



FREQUENTLY ASKED QUESTIONS

INSTRUCTION NOTE 1 OF 2023/24

QUARTERLY DISCLOSURE OF GUARANTEE, INDEMNITY OR SECURITY INFORMATION TO NATIONAL ASSEMBLY BY CABINET MEMBERS



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



1. QUARTERLY DISCLOSURE OF GUARANTEE, INDEMNITY OR SECURITY INFORMATION TO NATIONAL ASSEMBLY BY CABINET MEMBERS

QUESTION 1

Who should report the information?

ANSWER 1

In terms of section 66(2)(a) 3(c)(d) of the PFMA, a guarantee, indemnity or security is issued by a responsible Cabinet member acting with the concurrence of the Minister of Finance. Therefore, the information is to be reported by Cabinet members who have requested the concurrence of the Minister of Finance for the issuance of a guarantee, indemnity or security. The Cabinet member is required to report whether the request was approved or not approved also in line with section 70(4) of the PFMA, such Cabinet Members must report annually to Parliament of the circumstances of the guarantee, indemnity or security.

QUESTION 2

What information is to be reported to Parliament?

ANSWER 2

- The information to be reported to Parliament is any requests (in nominal value) for guarantees, indemnities or securities submitted for the concurrence of the Minister of Finance. The information is to be submitted once a response (approval or non-approval) has been received from the Minister of Finance.
- The name of the Cabinet member and the institution (subject to the PFMA) for which the request is submitted.
- Submission date will be the date of signature reflected on the request letter to the Minister of Finance by the relevant Cabinet member.
- Response date will be the date of signature on the response letter to the Cabinet member by the Minister of Finance.

- The request letter from the relevant Cabinet member must include the purpose for which the guarantee is being sought from the Minister of Finance.
- The response letter from the Minister of Finance must contain the reasons for the approval or non-approval of the request to the relevant Cabinet member. This information to be reported must contain:
 - The terms and conditions imposed by the Minister of Finance in a case of an approval of the guarantee, indemnity or security.
 - The total nominal value of guarantees, indemnities or securities in issue to all institutions falling within the portfolio of the relevant Cabinet member reporting such information as at the end of the reporting quarter.
 - The balance of the guarantees, indemnities or securities outstanding or used by institutions falling within the portfolio of the relevant Cabinet member reporting such information as at the end of the reporting quarter.
 - Any payments made by government to defray a guaranteed obligation on behalf of any institutions falling within the portfolio of the relevant Cabinet member reporting such information as at the end of the reporting quarter.

QUESTION 3

What is the frequency of this reporting?

ANSWER 3

The report should be submitted for each reporting quarter before the end of the subsequent quarter. As an example, for the quarter 1 October 2023 to 31 December 2023 (the reporting quarter), the report should be submitted by 31 March 2024. The information should be submitted once the response on the application has been received from the Minister of Finance. Reports should be submitted as illustrated on the schedule below.

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Description	Quarterly date	Submission date
Quarter 1 reports	April to June	End of September each year
Quarter 2 reports	July to September	End of December each year
Quarter 3 reports	October to December	End of March each year
Quarter 4 reports Reflecting Q4 information and consolidation of all quarters into an annual report	January to March	End of June each year

QUESTION 4

To whom should the report be submitted and how should it be submitted?

information to the National Assembly/Parliament. Therefore, there must be a letter signed by the relevant Cabinet Member when the information is submitted to the Speaker of the National Assembly.

ANSWER 4

A Cabinet member who has requested concurrence of the Minister of Finance must submit the required

Please refer to a template of the letter for submission of the information. Below is also a template with notes for ease of reference.

Insert name of current speaker here
Speaker of the National Assembly
Parliament of the Republic of South Africa
PO Box 15
CAPE TOWN
8000

Dear Honourable Speaker

SUBMISSION OF THE QUARTERLY DISCLOSURE OF GUARANTEE, INDEMNITY OR SECURITY INFORMATION TO THE NATIONAL ASSEMBLY FOR THE QUARTER ENDED 30 SEPTEMBER 2023.

In accordance with the requirements of Instruction Note 1 of 2023/24 on the quarterly disclosure of guarantee, indemnity or security information to the National Assembly; I hereby table the attached report for the **quarter ended 30 September 2023**.

I would appreciate if this document could be referred to the National Assembly for formal parliamentary scrutiny.

I appreciate your assistance in this regard.

Yours sincerely

MINISTER'S NAME AND SURNAME

MINISTER'S DESIGNATION

Date:

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QUARTERLY PARLIAMENTARY GUARANTEE/ INDEMNITY/SECURITY REPORTING TEMPLATE

Executive Authority/ Cabinet Member	Name of the Public Entity for which request is submitted	Date of submission of request	Date on which request was granted/refused	Nominal Guarantee Amount Requested - R'Million	Purpose of the guarantee	Reason for approval/refusal	Terms and conditions linked to approval	Total value of guarantees in issue by Cabinet member R'million	Payments under guarantees issued by Cabinet Member	Current Exposure for the department
The name of the Minister/ Cabinet Member who requested the issuance of a guarantee	The Name of the Public entity for which the guarantee was requested	This will be the date on the letter that the Cabinet Minister submitted to the Minister of Finance. Should be within the reporting quarter	The date on the letter from Minister of Finance responding to the request	The amount of guarantee requested	Purpose provided by requesting Cabinet Member in the letter to Minister of Finance	The reason provided in the letter from Minister of Finance for approving or not approving the request	In terms of Section 70(1) the Minister of Finance may impose conditions with the concurrence for the issuance of a guarantee. The Minister will include these conditions in a responding letter sent to the Cabinet Member requesting the issuance of the guarantee. These conditions should be included in this column.	The total amount of all guarantees issued by the Cabinet Member to all entities for which the Cabinet Member is the Executive Authority. This represents all nominal amounts issued at the time of the reporting quarter.	Any payments that have been made by the department in relation to any guaranteed obligation that the entity could not service and therefore had to be serviced by government.	The total amount of all guarantees issued by the Cabinet Member to all entities for which the Cabinet Member is the Executive Authority. This represents all outstanding amounts including accrued interest and revaluations minus repayments made by the entity at the time of the reporting quarter and not the nominal amounts.

QUESTION 5

What is the definition of “nominal guarantee value on a guarantee, indemnity or security?

ANSWER 5

The nominal guarantee value is the full amount of the guarantee that was requested by the relevant Cabinet member for concurrence by the Minister of Finance.

QUESTION 6

What is the definition of the “outstanding amount” of the guarantee, indemnity or security?

ANSWER 6

After the guarantee has been issued, the amount of the guarantee that has been used will be the outstanding amount. If the full amount of the guarantee had been used and a portion of the guaranteed debt has been repaid, the outstanding amount will be the closing balances, accrued interest and revaluation adjustments on inflation linked bonds due to changes in inflation of the guaranteed debt will represent the outstanding

amount. This amount will also include revaluation adjustments on foreign currency debt due to exchange rate movements.

Accrued interest as at reporting date, will be equal to the amount of interest due since the last interest payment date until the reporting date.

The exchange rate to convert any foreign borrowings or guarantees will be the approved rate published by the Office of the Accountant General (OAG) quarterly on their website.

QUESTION 7

What is the definition of the “current exposure” of the guarantee, indemnity or security?

ANSWER 7

Current exposure means any outstanding amount as, which represents the closing balances, accrued interest and revaluation adjustments on inflation linked bonds due to changes in inflation of the guaranteed debt. This amount will also include revaluation adjustments on foreign currency debt due to exchange rate movements.