasury and SARS response to submissions   |  |
| 9 Nov 2021                                  | National Treasury and SARS 2020/21 annual report and audit outcomes; with Deputy Minister |  |
| 1 Sep 2021                                  | Germany, Eswatini and Switzerland double taxation agreement                               |  |
| 31 Aug 2021                                 | 2021 Draft Tax Bills and Rates Bill: Public hearings                                      |  |
| 25 Aug 2021                                 | Fiscal Responsibility Bill: Legal briefing and discussion of public submissions           |  |
| 24 Aug 2021                                 | Pension Funds Amendment Bill: Briefing on public submissions and discussion               |  |
| 18 Aug 2021                                 | SARB and Prudential Authority 2020/21 annual reports                                      |  |
| 17 Aug 2021                                 | Draft Tax and Rates Bills: National Treasury and SARS briefing                            |  |
| 2 Jun 2021                                  | Financial Sector Laws Amendment Bill: Finalisation  |  |
| 1 Jun 2021                                  | Fiscal Responsibility Bill: Public hearings   |  |
| 26 May 2021                                 | Financial Sector Laws Amendment Bill: National Treasury and SARB response to submissions  |  |
| 19 May 2021                                 | Pension Funds Amendment Bill: Public hearings   |  |

# 07 PORTFOLIO COMMITTEES

## STANDING COMMITTEE ON FINANCE (SCoF)

| STANDING COMMITTEE ON FINANCE (SCoF) |  |  |
|--------------------------------------|--|--|
| DATE OF MEETING                      | MATTERS RAISED BY PARLIAMENTARY COMMITTEE  | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS  |
| 22 Mar 2022                          | 2022 Division of Revenue Bill: Finalisation and committee report   | Matters addressed as presented at the meeting and subsequent responses to follow-up questions.<br><br>Records available from the committee secretariat or on request from the National Treasury. |
| 16 Mar 2022                          | 2022 Division of Revenue Bill: Public hearings   |  |
| 15 Mar 2022                          | 2022 Division of Revenue Bill: SALGA input   |  |
| 09 Mar 2022                          | 2022 Division of Revenue Bill: Financial and Fiscal Commission input   |  |
| 08 Mar 2022                          | 2022 Division of Revenue Bill: Parliamentary Budget Office input   |  |
| 02 Mar 2022                          | Division of Revenue Bill: National Treasury briefing   |  |
| 16 Feb 2022                          | Contract deviations and expansions for 2020/21 Quarter 3: Office of Chief Procurement Officer briefing   |  |
| 15 Feb 2022                          | National Treasury Quarter 3 2021/22 Performance for national departments and identified SOEs and agencies  |  |
| 8 Feb 2022                           | National Treasury, DoT and identified municipalities on performance and expenditure of integrated public transport; with Deputy Minister   |  |
| 1 Feb 2022                           | Transport Conditional Grants performance: PBO briefing   |  |
| 8 Dec 2021                           | Adjustments Appropriation Bill: Adoption and committee report; 2021 MTBPS: Committee report  |  |
| 3 Dec 2021                           | 2021 MTBPS and Adjustments Appropriation Bill: Public hearings   |  |
| 1 Dec 2021                           | Adjustments Appropriation Bill 2021: Transport, Water and Sanitation input; with Deputy Minister   |  |
| 26 Nov 2021                          | Division of Revenue Amendment Bill: Finalisation and committee report  |  |
| 24 Nov 2021                          | Division of Revenue Amendment Bill: SALGA and COSATU input   |  |
| 23 Nov 2021                          | Division of Revenue Amendment Bill and Adjustments Appropriation Bill: PBO and FFC briefing  |  |
| 17 Nov 2021                          | Briefing by National Treasury on 2021 Division of Revenue Amendment Bill and Adjustments Appropriation Bill, 2021/22 second quarter spending outcomes, public entities spending and update on SOCs |  |
| 21 Sep 2021                          | Second Special Appropriation Bill: Adoption  |  |
| 17 Sep 2021                          | Second Special Appropriation Bill: Public hearings   |  |
| 15 Sep 2021                          | Second Special Appropriation Bill: DTIC briefing   |  |
| 14 Sep 2021                          | Second Special Appropriation Bill: Department of Social Development briefing with Minister   |  |

| STANDING COMMITTEE ON FINANCE (SCoF) |  |  |
|--------------------------------------|--|--|
| DATE OF MEETING                      | MATTERS RAISED BY PARLIAMENTARY COMMITTEE  | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS  |
| 8 Sep 2021                           | Second Special Appropriation Bill: SASRIA briefing   | Matters addressed as presented at the meeting and subsequent responses to follow-up questions.<br><br>Records available from the committee secretariat or on request from the National Treasury. |
| 7 Sep 2021                           | Second Special Appropriation Bill: PBO briefing  |  |
| 1 Sep 2021                           | Second Special Appropriation Bill and 2022/23 Division of Revenue: FFC briefing  |  |
| 31 Aug 2021                          | Second Special Appropriation Bill: National Treasury briefing  |  |
| 25 Aug 2021                          | Implementation of SA Economic Reconstruction and Recovery Plan (ERRP) and Operation Vulindlela; Implications of fiscal consolidation; with Deputy Minister |  |
| 24 Aug 2021                          | Land and Agricultural Development Bank of SA on expenditure of budgetary allocations   |  |
| 18 Aug 2021                          | SCOA strategic planning session day 2  |  |
| 17 Aug 2021                          | SCOA strategic planning session; with Deputy Ministers   |  |
| 1 Jun 2021                           | Appropriation Bill and Special Appropriation Bill: Committee reports   |  |
| 28 May 2021                          | Special Appropriation Bill: Public hearings  |  |
| 26 May 2021                          | Appropriation Bill: DHET briefing  |  |
| 26 May 2021                          | Appropriation Bill: Public hearings  |  |
| 25 May 2021                          | Appropriation Bill: Correctional Services and Department of Defence input  |  |
| 19 May 2021                          | Appropriation Bill: DoH and DLRRD briefing; with Ministers and Deputy Minister   |  |
| 18 May 2021                          | Appropriation Bill: Department of Social Development briefing with Minister and Deputy Minister  |  |
| 14 May 2021                          | Special Appropriation Bill: DPE and SAA input  |  |
| 11 May 2021                          | Appropriation Bill and Special Appropriation Bill: FFC input   |  |
| 5 May 2021                           | Appropriation Bill and Special Appropriation Bill: PBO input   |  |
| 4 May 2021                           | Appropriation Bill and Special Appropriation Bill: National Treasury briefings   |  |

# 07 PORTFOLIO COMMITTEES

## SELECT COMMITTEE ON FINANCE (SeCoF)

| SELECT COMMITTEE ON FINANCE (SeCoF) |  |  |
|-------------------------------------|--|--|
| DATE OF MEETING                     | MATTERS RAISED BY PARLIAMENTARY COMMITTEE  | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS  |
| 8 Mar 2022                          | 2022 Fiscal Framework and Revenue Proposals: Committee report  | Matters addressed as presented at the meeting and subsequent responses to follow-up questions.<br><br>Records available from the committee secretariat or on request from the National Treasury. |
| 4 Mar 2022                          | 2022 Fiscal Framework and Revenue Proposals: National Treasury and SARS response to oral submissions   |  |
| 2 Mar 2022                          | 2022 Fiscal Framework and Revenue Proposals: Public hearings   |  |
| 1 Mar 2022                          | 2022 Budget: FFC and PBO briefing  |  |
| 24 Feb 2022                         | 2022 Budget: Treasury briefing, with Minister and Deputy Minister  |  |
| 8 Mar 2022                          | 2022 Fiscal Framework and Revenue Proposals: Committee report  |  |
| 4 Mar 2022                          | 2022 Fiscal Framework and Revenue Proposals: National Treasury and SARS response to oral submissions   |  |
| 2 Mar 2022                          | 2022 Fiscal Framework and Revenue Proposals: Public hearings   |  |
| 1 Mar 2022                          | 2022 Budget: FFC and PBO briefing  |  |
| 8 Dec 2021                          | TLAB, TALAB and Rates Bill: Consideration of policy issues and processing  |  |
| 7 Dec 2021                          | TLAB, TALAB and Rates Bill: Public hearings and National Treasury response   |  |
| 2 Dec 2021                          | Financial Sector Laws Amendment Bill: Finalisation and committee report  |  |
| 30 Nov 2021                         | Taxation Laws Amendment Bill, Tax Administration Laws Amendment Bill, Rates Bill, Financial Sector Laws Amendment Bill: National Treasury briefing |  |
| 23 Nov 2021                         | 2021 Revised Fiscal Framework: Committee report  |  |
| 9 Nov 2021                          | Financial Sector Law Amendment Bill: public hearings and National Treasury responses   |  |
| 7 Sep 2021                          | SASRIA on quarterly reports, challenges in executing mandate, impact of COVID-19 and recent civil unrest on their programme                        |  |
| 31 Aug 2021                         | Co-operative Banks Development Agency quarterly reports, impact of COVID-19 and recent civil unrest on their programme                             |  |
| 24 Aug 2021                         | Economic impact of the recent unrest: National Treasury and PBO briefing   |  |

# PORTFOLIO COMMITTEES 07

| <b>SELECT COMMITTEE ON FINANCE (SeCoF)</b> |   |  |
|--|---|--|
| <b>DATE OF MEETING</b>                     | <b>MATTERS RAISED BY PARLIAMENTARY COMMITTEE</b>  | <b>HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS</b>   |
| 17 Aug 2021                                | DBSA on last quarterly report, implementation of mandate, impact of COVID-19 and recent civil unrest on its programme | Matters addressed as presented at the meeting and subsequent responses to follow-up questions.<br><br>Records available from the committee secretariat or on request from the National Treasury. |
| 15 Jun 2021                                | Financial Sector Laws Amendment Bill: Briefing  |  |
| 8 Jun 2021                                 | Key challenges in ensuring economic development: Parliamentary Budget Office briefing                                 |  |
| 1 Jun 2021                                 | Land and Agricultural and Development Bank of South Africa on quarterly reports                                       |  |
| 25 May 2021                                | A guide to understanding major cryptocurrency issues and regulatory framework: National Treasury and PBO briefing     |  |
| 18 May 2021                                | Implications of changes in IRBA over the past six months and implementation of Auditing Profession Amendment Act      |  |
| 11 May 2021                                | Implementing the Economic Reconstruction and Recovery Plan (ERRP): PBO briefing                                       |  |

# 07 PORTFOLIO COMMITTEES

## SELECT COMMITTEE ON APPROPRIATIONS (SeCoA)

| SELECT COMMITTEE ON APPROPRIATIONS (SeCoA) |   |  |
|--|---|--|
| DATE OF MEETING                            | MATTERS RAISED BY PARLIAMENTARY COMMITTEE   | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS  |
| 23 Mar 2022                                | 2022 Division of Revenue Bill: SALGA input and public hearing   | Matters addressed as presented at the meeting and subsequent responses to follow-up questions.<br><br>Records available from the committee secretariat or on request from the National Treasury. |
| 16 Mar 2022                                | FFC and PBO briefing on 2022 Division of Revenue Bill   |  |
| 9 Mar 2022                                 | 2022 Division of Revenue Bill: National Treasury briefing   |  |
| 14 Dec 2021                                | Committee Reports: Adjustments Appropriation Bill; Division of Revenue and Conditional Grants   |  |
| 10 Dec 2021                                | Adjustments Appropriation Bill: Public hearings   |  |
| 3 Dec 2021                                 | Division of Revenue Amendment Bill: Final mandates and committee report   |  |
| 2 Dec 2021                                 | Division of Revenue Amendment Bill: Negotiating mandates  |  |
| 30 Nov 2021                                | MTBPS and Division of Revenue Amendment Bill: SALGA and COSATU input  |  |
| 25 Nov 2021                                | Division of Revenue Amendment Bill and Adjustments Appropriation Bill: National Treasury briefing   |  |
| 17 Nov 2021                                | Second Special Appropriation Bill: Committee report; Committee reports on FFC's 2022/23 Division of Revenue submission and virtual oversight on HIV, AIDS and LSPID Grants              |  |
| 15 Sep 2021                                | Second Special Appropriation Bill 2021: National Treasury briefing; FFC and PBO input   |  |
| 08 Sep 2021                                | Local government audit outcomes 2019/20: AGSA briefing  |  |
| 01 Sep 2021                                | Workshop on local government and provincial equitable share formulas  |  |
| 25 Aug 2021                                | 2022/23 Division of Revenue: Financial and Fiscal Commission briefing   |  |
| 19 Aug 2021                                | Conditional grant performance 2020/21: HIV and AIDS (Life Skills Education) and Learners with Profound Intellectual Disabilities: Joint virtual oversight meeting; with Deputy Minister |  |
| 18 Aug 2021                                | Expenditure of HIV & AIDS (Life Skills Education) Grant and Learners with Profound Intellectual Disabilities Grant; with Deputy Minister  |  |

# PORTFOLIO COMMITTEES 07

| <b>SELECT COMMITTEE ON APPROPRIATIONS (SeCoA)</b> |  |  |
|---|--|--|
| <b>DATE OF MEETING</b>                            | <b>MATTERS RAISED BY PARLIAMENTARY COMMITTEE</b>   | <b>HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS</b>                                   |
| 09 June 2021                                      | Transfer to SAA subsidiaries and conditions attached: DPE briefing; Appropriation Bill and Special Appropriation Bill: Committee reports; with Deputy Minister | Matters addressed as presented at the meeting and subsequent responses to follow-up questions. |
| 02 June 2021                                      | Appropriation Bill; Special Appropriation Bill; briefing and PBO input   |  |
| 26 May 2021                                       | Division of Revenue Bill: final mandates; Committee report on agriculture conditional grants   | Records available from the committee secretariat or on request from the National Treasury.     |
| 19 May 2021                                       | Division of Revenue Bill [B3-2021]: Negotiating mandates   |  |
| 12 May 2021                                       | Division of Revenue Bill: Public hearings and SALGA input  |  |

# 07 PORTFOLIO COMMITTEES

## STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA)

| STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) |  |  |
|---|--|--|
| DATE OF MEETING                               | MATTERS RAISED BY PARLIAMENTARY COMMITTEE  | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS  |
| 29 Mar 2022                                   | PRASA hearing on irregular, fruitless and wasteful expenditure 2020/21; with Minister  | Matters addressed as presented at the meeting and subsequent responses to follow-up questions.<br><br>Records available from the committee secretariat or on request from the National Treasury. |
| 9 Mar 2022                                    | Blacklisting of companies: National Treasury and SIU briefing, with Deputy Minister  |  |
| 1 Mar 2022                                    | ESKOM: Hearing on deviations and expansions for Quarter 1 and 2, 2021/22   |  |
| 22 Feb 2022                                   | PMTE hearing on irregular, fruitless and wasteful expenditure; with Public Works Ministry                                    |  |
| 7 Dec 2021                                    | SIU progress report on COVID-19 PPE procurement investigations; Digital Vibes investigation                                  |  |
| 30 Nov 2021                                   | Beitbridge border fence irregularities: Progress report with Minister  |  |
| 23 Nov 2021                                   | Eskom 2020/21 audit and investigations: Hearing with Deputy Minister   |  |
| 17 Nov 2021                                   | SIU on investigations related to UIF TERS paid during COVID-19   |  |
| 17 Nov 2021                                   | Deviations and expansions at National Treasury Quarter 1 and Eskom Quarter 2, 2020/21  |  |
| 10 Nov 2021                                   | Eskom audit outcome  |  |
| 1 Sep 2021                                    | Follow up meeting with SIU on investigation into COVID-19 PPE procurement by state institutions; Digital Vibes Investigation |  |
| 31 Aug 2021                                   | Postponed: Hearing on Eskom expansions, annual report, and investigations; with Deputy Minister                              |  |
| 18 Aug 2021                                   | RAF 2019/20 audit hearing; with Minister   |  |
| 29 June 2021                                  | Eskom: Tabling of disciplinary hearing report and hearing on deviations and expansions; with Minister                        |  |
| 2 June 2021                                   | Follow up meeting with SIU on investigation into COVID-19 PPE procurement by state institutions                              |  |
| 1 June 2021                                   | Follow-up meeting on alleged DBSA maladministration, mismanagement and corruption; with Minister                             |  |
| 11 May 2021                                   | Beitbridge border fence: Minister of Public Works progress report  |  |

## PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION

| PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION |  |  |
|--|--|--|
| DATE OF MEETING  | MATTERS RAISED BY PARLIAMENTARY COMMITTEE                        | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS                                      |
| 24 Aug 2021  | SASRIA briefing to committee on July unrest and insurance claims | Records available from the committee secretariat or on request from the National Treasury. |

## PORTFOLIO COMMITTEE SMALL BUSINESS AND DEVELOPMENT

| PORTFOLIO COMMITTEE SMALL BUSINESS AND DEVELOPMENT |  |  |
|--|--|--|
| DATE OF MEETING                                    | MATTERS RAISED BY PARLIAMENTARY COMMITTEE                    | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS                                      |
| 12 Aug 2021  | SASRIA briefing to committee on insurance for small business | Records available from the committee secretariat or on request from the National Treasury. |

## PORTFOLIO COMMITTEE ON ENVIRONMENT FORESTRY AND FISHERIES

| PORTFOLIO COMMITTEE ON ENVIRONMENT FORESTRY AND FISHERIES |   |  |
|---|---|--|
| DATE OF MEETING   | MATTERS RAISED BY PARLIAMENTARY COMMITTEE   | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS                                      |
| 18 Aug 2021   | National Treasury implementation of carbon tax as well as the models and progress on the just transition plan | Records available from the committee secretariat or on request from the National Treasury. |

## JOINT COMMITTEE ON FINANCIAL MANAGEMENT OF PARLIAMENT

| JOINT COMMITTEE ON FINANCIAL MANAGEMENT OF PARLIAMENT |  |  |
|---|--|--|
| DATE OF MEETING                                       | MATTERS RAISED BY PARLIAMENTARY COMMITTEE  | HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS                                      |
| 21 May 2021   | Briefing by the Executive Authority and the Minister of Finance on progress made on addressing concerns about the allocation of Parliament's budget (including a briefing by the Chairperson of the Parmed Board on progress made in resolving the issues around the Parmed liability) | Records available from the committee secretariat or on request from the National Treasury. |

# **08 SCOPA RESOLUTIONS**

There were no Standing Committee on Public Accounts (SCOPA) resolutions adopted in 2021/22.

# PRIOR MODIFICATIONS TO AUDIT REPORTS 09

During 2020/21, the department obtained an unqualified audit opinion with material misstatements. To address prior-year audit findings, the Internal Audit Chief Directorate monitors progress in maintaining an audit finding register. The goal is to ensure that audit findings raised by the external auditors are adequately addressed and to assess if the internal control measures, implemented to prevent these findings from recurring, are effective.

In addition, a dedicated committee holds managers accountable to the audit findings action plan, particularly in relation to audit findings where deadlines for resolution have not yet been met. The purpose is to ensure adequate follow-through and finalisation of corrective measures within the agreed timeframes.

The status of each audit finding in the register was presented quarterly to the Audit Committee for review. Periodically, the committee instructed Internal Audit to provide independent confirmation that findings had been 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  |
|--|--|---|
| Misstatements in the annual financial statements and non-compliance with applicable legislation for supply chain management. | 2018/19                                | A process has been implemented that includes formal reviews of financial statements performed at different management levels, including Internal Audit, before submission for approval. The department has created awareness of governance matters for improved compliance and to reduce deviations from normal SCM processes.  |
|  | 2019/20                                | Improvements achieved in the preparation of financial statement and SCM governance matters were affirmed by the AGSA in the 2019/20 management report. However, requests to condone irregular contracts took longer than anticipated; hence the irregular, fruitless and wasteful expenditure continues to be highlighted as matters of emphasis.<br><br>The delayed condonation requests were subsequently approved in 2021/22, resulting in a reduction of the irregular expenditure balance. |

# 09 PRIOR MODIFICATIONS TO AUDIT REPORTS

| 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   |
|--|--|--|
| Misstatements in the annual financial statements and non-compliance with applicable legislation for supply chain management. | 2019/20                                | <p>The review of the interim financial statement and annual financial statements was strengthened by allocating sufficient time in the 2021/22 annual financial statement preparation project plan to ensure that the financials are reviewed adequately by Internal Control and Internal Audit. The department achieved a significant improvement in reducing the number of findings on compliance with SCM legislation, including transversal contracts as compared to prior years in which material non-compliance findings were raised.</p> <p>Furthermore, condonation was granted for prior year irregular expenditure to the amount of R128 million which resulted in a decrease in the overall cumulative irregular expenditure. recognised.</p> |
|  | 2020/21                                | <p>The review of the interim financial statement and annual financial statements by allocating sufficient time in the 2021/22 annual financial statements preparation project plan to ensure that the financials are reviewed adequately by Internal Control and Internal Audit.</p>   |

# **INTERNAL CONTROL UNIT** 10

During the reporting period, the Internal Control Unit (ICU) continued to coordinate the control activities in the department to promote efficiency and to reduce the likelihood and impact of identified risks. It produced reliable financial statements which complied with legislation. The department maintains systems of internal control to mitigate identified risks, to ensure the integrity of the department's core activities of public finance management, transfers of funds, payments of financial assets and including safeguarding of its assets. The department has an organisational structure and division of responsibilities, that, together with established policies and procedures, are communicated throughout the department.

Significant strides were made in ensuring compliance with laws and regulations. This was done by continuously implementing preventative, investigative and corrective internal control measures to address and report cases of non-compliance and deviations from the department's normal processes and procedures. The unit also coordinated the departmental audit process.

The unit conducted quarterly contract management reviews which assisted in identifying any possible non-compliance with SCM legislations as well as internal departmental policies. Random checks of payment batches were performed to ensure that payments are in accordance with prescripts and improved standards of financial administration. The ICU will continue to improve its processes to achieve better control operations.

# 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 department. The Internal Audit Chief Directorate provides shared services to National Treasury, Co-operative Banks Development Agency (CBDA), Government Technical Advisory Centre (GTAC), the Accounting Standards Board (ASB), and the Independent Regulatory Board for Auditors (IRBA). It assists these organisations to accomplish their objectives by bringing a systematic and disciplined approach (risk-based audit approach) 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 2021/22 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's Audit Committee. Twenty-two audits were approved and planned for in the audit plan for the 2021/22 financial year. Twenty-one audits were completed and one audit was cancelled at the recommendation of management and with approval of the Audit Committee. All changes to planned audits were approved by the Audit Committee. 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.

An external assurer was appointed to conduct an External Quality Assurance Review (EQAR) on the work of Internal Audit function during 2021/22 and the conclusion and opinion on the work of the Internal Audit was "general conformance", a rating that is the highest in line with processes of the Institute of Internal Auditors.

The Audit Committee is established as a statutory committee in terms of section 38(1)(a)(ii) and section 77 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 in its ambit and communicates this in the annual report in terms of the Treasury Regulations.

# AUDIT COMMITTEE REPORT 12

We are pleased to present our report for the financial year ended 31 March 2022.

## LEGISLATIVE REQUIREMENTS

The Audit Committee herewith presents its report for the financial year ended 31 March 2022, 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 following meetings were held for the 2021/22 financial year:

| # | MEETING                                    | MEETING DATE    | NUMBER OF MEMBERS ATTENDED |
|---|--|-----------------|----------------------------|
| 1 | Ordinary Audit Committee meeting quarter 4 | 10 May 2021     | 4                          |
| 2 | Special Audit Committee meeting            | 25 May 2021     | 4                          |
| 3 | Special Audit Committee meeting            | 22 June 2021    | 3                          |
| 4 | Ordinary Audit Committee meeting quarter 1 | 24 August 2021  | 3                          |
| 5 | Special Audit Committee meeting            | 3 December 2021 | 3                          |
| 6 | Ordinary Audit Committee meeting quarter 2 | 7 December 2021 | 3                          |
| 7 | Ordinary Audit Committee meeting quarter 3 | 3 March 2022    | 3                          |

# 12 AUDIT COMMITTEE REPORT

The members of the Audit Committee, their qualifications and record of their attendance, are as follows:

| NAME OF MEMBER         | QUALIFICATIONS  | APPOINTMENT DATE | NUMBER OF MEETINGS ATTENDED              |
|------------------------|---|------------------|--|
| Ms Pumla Mzizi         | BCom Honours in Transport Economics<br>CA (SA)<br>BCompt Honours CTA  | 1 October 2018   | 7 of 7                                   |
| Ms Anna Badimo         | BSc Computer Science<br>BSc Hons Computer Science<br>Master in Business Administration (MBA)<br>Master of Science (MSc)<br>CISM (Certified Information Security Manager)<br>CGEIT (Certified in the Governance of Enterprise IT)<br>CISA (Certified Information Systems Auditor)<br>CRISC (Certified in Risk and Information Systems Control)<br>Cobol Programming Diploma<br>PMP (Project Management Professional)<br>Cert. IT Auditing, COBIT 5, ITIL Foundation<br>Certified ISO 22301 Lead Implementer<br>F. Inst D (IoDSA) | 1 July 2015      | 2 of 7<br>Contract ended on 30 June 2021 |
| Mr Brandon Furstenburg | Master of Science (MSc) in Financial Management,<br>Master of Commerce (MCom) in Economics<br>BCom Hons<br>BCom<br>FAIS exams: RE1, RE3 & RE5.  | 1 June 2016      | 7 of 7                                   |
| Mr Freddy Sinthumule   | Diploma in Finance and Auditing<br>BCom Accounting<br>MBA with special project on PFMA  | 1 July 2019      | 7 of 7                                   |

## 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 management inputs in the formulation of its three-year strategic and annual plans. The committee relied on Internal Audit and the Auditor General South Africa (AGSA) to provide assurance on the effectiveness of the risk management system. The system of risk management needs improvement.

## 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.

The Committee approved a risk-based, three-year rolling, strategic internal audit plan and an annual audit coverage plan for the period 1 April 2021 to 31 March 2022, covering the following key audit activities for the 2021/22 financial year for the National Treasury:

| TYPE                         | TOTAL PLANNED AUDITS | COMPLETED AUDITS |
|------------------------------|----------------------|------------------|
| Regularity audit             | 8                    | 8 (100%)         |
| Performance audit            | 3                    | 3 (100%)         |
| Information technology audit | 10                   | 10 (100%)        |
| <b>Total planned audits</b>  | <b>21</b>            | <b>21 (100%)</b> |
| Postponed/cancelled audits   | 1                    | 1 (100%)         |
| Audits not completed         | 0                    | 0                |
| <b>Total</b>                 | <b>22</b>            | <b>22</b>        |

\*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 AGSA indicated the need to improve the system of internal control in areas pertaining to financial reporting and compliance with laws and regulations. The committee concludes that the system on internal control for the reporting period was not entirely adequate and effective.

# 12 AUDIT COMMITTEE REPORT

## Evaluation of annual financial statements and the annual performance information

The committee evaluated the annual financial statements (AFS) and the annual performance information for the year ended 31 March 2022 and duly recommended them for the Accounting Officer's approval prior to being submitted to the AGSA for audit. Subsequently, the material misstatements corrected in the AFS 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 AGSA 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.

## 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 aware of an unresolved issue with respect to the current audit, pertaining to the difference in opinions regarding the application of the fruitless and wasteful expenditure definition which has now resulted in this qualified audit opinion and a material irregularity in the prior year. Except for the unresolved matter, the Audit Committee concurs and accepts the conclusions of the AGSA 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 AGSA.

## General

The Audit Committee notes that while a number of vacancies have been filled, the committee remains concerned about vacancy rates in critical positions.

We would like to express our appreciation to the Executive Authority, the Acting Director-General, Ismail Momoniat and the erstwhile Director-General, Mr Dondo Mogajane, for his leadership and support, AGSA and to Internal Audit and management for their commitment.

*Pumla Mzizi CA(SA)*

**Ms Pumla Mzizi CA(SA)**

Chairperson of the Audit Committee

National Treasury

**Date:** 20 December 2022

**2021/22**  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8



**PART D:**  
**HUMAN RESOURCE**  
**MANAGEMENT**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# 01 INTRODUCTION

The information contained in this part of the Annual Report has been prescribed by the Minister for the Public Service and Administration (MPSA) for all departments in the public service.

# OVERVIEW OF HUMAN RESOURCES

# 02

## 2.1 STATUS OF HUMAN RESOURCES IN THE DEPARTMENT

The National Treasury's vacancy rate decreased to 13.69 per cent in 2021/22 from 14.59 per cent in the previous financial year. The vacancy rate is principally due to the moratorium on filling positions introduced in 2016/17. One of the ways in which the department has dealt with this moratorium has been to implement a rotation policy which encourages employees to act in vacant unfunded positions without receiving acting allowances. This approach drives employee capacity building, development and exposure to diverse work functions.

Employee engagement was affected during the COVID-19 pandemic due to a reduction of structured sessions that the Accounting Officer had with employees. However, these sessions did continue and gained momentum after the level 5 lockdown. Other employee engagement initiatives also continued, with online skills development, among others, being a priority. Given that the National Treasury attracts highly skilled employees with the required technical knowledge, the focus continues to be on developing leadership, management and soft skills over the short term; with maturity of these skills, the department's medium- to long-term needs will be addressed. Human Resources Management (HRM) will continue to support technical training needs of all employees. Similarly, as a pipeline into the department, the National Treasury's Graduate Development Programme (GDP) will continue to provide a foundation for entry level positions. The National Treasury's organisational structure is being reviewed and it is envisaged that this will help to attract technical entry level skills and that there will be a tailormade career path model for these technical skills to ensure structured pipeline management, succession planning and retention.

The employee turnover rate for 2021/22 was 8.9 per cent, an increase from the previous year's 7.18 per cent. Employee rotation and acting in higher positions ensured that the department improved the diverse set of skills. During the reporting period, 38 interns were recruited and 32 from the 2020 intake were appointed on contract. The process of aligning the interns' years of experience with the National Treasury's required minimum entry level experience is underway. The department's retention framework has been developed to support the identification and retention of critical skills over the MTEF period.

## 2.2 HUMAN RESOURCE PRIORITIES FOR THE YEAR UNDER REVIEW

The following were priorities during the reporting period:

- Talent attraction, acquisition and retention;
- Employee engagement and development;
- Human resources information management that ensures improved efficiency in HRM processes; and
- Decision-making.

"Employee rotation and acting in higher positions ensured that the department improved the diverse set of skills"

## 02 OVERVIEW OF HUMAN RESOURCES

“A total of **173 employees** in the department as well as their immediate family members have accessed the **24-hour support and counselling service** which is available telephonically or face-to-face”

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

The HRM continues to drive its core strategies to address the workforce challenges identified. Increased integration between talent acquisition, the GDP and talent management has allowed the department to focus on building talent internally rather than relying on appointing external talent. This supports the retention objectives through a focus on creating internal opportunities for employees, including international secondments, rotation in the department and promotion opportunities. The GDP continues to build a strong foundation with interns in scarce and critical skills areas including economics, tax, finances, auditing and legal. Noting that the current legislation prohibits absorption into vacant permanent positions, the department follows the recruitment process to appoint interns and Chartered Accountants Academy cadets into some positions.

### 2.4 EMPLOYEE PERFORMANCE MANAGEMENT

The department’s performance management system has been enhanced with the review of the performance management as well as the recognition and rewards policies. This suite of policies encourages a culture of performance across the department and has assisted in identifying underperformance that can be addressed through development programmes. The National Treasury has an approved Performance Management and Development Policy (PMDP) for all employees. During the reporting period, 98 per cent of Senior Management Service (SMS) members entered into performance agreements. SMS members who did not sign performance agreements with their line managers were not eligible for any performance related recognition and reward. The 2020/21 performance evaluation process and the 2022/23 signing of performance agreements have been finalised. The 2021/22 performance evaluation process has been initiated and will be finalised in line with DPSA directives.

### 2.5 EMPLOYEE HEALTH AND WELLNESS PROGRAMME

The Employee Health and Wellness (EHW) programme is effectively and impactfully operating in the department. However, the COVID-19 pandemic affected the utilisation of EHW services especially the on-site primary health care services. During the reporting period, 121 employees have undergone health risk assessments. This is significantly fewer compared to the previous financial year due to most employees working remotely. A total of 173 employees in the department as well as their immediate family members have accessed the 24-hour support and counselling service which is available telephonically or face-to-face.

# OVERVIEW OF HUMAN RESOURCES 02

## 2.6 ACHIEVEMENTS AND CHALLENGES FACED BY THE DEPARTMENT

### ACHIEVEMENTS

The priorities over the reporting year were to attract scarce and critical skills, improve HR processes across the HR value chain, enhance accountability, improve efficiencies in the Human Resources Management Chief Directorate, and strengthen employee engagement. Highly engaged employees feel valued and are invested in the organisation. They strive to create innovative services and processes to the benefit of the department and for service delivery.

### CHALLENGES

COVID-19 has affected most of the projects that were planned to be rolled out during the reporting period. However, the gradual easing of the lockdown assisted in ensuring that traction and momentum were gained on some projects. The skill sets required by the department in terms of technical skills merged in a single position (for example: economics, health and policy analysis) continued to create challenges that require unique strategies. This is combined with regulatory requirements that must be adhered to, but which exacerbate the challenges. Internal development and skills transfer therefore become key strategies for ensuring that capacity requirements are met. The limited flexibility in the existing structure remains a challenge; however, the organisational optimisation process and career path model should assist in minimising these current challenges.

## 2.7 FUTURE HUMAN RESOURCE PLANS/GOALS

- Ensure that HRM provides strategic, value add and timeous services to the department.
- Enhance talent attraction acquisition and retention that is aligned to the departmental strategic objectives.
- Enhance employee engagement and development initiatives.
- Improve compliance with the legislative framework.
- Improve efficiency in HR processes and decision-making.

# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

## 3.1 PERSONNEL RELATED EXPENDITURE

TABLE 3.1.1 PERSONNEL EXPENDITURE BY PROGRAMME FOR THE PERIOD 1 APRIL 2021 AND 31 MARCH 2022

| 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)* |
|---|---------------------------|-------------------------------|------------------------------|---|---|--|
| <b>Programme 1</b><br>-Administration                                       | 455 060                   | 202 501                       | 1 257                        | 42 259                                    | 44.50   | 614  |
| <b>Programme 2</b> -Economic Policy, Tax, Financial Regulation and Research | 125 304                   | 78 627                        | 179                          | 0.00                                      | 62.75   | 914  |
| <b>Programme 3</b> - Public Finance and Budget Management                   | 4 200 770                 | 223 012                       | 311                          | 0.00                                      | 5.31  | 914  |
| <b>Programme 4</b> -Asset and Liability Management                          | 8 563 167                 | 83 394                        | 212                          | 2 082                                     | 0.97  | 802  |
| <b>Programme 5</b> -Financial Systems and Accounting                        | 761 687                   | 207 994                       | 606                          | 51 017                                    | 27.31   | 773  |
| <b>Programme 6</b><br>-International Financial Relations                    | 7 826 450                 | 30 476                        | 24                           | 47  | 0.39  | 952  |
| <b>Programme 7</b> -Civil and Military Pensions, Contributions to Funds     | 6 042 773                 | 0.00                          | 0.00                         | 0.00                                      | 0.00  | 0.00   |
| <b>Programme 8</b> - Revenue Administration                                 | 11 295 167                | 0.00                          | 0.00                         | 0.00                                      | 0.00  | 0.00   |
| <b>Programme 9</b> -Financial Intelligence and State Security               | 4 999 521                 | 0.00                          | 0.00                         | 0.00                                      | 0.00  | 0.00   |
| <b>Total</b>  | <b>44 269 899</b>         | <b>826 004</b>                | <b>2 589</b>                 | <b>95 405</b>                             | <b>1.87</b>                                       |  |

\* 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.

HUMAN RESOURCES  
OVERSIGHT STATISTICS

03

TABLE 3.1.2 PERSONNEL COSTS BY SALARY BAND, 2021/22

| 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                             | 0.00                      | 0                | 0  |
| Skilled (Levels 3-5)                     | 10 455                        | 1.27                      | 38               | 275  |
| Highly skilled production (Levels 6-8)   | 109 724                       | 13.37                     | 288              | 381  |
| Highly skilled supervision (Levels 9-12) | 386 556                       | 47.10                     | 484              | 798  |
| Senior management (Levels 13-16)         | 314 041                       | 38.26                     | 253              | 1 241  |
| <b>Total**</b>                           | <b>820 776</b>                | <b>99.37</b>              | <b>1 063</b>     | <b>772</b>                                     |

\*\* 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.

TABLE 3.1.3 SALARIES, OVERTIME, HOME OWNERS' ALLOWANCE AND MEDICAL ASSISTANCE BY PROGRAMME, 2021/22

| PROGRAMME        | SALARIES       |  | OVERTIME       |  | HOME OWNERS ALLOWANCE |                                   | MEDICAL AID    |  |
|------------------|----------------|--|----------------|--|-----------------------|-----------------------------------|----------------|--|
|                  | AMOUNT (R'000) | SALARIES AS A % OF PERSONNEL COST **** | AMOUNT (R'000) | SALARIES 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      | 135 663        | 66.99                                  | 804            | 0.40                                   | 2 944                 | 1.45                              | 6 624          | 3.27   |
| Programme 2      | 52 831         | 67.19                                  | 0.00           | 0.00                                   | 280                   | 0.36                              | 1 055          | 1.34   |
| Programme 3      | 152 211        | 68.25                                  | 70             | 0.03                                   | 1 769                 | 0.79                              | 3 073          | 1.38   |
| Programme 4      | 57 704         | 69.19                                  | 0.00           | 0.00                                   | 796                   | 0.95                              | 1 617          | 1.94   |
| Programme 5      | 144 718        | 69.58                                  | 11             | 0.01                                   | 2 285                 | 1.10                              | 4 868          | 2.34   |
| Programme 6      | 19 020         | 62.41                                  | 0.00           | 0.00                                   | 149                   | 0.49                              | 596            | 1.96   |
| Programme 7      | 0.00           | 0.00                                   | 0.00           | 0.00                                   | 0.00                  | 0.00                              | 0.00           | 0.00   |
| <b>Total****</b> | <b>562 147</b> | <b>68.06</b>                           | <b>885</b>     | <b>0.11</b>                            | <b>8 223</b>          | <b>1.00</b>                       | <b>17 833</b>  | <b>2.16</b>                                      |

\*\*\*\* 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

# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

**TABLE 3.1.4 SALARIES, OVERTIME, HOME OWNERS' ALLOWANCE AND MEDICAL ASSISTANCE BY SALARY BAND, 2021/22**

| 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              | 0.00                              | 0              | 0.00                              | 0                     | 0.00                         | 0              | 0.00  |
| Skilled (Levels 3-5)                     | 8 153          | 77.98                             | 93             | 0.89                              | 534                   | 5.11                         | 738            | 7.06  |
| Highly skilled production (Levels 6-8)   | 91 622         | 83.50                             | 371            | 0.34                              | 3 062                 | 2.79                         | 6 499          | 5.92  |
| Highly skilled supervision (Levels 9-12) | 249 844        | 64.63                             | 421            | 0.11                              | 3 267                 | 0.85                         | 7 718          | 2.00  |
| Senior management (Levels 13-16)         | 209 423        | 66.69                             | 0              | 0.00                              | 1 360                 | 0.43                         | 2 878          | 0.92  |
| <b>Total *****</b>                       | <b>559 042</b> | <b>68.11</b>                      | <b>885</b>     | <b>0.11</b>                       | <b>8 223</b>          | <b>1.00</b>                  | <b>17 833</b>  | <b>2.17</b>                                 |

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

## 3.2 EMPLOYMENT AND VACANCIES

**TABLE 3.2.1 EMPLOYMENT AND VACANCIES BY PROGRAMME, 31 MARCH 2022**

| PROGRAMME    | NUMBER OF FUNDED POSTS | HEADCOUNT    | VACANCY RATE % | NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT |
|--------------|------------------------|--------------|----------------|--|
| Programme 1  | 388                    | 330          | 14.95          | 79   |
| Programme 2  | 110                    | 86           | 21.81          | 5  |
| Programme 3  | 284                    | 244          | 14.08          | 10   |
| Programme 4  | 117                    | 104          | 11.11          | 12   |
| Programme 5  | 300                    | 269          | 10.33          | 43   |
| Programme 6  | 35                     | 32           | 8.57           | 2  |
| Programme 7  | 0                      | 0            | 0.00           | 0  |
| <b>Total</b> | <b>1 234</b>           | <b>1 065</b> | <b>13.69</b>   | <b>151</b>   |

NB: Minister and Deputy Minister included in totals.

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TABLE 3.2.2 EMPLOYMENT AND VACANCIES BY SALARY BAND, 31 MARCH 2022

| SALARY BANDS                             | NUMBER OF POSTS | HEADCOUNT   | VACANCY RATE % | NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT |
|--|-----------------|-------------|----------------|--|
| Lower skilled (Levels 1-2)               | 0               | 0           | 0.00           | 0  |
| Skilled (Levels 3-5)                     | 47              | 38          | 19.14          | 0  |
| Highly skilled production (Levels 6-8)   | 312             | 288         | 7.69           | 109  |
| Highly skilled supervision (Levels 9-12) | 571             | 484         | 15.23          | 36   |
| Senior management (Levels 13-16)         | 304             | 255         | 16.11          | 6  |
| <b>Total</b>                             | <b>1 234</b>    | <b>1065</b> | <b>13.69</b>   | <b>151</b>   |

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

TABLE 3.2.3 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATIONS AS AT 31 MARCH 2022

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 2022

| 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                                | 100.00                | 0                                | 0.00                  |
| Salary Level 16                      | 0                                | 0                                | 0.00                  | 0                                | 0.00                  |
| Salary Level 15                      | 13                               | 10                               | 76.92                 | 3                                | 23.08                 |
| Salary Level 14                      | 62                               | 53                               | 85.48                 | 9                                | 14.52                 |
| Salary Level 13                      | 226                              | 189                              | 83.63                 | 37                               | 16.37                 |
| <b>Total</b>                         | <b>302</b>                       | <b>253</b>                       | <b>83.77</b>          | <b>49</b>                        | <b>16.23</b>          |

Minister and Deputy Minister excluded in totals.

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**TABLE 3.3.2 SMS POST INFORMATION AS AT 30 SEPTEMBER 2021**

| 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     |
|--------------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------------------|--------------|
| Director-General/ Head of Department | 1                                | 1                                | 100.00                | 0                                | 0.00         |
| Salary Level 16                      | 0                                | 0                                | 0.00                  | 0                                | 0.00         |
| Salary Level 15                      | 13                               | 9                                | 69.23                 | 4                                | 30.77        |
| Salary Level 14                      | 63                               | 52                               | 82.54                 | 11                               | 17.46        |
| Salary Level 13                      | 226                              | 193                              | 85.40                 | 33                               | 14.60        |
| <b>Total</b>                         | <b>303</b>                       | <b>255</b>                       | <b>84.16</b>          | <b>48</b>                        | <b>15.84</b> |

*Minister and Deputy Minister excluded in totals.*

**TABLE 3.3.3 ADVERTISING AND FILLING OF SMS POSTS FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| 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   | 2   | 0  |
| Salary Level 13                      | 18  | 4   | 0  |
| <b>Total</b>                         | <b>24</b>   | <b>6</b>  | <b>0</b>   |

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**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 2021 AND 31 MARCH 2022**

### REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS

Before filling any vacant position, respective vacancy managers firstly look at future needs or potential changes to units before advertising. The National Treasury also has to assess if the position is critical for the financial year, to ensure that it is financially in line with department's CoE budget. Advertisements were further delayed, due to circulars from the DPSA regarding the implementation of recruitment and selection processes during the National Disaster, whereby approval must first be requested and obtaining and obtaining an authorisation letter to advertise.

### REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS

Many positions within National Treasury have proven to be difficult to fill due to salary scales not being attractive to target the right set of skills. National Treasury is looking at upskilling and developing internal employees to address the scarcity of skills required.

There have been many positions at senior management level where NT had to re-advertise including initiating headhunting process as the applications were not appropriate, or candidates immediately declined offers due to various reasons, some including salary related issues.

**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 2021 AND 31 MARCH 2022**

### REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS

In ensuring alignment of the CoE budget, units that are failing to advertise their positions within the stipulated period, funds allocated to these units are redistributed to fund positions in other units that urgently require funding to fill positions.

### REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS

Similarly to the above, most of the positions are filled within 12 months. However, where there have been delays for reasons such as availability of skills in the market, line managers are given deadlines. Should these not be met, funds from these positions will be redistributed.

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## 3.4 JOB EVALUATION

**TABLE 3.4.1 JOB EVALUATION, 1 APRIL 2021 TO 31 MARCH 2022**

| SALARY BAND                              | NUMBER OF POSTS | 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)                     | 47              | 15                       | 31.91%                               | 0              | 0                    | 0                | 0                    |
| Highly skilled production (Levels 6-8)   | 312             | 0                        | 0                                    | 0              | 0                    | 0                | 0                    |
| Highly skilled supervision (Levels 9-12) | 571             | 83                       | 14.54%                               | 77             | 13.49%               | 0                | 0                    |
| Senior Management Service Band A         | 226             | 10                       | 4.42%                                | 0              | 0                    | 0                | 0                    |
| Senior Management Service Band B         | 62              | 3                        | 4.84%                                | 0              | 0                    | 0                | 0                    |
| Senior Management Service Band C         | 13              | 3                        | 23.08%                               | 0              | 0                    | 1                | 33.33%               |
| Senior Management Service Band D         | 3               | 1                        | 33.33%                               | 0              | 0                    | 0                | 0                    |
| <b>Total</b>                             | <b>1234</b>     | <b>115</b>               | <b>9.31%</b>                         | <b>77</b>      | <b>13.49%</b>        | <b>1</b>         | <b>33.33%</b>        |

*NB: Minister and Deputy Minister included in totals.*

**TABLE 3.4.2 PROFILE OF EMPLOYEES WHOSE SALARY POSITIONS WERE UPGRADED DUE TO THEIR POSTS BEING UPGRADED, 1 APRIL 2021 TO 31 MARCH 2022**

| BENEFICIARIES               | AFRICAN  | ASIAN    | COLOURED | WHITE    | TOTAL    |
|-----------------------------|----------|----------|----------|----------|----------|
| Female                      | 3        | 0        | 0        | 0        | 3        |
| Male                        | 2        | 0        | 0        | 0        | 2        |
| Employees with a disability | 0        | 0        | 0        | 0        | 0        |
| <b>Total</b>                | <b>5</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>5</b> |

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**TABLE 3.4.3 EMPLOYEES WHOSE SALARY LEVEL EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION, 1 APRIL 2021 TO 31 MARCH 2022 (IN TERMS OF PSR 1.V.C.3)**

| OCCUPATION   | NUMBER OF EMPLOYEES | JOB EVALUATION LEVEL | REMUNERATION LEVEL | REASON FOR DEVIATION |
|--|---------------------|----------------------|--------------------|----------------------|
| SMS  | 2                   | 13 & 14              | 13 & 14            | Retention            |
| Non-SMS  | 3                   | 10                   | 10                 | Retention            |
| <b>Total number of employees whose salaries exceeded the level determined by job evaluation in 2021/22</b> |                     |                      |                    | <b>5</b>             |
| <b>Percentage of total employment (1065 as at 31 March 2022)</b>   |                     |                      |                    | <b>0.47%</b>         |

**TABLE 3.4.4 PROFILE OF EMPLOYEES WHOSE SALARY LEVEL EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION, 1 APRIL 2021 TO 31 MARCH 2022 (IN TERMS OF PSR 1.V.C.3)**

| GENDER       | AFRICAN  | ASIAN    | COLOURED | WHITE    | TOTAL    |
|--------------|----------|----------|----------|----------|----------|
| Female       | 3        | 0        | 0        | 0        | 3        |
| Male         | 2        | 0        | 0        | 0        | 2        |
| <b>Total</b> | <b>5</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>5</b> |

### 3.5 EMPLOYMENT CHANGES

**TABLE 3.5.1 ANNUAL TURNOVER RATES BY SALARY BAND FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| SALARY BAND                              | NUMBER OF EMPLOYEES AS ON 31 MARCH 2021 | APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT | TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT | TURNOVER RATE % |
|--|---|--|--|-----------------|
| Lower skilled (Levels 1-2)               | 0                                       | 0  | 0  | 0.00            |
| Skilled (Levels 3-5)                     | 40                                      | 4  | 4  | 10.00           |
| Highly skilled production (Levels 6-8)   | 264                                     | 57   | 32   | 12.12           |
| Highly skilled supervision (Levels 9-12) | 473                                     | 54   | 37   | 7.82            |
| Senior Management Service Band A         | 192                                     | 8  | 13   | 6.77            |
| Senior Management Service Band B         | 50                                      | 1  | 4  | 8.00            |
| Senior Management Service Band C         | 8                                       | 0  | 1  | 12.50           |
| Senior Management Service Band D         | 3                                       | 3  | 1  | 33.33           |
| <b>Total</b>                             | <b>1 030</b>                            | <b>127</b>                                     | <b>92</b>  | <b>8.93</b>     |

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 2021 TO 31 MARCH 2022**

No formal critical occupations were approved for the National Treasury.

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**TABLE 3.5.3 REASONS FOR STAFF LEAVING THE DEPARTMENT**

| TERMINATION TYPE  | NUMBER | % OF TOTAL  |
|---|--------|-------------|
| Death   | 4      | 4.35        |
| Resignation   | 41     | 44.57       |
| Expiry of contract  | 36     | 39.13       |
| Dismissal – operational changes   | 0      | 0.00        |
| Dismissal – misconduct  | 1      | 1.09        |
| Dismissal – inefficiency  | 0      | 0.00        |
| Discharged due to ill-health  | 0      | 0.00        |
| Retirement  | 7      | 7.61        |
| Transfer to other Public Service Departments  | 3      | 3.26        |
| Other   | 0      | 0.00        |
| Total   | 92     | 100         |
| <b>Total number of employees who left as a % of total employment (1065 as at 31 March 2022)</b> |        | <b>8.64</b> |

**TABLE 3.5.4 PROMOTIONS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

No formal critical occupations were approved for the National Treasury.

**TABLE 3.5.5 PROMOTIONS BY SALARY BAND FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| SALARY BAND                              | EMPLOYEES 31 MARCH 2021 | PROMOTIONS TO ANOTHER SALARY LEVEL | SALARY BAND PROMOTIONS AS A % OF EMPLOYEES BY SALARY LEVEL |
|--|-------------------------|------------------------------------|--|
| Lower skilled (Levels 1-2)               | 0                       | 0                                  | 0.00   |
| Skilled (Levels 3-5)                     | 40                      | 0                                  | 0.00   |
| Highly skilled production (Levels 6-8)   | 264                     | 1                                  | 0.37   |
| Highly skilled supervision (Levels 9-12) | 473                     | 26                                 | 5.50   |
| Senior management (Levels 13-16)         | 253                     | 17                                 | 6.72   |
| <b>Total</b>                             | <b>1 030</b>            | <b>44</b>                          | <b>4.27</b>  |

### 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 2022**

| OCCUPATIONAL CATEGORY                      | MALE    |          |        |       | FEMALE  |          |        |       | TOTAL |
|--|---------|----------|--------|-------|---------|----------|--------|-------|-------|
|  | AFRICAN | COLOURED | INDIAN | WHITE | AFRICAN | COLOURED | INDIAN | WHITE |       |
| Legislators, senior officials and managers | 75      | 9        | 10     | 15    | 97      | 5        | 11     | 26    | 248   |
| Professionals                              | 188     | 12       | 6      | 23    | 227     | 6        | 6      | 19    | 487   |
| Technicians and associate professionals    | 31      | 2        | 1      | 2     | 86      | 7        | 2      | 19    | 150   |
| Clerks                                     | 43      | 0        | 0      | 0     | 88      | 0        | 4      | 9     | 144   |
| Service and sales workers                  | 14      | 0        | 0      | 0     | 9       | 0        | 0      | 0     | 23    |
| Plant and machine operators and assemblers | 0       | 0        | 0      | 0     | 0       | 0        | 0      | 0     | 0     |
| Elementary occupations                     | 6       | 0        | 0      | 0     | 7       | 0        | 0      | 0     | 13    |
| Total                                      | 357     | 23       | 17     | 40    | 514     | 18       | 23     | 73    | 1065  |
| Employees with disabilities                | 2       | 1        | 0      | 5     | 2       | 0        | 0      | 2     | 12    |

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

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**TABLE 3.6.2 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL BANDS AS AT 31 MARCH 2022**

| OCCUPATIONAL BANDS  | MALE       |           |           |           | FEMALE     |           |           |           | TOTAL       |
|---|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-------------|
|   | AFRICAN    | COLOURED  | INDIAN    | WHITE     | AFRICAN    | COLOURED  | INDIAN    | WHITE     |             |
| Top management  | 7          | 1         | 2         | 1         | 7          | 0         | 0         | 2         | 20          |
| Senior management   | 73         | 9         | 8         | 16        | 92         | 5         | 11        | 24        | 238         |
| Professionally qualified and experienced specialists and mid-management   | 141        | 7         | 7         | 18        | 167        | 8         | 6         | 22        | 376         |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 120        | 4         | 0         | 4         | 232        | 5         | 6         | 25        | 396         |
| Semi-skilled and discretionary decision making  | 16         | 2         | 0         | 1         | 16         | 0         | 0         | 0         | 35          |
| Unskilled and defined decision making   | 0          | 0         | 0         | 0         | 0          | 0         | 0         | 0         | 0           |
| <b>Total</b>  | <b>357</b> | <b>23</b> | <b>17</b> | <b>40</b> | <b>514</b> | <b>18</b> | <b>23</b> | <b>73</b> | <b>1065</b> |

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

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TABLE 3.6.3 RECRUITMENT FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022

| OCCUPATIONAL BANDS  | MALE      |          |          |          | FEMALE    |          |          |          | TOTAL      |
|---|-----------|----------|----------|----------|-----------|----------|----------|----------|------------|
|   | AFRICAN   | COLOURED | INDIAN   | WHITE    | AFRICAN   | COLOURED | INDIAN   | WHITE    |            |
| Top management (15-16)  | 2         | 0        | 0        | 0        | 1         | 0        | 0        | 0        | 3          |
| Senior management (13-14)   | 4         | 0        | 0        | 0        | 3         | 0        | 0        | 2        | 9          |
| Professionally qualified and experienced specialists and mid-management (9-12)  | 32        | 0        | 1        | 2        | 18        | 0        | 0        | 1        | 54         |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8) | 26        | 0        | 0        | 0        | 31        | 0        | 0        | 0        | 57         |
| Semi-skilled and discretionary decision making (3-5)  | 1         | 0        | 0        | 0        | 3         | 0        | 0        | 0        | 4          |
| Unskilled and defined decision making (1-2)   | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0          |
| <b>Total</b>  | <b>65</b> | <b>0</b> | <b>1</b> | <b>2</b> | <b>56</b> | <b>0</b> | <b>0</b> | <b>3</b> | <b>127</b> |
| Employees with disabilities   | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0          |

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

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**TABLE 3.6.4 PROMOTIONS FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| OCCUPATIONAL BANDS  | MALE      |          |          |          | FEMALE    |          |          |          | TOTAL     |
|---|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|   | AFRICAN   | COLOURED | INDIAN   | WHITE    | AFRICAN   | COLOURED | INDIAN   | WHITE    |           |
| Top management (15-16)  | 1         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 1         |
| Senior management (13-14)   | 7         | 0        | 0        | 0        | 8         | 0        | 0        | 1        | 16        |
| Professionally qualified and experienced specialists and mid-management (9-12)  | 9         | 0        | 0        | 0        | 16        | 0        | 1        | 0        | 26        |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8) | 0         | 0        | 0        | 0        | 1         | 0        | 0        | 0        | 1         |
| 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         |
| <b>Total</b>  | <b>17</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>25</b> | <b>0</b> | <b>1</b> | <b>1</b> | <b>44</b> |
| <b>Employees with disabilities</b>  | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  |

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TABLE 3.6.5 TERMINATIONS FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022

| OCCUPATIONAL BANDS  | MALE      |          |          |          | FEMALE    |          |          |          | TOTAL     |
|---|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|   | AFRICAN   | COLOURED | INDIAN   | WHITE    | AFRICAN   | COLOURED | INDIAN   | WHITE    |           |
| Top management (15-16)  | 1         | 0        | 0        | 0        | 1         | 0        | 0        | 0        | 2         |
| Senior management (13-14)   | 5         | 1        | 1        | 3        | 4         | 1        | 1        | 1        | 17        |
| Professionally qualified and experienced specialists and mid-management (9-12)  | 20        | 0        | 0        | 1        | 14        | 0        | 1        | 1        | 37        |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8) | 16        | 1        | 0        | 0        | 14        | 0        | 0        | 1        | 32        |
| Semi-skilled and discretionary decision making (3-5)  | 2         | 0        | 0        | 0        | 2         | 0        | 0        | 0        | 4         |
| Unskilled and defined decision making (1-2)   | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0         |
| <b>Total</b>  | <b>44</b> | <b>2</b> | <b>1</b> | <b>4</b> | <b>35</b> | <b>1</b> | <b>2</b> | <b>3</b> | <b>92</b> |
| <b>Employees with disabilities</b>  | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  |

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

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**TABLE 3.6.6 DISCIPLINARY ACTION FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| DISCIPLINARY ACTION | MALE    |          |        |       | FEMALE  |          |        |       | TOTAL |
|---------------------|---------|----------|--------|-------|---------|----------|--------|-------|-------|
|                     | AFRICAN | COLOURED | INDIAN | WHITE | AFRICAN | COLOURED | INDIAN | WHITE |       |
|                     | 3       | 0        | 0      | 2     | 2       | 0        | 1      | 1     | 9     |

**TABLE 3.6.7 SKILLS DEVELOPMENT FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| OCCUPATIONAL BANDS                         | MALE       |          |          |           | FEMALE     |          |          |           | TOTAL      |
|--|------------|----------|----------|-----------|------------|----------|----------|-----------|------------|
|  | AFRICAN    | COLOURED | INDIAN   | WHITE     | AFRICAN    | COLOURED | INDIAN   | WHITE     |            |
| Legislators, senior officials and managers | 19         | 1        | 2        | 5         | 16         | 2        | 2        | 5         | 52         |
| Professionals                              | 39         | 3        | 1        | 4         | 53         | 1        | 0        | 5         | 106        |
| Technicians and associate professionals    | 9          | 1        | 0        | 1         | 16         | 0        | 1        | 4         | 32         |
| Clerks                                     | 36         | 0        | 0        | 0         | 62         | 0        | 2        | 1         | 101        |
| Service and sales workers                  | 1          | 0        | 0        | 0         | 2          | 0        | 0        | 0         | 3          |
| Skilled agriculture and fishery workers    | 0          | 0        | 0        | 0         | 0          | 0        | 0        | 0         | 0          |
| Craft and related trades workers           | 0          | 0        | 0        | 0         | 2          | 0        | 0        | 0         | 2          |
| Plant and machine operators and assemblers | 0          | 0        | 0        | 0         | 0          | 0        | 0        | 0         | 0          |
| Elementary occupations                     | 0          | 0        | 0        | 0         | 0          | 0        | 0        | 0         | 0          |
| <b>Total</b>                               | <b>104</b> | <b>5</b> | <b>3</b> | <b>10</b> | <b>151</b> | <b>3</b> | <b>5</b> | <b>15</b> | <b>296</b> |
| Employees with disabilities                | 0          | 0        | 0        | 0         | 0          | 0        | 0        | 0         | 0          |

*NB: Minister and Deputy Minister not included in totals.*

### 3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

In ensuring compliance to the Performance Management and Development Policy, the following table depicts the performance agreement compliance by Members of the Senior Management Service. 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 2021**

| 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   | 100.00  |
| Salary Level 16                      | 0                                | 0                           | 0   | 0.00  |
| Salary Level 15                      | 11                               | 8                           | 8   | 100.00  |
| Salary Level 14                      | 65                               | 52                          | 52  | 100.00  |
| Salary Level 13                      | 230                              | 190                         | 187   | 98.42   |
| <b>Total</b>                         | <b>307</b>                       | <b>251</b>                  | <b>248</b>                                    | <b>98.80</b>  |

*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 ON 31 MAY 2021**

| STATUS             | 13       | 14       | 15       | 16       | TOTAL    | REASONS:       |
|--------------------|----------|----------|----------|----------|----------|----------------|
| PA not submitted   | 3        | 0        | 0        | 0        | 3        | Non-compliance |
| <b>Grand Total</b> | <b>3</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>3</b> |                |

**TABLE 3.7.3 DISCIPLINARY STEPS TAKEN AGAINST SMS MEMBERS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS AS ON 31 MAY 2021**

|   |
|---|
| Intention to issue the written warning was issued |
|---|

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## 3.8 PERFORMANCE REWARDS

In recognition of performance, the department granted the following performance rewards during the reporting period.

**TABLE 3.8.1 PERFORMANCE REWARDS BY RACE, GENDER, AND DISABILITY, 1 APRIL 2021 TO 31 MARCH 2022**

| RACE AND GENDER | BENEFICIARY PROFILE     |                     |                         | COST         |                           |
|-----------------|-------------------------|---------------------|-------------------------|--------------|---------------------------|
|                 | NUMBER OF BENEFICIARIES | NUMBER OF EMPLOYEES | % OF TOTAL WITHIN GROUP | COST (R'000) | AVERAGE COST PER EMPLOYEE |
| African         | 381                     | 839                 | 45.41                   | 3 966        | 10 408,51                 |
| Male            | 157                     | 336                 | 46.73                   | 1 831        | 11 659,02                 |
| Female          | 224                     | 503                 | 44.53                   | 2 135        | 9 532,04                  |
| Asian           | 14                      | 39                  | 35.90                   | 161          | 11 536,81                 |
| Male            | 4                       | 17                  | 23.53                   | 63           | 15 826,40                 |
| Female          | 10                      | 22                  | 45.45                   | 98           | 9 820,97                  |
| Coloured        | 18                      | 43                  | 41.86                   | 200          | 11 103,09                 |
| Male            | 7                       | 24                  | 29.17                   | 55           | 7 907,63                  |
| Female          | 11                      | 19                  | 57.90                   | 145          | 13 136,57                 |
| White           | 59                      | 123                 | 47.97                   | 696          | 11 795,38                 |
| Male            | 18                      | 47                  | 38.30                   | 218          | 12 087,01                 |
| Female          | 41                      | 76                  | 53.95                   | 478          | 11 667,34                 |
| <b>Total</b>    | <b>472</b>              | <b>1044</b>         | <b>45.21</b>            | <b>5 023</b> | <b>10 641,82</b>          |

**TABLE 3.8.2 PERFORMANCE REWARDS BY SALARY BAND FOR PERSONNEL BELOW SMS, 1 APRIL 2021 TO 31 MARCH 2022**

| 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 |  |
| Lower skilled (Levels 1-2)               | 0                       | 0                   | 0.0                            | 0                  | 0.00                      | 0.0  |
| Skilled (Levels 3-5)                     | 30                      | 46                  | 65.21                          | 136                | 4 528.52                  | 2.70   |
| Highly skilled production (Levels 6-8)   | 133                     | 262                 | 50.76                          | 858                | 6 450.45                  | 17.08  |
| Highly skilled supervision (Levels 9-12) | 309                     | 481                 | 64.24                          | 4 029              | 13 039.40                 | 80.21  |
| <b>Total</b>                             | <b>472</b>              | <b>789</b>          | <b>59.82</b>                   | <b>5 023</b>       | <b>10 641.82</b>          | <b>100.00</b>  |

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**TABLE 3.8.3 PERFORMANCE REWARDS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

No formal critical occupations were approved for the National Treasury.

**TABLE 3.8.4 PERFORMANCE RELATED REWARDS (CASH BONUS), BY SALARY BAND, FOR SMS (1 APRIL 2021 TO 31 MARCH 2022)**

| 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       | 0                       | 196                 | 0                       | 0                  | 0                         | 0  |
| Band B       | 0                       | 53                  | 0                       | 0                  | 0                         | 0  |
| Band C       | 0                       | 6                   | 0                       | 0                  | 0                         | 0  |
| Band D       | 0                       | 1                   | 0                       | 0                  | 0                         | 0  |
| <b>Total</b> | <b>0</b>                | <b>256</b>          | <b>0</b>                | <b>0</b>           | <b>0</b>                  | <b>0</b>   |

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

## 3.9 FOREIGN WORKERS

**TABLE 3.9.1 FOREIGN WORKERS BY SALARY BAND, 1 APRIL 2021 TO 31 MARCH 2022**

| SALARY BAND                              | MARCH 2021 |               | MARCH 2022 |               | CHANGE   |             |
|--|------------|---------------|------------|---------------|----------|-------------|
|  | NUMBER     | % OF TOTAL    | NUMBER     | % OF TOTAL    | NUMBER   | % CHANGE    |
| Lower skilled (Levels 1-2)               | 0          | 0.00          | 0          | 0.00          | 0        | 0.00        |
| Skilled (Levels 3-5)                     | 0          | 0.00          | 0          | 0.00          | 0        | 0.00        |
| Highly skilled production (Levels 6-8)   | 0          | 0.00          | 0          | 0.00          | 0        | 0.00        |
| Highly skilled supervision (Levels 9-12) | 2          | 22.22         | 2          | 22.22         | 0        | 0.00        |
| Senior management (Levels 13-16)         | 7          | 77.78         | 7          | 77.78         | 0        | 0.00        |
| <b>Total</b>                             | <b>9</b>   | <b>100.00</b> | <b>9</b>   | <b>100.00</b> | <b>0</b> | <b>0.00</b> |

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**TABLE 3.9.2 FOREIGN WORKERS BY MAJOR OCCUPATION, 1 APRIL 2021 TO 31 MARCH 2022**

| SALARY BAND            | MARCH 2021 |            | MARCH 2022 |            | CHANGE |          |
|------------------------|------------|------------|------------|------------|--------|----------|
|                        | NUMBER     | % OF TOTAL | NUMBER     | % OF TOTAL | NUMBER | % CHANGE |
| Senior management      | 7          | 77.78      | 7          | 77.78      | 0      | 0.00     |
| Professional qualified | 2          | 22.22      | 2          | 22.22      | 0      | 0.00     |
| Skilled technical      | 0          | 0.00       | 0          | 0.00       | 0      | 0.00     |
| Semi-skilled           | 0          | 0.00       | 0          | 0.00       | 0      | 0.00     |
| Unskilled              | 0          | 0.00       | 0          | 0.00       | 0      | 0.00     |
| Total                  | 9          | 100.00     | 9          | 100.00     | 0      | 0.00     |

## 3.10 LEAVE UTILISATION

**TABLE 3.10.1 SICK LEAVE, 1 JANUARY 2021 TO 31 DECEMBER 2021**

| 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            | 0.00                              | 0                                    | 0.00                                  | 0                         | 0                      |
| Skilled (Levels 3-5)                     | 116          | 83.60                             | 18                                   | 4.60                                  | 6                         | 120                    |
| Highly skilled production (Levels 6-8)   | 530          | 81.50                             | 106                                  | 26.90                                 | 5                         | 859                    |
| Highly skilled supervision (Levels 9-12) | 1 028        | 86.90                             | 179                                  | 45.40                                 | 6                         | 3 080                  |
| Senior management (Levels 13-16)         | 541          | 88.90                             | 91                                   | 23.10                                 | 6                         | 2 505                  |
| <b>Total</b>                             | <b>2 215</b> | <b>85.90</b>                      | <b>394</b>                           | <b>100.00</b>                         | <b>6</b>                  | <b>6 564</b>           |

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**TABLE 3.10.2 DISABILITY LEAVE (TEMPORARY AND PERMANENT), 1 JANUARY 2021 TO 31 DECEMBER 2021**

| 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                | 0.00                              | 0  | 0.00  | 0                         | 0                      |
| Skilled (Levels 3-5)                     | 0                | 0.00                              | 0  | 0.00  | 0                         | 0                      |
| Highly skilled production (Levels 6-8)   | 0                | 0.00                              | 0  | 0.00  | 0                         | 0                      |
| Highly skilled supervision (Levels 9-12) | 35               | 100.00                            | 2  | 66.70                                       | 18                        | 102                    |
| Senior management (Levels 13-16)         | 38               | 100.00                            | 1  | 33.30                                       | 38                        | 179                    |
| <b>Total</b>                             | <b>73</b>        | <b>100.00</b>                     | <b>3</b>                                   | <b>100.00</b>                               | <b>24</b>                 | <b>281</b>             |

**TABLE 3.10.3 ANNUAL LEAVE FOR THE PERIOD 1 JANUARY 2021 TO 31 DECEMBER 2021**

| 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)                     | 822              | 35                                     | 23                   |
| Highly skilled production (Levels 6-8)   | 5,448            | 272                                    | 20                   |
| Highly skilled supervision (Levels 9-12) | 9,692            | 501                                    | 19                   |
| Senior management (Levels 13-16)         | 5,625            | 263                                    | 21                   |
| <b>Total</b>                             | <b>21,587</b>    | <b>1 071</b>                           | <b>20</b>            |

**TABLE 3.10.4 CAPPED LEAVE FOR THE PERIOD 1 JANUARY 2021 TO 31 DECEMBER 2021**

| SALARY BAND                              | TOTAL DAYS OF CAPPED LEAVE TAKEN | NUMBER OF EMPLOYEES USING CAPPED LEAVE | TOTAL DAYS OF CAPPED LEAVE AVAILABLE | AVERAGE CAPPED LEAVE PER EMPLOYEE AS ON 31 DECEMBER 2021 |
|--|----------------------------------|--|--------------------------------------|--|
| Lower skilled (Levels 1-2)               | 0                                | 0                                      | 0                                    | 0  |
| Skilled (Levels 3-5)                     | 0                                | 0                                      | 0                                    | 0  |
| Highly skilled production (Levels 6-8)   | 1                                | 1                                      | 1                                    | 19   |
| Highly skilled supervision (Levels 9-12) | 5                                | 3                                      | 2                                    | 27   |
| Senior management (Levels 13-16)         | 0                                | 0                                      | 0                                    | 21   |
| <b>Total</b>                             | <b>6</b>                         | <b>4</b>                               | <b>3</b>                             | <b>22</b>  |

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

**TABLE 3.10.5 LEAVE PAY-OUTS FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| REASON  | TOTAL AMOUNT (R'000) (A) | NUMBER OF EMPLOYEES (B) | AVERAGE PAYMENT PER EMPLOYEE (R'000) (C=A/B) |
|---|--------------------------|-------------------------|--|
| Leave payout for 2021/22 due to non-utilisation of leave for the previous cycle | 83                       | 2                       | 42   |
| Capped leave payouts on termination of service for 2021/22                      | 1,299                    | 6                       | 217  |
| Current leave payout on termination of service for 2021/22                      | 3,674                    | 135                     | 27   |
| <b>Total</b>  | <b>5,056</b>             | <b>143</b>              | <b>35</b>                                    |

## 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  |
|--|---|
| <p>For the 2021/22 financial year, the National Treasury had onsite psychosocial services and primary health care services which address high risk cases of HIV and related diseases. The onsite clinic rendered ongoing screening and testing while the psychosocial services rendered support to employees who needed such support. The identified high risks when screenings were done were signs of overweight, obesity, pre-hypertension and hypertension. Utilisation rate of both the psychosocial services and the primary health care services were average. The following is a summary of high risk cases:</p> <ol style="list-style-type: none"> <li>1. Pre-hypertension- 73 staff members</li> <li>2. Hypertension- 59 staff members</li> <li>3. Obese -78 staff members</li> <li>4. Overweight – 82 staff members</li> <li>5. Wellness screening- 121 staff members</li> </ol> <p>173 staff members utilised psychosocial services.</p> | <ul style="list-style-type: none"> <li>• Staff members were encouraged to utilise the primary health care services for screening. Screenings were done and cases managed by the onsite medical professional or referred for further management. The wellness team is aware that issues like physical inactivity, unhealthy diets, increased glucose and body weight are risk factors; as a result, the following health and psychosocial webinar awareness initiatives were provided: <ul style="list-style-type: none"> <li>• Mental health, men`s health, anti-bullying and women`s day.</li> <li>• Emailers were distributed on HIV/AIDS, obesity, healthy eating, 16 days of activism, STI, condom week, world TB, anti-tobacco, world diabetes, prostate cancer screening, breast cancer awareness and nutrition awareness.</li> <li>• The National Treasury ensured that health risk concerns as per the health calendar are addressed either by webinar, awareness emailers and psychosocial services.</li> <li>• OD ensured that the employee health and wellness programmes are continuously marketed to encourage the staff to utilise the services for both primary health care services and psychosocial support.</li> <li>• Both female and male condoms were distributed on a monthly basis.</li> </ul> </li> </ul> |

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**TABLE 3.11.2 DETAILS OF HEALTH PROMOTION AND HIV AND 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.  | Yes |    | Ms. Lebogang Molefe- Director: Organisational Development.  |
| 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. | Yes |    | One staff member with a budget of R767,963.00 for three 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.  | Yes |    | The key elements are to render psychosocial support services to the employees to assist them to deal with work and life issues, which affect their ability to be fully functional and effective. Programmes which are offered include HIV, STI and TB Management, Stress management, bereavement, depression, marital and relationships problems, legal advises etc. These services are available 24 hours 365 days a year. |
| 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                       | Yes |    | Transformation Committee:<br>Chris Kruger (Chairperson)<br>Lebogang Molefe<br>Rebotile Letsoalo<br>Nomthandazo Shandu<br>Eric Tshigo<br>Mmule Majola<br>Candice Moon<br>Sinno Maseko<br>Alfred Tau<br>Francois Neethling<br>Nomvuyo Guma<br>Rueben Kgare<br>Nitshego Kgare  |

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| QUESTION  | YES | NO | DETAILS, IF YES   |
|---|-----|----|---|
| 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. | Yes |    | HIV/AIDS/ STI and TB Management policy  |
| 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.  | Yes |    | <ol style="list-style-type: none"> <li>1. The onsite primary health care services and psychosocial services help in advocating and rendering programmes which are aimed at addressing discrimination.</li> <li>2. Awareness is created through emailers to address behavior change in terms of HIV stigma.</li> <li>3. There are policies in place to address discrimination.</li> </ol>                          |
| 7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.  | Yes |    | Employees are encouraged to go for voluntarily counselling and testing. This is done through continuous awareness on HIV/ AIDS and related issues. Emailers are sent to staff to encourage them to participate. The result achieved is that several staff members have utilised the internal primary health care services, their results are highly confidential and cannot be shared by the Health Practitioner. |
| 8. Has the department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.   | Yes |    | <p>Monitoring and evaluation of indicators is done through the monthly, quarterly and annual utilisation reports.</p> <p>Staff satisfaction survey is another indicator that helps in monitoring and evaluating the indicators.</p>   |

## 3.12 LABOUR RELATIONS

**TABLE 3.12.1 COLLECTIVE AGREEMENTS, 1 APRIL 2021 TO 31 MARCH 2022**

| SUBJECT MATTER | DATE |
|----------------|------|
| None           | NA   |

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**TABLE 3.12.2 MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED, 1 APRIL 2021 TO 31 MARCH 2022**

| OUTCOMES OF DISCIPLINARY HEARINGS        | NUMBER    | % OF TOTAL  |
|--|-----------|-------------|
| Demotion                                 | 2         | 20.00       |
| Resignation pending disciplinary hearing | 2         | 20.00       |
| Dismissal                                | 1         | 10.00       |
| Withdrawal                               | 1         | 10.00       |
| Pending                                  | 4         | 40.00       |
| <b>Total</b>                             | <b>10</b> | <b>100%</b> |

**TABLE 3.12.3 TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS**

| TYPE OF MISCONDUCT  | NUMBER    | % OF TOTAL  |
|---|-----------|-------------|
| Gross dishonesty  | 2         | 20.00       |
| Poor work performance   | 3         | 30.00       |
| Several counts of misconduct (former employer)                | 1         | 10.00       |
| Sexual Harassment   | 1         | 10.00       |
| Financial misconduct – IFMS project                           | 2         | 20.00       |
| Threatening WhatsApp messages to line manager/insubordination | 1         | 10.00       |
| <b>Total</b>  | <b>10</b> | <b>100%</b> |

**TABLE 3.12.4 GRIEVANCES LODGED FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| GRIEVANCES                               | NUMBER    | % OF TOTAL    |
|--|-----------|---------------|
| Number of grievances resolved            | 10        | 91.00         |
| Number of grievances not resolved        | 1         | 9.00          |
| <b>Total number of grievances lodged</b> | <b>11</b> | <b>100.00</b> |

**TABLE 3.12.5 DISPUTES LODGED WITH COUNCILS FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| DISPUTES                        | NUMBER    | % OF TOTAL    |
|---------------------------------|-----------|---------------|
| Number of disputes upheld       | 3         | 27.27         |
| Number of disputes dismissed    | 2         | 18.18         |
| Number of disputes pending      | 4         | 36.36         |
| Number settled                  | 2         | 18.18         |
| Number of new disputes lodged   | 0         | 0.00          |
| <b>Total number of disputes</b> | <b>11</b> | <b>100.00</b> |

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**TABLE 3.12.6 STRIKE ACTIONS FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| TOTAL NUMBER OF PERSON WORKING DAYS LOST               | % OF TOTAL |
|--|------------|
| Total cost (R'000) of working days lost                | 0.00       |
| Total cost of working days lost                        | 0.00       |
| Amount (R'000) recovered as a result of no work no pay | 0.00       |

**TABLE 3.12.7 PRECAUTIONARY SUSPENSIONS FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| PRECAUTIONARY SUSPENSIONS                          | TOTAL      |
|--|------------|
| Number of people suspended                         | 1          |
| Number of people whose suspension exceeded 30 days | 1          |
| Average number of days suspended                   | 117        |
| Cost of suspensions                                | 354 410.55 |

## 3.13 SKILLS DEVELOPMENT

**TABLE 3.13.1 TRAINING NEEDS IDENTIFIED AS AT 31 MARCH 2021**

| OCCUPATIONAL CATEGORIES                    | GENDER | NUMBER OF EMPLOYEES AS AT 31 MARCH 2021 | TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD |   |                         |       |
|--|--------|---|--|---|-------------------------|-------|
|  |        |   | LEARNER-SHIPS  | SKILLS PROGRAMMES AND OTHER SHORT COURSES | OTHER FORMS OF TRAINING | TOTAL |
| Legislators, senior officials and managers | Female | 134                                     | 0  | 133                                       | 0                       | 133   |
|  | Male   | 110                                     | 0  | 99  | 0                       | 99    |
| Professionals                              | Female | 262                                     | 5  | 227                                       | 0                       | 232   |
|  | Male   | 228                                     | 4  | 234                                       | 0                       | 238   |
| Technicians and associated professionals   | Female | 114                                     | 0  | 50  | 0                       | 50    |
|  | Male   | 35                                      | 0  | 43  | 0                       | 43    |
| Clerks                                     | Female | 82                                      | 0  | 64  | 0                       | 64    |
|  | Male   | 25                                      | 0  | 10  | 0                       | 10    |
| Service and sales workers                  | Female | 10                                      | 0  | 0   | 0                       | 0     |
|  | Male   | 16                                      | 0  | 11  | 0                       | 11    |
| 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 and assemblers | Female | 0                                       | 0  | 0   | 0                       | 0     |
|  | Male   | 0                                       | 0  | 0   | 0                       | 0     |

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| OCCUPATIONAL CATEGORIES | GENDER        | NUMBER OF EMPLOYEES AS AT 31 MARCH 2021 | TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD |   |                         |            |
|-------------------------|---------------|---|--|---|-------------------------|------------|
|                         |               |   | LEARNER-SHIPS  | SKILLS PROGRAMMES AND OTHER SHORT COURSES | OTHER FORMS OF TRAINING | TOTAL      |
| Elementary occupations  | Female        | 5                                       | 0  | 0   | 0                       | 0          |
|                         | Male          | 7                                       | 0  | 0   | 0                       | 0          |
| <b>Subtotal</b>         | <b>Female</b> | <b>607</b>                              | <b>5</b>   | <b>474</b>                                | <b>0</b>                | <b>479</b> |
|                         | <b>Male</b>   | <b>421</b>                              | <b>4</b>   | <b>397</b>                                | <b>0</b>                | <b>401</b> |
| <b>Total</b>            |               | <b>1028</b>                             | <b>9</b>   | <b>871</b>                                | <b>0</b>                | <b>880</b> |

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

**TABLE 3.13.2 TRAINING PROVIDED, 1 APRIL 2021 TO 31 MARCH 2022**

| OCCUPATIONAL CATEGORIES                    | GENDER        | NUMBER OF EMPLOYEES AS AT 31 MARCH 2021 | TRAINING PROVIDED WITHIN THE REPORTING PERIOD |   |                         |            |
|--|---------------|---|---|---|-------------------------|------------|
|  |               |   | LEARNER-SHIPS                                 | SKILLS PROGRAMMES AND OTHER SHORT COURSES | OTHER FORMS OF TRAINING | TOTAL      |
| Legislators, senior officials and managers | Female        | 134                                     | 0   | 28  | 0                       | 28         |
|  | Male          | 110                                     | 0   | 22  | 2                       | 24         |
| Professionals                              | Female        | 262                                     | 5   | 59  | 0                       | 59         |
|  | Male          | 228                                     | 4   | 47  | 0                       | 47         |
| Technicians and associated professionals   | Female        | 114                                     | 0   | 21  | 0                       | 21         |
|  | Male          | 35                                      | 0   | 11  | 0                       | 11         |
| Clerks                                     | Female        | 82                                      | 0   | 65  | 0                       | 65         |
|  | Male          | 25                                      | 0   | 36  | 0                       | 36         |
| Service and sales workers                  | Female        | 10                                      | 0   | 2   | 0                       | 2          |
|  | Male          | 16                                      | 0   | 1   | 0                       | 1          |
| 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   | 2   | 0                       | 2          |
|  | Male          | 0                                       | 0   | 0   | 0                       | 0          |
| Plant and machine operators & assemblers   | Female        | 0                                       | 0   | 0   | 0                       | 0          |
|  | Male          | 0                                       | 0   | 0   | 0                       | 0          |
| Elementary occupations                     | Female        | 5                                       | 0   | 0   | 0                       | 0          |
|  | Male          | 7                                       | 0   | 0   | 0                       | 0          |
| <b>Subtotal</b>                            | <b>Female</b> | <b>607</b>                              | <b>5</b>                                      | <b>177</b>                                | <b>0</b>                | <b>177</b> |
|  | <b>Male</b>   | <b>421</b>                              | <b>4</b>                                      | <b>117</b>                                | <b>2</b>                | <b>119</b> |
| <b>Total</b>                               |               | <b>1028</b>                             | <b>9</b>                                      | <b>294</b>                                | <b>2</b>                | <b>296</b> |

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

# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

## 3.14 INJURY ON DUTY

**TABLE 3.14.1 INJURIES ON DUTY, 1 APRIL 2021 TO 31 MARCH 2022**

| NATURE OF INJURY ON DUTY              | NUMBER | % OF TOTAL |
|---------------------------------------|--------|------------|
| Required basic medical attention only | 0      | 0.00       |
| Temporary total disablement           | 0      | 0.00       |
| Permanent disablement                 | 0      | 0.00       |
| Fatal                                 | 0      | 0.00       |
| Total                                 | 0      | 0.00       |

## 3.15 UTILISATION OF CONSULTANTS

The following tables provide 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:

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

**TABLE 3.15.1 REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS FOR THE PERIOD 1 APRIL 2021 AND 31 MARCH 2022**

| PROJECT TITLE | TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT | DURATION (WORK DAYS) | CONTRACT VALUE IN RAN |
|---------------|--|----------------------|-----------------------|
| N/A           | 0  | 0                    | 0                     |

**TABLE 3.15.2 REPORT ON CONSULTANT APPOINTMENTS USING DONOR FUNDS FOR THE PERIOD 1 APRIL 2021 AND 31 MARCH 2022**

| PROJECT TITLE | TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT | DURATION (WORK DAYS) | DONOR AND CONTRACT VALUE IN RAN |
|---------------|--|----------------------|---------------------------------|
| N/A           | 0  | 0                    | 0                               |

HUMAN RESOURCES  
OVERSIGHT STATISTICS

03

**TABLE 3.15.3 ANALYSIS OF CONSULTANT APPOINTMENTS USING DONOR FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI) FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

| PROJECT TITLE | PERCENTAGE OWNERSHIP BY HDI GROUPS | PERCENTAGE MANAGEMENT BY HDI GROUPS | NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT |
|---------------|------------------------------------|-------------------------------------|--|
| N/A           | 0                                  | 0                                   | 0  |

### 3.16 SEVERANCE PACKAGES

**TABLE 3.16.1 GRANTING OF EMPLOYEE INITIATED SEVERANCE PACKAGES FOR THE PERIOD 1 APRIL 2021 AND 31 MARCH 2022**

| SALARY BAND                              | NUMBER OF APPLICATIONS RECEIVED | NUMBER OF APPLICATIONS REFERRED TO THE MPSA | NUMBER OF APPLICATIONS SUPPORTED BY 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   |
| <b>Total</b>                             | <b>0</b>                        | <b>0</b>                                    | <b>0</b>                                 | <b>0</b>                                  |

**2021/22**  
**NATIONAL TREASURY**  
**ANNUAL REPORT**  
**VOTE 8**



**PART E:**  
**FINANCIAL**  
**INFORMATION**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.8 NATIONAL TREASURY

01

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### QUALIFIED OPINION

1. I have audited the financial statements of the National Treasury set out on pages 274 to 348, which comprise the appropriation statement, statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the National Treasury as at 31 March 2022, 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 1 of 1999 (PFMA) and the Division of Revenue Act 4 of 2020 (Dora).

### QUALIFIED OPINION

#### FRUITLESS AND WASTEFUL EXPENDITURE

3. Section 40(3)(b)(i) of the PFMA requires the department to disclose particulars of all fruitless and wasteful expenditure that had occurred during the financial year in the annual financial statements. The department did not record fruitless and wasteful expenditure in note 26 to the financial statements of R68 million (2021: R67 million), in respect of payments for the technical support and maintenance on licences for the Integrated Financial Management System (IFMS) for which no value was derived. The balances of fruitless and wasteful expenditure was incorrectly removed in note 26.1 and disclosed as a prior period error in note 26.2 and note 36. Consequently the fruitless and wasteful expenditure balance as at 31 March 2022 is understated by R400 million (2021: R333 million) and the prior period error note is misstated.

#### CONTEXT FOR THE OPINION

4. 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 my report.
5. I am independent of the department in accordance with the *International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.8 NATIONAL TREASURY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### EMPHASIS OF MATTERS

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### *IRREGULAR EXPENDITURE*

8. As disclosed in note 25 to the financial statements, the department incurred irregular expenditure of R30,7 million, as it did not follow a proper tender process and did not properly approve expenditure.

### OTHER MATTER

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### *UNAUDITED SUPPLEMENTARY SCHEDULES*

10. The supplementary information set out on pages 349 to 384 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

11. 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.
12. In preparing the financial statements, the accounting officer is responsible for assessing the department'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.

### AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

13. 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.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.8 NATIONAL TREASURY

01

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### INTRODUCTION AND SCOPE

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
17. 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 programme presented in the department's annual performance report for the year ended 31 March 2022:

| PROGRAMMES   | PAGES IN THE ANNUAL PERFORMANCE REPORT |
|--|--|
| Programme 3 – public finance and budget management | 142 – 148                              |

18. 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.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 3 – public finance and budget management.

### OTHER MATTERS

20. I draw attention to the matters below.

### ACHIEVEMENT OF PLANNED TARGETS

21. Refer to the annual performance report on pages 142 to 148 for information on the achievement of planned targets for the year and management's explanations provided for the under-/overachievement of targets.



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.8 NATIONAL TREASURY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *ADJUSTMENT OF MATERIAL MISSTATEMENTS*

22. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of programme 3 – public finance and budget management. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislation are as follows:

### *ANNUAL FINANCIAL STATEMENTS*

25. 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 current and non-current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements related to fruitless and wasteful expenditure resulted in the financial statements receiving a qualified opinion.

### *EXPENDITURE MANAGEMENT*

26. Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure, as required by section section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for the qualified opinion, the value disclosed in note 26 to the financial statements does not reflect fruitless and wasteful expenditure of R68 million incurred on the IFMS project. The non-compliance resulted in a material irregularity as reported in the section on material irregularities.
27. Department resources were not used economically, as required by sections 38(1)(b) and 45(b) of the PFMA. The department incurred expenditure of R68 million for the annual technical support and maintenance (R400 million since 2016-17) on the software licences of the commercial off-the-shelf (COTS) enterprise resource planning (ERP) system that was purchased to implement an IFMS for government. The implementation of the IFMS has been significantly delayed and the department is therefore not using the software licences economically. The non-compliance resulted in a material irregularity as reported in the section on material irregularities.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.8 NATIONAL TREASURY

01

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OTHER INFORMATION

28. 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 the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
29. My opinion on the financial statements and 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 on it.
30. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. 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

32. 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 basis for the qualified opinion and the findings on compliance with legislation included in this report.
33. Management did not implement adequate review and monitoring controls to ensure that the financial statements and performance report submitted for auditing, were prepared in accordance with the prescribed financial reporting framework. Management should strengthen the review process of the information supporting the financial statements in order to prevent, detect and correct any errors before submission of the financial statements.
34. The accounting officer did not implement adequate oversight and monitoring to ensure timeous implementation of the IFMS and to prevent the recurrence of fruitless and wasteful expenditure on the IFMS. This was mainly due to the slow implementation of action plans to address deficiencies that were identified in prior years in the areas of governance and project management. In the current year, management addressed some of the prior year recommendations, but these did not have a sufficient impact on the overall project status as these matters should have been dealt with at the project initiation stage. Some of the deficiencies relate to non-adherence to the approved project plan, non-finalisation of the memorandum of understanding for the steering committee, delays in procuring a service provider to implement the IFMS project and interdependencies with other organs of state.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.8 NATIONAL TREASURY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

35. Furthermore, the accounting officer disagreed that there was fruitless and wasteful expenditure and stated that no long-term financial loss has been suffered by the government even though the IFMS system has not been implemented. This resulted in the removal of fruitless and wasteful expenditure in the financial statements submitted for audit. These adjustments are not consistent with the underlying supporting accounting records for the current and prior years.

## MATERIAL IRREGULARITIES

36. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

## STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

### *PAYMENT FOR THE TECHNICAL SUPPORT AND MAINTENANCE ON THE IFMS PROGRAMME NOT IN USE BY THE DEPARTMENT*

37. Contraventions of sections 38(1)(b), 38(1)(c)(ii) and 45(b) of the PFMA were reported in relation to fruitless and wasteful expenditure since the 2016-17 financial year for the following reasons:
- National Treasury has incurred expenditure for payment of technical support and maintenance for software licences that are not in use.
  - Based on the 2015 approved plan, the IFMS project was expected to follow a phased-in approach and was expected to be fully implemented by March 2021.
  - The IFMS is still not implemented.
38. The accounting officer was notified of the material irregularity on 13 May 2021 on the IFMS matter with a material financial loss of R268 million and their response was received on 9 July 2021. The cumulative material loss incurred as at 31 March 2022 in respect of the previously issued notification amounts R400 million. The accounting officer disagreed that there was fruitless and wasteful expenditure and stated that no long-term financial loss has been suffered by the government. I referred the material irregularity to the Special Investigating Unit (SIU) on 12 January 2022 for investigation, as provided for in section 5(1A) of the PAA. At the time of the referral, the SIU already had a proclamation to investigate the matter. This matter is currently being investigated under the scope of Proclamation R.4 of 2020, amended by Proclamation R.40 of 2020. The investigation is ongoing and regular feedback is received on the progress being made.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.8 NATIONAL TREASURY

01

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OTHER REPORTS

39. In addition to the investigations relating to material irregularities, I draw attention to the following engagement which 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. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

### INVESTIGATIONS

40. In March 2018, the Public Protector of South Africa commenced with an investigation into the alleged mismanagement, wasteful and irregular expenditure in regard to the IFMS. The investigation was still in progress at the date of this report.

*Auditor-General*

Pretoria  
21 December 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.8 NATIONAL TREASURY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### 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 the selected programme and on the department'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 department'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 relating to events or conditions that may cast significant doubt on the ability of the National Treasury 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 my 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 operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. 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.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

**2021/22**  
NATIONAL TREASURY  
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VOTE 8



**PART E:**  
**FINANCIAL**  
**INFORMATION**  
APPROPRIATION  
STATEMENT



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER PROGRAMME

| VOTED FUNDS AND DIRECT CHARGES   | 2021/22                      |                         |                |                           |                          | 2020/21          |   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|------------------|---|---------------------------|--------------------------|
|  | 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 |
| <b>PROGRAMME</b>   |                              |                         |                |                           |                          |                  |   |                           |                          |
| 1 ADMINISTRATION   | 541 351                      | -                       | (28 300)       | 513 051                   | 455 063                  | 57 988           | 88,7%                                     | 529 287                   | 496 345                  |
| ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH                | 153 802                      | -                       | (12 000)       | 141 802                   | 125 304                  | 16 498           | 88,4%                                     | 141 919                   | 124 731                  |
| 3 PUBLIC FINANCE AND BUDGET MANAGEMENT                                 | 4 337 505                    | -                       | -              | 4 337 505                 | 4 200 770                | 136 735          | 96,8%                                     | 2 802 782                 | 2 697 171                |
| 4 ASSET AND LIABILITY MANAGEMENT                                       | 27 117 938                   | -                       | (12 000)       | 27 105 938                | 26 663 167               | 442 771          | 95,1%                                     | 3 035 331                 | 3 022 592                |
| 5 FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS             | 1 046 026                    | -                       | (46 000)       | 1 000 026                 | 761 688                  | 238 338          | 76,2%                                     | 833 973                   | 696 625                  |
| 6 INTERNATIONAL FINANCIAL RELATIONS                                    | 7 745 872                    | -                       | 98 300         | 7 844 172                 | 7 826 450                | 17 722           | 99,8%                                     | 6 650 492                 | 6 640 501                |
| CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS | 6 409 525                    | -                       | -              | 6 409 525                 | 6 042 773                | 366 752          | 94,3%                                     | 5 317 128                 | 5 188 781                |
| 8 REVENUE ADMINISTRATION   | 11 295 167                   | -                       | -              | 11 295 167                | 11 295 167               | -                | 100,0%                                    | 10 271 873                | 10 271 873               |
| 9 FINANCIAL INTELLIGENCE AND STATE SECURITY                            | 4 999 521                    | -                       | -              | 4 999 521                 | 4 999 521                | -                | 100,0%                                    | 4 942 888                 | 4 942 888                |
| <b>Programme sub total</b>   | <b>63 646 707</b>            | <b>-</b>                | <b>-</b>       | <b>63 646 707</b>         | <b>62 369 903</b>        | <b>1 276 804</b> | <b>98%</b>                                | <b>34 525 673</b>         | <b>34 081 507</b>        |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER PROGRAMME

| VOTED FUNDS AND DIRECT CHARGES   | 2021/22                      |                         |                |                           |                          |                  | 2020/21                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|------------------|---|---------------------------|--------------------------|
|  | 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 |
| <b>Statutory Appropriation</b>   | <b>559 592 239</b>           | -                       | -              | <b>559 522 239</b>        | <b>559 592 239</b>       |                  |   | <b>534 888 265</b>        | <b>534 888 265</b>       |
| PROVINCIAL EQUITABLE SHARES  | 544 834 911                  | -                       | -              | 544 834 911               | 544 834 911              | -                |   | 520 717 021               | 520 717 021              |
| GENERAL FUEL LEVY  | 14 617 279                   | -                       | -              | 14 617 279                | 14 617 279               |                  |   | 14 026 878                | 14 026 878               |
| 1% AUDIT FEES – AGSA   | 70 049                       | -                       | -              | 70 049                    | 140 049                  | (70 000)         |   | 70 000                    | 70 000                   |
| SECTION 70: LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA           | -                            | -                       | -              | -                         | -                        | -                |   | 74 366                    | 74 366                   |
| <b>TOTAL</b>   | <b>623 168 946</b>           | -                       | -              | <b>623 168 946</b>        | <b>621 962 142</b>       | <b>1 206 804</b> |   | <b>569 413 938</b>        | <b>568 969 772</b>       |
| <b>Reconciliation with Statement of Financial Performance</b>                |                              |                         |                |                           |                          |                  |   |                           |                          |
| <b>Add:</b> Departmental receipts  |                              |                         |                | 5 506 035                 |                          |                  |   | 6 924 774                 |                          |
| NRF Receipts   |                              |                         |                | -                         |                          |                  |   | -                         |                          |
| Aid assistance   |                              |                         |                | 542 125                   |                          |                  |   | 274 323                   |                          |
| <b>Actual amounts per Statement of Financial Performance (Total Revenue)</b> |                              |                         |                | <b>629 217 106</b>        |                          |                  |   | <b>576 613 035</b>        |                          |
| <b>Add:</b> Aid assistance   |                              |                         |                | -                         | 484 453                  |                  |   | -                         | 159 763                  |
| Prior year unauthorised expenditure approved without funding                 |                              |                         |                | -                         | -                        |                  |   | -                         | -                        |
| <b>Actual amounts per Statement of Financial Performance Expenditure</b>     |                              |                         |                | <b>-</b>                  | <b>622 446 595</b>       |                  |   | <b>-</b>                  | <b>569 129 535</b>       |

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

|   | 2021/22                         |                            |                   |                              |                             | 2020/21           |  |                              |                             |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|   | ADJUSTED APPROPRIATION<br>R'000 | SHIFTING OF FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE AS % OF FINAL APPROPRIATION<br>% | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 |
| <b>Current payments</b>                             | <b>2 976 229</b>                | <b>(2 762)</b>             | <b>(97 000)</b>   | <b>2 876 467</b>             | <b>2 138 384</b>            | <b>738 083</b>    | <b>74,3%</b>                                 | <b>2 129 867</b>             | <b>1 880 793</b>            |
| Compensation of employees                           | 1 162 826                       | -                          | -                 | 1 162 826                    | 826 004                     | 336 822           | 71,0%  | 860 389                      | 778 646                     |
| Goods and services                                  | 1 813 403                       | (2 762)                    | (97 000)          | 1 713 641                    | 1 312 380                   | 401 261           | 76,6%  | 1 269 478                    | 1 102 147                   |
| Interest and rent on land                           | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Transfers and subsidies</b>                      | <b>587 346 757</b>              | <b>(175 137)</b>           | -                 | <b>587 171 620</b>           | <b>587 186 426</b>          | <b>(14 806)</b>   | <b>100%</b>                                  | <b>587 601 803</b>           | <b>558 430 061</b>          |
| Provinces and municipalities                        | 561 818 391                     | -                          | -                 | 561 818 391                  | 561 818 391                 | -                 | 100,0%                                       | 536 225 760                  | 536 225 760                 |
| Departmental agencies and accounts                  | 17 330 287                      | -                          | -                 | 17 330 287                   | 17 400 252                  | (69 965)          | 100,0%                                       | 16 084 885                   | 16 029 177                  |
| Foreign governments and international organisations | 1 927 993                       | (177 000)                  | -                 | 1 750 993                    | 1 744 762                   | 6 231             | 99,6%  | 926 201                      | 921 977                     |
| Public corporations and private enterprises         | 233 819                         | -                          | -                 | 233 819                      | 233 819                     | -                 | 100,0%                                       | 114 366                      | 114 366                     |
| Households  | 6 036 267                       | 1 863                      | -                 | 6 038 130                    | 5 989 202                   | 48 928            | 99,2%  | 5 250 591                    | 5 138 781                   |
| <b>Payments for capital assets</b>                  | <b>64 449</b>                   | <b>892</b>                 | -                 | <b>65 341</b>                | <b>24 544</b>               | <b>40 797</b>     | <b>37,6%</b>                                 | <b>69 231</b>                | <b>45 626</b>               |
| Machinery and equipment                             | 58 869                          | 892                        | -                 | 59 761                       | 24 531                      | 35 230            | 41,0%  | 50 174                       | 32 628                      |
| Intangible assets                                   | 5 580                           | -                          | -                 | 5 580                        | 13                          | 5 567             | -  | 19 057                       | 12 998                      |
| <b>Payments for financial assets</b>                | <b>32 781 511</b>               | <b>177 007</b>             | <b>97 000</b>     | <b>33 055 518</b>            | <b>32 612 788</b>           | <b>442 730</b>    | <b>99,7%</b>                                 | <b>8 613 037</b>             | <b>8 613 292</b>            |
| <b>Total</b>  | <b>623 238 946</b>              | <b>-</b>                   | <b>-</b>          | <b>623 238 946</b>           | <b>621 962 142</b>          | <b>1 206 804</b>  | <b>99,8%</b>                                 | <b>569 413 938</b>           | <b>568 969 772</b>          |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 1: ADMINISTRATION

| SUB PROGRAMME | 2021/22                |                   |                 |                     |                    |               |   |                     |                    |                     | 2020/21            |  |
|---------------|------------------------|-------------------|-----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|---------------------|--------------------|--|
|               | 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              |  |
| 1             | 4 411                  | -                 | -               | 4 411               | 3 747              | 664           | 84,9%                                   | 4 283               | 3 678              | 4 283               | 3 678              |  |
| 2             | 54 440                 | (6 248)           | (3 800)         | 44 392              | 36 436             | 7 956         | 82,1%                                   | 31 786              | 24 716             | 31 786              | 24 716             |  |
| 3             | 188 739                | 887               | (14 200)        | 175 426             | 149 775            | 25 651        | 85,4%                                   | 183 909             | 171 905            | 183 909             | 171 905            |  |
| 4             | 37 434                 | (1 002)           | (400)           | 36 032              | 32 526             | 3 506         | 90,3%                                   | 33 906              | 29 531             | 33 906              | 29 531             |  |
| 5             | 49 323                 | 7 271             | -               | 56 594              | 54 884             | 1 710         | 97,0%                                   | 49 424              | 46 935             | 49 424              | 46 935             |  |
| 6             | 23 780                 | 2 991             | -               | 26 771              | 26 322             | 449           | 98,3%                                   | 25 698              | 25 138             | 25 698              | 25 138             |  |
| 7             | 33 126                 | (2 769)           | (9 900)         | 20 457              | 18 836             | 1 621         | 92,1%                                   | 21 611              | 19 572             | 21 611              | 19 572             |  |
| 8             | 10 406                 | 1 539             | -               | 11 945              | 10 777             | 1 168         | 90,2%                                   | 11 472              | 9 488              | 11 472              | 9 488              |  |
| 9             | 139 692                | (2 669)           | -               | 137 023             | 121 760            | 15 263        | 88,9%                                   | 167 198             | 165 382            | 167 198             | 165 382            |  |
| <b>Total</b>  | <b>541 351</b>         | <b>-</b>          | <b>(28 300)</b> | <b>513 051</b>      | <b>455 063</b>     | <b>57 988</b> | <b>88,7%</b>                            | <b>529 287</b>      | <b>496 345</b>     | <b>529 287</b>      | <b>496 345</b>     |  |

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

| PROGRAMME 1: ADMINISTRATION          | 2021/22                |                   |                 |                     |                    |               |   | 2020/21             |                    |       |
|--------------------------------------|------------------------|-------------------|-----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|-------|
|                                      | 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 |
| <b>Current payments</b>              | <b>497 498</b>         | <b>(864)</b>      | <b>(28 300)</b> | <b>468 334</b>      | <b>432 443</b>     | <b>35 891</b> | <b>92,3%</b>                            | <b>478 332</b>      | <b>450 004</b>     |       |
| Compensation of employees            | 210 162                | -                 | (1 300)         | 208 862             | 202 501            | 6 361         | 97,0%                                   | 201 122             | 188 272            |       |
| Goods and services                   | 287 336                | (864)             | (27 000)        | 259 472             | 229 942            | 29 530        | 88,6%                                   | 277 210             | 261 732            |       |
| <b>Transfers and subsidies</b>       | <b>5 467</b>           | <b>864</b>        | -               | <b>6 331</b>        | <b>5 916</b>       | <b>415</b>    | <b>93,4%</b>                            | <b>5 371</b>        | <b>5 465</b>       |       |
| Departmental agencies and accounts   | 2 250                  | -                 | -               | 2 250               | 2 215              | 35            | 98,4%                                   | 2 221               | 2 632              |       |
| Households                           | 3 217                  | 864               | -               | 4 081               | 3 701              | 380           | 90,7%                                   | 3 150               | 2 833              |       |
| <b>Payments for capital assets</b>   | <b>38 386</b>          | -                 | -               | <b>38 386</b>       | <b>16 704</b>      | <b>21 682</b> | <b>43,5%</b>                            | <b>45 584</b>       | <b>40 843</b>      |       |
| Machinery and equipment              | 38 386                 | -                 | -               | 38 386              | 16 704             | 21 682        | 43,5%                                   | 32 586              | 27 845             |       |
| Intangible assets                    | -                      | -                 | -               | -                   | -                  | -             | -                                       | 12 998              | 12 998             |       |
| <b>Payments for financial assets</b> | -                      | -                 | -               | -                   | -                  | -             | -                                       | -                   | <b>33</b>          |       |
| <b>Total</b>                         | <b>541 351</b>         | -                 | <b>(28 300)</b> | <b>513 051</b>      | <b>455 063</b>     | <b>57 988</b> | <b>88,7%</b>                            | <b>529 287</b>      | <b>496 345</b>     |       |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

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

| SUB PROGRAMME   | 2021/22                            |                               |                   |                                 |                                |                   | 2020/21  |                                 |                                |
|---|------------------------------------|-------------------------------|-------------------|---------------------------------|--------------------------------|-------------------|--|---------------------------------|--------------------------------|
|   | ADJUSTED<br>APPROPRIATION<br>R'000 | SHIFTING OF<br>FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL<br>APPROPRIATION<br>R'000 | ACTUAL<br>EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE<br>AS % OF FINAL<br>APPROPRIATION<br>% | FINAL<br>APPROPRIATION<br>R'000 | ACTUAL<br>EXPENDITURE<br>R'000 |
| PROGRAMME<br>MANAGEMENT FOR<br>ECONOMIC POLICY,<br>TAX, FINANCIAL<br>REGULATION AND<br>RESEARCH | 47 711                             | (900)                         | (12 000)          | 34 811                          | 31 099                         | 3 712             | 89,3%  | 40 780                          | 37 096                         |
| 1   |                                    |                               |                   |                                 |                                |                   |  |                                 |                                |
| 2   | 24 998                             | (121)                         | -                 | 24 877                          | 21 221                         | 3 656             | 85,3%  | 24 443                          | 18 018                         |
| 3   | 32 158                             | (4)                           | -                 | 32 154                          | 27 996                         | 4 158             | 87,1%  | 29 901                          | 27 393                         |
| 4   | 28 607                             | 1 025                         | -                 | 29 632                          | 24 660                         | 4 972             | 83,2%  | 26 322                          | 21 751                         |
| 5   | 20 328                             | -                             | -                 | 20 328                          | 20 328                         | -                 | 100,0%   | 20 473                          | 20 473                         |
| <b>Total</b>  | <b>153 802</b>                     | <b>-</b>                      | <b>(12 000)</b>   | <b>141 802</b>                  | <b>125 304</b>                 | <b>16 498</b>     | <b>88,4%</b>                                       | <b>141 919</b>                  | <b>124 731</b>                 |

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

| PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH | 2021/22                         |                            |                   |                              |                             |                   | 2020/21                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | ADJUSTED APPROPRIATION<br>R'000 | SHIFTING OF FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE AS % OF FINAL APPROPRIATION<br>% | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 |
| <b>Current payments</b>  | <b>131 284</b>                  | <b>(472)</b>               | <b>(12 000)</b>   | <b>118 812</b>               | <b>103 965</b>              | <b>14 847</b>     | <b>87,5%</b>                                 | <b>119 998</b>               | <b>103 987</b>              |
| Compensation of employees  | 85 271                          | -                          | -                 | 85 271                       | 78 627                      | 6 644             | 92,2%  | 85 608                       | 71 745                      |
| Goods and services   | 46 013                          | (472)                      | (12 000)          | 33 541                       | 25 338                      | 8 203             | 75,5%  | 34 390                       | 32 242                      |
| <b>Transfers and subsidies</b>                                       | <b>20 689</b>                   | <b>122</b>                 | <b>-</b>          | <b>20 811</b>                | <b>20 805</b>               | <b>6</b>          | <b>100,0%</b>                                | <b>20 770</b>                | <b>20 666</b>               |
| Departmental agencies and accounts                                   | 20 328                          | -                          | -                 | 20 328                       | 20 328                      | -                 | 100,0%                                       | 20 473                       | 20 473                      |
| Households   | 361                             | 122                        | -                 | 483                          | 477                         | 6                 | 98,8%  | 297                          | 193                         |
| Payments for capital assets  | 1 829                           | 350                        | -                 | 2 179                        | 534                         | 1 645             | 24,5%  | 1 151                        | 78                          |
| Machinery and equipment  | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for financial assets</b>                                 | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Total</b>   | <b>153 802</b>                  | <b>-</b>                   | <b>(12 000)</b>   | <b>141 802</b>               | <b>125 304</b>              | <b>16 498</b>     | <b>88,4%</b>                                 | <b>141 919</b>               | <b>124 731</b>              |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

| SUB PROGRAMME | 2021/22                |                   |          |                     |                    |                | 2020/21                                 |                     |                    |
|---------------|------------------------|-------------------|----------|---------------------|--------------------|----------------|---|---------------------|--------------------|
|               | 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              |
| 1             | 32 026                 | (5 300)           | -        | 26 726              | 20 367             | 6 359          | 76,2%                                   | 14 135              | 14 105             |
| 2             | 64 928                 | 8 303             | -        | 73 231              | 69 692             | 3 539          | 95,2%                                   | 71 789              | 68 632             |
| 3             | 66 576                 | (1 817)           | -        | 64 759              | 58 824             | 5 935          | 90,8%                                   | 66 084              | 55 518             |
| 4             | 227 902                | (1 186)           | -        | 226 716             | 107 339            | 119 377        | 47,3%                                   | 107 850             | 92 470             |
| 5             | 63 199                 | -                 | -        | 63 199              | 63 199             | -              | 100,0%                                  | 63 821              | 63 821             |
| 6             | 2 366 201              | -                 | -        | 2 366 201           | 2 366 201          | -              | 100,0%                                  | 1 481 861           | 1 481 861          |
| 7             | 677 871                | -                 | -        | 677 871             | 677 826            | 45             | 100,0%                                  | 312 227             | 311 011            |
| 8             | 838 802                | -                 | -        | 838 802             | 837 322            | 1 480          | 99,8%                                   | 685 015             | 609 753            |
| <b>Total</b>  | <b>4 337 505</b>       | <b>-</b>          | <b>-</b> | <b>4 337 505</b>    | <b>4 200 770</b>   | <b>136 735</b> | <b>96,8%</b>                            | <b>2 802 782</b>    | <b>2 697 171</b>   |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS APPROPRIATION PER ECONOMIC CLASSIFICATION

| PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT | 2021/22                |                   |          |                     |                    |                | 2020/21                                 |                     |                    |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------------|---|---------------------|--------------------|
|   | 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              |
| <b>Current payments</b>                           | <b>900 554</b>         | <b>(369)</b>      | -        | <b>900 185</b>      | <b>764 541</b>     | <b>135 644</b> | <b>84,9%</b>                            | <b>606 851</b>      | <b>559 701</b>     |
| Compensation of employees                         | 233 012                | -                 | -        | 233 012             | 223 012            | 10 000         | 95,7%                                   | 238 539             | 212 579            |
| Goods and services                                | 667 542                | (369)             | -        | 667 173             | 541 529            | 125 644        | 81,2%                                   | 368 312             | 347 122            |
| Interest and rent on land                         | -                      | -                 | -        | -                   | -                  | -              | -                                       | -                   | -                  |
| <b>Transfers and subsidies</b>                    | <b>3 434 202</b>       | <b>369</b>        | -        | <b>3 434 571</b>    | <b>3 434 563</b>   | <b>8</b>       | <b>100,0%</b>                           | <b>2 192 335</b>    | <b>2 136 212</b>   |
| Provinces and municipalities                      | 2 366 201              | -                 | -        | 2 366 201           | 2 366 201          | -              | 100,0%                                  | 1 481 861           | 1 481 861          |
| Departmental agencies and accounts                | 834 001                | -                 | -        | 834 001             | 834 001            | -              | 100,0%                                  | 668 836             | 612 717            |
| Public corporations and private enterprises       | 233 819                | -                 | -        | 233 819             | 233 819            | -              | 100,0%                                  | 40 000              | 40 000             |
| Households  | 181                    | 369               | -        | 550                 | 542                | 8              | 98,5%                                   | 1 638               | 1 634              |
| <b>Payments for capital assets</b>                | <b>2 749</b>           | -                 | -        | <b>2 749</b>        | <b>1 666</b>       | <b>1 083</b>   | <b>60,6%</b>                            | <b>3 596</b>        | <b>1 249</b>       |
| Machinery and equipment                           | 2 749                  | -                 | -        | 2 749               | 1 666              | 1 083          | 60,6%                                   | 3 596               | 1 249              |
| <b>Payments for financial assets</b>              | -                      | -                 | -        | -                   | -                  | -              | -                                       | -                   | <b>9</b>           |
| <b>Total</b>                                      | <b>4 337 505</b>       | -                 | -        | <b>4 337 505</b>    | <b>4 200 770</b>   | <b>136 735</b> | <b>96,8%</b>                            | <b>2 802 782</b>    | <b>2 697 171</b>   |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

| SUB PROGRAMME | 2021/22                         |                            |                   |                              |                             |                   | 2020/21                                      |                              |                             |  |
|---------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|--|
|               | ADJUSTED APPROPRIATION<br>R'000 | SHIFTING OF FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE AS % OF FINAL APPROPRIATION<br>% | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 |  |
| 1             | 18 616                          | (552)                      | (8 000)           | 10 064                       | 7 627                       | 2 437             | 75,8%  | 9 525                        | 6 325                       |  |
| 2             | 27 036 175                      | 2 927                      | -                 | 27 039 102                   | 26 600 102                  | 438 180           | 98,4%  | 2 963 251                    | 2 962 147                   |  |
| 3             | 19 753                          | (640)                      | -                 | 19 113                       | 18 473                      | 640               | 96,7%  | 20 795                       | 19 931                      |  |
| 4             | 31 413                          | (835)                      | (4 000)           | 26 578                       | 25 767                      | 811               | 96,9%  | 28 993                       | 24 985                      |  |
| 5             | 11 981                          | (900)                      | -                 | 11 081                       | 10 378                      | 703               | 93,7%  | 12 767                       | 9 204                       |  |
| <b>Total</b>  | <b>27 117 938</b>               | <b>-</b>                   | <b>(12 000)</b>   | <b>27 105 938</b>            | <b>26 663 167</b>           | <b>442 771</b>    | <b>95,1%</b>                                 | <b>3 035 331</b>             | <b>3 022 592</b>            |  |

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

|  | 2021/22                         |                            |                   |                              |                             |                   | 2020/21                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | ADJUSTED APPROPRIATION<br>R'000 | SHIFTING OF FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE AS % OF FINAL APPROPRIATION<br>% | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 |
| <b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b> | <b>115 862</b>                  | <b>(820)</b>               | <b>(12 000)</b>   | <b>103 042</b>               | <b>97 896</b>               | <b>5 146</b>      | <b>95,0%</b>                                 | <b>107 229</b>               | <b>95 250</b>               |
| Current payments                                   | 85 630                          | -                          | -                 | 85 630                       | 83 394                      | 2 236             | 97,4%  | 90 642                       | 80 031                      |
| Compensation of employees                          | 30 232                          | (820)                      | (12 000)          | 17 412                       | 14 502                      | 2 910             | 83,3%  | 16 587                       | 15 219                      |
| Goods and services                                 |                                 |                            |                   |                              |                             |                   |  |                              |                             |
| <b>Transfers and subsidies</b>                     | <b>626</b>                      | <b>271</b>                 | <b>-</b>          | <b>897</b>                   | <b>871</b>                  | <b>26</b>         | <b>97,1%</b>                                 | <b>1 027</b>                 | <b>1 009</b>                |
| Households   | 626                             | 271                        | -                 | 897                          | 871                         | 26                | 97,1%  | 1 027                        | 1 009                       |
| Payments for capital assets                        | 1 450                           | 542                        | -                 | 1 992                        | 1 515                       | 477               | 76,1%  | 1 441                        | 610                         |
| Machinery and equipment                            | 1 450                           | 542                        | -                 | 1 992                        | 1 515                       | 477               | 76,1%  | 1 441                        | 610                         |
| <b>Payments for financial assets</b>               | <b>27 000 000</b>               | <b>7</b>                   | <b>-</b>          | <b>27 000 007</b>            | <b>26 562 885</b>           | <b>437 122</b>    | <b>98,4%</b>                                 | <b>2 925 634</b>             | <b>2 925 723</b>            |
| <b>Total</b>                                       | <b>27 117 938</b>               | <b>-</b>                   | <b>(12 000)</b>   | <b>27 105 938</b>            | <b>26 663 167</b>           | <b>442 771</b>    | <b>98,4%</b>                                 | <b>3 035 331</b>             | <b>3 022 592</b>            |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

| SUB PROGRAMME   | 2021/22                |                   |                 |                     |                    |                |   | 2020/21             |                    |       |
|---|------------------------|-------------------|-----------------|---------------------|--------------------|----------------|---|---------------------|--------------------|-------|
|   | 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 |
| PROGRAMME MANAGEMENT FOR FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS |                        |                   |                 |                     |                    |                |   |                     |                    |       |
| <b>1</b>  | 101 651                | 356               | -               | 102 007             | 42 896             | 59 111         | 42,1%                                   | 39 790              | 32 141             |       |
| <b>2</b>  | 68 274                 | 8 869             | -               | 77 143              | 67 742             | 9 401          | 87,8%                                   | 69 917              | 64 630             |       |
| <b>3</b>  | 582 517                | 496               | (46 000)        | 537 013             | 400 672            | 136 341        | 74,6%                                   | 428 502             | 355 061            |       |
| <b>4</b>  | 109 856                | (356)             | -               | 109 500             | 107 207            | 2 293          | 97,9%                                   | 110 785             | 105 113            |       |
| <b>5</b>  | 133 403                | (9 365)           | -               | 124 038             | 92 874             | 31 164         | 74,9%                                   | 134 659             | 89 472             |       |
| <b>6</b>  | 50 000                 | -                 | -               | 50 000              | 50 000             | -              | 100,0%                                  | 320                 | 208                |       |
| <b>7</b>  | 325                    | -                 | -               | 325                 | 297                | 28             | 91,4%                                   | 50 000              | 50 000             |       |
| <b>Total</b>  | <b>1 046 026</b>       | <b>-</b>          | <b>(46 000)</b> | <b>1 000 026</b>    | <b>761 688</b>     | <b>238 338</b> | <b>76,2%</b>                            | <b>833 973</b>      | <b>696 625</b>     |       |

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

| PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS | 2021/22                |                   |                 |                     |                    |                | 2020/21                                 |                     |                    |
|---|------------------------|-------------------|-----------------|---------------------|--------------------|----------------|---|---------------------|--------------------|
|   | 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              |
| <b>Current payments</b>   | <b>914 274</b>         | <b>(220)</b>      | <b>(46 000)</b> | <b>868 054</b>      | <b>645 684</b>     | <b>222 370</b> | <b>74,4%</b>                            | <b>702 534</b>      | <b>581 066</b>     |
| Compensation of employees   | 219 152                | -                 | -               | 219 152             | 207 994            | 11 158         | 94,9%                                   | 213 923             | 196 933            |
| Goods and services  | 695 122                | (220)             | (46 000)        | 648 902             | 437 690            | 211 212        | 67,5%                                   | 488 611             | 384 133            |
| <b>Transfers and subsidies</b>  | <b>112 095</b>         | <b>220</b>        | <b>-</b>        | <b>112 315</b>      | <b>112 059</b>     | <b>256</b>     | <b>99,8%</b>                            | <b>114 536</b>      | <b>112 857</b>     |
| Departmental agencies and accounts                                    | 108 971                | -                 | -               | 108 971             | 108 971            | -              | 100,0%                                  | 108 594             | 108 594            |
| Households  | 3 124                  | 220               | -               | 3 344               | 3 088              | 256            | 92,3%                                   | 5 942               | 4 263              |
| <b>Payments for capital assets</b>                                    | <b>19 657</b>          | <b>-</b>          | <b>-</b>        | <b>19 657</b>       | <b>3 945</b>       | <b>15 712</b>  | <b>20,0%</b>                            | <b>16 903</b>       | <b>2 578</b>       |
| Machinery and equipment   | 14 077                 | -                 | -               | 14 077              | 3 932              | 10 145         | 27,9%                                   | 10 844              | 2 578              |
| Intangible assets   | 5 580                  | -                 | -               | 5 580               | 13                 | 5 567          | -                                       | 6 059               | -                  |
| <b>Payments for financial assets</b>                                  | <b>-</b>               | <b>-</b>          | <b>-</b>        | <b>-</b>            | <b>-</b>           | <b>-</b>       | <b>-</b>                                | <b>-</b>            | <b>124</b>         |
| <b>Total</b>  | <b>1 046 026</b>       | <b>-</b>          | <b>(46 000)</b> | <b>1 000 026</b>    | <b>761 688</b>     | <b>238 338</b> | <b>76,2%</b>                            | <b>833 973</b>      | <b>696 625</b>     |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

| SUB PROGRAMME   | 2021/22                   |                      |               |                        |                       |               | 2020/21                                       |                        |                       |  |
|---|---------------------------|----------------------|---------------|------------------------|-----------------------|---------------|---|------------------------|-----------------------|--|
|   | ADJUSTED<br>APPROPRIATION | SHIFTING OF<br>FUNDS | VIREMENT      | FINAL<br>APPROPRIATION | ACTUAL<br>EXPENDITURE | VARIANCE      | EXPENDITURE<br>AS % OF FINAL<br>APPROPRIATION | FINAL<br>APPROPRIATION | ACTUAL<br>EXPENDITURE |  |
|   | R'000                     | R'000                | R'000         | R'000                  | R'000                 | R'000         | %   | R'000                  | R'000                 |  |
| PROGRAMME<br>MANAGEMENT FOR<br>INTERNATIONAL<br>FINANCIAL RELATIONS | 7 646                     | (1 060)              | -             | 6 586                  | 4 677                 | 1 909         | 71,0%   | 6 848                  | 5 353                 |  |
| INTERNATIONAL<br>ECONOMIC<br>COOPERATION                            | 31 765                    | 1 060                | 1 300         | 34 125                 | 27 713                | 6 412         | 81,2%   | 3 2014                 | 25 768                |  |
| AFRICAN INTEGRATION<br>AND SUPPORT                                  | 1 747 799                 | (177 000)            | -             | 1 570 799              | 1 569 163             | 1 636         | 99,9%   | 768 188                | 766 586               |  |
| INTERNATIONAL<br>DEVELOPMENT<br>FUNDING INSTITUTIONS                | 5 936 219                 | 177 000              | 97 000        | 6 210 219              | 6 203 389             | 6 830         | 99,9%   | 5 822 430              | 5 822 301             |  |
| INTERNATIONAL<br>PROJECTS   | 22 443                    | -                    | -             | 22 443                 | 21 508                | 935           | 95,8%   | 21 012                 | 20 493                |  |
| <b>Total</b>  | <b>7 745 872</b>          | <b>-</b>             | <b>98 300</b> | <b>7 844 172</b>       | <b>7 826 450</b>      | <b>17 722</b> | <b>99,8%</b>                                  | <b>6 650 492</b>       | <b>6 640 501</b>      |  |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS APPROPRIATION PER ECONOMIC CLASSIFICATION

| PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS      | 2021/22                |                   |               |                     |                    |               |   | 2020/21             |                    |                     |
|---|------------------------|-------------------|---------------|---------------------|--------------------|---------------|---|---------------------|--------------------|---------------------|
|   | ADJUSTED APPROPRIATION | SHIFTING OF FUNDS | VIREMENT      | FINAL APPROPRIATION | ACTUAL EXPENDITURE | VARIANCE      | EXPENDITURE AS % OF FINAL APPROPRIATION | FINAL APPROPRIATION | ACTUAL EXPENDITURE | FINAL APPROPRIATION |
|   | R'000                  | R'000             | R'000         | R'000               | R'000              | R'000         | %                                       | R'000               | R'000              | R'000               |
| <b>Current payments</b>                             | <b>39 032</b>          | <b>(17)</b>       | <b>1 300</b>  | <b>40 315</b>       | <b>32 192</b>      | <b>8 123</b>  | <b>79,9%</b>                            | <b>38 212</b>       | <b>30 759</b>      | <b>30 759</b>       |
| Compensation of employees                           | 29 599                 | -                 | 1 300         | 30 899              | 30 476             | 423           | 98,6%                                   | 30 555              | 29 086             | 29 086              |
| Goods and services                                  | 9 433                  | (17)              | -             | 9 416               | 1 716              | 7 700         | 18,2%                                   | 7 657               | 1 673              | 1 673               |
| Interest and rent on land                           | -                      | -                 | -             | -                   | -                  | -             | -                                       | -                   | -                  | -                   |
| <b>Transfers and subsidies</b>                      | <b>1 924 951</b>       | <b>(176 983)</b>  | <b>-</b>      | <b>1 747 968</b>    | <b>1 744 181</b>   | <b>3 787</b>  | <b>99,8%</b>                            | <b>924 321</b>      | <b>922 071</b>     | <b>922 071</b>      |
| Foreign governments and international organisations | 1 924 950              | (177 000)         | -             | 1 747 950           | 1 744 163          | 3 787         | 99,8%                                   | 924 227             | 921 977            | 921 977             |
| Households  | 1                      | 17                | -             | 18                  | 18                 | -             | 100,0%                                  | 94                  | 94                 | 94                  |
| <b>Payments for capital assets</b>                  | <b>378</b>             | <b>-</b>          | <b>-</b>      | <b>378</b>          | <b>180</b>         | <b>198</b>    | <b>47,6%</b>                            | <b>556</b>          | <b>268</b>         | <b>268</b>          |
| Machinery and equipment                             | 378                    | -                 | -             | 378                 | 180                | 198           | 47,6%                                   | 556                 | 268                | 268                 |
| <b>Payments for financial assets</b>                | <b>5 781 511</b>       | <b>177 000</b>    | <b>97 000</b> | <b>6 055 511</b>    | <b>6 049 897</b>   | <b>5 614</b>  | <b>99,9%</b>                            | <b>5 687 403</b>    | <b>5 687 403</b>   | <b>5 687 403</b>    |
| <b>Total</b>  | <b>7 745 872</b>       | <b>-</b>          | <b>98 300</b> | <b>7 844 172</b>    | <b>7 826 450</b>   | <b>17 722</b> | <b>99,8%</b>                            | <b>6 650 492</b>    | <b>6 640 501</b>   | <b>6 640 501</b>    |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### PPROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS

| SUB PROGRAMME                             | 2021/22                |                   |          |                     |                    |                |   | 2020/21             |                    |  |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------------|---|---------------------|--------------------|--|
|   | 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              |  |
| GOVERNMENT PENSIONS ADMINISTRATION AGENCY | 77 725                 | -                 | -        | 77 725              | 61 663             | 16 062         | 79,3%                                   | 76 711              | 60 026             |  |
| CIVIL PENSIONS AND CONTRIBUTIONS TO FUNDS | 6 088 974              | 14 000            | -        | 6 102 974           | 5 766 256          | 336 718        | 94,5%                                   | 4 937 315           | 4 794 939          |  |
| MILITARY PENSIONS AND OTHER BENEFITS      | 242 826                | (14 000)          | -        | 228 826             | 214 854            | 13 972         | 93,9%                                   | 303 102             | 333 816            |  |
| <b>Total</b>                              | <b>6 409 525</b>       | <b>-</b>          | <b>-</b> | <b>6 409 525</b>    | <b>6 042 773</b>   | <b>366 752</b> | <b>94,3%</b>                            | <b>5 317 128</b>    | <b>5 188 781</b>   |  |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS APPROPRIATION PER ECONOMIC CLASSIFICATION

|  | 2021/22                            |                               |                   |                                 |                                |                   | 2020/21  |                                 |                                |
|--|------------------------------------|-------------------------------|-------------------|---------------------------------|--------------------------------|-------------------|--|---------------------------------|--------------------------------|
|  | ADJUSTED<br>APPROPRIATION<br>R'000 | SHIFTING OF<br>FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL<br>APPROPRIATION<br>R'000 | ACTUAL<br>EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE<br>AS % OF FINAL<br>APPROPRIATION<br>% | FINAL<br>APPROPRIATION<br>R'000 | ACTUAL<br>EXPENDITURE<br>R'000 |
| <b>PROGRAMME 7: CIVIL<br/>AND MILITARY PENSIONS,<br/>CONTRIBUTIONS TO FUNDS AND<br/>OTHER BENEFITS</b> |                                    |                               |                   |                                 |                                |                   |  |                                 |                                |
| <b>Current payments</b>  | <b>377 725</b>                     | -                             | -                 | <b>377 725</b>                  | <b>61 663</b>                  | <b>316 062</b>    | <b>16,3%</b>                                       | <b>76 711</b>                   | <b>60 026</b>                  |
| Compensation of employees  | 300 000                            | -                             | -                 | 300 000                         | -                              | 300 000           | -  | -                               | -                              |
| Goods and services   | 77 725                             | -                             | -                 | 77 725                          | 61 663                         | 16 062            | 79,3%  | 76 711                          | 60 026                         |
|  |                                    |                               |                   |                                 |                                |                   |  |                                 |                                |
| <b>Transfers and subsidies</b>   | <b>6 031 800</b>                   | -                             | -                 | <b>6 031 800</b>                | <b>5 981 104</b>               | <b>50 696</b>     | <b>99,2%</b>                                       | <b>5 240 417</b>                | <b>5 128 755</b>               |
| Foreign governments and<br>international organisations   | 3 043                              | -                             | -                 | 3 043                           | 599                            | 2 444             | 19,7%  | 1 974                           | -                              |
| Households   | 6 028 757                          | -                             | -                 | 6 028 757                       | 5 980 505                      | 48 252            | 99,2%  | 5 238 443                       | 5 128 755                      |
|  |                                    |                               |                   |                                 |                                |                   |  |                                 |                                |
| <b>Payments for capital assets</b>   | -                                  | -                             | -                 | -                               | -                              | -                 | -  | -                               | -                              |
| <b>Payments for financial<br/>assets</b>   | -                                  | -                             | -                 | -                               | <b>6</b>                       | <b>(6)</b>        | -  | -                               | -                              |
| <b>Total</b>   | <b>6 409 525</b>                   | -                             | -                 | <b>6 409 525</b>                | <b>6 042 773</b>               | <b>366 752</b>    | <b>94,3%</b>                                       | <b>5 317 128</b>                | <b>5 188 781</b>               |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 8: REVENUE ADMINISTRATION

| SUB PROGRAMME                   | 2021/22                         |                            |                   |                              |                             |                   | 2020/21                                      |                              |                             |
|---------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|                                 | ADJUSTED APPROPRIATION<br>R'000 | SHIFTING OF FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE AS % OF FINAL APPROPRIATION<br>% | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 |
| 1 SOUTH AFRICAN REVENUE SERVICE | 11 295 167                      | -                          | -                 | 11 295 167                   | 11 295 167                  | -                 | 100,0%                                       | 10 271 873                   | 10 271 873                  |
| <b>Total</b>                    | <b>11 295 167</b>               | <b>-</b>                   | <b>-</b>          | <b>11 295 167</b>            | <b>11 295 167</b>           | <b>-</b>          | <b>100,0%</b>                                | <b>10 271 873</b>            | <b>10 271 873</b>           |

### APPROPRIATION PER ECONOMIC CLASSIFICATION

| PROGRAMME 8: REVENUE ADMINISTRATION | 2021/22                         |                            |                   |                              |                             |                   | 2020/21                                      |                              |                             |
|-------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|                                     | ADJUSTED APPROPRIATION<br>R'000 | SHIFTING OF FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE AS % OF FINAL APPROPRIATION<br>% | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 |
| Transfers and subsidies             | 11 295 167                      | -                          | -                 | 11 295 167                   | 11 295 167                  | -                 | 100,0%                                       | 10 271 873                   | 10 271 873                  |
| Departmental agencies and accounts  | 11 295 167                      | -                          | -                 | 11 295 167                   | 11 295 167                  | -                 | 100,0%                                       | 10 271 873                   | 10 271 873                  |
| <b>Total</b>                        | <b>11 295 167</b>               | <b>-</b>                   | <b>-</b>          | <b>11 295 167</b>            | <b>11 295 167</b>           | <b>-</b>          | <b>100,0%</b>                                | <b>10 271 873</b>            | <b>10 271 873</b>           |



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### DIRECT CHARGES

| SUB PROGRAMME   | 2021/22                         |                            |                   |                              |                             |                   | 2020/21                                 |                              |                             |  |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|---|------------------------------|-----------------------------|--|
|   | ADJUSTED APPROPRIATION<br>R'000 | SHIFTING OF FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE AS % OF FINAL APPROPRIATION | FINAL APPROPRIATION<br>R'000 | ACTUAL EXPENDITURE<br>R'000 |  |
| <b>1</b> AUDITOR GENERAL SOUTH AFRICA                                       | 70 049                          | -                          | -                 | 70 049                       | 140 049                     | (70 000)          | 100%                                    | 70 000                       | 70 000                      |  |
| <b>2</b> PROVINCIAL EQUITABLE SHARE   | 544 834 911                     | -                          | -                 | 544 834 911                  | 544 834 911                 | -                 | 100%                                    | 520 717 021                  | 520 717 021                 |  |
| <b>3</b> GENERAL FUEL LEVY SHARING WITH METROPOLITAN MUNICIPALITIES         | 14 617 279                      | -                          | -                 | 14 617 279                   | 14 617 279                  | -                 | 100%                                    | 14 026 878                   | 14 026 878                  |  |
| <b>4</b> SECTION 70: LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA | -                               | -                          | -                 | -                            | -                           | -                 | -                                       | 74 366                       | 74 366                      |  |
| <b>Total</b>  | <b>559 522 239</b>              | <b>-</b>                   | <b>-</b>          | <b>559 522 239</b>           | <b>559 592 239</b>          | <b>(70 000)</b>   | <b>100,0%</b>                           | <b>534 888 265</b>           | <b>534 888 265</b>          |  |

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

| SUB PROGRAMME                               | 2021/22                            |                               |                   |                                 |                                |                   |  | 2020/21                         |                                |
|---|------------------------------------|-------------------------------|-------------------|---------------------------------|--------------------------------|-------------------|--|---------------------------------|--------------------------------|
|   | ADJUSTED<br>APPROPRIATION<br>R'000 | SHIFTING OF<br>FUNDS<br>R'000 | VIREMENT<br>R'000 | FINAL<br>APPROPRIATION<br>R'000 | ACTUAL<br>EXPENDITURE<br>R'000 | VARIANCE<br>R'000 | EXPENDITURE<br>AS % OF FINAL<br>APPROPRIATION<br>% | FINAL<br>APPROPRIATION<br>R'000 | ACTUAL<br>EXPENDITURE<br>R'000 |
| <b>Current payments</b>                     | -                                  | -                             | -                 | -                               | -                              | -                 | -  | -                               | -                              |
| <b>Transfers and subsidies</b>              | <b>559 522 239</b>                 | -                             | -                 | <b>559 522 239</b>              | <b>559 522 239</b>             | -                 | <b>100,0%</b>                                      | <b>534 888 265</b>              | <b>534 888 265</b>             |
| Provinces and municipalities                | 559 452 190                        | -                             | -                 | 559 452 190                     | 559 452 190                    | -                 | 100,0%   | 534 743 899                     | 534 743 899                    |
| Departmental agencies and accounts          | 70 049                             | -                             | -                 | 70 049                          | 140 049                        | (70 000)          | 100,0%   | 70 000                          | 70 000                         |
| Public corporations and private enterprises | -                                  | -                             | -                 | -                               | -                              | -                 | -  | 74 366                          | 74 366                         |
| <b>Total</b>                                | <b>559 522 239</b>                 | -                             | -                 | <b>559 522 239</b>              | <b>559 592 239</b>             | <b>(70 000)</b>   | <b>100,0%</b>                                      | <b>534 888 265</b>              | <b>534 888 265</b>             |

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

**2021/22**  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8



**PART E:**  
**FINANCIAL**  
**INFORMATION**  
FINANCIAL STATEMENTS



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

|  | FINAL APPROPRIATION | ACTUAL EXPENDITURE | VARIANCE      | VARIANCE AS A % OF FINAL APPROP. |
|--|---------------------|--------------------|---------------|----------------------------------|
|  | R'000               | R'000              | R'000         | %                                |
| <b>1. DETAIL OF TRANSFERS AND SUBSIDIES AS PER APPROPRIATION ACT (AFTER VIREMENT):</b>   |                     |                    |               |                                  |
| Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements. |                     |                    |               |                                  |
| <b>2. DETAIL OF SPECIFICALLY AND EXCLUSIVELY APPROPRIATED AMOUNTS VOTED (AFTER VIREMENT):</b>  |                     |                    |               |                                  |
| Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.  |                     |                    |               |                                  |
| <b>3. DETAIL ON PAYMENTS FOR FINANCIAL ASSETS</b>  |                     |                    |               |                                  |
| Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.                    |                     |                    |               |                                  |
| <b>4. EXPLANATIONS OF MATERIAL VARIANCES FROM AMOUNTS VOTED (AFTER VIREMENT):</b>  |                     |                    |               |                                  |
| <b>4.1 PER PROGRAMME:</b>  |                     |                    |               |                                  |
| <b>PROGRAMME 1:</b>  |                     |                    |               |                                  |
| <b>Administration</b>  | <b>513 051</b>      | <b>455 063</b>     | <b>57 988</b> | <b>11%</b>                       |

The under-spending can mainly be attributed to:

#### **Compensation of Employees**

Due to vacant positions and the performance bonuses as well as pay progression for the 2020/21 financial year which were not implemented in the 2021/22 financial year.

#### **Goods and Services**

On Operating Leases relating to the outstanding rental invoices for SITA buildings from the DPWI. These are anticipated to be paid in the new financial year. Further underspending was on Travel and Subsistence because of COVID-19 restrictions for domestic and international business travel.

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

|  | FINAL APPRO-<br>PRIATION | ACTUAL<br>EXPENDITURE | VARIANCE | VARIANCE AS<br>A % OF FINAL<br>APPROP. |
|--|--------------------------|-----------------------|----------|--|
|  | R'000                    | R'000                 | R'000    | %                                      |
| <b>PROGRAMME 2:</b>  |                          |                       |          |  |
| <b>Economic Policy, Tax, Financial<br/>Regulation and Research</b> | 141 802                  | 125 304               | 16 498   | 12%                                    |

The under-spending can mainly be attributed to:

### Compensation of Employees

Due to vacant positions and the performance bonuses as well as pay progression for the 2020/21 financial year which were not implemented in the 2021/22 financial year.

### Goods and Services

Travel and Subsistence because of COVID-19 restrictions for domestic and international business travel.

### PROGRAMME 3:

|   |           |           |         |    |
|---|-----------|-----------|---------|----|
| <b>Public Finance and Budget Management</b> | 4 337 505 | 4 200 770 | 136 735 | 3% |
|---|-----------|-----------|---------|----|

The under-spending can mainly be attributed to:

### Goods and Services

On Consultancy Services on Municipal Revenue Management Improvement Programme (MRMIP), primarily due to delays in the implementation of revenue management projects, and delays in the initiation of the tender process for the aforementioned projects.

### PROGRAMME 4:

|                                       |            |            |         |    |
|---------------------------------------|------------|------------|---------|----|
| <b>Asset and Liability Management</b> | 27 117 938 | 26 663 167 | 442 771 | 5% |
|---------------------------------------|------------|------------|---------|----|

The under-spending can mainly be attributed to:

### Payments for Financial Assets

On the Land Bank due to the outstanding Commitment Agreement. Of the total R5 billion that was allocated for the Land Bank, an amount of R4.6 billion was redirected to settle the GEPF debt.

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

|   | FINAL APPRO-<br>PRIATION | ACTUAL<br>EXPENDITURE | VARIANCE       | VARIANCE AS<br>A % OF FINAL<br>APPROP. |
|---|--------------------------|-----------------------|----------------|--|
|   | R'000                    | R'000                 | R'000          | %                                      |
| <b>PROGRAMME 5:</b>   |                          |                       |                |  |
| <b>Financial Accounting and Supply Chain Management Systems</b> | <b>1 000 026</b>         | <b>761 688</b>        | <b>238 338</b> | <b>24%</b>                             |

The under-spending can mainly be attributed to:

### Goods and Services:

On the Integrated Financial Management Systems mainly due to delays in the procurement of system implementation services for the pilot and lead sites; on Consultancy Services relating to various projects within the Office of the Chief Procurement Officer (OCPO) that are currently at various stages of the procurement process. Furthermore, various projects amounting to R34.7 million were deferred to the 2022/23 financial year due to delays in the commencement of the projects; and on the Specialised Audit Services as well as savings on operational expenses such as on Travel, training and stationery etc.

### PROGRAMME 6:

|  |                  |                  |               |           |
|--|------------------|------------------|---------------|-----------|
| <b>International Financial Relations</b> | <b>7 844 172</b> | <b>7 826 450</b> | <b>17 722</b> | <b>0%</b> |
|--|------------------|------------------|---------------|-----------|

The under-spending can mainly be attributed to:

### Goods and Services

On Travel and Subsistence as a result of COVID-19 restrictions for domestic and international business travel.

### Payments of Financial Assets

Saving on New Development Bank (NDB) due to a stronger exchange rate at the time of the NDB 7th Capital Instalment payment.

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

|   | FINAL APPRO-<br>PRIATION | ACTUAL<br>EXPENDITURE | VARIANCE       | VARIANCE AS<br>A % OF FINAL<br>APPROP. |
|---|--------------------------|-----------------------|----------------|--|
|   | R'000                    | R'000                 | R'000          | %                                      |
| <b>PROGRAMME 7:</b>   |                          |                       |                |  |
| <b>Civil and Military Pensions, Contributions to Funds and other benefits</b> | <b>6 409 525</b>         | <b>6 042 773</b>      | <b>366 752</b> | <b>6%</b>                              |

The under-spending can mainly be attributed to:

### Compensation of employees

The R300 million that was allocated for the Government Employee Pension Fund (GEPF) debt for the SMS as a result of DPSA changing the definition of pensionable salary for SMS members from 60% to 70% of the total cost to employer package. It was later established that the funds were incorrectly classified as Compensation of Employees rather than payment of Financial Assets. Therefore, the R300 million will be declared back to the fiscus as it cannot be utilised for any other purpose than originally allocated for.

### Transfers and Subsidies

And further on the Post-Retirement Medical Benefit (PRMB) due to a lower than projected number of arrears claims on medical subsidies received resulting in lower medical subsidies processed to date. The underspending will be declared back to the fiscus.

### PROGRAMME 8:

|                               |                   |                   |          |           |
|-------------------------------|-------------------|-------------------|----------|-----------|
| <b>Revenue Administration</b> | <b>11 295 167</b> | <b>11 295 167</b> | <b>-</b> | <b>0%</b> |
|-------------------------------|-------------------|-------------------|----------|-----------|

The appropriated budget was transferred to South African Revenue Services

### PROGRAMME 9:

|  |                  |                  |          |           |
|--|------------------|------------------|----------|-----------|
| <b>Financial Intelligence and State Security</b> | <b>4 999 521</b> | <b>4 999 521</b> | <b>-</b> | <b>0%</b> |
|--|------------------|------------------|----------|-----------|

The appropriated budget was transferred to Financial Intelligence and State Security

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

|   | FINAL APPRO-<br>PRIATION | ACTUAL<br>EXPENDITURE | VARIANCE         | VARIANCE AS<br>A % OF FINAL<br>APPROP. |
|---|--------------------------|-----------------------|------------------|--|
|   | R'000                    | R'000                 | R'000            | %                                      |
| <b>4.2 PER ECONOMIC CLASSIFICATION:</b>             |                          |                       |                  |  |
| <b>Current expenditure</b>                          | <b>2 876 467</b>         | <b>2 138 384</b>      | <b>738 083</b>   | <b>26%</b>                             |
| Compensation of employees                           | 1 162 826                | 826 004               | 336 822          | 29%                                    |
| Goods and services                                  | 1 713 641                | 1 312 380             | 401 261          | 23%                                    |
| Interest and rent on land                           | -                        | -                     | -                | -                                      |
| <b>Transfers and subsidies</b>                      | <b>587 171 620</b>       | <b>587 186 426</b>    | <b>(14 806)</b>  | <b>0%</b>                              |
| Provinces and municipalities                        | 561 818 391              | 561 818 391           | -                | 0%                                     |
| Departmental agencies and accounts                  | 17 330 287               | 17 400 252            | (69 965)         | 0%                                     |
| Higher education institutions                       | -                        | -                     | -                | 0%                                     |
| Public corporations and private enterprises         | 233 819                  | 233 819               | -                | 0%                                     |
| Foreign governments and international organisations | 1 750 993                | 1 744 762             | 6 231            | 0%                                     |
| Households  | 6 038 130                | 5 989 202             | 48 928           | 1%                                     |
| <b>Payments for capital assets</b>                  | <b>65 341</b>            | <b>24 544</b>         | <b>40 797</b>    | <b>62%</b>                             |
| Buildings and other fixed structures                | -                        | -                     | -                | -                                      |
| Machinery and equipment                             | 59 761                   | 24 531                | 35 230           | 59%                                    |
| Software and other intangible assets                | 5 580                    | 13                    | 5 567            | 100%                                   |
| <b>Payments for financial assets</b>                | <b>32 781 511</b>        | <b>32 612 788</b>     | <b>442 730</b>   | <b>3%</b>                              |
| <b>TOTAL</b>  | <b>623 168 946</b>       | <b>621 962 142</b>    | <b>1 206 804</b> | <b>97,2%</b>                           |

The variance is mainly on the IFMS, OCPO, GEPF and Land Bank as explained on the respective programmes above.

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

|   | FINAL APPRO-<br>PRIATION | ACTUAL<br>EXPENDITURE | VARIANCE | VARIANCE AS<br>A % OF FINAL<br>APPROP. |
|---|--------------------------|-----------------------|----------|--|
|   | R'000                    | R'000                 | R'000    | %                                      |
| <b>4.3 PER CONDITIONAL GRANT</b>                        |                          |                       |          |  |
| Infrastructure skills development grant                 | 155 217                  | 155 217               | -        | 0%                                     |
| Programme and project preparation support grant         | 341 312                  | 341 312               | -        | 0%                                     |
| Local government financial management grant             | 552 061                  | 552 061               | -        | 0%                                     |
| Neighbourhood Development Partnership grant             | 1 317 611                | 1 317 611             | -        | 0%                                     |
| <b>Sub-total</b>  | <b>2 366 201</b>         | <b>2 366 201</b>      | <b>-</b> | <b>0%</b>                              |
| Neighbourhood Development Partnership<br>Indirect Grant | 180 755                  | 180 755               | -        | 0%                                     |
| <b>Total</b>  | <b>2 546 956</b>         | <b>2 546 956</b>      | <b>-</b> | <b>0%</b>                              |

The integrated city development grant has been repurposed to support metropolitan municipalities in developing a pipeline of investment-ready capital programmes and projects. This will be done by establishing and institutionalising an effective and efficient system of programme and project preparation, and the allocation of increased municipal resources for preparation activities.

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

|   | NOTE | 2021/22            | 2020/21            |
|---|------|--------------------|--------------------|
|   |      | R'000              | R'000              |
|   |      |                    | %                  |
| <b>REVENUE</b>  |      |                    |                    |
| Annual appropriation  | 1    | 63 646 707         | 34 525 673         |
| Statutory appropriation                                     | 2    | 559 522 239        | 534 888 265        |
| Departmental revenue  | 3    | 5 506 035          | 6 924 774          |
| NRF Receipts  |      | -                  | -                  |
| Aid assistance  |      | 542 125            | 274 323            |
| <b>TOTAL REVENUE</b>  |      | <b>629 217 106</b> | <b>558 355 695</b> |
| <b>EXPENDITURE</b>  |      |                    |                    |
| Current expenditure   |      |                    |                    |
| Compensation of employees                                   | 5    | 826 006            | 778 644            |
| Goods and services  | 6    | 1 312 379          | 1 102 150          |
| Aid assistance  | 4    | 484 453            | 159 763            |
| <b>Total current expenditure</b>                            |      | <b>2 622 838</b>   | <b>2 040 557</b>   |
| Transfers and subsidies                                     |      |                    |                    |
| Transfers and subsidies                                     | 8    | 587 186 423        | 558 430 061        |
| Aid assistance  | 4    | -                  | -                  |
| <b>Total transfers and subsidies</b>                        |      | <b>587 186 423</b> | <b>558 430 061</b> |
| Expenditure for capital assets                              |      |                    |                    |
| Tangible assets   | 9    | 24 533             | 32 627             |
| Intangible assets   | 9    | 13                 | 12 998             |
| <b>Total expenditure for capital assets</b>                 |      | <b>24 546</b>      | <b>45 625</b>      |
| Payments for financial assets                               | 7    | <b>32 612 788</b>  | <b>8 613 292</b>   |
| <b>TOTAL EXPENDITURE</b>                                    |      | <b>622 446 595</b> | <b>569 129 535</b> |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>                       |      | <b>6 840 511</b>   | <b>7 483 500</b>   |
| <b>Reconciliation of Net Surplus/(Deficit) for the year</b> |      |                    |                    |
| Voted funds   |      | <b>1 206 804</b>   | <b>444 166</b>     |
| Annual appropriation  |      | 1 276 804          | 444 166            |
| Statutory appropriation                                     |      | (70 000)           | -                  |
| Conditional grants  |      | -                  | -                  |
| Departmental revenue and NRF Receipts                       | 15   | 5 506 035          | 6 924 774          |
| Aid assistance  | 4    | 57 672             | 114 560            |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>                       |      | <b>6 840 511</b>   | <b>7 483 500</b>   |

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

|   | NOTE | 2021/22           | 2020/21          |
|---|------|-------------------|------------------|
|   |      | R'000             | R'000            |
| <b>ASSETS</b>   |      |                   |                  |
| <b>Current assets</b>   |      | <b>63 207</b>     | <b>769 962</b>   |
| Cash and cash equivalents   | 10   | 10 043            | 721 920          |
| Prepayments and advances  | 11   | 43 518            | 32 472           |
| Receivables   | 12   | 9 646             | 15 570           |
| <b>Non-current assets</b>   |      | <b>29 619 138</b> | <b>7 616 003</b> |
| Investments   | 13   | 29 597 656        | 7 597 656        |
| Receivables   | 12   | 21 482            | 18 347           |
| <b>TOTAL ASSETS</b>   |      | <b>29 682 345</b> | <b>8 385 965</b> |
| <b>LIABILITIES</b>  |      |                   |                  |
| <b>Current liabilities</b>  |      | <b>84 025</b>     | <b>787 862</b>   |
| Voted funds to be surrendered to the Revenue Fund                           | 14   | (16 893 196)      | 444 165          |
| Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund | 15   | 7 027             | 72 551           |
| Bank overdraft  | 16   | 16 879 544        | -                |
| Payables  | 17   | 33 466            | 156 587          |
| Aid assistance repayable  | 4    | 57 184            | 114 559          |
| <b>TOTAL LIABILITIES</b>  |      | <b>84 025</b>     | <b>787 862</b>   |
| <b>NET ASSETS</b>   |      | <b>29 598 320</b> | <b>7 598 103</b> |
| <b>Represented by:</b>  |      |                   |                  |
| Capitalisation reserve  |      | 29 597 656        | 7 597 656        |
| Recoverable revenue   |      | 664               | 447              |
| <b>TOTAL</b>  |      | <b>29 598 320</b> | <b>7 598 103</b> |

# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

|                                | 2021/22           | 2020/21          |
|--------------------------------|-------------------|------------------|
|                                | R'000             | R'000            |
| <b>Capitalisation Reserves</b> |                   |                  |
| Opening balance                | 7 597 656         | 4 597 656        |
| Transfers:                     |                   |                  |
| Movement in Equity             | 22 000 000        | 3 000 000        |
| Closing balance                | <b>29 597 656</b> | <b>7 597 656</b> |
| <b>Recoverable revenue</b>     |                   |                  |
| Opening balance                | 447               | 893              |
| Transfers:                     | <b>217</b>        | <b>(446)</b>     |
| Debts raised                   | 217               | (446)            |
| Closing balance                | <b>664</b>        | <b>447</b>       |
| <b>TOTAL</b>                   | <b>29 598 320</b> | <b>7 598 103</b> |

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

|  | NOTE      | 2021/22             | 2020/21            |
|--|-----------|---------------------|--------------------|
|  |           | R'000               | R'000              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |           |                     |                    |
| Receipts   |           | 611 117 106         | 576 397 680        |
| Annual appropriated funds received                       | 1.1       | 45 546 707          | 34 525 673         |
| Statutory Appropriation                                  | 2         | 559 522 239         | 534 888 265        |
| Departmental revenue received                            | 3         | 57 522              | 86 287             |
| Interest received  | 3.2       | 5 448 513           | 6 623 132          |
| Aid assistance received                                  | 4         | 542 125             | 274 323            |
| Net (increase)/decrease in working capital               |           | (128 243)           | 163 043            |
| Surrendered to Revenue Fund                              |           | (6 015 724)         | (8 517 780)        |
| Surrendered to RDP Fund/Donor                            |           | (115 047)           | (54 658)           |
| Current payments   |           | (2 622 838)         | (2 040 557)        |
| Payments for financial assets                            |           | (32 612 788)        | (8 613 292)        |
| Transfers and subsidies paid                             |           | (587 186 423)       | (558 355 695)      |
| <b>Net cash flow available from operating activities</b> | <b>18</b> | <b>(17 563 957)</b> | <b>(1 095 625)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |           |                     |                    |
| Distribution/dividend received                           |           | -                   | 215 355            |
| Payments for capital assets                              | 9         | (24 546)            | (45 625)           |
| Proceeds from sale of capital assets                     | 4.4       | -                   | -                  |
| (Increase)/decrease in loans                             |           | -                   | -                  |
| (Increase)/decrease in investments                       |           | (22 000 000)        | (3 000 000)        |
| (Increase)/decrease in other financial assets            |           | -                   | -                  |
| (Increase)/decrease in non-current receivables           | 10        | (3 135)             | (1)                |
| <b>Net cash flows from investing activities</b>          |           | <b>(22 027 681)</b> | <b>(2 830 271)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |           |                     |                    |
| Increase/(decrease) in net assets                        |           | 22 000 217          | 2 999 554          |
| Increase/(decrease) in non-current payables              |           | -                   | (3)                |
| <b>Net cash flows from financing activities</b>          |           | <b>22 000 217</b>   | <b>2 999 551</b>   |
| Net increase/(decrease) in cash and cash equivalents     |           | (17 591 421)        | (926 345)          |
| Cash and cash equivalents at beginning of period         |           | 721 920             | 1 648 265          |
| <b>Cash and cash equivalents at end of period</b>        | <b>18</b> | <b>(16 869 501)</b> | <b>721 920</b>     |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 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 2020 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.

##### 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART A: ACCOUNTING POLICIES | FOR THE YEAR ENDED 31 MARCH 2022

## 7. REVENUE

### 7.1 APPROPRIATED FUNDS

Appropriated funds comprise of departmental allocations and direct charges against the revenue fund (i.e. statutory appropriation). 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.

#### 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022 | PART A: ACCOUNTING POLICIES

## 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. Lease commitments are based on a twelve-month projection 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 where there is 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.

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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART A: ACCOUNTING POLICIES | FOR THE YEAR ENDED 31 MARCH 2022

## 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.

### 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

| PART A: ACCOUNTING POLICIES

## 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.

### 16.4 CAPITAL WORK-IN-PROGRESS

The Integrated Financial Management System (IFMS) is an internally generated intangible assets which is recorded in the notes to the financial statements when the department commenced with the development phase of the project. Accordingly, the software licences relating to the IFMS are of a capital nature and was initially recognised in the statement of financial performance at cost when paid. Amounts paid towards the capital project are separated

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART A: ACCOUNTING POLICIES | FOR THE YEAR ENDED 31 MARCH 2022

from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register

## 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.

The department discloses claims that affect National Treasury's vote number 8 as mandated by parliament and claims against other government departments or public entities are excluded.

### 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 CAPITAL COMMITMENTS

Capital 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 capital 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022 | PART A: ACCOUNTING POLICIES

## 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.

## 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART A: ACCOUNTING POLICIES | FOR THE YEAR ENDED 31 MARCH 2022

## 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.

## 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. However, the department provided additional information on any other guarantees that are deemed useful for the user of the financial statements. As a result, guarantees issued to the South African Reserve Bank, Land Bank and Development Bank of Southern Africa are disclosed in the note of the financial statements. These guarantees are 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

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|  | FINAL<br>APPROPRIATION | ACTUAL FUNDS<br>RECEIVED | FUNDS NOT<br>REQUESTED/<br>NOT RECEIVED | FINAL<br>APPROPRIATION | 2021/22<br>APPROPRIATION<br>RECEIVED | 2020/21<br>FUNDS NOT<br>REQUESTED/<br>NOT RECEIVED |
|--|------------------------|--------------------------|---|------------------------|--------------------------------------|--|
|  | R'000                  | R'000                    | R'000                                   | R'000                  | R'000                                | R'000  |

## PART B: EXPLANATORY NOTES

### 1. ANNUAL APPROPRIATION

#### 1.1 ANNUAL APPROPRIATION

##### Programmes

|  |                   |                   |                   |                   |                   |          |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| Administration   | 513 051           | 513 051           | -                 | 529 287           | 529 287           | -        |
| Economic policy, tax,<br>financial regulation and<br>research                | 141 802           | 141 802           | -                 | 141 919           | 141 919           | -        |
| Public finance and budget<br>management                                      | 4 337 505         | 4 337 505         | -                 | 2 802 782         | 2 802 782         | -        |
| Asset and liability<br>management  | 27 105 938        | 9 005 938         | 18 100 000        | 3 035 331         | 3 035 331         | -        |
| Financial accounting and<br>supply chain management<br>systems               | 1 000 026         | 1 000 026         | -                 | 833 973           | 833 973           | -        |
| International financial<br>relations   | 7 844 172         | 7 844 172         | -                 | 6 650 492         | 6 650 492         | -        |
| Civil and military pensions,<br>contributions to funds and<br>other benefits | 6 409 525         | 6 409 525         | -                 | 5 317 128         | 5 317 128         | -        |
| Revenue administration   | 11 295 167        | 11 295 167        | -                 | 10 271 873        | 10 271 873        | -        |
| Financial intelligence and<br>state security                                 | 4 999 521         | 4 999 521         | -                 | 4 942 888         | 4 942 888         | -        |
| <b>Total</b>   | <b>63 646 707</b> | <b>45 546 707</b> | <b>18 100 000</b> | <b>34 525 673</b> | <b>34 525 673</b> | <b>-</b> |

NT paid R22 billion to SASRIA of which R3.9 billion was paid through appropriated funds and the remaining R18.1 billion was paid as a direct charge from the National Revenue Fund (NRF). Section 6 of the Appropriation Act no. 10 of 2021 was utilised to pay the R11 billion and Section 16 of the PFMA to pay the R7.1 billion, the amount was pending to be gazetted in the second adjustment appropriation act of 2021 which was passed and approved by the President on 11 July 2022. The department will request funds from the NRF to the PMG account to make up for the expenditure of R18.1 billion already incurred. The funds will be appropriated under the Vote within Programme 4: ALM.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

|  | NOTE | 2021/22 | 2020/21 |
|--|------|---------|---------|
|  |      | R'000   | R'000   |

## 1.2 CONDITIONAL GRANTS

|                       |  |           |           |
|-----------------------|--|-----------|-----------|
| Total grants received |  | 2 546 956 | 1 542 487 |
|-----------------------|--|-----------|-----------|

The increase in 2022 is mainly due to additional allocation of R841 million for Neighbourhood development partnership grant for the city public employment programme window.

## 2. STATUTORY APPROPRIATION

|  |             |             |
|--|-------------|-------------|
| Provincial equitable share                                 | 544 834 911 | 520 717 021 |
| General fuel levy sharing with metropolitan municipalities | 14 617 279  | 14 026 878  |

The accounting policy has been amended to recognise the statutory appropriation from 2021/22 which is a change from prior years as the department has not reported statutory appropriation in its financial statements but rather at consolidation annual financial statements.

The change will be implemented retrospectively from the current financial year into the future. R70 million for the 1% Audit fees is still to be received from the NRF.

|  |                    |                    |
|--|--------------------|--------------------|
| Auditor General of South Africa                                    | 70 049             | 70 000             |
| Section 70: Land and Agricultural Development Bank of South Africa | -                  | 74 366             |
| <b>Total</b>   | <b>559 522 239</b> | <b>534 888 265</b> |
| Actual Statutory Appropriation received                            | 559 522 239        | 534 888 265        |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|   | NOTE | 2021/22          | 2020/21          |
|---|------|------------------|------------------|
|   |      | R'000            | R'000            |
| <b>3. DEPARTMENTAL REVENUE</b>                        |      |                  |                  |
| Sales of goods and services other than capital assets | 3.1  | 9 523            | 9 901            |
| Interest, dividends and rent on land                  | 3.2  | 5 448 513        | 6 838 487        |
| Transactions in financial assets and liabilities      | 3.3  | 47 999           | 76 386           |
| Total revenue collected                               |      | <b>5 506 035</b> | <b>6 924 774</b> |
| <b>Departmental revenue collected</b>                 |      | <b>5 506 035</b> | <b>6 924 774</b> |

The decrease is primarily due to less interest income received on the sterilisation deposits and foreign currency investment accumulation. As well as on investment accounts held with six commercial banks (which is ABSA, NEDBANK, First National Bank (FNB), Standard Bank, CITI Bank and Investec).

## 3.1 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

|  |   |              |              |
|--|---|--------------|--------------|
|  | 3 |              |              |
| Sales of goods and services produced by the department |   | 9 523        | 9 851        |
| Sales by market establishment                          |   | 84           | 79           |
| Administrative fees                                    |   | 1            | 1            |
| Other sales  |   | 9 438        | 9 771        |
| Sales of scrap, waste and other used current goods     |   | -            | 50           |
| <b>Total</b>   |   | <b>9 523</b> | <b>9 901</b> |

## 3.2 INTEREST, DIVIDENDS AND RENT ON LAND

|              |   |                  |                  |
|--------------|---|------------------|------------------|
|              | 3 |                  |                  |
| Interest     |   | 5 448 513        | 6 623 132        |
| Dividends    |   | -                | 215 355          |
| <b>Total</b> |   | <b>5 448 513</b> | <b>6 838 487</b> |

The decrease is primarily due to less interest income received from the investment accounts on the sterilisation deposits and foreign currency investment accumulation. There were no dividends received since the funds account was closed with Sanlam.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

|   | NOTE | 2021/22       | 2020/21       |
|---|------|---------------|---------------|
|   |      | R'000         | R'000         |
| <b>3.3 TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES</b> |      |               |               |
|   | 3    |               |               |
| Receivables   |      | 6 853         | 5 992         |
| Other Receipts including Recoverable Revenue                |      | 41 146        | 70 394        |
| <b>Total</b>  |      | <b>47 999</b> | <b>76 386</b> |

The financial assets (recoverable revenue) relate to the departmental debts that are recoverable from employees such as bursaries, telephone bills.

The decrease of 41,5 % in recoverable revenue due to the impact of COVID-19 pandemic.

## 3.4 CASH RECEIVED NOT RECOGNISED (NOT INCLUDED IN THE MAIN NOTE)

| Name of entity                             | 2021/22         |                                 |          |
|--|-----------------|---------------------------------|----------|
|  | AMOUNT RECEIVED | AMOUNT PAID TO THE REVENUE FUND | BALANCE  |
|  | R'000           | R'000                           | R'000    |
| <i>Funds surrendered by Municipalities</i> | 165 889         | 165 889                         | -        |
| <b>Total</b>                               | <b>165 889</b>  | <b>165 889</b>                  | <b>-</b> |

| Name of entity                             | 2020/21         |                                 |          |
|--|-----------------|---------------------------------|----------|
|  | AMOUNT RECEIVED | AMOUNT PAID TO THE REVENUE FUND | BALANCE  |
|  | R'000           | R'000                           | R'000    |
| <i>Funds surrendered by Municipalities</i> | 162 659         | 162 659                         | -        |
| <b>Total</b>                               | <b>162 659</b>  | <b>162 659</b>                  | <b>-</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|   | NOTE | 2021/22       | 2020/21        |
|---|------|---------------|----------------|
|   |      | R'000         | R'000          |
| <b>4. AID ASSISTANCE</b>                            |      |               |                |
| Opening Balance                                     |      | 114 559       | 54 657         |
| As restated   |      | 114 559       | 54 657         |
| Transferred from statement of financial performance |      | 57 672        | 114 560        |
| Paid during the year                                |      | (115 047)     | (54 658)       |
| <b>Closing Balance</b>                              |      | <b>57 184</b> | <b>114 559</b> |

## 4.1 ANALYSIS OF BALANCE BY SOURCE

|                         |   |               |                |
|-------------------------|---|---------------|----------------|
| Aid assistance from RDP |   | 57 184        | 114 559        |
| <b>Closing balance</b>  | 4 | <b>57 184</b> | <b>114 559</b> |

## 4.2 ANALYSIS OF BALANCE

|                          |   |               |                |
|--------------------------|---|---------------|----------------|
| Aid assistance repayable |   | 57 184        | 114 559        |
| <b>Closing balance</b>   | 4 | <b>57 184</b> | <b>114 559</b> |

### 4.2.1 Aid assistance prepayments (expensed)

|                    | AMOUNT AS AT 1<br>APRIL 2021 | LESS: RECEIVED<br>IN THE CURRENT<br>YEAR | ADD OR LESS:<br>OTHER | ADD:<br>CURRENT YEAR<br>PREPAYMENTS | AMOUNT AS AT<br>31 MARCH 2022 |
|--------------------|------------------------------|--|-----------------------|-------------------------------------|-------------------------------|
|                    | R'000                        | R'000                                    | R'000                 | R'000                               | R'000                         |
| Goods and services | 114 559                      | 542 125                                  | (115 047)             | (484 453)                           | 57 184                        |
| <b>Total</b>       | <b>114 559</b>               | <b>542 125</b>                           | <b>(115 047)</b>      | <b>(484 453)</b>                    | <b>57 184</b>                 |

Aid Assistance received includes an amount of R488 which relates to 2020/21 requested funds which were transferred in 2021/22.

|                    | AMOUNT AS AT 1<br>APRIL 2020 | LESS: RECEIVED<br>IN THE CURRENT<br>YEAR | ADD OR LESS:<br>OTHER | ADD:<br>CURRENT YEAR<br>PREPAYMENTS | AMOUNT AS AT<br>31 MARCH 2021 |
|--------------------|------------------------------|--|-----------------------|-------------------------------------|-------------------------------|
|                    | R'000                        | R'000                                    | R'000                 | R'000                               | R'000                         |
| Goods and services | 54 657                       | 274 324                                  | (54 657)              | (159 763)                           | 114 559                       |
| <b>Total</b>       | <b>54 657</b>                | <b>274 324</b>                           | <b>(54 657)</b>       | <b>(159 763)</b>                    | <b>114 559</b>                |

Aid Assistance received includes an amount of R488 which relates to 2020/21 requested funds which were transferred in 2021/22.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

|   | NOTE | 2021/22        | 2020/21        |
|---|------|----------------|----------------|
|   |      | R'000          | R'000          |
| <b>4.3 AID ASSISTANCE EXPENDITURE PER ECONOMIC CLASSIFICATION</b> |      |                |                |
| Current   |      | 484 453        | 159 763        |
| <b>Total aid assistance expenditure</b>                           |      | <b>484 453</b> | <b>159 763</b> |

## 4.4 DONATIONS RECEIVED IN-KIND (NOT INCLUDED IN THE MAIN NOTE)

|                          |  |          |            |
|--------------------------|--|----------|------------|
| Accommodation and flight |  | 5        | 816        |
| <b>Total</b>             |  | <b>5</b> | <b>816</b> |

## 5. COMPENSATION OF EMPLOYEES

### 5.1 SALARIES AND WAGES

|                                  |  |                |                |
|----------------------------------|--|----------------|----------------|
| Basic salary                     |  | 562 148        | 546 383        |
| Performance award                |  | 5 535          | 399            |
| Service Based                    |  | 1 259          | 882            |
| Compensative/circumstantial      |  | 3 259          | 3 261          |
| Other non-pensionable allowances |  | 166 374        | 143 145        |
| <b>Total</b>                     |  | <b>738 575</b> | <b>694 070</b> |

The 2020/21 performance bonuses were paid in 2021/22 financial year, hence the increase. Further increase is attributable to the implementation of non-pensionable allowance for all levels including the Senior Management Service (SMS).

### 5.2 SOCIAL CONTRIBUTIONS

#### Employer contributions

|  |  |                |                |
|--|--|----------------|----------------|
| Pension                                |  | 69 488         | 67 391         |
| Medical                                |  | 17 833         | 17 076         |
| Bargaining council                     |  | 110            | 107            |
| <b>Total</b>                           |  | <b>87 431</b>  | <b>84 574</b>  |
| <b>Total compensation of employees</b> |  | <b>826 006</b> | <b>778 644</b> |
| Average number of employees            |  | 1 027          | 1 020          |

The increase by 7 positions is mainly due to the filling of vacant positions.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|   | NOTE | 2021/22          | 2020/21          |
|---|------|------------------|------------------|
|   |      | R'000            | R'000            |
| <b>6. GOODS AND SERVICES</b>                |      |                  |                  |
| Administrative fees                         |      | 1 269            | 864              |
| Advertising                                 |      | 733              | 864              |
| Minor assets                                | 6.1  | 1 666            | 362              |
| Bursaries (employees)                       |      | 4 088            | 4 889            |
| Catering                                    |      | 368              | 403              |
| Communication                               |      | 10 814           | 10 007           |
| Computer services                           | 6.2  | 433 114          | 383 316          |
| Consultants: Business and advisory services | 6.8  | 671 277          | 479 343          |
| Infrastructure and planning services        |      | -                | 6                |
| Legal services                              |      | 16 746           | 17 074           |
| Contractors                                 |      | 14 964           | 12 757           |
| Agency and support / outsourced services    |      | 8 202            | 7 012            |
| Entertainment                               |      | 24               | 24               |
| Audit cost – external                       | 6.3  | 21 518           | 14 914           |
| Fleet services                              |      | 4 985            | 2 574            |
| Consumables                                 | 6.4  | 4 838            | 8 750            |
| Operating leases                            |      | 74 278           | 127 893          |
| Property payments                           | 6.5  | 23 384           | 16 293           |
| Travel and subsistence                      | 6.6  | 7 212            | 2 705            |
| Venues and facilities                       |      | 2 623            | 919              |
| Training and development                    |      | 2 589            | 3 823            |
| Other operating expenditure                 | 6.7  | 7 687            | 7 358            |
| <b>Total</b>                                |      | <b>1 312 379</b> | <b>1 102 150</b> |

The increase is primarily on consultancy services and computer services due to an improved spending on the Infrastructure Delivery Improvement Programme (IDIP) and the additional allocation of R90 million on the Neighbourhood Development Partnership Indirect Grant. As well as the maintenance and support services on the legacy systems (BAS, PERSAL, LOGIS and VULINDLELA)

## 6.1 MINOR ASSETS

|                         |   |              |            |
|-------------------------|---|--------------|------------|
|                         | 6 |              |            |
| <b>Tangible assets</b>  |   | 1 666        | 362        |
| Machinery and equipment |   | 1 666        | 362        |
| <b>Total</b>            |   | <b>1 666</b> | <b>362</b> |

The increase is primarily due to the replacement of obsolete laptops that have reached their warranty expiry date.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

|                                     | NOTE | 2021/22        | 2020/21        |
|-------------------------------------|------|----------------|----------------|
|                                     |      | R'000          | R'000          |
| <b>6.2 COMPUTER SERVICES</b>        |      |                |                |
|                                     | 6    |                |                |
| SITA computer services              |      | 69 680         | 48 247         |
| External computer service providers |      | 363 434        | 335 069        |
| <b>Total</b>                        |      | <b>433 114</b> | <b>383 316</b> |

The increase of 10% is attributable to the annual licence increases on State Information Technology Agency (SITA) services relating to the maintenance and support on the Legacy systems- BAS, LOGIS, PERSAL and VULINDLELA.

## 6.3 AUDIT COST – EXTERNAL

|                   |   |               |               |
|-------------------|---|---------------|---------------|
|                   | 6 |               |               |
| Regularity audits |   | 21 518        | 14 914        |
| <b>Total</b>      |   | <b>21 518</b> | <b>14 914</b> |

The audit costs increased by 44% due to extension of the 2020/21 audit process.

## 6.4 CONSUMABLES

|  |   |              |              |
|--|---|--------------|--------------|
|  | 6 |              |              |
| Consumable supplies                      |   | 1 903        | 4 532        |
| Uniform and clothing                     |   | 57           | 144          |
| Household supplies                       |   | 1 143        | 3 171        |
| Building material and supplies           |   | 305          | 112          |
| Communication accessories                |   | 2            | 1            |
| IT consumables                           |   | 181          | 214          |
| Other consumables                        |   | 215          | 890          |
| Stationery, printing and office supplies |   | 2 935        | 4 218        |
| <b>Total</b>                             |   | <b>4 838</b> | <b>8 750</b> |

The decrease is attributable to the current hybrid working arrangement due to COVID-19 pandemic. Savings on consumables are realised as a result.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|                              | NOTE | 2021/22       | 2020/21       |
|------------------------------|------|---------------|---------------|
|                              |      | R'000         | R'000         |
| <b>6.5 PROPERTY PAYMENTS</b> |      |               |               |
|                              | 6    |               |               |
| Municipal services           |      | 21 551        | 13 757        |
| Property management fees     |      | 1 113         | 2 106         |
| Other                        |      | 720           | 430           |
| <b>Total</b>                 |      | <b>23 384</b> | <b>16 293</b> |

The municipal services expenditure for 2021/22 are inclusive of invoices that were outstanding from 2020/21 financial year, hence the increase.

## 6.6 TRAVEL AND SUBSISTENCE

|              |   |              |              |
|--------------|---|--------------|--------------|
|              | 6 |              |              |
| Local        |   | 6 029        | 2 505        |
| Foreign      |   | 1 183        | 200          |
| <b>Total</b> |   | <b>7 212</b> | <b>2 705</b> |

Increase on domestic travel following the easing of COVID-19 restrictions on international and domestic travel.

## 6.7 OTHER OPERATING EXPENDITURE

|   |  |              |              |
|---|--|--------------|--------------|
| Professional bodies, membership and subscription fees |  | 3 932        | 4 371        |
| Resettlement costs                                    |  | 127          | 44           |
| Other   |  | 3 628        | 2 943        |
| <b>Total</b>  |  | <b>7 687</b> | <b>7 358</b> |

## 7. PAYMENTS FOR FINANCIAL ASSETS

|  |  |                   |                  |
|--|--|-------------------|------------------|
| Purchase of Equity                     |  | 22 000 000        | -                |
| Extension of loans for policy purposes |  | 6 049 897         | 8 613 037        |
| Debt-take overs                        |  | 4 562 878         | -                |
| Debts written off                      |  | 13                | 255              |
| <b>Total</b>                           |  | <b>32 612 788</b> | <b>8 613 292</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

|  | NOTE | 2021/22 | 2020/21 |
|--|------|---------|---------|
|  |      | R'000   | R'000   |

The increase is primarily due to the R22 billion payment made to South African Special Risk Insurance Association (SASRIA) in response to financial challenges that the entity faced due to the claims resulting from the July 2021 unrests experienced largely in Kwazulu-Natal (KZN) and Gauteng provinces.

Furthermore, the payment amounting to R5.6 billion for the 7th capital instalment made to the New Development Bank for the BRICS Bank.

Lastly, the payment amounting to R4.563 billion made to Government Employee Pension Fund (GEPF) debt liabilities. The payment of R4.563 billion to the GEPF originated from 2 sources, firstly the SMS additional liability debt of R2.278 billion and secondly the early retirement additional liability debt of R2.272 billion. The SMS additional liability debt should have been paid by departments when SMS officials elected to restructure their packages and change their % contribution to the GEPF. The early retirement liability would ordinarily be paid by officials as a penalty, however government undertook to fund this penalty for a specific period of time as part of its strategy to reduce the wage bill in the long-term. Both these liabilities have been settled by the National Treasury as a Debt takeover through the NRF by utilizing the funds that were initially allocated for the Land Bank.

NT, as a financial and fiscal policy-setter, made a policy decision to take over government debt. Consistent with the characteristics of payments for financial assets, the payment is extraordinary and once-off in nature, and does not form part of departments' budgets. Therefore, the classification of the R4,563 billion should be Payments for financial assets in the National Treasury's financial statements.

## 7.1 DEBTS WRITTEN OFF

|                        | 7 |    |     |
|------------------------|---|----|-----|
| Losses and damages     |   | 13 | 255 |
| Total debt written off |   | 13 | 255 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|   | NOTE        | 2021/22            | 2020/21            |
|---|-------------|--------------------|--------------------|
|   |             | R'000              | R'000              |
| <b>8. TRANSFERS AND SUBSIDIES</b>                   |             |                    |                    |
| Provinces and municipalities                        | NAS 4.3     | 561 818 391        | 536 225 760        |
| Departmental agencies and accounts                  | Annexure 1B | 17 400 252         | 16 029 177         |
| Higher education institutions                       | Annexure 1C | -                  | -                  |
| Foreign governments and international organisations | Annexure 1E | 1 744 761          | 921 977            |
| Public corporations and private enterprises         | Annexure 1D | 233 819            | 40 000             |
| Households  | Annexure 1G | 5 989 200          | 5 138 781          |
| <b>Total</b>  |             | <b>587 186 423</b> | <b>558 355 695</b> |

The increase is largely due to:

- i. Inclusion of statutory appropriation amounting to R559.2 billion in 2021/22 and R534.9 billion in 2020/21.
- ii. The transfer payment made to the Common Monetary Area compensation (CMA) compensation which was outstanding from the previous financial year.
- iii. The transfer payment made to Development Bank of Southern Africa (DBSA) relating to the project preparation fund and infrastructure fund.
- iv. The transfer payment made to the Government Employee Medical Scheme (GEMS).
- v. The additional payment made to Neighbourhood development partnership grant for the city public employment programme window.
- vi. Reconciliation was performed between BAS and CIVPEN systems, an amount R6 243 107,32 was manually processed on the trial balance to reconcile the differences identified, which brought up the Household BAS balance to R5 989 200 from R5 982 957 rounded off to the nearest R'000.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

|  | NOTE | 2021/22       | 2020/21       |
|--|------|---------------|---------------|
|  |      | R'000         | R'000         |
| <b>9. EXPENDITURE FOR CAPITAL ASSETS</b> |      |               |               |
| <b>Tangible assets</b>                   |      | <b>24 533</b> | <b>32 627</b> |
| Machinery and equipment                  | 32   | 24 533        | 32 627        |
| <b>Intangible assets</b>                 |      | <b>13</b>     | <b>12 998</b> |
| Software                                 | 34   | 13            | 12 998        |
| <b>Total</b>                             |      | <b>24 546</b> | <b>45 625</b> |

The decrease was due to non-procurement of new software and servers in the 2021/22 as they were already procured in the previous financial year.

## 9.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2021/22

|                          | VOTED FUNDS   | AID ASSISTANCE | TOTAL         |
|--------------------------|---------------|----------------|---------------|
|                          | R'000         | R'000          | R'000         |
| <b>Tangible assets</b>   |               |                |               |
| Machinery and equipment  | 24 533        | -              | 24 533        |
| <b>Intangible assets</b> |               |                |               |
| Software                 | 13            | -              | 13            |
| <b>Total</b>             | <b>24 546</b> |                | <b>24 546</b> |

## 9.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2020/21

|                          | VOTED FUNDS   | AID ASSISTANCE | TOTAL         |
|--------------------------|---------------|----------------|---------------|
|                          | R'000         | R'000          | R'000         |
| <b>TANGIBLE ASSETS</b>   | <b>32 627</b> |                | <b>32 627</b> |
| MACHINERY AND EQUIPMENT  | 32 627        | -              | 32 627        |
| <b>INTANGIBLE ASSETS</b> | <b>12 998</b> |                | <b>12 998</b> |
| SOFTWARE                 | 12 998        | -              | 12 998        |
| <b>Total</b>             | <b>45 625</b> |                | <b>45 625</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|  | NOTE | 2021/22       | 2020/21        |
|--|------|---------------|----------------|
|  |      | R'000         | R'000          |
| <b>10. CASH AND CASH EQUIVALENTS</b>   |      |               |                |
| Consolidated Paymaster General Account |      | 9 232         | 557 162        |
| Cash on hand                           |      | 23            | 23             |
| Investments (Domestic)                 |      | 788           | 164 735        |
| <b>Total</b>                           |      | <b>10 043</b> | <b>721 920</b> |

A major deterioration in total cash and cash equivalent of 98.6%, is mainly due to the National Treasury did not having any surplus cash on the consolidated paymaster general ledger due to payment of R18,1 billion to SASRIA in the 2021/22 financial year, the R9.2 million belongs to GPAA).

The cash with commercial banks relates to funds for access cards, claims recoverable from CBDA and GTAC, interest with ABSA bank that was due in March 2022 but only paid in beginning of April 2022. This amount decreased by 99,5 % from the 2020/21 to 2021/22 financial year due to decrease in GTAC, interest with ABSA by 99% and 25,7% respectively.

## 11. PREPAYMENTS AND ADVANCES

|                              |      |               |               |
|------------------------------|------|---------------|---------------|
| Travel and subsistence       |      | 181           | -             |
| Prepayments (Not expensed)   | 11.2 | 17 686        | 17 620        |
| Advances paid (Not expensed) | 11.1 | 25 651        | 14 852        |
| <b>Total</b>                 |      | <b>43 518</b> | <b>32 472</b> |

### 11.1 ADVANCES PAID (NOT EXPENSED)

|                      | NOTE | BALANCE AS AT 1 APRIL 2021 | LESS: AMOUNT EXPENSED IN CURRENT YEAR | ADD OR LESS: OTHER | ADD: CURRENT YEAR ADVANCES | BALANCE AS AT 31 MARCH 2022 |
|----------------------|------|----------------------------|---------------------------------------|--------------------|----------------------------|-----------------------------|
|                      |      | R'000                      | R'000                                 | R'000              | R'000                      | R'000                       |
| National departments | 11   | 328                        | -                                     | -                  | 25 323                     | 25 651                      |
| Public entities      |      | 14 524                     | (14 524)                              | -                  | -                          | -                           |
| <b>Total</b>         |      | <b>14 852</b>              | <b>(14 524)</b>                       | <b>-</b>           | <b>25 323</b>              | <b>25 651</b>               |

|                      | NOTE | BALANCE AS AT 1 APRIL 2020 | LESS: AMOUNT EXPENSED IN CURRENT YEAR | ADD OR LESS: OTHER | ADD: CURRENT YEAR ADVANCES | BALANCE AS AT 31 MARCH 2021 |
|----------------------|------|----------------------------|---------------------------------------|--------------------|----------------------------|-----------------------------|
|                      |      | R'000                      | R'000                                 | R'000              | R'000                      | R'000                       |
| National departments | 11   | 328                        | -                                     | -                  | -                          | 328                         |
| Public entities      |      | 5 834                      | -                                     | -                  | 8 690                      | 14 524                      |
| <b>Total</b>         |      | <b>6 162</b>               | <b>-</b>                              | <b>-</b>           | <b>8 690</b>               | <b>14 852</b>               |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

## 11.2 PREPAYMENTS (NOT EXPENSED)

| NOTE               | BALANCE AS AT 1 APRIL 2021 | LESS: AMOUNT EXPENSED IN CURRENT YEAR | ADD OR LESS: OTHER | ADD: CURRENT YEAR PREPAYMENTS | BALANCE AS AT 31 MARCH 2022 |
|--------------------|----------------------------|---------------------------------------|--------------------|-------------------------------|-----------------------------|
|                    | R'000                      | R'000                                 | R'000              | R'000                         | R'000                       |
| 11                 |                            |                                       |                    |                               |                             |
| Goods and services | 16 027                     | (501)                                 | -                  | -                             | 15 526                      |
| Other              | 1 593                      | -                                     | -                  | 567                           | 2 160                       |
| <b>Total</b>       | <b>17 620</b>              | <b>(501)</b>                          | <b>-</b>           | <b>567</b>                    | <b>17 686</b>               |

| NOTE               | BALANCE AS AT 1 APRIL 2020 | LESS: AMOUNT EXPENSED IN CURRENT YEAR | ADD OR LESS: OTHER | ADD: CURRENT YEAR PREPAYMENTS | BALANCE AS AT 31 MARCH 2021 |
|--------------------|----------------------------|---------------------------------------|--------------------|-------------------------------|-----------------------------|
|                    | R'000                      | R'000                                 | R'000              | R'000                         | R'000                       |
| 11                 |                            |                                       |                    |                               |                             |
| Goods and services | 16 825                     | (798)                                 | -                  | -                             | 16 027                      |
| Other              | 973                        | (973)                                 | -                  | 1 593                         | 1 593                       |
| <b>Total</b>       | <b>17 798</b>              | <b>(1 771)</b>                        | <b>-</b>           | <b>1 593</b>                  | <b>17 620</b>               |

## 11.3 ADVANCES PAID (EXPENSED)-NOT PART OF THE MAIN NOTE

### Advances paid (Expensed)-2021/22

|                             | BALANCE AS AT 1 APRIL 2021 | ADD: RECEIVED IN THE CURRENT YEAR | ADD/LESS: OTHER  | ADD: CURRENT YEAR ADVANCES | AMOUNT AS AT 31 MARCH 2022 |
|-----------------------------|----------------------------|-----------------------------------|------------------|----------------------------|----------------------------|
|                             | R'000                      | R'000                             | R'000            | R'000                      | R'000                      |
| GTAC - Job Funds            | 16 731                     | 7 298                             | (346 188)        | 596 768                    | 274 609                    |
| GTAC – NDP                  | 13 481                     | 785                               | (179 262)        | 180 755                    | 15 760                     |
| GTAC – MFIP                 | 155 404                    | 2 249                             | (143 622)        | 162 578                    | 176 610                    |
| GTAC – ECFF                 | 11 939                     | -                                 | (1 234)          | -                          | 10 704                     |
| GTAC – IDIP                 | 7 097                      | -                                 | -                | -                          | 7 097                      |
| DBSA - NT Project prep fund | 105 354                    | 7 437                             | -                | 153 633                    | 266 454                    |
| DBSA – Infrastructure Fund  | -                          | -                                 | (19 561)         | 80 156                     | 60 595                     |
| DBSA – CSP                  | 7 471                      | 301                               | (42 743)         | 42 200                     | 7 229                      |
| <b>Total</b>                | <b>317 476</b>             | <b>18 070</b>                     | <b>(732 609)</b> | <b>1 216 120</b>           | <b>819 055</b>             |

An amount of R2 061' was erroneously deducted under National Departments instead of Public Entities in 2020/21, this was corrected which changed the opening balances on classification, however overall balance remains the same.

NT made current year advance payments of R941 million to GTAC, Municipal Financial Improvement Programme (R163 million), Neighbourhood Development Programme (R181 million), and Jobs Fund (R596 million). Development Bank of Southern Africa (DBSA) received R276 million, Cities Support Programme a (R42 million), NT Project preparation fund (R153 million) and Infrastructure fund (R80 million).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|  | NOTE | 2021/22 | 2020/21 |
|--|------|---------|---------|
|  |      | R'000   | R'000   |

## Advances paid (Expensed)-2020/21

|                             | BALANCE AS AT 1 APRIL 2020 | LESS: RECEIVED IN THE CURRENT YEAR | ADD/LESS: OTHER  | ADD: CURRENT YEAR ADVANCES | AMOUNT AS AT 31 MARCH 2021 |
|-----------------------------|----------------------------|------------------------------------|------------------|----------------------------|----------------------------|
|                             | R'000                      | R'000                              | R'000            | R'000                      | R'000                      |
| GTAC – IDIP                 | 7 135                      | -                                  | (39)             | -                          | 7 096                      |
| GTAC – Jobs Fund            | 148 798                    | 3 566                              | (648 671)        | 513 037                    | 16 730                     |
| GTAC – NDP                  | 13 303                     | 538                                | (60 986)         | 60 626                     | 13 481                     |
| GTAC – MFIP                 | 123 588                    | -                                  | (102 744)        | 134 560                    | 155 404                    |
| GTAC – ECFE                 | 13 999                     | -                                  | (2 061)          | -                          | 11 938                     |
| DBSA – CSP                  | 10 376                     | 161                                | (39 566)         | 36 500                     | 7 471                      |
| DBSA – NT Project prep fund | 100 000                    | 1 409                              | (36 055)         | 40 000                     | 105 354                    |
| <b>Total</b>                | <b>417 199</b>             | <b>5 674</b>                       | <b>(890 122)</b> | <b>784 723</b>             | <b>317 474</b>             |

## 12 RECEIVABLES

|                         |      | 2021/22      |               |               | 2020/21       |               |               |
|-------------------------|------|--------------|---------------|---------------|---------------|---------------|---------------|
|                         | NOTE | CURRENT      | NON-CURRENT   | TOTAL         | CURRENT       | NON-CURRENT   | TOTAL         |
|                         |      | R'000        | R'000         | R'000         | R'000         | R'000         | R'000         |
| Claims recoverable      | 12.1 | 530          | 3 529         | 4 059         | 3 384         | 2 037         | 5 421         |
| Recoverable expenditure | 12.2 | 34           | 638           | 672           | (32)          | 733           | 701           |
| Staff debt              | 12.3 | 42           | 928           | 970           | 5             | 816           | 821           |
| Other receivables       | 12.4 | 9 040        | 16 387        | 25 427        | 12 213        | 14 761        | 26 974        |
| <b>Total</b>            |      | <b>9 646</b> | <b>21 482</b> | <b>31 128</b> | <b>15 570</b> | <b>18 347</b> | <b>33 917</b> |

### 12.1 CLAIMS RECOVERABLE

|                        |    |              |              |
|------------------------|----|--------------|--------------|
|                        | 12 |              |              |
| National departments   |    | 2 709        | 4 199        |
| Provincial departments |    | 21           | 21           |
| Foreign governments    |    | 1 329        | 1 201        |
| <b>Total</b>           |    | <b>4 059</b> | <b>5 421</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

|   | NOTE | 2021/22           | 2020/21          |
|---|------|-------------------|------------------|
|   |      | R'000             | R'000            |
| <b>12.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)</b> |      |                   |                  |
|   | 12   |                   |                  |
| Disallowance damages and losses                             |      | 638               | 620              |
| Disallowance Miscellaneous                                  |      | 34                | 81               |
| <b>Total</b>  |      | <b>672</b>        | <b>701</b>       |
| <b>12.3 STAFF DEBT</b>                                      |      |                   |                  |
|   | 12   |                   |                  |
| Departmental debts  |      | 970               | 821              |
| <b>Total</b>  |      | <b>970</b>        | <b>821</b>       |
| <b>12.4 OTHER RECEIVABLES</b>                               |      |                   |                  |
|   | 12   |                   |                  |
| Value added tax (SARS)                                      |      | 388               | 637              |
| Amounts owed by departments -- Civil and military pensions  |      | 5 210             | 5 208            |
| Outstanding debts -- Civil and military pensions            |      | 27                | 47               |
| Disallowance -- Civil and military pensions                 |      | 4 665             | 4 768            |
| Disallowance -- Special pensions                            |      | 13 942            | 15 625           |
| Other debt -- GPAA  |      | 1 195             | 689              |
| <b>Total</b>  |      | <b>25 427</b>     | <b>26 974</b>    |
| <b>12.5 IMPAIRMENT OF RECEIVABLES</b>                       |      |                   |                  |
| Estimate of impairment of receivables                       |      | 7 069             | 8 794            |
| <b>Total</b>  |      | <b>7 069</b>      | <b>8 794</b>     |
| <b>13. INVESTMENTS</b>                                      |      |                   |                  |
| Non-Current   |      |                   |                  |
| Shares and other equity                                     |      |                   |                  |
| Development Bank of Southern Africa                         |      | 200 000           | 200 000          |
| Public Investment Corporation Limited                       |      | 1                 | 1                |
| SASRIA  |      | 22 000 000        | -                |
| Land Bank   |      | 7 397 655         | 7 397 655        |
| <b>Total</b>  |      | <b>29 597 656</b> | <b>7 597 656</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|  | NOTE | 2021/22           | 2020/21          |
|--|------|-------------------|------------------|
|  |      | R'000             | R'000            |
| <b>Analysis of non-current investments</b> |      |                   |                  |
| Opening balance                            |      | 7 597 656         | 4 597 656        |
| Additions in cash                          |      | 22 000 000        | 3 000 000        |
| Non-cash movements                         |      | -                 | -                |
| <b>Closing balance</b>                     |      | <b>29 597 656</b> | <b>7 597 656</b> |

The increase in SASRIA investment was because of the capital injection of R22 billion to assist the entity in paying off its claims that resulted from the July unrest in KZN and Gauteng.

## 13.1 IMPAIRMENT OF INVESTMENTS

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Estimate of impairment of investments | 8 426 383        | 7 397 656        |
| <b>Total</b>                          | <b>8 426 383</b> | <b>7 397 656</b> |

Increment on estimate of impairment of investments is due SASRIA's investment impaired by R1.028 billion and the remaining balance of R7.397 billion for Land Bank has not changed since the entity has still not concluded a liability solution with its lenders, which is set to be concluded 30 September 2022 and therefore the investment value would remain at zero.

## 14. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

|  |                     |                |
|--|---------------------|----------------|
| Opening balance  | 444 165             | 857 631        |
| Prior period error   | -                   | -              |
| As restated  | 444 165             | 857 631        |
| Transfer from statement of financial performance (as restated) | 1 206 804           | 444 166        |
| Voted funds not requested/not received                         | (18 100 000)        | -              |
| Paid during the year   | (444 165)           | (857 632)      |
| <b>Closing balance</b>   | <b>(16 893 196)</b> | <b>444 165</b> |

The negative balance is because of funds of R18.1 billion which was paid to SASRIA as a direct charge from the National Revenue Fund. These funds have not withdrawn from the National Revenue Funds, a late request of funds will be requested to settle on the net basis.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

|  | NOTE | 2021/22     | 2020/21     |
|--|------|-------------|-------------|
|  |      | R'000       | R'000       |
| <b>15. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND</b> |      |             |             |
| Opening balance  |      | 72 551      | 807 925     |
| Prior period error   |      |             | -           |
| As restated  |      | 72 551      | 807 925     |
| Transfer from Statement of Financial Performance (as restated)                         |      | 5 506 035   | 6 924 774   |
| Paid during the year   |      | (5 571 559) | (7 660 148) |
| Closing balance  |      | 7 027       | 72 551      |

## 16. BANK OVERDRAFT

|  |  |                   |          |
|--|--|-------------------|----------|
| Consolidated Paymaster General Account |  | 16 879 544        | -        |
| <b>Total</b>                           |  | <b>16 879 544</b> | <b>-</b> |

An increase in overdraft of R16.9 billion is as result of the R18.1 billion paid over to SASRIA while there were unspent voted funds of R1.276 billion. Funds will be requested from the National Revenue Fund since the second adjustment appropriation act for R18.1 billion was passed in July 2022.

## 17. PAYABLES – CURRENT

|                   |      |               |                |
|-------------------|------|---------------|----------------|
| Advances received | 17.1 | 3 594         | 79 079         |
| Clearing accounts | 17.2 | 295           | 184            |
| Other payables    | 17.3 | 29 577        | 77 324         |
| <b>Total</b>      |      | <b>33 466</b> | <b>156 587</b> |

The high payables in 2020/21 amounting to R50 million was for the AGSA relating to the Public Audit Act. This was not transferred as the allocation was incorrectly classified under Direct Charges instead of Voted Funds. Therefore, the funds could not be spent and were surrendered back to the NRF.

### 17.1 ADVANCES RECEIVED

|                 |    |              |               |
|-----------------|----|--------------|---------------|
|                 | 17 |              |               |
| Public entities |    | 3 594        | 79 079        |
| <b>Total</b>    |    | <b>3 594</b> | <b>79 079</b> |

NT received less advances in the current financial year.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|                                    | NOTE | 2021/22    | 2020/21    |
|------------------------------------|------|------------|------------|
|                                    |      | R'000      | R'000      |
| <b>17.2 CLEARING ACCOUNTS</b>      |      |            |            |
|                                    | 17   |            |            |
| Description                        |      |            |            |
| Income Tax (PAYE)                  |      | 166        | 44         |
| Bargaining Council                 |      | -          | 1          |
| Government Employee Housing Scheme |      | 57         | 132        |
| VAT Input                          |      | 3          | 3          |
| Salary suspense                    |      | 69         | -          |
| Pension Fund                       |      | -          | 4          |
| <b>Total</b>                       |      | <b>295</b> | <b>184</b> |

## 17.3 OTHER PAYABLES

|                             |    |               |               |
|-----------------------------|----|---------------|---------------|
|                             | 17 |               |               |
| Description                 |    |               |               |
| Civil and military pensions |    | 16 207        | 18 200        |
| Special pensions            |    | 13 370        | 9 124         |
| Direct charge               |    | -             | 50 000        |
| <b>Total</b>                |    | <b>29 577</b> | <b>77 324</b> |

The high payables in 2020/21 amounting to R50 million was for the AGSA relating to the Public Audit Act. This was not transferred as the allocation was incorrectly classified under Direct Charges instead of Voted Funds.

## 18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

|  |                     |                    |
|--|---------------------|--------------------|
| Net surplus/(deficit) as per Statement of Financial Performance  | 6 770 511           | 7 483 500          |
| Add back non-cash/cash movements not deemed operating activities | (24 334 468)        | (8 579 125)        |
| (Increase)/decrease in receivables                               | 5 924               | 35 108             |
| (Increase)/decrease in prepayments and advances                  | (11 046)            | (8 505)            |
| Increase/(decrease) in payables – current                        | (123 121)           | 136 440            |
| Proceeds from sale of investments                                | -                   | (215 355)          |
| Expenditure on capital assets                                    | 24 546              | 45 625             |
| Surrenders to Revenue Fund                                       | (6 015 724)         | (8 517 780)        |
| Surrenders to RDP Fund/Donor                                     | (115 047)           | (54 658)           |
| Voted funds not requested/not received                           | (18 100 000)        | -                  |
| <b>Net cash flow generated by operating activities</b>           | <b>(17 563 957)</b> | <b>(1 095 625)</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

|  | NOTE | 2021/22 | 2020/21 |
|--|------|---------|---------|
|  |      | R'000   | R'000   |

An amount of R18.170 billion was paid as a direct charge against the National Revenue Fund in respect of R18.1 billion capital injection paid to SASRIA as well as R70 million 1% Audit Fee paid to AGSA. These funds have not been received yet by the department.

## 19. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

|  |                     |                |
|--|---------------------|----------------|
| Consolidated Paymaster General account | (16 870 312)        | 557 162        |
| Cash on hand                           | 23                  | 23             |
| Cash with commercial banks (Local)     | 788                 | 164 735        |
| <b>Total</b>                           | <b>(16 869 501)</b> | <b>721 920</b> |

The negative closing balance is the Overdraft resulting from the payment of R18.1 billion made to SASRIA and R70 million made to AGSA for 1% Audit fees. The overdraft will clear once the allocation is appropriated in the next financial year 2nd Appropriation Bill, 2022, as provided for in Section 30(2)(g) of the PFMA.

## 20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### 20.1 CONTINGENT LIABILITIES

#### Liable to Nature

|  |                 |                   |                   |
|--|-----------------|-------------------|-------------------|
| Other guarantees                       | <i>Annex 3A</i> | 21 661 119        | 21 100 046        |
| Claims against the department          | <i>Annex 3B</i> | 143 842           | 158 016           |
| Environmental rehabilitation liability | <i>Annex 3B</i> | -                 | (15 505)          |
| Other                                  | <i>Annex 3B</i> | 429 194           | 431 659           |
| <b>Total</b>                           |                 | <b>22 234 155</b> | <b>21 674 216</b> |

## 21. ACCRUALS AND PAYABLES NOT RECOGNISED

### 21.1 ACCRUALS

| Listed by economic classification | 30 DAYS        | 30+ DAYS      | TOTAL          | TOTAL          |
|-----------------------------------|----------------|---------------|----------------|----------------|
| Goods and services                | 89 424         | 16 469        | 105 893        | 93 975         |
| Transfers and subsidies           | 186 190        | -             | 186 190        | 529 690        |
| Capital Assets                    | 2 588          | 417           | 3 005          | -              |
| Other                             | 9 557          | 480           | 10 037         | 15 149         |
| <b>Total</b>                      | <b>287 759</b> | <b>17 366</b> | <b>305 125</b> | <b>638 814</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|   | NOTE | 2021/22        | 2020/21        |
|---|------|----------------|----------------|
|   |      | R'000          | R'000          |
| <b>Listed by programme level</b>                                      |      |                |                |
| Administration  |      | 18 595         | 20 312         |
| Economic Policy Tax Financial regulation and Research                 |      | 886            | 304            |
| Public Finance and Budget Management                                  |      | 4 108          | 2 364          |
| Asset and Liability Management  |      | 1 371          | 6 574          |
| Financial Systems and Accounting                                      |      | 35 977         | 28 387         |
| International Financial Relations                                     |      | 186 156        | 520 969        |
| Civil and Military Pensions Contributions to Funds and Other Benefits |      | 47 996         | 44 755         |
| Government Technical Advisory Centre - MFIP                           |      | 10 037         | 7 788          |
| Government Technical Advisory Centre – Good and services              |      | -              | 7 361          |
| <b>Total</b>  |      | <b>305 125</b> | <b>638 814</b> |

Accruals includes an amount of R3.9 million relating to rental of office space at SITA for which the invoices were not received at year end.

## 22. EMPLOYEE BENEFITS

|                    |               |               |
|--------------------|---------------|---------------|
| Leave entitlement  | 55 867        | 60 793        |
| Service bonus      | 16 722        | 16 318        |
| Performance awards | -             | 9 161         |
| Capped leave       | 6 534         | 7 386         |
| Other              | -             | -             |
| <b>Total</b>       | <b>79 123</b> | <b>93 658</b> |

The decrease is primarily on the leave entitlement as less leave were taken/pay out on exit during the 2021/22 as compared to 2020/21 financial year. In addition, the performance awards were not awarded for NT in 2021/22 financial year as per Senior management decision.

## 23. LEASE COMMITMENTS

### 23.1 OPERATING LEASES

| 2021/22                                      | SPECIALISED MILITARY EQUIPMENT | 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                        |                                |       | 86 939                               | 1 589                   | 88 528         |
| Later than 1 year and not later than 5 years |                                |       | 246 685                              | 1 332                   | 248 017        |
| Later than five years                        |                                |       | 134 784                              | -                       | 134 784        |
| <b>Total lease commitments</b>               |                                |       | <b>468 408</b>                       | <b>2 921</b>            | <b>471 329</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

|  | NOTE                                  | 2021/22      | 2020/21                                     |                                |                |
|--|---------------------------------------|--------------|---|--------------------------------|----------------|
|  |                                       | R'000        | R'000                                       |                                |                |
| <b>2020/21</b>                               |                                       |              |   |                                |                |
|  | <b>SPECIALISED MILITARY EQUIPMENT</b> | <b>LAND</b>  | <b>BUILDINGS AND OTHER FIXED STRUCTURES</b> | <b>MACHINERY AND EQUIPMENT</b> | <b>TOTAL</b>   |
|  | <b>R'000</b>                          | <b>R'000</b> | <b>R'000</b>                                | <b>R'000</b>                   | <b>R'000</b>   |
| Not later than 1 year                        | -                                     | -            | 72 059                                      | 2 036                          | 74 095         |
| Later than 1 year and not later than 5 years | -                                     | -            | 221 915                                     | 1 013                          | 222 928        |
| Later than five years                        | -                                     | -            | 204 876                                     | -                              | 204 876        |
| <b>Total lease commitments</b>               | <b>-</b>                              | <b>-</b>     | <b>498 850</b>                              | <b>3 049</b>                   | <b>501 899</b> |

## 23.2 FINANCE LEASES \*\*

| <b>2021/22</b>                               | <b>SPECIALISED MILITARY EQUIPMENT</b> | <b>LAND</b>  | <b>BUILDINGS AND OTHER FIXED STRUCTURES</b> | <b>MACHINERY AND EQUIPMENT</b> | <b>TOTAL</b> |
|--|---------------------------------------|--------------|---|--------------------------------|--------------|
|  | <b>R'000</b>                          | <b>R'000</b> | <b>R'000</b>                                | <b>R'000</b>                   | <b>R'000</b> |
| Not later than 1 year                        | -                                     | -            | -   | 908                            | 908          |
| Later than 1 year and not later than 5 years | -                                     | -            | -   | 1 527                          | 1 527        |
| <b>Total lease commitments</b>               | <b>-</b>                              | <b>-</b>     | <b>-</b>                                    | <b>2 435</b>                   | <b>2 435</b> |

| <b>2020/21</b>                               | <b>SPECIALISED MILITARY EQUIPMENT</b> | <b>LAND</b>  | <b>BUILDINGS AND OTHER FIXED STRUCTURES</b> | <b>MACHINERY AND EQUIPMENT</b> | <b>TOTAL</b> |
|--|---------------------------------------|--------------|---|--------------------------------|--------------|
|  | <b>R'000</b>                          | <b>R'000</b> | <b>R'000</b>                                | <b>R'000</b>                   | <b>R'000</b> |
| Not later than 1 year                        | -                                     | -            | -   | 1 519                          | 1 519        |
| Later than 1 year and not later than 5 years | -                                     | -            | -   | 368                            | 368          |
| <b>Total lease commitments</b>               | <b>-</b>                              | <b>-</b>     | <b>-</b>                                    | <b>1 887</b>                   | <b>1 887</b> |

## 24. ACCRUED DEPARTMENTAL REVENUE

|   |                |                |
|---|----------------|----------------|
| Sales of goods and services other than capital assets | 8              | 57             |
| Interest, dividends and rent on land                  | 378 395        | 629 990        |
| Transfers received                                    | 1 522          | 81             |
| Other   | -              | -              |
| <b>Total</b>  | <b>379 925</b> | <b>630 128</b> |

An amount of R81' was incorrectly disclosed under Transfers received instead of Transactions in financial assets and liabilities in 2020/21. The error was correct on prior year figures; net effect is 0.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|   | NOTE | 2021/22        | 2020/21        |
|---|------|----------------|----------------|
|   |      | R'000          | R'000          |
| <b>24.1 ANALYSIS OF ACCRUED DEPARTMENTAL REVENUE</b>  |      |                |                |
| Opening balance                                       |      | 630 128        | 592 914        |
| Less: amounts received                                |      | 630 128        | 592 914        |
| Add: amounts recorded                                 |      | 379 925        | 630 128        |
| <b>Closing balance</b>                                |      | <b>379 925</b> | <b>630 128</b> |
| <b>25. IRREGULAR EXPENDITURE</b>                      |      |                |                |
| <b>25.1 RECONCILIATION OF IRREGULAR EXPENDITURE</b>   |      |                |                |
| Opening balance                                       |      | 289 974        | 388 233        |
| Prior period error                                    |      | -              | (10 273)       |
| As restated   |      | 289 974        | 377 960        |
| Add: Irregular expenditure – relating to current year |      | 30 682         | 66 175         |
| Less: Prior year amounts condoned                     |      | (51 327)       | (128 143)      |
| Less: Current year amounts condoned                   |      | -              | (26 018)       |
| <b>Closing balance</b>                                |      | <b>269 329</b> | <b>289 974</b> |
| Analysis of closing balance                           |      |                |                |
| Current year  |      | 30 682         | 40 157         |
| Prior years   |      | 238 647        | 249 817        |
| <b>Total</b>  |      | <b>269 329</b> | <b>289 974</b> |

Investigations conducted by Internal Audit on the irregular expenditure reported in 2020/21 indicated that expenditure for Masana, Moongate and ESRI doesn't mean the criteria to be recognised as irregular but rather as non-compliance. The report further highlighted that the Irregularities for Dimension Data cannot be confirmed as the department has sufficient budget to cover the costs.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

## 25.2 DETAILS OF CURRENT AND PRIOR YEAR IRREGULAR EXPENDITURE – ADDED CURRENT YEAR (UNDER DETERMINATION AND INVESTIGATION)

| INCIDENT  | DISCIPLINARY STEPS TAKEN/CRIMINAL PROCEEDINGS  | 2021/22 R'000 |
|---|--|---------------|
| Goods and services procured without a contract. No competitive bidding process (IFMS Project) | Investigations completed. Request for condonation was referred back by OCPO for more information and is being attended to. | 9 518         |
| Goods and services procured without a contract  | Investigations completed. Request for condonation in process.  | 641           |
| Payments made for services rendered under expired contract                                    | Irregular expenditure confirmed. Investigations to be initiated  | 15            |
| Payments made for services rendered under contract extended without OCPO approval             | Irregular expenditure confirmed. Investigations to be initiated  | 7 417         |
| Contract value exceeded without prior approval  | Irregular expenditure confirmed. Investigations to be initiated  | 11 358        |
| Payments made for services rendered under contract extended without OCPO approval             | Irregular expenditure confirmed. Investigations to be initiated  | 1 733         |
| <b>Total</b>  |  | <b>30 682</b> |

Review conducted by Internal Audit on the irregular expenditure reported in 2020/21 indicated that expenditure for Masana, Moongate and ESRI doesn't meet the criteria to be recognised as irregular but rather as non-compliance. The report further highlighted that the Irregularities for Dimension Data cannot be confirmed as the department has sufficient budget to cover the costs.

## 25.3 DETAILS OF IRREGULAR EXPENDITURE CONDONED

| INCIDENT   | CONDONED BY (RELEVANT AUTHORITY) | 2021/22 R'000 |
|--|----------------------------------|---------------|
| Procurement 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. | OCPO                             | 51 327        |
| <b>Total</b>   |                                  | <b>51 327</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|  | NOTE | 2021/22  | 2020/21         |
|--|------|----------|-----------------|
|  |      | R'000    | R'000           |
| <b>25.4 PRIOR PERIOD ERROR</b>                             |      |          |                 |
| <b>Nature of prior period error</b>                        |      |          |                 |
| <b>Relating to 2021/22 (affecting the opening balance)</b> |      |          |                 |
|  |      |          | (10 273)        |
| MFIP   |      | 1 821    |                 |
| Moongate   |      | (95)     |                 |
| Masana   |      | (114)    |                 |
| ESRI   |      | (14)     |                 |
| Dimension Data   |      | (11 871) |                 |
| <b>Total</b>   |      |          | <b>(10 273)</b> |

Review conducted by Internal Audit on the irregular expenditure reported in 2020/21 indicated that expenditure for Masana, Moongate and ESRI doesn't meet the criteria to be recognised as irregular but rather as non-compliance. The report further highlighted that the Irregularities for Dimension Data cannot be confirmed as the department has sufficient budget to cover the costs.

## 26. FRUITLESS AND WASTEFUL EXPENDITURE

### 26.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

|   |      |   |           |
|---|------|---|-----------|
| Opening balance   |      | - | 267 254   |
| Prior period error  | 26.2 |   | (333 335) |
| As restated   |      | - | (66 081)  |
| Fruitless and wasteful expenditure – relating to current year |      | - | 67 614    |
| Less: Amounts recoverable                                     | 26.2 | - | (1 533)   |
| Less: Amounts written off                                     |      | - | -         |
| <b>Closing balance</b>  |      | - | <b>-</b>  |

### 26.2 PRIOR PERIOD ERROR

|   |  |  |                |
|---|--|--|----------------|
| Restatement of opening balance of 2020/2021 to remove IFMS related fruitless and wasteful expenditure |  |  | 267 254        |
| Removal of IFMS related fruitless and wasteful expenditure for the 2020/2021 financial year           |  |  | 67 614         |
| Less : Amounts Recovered  |  |  | (-1 533)       |
| <b>Total</b>  |  |  | <b>333 335</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

| NOTE | 2021/22 | 2020/21 |
|------|---------|---------|
|      | R'000   | R'000   |

The amounts previously recorded as fruitless and wasteful expenditure relates to the annual purchase of technical support on the software licenses for the IFMS programme. This annual payment entitles users (Departments) and project team to download and apply software updates and upgrades to the purchased software in addition to gaining access to technical assistance (where service requests can be submitted) and access to an extensive community of practice. NT has benefited from the technical assistance, logging 466 service requests in the current financial year (166 in 2020/2021).

The expenditure was regarded as fruitless and wasteful expenditure essentially because the benefit to be derived from the licenses had not yet been fully materialised due to delays in implementation. On review, NT determined that such measure would only be relevant when the licenses are ready for use and have been fully rolled out. At present however, the licenses are still under development as further activities are required to configure the licenses for testing and thereafter for implementation across national and provincial government. To this end, the National Treasury concluded that it would be more appropriate to reflect the licenses as capital work-in-progress (see note 33) and to remove the fruitless and wasteful expenditure recorded to date.

The National Treasury acknowledges the current slow progress in the development phase of the IFMS Project and has over the past 18 months made every effort to progress it further. Before then, since 2017, the IFMS programme has been adversely affected by state capture related attacks. NT has however continued to honour its commitments on the IFMS as it remains dedicated to its role in delivering the IFMS System objectives to government.

The removal of the fruitless and wasteful expenditure of R400.087 million on the IFMS is in dispute between NT and the AGSA. To this end, it is anticipated that a further legal review will be carried out to resolve the difference in interpretation of legalisation on these contractual payments. Whilst NT firmly maintains its view on the classification of these contractual payments, it has in the interest of transparency, nonetheless included the total amount paid to date in the note above.

## 27. RELATED PARTY TRANSACTIONS

### 27.1 RELATED PARTY FALLING UNDER THE MINISTER OF FINANCE

|   |  |
|---|--|
| Accounting Standards Board (ASB)                          | Government Technical Advisory Centre (GTAC)                        |
| Co-Operative Banks Development Agency (CBDA)              | Independent Regulatory Board for Auditors (IRBA)                   |
| Development Bank of Southern Africa Limited (DBSA)        | Land and Agricultural Development Bank of South Africa (Land Bank) |
| Financial Advisory Intermediary Services (FAIS) Ombudsman | Office of the Pension Fund Adjudicator (OPFA)                      |
| Financial and Fiscal Commission (FFC)                     | Office of the Tax Ombud (OTO)                                      |
| Financial Intelligence Centre (FIC)                       | Public Investment Corporation (PIC)                                |
| Financial Sector Conduct Authority (FSCA)                 | South African Revenue Service (SARS)                               |
| Government Pensions Administration Agency (GPAA)          | SASRIA Limited (SASRIA)  |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

|  | NOTE | 2021/22 | 2020/21 |
|--|------|---------|---------|
|  |      | R'000   | R'000   |

## 27.2 RELATED PARTY - PAYMENTS MADE

|                    |  |                |                |
|--------------------|--|----------------|----------------|
| Goods and services |  | 394 678        | 231 045        |
| <b>Total</b>       |  | <b>394 678</b> | <b>231 045</b> |

## 27.3 GUARANTEES ISSUED TO RELATED PARTIES

|                                     |  |                   |                   |
|-------------------------------------|--|-------------------|-------------------|
| Land Bank                           |  | 1 887 971         | 2 305 637         |
| Development Bank of Southern Africa |  | 5 197 819         | 4 894 926         |
| South African Reserve Bank          |  | 14 575 329        | 13 468 402        |
| <b>Total</b>                        |  | <b>21 661 119</b> | <b>20 668 965</b> |

Guarantees issued are regarded as additional information which is over and above what is required by the Modified Cash Standard.

These guarantees are at arm's length and not a requirement for disclosure, the information is however deemed, useful and relevant to the users of the financial statements.

## 27.4 RELATED PARTIES IN KIND GOODS AND SERVICES PROVIDED/RECEIVED

|  |  |               |               |
|--|--|---------------|---------------|
| CBDA - Office space and professional services (provided) |  | 7 623         | 6 852         |
| GTAC - Office space and professional services (provided) |  | 16 103        | 20 895        |
| GTAC - Goods and services received                       |  | 107           | 1 323         |
| <b>Total</b>   |  | <b>23 833</b> | <b>29 070</b> |

## 28. KEY MANAGEMENT PERSONNEL

|   | NO. OF INDIVIDUALS |                |               |
|---|--------------------|----------------|---------------|
| Political office bearers (provide detail below) |                    |                |               |
| Officials:                                      | 3                  | 5 228          | 4 379         |
| Level 15 to 16                                  | 15                 | 19 541         | 18 094        |
| Level 14 (incl CFO if at a lower level)         | 65                 | 80 707         | 72 335        |
| <b>Total</b>                                    |                    | <b>105 476</b> | <b>94 808</b> |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

## 29. IMPAIRMENT (OTHER THAN RECEIVABLES, ACCRUED DEPARTMENTAL REVENUE, LOANS AND INVESTMENTS)

|                       |               |               |
|-----------------------|---------------|---------------|
| Debtors               | 348           | 331           |
| Other material losses | 41 332        | 42 866        |
| <b>Total</b>          | <b>41 680</b> | <b>43 197</b> |

## 30. PROVISIONS

|                  |                |                |
|------------------|----------------|----------------|
| SA Smith - claim | 14             | 14             |
| Injury on Duty   | 238 546        | 203 510        |
| Military Pension | 8 542          | 9 559          |
| Military Medical | 258            | 156            |
| Special Pension  | 56 144         | 49 548         |
| Medical Benefits | 6 032          | 9 408          |
| <b>Total</b>     | <b>309 536</b> | <b>272 195</b> |

### 30.1 RECONCILIATION OF MOVEMENT IN PROVISIONS – 2021/22

|                         | MILITARY<br>MEDICAL<br>&SPECIAL<br>PENSIONS | INJURY ON DUTY | MILITARY<br>PENSION | POST-RETIREMENT<br>MEDICAL BENEFITS<br>& CLAIM | SA SMIT CLAIM | TOTAL<br>PROVISIONS |
|-------------------------|---|----------------|---------------------|--|---------------|---------------------|
|                         | R'000                                       | R'000          | R'000               | R'000  | R'000         | R'000               |
| Opening balance         | 49 704                                      | 203 510        | 9 559               | 9 408  | 14            | 279 937             |
| Increase in provision   | 54 753                                      | 109 334        | 2 524               | 25 254   | -             | 191 865             |
| Settlement of provision | (48 002)                                    | (64 164)       | (2 844)             | (28 629)                                       | -             | (143 639)           |
| Unused amount reversed  | (53)  | (10 225)       | (697)               | -  | -             | (10 975)            |
| <b>Closing balance</b>  | <b>56 401</b>                               | <b>238 545</b> | <b>8 542</b>        | <b>6 033</b>                                   | <b>14</b>     | <b>309 536</b>      |

### Reconciliation of movement in provisions – 2020/21

|                         | MILITARY<br>MEDICAL<br>&SPECIAL<br>PENSIONS | INJURY ON DUTY | MILITARY<br>PENSION | POST-RETIREMENT<br>MEDICAL BENEFITS<br>& CLAIM | SA SMIT CLAIMS | TOTAL<br>PROVISIONS |
|-------------------------|---|----------------|---------------------|--|----------------|---------------------|
|                         | R'000                                       | R'000          | R'000               | R'000  | R'000          | R'000               |
| Opening balance         | 27 531                                      | 194 760        | 8 918               | 4 027  | 14             | 235 250             |
| Increase in provision   | 60 435                                      | 54 923         | 3 209               | 25 642   | -              | 144 209             |
| Settlement of provision | (38 262)                                    | (46 173)       | (2 568)             | (20 261)                                       | -              | (107 264)           |
| <b>Closing balance</b>  | <b>49 704</b>                               | <b>203 510</b> | <b>9 559</b>        | <b>9 408</b>                                   | <b>14</b>      | <b>272 195</b>      |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## 31. ADJUSTING-EVENTS AFTER REPORTING DATE

|                          | 2021/22           |
|--------------------------|-------------------|
|                          | R'000             |
| Nature of event          |                   |
| SASRIA capital injection | 18 100 000        |
| <b>Total</b>             | <b>18 100 000</b> |

NT paid R22 billion to SASRIA of which R3.9 billion was paid through appropriated funds and the remaining R18.1 billion was paid as a direct charge from the National Revenue Fund (NRF). Section 6 of the Appropriation Act no. 10 of 2021 was utilised to pay the R11 billion and Section 16 of the PFMA to pay the R7.1 billion, the amount was pending to be gazetted in the second adjustment appropriation act of 2021 which was passed and approved by the President on 11 July 2022. The department will request funds from the NRF to the PMG account to make up for the expenditure of R18.1 billion already incurred. The funds will be appropriated under the Vote within Programme 4: ALM.

## 32. MOVABLE TANGIBLE CAPITAL ASSETS

### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

|  | OPENING<br>BALANCE | VALUE<br>ADJUSTMENTS | ADDITIONS     | DISPOSALS  | CLOSING<br>BALANCE |
|--|--------------------|----------------------|---------------|------------|--------------------|
|  | R'000              | R'000                | R'000         | R'000      | R'000              |
| <b>MACHINERY AND EQUIPMENT</b>                   | 261 894            |                      | 24 533        | 111        | 286 316            |
| Transport assets                                 | 7 273              |                      | 554           | -          | 7 828              |
| Computer equipment                               | 174 171            |                      | 14 765        | 111        | 188 825            |
| Furniture and office equipment                   | 17 670             |                      | 12            | -          | 17 681             |
| Other machinery and equipment                    | 62 780             |                      | 9 202         | -          | 71 982             |
| <b>TOTAL MOVABLE TANGIBLE<br/>CAPITAL ASSETS</b> | <b>261 894</b>     | <b>-</b>             | <b>24 533</b> | <b>111</b> | <b>286 316</b>     |

### MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

|  | OPENING<br>BALANCE | PRIOR PERIOD<br>ERROR | ADDITIONS     | DISPOSALS    | CLOSING<br>BALANCE |
|--|--------------------|-----------------------|---------------|--------------|--------------------|
|  | R'000              | R'000                 | R'000         | R'000        | R'000              |
| <b>MACHINERY AND EQUIPMENT</b>                   | 237 951            | -                     | 32 627        | 8 685        | 261 894            |
| Transport assets                                 | 7 273              | -                     | -             | -            | 7 273              |
| Computer equipment                               | 149 857            | -                     | 32 011        | 7 697        | 174 171            |
| Furniture and office equipment                   | 17 894             | -                     | 34            | 258          | 17 670             |
| Other machinery and equipment                    | 62 927             | -                     | 583           | 730          | 62 780             |
| <b>TOTAL MOVABLE TANGIBLE<br/>CAPITAL ASSETS</b> | <b>237 951</b>     | <b>-</b>              | <b>32 627</b> | <b>8 685</b> | <b>261 894</b>     |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

## 32.1 MINOR ASSETS

### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2022

|                           | <b>MACHINERY AND<br/>EQUIPMENT</b> | <b>BIOLOGICAL<br/>ASSETS</b> | <b>TOTAL</b>  |
|---------------------------|------------------------------------|------------------------------|---------------|
|                           | <b>R'000</b>                       | <b>R'000</b>                 | <b>R'000</b>  |
| Opening balance           | 31 428                             |                              | 31 428        |
| Additions                 | 1 667                              |                              | 1 667         |
| <b>TOTAL MINOR ASSETS</b> | <b>33 095</b>                      |                              | <b>33 095</b> |

|                                     | <b>MACHINERY AND<br/>EQUIPMENT</b> | <b>BIOLOGICAL<br/>ASSETS</b> | <b>TOTAL</b>  |
|-------------------------------------|------------------------------------|------------------------------|---------------|
| Number of R1 minor assets           | 34                                 |                              | 34            |
| Number of minor assets at cost      | 20 412                             |                              | 20 412        |
| <b>TOTAL NUMBER OF MINOR ASSETS</b> | <b>20 446</b>                      |                              | <b>20 446</b> |

### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2021

|                           | <b>MACHINERY AND<br/>EQUIPMENT</b> | <b>BIOLOGICAL<br/>ASSETS</b> | <b>TOTAL</b>  |
|---------------------------|------------------------------------|------------------------------|---------------|
|                           | <b>R'000</b>                       | <b>R'000</b>                 | <b>R'000</b>  |
| Opening balance           | 32 958                             |                              | 32 958        |
| Additions                 | 361                                |                              | 361           |
| Disposals                 | 1 891                              |                              | 1 891         |
| <b>TOTAL MINOR ASSETS</b> | <b>31 428</b>                      |                              | <b>31 428</b> |

|                                     | <b>MACHINERY AND<br/>EQUIPMENT</b> | <b>BIOLOGICAL<br/>ASSETS</b> | <b>TOTAL</b>  |
|-------------------------------------|------------------------------------|------------------------------|---------------|
| Number of R1 minor assets           | 34                                 |                              | 34            |
| Number of minor assets at cost      | 20 289                             |                              | 20 289        |
| <b>TOTAL NUMBER OF MINOR ASSETS</b> | <b>20 323</b>                      |                              | <b>20 323</b> |

## 32.2 INTANGIBLE CAPITAL ASSETS

### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

|  | <b>OPENING<br/>BALANCE</b> | <b>ADDITIONS</b> | <b>DISPOSALS</b> | <b>CLOSING<br/>BALANCE</b> |
|--|----------------------------|------------------|------------------|----------------------------|
|  | <b>R'000</b>               | <b>R'000</b>     | <b>R'000</b>     | <b>R'000</b>               |
| SOFTWARE                               | 150 101                    | 13               | -                | 150 114                    |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b> | <b>150 101</b>             | <b>13</b>        | <b>-</b>         | <b>150 114</b>             |

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FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

|  | OPENING BALANCE | PRIOR PERIOD ERROR | ADDITIONS     | DISPOSALS | CLOSING BALANCE |
|--|-----------------|--------------------|---------------|-----------|-----------------|
|  | R'000           | R'000              | R'000         | R'000     | R'000           |
| SOFTWARE                               | 530 528         | (394 241)          | 13 814        | -         | 150 101         |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b> | <b>530 528</b>  | <b>(394 241)</b>   | <b>13 814</b> | <b>-</b>  | <b>150 101</b>  |

### 32.2.1 PRIOR PERIOD ERROR

|   | NOTE | R'000            |
|---|------|------------------|
| Restatement of opening balance of 2020/2021 to reclassify IFMS as intangible capital work in progress |      | (394 241)        |
| <b>TOTAL</b>  |      | <b>(394 241)</b> |

The National Treasury reclassified the licenses acquired for the IFMS programme as capital work-in-progress as it has determined that the licenses are not currently ready for use and will only be so after conclusion of the next phase of the programme, being the license configuration and testing. See also note 33.

## 33. CAPITAL WORK-IN-PROGRESS

|                   |            | OPENING BALANCE<br>1 APRIL 2021 | CURRENT YEAR WIP | READY FOR USE<br>(ASSETS TO THE AR)/ CONTRACTS<br>TERMINATED | CLOSING BALANCE<br>31 MARCH 2022 |
|-------------------|------------|---------------------------------|------------------|--|----------------------------------|
|                   | NOTE       | R'000                           | R'000            | R'000  | R'000                            |
| Intangible assets | Annexure 7 | 394 241                         | -                | -  | 394 241                          |
| <b>TOTAL</b>      |            | <b>394 241</b>                  | <b>-</b>         | <b>-</b>   | <b>394 241</b>                   |

The National Treasury reclassified the licenses acquired for the IFMS programme as capital work-in-progress as it has determined that the licenses are not currently ready for use and will only be so after conclusion of the next phase of the programme, being the license configuration and testing.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

## 34. IMMOVABLE TANGIBLE CAPITAL ASSETS

### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

|  | OPENING<br>BALANCE | ADDITIONS | DISPOSALS | CLOSING<br>BALANCE |
|--|--------------------|-----------|-----------|--------------------|
|  | R'000              | R'000     | R'000     | R'000              |
| BUILDINGS AND OTHER FIXED STRUCTURES           | 1 062              |           |           | 1 062              |
| Other fixed structures                         | 1 062              |           |           | 1 062              |
| <b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>1 062</b>       |           |           | <b>1 062</b>       |

### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

|  | OPENING<br>BALANCE | PRIOR PERIOD<br>ERROR | ADDITIONS | DISPOSALS | CLOSING BALANCE |
|--|--------------------|-----------------------|-----------|-----------|-----------------|
|  | R'000              | R'000                 | R'000     | R'000     | R'000           |
| BUILDINGS AND OTHER FIXED STRUCTURES           | 1 062              |                       |           |           | 1 062           |
| Other fixed structures                         | 1 062              | -                     | -         | -         | 1 062           |
| <b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>1 062</b>       | <b>-</b>              | <b>-</b>  | <b>-</b>  | <b>1 062</b>    |

## 35. PRINCIPAL-AGENT ARRANGEMENTS

### 35.1 DEPARTMENT ACTING AS THE PRINCIPAL

|   |               |               |
|---|---------------|---------------|
| Government Pension Administration Agency (GPAA) | 59 832        | 59 716        |
| GTAC – NDP                                      | 378           | 360           |
| Development Bank of Southern Africa (DBSA)      | 3 139         | 2 559         |
| GTAC – Jobs Fund                                | 1 672         | 1 921         |
| DBSA – NT Infrastructure fund                   | -             | 1 803         |
| <b>Total</b>                                    | <b>65 021</b> | <b>66 359</b> |

### Government Pension Administration Agency (GPAA)

GPAA renders administrative services on behalf of the department with respect to Post-Retirement Medical Subsidies Military Pensions, Injury on Duty, Special Pensions and other pensions specified in the Administration Agreement. The department pays funds to GPAA for the administration services as a claim, which is reported in the principal agent note. The department made a transfer payment of R5.9 billion to GPAA in 2021/22 which was appropriated under programme 7 and these funds are reported on the statement of financial performance under *Transfer and Subsidies*. Furthermore, a breakdown of the household transfer is disclosed separately under Annexure 1G.

The resources that are under the custodian of GPAA is the payments made to the entity as a transfer to enable it to administer the Government Employee Pension Fund (GEPF) on behalf of the department.

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FOR THE YEAR ENDED 31 MARCH 2022

| PART B: EXPLANATORY NOTES

If the principal-agent relationship is terminated, the department will be responsible for a liability of R36.431 million which relates to pensions that still needs to be paid (R29.577 million) and voted funds of R6.853 million that is to be surrendered to the NRF.

## Government Technical Advisory Centre (GTAC)

GTAC manages the administration of technical assistance on behalf of the department relating to Neighbourhood Development Programme (NDP), Municipal Finance Improvement Programme (MFIP), Employment Creation Facilitation Fund sub-programme (ECFF) as well as Jobs Fund.

The department pays fees to GTAC for the administration services on NDP and Jobs Fund.

The department made an advance payment of R343.333 million to GTAC in 2021/22, made up of R180.755 million (NDP) and R162.578 million (MFIP). Additionally, a transfer grant payment of R596.768 million was made to Jobs fund and there were no advances paid for ECFF. A reconciliation of this amount is disclosed separately in the advances note (Note 11). GTAC discloses the remaining balances at year end as liabilities in its books.

If the principal-agent relationship is terminated, GTAC will pay back all the unspent funds to the department.

The resources that are under the custodian of GTAC is the payments made to the entity as advances and grants to enable it to administer the programs on behalf of the department.

## Development Bank of South Africa (DBSA)

The department entered into a Memorandum of Understanding (MoU) with DBSA which will support NT with the Cities Support Program (CSP), Project Preparation Fund (PPF) as well Infrastructure Fund (IF).

The department pays fees to DBSA for the administration services, which have been disclosed in the principal agent note. Fees were incurred only on the CSP for 2021/22.

The department made an advance payment of R275.989 million to DBSA in 2021/22, made up of R153.633 million (PPF), R80.156 million (IF) and R42.200 million (CSP). A reconciliation of this amount is disclosed separately in the Advances note (Note 11). DBSA discloses the remaining balances at year end as liabilities in the separate financial statements of the funds.

If the principal-agent relationship is terminated, DBSA will pay back all the unspent funds to the department.

The resources that are under the custodian of DBSA is the payments made to the entity as advances to enable it to administer the funds on behalf of the department.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

## 36. PRIOR PERIOD ERRORS

|   | NOTE | AMOUNT<br>BEF ERROR<br>CORRECTION | PRIOR PERIOD<br>ERROR | RESTATED<br>AMOUNT |
|---|------|-----------------------------------|-----------------------|--------------------|
|   |      | 2020/21                           | 2020/21               | 2020/21            |
|   |      | R'000                             | R'000                 | R'000              |
| <b>Other:</b>                             |      |                                   |                       |                    |
| <b>Irregular expenditure:</b>             |      |                                   |                       |                    |
| Municipal Finance Improvement Programme   | 35   | 3 310                             | 1 821                 | 5 131              |
| Masana                                    | 35   | 114                               | (114)                 | -                  |
| Moongate                                  | 35   | 95                                | (95)                  | -                  |
| Dimension Data                            | 35   | 11 871                            | (11 871)              | -                  |
| ESRI                                      | 35   | 14                                | (14)                  | -                  |
| <b>Net effect</b>                         |      | <b>15 404</b>                     | <b>(10 273)</b>       | <b>5 131</b>       |
| <b>Advances paid:</b>                     |      |                                   |                       |                    |
| Public Entities                           |      | 13 999                            | (2 061)               | 11 938             |
| National Departments                      |      | 183 554                           | 2 061                 | 185 615            |
| <b>Accrued Departmental Revenue</b>       |      | 81                                | (81)                  | -                  |
| <b>Fruitless and wasteful Expenditure</b> |      | 333 335                           | (333 335)             | -                  |
| <b>Intangible Capital Assets</b>          |      | 544 342                           | (394 241)             | 150 101            |
| <b>Net effect</b>                         |      | <b>1 075 311</b>                  | <b>(727 657)</b>      | <b>347 654</b>     |

Investigations conducted by Internal Audit on the irregular expenditure reported in 2020/21 indicated that expenditure for Masana, Moongate and ESRI doesn't mean the criteria to be recognised as irregular but rather as non-compliance. The report further highlighted that the Irregularities for Dimension Data cannot be confirmed as the department has sufficient budget to cover the costs. An amount of R2 061' was erroneously deducted under National Departments instead of Public Entities on Note 14,4 in 2020/21, this was corrected which changed the opening balances on classification, however overall balance remains the same. An amount of R81' was incorrectly disclosed under Transfers received instead of Transactions in financial assets and liabilities in 2020/21. The error was correct on prior year figures; net effect is 0.

Prior period error was raised on fruitless and wasteful expenditure, refer to note 26 for more detail .

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## 37. CHANGE IN ACCOUNTING POLICY

The accounting policy on revenue was amended in the current financial year to include the reporting of statutory appropriation from 2021/22, which is a change from prior years as the department has not reported statutory appropriation in its financial statements but rather at consolidation level. The change will be implemented retrospectively.

Line Items affected by accounting policy change:  
 Appropriation Statement : Statutory Appropriation  
 Note 9: Transfer and Subsidies  
 Note 2: Statutory Appropriation  
 PER: Statutory Appropriation  
 PER : Transfer and Subsidies  
 CFS: Statutory Appropriation

|                               |                                    |                              | 2021/22                      | 2020/21                      |
|-------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|
| VALUE BEFORE CHANGE IN POLICY | R-VALUE IMPACT OF CHANGE IN POLICY | VALUE AFTER CHANGE IN POLICY | VALUE AFTER CHANGE IN POLICY | VALUE AFTER CHANGE IN POLICY |
| R'000                         | R'000                              | R'000                        | R'000                        | R'000                        |
| -                             | 559 522 239                        | 559 522 239                  | 534 888 265                  |                              |
| 27 894 184                    | 559 522 239                        | 587 186 423                  | 558 430 061                  |                              |
| -                             | 559 522 239                        | 559 522 239                  | 534 888 265                  |                              |
| -                             | 559 522 239                        | 559 522 239                  | 534 888 265                  |                              |
| 27 894 184                    | 559 522 239                        | 587 186 423                  | 558 430 061                  |                              |
| -                             | 559 522 239                        | 559 522 239                  | 534 888 265                  |                              |

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PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

## 37. STATEMENT OF CONDITIONAL GRANTS RECEIVED

| NAME OF GRANT  | GRANT ALLOCATION                           |            |                  |                   |                  |                               | SPENT                      |                         |  |                         | 2020/21                    |  |
|--|--|------------|------------------|-------------------|------------------|-------------------------------|----------------------------|-------------------------|--|-------------------------|----------------------------|--|
|  | DIVISION OF REVENUE ACT/ PROVINCIAL GRANTS | ROLL OVERS | DORA ADJUSTMENTS | OTHER ADJUSTMENTS | TOTAL AVAILABLE  | AMOUNT RECEIVED BY DEPARTMENT | AMOUNT SPENT BY DEPARTMENT | UNDER / (OVER-SPENDING) | % 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              | 552 061                                    | -          | -                | -                 | 552 061          | 552 061                       | 552 061                    | -                       | 100%                                     | 544 862                 | 544 862                    |  |
| Infrastructure Skills Development grant – municipalities | 155 217                                    | -          | -                | -                 | 155 217          | 155 217                       | 155 217                    | -                       | 100%                                     | 143 860                 | 143 860                    |  |
| Neighbourhood Development Partnership grant              | 566 611                                    | -          | -                | 751 000           | 1 317 611        | 1 317 611                     | 1 317 611                  | -                       | 100%                                     | 479 417                 | 479 417                    |  |
| Integrated Cities Development Grant                      | -  | -          | -                | -                 | -                | -                             | -                          | -                       | -  | 313 722                 | 313 722                    |  |
| Indirect Grant-Neighbourhood Development Partnership     | 90 755                                     | -          | -                | 90 000            | 180 755          | 180 755                       | 180 755                    | -                       | 100%                                     | 60 626                  | 60 626                     |  |
| Programme and Project Preparation Support Grant          | 341 312                                    | -          | -                | -                 | 341 312          | 341 312                       | 341 312                    | -                       | 100%                                     | -                       | -                          |  |
| <b>TOTAL</b>   | <b>1 705 956</b>                           | <b>-</b>   | <b>-</b>         | <b>841 000</b>    | <b>2 546 956</b> | <b>2 546 956</b>              | <b>2 546 956</b>           | <b>-</b>                |  | <b>1 542 487</b>        | <b>1 542 487</b>           |  |

## 38. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY                    | 2021/22                  |            |             |                 |       | TRANSFER        |                |  | 2020/21                 |                 |
|---|--------------------------|------------|-------------|-----------------|-------|-----------------|----------------|--|-------------------------|-----------------|
|   | GRANT ALLOCATION         |            |             |                 |       | ACTUAL TRANSFER | FUNDS WITHHELD | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |
|   | DORA AND OTHER TRANSFERS | ROLL OVERS | ADJUSTMENTS | TOTAL AVAILABLE | R'000 |                 |                |  |                         |                 |
|   | R'000                    | R'000      | R'000       | R'000           | R'000 | R'000           | R'000          | R'000  | R'000                   | R'000           |
| IKai lGarib                             | 3 000                    | -          | -           | 3 000           | 3 000 | 3 000           | -              | -  | 3 000                   | 3 000           |
| IKheis                                  | 3 000                    | -          | -           | 3 000           | 3 000 | 3 000           | -              | -  | 3 000                   | 3 000           |
| AbaQulusi                               | 2 650                    | -          | -           | 2 650           | 2 650 | 2 650           | -              | -  | 2 600                   | 2 600           |
| Alfred Duma                             | 1 950                    | -          | -           | 1 950           | 1 950 | 1 950           | -              | -  | 2 000                   | 2 000           |
| Alfred Nzo District Municipality        | 1 950                    | -          | -           | 1 950           | 1 950 | 1 950           | -              | -  | 1 700                   | 1 700           |
| Amahlathi                               | 2 100                    | -          | -           | 2 100           | 2 100 | 2 100           | -              | -  | 2 200                   | 2 200           |
| Amajuba District Municipality           | 2 550                    | -          | -           | 2 550           | 2 550 | 2 550           | -              | -  | 2 400                   | 2 400           |
| Amathole District Municipality          | 1 200                    | -          | -           | 1 200           | 1 200 | 1 200           | -              | -  | 1 000                   | 1 000           |
| Ba-Phalaborwa                           | 3 100                    | -          | -           | 3 100           | 3 100 | 3 100           | -              | -  | 3 000                   | 3 000           |
| Beaufort West                           | 1 914                    | -          | -           | 1 914           | 1 914 | 1 914           | -              | -  | 1 700                   | 1 700           |
| Bela-Bela                               | 1 650                    | -          | -           | 1 650           | 1 650 | 1 650           | -              | -  | 1 700                   | 1 700           |
| Bergvliet                               | 1 550                    | -          | -           | 1 550           | 1 550 | 1 550           | -              | -  | 1 550                   | 1 550           |
| Big Five Hlabisa                        | 2 550                    | -          | -           | 2 550           | 2 550 | 2 550           | -              | -  | 2 500                   | 2 500           |
| Bitou                                   | 1 550                    | -          | -           | 1 550           | 1 550 | 1 550           | -              | -  | 1 550                   | 1 550           |
| Blouberg                                | 2 400                    | -          | -           | 2 400           | 2 400 | 2 400           | -              | -  | 2 500                   | 2 500           |
| Blue Crane Route                        | 2 450                    | -          | -           | 2 450           | 2 450 | 2 450           | -              | -  | 2 500                   | 2 500           |
| Bojanala Platinum District Municipality | 1 650                    | -          | -           | 1 650           | 1 650 | 1 650           | -              | -  | 1 400                   | 1 400           |
| Breede Valley                           | 1 550                    | -          | -           | 1 550           | 1 550 | 1 550           | -              | -  | 1 550                   | 1 550           |
| Buffalo City                            | 1 000                    | -          | -           | 1 000           | 1 000 | 1 000           | -              | -  | 1 000                   | 1 000           |

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PART B: EXPLANATORY NOTES

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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| NAME OF MUNICIPALITY                 | 2021/22          |             |                 |                 |                | 2020/21  |                         |                 |
|--------------------------------------|------------------|-------------|-----------------|-----------------|----------------|--|-------------------------|-----------------|
|                                      | GRANT ALLOCATION |             | TOTAL AVAILABLE | TRANSFER        |                | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |
|                                      | ROLL OVERS       | ADJUSTMENTS |                 | ACTUAL TRANSFER | FUNDS WITHHELD |  |                         |                 |
| R'000                                | R'000            | R'000       | R'000           | R'000           | R'000          | R'000  | R'000                   |                 |
| Bushbuckridge                        | 2 650            | -           | 2 650           | 2 650           | -              | -  | 2 600                   | 2 600           |
| Cape Agulhas                         | 1 550            | -           | 1 550           | 1 550           | -              | -  | 1 550                   | 1 550           |
| Cape Winelands District Municipality | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| Capricorn District Municipality      | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| Cederberg                            | 2 023            | -           | 2 023           | 2 023           | -              | -  | 2 011                   | 2 011           |
| Central Karoo District Municipality  | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| Chief Albert Luthuli                 | 2 000            | -           | 2 000           | 2 000           | -              | -  | 2 000                   | 2 000           |
| Chris Hani District Municipality     | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| City of Cape Town                    | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| City of Johannesburg                 | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| City of Matielosa                    | 3 100            | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           |
| City of Mbombela                     | 2 550            | -           | 2 550           | 2 550           | -              | -  | 2 500                   | 2 500           |
| City of Tshwane                      | 2 100            | -           | 2 100           | 2 100           | -              | -  | 2 000                   | 2 000           |
| Collins Chabane                      | 2 450            | -           | 2 450           | 2 450           | -              | -  | 2 300                   | 2 300           |
| Dannhauser                           | 1 850            | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           |
| Dawid Kruiper                        | 3 000            | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           |
| Dihlabeng                            | 2 650            | -           | 2 650           | 2 650           | -              | -  | 2 500                   | 2 500           |
| Dikgatlong                           | 3 000            | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           |
| Dipaleseng                           | 2 800            | -           | 2 800           | 2 800           | -              | -  | 2 600                   | 2 600           |
| Ditsobotla                           | 3 100            | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           |
| Dr Beyers Naude                      | 3 100            | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           |
| Dr JS Moroka                         | 2 450            | -           | 2 450           | 2 450           | -              | -  | 2 600                   | 2 600           |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## 38. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY                            | 2021/22                  |            |             |                 |                 |                | 2020/21  |                         |                 |       |
|---|--------------------------|------------|-------------|-----------------|-----------------|----------------|--|-------------------------|-----------------|-------|
|   | GRANT ALLOCATION         |            |             | TRANSFER        |                 |                | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |       |
|   | 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 |
| Dr Kenneth Kaunda District Municipality         | 1 000                    | -          | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           | 1 000 |
| Dr Nkosazana Dlamini Zuma                       | 1 950                    | -          | -           | 1 950           | 1 950           | -              | -  | 2 000                   | 2 000           | 2 000 |
| Dr Pixley ka Isaka Seme                         | 2 450                    | -          | -           | 2 450           | 2 450           | -              | -  | 2 600                   | 2 600           | 2 600 |
| Dr Ruth Segomotsi Mompati District Municipality | 2 100                    | -          | -           | 2 100           | 2 100           | -              | -  | 2 200                   | 2 200           | 2 200 |
| Drakenstein                                     | 1 550                    | -          | -           | 1 550           | 1 550           | -              | -  | 1 550                   | 1 550           | 1 550 |
| eDumbe  | 2 900                    | -          | -           | 2 900           | 2 900           | -              | -  | 2 800                   | 2 800           | 2 800 |
| Ehlanzeni District Municipality                 | 1 000                    | -          | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           | 1 000 |
| Ekurhuleni                                      | 1 000                    | -          | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           | 1 000 |
| Elias Motsoaledi                                | 2 650                    | -          | -           | 2 650           | 2 650           | -              | -  | 2 600                   | 2 600           | 2 600 |
| Elundini  | 1 650                    | -          | -           | 1 650           | 1 650           | -              | -  | 1 700                   | 1 700           | 1 700 |
| eMadlangeni                                     | 2 850                    | -          | -           | 2 850           | 2 850           | -              | -  | 2 800                   | 2 800           | 2 800 |
| Emakhazeni                                      | 2 900                    | -          | -           | 2 900           | 2 900           | -              | -  | 2 800                   | 2 800           | 2 800 |
| Emalahleni(EC)                                  | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Emalahleni(MP)                                  | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Emfuleni  | 2 100                    | -          | -           | 2 100           | 2 100           | -              | -  | 2 000                   | 2 000           | 2 000 |
| Emthanjeni                                      | 1 700                    | -          | -           | 1 700           | 1 700           | -              | -  | 1 700                   | 1 700           | 1 700 |
| eNdameni  | 2 100                    | -          | -           | 2 100           | 2 100           | -              | -  | 2 200                   | 2 200           | 2 200 |
| Engcobo   | 1 700                    | -          | -           | 1 700           | 1 700           | -              | -  | 1 700                   | 1 700           | 1 700 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

| NAME OF MUNICIPALITY                | 2021/22          |             |                 |                 |                | 2020/21  |                         |                 |
|-------------------------------------|------------------|-------------|-----------------|-----------------|----------------|--|-------------------------|-----------------|
|                                     | GRANT ALLOCATION |             | TOTAL AVAILABLE | ACTUAL TRANSFER | FUNDS WITHHELD | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |
|                                     | ROLL OVERS       | ADJUSTMENTS |                 |                 |                |  |                         |                 |
| DORA AND OTHER TRANSFERS            | R'000            | R'000       | R'000           | R'000           | R'000          | R'000  | R'000                   |                 |
| Enoch Mgijima                       | 3 100            | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           |
| Ephraim Mogale                      | 3 100            | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           |
| eThekweni                           | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| Fetakgomo-Tubatse                   | 2 400            | -           | 2 400           | 2 400           | -              | -  | 2 500                   | 2 500           |
| Fezile Dabi District Municipality   | 1 200            | -           | 1 200           | 1 200           | -              | -  | 1 000                   | 1 000           |
| Frances Baard District Municipality | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| Gamagara                            | 2 000            | -           | 2 000           | 2 000           | -              | -  | 1 700                   | 1 700           |
| Garden Route District Municipality  | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| Ga-Segonyana                        | 3 100            | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           |
| George                              | 1 550            | -           | 1 550           | 1 550           | -              | -  | 1 550                   | 1 550           |
| Gert Sibande District Municipality  | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           |
| Govan Mbeki                         | 2 100            | -           | 2 100           | 2 100           | -              | -  | 2 000                   | 2 000           |
| Great Kei                           | 2 450            | -           | 2 450           | 2 450           | -              | -  | 2 400                   | 2 400           |
| Greater Giyani                      | 2 200            | -           | 2 200           | 2 200           | -              | -  | 2 000                   | 2 000           |
| Greater Kokstad                     | 1 750            | -           | 1 750           | 1 750           | -              | -  | 1 800                   | 1 800           |
| Greater Letaba                      | 2 000            | -           | 2 000           | 2 000           | -              | -  | 2 000                   | 2 000           |
| Greater Taung                       | 3 100            | -           | 3 100           | 3 100           | -              | -  | 3 300                   | 3 300           |
| Greater Tzaneen                     | 2 000            | -           | 2 000           | 2 000           | -              | -  | 2 000                   | 2 000           |
| Hantam                              | 1 920            | -           | 1 920           | 1 920           | -              | -  | 1 900                   | 1 900           |
| Harry Gwala District Municipality   | 1 200            | -           | 1 200           | 1 200           | -              | -  | 1 000                   | 1 000           |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## 38. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY                      | 2021/22                  |            |             |                 |                 |                | 2020/21  |                         |                 |       |
|---|--------------------------|------------|-------------|-----------------|-----------------|----------------|--|-------------------------|-----------------|-------|
|   | GRANT ALLOCATION         |            |             | TRANSFER        |                 |                | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |       |
|   | 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 |
| Hessequa                                  | 1 550                    | -          | -           | 1 550           | 1 550           | -              | -  | 1 550                   | 1 550           | 1 550 |
| iLembe District Municipality              | 1 000                    | -          | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           | 1 000 |
| iMpindle                                  | 2 200                    | -          | -           | 2 200           | 2 200           | -              | -  | 2 300                   | 2 300           | 2 300 |
| iNkosi Langalibalele                      | 2 100                    | -          | -           | 2 100           | 2 100           | -              | -  | 2 000                   | 2 000           | 2 000 |
| Intsika Yethu                             | 2 100                    | -          | -           | 2 100           | 2 100           | -              | -  | 2 000                   | 2 000           | 2 000 |
| Inxuba Yethemba                           | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Joe Gqabi District Municipality           | 1 500                    | -          | -           | 1 500           | 1 500           | -              | -  | 1 500                   | 1 500           | 1 500 |
| Joe Morolong                              | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           | 3 000 |
| John Taolo Gaetsewe District Municipality | 1 000                    | -          | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           | 1 000 |
| Jozini                                    | 2 850                    | -          | -           | 2 850           | 2 850           | -              | -  | 2 800                   | 2 800           | 2 800 |
| Kagisano-Molopo                           | 2 850                    | -          | -           | 2 850           | 2 850           | -              | -  | 2 900                   | 2 900           | 2 900 |
| Kamiesberg                                | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Kannaland                                 | 2 811                    | -          | -           | 2 811           | 2 811           | -              | -  | 2 647                   | 2 647           | 2 647 |
| Kareeberg                                 | 2 650                    | -          | -           | 2 650           | 2 650           | -              | -  | 2 800                   | 2 800           | 2 800 |
| Karoo Hoogland                            | 2 650                    | -          | -           | 2 650           | 2 650           | -              | -  | 2 800                   | 2 800           | 2 800 |
| Kgatelopele                               | 2 850                    | -          | -           | 2 850           | 2 850           | -              | -  | 2 800                   | 2 800           | 2 800 |
| Kgetlengrivier                            | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Khâi-Ma                                   | 2 900                    | -          | -           | 2 900           | 2 900           | -              | -  | 2 800                   | 2 800           | 2 800 |
| King Cetshwayo District Municipality      | 1 200                    | -          | -           | 1 200           | 1 200           | -              | -  | 1 200                   | 1 200           | 1 200 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

| NAME OF MUNICIPALITY                | 2021/22                  |            |             |                 |                 | 2020/21  |                         |                 |
|-------------------------------------|--------------------------|------------|-------------|-----------------|-----------------|--|-------------------------|-----------------|
|                                     | GRANT ALLOCATION         |            | TRANSFER    |                 |                 | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |
|                                     | DORA AND OTHER TRANSFERS | ROLL OVERS | ADJUSTMENTS | TOTAL AVAILABLE | ACTUAL TRANSFER |  |                         |                 |
| R'000                               | R'000                    | R'000      | R'000       | R'000           | R'000           | R'000  | R'000                   |                 |
| King Sabata Dalindyebo              | 2 650                    | -          | -           | 2 650           | 2 650           | -  | 2 500                   | 2 500           |
| Knysna                              | 1 550                    | -          | -           | 1 550           | 1 550           | -  | 1 550                   | 1 550           |
| Kopanong                            | 2 200                    | -          | -           | 2 200           | 2 200           | -  | 2 000                   | 2 000           |
| Kouga                               | 1 720                    | -          | -           | 1 720           | 1 720           | -  | 1 500                   | 1 500           |
| Kou-Kamma                           | 2 650                    | -          | -           | 2 650           | 2 650           | -  | 2 800                   | 2 800           |
| KwaDukuza                           | 1 750                    | -          | -           | 1 750           | 1 750           | -  | 1 800                   | 1 800           |
| Laiingsburg                         | 1 750                    | -          | -           | 1 750           | 1 750           | -  | 1 800                   | 1 800           |
| Langeberg                           | 1 550                    | -          | -           | 1 550           | 1 550           | -  | 1 550                   | 1 550           |
| Lejweleputswa District Municipality | 1 000                    | -          | -           | 1 000           | 1 000           | -  | 1 000                   | 1 000           |
| Lekwa                               | 2 650                    | -          | -           | 2 650           | 2 650           | -  | 2 600                   | 2 600           |
| Lekwa-Teemane                       | 3 100                    | -          | -           | 3 100           | 3 100           | -  | 3 000                   | 3 000           |
| Lepele-Nkumpi                       | 2 000                    | -          | -           | 2 000           | 2 000           | -  | 2 000                   | 2 000           |
| Lephalale                           | 1 650                    | -          | -           | 1 650           | 1 650           | -  | 1 700                   | 1 700           |
| Lesedi                              | 1 750                    | -          | -           | 1 750           | 1 750           | -  | 1 550                   | 1 550           |
| Letsemeng                           | 2 850                    | -          | -           | 2 850           | 2 850           | -  | 2 800                   | 2 800           |
| Madibeng                            | 2 800                    | -          | -           | 2 800           | 2 800           | -  | 2 600                   | 2 600           |
| Mafikeng                            | 3 100                    | -          | -           | 3 100           | 3 100           | -  | 3 000                   | 3 000           |
| Mafube                              | 3 100                    | -          | -           | 3 100           | 3 100           | -  | 3 000                   | 3 000           |
| Magareng                            | 2 850                    | -          | -           | 2 850           | 2 850           | -  | 2 800                   | 2 800           |
| Makana                              | 3 000                    | -          | -           | 3 000           | 3 000           | -  | 3 000                   | 3 000           |
| Makhado                             | 1 850                    | -          | -           | 1 850           | 1 850           | -  | 1 700                   | 1 700           |
| Makhuduthamaga                      | 1 650                    | -          | -           | 1 650           | 1 650           | -  | 1 700                   | 1 700           |
| Maluti-a-Phofung                    | 3 100                    | -          | -           | 3 100           | 3 100           | -  | 3 000                   | 3 000           |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## 38. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY | 2021/22                  |            |             |                 |                 |                | 2020/21  |                         |                 |       |
|----------------------|--------------------------|------------|-------------|-----------------|-----------------|----------------|--|-------------------------|-----------------|-------|
|                      | GRANT ALLOCATION         |            |             | TRANSFER        |                 |                | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |       |
|                      | 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 |
| Mamusa               | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 300                   | 3 300           | 3 300 |
| Mandeni              | 1 850                    | -          | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900 |
| Mangaung             | 2 100                    | -          | -           | 2 100           | 2 100           | -              | -  | 2 200                   | 2 200           | 2 200 |
| Mantsopa             | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Maphumulo            | 1 850                    | -          | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900 |
| Maquassi Hills       | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Maruleng             | 1 850                    | -          | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900 |
| Masilonyana          | 2 450                    | -          | -           | 2 450           | 2 450           | -              | -  | 2 400                   | 2 400           | 2 400 |
| Matatiele            | 1 650                    | -          | -           | 1 650           | 1 650           | -              | -  | 1 700                   | 1 700           | 1 700 |
| Matjhabeng           | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Matzikama            | 1 550                    | -          | -           | 1 550           | 1 550           | -              | -  | 1 550                   | 1 550           | 1 550 |
| Mbhashe              | 1 720                    | -          | -           | 1 720           | 1 720           | -              | -  | 1 700                   | 1 700           | 1 700 |
| Mbizana              | 2 000                    | -          | -           | 2 000           | 2 000           | -              | -  | 2 000                   | 2 000           | 2 000 |
| Merafong City        | 2 550                    | -          | -           | 2 550           | 2 550           | -              | -  | 2 500                   | 2 500           | 2 500 |
| Metsimaholo          | 2 650                    | -          | -           | 2 650           | 2 650           | -              | -  | 2 500                   | 2 500           | 2 500 |
| Mhlontlo             | 2 300                    | -          | -           | 2 300           | 2 300           | -              | -  | 2 400                   | 2 400           | 2 400 |
| Midvaal              | 1 550                    | -          | -           | 1 550           | 1 550           | -              | -  | 1 550                   | 1 550           | 1 550 |
| Mkhambathini         | 2 850                    | -          | -           | 2 850           | 2 850           | -              | -  | 2 800                   | 2 800           | 2 800 |
| Mkhondo              | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           | 3 000 |
| Mnquma               | 1 850                    | -          | -           | 1 850           | 1 850           | -              | -  | 1 700                   | 1 700           | 1 700 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

| NAME OF MUNICIPALITY          | 2021/22                  |            |                 |             |                 | 2020/21  |                         |                 |
|-------------------------------|--------------------------|------------|-----------------|-------------|-----------------|--|-------------------------|-----------------|
|                               | GRANT ALLOCATION         |            | TOTAL AVAILABLE | TRANSFER    |                 | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |
|                               | DORA AND OTHER TRANSFERS | ROLL OVERS |                 | ADJUSTMENTS | ACTUAL TRANSFER |  |                         |                 |
| R'000                         | R'000                    | R'000      | R'000           | R'000       | R'000           | R'000  | R'000                   |                 |
| Modimolle-Mookgophong         | 2 600                    | -          | -               | 2 600       | 2 600           | -  | 2 500                   | 2 500           |
| Mogalakwena                   | 1 950                    | -          | -               | 1 950       | 1 950           | -  | 1 700                   | 1 700           |
| Mogale City                   | 1 550                    | -          | -               | 1 550       | 1 550           | -  | 1 550                   | 1 550           |
| Mohokare                      | 2 850                    | -          | -               | 2 850       | 2 850           | -  | 2 800                   | 2 800           |
| Molemole                      | 2 300                    | -          | -               | 2 300       | 2 300           | -  | 2 400                   | 2 400           |
| Mopani District Municipality  | 2 900                    | -          | -               | 2 900       | 2 900           | -  | 2 700                   | 2 700           |
| Moghaka                       | 2 200                    | -          | -               | 2 200       | 2 200           | -  | 2 000                   | 2 000           |
| Moretele                      | 2 850                    | -          | -               | 2 850       | 2 850           | -  | 3 000                   | 3 000           |
| Moses Kotane                  | 1 850                    | -          | -               | 1 850       | 1 850           | -  | 1 700                   | 1 700           |
| Mossel Bay                    | 1 550                    | -          | -               | 1 550       | 1 550           | -  | 1 550                   | 1 550           |
| Mpofana                       | 2 900                    | -          | -               | 2 900       | 2 900           | -  | 2 800                   | 2 800           |
| Msukaligwa                    | 3 000                    | -          | -               | 3 000       | 3 000           | -  | 3 000                   | 3 000           |
| Msunduzi                      | 1 900                    | -          | -               | 1 900       | 1 900           | -  | 1 700                   | 1 700           |
| Mthonjaneni                   | 2 650                    | -          | -               | 2 650       | 2 650           | -  | 2 800                   | 2 800           |
| Mtubatuba                     | 1 920                    | -          | -               | 1 920       | 1 920           | -  | 1 900                   | 1 900           |
| Musina                        | 2 850                    | -          | -               | 2 850       | 2 850           | -  | 2 700                   | 2 700           |
| Nala                          | 3 100                    | -          | -               | 3 100       | 3 100           | -  | 3 000                   | 3 000           |
| Naledi                        | 2 550                    | -          | -               | 2 550       | 2 550           | -  | 2 600                   | 2 600           |
| Nama Khoi                     | 3 000                    | -          | -               | 3 000       | 3 000           | -  | 3 000                   | 3 000           |
| Namakwa District Municipality | 2 000                    | -          | -               | 2 000       | 2 000           | -  | 2 200                   | 2 200           |
| Ndlambe                       | 2 650                    | -          | -               | 2 650       | 2 650           | -  | 2 800                   | 2 800           |
| Ndwedwe                       | 3 000                    | -          | -               | 3 000       | 3 000           | -  | 2 800                   | 2 800           |
| Nelson Mandela Bay            | 1 000                    | -          | -               | 1 000       | 1 000           | -  | 1 000                   | 1 000           |
| Newcastle                     | 1 650                    | -          | -               | 1 650       | 1 650           | -  | 1 700                   | 1 700           |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## 38. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY                      | 2021/22                  |            |             |                 |                 | 2020/21  |                         |                 |                |
|---|--------------------------|------------|-------------|-----------------|-----------------|--|-------------------------|-----------------|----------------|
|   | GRANT ALLOCATION         |            | TRANSFER    |                 |                 | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |                |
|   | 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           |                |
| Ngaka Modiri Molema District Municipality | 2 850                    | -          | -           | 2 850           | 2 850           | -  | -                       | 2 700           | 2 700          |
| Ngqushwa                                  | 3 000                    | -          | -           | 3 000           | 3 000           | -  | -                       | 3 000           | 3 000          |
| Ngquza Hill                               | 1 650                    | -          | -           | 1 650           | 1 650           | -  | -                       | 1 700           | 1 700          |
| Ngwathe                                   | 3 000                    | -          | -           | 3 000           | 3 000           | -  | -                       | 3 000           | 3 000          |
| Nkandla                                   | 2 650                    | -          | -           | 2 650           | 2 650           | -  | -                       | 2 800           | 2 800          |
| Nkangala District Municipality            | 1 000                    | -          | -           | 1 000           | 1 000           | -  | -                       | 1 000           | 1 000          |
| Nketoana                                  | 2 650                    | -          | -           | 2 650           | 2 650           | -  | -                       | 2 500           | 2 500          |
| Nkomazi                                   | 1 770                    | -          | -           | 1 770           | 1 770           | -  | -                       | 1 700           | 1 700          |
| Nongoma                                   | 1 920                    | -          | -           | 1 920           | 1 920           | -  | -                       | 1 900           | 1 900          |
| Nquthu                                    | 1 850                    | -          | -           | 1 850           | 1 850           | -  | -                       | 1 900           | 1 900          |
| Ntabankulu                                | 2 650                    | -          | -           | 2 650           | 2 650           | -  | -                       | 2 800           | 2 800          |
| Nyandeni                                  | 1 650                    | -          | -           | 1 650           | 1 650           | -  | -                       | 1 700           | 1 700          |
| O.R. Tambo District Municipality          | 2 000                    | -          | -           | 2 000           | 2 000           | -  | -                       | 2 000           | 2 000          |
| Okhahlamba                                | 1 850                    | -          | -           | 1 850           | 1 850           | -  | -                       | 1 900           | 1 900          |
| Oudtshoorn                                | 2 663                    | -          | -           | 2 663           | 2 663           | -  | -                       | 2 517           | 2 517          |
| Overberg District Municipality            | 1 000                    | -          | -           | 1 000           | 1 000           | -  | -                       | 1 000           | 1 000          |
| Overstrand                                | 1 550                    | -          | -           | 1 550           | 1 550           | -  | -                       | 1 550           | 1 550          |
| Phokwane                                  | 3 000                    | -          | -           | 3 000           | 3 000           | -  | -                       | 3 000           | 3 000          |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

| NAME OF MUNICIPALITY                 | 2021/22                  |            |                 |             |                 | 2020/21  |                         |                 |
|--------------------------------------|--------------------------|------------|-----------------|-------------|-----------------|--|-------------------------|-----------------|
|                                      | GRANT ALLOCATION         |            | TOTAL AVAILABLE | TRANSFER    |                 | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |
|                                      | DORA AND OTHER TRANSFERS | ROLL OVERS |                 | ADJUSTMENTS | ACTUAL TRANSFER |  |                         |                 |
| R'000                                | R'000                    | R'000      | R'000           | R'000       | R'000           | R'000  | R'000                   |                 |
| Phumelela                            | 3 100                    | -          | -               | 3 100       | 3 100           | -  | 3 000                   | 3 000           |
| Pixley Ka Seme District Municipality | 1 650                    | -          | -               | 1 650       | 1 650           | -  | 1 500                   | 1 500           |
| Polokwane                            | 2 400                    | -          | -               | 2 400       | 2 400           | -  | 2 500                   | 2 500           |
| Port St Johns                        | 2 650                    | -          | -               | 2 650       | 2 650           | -  | 2 800                   | 2 800           |
| Prince Albert                        | 1 650                    | -          | -               | 1 650       | 1 650           | -  | 1 700                   | 1 700           |
| Ramotshere Moiloa                    | 2 200                    | -          | -               | 2 200       | 2 200           | -  | 2 000                   | 2 000           |
| Rand West City                       | 2 200                    | -          | -               | 2 200       | 2 200           | -  | 2 000                   | 2 000           |
| Ratlou                               | 1 850                    | -          | -               | 1 850       | 1 850           | -  | 1 900                   | 1 900           |
| Ray Nkonyeni                         | 1 950                    | -          | -               | 1 950       | 1 950           | -  | 2 000                   | 2 000           |
| Raymond Mhlaba                       | 2 600                    | -          | -               | 2 600       | 2 600           | -  | 2 500                   | 2 500           |
| Renosterberg                         | 3 000                    | -          | -               | 3 000       | 3 000           | -  | 3 000                   | 3 000           |
| Richmond                             | 1 850                    | -          | -               | 1 850       | 1 850           | -  | 1 900                   | 1 900           |
| Richtersveld                         | 2 650                    | -          | -               | 2 650       | 2 650           | -  | 2 800                   | 2 800           |
| Rustenburg                           | 1 650                    | -          | -               | 1 650       | 1 650           | -  | 1 700                   | 1 700           |
| Sakhisizwe                           | 1 700                    | -          | -               | 1 700       | 1 700           | -  | 1 700                   | 1 700           |
| Saldanha Bay                         | 1 550                    | -          | -               | 1 550       | 1 550           | -  | 1 550                   | 1 550           |
| Sarah Baartman District Municipality | 1 000                    | -          | -               | 1 000       | 1 000           | -  | 1 000                   | 1 000           |
| Sedibeng District Municipality       | 1 200                    | -          | -               | 1 200       | 1 200           | -  | 1 000                   | 1 000           |
| Sekhukhune District Municipality     | 2 300                    | -          | -               | 2 300       | 2 300           | -  | 2 200                   | 2 200           |
| Senqu                                | 1 650                    | -          | -               | 1 650       | 1 650           | -  | 1 700                   | 1 700           |
| Setseto                              | 2 100                    | -          | -               | 2 100       | 2 100           | -  | 2 000                   | 2 000           |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## 38. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY                     | 2021/22                  |            |             |                 |                 |                | 2020/21  |                         |                 |
|--|--------------------------|------------|-------------|-----------------|-----------------|----------------|--|-------------------------|-----------------|
|  | GRANT ALLOCATION         |            |             | TRANSFER        |                 |                | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |
|  | 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                   |                 |
| Siyancuma                                | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           |
| Siyathemba                               | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           |
| SolPlaatjje                              | 1 650                    | -          | -           | 1 650           | 1 650           | -              | -  | 1 700                   | 1 700           |
| Stellenbosch                             | 1 550                    | -          | -           | 1 550           | 1 550           | -              | -  | 1 550                   | 1 550           |
| Steve Tshwete                            | 1 650                    | -          | -           | 1 650           | 1 650           | -              | -  | 1 700                   | 1 700           |
| Sundays River Valley                     | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           |
| Swartland                                | 1 550                    | -          | -           | 1 550           | 1 550           | -              | -  | 1 550                   | 1 550           |
| Swellendam                               | 1 720                    | -          | -           | 1 720           | 1 720           | -              | -  | 1 770                   | 1 770           |
| Thaba Chweu                              | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           |
| Thabazimbi                               | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           |
| Thabo Mofutsanyana District Municipality | 2 300                    | -          | -           | 2 300           | 2 300           | -              | -  | 2 000                   | 2 000           |
| Theewaterskloof                          | 1 650                    | -          | -           | 1 650           | 1 650           | -              | -  | 1 700                   | 1 700           |
| Thembelihle                              | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           |
| Thembisile Hani                          | 1 720                    | -          | -           | 1 720           | 1 720           | -              | -  | 1 700                   | 1 700           |
| Thulamela                                | 1 650                    | -          | -           | 1 650           | 1 650           | -              | -  | 1 700                   | 1 700           |
| Tokologo                                 | 2 850                    | -          | -           | 2 850           | 2 850           | -              | -  | 2 800                   | 2 800           |
| Tsantsabane                              | 3 000                    | -          | -           | 3 000           | 3 000           | -              | -  | 3 000                   | 3 000           |
| Tswaing                                  | 3 100                    | -          | -           | 3 100           | 3 100           | -              | -  | 3 000                   | 3 000           |
| Tswelopele                               | 2 100                    | -          | -           | 2 100           | 2 100           | -              | -  | 1 900                   | 1 900           |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES

FOR THE YEAR ENDED 31 MARCH 2022

| NAME OF MUNICIPALITY                | 2021/22          |             |                 |                 |                | TRANSFER   |                         |                 | 2020/21 |       |
|-------------------------------------|------------------|-------------|-----------------|-----------------|----------------|--|-------------------------|-----------------|---------|-------|
|                                     | GRANT ALLOCATION |             | TOTAL AVAILABLE | ACTUAL TRANSFER | FUNDS WITHHELD | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |         |       |
|                                     | ROLL OVERS       | ADJUSTMENTS |                 |                 |                |  |                         |                 | R'000   | R'000 |
| DORA AND OTHER TRANSFERS            | R'000            | R'000       | R'000           | R'000           | R'000          | R'000  | R'000                   | R'000           | R'000   | R'000 |
| uBuhlebezwe                         | 1 920            | -           | 1 920           | 1 920           | -              | -  | 1 900                   | 1 900           | 1 900   | 1 900 |
| Ubuntu                              | 2 800            | -           | 2 800           | 2 800           | -              | -  | 2 867                   | 2 867           | 2 867   | 2 867 |
| Ugu District Municipality           | 1 750            | -           | 1 750           | 1 750           | -              | -  | 1 800                   | 1 800           | 1 800   | 1 800 |
| Ulundi                              | 1 950            | -           | 1 950           | 1 950           | -              | -  | 1 800                   | 1 800           | 1 800   | 1 800 |
| uMdoni                              | 1 950            | -           | 1 950           | 1 950           | -              | -  | 2 000                   | 2 000           | 2 000   | 2 000 |
| uMfolozi                            | 1 850            | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900   | 1 900 |
| uMgungundlovu District Municipality | 1 000            | -           | 1 000           | 1 000           | -              | -  | 1 000                   | 1 000           | 1 000   | 1 000 |
| uMhlabuyalingana                    | 1 850            | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900   | 1 900 |
| uMhlatuze                           | 2 450            | -           | 2 450           | 2 450           | -              | -  | 2 600                   | 2 600           | 2 600   | 2 600 |
| uMkhanyakude District Municipality  | 1 950            | -           | 1 950           | 1 950           | -              | -  | 1 800                   | 1 800           | 1 800   | 1 800 |
| uMlalazi                            | 1 720            | -           | 1 720           | 1 720           | -              | -  | 1 700                   | 1 700           | 1 700   | 1 700 |
| uMngeni                             | 1 720            | -           | 1 720           | 1 720           | -              | -  | 1 700                   | 1 700           | 1 700   | 1 700 |
| uMshwathi                           | 1 920            | -           | 1 920           | 1 920           | -              | -  | 1 900                   | 1 900           | 1 900   | 1 900 |
| uMsinga                             | 1 850            | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900   | 1 900 |
| Umsobomvu                           | 1 920            | -           | 1 920           | 1 920           | -              | -  | 1 900                   | 1 900           | 1 900   | 900   |
| uMuziwabantu                        | 1 850            | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900   | 1 900 |
| uMvoti                              | 2 550            | -           | 2 550           | 2 550           | -              | -  | 2 700                   | 2 700           | 2 700   | 2 700 |
| uMzimkhulu                          | 1 850            | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900   | 1 900 |
| Umzimvubu                           | 1 720            | -           | 1 720           | 1 720           | -              | -  | 1 700                   | 1 700           | 1 700   | 1 700 |
| uMzinyathi District Municipality    | 1 550            | -           | 1 550           | 1 550           | -              | -  | 1 500                   | 1 500           | 1 500   | 1 500 |
| uMzumbe                             | 1 850            | -           | 1 850           | 1 850           | -              | -  | 1 900                   | 1 900           | 1 900   | 1 900 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PART B: EXPLANATORY NOTES

## 38. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY              | 2021/22                  |            |             |                 |                 | 2020/21  |                         |                 |
|-----------------------------------|--------------------------|------------|-------------|-----------------|-----------------|--|-------------------------|-----------------|
|                                   | GRANT ALLOCATION         |            | TRANSFER    |                 |                 | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT | DIVISION OF REVENUE ACT | ACTUAL TRANSFER |
|                                   | DORA AND OTHER TRANSFERS | ROLL OVERS | ADJUSTMENTS | TOTAL AVAILABLE | ACTUAL TRANSFER |  |                         |                 |
| R'000                             | R'000                    | R'000      | R'000       | R'000           | R'000           | R'000  | R'000                   | R'000           |
| uPhongolo                         | 2 900                    | -          | -           | 2 900           | 2 900           | -  | 2 800                   | 2 800           |
| uThukela District Municipality    | 1 950                    | -          | -           | 1 950           | 1 950           | -  | 1 800                   | 1 800           |
| Ventersdorp/Tlokwe                | 3 000                    | -          | -           | 3 000           | 3 000           | -  | 3 000                   | 3 000           |
| Vhembe District Municipality      | 2 900                    | -          | -           | 2 900           | 2 900           | -  | 2 700                   | 2 700           |
| Victor Khanye                     | 1 720                    | -          | -           | 1 720           | 1 720           | -  | 1 700                   | 1 700           |
| Walter Sisulu                     | 2 100                    | -          | -           | 2 100           | 2 100           | -  | 2 000                   | 2 000           |
| Waterberg District Municipality   | 1 000                    | -          | -           | 1 000           | 1 000           | -  | 1 000                   | 1 000           |
| West Coast District Municipality  | 1 000                    | -          | -           | 1 000           | 1 000           | -  | 1 000                   | 1 000           |
| West Rand District Municipality   | 1 000                    | -          | -           | 1 000           | 1 000           | -  | 1 000                   | 1 000           |
| Witzenberg                        | 1 550                    | -          | -           | 1 550           | 1 550           | -  | 1 550                   | 1 550           |
| Xhariep District Municipality     | 1 650                    | -          | -           | 1 650           | 1 650           | -  | 1 500                   | 1 500           |
| Z.F. Mgcawu District Municipality | 1 200                    | -          | -           | 1 200           | 1 200           | -  | 1 000                   | 1 000           |
| Zululand District Municipality    | 1 200                    | -          | -           | 1 200           | 1 200           | -  | 1 200                   | 1 200           |
|                                   | <b>552 061</b>           | -          | -           | <b>552 061</b>  | <b>552 061</b>  | -  | <b>544 862</b>          | <b>544 862</b>  |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART B: EXPLANATORY NOTES | FOR THE YEAR ENDED 31 MARCH 2022

|  | NOTE | 2021/22 | 2020/21 |
|--|------|---------|---------|
|  |      | R'000   | R'000   |

## 39. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

## 40. COVID-19 RESPONSE EXPENDITURE

*Annexure 11*

|                    |  |            |              |
|--------------------|--|------------|--------------|
| Goods and services |  | 747        | 2 230        |
| <b>Total</b>       |  | <b>747</b> | <b>2 230</b> |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY                               | GRANT ALLOCATION |                 |            |             |                 | TRANSFER        |                |  |                                 |                              | SPENT         |  |                         |        |        | 2020/21 |  |
|--|------------------|-----------------|------------|-------------|-----------------|-----------------|----------------|--|---------------------------------|------------------------------|---------------|--|-------------------------|--------|--------|---------|--|
|  | R'000            | 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 | R'000  | R'000  |         |  |
| <b>NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT</b> |                  |                 |            |             |                 |                 |                |  |                                 |                              |               |  |                         |        |        |         |  |
| Buffalo City                                       | 9 000            | -               | 24 581     | 33 581      | 33 581          | 33 581          | -              | -  | 33 581                          | 33 581                       | -             | 100%                                       | 10 000                  | 10 000 | 10 000 |         |  |
| City of Cape Town                                  | 50 000           | -               | 121 399    | 171 399     | 171 399         | 171 399         | -              | -  | 171 399                         | 171 399                      | -             | 100%                                       | 22 534                  | 22 534 | 22 534 |         |  |
| City of Johannesburg                               | 56 569           | -               | 92 969     | 149 538     | 149 538         | 149 538         | -              | -  | 149 538                         | 149 538                      | -             | 100%                                       | 70 994                  | 70 994 | 70 994 |         |  |
| City of Matlosana                                  | 43 000           | -               | 20 000     | 63 000      | 63 000          | 63 000          | -              | -  | 63 000                          | 63 000                       | -             | 100%                                       | 50 000                  | 50 000 | 50 000 |         |  |
| City of Mbombela                                   | 30 000           | -               | (18 847)   | 11 153      | 11 153          | 11 153          | -              | -  | 11 153                          | 11 153                       | -             | 100%                                       | 22 521                  | 22 521 | 22 521 |         |  |
| City of Tshwane                                    | 20 000           | -               | 139 111    | 159 111     | 159 111         | 159 111         | -              | -  | 159 111                         | 159 111                      | -             | 100%                                       | 5 000                   | 5 000  | 5 000  |         |  |
| David Kruiper                                      | 9 598            | -               | 10 402     | 20 000      | 20 000          | 20 000          | -              | -  | 20 000                          | 20 000                       | -             | 100%                                       | 10 000                  | 10 000 | 10 000 |         |  |
| Ekurhuleni   | 54 000           | -               | 69 851     | 123 851     | 123 851         | 123 851         | -              | -  | 123 851                         | 123 851                      | -             | 100%                                       | 70 000                  | 70 000 | 70 000 |         |  |
| Emfuleni   | -                | -               | -          | -           | -               | -               | -              | -  | -                               | -                            | -             | -  | -                       | -      | -      |         |  |
| Ethekwini  | 61 744           | -               | 271 988    | 333 732     | 333 732         | 333 732         | -              | -  | 333 732                         | 333 732                      | -             | 100%                                       | 66 000                  | 66 000 | 66 000 |         |  |
| Knysna   | 10 000           | -               | -          | 10 000      | 10 000          | 10 000          | -              | -  | 10 000                          | 10 000                       | -             | 100%                                       | 15 000                  | 15 000 | 15 000 |         |  |
| Langeberg (Mandeni)                                | 10 000           | -               | -          | 10 000      | 10 000          | 10 000          | -              | -  | 10 000                          | 10 000                       | -             | 100%                                       | 13 212                  | 13 212 | 13 212 |         |  |
| Mangaung   | 10 000           | -               | 20 738     | 30 738      | 30 738          | 30 738          | -              | -  | 30 738                          | 30 738                       | -             | 100%                                       | 4 405                   | 4 405  | 4 405  |         |  |
| Midvaal  | 10 000           | -               | -          | 10 000      | 10 000          | 10 000          | -              | -  | 10 000                          | 10 000                       | -             | 100%                                       | -                       | -      | -      |         |  |
| Mogale City  | 15 000           | -               | (15 000)   | -           | -               | -               | -              | -  | -                               | -                            | -             | -  | 5 000                   | 5 000  | 5 000  |         |  |
| Msunduzi   | 34 000           | -               | -          | 34 000      | 34 000          | 34 000          | -              | -  | 34 000                          | 34 000                       | -             | 100%                                       | 18 000                  | 18 000 | 18 000 |         |  |
| Nelson Mandela Bay                                 | 23 700           | -               | 15 581     | 39 281      | 39 281          | 39 281          | -              | -  | 39 281                          | 39 281                       | -             | 100%                                       | 15 000                  | 15 000 | 15 000 |         |  |
| Newcastle  | 15 000           | -               | (7 560)    | 7 440       | 7 440           | 7 440           | -              | -  | 7 440                           | 7 440                        | -             | 100%                                       | 15 000                  | 15 000 | 15 000 |         |  |
| Polokwane  | 35 000           | -               | 13 000     | 48 000      | 48 000          | 48 000          | -              | -  | 48 000                          | 48 000                       | -             | 100%                                       | 22 751                  | 22 751 | 22 751 |         |  |

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENTANNEXURE 1A | STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES  
FOR THE YEAR ENDED 31 MARCH 2022

| NAME OF MUNICIPALITY | GRANT ALLOCATION         |            |                |                  | TRANSFER         |                |  |                                 | SPENT                        |               |  |                | 2020/21         |                |                |
|----------------------|--------------------------|------------|----------------|------------------|------------------|----------------|--|---------------------------------|------------------------------|---------------|--|----------------|-----------------|----------------|----------------|
|                      | 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 | REVENUE ACT    | ACTUAL TRANSFER | R'000          | R'000          |
| Ray Nkonyeni         | 50 000                   | -          | (18 743)       | 31 257           | 31 257           | -              | -  | 31 257                          | 31 257                       | -             | 100%                                       | 20 000         | 20 000          | 20 000         | 20 000         |
| Rustenburg           | 10 000                   | -          | (5 816)        | 4 184            | 4 184            | -              | -  | 4 184                           | 4 184                        | -             | 100%                                       | 4 000          | 4 000           | 4 000          | 4 000          |
| Sol Plaatje          | 10 000                   | -          | (10 000)       | -                | -                | -              | -  | -                               | -                            | -             | -  | 20 000         | 20 000          | 20 000         | 20 000         |
| Ga-Segonyana         | -                        | -          | 27 346         | 27 346           | 27 346           | -              | -  | 27 346                          | 27 346                       | -             | 100%                                       | -              | -               | -              | -              |
| <b>Total - NDPG</b>  | <b>566 611</b>           | <b>-</b>   | <b>751 000</b> | <b>1 317 611</b> | <b>1 317 611</b> | <b>-</b>       | <b>-</b>   | <b>1 317 611</b>                | <b>1 317 611</b>             | <b>-</b>      | <b>100%</b>                                | <b>479 417</b> | <b>479 417</b>  | <b>479 417</b> | <b>479 417</b> |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

ANNEXURE 1A  
STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY                           | GRANT ALLOCATION               |                  |                   |                       | TRANSFER              |                      |  |                                       | SPENT                              |                     |  |                                  | 2020/21               |  |
|--|--------------------------------|------------------|-------------------|-----------------------|-----------------------|----------------------|--|---------------------------------------|------------------------------------|---------------------|--|----------------------------------|-----------------------|--|
|  | DORA AND OTHER TRANSFERS R'000 | ROLL OVERS R'000 | ADJUSTMENTS R'000 | TOTAL AVAILABLE R'000 | ACTUAL TRANSFER R'000 | FUNDS WITHHELD R'000 | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT R'000 | AMOUNT RECEIVED BY MUNICIPALITY R'000 | AMOUNT SPENT BY MUNICIPALITY R'000 | UNSPENT FUNDS R'000 | % OF AVAILABLE FUNDS SPENT BY MUNICIPALITY | DIVISION OF REVENUE OF ACT R'000 | ACTUAL TRANSFER R'000 |  |
| <b>INFRASTRUCTURE SKILLS DEVELOPMENT GRANT</b> |                                |                  |                   |                       |                       |                      |  |                                       |                                    |                     |  |                                  |                       |  |
| Buffalo City                                   | 10 500                         | -                | -                 | 10 500                | -                     | -                    | -  | 10 500                                | 6 073                              | 4 427               | 58%  | 10 808                           | 10 808                |  |
| Nelson Mandela Bay                             | 10 500                         | -                | -                 | 10 500                | -                     | -                    | -  | 10 500                                | 6 435                              | 4 065               | 61%  | 9 806                            | 9 806                 |  |
| King Sabata Dalindyebo                         | 5 500                          | -                | -                 | 5 500                 | -                     | -                    | -  | 5 500                                 | 3 635                              | 1 865               | 66%  | 5 435                            | 5 435                 |  |
| Alfred Nzo                                     | 5 500                          | -                | -                 | 5 500                 | -                     | -                    | -  | 5 500                                 | 3 827                              | 1 673               | 70%  | 5 435                            | 5 435                 |  |
| City of Johannesburg                           | 7 500                          | -                | -                 | 7 500                 | -                     | -                    | -  | 7 500                                 | 558                                | 6 942               | 7%   | 6 917                            | 6 917                 |  |
| eThekweni                                      | 33 500                         | -                | -                 | 33 500                | -                     | -                    | -  | 33 500                                | 14 653                             | 18 847              | 44%  | 31 942                           | 31 942                |  |
| Afired Duma                                    | 3 500                          | -                | -                 | 3 500                 | -                     | -                    | -  | 3 500                                 | 2 601                              | 899                 | 74%  | 3 458                            | 3 458                 |  |
| Polokwane                                      | 6 217                          | -                | -                 | 6 217                 | -                     | -                    | -  | 6 217                                 | 3 468                              | 2 749               | 56%  | 6 203                            | 6 203                 |  |
| Thulamela                                      | 5 500                          | -                | -                 | 5 500                 | -                     | -                    | -  | 5 500                                 | 3 157                              | 2 343               | 57%  | 3 952                            | 3 952                 |  |
| Govan Mbeki                                    | 24 500                         | -                | -                 | 24 500                | -                     | -                    | -  | 24 500                                | 17 857                             | 6 643               | 73%  | 23 937                           | 23 937                |  |
| Gert Sibande                                   | 13 500                         | -                | -                 | 13 500                | -                     | -                    | -  | 13 500                                | 9 506                              | 3 994               | 70%  | 9 881                            | 9 881                 |  |
| Sol Plaatje                                    | 5 500                          | -                | -                 | 5 500                 | -                     | -                    | -  | 5 500                                 | 3 594                              | 1 906               | 65%  | 4 941                            | 4 941                 |  |
| John Taolo Gaetsewe                            | 5 500                          | -                | -                 | 5 500                 | -                     | -                    | -  | 5 500                                 | 3 090                              | 2 410               | 56%  | 4 150                            | 4 150                 |  |
| City of Cape Town                              | 12 000                         | -                | -                 | 12 000                | -                     | -                    | -  | 12 000                                | 6 612                              | 5 388               | 55%  | 10 869                           | 10 869                |  |
| George   | 6 000                          | -                | -                 | 6 000                 | -                     | -                    | -  | 6 000                                 | 4 335                              | 1 665               | 72%  | 6 126                            | 6 126                 |  |
| <b>Total - ISDG</b>                            | <b>155 217</b>                 | <b>-</b>         | <b>-</b>          | <b>155 217</b>        | <b>-</b>              | <b>-</b>             | <b>-</b>   | <b>155 217</b>                        | <b>89 401</b>                      | <b>65 816</b>       | <b>58%</b>                                 | <b>143 860</b>                   | <b>143 860</b>        |  |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

## ANNEXURE 1A | STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES FOR THE YEAR ENDED 31 MARCH 2022

| NAME OF MUNICIPALITY                                   | GRANT ALLOCATION               |                  |                   |                       | TRANSFER              |                      |  |                                       | SPENT                              |                     |  |                               | 2020/21               |  |
|--|--------------------------------|------------------|-------------------|-----------------------|-----------------------|----------------------|--|---------------------------------------|------------------------------------|---------------------|--|-------------------------------|-----------------------|--|
|  | DORA AND OTHER TRANSFERS R'000 | ROLL OVERS R'000 | ADJUSTMENTS R'000 | TOTAL AVAILABLE R'000 | ACTUAL TRANSFER R'000 | FUNDS WITHHELD R'000 | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT R'000 | AMOUNT RECEIVED BY MUNICIPALITY R'000 | AMOUNT SPENT BY MUNICIPALITY R'000 | UNSPENT FUNDS R'000 | % OF AVAILABLE FUNDS SPENT BY MUNICIPALITY | DIVISION OF REVENUE ACT R'000 | ACTUAL TRANSFER R'000 |  |
| <b>PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT</b> |                                |                  |                   |                       |                       |                      |  |                                       |                                    |                     |  |                               |                       |  |
| Buffalo City   | 8 941                          | -                | -                 | 8 941                 | 8 941                 | -                    | -  | 8 941                                 | 8 941                              | -                   | 100%                                       | -                             | -                     |  |
| Nelson Mandela Bay                                     | 11 267                         | -                | -                 | 11 267                | 11 267                | -                    | -  | 11 267                                | 11 267                             | -                   | 100%                                       | -                             | -                     |  |
| Mangaung   | 6 934                          | -                | -                 | 6 934                 | 6 934                 | -                    | -  | 6 934                                 | 6 934                              | -                   | 100%                                       | -                             | -                     |  |
| Ekurhuleni   | 57 595                         | -                | -                 | 57 595                | 57 595                | -                    | -  | 57 595                                | 57 595                             | -                   | 100%                                       | -                             | -                     |  |
| City of Johannesburg                                   | 80 361                         | -                | -                 | 80 361                | 80 361                | -                    | -  | 80 361                                | 80 361                             | -                   | 100%                                       | -                             | -                     |  |
| City of Tshwane  | 55 375                         | -                | -                 | 55 375                | 55 375                | -                    | -  | 55 375                                | 55 375                             | -                   | 100%                                       | -                             | -                     |  |
| Ethekekwini  | 49 949                         | -                | -                 | 49 949                | 49 949                | -                    | -  | 49 949                                | 49 949                             | -                   | 100%                                       | -                             | -                     |  |
| Cape Town  | 70 890                         | -                | -                 | 70 890                | 70 890                | -                    | -  | 70 890                                | 70 890                             | -                   | 100%                                       | -                             | -                     |  |
| <b>Total - ICDG</b>                                    | <b>341 312</b>                 | <b>-</b>         | <b>-</b>          | <b>341 312</b>        | <b>341 312</b>        | <b>-</b>             | <b>-</b>   | <b>341 312</b>                        | <b>341 312</b>                     | <b>-</b>            | <b>100%</b>                                | <b>-</b>                      | <b>-</b>              |  |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY                        | GRANT ALLOCATION               |                  |                   |                       | TRANSFER              |                      |  |                                       | SPENT                              |                     |  |                               | 2020/21               |  |
|---|--------------------------------|------------------|-------------------|-----------------------|-----------------------|----------------------|--|---------------------------------------|------------------------------------|---------------------|--|-------------------------------|-----------------------|--|
|   | DORA AND OTHER TRANSFERS R'000 | ROLL OVERS R'000 | ADJUSTMENTS R'000 | TOTAL AVAILABLE R'000 | ACTUAL TRANSFER R'000 | FUNDS WITHHELD R'000 | RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT R'000 | AMOUNT RECEIVED BY MUNICIPALITY R'000 | AMOUNT SPENT BY MUNICIPALITY R'000 | UNSPENT FUNDS R'000 | % OF AVAILABLE FUNDS SPENT BY MUNICIPALITY | DIVISION OF REVENUE ACT R'000 | ACTUAL TRANSFER R'000 |  |
| <b>INTERGRATED CITIES DEVELOPMENT GRANT</b> |                                |                  |                   |                       |                       |                      |  |                                       |                                    |                     |  |                               |                       |  |
| Buffalo City                                | -                              | -                | -                 | -                     | -                     | -                    | -  | -                                     | -                                  | -                   | -  | 8 218                         | 8 218                 |  |
| Nelson Mandela Bay                          | -                              | -                | -                 | -                     | -                     | -                    | -  | -                                     | -                                  | -                   | -  | 10 356                        | 10 356                |  |
| Mangaung                                    | -                              | -                | -                 | -                     | -                     | -                    | -  | -                                     | -                                  | -                   | -  | 6 373                         | 6 373                 |  |
| Ekurhuleni                                  | -                              | -                | -                 | -                     | -                     | -                    | -  | -                                     | -                                  | -                   | -  | 52 940                        | 52 940                |  |
| City of Johannesburg                        | -                              | -                | -                 | -                     | -                     | -                    | -  | -                                     | -                                  | -                   | -  | 73 865                        | 73 865                |  |
| City of Tshwane                             | -                              | -                | -                 | -                     | -                     | -                    | -  | -                                     | -                                  | -                   | -  | 50 899                        | 50 899                |  |
| Ethekwini                                   | -                              | -                | -                 | -                     | -                     | -                    | -  | -                                     | -                                  | -                   | -  | 45 911                        | 45 911                |  |
| Cape Town                                   | -                              | -                | -                 | -                     | -                     | -                    | -  | -                                     | -                                  | -                   | -  | 65 160                        | 65 160                |  |
| <b>Total - ICDG</b>                         | <b>-</b>                       | <b>-</b>         | <b>-</b>          | <b>-</b>              | <b>-</b>              | <b>-</b>             | <b>-</b>   | <b>-</b>                              | <b>-</b>                           | <b>-</b>            | <b>-</b>                                   | <b>313 722</b>                | <b>313 722</b>        |  |

ANNEXURES TO THE ANNUAL  
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FOR THE YEAR ENDED 31 MARCH 2022

# ANNEXURE 1B

## STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

| DEPARTMENT/AGENCY/ACCOUNT                 | TRANSFER ALLOCATION       |            |             |                   |                   | TRANSFER                               |                        | 2020/21 |
|---|---------------------------|------------|-------------|-------------------|-------------------|--|------------------------|---------|
|   | ADJUSTED<br>APPROPRIATION | ROLL OVERS | ADJUSTMENTS | TOTAL AVAILABLE   | ACTUAL TRANSFER   | % OF AVAILABLE<br>FUNDS<br>TRANSFERRED | FINAL<br>APPROPRIATION |         |
|   | R'000                     | R'000      | R'000       | R'000             | R'000             | %                                      | R'000                  |         |
| Accounting Standards Board                | 14 362                    | -          | -           | 14 362            | 14 362            | 100%                                   | 14 407                 |         |
| Audit Statutory Bodies                    | 50 000                    | -          | -           | 50 000            | 50 000            | 100%                                   | 50 000                 |         |
| Tv Licences                               | -                         | -          | 16          | 16                | 15                | 94%                                    | -                      |         |
| Financial Intelligence Centre             | 297 259                   | -          | -           | 297 259           | 297 259           | 100%                                   | 296 743                |         |
| Government Technical Advisory Centre      | 770 802                   | -          | -           | 770 802           | 770 802           | 100%                                   | 548 896                |         |
| Independent Regulatory Board for Auditors | 44 609                    | -          | -           | 44 609            | 44 609            | 100%                                   | 44 187                 |         |
| South African Revenue Service             | 11 295 167                | -          | -           | 11 295 167        | 11 295 167        | 100%                                   | 10 271 873             |         |
| Secret Services                           | 4 702 262                 | -          | -           | 4 702 262         | 4 702 262         | 100%                                   | 4 646 145              |         |
| Skills Development Levy                   | 2 250                     | -          | (16)        | 2 234             | 2 200             | 98%                                    | 2 632                  |         |
| Cooperative Banking Development Agency    | 20 328                    | -          | -           | 20 328            | 20 328            | 100%                                   | 20 473                 |         |
| Financial and Fiscal Commission           | 63 199                    | -          | -           | 63 199            | 63 199            | 100%                                   | 63 821                 |         |
| 1% Audit fees (AGSA)-Direct Charge        | 70 049                    | -          | -           | 70 049            | 140 049           | 200%                                   | 70 000                 |         |
| <b>Total</b>                              | <b>17 330 287</b>         | <b>-</b>   | <b>-</b>    | <b>17 330 287</b> | <b>17 400 252</b> | <b>100%</b>                            | <b>16 029 177</b>      |         |



## ANNEXURE 1D

### STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

| NAME OF PUBLIC CORPORATION/<br>PRIVATE ENTERPRISE | TRANSFER ALLOCATION           |               |             |                    | EXPENDITURE        |                                     |          |          | 2020/21<br>R'000 |                |
|---|-------------------------------|---------------|-------------|--------------------|--------------------|-------------------------------------|----------|----------|------------------|----------------|
|   | ADJUSTED<br>APPROPRIATION ACT | ROLL<br>OVERS | ADJUSTMENTS | TOTAL<br>AVAILABLE | ACTUAL<br>TRANSFER | % OF AVAILABLE FUNDS<br>TRANSFERRED | CAPITAL  | CURRENT  |                  |                |
|   | R'000                         | R'000         | R'000       | R'000              | R'000              | %                                   | R'000    | R'000    |                  |                |
| <b>PUBLIC CORPORATIONS</b>                        |                               |               |             |                    |                    |                                     |          |          |                  |                |
| Transfers   | 233 819                       | -             | -           | 233 819            | 233 819            | 100,0%                              | -        | -        | -                | 40 000         |
| DEVELOPMENT BANK OF SA                            | 233 819                       | -             | -           | 233 819            | 233 819            | 100,0%                              | -        | -        | -                | 40 000         |
| Land Bank   | -                             | -             | -           | -                  | -                  | -                                   | -        | -        | -                | 74 366         |
| Sub-total: Public corporations                    | 233 819                       | -             | -           | 233 819            | 233 819            | -                                   | -        | -        | -                | -              |
| <b>Total</b>                                      | <b>233 819</b>                | <b>-</b>      | <b>-</b>    | <b>233 819</b>     | <b>233 819</b>     | <b>100,0%</b>                       | <b>-</b> | <b>-</b> | <b>-</b>         | <b>114 366</b> |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

ANNEXURES TO THE ANNUAL  
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FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 1E

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT  
AND INTERNATIONAL ORGANISATIONS

| FOREIGN GOVERNMENT /<br>INTERNATIONAL ORGANISATION         | TRANSFER ALLOCATION           |            |                  |                  | EXPENDITURE      |  |                        | 2020/21 |
|--|-------------------------------|------------|------------------|------------------|------------------|--|------------------------|---------|
|  | ADJUSTED<br>APPROPRIATION ACT | ROLL OVERS | ADJUSTMENTS      | TOTAL AVAILABLE  | ACTUAL TRANSFER  | % OF AVAILABLE<br>FUNDS<br>TRANSFERRED | FINAL<br>APPROPRIATION |         |
|  | R'000                         | R'000      | R'000            | R'000            | R'000            | %                                      | R'000                  |         |
| <b>TRANSFERS</b>   |                               |            |                  |                  |                  |  |                        |         |
| African Regional Tech Assist<br>Centre for Southern Africa | 1 341                         | -          | -                | 1 341            | -                | 0%                                     | 75                     |         |
| Common Monetary Area<br>Compensation                       | 1 742 733                     | -          | (177 000)        | 1 565 733        | 1 565 727        | 100%                                   | 762 982                |         |
| International Funding Facility<br>for Immunisation         | 16 500                        | -          | -                | 16 500           | 15 564           | 94%                                    | 14 831                 |         |
| Institute for Development<br>Economic Planning (IDEP)      | 1 200                         | -          | -                | 1 200            | 1 143            | 95%                                    | 1 316                  |         |
| African Development Bank &<br>African Development Fund     | 80 000                        | -          | -                | 80 000           | 79 160           | 99%                                    | 78 571                 |         |
| African Risk Capacity                                      | -                             | -          | -                | -                | -                | -                                      | -                      |         |
| Collaborative African Budget<br>Reform Initiative          | 2 525                         | -          | -                | 2 525            | 2 293            | 91%                                    | 2 213                  |         |
| Commonwealth Fund for<br>Technical Cooperation             | 5 943                         | -          | -                | 5 943            | 5 943            | 100%                                   | 5 662                  |         |
| United Kingdom Tax   | 3 043                         | -          | -                | 3 043            | 599              | 20%                                    | -                      |         |
| World Bank (FIGO)  | 59 708                        | -          | -                | 59 708           | 59 707           | 100%                                   | 56 327                 |         |
| New Development Bank<br>Project Preparation Fund           | 15 000                        | -          | -                | 15 000           | 14 625           | 98%                                    | -                      |         |
| <b>Total</b>   | <b>1 927 993</b>              | <b>-</b>   | <b>(177 000)</b> | <b>1 750 993</b> | <b>1 744 761</b> | <b>100%</b>                            | <b>921 977</b>         |         |

# ANNEXURE 1G

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

| HOUSEHOLDS                                   | TRANSFER ALLOCATION        |            |             |                  | EXPENDITURE      |                                  |                     | 2020/21 |
|--|----------------------------|------------|-------------|------------------|------------------|----------------------------------|---------------------|---------|
|  | 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               |         |
| <b>TRANSFERS</b>                             |                            |            |             |                  |                  |                                  |                     |         |
| Other benefits                               | 111 270                    | -          | 9 000       | 120 270          | 120 590          | 100%                             | 106 832             |         |
| Other benefits Ex-service Men                | 20 173                     | -          | -           | 20 173           | 12 934           | 64%                              | 8 588               |         |
| Injury on duty                               | 736 327                    | -          | (25 000)    | 711 327          | 717 440          | 101%                             | 654 962             |         |
| Military benefits ex-servicemen              | 2 633                      | -          | -           | 2 633            | 624              | 24%                              | 261                 |         |
| SA citizen force                             | 220 000                    | -          | (14 000)    | 206 000          | 201 289          | 98%                              | 187 070             |         |
| Special pensions                             | 486 343                    | -          | (15 000)    | 471 343          | 464 809          | 99%                              | 465 626             |         |
| Post-retirement medical schemes contribution | 4 388 753                  | -          | 96 000      | 4 484 753        | 4 452 119        | 99%                              | 3 592 133           |         |
| Social assistance (bursaries)                | 3 521                      | -          | -           | 3 521            | 3 328            | 95%                              | 2 014               |         |
| Service benefits leave gratuity              | 5 852                      | -          | -           | 5 852            | 5 369            | 92%                              | 8 012               |         |
| Non-statutory Forces                         | -                          | -          | -           | -                | -                | -                                | 102 411             |         |
| Pension Benefit RSA President                | 14 465                     | -          | (3 000)     | 11 465           | 10 430           | 91%                              | 10 419              |         |
| Political Office Bearers                     | 48 362                     | -          | (48 000)    | 362              | -                | 0%                               | -                   |         |
| Parliamentary Awards                         | 26                         | -          | -           | 26               | -                | 0%                               | 20                  |         |
| PFMI   | 385                        | -          | -           | 385              | 260              | 68%                              | 78                  |         |
| Civil Protection                             | 20                         | -          | -           | 20               | 7                | 36%                              | 22                  |         |
| Civil admin auxiliary services               | -                          | -          | -           | -                | -                | -                                | 332                 |         |
| <b>Total</b>                                 | <b>6 038 130</b>           | <b>-</b>   | <b>-</b>    | <b>6 038 130</b> | <b>5 989 200</b> | <b>99%</b>                       | <b>5 138 781</b>    |         |

Reconciliation was performed between BAS and CIVPEN systems, an amount R6 243 107,32 was manually processed on the trial balance to reconcile the differences identified, which brought up the Household BAS balance to R5 989 200 from R5 982 957 rounded off to the nearest R'000.

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 1H

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

| NAME OF ORGANISATION                             | NATURE OF GIFT, DONATION OR SPONSORSHIP  | 2021/22  | 2020/21    |
|--|--|----------|------------|
|  |  | R'000    | R'000      |
| <b>RECEIVED IN KIND</b>                          |  |          |            |
| Don MacRobert (Retired consultant)               | Forensic evaluation report   | -        | 150        |
| Government Communications and Information System | Radio slots and television for a campaign directed at suppliers doing business with government | -        | 354        |
| Megan Bryer                                      | Accommodation & Flight from JHB to CT – Return   | 5        | -          |
| <b>TOTAL</b>                                     |  | <b>5</b> | <b>504</b> |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 11 STATEMENT OF AID ASSISTANCE RECEIVED

| NAME OF DONOR                      | PURPOSE  | OPENING BALANCE | REVENUE        | EXPEN-DITURE   | PAID BACK ON/BY 31 MAR | CLOSING BALANCE |
|------------------------------------|--|-----------------|----------------|----------------|------------------------|-----------------|
|                                    |  | R'000           | R'000          | R'000          | R'000                  | R'000           |
| <b>RECEIVED IN CASH</b>            |  |                 |                |                |                        |                 |
| MUN FIN MAN TECH ASSISTANCE(GA)    | Improve capacity development in public finance management across the three spheres of government with emphasis on provincial and municipal levels  | (108)           | 108            | -              | -                      | -               |
| MUNICIPAL PROJECTS                 | Develop public finance management capacity of national provincial and local government   | 114 878         | 118 652        | 69 044         | 114 878                | 49 608          |
| HUMANITARN CRISIS RELIEF: SOL FUND | To support humanitarian and crisis relief interventions  | -               | 400 000        | 400 000        | -                      | -               |
| THE BELG TECHNICAL COOP. (BTC)     | Belgian contribution towards the research in development finance   | (40)            | 580            | 217            | -                      | 323             |
| FMISD                              | Establish and operationalise a management information system (knowledge management information system for ODA (DCMIS))   | (144)           | 14 798         | 10 018         | -                      | 4 636           |
| PFM PROG EXEC LEADERSHIP           | The purpose of PFM Executive Leadership Program is founded in 3 critical components as a NT's contribution to agenda of building the capacity of the state. First it covers PFM leadership induction workshops for MECs and HODs in all provinces. Secondly, it seeks to forge academic partnership through NSG for the delivery of PFM leadership INNOVATION for provincial executives within the context of inclusive economic growth. Thirdly, through NSG partnership and or academia, develop a pool of public servants(practitioners) as a new cohorts of PFM leadership innovators. | -               | 3 787          | 2 400          | -                      | 1 387           |
| BUDGET FACILITY INFRA(BF)(GA)      | A reform to the budget process that has created structures, procedures and criteria that ensure rigour in the appraisal and evaluation of projects before committing fiscal resources  | 129             | 350            | -              | 129                    | 350             |
| TECHNICAL ASSIST FACILITY(GA)      | TAF is a facility focused on providing technical assistance to support GoSA in addressing critical policy and operational blockages in service delivery across national, provincial and local government levels and their entities   | (196)           | 3 850          | 2 774          | -                      | 880             |
| MARKET READINESS PROJECT(GA)       | To enable the implementation of the carbon tax in South Africa   | 39              | -              | -              | 39                     | -               |
| <b>TOTAL</b>                       |  | <b>114 558</b>  | <b>542 125</b> | <b>484 453</b> | <b>115 046</b>         | <b>57 184</b>   |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

ANNEXURE 1A | STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES FOR THE YEAR ENDED 31 MARCH 2022

## 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 GUARAN-TEED YES/NO |
|---|--|------------------|----------------|-----------------------|-------------------|--------------------------|-------------------|-------------------------------------|---------------------|----------------------------------|----|---------------------------|
|   |  | 2021/22          | 2021/22        | 2021/22               | 2021/22           | 2021/22                  | 2021/22           | 2021/22                             | 2021/22             | 2021/22                          |    |                           |
| Accounting Standards Board                | Schedule 3A  | -                | -              | -                     | -                 | -                        | 181               | 365                                 | (184)               | 23                               | No |                           |
| Co-operative Banks Development Agency     | Schedule 3A  | -                | -              | -                     | -                 | -                        | 13 080            | 10 657                              | 9 834               | 7 789                            | No |                           |
| Development Bank of Southern Africa       | Schedule 2   | 100%             | 200 000        | 200 000               | 200 000           | 200 000                  | 43 121 373        | 39 150 454                          | 4 035 043           | 1 422 629                        | No |                           |
| FAIS Ombudsman                            | Schedule 3A  | -                | -              | -                     | -                 | -                        | 56 925            | 57 350                              | (425)               | 15 439                           | No |                           |
| Financial and Fiscal Commission           | Schedule 1   | -                | -              | -                     | -                 | -                        | 18 252            | 5 889                               | 12 406              | (2 236)                          | No |                           |
| Financial Intelligence Centre             | Schedule 3A  | -                | -              | -                     | -                 | -                        | 53 746            | 64 599                              | (10 852)            | (14 250)                         | No |                           |
| Financial Sector Conduct Authority        | Schedule 3A  | -                | -              | -                     | -                 | -                        | 490 990           | 495 698                             | (4 707)             | 30 984                           | No |                           |
| Government Pensions Administration Agency | Schedule 3A  | -                | -              | -                     | -                 | -                        | 237 825           | 365 022                             | 2 394               | (26 366)                         | No |                           |
| Government Technical Advisory Centre      | Schedule 3A  | -                | -              | -                     | -                 | -                        | 226 691           | 214 382                             | 12 310              | (15 148)                         | No |                           |
| Independent Regulatory Board for Auditors | Schedule 3A  | -                | -              | -                     | -                 | -                        | 99 417            | 80 645                              | 18 771              | 42 610                           | No |                           |
| Land Bank                                 | Schedule 2   | 100              | -              | 1                     | 7 397 655         | 7 397 655                | 2 585 810         | 296 941                             | (4 262 853)         | (3 515 375)                      | No |                           |
| Office of the Pensions Funds Adjudicator  | Schedule 3A  | -                | -              | -                     | -                 | -                        | 38 624            | 33 360                              | 6 032               | 6 753                            | No |                           |
| Public Investments Corporations Ltd.      | Schedule 3B  | 100%             | 1              | 1                     | 1                 | 1                        | 3 571 326         | 3 371 264                           | 200 182             | 535 928                          | No |                           |
| Sasria SOC Ltd.                           | Schedule 3B  | 1                | 1              | 1                     | 22 000 000        | 1                        | 2 841 894         | 8 358 445                           | (27 516 548)        | 1 502 561                        | No |                           |
| South African Revenue Service             | Schedule 3A  | 0                | 0              | 0                     | 0                 | 0                        | 4 632 889         | 3 721 488                           | 911 401             | 620 551                          | No |                           |
| <b>Total</b>                              |  |                  | <b>200 002</b> | <b>200 003</b>        | <b>29 597 656</b> | <b>7 597 657</b>         | <b>58 071 203</b> | <b>56 226 559</b>                   | <b>(26 505 018)</b> | <b>611 892</b>                   |    |                           |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 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 |         |
|---------------------------------------|--|--------------------------|------------|-------------------------------------|---------|---------------------------------|---------|---------------------------------|---------|
|                                       |  | 2021/22                  | 2021/22    | 2021/22                             | 2021/22 | 2021/22                         | 2021/22 | 2021/22                         | 2021/22 |
| <b>CONTROLLED ENTITIES</b>            |  |                          |            |                                     |         |                                 |         |                                 |         |
| Accounting Standards Board            | Determine Standards of Generally Recognised Accounting Practice  | -                        | 181        | 365                                 | -       | 170                             | 191     | 296                             |         |
| Co-operative Banks Development Agency | Establish a Regulatory framework for co-operative banks  | -                        | 13 080     | 10 657                              | -       | 2                               | 390     | 1 084                           |         |
| Development Bank of Southern Africa   | Promote and facilitate funding to mobilise socio-economic development in Southern Africa while promoting efficiency, fairness, transparency and responsibility | 200 000                  | 43 121 257 | 39 150 454                          | 259 272 | 296 376                         | 877 041 | 739 962                         |         |
| FAIS Ombudsman                        | Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)  | -                        | 56 925     | 57 350                              | 2 317   | 48 787                          | 359     | 2 417                           |         |
| Financial and Fiscal Commission       | Assist and maintain the fiscal balance between fiscal decentralisation and the unitary state   | -                        | 18 252     | 5 889                               | -       | 1 354                           | 885     | 1 436                           |         |
| Financial Intelligence Centre         | Assist in the identification of unlawful, activities and combating of money laundering activities, funding of terrorism, and related activities.               | -                        | 53 746     | 64 599                              | 262     | 541                             | 13 795  | 14 870                          |         |
| Financial Sector Conduct Authority    | To oversee the South African non-banking financial services industry in the public interest  | -                        | 490 990    | 495 698                             | 84 452  | 122 708                         | 117 535 | 232 414                         |         |

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENTANNEXURE 2B | STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES  
FOR THE YEAR ENDED 31 MARCH 2022

| 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 |                  |
|---|--|--------------------------|------------------|-------------------------------------|-------------------|---------------------------------|--------------------|---------------------------------|------------------|
|   |  | 2021/22                  | 2021/22          | 2021/22                             | 2021/22           | 2021/22                         | 2021/22            | 2021/22                         | 2021/22          |
|   | Government Employees pension fund in terms of the Government Employees Pension (GEP) Act (1996)  | -                        | -                | 237 825                             | 365 022           | 8 910                           | 114 060            | 50 201                          | 112 182          |
| Government Technical Advisory Centre      | Assist organs of state in their capacity for efficient, effective and transparent financial management   | -                        | -                | 226 691                             | 214 382           | 20 277                          | 22 513             | 1 425 361                       | 822 398          |
| Independent Regulatory Board for Auditors | Registration of public accountants and auditors and for the regulation of the training of public accountants and auditors  | -                        | -                | 99 417                              | 80 645            | 6 491                           | 7 159              | 10 184                          | 15 925           |
| Land Bank                                 | Facilitate access to ownership of land for the development of farming enterprises and agricultural processes for the historically disadvantaged people   | 7 397 655                | 7 397 655        | 2 585 810                           | 296 941           | (4 262 853)                     | (3 515 375)        | 168 636                         | 116 965          |
| Office of the Pension Funds Adjudicator   | The adjudicator's office investigates and determines complaints of abuse of power, maladministration, disputes of facts or law and employer dereliction of duty in respect of retirement pension funds | -                        | -                | 38 624                              | 33 360            | 4 777                           | 3 111              | 1 588                           | 5 549            |
| Public Investment Corporations Ltd        | Invests funds on behalf of the South African public sector   | 1                        | 1                | 3 571 326                           | 3 371 264         | 221 257                         | 135 209            | 8 670                           | 32 520           |
| Sasria SOC Ltd                            | Special Risk Insurance   | 22 000 000               | 1                | 2 841 894                           | 8 358 445         | 3 960 285                       | 216 383            | 382 821                         | 65 984           |
| South African Revenue Service             | Efficient and Effective collection of revenue  | -                        | -                | 4 632 889                           | 3 721 488         | 61 808                          | 72 135             | 525 931                         | 892 871          |
| <b>Total</b>                              |  | <b>29 597 656</b>        | <b>7 597 657</b> | <b>58 071 087</b>                   | <b>56 226 559</b> | <b>463 444</b>                  | <b>(2 474 867)</b> | <b>3 650 067</b>                | <b>3 056 873</b> |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 3A

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2022 – LOCAL

| GUARANTOR INSTITUTION                                  | GUARANTEE IN RESPECT OF                  | ORIGINAL GUARANTEED CAPITAL AMOUNT | OPENING BALANCE 1 APRIL 2021 | GUARANTEES DRAWNS DURING THE YEAR | GUARANTEED REPAYMENTS/ CANCELLED/ REPAYMENTS DURING THE YEAR | REVALUATION DUE TO FOREIGN CURRENCY MOVEMENTS | CLOSING BALANCE 31 MARCH 2022 | REVALUATIONS DUE TO INFLATION RATE MOVEMENTS | ACCRUED INTEREST FOR YEAR ENDED 31 MARCH 2022 |
|--|--|------------------------------------|------------------------------|-----------------------------------|--|---|-------------------------------|--|---|
|  |  | R'000                              | R'000                        | R'000                             | R'000  | R'000   | R'000                         | R'000  | R'000   |
| <b>OTHER</b>   |  |                                    |                              |                                   |  |   |                               |  |   |
| Development Bank of Southern Africa                    | Former Bophuthatswana Regional Authority | 126 060                            | 55 263                       | -                                 | -  | -   | 55 263                        | -  | 18 918  |
| Land and Agricultural Development Bank of South Africa | Consolidation of debt                    | 100 000                            | 92 728                       | -                                 | 92 677   | -   | 51                            | -  | -   |
| 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                          | 1 232 000                    | -                                 | 234 080  | -   | 997 920                       | -  | 1 526   |
| Land and Agricultural Development Bank of South Africa | Refinancing Risk                         | 3 000 000                          | -                            | -                                 | -  | -   | -                             | -  | -   |
| South African Reserve Bank                             | COVID-19 loan guarantee scheme           | 100 000 000                        | 13 468 402                   | 3 447 273                         | 2 340 345  | -   | 14 575 329                    | -  | 422 761                                       |
|  | <b>Subtotal</b>                          | <b>107 426 060</b>                 | <b>14 848 392</b>            | <b>3 447 273</b>                  | <b>2 667 102</b>   | <b>-</b>                                      | <b>15 628 563</b>             | <b>-</b>                                     | <b>443 206</b>                                |
|  | <b>Total</b>                             | <b>107 426 060</b>                 | <b>14 848 392</b>            | <b>3 447 273</b>                  | <b>2 667 102</b>   | <b>-</b>                                      | <b>15 628 563</b>             | <b>-</b>                                     | <b>443 206</b>                                |

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2022 – FOREIGN

| GUARANTOR INSTITUTION                                  | GUARANTEE IN RESPECT OF        | ORIGINAL GUARANTEED CAPITAL AMOUNT | OPENING BALANCE 1 APRIL 2021 | GUARANTEES DRAWDOWNS DURING THE YEAR | GUARANTEED REPAYMENTS/ CANCELLED/ REDUCED DURING THE YEAR | REVALUATION DUE TO FOREIGN CURRENCY MOVEMENTS | CLOSING BALANCE 31 MARCH 2022 | REVALUATIONS DUE TO INFLATION RATE MOVEMENTS | ACCRUED INTEREST FOR YEAR ENDED 31 MARCH 2022 |
|--|--------------------------------|------------------------------------|------------------------------|--------------------------------------|---|---|-------------------------------|--|---|
|  |                                | R'000                              | R'000                        | R'000                                | R'000   | R'000   | R'000                         | R'000  | R'000   |
| <b>OTHER</b>   |                                |                                    |                              |                                      |   |   |                               |  |   |
| Development Bank of Southern Africa                    | Eurobonds                      | 8 470 000                          | 4 186 958                    | 413 932                              | -   | -   | 4 600 890                     | -  | 10 875  |
| Development Bank of Southern Africa                    | Kreditanstalt fur Wiederaufbau | 472 988                            | 177 636                      | -                                    | 25 590  | (10 150)                                      | 141 896                       | -  | 717   |
| Development Bank of Southern Africa                    | Kreditanstalt fur Wiederaufbau | 235 743                            | 132 804                      | -                                    | 12 754  | (8 072)                                       | 111 978                       | -  | 566   |
| Development Bank of Southern Africa                    | Kreditanstalt fur Wiederaufbau | 202 799                            | 148 745                      | -                                    | 10 713  | (9 312)                                       | 128 720                       | -  | 651   |
| Development Bank of Southern Africa                    | Kreditanstalt fur Wiederaufbau | 206 792                            | 97 803                       | -                                    | 10 958  | (5 826)                                       | 81 019                        | -  | 410   |
| Development Bank of Southern Africa                    | Kreditanstalt fur Wiederaufbau | 223 007                            | 95 718                       | -                                    | 12 065  | (5 600)                                       | 78 052                        | -  | 395   |
| Land and Agricultural Development Bank of South Africa | African Development Bank       | 1 000 000                          | 590 909                      | -                                    | 90 909  | -   | 500 000                       | -  | 3<br>934                                      |
| Land and Agricultural Development Bank of South Africa | World Bank                     | 1 300 000                          | 390 000                      | -                                    | -   | -   | 390 000                       | -  | 5 563   |
|  | <b>Subtotal</b>                | <b>12 111 328</b>                  | <b>5 820 573</b>             | <b>413 932</b>                       | <b>162 990</b>  | <b>(38 959)</b>                               | <b>6 032 556</b>              | <b>-</b>                                     | <b>23 111</b>                                 |
|  | <b>Total</b>                   | <b>119 537 388</b>                 | <b>20 668 965</b>            | <b>3 861 205</b>                     | <b>2 830 092</b>  | <b>(38 959)</b>                               | <b>21 661 119</b>             | <b>-</b>                                     | <b>466 316</b>                                |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2022

| NATURE OF LIABILITY   | OPENING BALANCE 1 APRIL 2021 | LIABILITIES INCURRED DURING THE YEAR | LIABILITIES PAID/ CANCELLED/ REDUCED DURING THE YEAR | LIABILITIES RECOVERABLE (PROVIDE DETAILS HEREUNDER) | CLOSING BALANCE 31 MARCH 2022 |
|---|------------------------------|--------------------------------------|--|---|-------------------------------|
|   | R'000                        | R'000                                | R'000  | R'000   | R'000                         |
| <b>CLAIMS AGAINST THE DEPARTMENT</b>  |                              |                                      |  |   |                               |
| An action by Medihelp against the Minister of Finance for payment of the amount of R9 997 256.75 arising out of unlawful deductions made in breach of the agreement with Medihelp and the resolution of the bargaining council.   | 9 997                        | -                                    | -  | -   | 9 997                         |
| SA Red Cross has instituted action proceedings against the Minister of Finance. It is a damage claim emanating from cancellation of a transversal contract with Red Cross. Latter alleges that the cancellation was unlawful and that it resulted in them suffering damages which the Minister and the relevant provincial.   | 54 006                       | -                                    | -  | -   | 54 006                        |
| The Plaintiff alleges that he submitted his income tax schedules to Treasury for the years 2006 until 2017 and was assessed at R68 809.25 for that period, and that from March 2010 until December 2013 he made payments in the amount of R99 597.95. His tax assessments for the years 2006, 2007 and 2008 were reduced and he was alerted of the changes in September 2017. He also alleges that Treasury is also liable to pay an amount of R16 214.93, that being as a result of the VAT assessments, and that in light of the above, Treasury is liable to pay to him an amount of R47 103.63 plus interest. | 47                           | -                                    | -  | -   | 47                            |
| The Plaintiff claims a total amount of R79 792 350.00 which claim is made up as follows: 1) A claim for payment of the sum of R63 367 750.00 in respect of software licenses and maintenance services allegedly received from the plaintiff; 2) Damages in the sum of R16 424 600.00 suffered as a result of the Defendants repudiation of the various agreements.  | 79 792                       | -                                    | -  | -   | 79 792                        |
| Subtotal  | 143 842                      | -                                    | -  | -   | 143 842                       |
| OTHER   |                              |                                      |  |   |                               |
| Military pensions   | 309 924                      | 42 255                               | 36 231   | -   | 315 948                       |
| Injury on duty  | 25 303                       | 3 704                                | 648  | -   | 28 359                        |
| Special pensions  | 80 927                       | 24 223                               | 20 263   | -   | 84 887                        |
| Subtotal  | 416 154                      | 70 182                               | 57 142   | -   | 429 194                       |
| <b>TOTAL</b>  | <b>559 996</b>               | <b>70 182</b>                        | <b>57 142</b>  | <b>-</b>  | <b>573 036</b>                |

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 4

## CLAIMS RECOVERABLE

| GOVERNMENT ENTITY    | CONFIRMED BALANCE OUTSTANDING |                     | UNCONFIRMED BALANCE OUTSTANDING |                     | TOTAL               |                     | CASH IN TRANSIT AT YEAR END 2021/22*                            |                 |
|----------------------|-------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|---|-----------------|
|                      | 31/03/2022<br>R'000           | 31/03/2021<br>R'000 | 31/03/2022<br>R'000             | 31/03/2021<br>R'000 | 31/03/2022<br>R'000 | 31/03/2021<br>R'000 | RECEIPT DATE UP TO SIX (6) WORKING DAYS AFTER YEAR END<br>R'000 | AMOUNT<br>R'000 |
| <b>DEPARTMENTS</b>   |                               |                     |                                 |                     |                     |                     |   |                 |
| Western Cape         | -                             | -                   | 21                              | 21                  | 21                  | 21                  | -   | -               |
| National Departments | -                             | 435                 | 2709                            | 3764                | 2709                | 4199                | -   | -               |
| Foreign government   | -                             | -                   | 1329                            | 1201                | 1329                | 1201                | -   | -               |
| <b>Total</b>         | -                             | <b>435</b>          | <b>4059</b>                     | <b>4986</b>         | <b>4059</b>         | <b>5421</b>         | -   | -               |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 8A

### INTER-ENTITY ADVANCES PAID (NOTE 14)

| ENTITY  | CONFIRMED BALANCE OUTSTANDING |                     | UNCONFIRMED BALANCE OUTSTANDING |                     | TOTAL               |                     |
|---|-------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
|   | 31/03/2022<br>R'000           | 31/03/2021<br>R'000 | 31/03/2022<br>R'000             | 31/03/2021<br>R'000 | 31/03/2022<br>R'000 | 31/03/2021<br>R'000 |
| <b>NATIONAL DEPARTMENTS</b>                                   |                               |                     |                                 |                     |                     |                     |
| Department of International Relations and Cooperation (DIRCO) | 334                           | 334                 | -                               | -                   | 334                 | 328                 |
| <b>Subtotal</b>   | <b>334</b>                    | <b>334</b>          | <b>-</b>                        | <b>-</b>            | <b>334</b>          | <b>328</b>          |
| <b>PUBLIC ENTITIES</b>  |                               |                     |                                 |                     |                     |                     |
| Pension Administration  | 25 317                        | 25 317              | -                               | -                   | 25 317              | 14 524              |
| <b>Subtotal</b>   | <b>25 317</b>                 | <b>25 317</b>       | <b>-</b>                        | <b>-</b>            | <b>25 317</b>       | <b>14 524</b>       |
| <b>TOTAL</b>  | <b>25 651</b>                 | <b>25 651</b>       | <b>-</b>                        | <b>-</b>            | <b>25 651</b>       | <b>14 852</b>       |

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 8B

## INTER-ENTITY ADVANCES RECEIVED (NOTE 21 AND NOTE 22)

| ENTITY                 | CONFIRMED BALANCE OUTSTANDING |                     | UNCONFIRMED BALANCE OUTSTANDING |                     | TOTAL               |                     |
|------------------------|-------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
|                        | 31/03/2022<br>R'000           | 31/03/2021<br>R'000 | 31/03/2022<br>R'000             | 31/03/2021<br>R'000 | 31/03/2022<br>R'000 | 31/03/2021<br>R'000 |
| <b>PUBLIC ENTITIES</b> |                               |                     |                                 |                     |                     |                     |
| Current                |                               |                     |                                 |                     |                     |                     |
| DEPT OF JUSTICE        | -                             | 6 632               | -                               | -                   | -                   | 6 632               |
| FASSET                 | 961                           | 3 384               | -                               | -                   | 961                 | 3 384               |
| GTAC-REFUND            | -                             | 135                 | -                               | -                   | -                   | 135                 |
| PSETA                  | 1                             | 11                  | -                               | -                   | 1                   | 11                  |
| SECRET SERVICES        | -                             | 66 103              | -                               | -                   | -                   | 66 103              |
| TETA                   | 2 632                         | 2 056               | -                               | -                   | 2 632               | 2 056               |
| THUTHUKA               | -                             | 37                  | -                               | -                   | -                   | 37                  |
| UNALLOCATED            | -                             | 57                  | -                               | -                   | -                   | 57                  |
| WINGS                  | -                             | 664                 | -                               | -                   | -                   | 664                 |
| SAP                    | -                             | -                   | -                               | -                   | -                   | -                   |
| <b>Total</b>           | <b>3 594</b>                  | <b>79 079</b>       | <b>-</b>                        | <b>-</b>            | <b>3 594</b>        | <b>79 079</b>       |

**ANNEXURE 11****COVID 19 RESPONSE EXPENDITURE****PER QUARTER AND IN TOTAL**

| EXPENDITURE PER ECONOMIC CLASSIFICATION    | SUBTOTAL   |            | SUBTOTAL   |            | SUBTOTAL   |              | SUBTOTAL |       | 2021/22 |       | 2020/21 |       |
|--|------------|------------|------------|------------|------------|--------------|----------|-------|---------|-------|---------|-------|
|  | Q1         | Q2         | Q3         | Q4         | Q1         | Q2           | Q3       | Q4    | TOTAL   | TOTAL | TOTAL   | TOTAL |
|  | R'000      | R'000      | R'000      | R'000      | R'000      | R'000        | R'000    | R'000 | R'000   | R'000 | R'000   | R'000 |
| <b>Compensation of employees</b>           | -          | -          | -          | -          | -          | -            | -        | -     | -       | -     | -       | -     |
| Goods services                             | 152        | 311        | 151        | 133        | 747        | 2 230        |          |       |         |       |         |       |
| Catering: Departmental activities          | -          | -          | -          | -          | -          | 201          |          |       |         |       |         |       |
| Cons Supp:Uni/Prot Clith&Clothes           | -          | -          | -          | -          | -          | 141          |          |       |         |       |         |       |
| Cons Hous Sup:Toiletries                   | 3          | -          | -          | -          | 3          | 182          |          |       |         |       |         |       |
| Cons House Sup:Wash/Clean dete             | 88         | 311        | 151        | 133        | 684        | 1 113        |          |       |         |       |         |       |
| Cons Mat&Sup: Hardware                     | 60         | -          | -          | -          | 60         | -            |          |       |         |       |         |       |
| Cons: Medical Kit                          | -          | -          | -          | -          | -          | 359          |          |       |         |       |         |       |
| Cons:SP&OS:Gov Prin                        | -          | -          | -          | -          | -          | 6            |          |       |         |       |         |       |
| Cons:SP&OS:Stationery                      | -          | -          | -          | -          | -          | 21           |          |       |         |       |         |       |
| P/P:Pest Cntrl/Fumigation Ser              | -          | -          | -          | -          | -          | 200          |          |       |         |       |         |       |
| O/P:Printing&Publications Serv             | -          | -          | -          | -          | -          | 6            |          |       |         |       |         |       |
| <b>TOTAL COVID-19 RESPONSE EXPENDITURE</b> | <b>152</b> | <b>311</b> | <b>151</b> | <b>133</b> | <b>747</b> | <b>2 230</b> |          |       |         |       |         |       |

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2022















**2021/22**  
NATIONAL TREASURY  
**ANNUAL REPORT**  
**VOTE 8**

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