

2017/18 NATIONAL TREASURY

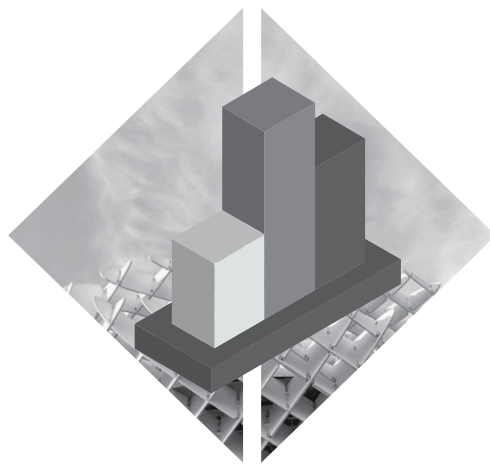
Annual Report
VOTE 7



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA





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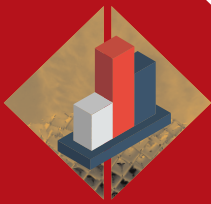


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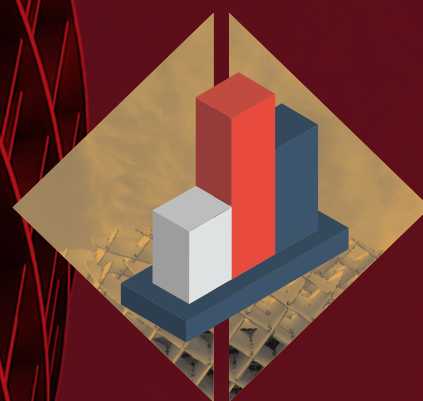


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PART A

GENERAL INFORMATION



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PART A: GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AENE	Adjusted Estimates of National Expenditure
AFAIAR	African Forum of Independent Accounting and Audit Regulators
ARC	Africa Regional Centre
ALM	Asset and Liability Management
ASB	Accounting Standards Board
AU	African Union
BAS	Basic Accounting System
BEE	Black Economic Empowerment
BEPPs	Built Environment Performance Plans
BEPS	Base Erosion and Profit Shifting
BFI	Budget Facility for Infrastructure
BMA	Border Management Agency
BRICS	Brazil-Russia-India-China-South Africa
BTO	Budget and Treasury Office
BTC	Belgian Technical Co-operation
CAA	Chartered Accountants Academy
CBDA	Co-Operative Banks Development Agency
CDS	Capacity Development Strategy
CEF	Central Energy Fund
CFI	Co-Operative Financial Institution
CFO	Chief Financial Officer
CFPs	Calls for Proposals
CGICTPF	Corporate Governance of ICT Policy Framework
CIT	Company Income Tax
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs
CoGTA	Cooperative Governance and Traditional Affairs
COLA	Cost of Living Adjustment
CSIPs	City Support Implementation Plans
CSP	Cities Support Programme
CSPs	Country Strategy Papers
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DFIs	Development Finance Institutions
DoRA	Division of Revenue Act
DORB	Division of Revenue Bill

DPME	Department of Planning, Monitoring and Evaluation
DTI	Department of Trade and Industry
EAOs	Emolument Attachment Orders
ECIC	Export Credit Insurance Corporation
EHW	Employee Health and Wellness
ENE	Estimates of National Expenditure
EU	European Union
FAIS	Financial Advisory and Intermediary Services
FAIS Ombud	Financial Advisory and Intermediary Services Ombud
FFC	Financial and Fiscal Commission
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
Fitch	Fitch Ratings Agency
FLC	Fiscal Liability Committee
FMCMM	Financial Management Capability Maturity Model
FMG	Financial Management Grant
FMIP	Financial Management Improvement Programme
FOSAD	Forum of South African Directors-General
FSB	Financial Services Board
FSCA	Financial Sector Conduct Authority
FSR	Financial Sector Regulation
FSRB	Financial Sector Regulation Bill
G20	Group of Twenty
GEPF	Government Employees Pension Fund
GPA	Government Pensions Administration Agency
GRAP	Generally Recognised Accounting Practice
GTAC	Government Technical Advisory Centre
HOD	Head of Department
HR	Human Resources
IA	Internal Audit
ICDG	Integrated City Development Grant
ICT	Information and Communication Technology
IDC	Industrial Development Corporation

2. LIST OF ABBREVIATIONS/ACRONYMS

IDIP	Infrastructure Delivery Improvement Programme
IDMS	Infrastructure Delivery Management System
IDZ	Industrial Development Zone
IFMS	Integrated Financial Management System
IFRS 9	International Financial Reporting Standard
IGR	Intergovernmental Relations
IMF	International Monetary Fund
IOD	Injury on Duty
IPPs	Independent Power Producers
IRBA	Independent Regulatory Board for Auditors
ITAC	International Trade Administration Commission
IUDF	Integrated Urban Development Framework
IWG	Inter-departmental Working Group
KM	Knowledge Management
KWSAP	Komati Water Scheme Augmentation Project
Land Bank	Land and Agricultural Development Bank of South Africa
LGDRS	Local Government Data Reporting System
LOGIS	Logistical Information System
LTSM	Learner, Teacher Support Material
MAFR	Mandatory Audit Firm Rotation
MCS	Modified Cash Standards
MDBs	Multilateral Development Banks
MDDA	Media Development and Diversity Agency
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MFMP	Municipal Finance Management Programme
MFRS	Municipal Finance Recovery Service
MIG	Municipal Infrastructure Grant
MINCOMBUD	Ministers' Committee on the Budget
MMTS	Mooi Mngeni Transfer Scheme

MoF	Minister of Finance
MPAT	Management Performance Assessment Tool
MPSA	Minister for the Public Service and Administration
mSCOA	Municipal Standard Chart of Accounts
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
MTSF	Medium Term Strategic Framework
NCOP	National Council of Provinces
NDB	New Development Bank
NDOH	National Department of Health
NDP	National Development Plan
NDPG	Neighbourhood Development Partnership Grant
NECSA	Nuclear Energy Corporation of South Africa
NEDLAC	National Economic Development and Labour Council
NHI	National Health Insurance
NHIF	National Health Insurance Fund
NPA	National Prosecuting Authority
NRF	National Revenue Fund
OAG	Office of the Accountant-General
OCPO	Office of the Chief Procurement Officer
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OTO	Office of the Tax Ombud
OPFA	Office of the Pension Funds Adjudicator
PDFI	Provincial Development Finance Institution
PEOU	Public Entities Oversight Unit
PFM	Public Finance Management
PFMA	Public Finance Management Act
PFS	Public Finance Statistics
PIC	Public Investment Corporation
PIT	Personal Income Tax

2. LIST OF ABBREVIATIONS/ACRONYMS

PoE	Port of Entry
PPAs	Power Purchase Agreements
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PPRs	Preferential Procurement Regulations
PSCBC	Public Service Co-ordinating Bargaining Council
PSO	Programme Support Office
PT	Provincial Treasury
S&P	Standard and Poor Global Ratings
SAA	South African Airways
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAHPRA	South African Health Products Regulatory Authority
SAIPA	South African Institute of Professional Accountants
SALGA	South African Local Government Association
SAPO	South African Post Office
SAPS	South African Police Service
SARS	South African Revenue Service
SAS	Specialised Audit Services
SA-SAMS	South African School Administration and Management System
SASRIA	South African Special Risks Insurance Association
SAX	South African Express
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts

SCoA	Standing Committee on Appropriations
SCoF	Standing Committee on Finance
SDIP	Service Delivery Improvement Plan
SECO	Swiss State Secretariat for Economic Development
SeCoA	Select Committee on Appropriations
SeCoF	Select Committee on Finance
SIPDM	Standards for Infrastructure Procurement and Delivery Management
SMME	Small, Medium and Micro Enterprises
SOCs	State-Owned Companies
SOERG	SOCs Remuneration Guide
SOP	Standard Operating Procedure
SPF	Strategic Procurement Framework
SQL	Structured Query Language
SSA	State Security Agency
TAS	Time Accounting System
TCTA	Trans-Caledon Tunnel Authority
UIFWE	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
UN	United Nations
VAT	Value-Added Tax
VRESAP	Vaal River Eastern Subsystem Augmentation Project
WB	Water Board
WBG	World Bank Group
WBPHCOT	Ward-Based Primary Healthcare Outreach Teams
WCPT	Western Cape Treasury
WEF	World Economic Forum

3. FOREWORD BY THE MINISTER



Minister of Finance
Nhlanhla Nene

As partners across government, private sector, civil society and labour, we are together weathering the storm and steering the country through extended turbulent economic times in which global conditions have further deteriorated and negative risks continue to rise. International geopolitical uncertainty, trade tensions and a gradual tightening of monetary policy in major developed countries continue to create a difficult operating environment. These difficulties are exacerbated by our own domestic structural challenges, of which the most acute is unemployment, which remains stubbornly high, particularly among the youth.

The outcome of the ANC's elective conference in December 2017 and the subsequent changes to government did bring about a sense of hope and renewed business and consumer confidence. However, this sense of hope and confidence soon abated, a development that was a reminder of the hard work that lies ahead if we are to return South Africa to a faster economic growth trajectory. South Africa remains a land of great economic possibilities, but to turn these into higher growth and investment, government must create a conducive environment.

The space for government to increase spending in support of the economy remains severely constrained at a time when demands on the fiscus are rising. The amount of money being spent on the compensation of public servants and the cost of servicing government debt have been the fastest growing elements of expenditure, crowding out all other areas of expenditure, in particular, capital spending. Initiatives to address these most pressing fiscal constraints have commenced and will be further implemented.

This challenging environment has placed additional pressures on National Treasury, an institution that the Constitution entrusts with, among others, ensuring sound financial controls in the management of the country's public finances. The past financial year has been a challenging one for Treasury, with an ambitious delivery programme that focused our energies on steering government finances towards sustainability. Faster economic growth will ease the revenue pressures, but we must not waver in our commitment to continue with spending reforms across all spheres of government. We must pursue, with a greater sense of urgency, the governance and fiscal reforms aimed at restoring state-owned companies to financial health. Overall, we must rebuild the public confidence, and trust that government and our public entities have no mission other than to serve the people of South Africa, and that they I will strive to do so effectively, efficiently and honestly.

Strengthening good governance and acting against corruption is crucial to rebuilding the sustainability of, and trust in, the state and state-owned enterprises. This will not only lower fiscal risks, but also contribute to faster growth. Our renewed focus on implementation and delivering on promises is demonstrated in the gains made in structural reforms, including efforts to shore up governance in key state-owned entities such as Eskom, Denel and SAA.

3. FOREWORD BY THE MINISTER

Progress has been made on the national growth agenda, but more meaningful implementation of critical growth interventions will be the focus of our future endeavours. These have included spending reprioritisation to support growth, addressing policy and regulatory delays that stifle growth, and working closely with all social partners to catalyse impactful growth initiatives. This includes trajectory-changing initiatives such as the jobs summit, instruments designed to assist the turnaround of the most troubled municipalities, and the Public Procurement Bill.

Last, but not least, I would like to thank my colleague, Deputy Minister Mondli Gungubele and the National Treasury Director-General, Dondo Mogajane. Though they would never expect it, our gratitude is also due to the staff of the National Treasury who continue to do a difficult job well, guided by none other than the long-term interest of South Africa and her people.

NHLANHLA NENE

Nhlanhla Nene

Minister of Finance

20 August 2018

4. DEPUTY MINISTER'S STATEMENT



Deputy Minister of Finance
Mondli Gungubele

In this year of change, we are emerging from a period beset with international and local uncertainties, while our society continues to be characterised by unequal distribution of income and wealth, competing interests, and contestation of policy imperatives, national priorities and future choices. It is incumbent on all of us to advance the interests of the poor, marginalised and disenfranchised, thereby building a better future for all.

The recent revitalisation of our political landscape has created fertile ground for significant reforms to take place in an effort to improve the economy and nurture the social dynamics of South Africa. However, the increased appetite for renewal creates expectations that must be met with actions. To this end, National Treasury, working in concert with the “financial family” of entities, continues to build on the sophisticated, stable and resilient financial system that has stood South Africa in good stead. Taking cognisance of the complex interplay of economic, political, social and cultural developments, we must work harder and with a greater sense of urgency on the implementation of efforts to enhance policy certainty, advance growth enhancing structural reforms, and, critically, the reform of state-owned companies so that they can contribute to the development agenda.

The future of South Africa will be determined by all who live in it, and for the economy at this difficult time, it is critical that the combined strength of all social partners is leveraged so that the whole is greater than the sum of the parts. Meaningful change requires reforms that are significant. In turn, these frequently require tough decisions that will necessitate sacrifice, commitment and working together from all of us to take our country forward and make real differences in our people’s lives and vulnerable people in particular. National Treasury in partnership with government and all social partners has a renewed determination to building a more equal, inclusive and united nation.

It has been an honour to serve in this portfolio and my great pleasure to work with Minister Nene. Thank you to Director-General Dondo Mogajane and the Treasury staff, all of whom are builders, building a better future for our country and all her citizens.

A handwritten signature in black ink, appearing to read 'Mondli Gungubele'.

Mondli Gungubele

Deputy Minister of Finance

20 August 2018

5. REPORT OF THE ACCOUNTING OFFICER



Director-General
Dondo Mogajane

5.1. OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

In articulating our shared future, the National Development Plan (NDP) requires that we galvanise ourselves to harness our collective efforts, leadership capacity and commitment to defeat the triple challenge of unemployment, inequality and poverty. This daunting array of social and economic legacies of apartheid stand as obstacles to strengthening our democracy and fully realising economic freedom and dignity for the majority of South Africans. The economy is a keystone in realising the NDP. Equally, the NDP remains the cornerstone of economic policy in South Africa. It sets out the long-term vision of the country we would like to see, one in which all South Africans participate meaningfully in the economy. While much remains to be done to achieve this vision, significant progress has been made.

Economic growth after the 2008 crisis has been disappointing, negatively affected by the weak global environment, low commodity prices, disruptive industrial actions, electricity shortages, drought conditions, and rising policy uncertainty. Growth in 2017/18 was 1.2 per cent compared to 3.3 per cent in 2010/11. While the global environment remains uncertain, domestically the wage bargaining process has improved, with the number of person days lost due to strikes reduced, electricity supply has become more reliable, and higher rainfall has resulted in a 13.4 per cent growth in agriculture in 2017/18. Policy uncertainty has been recognised as a major obstacle to stronger economic growth, and government is taking measures to improve policy design and coordination, and to finalise legislation on investment in the mining and ICT sectors. There are undoubtedly green shoots in our economy, but these need to be nurtured through our collective efforts.

Global and national pressures are being exerted on a vulnerable South Africa. Our national prospects, legacy of historical disparities and inequality, and current challenges of low economic growth and subdued development are inexorably intertwined with global developments. The impact of these on all South Africans has been further compounded by the contraction of public finances, thereby exerting pressure on government's ability to respond to citizens' expectations, communities' priorities and developmental imperatives. Balancing rising demands for public services with constrained public resources is increasingly complex, and requires the public sector to prioritise the delivery of reliable public services and strengthen responsive public administration. No single sector – whether the state, private enterprise, organised labour or civil society – can meet these priorities on its own. Rather, it is up to all citizens and institutions to shape the future South Africa to which we all aspire.

5. REPORT OF THE ACCOUNTING OFFICER

Government is responding by stimulating growth and restoring investor confidence, reducing policy uncertainty, lowering the cost of doing business, and tackling structural constraints to growth.

As the National Treasury, we are committed to inclusive growth, investment and transformation. Our most important contribution is ensuring fiscal sustainability. This forms the foundation on which confidence is built, and supports the ability of citizens, households, enterprises and institutions to plan for and invest in the future. The National Treasury continues to work with all sectors of government to ensure that regulatory and structural reforms that enhance growth are put in place. But government cannot drive growth alone. Partnerships are key to achieving this, and to this end National Treasury continues to lead the CEO initiative and engagements with local and foreign investors and rating agencies. Municipalities and provinces are at the coalface of service delivery, and assistance is being given to the many municipalities that face significant liquidity challenges and compromised service delivery. Success has been achieved in implementing the first phase of the Cities Support Programme which is recognised by the Department of Planning, Monitoring and Evaluation (DPME) as strengthening city-led planning and intergovernmental coordination.

The National Treasury continues to reinforce a commitment to ethical behaviour and ethical leadership. In collaboration with law enforcement agencies, the National Treasury has conducted 48 forensic investigations and special performance audit reports into fraud, corruption and abuse of supply chain management. 50 cases have been referred for criminal investigation. Support is being given to the Commission of Inquiry into State Capture. Supply chain management (SCM) has been further modernised through the introduction of technology to enhance transparency and reduce the cost of doing business with the state. Capacity building in financial management is a principal contributor to inculcating ethics across government institutions. To this end, the National Treasury has developed an i-Develop electronic toolkit (online learning needs assessment application). The tool will ensure that the competency gaps of every public finance practitioner are identified and attended to, thereby building the cadre of capacitated public finance officials.

A priority for the National Treasury has been to renew trust in public institutions. The financial distress of state-owned companies (SOCs) exposes National Treasury in several ways, including macroeconomic and direct funding pressures and long-term liabilities. Interventions towards sustainability have been implemented where necessary under the auspices of the government oversight forum chaired by the Deputy Minister of Finance. Actions are being taken to rebuild and strengthen SOCs' compliance and oversight, including changes to boards and management as well as commencing investigations into all allegations of wrongdoing.

Government remains committed to delivering public services within constrained public finances. This means that the National Treasury must remain steadfast in helping government to maintain fiscal consolidation to rebuild South Africa's buffers and improve the resilience of public finances. Much remains to be done to achieve our fiscal commitments, and disciplined implementation of agreed tax and expenditure measures. The National Treasury is ever mindful of the risks facing South Africa's public finances, and together with all sectors of government, has driven multiple, diverse and dynamic measures in pursuit of doing "more with less".

Economic Policy, Tax, Financial Regulation and Research continued to provide specialist policy research, analysis and advisory services in macroeconomics, microeconomics, taxation, and regulatory reform. This included providing inputs into the inception and development of the youth employment services initiative, analysis of monetary and exchange rate policy, growth policy and the SADC peer review process. Impactful research and modelling were conducted in several policy areas including the Department of Trade and Industry's (DTI's) incentives review programme, competition, firm entry and SME development and evaluation of how corporate incentives affect the relative cost of labour to capital. The health promotion levy on sugar-sweetened beverages, part of government's strategy to fight non-communicable diseases, was introduced. The Financial Sector Regulation Bill, aiming to implement the twin peaks approach to financial sector regulation, was passed through Parliament. The Financial Intelligence

5. REPORT OF THE ACCOUNTING OFFICER

Centre Amendment Act was successfully processed with the initial set of provisions coming into effect in June 2017 and the remainder in October 2017. Initiatives to build a transformed financial sector that benefits all South Africans were advanced and the measures to address the challenge of over-indebted households considered in conjunction with other government departments. The project to audit emolument attachment orders against salaries of public servants, led by National Treasury, is making a difference and has saved government officials over R236 million since its inception.

The Budget Office effectively and efficiently led the national budget process in particularly difficult economic conditions with added demands on the fiscus. The division also oversaw expenditure planning, provided fiscal advice and continues to lead the budget reform programme, manage official development assistance and compile finance statistics.

Public Finance provided advice and analysis on sectorial policies and programmes, meticulously monitored public expenditure, and advised on financial and budgetary aspects of public policy and spending proposals

Intergovernmental Relations continued to coordinate fiscal and financial relations between the national, provincial and local spheres of government. This included the coordination of inputs to the Division of Revenue, the annual Division of Revenue Bill and the draft Municipal Borrowing Policy Framework which proposes reforms to expand the scope of municipal borrowing. The division also continues to monitor the use of scarce public resources by provincial and local government, having regularly engaged with a range of stakeholders to promote efficient and effective use of these resources. The Cities Support Programme successfully delivered the planning reforms project, executive leadership programme, urbanisation review, land development transaction support and support for the development of the Integrated Urban Development Framework (IUDF). The Integrated City Development Grant focused investment in the 33 identified integration zones thereby supporting the redress of fragmented spatial forms, attracting private sector investment and improving communities' quality of wellbeing. Implementation of the infrastructure delivery management system was advanced, improving infrastructure delivery performance at both local and provincial level. 425 unemployed graduates across 16 municipalities, funded by the Infrastructure Skills Development Grant, enrolled in this financial year in the built environment capacity building programme that trains and enables professional registration with the relevant statutory councils. In order to improve the oversight by provincial treasuries over budgeting and financial management practices of the 240 municipalities, IGR, OAG and GTAC monitored the implementation of province-specific strategies to address local government failures. The strategies were updated to focus support interventions on six keystone elements for local government. These are funded budgets, municipal Standard Chart of Accounts (mSCOA), revenue management, supply chain management, asset management and audit outcomes. While the Municipal Infrastructure Grant administered by the Department of Cooperative Governance and Traditional Affairs (CoGTA) continues to underperform, the National Treasury reallocated monies of municipalities that had underspent by 40% or less to those municipalities with efficient spending. In specific instances and in support of under-performing municipalities, the National Treasury redirected monies to district municipalities to allow projects to be completed. Significant work has been done in ensuring that all 257 municipalities comply with the regulation on mSCOA by 1 July 2017, including capacity building and development of mSCOA reports on the local government data reporting system. The first-ever Treasury guidelines for provinces were issued together with a training programme on implementation delivered to provincial treasuries.

During the period under review, the Assets and Liabilities Management division maintained relations with the sovereign credit rating agencies and managed government's contingent liabilities. Government's gross borrowing requirements were successfully financed through the issuances of short- and long-dated securities in the domestic and foreign market. All government commitments were met and surplus cash was optimally invested. In addition, oversight over the SOCs was exercised to enable the achievement of government's policy objectives. Over the medium term, the following will continue, namely the financing of government's gross borrowing requirements, management of government's cash resources, minimisation and mitigation of

5. REPORT OF THE ACCOUNTING OFFICER

risk emanating from government's fiscal obligations, and the exercising of oversight over SOCs. It must be noted that the current domestic and global economic conditions will continue to negatively impact on government's borrowing programme, ability to maintain sovereign credit ratings, and the financial wellbeing of SOCs.

Efforts by the Office of the Accountant-General to strengthen financial management continue, including publishing the municipal standard operating procedures. These are anticipated to improve the internal control environment and subsequently, local government financial management maturity. Peer learning and support was provided through engagements such as the CFO forum and attendance at audit committee meetings. Significant effort has been invested in ensuring that the Integrated Financial Management System (IFMS) programme is effectively managed, delivering on time and in budget, and with all oversight controls in place and rigorously operating. Investigative capacity was provided to the state relating to public procurement, with 47 forensic investigations being conducted and specialised performance audit reports being compiled. Advisory services were provided to law enforcement agencies and anti-corruption task teams, with 33 cases referred for criminal investigation. Progress has been made on the initiative to achieve 30-day payment of invoices at national departments for services and goods procured. Efforts in this respect will be redoubled at provincial departments and municipalities as they still lag behind, continuing to impact negatively on small- and medium-sized businesses. A Public Sector Compliance Management Framework to assist spending agencies to improve compliance with all applicable legislation was developed. The capacity development strategy has been further implemented through successful delivery of the Financial Management Improvement Programme funded by the European Union and United Kingdom, the municipal financial management technical assistance project funded by the African Development Bank, the i-Develop toolkit intended to develop the internal audit and risk management disciplines and supporting of the Chartered Accountants Academy. Coordination of financial management reforms in municipalities was improved with the National Treasury hosting bi-annual meetings of provincial treasuries, CoGTA, the Auditor-General of South Africa (AGSA) and the South African Local Government Association (SALGA). The level of compliance by municipalities with the Municipal Finance Management Act (MFMA) is stringently monitored and reported on, including developing action plans to address areas of non-compliance, and interventions in those municipalities that contributed most to the unauthorised, irregular, fruitless and wasteful expenditure. 113 municipalities have developed their Financial Management Capability Maturity Model (FMCMM) action plans to address financial management weaknesses. Implementation of these will be monitored. Eight municipalities are being assisted by the Municipal Financial Recovery Services to prepare financial recovery plans.

Procurement reforms have and will continue to result in sustainable improvement in the effectiveness of public spending. The enhancement of the central supplier database was undertaken with the system having 656 000 users, 468 017 registered suppliers, 829 organs of state, 17 000 practitioners on board and generating approximately 30 000 reports daily. Utilisation of the e-portal has increased with 37 500 tenders published. Actual execution of procurement plans against published bid opportunities was monitored as part of enforcing good governance and compliance. 17 transversal contracts were renewed with savings realised through renegotiations of between 15 and 20 per cent. Strategic procurement supported health reforms, learner teacher support material and travel and accommodation. 12 instructions were issued to enhance SCM performance with concomitant implementation training provided.

In the past year, International Financial Relations successfully enhanced South Africa's and Africa's voice in regional and international forums geared towards advancing national and continental economic and development interests. Significant developments included launching of the New Development Bank's Africa Regional Centre and through the Export Credit Insurance Corporation, South Africa becoming a member of the Africa Export-Import Bank.

The Civil and Military pension contributions to funds and other benefits continue to provide pension and post-retirement medical benefits to former employees of state departments and bodies, as well as providing similar benefits to retired members of the

5. REPORT OF THE ACCOUNTING OFFICER

military. 95 per cent resolution of data was achieved through vigorous monitoring and cleaning of data to improve quality and integrity. This contributed to the achievement of 99 per cent of benefits being paid out within 45 days.

The Government Technical Advisory Centre (GTAC) continued to contribute to building a capable and developmental orientated state with capacity to work with the private sector in promoting growth, employment, infrastructure investment and public service delivery. Support was provided in conceptualising the new budget facility for infrastructure as part of the budget reform programme. 80 projects aimed at building capacity in government departments were conducted. 19 transactional advisory projects were registered, and reviews of public private partnership assessments completed. The Municipal Finance Improvement Programme (MFIP) procured and deployed 59 technical advisors to provide support to provincial treasuries and municipalities to enhance programme management capabilities. Since inception the Jobs Fund has approved 127 projects, having contracted 149 043 new jobs and 70 744 placements. 65 senior executives across government were orientated through the Infrastructure Delivery Management System (IDMS) executive course, 22 graduates completed their training through the Infrastructure Skills Development Grant and R502 million was transferred to all 257 municipalities through the Local Government Financial Management Grant. The Cities Support Programme continues to make a significant impact and the Integrated Public Transport Network (IPTN) guidelines and toolkit have been institutionalised.

5. REPORT OF THE ACCOUNTING OFFICER

5.2. OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT:

5.2.1 DEPARTMENTAL RECEIPTS

The table below provides a breakdown of the sources of revenue and performance for the 2017/18 financial year.

Table 1: Source of Revenue

DEPARTMENTAL RECEIPTS	2016/2017			2017/2018		
	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	29 957	11 827	18 130	31 728	116 648	(84 920)
Interest, dividends and rent on land	4 067 002	4 032 638	34 364	2 988 602	3 325 439	(336 837)
Sale of capital assets	-	136	(136)	659	683	(24)
Financial transactions in assets and liabilities	1 090 800	906 605	184 195	1 090 340	988 002	102 338
Total	5 187 759	4 951 206	236 553	4 111 329	4 430 772	(319 443)

The highest revenue stream for the department is interest received from the four commercial banks in the tax and loan account and the foreign currency deposit which is 75.05% of its total revenue.

Sale of goods and services

The higher amount of R84.9 million received is due to an increase in guarantee fees collected mainly from the South African National Roads Agency Limited (SANRAL).

Interest

The over collection of R336.8 million is due to more interest received on the tax and loan accounts from the four major commercial banks (ABSA, First National Bank, Standard Bank and Nedbank) and the National Treasury Sterilisation Deposit Account.

Financial transactions

The deficit of R102.3 million is primarily due to less than anticipated surplus funds received from entities.

5. REPORT OF THE ACCOUNTING OFFICER

5.2.2 PROGRAMME EXPENDITURE

The table below provides a high-level comparison of 2016/17 versus 2017/18 of the expenditure incurred by the Department against appropriated funds.

Table 2: Payment expenditure made by programmes for the period 1 April 2017 to 31 March 2018

PROGRAMME NAME	2016/2017			2017/2018		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/ UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	464 416	436 313	28 103	445 620	437 869	7 751
Economic Policy Tax Financial Regulation and Research	156 561	151 182	5 379	163 991	151 860	12 131
Public Finance and Budget Management	294 483	281 778	12 705	302 296	288 635	13 661
Asset and Liability Management	113 129	110 146	2 983	10 100 312	10 089 761	10 551
Financial Accounting and Supply Chain Management Systems	1 251 758	1 209 858	41 900	1 000 846	885 833	115 013
International Financial Relations	4 961 628	4 955 753	5 875	5 940 689	5 469 838	470 851
Civil and Military Pensions Contributions to Funds and Other Benefits	4 462 642	4 400 159	62 483	4 648 202	4 618 088	30 114
Technical Support and Development Finance	2 590 637	2 478 432	112 205	2 558 513	2 526 350	32 163
Revenue Administration	9 363 676	9 363 676	-	10 218 198	10 218 198	-
Financial Intelligence and State Security	4 812 487	4 812 487	-	5 105 639	5 105 639	-
Total	28 471 417	28 199 783	271 633	40 484 306	39 792 071	692 235

The Department spent 98.3% of its appropriated funds. The underspending of R692.2 million had no negative impact on attaining predetermined objectives, as processes were constantly assessed in order to improve spending effectiveness and efficiency. 60% of the total underspending represents savings realised from the New Development Bank due to a stronger exchange rate at the time of payment.

PROGRAMME 1

The programme has spent 98.3% of its R445.6 million budget for the 2017/18 financial year. The unspent funds of R4.1 million relate to compensation of employees, mainly due to vacant posts not being filled. Further underspending of R3.7 million relates to cost containment measures implemented on goods and services such as training, catering, entertainment, fleet services, bursaries and stationery.

5. REPORT OF THE ACCOUNTING OFFICER

PROGRAMME 2

The programme has spent 92.6% of its R164 million budget for the 2017/18 financial year. A transfer payment of R5.5 million to the Economic Research Southern Africa (ERSA) did not materialise as a result of discontinuation of research. Further underspending of R3 million in compensation of employees was mainly due to vacant posts not being filled, and implementation of cost containment measures on various goods and services to the value of R3.6 million.

PROGRAMME 3

The programme has spent 95.5% of its R302.3 million budget for the 2017/18 financial year. Unspent funds of R7 million relate to compensation of employees and were mainly due to vacant posts not being filled. Savings on consultancy services for editing of the 2018 Estimates of National Expenditure (ENE) and budget review were mainly responsible for further underspending on goods and services.

PROGRAMME 4

The programme has spent 99.9% of its R10.1 billion budget for the 2017/18 financial year. Unspent funds of R10.6 million relate to the underspending on goods and services, mainly due to implementation of cost containment measures on various items and unspent funds on consultancy services planned for the state aviation project that failed to materialise. A further underspending of R3.3 million related to compensation of employees was mainly due to vacant posts not being filled.

PROGRAMME 5

The programme has spent 88.5% of its R1 billion budget for the 2017/18 financial year. The unspent funds of R115 million are mainly due to delays in appointing the service provider for consultancy services in the Office of the Chief Procurement Officer. A further underspending relates to computer services in respect of legacy systems (LOGIS and BAS) and IFMS. Services related to the IFMS were put on hold due to forensic investigation.

PROGRAMME 6

The programme has spent 92% of its R5.9 billion budget for the 2017/18 financial year. The unspent funds of R470.9 million relate mainly to the savings realised on payments to the New Development Bank (NDB) and the African Development Bank (AfDB). These savings arose from foreign exchange rate differences.

PROGRAMME 7

The programme has spent 99.4% of its R4.6 billion budget for the 2017/18 financial year. The unspent funds of R30.1 million relate to transfers and subsidies and are mainly due to the unspent funds on political office bearers.

PROGRAMME 8

The programme has spent 98.7% of its R2.6 billion budget for the 2017/18 financial year. The unspent funds of R32.2 million relate mainly to delays in appointing service providers in the Jobs Fund operational budget. A further underspending relates to the Neighbourhood Development Partnership Grant (NDPG) on withheld transfer payments to municipalities due to non-compliance with the NDP framework and the Division of Revenue Act.

5. REPORT OF THE ACCOUNTING OFFICER

PROGRAMME 9

The programme has transferred 100% of its R10.2 billion budget for the 2017/18 financial year.

PROGRAMME 10

The programme has transferred 100% of its R5.1 billion budget for the 2017/18 financial year.

5.2.3 VIREMENTS/ROLLOVERS

During the year under review, there was a total virement of R265.9 million made during the 2017/18 financial year-end process, which was distributed as follows: R100 million was shifted to Programme 10 for Secret Services, R50 million to SARS and R109.3 million for the Common Monetary Area (CMA) and the remainder of R6.5 million on Programme 1.

Virements and shifts during the adjusted estimates process per programme were implemented as follows:

- Programme 1 - R24.6 million mainly to augment the payment for utility bills for the National Treasury premises and travel costs for Ministerial Office Support;
- Programme 2 - Self-financing expenditure of R22.5 million for the Emolument Attachment Orders project. The amount was paid to the service provider in respect of services rendered on this contract;
- Programme 3 - R16.9 million mainly on compensation of employees for filling of critical vacant posts;
- Programme 4 - R10 billion allocated for the recapitalisation and defrayment of expenditure in respect of South African Airways' debt obligations;
- Programme 8 - R30 million from the Infrastructure Delivery Improvement Programme (IDIP) to the Cities Support Programme (CSP) was on consultancy services for the Cities Infrastructure Delivery and Management System (CIDMS) as well as the Reimbursable Advisory Service (RAS) fee.
- In addition, there were declared unspent funds of R237.414 million from programme 8 on the Jobs Fund, subsequent to the review of the current project portfolio due to implementation delays experienced on planned projects, and non-compliance with the requirements in the operating guidelines and disbursements framework for the Jobs Fund.

No rollovers were requested by the Department.

5.2.4 UNAUTHORISED EXPENDITURE

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

5.2.5 IRREGULAR EXPENDITURE

The department incurred irregular expenditure of R768.9 million during the year under review and the main contributors were:

- R370 million on transfer of the Municipal Finance Improvement Programme (MFIP) funds to Government Technical Advisory Centre (GTAC) was not approved by the Accounting Officers.
- R348 million was incurred for the maintenance and support of the legacy systems (BAS, PERSAL, LOGIS and VULINDLELA).

5.2.6 FRUITLESS AND WASTEFUL EXPENDITURE

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

5. REPORT OF THE ACCOUNTING OFFICER

Fruitless and wasteful expenditure of R67 million was incurred due to the payment of the Integrated Financial Management System (IFMS) for technical support and maintenance.

5.2.7 SUPPLY CHAIN MANAGEMENT

The National Treasury does not use the unsolicited bid process.

The National Treasury experienced challenges in the areas of supply chain management procedures, policies and systems during the 2017/18 financial year. Measures to strengthen the prevention of irregular expenditure were implemented. These include:

- Implementation of the Bid Completion Checklist that covers the entire bidding process, including procurement plan monitoring;
- Enhancement of the contract administration processes through quarterly reviews, monthly reminder letters on expiring contracts as well as close-out reports on contracts before final invoices are paid; and
- Enhancement of the Procure to Pay Checklist to include the checking and verification of payment batches before approval.

Further strengthening of this area will be a focus going forward.

5.2.8 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

Responsibility for South African Airways (SAA) was transferred to the Department of Public Enterprises with effect from 1 August 2018. An investment of R23.409 billion into SAA will also be transferred to the Department of Public Enterprises.

5.2.9 OTHER MATTERS

Included under note 26 in the Annual Financial Statements is the Irregular Expenditure of R369 883 million out of a total of R769 214 million, which resulted from a mislocated 2014 memo signed by the Accounting Officer. The amount of R 369 883 million relates to transfers made to GTAC as an implementing agent in terms of the Principal-Agent relationship since 2014. Since the memo approved by the Accounting Officer was located after the audit report was issued after the “events after the reporting date” period, the adjustment will be processed in the 2018/19 financial year through the normal condonement processes.

APPRECIATION AND CONCLUSION

Being a public servant is a calling – a calling to serve the people of South Africa. I wish to thank the team of dedicated and professional National Treasury public servants who have once again risen to the demands of challenging times. My gratitude is extended to Minister Gigaba and Deputy Minister Buthelezi for their periods of tenure respectively. I wish to thank Minister Nene and Deputy Minister Gungubele for their support and guidance since taking up the reins towards the end of 2017/18.



Dondo Mogajane

Accounting Officer

Date: 31 August 2018

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

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

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2018.

Yours faithfully



Dondo Mogajane

Accounting Officer

Date: 31 August 2018

7. STRATEGIC OVERVIEW

7.1. VISION

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

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

7.2. MISSION

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

7.3. VALUES

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

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

8. LEGISLATIVE AND OTHER MANDATES

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

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

8.1. PARLIAMENTARY SERVICE

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

9. ORGANISATIONAL STRUCTURE



MR NHLANHLA NENE (MP)
Minister of Finance



MR MONDLI GUNGUBELE (MP)
Deputy Minister of Finance



MR DONDO MOGAJANE
Director-General



01
STADI MNGOMEZULU



03
WILLIE MATHEBULA



05
MALIJENG NGQALENI



07
DUNCAN PIETERSE



09
ZANELE MXUNYELWA



02
ANTHONY JULIES



04
IAN STUART



06
ISMAIL MOMONIAT



08
VUYELWA VUMENDLINI



10
MAMPHO MODISE

9. ORGANISATIONAL STRUCTURE

01. STADI MNGOMEZULU

DEPUTY DIRECTOR-GENERAL:
CORPORATE SERVICES

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

02. ANTHONY JULIES

DEPUTY DIRECTOR-GENERAL:
ASSET & LIABILITY MANAGEMENT

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

03. WILLIE MATHEBULA

ACTING: CHIEF PROCUREMENT OFFICER

(Acting since, 1 September 2017)

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

04. IAN STUART

ACTING: DEPUTY DIRECTOR-GENERAL:
BUDGET OFFICE

(Acting since, 1 December 2017)

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

05. MALIJENG NGQALENI

DEPUTY DIRECTOR-GENERAL:
INTERGOVERNMENTAL RELATIONS

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

06. ISMAIL MOMONIAT

DEPUTY DIRECTOR-GENERAL:
TAX & FINANCIAL SECTOR POLICY

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

07. DUNCAN PIETERSE

ACTING: DEPUTY DIRECTOR-GENERAL:

ECONOMIC POLICY

(Acting since, 10 May 2018)

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

08. VUYELWA VUMENDLINI

DEPUTY DIRECTOR-GENERAL:
INTERNATIONAL & REGIONAL
ECONOMIC POLICY

- African Economic Integration
- International Finance & Development
- Global and Emerging Markets
- Country and Thematic Analysis

09. ZANELE MXUNYELWA

ACTING: ACCOUNTANT-GENERAL

(Acting since, 1 September 2017)

- 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)

10. MAMPHO MODISE

DEPUTY DIRECTOR-GENERAL:
PUBLIC FINANCE

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

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

10. PUBLIC ENTITIES REPORTING TO THE MINISTER



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

The remaining nine are self-funded and generate their own revenue. They are the Financial Services Board (FSB), the Financial Advisory and Intermediary Services Ombud (FAIS Ombud), the Office of the Pensions Fund Adjudicator (OPFA), the Government Pensions Administration Agency (GPAA), the Development Bank of Southern Africa (DBSA), the Public Investment Corporation (PIC), the Land and Agricultural Development Bank of South Africa (Land Bank), South African Airways (SAA) and SASRIA. Each entity develops and reports on its own strategic and corporate plan. The commentary below on the performance of the 17 entities describes the broad approach of each 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

SOUTH AFRICAN REVENUE SERVICE (SARS)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

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

- The 2017/18 total tax revenue estimate (Printed Estimate), based on a 1.3% gross domestic product (GDP) growth outlook, was set at R1 265.5 billion in the February 2017 Budget. The estimate was then revised to R1 217.3 billion in the February 2018 Budget (Revised Estimate) based on deteriorating economic conditions. Collections for the 2017/18 year amounted to R1 216.5 billion, R843 million short of the Revised Estimate. However, this represents a 6.3% growth in total tax revenue from 2016/17.
- The main sources of revenue that contributed to the R1 216.5 billion were Personal Income Tax (PIT), Value Added Tax (VAT) and Company Income Tax (CIT).
 - PIT contributed R462.9 billion (38.1%).
 - VAT contributed R297.9 billion (24.5%).
 - CIT contributed R220.2 billion (18.1%).
 - Customs contributed R49.2 billion (4.0%).
- Tax season for personal income tax is SARS's largest single engagement with taxpayers. SARS received 5.6 million returns by the close of tax season for non-provisional taxpayers on Friday, 24 November 2017, comprising:
 - 4.289 million submissions by individuals for the 2016/17 tax year.
 - 1.2 million returns for previous year submitted.
 - 44 782 submissions by trusts for the 2016/17 tax year.
 - R18.5 billion in refunds paid to 2.22 million non-provisional taxpayers.
 - R2.7 billion in fraudulent claims which were prevented.
 - 93.63% of tax returns processed within 24 hours.
 - 91.98% of taxpayers due for a refund but not routed for audit or risk verification, refunded in less than 72 hours.

OFFICE OF THE TAX OMBUD

- The Office of the Tax Ombud (OTO) concluded a report on the investigation in terms of section 16 (1)(b) of the Tax Administration Act, 2011 (Act No. 28 of 2011) into alleged delayed payment of refunds as a systemic and emerging issue. The report generated significant interest including that from media (print, digital and broadcast), Parliament (Standing Committee on Finance) and other stakeholders.
- As a result of the report, as well as other awareness campaigns, the OTO had 172 media mentions in print, broadcast and digital platforms.
- The OTO updated its complaints guide and, to ensure accessibility to the public, translated the guide into all 11 official languages.
- The OTO:
 - Received 18 094 contacts, a 16% increase from the previous financial year.
 - Received 3 826 complaints, an 11% increase from the previous financial year.
 - Finalised/facilitated a resolution of 1 402 complaints, a 126% increase from the previous year, most of which were resolved in favour of taxpayers.
 - Made formal recommendations to SARS on the tax compliance system.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

FINANCIAL INTELLIGENCE CENTRE (FIC)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The Financial Intelligence Centre (FIC) is South Africa's national centre for the receipt of financial data, analysis and dissemination of financial intelligence to the competent authorities. The FIC was established by the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (FICA) and has the mandate to identify the proceeds of crime and combat money laundering and terror financing.

The FIC's achievements in the year under review included:

- Increased awareness of compliance, registration and reporting in terms of FICA through six roadshows, 28 compliance awareness sessions and 14 media articles.
- Conducted 133 FICA-compliance inspections on accountable and reporting institutions and undertook 69 joint inspections with other supervisory bodies.
- Increased the number of accountable and reporting institutions registered with the FIC by 1 958 to 40 799, demonstrating an improvement in compliance with the FICA.
- Received 4.88 million cash threshold reports, 330 639 suspicious transaction reports and one terrorist property report which reflect a 4 per cent increase in total number of reports received compared to 2016/17. This points to an improved awareness of the reporting requirements among accountable and reporting institutions.
- Contributed to 2243 criminal investigations, referred 1 470 matters for further investigation, and contributed to 36 judicial actions
- Blocked suspected proceeds of crime to the value of R55 million.

ACCOUNTING STANDARDS BOARD (ASB)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

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

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

- Ten pronouncements, of which the Conceptual Framework for General Purpose Financial Reporting will be guiding the principles contained in Standards of GRAP over the long-term.
- Research was conducted into the presentation of information in the Statement of Financial Position to improve comparability of information between entities.
- Six exposure drafts were issued concurrently with the international public sector standard setter and comment letters were submitted on these exposure drafts.
- All the Standards of GRAP issued by the Board to date have been approved for implementation by the Minister of Finance.
- All the Standards of GRAP have been translated into isiZulu, Sesotho and Afrikaans.
- The ASB has received clean audit opinions every year since its establishment in October 2002.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

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). The CBDA's mandate is to create a strong and vibrant cooperative banking sector. Its overarching objectives are to support, promote and develop cooperative banking, and to register, supervise and regulate deposit-taking financial services cooperatives, savings and credit cooperatives, community banks and village banks as cooperative banks.

The CBDA's achievements during the year under review included:

- Ten co-operative financial institutions (CFIs) went live on the banking platform and are now able to be functional on the system.
- In the year under review, 34 interventions were conducted in financial management, compliance management and internal audit in respect of 21 CFIs.
- 16 presentations were made to stakeholders to promote the CFI model.
- R11.5 million was sourced from key stakeholders with a similar mandate, to assist the CBDA in achieving its objectives.
- The registration of Poplar Frontline Foundation CFI and Tshwane Community FSC.
- The CBDA currently has 23 registered CFIs.

FINANCIAL AND FISCAL COMMISSION

(CONSTITUTIONAL INSTITUTION IN TERMS OF SCHEDULE 3C)

The Financial and Fiscal Commission (FFC) derives its mandate from Chapter 13, Section 224 of the Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) (as amended). In addition the Commission's functions are also encompassed in sections 214(2), 220, 222, 228(2) (b), 229(5), 230(2), and 230A(2) of the Constitution which provide, among others, that the Commission is an independent and impartial advisory state institution that government has to consult on the division of revenue among the three spheres of government and in the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans.

Its mandate is further enabled through the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997) (as amended), Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), Money Bills Amendment Procedures and Related Matters Act, 2009 (Act No. 9 of 2009), Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (as amended), Provincial Tax Regulation Process Act, 2001 (Act No. 53 of 2001), Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005) and the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007).

The Commission fulfilled its mandate as a constitutional body in promoting a sustainable and equitable intergovernmental fiscal relations system. There was timely delivery of its constitutional and legislative submissions, namely the Division of Revenue, Response to the Medium Term Budget Policy Statement, Response to the Division of Revenue Bill, Appropriations Bill, and Response to the Fiscal Frameworks and Revenue Proposals.

On 31 May 2017, the Commission tabled its annual submission in Parliament for the Division of Revenue. The theme of the submission, "The Intergovernmental Fiscal Relations System and Urban Development in South Africa", emphasised the need for much greater impetus in urban development. This includes investment in housing, more compact cities, transport integration and support for the informal sector; improvements to productivity and industrial diversification; improvements in schooling,

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

particularly its planning in urban areas; and the need for accelerated job creation, especially for young work seekers. This is balanced against the need to guard against separating the urbanisation agenda from the overall development agenda. The submission recommended that government continue making critical investments in non-urban areas. The technical report and policy briefs that informed the recommendations contained in the submission were further published by the Commission

INDEPENDENT REGULATORY BOARD FOR AUDITORS (IRBA)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

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

Key achievements during the period under review include:

- Several opportunities to respond in Parliament to progress on current high-profile investigations and demonstrate the role of audits and audit oversight in strengthening the credibility of the South African financial markets and macro-economy, attracting investment and protecting investors and the public. The invitations follow the audit and accounting failures in the profession and the loss of billions of Rand to the economy.
- The IRBA, with the National Treasury, commenced with drafting amendments to the Auditing Profession Act, 2005 (Act No. 26 of 2005), to strengthen the IRBA's oversight and ability to institute the required measures against errant auditors.
- The Minister of Finance announced that the IRBA can set down and gazette a mandatory audit firm rotation (MAFR) rule to address concerns regarding auditor independence and excessively long tenures with audit clients. The rule, gazetted on 5 June 2017, prescribes that auditors of public interest entities in South Africa must comply with MAFR with effect from 1 April 2023.
- Following the independent research conducted on transformation in the profession and challenges faced by trainees and recently qualified CAs, the IRBA conducted transformation workshops in Johannesburg, Pretoria, Durban and Cape Town to discuss the outcomes of the survey with the firms and to pursue potential strategies to improve transformation in the profession.
- The IRBA was elected as the deputy chair of the African Forum of Independent Accounting and Audit Regulators (AFIAAR). The AFIAAR charter was signed on 2 March 2018 by 11 countries, including South Africa. The goals of AFIAAR are to assist regulators in Africa to align independence and regulation with the requirements of the International Forum of Independent Audit Regulators (IFIAR) and to improve financial reporting, governance and independent oversight on the continent.
- The disciplinary hearing against two audit partners regarding the audit of African Bank Investments Limited and African Bank Limited commenced in March 2018.
- The Board approved a strategy to restore confidence and trust in the auditing profession following a number of scandals that affected the profession.

FINANCIAL SERVICES BOARD (FSB)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

After delivering on its legislative mandate over the past 27 years to supervise and enforce compliance with laws regulating non-banking financial institutions and providers of financial services, the tenure of the FSB came to an end on 31 March 2018 with the formal adoption of the twin peaks approach to financial regulation. This approach to regulation is characterised by separate

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

prudential and market conduct regulators. The Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act) was implemented on 1 April 2018 creating the Prudential Authority and the Financial Sector Conduct Authority (FSCA). The FSCA essentially took over the operations of the FSB in line with its mandate to regulate market conduct in the financial sector.

The journey to strengthen the South African financial regulatory environment commenced in 2011, in the aftermath of the 2007/8 global financial crisis. The financial sector reforms took into account the lessons of the crisis and also broader policy objectives of maintaining financial sector stability, protecting customers of financial services and ensuring that affordable, efficient and effective financial services are accessible to all. Given the need for economic growth and job creation it was imperative that the South African financial system be made safer through regulation that follows global best practice. It is envisaged that the enactment of the FSR Act and the upcoming Conduct of Financial Institutions Act will provide the necessary legal platform to underpin a more proactive approach to the regulation of the financial sector, thereby enhancing confidence for both citizens and international investors in South Africa's financial markets.

Highlights of the year under review include the following:

- Notwithstanding the enormous work involved in preparation for the transition to the FSCA, normal service delivery by the FSB did not suffer. All the FSB's service level commitment targets were met and exceeded.
- As part of its consumer education programme, the FSB held 395 workshops, 28 exhibitions, produced five consumer education resources, was involved in 35 media activities and kept the website updated.
- As part of its transformation programme the FSB held five specialised training workshops to equip African candidates pass the FAIS exams, 17 workshops with emerging financial services providers to assist with regulatory and financial advice, and employed ten graduates on its learnership programme.

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES OMBUD (FAIS OMBUD)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

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

Key achievements for the year under review include the following:

- During the 2017/18 financial year, the Ombud's office received 10 211 complaints, a decrease of 5.8 per cent from the previous year. Of these, 8 322 were resolved in the same year.
- The number of cases settled and determined increased from R58.3 million in 2016/17 to R60.8million. The number of justiciable complaints increased by 41.5 per cent from the previous year, amounting to 7 969 in 2017/18.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

OFFICE OF THE PENSION FUNDS ADJUDICATOR (OPFA)

(SCHEDULE 3A: NATIONAL PUBLIC ENTITY)

The OPFA was established and mandated to investigate and determine complaints lodged in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956). It was established in 1998 and marks an historic 20 years' existence. In order to deliver on its mandate, it is required to dispose of complaints in a procedurally fair, economical and expeditious manner. It ensures awareness, affordability and access as an alternative dispute resolution mechanism to fund members. The OPFA has jurisdiction solely on funds that are registered under the Act.

Key achievements in the year under review include the following:

- 9 794 new complaints were received from across all provinces and various mediums. These were mostly relevant and justiciable, which reflects an improvement in consumer awareness about the existence and mandate of the OPFA.
- 8 808 complaints were finalised of which 1 462 matters were settled, three were conciliated, 4 405 complaints were formally determined, 2 571 were received out of time in terms of the Prescription Act, and 367 were referred to other forums.
- The OPFA achieved its strategic objectives over the medium term with more efficient disposal of complaints. The exceptions to the disposal of complaints were in respect of a few funds awaiting the appointment of curators and some complaints that were on appeal in terms of section 30P of the Act. Continued focus will be on proactively engaging industry and providing guidance in addressing some of the challenges. A priority continues to be the development of the organisation to achieve a high level of excellence through staff development and the implementation of required systems and resources to improve the operating environment.

GOVERNMENT PENSIONS ADMINISTRATION AGENCY (GPAA)

(GOVERNMENT COMPONENT OPERATING AS A SCHEDULE 3A NATIONAL PUBLIC ENTITY)

The GPAA was established as a government component as gazetted in March 2010 in terms of Section 7A (4) of the Public Service Act of 1994 (Proclamation No. 103 of 1994). The GPAA's mandate is to provide benefits administration services on behalf of its two customers, the Government Employees Pension Fund (GEPF) and the National Treasury's Programme 7 funds. The GPAA's relationship with the GEPF and the National Treasury is regulated by service level agreements (SLAs). Benefits of its administration services include the processing and paying of benefits and claims to clients, including pensioners, members, spouses and orphans, in accordance with the Government Employees Pension (GEP) Law, 1996 (Proclamation No. 21 of 1996) and several pieces of legislation which fall under the ambit of the National Treasury's Programme 7 funds and schemes.

Key achievements in the year under review include the following:

- An average of 94% customer satisfaction was achieved on services rendered to clients through various service channels across the country.
- Payment of an average of 86% (the National Treasury 99% and GEPF 71%) of benefits on time after the receipt of duly completed documentation.
- A total of 73 957 claims were received (compared to 74 689 in 2016/17) and a total of 73 336 of these claims were paid (compared to 73 764 in 2016/17).
- Contributions received amounted to R71.4 billion (compared to R65.4 billion in the previous financial year), with the total membership being 1.27 million (compared to 1.28 million in the previous financial year).
- A total of 474 779 walk-in clients were served across 16 regional offices nationally, while 767 mobile sites were visited nationally, reaching over 90 000 clients.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

- A multimedia publicity campaign was launched, aimed at raising brand awareness and educating clients about the GEPF and its processes. This included a radio campaign, in which the GEPF was featured on several radio stations for three months, and a television campaign which included advertisements on a popular local TV series. The campaign also included the successful advertising of the GEPF call centre and unclaimed benefits call numbers through in-Taxi Television and Outdoor LED advertising during several Premier Soccer League games.
- Mall activations, aimed at increasing the Fund's national footprint by showcasing products and services at shopping malls, were initiated. Pilot exhibitions were held at four shopping malls across the country.

DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA)

(SCHEDULE 2: MAJOR PUBLIC ENTITY)

The DBSA is a state-owned entity (SOE) whose purpose is to advance the development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions to:

- Improve the quality of life of people through the development of social infrastructure.
- Support economic growth through the investment in economic infrastructure.
- Support regional integration.
- Promote sustainable use of scarce resources.

Progress in terms of key objectives in the year under review included:

- Disbursed loans to the municipalities to the value of R3.3 billion (annual target: R5.6 billion).
- Disbursed loans to the rest of the African continent (excluding RSA) to the value of R3.2 billion (annual target: R5.0 billion).
- Catalysed third party funds to the value of R25.2 billion (annual target: R25.6 billion).
- Delivered R42.8 billion infrastructure support.
- Achieved a net profit of R2.3 billion (annual target: R1.4 million) with sustainable earnings at R2.8 billion (annual target: R1.1 billion).
- Planned to benefit 87 673 households from municipal funding activities of the bank once the funded projects have been completed (based on commitments for 2017/18).
- Planned to create 11 453 temporary job opportunities from municipal funding activities of the bank for the duration of the construction of the funded projects (based on commitments for 2017/18).
- Prepared and secured funding from DBSA and other third party funders for projects to the value of R16.3 billion (DBSA: R1.1 billion and other funders: R15.2 billion) while its portfolio investment project pipeline is R10.1 billion.
- Identified, through planning support intervention in municipalities, projects to the value of R26.7 billion which will benefit 776 474 households and create 8 700 temporary job opportunities, provided funding is made available by the municipalities for the duration of construction.

In addition, the DBSA has delivered the following as an implementing agent of government under various strategic programmes of government:

- Completed eight schools under the accelerated schools infrastructure delivery initiative programme for the benefit of 34 376 learners. Refurbished 102 KwaZulu-Natal schools that had been damaged by storms for the benefit of 85 007 persons. 12 educational and accommodation facilities were also refurbished.
- Brought 112 houses to the final stages of completion in respect of the Old Fire Station development in Germiston, thus bringing houses completed to 270 since the development's commencement.
- Completed maintenance work to 25 health facilities.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

PUBLIC INVESTMENT CORPORATION LIMITED (PIC)

(SCHEDULE 3B: NATIONAL GOVERNMENT BUSINESS ENTERPRISE)

- The unlisted investment portfolio (excluding unlisted properties) continues to grow as a result of funds being deployed for developmental investing. The portfolio increased by 11% to R75.2 billion (2016/17 financial year: R67.9 billion) during the year.
- Disbursements amounted to R18.2 billion (2016/17 financial year: R23.9 billion), representing a drop of 24% compared to the previous year.
- Approvals during the year were R12.7 billion (2016/17 financial year: R27.9 billion) representing a decrease of 54% compared to the prior year.
- The unlisted property portfolio increased in capital value by 10% to R44.3 billion (2016/17 financial year: R44.8 billion) during the year.
- New approved disbursements/acquisitions amounted to R7.5bn. 78% was allocated domestically and 22% to the rest of Africa. This represents a 208% increase on new acquisitions from the 2016/17 financial year. All the domestic transactions qualified as BEE transactions.
- Within the portfolio, Pareto remained profitable throughout the year despite a tough economic environment and the V&A saw the completion of the Silo District together with the opening of the Museum of Contemporary Art Africa (MOCAA) in September 2017 and the opening of the Radisson Red hotel.
- The PIC committed R2 billion for investment in student accommodation assets located in urban and peri-urban areas. Student housing stock will be grown by developing new buildings as well as acquiring existing buildings that will be refurbished.

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

(SCHEDULE 2: MAJOR PUBLIC ENTITY)

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

Key highlights achieved during the year under review include:

- A substantial increase in the proportion of the bank's gross loan book that supports transformation from R2.5 billion (6%) in 2015/16 to R4.9 billion (11%) by 2017/18. The book supports more than 700 emerging farmers.
- Maintenance of the bank's total capital adequacy ratio of 17.4% which is well above the 15% target.
- Cost-to-income ratio of 57.5% (financial year 2016/17: 54.4%).
- Strong liquidity position with liquidity coverage ratio of 26.1% (financial year 2016/17: 17.7%) and a net stable funding ratio of 108.3% (financial year 2016/17: 86.7%), ensuring sufficient levels of liquidity and appropriate funding to support the bank's operations.
- Net new funding raised during the year amounted to R3.7 billion (R7.7 billion at gross level) of which 62.2% was funding with maturities in excess of one year, thereby reducing the bank's reliance on short-term funding and decreasing refinancing risk.
- Net interest margins 3.0% from 3.1% in 2016/17, despite the bank's concerted efforts in lengthening its funding profile which comes at an increased cost. Improved net interest margins provided the platform for continued financial sustainability.
- Improved profitability from continued operations at R327 million compared to R316.3 million in 2016/17.
- Improved loan performance with non-performing loans declining from 7.1% to 6.7%.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

GOVERNMENT TECHNICAL ADVISORY CENTRE (GTAC)

(GOVERNMENT COMPONENT OPERATING AS A SCHEDULE 3A NATIONAL PUBLIC ENTITY)

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

Key highlights achieved during the year under review include:

- Nine public expenditure reviews were completed (eight national and one provincial). They provide insights into the organisational and institutional logic of the value addition of a range of services delivered.
- For the first time, the Public Expenditure and Policy Analysis unit conducted a series of expenditure reviews on issues which reside under the constitutional authority of the provinces, providing a platform for testing the methodology beyond the national sphere of government, on which most of the previous work has been based. The focus on provincial functions has helped crystallise concerns about the degree of coordination across spheres of government and the lack of consistency across provinces with regard to institutional configurations, implementation models, reporting systems, and the collection, availability and quality of data.
- GTAC has completed a partnership manual which guides decisions about how to determine parameters for the implementation of partnerships and in this way, optimise learning and capacity building in projects which are being delivered.
- In delivering on its mandate to be a centre of excellence, GTAC has developed a knowledge management strategy which includes a knowledge management system as well as introduced additional creative opportunities for sharing information widely across the public sector. The next phase will focus on building the infrastructure necessary to successfully deliver this knowledge system.
- With support from the Canadian government, and in partnership with the National Treasury, GTAC has instituted a capacity building initiative which includes the delivery of an annual winter school, a master's bursary programme for economics graduates and an internship programme. In the reporting period, a winter school was successfully held and six bursaries awarded for students to complete their master's theses in public economics/policy.

SASRIA SOC LIMITED

(SCHEDULE 3B: NATIONAL GOVERNMENT BUSINESS ENTERPRISE)

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

Key achievements during the year under review include:

- Gross written premiums increased from R1.84 billion to R1.99 billion, an increase of 8.2%.
- SASRIA achieved its turnaround times targets, 86.5% of claims under R250 000 were settled within 30 days, and 88.7% of large claims were settled within 60 days.
- SASRIA's capital and solvency positions remain strong, underpinned by a continued focus on risk management in its disciplined investment and underwriting strategies. Assets under management amounted to R7.6 billion and shareholder equity increased to R6.6 billion by 31 March 2018 (2016/17: R5.8 billion).

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

- SASRIA delivered solid results and generated cash flows while maintaining its strong capital position. This enabled the board of directors to declare and pay a dividend of R162 million during the year under review, thus demonstrating the company's sustained commitment to shareholder value.

SOUTH AFRICAN AIRWAYS (SAA)

(SCHEDULE 2: MAJOR PUBLIC ENTITY)

SAA is the leading carrier in Africa, serving 56 destinations, in partnership with SA Express, SA Airlink, and its low cost carrier, Mango, in South Africa and across Africa and nine intercontinental routes from its Johannesburg hub. SAA's core business is the provision of passenger airline and cargo transport services together with related services, which are provided through SAA and its wholly-owned subsidiaries: SAA Technical, Mango - its low cost carrier, and Air Chefs - SAA's catering entity.

Key achievements during the year under review include:

- 12-year anniversary of Star Alliance membership.
- Reviewed unprofitable routes including reductions in West Africa, long haul routes and domestic transfers to Mango.
- Shifted four narrow-body aircraft to Mango to address excess capacity for SAA and reduce impact of low cost carriers (LCC) market share gain.
- Announced a code-share agreement between SAA and TAAG Angola Airlines.
- Continued to build the change hub in order to manage transformation in the business.
- Voted the 'The Coolest Domestic Airline' at the 2018 Sunday Times Generation Next Awards.
- Won four APEX Regional Passenger Choice Awards (PCAs) in the Asian Region.

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
South African Revenue Service (SARS)	South African Revenue Service Act (Act No. 34 of 1997)	Transfer payments	To collect all revenue due to the state and to support government in meeting its key growth and developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion.
Office of the Tax Ombud (OTO)	Tax Administration Act, 2011 (Act No. 28 of 2011), Section 16(1)	Transfer payments	To review and address any complaint by a taxpayer regarding a service matter, or a procedural or administrative matter arising from the application of the provisions of a tax act by South African Revenue Services (SARS).
Financial Intelligence Centre (FIC)	Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (FICA)	Transfer payments	To identify the proceeds of crime, combat money laundering and terror financing, exchange information with law enforcement and other local and international agencies, supervise and enforce compliance with the Act and facilitate effective supervision and enforcement with supervisory bodies.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

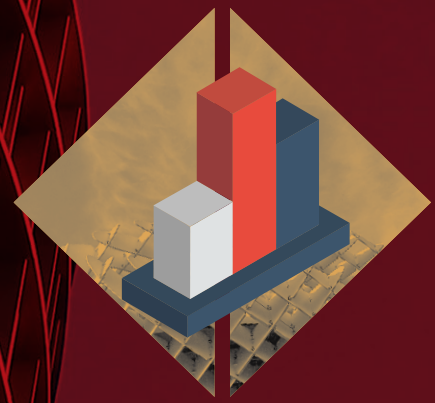
NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
Accounting Standards Board (ASB)	Public Finance Management Act, 1999 (Act No. 1 of 1999)	Transfer payments	The Board serves the public interest by setting Standards of Generally Recognised Accounting Practice (GRAP) and providing guidance for financial and other performance information reported by the public sector.
Co-operative Banks Development Agency (CBDA)	Co-operative Banks Act, 2007 (Act No. 40 of 2007)	Transfer payments	To support, promote and develop cooperative banking, and to register, supervise and regulate deposit taking financial services cooperatives, savings and credit cooperatives, community banks and village banks as cooperative banks.
Financial and Fiscal Commission (FFC)	Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996), Chapter 13, Section 224	Transfer payments	The Commission makes recommendations to organs of state on financial and fiscal matters in accordance with section 220 of the Constitution.
Independent Regulatory Board for Auditors (IRBA)	Auditing Profession Act, 2005 (Act No. 26 of 2005)	Transfer payments	To protect the sections of the public that rely on the services of the registered auditors, and to provide support to registered auditors.
Financial Services Board (FSB)	Financial Sector Regulation Act, 2017 (Act No. 9 of 2017)	No transfer from the National Treasury	To regulate and supervise the financial services sector's market conduct, ensuring the integrity and efficiency of the formal markets and allied institutions, protecting consumers of financial services, and improving access including financial literacy programmes.
Financial Advisory and Intermediary Services Ombud (FAIS Ombud)	Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) (FAIS Act) Financial Services Ombud Schemes Act, 2004 (Act No. 37 of 2004)	No transfer from the National Treasury	To resolve financial services complaints in an economical, informal and expeditious manner that flows directly from section 20 of the FAIS Act.
Office of the Pension Funds Adjudicator (OPFA)	Pension Funds Act, 1956 (Act No. 24 of 1956)	No transfer from the National Treasury	To investigate and determine complaints lodged in terms of the Pension Funds Act (1956).
Government Pensions Administration Agency (GPAA)	Public Service Act of 1994 (Proclamation No. 103 of 1994)	No transfer from the National Treasury	To administrate benefits on behalf of Government Employees Pension Fund (GEPF) and National Treasury pension benefits, funeral benefits, post-retirement medical subsidies, military pensions, injury on duty payments, and special pensions.
Development Bank of Southern Africa (DBSA)	Development Bank of Southern Africa Act, 1997 (Act No. 13 of 1997)	No transfer from the National Treasury.	To advance the development impact in the region by expanding access to development finance and effectively integrated and implementing sustainable development solutions.

10. PUBLIC ENTITIES REPORTING TO THE MINISTER

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
Public Investment Corporation (PIC)	Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002)	No transfer from National Treasury	The PIC 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.
Land and Agricultural Development Bank of South Africa (Land Bank)	Land and Agricultural Development Bank Act, 2002 (Act No. 15 of 2002)	No transfer from National Treasury	To provide financial services to the commercial farming sector and to agri-business and to make available new, appropriately designed financial products that would facilitate access to finance by new entrants to agriculture from historically disadvantaged backgrounds.
Government Technical Advisory Centre (GTAC)	Section 7A (4) of the Public Service Act (1994) through Government Notice 261, Gazette 35194, of 30 March 2012	Transfer payments	To assist organs of state to build their capacity for efficient, effective and transparent financial management. 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.
SASRIA SOC Limited	Reinsurance of Damages and Losses Act, 1989 (Act No. 56 of 1989) Conversion of SASRIA Act, 1998 (Act No. 134 of 1998)	No transfer from National Treasury	To offer insurance to all individuals and businesses that own assets in South Africa, as well as to government entities.
South African Airways (SAA)	South African Airways Act, 2007 (Act No. 5 of 2007)	No transfer from National Treasury	Engage in passenger airline and cargo transport services, air charter services and other related services in support of the state's desire to promote air links with the Republic's main business, trading and tourism markets within the African continent and internationally.

PART B

PERFORMANCE INFORMATION



2017/18 NATIONAL TREASURY

Annual Report
VOTE 7



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 194 for the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. SERVICE DELIVERY ENVIRONMENT

The economy sets the broader context for the National Treasury's service delivery environment. It not only shapes the National Treasury policies, but is also shaped in turn by such policies.

South Africa continued to face a challenging economic environment in 2017/18. The first three quarters of the financial year exhibited signs of promising, if moderate, growth, before a disappointing final quarter undermined some of that earlier momentum. As such, the reduction of unemployment, poverty and inequality continued to be difficult.

Global growth accelerated through the year, reaching a robust 4.3% in the first quarter of 2018. However, the global economic expansion became less synchronised as output growth accelerated in emerging market economies while slowing notably in many major advanced economies. World markets continued to see relatively high levels of volatility, driven by policy uncertainty and geopolitical tensions. Protectionist rhetoric also became more intense during the period under review. In addition, geopolitical tensions flared up periodically, especially between North Korea and the USA. Meanwhile multi-lateral cooperation on issues such as climate change also came under threat from the inward-looking stance adopted by some advanced economies, for example the USA's withdrawal from the 2015 Paris Agreement on climate change mitigation. The resultant uncertainty around global growth, trade, and cooperation could have significant consequences for small, open economies such as South Africa, which are heavily reliant on foreign trade and capital inflows.

Commodity prices rebounded strongly over the year under review, resulting in an improved near-term outlook for commodity exporters such as South Africa. Oil prices rose on the back of improved global demand and declining inventories, while non-oil commodity prices continued their recovery from the lows reached at the end of 2015, responding to higher demand primarily from China and India. The rebound in commodities also bodes well for growth among important commodity-exporting trade partners in sub-Saharan Africa thereby improving demand for South Africa's exports.

Perceptions of risk associated with lending or investing in South Africa increased throughout 2017, with credit rating downgrades of both foreign currency and Rand denominated debt to sub-investment grade by both Fitch and Standard & Poor's in 2017. In November the third of the major international ratings agencies, Moody's, kept South Africa at investment grade, but put the country's sovereign credit rating on review with a 'negative' outlook. A sub-investment downgrade for local- and foreign-currency debt by Moody's would result in South Africa's exclusion from indices such as the Citi World Government Bond Index, further raising future borrowing and debt-service costs. However, in March 2018 the outlook was improved to 'stable'.

Early in 2017, the Rand was supported by various global factors, including positive movements in commodity prices, improved certainty over the timing of advanced economy interest rate movements and US dollar weakness, which saw a steady appreciation

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

of the domestic currency. Towards the end of the year, however, domestic factors including the sombre outlook presented in the 2017 MTBPS (projecting much larger government deficits and higher debt levels), credit rating downgrades and political uncertainty, came to the fore and saw a sharp depreciation. The outcome of the ANC's elective conference was subsequently seen as largely positive, and saw the Rand appreciate through the early part of 2018.

The drought which had ravaged the agriculture sector finally abated, although some areas (notably the Western Cape) continued to experience low rainfall. As a result, there was a generally strong, although geographically uneven, post-drought recovery in the production of crops, while the rebuilding of livestock herds is expected to take several years.

The relatively strong performance of the Rand and the impact of the easing of drought conditions on food prices meant that inflationary pressures were relatively muted, with CPI remaining within the 3-6 per cent target band throughout the year. Consequently, there was a solid increase in consumption by households, which was however dampened by continued tight access to credit and by high levels of unemployment.

Investment in gross fixed capital, which is fundamental to raising growth rates, was relatively subdued, driven by low business confidence and regulatory uncertainty. This resulted in slow growth, along with poor growth in employment as the increase in jobs did not match a faster increase in the number of job seekers.

ECONOMIC INDICATORS	2014/15	2015/16	2016/17	2017/18
GDP growth (y/y)	2.0%	0.6%	0.9%	1.2%
Household consumption growth (y/y)	1.1%	1.5%	0.8%	2.8%
Gross fixed investment growth (y/y)	0.7%	1.3%	-3.1%	0.4%
RMB/BER Business Confidence Index (average)	46.8	38.3	38.0	35.8
FNB/BER Consumer Confidence Index (average)	-0.3	-10.8	-7.3	0.0
Unemployment rate (average)	25.4%	25.4%	27.0%	27.2%
Consumer inflation (y/y)	5.6%	5.2%	6.3%	4.7%

Sources: Statistics South Africa, Bureau for Economic Research

In summary, despite a strong improvement in the latter part of the period under review the South African economy continues to face significant challenges. Investment and, consequently, growth, remain too low to tackle the triple challenge of unemployment, inequality and poverty.

Furthermore, slow growth undermines government's ability to provide the services on which its citizens depend, and places enormous pressure on public finances. Government recognises the need to maintain fiscal sustainability to ensure a stable platform for growth, and has remained committed to a measured, prudent course of fiscal consolidation to narrow the budget deficit and stabilise debt thereby reducing the economy's exposure to global volatility. Disappointing growth, combined with institutional issues at the South African Revenue Service (SARS) saw shortfalls in revenue collection in the 2017/18 financial year. Gross tax revenue fell short of the 2017 Budget estimate by R48.2 billion, with personal income taxes, net VAT, and dividend withholding tax all showing shortfalls.

It is imperative that government does all in its power to increase confidence in the economy and thereby kick-start growth. Towards this end, government has made significant progress in implementing short-term confidence boosting measures, including the

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

appointment of new boards at Eskom and SAA. However, translating the global cyclical upturn and improved sentiment into more rapid economic growth requires government to finalise many outstanding policy and administrative reforms, particularly in sectors with high growth potential. These include:

- Mining sector policies that support investment and transformation.
- Telecommunications reforms, including the release of additional broadband spectrum.
- Lowering barriers to entry by addressing anticompetitive practices.
- Supporting labour-intensive sectors, such as agriculture and tourism, and increasing skills levels across the economy.

The National Treasury estimates that, if the international environment remains supportive, effective implementation of these reforms could add two to three percentage points to real GDP growth over the coming decade.

2.2. SERVICE DELIVERY IMPROVEMENT PLAN

The National Treasury is in the process of developing its Service Delivery Improvement Plan (SDIP), supported by the DPSA.

2.3. ORGANISATIONAL ENVIRONMENT

The National Treasury continued working diligently and with considerable purpose towards achieving its strategic objectives and those of government at large.

Key organisational focus areas included:

- Promoting economic policies that support the objectives of economic growth and employment creation.
- Executing a credible budget process that allocates resources sustainably to policy priorities and is in line with spending plans.
- Creation of the Budget Facility for Infrastructure (BFI). This is a reform of the budget process aimed at creating institutional procedures supporting the commitment of fiscal resources to large-scale infrastructure projects and programmes.
- Facilitating the Division of Revenue Act (DoRA), which provides for an equitable distribution of nationally raised revenue between national, provincial and local government.
- Addressing the perceptions of investors and ratings agencies. An important aspect of this is to reduce the borrowing costs for the government and state-owned companies (SOCs).
- A measured, prudent course of fiscal consolidation to narrow the budget deficit and stabilise public debt.
- Obtaining better value for public money. Procurement reforms are expected to realise substantial savings. During 2017, the National Treasury stepped up in-year monitoring of funds appropriated to departments and public entities and this trend is set to continue in 2018.
- Processes to improve governance and the financial strength of SOCs.
- Various initiatives in the field of financial sector regulation. These are aimed primarily at ensuring a customer-centric approach by financial institutions and at ensuring that the financial system is stable and capable of providing ongoing services in support of economy's development.
- Maintaining the National Treasury as a centre of excellence.
- Communicating and engaging effectively with stakeholders on strategic matters.

During the period under review, Mr Malusi Gigaba was Minister of Finance until 26 February 2018, with Mr Sifiso Buthelezi as Deputy Minister of Finance during the same period. Thereafter, Mr Nhlanhla Nene assumed the position of Minister of Finance with Mr. Mondli Gungubele as the Deputy Minister of Finance. The National Treasury has continued to deliver effectively on its mandate and objectives under the leadership of the new executive authority.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The drive to fill vacant critical executive senior manager positions continued during the period under review. As with other government departments though, the National Treasury has been subject to the severe budgetary constraints that have become necessary in the process of reducing the costs of government and freeing up funds for prioritised areas of public service delivery. Nevertheless, the National Treasury remained steadfastly committed to the fulfilment of its mandate and to achieving its strategic aims and objectives.

2.4. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

None during the period under review.

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 1: Administration</p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.</p>	<p>Service delivery has significantly improved over the medium-term in the areas of strategic management and human resource and financial management as evidenced by the year on year increase in annual MPAT scores and the Annual Performance Plan achievements.</p> <p>The National Treasury continued to focus on strengthening governance and accountability with specific focus on maturing institutional risk management, intensifying anti-corruption and ethics management as well as developing the Service Delivery Improvement Programme.</p>
<p>Programme 2: Economic Policy, Tax, Financial Regulation and Research</p> <p>This programme aims to promote economic policy coherence around the objectives of growth and jobs and improve South Africa’s macroeconomic and microeconomic frameworks by conducting ongoing analysis, research and policy advisory services. The programme supports economic growth, employment and macroeconomic stability and retirement reform by:</p> <ul style="list-style-type: none"> • Developing tax policy proposals and supporting tax legislation for the annual budget. • Monitoring the collection of revenue through ongoing consultation with relevant stakeholders, and analysing the factors determining tax collection. • Providing macroeconomic forecasts and scenario modelling. • Providing economic policy analysis, research, assessment and advice on macro and micro economics, including government policy proposals. 	<p>The Economic Policy and Research programmes continued to provide analysis, research and policy advisory services for a wide range of economic and financial sector matters. The Economic Policy Division produced analyses on various macro and micro economic issues with the aim of creating a supportive macroeconomic environment for job creation. This includes analyses on optimal foreign currency reserves, the impact of energy choices on the macro stability of the economy, and on the sudden cessation of capital flows. The division continued to support the budget process through economic research, analysis of tax and expenditure proposals on a macro level, scenario analysis and economic forecasts.</p> <p>The Tax and Financial Sector Policy Division published tax proposals in the annual budget review and implemented default regulations to correct market conduct issues in the retirement sector. The division also implemented the tax legislation to give effect to tax proposals from the national budget as well as setting up the two regulatory bodies arising from the twin peaks legislation (FSR Act).</p>
<p>Programme 3: Public Finance and Budget Management</p> <p>This programme aims to promote growth, social development and poverty reduction through sound fiscal and financial policies and through effective, efficient and appropriate allocation of public funds to address government’s policy priorities. It aims to achieve these objectives by:</p> <ul style="list-style-type: none"> • Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities. • Managing the annual budget process and providing public finance management support. 	<p>The 2018 Budget proposed major spending adjustments and tax measures to reduce the budget deficit and stabilise national debt as a share of GDP over the medium term. The main budget primary deficit will close over the medium term, helping to stabilise gross government debt at 56.2 per cent of GDP by 2022/23.</p> <p>Despite the fiscal constraints, funding was provided for government’s priorities by reallocating budgets to priority areas as set out in the Medium Term Strategic Framework. Medium term funding of R57 billion for fully subsidised higher education and training was provided through reprioritisation and tax measures, including an increase in the VAT rate of one percentage point.</p> <p>The annual budget process was managed effectively and the aggregate expenditure ceiling was adhered to in the budget allocations. After adjustments to the fiscal framework, the expenditure ceiling for the period 2018/19 to 2020/2 has been revised down marginally.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 3: Public Finance and Budget Management</p>	<p>The Budget Facility for Infrastructure (BFI), established to support the execution of national priority projects, has completed its review of 38 large infrastructure proposals. Options to engage development finance institutions and the private sector through the facility are being explored.</p> <p>Increased pressure on the compensation budget called for cost containment measures to ensure that the wage bill remains within the existing compensation ceilings. Several options are under consideration to address the additional cost of the new wage agreement.</p> <p>The budget processes ensured that the sharing of division of revenue allocations among provinces and municipalities was highly redistributive, with significantly higher <i>per capita</i> allocations to poorer provinces and municipalities. This will enable them to make progress in achieving their Medium Term Strategic Framework (MTSF) targets.</p> <p>Support was provided to provinces to build infrastructure capacity through the appointment of technical assistants and structured training to government officials on the Infrastructure Delivery Management System (IDMS). This contributes to improvement in the administration of public finances, planning alignment, and budgeting.</p> <p>Provincial infrastructure plans were assessed together with the national Departments of Health and Education. This contributes to improved integrated planning and budgeting.</p> <p>The Infrastructure Finance sub-component of the Cities Support Programme (CSP) provided technical and financial assistance to cities to develop long-term financial strategies and prepare catalytic urban land development projects identified in municipal built environmental performance plans (BEPPs).</p> <p>The Infrastructure Finance Reform project continued to support cities to more effectively access and use available sources of infrastructure finance through two related work-streams that address policy and regulatory issues in municipal borrowing.</p> <p>The CSP provided inputs into reforming the national policy environment for urban infrastructure finance within a coherent borrowing policy framework and functioning municipal debt market.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 4: Asset and Liability Management</p> <p>The programme manages government’s annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. This programme also seeks to promote and enforce prudent financial management of state-owned entities (SOEs) through financial analysis and oversight.</p>	<p>In 2017/18, more than 90 per cent of all corporate plans and annual reports received from state owned companies (SOCs), development finance institutions (DFIs) and water boards were reviewed.</p> <p>Government has extended Eskom’s R350 billion guarantee from 31 March 2017 to 31 March 2023. The extension will allow the utility to use the remaining portion of the guarantee to complete its current capital expenditure programme to 2023. As at 31 March 2018, approximately R244 billion of the R350 billion government guarantees had been drawn down. Government has provided support of up to R200 billion for renewable energy from independent power producers (IPPs). As at 31 December 2017, exposure to IPPs, representing the value of signed projects, was R123 billion.</p> <p>During the year, government issued SAA with an additional going-concern guarantee of R4.7 billion, increasing its total guarantees to R19.1 billion. An additional government guarantee of R4.5 billion was issued to the Land Bank to lengthen the maturity profile of its debt. This brings Land Bank’s total government guarantees to just over R11 billion. The guarantees to Eskom, Denel, South African Airways (SAA), South African Express (SAX), South African Post Office (SAPO), and the Land Bank are monitored regularly and quarterly reports on compliance with guarantee conditions were provided to the Fiscal Liability Committee (FLC).</p> <p>The Land Bank, Industrial Development Corporation (IDC) as well as the Central Energy Fund (CEF) were granted foreign borrowing limits during the year. Further foreign borrowing limits for Transnet and Eskom, Umgeni Water and the South African National Roads Agency Limited (SANRAL), were also granted. The Minister of Telecommunications and Postal Services was requested to investigate the breach by SAPO in incurring an overdraft without approval. Approvals of domestic borrowing limits were granted to the Trans-Caledon Tunnel Authority (TCTA) on three projects - Komati Water Scheme Augmentation Project (KWSAP); Mooi Mngeni Transfer Scheme Project (MMTS-2); and Vaal River Eastern Subsystem Augmentation Project (VRESAP). Approvals of domestic borrowing limits were also granted to Umgeni Water and the South African Post Office.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 4: Asset and Liability Management</p>	<p>The review of the individual provincial development finance institutions (PDFIs) has been completed and the project team is currently working on drafting the development finance policy in this regard. The outcome of the review will be communicated to Cabinet.</p> <p>The government successfully financed the gross borrowing requirement of R237.8 billion. This was financed through net issuance of domestic short-term loans (R33.4 billion), domestic long-term loans (R198.7 billion) and foreign loans of R33.9 billion (US\$2.5 billion) with R28.2 billion used to increase the cash and other balances. During 2017/18, R73.5 billion of short-dated bonds were exchanged for long-dated bonds.</p> <p>The cost of servicing government debt amounted to R162.6 billion compared to an original budget of R162.4 billion. Domestic and foreign loans of R28.4 billion were repaid during 2017/18. The Financial Operations Unit met all government's Rand and foreign currency commitments on a daily basis. In addition, surplus cash was optimally invested.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p> <p>This programme is made up of two divisions: the Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>The programme facilitates accountability, governance and oversight by promoting effective, efficient, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p> <p>The Office of the Accountant-General also provides financial support through the Financial Management Grant (FMG) and technical assistance in the form of specialist advisor placements to municipalities. This augments municipal own resources to implement the reforms legislated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The grant further assists municipalities in building institutional and technical skills in all aspects of financial management including:</p> <ul style="list-style-type: none"> • Growing the internship programme designed for graduates to be absorbed in municipalities. • Implementing budget reforms. • Improving supply chain management. • Addressing shortcomings in revenue management. • Implementing strict controls in expenditure management. • Developing management plans for assets that also address their repair and maintenance. • Producing accurate accounting records. • Assisting in auditing compliance and producing reports that are reliable and of a high standard. • Supporting training of officials to meet the minimum competencies. 	<p>OAG</p> <p>The OAG has facilitated accountability and transparency in the management of the financial resources of the country. Noteworthy is the consolidation of the Forum of South African Directors-General (FOSAD) and the Standing Committee on Public Accounts (SCOPA) reports which outline issues of governance and proposed remedial actions. The annual report is collated from the quarterly dashboard reports at local government level. It demonstrates the level of compliance with the MFMA in municipalities, progress made and areas where remedial actions are required to correct weaknesses.</p> <p>In addition, support has been provided to spending agencies at national, provincial and local government levels in accounting, risk management and internal audit. State of readiness assessments in internal audit were conducted for institutions that were due for audit and a programme to mentor officials in provinces in audit procedures has also been introduced.</p> <p>The consolidation of the annual financial statements for national government and entities was tabled in Parliament to provide oversight structures with the tools to hold spending agencies accountable.</p> <p>In order to ameliorate the skills deficit, capacity building in public financial management is critical. To this end, the OAG has put in place a number of interventions. These include the Chartered Accountants Academy (CAA) which provides an avenue for prospective chartered accountants (CAs) to receive training. During the 2017/18 financial year, 15 trainees qualified to attend the academic support programme in preparation for writing board examinations.</p> <p>In addition the unit has implemented the African Development Bank (AfDB)-funded Municipal Financial Management Technical Assistance Project to strengthen municipal public finance management capacity and improve service delivery performance. Ten municipalities that had shown a history of disclaimer and adverse audit opinions for the past three financial years were identified for support during 2017/18 and over the medium term.</p> <p>The unit also continued to support the work of law enforcement authorities through investigations and the production of applicable reports.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p>	<p>Support to municipalities included providing advice, placement of resources through the Municipal Finance Improvement Programme (MFIP) as well as the development of financial recovery plans for those municipalities under distress or where governance failures occurred. The Municipal Financial Recovery Services (MFRS) assisted eight municipalities with the preparation of financial recovery plans during the 2017/18 financial year.</p> <p>OCPO The central supplier database was enhanced to facilitate inclusive growth, double the number of suppliers, and transform reporting in terms of PPPFA. This was in pursuit of automating the procurement environment in government. The system has 656 000 users, 468 017 registered suppliers, 829 organs of state and some 17 000 practitioners on board. Approximately 30 000 reports are generated daily. Integration with the Construction Industry Development Board (CIDB) supplier database has also enabled reporting on procurement spent, PPPFA, employees doing business with the state, etc.</p> <p>Four procurement data reports were published, namely the “State of Government Suppliers” report, the “State of Procurement Spend” report, the “State of Procurement Transparency” report and the “Employees Conducting Business with Government” report. These reports strengthen transparency in government spending categories and supplier PPPFA demographics. This in turns allows government to determine opportunities for strategic sourcing, and improve its ability to measure the effectiveness of its policies and targets towards achieving BEE and channelling of the procurement spend towards designated groups in specific areas e.g. disabled suppliers.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 5: Financial Accounting and Supply Chain Management Systems</p>	<p>Utilisation of e-Tenders Publication Portal has improved. There are more than 37 500 tenders published on the portal. This also links to published procurement plans for organs of state. The link to published deviations is also provided in this portal. More than 14 500 tenders were published by public entities, more than 5 400 by provincial departments, more than 3 600 by national departments and more than 7 000 by municipalities. The OCPO has encouraged use of the system by targeting more municipalities to use eTenders. This has yielded good results, and municipalities that have never published before on eTenders are now doing so.</p> <p>Eleven business processes previously defined for the SCM stream of IFMS have been reviewed in consultation with subject matter experts from various organs of state. The business processes will be used for any procurement system in the supply chain space as a means of standardising and simplifying procurement processes.</p> <p>A total of 10 sourcing strategies were developed and are at various stages of implementation:</p> <ol style="list-style-type: none"> 1. Travel and Accommodation. 2. Mobile Communication. 3. Medical Equipment (Phase 1). 4. Medical Equipment (Phase 2). 5. Medical Waste Management. 6. Hospital Laundry and Linen. 7. Hospital Cleaning Services. 8. Hospital Food Services. 9. LTSM. 10.E-Education Procurement Framework.

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 6: International Financial Relations</p> <p>This programme manages South Africa’s interests in shaping regional and global policies which advance the economic, financial and development objectives of the country and those of Africa as a whole.</p>	<p>The African Union (AU) Heads of State and Government adopted the budget oversight role for the Committee of Fifteen Finance Ministers (F15), in which South Africa, Botswana and Namibia represent SADC, to oversee and approve the AU budget jointly with the Ministers of Foreign Affairs, before its endorsement by the AU Assembly.</p> <p>The SACU Heads of State and Government agreed to the review of the 2002 SACU Agreement and established ministerial technical task teams in finance and trade respectively to oversee the review process.</p> <p>South Africa became effective chair of the SADC Summit in August 2017. The National Treasury assisted in developing government-wide priority areas to be pursued by the President of South Africa.</p> <p>The World Economic Forum on Africa regional meeting convened in South Africa during May 2017, co-hosted by South Africa and the World Economic Forum.</p> <p>The National Treasury strongly advocated for the nomination and subsequent appointment of the SARB Governor as the IMFC Chair.</p> <p>During the period under review, a successful IMF Article IV consultation was facilitated in May 2017 and a staff visit in December 2017.</p> <p>The New Development Bank’s (NDB) Africa Regional Centre (ARC) was launched in August 2017.</p>
<p>Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits</p> <p>This programme provides for the processing and payment of pensions to members and their dependents in terms of various statutes, collective bargaining agreements and other commitments.</p>	<p>The Programme achieved 100% of its SLA indicators and exceeded targets in all four APP indicators. This is attributed to payment of the correct amounts as per the legal entitlement prescribed by legislation and rules of the funds under its administration.</p>

3. STRATEGIC OUTCOME ORIENTED GOALS

STRATEGIC OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE 5-YEAR TARGETS
<p>Programme 8: Technical and Management Support and Development Finance</p> <p>This programme provides advisory services, programme management and development finance support to improve public finance management, support high-impact government initiatives, facilitate employment creation and strengthen infrastructure planning and delivery.</p>	<p>Major achievements:</p> <ul style="list-style-type: none"> • Establishment of the Government Technical Advisory Centre (GTAC) to consolidate the National Treasury’s advisory and project management support activities. • 99 projects were provided with technical (80) and transactional (19) advisory support during 2017/18 • Support to selected national and provincial departments to institutionalise and sustainably implement the IDMS with the aim of improving infrastructure delivery in the public sector • 459 township projects approved with 314 projects completed to date. • Internal audit established in all municipalities and significant improvements achieved in municipal audit outcomes. • 59 financial management technical advisors placed at the National Treasury, provincial treasuries and municipalities to support the implementation of the six local government financial management game changers.

3. STRATEGIC OUTCOME ORIENTED GOALS

OUTCOMES OF GOVERNMENT

OUTCOME	SIGNIFICANT ACHIEVEMENTS DURING THE 2017/18 FINANCIAL YEAR
<p>Outcome 4 Decent employment through inclusive economic growth</p>	<p>Under sub outcome 4 - macroeconomic conditions supporting employment creating growth, the Financial Sector Policy Chief Directorates supported the process to pass the Financial Sector Regulation (FSR) Bill through Parliament. This specifically links to action 4.4. - measures to lower the cost of financial services such as banking costs and retirement fund costs especially for poor people. The FSR Bill aims to implement the twin peaks approach to financial sector regulation, giving the South African Reserve Bank the responsibility of overseeing the stability of the financial system, creating a new Prudential Authority (PA) to oversee the safety and soundness of financial institutions, and establishing the Financial Sector Conduct Authority (FSCA) as a dedicated market conduct regulator to ensure the fair treatment of customers. The Bill was enacted in August 2017 and regulations for implementing the Act were published in December 2017. The new regulators were officially established in the new financial year (1 April 2018). A stronger framework for market conduct regulation is under development, and the National Treasury established a technical expert panel to provide comment on an initial draft of the Conduct of Financial Institutions Bill. The Bill will be released for broad public comment in the 2018/19 financial year.</p>
<p>Outcome 9 Responsive, accountable, effective and efficient development local government system</p>	<p>The department reported on the implementation progress on a quarterly basis. Based on the reports submitted, sector departments were able to identify support to be provided to municipalities experiencing financial challenges.</p>
<p>Outcome 11 Create a better South Africa and contribute to a better Africa and a better world</p>	<p>The New Development Bank's (NDB) Africa Regional Centre (ARC) was launched in August 2017 together with the successful signing of the Host Country Agreement between NDB and South Africa, regularising the work and activities of the NDB in South Africa.</p>
<p>Outcome 12 An efficient, effective and development oriented public service</p>	<p>The National Treasury received and published 43 procurement plans from national departments and 164 from public entities. Seven transversal contracts were renewed for national procurement. Five sourcing strategies were developed for identified commodities/ procurement categories. One instruction and one circular were issued relating to a minimum threshold for local production and content for a specific product in the steel industry. The circular issued (Treasury SCM Circular No. 3 of 2017/18) was in respect of software, products and services cost containment relating to project implementation. The National Treasury has also implemented a system to monitor the payment of invoices within a 30-day period in the national and provincial spheres of government.</p>

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1. PROGRAMME 1: ADMINISTRATION

PURPOSE

Provide strategic leadership, management and support services to the department, and capacity building.

STRATEGIC OBJECTIVES

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

PROGRAMME'S SUB-PROGRAMMES

Office of the Minister and Deputy Minister

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

This sub-programme primarily provides administrative support and reports directly to the Director-General who is responsible for supporting the Minister in providing strategic direction and leadership to the National Treasury.

Management

This sub-programme primarily provides administrative services to and reports directly to the Director-General. It consists of five 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 Office of the Accountant-General in providing guidance and support to internal audit (IA) functions in government.

Enterprise Risk Management improves organisational risk communication and knowledge sharing, developing a common risk language that ensures that a risk management culture is embedded within National Treasury. The unit provides information for decision making and reducing uncertainty through coordinating a holistic view of risk and application of robust risk management systems to identify and mitigate risks that may threaten the attainment of objectives, and to optimise opportunities that enhance institutional performance. Fraud prevention is an integral part of the strategy, operations and administration function. It 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 departments short-, medium- and long-term strategic planning processes and ensuring that plans are aligned to legislative

4. PERFORMANCE INFORMATION BY PROGRAMME

mandates and broader government imperatives. The unit develops and administers systems and processes that entrench proper monitoring, evaluation and reporting on departmental performance delivery and facilitates the development and implementation of service delivery improvement.

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

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

Communications furthers National Treasury transparency imperatives by being responsible for ensuring effective communication between National Treasury and all stakeholders.

Corporate Services

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

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

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

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

Strategic Projects and Support is responsible for preserving the National Treasury's institutional memory and tangible knowledge as well as providing management support to internal projects. Knowledge management (KM) 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 in compliance with the National Archives Act.

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 to the Minister of Finance in this regard.

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

4. PERFORMANCE INFORMATION BY PROGRAMME

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

The National Treasury (NT) Risk Management unit endeavours to ensure that mitigation strategies in business units are accurately monitored and implemented. A template for business units to populate their strategic risk registers, following risk assessments, was developed, thereby allowing the Risk Committee to monitor implementation of risk mitigation strategies in prescribed timeframes.

The unit produced four risk mitigation strategy, monitoring and implementation reports which were tabled at the Risk Committee meetings during 2017/18 financial year.

The Business Continuity unit implemented the third and last phase of its business continuity strategy. This entailed setting up a fully-fledged disaster recovery site in Pietermaritzburg. The disaster recovery site will allow the National Treasury to continue its business operations in the event of a disaster at its primary sites.

Internal Audit (IA) implemented its annual risk-based audit plan for 2017/18 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's Audit Committee. 37 audits were planned, 11 audits were postponed to 2018/19 and two audits were cancelled due to emerging risks, changes in the department as well as requests from management. All changes were approved by the Audit Committee. For the year, 24 planned audits with an additional 12 *ad hoc* audits, culminated in 36 audits being conducted in the predetermined timeframe. This resulted in a 100 per cent completion of the approved 2017/18 IA annual plan. All audits were conducted in accordance with the International Standards for the Professional Practice of Internal Audit, issued by the Institute of Internal Auditors (IIA).

Strategic Planning, Monitoring and Evaluation was further expanded in the National Treasury with the introduction of standardised operational planning at Chief Directorate level, adding to the existing organisational planning system of strategic, outcomes, annual performance and project planning. Operational objectives for each Chief Directorate are aligned to the key performance areas of each Chief Director, creating a direct link between organisational and individual performance. This level of planning is a further contributor to aligning the planning practices of risk analysis, performance planning, budgeting, human resources performance management, and responding to internal audit findings and reporting. All performance information plans and performance information reports requirements were met. Processes to monitor performance have been strengthened principally in the area of completeness of performance reported and evidence testing. A new quarterly organisational performance risk analysis report has been introduced that monitors the effectiveness of action plans to address quarter-on-quarter under-performance. This report forms part of the unit's focus on building the organisation's intelligent performance management reporting capabilities as a basis for evidence-based decision making.

Public Entities Oversight Unit (PEOU) reviewed Schedule 3A public entities' annual performance plans and annual and quarterly reports during the year, to inform the Minister of the progress made in achieving key performance indicators, development priorities and objectives as determined in the APPs of the public entities. The review of the reports is a tool for effective and efficient accountability oversight. As part of deepening the oversight role, PEOU conducted onsite visits to all the public entities in order to strengthen relations. Through the implementation of the proactive oversight approach, accountability has been strengthened, which has promoted efficient use of public resources.

4. PERFORMANCE INFORMATION BY PROGRAMME

The Knowledge Management unit rolled out 30 per cent of the knowledge management strategy as planned. Business processes were documented in various divisions including the Office of the Chief Procurement Office (OCPO) for the supply chain management (SCM) modernisation project, Asset and Liability Management (ALM) and the Office of the Accountant-General. Learning and Innovation workshops were organised to promote internal and external knowledge exchange for excellence in public financial management. The Records Management unit continued to ensure the effective management of records of the National Treasury in line with the National Archives Act. 7 904 valuable files that have become inactive in the business units were identified and archived in the records storerooms, thus freeing up storage space to file current and active records in the operational areas. Approximately three tons of redundant records were disposed of in terms of standing disposal instructions issued by the National Archives of South Africa. Central registry services were provided to clients and 3 102 physical files were booked in and out of the registry. Bulk scanning services were provided to clients and 265 791 pages of records were scanned and uploaded into the electronic records systems. Access to information by members of the public was facilitated in terms of the Promotion of Access to Information Act and 26 requests for information were received and finalised.

Information and Communication Technology (ICT) continued with the formalisation of ICT governance in line with the Corporate Governance of ICT Policy Framework (CGICTPF). NT received a Management Performance Assessment Tool (MPAT) rating of 4 on ICT governance. The unit implemented several projects to digitise and automate departmental processes. This included:

- Vulekamali project and its associated portal - www.vulekamali.gov.za. This project opened the budget process to external stakeholders and presented budget information in a manner that the public could understand and interact with.
- Implementation of secure emails with guaranteed availability and archiving.
- Several business continuity projects were concluded, including the launch of the disaster recovery site in Pietermaritzburg and Work-From-Anywhere in the world project.
- Automation of HR performance management and evaluation.
- Migration and upgrade of the current customer relationship management software, HEAT, to the new HEAT 2016 with telephony integration.

ICT supported key NT ICT service delivery initiatives such as the re-launch of e-procurement, the Municipal Standard Chart of Accounts (mSCOA) collaboration portal and the improvements to Asset and Liability Management's applications to seamlessly invest the Government Employees Housing Subsidy, as per parliamentary resolution. The ICT unit launched projects to enable modernised unified communication in support of the approved ICT strategy.

The Financial Management unit continued to exercise governance in curbing deviations and non-compliance cases. The unit successfully reviewed 80 per cent of National Treasury existing contracts. On 5 April 2018, the National Treasury was the first national department to close its financial books. The unit increased its control measures with regards to processing of supplier payments and processed 87 per cent of payments in an average of eleven days from receipt of invoice. Accurate semi-annual and annual tax reconciliations were submitted to the South African Revenue Service (SARS) six weeks before the closing date.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 1: ADMINISTRATION					
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION	
PROVIDE INTEGRATED BUSINESS SOLUTIONS					
Percentage completion of the business continuity plan	90%	30% of Phase 3	28,6%	Under-performance is attributed to delays in the procurement of the business continuity related ICT infrastructure, Government freeze periods during which no changes can be made to the IT systems and time taken to configure the servers.	
Percentage of knowledge management (KM) strategy implemented	N/A	30%	30%	N/A	
Percentage of funded positions filled	N/A	92%	95%	Over-performance is attributed to the successful implementation of a proactive retention management strategy.	
Percentage availability of ICT systems achieved	97%	95%	98,4%	Over-performance is attributed to the procurement of ICT infrastructure that resulted in improved systems availability.	
Percentage saved on the rand value budgeted for paper usage, travel and strategic sourcing	N/A	1%	0,7%	Under-performance is attributed to service providers not being in a position or unwilling to negotiate prices as a result of stressed economic factors as well as a recently introduced OCPO travel framework limiting departmental-level negotiation on travel and accommodation	
TO ENSURE GOOD GOVERNANCE AND A SOUND CONTROL ENVIRONMENT					
Percentage completion of the approved risk-based IA plan	100%	100%	100%	N/A	
Produce approved annual strategic risk mitigation plan and quarterly risk implementation assessment reports	N/A	1 Plan 4 Reports	1 Plan 4 Reports	N/A	
Number of entities reporting to MoF reviewed quarterly reports submitted for the Minister's considering	40	44	44	N/A	
Number of vetting forms completed by staff group, submitted to State Security Agency (SSA)	N/A	182	180	Under-performance is attributed to the low rate of vetting forms submission in Quarter 1. The measures that were taken to address the under-performance in the subsequent quarters resulted in 34 of the 36 outstanding vetting forms being submitted.	

4. PERFORMANCE INFORMATION BY PROGRAMME

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS		
PROGRAMME 1: ADMINISTRATION		
INDICATOR	DEVIATION	ACTION PLAN
PROVIDE INTEGRATED BUSINESS SOLUTIONS		
Percentage completion of the business continuity plan.	Under-performance is attributed to delays in the procurement of the business continuity related ICT infrastructure, government freeze periods during which no changes can be made to the IT systems, and time taken to configure the servers.	<ul style="list-style-type: none"> Improving proactive and timeous project management across programme stakeholders will be implemented. The ICT disaster recovery (DR) infrastructure procurement was finalised, and the end-to-end DR testing will be initiated during the second quarter of 2018/19.
Percentage saved on the rand value budgeted for paper usage, travel and strategic sourcing.	Under-performance is attributed to service providers not being in a position or unwilling to negotiate prices as a result of stressed economic factors as well as a recently introduced OCPO travel framework limiting departmental level negotiation on travel and accommodation.	<ul style="list-style-type: none"> A printing management solution is underway and a project has been initiated. Printers per floor were identified with the objective of reducing the total number of printers. Printing quantities will be monitored per floor. Focus on price negotiations with suppliers on all approved bids and requests for proposals. Implementing the cost containment measures related to travel and subsistence.
TO ENSURE GOOD GOVERNANCE AND A SOUND CONTROL ENVIRONMENT		
Number of vetting forms completed by staff group, submitted to State Security Agency (SSA).	Under-performance is attributed to the low rate of vetting forms submitted in quarter 1. The measures taken to address the under-performance in the subsequent quarters resulted in 34 of the 36 outstanding vetting forms being submitted.	<ul style="list-style-type: none"> Under-performance was attributed to the low rate of vetting forms submitted in quarter 1. The measures that were taken to address the under-performance proved to be effective. Therefore the Vetting unit will continue to increase awareness sessions and hold meetings with stakeholders to ensure that they encourage compliance with vetting prescripts.

CHANGES TO PLANNED TARGETS

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

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 1: ADMINISTRATION PER SUB- PROGRAMME	2017/18					2016/17			
	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
MINISTRY	4,861	(306)	-	4,555	3,768	787	82.7%	4,037	3,625
DEPARTMENTAL MANAGEMENT	65,135	199	5,867	71,201	70,136	1,065	98.5%	52,535	50,461
CORPORATE SERVICES	127,456	(6,888)	-	120,568	117,542	3,026	97.5%	159,075	154,859
ENTERPRISE-WIDE RISK MANAGEMENT	28,759	(56)	-	28,703	28,301	402	98.6%	27,137	26,296
FINANCIAL ADMINISTRATION	39,933	1,378	682	41,993	41,490	503	98.8%	48,549	37,881
LEGAL SERVICES	20,546	1,513	-	22,059	22,035	24	99.9%	23,506	22,914
INTERNAL AUDIT	23,891	629	-	24,520	24,050	470	98.1%	23,341	21,802
COMMUNICATIONS	14,234	(1,455)	-	12,779	12,457	322	97.5%	9,155	8,596
OFFICE ACCOMMODATION	114,256	4,986	-	119,242	118,090	1,152	99.0%	117,081	109,877
TOTAL	439,071	-	6,549	445,620	437,869	7,751	98.3%	464,416	436,313

4. PERFORMANCE INFORMATION BY PROGRAMME

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

PURPOSE

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

STRATEGIC OBJECTIVES

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

PROGRAMME'S SUB-PROGRAMMES

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

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

Research

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

4. PERFORMANCE INFORMATION BY PROGRAMME

Economic Policy

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

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

Tax and Financial Sector Policy

The Tax Policy Chief Directorates implemented the tax proposals from the 2017 Budget during the 2017/18 financial year, entailing the drafting, tabling and enactment of legislation. Significant measures included the introduction of a health promotion levy on sugar-sweetened beverages as part of government's strategy to fight non-communicable diseases, an increase in the top rate of personal income taxes to 45 per cent and the dividends withholding tax to 20 per cent, a partial removal of the income tax exemption available to South African residents employed abroad, the expansion of anti-avoidance provisions to combat leakage of capital gains tax through share buybacks and a revision of the tax treatment of doubtful debts for banks to more closely align with IFRS9.

The Tax Policy Chief Directorates also carried out research and provided advice to the Minister on options for tax policy proposals for the 2018 Budget, which included proposals to increase tax revenues by R36 billion for the 2018/19 year to address the deterioration of the fiscal position. The final measures included an increase in the Value Added Tax rate to 15 per cent and increases in the tax revenues from personal income taxes, estate duties, the general fuel levy and *ad valorem* excise duties on luxury goods. The division coordinated and chaired the Revenue Analysis Working Committee which provided revised tax revenue forecasts for the 2018 Budget, updated the estimates for tax expenditures and proposed numerous technical tax amendments to be legislated in 2018.

The Financial Sector Policy Chief Directorates supported the process to pass the Financial Sector Regulation (FSR) Bill through Parliament. The FSR Bill aims to implement the twin peaks approach to financial sector regulation, giving the South African Reserve Bank the responsibility of overseeing the stability of the financial system, creating a new Prudential Authority (PA) to oversee the safety and soundness of financial institutions, and establishing the Financial Sector Conduct Authority as a dedicated market conduct regulator to ensure the fair treatment of customers. The Bill was passed by both the National Council of Provinces and the National Assembly in the 2017/18 financial year. It was enacted in August 2017 and regulations for implementing the Act were published in December 2017. The new regulators were officially established in the new financial year on 1 April 2018. A stronger framework for market conduct regulation is under development, and the National Treasury established a technical expert panel to provide comment on an initial draft of the Conduct of Financial Institutions Bill. The Bill will be released for broad public comment in the 2018/19 financial year.

The Financial Sector Policy unit continued to support initiatives to build a transformed financial sector, to the benefit of all South Africans. This included participating in the jointly-hosted transformation hearings of the Standing Committee on Finance and Portfolio Committee on Trade and Industry. The National Treasury provided input into this process and supported the committees in the formulation of their report in this regard, and will continue to engage through the NEDLAC process towards a financial sector summit in the 2018/19 financial year.

4. PERFORMANCE INFORMATION BY PROGRAMME

Engagements continued with other government departments to address the problem of over-indebted households in South Africa. Significant savings for public sector employees continue to be realised, thanks to the project implemented by the National Treasury in 2016 to audit emolument attachment orders (EAOs) against salaries of public sector employees. The project aims to assist over-indebted employees by curbing abuse of EAOs against their salaries. The EAO solution verifies the validity of existing EAOs and ensures that any invalid or erroneous EAOs are not enforced against salaries of employees. As at the end of March 2018, the project had saved employees in government over R236 million and resulted in a decrease in the number of EAO deductions from 114 371 in July 2016 to 73 744 (a decrease of 36%).

Progress was made on retirement reforms, even though the consultation process on the implementation of annuitisation by provident funds has been slower than initially anticipated. Default regulations for retirement funds were published for implementation in August 2017.

The Tax and Financial Sector Policy division is also responsible for promoting financial integrity by formulating policies which assist in combating financial crimes such as money laundering, corruption and terror financing. In achieving this objective, the unit assisted with the successful processing of the Financial Intelligence Centre Amendment Act, with the initial set of provisions coming into effect in June 2017 and the last portion in October 2017.

Work was also done with the DTI to improve the ease of doing business and the general investment climate in South Africa. A concrete initiative that has been put in place is the InvestSA/One Stop Shop, launched on 17 March 2017. Work in this area is continuing to address shortfalls in the business facilitation processes and to improve the ease of doing business. The objective is to ensure that South Africa remains attractive for investment.

Economic Policy

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

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

The Modelling and Forecasting unit continued to produce quarterly economic and revenue forecasts accompanied by scenarios highlighting the main risks to the baseline forecast. In addition to the regular model maintenance, a number of additional projects were completed. These included research notes on capital requirements and how they affect the economy, sudden stops, fiscal multipliers, evaluation of the turnover tax and evaluation of how corporate incentives affect the relative cost of labour to capital. In addition, the unit continued to assist with the evaluation of tax and expenditure proposals on a macro level. The unit continues to manage access for academics to the administrative tax by the South African Revenue Service (SARS) and works with them on associated projects.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
BUILD ECONOMIC RESEARCH CAPACITY IN ACADEMIC RESEARCH INSTITUTIONS WITH THE OBJECTIVE OF PROMOTING RELEVANT RESEARCH				
Number of papers published in association with academic research institutions	80	80	80	N/A
PROVIDE POLICY ADVICE ON THE FINANCIAL SECTOR				
Enact Twin Peaks model legislation	Progress was made but not completed. FSR Bill passed in National Assembly on the 6 December 2016. NCOP deliberations held on the 3 and 14 February. Public hearings held on the 28 March 2017 with NT response on the 29 March 2017. Voting on the Bill is anticipated on 3 May 2017, after this reporting period.	Enactment and implementation of legislation to establish Twin Peaks regulatory system, including establishment of new regulatory authorities	New regulatory authorities established. Commencement Notice and Regulations implementing provisions of the FSR Act published on 29 March 2018.	N/A
Implement savings and retirement policies	2nd draft Default Regulations for Retirement funds released in December 2016.	Achieve consensus on annuitisation	A number of engagements have been conducted and consultations with NEDLAC still in progress.	Under-performance is attributed to progress on the implementation of annuitisation by provident funds being slower than anticipated.
PROVIDE ADVICE AND INPUT INTO TAX POLICY, FRAMEWORKS AND LEGISLATION				
Publish tax proposals in annual budget review	i. Tax proposals to raise R28 billion included in the Budget Review. Including a new top rate of 45% above R1.5 million, partial bracket creep relief and increases in the fuel levy and excise duties. ii. Revised forecasts for all tax instruments included in the Budget Review.	Publish tax and revenue proposals on 2017 Budget Update revenue estimates for 2017 Medium Term Budget Policy Statement (MTBPS)	Published tax and revenue proposals in the 2017 Budget Review Updated revenue estimates for 2017 Medium Term Budget Policy Statement (MTBPS)	N/A

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
Implement legislation to give effect to tax proposals from Budget.	Tax Laws promulgated by the President of the Republic of South Africa in December 2016	Prepare, publish and table tax legislation in Parliament	Prepared, published and tabled tax legislation in Parliament.	N/A
PROVIDE INPUT INTO ECONOMIC POLICY AND FRAMEWORKS				
Number of economic models maintained	6	25	25	N/A
Number of economic forecasts developed	25	4	4	N/A
Chapter 2 of the MTBPS and Budget Review published	4	2	2	N/A
Percentage response to user requests to develop new economic models	N/A	100%	100%	N/A
Percentage response to users requests for economic research and policy analysis, and assessments of government policy proposals	8	100%	100%	N/A
Percentage response to user requests for policy and scenario modelling	N/A	100%	100%	N/A
Percentage response to user requests for commentaries on economic data	N/A	100%	100%	N/A

4. PERFORMANCE INFORMATION BY PROGRAMME

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS		
PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH		
Indicator	Deviation	Action Plan
PROVIDE POLICY ADVICE ON THE FINANCIAL SECTOR		
Implement savings and retirement policies.	Under-performance is attributed to progress on the implementation of annuitisation by provident funds being slower than anticipated.	<ul style="list-style-type: none"> Continue engagements with NEDLAC on the implementation of annuitisation by provident funds, failing which, alternative proposals will have to be made for consideration by NEDLAC constituencies.

CHANGES TO PLANNED TARGETS

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

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH	2017/18						2016/17		
	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
SUB-PROGRAMME									
PROGRAMME MANAGEMENT FOR ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH	46,019	4,188	-	50,207	43,559	6,648	86.8%	45,130	44,968
RESEARCH	15,001	(4,174)	-	10,827	10,827	-	100.0%	7,924	7,269
FINANCIAL SECTOR POLICY	27,204	10	-	27,214	24,851	2,363	91.3%	24,522	24,304
TAX POLICY	30,323	58	-	30,381	28,621	1,760	94.2%	32,501	30,288
ECONOMIC POLICY	26,169	(82)	-	26,088	24,727	1,361	94.8%	29,612	27,481
COOPERATIVE BANKS DEVELOPMENT AGENCY	19,275	-	-	19,275	19,275	-	100.0%	16,872	16,872
TOTAL	163,991	-	-	163,991	151,860	12,131	92.6%	156,561	151,181

4. PERFORMANCE INFORMATION BY PROGRAMME

4.3. PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

PURPOSE

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

STRATEGIC OBJECTIVES

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

PROGRAMME'S SUB-PROGRAMMES

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

Budget Office

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

Public Finance

Public Finance provides financial and budgetary analysis, advises on policy and service delivery trends and manages the National Treasury's relations with other national departments as well as its own analytical work. The division monitors the use of scarce public resources by national spending agencies, engaging where necessary with accounting officers and other officials to promote efficient and effective use of these resources. Based on engagements with departments, the Public Finance team provides recommendations annually to the Medium Term Expenditure Committee (MTEC). The team also provides inputs on departmental budget submissions and compiles estimated national expenditure. Other outputs and activities include the phased implementation of contributory social security reforms over the medium term.

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.

4. PERFORMANCE INFORMATION BY PROGRAMME

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

Budget Office

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

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

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

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

Public Finance Statistics (PFS) supports the budget process by providing public sector finance statistics summaries for the budget publications as well as making available detailed information to various internal and external stakeholders after the budget process. The statistics are classified according to international and national standards and stored in a secure Structured Query Language (SQL) Server database.

During the 2017/18 budget cycle, PFS consolidated government accounts, by economic and functional classification, for the 2017 MTBPS and the 2018 Budget Review and provided the table of the operating account, the capital account and consolidated financing position. The consolidation included all newly listed entities. Tables for the ENE 2018 were also prepared. PFS secured server space on the ICT server farm at the National Treasury Centurion site for the development of a data warehouse, which will enhance accessibility of data in the database, particularly for users with entry-level IT skills.

National departments' in-year monitoring (IYM) report, which is now automated, was collected into the SQL server on a monthly basis. The public entities quarterly reporting system was also improved and a dashboard of the highlights of the information developed on Microsoft Power BI will be rolled out for the 2018/19 financial year. Data was also provided to various internal National Treasury clients.

4. PERFORMANCE INFORMATION BY PROGRAMME

PFS, in partnership with the Technical Assistance unit in the Office of the Accountant-General, manages the standard chart of accounts (SCOA) and the SCOA committee. The committee published a number of classification circulars and participated in BAS user forums. The chart was updated and the systems cleaned and re-launched in the 2017/18 financial year. Supporting classification circulars were published and one-on-one advice provided to the departments through the SCOA help desk.

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

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

Development cooperation (DC) support to South Africa received from international partners in the form of grants, concessionary loans and technical assistance is coordinated and managed by the **Chief Directorate International Development Cooperation** in the National Treasury. Such support has changed in focus over time from interventions directed at policy and strategy improvements to those of strengthening service delivery of government and reducing poverty generally. Development coordination efforts continue to target the intensification of support for government leadership at sector level with development partners. Official Development Assistance (ODA) coordinators continued to work with both national and provincial spheres of government to strengthen government coordination efforts at the departmental level. Several development partner consultations have been organised over the 2017/18 financial year to enable overall coordination and management of programmes.

The global financial crisis has had a deep and profound impact over the past decade on the flow of DC funds to the country. It has become commonplace for development partners not only to refocus their support to their own national priorities, but also to develop policies that exclude South Africa from DC support in future. For example, South Africa has been categorised as a middle income country (MIC) and DC funds have thus been redirected to new potential economic prospects on the continent. South Africa now finds itself receiving significantly less DC funding, with a reduction of almost 75% in some cases, which in grant form is about R1.25 billion in the 2017/18 financial year. In contrast, there has been a slight increase in, and a willingness to provide concessionary loan financing over the 10-year period targeting infrastructure programmes, while technical assistance continued to remain around similar levels of support. South Africa has therefore had to ensure effective and efficient use of such funds, maximising value for money and insisting that such support enables innovation and the development of best practice.

The **Public Sector Remuneration Analysis and Forecasting unit** provides timely analysis and policy advice about the fiscal impact of government compensation spending and changes in policy. The review of the existing cost of living adjustment (COLA) model is still in progress. An integrated sector-based personnel costing model under development with assistance from Government Technical Advisory Centre (GTAC) is nearing completion. Delays are due to data accessibility and limited resource availability as resources were diverted to support the 2018/19 round of wage negotiations. A process has been initiated to engage external system development experts to assist with finalisation of the model during the course of the 2018/19 financial year.

The unit has fully supported work relating to the 2017/18 round of wage negotiations in the public service. For this purpose, a tractable costing tool was developed to measure costs associated with labour demands and employer offers. Work in support of the negotiations processes at the Public Service Co-ordinating Bargaining Council (PSCBC) is underway and should culminate in the signing of an agreement in June 2018.

4. PERFORMANCE INFORMATION BY PROGRAMME

The unit continues with the coordination of work relating to the possible implementation of remedial actions contained in the Public Protector Report No. 18 of 2011/12 on maladministration during the amalgamation of the Venda Pension Fund. It is anticipated that the final comprehensive report will be issued during July 2018.

Public Finance

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

The **Administrative Services unit** oversees the finances and budgets of a number of central government departments and entities. Departments and other key structures with which the unit worked in 2017/18 include:

- Department of Planning, Monitoring and Evaluation: The unit worked closely with the department on its new organisational structure and review of the service delivery model following the expansion of its mandate and functions. The unit continued participating in the inter-departmental task team reviewing the National Youth Development Act, 2008 (Act No. 54 of 2008) and advised the department on financial implications of new provisions to the Act. In addition, it advocated for the development of an overarching legislation for youth development to regulate and provide coordination parameters for the three spheres of government.
- Department of International Relations and Cooperation: Together with the Chief Directorate: African Economic Integration, the unit supported the financing and budgeting reforms of the African Union towards self-reliance. To this end, it participated in the Technical Committee of 15 Finance Ministers' (TC F15) structures and engagements on financing modalities and budgeting reforms. The unit facilitated and participated in ongoing discussions between Citibank, the South African Reserve Bank and the Department of International Relations and Cooperation on cross-border currency solutions. In addition, the unit provided guidance and funding support to the department for the implementation of severance packages for employees affected by the rationalisation of locally recruited personnel.
- Department of Home Affairs: The unit played a coordinating role in the process with the department to establish a Border Management Authority (BMA) as part of the working committee to develop a funding and operating model for the proposed authority. It also coordinated the National Treasury's inputs into the Bill process. The unit further assisted the Parliamentary Ad Hoc Committee on Political Party Funding by providing inputs in the drafting of the Political Party Funding Bill, assisted in quantifying the start-up costs required for building capacity in the Electoral Commission, and managed the funds and supported the department with the public private partnership (PPP) project for infrastructure improvements of six ports of entry (PoE) and a PPP with banks for the issuing of passports and smart identity documents.

The **Justice and Protection Services unit** oversees planning, expenditure and service delivery by departments in this sector. Key achievements for 2017/18 included:

- Department of Correctional Services and Office of the Chief Justice: In response to the court challenge, the unit provided advice on the financial implications associated with the restructuring of the Judicial Inspectorate for Correctional Services in order to enhance its independence. Furthermore, the unit is participating in the task team responsible for exploring an appropriate organisational form that will enhance the independence of Judicial Inspectorate for Correctional Services. Finally, the unit continued to provide support for the establishment of the Office of the Chief Justice in respect of its funding requirements following the shifting of the administration of superior courts function from the Department of Justice and Constitutional Development with effect from 1 April 2015.

4. PERFORMANCE INFORMATION BY PROGRAMME

- **Departments of Defence and Military Veterans:** The unit assisted the Department of Defence with the retention of revenue from the United Nations (UN) reimbursements in order to honour the letter of assistance (LoA) concerning Operation Mistral in the Democratic Republic of the Congo (DRC) as part of South Africa's contribution towards peace support operations. The unit also finalised its recommendations regarding the costing and funding of the defence review 2015. The unit provided ongoing support to the Department of Military Veterans to improve its compliance level with the PFMA prescripts and delivery of benefits to military veterans and their dependants.

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

- **Department of Basic Education:** The unit served on steering committees for the evaluation of learner transport, the early grade reading strategy, the review of the quintile system and the school funding norms and standards. It provided assistance and guidance on an appropriate funding mechanism for the use of specialist teachers from Cuba in the provincial departments of Basic Education and for the modernisation of the South African school administration and management system (SA-SAMS). It further assisted and advised the department on piloting elements of the matric second chance programme.
- **Department of Higher Education and Training:** The unit participated in the working group advising the Inter-Ministerial Committee on Higher Education and Training on the fiscal implications of a fully subsidised ("fee-free") higher education and training policy for students from poor and working class families. The unit served on steering committees for the National Skills Development Strategy III, and the technical and vocational education and training expansion and capacity development programme, as well as the extended ministerial task team working on the state of readiness of integrating returning South African students from Cuba into local universities and healthcare facilities for completion of their medical training. Together with the Economic Policy division, the unit assisted the department with the key elements of its planned forecasting model of skills supply and demand in South Africa. The unit also contributed to and assisted the department with its compilation of the "Investment trends in post-school education and training in South Africa" report. It further advised on the revised human resource development strategy towards 2030, which has since been approved by Cabinet.

The **Health and Social Development unit** oversees budgets, expenditure and service delivery of the Departments of Health and of Social Development respectively, and is closely involved in a number of policy areas for these sectors. Key work carried out in 2017/18 included:

- **Department of Health:** In line with the NHI white paper the indirect grant was reformed, starting from 2018/19, to pilot some of the early arrangements of the proposed National Health Insurance Fund (NHIF) which incorporates general practitioner contracting including advancing work on capitation as an alternative payment mechanism, and funding of priority services such as community mental health services. The unit supported the South African Health Products Regulatory Authority (SAHPRA) and the National Department of Health (NDOH) to ensure that mandated activities such as the registration of medicines continued during 2017/18 despite challenges with promulgation of the establishing legislation for SAHPRA. In line with the National Development Plan's (health priority 6) call to enhance community-based care as part of re-engineering of primary healthcare, the unit supported NDOH to finalise the policy on ward-based primary healthcare outreach teams (WBPHCOT). A community outreach services component in the HIV/AIDS and TB grant was created to facilitate the standardisation of conditions of service for WBPHCOT's overtime. The unit has also contributed to numerous internal and external publications, including the finance chapter of the 2016/17 District Health Barometer and the South African Health Review 2017.
- **Department of Social Development (DSD):** The unit refined the projection model for social grants to inform the above-inflation increases in social grants to compensate for the VAT increase. The unit also made a recommendation to the Constitutional Court as per order regarding nomination of members of the panel of experts on the matter of the payments of social grants, and was extensively involved in the technical committee of the IMC for comprehensive social security regarding options for

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the new payment system for social grants. Work commenced towards a recommendation on the price for social grant cash payments which was submitted to the Constitutional Court on 30 April 2018. In addition, DSD was supported in refining the financing strategy for early childhood development for Cabinet approval in 2018/19.

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

Departments with which the unit worked during the reporting year included:

Department of Economic Development: The unit facilitated the appointment of a trust administrator for the Tirisano Construction Fund Trust and facilitated allocation of funds to the trust during the 2017 AENE. It also engaged the department on the implications of the consent agreement between the Competition Commission and DStv media sales following an investigation on a suspected case of price fixing and fixing of trading conditions. The unit further engaged the department and the Competition Commission and proposed measures to prevent possible overspending by the Commission during 2017/18. The unit participated on the steering committee for the Downstream Steel Industry Competitiveness Fund being managed by the Industrial Development Corporation.

Department of Small Business Development: The unit continued to provide guidance and support to the department, including reviewing the department's strategic focus, revising the budget programme structure and participating in the drafting of the SMME Development and Innovation Fund. The unit organised successful site visits to SMEs that received financial and non-financial support from the Small Enterprise Development Agency and the Small Enterprise Finance Agency. In collaboration with the Japan International Cooperation Agency, the unit organised a workshop on SME policy.

The *Urban Development and Infrastructure unit* provides budget, policy and expenditure management and support to national departments and public entities involved in the built environment and infrastructure investment including transport, energy, water and sanitation, human settlements, telecommunications and postal services, cooperative governance and traditional affairs. Work carried out by the unit in 2017/18 included:

- Department of Cooperative Governance and Traditional Affairs: The unit reviewed the transfer model for the non-wage component of the community work programme and represented the National Treasury in the national drought task team. Comments were provided on the "State of local government" report and the Local Government: Municipal Structures Amendment Bill. Comments were also provided on the Department of Traditional Affairs' Customary Initiation Bill.
- Department of Energy: The unit provided comments to the Minister of Finance on the authorisation fees for nuclear licence holders for the National Nuclear Regulator, and authorisation fees for petroleum pipelines and piped gas for the National Energy Regulator of South Africa. The unit participated in the consultation of various reforms undertaken by the department, including regulation.
- Department of Human Settlements: The unit represented the National Treasury on the Human Settlements Strategy and Policy Review Task Team and the Title Deeds Restoration Programme Task Team. The unit also drafted a concept to develop a conditional grant for the upgrading of informal settlements and provided inputs in the review of the integrated residential development programme. Significant reforms to conditional grants were undertaken in 2017/18, including the creation of the title deeds restoration grant and the provincial and municipal housing emergency grants. Comments were provided on the Property Practitioners Bill.

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Intergovernmental Relations

The Intergovernmental Relations (IGR) division coordinates fiscal and financial relations between the national, provincial and local spheres of government. This is an important function given that R689.5 billion or 52.3 per cent of non-interest expenditure for 2018/19 is allocated to provinces and municipalities. The bulk of this planned expenditure is for priority programmes such as education, health care and the provision of free basic services.

IGR coordinates inputs to the division of nationally raised revenue between the three spheres of government, the annual Division of Revenue Bill and Division of Revenue Amendment Bill, and the development of the framework for managing conditional grants. The 2018 Division of Revenue Bill was tabled in February 2018 and included revised clauses to better regulate the funding of functions that municipalities perform on behalf of provinces, and to encourage longer-term borrowing by credit-worthy municipalities. The Bill included new conditional grants to fund the eradication of the backlog in awarding of title deeds for state-subsidised homes that have been built, and to provide for emergency housing needs. It also pilots a new approach to infrastructure grant funding in intermediate cities that allows for greater flexibility. Furthermore, the 2018 Division of Revenue Bill introduced the first change resulting from the ongoing review of the provincial equitable share formula. Allocations in the education component of this formula now use data from the Department of Basic Education's Learner Unit Record Information and Tracking system, which replaces the previous school survey data.

The division has provided a draft Municipal Borrowing Policy Framework which proposes reforms to expand the scope of municipal borrowing (some proposed reforms were introduced in the Division of Revenue of 2018 to improve access to credit for large cities by allowing them to use their infrastructure grant funding allocations to leverage private capital). The division continued to strengthen engagements between government and the private sector through structured quarterly meetings which provide a platform for developing strategies and mechanisms that will encourage investment in strategic infrastructure that drives urban transformation. Importantly the division published the quarterly Municipal Borrowing Bulletin which provides information on municipal borrowing trends and activities. The division has consulted various stakeholders to finalise the process of amending the Municipal Fiscal Powers and Functions Act 2007 (Act No. 12 of 2007) to enable the regulations of the development charges, a key financing instrument for the provision of strategic infrastructure that will accelerate economic growth.

The Cities Support Programme (CSP) supports metropolitan municipalities to lead the development of more inclusive, productive and sustainable cities. The CSP targets changes in the enabling policy and regulatory environment for city development and the fiscal framework that funds this. It supports complementary best practices in urban development. Projects and associated activities have been identified in consultation with cities through their City Support Implementation Plans (CSIPs). They are implemented at a national level through five component plans (core city governance, human settlements, public transport, climate resilience and economic development). Key programmes for the 2017/18 financial year included the:

- Planning Reforms Project which addresses the need for planning reforms to enable the achievement of integrated outcomes. The planning reforms sub-component has been divided into a number of discreet but related projects.
- Executive Leadership Programme, which is an important foundational sub-component of the CSP and addresses key assumptions and risks to the overall spatial transformation programme. The basic premise in this regard is that the leadership and management vision and behaviours exist to govern and manage our city administrations well in order to transform our cities' spaces so that they become inclusive, productive and sustainable, ensuring economic growth and reducing poverty.
- The Urbanisation Review, which, in partnership with the World Bank, produced nine draft papers that are being finalised for publication and release.
- Land development transaction support that supports cities to prepare catalytic projects. The project delivered a third annual workshop on urban regeneration, and a guideline on catalytic land development.

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- Support to the implementation of Integrated Urban Development Framework (IUDF), through coordination with the CSP activities and technical assistance to IUDF levers.

The Integrated City Development Grant (ICDG) was established in 2013/14 to provide incentives for metropolitan municipalities to integrate and focus their infrastructure investments and regulatory instruments in identified integration zones. The implementation of the grant is evolutionary in line with the developments that the grant seeks to achieve. In the 2017/18 financial year, the focus was on the investments in the 33 identified integration zones. Integration zones seek to redress the fragmented spatial forms, attract private sector investments and improve communities' overall well-being. It also promoted development along activity corridors linking them to the urban networks. In the 2017/18 financial year, R292.1 million was allocated for ICDG to support metropolitan municipalities towards integrated planning, spatial targeting, project pipelining, and implementation of projects funded by different infrastructure grants.

The division continues to support the implementation of the infrastructure delivery management system (IDMS) to improve infrastructure delivery performance across the provinces and local government. The implementation is supported by two major initiatives: the Infrastructure Delivery Management toolkit which guides the implementation of the IDMS, as well as the standards for Infrastructure Procurement and Delivery Management (SIPDM) which is the legislated arm of the IDMS. Working together with the relevant national sector departments, the division assessed 34 infrastructure plans for provincial Departments of Health and Education and advised the departments on areas that required future improvement. The 2017/18 financial year was the final year for the Infrastructure Delivery Improvement Programme (IDIP) in its current form. A total of 34 contracts were closed between December 2017 and March 2018. A further eight contracts are still ongoing to support sustainable implementation of the IDMS. The Programme Support Office (PSO) applies the approved time accounting system (TAS), which is aligned to the master IDIP logical framework and technical assistance agreements, as its primary source of information to conduct quality assurance initiatives on approved systems and processes. Monthly and quarterly reports were completed and analysed based on the first line of quality assurance performed by the IDIP champions. Quarterly service provider reviews are conducted by the PSO based on the provincial logical frameworks and approved work plans. These reviews focus on targets and progress made towards them.

The Infrastructure Skills Development Grant (ISDG) is conditionally granted to municipalities to develop built environment capacity by creating a long-term and sustainable pool of registered professionals in the built environment, (i.e. engineering, town planning, architecture, quantity surveying, geographic information systems, and project management). Municipalities recruit unemployed graduates in the built environment to be trained and professionally register them with the relevant statutory councils. 425 graduates have enrolled in the programme across 16 municipalities in the 2017/18 financial year. 22 graduates have already completed their training and are registered as professionals by the relevant statutory councils. Ten were absorbed into the municipalities and 25 were appointed in the municipalities.

There has been a focus during the reporting period on ensuring that all municipal budgets and adjustment budgets are funded. MFMA Circulars Nos. 89 and 91 were published to provide municipalities with guidance in preparing their 2018/19 MTREF budgets. In addition, follow-up training on the use of a generic framework for assessment and analysis of municipal budgets in line with municipal budget and reporting regulations (MBRR) was undertaken.

For ten consecutive years, the division has institutionalised two formal annual engagements with the 17 non-delegated municipalities, namely the municipal budget and benchmark, and the mid-year budget and performance assessment engagements. The 2017/18 metros' budget and benchmark engagement was conducted over two days in conjunction with the Department of Cooperative Governance and Traditional Affairs (CoGTA) to allow for robust discussion on spatial development and integrated planning efforts, as well as budgetary and performance issues. These engagements have been instrumental in

4. PERFORMANCE INFORMATION BY PROGRAMME

ensuring that the tabled budgets of 13 of the 17 non-delegated municipalities are credible, sustainable and funded. The National Treasury has subsequently engaged with the municipalities with unfunded tabled budgets to ensure that they adopt a funded budget. However, one remained unfunded.

In order to improve the oversight by provincial treasuries over the budgeting and financial management practices of the 240 delegated municipalities, IGR monitored the implementation of the province-specific strategies that were developed in 2016 by all provincial treasuries and which are reviewed annually to address local government failures. The Municipal Finance Improvement Programme (MFIP111) technical programme of support has been updated to reflect the six game changers for local government, namely: funded budgets, mSCOA, revenue management, supply chain management, asset management and audit outcomes. The MFIP III, has placed technical advisors in eight municipalities and all nine provincial treasuries to strengthen the capacity of these treasuries to implement the game changers and the National Treasury's local government budget and financial management reform agenda and to better execute their monitoring and support responsibilities towards local government.

In-year reporting is now well institutionalised, with most municipalities consistently producing in-year financial reports. Consolidated in-year reports on municipal financial performance reports were published quarterly, in line with Section 71 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and Section 30(3) of the 2017 Division of Revenue Act, 2017 (Act No. 4 of 2017) (DoRA). The National Treasury also published the annual consolidated set of budget information for all municipalities for the eleventh time. The routine publication of budget and in-year financial performance information for local government enables better in-year management and oversight of budgets, since these reports become management tools on the one hand, and early warning mechanisms on the other, thereby assisting councils to improve their municipal performance.

IGR continued to improve the conditional grant monitoring framework for local government. The 2016/17 unspent conditional grants process has been concluded. Section 22 of the 2016 DoRA was invoked in offsetting the previous years' unspent conditional grants against the 2017/18 equitable shares from under-performing municipalities, with R1.4 billion returning to the National Revenue Fund. Included in the R1.4 billion is an amount of R263 million which was offset from the 2017/18 equitable share allocation as a result of municipalities requesting repayment arrangements against their historical unspent conditional grants for 2015/16. The DoRA allows municipalities to repay unspent funds in instalments, since offsetting the entire amount from the equitable share in a single tranche could cripple the finances of municipalities. The National Treasury continues to help low-performing municipalities to improve spending and manage their conditional grants. The principle is that if conditional grants are unspent at the end of the financial year, municipalities must request permission to roll over these unspent conditional grants. Failure to secure approval from the National Treasury, which oversees the process, results in these unspent funds being recalled to the National Revenue Fund.

During the 2016/17 financial year, the total conditional grant rollover amount requested by municipalities amounted to R2.2 billion. The National Treasury, however, only approved a roll-over amount of R814.2 million (excluding the Urban Settlements Development Grant) for implementation into the 2017/18 financial year.

The Municipal Infrastructure Grant (MIG) continues to be the most under-performing programme. During the 2017/18 financial year, the Department of Cooperative Governance and Traditional Affairs, which administers the MIG, initiated the withholding of funds from municipalities with under-spending of 40 per cent or less and as a result the National Treasury reallocated R669.2 million against the grant to municipalities that spend efficiently. As part of the support provided by the National Treasury to under-performing municipalities, the National Treasury reallocated monies from the Mafube, Makana and Thabazimbi local municipalities and redirected their MIG monies to Fezile Dabi, Sarah Baartman and Waterberg district municipalities respectively. The arrangement assisted these local municipalities to continue with projects while resolving their financial management and governance challenges.

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Furthermore, the National Treasury continued to provide support to the three district municipalities in Limpopo and North West provinces, namely Sekhukhune, Mopani and Ngaka Modiri Molema districts. These districts have experienced institutional and cash flow challenges that impacted on their management of conditional grants. The National Treasury provided support to these districts through the management of the in-year payment schedule to only transfer funds upon the verification of the approved invoices for work done against the conditional grant frameworks and the complementary business plans. These three districts have shown improvements, especially in ensuring appointments in senior positions. Since the introduction of the support, all these districts have managed to make permanent appointments for the three main positions, namely Municipal Manager, Chief Financial Officer and Technical Directors positions. Budget and Treasury Office (BTO's) and Project Management Offices (PMU's) units were strengthened with the support of the respective provincial treasuries and CoGHSTAs.

To ensure that all 257 municipalities comply with the regulation on municipal standard classification of accounts (mSCOA) by 1 July 2017, the National Treasury undertook various capacity building mSCOA workshops and stakeholder engagements with provincial treasuries and those with a role in local government to ensure that they are ready for implementation. The impact of these efforts was evident by the end of June 2017, as 99 per cent of municipalities had successfully uploaded their tabled MTREF budget data strings (TABB) and 98 per cent their adopted MTREF budget data strings (ORGB) for 2017/18. Of these uploads, 96 per cent of municipalities submitted their adopted budget data strings without any segment test or trial balance errors.

The implementation also required development of mSCOA reports on the Local Government Data Reporting System (LGDRS) to assist with monitoring submissions and content of information submitted. This included comparison reports for verification of content and control reports for municipalities to monitor themselves. In addition, municipalities were vigorously supported in submitting the budget and in-year reports in mSCOA format for 2017/18 budget year as it was the first year of implementation. This support entailed the registration process on the LGDRS to enable submission of the information to the database and correction of errors. System vendors and external users excluding municipalities were trained on how to monitor submission of reports and use the reports generated from the LGDRS.

A reporting reference group, consisting of various role players from the National Treasury and system vendors, engaged quarterly during 2017/18 to ensure that shortcomings and challenges in the mSCOA chart in the Medium Term Revenue and Expenditure Framework (MTREF) could be identified and addressed.

The Treasury Guidelines for provinces were issued for the first time during the period under review and a workshop was held with provincial treasuries to take them through the guidelines, and provide training on the departmental in-year monitoring tools, the MTEF database, and the provincial public entities' in-year monitoring and reporting tool.

IGR continued to build capacity in provinces by providing training on essentials of budget formulation and budget analysis courses. The demand remained high leading to the set target being exceeded. 512 officials were trained during the year in a concerted effort to provide support and build capacity in provinces. Another 379 officials, mostly health revenue clerks in hospitals, were trained on revenue management and collection.

The provincial budget benchmarking process continued in the form of two rounds in 2017/18, with the first round focusing on distribution of spending across districts of each province to assess whether there is equitable distribution of spending in service delivery, particularly in the education and health sectors. The second round of the benchmark exercise focused on economic development drivers such as infrastructure investment and how provincial economic initiatives are partnering with other spheres of government and the private sector to transform the regional economies. The second benchmark meetings also focused on progress regarding the rationalisation of entities in provinces. The division ensured that all provincial financial information is published quarterly and brought the process forward to ensure that savings are realised in the gazetting process. IGR also provided comprehensive parliamentary briefings on outcomes of provincial expenditure for 2016/17 and likely risks for provinces over the 2017 MTEF.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
DEVELOPING AND IMPLEMENTING SOUTH AFRICA'S FISCAL POLICY AND RELATED FRAMEWORKS				
Difference between the expenditure tabled for the MTEF years within the expenditure ceiling in the MTBPS and the expenditure ceiling tabled for the MTEF years in the February budget	0	= 0 or less than 0 for each year	Less than 0 for each year	N/A
Number of fiscal frameworks provided	2	2	2	N/A
PREPARATION OF THE NATIONAL BUDGET				
Number of budget guidelines issued	1 set of MTEF guidelines issued by July 1 programme scheduling MTEC meetings drafted by July 1 AENE guideline issued in August 1 ENE guideline issued in November	1 set of MTEF guidelines issued by July • 1 programme scheduling MTEC meetings drafted by July • 1 AENE guideline issued in August • 1 ENE guideline issued in October	1 set of MTEF guidelines issued by July • 1 programme scheduling MTEC meetings drafted by July • 1 AENE guideline issued in August • 1 ENE guideline issued in October	N/A

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT			
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	REASON FOR DEVIATION
Budget decision making processes coordinated and adherence to timelines for budget allocation recommendations based on departmental budget submissions	<p>Adjustments Appropriation Bill, 2016 tabled in Parliament on 26 October 2016</p> <p>Adjusted Estimates of National Expenditure tabled in Parliament on 26 October 2016.</p> <p>2017 Budget Review tabled in Parliament on 22 February 2017.</p> <p>2016 Medium Term Budget Policy Statement tabled in Parliament on 26 October 2016.</p> <p>Appropriation Bill, 2017 tabled in Parliament on 22 February 2017.</p> <p>2017 Estimates of National Expenditure tabled in Parliament on 22 February 2017.</p>	<ul style="list-style-type: none"> Various funding recommendations were made to the MTEC, the MINCOMBUD and Cabinet within budget calendar timelines 1 Cabinet endorsement of national government expenditure allocations obtained by end of calendar year 	N/A
		<ul style="list-style-type: none"> Various funding recommendations were made to the MTEC, the MINCOMBUD and Cabinet within budget calendar timelines 1 Cabinet endorsement of national government expenditure allocations obtained by end of calendar year 	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
PUBLICATION OF THE NATIONAL BUDGET				
Budget legislation and accompanying documentation tabled in Parliament and published	3 budget documents tabled in October and 3 budget documents tabled in February	<ul style="list-style-type: none"> Appropriation Bill, ENE and Budget Review tabled in February Adjustments Appropriation Bill, AENE and MTBPS tabled in October 	<ul style="list-style-type: none"> Appropriation Bill, ENE and Budget Review tabled in February Adjustments Appropriation Bill, AENE and MTBPS tabled in October 	N/A
Number of reports on public finance statistics according to function and economic classification	4 Reports	4	4	N/A
Number of reports produced on guidance given to departments and entities on the classification of expenditure per quarter	4 Reports	4	4	N/A
MONITORING AND ANALYSIS OF PUBLIC EXPENDITURE AND SERVICE DELIVERY				
Percentage adherence to timelines for PFMA and TR approvals, sectoral analysis and policy advice	98.9%	100%	97.5%	Under-performance is attributed to comments on one Cabinet memo being submitted on the day of the Cabinet meeting.
Number of monthly expenditure feedback reports to departments	277	540	441	Under-performance is attributed to a delay in submitting reasons for under spending from the Departments.

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PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT					
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION	
Number of quarterly expenditure reports submitted to the Standing Committee on Appropriations	160	160	160	N/A	
Number of reports produced on review and implementation of the COLA costing model	4	4	2	Under-performance attributed to resource constraints.	
Percentage response to requests for support on governance and financial management monitoring and compliance system in public entities provided	100%	100%	100%	N/A	
COORDINATING INTERNATIONAL DEVELOPMENT COOPERATION					
Percentage alignment of development cooperation to government policy and priorities	100%	100%	100%	N/A	
Percentage management and coordination of development cooperation in South Africa	100%	100%	100%	N/A	
COORDINATION OF INTERGOVERNMENTAL RELATIONS					
Number of Division of Revenue and Division of Revenue Amendment Bills published annually	3	2	2	N/A	
Number of reforms introduced to enhance provincial and local government fiscal frameworks	4	2	2	N/A	
Number of plans assessed to support improvements in infrastructure planning in provinces	18	36	34	Under-performance is attributed to department's failure to submit the requested information.	
Number of built environment performance plans assessed to support improvement in the built environment	8	8	8	N/A	
Number of capacity building initiatives (workshops and courses) to facilitate improved planning, budgeting and financial management	33	59	59	N/A	

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PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT					
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION	
Number of quarterly financial reports produced and published to comply with Section 32 of the PFMA	4	4	4	N/A	
Number of provincial and municipal budgeting benchmarking exercises held to improve provincial and municipal budget credibility, composition and achievability	18	35	35	N/A	
Number of reports published in terms of MFMA and DoRA	N/A	10	10	N/A	
Number of support initiatives implemented in provinces	N/A	4	3	Under-performance is attributed to the cancellation of one project due to unsuccessful price negotiations with the service providers.	
Number of municipal budgeting and reporting reforms implemented	N/A	3	3	N/A	
Number of provincial and municipal mid-year budget and expenditure performance assessment reports	N/A	26	26	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS		
PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT		
INDICATOR	DEVIATION	ACTION PLAN
PREPARATION OF THE NATIONAL BUDGET		
Percentage adherence to timelines for PFMA and TR approvals, sectoral analysis and policy advice	Under-performance is attributed to comments on one Cabinet memo being submitted on the day of the Cabinet meeting.	<ul style="list-style-type: none"> PF officials to take note of the timelines and to encourage departments to submit memos for circulation in sufficient time.
MONITORING AND ANALYSIS OF PUBLIC EXPENDITURE AND SERVICE DELIVERY		
Number of monthly expenditure feedback reports to departments	Under-performance is attributed to a delay in submitting reasons for under spending from the departments.	<ul style="list-style-type: none"> Process owners will engage with the departments to prioritise completion of reports within set timeframes.
Number of reports produced on review and implementation of the COLA costing model	Under-performance is attributed to resource constraints.	<ul style="list-style-type: none"> Measures to address to resource constraints are being implemented.
COORDINATION OF INTERGOVERNMENTAL RELATIONS		
Number of plans assessed to support improvements in infrastructure planning in provinces	Under-performance is attributed to failure by the Limpopo Department of Education to submit the requested information.	<ul style="list-style-type: none"> DBE as the department primarily responsible needs to visit the Limpopo province to assess the situation or gaps that prevent the department from submitting plans. Depending on what the issue is, the National Treasury will support the province and the national department via IDIP and IDMS processes. DBE would need to monitor the implementation of any support plan which has been agreed to.
Number of support initiatives implemented in provinces	Under-performance is attributed to the cancellation of one project due to unsuccessful price negotiations with the service providers.	<ul style="list-style-type: none"> The project has been cancelled.

CHANGES TO PLANNED TARGETS

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

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LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT	2017/18						2016/17		
	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
SUB-PROGRAMME									
PROGRAMME MANAGEMENT FOR PUBLIC FINANCE AND BUDGET MANAGEMENT	24,087	997	(549)	24,535	20,833	3,702	84.9%	23,398	21,417
PUBLIC FINANCE	63,222	999	-	64,221	61,687	2,534	96.1%	58,494	56,564
BUDGET OFFICE AND COORDINATION	59,629	(1)	-	59,628	57,663	1,965	96.7%	58,865	57,005
INTERGOVERNMENTAL RELATIONS	105,461	(1,995)	(201)	103,265	97,805	5,460	94.7%	108,887	101,953
FINANCIAL AND FISCAL COMMISSION	50,647	-	-	50,647	50,647	-	100.0%	44,839	44,839
TOTAL	303,046	-	(750)	302,296	288,635	13,661	95.5%	294,483	281,778

4. PERFORMANCE INFORMATION BY PROGRAMME

4.4. PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

PURPOSE

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

STRATEGIC OBJECTIVES

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

PROGRAMME'S 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, which include the management of government debt, financial assets and investments.

State-owned Companies Financial Management and Governance

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

Government Debt Management

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

4. PERFORMANCE INFORMATION BY PROGRAMME

Financial Operations

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

Strategy and Risk Management

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

Financial investments

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

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

The *Governance and Financial Analysis of the State-Owned Companies (SOCs) unit* annually reviews the corporate plans of all public entities listed in Schedule 2 and 3B of the PFMA, including selected Schedule 3A entities. In addition to assessing their alignment with government's priorities, financial sustainability and soundness of governance, the review aims to identify possible risks proactively so that appropriate mitigating actions can be taken. Similarly, public entities' performance is evaluated through a review of their annual reports. In 2017/18, more than 90 per cent of corporate plans and annual reports received from SOCs, development finance institutions (DFIs) and water boards were reviewed. South African Airways (SAA), Broadband Infraco, the South African Post Office (SAPO) and the Nuclear Energy Corporation of South Africa (NECSA) had not submitted their annual financial statements at the time of the review. The unit also analysed the remuneration trends in Schedule 2 public entities against the SOCs remuneration guide (SOERG).

Government has extended Eskom's R350 billion guarantee from 31 March 2017 to 31 March 2023. The extension will allow the utility to use the remaining portion of the guarantee to complete its current capital expenditure programme until 2023. As at 31 March 2018, approximately R244 billion of the R350 billion government guarantees had been drawn down. Government has provided independent power producers (IPPs) with financial support amounting to R200 billion for renewable energy. By 31 December 2017, exposure to IPPs, which represents the value of signed projects, amounted to R123 billion.

During the year, government issued SAA with an additional going-concern guarantee of R4.7 billion, increasing its total guarantees to R19.1 billion in 2017/18. An additional government guarantee of R4.5 billion was issued to the Land Bank to lengthen the maturity profile of its debt. This brings Land Bank's total government guarantees to just over R11 billion. The guarantees to Eskom, Denel, SAA, South African Express (SAX), SAPO, and the Land Bank are monitored regularly and quarterly reports on compliance with guarantee conditions were provided to the Fiscal Liability Committee (FLC).

The Land Bank, Industrial Development Corporation (IDC) as well as the Central Energy Fund (CEF) were granted foreign borrowing limits during the year. Further foreign borrowing limits for Transnet and Eskom, Umgeni Water and the South African National Roads Agency Limited (SANRAL), were also granted. The Minister of Telecommunications and Postal Services was requested to

4. PERFORMANCE INFORMATION BY PROGRAMME

investigate the breach by SAPO in incurring an overdraft without approval. Approvals of domestic borrowing limits were granted to the Trans-Caledon Tunnel Authority (TCTA) on three projects - Komati Water Scheme Augmentation Project (KWSAP); Mooi Mngeni Transfer Scheme Project (MMTS-2); and Vaal River Eastern Subsystem Augmentation Project (VRESAP). Approvals of domestic borrowing limits were also granted to Umgeni Water and the South African Post Office.

The following activities were also undertaken during 2017/18:

- Review of 35 annual reports of SOCs/DFIs and water boards, and 39 corporate plans of SOCs/DFIs and water boards for the 2016/17 financial year.
- Conclusion of shareholder compacts with the Public Investment Corporation (PIC), South African Special Risks Insurance Agency (SASRIA), SAA, Land Bank and the Development Bank of Southern Africa (DBSA).
- Review of the annual reports and financial statements of the PIC, SASRIA, the Land Bank and DBSA, which were tabled in Parliament. The Minister of Finance requested an extension for the tabling of SAA's annual financial statements.
- The Land Bank continued to implement the recommendations from the organisational review completed in 2014/15.
- Completion of the review of the individual provincial development finance institutions (PDFIs). The project team is currently working on drafting the development finance policy. The outcome of the review will be communicated to Cabinet.
- Supported the Minister as a member of the inter-ministerial committee on SOC reforms by developing frameworks such as the guide for private sector participation alongside government in new infrastructure projects and a framework for quantifying the costs of the developmental activities undertaken by SOCs.
- Government's reduction of SAPO's debt by R3.7 billion in the 2017/18 financial year.

The government successfully financed the gross borrowing requirement of R237.8 billion. This was financed through net issuance of domestic short-term loans (R33.4 billion), domestic long-term loans (R198.7 billion) and foreign loans of R33.9 billion (US\$2.5 billion equivalent) with R28.2 billion used to increase the cash and other balances. During 2017/18, R73.5 billion of short-dated bonds were exchanged for long-dated bonds.

The cost of servicing government debt amounted to R162.6 billion compared to an original budget of R162.4 billion. Domestic and foreign loans of R28.4 billion were repaid during 2017/18. The Financial Operations unit met all government's Rand and foreign currency commitments on a daily basis. In addition, surplus cash was optimally invested.

The National Treasury participated in both domestic and foreign roadshows following the publication of the Budget Review and Medium Term Budget Policy Statement (MTBPS). The domestic roadshow destinations included Cape Town and Gauteng. In November 2017, the delegation saw investors in New York, Tokyo, Beijing, Hong Kong and Singapore, while investors in London and New York were seen after the Budget 2018. Teleconferences were conducted with the Boston-based investors due to bad weather conditions that prevented flights into Boston.

The *Financial Operations unit* met all the relevant reporting requirements of the PFMA and of the International Monetary Fund's (IMF) special data dissemination standards relating to government's borrowing programme, debt operations and guarantees. To enhance transparency and accountability, relevant information was also published on the investor relations website.

Strategic risk benchmarks define the boundaries of government's risk tolerance towards foreign currency, inflation and interest rate exposures as well as maturity distribution between short- and long-term debt over a 5 year period based on cost and risk trade-offs. The outcome of the 2017/18 funding plans based on the risk allocation strategy that was informed by a hierarchy of funding objectives (liquidity, refinancing risk and funding costs, including the implementation of the switch strategy), resulted in all benchmarks being within their respective thresholds and ranges.

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As at 31 March 2018, the short-term debt as a percentage of total domestic debt had increased by 0.40 percentage point from 12.62 per cent in 31 March 2017 to 13.02 per cent in 31 March 2018. This was due to the adjusted weekly treasury bills auction levels. The share of long-term debt (fixed rate and inflation linked bonds) maturing within five years assessed against a limit of 25 per cent decreased from 14.26 per cent (31 March 2017) to 11.77 per cent due to successful bond switch auctions during the period under review and the redemption of R203 bond that matured on 15 September 2017. Strengthening of the Rand led to a decline in the share of foreign debt as a percentage of total government debt by 0.84 percentage points from March 2017 (9.70 per cent) to March 2018 (8.86 per cent).

Government's guarantee exposure to public entities increased to R304.4 billion in 2017/18, from R290.4 billion in 2016/17. Eskom makes up 74 per cent of the total exposure from the government guarantee portfolio. Government has committed to purchase up to R200 billion in renewable energy from independent power producers (IPPs). The power purchase agreements (PPAs) that Eskom and the IPPs entered into, created a contractual obligation for Eskom to purchase power from the IPPs over a 20-year period. This should be done at a price agreed to by the National Energy Regulator. Government provides support in the form of guarantees to Eskom in respect of its obligation under these contracts, indicating that, in the event that Eskom is unable to purchase some or all of the power as stipulated in the PPAs, government will step in and purchase the power on Eskom's behalf. As at March 2018, exposure to IPPs, which represents the value of signed projects, was expected to be R122.2 billion.

The volume of the contingent liability exposure to public private partnerships (PPPs) is based on the trigger of a credit event (i.e. settlement of default by public party or a termination payment for either private party default, *force majeure* or public institution default). Out of all the likely payments, a termination payment for public party default always results in the highest liability for government and is recorded as the exposure amount. As at 31 March 2018, the contingent liability exposure to PPPs amounted to R9.6 billion of which national PPPs account for 35.1 per cent, provincial PPPs account for 39.8 per cent and public entities PPPs account for 5.8 per cent.

Government's other contingent liabilities include the actuarial deficits of social security funds, which is the difference between the claims owed by these entities and their total assets. Government commitments to the Export Credit Insurance Corporation of South Africa, representing the net underwriting exposure of the company and its total assets, also fall into this category, as do claims against government departments and post-retirement medical benefits to government employees. Other contingent liabilities amounted to R319.9 billion as at 31 March 2018, which is R11.7 billion higher than the previous period, mainly due to an increase in the exposure of the Credit Insurance Corporation of South Africa and the Road Accident Fund.

In 2017/18, South Africa's sovereign ratings came under pressure from all four solicited ratings agencies. Both S&P and Fitch, on 3 and 7 April 2017 respectively, downgraded the country's ratings following the news of the Cabinet reshuffle on 31 March 2017. The rating actions resulted in South Africa's long-term foreign currency rating by S&P immediately falling into sub-investment grade to 'BB+' and the local currency rating falling just one notch above sub-investment to 'BBB-'. South Africa's long term foreign and local currency ratings by Fitch (which are aligned) also fell into sub-investment grade to 'BB+'.

Fitch and S&P cemented their concerns on 1 and 2 June 2017, where both ratings agencies affirmed the ratings and outlooks, citing that South Africa's credit situation is still uncertain and does not warrant rating upgrades. Fitch affirmed the ratings with a stable outlook while S&P affirmed the ratings with a negative outlook.

Similarly, Moody's followed on 3 June 2017, downgrading the sovereign's credit ratings by one notch to 'Baa3' (one notch above sub-investment grade) and affirmed the negative outlook. This came after the ratings agency had placed South Africa's sovereign rating on review for downgrade on 3 April 2017. Similar to Fitch, South Africa's long-term foreign and local currency ratings by Moody's are aligned.

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Additional pressures on the ratings, mainly from S&P and Moody's, were experienced on 24 November 2017. S&P further downgraded the long term foreign currency rating to 'BB' and the long-term local currency rating to 'BB+'. S&P's action resulted in South Africa's long-term local currency rating also losing its investment grade status. Nonetheless, S&P revised the outlook to stable from negative. On the same day, Moody's placed the country's ratings on review for downgrade. By contrast, on 23 November 2017 Fitch affirmed the sovereign ratings, which were already at sub-investment grade but carried a stable outlook. The ratings agencies cited weaker growth prospects, material budgetary revenue shortfalls that had emerged alongside increased spending pressures, and a faster and larger rise in government debt to GDP as main drivers of the adverse rating actions.

In the last quarter of 2017/18, the risk of further rating downgrades seemed to have subsided on the back of a 2018 Budget that was well commended by the ratings agencies, as well as the political stability and policy certainty that emerged following the Leadership Elective Conference of the African National Congress in December 2017. Subsequently, Moody's affirmed the 'Baa3' rating on 23 March 2018 and revised the outlook to stable from negative.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT						
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION		
EXERCISE OVERSIGHT OF STATE-OWNED COMPANIES						
Percentage of corporate plans of Schedule 2 and 3B SOCs, DFIs and WBs received and reviewed within four months of receipt	32%	100%	96.9%	Under-performance is attributed to one corporate plan being submitted before the due date and not reviewed within the stipulated timeframe.		
Percentage of annual reports of Schedule 2 and 3B SOCs, DFIs and WBs received and reviewed within four months of receipt	53%	100%	91.5%	Under-performance is attributed to the delayed finalisation of one annual report being received but not reviewed within the stipulated timeframe.		
Percentage of annual reports and corporate plans received from Schedule 2 and 3B SOCs reporting to National Treasury (SAA, PIC, DBSA, Land Bank, Sasria) tabled in Parliament within the required timescale (30 September each year)	100%	100%	100%	N/A		
Percentage of complete PFMA Section 54(2), 52, 55 and 92 applications received from Schedule 2 and 3B SOCs, DFIs and WBs reviewed within stipulated timeframes	100%	100%	81.25%	Under-performance is attributed to delayed finalisation of applications being received but not reviewed within the stipulated timeframe.		
Percentage of funding applications received from Schedule 2 and 3B SOCs, DFIs and WBs reviewed within stipulated timeframes	100%	100%	100%	N/A		
Percentage of complete guarantee applications received from Schedule 2 and 3B SOCs, DFIs and WBs reviewed within stipulated timeframes	100%	100%	87.5%	Under-performance is attributed to resource constraints.		
Percentage of MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B SOCs and WBs reviewed within stipulated timeframes	100%	100%	100%	N/A		
Percentage of reviews requested of legislation, policies and strategies impacting on Schedule 2 and 3B SOCs, DFIs and WBs conducted within stipulated timeframes	100%	100%	100%	N/A		
Percentage of reports on the review of Schedule 2 and 3B SOCs, DFIs and WB remuneration	N/A	100%	100%	N/A		
Percentage of reports on the review of Schedule 2 Board composition	N/A	100%	100%	N/A		
Percentage completion of the National Treasury Best Practice guidelines	100%	100%	100%	N/A		
Percentage completion of reviews of borrowing limit applications relating to Schedule 2 and 3B SOCs, DFIs and WBs received with complete information and within stipulated timeframes	100%	100%	100%	N/A		

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT						
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
OPTIMAL DEBT MANAGEMENT AND FUNDING OF GOVERNMENT BORROWING REQUIREMENT						
Percentage of government's annual gross borrowing requirement met	100%	100%	100%	N/A	100%	N/A
Percentage of interest and redemptions met	100%	100%	100%	N/A	100%	N/A
ENSURE SOUND MANAGEMENT OF GOVERNMENT'S CASH RESOURCES						
Percentage of government's liquidity requirements met	100%	100%	100%	N/A	100%	N/A
MINIMISE AND MITIGATE RISKS EMANATING FROM GOVERNMENT'S FISCAL OBLIGATIONS						
Percentage compliance with market and refinancing risks benchmarks	100%	100%	100%	N/A	100%	N/A

4. PERFORMANCE INFORMATION BY PROGRAMME

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS		
PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT		
INDICATOR	DEVIATION	ACTION PLAN
EXERCISE OVERSIGHT OF STATE-OWNED COMPANIES		
Percentage of corporate plans of Schedule 2 and 3B SOCs, DFIs and WBs received and reviewed within four months of receipt.	Under-performance is attributed to one corporate plan being submitted before the due date and not being reviewed within the stipulated timeframe.	<ul style="list-style-type: none"> The corporate plan was submitted early. It then fell out of the four months review period. In future the corporate plan will be prioritised for review within the requisite time frame.
Percentage of annual reports of Schedule 2 and 3B SOCs, DFIs and WBs received and reviewed within four months of receipt.	Under-performance is attributed to the delayed finalisation of one annual report being received but not being reviewed within the stipulated timeframe.	<ul style="list-style-type: none"> The report was submitted early. It then fell out of the four months review period. In future the report will be prioritised for review within the requisite time frame.
Percentage of complete PFMA Section 54(2), 52, 55 and 92 applications received from Schedule 2 and 3B SOCs, DFIs and WBs reviewed within stipulated timeframes.	Under-performance is attributed to delayed finalisation of applications being received but not being reviewed within the stipulated timeframe.	<ul style="list-style-type: none"> The letter requesting more information will be signed by the DDG to show that the application was responded to on time.
Percentage of complete guarantee applications received from Schedule 2 and 3B SOCs, DFIs and WBs reviewed within stipulated timeframes.	Under-performance is attributed to resource constraints.	<ul style="list-style-type: none"> Additional resources in the form of CAA trainees have been requested to assist.

CHANGES TO PLANNED TARGETS

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

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LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT	2017/18						2016/17		
	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
SUB-PROGRAMME									
PROGRAMME MANAGEMENT FOR ASSET AND LIABILITY MANAGEMENT	12,496	(33)	-	12,463	6,110	6,353	49.0%	24,999	24,377
STATE OWNED ENTITY FINANCIAL MANAGEMENT AND GOVERNANCE	10,035,064	(39)	-	10,035,025	10,033,665	1,360	100.0%	33,934	33,533
GOVERNMENT DEBT MANAGEMENT	18,608	127	-	18,735	17,924	811	95.7%	18,972	18,824
FINANCIAL OPERATIONS	22,448	(55)	-	22,393	21,974	419	98.1%	24,113	22,496
STRATEGY AND RISK MANAGEMENT	11,696	-	-	11,696	10,088	1,608	86.3%	11,111	10,916
FINANCIAL INVESTMENTS	-	-	-	-	-	-	-	-	-
TOTAL	10,100,312	-	-	10,100,312	10,089,761	10,551	99.9%	113,129	110,146

4. PERFORMANCE INFORMATION BY PROGRAMME

4.5. PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

PURPOSE

Facilitate governance and accountability by promoting and enforcing the transparent, economic and effective management of revenue, expenditure, assets, liabilities and supply chain processes in the public sector.

STRATEGIC OBJECTIVES

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

PROGRAMME'S SUB-PROGRAMMES

OFFICE OF THE ACCOUNTANT-GENERAL

Financial Systems

The purpose of this sub-programme is to maintain and improve existing financial management systems and to develop and implement the new IFMS. This will replace ageing and fragmented financial, supply chain and HR management systems within national and provincial departments.

Financial Reporting for National Accounts

The sub-programme 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

This sub-programme 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 also regulates financial management and accounting policies, and sets the risk and IA frameworks in the three spheres of government. It 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.

4. PERFORMANCE INFORMATION BY PROGRAMME

OFFICE OF THE CHIEF PROCUREMENT OFFICER

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

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

Office of the Accountant-General

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

Accounting Support and Reporting: During the period under review, the unit prepared and tabled the 2016/17 consolidated annual financial statements (AFS) for the National Revenue Fund, Reconstruction and Development Programme Fund, and national departments and public entities within the prescribed timeframes. The unit monitored and reported on information on national revenue and expenditure through reports published monthly in terms of Section 32 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). Within the local government environment, the unit published the municipal standard operating procedures (SOPs) which it anticipates will be extensively utilised in improving the internal control environment and subsequent financial management maturity. The unit continued with its initiatives in which national departments, entities and provincial treasuries are supported on accounting and reporting queries; the review, feedback and monitoring of AFS preparation plans, AFS and audit action plans; involvement in internal stakeholder engagements such as the mid-term budget visits and MFMA joint meetings; and involvement in external stakeholder engagements such as the public sector accounting forum, thus influencing technical accounting developments. Chief Financial Officers' forums were hosted by the unit within the national and local government spheres, facilitating peer learning and sharing of experiences by financial practitioners with regard to the operational impacts in respect of the coordination, communication and implementation of financial management and governance reforms.

Internal Audit and Risk Management Support: The Internal Audit Support and Risk Management Chief Directorates continued to support the work of internal audit in both the PFMA and MFMA spending agencies. Information-sharing platforms and forums were set up to disseminate information on new initiatives as well as to create opportunities for interaction with peers and to provide guidance where it is needed. Audit committees were also offered support through the guidance available in various platforms, induction of new audit committees, attendance of audit committee meetings and continued interaction with Chief Audit Executives. The Internal Audit Support Chief Directorate conducted state-of-readiness assessments which assisted clients with a better understanding of the state of their internal audit functions. An initiative on building capacity in the performance of state-of-readiness assessments has also ensued.

Technical Support Services: Circulars were issued during 2017/18 in accordance with the Modified Cash Standards to ensure that the management of state funds is transparent, properly accounted for, and accurately classified.

Integrated Financial Management System (IFMS): The IFMS programme initiated architecture planning activities during the financial year. Oracle Consulting Services was engaged to execute architecture planning and design activities for IFMS implementation. A business strategy has been drafted which factors in the future and sustainability of a comprehensive IT solution.

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The IFMS programme has an approved stakeholder analysis and engagement framework in order to enhance the integration of stakeholders. The Business Owners Committee was also established to ensure smooth facilitation of change processes, including driving consensus on policy/procedure and system alignment issues. This is a pivotal structure of the programme which is also going to work with the Architecture Board to make sure there is proper alignment between technology and business in the programme.

The IFMS programme has put in place a combined assurance machinery linked to the governance structure to manage the agency issues through providing assurance to the programme as a going concern. An operational risk management process has been established to enable the programme to identify, collate, analyse, manage, and report risks to the relevant structures, including the Risk Committee. In addition, the programme has established a timely reporting mechanism to the Audit Committee on progress. Engagements with internal and external auditors continue by providing assurance and related activities in the programme.

As part of the stakeholder management process, the Business Owners Committee was also established to ensure smooth facilitation of change processes, including driving consensus on policy/procedure and system alignment issues. This is a pivotal structure of the programme which is also going to work with the Architecture Board to make sure there is proper alignment between technology and business in the programme.

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

Specialised Audit Services:

- Investigation capacity was provided to the state on critical and complex forensic investigations relating to public procurement through 48 forensic investigations and specialised performance audit reports.
- Specialised Audit Services (SAS) provided advisory services to law enforcement agencies (NPA and SAPS) in the criminal investigation of complex commercial crime cases including Eskom coal procurement, FS Agriculture Vrede Farm, EC/NW and KZN SHRA. 50 cases were referred for criminal investigations, with advisory services being provided to law enforcement agencies or anti-corruption task teams.
- In building the capacity of law enforcement institutions, SAS provided training to prosecutors nationally on PFMA and MFMA case law for criminal convictions.
- SAS is collaborating with the NPA's Asset Forfeiture Unit in the recovery of state funds to the National Revenue Fund and other assets lost through criminal incidents.

Governance Monitoring and Compliance: The unit, in its efforts to modernise a system of financial management and improve compliance with the PFMA, continued with the review of the Treasury Regulations published in 2005, including those that were amended in 2007 and 2013. Since the last publication of the Treasury Regulations for public comments in November 2012, it was considered prudent for the unit to conduct a further review to cater for all emerging trends in the financial management and governance space. The reviewed Treasury Regulations will be published for public comments in the Government Gazette during the 2018/2019 financial year.

Support for spending agencies continued with implementation of the Treasury Instructions on cost containment measures. These are aimed at ensuring savings and prudent expenditure of public funds, effective and efficient utilisation of resources to achieve service delivery targets, and thus ultimately meeting the service delivery obligations of government.

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The unit supported spending agencies with the interpretation and application of the PFMA and Treasury Regulations through the development of the Treasury Instructions, frameworks and guidelines, and the conducting of information sessions. Regular monitoring of compliance with the 30-days invoice payment requirement by spending agencies was conducted. Similarly, it was established that non-compliance with this requirement negatively impacts on the sustainability of small businesses. The unit also regularly provided status reports to the Forum of South African Directors-General (FOSAD), through the Department of Planning, Monitoring and Evaluation (DPME), and annual reporting to the Standing Committee of Public Accounts (SCOPA) and to the Standing Committee on Finance. During March 2018, a circular was issued to all spending agencies requiring heads of institutions to, amongst others, develop and improve internal control processes to ensure compliance with the legislative requirement on the timely payment of suppliers.

The unit developed a Public Sector Compliance Management Framework to assist spending agencies in improving compliance with legislation that they are required to adhere to. Consultations on the draft framework have been undertaken with relevant stakeholders and the final framework will be issued during the 2018/2019 financial year.

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

The unit managed the implementation of the Financial Management Improvement Programme (FMIP) under the Continuous Capacity Development Programme, funded by the European Union and the United Kingdom. Good progress was achieved through the implementation of individual, organisational, institutional and stakeholder capacity development solutions.

During the period under review, the unit's proposals and concept notes to fund future public financial management capacity development programmes were approved by the European Union, Swiss State Secretariat for Economic Development (SECO) and Belgian Technical Cooperation (BTC).

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

The i-Develop (Individual Competency Development Toolkit), an online solution providing government officials with a view of their competency profiles and development needs, has been developed for internal audit and risk management disciplines. It provides a systematic process for assessing learning needs of individuals, the organisation and the province. This was piloted in four provinces - KwaZulu-Natal, Gauteng, Eastern Cape and Western Cape. To date 1 159 public officials have been profiled.

Functional structures for provincial treasuries with standardised job descriptions were developed in collaboration with the DPSSA to support the implementation of the Generic Functional Structure. Generic Functional Structures for municipalities were also developed to support the Budget and Treasury Office (BTO) functions within the Offices of the Chief Financial Officers (CFOs).

Education, training and development solutions relevant to the public sector were developed and implemented. 20 learners from provincial departments have enrolled for the 3-year accounting internship programme in collaboration with the South African Institute of Professional Accountants (SAIPA); 66 officials successfully completed the AAT Public Sector Accounting qualification; 1 345 officials completed training on strategic sourcing, strategic procurement framework, preferential procurement, standard chart of accounts (SCOA), revenue management and the SCM executive development programme; 1 458 municipal officials were trained on the municipal financial management programme for the minimum competency regulations.

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The unit continued to support the development of a pool of accounting professionals through the Chartered Accountants Academy (CAA). A total of eight new trainee accountants were recruited, and 15 trainees qualified to attend the academic support programme in preparation for writing board examinations. Ten candidates have qualified as chartered accountants through the Academy during this past year. To date the academy has developed a total of 55 chartered accountants since inception in 2008. The academy currently has a total of 24 trainee accountants.

The OAG also continued to provide capacity development in the preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of Generally Recognised Accounting Practices (GRAP) standards as well as providing support in risk management and internal audit. The State of Readiness assessments were conducted in those PFMA and MFMA spending agencies that were ready for them, to determine the effectiveness of the internal audit function. Reports generated from these endeavours were also used to provide additional support. Targeted support was offered to the affected departments through the strategic support plans. This collaborative effort works effectively as skills are also transferred to those who are responsible for programmes.

MFMA Implementation: The unit performed the following responsibilities for the reporting period ending March 2018 as required by the MFMA and Division of Revenue Act.

MFMA Coordination: Bi-annual MFMA coordinators meetings with officials of the provincial treasuries, national and provincial Departments of Cooperative Governance, the Auditor-General and SALGA were hosted in September 2017 and March 2018. The purpose of these meetings was to improve the coordination of financial management reforms in municipalities, identify gaps and areas of need and further define strategies that will enhance optimal municipal performance and entrench MFMA reforms. A common agenda, identified gaps and proposed strategic solutions are cascaded to municipalities through the national non-delegated CFO forums and provincial municipal CFO forums. This information also feeds into the various divisions in national and provincial treasuries. Resolutions are taken and implementation followed up.

The monitoring and reporting role executed by the unit covers a wide range of disciplines including policy development, compliance reporting, information sharing, accounting and financial reporting, audit outcomes, financial performance and health, expenditure management, asset management, supply chain management, internal audit and Audit Committees, oversight structures, consequence management frameworks, financial interventions, institutional strengthening and capacity building support and other financial management reforms.

The unit produces quarterly dashboards which are informed by the activity cycle outlined in the MFMA calendar. The quarterly dashboards are translated into an annual report that demonstrates the level of compliance in municipalities with the MFMA and in some instances complementary aspects of the MSA, the progress being made and areas that still require focused attention in the light of building financial management and institutions in local government. The report also provides recommendations for actions to be implemented by the provincial treasuries and in other instances, the Department of Co-operative Governance as it relates to issues of human resources and council structures, vacancies, etc. in the subsequent periods.

The unit strives to strengthen oversight of municipalities in order to improve compliance with the legislation and to enhance transparency and accountability in municipalities.

MFMA Helpdesk: The MFMA helpdesk facility was established in 2004 after the MFMA became effective on 1 July 2004. Its aim is to provide responses to queries received from municipalities and municipal entities including providing clarity on the implementation of the MFMA, its regulations and MFMA circulars. The MFMA Mailbox provides a central point through which

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queries are processed to provincial treasuries (PTs), municipalities and municipal entities for responses, including assistance in implementation of the MFMA.

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

From 1 April 2017 to 31 March 2018, 150 queries were received via the helpdesk facility, and 138 (92%) were responded to as at 31 March 2018.

Unauthorised, Irregular, Fruitless and Wasteful Expenditure: The unit has worked with the Department of Performance Monitoring and Evaluation and the Department of Cooperative Governance and Traditional Affairs to include financial indicators and reporting on progress in the Medium Term Strategic Framework (MTSF 2014-2019) Outcome 9. These include indicators on improvements in audit outcomes, financial management capability maturity assessments, and reduction in the incidents of unauthorised and irregular, fruitless and wasteful expenditure (UIFW). The baseline of the information used was the 2014/15 financial year audit findings.

Engagements with senior municipal management of individual municipalities who fall in the top 10 contributors to the R45 billion unauthorised, irregular, fruitless and wasteful (UIFW) expenditure were conducted. Their purpose was to better understand the root causes that contributed towards occurrence of the UIFW and to find solutions. As a result, several steps are being taken by senior management in processing the expenditure and controls put in place to manage the risk of recurrence. For the 2017/18 financial year, the unit met with and obtained progress updates from the City of Johannesburg Metropolitan Municipality, City of Tshwane Metropolitan Municipality, OR Tambo District Municipality, Buffalo City Metropolitan Municipality, Nelson Mandela Bay Metropolitan Municipality, Mangaung Metropolitan Municipality, Rustenburg Local Municipality, Mbombela Local Municipality, Polokwane Local Municipality, and Mafikeng Local Municipality. Officials and councillors serving on oversight committees were also trained where required.

To understand the complexities of the situation, it is important to note that municipalities collectively incurred roughly R12.7 billion in unauthorised expenditure during the 2014/15 financial year, and R12.8 billion in 2015/16. The unit's intervention was first to encourage all municipalities to undertake their own disclosures so they can then institute corrective actions. The corrective actions were delayed as three of these municipalities had new coalition councils instituted, which had also introduced their own investigations. On reviewing the individual municipalities' disclosures on unauthorised expenditure in the annual financial statements, it became clear that the bulk of the unauthorised expenditure was due to non-cash items, i.e. where no transactions took place. An example of a non-cash item is depreciation which is defined in GRAP 17 as the systematic allocation of the depreciable amount of an asset over its useful life. In most instances, municipalities under-budgeted for depreciation which resulted in unauthorised expenditure. For the 2016/17 financial year, unauthorised expenditure amounted to R12.6 billion, which is a slight reduction from the previous year. It is evident that many of the requested actions will be time-consuming and delays are expected before being able to report on the full impact of these interventions.

Financial Management Capability Maturity Model (National Revenue Fund) (FMCMM): The unit introduced the FMCMM for municipalities and municipal entities together with MFMA circular 71 covering 32 financial ratios to support municipalities assess their financial management capability and proactively identify areas of financial weakness with a view to improving their financial positions and overall sustainability.

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Baseline assessments were undertaken in 2015 and the results were shared with municipalities requiring them to develop action plans to address financial management weaknesses identified. As at March 2018, 113 municipalities (44%) developed their FMCMM action plans to address financial management weaknesses. Mechanisms are to be established within the PTs and municipalities to ensure that the plans are effectively monitored on an ongoing basis and to ensure timely implementation of the actions required. It is envisaged that the figures will continue to improve over the next reporting period. The National Treasury offers advice and capacitation of municipalities in the development of these action plans.

Assessments were also conducted at three non-delegated municipalities, namely Rustenburg, Polokwane and Mafikeng, based on the regression in audit outcomes and low maturity levels from the previous assessment. These municipalities were supported during the 2017/18 financial year to conduct the re-assessment and, on conclusion, are currently in the process of developing action plans which will be monitored on an ongoing basis once developed. Further re-assessments will be conducted at selected municipalities over the next financial year.

PT officials were also supported at selected municipalities. This process is currently underway, and once concluded, the PTs will monitor the development and implementation of action plans to address weaknesses identified.

Five modules were revised in FMCMM levels 1, 2 and 3, namely, reporting, bank cash and investments, budget management, entities, and supply chain management. These modules were revised to reflect the latest reforms.

The unit is in the process of transitioning from FMCMM levels 1 - 3 to levels 4 - 6 for municipalities that are advanced in financial management, which would be targeted at metropolitan and other large municipalities. The development of levels 4 - 6 assesses the progressive maturity improvements in municipalities beyond compliance and focuses on the following key aspects:

- The changing role of finance and progressing from performing traditional financial management functions to added value.
- The need for operational managers to have a broader understanding of their financial management responsibilities and be able to transcend operating in silos.
- The requirement to provide consistent and comparable financial and non-financial information and reports that meet the needs of managers to be able to take strategic decisions and communicate this externally so as to encourage economic growth opportunities.
- Improved quantity and quality of outputs through introducing new technology or improving existing processes with available resources.

FMCMM Levels 4 - 6 assesses three modules namely, financial health and environment, efficiency and sustainability, and public value. The model also encompasses concepts of governance and resilience.

A reference group, comprising Treasury officials from all three spheres of government, has been established to review, discuss and provide inputs on the proposed research concepts contributing to the development of the model. It is planned to be completed in the medium-term.

Audit Outcomes Support: The National Treasury and Department of Co-operative Governance and Traditional Affairs (CoGTA) had signed a memorandum of understanding (MoU) to clarify their respective roles and responsibilities. The basis of the MoU is the principle that National and Provincial Treasuries will take the lead on financial management in municipalities and CoGTA will lead on governance-related matters. The monitoring, oversight, support and reporting on audit outcomes are now the responsibility of treasuries. 2017/18 has been a transition year in which the building blocks have been laid with the treasuries. There should be more traction in the coming MTEF period as the National and Provincial Treasuries gear up to assume this responsibility.

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Furthermore, while the process to review/revise structures and transfer officials to give effect to the MoU is being discussed, some of the challenges raised during the audit require urgent responses and action. The National Treasury has started the process to gear up its support mechanisms; however, in order to effectively and efficiently support municipalities and provincial treasuries, additional resources will be required to take on the additional responsibilities.

The National and Provincial Treasuries have selected ten municipalities for support during 2017/18 and over the medium-term as these municipalities have shown a history of disclaimer and adverse audit opinions for the past three financial years 2014/15 to 2016/17.

The audit action plans for the municipalities are reviewed and progress on implementation is monitored on an ongoing basis. Working with the provincial treasuries in Northern Cape and North West, the National Treasury attended audit steering committee meetings with additional support being provided by the North West Treasury by placing technical experts to assist the municipalities address the root cause of the audit findings.

Furthermore, in conjunction with the National School of Government, the GRAP e-learning programme was rolled out to over 600 municipal officials who registered for the programme.

In further gearing support to address the persistent disclaimer and adverse audit opinions in municipalities, it must be noted that most of the challenges and issues raised during the audit are complex in nature, with most of the findings relating to supply chain management, internal audit, risk management and asset management. In order to enhance support mechanisms, various units in the National Treasury are being coordinated to assist in addressing the root causes of the findings.

Municipal Finance Recovery Service: The Municipal Finance Recovery Services (MFRS) assisted eight municipalities with the preparation of financial recovery plans during the 2017/18 financial year. The municipalities supported are Edumbe (KZN), Naledi (NW), Mafube (FS), Masilonyana (FS), Ubuntu (NC), Dipaleseng (MP), Musina (LP) and City of Tshwane (GP). Ownership and implementation of the financial recovery plans rests with the municipalities. The provincial treasuries of Free State, Limpopo, Northern Cape and KwaZulu-Natal and other institutions were involved in the process of developing the financial recovery plans. Dashboards have been prepared for the municipalities to report on progress regarding the implementation of the financial recovery plans. Provincial monitoring on the implementation is critical and ongoing.

Implementation of the financial recovery plans needs to be accelerated and provinces have been requested to assist these municipalities in doing so. Collaborating efforts underway with CoGTA on aspects related to governance and human resources, and service delivery also supports the implementation of the financial recovery plans. In addition, a small rapid response technical support team has recently been established to assist the head of the Financial Recovery Services perform priority tasks.

The unit also provides guidance and advice to address effective implementation of chapter 13 of MFMA and supports municipalities that have arrears on their water board and Eskom accounts. The guidance includes development of realistic payment arrangements and addressing financial disputes.

Financial Management Grant (FMG): The Financial Management Grant (FMG) is administered by the unit. It is a conditional grant designed to assist municipalities augment their own resources to promote and support reforms in financial management and build capacity at municipalities to improve implementation of the Municipal Finance Management Act (MFMA).

All 257 municipalities submitted FMG support plans for the 2017/18 financial year. These were reviewed and, where required, feedback was provided.

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The Division of Revenue Act (DoRA) allocation for the FMG for the financial year under review was R502 006 000. All funds were disbursed to municipalities in terms of the DoRA. On average, municipalities spent 68% of the grant at the end of March 2018. This is an improvement from the 61% spent at the end of March 2017. It must be noted that the municipal financial year ends in June. Municipalities thus have three additional months to spend the remaining funds (April, May and June). In the past, spending has been close to 100 per cent by the municipal year-end.

The FMG contributed to the following outputs:

- 14 239 municipal officials have registered for minimum competency training.
- 158 municipalities utilised the FMG to prepare their 2016/17 AFS timeously, of which 91 per cent (143 municipalities) submitted their AFS to the Auditor-General timeously.
- 52 municipalities used the funds to address the audit findings raised by the Auditor-General.
- 161 municipalities used the FMG to purchase and upgrade their financial management systems to be compliant with the municipal standard chart of accounts.
- 1 142 interns are serving on the internship programme in municipalities across all nine provinces.

Office of the Chief Procurement Officer

In pursuit of automating the procurement environment within government, the enhancement of the central supplier database was undertaken to facilitate inclusive growth, double the number of suppliers and transform reporting in terms of PPPFA. The system has 656 000 users, 468 017 registered suppliers, 829 organs of state and some 17 000 practitioners on board. Approximately 30 000 reports are generated daily. Integration with the CIDB supplier database has also enabled reporting on procurement spent, the PPPFA, employees doing business with the State, etc.

Utilisation of the e-tenders publication portal has improved. There are more than 37 500 tenders published on the portal. This also links to published procurement plans for organs of state. The link to published deviations is also provided in this portal. More than 14 500 tenders were published by public entities, more than 5 400 by provincial departments, more than 3 600 by national departments and more than 7 000 by municipalities. The OCPO has taken the initiative to encourage system utilisation by targeting more municipalities to use e-tenders. This has yielded good results, and municipalities that have never published before on e-tenders are now doing so.

Eleven business processes that were previously defined for the SCM stream of IFMS have been reviewed in consultation with experts from various organs of state. The business processes will be used for any procurement system in the supply chain space as a means of standardising and simplifying procurement processes.

Four procurement data reports were published, namely the "State of government suppliers" report, "State of procurement spend" report, "State of procurement transparency" report and the "Employees conducting business with government" report. These reports strengthen transparency in government spending categories and supplier PPPFA demographics, in order to determine opportunities for strategic sourcing as well as providing government with improved ability to measure the effectiveness of its policies and targets towards achieving BEE and channeling of the procurement spend towards designated groups in specific areas e.g. disabled suppliers.

SCM Governance, Monitoring and Compliance: To enforce good governance and compliance through monitoring, the OCPO reviewed the performance of the actual execution of the procurement plans against planned procurement, published bid opportunities for each quarter in the financial year to allow for visibility in the procurement of goods/works/services, aligned bid specifications to applicable procurement instructions and guidelines to ensure better market opportunities, published all

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transactions entered into through the expansions/variations and the deviations procurement methods, assessed bid evaluation and adjudication reports to ensure compliance with the National Treasury norms and standards, assessed and verified contract management against the SLA/contractual agreement, and verified projects/contracts through site visits.

Transversal Contracting: Seventeen transversal contracts were renewed during the 2016/17 financial year. The contracts were in various areas including clothing, insurance for subsidised vehicles, animal feed, anti-tuberculosis medicines, contraceptives and hormone modulating agents, pharmaceutical liquids, wheelchairs, infant feed, medical oxygen (for home patients), ambulance, rescue and emergency equipment and hearing aids.

As part of an initiative to strengthen the South African economy through state procurement, key commodities have been identified on which government must focus to achieve the objective of creating jobs and empowering local industrialisation and township economies. Local manufacturing was one of the identified initiatives through key commodities such as condoms and medical (latex) gloves. Three manufacturing plants were established as a result of this initiative, namely in KwaZulu-Natal, Gauteng and Eastern Cape.

The unit achieved major savings/cost reductions through renegotiation of existing contracts (for example RT57 – supply and delivery of vehicles), which resulted in savings of between 15% and 20%.

Strategic Procurement:

Health Reforms

The following reforms were developed to address procurement efficiency in health facilities as well as local economic development across all departments of health: medical equipment, medical waste management, hospital cleaning services, hospital food services, and hospital linen and laundry. These reforms are currently managed by provincial departments of health under the guidance of NDOH.

Learner Teacher Support Material

The Learner Teacher Material Strategy has been implemented through the National Treasury in the financial year under review. It is expected that this strategy will improve the demand-planning and supply and delivery of LTSM to schools across the country. Furthermore, it will improve timely delivery of LTSM to schools, better planning at school level and has the potential to result in savings if correctly implemented by provincial education departments.

Travel and Accommodation: The Travel Technology Business Case has been approved. It will provide a single platform from which government travel bookings will be made and provide more visibility on the travel spend. Travel policy rules and budget will be built into the solution. It will further promote competition in the market.

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

Strategic Procurement Awareness: The initiative provides awareness on strategic procurement reforms to national and provincial departments as well as 3A and 3C public entities. To date, 25 awareness sessions have been completed involving 635 officials.

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SCM Legal and Policy: Against a target of issuing nine instructions, the OCPO issued 12 instructions in line with policy interventions and proposed designated products or categories to enhance SCM performance. With the coming into effect of the preferential procurement regulations 2017, the OCPO provided extended implementation support to all spheres government and supplier forums.

Stakeholder and Client Management: In the National Treasury's effort to build strong stakeholder relations with its suppliers, SCM practitioners and government at large, engagements were held with various stakeholders. These include the induction of SCM practitioners on the revised 2017 PPRs and a workshop on demand management planning. The Chief Directorate hosted quarterly SCM forums with its main stakeholders such as state-owned entities (SOEs), national departments, provincial treasuries and non-delegated municipalities.

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PERFORMANCE INDICATORS

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
IMPROVE FINANCIAL MANAGEMENT GOVERNANCE AND COMPLIANCE ACROSS ALL SPHERES AND ENTITIES IN GOVERNMENT GIVING EFFECT TO THE PFMA AND MFMA				
Number of institutions workshopped on IA and risk management guidelines	66	24	29	Over-performance is attributed to a higher demand for training than anticipated.
Number of assessments conducted of IA and state of readiness for quality assurance reviews and adoption of best practices to assess compliance with PFMA, MFMA and international professional practice standards	4	10	6	Under-performance is attributed to resource constraints.
Number of institutions whose Audit Committees have been provided with support	2	15	22	Over-performance is attributed to a higher demand for support requests.
Number of knowledge sharing forums on IA and risk management facilitated through formal platforms	6	6	9	Over-performance is attributed to a higher demand for knowledge sharing forums by institutions.
Number of support plans developed for government entities struggling at lower levels of IA implementation in the Financial Management Capability Maturity Model (FMCMM)	5	5	6	Over-performance is attributed to a higher demand for support.
Number of public sector officials trained in risk management	612	400	329	Under-performance is attributed to this area of work being demand-driven.
Number of institutions of higher learning workshopped on the risk management curriculum	4	4	0	Under-performance is attributed to difficulty in securing appointments with institutions of higher learning due to their priorities.
Number of monitoring improvement of financial management in national and provincial institutions reports produced	6	6	6	N/A
Number of guidelines to assist with the implementation of Treasury Regulation, policies and Treasury Instruction developed	4	4	0	Under-performance is attributed to the guidelines that have been developed still being in draft format. These are currently undergoing consultation process.

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PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
Number of information sessions provided to support PFMA institutions on the implementation of Treasury Regulations, Treasury Instructions and guidelines	10	8	9	Over-performance is attributed to a higher demand than expected for information sessions.
FMCM model revised	The FMCM questions have been revised and include questions from level 1 to 6, which are applicable to national and provincial departments, constitutional institutions and schedule 3(a) and 3(c) public entities.	Develop web-based FMCM model	0	Under-performance is attributed to a delay in securing funding and the appointment of a systems analyst.
	The National Treasury has identified CGROW model at the Western Cape Treasury (WCPT) as a web based platform to host the FMCM. The National Treasury held a meeting with the WCPT and it was agreed the platform can be shared with to host the FMCM.	Conduct one FMCM assessment	0	Under-performance is attributed to no assessments having been conducted as yet since the FMCM is still to be developed.
Number of forensic investigations conducted and special performance audit reports produced	41	25	48	Over-performance is attributed to an increase in the number of requests received and enhanced efficiency.
Number of cases referred and advisory services provided to law enforcement agencies/anti-corruption task team for criminal investigation	74	30	50	Over-performance is attributed to enhanced efficiency in ensuring that all critical cases received attention.

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PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS					
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION	
Number of engagements held with public officials to address compliance and implementation of regulations, instructions and guidelines in a coordinated and consistent manner	N/A	2	3	Over-performance is attributed to a higher demand for engagements and information sessions.	
No of financial management assessment tools modules for local government either developed, updated or maintained	N/A	5	5	N/A	
Percentage of financial management grant support plans reviewed for alignment with the grant framework for municipalities	N/A	100%	100%	N/A	
Number of days taken to respond to requests to draft financial recovery plans from receiving the request	N/A	90	All requests responded to in less than 90 days	Over-performance is attributed to enhanced efficiency in responding to requests.	
Percentage of requests to the MFMA helpdesk responded to within 30 days of receipt of request	N/A	75%	92%	Over-performance is attributed to the nature of requests resulting in more efficient response times.	
Number of municipalities assisted in addressing gaps as identified by FMCMM and financial indicator assessment	N/A	3	3	N/A	
Number of municipalities with the highest UJIFW incurred annually monitored to rectify such expenditure in terms of the MFMA	N/A	10	10	N/A	
SUPPORT AND FACILITATE CAPACITY DEVELOPMENT ACROSS ALL SPHERES OF GOVERNMENT IN ORDER TO IMPROVE FINANCIAL MANAGEMENT EXECUTION					
Number of officials trained in the preparation of provincial consolidated financial statements, provincial revenue fund statements and implementation of generally recognised accounting practices (GRAP) standards	447 trainees	250	675	Over-performance is attributed to an increase in training demand.	
Number of timely and accurate monthly statements reports of actual revenue and actual expenditure published for the National Revenue Fund (NRF)	12	12	12	N/A	

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PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS					
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION	
Percentage compliance with the banking services for national government: <ul style="list-style-type: none"> • Daily bank reconciliation of NRF • Electronic verification of supplier banking details within four working days 	93%	100%	99.8%	Under-performance is attributed to IT related technical challenges.	
Number of consolidated annual financial statements for national departments, public entities and Reconstruction and Development Programme (RDP) Fund tabled on 31 October	1	2	2	N/A	
Percentage of the public financial management education, training and development implementation plan achieved	N/A	100%	100%	N/A	
Number of municipal officials trained in financial management competencies	1080	1000	1458	Over-performance is attributed to the Exemption Notice issued to municipalities deferring the enforcement of Minimum Competency Regulations to 31 August 2018 resulting in increased enrolment by municipal officials to meet the deadline.	
Percentage of the public financial management capacity development strategy (CDS) implementation plan achieved	100%	100%	100%	N/A	
The percentage of qualifying trainees that participate in the academic support programme for prospective chartered accountants	N/A	100%	100%	N/A	
Number of municipalities monitored to comply with minimum competencies regulations for financial management	N/A	70	70	N/A	
Number of municipalities that received disclaimers and adverse opinions prioritized by National Treasury and PT for support	N/A	10	10	N/A	

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
MANAGE EXISTING FINANCIAL SYSTEMS AND RENEW THESE AS REQUIRED TO EXERCISE COMPREHENSIVE FINANCIAL MANAGEMENT				
Percentage availability of current transversal systems	99%	98%	100%	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.
Number of generic solution configuration templates completed	0	0	0	The indicator was retained despite having no planned performance to ensure alignment between the MTEF and APP tables given that the MTEF has historical performance information (2016/17) and planned performance in the medium term (2018/19)
Number of IFMS comprehensive implementation strategies published	0	1	1	N/A
MODERNISE SCM POLICIES AND PROCEDURES				
Number of instructions issued in line with policy interventions and proposed designated products or categories to enhance SCM policy	22	9	11	Over-performance is attributed to the increased number of requests for designated products.
MONITOR AND EVALUATE SCM PERFORMANCE				
Percentage of departments/entities' quarterly performance information reports reviewed	100%	100%	100%	N/A
Percentage of procurement plans published on the e-tender portal	100%	100%	100%	N/A
Percentage of bid specifications reviewed for alignment with policy and other applicable procurement instructions	100%	100%	100%	N/A
Percentage of bid evaluations and adjudications reviewed to ensure compliance with the criteria/scoring specified in bidding documents	100%	100%	100%	N/A
Percentage of contracts awarded reviewed to verify if contract delivery is in line with the specifications	100%	100%	100%	N/A

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PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
Percentage of projects visited to verify if delivery of the awarded contracts is aligned with the conditions of contract	100%	100%	100%	N/A
DEVELOP AND IMPLEMENT STRATEGIC PROCUREMENT				
Number of proposals for strategic sourcing opportunities	0	3	0	Under-performance is attributed to the adoption of a new approach on how to identify new proposals to be implemented internally.
Number of sourcing strategies for identified commodities/procurement categories developed	2	4	5	Over-performance is attributed to the strategies developed being demand-driven.
Number of sourcing strategies for identified commodities/procurement categories implemented	0	5	6	Over-performance is attributed to the sourcing strategies implemented being demand-driven.
Number of on-boarding, monitoring and benefits tracking on sourcing strategies	0	3	3	N/A
Number of transversal term contracts renewed per annum for National Procurement	28	17	17	N/A
Number of procurement spend reports published	N/A	4	4	N/A
BUILD AND STRENGTHEN STAKEHOLDER RELATIONS				
Percentage of external stakeholder engagements held	95%	95%	100%	Over-performance is attributed to enhanced efficiency in responding to requests.
Number of departments and entities supported on supply chain	N/A	8	31	Over-performance is attributed to an increase in requests for support.

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
MODERNISE AND AUTOMATE SCM PROCESSES				
Number of departments enabled on an centralised electronic quotation system	N/A	30	1	Under-performance is attributed to delays in procurement of system to support e-procurement.
Number of tenders submitted on an electronic tendering platform for transversal contracts	N/A	20	17	Under-performance is attributed to delays in procurement of system to support the electronic tendering platform.
Number of contract management solution developed and implemented	N/A	1	1	N/A
Number of business processes defined for SCM stream of IFMS	N/A	11	11	N/A

4. PERFORMANCE INFORMATION BY PROGRAMME

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS		
PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS		
INDICATOR	DEVIATION	ACTION PLAN
IMPROVE FINANCIAL MANAGEMENT GOVERNANCE AND COMPLIANCE ACROSS ALL SPHERES AND ENTITIES IN GOVERNMENT GIVING EFFECT TO THE PFMA AND MFMA		
Number of assessments conducted of IA and state of readiness for quality assurance reviews and adoption of best practices to assess compliance with PFMA, MFMA and international professional practice standards.	Under-performance is attributed to resource constraints.	<ul style="list-style-type: none"> The Internal Audit Support unit is working with spending agencies to enhance capacity in various entities and is also working on collaboration on projects.
Number of public sector officials trained in risk management.	Under-performance is attributed to this area of work being demand-driven.	<ul style="list-style-type: none"> The Risk Management Support unit will be working with the various spending agencies as well as Provincial Treasuries to ensure attendance at these events. In addition the OAG has scheduled Risk Management Forums in advance to provide opportunities for capacity building.
Number of institutions of higher learning workshopped on the risk management curriculum.	Under-performance is attributed to difficulty in securing appointments with institutions of higher learning due to their priorities.	<ul style="list-style-type: none"> This variable is outside the control of the unit. The unit will continue to encourage participation.
Number of guidelines to assist with the implementation of Treasury Regulation, policies and Treasury Instructions developed.	Under-performance is attributed to the guidelines that have been developed still being in draft format. These are currently undergoing consultation process.	<ul style="list-style-type: none"> The Minister suggested that due to the update, the Treasury Regulations should be subjected to a consultation process. The development of guidelines will ensue once the regulations have been gazetted.
FMCMM model revised.	Under-performance is attributed to a delay in securing funding and the appointment of a systems analyst.	<ul style="list-style-type: none"> Funding for the system analyst was obtained and the analysis has been completed. The system is undergoing a revamp based on the analysis.
	Under-performance is attributed to no assessments having been conducted since the FMCMM is still to be developed.	<ul style="list-style-type: none"> Development of the system has been held in abeyance pending the availability of funds.
SUPPORT AND FACILITATE CAPACITY DEVELOPMENT ACROSS ALL SPHERES OF GOVERNMENT IN ORDER TO IMPROVE FINANCIAL MANAGEMENT EXECUTION		
Percentage compliance with the banking services for national government: <ul style="list-style-type: none"> Daily bank reconciliation of NRF Electronic verification of supplier banking details within four working days. 	Under-performance is attributed to IT-related technical challenges.	<ul style="list-style-type: none"> This variable is outside of the OAG's control. The OAG monitors the situation and holds discussions in this regard with the relevant IT units.

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UNDER-PERFORMING INDICATORS AND ACTION PLANS		
PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS		
INDICATOR	DEVIATION	ACTION PLAN
DEVELOP AND IMPLEMENT STRATEGIC PROCUREMENT		
Number of proposals for strategic sourcing opportunities.	Under-performance is attributed to the adoption of a new approach on how to identify new proposals to be implemented internally.	<ul style="list-style-type: none"> Two requests were received and will be included in the deliverables for 2018/19.

CHANGES TO PLANNED TARGETS

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

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS	2017/18						2016/17		
	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
SUB-PROGRAMME									
PROGRAMME MANAGEMENT FOR FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS	99,946	788	-	100,734	25,525	75,209	25.3%	61,379	60,247
OFFICE OF THE CHIEF PROCUREMENT OFFICER	74,665	(52)	-	74,613	71,824	2,789	96.3%	68,628	67,508
FINANCIAL SYSTEMS	634,493	(154,710)	(78,300)	401,483	374,285	27,198	93.2%	826,005	797,355
FINANCIAL REPORTING FOR NATIONAL ACCOUNTS	99,207	(967)	-	98,240	97,284	956	99.0%	87,064	85,120
FINANCIAL MANAGEMENT POLICY AND COMPLIANCE IMPROVEMENT	124,284	4,941	-	129,225	120,456	8,769	93.2%	129,350	120,298
AUDIT STATUTORY BODIES	46,278	150,000	-	196,278	196,278	-	100.0%	79,075	79,075
SERVICE CHARGES: COMMERCIAL BANKS	273	-	-	273	180	93	66.1%	258	254
TOTAL	1,079,146	-	(78,300)	1,000,846	885,833	115,013	88.5%	1,251,758	1,209,858

4. PERFORMANCE INFORMATION BY PROGRAMME

4.6. PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

PURPOSE

Manage South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa.

STRATEGIC OBJECTIVES

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

PROGRAMME'S SUB-PROGRAMMES

Programme Management for International Financial Relations

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

International Economic Cooperation

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

African Integration and Support

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

International Development Funding Institutions

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

4. PERFORMANCE INFORMATION BY PROGRAMME

International Projects

This sub-programme transfers funds to international projects and interventions. It supports priorities such as building capacity and providing medical support to disaster-hit and impoverished areas. To this end, National Treasury contributes to the Commonwealth Fund for Technical Cooperation and the International Finance Facility for Immunisation. The facility transfers funds to the Global Alliance for Vaccines and 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

Africa Continental

- Supported South Africa's participation at the Africa Union (AU) Finance Committee of Ten Finance Ministers (F10), which determined the terms of reference for Finance Ministers to be involved in the AU institutional reforms.
- Through the Export Credit Insurance Corporation (ECIC) South Africa has become a member of the Africa Export-Import Bank (Afreximbank), with Class "B" shares.
- Conducted cost and benefit analysis to determine South Africa's participation in the African Risk Capacity, as a first step to assessing the viability of South Africa's participation.
- The National Treasury participates in the Programme for Infrastructure Development in Africa (PIDA), considering the implementation and financing of projects, with specific reference to the SADC region.

Southern African Customs Union (SACU)

- Managed South Africa's membership of SACU, in collaboration with the DTI and SARS, and led on the finance track of work.
- Exercised oversight on the effective governance of the SACU Secretariat by participating in the quarterly Finance and Audit Committee (FAC), Commission meetings, SACU Council of Ministers' meetings, as well as the 6th SACU Summit that took place on 23 June 2017 in Swaziland.
- The deliverable of the work in this sphere includes overseeing of the review of the 2002 SCU agreement.

Southern Africa Development Community (SADC)

- South Africa will be the chair of SADC from August 2017 to August 2018 and jointly manages this relationship together with the Department of International Relations and Cooperation (DIRCO).
- Provided technical and strategic support specifically around the Agreement on Regional Development Fund, and subsidiary funds.
- Facilitated the establishment of the national stakeholder's committee to coordinate the activities of the Regional Technical Assistance Centre for Southern Africa (AFRITAC) South Centre; this included recommitting for another five years to the work programme of the Centre.
- Concluded two memoranda of understanding in building strategic partnerships with the Republic of Zambia.

4. PERFORMANCE INFORMATION BY PROGRAMME

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

- Will be assuming the BRICS Presidency in 2018 and led on the finance track of work in BRICS.
- The New Development Bank's (NDB) Africa Regional Centre (ARC) was launched in August 2017; this is consistent with the NDB articles of agreement which state that "the first regional office shall be in Johannesburg". The ARC will anchor the Bank's engagements with South Africa. In addition, it will establish and maintain complimentary linkages with development institutions (and/or partners) that have an interest in the development of sustainable infrastructure.

Organisation for Economic Cooperation and Development (OECD)

- South Africa is a key partner of the OECD alongside China, Brazil, India and Indonesia. The National Treasury participated in the OECD bodies for experience-sharing, access to research and analysis, benchmarking, and capacity building.
- Co-chaired the SA-OECD inter-departmental working group (IWG) with the Department of International Relations and Cooperation. Led the IWG work on the renewal of the Cabinet mandate for SA-OECD relations for the period 2017/18 - 2020/21 and the approval of the South African Strategy for that period.

World Economic Forum (WEF)

- The WEF affords South Africa an opportunity to position the country as an attractive investment destination to international investors. The National Treasury led the planning and coordination of the 2017 WEF on Africa meeting held during May in Durban and also led the planning and coordination of South Africa's participation at the 2018 January WEF Davos meeting led by President Cyril Ramaphosa.

Group of Twenty (G20)

- Supported South Africa's effective engagement and coordination in the G20 and led on the finance track of work.
- Was instrumental in coordinating the debt sustainability information sharing outreach programmes in SADC where the focus was on debt transparency and debt management.
- The National Treasury and the South African Reserve Bank prepared a "non-paper" on the challenges facing South Africa and the African continent on the issue of global financial governance, which was submitted to the G20 Eminent Persons Group (an external advisory group established by the G20 Finance Ministers and Central Bank Governors) for consideration in their final report and recommendations.
- Supported the President's and Minister's successful engagement at the Hamburg G20 Summit in July 2017.

International Monetary Fund (IMF)

- Impactful dialogue between South Africa and the IMF was sustained. During the period under review, this included facilitating the IMF's article IV mission in May 2017 and the staff visit in December 2017.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS						
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION		
ADVANCE SOUTH AFRICA'S INTERESTS SPECIFICALLY, AND THOSE OF AFRICA MORE GENERALLY, THROUGH REGULAR STRATEGIC ANALYSIS, ENGAGEMENTS AND NEGOTIATIONS AT REGIONAL AND GLOBAL FINANCIAL AND ECONOMIC FORUMS						
Percentage of obligations towards international agreements met	100%	100%	100%	N/A		
Percentage response to customer request on mandatory briefing notes and analysis	N/A	100%	100%	N/A		
Percentage response to customer request on ad-hoc briefing notes and analysis	N/A	100%	100%	N/A		
INCREASE AFRICA'S VOICE AND SOUTH AFRICA'S INFLUENCE IN INTERNATIONAL INSTITUTIONS AND FORUMS						
Number of interventions to increase South Africa's presence within institutions of particular strategic value	0	1	1	N/A		
Percentage of interventions in Pursuit of Institutional reform implemented	N/A	100%	100%	N/A		
SUPPORT AN ENABLING ENVIRONMENT FOR INCREASED ECONOMIC ACTIVITY WITHIN AFRICA						
Number of initiatives to expand relations with key strategic partners	2	1	1	N/A		
Percentage implementation of identified projects and plans to accelerate regional integration	50%	100%	100%	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.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS	2017/18						2016/17		
	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
SUB-PROGRAMME									
PROGRAMME MANAGEMENT FOR INTERNATIONAL FINANCIAL RELATIONS	9,109	88	(990)	8,207	7,507	700	91.5%	12,443	9,994
INTERNATIONAL ECONOMIC COOPERATION	42,473	(88)	(4,809)	37,576	36,211	1,365	96.4%	41,222	38,293
AFRICAN INTEGRATION AND SUPPORT	760,030	-	136,800	896,830	896,255	575	99.9%	796,493	796,694
INTERNATIONAL DEVELOPMENT FUNDING INSTITUTIONS	4,999,249	-	(21,700)	4,977,549	4,512,036	465,513	90.6%	4,091,915	4,091,776
INTERNATIONAL PROJECTS	20,527	-	-	20,527	17,829	2,698	86.9%	19,555	18,995
TOTAL	5,831,388	-	109,301	5,940,689	5,469,838	470,851	92.1%	4,961,628	4,955,753

4. PERFORMANCE INFORMATION BY PROGRAMME

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

PURPOSE

Provide for government's pension and post-retirement medical benefit obligations to former employees of state departments and bodies. Provide for similar benefits to retired members of the military.

STRATEGIC OBJECTIVES

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

PROGRAMME'S 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, disabled and deceased civil servants and to former struggle veterans.

Military Pensions

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

Other Benefits

This sub-programme processes the payment of benefits to former members of legislative assemblies. These include payments to former members of the legislative assemblies of the former Transkei, Bophuthatswana, Venda and Ciskei governments; judges or their widows in terms of the Judges' Remuneration and Conditions of Employment Act 1989; and former state presidents.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

The programme achieved 95 per cent resolution of the integrity of data against a target of 80 per cent, by continual monitoring and data cleansing.

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

The programme paid 99 per cent of benefits within 45 days against a target of 95 per cent, an increase on the achieved 95 per cent in 2016/17.

4. PERFORMANCE INFORMATION BY PROGRAMME

The programme paid out pensions and benefits of R4.6 billion in 2017/18 compared to R4.4 billion in 2016/17, an increase of 4.5 per cent. This can be attributed to the increase in post-retirement medical subsidies and injury on duty claims.

The overall number of pensioners and beneficiaries increased by 4 per cent in 2017/18, from 127 412 in 2016/17 to 132 407 in 2017/18. The increase in applications received can be attributed to post-retirement medical subsidy and injury on duty claims.

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

The Programme held various workshops and roadshows to ensure that members are informed of the Programme products and services.

Military Pension Awareness Campaign: During 2017/18 the programme participated in the Human Resource (HR) Forums and Retiring Member Campaigns (RMC) engaging stakeholders in Durban, Queenstown, Vereeniging, Mankweng, Sharpville, Richard's Bay, Mafikeng, Ganyesa, Kimberly, Upington and Bloemfontein to strengthen relationships and provide employer and member education on the GPAA's products and services.

Focus Areas Arising from 2017/18: Military medical accounts payment and access to medical treatment by pensioners is currently a manual process and results in late payment of claims from pensioners and service providers. The programme started the process of outsourcing the services to a service provider. However, this could not be completed as planned and will be finalised in 2018/19.

The programme has established that some employer departments are impacting negatively on the payments of injury on duty awards by not finalising the awards and sending them to GPAA for payment. As a result, management is conducting human resource (HR) forums to train employer HR representatives so that they are fully aware of and competent to process the IOD claims. The programme will also be focusing on the administration of the 3rd Pension, firstly by resolving all internal audit findings. These actions will take place with the assistance of an actuary to examine the end-to-end administration and payments on the fund.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 7 - CIVIL MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
ENSURE GOOD GOVERNANCE AND ROBUST CONTROL ENVIRONMENT FOR FUND ADMINISTRATION				
Percentage of benefits validated for payment paid within liable dates (*)	95%	95%	99%	Over-performance is attributed to effective monitoring and effective management of production statistics.
Percentage compliance with SLA between National Treasury and GPAA specifically Programme 7 related indicators	83%	97%	100%	Over-performance is attributed to effective and efficient management of the NT/GPAA service levels.
Percentage integrity of client data	100%	80%	95%	Over-performance is attributed to continuous monitoring and effective management of programme data.
PROVIDE AN IMPROVED AND INTEGRATED CUSTOMER SERVICE EXPERIENCE				
Percentage of customer service complaints responded to within seven days	100%	100%	100%	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.

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME	2017/18					2016/17			
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SUB-PROGRAMME									
GOVERNMENT PENSIONS ADMINISTRATION AGENCY	65,196	-	-	65,196	62,061	3,135	95.2%	61,626	61,278
CIVIL PENSIONS AND CONTRIBUTIONS TO FUNDS	3,825,622	-	(186,800)	3,638,822	3,614,441	24,381	99.3%	3,283,163	3,249,213
MILITARY PENSIONS AND OTHER BENEFITS	944,184	-	-	944,184	941,586	2,598	99.7%	1,117,853	1,089,668
TOTAL	4,835,002	-	(186,800)	4,648,202	4,618,088	30,114	99.4%	4,462,642	4,400,159

4. PERFORMANCE INFORMATION BY PROGRAMME

4.8. PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE

PURPOSE

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

STRATEGIC OBJECTIVES

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

PROGRAMME'S SUB-PROGRAMMES

Government Technical Advisory Centre (GTAC)

GTAC is an agency of the National Treasury established to provide advisory and project management support to the department and to other centre-of-government departments and organs of state. It is a government component in terms of the Public Service Act, with a central mandate to assist organs of state to build their capacity for efficient, effective and transparent financial management. GTAC's scheduled functions are:

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

The Minister of Finance has transferred to GTAC the functions of the former Technical Assistance Unit, the National Capital Projects Unit, the Jobs Fund Project Management Unit and the advisory functions of the Public-Private Partnership Unit. In undertaking its advisory and project management support activities, GTAC draws on core funding provided by the National Treasury and co-funding by international donor partners, while also partially recovering professional service costs from client departments or entities. Over the MTEF period, regional offices will be established to consolidate GTAC's activities in the Eastern Cape, Western Cape and KwaZulu-Natal.

GTAC also coordinates and provides management support for Programme 8, and operates a project development facility through which potential public-private partnership (PPP) projects, neighbourhood development partnership projects and employment facilitation projects are supported.

4. PERFORMANCE INFORMATION BY PROGRAMME

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

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

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

On behalf of the National Treasury, GTAC administers the employment creation facilitation programme and the Municipal Finance Improvement Programme, and contributes to the Cities Support and Infrastructure Delivery Improvement Programmes of the Intergovernmental Relations Division.

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

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

- Administration: Management, strategy and planning, finance and HR management, knowledge management and communications
- Technical advisory services: Public policy and finance advice, organisational development, planning and project management services, specialised procurement services: advice and support to departments, municipalities and public entities on PPPs and high-impact procurement projects; transaction and contract management support for large or complex procurement processes
- Fiscal and economic analysis: Advice and support for infrastructure and development finance, analysis of public expenditure and performance, environmental economics, state actuarial advice and capital project appraisal
- Employment facilitation: Planning and administration of the Jobs Fund, monitoring and evaluation of projects and support for employment-related research
- MFIP: Planning, administration and monitoring of the MFIP II programme

GTAC also maintains the Independent Power Producer (IPP) Procurement Programme account on behalf of the National Treasury and the Department of Energy. Revenue to the account derives from fees payable by participants in the programme and covers the administration and contract management expenses of the IPP office.

Over the period ahead, GTAC seeks to develop public policy and public finance professional training and research programmes on behalf of the National Treasury, in partnership with academic and research institutions.

4. PERFORMANCE INFORMATION BY PROGRAMME

Local Government Financial Management Support

The Local Government Financial Management Support sub-programme has two components:

- The Financial Management Grant (FMG), which is a Division of Revenue Act Schedule 5(b) conditional grant to municipalities, to promote and support reforms in financial management and capacity building to improve implementation of the MFMA
- The MFIP, which provides technical assistance and support to the National Treasury, provincial treasuries and municipalities by placing financial advisors with experience and expertise in municipal financial management to facilitate key reforms and skills transfer.

The FMG is administered by the MFMA Implementation Unit in the Office of the Accountant-General. It is available to all 257 municipalities. In order to receive the grant, municipalities must submit FMG support plans which identify weaknesses in financial management to be addressed through the grant allocations. FMG funds can be used towards establishing municipal budget and treasury offices, improving supply chain and audit capacity, appointing financial management interns and investing in financial management systems, training, and implementation of reforms, amongst others. Progress is monitored through regular reports to the National Treasury.

Beginning in 2014/15, the MFIP entered a second phase (MFIP II) which draws on the experience and lessons of the first three-year phase. The MFIP is supervised by the Chief Directorate: Capacity Building in the Office of the Accountant-General and is administered by a project management unit in GTAC. Its responsibilities include assigning municipal finance specialists to assist national and provincial treasuries to improve their ability to oversee municipalities; and placing financial advisors at municipalities, based on requests for assistance and identified needs.

The main intended outcomes of the FMG grant and MFIP II are improved financial management capacity, qualified financial officers, improved budget and financial management practices and improved audit outcomes. The MFIP is overseen by a steering committee chaired by the Accountant-General.

Urban Development and Support

Urban Development and Support consists of two programmes: The Neighbourhood Development Partnership Programme, which supports municipal planning and investment in targeted locations, aimed at attracting and sustaining third-party capital investment and business development to improve the quality of life and access to opportunities in under-served townships or settlements.

The Integrated City Development Grant (ICDG), which helps metropolitan municipalities to improve spatial targeting and sequencing of infrastructure investment, with a special focus on identified integration zones.

The Neighbourhood Development Partnership Grant (NDPG) was introduced in 2006 with an initial commitment of R10 billion to invest in under-served residential neighbourhoods and to leverage private sector development in these areas. The first request for proposals led to 35 project approvals, with implementation beginning in 2007. Since its inception, the NDPG has registered 315 projects of which 241, with a value of over R2.5 billion, have been completed. In October 2015, 42 Neighbourhood Development Partnership (NDP) projects to the value of R1.7 billion were under construction, of which 22 are in urban hub precincts.

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

4. PERFORMANCE INFORMATION BY PROGRAMME

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

The ICDG was introduced in 2013/14 and is a component of the National Treasury's broader Cities Support Programme (CSP) which aims to promote accelerated and more inclusive development in major urban areas through better governance and built environment planning, improved human settlements and public transport management, local economic development and environmental sustainability and climate resilience. The CSP includes technical assistance, peer learning, collaborative reviews and development finance support and is implemented in partnership with the Development Bank of Southern Africa.

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

The NDPG and the CSP are administered by the Neighbourhood Development Programme and the Provincial and Local Government Infrastructure units of the Intergovernmental Relations Division.

Employment Creation Facilitation

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

As at 30 June 2016, the Jobs Fund completed 5 funding rounds and approved 104 projects with a total grant value of R5.42 billion. Commitments by project partners amounted to a further R6.37 billion. The approved projects target the creation of 126 547 new permanent jobs, 88 997 permanent placements in existing vacant jobs and 222 377 training opportunities. Enterprise development and work-seeker support projects account for the bulk of project allocations and employment commitments.

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

4. PERFORMANCE INFORMATION BY PROGRAMME

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

Infrastructure Development Support

The Infrastructure Development Support sub-programme consists of two elements: The Infrastructure Skills Development Grant (ISDG), which assists municipalities to provide built environment graduates with training and support leading to professional registration.

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

Municipalities apply for funding from the ISDG through a business plan which demonstrates that they have suitable projects, and training and mentoring capacity, to support identified graduates in engineering, town planning, architecture, quantity surveying, geographic information systems and project management on the “road-to-registration” with the relevant statutory councils. The business plan must include an absorption strategy for successful candidates in the applicant municipality or in another municipality. The key intended outcomes of the grant are to develop technical capacity in local government and increase the number of qualified and professionally registered graduates in built environment disciplines. The grant is administered by the Provincial and Local Government Infrastructure Unit of the Intergovernmental Relations Division and its requirements are set out in the ISDG Guidelines published by the unit.

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

Gautrain Loan

Programme 8 includes provision for the repayment of the R4.2 billion loan to Gauteng Province, provided in 2009/10 to contribute to the investment requirements of the Gautrain project. The final payment is due in 2017.

Administration of the loan agreement is carried out by the Asset and Liability Management Division.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Recent outputs

In 2017/18, GTAC's current portfolio of work includes projects in key sectors of government business.

The *Capital Projects Appraisal unit* assisted the National Treasury in conceptualising the budget facility for infrastructure, as part of the ongoing budget reform process. The facility aims to improve the rigour of technical assessment and budgeting for full lifecycle costs of projects. In an effort to institutionalise the facility, an initial call for submission was made and, at the end of the year under review, 35 appraisal reports were completed under the budget infrastructure facility.

4. PERFORMANCE INFORMATION BY PROGRAMME

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

- Supporting the Saldanha Bay IDZ with the development of a business case for a freeport at the Port of Saldanha Bay (phase 1).
- Conducting a readiness assessment of the deeds registration modernisation programme for the Department of Rural Development and Land Reform.
- Providing support to the Aquaculture Development Fund and inter-department authorisation committee initiatives with the Department of Agriculture, Forestry and Fisheries.
- Developing a business case for the Special Economic Infrastructure Entity (SEIE) for the Western Cape Department of Economic Development and Tourism.

Transaction Advisory Services and PPPs has registered 19 transaction advisory projects and completed reviews of public-private partnership (PPP) assessments to streamline the implementation of these partnerships and improve project delivery timelines.

The **Public Expenditure and Policy Analysis (PEPA) unit** has completed eight provincial performance and expenditure reviews (PERs) and one national PER during 2017/18. The unit also supported the development of the online budget portal referred to as Vulekamali. The portal was launched by the Minister of Finance on 20 February 2018.

The **Municipal Finance Improvement Programme (MFIP)** procured and deployed a total of 59 technical advisors during 2017/18 to provide support in the functional areas referred to above and to enhance the programme management capabilities within the Programme Management unit (PMU). However, five technical advisors exited the programme during the financial year, resulting in 54 advisors remaining as at 31 March 2018.

The current three-year phase of the Municipal Finance Improvement Programme (MFIP phase III) commenced on 1 April 2017 and is due for completion at the end of March 2020. The first batch of advisors was placed at the National Treasury, provincial treasuries and municipalities during June 2017, which resulted in an effective implementation period of approximately nine months for certain work streams in the first year of the programme.

Furthermore, several modifications have been made to the operating modalities of the MFIP during this phase, which are intended to bolster the programme's overall effectiveness and efficiency. The changes included elevating the strategic focus of the programme in line with the adopted local government financial management (LGF M) game changers, further embedding the institutionalisation of the MFIP within the Office of the Accountant-General (OAG), creating a permanent staff structure for the MFIP Programme Management Unit (PMU) against the GTAC post establishment to improve programme sustainability and continuity, and further fortifying the programme governance arrangements through the adoption of a wide-ranging programme charter.

The **Jobs Fund Management unit** issued the eighth calls for proposals (CFPs) - catalysing inclusive economic growth. The objective is to support initiatives that innovatively catalyse new employment creation models that can be replicated and scaled. Since the inception of the unit, 152 projects were approved against a target of 130, and 25 withdrew prior to contracting (leaving 127 on the approved portfolio) and 116 are currently in implementation. The quality of proposals submitted largely determines the number of projects approved.

In 2017/18, the seventh CFP - industry change for scaling inclusive job creation models, was concluded. Three of these projects have been contracted and have begun implementation. The unit received 201 concept note applications for the 7th funding round,

4. PERFORMANCE INFORMATION BY PROGRAMME

with 12 projects approved, and one withdrawal post approval. A total of R698.27 million has been allocated to these projects, which have leveraged an additional R1.314 billion, to create 3 761 new permanent jobs and 5 248 placements in vacant positions over the project implementation period.

In 2017/18, 65 senior executive managers in local, provincial and national departments were orientated through the IDMS executive course on their strategic impact on the IDMS value chain. A course on infrastructure planning and budgeting was rolled out to enhance the knowledge of 104 infrastructure practitioners in government. A supply chain management course for 119 infrastructure practitioners was conducted toward empowering SCM practitioners and providing orientation on the standard for infrastructure procurement, delivery and management.

22 graduates completed training through the infrastructure skills development grant, of which ten of the graduates were absorbed in the municipalities. Some municipalities were able to expedite the appointment of 25 additional graduates within the programme.

During the 2017/18 financial year, the local government financial management grant of R502 million was transferred to all 257 municipalities in July 2017. The grant was appropriated in terms of the Division of Revenue Act 2015 (Act No.1 of 2015) and payment schedules.

The Cities Support Programme reporting reforms project achieved significant success during 2017/18. This involved developing a set of indicators and associated detailed technical specifications, consulting on them in an interactive manner with sector departments and cities and finalising them. The process culminated in circular 88 of the MFMA being jointly issued by the National Treasury, CoGTA and DPME in November 2017. This means that national sector departments, transversal departments and cities have jointly agreed on the set of indicators that would consistently and comparatively assess performance of the metros as well as the source of this data. Running parallel is the development of a reporting platform and its piloting in EThekweni and Cape Town.

The IPTN guidelines and toolkit have been institutionalised as practice in the sector, and formed the basis for planning in cities, and the assessment of plans in terms of the Division of Revenue Act 2015 (Act No. 1 of 2015). Having delivered its full outputs, the project has been concluded through a closure report.

4. PERFORMANCE INFORMATION BY PROGRAMME

PERFORMANCE INDICATORS

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
ESTABLISHMENT OF GTAC AS A CENTRE OF EXCELLENCE IN PUBLIC SECTOR ADVISORY SERVICES, TRANSACTION SUPPORT, PROJECT MANAGEMENT AND PUBLIC FINANCE MANAGEMENT				
Number of GTAC quarterly monitoring reports reporting on progress produced	4 quarterly report to the Minister	4	4	N/A
Number of technical advisory projects supported	84	120	80	Under-performance is attributed to a selection of medium term and more likely impactful projects, whilst building the capacity of client departments, hence the reduced number of projects supported.
Number of transaction advisory projects registered	25	15	19	Over-performance is attributed to an increase in demand
Number of capital project appraisal reports completed	10	5	38	Over-performance is attributed to work performed under the Budget Facility for Infrastructure, which is a new initiative and whose demands depend on ad hoc requests from line departments.
Number of performance and expenditure reviews completed	10 per year	10 per year	9 per year	Under-performance is attributed to one review being terminated due to the lack of support from the stakeholder.
LOCAL GOVERNMENT FINANCIAL MANAGEMENT IMPROVEMENT				
Transfer of FMG funds to all municipalities	All municipalities	All municipalities	All municipalities	N/A
Number of municipalities and provincial treasuries assisted through MFIP II	36	50	19	Under-performance is attributed to a change in the MFIP's support modality during phase III based on the TCF-approved game changers and increased focus on enhancing the technical capacity of provincial treasuries.
PROMOTION OF URBAN INTEGRATION AND NEIGHBOURHOOD DEVELOPMENT				
Number of precinct plans completed	4	4	4	N/A
Number of catalytic projects approved (cumulative across the term of project)	459	20	27	Over-performance is attributed to the multi-year project pipeline being approved to ensure project continuity.

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
Number of integrated projects in Integration Zones identified for planning	12	12	12	N/A
Number of integrated projects in Integration Zones under implementation	8	10	10	N/A
FACILITATION OF EMPLOYMENT CREATION AND INCLUSIVE GROWTH				
Number of Jobs Fund projects approved (cumulative across the term of project)	125	140	127	Under-performance is attributed to 24 projects which withdrew prior to contracting after approval by the Jobs Fund Investment Committee.
Grant funding approved (cumulative across the term of project)	R6 508m	R7 000m	R6 802m	Under-performance is attributed to the withdrawal of projects. Grant amount approved is removed once a project is withdrawn.
Matched funding committed (cumulative across the term of project)	R9 099m	R7 000m	R9 702m	Over-performance is attributed to projects committing more own funding than the current minimum requirement of the Jobs Fund resulting in the matched funding ratio being greater than the required one to one ratio.
New jobs contracted (cumulative across the term of project)	136 069	150 000	149 043	Under-performance is attributed to the withdrawal of projects and additionally some projects not having finalised contracting.
Number of placements contracted (cumulative across the term of project)	90 087	100 000	70 744	Under-performance is attributed to the withdrawal of some projects resulting in reduction in the number of placements by projects.
Number of training opportunities contracted (cumulative across the term of project)	224 089	227 000	241 356	Over-performance is attributed to more training opportunities sourced for the newly contracted projects.

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE				
INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	REASON FOR DEVIATION
Value of grant funding disbursed (cumulative across the term of project)	R3 734m	R4 677m	R4 361m	Under-performance is attributed to various contributing factors such as project withdrawals, terminations, overestimation of cash flow forecasts provided by projects, output based disbursement and slow economic growth.
Number of Jobs Fund evaluation report and dissemination of learning conducted	Mid-term evaluation report 1 learning event	Portfolio of evaluation 1 learning event	Portfolio of evaluations consisting of 2 evaluations completed 1 learning event	N/A
Number of employment, income distribution and inclusive growth research papers completed	81	Publication of synthesis reports	Publication of synthesis report	N/A
IMPROVED INFRASTRUCTURE PLANNING, MANAGEMENT AND SKILLS DEVELOPMENT				
Percentage response to provincial and national requests to procure Professional Service Providers to assist with institutionalizing the IDMS	N/A	100%	100%	N/A
Number of officials trained on the infrastructure delivery management system initiatives (including IDMP, IDM Toolkit, IPM)	1 793	100	1636	Over-performance is attributed to a higher demand for training due to the introduction of SIPDM (national and provincial departments, and municipalities), new IDMS courses and latest developments in the IDMS.
Number of graduates in training for professional registration	439	400	425	Over-performance is attributed to recruitment of more graduates by municipalities as they have adequate budgets.
Number of capacity improvement initiatives undertaken to support infrastructure delivery	N/A	9	24	Over-performance is attributed to higher demand for training due to the introduction of SIPDM (national and provincial department, and municipalities), new IDMS courses and latest development in the IDMS.

4. PERFORMANCE INFORMATION BY PROGRAMME

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS		
PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE		
INDICATOR	DEVIATION	ACTION PLAN
ESTABLISHMENT OF GTAC AS A CENTRE OF EXCELLENCE IN PUBLIC SECTOR ADVISORY SERVICES, TRANSACTION SUPPORT, PROJECT MANAGEMENT AND PUBLIC FINANCE MANAGEMENT		
Number of technical advisory projects supported.	Under-performance is attributed to a decrease in demand.	<ul style="list-style-type: none"> The performance targets for the next financial period have been revised accordingly.
Number of performance and expenditure reviews completed.	Under-performance is attributed to one review being terminated due to the lack of support from the stakeholder.	<ul style="list-style-type: none"> The performance targets for the next financial period have been revised accordingly.
LOCAL GOVERNMENT FINANCIAL MANAGEMENT IMPROVEMENT		
Number of municipalities and provincial treasuries assisted through MFIP II.	Under-performance is attributed to a change in the MFIP's support modality during phase III based on the TCF-approved game changers and increased focus on enhancing the technical capacity of provincial treasuries.	<ul style="list-style-type: none"> The indicator for 2018/19 has been amended accordingly to accurately reflect the change in support modality aligned to the TCF-approved game changers.
FACILITATION OF EMPLOYMENT CREATION AND INCLUSIVE GROWTH		
Number of Jobs Fund projects approved (cumulative).	Under-performance is attributed to 24 projects which withdrew prior to contracting after approval by the Jobs Fund Investment Committee.	<ul style="list-style-type: none"> The Jobs Fund has issued a new call for proposals (an 8th funding round). A dedicated project origination team was established to develop a project pipeline that could yield better quality applications.
Grant funding approved (cumulative).	Under-performance is attributed to the withdrawal of projects. The grant amount approved is removed once a project is withdrawn.	<ul style="list-style-type: none"> The Jobs Fund has issued a new call for proposals (an 8th funding round). A dedicated project origination team was established to develop a project pipeline that could yield better quality applications.
New jobs contracted (cumulative).	Under-performance is attributed to the withdrawal of projects and additionally, some projects not having finalised contracting.	<ul style="list-style-type: none"> The Jobs Fund has issued a new call for proposals (an 8th funding round). A dedicated project origination team was established to develop a project pipeline that could yield better quality applications.
Number of placements contracted (cumulative).	Under-performance is attributed to the withdrawal of some projects resulting in a reduction in the number of placements by projects.	<ul style="list-style-type: none"> The Jobs Fund has issued a new call for proposals (an 8th funding round). A dedicated project origination team was established to develop a project pipeline that could yield better quality applications.

4. PERFORMANCE INFORMATION BY PROGRAMME

UNDER-PERFORMING INDICATORS AND ACTION PLANS		
PROGRAMME 8: TECHNICAL AND MANAGEMENT SUPPORT AND DEVELOPMENT FINANCE		
INDICATOR	DEVIATION	ACTION PLAN
Value of grant funding disbursed (cumulative).	Under-performance is attributed to various contributing factors such as project withdrawals, terminations, overestimation of cash flow forecasts provided by projects, output-based disbursement and slow economic growth.	<ul style="list-style-type: none"> The Jobs Fund has issued a new call for proposals (an 8th funding round). A dedicated project origination team was established to develop a project pipeline that could yield better quality applications.

CHANGES TO PLANNED TARGETS

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

4. PERFORMANCE INFORMATION BY PROGRAMME

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE	2017/18						2016/17		
	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
SUB-PROGRAMME									
LOCAL GOVERNMENT FINANCIAL MANAGEMENT SUPPORT	627,762	-	-	627,762	627,762	-	100.0%	587,935	587,935
URBAN DEVELOPMENT AND SUPPORT	983,253	-	-	983,253	972,917	10,336	98.9%	913,014	873,855
EMPLOYMENT CREATION FACILITATION	609,990	-	-	609,990	593,058	16,932	97.2%	769,853	698,238
GOVERNMENT TECHNICAL ADVISORY CENTRE	80,818	-	-	80,818	80,818	-	100.0%	88,006	88,006
INFRASTRUCTURE DEVELOPMENT SUPPORT	256,690	-	-	256,690	251,795	4,895	98.1%	231,829	230,398
TOTAL	2,558,513	-	-	2,558,513	2,526,350	32,163	98.7%	2,590,637	2,478,432

5. TRANSFER PAYMENTS

5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018

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	13 463	13 463	Refer to General Information Public Entities reporting to Minister
2. Co-operative Banks Development Agency	Regulate, promote and develop co- operative banking, including deposit- taking and lending co-operatives	19 275	19 275	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	50 647	50 647	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	270 191	270 191	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	605 782	605 782	Refer to General Information Public Entities reporting to Minister
6. Independent Regulatory Board for Auditors	Registration of auditors and the regulation of the training of public accountants and auditors	39 624	39 624	Refer to General Information Public Entities reporting to Minister
7. South African Revenue Service	Efficient and effective collection of revenue	10 218 198	10 218 198	Refer to General Information Public Entities reporting to Minister

5. TRANSFER PAYMENTS

5.2. TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

NAME OF TRANSFEREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38 (1) (J) OF THE PFMA	AMOUNT TRANSFERRED (R'000)	AMOUNT SPENT BY THE ENTITY (R'000)	REASONS FOR THE FUNDS UNSPENT BY THE ENTITY
8. Economic Research SA	Research programme which is being funded by the National Treasury	Promote research capacity in areas such as economic growth, job creation, macroeconomic stability, poverty alleviation, financial sector development etc.	Yes	5 000	5 000	Not applicable

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

6. CONDITIONAL GRANTS

6.1. CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

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

CONDITIONAL GRANT 1: INTEGRATED CITY DEVELOPMENT GRANT

DEPARTMENT THAT TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To provide a financial incentive for metropolitan municipalities to achieve a more compact, inclusive, productive and sustainable urban spatial form.
Expected outputs of the grant	Metropolitan municipalities are to use the grant to conduct: <ul style="list-style-type: none"> • Authorised studies/strategies. • Infrastructure projects; acquire land and implement projects in identified integration zones. • Implement planned catalytic/strategic projects within identified integration zones.
Actual outputs achieved	The grant allocation supported metropolitan municipalities towards integrated planning; spatial targeting; project pipelining and implementation of projects funded by different infrastructure grants in 33 identified integration zones. Overall the grant supported the realisation of national priorities, namely Outcomes six, eight and nine.
Amount per amended DoRA	R292. 111 million
Amount received	R292. 111 million
Reasons if amount as per DoRA not received	Not applicable
Amount spent by the department/ municipality	R292. 111 million was transferred to eight metropolitan municipalities.
Reasons for the funds unspent by the entity	Not applicable The Integrated City Development Grant is a supplementary grant to various infrastructure grants.
Reasons for deviations on performance	Not applicable
Measures taken to improve performance	Not applicable
Monitoring mechanism by the receiving department	Municipalities report on the grant expenditure through Section 71. Further, municipalities also report on their financial and non-financial performance by submitting evaluation reports annually.

CONDITIONAL GRANT 2: INFRASTRUCTURE SKILLS DEVELOPMENT GRANT

DEPARTMENT THAT TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To recruit unemployed graduates at the municipalities for training and professional development, as per the requirements of the relevant statutory councils within the built environment.
Expected outputs of the grant	Number of built environment graduates registered as candidates for training and professional development as per requirements of the relevant statutory councils. Number of graduates recognised as registered professionals by the relevant statutory councils. Number of graduates employed as registered professionals within the built environment in local government.

6. CONDITIONAL GRANTS

DEPARTMENT THAT TRANSFERRED THE GRANT: NATIONAL TREASURY	
Actual outputs achieved	In quarter three, 264 graduates were still receiving training in the programme, of which 163 have successfully completed training and are registered as professionals, and 114 are permanently employed within municipalities and across other sectors.
Amount per amended DoRA	R140. 774 million
Amount received	R140. 774 million
Reasons if amount as per DoRA not received	Not applicable
Amount spent by the department/ municipality	R140. 774 million was transferred to ISDG participating municipalities
Reasons for the funds unspent by the entity	Municipalities spent R119. 818 million out of R140. 774 million. Spending affected by slow recruitment in some municipalities.
Reasons for deviations on performance	Not applicable
Measures taken to improve performance	Not applicable
Monitoring mechanism by the receiving department	Municipalities submit monthly, quarterly and annual reports reflecting their financial and non-financial performance. The National Treasury conducts site visits to verify training and graduates recruited.

CONDITIONAL GRANT 3: NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

DEPARTMENT THAT TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To provide spatially targeted capital funding of intergovernmental project pipelines, supporting and facilitating economic development opportunities in previously disadvantaged areas.
Expected outputs of the grant	20 targeted infrastructure projects.
Actual outputs achieved	27 targeted infrastructure projects delivered at municipal year end.
Amount per amended DORA	Capital Grant: R663. 390 million, Technical Assistance: R27. 744 million.
Amount received	Capital Grant: R663. 390 million; Technical Assistance R27. 744 million.
Reasons if amount as per DORA not received	The full DoRA amount was received.
Amount spent by the department/ municipality	R657. 839 million was transferred to municipalities, and R25. 411 million was spent by the service providers appointed by the municipalities.
Reasons for the funds unspent by the entity	R5. 551 million was not transferred to the Emfuleni municipality because the actual spend of the funds transferred was not reported by the municipality; R2. 333 million was not paid to municipal service providers because of delayed invoice submissions.
Reasons for deviations on performance	Over performance on Baseline Management Process based on cash flows and associated timelines, including support alignment
Measures taken to improve performance	Application of the Baseline Management Process based on cash flows and associated timelines, including support for alignment
Monitoring mechanism by the receiving department	Actual spend measured against Baseline Management Cash flows.

6. CONDITIONAL GRANTS

CONDITIONAL GRANT 4: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

DEPARTMENT THAT 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 Act Management (MFMA).
Expected outputs of the grant	Implementation of reforms such as the internship programme, upgrading IT systems to deliver reports, producing multi-year budgets, implementing new supply chain reforms, accounting standards, production of financial statements, preparation of recovery plans when needed, improving audits, etc.
Actual outputs achieved	Funds were transferred to all 257 municipalities for implementation of various reforms.
Amount per amended DoRA	R 502. 006 million
Amount received	R 502. 006 million
Reasons if amount as per DoRA not received	Not applicable
Amount spent by the department/ municipality	R502. 006 million was transferred to municipalities.
Reasons for the funds unspent by the entity	Municipalities spent R388. 316 million. The municipal financial year is different to the national financial year. The 2017/18 municipal financial year commences in July and therefore municipalities have three additional months (April, May and June) to spend the remaining funds.
Reasons for deviations on performance	Not applicable
Measures taken to improve performance	Not applicable
Monitoring mechanism by the receiving department	Municipalities are required to submit a support plan before the start of the new financial year detailing how the FMG funds will be utilised. Municipalities are required to submit their monthly reports within ten working days after the end of each month as well as quarterly and annual performance reports within time frames as stipulated in the DoRA.

6.2. CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

No conditional grants and earmarked funds were received.

7. DONOR FUNDS

7.1. DONOR FUNDS RECEIVED

DONOR FUND: USAID TECHNICAL ASSISTANCE FACILITY (TAF)

Name of donor	USAID
Full amount of the funding	R 8 million
Period of the commitment	2016 - 2020
Purpose of the funding	Design, implementation and ad hoc support towards development cooperation projects, e.g. technical assistance.
Expected outputs	Technical assistance provided.
Actual outputs achieved	Technical assistant funded for period of four years.
Amount received in current period	R241 000
Amount spent by the department	R241 000
Reasons for the funds unspent	Not applicable.
Monitoring mechanism by the donor	Reports.

DONOR FUND: EUROPEAN UNION (EU) TCOADAP (ODA II-ODA IV)

Name of donor	European Union: Technical Cooperation and Official Development Assistance Programme.
Full amount of the funding	Euro 6. 71 million
Period of the commitment	2010-2016
Purpose of the funding	Enhancement of ODA management.
Expected outputs	Enhanced implementation of ODA by the government; Improved capacity development in the public finance management sector across all three spheres of government; and Improved skills in monitoring and evaluation of projects/programmes in line with the government's priorities.
Actual outputs achieved	Efficient and effective ODA management and co-ordination promoted.
Amount received in current period	0
Amount spent by the department	0
Reasons for the funds unspent	The programme closed on 31/10/2016. No activities were implemented beyond this date. The final evaluation and audit was concluded in April 2018 which concludes the programme and allows for effective closure.
Monitoring mechanism by the donor	Reports (evaluation and expenditure verification report).

DONOR FUND: BELGIAN TECHNICAL COOPERATION (BTC)

Name of donor	Belgian Technical Cooperation (BTC): Support to the National Treasury for capacity building and knowledge exchange in relation to the National Health Insurance (NHI).
Full amount of the funding	R300 000
Period of the commitment	2014 - 2016

7. DONOR FUNDS

Purpose of the funding	Supporting SA's national health insurance (NHI) reform.
Expected outputs	To attend international courses, workshops, study tours to obtain knowledge and valuable experience for designing and implementation of NHI for South Africa.
Actual outputs achieved	All of the above were achieved and reports were submitted to BTC. NHI is not yet implemented as this is an on-going project.
Amount received in current period	R300 000
Amount spent by the department	R300 000
Reasons for the funds unspent	Agreement for use of funds was until end of Dec 2016.
Monitoring mechanism by the donor	Financial reports as well as event reports were submitted after each event.

DONOR FUND: EUROPEAN UNION (EU)

Name of donor	European Union (EU): Capacity Building for Public Finance Management Programme in South Africa also referred to as financial management improvement programme III (FMIP III).
Full amount of the funding	EUR 20 million
Period of the commitment	24 May 2012 – 24 May 2018 with an additional 6 months' close-out phase ending 22 December 2018.
Purpose of the funding	The programme aims to develop public financial management capacity of national, provincial and local government in order to contribute to improved financial performance of the government of South Africa.
Expected outputs	For the reporting period, the Programme Coordinating Unit (PCU) housed within the Office of the Accountant-General: Capacity Building overseeing and managing the implementation of the programme planned to: <ul style="list-style-type: none"> • Pilot a supply chain management certificate learnership at NQF level 5 consisting of 152 credits with eight unit standards in two provinces, namely Western Cape and KwaZulu-Natal for 40 employed learners (20 per province) who hold various positions in middle to lower level management in supply chain management; • Develop a risk management e-learning tool and DVD; and • Continue the management of the international technical assistance team assisting the National Treasury in implementing numerous activities for the programme.
Actual outputs achieved	The Programme Coordinating unit (PCU) achieved the following: <ul style="list-style-type: none"> • Completed the pilot for the supply chain management certificate learnership in the two provinces (Western Cape and KwaZulu-Natal) with a graduation ceremony held for the learners on 8 March 2017. • Complete the implementation of over 20 activities actioned by the international technical assistance team assisting the PCU in the delivery of the programme. Highlights include: A health sector review in KwaZulu-Natal and Western Cape; review of the MFMA regulatory framework; development of an e-learning programme for GRAP; assistance in drafting of the new procurement Bill and roll-out of various training programmes for officials in the provinces on strategic planning, asset management, and standard chart of account (SCOA).
Amount received in current period	R58.3 million

7. DONOR FUNDS

Amount spent by the department	R39.2 million
Reasons for the funds unspent	<p>The project came to an end on 23 May 2018 and it has experienced the following challenges. Firstly, there have been significant delays in respect to the administrative process between the EU and the United Kingdom's (UK) Department for International Development (DFID) in signing off a memorandum that explains the contribution of the DFID in FMIP III. Thus, a risk is that the activities may not be completed by the end of the programme. Various monitoring mechanisms have been put in place to reduce the risk. The other main risk is sustainability. The current focus for FMIP III is implementation and this will continue to the end of the programme. The programme steering committee, which is known as the National Treasury Capacity Building Steering Committee (NTCBSC) is the coordinating committee for FMIP III. It was constituted by the National Treasury Director-General, and comprises of all the key business units in NT, as well as a non-voting representative from the European Union Delegation to South Africa, UK and other development partners who contribute and partner with the National Treasury to implement PFM reforms in South Africa. The project has not requested a drawdown of its first tranche from the RDP account. The ILO component of this programme is also directly funded by the Flemish government, and has been supporting the department with developing base-line documents, including draft internal policy briefs, case studies and internal briefing notes.</p>
Monitoring mechanism by the donor	<p>In terms of Financing Agreement and the Governance Framework (PRAG) of the European Union, the imprest administrator of the National Treasury must draw up and submit interim implementation reports and a comprehensive final implementation report to the delegation for the programme. The reports are used to monitor the implementation progress of the programme by the delegation. Accordingly, the National Treasury drew up and endorsed the following reports in the period under review for the programme:</p> <ul style="list-style-type: none"> • Progress report as at 28 July 2016; • Progress report as at 22 November 2016; • Progress report as at 23 February 2017; • Annual report for period 1 July 2015 – 30 June 2016 (financial year for the programme); and • Progress report as at 18 May 2018. <p>The donor representative attends the bimonthly FMIP III project meetings as well as the quarterly capacity building steering committee meetings.</p>

DONOR FUND: GOVERNMENT OF FLANDERS

Name of donor	Government of Flanders: Technical and management support project.
Full amount of the funding	R 30 million over five year period.
Period of the commitment	2012 – 2016
Purpose of the funding	<p>Lay the groundwork for future project design and implementation in South Africa, both in and beyond the framework of South Africa – Flanders cooperation;</p> <p>Build technical and managerial capacity in strategic and operational project partners, in order to implement projects more effectively; and</p> <p>Compile and share lessons learned through Flanders-funded projects implemented in South Africa.</p>

7. DONOR FUNDS

Expected outputs	Over the five year implementation period: <ul style="list-style-type: none"> • A number of projects completed in the fields of smallholder farming, social economic or social enterprise or employment creation; • A number of capacity building initiatives completed; and • A number of case studies or knowledge sharing seminars completed.
Actual outputs achieved	Over the five year period of the project, the following were the actual outputs: <ul style="list-style-type: none"> • 22 projects completed in the area of smallholder farming, social economic or social enterprise or employment creation; • Two capacity building projects completed; and • Five case studies completed and two knowledge-sharing colloquiums held.
Amount received in current period	0
Amount spent by the department	R24. 2 million
Reasons for the funds unspent	Project has been closed out. Funds available as at the end of the programme on 31 March 2018 were R2 812 861.16 Funds available in the exchequer grant account as of 31 March 2018: R711 895.34
Monitoring mechanism by the donor	The donor monitored the progress of the project through: <ul style="list-style-type: none"> • A mid-term evaluation performed by an independent external evaluator. • Review and endorsement of the semi-annual and annual narrative and financial reports. • Being part of the project steering committee that met on a quarterly basis. • Auditing from an external auditing firm.

DONOR FUND: EUROPEAN UNION (EU) - GENERAL BUDGET SUPPORT PROGRAMME

Name of donor	EU – GBS: General Advisory and Policy Support Services: Project Name: PFM assessment in provinces using PEFA methodology.
Full amount of the funding	R8. 5 million
Period of the commitment	2012/13 to 2016/17
Purpose of the funding	To conduct comprehensive assessments of public financial management (PFM) practices in the Mpumalanga, Gauteng, Eastern Cape, Northern Cape and North West provinces.
Expected outputs	A provincial public expenditure and financial accountability (PEFA) assessment for Mpumalanga, Gauteng, Eastern Cape, Northern Cape, and North West is conducted and the report submitted.
Actual outputs achieved	The PEFA assessments have been completed. The National Treasury and Provincial Departments' officials attended PEFA training sessions on an updated framework for assessing public financial management, which took place in Cape Town and Pretoria.
Amount received in current period	0
Amount spent by the department	R4. 9 million
Reasons for the funds unspent	The project has been completed. Once the service provider has been paid, the project will be closed out.
Monitoring mechanism by the donor	Regular reporting.

7. DONOR FUNDS

DONOR FUND: EUROPEAN UNION (EU) - GENERAL BUDGET SUPPORT PROGRAMME

Name of donor	EU - General Budget Support Programme: General Advisory and Policy Support Services: Project Name: Data Analysis and Review Project.
Full amount of the funding	R6. 274 million.
Period of the commitment	2015/16 - 2017/18.
Purpose of the funding	To provide technical assistance to the data teams and budget analysts in the budget group to fully unlock the potential of the underlying datasets that support the budget process.
Expected outputs	The design and development of a formal and easily accessible database and improvement of the dataset and streamlined data processes in the Budget Office.
Actual outputs achieved	Database development. Introduction of a data rationalisation process. Development of tools to automate the comparison of expenditure data, and produce comprehensive expenditure reports. Improvement of budget preparation templates. Capacity building and staff development.
Amount received in current period	R2. 586 million
Amount spent by the department	R2. 948 million
Reasons for the funds unspent	Project is completed and is in close-out phase.
Monitoring mechanism by the donor	Regular reporting.

DONOR FUND: EUROPEAN UNION (EU) - GENERAL BUDGET SUPPORT PROGRAMME

Name of donor	EU - General Budget Support Programme: General Advisory and Policy Support Services: Project Name: GTAC Projects.
Full amount of the funding	R89.8 million
Period of the commitment	2013/14 - 2017/18
Purpose of the funding	Through Programme 8 (with its various sub-programmes) this programme aims to make a developmental impact through a combination of sectorial and regional focus areas, complemented by the development of thought leadership and skills in service areas relevant to building good governance and improving the ability of the state to deliver on its sustainable development mandate.
Expected outputs	1. Expenditure Reviews: Independent programme performance and expenditure reviews of leading policy initiatives are undertaken, with a view to identifying options for greater value for money in public expenditure and improved links between planning, budgeting and service delivery. 2. Provincial Development Finance Institutions Review: An in-depth review of the mandates of South Africa's Provincial Development Finance Institutions (PDFIs).
Actual outputs achieved	1. Expenditure Reviews: 9 reviews completed. 2. Provincial Development Finance Institutions Review: 9 PDFI review reports and a DFS policy statement were produced.
Amount received in current period	-
Amount spent by the department	R19. 031 million
Reasons for the funds unspent	Projects are completed.
Monitoring mechanism by the donor	Regular reporting

7. DONOR FUNDS

DONOR FUND: WORLD BANK CITIES SUPPORT PROGRAMME

Name of donor	World Bank - Swiss
Full amount of the funding	USD11.2 million
Period of the commitment	2015 – 2019
Purpose of the funding	To support the implementation of the Cities Support Programme.
Expected outputs	<p>Interventions within the Cities Support Programme implemented. The CSP provides a coordinated set of activities of urban development and infrastructure interventions in order to:</p> <ul style="list-style-type: none"> • Create a supportive environment for businesses. • Improve public financial management. • Enhance sustainable infrastructure financing. • Improve land management and urban regeneration. • Strengthen integrated urban transport planning.
Actual outputs achieved	-
Amount received in current period	0
Amount spent by the department	0
Reasons for the funds unspent	<p>A trust fund agreement was signed between SECO and World Bank in 2015 and the fourth trust fund advisory group meeting between SECO, World Bank and the National Treasury held on 22 August 2017. The support was extended in 2017 to include a further USD2.2 million contribution for technical assistance for the design and piloting of Integrated Urban Development Framework (IUDF) related activities, specifically focusing on intermediate city municipalities or secondary cities. This component is managed by the Department of Co-Operative Governance and Traditional Affairs and consists of two work streams:</p> <ul style="list-style-type: none"> • Design and implementation of a core programme of priority activities targeting two cities (Polokwane and uMhlathuze). • Detailed design of an intermediate city municipalities (ICM) support programme for South Africa in the framework of the IUDF.
Monitoring mechanism by the donor	Regular reporting.

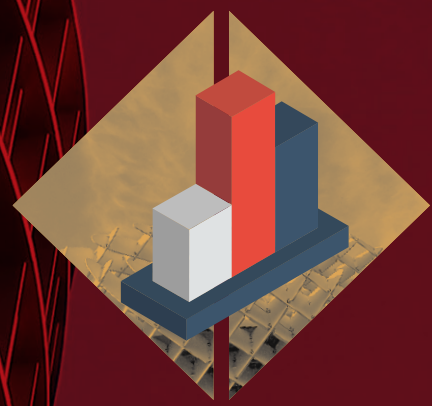
8. CAPITAL INVESTMENT

A new power generator valued at R5.4 million was successfully installed during 2017/18 to ensure uninterrupted power supply to the critical units in the National Treasury.

INFRASTRUCTURE PROJECTS	2017/18			2016/17		
	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
New and replacement assets	5,375	5,375	-	-	-	-
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer and repairs	-	-	-	-	-	-
Current	-	-	-	-	-	-
Capital	-	-	-	-	-	-
Total	5,375	5,375	-	-	-	-

PART C

GOVERNANCE



2017/18 NATIONAL TREASURY

Annual Report
VOTE 7



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

1. INTRODUCTION

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

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

2. RISK MANAGEMENT

The National Treasury risk management processes allow it to identify, measure, manage and monitor strategic and operational risks across the entire business. The National Treasury continues to use risk management as a tool to identify potential threats that could impede its ability to meet its strategic objectives.

In the 2017/18 financial period, the risk management function focused on improvements to ensure that key risks identified are thoroughly interrogated and receive the required level of attention within the department. To this end, business units were required to present strategic risks to the Risk Committee from which the top twenty (20) strategic risks were identified. These key risks were further communicated to the Director-General and tabled to NT's executive committee.

The risk management function has also introduced key risk indicators and has managed to table a draft of the National Treasury's risk management appetite and threshold framework at the risk committee. The framework will provide a means for early warnings against potential threats to the achievement of strategic objectives.

Integrating risk management into strategic and operational planning remains a priority for the National Treasury. As such, all business units are now required to integrate risks identified, into their operational plans.

The risk management function achieved all its planned key performance activities in the 2017/18 financial period. Sustained implementation of the above will continuously improve the maturity of risk management within the department.

3. FRAUD AND CORRUPTION

The National Treasury remains fully capacitated in its established anti-corruption function. Vetting of all the National Treasury employees remains a top priority as a means of preventing fraud and corruption. As such, in the 2017/18 financial period, vetting forms were finalised by all employees identified for vetting. These forms were then submitted to the State Security Agency for assessment.

A comprehensive awareness campaign was conducted during the financial period to commemorate the International Anti-corruption Day. During this campaign, employees were made aware of their duty to report fraud and corruption and awareness was also raised regarding the National Treasury's whistle blowing platforms.

The anti-corruption function remains 100% compliant in reporting cases of corruption to the Public Service Commission.

4. MINIMISING CONFLICT OF INTEREST

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

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

5. CODE OF CONDUCT

The code of conduct acts as a guideline to employees regarding their conduct from an ethical point of view, both in their individual conduct and in their relationship with others. It provides guidelines in their relationship with the legislature, political and executive office bearers, other employees and members of the public. It spells out the spirit in which employees should perform their duties, what should be done to avoid conflicts of interests, and what is expected of them in terms of their personal conduct in public and private life. Compliance with the code of conduct enhances professionalism and helps to ensure confidence in the public service. The National Treasury builds a culture that encourages employees to think and behave ethically, by providing training and awareness through induction sessions, and employee relations capacity building sessions. These information and awareness sessions are conducted continuously to remind and reinforce ethical conduct by employees at all times.

Standard disciplinary steps are taken in terms of the disciplinary code and procedure of the Public Service if employees are in breach of the code of conduct.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The National Treasury continues to manage health, safety and environmental issues through the Health and Safety Committee. The Committee is made up of representatives from each division and meets quarterly to discuss health and safety concerns affecting the department's employees.

Key measures taken during the 2017/18 financial year:

- Representation on the City of Tshwane Cluster Management Committee where issues of inner-city development and safety are discussed.
- Installed generator power which would negate the need for employees to evacuate during a power outage.
- Embarked on a plan to locate to new premises in consultation with the Department of Public Works and the City of Tshwane.

7. PORTFOLIO COMMITTEES

PARLIAMENTARY COMMITTEES		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
Standing Committee on Appropriations (SCoA)		
09 May 2017	Briefing by the National Treasury: OCPO – progress on implementation of procurement reforms	Matters addressed as presented at the meeting and subsequent responses to follow-up questions.
10 May 2017	Briefing by the National Treasury on the new infrastructure budgeting facility	
16 May 2017	Briefing by the National Treasury on the 2017 Appropriation Bill	Records available from the committee secretariat or on request from NT.
24 May 2017	Appropriation Bill: public hearings	
01 June 2017	Briefing by the National Treasury on the IFMS	
21 June 2017	Briefing by the National Treasury on the 4th quarter expenditure patterns for national departments' 2016/17 financial year	
08 September 2017	Briefing by the National Treasury on the 1st quarter expenditure patterns for the 2017/18 financial year	
09 November 2017	Briefing by the National Treasury on the DOR Amendment Bill	
15 November 2017	Briefing by the National Treasury on SAA debt relief and recapitalisation funding	
22 November 2017	Briefing by the National Treasury on the 2017 Adjustments Appropriation Bill	
Standing Committee on Finance (SCoF)		
09 May 2017	Briefing by the National Treasury on the Strategic and Annual Performance Plan	Matters addressed as presented at the meeting and subsequent responses to follow up questions.
10 May 2017	Briefing by the National Treasury and the FSB on the Insurance Bill – response to public hearings and deliberations	
23 May 2017	Briefing by the National Treasury on the draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill, Preliminary briefing by National Treasury on the BEPS Multilateral Instrument	Records available from the Committee secretariat or on request from NT.
24 May 2017	The National Treasury response to submissions during hearings of Transformation in the Financial Sector	
31 May 2017	Public hearings on the Rates and Monetary Amounts and Amendment of Revenue Laws Bill	
06 June 2017	Public hearings on the Rates and Monetary Amounts and Amendment of Revenue Laws Bill	
14 June 2017	Briefing by the National Treasury: response to submissions received during hearings on the Rates and Monetary Amounts and Amendment of Revenue Laws Bill	
20 June 2017	Briefing by the National Treasury on its latest quarterly report	
21 June 2017	Briefing by the National Treasury: response to submissions received during hearings on the Rates and Monetary Amounts and Amendment of Revenue Laws Bill	

7. PORTFOLIO COMMITTEES

PARLIAMENTARY COMMITTEES		
DATE OF MEETING	MATTERS RAISED BY PARLIAMENTARY COMMITTEE	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
15 August 2017	Briefing by the National Treasury on the draft Taxation Administration Laws Amendment Bill and Taxation Laws Amendment Bill	
13 September 2017	Briefing by the National Treasury on its latest quarterly report	
03 October 2017	Briefing by the National Treasury on its Annual Report	
11 October 2017	Briefing by the Office of the CPO	
01 November 2017	Public hearings on the MTBPS 2017	
03 November 2017	Briefing by the National Treasury - response on MTBPS submissions	
13 February 2018	Briefing by the National Treasury on the draft Carbon Tax Bill	
28 February 2018	Public hearings on the 2018 Budget	
Select Committee on Appropriations (SeCoA)		
02 May 2017	Public Hearings on the DORB 2017	Matters addressed as presented at the meeting and subsequent responses to follow up questions.
03 May 2017	Consideration of negotiating mandates on DORB 2017	
09 May 2017	Consideration of final mandates on DORB 2017	Records available from the committee secretariat or on request from NT.
20 June 2017	Appropriation Bill: briefing by the National Treasury	
01 August 2017	Presentation by the National Treasury on its framework to support integrated and inclusive development in cities	
Select Committee on Finance (SeCoF)		
31 May 2017	Briefing by the National Treasury on the Limpopo province post intervention	Matters addressed as presented at the meeting and subsequent responses to follow up questions.
28 November 2017	Briefing by the National Treasury on the Rates and Monetary Amounts and Amendment of Revenue Laws Bill.	Records available from the committee secretariat or on request from NT.
29 November 2017	Briefing by the National Treasury on the Insurance Bill	

8. SCOPA RESOLUTIONS

There were no SCOPA resolutions adopted in financial year 2017/18.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

During the previous financial year 2016/17, the department obtained an unqualified audit opinion with emphasis of matters as discussed in a detailed audit report. To deal with prior-year audit findings, the department prepared the audit action plan which was approved by the Accounting Officer. This is intended to establish a road map for addressing audit findings raised by the external auditors and to define internal control measures that will be put in place to prevent the recurrence of these findings in future. Thereafter, an audit findings register was established to track progress made in resolving the findings on a quarterly basis.

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

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

NATURE OF QUALIFICATION, DISCLAIMER, ADVERSE OPINION AND MATTERS OF NON-COMPLIANCE	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER
Performance targets were found to be lacking in respect of measurability. Performance indicators were not clearly defined. Technical Indicator descriptions were either inadequate, or not adequately aligned to performance targets.	2013/14	The department has made significant progress in developing programme performance indicators that are well defined and verifiable, with associated performance targets that are compliant with the SMART principles. Performance targets and technical indicator descriptions are reviewed internally by Internal Audit and externally by DPME prior to finalisation.
Misstatements in the annual financial statements.	2015/16	Monthly reconciliations are performed on all control accounts. Checking and verification is done by senior management before sign off by the CFO. Collaboration with key role players that contribute in the preparation of financial statement disclosures is undertaken to ensure completeness and accuracy. Formal reviews of financial statements are performed at different management levels, including the Audit Committee, before submission for approval.
Non-compliance with the normal supply chain management processes and procedures as prescribed in relevant regulations.	2016/17	A revised process has been implemented and meetings of the Bids Steering Committee are taking place as scheduled. No limited bidding process is undertaken without market analysis except where it is impractical to do so. In such cases, reasons are recorded and approved by a properly delegated official.

10. INTERNAL CONTROL UNIT

In the period under review, the Internal Control Unit continued with the coordination of the control activities within the department to promote efficiency and reduce the impact and likelihood of identified risks. It produced reliable financial statements which complied with legislation. Human Resource Management, as well as Security Management-related policies, were reviewed by the Governance Review Committee and recommended for approval by the Accounting Officer.

Significant strides were made in ensuring compliance with laws and regulations by continuously implementing preventative, investigative and corrective internal control measures to address and report cases of non-compliance and deviations from normal processes and procedures of the department. The unit also co-ordinated the departmental audit process, maintained an Audit Findings Register as a tool to monitor progress, and updated the Audit Committee on the status of these findings.

The internal control unit will continue improving and enhancing its processes to achieve effective ways to better control operations by performing random checks on payments to ensure that they are in accordance with prescripts and improved standards of financial administration.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

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

Internal Audit (IA) implemented its annual risk-based audit plan for 2017/18 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's audit committee. 37 Audits were planned, 11 audits were postponed to 2018/19 and 2 audits were cancelled due to emerging risks, changes in the department and requests from management. All changes were approved by the Audit Committee. For the year, 24 planned audits with an additional 12 ad-hoc audits, culminating in 36 audits were conducted in the predetermined timeframe. This resulted in a 100 per cent completion of the approved 2017/18 IA annual plan. All audits were conducted in accordance with the International Standards for the Professional Practice of Internal Audit, issued by the Institute of Internal Auditors (IIA).

All audit engagements and other work of internal audit were executed in accordance with the International Professional Practice Framework of Internal Audit, issued by the Institute of Internal Auditors.

The Audit Committee is established as a statutory committee in terms of section 38(1)(a)(ii) of the PFM 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 the code of conduct. The committee also has a primary responsibility to the public to form an opinion on the effectiveness of those issues within its ambit, and communicates this in the annual report in terms of the Treasury Regulations.

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

Background

- The Audit Committee is established as a statutory committee in terms of section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13.
- The committee has adopted formal terms of reference as its audit committee charter and has fulfilled its responsibilities for the year, in compliance with said terms of reference.

Membership and attendance

- The committee consists solely of independent members who are financially literate and have appropriate experience.
- The committee met seven times during the year.
- The following is a list of the members, their qualifications and a record of their attendance:

NAME OF MEMBER	QUALIFICATIONS	APPOINTMENT DATE	NUMBER OF MEETINGS ATTENDED
Ms Octavia Matloa (Chairperson)	Chartered Accountant (SA), B.Com (Hons) and CTA.	1 March 2016	7 of 7
Ms Anna Badimo	B.Sc Computer Science B.Sc Hons Computer Science MBA, MSC, CISM, CGEIT, CRISC M. InstD, Cobol Programming Diploma, Project Management Diploma and Certificate in IT Auditing.	1 July 2015	7 of 7
Mr Ameen Amod	Master in Business Administration, Bachelor of Commerce, Certificate in Internal Audit (CIA), Certified Government Auditing Professional Auditor and Certification in Risk Management Assurance, Chartered Director (SA)	1 July 2015*	6 of 7
Mr Brandon Furstenburg	Master of Science (MSc) in Financial Management, Master of Commerce (MCom) in Economics, BCom Hons, Bcom and FAIS exams: RE1, RE3 & RE5. M.InstD	1 June 2016	7 of 7
Mr Charl de Kock	Masters in IT Auditing, Honours degree in Accounting, Certified Information Systems Auditor (CISA), Certified Internal Auditor (CIA), South African Institute of Professional Accountants (SAIPA)	1 February 2017	7 of 7
Mr Luyanda Mangquku	Chartered Accountant (SA), Masters in Business Leadership, Honours Bachelor of Accounting and Honours Bachelor of Commerce, Advanced Company Law I & II	1 July 2015*	7 of 7

* Contracts expired on 30 June 2018.

The Audit Committee's Responsibilities

The Committee, in conjunction with the Risk Committee is satisfied that it has discharged its responsibilities in assisting the Accounting Officer with the following activities:

- The safeguarding of assets, the operation of adequate systems, control and reporting processes: and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards.
- Overseeing the activities of, and ensuring coordination between, the activities of internal and external audit.

12. AUDIT COMMITTEE REPORT

- Providing a forum for discussing exposures to financial and enterprise-wide risks and monitoring of controls designed to minimize these risks.
- Reviewing the department's quarterly financial and performance information, annual report, including the annual performance information and annual financial statements, and any other public reports or announcements containing financial and non-financial information.
- Receiving and dealing with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements and performance reports, or related matters.
- Annually reviewing the Committee's work in line with the charter and making recommendations to the Accounting Officer to ensure the Committee's effectiveness.

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 internal controls.
- Internal audit was guided by the consolidated risk profile, critical audit areas and management's inputs in the formulation of its three-year strategic and annual plans.
- The department has a Risk Committee which is chaired by an independent member who reports directly to the Audit Committee.
- The Committee met 4 times during the year under review.
- A risk register is updated annually to ensure that all the major risks including emerging risks facing the department are effectively managed and the recent one was updated in the first quarter of 2017/18 financial year.

Internal Audit

The Committee approved a risk based three year rolling strategic internal audit plan and an annual audit coverage plan for the period 1 April 2017 to 31 March 2020 covering the following key audit activities:

TYPE	TOTAL PLANNED AUDITS	TOTAL COMPLETED
Regularity audit and Compliance Audit	13	13 (100%)
Performance audit	5	5 (100%)
Information technology audit	7	7 (100%)
Total planned audits	25	25 (100%)
Postponed Audits	12	12 (100%)
Ad hoc audits	15	15 (100%)
Total	52	52 (100%)

**NB Taking into account that the postponement of audits was approved by the Audit Committee, all scheduled audits were completed.*

The Committee reviewed all the Internal Audit reports and is satisfied:

- With the activities of the Internal Audit function, including its annual work programme, co-ordination with the External Auditors, the reports of significant investigations and the responses of management to specific recommendations.
- That Internal Audit conducted its work in accordance with the standards set by the Institute of Internal Auditors.

Accounting and Auditing Concerns Identified by Internal Audit

There are no accounting concerns that have been noted and brought to our attention; and all the auditing concerns which were brought to our attention were discussed with management and the Accounting Officer.

12. AUDIT COMMITTEE REPORT

Other Identified Concerns

The Committee hereby highlights:

- Its concern about the progress, delays, resources and the identified weaknesses in controls in the management of the IFMS project.
- The forensic investigation to deal with the findings of the internal audit report and the 2017 Auditor General's reported irregular expenditure is scheduled to be completed by 31 August 2018.
- The lack of controls to adequately and effectively mitigate the risks associated with the administration of Programme 7 (special pensions) using the CIVPEN system.
- High vacancy rates in critical positions; which are negatively impacting on the department's ability to meet its performance targets.
- Non-compliance with the supply chain management laws and regulations.
- Concerns in the reporting of implementation of some of the Jobs Fund projects.

Other than these matters, nothing significant has come to our attention to indicate any material breakdown in the functioning of controls, procedures and systems.

The Committee is of the opinion that Internal Audit is independent, has provided objective assurance and consulting activities that were designed to add value and improve the organisation's operations; and it is satisfied with the effectiveness of the Chief Audit Executive.

The Adequacy, Reliability and Accuracy of the Financial and Performance Information

The Committee is of the opinion, based on the information and explanations provided by management as well as the results of audits performed by the Internal Auditors, and the Auditor-General, that the financial and performance information provided by management to users of such information is adequate, reliable and accurate.

External Audit

- The Committee has reviewed the independence and objectivity of the external auditors; and noted that there were no non-audit services rendered by them during the year.
- In line with the legislative requirements the Committee has also considered the external auditors' independence declaration in the auditors' report, "We are independent of the entity in accordance with the Independent Regulatory Board for Auditors' Code of professional conduct of registered auditors (IRBA code) and other independence requirements applicable to performing audits of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and in accordance other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (parts A and B". The Committee is therefore satisfied with their independence.
- The External Auditors attended seven meetings of the Committee.
- The Committee also had eight in-camera meetings with the External Auditors and is satisfied that there are no unresolved issues of concern.
- The Committee reviewed and accepted the External Audit Report and all the accounting and auditing concerns were discussed with management.
- All identified major concerns were brought to the Accounting Officer's attention.
- The Committee did not identify any major concerns which warranted to be reported to the Accounting Authority and the Auditor-General.

12. AUDIT COMMITTEE REPORT

The Effectiveness of Internal Controls

The Committee:

- Considered all the reports issued by the various assurance providers e.g. internal and external auditors.
- Noted management’s actions in addressing identified control weaknesses and is satisfied with the following achievements reported during the year:

ASSURANCE PROVIDER	TOTAL FINDINGS	RESOLVED FINDINGS	UNRESOLVED FINDINGS
Internal audit	271*	196	75
External audit	65	36	29

* Total findings are cumulative and include findings from prior years.

- We also noted findings raised by both internal and external auditors around performance information which management is addressing.
- In light of the above we report that the system of internal control for the period under review is considered to have been generally adequate.

Compliance with Legal and Regulatory Provisions

The Committee has:

- Reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and the Division of Revenue Act and is satisfied that no material deviations were noted.
- Noted management’s policies and procedures to ensure compliance with applicable laws and regulations.
- Concerns with the department’s non-compliance to some of the legislative requirements as reflected in the audit report.
- The Committee also noted the external auditor’s report highlighting that no instances of non-compliance were identified.

Evaluation of Financial Statements and Annual Report

The Committee has evaluated the annual financial statements and performance information for the year ended 31 March 2018 and duly recommended them for the Accounting Officer’s approval prior to being submitted to the Auditor-General for audit.

The Committee reviewed the Auditor General’s management and audit reports and concurs with their conclusions. The Committee therefore accepts the audit opinion and conclusion expressed by the External Auditors on the annual financial statements, annual performance report and annual report.

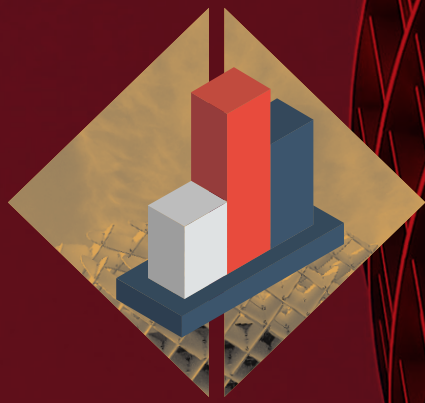
We would like to express our appreciation to the Director-General, Mr. Dondo Mogajane, for his leadership and support, and to Internal Audit and management for their commitment and achievement of the unqualified audit opinion.



Ms. Octavia M Matloa

Chairperson

Date: 13 August 2018



2017/18 NATIONAL TREASURY

Annual Report
VOTE 7



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

2.1. STATUS OF HUMAN RESOURCES IN THE DEPARTMENT

During the 2017/18 financial year the vacancy rate increased to 5% compared to 1.1% in the 2016/17 financial year. This is the result of the high turnover and the reprioritisation of funded posts to ensure that the department remains within the ceiling on compensation of employees introduced by the Budget Office.

The department continued with the moratorium on filling of positions which was introduced in the department, resulting in unfunded vacant posts. As part of ensuring sustainable employee engagement, the department implemented the rotation of employees and also encouraged employees to act in vacant unfunded positions for exposure and development. The turnover rate for the period was 11%. The rotation of employees and acting in higher positions ensured that the department has diverse sets of skills and it is able to recruit internally should there be opportunities available. No interns were absorbed into permanent positions during the last financial year; however, 17 were appointed on a contract basis.

The employment equity statistics at the end of the financial year were 0.98% in respect of persons with disabilities and 46.86% in respect of women at SMS level. Recruiting persons with disabilities was a challenge experienced across all echelons.

There was an increase in awareness and utilisation of the department's Employee Health and Wellness (EHW) Programme.

2.2. HUMAN RESOURCE PRIORITIES FOR THE YEAR UNDER REVIEW

The following were priorities for the year under review:

- Employee engagement to ensure improved staff morale.
- Talent development and retention that facilitates a reduction in turnover rates and skills gaps.
- Human resources information management that ensures improved efficiency in HR processes and decision making.

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

The department has an approved human resources plan for 2017/2020 which will expire in October 2020. All vacant funded positions in the department were advertised to encourage transparency and fair competition. Both the newspapers and DPSA vacancy circulars are used to advertise vacant positions. Where necessary, skilled officials were headhunted for key positions when the standard recruitment process failed to deliver suitable candidates. The department also has a recruitment policy which is being reviewed to align with best practices.

2. OVERVIEW OF HUMAN RESOURCES

2.4. EMPLOYEE PERFORMANCE MANAGEMENT

The department has an approved performance management and development policy for all staff. About 95% of SMS members entered into performance agreements for the period. SMS members who did not sign performance agreements will not be eligible for any reward. The performance evaluations for 2017/18 were concluded and the outcome of the assessments will be communicated to staff in the second quarter of the financial year.

2.5. EMPLOYEE HEALTH AND WELLNESS PROGRAMME

The Employee Health and Wellness (EHW) programme is fully operational in the department. 832 employees have undergone health risk assessments in the 2017/18 financial year. Employees in the department as well as their immediate family members have access to 24 hour counselling services (telephonic and or face to face).

2.6. ACHIEVEMENTS AND CHALLENGES FACED BY THE DEPARTMENT

ACHIEVEMENTS

- The turnover rate reduced from 140 in 2016/17 to 129 in 2017/18.
- No interns were absorbed into permanent positions but 17 were appointed on contract basis.
- EHW programmes were implemented in the department.
- Training of staff is being undertaken in line with the Work Place Skills Plan of the department.

CHALLENGES

- Limited employee retention mechanisms.
- Implemented ceiling on compensation of employees which hence affected the employment equity targets among others.

2.7. FUTURE HUMAN RESOURCE PLANS/GOALS

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. PERSONNEL RELATED EXPENDITURE

TABLE 3.1.1 Personnel Expenditure by programme for the period 1 April 2017 and 31 March 2018

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	PROFESSIONAL AND SPECIAL SERVICES (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)*
Programme 1 Administration	437 869	203 028	1 729	43 482	46.4	577
Programme 2 Economic Policy, Tax, Financial Regulation and Research	151 860	76 997	436	37 625	50.7	856
Programme 3 Public Finance and Budget Management	288 635	211 693	248	5 093	73.3	781
Programme 4 Asset and Liability Management	10 089 761	75 213	168	94	0.7	775
Programme 5 Financial Systems and Accounting	885 833	206 104	703	41 930	23.3	728
Programme 6 International Financial Relations	5 469 838	30 697	68	715	0.6	877
Programme 7 Civil and Military Pensions, Contributions to Funds	4 618 088	0	0	62 061	0	0
Programme 8 Technical Support and Development Finance	2 526 350	0	0	327 830	0	0
Programme 9 Revenue Administration	10 218 198	0	0	0	0	0
Programme 10 Financial Intelligence and State Security	5 105 639	0	0	0	0	0
Total	39 792 071	803 732	3 352	518 830		

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.1.2 Personnel costs by salary band, 2017/18

SALARY BANDS	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)**
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	11 651	1.5	43	271
Highly skilled production (Levels 6-8)	102 588	12.8	275	373
Highly skilled supervision (Levels 9-12)	358 627	44.9	505	710
Senior management (Levels 13-16)	326 544	40.8	303	1 078
Total**	799 410	100	1 126	710

** 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, 2017/18

PROGRAMME	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
	AMOUNT (R'000)	SALARIES AS A % OF PERSONNEL COST ****	AMOUNT (R'000)	OVERTIME AS A % OF PERSONNEL COST ****	AMOUNT (R'000)	HOA AS A % OF PERSONNEL COST ****	AMOUNT (R'000)	MEDICAL ASSISTANCE AS A % OF PERSONNEL COST ****
Programme 1	136 403	67.2	1 172	0.6	2 602	1.3	5 439	2.7
Programme 2	51 821	67.3	0	0	635	0.8	1 060	1.4
Programme 3	143 509	67.8	314	0.1	2 126	1.0	3 152	1.5
Programme 4	51 037	67.9	0	0	1 170	1.6	1 497	2.0
Programme 5	143 129	69.4	0	0	2 175	1.1	3 715	1.8
Programme 6	17 960	58.5	97	0.3	184	0.6	530	1.7
Programme 7	0	0	0	0	0	0	0	0
Programme 8	0	0	0	0	0	0	0	0
Total****	543 859	67.7	1 583	0.2	8 892	1.1	15 393	1.92

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.1.4 Salaries, overtime, home owners' allowance and medical assistance by salary band, 2017/18

SALARY BANDS	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
	AMOUNT (R'000)	SALARIES AS A % OF PERSONNEL COST	AMOUNT (R'000)	OVERTIME AS A % OF PERSONNEL COST	AMOUNT (R'000)	HOA AS A % OF PERSONNEL COST	AMOUNT (R'000)	MEDICAL ASSISTANCE AS A % OF PERSONNEL COST
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	8 772	75.3	337	2.9	576	4.9	917	7.9
Highly skilled production (Levels 6-8)	82 970	80.9	486	0.5	2 880	2.8	5 281	5.1
Highly skilled supervision (Levels 9-12)	234 171	65.3	760	0.2	3 106	0.9	6 302	1.8
Senior management (Levels 13-16)	215 317	65.9	0	0	2 330	0.7	2 805	0.9
Total *****	541 230	67.7	1 583	0.2	8 892	1.1	15 305	1.9

***** 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 2018

PROGRAMME	NUMBER OF FUNDED POSTS	HEADCOUNT	VACANCY RATE %	NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT
Programme 1 Administration	361	352	2.5	76
Programme 2 Economic Policy & Financial Sector	104	90	13.5	1
Programme 3 Fiscal & Budget Group	280	271	3.2	8
Programme 4 Asset and Liability Management	108	97	10.2	1
Programme 5 Financial Accounting and Reporting	295	283	4.1	30
Programme 6 Economic Policy and international Financial Relations	39	35	10.3	1
Programme 7	0	0	0	0
Programme 8	0	0	0	0
Total	1 187	1 128	5	117

NB: Minister and Deputy Minister included in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.2.2 Employment and vacancies by salary band, 31 March 2018

SALARY BANDS	NUMBER OF POSTS	HEADCOUNT	VACANCY RATE %	NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	43	43	0	2
Highly skilled production (Levels 6-8)	278	275	1.1	62
Highly skilled supervision (Levels 9-12)	536	505	5.8	37
Senior management (Levels 13-16)	330	305	7.6	16
Total	1 187	1 128	5	117

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

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

No formal critical occupations were approved for the National Treasury.

3.3. FILLING OF SMS POSTS

Table 3.3.1 SMS post information as of 31 March 2018

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	16	13	81.3	3	18.7
Salary Level 14	65	59	90.8	6	9.2
Salary Level 13	236	220	93.2	16	6.8
Total	318	293	92.1	25	7.9

Minister and Deputy Minister excluded in totals.

Table 3.3.2 SMS post information as of 30 September 2017

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	17	13	76.5	4	23.5
Salary Level 14	64	60	93.8	4	6.2
Salary Level 13	237	223	94.1	14	5.9
Total	319	297	93.1	22	6.9

Minister and Deputy Minister excluded in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018

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	1	1	0
Salary Level 16	1	1	0
Salary Level 15	1	1	0
Salary Level 14	2	1	1
Salary Level 13	15	8	7
Total	20	12	8

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 2017 and 31 March 2018

REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS

Due to departmental financial constraints, the DG, has requested the DDG: CS, the CFO and the CD: HR to analyse and review capacity needs within the department. This would have to be accommodated in and aligned to the Compensation of Employees (CoE). The implication is that certain positions had to be put on hold after being vacated to first consider all the positions deemed critical by business and to advertise them upon the DG’s approval of the request to recruit.

REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS

Reasons in addition to those given above include the department choosing to have acting appointments and to also source internally while recruitment activities have decreased following the Director-General’s announcement arising from the department’s financial constraints. The emphasis in this regard though is to ensure the continuity of work.

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 2017 and 31 March 2018

REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS

Currently the department’s executive has taken a decision to only advertise critical technical positions as National Treasury needs to ensure alignment with the department’s CoE in order to reduce and monitor the wage bill.

Filling of positons is controlled by the availability of funding. Even if a position becomes vacant, filling it would depend on the needs of the department at that point in time. Hence the current resolution is to review the organisational structure to address the above mentioned issues.

REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS

The committee ensures that all recruitment activities are aligned with the compensation of employees and that the department remains within the budget allocated per financial year. The time it takes for the executives to recommend and approve posts, influences the average period within which such posts can be filled. However, the actual recruitment process to fill posts is within the DPSA’s recommended timeline, which is within six months.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.4. JOB EVALUATION

Table 3.4.1 Job evaluation, 1 April 2017 to 31 March 2018

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)	50	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	276	7	2.54%	0	0	0	0
Highly skilled supervision (Levels 9-12)	541	9	1.66%	3	0.55%	0	0
Senior Management Service Band A	236	3	1.27%	0	0	0	0
Senior Management Service Band B	65	3	4.62%	0	0	0	0
Senior Management Service Band C	16	5	31.25%	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
Total	1 187	28	2.36%	0	0	0	0

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 2017 to 31 March 2018

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

Table 3.4.3 Employees whose salary level exceeded the grade determined by job evaluation, 1 April 2017 to 31 March 2018 (in terms of PSR 1.V.C.3)

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR DEVIATION
Assistant Director	1	9	11	Retention
Deputy Director	1	9	11	Retention
Deputy Director	1	11	12	Retention
	0	0	0	0
	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation in 2017/18				3
Percentage of total employment (1128 as at 31 March 2018)				0.27%

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.4.4 Profile of employees whose salary level exceeded the grade determined by job evaluation, 1 April 2017 to 31 March 2018 (in terms of PSR 1.V.C.3)

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	2	0	0	0	2
Male	1	0	0	0	1
Total	3	0	0	0	3

3.5. EMPLOYMENT CHANGES

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

SALARY BAND	NUMBER OF EMPLOYEES AS ON 31 MARCH 2017	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE %
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	51	2	3	5.9
Highly skilled production (Levels 6-8)	283	45	54	19.1
Highly skilled supervision (Levels 9-12)	544	20	49	9.0
Senior Management Service Band A	214	13	13	6.1
Senior Management Service Band B	59	3	2	3.4
Senior Management Service Band C	14	3	5	35.7
Senior Management Service Band D	3	3	3	100
Total	1 168	89	129	11.0

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 2017 and 31 March 2018

No formal critical occupations were approved for the National Treasury.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.5.3 Reasons for staff leaving the department

TERMINATION TYPE	NUMBER	% OF TOTAL
Death	0	0
Resignation	53	41.1
Expiry of contract	59	45.7
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	2	1.6
Retirement	4	3.1
Transfer to other Public Service Departments	11	8.5
Other	0	0
Total	129	100
Number of employees who left as a % of total employment (1128 as at 31 March 2018)		11.4%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

No formal critical occupations were approved for the National Treasury.

Table 3.5.5 Promotions by salary band for the period 1 April 2017 and 31 March 2018

SALARY BAND	EMPLOYEES 31 MARCH 2017	PROMOTIONS TO ANOTHER SALARY LEVEL	SALARY BAND PROMOTIONS AS A % OF EMPLOYEES BY SALARY LEVEL
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	51	0	0
Highly skilled production (Levels 6-8)	283	2	0.7
Highly skilled supervision (Levels 9-12)	544	7	1.3
Senior management (Levels 13-16)	290	11	3.8
Total	1 168	20	1.7

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.6. EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2018

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	93	11	14	35	90	7	9	31	290
Professionals	189	14	6	27	227	6	11	25	505
Technicians and associate professionals	37	3	1	3	100	9	2	25	180
Clerks	29	0	0	0	63	1	5	12	110
Service and sales workers	17	1	0	0	11	0	0	0	29
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Elementary occupations	8	0	0	0	5	0	0	0	13
Total	374	29	21	65	496	23	27	93	1 128

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

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2018

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management	9	1	2	2	7	1	0	2	24
Senior management	89	13	12	35	88	6	9	29	281
Professionally qualified and experienced specialists and mid-management	187	11	7	23	225	8	12	32	505
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	68	2	0	4	157	8	6	30	275
Semi-skilled and discretionary decision making	21	2	0	1	19	0	0	0	43
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	374	29	21	65	496	23	27	93	1 128

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	5	0	0	0	1	0	0	0	6
Senior management (13-14)	10	1	0	0	5	0	0	0	16
Professionally qualified and experienced specialists and mid-management (9-12)	6	0	0	0	13	1	0	0	20
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	19	0	0	0	25	0	0	1	45
Semi-skilled and discretionary decision making (3-5)	2	0	0	0	0	0	0	0	2
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
Total	42	1	0	0	44	1	0	1	89
Employees with disabilities	0	0	0	0	0	0	0	0	0

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

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	0	0	0	0	0	0	0	0	0
Senior management (13-14)	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (9-12)	1	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	4	0	0	1	2	0	0	0	7

3. HUMAN RESOURCES OVERSIGHT STATISTICS

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Semi-skilled and discretionary decision making (3-5)	4	1	0	1	1	0	1	0	8
Unskilled and defined decision making (1-2)	1	0	0	0	2	0	0	0	3
Total	10	1	0	2	6	0	1	0	20
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	5	0	1	1	1	0	0	0	8
Senior management (13-14)	7	2	1	0	2	0	2	1	15
Professionally qualified and experienced specialists and mid-management (9-12)	20	0	0	3	23	1	1	1	49
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	20	0	0	0	30	2	0	2	54
Semi-skilled and discretionary decision making (3-5)	0	1	0	0	2	0	0	0	3
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
Total	52	3	2	4	58	3	3	4	129

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

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

OCCUPATIONAL CATEGORIES	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	42	4	3	4	52	1	3	13	122
Professionals	92	0	2	10	157	5	2	7	275
Technicians and associate professionals	41	0	3	2	64	2	0	20	132
Clerks	73	0	0	0	96	1	9	1	180
Service and sales workers	3	1	0	0	2	0	0	0	6
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Elementary occupations	0	0	0	0	2	0	0	0	2
Total	252	5	8	16	373	9	14	41	718
Employees with disabilities	1	2	0	0	0	0	0	0	3

NB: Minister and Deputy Minister not included in totals.

3.7. SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

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

TABLE 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS MEMBERS	TOTAL NUMBER OF SIGNED PERFORMANCE AGREEMENTS	SIGNED PERFORMANCE AGREEMENTS AS % OF TOTAL NUMBER OF SMS MEMBERS
Director-General/ Head of Department	1	1	1	100
Salary Level 16	1	1	1	100
Salary Level 15	13	7	4	57
Salary Level 14	60	54	54	100
Salary Level 13	216	215	206	96
Total	291	278	266	96

NB: Minister and Deputy Minister not included in totals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 May 2017

STATUS	13	14	15	16	TOTAL	REASONS:
PA not signed	9	0	3	0	12	Non Compliance
Grand Total	9	0	3	0	12	

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 May 2017

Warning letters were issued.

3.8. PERFORMANCE REWARDS

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

Table 3.8.1 Performance rewards by race, gender, and disability, 1 April 2016 to 31 March 2017

RACE AND GENDER	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	TOTAL NUMBER OF EMPLOYEES IN GROUP	% OF TOTAL WITHIN GROUP	COST (R'000)	AVERAGE COST PER EMPLOYEE
African	708	891	79	8 087	23 046.21
Male	292	381	77	3 533	12 099.32
Female	416	510	82	4 554	10 946.89
Asian	40	52	77	672	35 218.23
Male	15	22	68	311	20 759.04
Female	25	30	83	361	14 459.19
Coloured	46	56	82	657	28 581.31
Male	24	31	77	333	13 864.76
Female	22	25	88	324	14 716.54
White	149	164	91	2 245	30 694.38
Male	61	68	90	1 031	16 905.21
Female	88	96	92	1 213	13 789.16
Total	943	1 163	81	11 661	12 365.81

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.8.2 Performance rewards by salary band for personnel below SMS (1 April 2016 to 31 March 2017)

SALARY BAND	BENEFICIARY PROFILE			COST		
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BAND	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE (R'000)	TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	50	50	100	192	4	0.02
Highly skilled production (Levels 6-8)	209	281	74	1 376	7	0.17
Highly skilled supervision (Levels 9-12)	463	538	86	5 485	12	0.69
Total	722	869	83	7 053	10	0.88

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

No formal critical occupations were approved for the National Treasury.

Table 3.8.4 Performance related rewards (cash bonus), by salary band, for SMS (1 April 2016 to 31 March 2017)

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN BAND	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Band A	168	219	77	3 282	19 539	0.41
Band B	39	54	72	927	23 778	0.12
Band C	14	21	67	398	28 435	0.05
Band D	0	0	0	0	0	0
Total	221	294	75	4 607	20 851	0.58

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.9. FOREIGN WORKERS

Table 3.9.1 Foreign workers by salary band, 1 April 2017 to 31 March 2018

SALARY BAND	MARCH 2017		MARCH 2018		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	10	45	9	43	-1	-10
Senior management (Levels 13-16)	12	55	12	57	0	0
Total	22	100	21	100	-1	-5

Table 3.9.2 Foreign workers by major occupation, 1 April 2017 to 31 March 2018

SALARY BAND	MARCH 2017		MARCH 2018		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Senior management	12	55	12	57	0	0
Professional qualified	10	45	9	43	-1	-10
Skilled technical	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0
Total	22	100	21	100	-1	-5

3.10. LEAVE UTILISATION

Table 3.10.1 Sick leave, 1 January 2017 to 31 December 2017

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING SICK LEAVE	% OF TOTAL EMPLOYEES USING SICK LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	300	77.7	45	4.0	7	258
Highly skilled production (Levels 6-8)	1 925	73.0	270	24.2	7	2 747
Highly skilled supervision (Levels 9-12)	3 548	75.0	548	49.1	6	9 480
Senior management (Levels 13-16)	1 419	76.3	254	22.7	6	5 600
Total	7 192	74.8	1 117	100	6	18 085

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.10.2 Disability leave (temporary and permanent), 1 January 2017 to 31 December 2017

SALARY BAND	TOTAL DAYS TAKEN	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING DISABILITY LEAVE	% OF TOTAL EMPLOYEES USING DISABILITY LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	529	100	9	47.4	59	743
Highly skilled supervision (Levels 9-12)	192	100	7	36.8	27	500
Senior management (Levels 13-16)	23	100	2	10.5	12	96
Total	744	100	18	94.7	41	1 339

Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2017

SALARY BAND	TOTAL DAYS TAKEN	NUMBER OF EMPLOYEES USING ANNUAL LEAVE	AVERAGE PER EMPLOYEE
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	1 111	52	21
Highly skilled production (Levels 6-8)	6 313	247	26
Highly skilled supervision (Levels 9-12)	12 333	592	21
Senior management (Levels 13-16)	6 913	339	20
Total	26 670	1 230	22

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017

SALARY BAND	TOTAL DAYS OF CAPPED LEAVE TAKEN	NUMBER OF EMPLOYEES USING CAPPED LEAVE	AVERAGE NUMBER OF DAYS TAKEN PER EMPLOYEE	AVERAGE CAPPED LEAVE PER EMPLOYEE AS ON 31 DECEMBER 2017
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	31
Highly skilled production (Levels 6-8)	12	3	4	19
Highly skilled supervision (Levels 9-12)	11	3	4	31
Senior management (Levels 13-16)	67	2	34	40
Total	90	8	11	31

The following table summarise 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 2017 to 31 March 2018

REASON	TOTAL AMOUNT (R'000) (A)	NUMBER OF EMPLOYEES (B)	AVERAGE PAYMENT PER EMPLOYEE (R'000) (C=A/B)
Leave payout for 2017/18 due to non-utilisation of leave for the previous cycle	40	1	40
Capped leave payouts on termination of service for 2017/18	1 298	7	185
Current leave payout on termination of service for 2017/18	2 846	115	25
Total	4 184	123	34

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.11. HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

Table 3.11.2 Details of health promotion and HIV and AIDS programmes

QUESTION	YES	NO	DETAILS, IF YES
<p>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.</p>	Yes		<p>The department has appointed SMS to implement the provisions contained in Chapter 4, Part 3, Regulation 55 of the Public Service Regulations, 2016.</p>
<p>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.</p>	Yes		<p>The Employee Health and Wellness Unit is a Sub-Directorate of the Organisational Development Directorate within the Chief Directorate: Human Resources Management. The EWP Unit is run by a Wellness Specialist (Assistant Director). The unit has a budget of R3.5 million to utilise over a period of 3 years.</p>
<p>3. Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.</p>	Yes		<p>The National Treasury provides Employee Assistance Programmes under its programme brand of Siyaphila. Siyaphila is a confidential, free, 24 hour, 365 day, personal support line for the National Treasury (NT) employees and their immediate family members. These services include; Counselling Services, Wellness Management, HIV/AIDS Management, Primary Health Care Services and Productivity Management.</p>

3. HUMAN RESOURCES OVERSIGHT STATISTICS

QUESTION	YES	NO	DETAILS, IF YES
4. Has the department established (a) committee(s) as contemplated in Chapter 4, Part 3, Regulation 55 of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		The committee consists of employees across the department in various divisions: 1. Neethling Francois 2. Leeuw Faith 3. Tau Alfred 4. Maupye Velencia 5. Makobe Lerato 6. Modibane Caroline 7. Molefe Lebogang 8. Malope Betty 9. Gwangwa Kelebogile 10. Majola Mmule 11. Ndzala Zalisile 12. Dodo Xolisa 13. Rudolph Judith 14. Mdzikwa Julia 15. Magoro Ditshego 16. Guma Nomvuyo 17. Kgare Reuben 18. Kruger Chris
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The HIV/AIDS and TB Management policy has been reviewed and tabled at the Governance Review and Departmental Bargaining Chambers for consultation and endorsement. The policy is awaiting approval from the Director-General.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Confidentiality clauses have been in place and are still enforced. New infections are managed by the Primary Health Care personnel.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		104 employees voluntarily tested for HIV/AIDS. The department has a Clinic on-site providing Primary Health Care services. The clinic is occupied by a nurse twice a week, for four hours on each day, and a doctor one day a week, for an hour. The services are free and provide employees with an opportunity to do Voluntary Testing. In addition to this, the Siyaphila programme hosts 6 departmental events per annum where employees also have the opportunity to do Voluntary Testing. Nurses are present at each of the events to render this service.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

QUESTION	YES	NO	DETAILS, IF YES
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>Rate of absenteeism.</p> <p>Number of health related complaints.</p> <p>Voluntary HIV/AIDS reports (that do not compromise confidentiality).</p> <p>EWP satisfaction surveys.</p> <p>Wellness cards to continuously monitor and improve on health risk assessments.</p> <p>Quarterly and annual utilisation statistics of services (reach – one new employee, as well as utilisation including repeat users of numerous contact points).</p>

3.12. LABOUR RELATIONS

Table 3.12.1 Collective agreements, 1 April 2017 to 31 March 2018

SUBJECT MATTER	DATE
None	N/A

Table 3.12.2 Misconduct and disciplinary hearings finalised, 1 April 2017 to 31 March 2018

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL
None	N/A	N/A
Total	N/A	N/A

Table 3.12.3 Types of misconduct addressed at disciplinary hearings

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
Insubordination, gross insubordination	1	25%
Late coming, failure to attend meetings, dereliction of duty	1	25%
Submission of fraudulent documents	2	50%
Total	4	100

Table 3.12.4 Grievances lodged for the period 1 April 2017 to 31 March 2018

GRIEVANCES	NUMBER	% OF TOTAL
Number of grievances resolved	3	37.5%
Number of grievances not resolved	5	62.5%
Total number of grievances lodged	8	100%

3. HUMAN RESOURCES OVERSIGHT STATISTICS

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2017 to 31 March 2018

DISPUTES	NUMBER	% OF TOTAL
Number of disputes upheld	0	0%
Number of disputes dismissed	3	75%
Number of disputes pending	1	25%
Total number of disputes lodged	4	100%

Table 3.12.6 Strike actions for the period 1 April 2017 to 31 March 2018

TOTAL NUMBER OF PERSON WORKING DAYS LOST	% OF TOTAL
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2017 to 31 March 2018

Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	657
Cost of suspensions	1,596,115.21

3.13. SKILLS DEVELOPMENT

Table 3.13.1 Training needs identified as at 31 March 2017

OCCUPATIONAL CATEGORIES	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2017	TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	137	0	67	0	67
	Male	149	0	129	0	129
Professionals	Female	283	13	136	0	149
	Male	260	15	134	0	149
Technicians and associated professionals	Female	141	0	52	0	52
	Male	42	0	24	0	24
Clerks	Female	83	0	79	37	116
	Male	27	0	38	23	61
Service and sales workers	Female	11	0	3	0	3
	Male	19	0	10	0	10
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

3. HUMAN RESOURCES OVERSIGHT STATISTICS

OCCUPATIONAL CATEGORIES	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2017	TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	6	0	3	0	3
	Male	8	0	2	0	2
Subtotal	Female	661	13	340	37	390
	Male	505	15	337	23	375
Total		1166	28	677	60	765

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

Table 3.13.2 Training provided, 1 April 2017 to 31 March 2018

OCCUPATIONAL CATEGORIES	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2017	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	137	00	68	00	68
	Male	149	00	53	00	53
Professionals	Female	283	54	117	00	171
	Male	260	18	86	00	104
Technicians and associated professionals	Female	141	00	86	00	86
	Male	42	00	45	00	45
Clerks	Female	83	00	6	101	107
	Male	27	00	4	69	73
Service and sales workers	Female	11	00	00	2	2
	Male	19	00	00	6	6
Skilled agriculture and fishery workers	Female	00	00	00	00	00
	Male	00	00	00	00	00
Craft and related trades workers	Female	00	00	00	00	00
	Male	00	00	00	00	00
Plant and machine operators & assemblers	Female	00	00	00	00	00
	Male	00	00	1	00	1
Elementary occupations	Female	6	00	2	00	2
	Male	8	00	00	00	00
Subtotal	Female	661	54	279	103	436
	Male	505	18	189	75	282

3. HUMAN RESOURCES OVERSIGHT STATISTICS

OCCUPATIONAL CATEGORIES	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2017	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Total		1166	72	468	178	718

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

3.14. INJURY ON DUTY

Table 3.14.1 Injuries on duty, 1 April 2017 to 31 March 2018

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

3.15. UTILISATION OF CONSULTANTS

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

- 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 2017 and 31 March 2018

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	CONTRACT VALUE INRAND
Eighty Twenty Consulting	Not specified	3years	R487 806.00
Cool Ideas	EOI005-2017: Appointment of a service provider for the development of standard operating procedures (SOPS) manuals; the design and development of the training support materials for the long-term advisors (LTA) and the technical advisors (TAS) to build financial management capacity in municipalities for the period of 12 months.	1 year	R3 236 400.00
H&P IT EMPOWERMENT (PTY)LTD	RFO030-2017: Appointment of a service provider(s) for the development of a three days high level outcomes based non-credit bearing asset management learning programme training material for the health sector for a period of four (4) months	4 Months	R485 640.00

3. HUMAN RESOURCES OVERSIGHT STATISTICS

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	CONTRACT VALUE INRAND
Sekela Xabiso	RFQ011-2017: Appointment of a service provider to provide support pertaining to the implementation of chapter 13 of the MFMA	1 Year	R758 459.71
Deloitte & Touche	RFQ011-2017: Appointment of a service provider to provide technical support pertaining to the implementation of chapter 13 of the MFMA	8 Months	Panel appointment, only utilised on a need basis
PriceWaterHouse Coopers	RFQ011-2017: Appointment of a service provider to provide technical support pertaining to the implementation of chapter 13 of the MFMA	11 Months	Panel appointment, only utilised on a need basis
Infinitum Software Solutions (Pty)LTD	NT011-2017: Appointment of a service provider for data mining, cleaning, categorization, integration, visualization, reporting tool and services to the office of the Chief Procurement Officer, for the period of 12 months	1 Year	R4 200 000.00

Table 3.15.2 Report on consultant appointments using Donor funds for the period 1 April 2017 and 31 March 2018

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	DONOR AND CONTRACT VALUE IN RAND
Cool Ideas	EOI005-2017: Appointment of a service provider for the development of standard operating procedures (SOPS) manuals; the design and development of the training support materials for the long-term advisors (LTA) and the technical advisors (TAS) to build financial management capacity in municipalities for the period of 12 months.	1 year	R3 236 400.00
H&P IT EMPOWERMENT (PTY)LTD	RFO030-2017: Appointment of a service provider(s) for the development of a three days high level outcomes based non-credit bearing asset management learning programme training material for the health sector for a period of four (4) months	4 Months	R485 640.00

Table 3.15.3 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

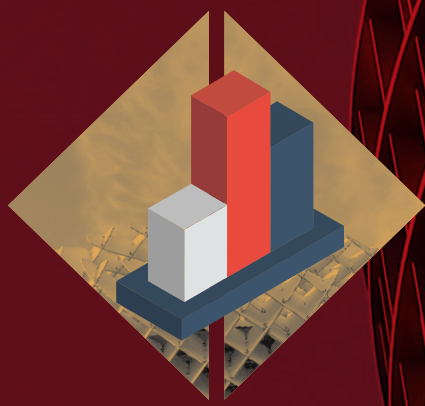
PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
Development Co-operation Management Information System (DCMIS)	1	0	2

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.16. SEVERANCE PACKAGES

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 and 31 March 2018

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
Total	0	0	0	0



2017/18 NATIONAL TREASURY

Annual Report
VOTE 7



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PART E

FINANCIAL INFORMATION

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PART E:

ANNUAL FINANCIAL STATEMENTS

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 7 NATIONAL TREASURY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the National Treasury set out on pages 201 to 286, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Treasury as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 03 of 2017) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Irregular expenditure

7. As disclosed in note 26 to the financial statements, the department incurred irregular expenditure of R768.9 million, as it did not follow a proper tender process and did not properly approve expenditure by the department.

Fruitless and wasteful expenditure

8. As disclosed in note 27 to the financial statements, fruitless and wasteful expenditure to the amount of R67 million was incurred, as the department made payments for which no services were received. This is as a result of the integrated financial management system (IFMS) technical support and maintenance.

Material impairments

9. As disclosed in note 12 to the financial statements, material impairments of R23 billion was recognised in the accounts as a result of the investment in South African Airways.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 7 NATIONAL TREASURY

Restatement of corresponding figures

10. As disclosed in note 38 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2018.

Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

12. The supplementary information set out on pages 287 to 327 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

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
14. In preparing the financial statements, the accounting officer is responsible for assessing the National Treasury's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer 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

15. 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.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 7 NATIONAL TREASURY

18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018:

PROGRAMMES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 3: public finance and budget management	72 – 88
Programme 5: financial accounting and supply chain management systems	98 – 118
Programme 8: technical and management support and development finance	128 – 140

20. 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.

21. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 8: technical and management support and development finance

22. The planned targets for the indicators below were not specific in clearly identifying the nature and required level of performance.

INDICATOR	PLANNED TARGET	ACHIEVEMENT
8.4.8 Number of Jobs Fund evaluation reports and dissemination of learning conducted	Portfolio of evaluations	Portfolio of evaluations consisting of 2 evaluations completed
8.4.9 Number of employment, income distribution and inclusive growth research papers completed	Publication of synthesis report(s)	1 synthesis reports

23. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 3: public finance and budget management
- Programme 5: financial accounting and supply chain management systems

Other matters

24. I draw attention to the matters below.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 7 NATIONAL TREASURY

Achievement of planned targets

25. Refer to the annual performance report on pages 58 to 140 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 22 of this report.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of public finance and budget management, financial accounting and supply chain management systems and technical and management support and development finance. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

29. 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 assets, liabilities and disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

Procurement and contract management

30. Some of the contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulations 16A9.1(d).

31. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and Preferential Procurement Regulations (PPR). Bidders that failed to submit mandatory documents and were evaluated for preferential points. This non-compliance relates mainly to the transversal term contracts facilitated by the department.

32. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by treasury regulations 16A6.1 and 16A6.4.

33. Some of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2011 PPR 9(5). This non-compliance relates to the transversal term contracts facilitated by the department.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 7 NATIONAL TREASURY

Expenditure management

34. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R768.9 million, as disclosed in note 26 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with supply chain management processes.
35. Expenditure was incurred without the approval of the accounting officer or his delegated official, as required by treasury regulation 8.2.1. as the internal memo for approval for transfer of funds relating to the Municipal Finance Improvement Programme to Government Technical Advisory Centre was not signed by the accounting officer.

Other information

36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
37. 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 thereon.
38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
39. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
41. Material misstatements were identified during the audit process as a result of inadequate review of the financial statements and the annual performance report before submitting for auditing.
42. There was a lack of adherence to the supply chain management regulations by officials within the department which resulted in significant non-compliance findings being identified.
43. Lack of formal business case, proper project management and inadequate budget monitoring for the IFMS programme may result in failure to deliver the overall quality solution on time and within the funds allocated. The vacancies in key positions within the IFMS programme may also cause the delays in delivering the required solution timeously.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 7 NATIONAL TREASURY

Other reports

44. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
45. The previous forensic investigation into IFMS was terminated. A new service provider was appointed in February 2018 to continue with the investigation which is still in progress.

Auditor-General

Pretoria

01 August 2018



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 7 NATIONAL TREASURY

ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the 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 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 related to events or conditions that may cast significant doubt on the National Treasury ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

PART E: FINANCIAL INFORMATION - Continued
for the year ended 31 March 2018

APPROPRIATION STATEMENT

VOTED FUNDS	APPROPRIATION PER PROGRAMME									
	2017/18					2016/17				
	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	
PROGRAMME										
1 Administration	439,071	-	6,549	445,620	437,869	7,751	98.3%	464,416	436,313	
2 Economic Policy, Tax, Financial Regulation And Research	163,991	-	-	163,991	151,860	12,131	92.6%	156,561	151,181	
3 Public Finance And Budget Management	303,046	-	(750)	302,296	288,635	13,661	95.5%	294,483	281,778	
4 Asset And Liability Management	10,100,312	-	-	10,100,312	10,089,761	10,551	99.9%	113,129	110,146	
5 Financial Accounting And Supply Chain Management Systems	1,079,146	-	(78,300)	1,000,846	885,833	115,013	88.5%	1,251,758	1,209,858	
6 International Financial Relations	5,831,388	-	109,301	5,940,689	5,469,838	470,851	92.1%	4,961,628	4,955,753	
7 Civil And Military Pensions, Contributions To Funds And Other Benefits	4,835,002	-	(186,800)	4,648,202	4,618,088	30,114	99.4%	4,462,642	4,400,159	
8 Technical Support And Development Finance	2,558,513	-	-	2,558,513	2,526,350	32,163	98.7%	2,590,637	2,478,432	
9 Revenue Administration	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676	
10 Financial Intelligence And State Security	5,005,639	-	100,000	5,105,639	5,105,639	-	100.0%	4,812,487	4,812,487	
TOTAL	40,484,306	-	-	40,484,306	39,792,071	692,235	98.3%	28,471,417	28,199,783	
Reconciliation with Statement of Financial Performance										
Add:										
Departmental receipts				4,430,772				4,951,206		
Aid assistance				20,209				30,016		
Actual amounts per Statement of Financial Performance (Total Revenue)				44,935,287				33,452,639		
Add:										
Aid assistance				14,324					16,734	
Actual amounts per Statement of Financial Performance Expenditure				39,806,395					28,216,517	

APPROPRIATION STATEMENT

APPROPRIATION PER ECONOMIC CLASSIFICATION

	2017/18						2016/17		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2,344,445	(168,646)	(78,300)	2,097,500	1,925,051	172,449	91.8%	2,470,164	1,945,416
<i>Compensation of employees</i>	823,276	-	-	823,276	803,732	19,544	97.6%	813,767	786,432
Salaries and wages	740,144	(1,815)	-	738,330	721,541	16,789	97.7%	731,568	706,939
Social contributions	83,132	1,815	-	84,947	82,192	2,755	96.8%	82,200	79,493
Goods and services	1,521,169	(168,646)	(78,300)	1,274,224	1,121,319	152,905	88.0%	1,656,397	1,158,984
Administrative fees	4,597	2,179	-	6,776	5,900	876	87.1%	4,276	3,264
Advertising	1,546	(406)	-	1,140	832	308	73.0%	1,144	704
Minor assets	2,345	(1,613)	-	733	448	285	61.1%	807	333
Audit costs: External	16,195	2,131	682	19,008	16,394	2,614	86.3%	11,989	11,587
Bursaries: Employees	8,672	(1,512)	(352)	6,809	5,699	1,109	83.7%	6,891	5,646
Catering: Departmental activities	1,857	18	-	1,875	1,099	776	58.6%	1,611	1,272
Communication (G&S)	8,174	392	-	8,566	7,758	808	90.6%	6,548	5,869
Computer services	623,396	(150,557)	(78,300)	394,540	380,744	13,795	96.5%	846,684	402,009
Consultants: Business and advisory services	622,516	(22,580)	(549)	599,388	482,047	117,341	80.4%	553,965	522,128
Infrastructure and planning services	-	65	-	65	64	1	98.5%	40	39
Legal services	12,567	3,392	-	15,959	15,285	674	95.8%	15,023	14,944
Contractors	3,030	11,598	-	14,628	14,466	162	98.9%	2,647	2,374
Agency and support / outsourced services	13,710	(6,138)	-	7,572	7,032	540	92.9%	12,484	11,908
Entertainment	536	(68)	-	468	84	384	17.9%	458	88
Fleet services (including government motor transport)	1,365	2,121	-	3,486	3,134	352	89.9%	1,523	1,478
Inventory: Clothing material and accessories	-	123	-	123	123	-	100.0%	-	-
Consumable supplies	3,371	(869)	-	2,502	2,217	285	88.6%	2,622	2,371

APPROPRIATION STATEMENT

	2017/18						2016/17		
	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
Consumable: Stationery, printing and office supplies	16 249	(1 484)	-	14 765	13 183	1 582	89.3%	9 282	7 685
Operating leases	69 009	(1 659)	(867)	66 484	66 034	449	99.3%	71 921	71 131
Property payments	27 744	(3 776)	-	23 968	23 963	5	100.0%	25 731	25 260
Travel and subsistence	59 408	2 673	4 681	66 762	59 986	6 776	89.9%	53 636	48 051
Training and development	6 641	(1 828)	-	4 812	3 352	1 460	69.7%	8 566	5 857
Operating payments	5 975	65	(358)	5 682	4 164	1 518	73.3%	10 538	9 500
Venues and facilities	12 266	(914)	(3 237)	8 116	7 311	804	90.1%	8 013	5 486
Transfers and subsidies	23,246,622	152,944	100,000	23,499,566	23,454,215	45,351	99.8%	21,943,125	21,790,667
Provinces and municipalities	1,598,289	-	-	1,598,289	1,592,738	5,551	99.7%	1,486,540	1,454,400
Municipalities	1,598,289	-	-	1,598,289	1,592,738	5,551	99.7%	1,486,540	1,454,400
Municipal bank accounts	1,598,289	-	-	1,598,289	1,592,738	5,551	99.7%	1,486,540	1,454,400
Departmental agencies and accounts	15,950,986	150,000	150,000	16,250,986	16,250,953	33	100.0%	15,131,438	15,074,146
Departmental agencies (non- business entities)	15,950,986	150,000	150,000	16,250,986	16,250,953	33	100.0%	15,131,438	15,074,146
Foreign governments and international organisations	913,256	-	136,800	1,050,056	1,042,121	7,935	99.2%	909,173	907,607
Public corporations and private enterprises	10,586	-	-	10,586	5,000	5,586	47.2%	11,999	11,999
Public corporations	-	-	-	-	-	-	-	11,999	11,999
Other transfers to public corporations	-	-	-	-	-	-	-	11,999	11,999
Private enterprises	10,586	-	-	10,586	5,000	5,586	47.2%	-	-
Other transfers to private enterprises	10,586	-	-	10,586	5,000	5,586	47.2%	-	-
Households	4,773,505	2,944	(186,800)	4,589,649	4,563,403	26,245	99.4%	4,403,975	4,342,515
Social benefits	4,771,705	1,448	(186,800)	4,586,353	4,560,534	25,818	99.4%	4,402,395	4,341,435
Other transfers to households	1,800	1,496	-	3,296	2,869	427	87.0%	1,580	1,080
Payments for capital assets	24,122	15,702	-	39,824	27,038	12,786	67.9%	56,893	462,473

APPROPRIATION STATEMENT

APPROPRIATION PER ECONOMIC CLASSIFICATION - CONTINUED

	2017/18						2016/17		
	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
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	19 392	15 818	-	35,210	26,997	8,213	76.7%	56,866	46,379
Transport equipment	1 259	(90)	-	1,169	907	262	77.6%	1,008	962
Other machinery and equipment	18 133	15 908	-	34,041	26,090	7,951	76.6%	55,858	45,417
Software and other intangible assets	4,730	(116)	-	4,614	41	4,573	0.9%	27	416,094
Payment for financial assets	14,869,117	-	(21,700)	14,847,417	14,385,767	461,650	96.9%	4,001,235	4,001,227
	40,484,306	-	-	40,484,306	39,792,071	692,235	98.3%	28,471,417	28,199,783

PROGRAMME 1: ADMINISTRATION PER SUB-PROGRAMME

	2017/18						2016/17		
	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 MINISTRY	4,861	(306)	-	4,555	3,768	787	82.7%	4,037	3,625
2 DEPARTMENTAL MANAGEMENT	65,135	199	5,867	71,201	70,136	1,065	98.5%	52,535	50,461
3 CORPORATE SERVICES	127,456	(6,888)	-	120,568	117,542	3,026	97.5%	159,075	154,859
4 ENTERPRISE WIDE RISK MANAGEMENT	28,759	(56)	-	28,703	28,301	402	98.6%	27,137	26,296
5 FINANCIAL ADMINISTRATION	39,933	1,378	682	41,993	41,490	503	98.8%	48,549	37,881
6 LEGAL SERVICES	20,546	1,513	-	22,059	22,035	24	99.9%	23,506	22,914
7 INTERNAL AUDIT	23,891	629	-	24,520	24,050	470	98.1%	23,341	21,802
8 COMMUNICATIONS	14,234	(1,455)	-	12,779	12,457	322	97.5%	9,155	8,596
9 OFFICE ACCOMMODATION	114,256	4,986	-	119,242	118,090	1,152	99.0%	117,081	109,877
TOTAL	439,071	-	6,549	445,620	437,869	7,751	98.3%	464,416	436,313

APPROPRIATION STATEMENT

PROGRAMME 1: ADMINISTRATION PER ECONOMIC CLASSIFICATION

	2017/18						2016/17		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	424,413	(3,082)	6,549	427,880	421,119	6,761	98.4%	413,504	413,504
Compensation of employees	207,152	-	-	207,152	203,028	4,124	98.0%	209,512	209,512
Salaries and wages	186,396	(651)	-	185,745	181,955	3,790	98.0%	187,802	187,802
Social contributions	20,756	651	-	21,407	21,073	334	98.4%	21,710	21,710
Goods and services	217,261	(3,082)	6,549	220,728	218,091	2,637	98.8%	203,992	203,992
Administrative fees	2,321	630	-	2,951	2,681	270	90.9%	1,034	1,034
Advertising	641	(290)	-	351	319	32	90.9%	450	450
Minor assets	2,036	(1,843)	-	193	149	44	77.2%	386	386
Audit costs: External	8,030	1,363	682	10,075	10,074	1	100.0%	7,498	7,498
Bursaries: Employees	2,165	(875)	-	1,290	1,248	42	96.7%	1,516	1,516
Catering: Departmental activities	571	-	-	571	413	158	72.3%	418	418
Communication (G&S)	5,255	422	-	5,677	5,455	222	96.1%	4,627	4,627
Computer services	32,009	(4,019)	-	27,990	27,945	45	99.8%	35,646	35,646
Consultants: Business and advisory services	8,264	(429)	-	7,835	7,772	63	99.2%	4,692	4,692
Infrastructure and planning services	-	65	-	65	64	1	98.5%	40	40
Legal services	12,531	1,777	-	14,308	14,308	-	100.0%	14,903	14,903
Contractors	2,864	11,592	-	14,456	14,370	86	99.4%	2,527	2,527
Agency and support / outsourced services	13,700	(6,138)	-	7,562	7,032	530	93.0%	12,413	12,413
Entertainment	136	-	-	136	30	106	22.1%	139	139
Fleet services (including government motor transport)	1,287	2,121	-	3,408	3,117	291	91.5%	1,513	1,513
Inventory: Clothing material and accessories	-	123	-	123	123	-	100.0%	-	-
Consumable supplies	2,763	(821)	-	1,942	1,869	73	96.2%	1,864	1,864

APPROPRIATION STATEMENT

	2017/18						2016/17		
	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
Consumable: Stationery, printing and office supplies	3,689	(1,366)	-	2,323	2,090	233	90.0%	3,341	3,341
Operating leases	65,323	(1,564)	-	63,759	63,709	50	99.9%	66,514	66,514
Property payments	27,744	(3,776)	-	23,968	23,963	5	100.0%	25,731	25,731
Travel and subsistence	21,864	1,111	5,867	28,842	28,633	209	99.3%	14,722	14,722
Training and development	2,809	(972)	-	1,837	1,729	108	94.1%	2,915	2,915
Operating payments	817	29	-	846	779	67	92.1%	930	930
Venues and facilities	442	(222)	-	220	219	1	99.5%	173	173
Transfers and subsidies	7,317	592	-	7,909	7,328	581	92.7%	5,284	5,284
Departmental agencies and accounts	2,080	-	-	2,080	2,047	33	98.4%	2,116	2,116
Departmental agencies (non- business entities)	2,080	-	-	2,080	2,047	33	98.4%	2,116	2,116
Households	5,237	592	-	5,829	5,281	548	90.6%	3,168	3,168
Social benefits	3,437	592	-	4,029	3,908	121	97.0%	1,588	1,588
Other transfers to households	1,800	-	-	1,800	1,373	427	76.3%	1,580	1,580
Payments for capital assets	7,341	2,490	-	9,831	9,333	498	94.9%	45,628	45,628
Machinery and equipment	6,999	2,542	-	9,541	9,327	214	97.8%	45,628	45,628
Transport equipment	1,000	(90)	-	910	907	3	99.7%	1,008	1,008
Other machinery and equipment	5,999	2,632	-	8,631	8,420	211	97.6%	44,620	44,620
Software and other intangible assets	342	(52)	-	290	6	284	2.1%	-	-
Payment for financial assets	-	-	-	-	89	(89)	-	-	-
	439,071	-	6,549	445,620	437,869	7,751	98.3%	464,416	464,416

APPROPRIATION STATEMENT

SUB-PROGRAMME: 1.1: MINISTRY

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	4,861	(306)	-	4,555	3,768	787	82.7%	4,037	3,625
Compensation of employees	4,861	(306)	-	4,555	3,768	787	82.7%	4,037	3,625
Total	4,861	(306)	-	4,555	3,768	787	82.7%	4,037	3,625

SUB-PROGRAMME: 1.2: DEPARTMENTAL MANAGEMENT

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	60,079	133	5,867	66,079	65,087	992	98.5%	50,323	48,465
Compensation of employees	34,513	46	-	34,559	33,873	686	98.0%	33,433	32,363
Goods and services	25,566	87	5,867	31,520	31,214	306	99.0%	16,890	16,102
Transfers and subsidies	3,200	173	-	3,373	3,317	56	98.3%	700	697
Households	3,200	173	-	3,373	3,317	56	98.3%	700	697
Payments for capital assets	1,856	(107)	-	1,749	1,732	17	99.0%	1,512	1,260
Machinery and equipment	1,856	(107)	-	1,749	1,732	17	99.0%	1,512	1,260
Payment for financial assets	-	-	-	-	-	-	-	-	39
Total	65,135	199	5,867	71,201	70,136	1,065	98.5%	52,535	50,461

APPROPRIATION STATEMENT

SUB-PROGRAMME: 1.3: CORPORATE SERVICES

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	119,332	(4,945)	-	114,387	111,971	2,416	97.9%	117,612	114,324
Compensation of employees	79,343	(142)	-	79,201	77,172	2,029	97.4%	74,248	72,848
Goods and services	39,989	(4,803)	-	35,186	34,799	387	98.9%	43,364	41,475
Transfers and subsidies	3,987	366	-	4,353	3,841	512	88.2%	4,151	3,625
Departmental agencies and accounts	2,061	-	-	2,061	2,038	23	98.9%	2,106	2,085
Households	1,926	366	-	2,292	1,803	489	78.7%	2,045	1,541
Payments for capital assets	4,137	(2,309)	-	1,828	1,725	103	94.4%	37,312	36,866
Machinery and equipment	4,137	(2,315)	-	1,822	1,719	103	94.3%	37,312	36,866
Software and other intangible assets	-	6	-	6	6	-	100.0%	-	-
Payment for financial assets	-	-	-	-	5	(5)	-	-	44
Total	127,456	(6,888)	-	120,568	117,542	3,026	97.5%	159,075	154,859

SUB-PROGRAMME: 1.4: ENTERPRISE WIDE RISK MANAGEMENT

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	28,533	131	-	28,664	28,265	399	98.6%	26,804	26,000
Compensation of employees	18,360	-	-	18,360	18,077	283	98.5%	18,699	18,054
Goods and services	10,173	131	-	10,304	10,188	116	98.9%	8,105	7,947
Transfers and subsidies	4	9	-	13	13	-	100.0%	65	63
Households	4	9	-	13	13	-	100.0%	65	63
Payments for capital assets	222	(196)	-	26	23	3	88.5%	268	231
Machinery and equipment	222	(196)	-	26	23	3	88.5%	268	231
Payment for financial assets	-	-	-	-	-	-	-	-	2
Total	28,759	(56)	-	28,703	28,301	402	98.6%	27,137	26,296

APPROPRIATION STATEMENT

SUB-PROGRAMME: 1.5: FINANCIAL ADMINISTRATION

ECONOMIC CLASSIFICATION	2016/17						2015/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	39,813	1,354	682	41,849	41,347	502	98.8%	48,090	37,485
Compensation of employees	28,472	(3)	-	28,469	28,152	317	98.9%	37,151	27,630
Goods and services	11,341	1,357	682	13,380	13,195	185	98.6%	10,939	9,855
Transfers and subsidies	12	42	-	54	53	1	98.1%	104	104
Households	12	42	-	54	53	1	98.1%	104	104
Payments for capital assets	108	(18)	-	90	6	84	6.7%	355	287
Machinery and equipment	108	(18)	-	90	6	84	6.7%	355	287
Payment for financial assets	-	-	-	-	84	(84)	-	-	6
Total	39,933	1,378	682	41,993	41,490	503	98.8%	48,549	37,881

SUB-PROGRAMME: 1.6: LEGAL SERVICES

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	20,422	1,635	-	22,057	22,034	23	99.9%	23,346	22,856
Compensation of employees	8,574	3	-	8,577	8,572	5	99.9%	8,586	8,263
Goods and services	11,848	1,632	-	13,480	13,462	18	99.9%	14,760	14,593
Transfers and subsidies	-	-	-	-	-	-	-	42	42
Households	-	-	-	-	-	-	-	42	42
Payments for capital assets	124	(122)	-	2	1	1	50.0%	118	16
Machinery and equipment	124	(122)	-	2	1	1	50.0%	118	16
Total	20,546	1,513	-	22,059	22,035	24	99.9%	23,506	22,914

APPROPRIATION STATEMENT

SUB-PROGRAMME: 1.7: INTERNAL AUDIT

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	23,295	665	-	23,960	23,776	184	99.2%	23,046	21,686
Compensation of employees	17,485	69	-	17,554	17,545	9	99.9%	17,975	17,460
Goods and services	5,810	596	-	6,406	6,231	175	97.3%	5,071	4,225
Transfers and subsidies	29	1	-	30	29	1	96.7%	105	104
Households	29	1	-	30	29	1	96.7%	105	104
Payments for capital assets	567	(37)	-	530	245	285	46.2%	190	9
Machinery and equipment	225	21	-	246	245	1	99.6%	190	9
Software and other intangible assets	342	(58)	-	284	-	284	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	3
Total	23,891	629	-	24,520	24,050	470	98.1%	23,341	21,802

SUB-PROGRAMME: 1.8: COMMUNICATIONS

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	14,000	(1,455)	-	12,545	12,229	316	97.5%	8,828	8,378
Compensation of employees	7,245	142	-	7,387	7,383	4	99.9%	6,224	6,031
Goods and services	6,755	(1,597)	-	5,158	4,846	312	94.0%	2,604	2,347
Transfers and subsidies	19	-	-	19	18	1	94.7%	36	35
Households	19	-	-	19	18	1	94.7%	36	35
Payments for capital assets	215	-	-	215	210	5	97.7%	291	183
Machinery and equipment	215	-	-	215	210	5	97.7%	291	183
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	14,234	(1,455)	-	12,779	12,457	322	97.5%	9,155	8,596

APPROPRIATION STATEMENT

SUB-PROGRAMME: 1.9: OFFICE ACCOMMODATION

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	114,078	(294)	-	113,784	112,642	1,142	99.0%	111,418	109,735
Compensation of employees	8,299	191	-	8,490	8,486	4	100.0%	9,159	9,086
Goods and services	105,779	(485)	-	105,294	104,156	1,138	98.9%	102,259	100,649
Transfers and subsidies	66	1	-	67	57	10	85.1%	81	79
Departmental agencies and accounts	19	-	-	19	9	10	47.4%	10	9
Households	47	1	-	48	48	-	100.0%	71	70
Payments for capital assets	112	5,279	-	5,391	5,391	-	100.0%	5,582	63
Machinery and equipment	112	5,279	-	5,391	5,391	-	100.0%	5,582	63
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	114,256	4,986	-	119,242	118,090	1,152	99.0%	117,081	109,877

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH PER SUB-PROGRAMME

	2017/18						2016/17		
	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
SUB-PROGRAMME									
PROGRAMME MANAGEMENT FOR ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH	46,019	4,188	-	50,207	43,559	6,648	86.8%	45,130	44,968
1 RESEARCH	15,001	(4,174)	-	10,827	10,827	-	100.0%	7,924	7,269
2 RESEARCH	27,204	10	-	27,214	24,851	2,363	91.3%	24,522	24,304
3 FINANCIAL SECTOR POLICY	30,323	58	-	30,381	28,621	1,760	94.2%	32,501	30,288
4 TAX POLICY	26,169	(82)	-	26,088	24,727	1,361	94.8%	29,612	27,481
5 ECONOMIC POLICY	19,275	-	-	19,275	19,275	-	100.0%	16,872	16,872
6 COOPERATIVE BANKS DEVELOPMENT AGENCY	163,991	-	-	163,991	151,860	12,131	92.6%	156,561	151,181
TOTAL									

APPROPRIATION STATEMENT

	2017/18							2016/17		
	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	
PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH PER SUB-PROGRAMME - CONTINUED										
PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH PER ECONOMIC CLASSIFICATION										
Current payments	132,811	(60)	-	132,752	126,543	6,209	95.3%	126,430	121,315	
Compensation of employees	79,949	-	-	79,949	76,997	2,952	96.3%	83,711	79,655	
Salaries and wages	72,256	(317)	-	71,939	69,189	2,750	96.2%	75,316	71,502	
Social contributions	7,693	317	-	8,010	7,808	202	97.5%	8,395	8,153	
Goods and services	52,862	(60)	-	52,803	49,546	3,257	93.8%	42,719	41,659	
Administrative fees	577	61	-	638	546	92	85.6%	160	154	
Advertising	118	26	-	144	142	2	98.6%	106	102	
Minor assets	12	4	-	16	3	13	19.4%	2	-	
Bursaries: Employees	227	107	-	334	297	37	89.1%	286	280	
Catering: Departmental activities	127	(1)	-	126	57	69	45.2%	123	100	
Communication (G&S)	333	5	-	338	285	3	84.3%	333	327	
Computer services	411	(157)	-	255	62	193	24.4%	12	11	
Consultants: Business and advisory services	37,678	(916)	-	36,763	36,667	96	99.7%	28,915	28,246	
Legal services	36	1,591	-	1,627	954	673	58.6%	120	120	
Contractors	4	-	-	4	4	-	100.0%	1	-	
Entertainment	112	(59)	-	53	13	40	24.5%	54	16	
Consumable supplies	154	(33)	-	121	35	86	28.9%	121	102	
Consumable: Stationery, printing and office supplies	3,154	(124)	-	3,030	2,983	47	98.4%	1,447	1,418	
Operating leases	285	(40)	-	246	210	36	85.5%	389	369	
Travel and subsistence	5,646	55	-	5,701	4,956	745	86.9%	6,706	6,611	
Training and development	579	(57)	-	522	436	86	83.5%	584	521	
Operating payments	3,349	(491)	-	2,859	1,894	965	66.2%	3,360	3,283	
Venues and facilities	60	(32)	-	29	2	27	7.0%	-	-	
Transfers and subsidies	30,186	60	-	30,246	24,658	5,588	81.5%	29,180	29,178	

APPROPRIATION STATEMENT

	PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH PER SUB-PROGRAMME - CONTINUED									
	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE %	EXPENDITURE AS % OF FINAL APPROPRIATION R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<i>Departmental agencies and accounts</i>	19,275	-	-	19,275	19,275	-	100.0%	16,872	16,872	
Departmental agencies (non-business entities)	19,275	-	-	19,275	19,275	-	100.0%	16,872	16,872	
<i>Public corporations and private enterprises</i>	10,586	-	-	10,586	5,000	5,586	47.2%	11,999	11,999	
Public corporations	10,586	-	-	10,586	5,000	5,586	47.2%	11,999	11,999	
Other transfers to public corporations	10,586	-	-	10,586	5,000	5,586	47.2%	11,999	11,999	
Private enterprises	-	-	-	-	-	-	-	-	-	
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	
<i>Households</i>	325	60	-	385	383	2	99.6%	309	307	
Social benefits	325	60	-	385	383	2	99.6%	309	307	
Payments for capital assets	994	-	-	994	659	335	66.3%	951	688	
<i>Machinery and equipment</i>	994	-	-	994	659	335	66.3%	951	688	
Other machinery and equipment	994	-	-	994	659	335	66.3%	951	688	
Payment for financial assets	-	-	-	-	-	-	-	-	1	
Total	163,991	-	-	163,991	151,860	12,131	92.6%	156,561	151,181	

APPROPRIATION STATEMENT

SUB-PROGRAMME: 2.1: PROGRAMME MANAGEMENT FOR ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH

ECONOMIC CLASSIFICATION	2017/18					2016/17					
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	35,157	4,188	-	39,345	38,337	1,008	97.4%	32,843	32,758	32,843	32,758
Compensation of employees	9,549	13	-	9,562	9,553	9	99.9%	8,925	8,857	8,925	8,857
Goods and services	25,608	4,175	-	29,783	28,784	999	96.6%	23,918	23,901	23,918	23,901
Transfers and subsidies	10,586	-	-	10,586	5,000	5,586	47.2%	11,999	11,999	11,999	11,999
Public corporations and private enterprises	10,586	-	-	10,586	5,000	5,586	47.2%	11,999	11,999	11,999	11,999
Payments for capital assets	276	-	-	276	222	54	80.4%	288	211	288	211
Machinery and equipment	276	-	-	276	222	54	80.4%	288	211	288	211
Total	46,019	4,188	-	50,207	43,559	6,648	86.8%	45,130	44,968	45,130	44,968

SUB-PROGRAMME: 2.2: RESEARCH

ECONOMIC CLASSIFICATION	2017/18					2016/17					
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	15,001	(4,174)	-	10,827	10,827	-	100.0%	7,924	7,269	7,924	7,269
Goods and services	15,001	(4,174)	-	10,827	10,827	-	100.0%	7,924	7,269	7,924	7,269
Total	15,001	(4,174)	-	10,827	10,827	-	100.0%	7,924	7,269	7,924	7,269

SUB-PROGRAMME: 2.3: FINANCIAL SECTOR POLICY

ECONOMIC CLASSIFICATION	2017/18					2016/17					
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	27,099	10	-	27,109	24,850	2,259	91.7%	24,278	24,123	24,278	24,123
Compensation of employees	21,982	2	-	21,984	21,043	941	95.7%	21,246	21,150	21,246	21,150
Goods and services	5,117	9	-	5,126	3,807	1,319	74.3%	3,032	2,972	3,032	2,972
Transfers and subsidies	-	-	-	-	-	-	-	147	147	147	147

APPROPRIATION STATEMENT

SUB-PROGRAMME: 2.3: FINANCIAL SECTOR POLICY - CONTINUED

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	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
Households	-	-	-	-	-	-	-	147	147
Payments for capital assets	105	-	-	105	1	104	1.0%	97	34
Machinery and equipment	105	-	-	105	1	104	1.0%	97	34
Payment for financial assets	-	-	-	-	-	-	-	-	1
Total	27,204	10	-	27,214	24,851	2,363	91.3%	24,522	24,304

SUBPROGRAMME: 2.4: TAX POLICY

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	29,850	20	-	29,870	28,197	1,673	94.4%	32,175	29,992
Compensation of employees	26,778	(15)	-	26,764	25,307	1,457	94.6%	28,669	26,565
Goods and services	3,072	34	-	3,106	2,890	216	93.0%	3,506	3,427
Transfers and subsidies	251	39	-	290	289	1	99.8%	62	61
Households	251	39	-	290	289	1	99.8%	62	61
Payments for capital assets	222	-	-	222	135	87	60.8%	264	234
Machinery and equipment	222	-	-	222	135	87	60.8%	264	234
Total	30,323	58	-	30,381	28,621	1,760	94.2%	32,501	30,288

APPROPRIATION STATEMENT

SUB-PROGRAMME: 2.5: ECONOMIC POLICY

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	25,704	(103)	-	25,602	24,332	1,270	95.0%	29,210	27,173
Compensation of employees	21,640	-	-	21,640	21,094	546	97.5%	24,871	23,083
Goods and services	4,064	(103)	-	3,962	3,238	724	81.7%	4,339	4,091
Transfers and subsidies	74	21	-	95	94	1	98.9%	100	99
Households	74	21	-	95	94	1	98.9%	100	99
Payments for capital assets	391	-	-	391	301	90	77.0%	302	209
Machinery and equipment	391	-	-	391	301	90	77.0%	302	209
Total	26,169	(82)	-	26,088	24,727	1,361	94.8%	29,612	27,481

SUB-PROGRAMME: 2.6: COOPERATIVE BANKS DEVELOPMENT AGENCY

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Transfers and subsidies	19,275	-	-	19,275	19,275	-	100.0%	16,872	16,872
Departmental agencies and accounts	19,275	-	-	19,275	19,275	-	100.0%	16,872	16,872
Total	19,275	-	-	19,275	19,275	-	100.0%	16,872	16,872

APPROPRIATION STATEMENT

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT PER SUB-PROGRAMME										
	2017/18					2016/17				
	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	
SUB-PROGRAMME										
PROGRAMME MANAGEMENT FOR PUBLIC FINANCE AND BUDGET MANAGEMENT	24,087	997	(549)	24,535	20,833	3,702	84.9%	23,398	21,417	
1 PUBLIC FINANCE	63,222	999	-	64,221	61,687	2,534	96.1%	58,494	56,564	
2 BUDGET OFFICE AND COORDINATION	59,629	(1)	-	59,628	57,663	1,965	96.7%	58,865	57,005	
3 INTERGOVERNMENTAL RELATIONS	105,461	(1,995)	(201)	103,265	97,805	5,460	94.7%	108,887	101,953	
4 FINANCIAL AND FISCAL COMMISSION	50,647	-	-	50,647	50,647	-	100.0%	44,839	44,839	
5 TOTAL	303,046	-	(750)	302,296	288,635	13,661	95.5%	294,483	281,778	
PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT PER ECONOMIC CLASSIFICATION										
Current payments	250,262	(90)	(750)	249,422	236,436	12,986	94.8%	247,220	235,015	
Compensation of employees	218,888	-	(201)	218,687	211,693	6,994	96.8%	207,374	201,901	
Salaries and wages	196,539	(898)	(201)	195,440	190,319	5,121	97.4%	186,556	181,646	
Social contributions	22,349	898	-	23,247	21,374	1,873	91.9%	20,818	20,255	
Goods and services	31,374	(90)	(549)	30,735	24,743	5,992	80.5%	39,846	33,114	
Administrative fees	452	379	-	831	644	187	77.5%	499	417	
Advertising	183	(80)	-	103	11	92	10.7%	216	103	
Minor assets	90	(3)	-	87	9	78	10.3%	76	16	
Bursaries: Employees	1,171	118	-	1,289	994	295	77.1%	768	583	
Catering: Departmental activities	579	-	-	579	331	248	57.2%	473	340	
Communication (G&S)	842	(73)	-	769	672	97	87.4%	406	290	
Computer services	630	(83)	-	547	516	31	94.3%	872	519	
Consultants: Business and advisory services	8,555	(765)	(549)	7,241	5,078	2,163	70.1%	16,891	14,177	

APPROPRIATION STATEMENT

	PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT PER SUB-PROGRAMME - CONTINUED									
	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	FINAL EXPENDITURE R'000	ACTUAL EXPENDITURE R'000	VARIANCE %	EXPENDITURE AS % OF FINAL APPROPRIATION R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT PER ECONOMIC CLASSIFICATION - CONTINUED										
Contractors	19	7	-	26	15	11	57.7%	29	10	
Entertainment	105	-	-	105	22	83	21.0%	90	19	
Fleet services (including government motor transport)	3	-	-	3	-	3	-	2	-	
Consumable supplies	288	(12)	-	276	209	67	75.7%	287	229	
Consumable: Stationery, printing and office supplies	7,063	219	-	7,282	6,694	588	91.9%	2,383	2,094	
Operating leases	986	(103)	-	883	721	162	81.7%	1,030	890	
Travel and subsistence	9,157	626	-	9,783	8,482	1,301	86.7%	10,250	8,326	
Training and development	808	(205)	-	603	248	355	41.1%	670	460	
Operating payments	27	(14)	-	13	4	9	30.8%	4,468	4,441	
Venues and facilities	416	(101)	-	315	93	222	29.5%	438	199	
Transfers and subsidies	50,969	90	-	51,059	51,046	13	100.0%	45,215	45,205	
Departmental agencies and accounts	50,647	-	-	50,647	50,647	-	100.0%	44,839	44,839	
Departmental agencies (non- business entities)	50,647	-	-	50,647	50,647	-	100.0%	44,839	44,839	
Households	322	90	-	412	399	13	96.8%	376	366	
Social benefits	322	90	-	412	399	13	96.8%	376	366	
Payments for capital assets	1,815	-	-	1,815	1,051	764	57.9%	2,048	1,540	
Machinery and equipment	1,815	-	-	1,815	1,051	764	57.9%	2,048	1,540	
Transport equipment	259	-	-	259	-	259	-	-	-	
Other machinery and equipment	1,556	-	-	1,556	1,051	505	67.5%	2,048	1,540	
Payment for financial assets	-	-	-	-	102	(102)	-	-	18	
Total	303,046	-	(750)	302,296	288,635	13,661	95.5%	294,483	281,778	

APPROPRIATION STATEMENT

SUB-PROGRAMME: 3.1: PROGRAMME MANAGEMENT FOR PUBLIC FINANCE AND BUDGET MANAGEMENT

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	23,602	980	(549)	24,033	20,506	3,527	85.3%	23,218	21,328
Compensation of employees	11,495	1,000	-	12,495	11,462	1,033	91.7%	13,454	11,822
Goods and services	12,107	(20)	(549)	11,538	9,044	2,494	78.4%	9,764	9,506
Transfers and subsidies	226	20	-	246	238	8	96.7%	-	-
Households	226	20	-	246	238	8	96.7%	-	-
Payments for capital assets	259	(3)	-	256	89	167	34.8%	180	89
Machinery and equipment	259	(3)	-	256	89	167	34.8%	180	89
Total	24,087	997	(549)	24,535	20,833	3,702	84.9%	23,398	21,417

SUB-PROGRAMME: 3.2: PUBLIC FINANCE

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	62,716	992	-	63,708	61,328	2,380	96.3%	57,770	55,897
Compensation of employees	59,171	1,000	-	60,171	58,818	1,353	97.8%	54,863	53,704
Goods and services	3,545	(8)	-	3,537	2,510	1,027	71.0%	2,907	2,193
Transfers and subsidies	59	7	-	66	65	1	98.5%	135	130
Households	59	7	-	66	65	1	98.5%	135	130
Payments for capital assets	447	-	-	447	294	153	65.8%	589	536
Machinery and equipment	447	-	-	447	294	153	65.8%	589	536
Payment for financial assets	-	-	-	-	-	-	-	-	1
Total	63,222	999	-	64,221	61,687	2,534	96.1%	58,494	56,564

APPROPRIATION STATEMENT

SUB-PROGRAMME: 3.3: BUDGET OFFICE AND COORDINATION

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	59,158	(1)	-	59,157	57,501	1,656	97.2%	58,196	56,474
Compensation of employees	56,288	-	-	56,288	55,704	584	99.0%	55,966	54,737
Goods and services	2,870	(1)	-	2,869	1,797	1,072	62.6%	2,230	1,737
Transfers and subsidies	-	-	-	-	-	-	-	90	87
Households	-	-	-	-	-	-	-	90	87
Payments for capital assets	471	-	-	471	162	309	34.4%	579	440
Machinery and equipment	471	-	-	471	162	309	34.4%	579	440
Payment for financial assets	-	-	-	-	-	-	-	-	5
Total	59,629	(1)	-	59,628	57,663	1,965	96.7%	58,865	57,005

SUB-PROGRAMME: 3.4: INTERGOVERNMENTAL RELATIONS

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	104,786	(2,061)	(201)	102,524	97,101	5,423	94.7%	108,036	101,316
Compensation of employees	91,934	(2,000)	(201)	89,733	85,709	4,024	95.5%	83,091	81,638
Goods and services	12,852	(61)	-	12,791	11,392	1,399	89.1%	24,945	19,678
Transfers and subsidies	37	63	-	100	96	4	96.0%	151	149
Households	37	63	-	100	96	4	96.0%	151	149
Payments for capital assets	638	3	-	641	506	135	78.9%	700	475
Machinery and equipment	638	3	-	641	506	135	78.9%	700	475
Payment for financial assets	-	-	-	-	102	(102)	-	-	12
Total	105,461	(1,995)	(201)	103,265	97,805	5,460	94.7%	108,887	101,953

APPROPRIATION STATEMENT

SUB-PROGRAMME: 3.5: FINANCIAL AND FISCAL COMMISSION

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Transfers and subsidies	50,647	-	-	50,647	50,647	-	100.0%	44,839	44,839
Departmental agencies and accounts	50,647	-	-	50,647	50,647	-	100.0%	44,839	44,839
Total	50,647	-	-	50,647	50,647	-	100.0%	44,839	44,839

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT PER SUB-PROGRAMME

	2017/18					2016/17				
	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	
SUB-PROGRAMME										
1 PROGRAMME MANAGEMENT FOR ASSET AND LIABILITY MANAGEMENT	12,496	(33)	-	12,463	6,110	6,353	49.0%	24,999	24,377	
2 STATE OWNED ENTITY FINANCIAL MANAGEMENT AND GOVERNANCE	10,035,064	(39)	-	10,035,025	10,033,665	1,360	100.0%	33,934	33,533	
3 GOVERNMENT DEBT MANAGEMENT	18,608	127	-	18,735	17,924	811	95.7%	18,972	18,824	
4 FINANCIAL OPERATIONS	22,448	(55)	-	22,393	21,974	419	98.1%	24,113	22,496	
5 STRATEGY AND RISK MANAGEMENT	11,696	-	-	11,696	10,088	1,608	86.3%	11,111	10,916	
6 FINANCIAL INVESTMENTS	-	-	-	-	-	-	-	-	-	
TOTAL	10,100,312	-	-	10,100,312	10,089,761	10,551	99.9%	113,129	110,146	

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT PER ECONOMIC CLASSIFICATION

Current payments	96,794	(138)	-	96,656	88,856	7,800	91.9%	111,865	108,902
Compensation of employees	78,504	-	-	78,504	75,213	3,291	95.8%	77,215	76,976
Salaries and wages	70,182	(27)	-	70,156	67,105	3,051	95.7%	68,971	68,770
Social contributions	8,322	27	-	8,349	8,108	241	97.1%	8,245	8,206
Goods and services	18,290	(138)	-	18,152	13,643	4,509	75.2%	34,650	31,926

APPROPRIATION STATEMENT

	2017/18						2016/17		
	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
Administrative fees	77	156	-	233	190	43	81.5%	67	48
Advertising	75	82	-	157	156	1	99.4%	83	80
Minor assets	7	2	-	9	1	8	11.1%	30	4
Audit costs: External	662	(1)	-	661	660	1	99.8%	565	564
Bursaries: Employees	1,020	(133)	-	887	680	207	76.7%	666	595
Catering: Departmental activities	74	(6)	-	68	8	60	11.8%	64	53
Communication (G&S)	267	17	-	284	188	96	66.2%	143	86
Computer services	8,100	7	-	8,107	8,049	58	99.3%	14,393	13,115
Consultants: Business and advisory services	2,904	(82)	-	2,822	91	2,731	3.2%	14,188	14,058
Contractors	20	(8)	-	12	3	9	25.0%	19	-
Entertainment	58	(9)	-	49	1	48	2.0%	33	2
Fleet services (including government motor transport)	19	-	-	19	-	19	-	8	-
Consumable supplies	17	14	-	32	32	-	100.0%	5	3
Consumable: Stationery, printing and office supplies	519	(4)	-	515	388	127	75.3%	567	371
Operating leases	344	62	-	406	353	53	86.9%	398	384
Travel and subsistence	3,269	(27)	-	3,242	2,554	688	78.8%	2,339	2,076
Training and development	689	(246)	-	442	168	274	38.0%	768	360
Operating payments	45	38	-	83	55	28	66.3%	234	74
Venues and facilities	124	-	-	124	66	58	53.2%	81	52
Transfers and subsidies	218	138	-	356	354	2	99.4%	531	528
Households	218	138	-	356	354	2	99.4%	531	528
Social benefits	218	138	-	356	354	2	99.4%	531	528
Payments for capital assets	3,300	-	-	3,300	550	2,750	16.7%	733	717
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT PER SUB-PROGRAMME - CONTINUED

	2017/18						2016/17		
	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
Other fixed structures	-	-	-	-	-	-	-	-	-
<i>Machinery and equipment</i>	680	-	-	680	550	130	81.1%	733	717
Other machinery and equipment	680	-	-	680	550	130	81.1%	733	717
Software and other intangible assets	2,620	-	-	2,620	-	2,620	-	-	-
Payment for financial assets	10,000,000	-	-	10,000,000	10,000,001	(1)	100.0%	-	-
Total	10,100,312	-	-	10,100,312	10,089,761	10,551	99.9%	113,129	110,146

SUB-PROGRAMME 4.1: PROGRAMME MANAGEMENT FOR ASSET AND LIABILITY MANAGEMENT

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9,169	-	-	9,169	5,561	3,608	60.7%	24,326	23,707
Compensation of employees	3,393	-	-	3,393	3,382	11	99.7%	3,119	3,117
Goods and services	5,776	-	-	5,776	2,179	3,597	37.7%	21,207	20,590
Transfers and subsidies	33	(33)	-	-	-	-	-	2	1
Households	33	(33)	-	-	-	-	-	2	1
Payments for capital assets	3,294	-	-	3,294	548	2,746	16.6%	671	669
Machinery and equipment	674	-	-	674	548	126	81.3%	671	669
Software and other intangible assets	2,620	-	-	2,620	-	2,620	-	-	-
Payment for financial assets	-	-	-	-	1	(1)	-	-	-
Total	12,496	(33)	-	12,463	6,110	6,353	49.0%	24,999	24,377

APPROPRIATION STATEMENT

SUB-PROGRAMME: 4.2: STATE OWNED ENTITY FINANCIAL MANAGEMENT AND GOVERNANCE

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	35,037	(204)	-	34,833	33,477	1,356	96.1%	33,558	33,165
Compensation of employees	33,500	-	-	33,500	32,607	893	97.3%	32,219	32,215
Goods and services	1,537	(204)	-	1,333	870	463	65.3%	1,339	950
Transfers and subsidies	25	165	-	190	188	2	98.9%	351	350
Households	25	165	-	190	188	2	98.9%	351	350
Payments for capital assets	2	-	-	2	-	2	-	25	18
Machinery and equipment	2	-	-	2	-	2	-	25	18
Payment for financial assets	10,000,000	-	-	10,000,000	10,000,000	-	100.0%	-	-
Total	10,035,064	(39)	-	10,035,025	10,033,665	1,360	100.0%	33,934	33,533

SUB-PROGRAMME: 4.3: GOVERNMENT DEBT MANAGEMENT

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	18,606	77	-	18,683	17,872	811	95.7%	18,947	18,802
Compensation of employees	17,238	-	-	17,238	16,440	798	95.4%	17,518	17,517
Goods and services	1,368	77	-	1,445	1,432	13	99.1%	1,429	1,285
Transfers and subsidies	-	50	-	50	50	-	100.0%	11	10
Households	-	50	-	50	50	-	100.0%	11	10
Payments for capital assets	2	-	-	2	2	-	100.0%	14	12
Machinery and equipment	2	-	-	2	2	-	100.0%	14	12
Total	18,608	127	-	18,735	17,924	811	95.7%	18,972	18,824

APPROPRIATION STATEMENT

SUB-PROGRAMME: 4.4: FINANCIAL OPERATIONS

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	22,288	(11)	-	22,277	21,858	419	98.1%	23,940	22,326
Compensation of employees	13,131	-	-	13,131	12,919	212	98.4%	13,790	13,675
Goods and services	9,157	(11)	-	9,146	8,939	207	97.7%	10,150	8,651
Transfers and subsidies	160	(44)	-	116	116	-	100.0%	167	166
Households	160	(44)	-	116	116	-	100.0%	167	166
Payments for capital assets	-	-	-	-	-	-	-	6	4
Machinery and equipment	-	-	-	-	-	-	-	6	4
Total	22,448	(55)	-	22,393	21,974	419	98.1%	24,113	22,496

SUB-PROGRAMME: 4.5: STRATEGY AND RISK MANAGEMENT

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	11,694	-	-	11,694	10,088	1,606	86.3%	11,094	10,902
Compensation of employees	11,242	-	-	11,242	9,865	1,377	87.8%	10,569	10,453
Goods and services	452	-	-	452	223	229	49.3%	525	449
Payments for capital assets	2	-	-	2	-	2	-	17	14
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2	-	-	2	-	2	-	17	14
Total	11,696	-	-	11,696	10,088	1,608	86.3%	11,111	10,916

APPROPRIATION STATEMENT

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS PER SUB-PROGRAMME

	2017/18						2016/17		
	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
SUB-PROGRAMME									
PROGRAMME MANAGEMENT FOR FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS	99,946	788	-	100,734	25,525	75,209	25.3%	61,379	60,247
1 OFFICE OF THE CHIEF PROCUREMENT OFFICER	74,665	(52)	-	74,613	71,824	2,789	96.3%	68,628	67,508
3 FINANCIAL SYSTEMS	634,493	(154,710)	(78,300)	401,483	374,285	27,198	93.2%	826,005	797,355
4 FINANCIAL REPORTING FOR NATIONAL ACCOUNTS	99,207	(967)	-	98,240	97,284	956	99.0%	87,064	85,120
5 FINANCIAL MANAGEMENT POLICY AND COMPLIANCE IMPROVEMENT	124,284	4,941	-	129,225	120,456	8,769	93.2%	129,350	120,298
6 AUDIT STATUTORY BODIES	46,278	150,000	-	196,278	196,278	-	100.0%	79,075	79,075
7 SERVICE CHARGES: COMMERCIAL BANKS	273	-	-	273	180	93	66.1%	258	254
TOTAL	1,079,146	-	(78,300)	1,000,846	885,833	115,013	88.5%	1,251,758	1,209,858
PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS PER ECONOMIC CLASSIFICATION									
Current payments	969,610	(164,914)	(78,300)	726,396	619,094	107,302	85.2%	1,124,312	668,755
Compensation of employees	208,126	-	-	208,126	206,104	2,022	99.0%	202,701	200,516
Salaries and wages	187,041	35	-	187,076	185,145	1,931	99.0%	182,752	180,797
Social contributions	21,085	(35)	-	21,050	20,959	91	99.6%	19,949	19,719
Goods and services	761,484	(164,914)	(78,300)	518,270	412,990	105,280	79.7%	921,611	468,239
Administrative fees	950	599	-	1,549	1,309	240	84.5%	2,340	1,966
Advertising	515	(144)	-	371	204	167	55.1%	239	138
Minor assets	195	224	-	419	283	136	67.4%	271	135
Audit costs: External	7,503	769	-	8,272	5,660	2,612	68.4%	3,926	3,750
Bursaries: Employees	3,461	(645)	-	2,816	2,289	527	81.3%	3,250	2,930
Catering: Departmental activities	465	25	-	490	276	214	56.3%	499	447

APPROPRIATION STATEMENT

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS PER SUB-PROGRAMME- CONTINUED

	2017/18						2016/17		
	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
Communication (G&S)	1,153	103	-	1,256	1,005	251	80.0%	813	659
Computer services	582,246	(146,305)	(78,300)	357,641	344,172	13,469	96.2%	795,406	353,164
Consultants: Business and advisory services	144,667	(20,288)	-	124,379	41,840	82,539	33.6%	93,825	88,660
Legal services	-	24	-	24	23	1	97.5%	-	-
Contractors	116	7	-	123	67	56	54.4%	49	11
Agency and support / outsourced services	10	-	-	10	-	10	-	6	5
Entertainment	104	-	-	104	16	88	15.5%	122	22
Fleet services (including government motor transport)	37	-	-	37	-	37	-	-	-
Consumable supplies	122	(5)	-	117	69	48	58.7%	300	229
Consumable: Stationery, printing and office supplies	1,659	(199)	-	1,460	975	485	66.8%	1,397	727
Operating leases	842	(18)	-	824	697	127	84.6%	876	751
Travel and subsistence	10,113	1,243	-	11,356	8,346	3,010	73.5%	9,280	7,603
Training and development	1,542	(323)	-	1,219	703	516	57.7%	3,334	2,329
Operating payments	647	518	-	1,165	791	374	67.9%	809	442
Venues and facilities	5,137	(499)	-	4,638	4,264	374	91.9%	4,870	4,268
Transfers and subsidies	99,511	151,702	-	251,213	251,210	3	100.0%	121,562	121,557
Departmental agencies and accounts	99,365	150,000	-	249,365	249,365	-	100.0%	120,570	120,570
Departmental agencies (non-business entities)	99,365	150,000	-	249,365	249,365	-	100.0%	120,570	120,570
Households	146	1,702	-	1,848	1,845	3	99.8%	992	987
Social benefits	146	552	-	698	695	3	99.6%	992	987
Other transfers to households	-	1,150	-	1,150	1,150	-	100.0%	-	-
Payments for capital assets	10,025	13,212	-	23,237	15,220	8,017	65.5%	5,884	419,541
Machinery and equipment	8,257	13,276	-	21,533	15,184	6,349	70.5%	5,857	3,447

APPROPRIATION STATEMENT

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS PER SUB-PROGRAMME- CONTINUED

	2017/18						2016/17		
	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
Other machinery and equipment	8,257	13,276	-	21,533	15,184	6,349	70.5%	5,857	3,447
Software and other intangible assets	1,768	(64)	-	1,704	35	1,669	2.1%	27	416,094
Payment for financial assets	-	-	-	-	309	(309)	-	-	6
	1,079,146	-	(78,300)	1,000,846	885,833	115,013	88.5%	1,251,758	1,209,858

SUB-PROGRAMME 5.1: PROGRAMME MANAGEMENT FOR FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	99,697	(13,423)	-	86,274	10,967	75,307	12.7%	60,114	59,178
Compensation of employees	6,563	(327)	-	6,236	5,881	355	94.3%	7,250	7,101
Goods and services	93,134	(13,096)	-	80,038	5,085	74,953	6.4%	52,864	52,077
Transfers and subsidies	-	1,150	-	1,150	1,150	-	100.0%	13	13
Households	-	1,150	-	1,150	1,150	-	100.0%	13	13
Payments for capital assets	249	13,061	-	13,310	13,121	189	98.6%	1,252	1,056
Machinery and equipment	249	13,061	-	13,310	13,121	189	98.6%	1,252	1,056
Payment for financial assets	-	-	-	-	287	(287)	-	-	-
Total	99,946	788	-	100,734	25,525	75,209	25.3%	61,379	60,247

APPROPRIATION STATEMENT

SUB-PROGRAMME: 5.2: OFFICE OF THE CHIEF PROCUREMENT OFFICER

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	73,081	(300)	-	72,781	70,723	2,058	97.2%	67,715	66,844
Compensation of employees	65,179	(52)	-	65,127	64,608	519	99.2%	57,322	57,286
Goods and services	7,902	(248)	-	7,654	6,115	1,539	79.9%	10,393	9,558
Transfers and subsidies	10	133	-	143	141	2	98.9%	197	196
Households	10	133	-	143	141	2	98.9%	197	196
Payments for capital assets	1,574	115	-	1,689	959	730	56.8%	716	469
Machinery and equipment	1,574	115	-	1,689	959	730	56.8%	716	469
Total	74,665	(52)	-	74,613	71,824	2,789	96.3%	68,628	67,508

SUB-PROGRAMME: 5.3: FINANCIAL SYSTEMS

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	627,196	(154,711)	(78,300)	394,185	373,692	20,493	94.8%	823,371	379,803
Compensation of employees	26,650	404	-	27,054	26,762	292	98.9%	26,580	26,064
Goods and services	600,546	(155,115)	(78,300)	367,131	346,930	20,201	94.5%	796,791	353,739
Transfers and subsidies	-	-	-	-	-	-	-	84	83
Households	-	-	-	-	-	-	-	84	83
Payments for capital assets	7,297	1	-	7,298	593	6,705	8.1%	2,550	417,469
Machinery and equipment	5,529	101	-	5,630	593	5,037	10.5%	2,523	1,375
Software and other intangible assets	1,768	(100)	-	1,668	-	1,668	-	27	416,094
Total	634,493	(154,710)	(78,300)	401,483	374,285	27,198	93.2%	826,005	797,355

APPROPRIATION STATEMENT

SUB-PROGRAMME: 5.4: FINANCIAL REPORTING FOR NATIONAL ACCOUNTS

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	45,891	(1,018)	-	44,873	44,014	859	98.1%	45,113	43,457
Compensation of employees	32,467	(967)	-	31,500	30,962	538	98.3%	31,946	31,656
Goods and services	13,424	(51)	-	13,373	13,052	321	97.6%	13,167	11,801
Transfers and subsidies	53,197	51	-	53,248	53,248	0	100.0%	41,603	41,602
Departmental agencies and accounts	53,087	-	-	53,087	53,087	-	100.0%	41,495	41,495
Households	110	51	-	161	161	0	99.8%	108	107
Payments for capital assets	119	-	-	119	-	119	-	348	61
Machinery and equipment	119	-	-	119	-	119	-	348	61
Payment for financial assets	-	-	-	-	22	(22)	-	-	-
Total	99,207	(967)	-	98,240	97,284	956	99.0%	87,064	85,120

SUB-PROGRAMME: 5.5: FINANCIAL MANAGEMENT POLICY AND COMPLIANCE IMPROVEMENT

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	123,472	4,538	-	128,010	119,517	8,493	93.4%	127,742	119,219
Compensation of employees	77,267	942	-	78,209	77,889	320	99.6%	79,603	78,410
Goods and services	46,205	3,596	-	49,801	41,628	8,173	83.6%	48,139	40,809
Transfers and subsidies	26	368	-	394	393	1	99.7%	590	588
Households	26	368	-	394	393	1	99.7%	590	588
Payments for capital assets	786	35	-	821	546	275	66.6%	1,018	485
Machinery and equipment	786	(1)	-	785	511	274	65.1%	1,018	485
Software and other intangible assets	-	36	-	36	35	1	97.8%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	6
Total	124,284	4,941	-	129,225	120,456	8,769	93.2%	129,350	120,298

APPROPRIATION STATEMENT

SUB-PROGRAMME: 5.6: AUDIT STATUTORY BODIES

	2017/18					2016/17			
	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
ECONOMIC CLASSIFICATION							%		
Transfers and subsidies	46,278	150,000	-	196,278	196,278	-	100.0%	79,075	79,075
Departmental agencies and accounts	46,278	150,000	-	196,278	196,278	-	100.0%	79,075	79,075
Total	46,278	150,000	-	196,278	196,278	-	100.0%	79,075	79,075

SUB-PROGRAMME: 5.7: SERVICE CHARGES: COMMERCIAL BANKS

	2017/18					2016/17			
	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
ECONOMIC CLASSIFICATION							%		
Current payments	273	-	-	273	180	93	66.1%	258	254
Goods and services	273	-	-	273	180	93	66.1%	258	254
Total	273	-	-	273	180	93	66.1%	258	254

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS PER SUB-PROGRAMME

	2017/18					2016/17			
	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
SUB-PROGRAMME							%		
PROGRAMME MANAGEMENT FOR INTERNATIONAL FINANCIAL RELATIONS	9,109	88	(990)	8,207	7,507	700	91.5%	12,443	9,994
INTERNATIONAL ECONOMIC COOPERATION	42,473	(88)	(4,809)	37,576	36,211	1,365	96.4%	41,222	38,293
AFRICAN INTEGRATION AND SUPPORT	760,030	-	136,800	896,830	896,255	575	99.9%	796,493	796,694
INTERNATIONAL DEVELOPMENT FUNDING INSTITUTIONS	4,999,249	-	(21,700)	4,977,549	4,512,036	465,513	90.6%	4,091,915	4,091,776

APPROPRIATION STATEMENT

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS PER SUB-PROGRAMME - CONTINUED

	2017/18						2016/17			
	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	
5	20,527	-	-	20,527	17,829	2,698	86.9%	19,555	18,995	
TOTAL	5,831,388	-	109,301	5,940,689	5,469,838	470,851	92.1%	4,961,628	4,955,753	
PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS PER ECONOMIC CLASSIFICATION										
Current payments	50,917	(362)	(5,799)	44,756	43,112	1,644	96.3%	51,988	47,175	
Compensation of employees	30,657	-	201	30,858	30,697	161	99.5%	33,254	32,024	
Salaries and wages	27,730	43	201	27,974	27,828	146	99.5%	30,171	29,138	
Social contributions	2,927	(43)	-	2,884	2,869	15	99.5%	3,083	2,886	
Goods and services	20,260	(362)	(6,000)	13,898	12,415	1,483	89.3%	18,734	15,151	
Administrative fees	220	354	-	574	529	45	92.2%	177	139	
Advertising	14	-	-	14	0	14	0.4%	50	25	
Minor assets	5	4	-	9	3	6	34.6%	42	15	
Bursaries: Employees	628	(83)	(352)	193	192	1	99.3%	405	221	
Catering: Departmental activities	41	-	-	41	15	26	35.7%	35	12	
Communication (G&S)	324	(82)	-	242	153	89	63.4%	226	153	
Computer services	-	-	-	-	-	-	-	356	339	
Consultants: Business and advisory services	810	(100)	-	710	708	2	99.7%	835	762	
Contractors	7	-	-	7	7	-	100.0%	22	12	
Agency and support / outsourced services	-	-	-	-	-	-	-	65	30	
Entertainment	21	-	-	21	2	19	8.0%	20	1	
Fleet services (including government motor transport)	19	-	-	19	17	2	89.3%	-	-	
Consumable supplies	27	(13)	-	14	3	11	21.5%	46	6	
Consumable: Stationery, printing and office supplies	165	(10)	-	155	53	102	33.9%	147	94	
Operating leases	1,229	4	(867)	366	344	22	93.9%	2,714	2,711	
Travel and subsistence	9,359	(335)	(1,186)	7,838	7,015	823	89.5%	10,338	9,319	

APPROPRIATION STATEMENT

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS PER SUB-PROGRAMME - CONTINUED

	2017/18						2016/17		
	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
Training and development	214	(25)	-	189	68	121	35.8%	295	105
Operating payments	1,090	(16)	(358)	716	640	76	89.4%	510	385
Venues and facilities	6,087	(60)	(3,237)	2,790	2,668	122	95.6%	2,451	822
Transfers and subsidies	910,707	362	136,800	1,047,869	1,041,246	6,623	99.4%	906,756	906,397
<i>Foreign governments and international organisations</i>	910,689	-	136,800	1,047,489	1,040,866	6,623	99.4%	906,728	906,370
<i>Households</i>	18	362	-	380	380	-	100.0%	28	27
Social benefits	18	16	-	34	34	-	100.0%	28	27
Other transfers to households	-	346	-	346	346	-	100.0%	-	-
Payments for capital assets	647	-	-	647	226	421	34.9%	1,649	1,073
<i>Machinery and equipment</i>	647	-	-	647	226	421	34.9%	1,649	1,073
Other machinery and equipment	647	-	-	647	226	421	34.9%	1,649	1,073
Payment for financial assets	4,869,117	-	(21,700)	4,847,417	4,385,255	462,162	90.5%	4,001,235	4,001,108
Total	5,831,388	-	109,301	5,940,689	5,469,838	470,851	92.1%	4,961,628	4,955,753

SUB-PROGRAMME: 6.1: PROGRAMME MANAGEMENT FOR INTERNATIONAL FINANCIAL RELATIONS

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8,840	(258)	(990)	7,592	7,161	431	94.3%	12,293	9,895
Compensation of employees	3,702	88	-	3,790	3,785	5	99.9%	5,156	4,804
Goods and services	5,138	(346)	(990)	3,802	3,376	426	88.8%	7,137	5,091
Transfers and subsidies	-	346	-	346	346	-	100.0%	-	-
Households	-	346	-	346	346	-	100.0%	-	-
Payments for capital assets	269	-	-	269	-	269	-	150	99
Machinery and equipment	269	-	-	269	-	269	-	150	99
Total	9,109	88	(990)	8,207	7,507	700	91.5%	12,443	9,994

APPROPRIATION STATEMENT

SUB-PROGRAMME: 6.2: INTERNATIONAL ECONOMIC COOPERATION

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	42,077	(104)	(4,809)	37,164	35,952	1,212	96.7%	39,695	37,280
Compensation of employees	26,955	(88)	201	27,068	26,913	155	99.4%	28,098	27,220
Goods and services	15,122	(16)	(5,010)	10,096	9,039	1,057	89.5%	11,597	10,060
Transfers and subsidies	18	16	-	34	34	-	100.0%	28	27
Households	18	16	-	34	34	-	100.0%	28	27
Payments for capital assets	378	-	-	378	226	152	59.7%	1,499	973
Machinery and equipment	378	-	-	378	226	152	59.7%	1,499	973
Payment for financial assets	-	-	-	-	-	-	-	-	12
Total	42,473	(88)	(4,809)	37,576	36,211	1,365	96.4%	41,222	38,293

SUB-PROGRAMME: 6.3: AFRICAN INTEGRATION AND SUPPORT

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Transfers and subsidies	760,030	-	136,800	896,830	896,255	575	99.9%	796,493	796,694
Foreign governments and international organisations	760,030	-	136,800	896,830	896,255	575	99.9%	796,493	796,694
Total	760,030	-	136,800	896,830	896,255	575	99.9%	796,493	796,694

SUB-PROGRAMME: 6.4: INTERNATIONAL DEVELOPMENT FUNDING INSTITUTIONS

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Transfers and subsidies	130,132	-	-	130,132	126,781	3,351	97.4%	90,680	90,680
Foreign governments and international organisations	130,132	-	-	130,132	126,781	3,351	97.4%	90,680	90,680

APPROPRIATION STATEMENT

SUB-PROGRAMME: 6.4: INTERNATIONAL DEVELOPMENT FUNDING INSTITUTIONS - CONTINUED

	2017/18						2016/17		
	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
ECONOMIC CLASSIFICATION							%		
Payment for financial assets	4,869,117	-	(21,700)	4,847,417	4,385,255	462,162	90.5%	4,001,235	4,001,096
Total	4,999,249	-	(21,700)	4,977,549	4,512,036	465,513	90.6%	4,091,915	4,091,776

SUB-PROGRAMME: 6.5: INTERNATIONAL PROJECTS

	2017/18						2016/17		
	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
ECONOMIC CLASSIFICATION							%		
Transfers and subsidies	20,527	-	-	20,527	17,829	2,698	86.9%	19,555	18,995
Foreign governments and international organisations	20,527	-	-	20,527	17,829	2,698	86.9%	19,555	18,995
Total	20,527	-	-	20,527	17,829	2,698	86.9%	19,555	18,995

PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS PER SUB-PROGRAMME

	2017/18						2016/17		
	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
ECONOMIC CLASSIFICATION							%		
SUB-PROGRAMME									
1 GOVERNMENT PENSIONS ADMINISTRATION AGENCY	65,196	-	-	65,196	62,061	3,135	95.2%	61,626	61,278
2 CIVIL PENSIONS AND CONTRIBUTIONS TO FUNDS	3,825,622	-	(186,800)	3,638,822	3,614,441	24,381	99.3%	3,283,163	3,249,213
3 MILITARY PENSIONS AND OTHER BENEFITS	944,184	-	-	944,184	941,586	2,598	99.7%	1,117,853	1,089,668
TOTAL	4,835,002	-	(186,800)	4,648,202	4,618,088	30,114	99.4%	4,462,642	4,400,159
PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS PER ECONOMIC CLASSIFICATION									
Current payments	65,196	-	-	65,196	62,061	3,135	95.2%	61,626	61,278
Goods and services	65,196	-	-	65,196	62,061	3,135	95.2%	61,626	61,278

APPROPRIATION STATEMENT

PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS PER SUB-PROGRAMME - CONTINUED

	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE %	EXPENDITURE AS % OF FINAL APPROPRIATION R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Consultants: Business and advisory services	65,196	-	-	65,196	62,061	3,135	95.2%	61,626	61,278
Transfers and subsidies	4,769,806	-	(186,800)	4,583,006	4,556,016	26,990	99.4%	4,401,016	4,338,881
Foreign governments and international organisations	2,567	-	-	2,567	1,255	1,312	48.9%	2,445	1,237
Households	4,767,239	-	(186,800)	4,580,439	4,554,761	25,678	99.4%	4,398,571	4,337,644
Social benefits	4,767,239	-	(186,800)	4,580,439	4,554,761	25,678	99.4%	4,398,571	4,337,644
Payment for financial assets	-	-	-	-	11	(11)	-	-	-
Total	4,835,002	-	(186,800)	4,648,202	4,618,088	30,114	99.4%	4,462,642	4,400,159

SUB-PROGRAMME: 7.1: GOVERNMENT PENSIONS ADMINISTRATION AGENCY

	2017/18						2016/17		
	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
ECONOMIC CLASSIFICATION									
Current payments	65,196	-	-	65,196	62,061	3,135	95.2%	61,626	61,278
Goods and services	65,196	-	-	65,196	62,061	3,135	95.2%	61,626	61,278
Total	65,196	-	-	65,196	62,061	3,135	95.2%	61,626	61,278

APPROPRIATION STATEMENT

SUB-PROGRAMME: 7.2: CIVIL PENSIONS AND CONTRIBUTIONS TO FUNDS

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Transfers and subsidies	3,825,622	-	(186,800)	3,638,822	3,614,430	24,392	99.3%	3,283,163	3,249,213
Foreign governments and international organisations	2,567			2,567	1,255	1,312	48.9%	2,445	1,237
Households	3,823,055	-	(186,800)	3,636,255	3,613,175	23,080	99.4%	3,280,718	3,247,976
Payment for financial assets				-	11	(11)	-		
Total	3,825,622	-	(186,800)	3,638,822	3,614,441	24,381	99.3%	3,283,163	3,249,213

SUB-PROGRAMME: 7.3: MILITARY PENSIONS AND OTHER BENEFITS

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Transfers and subsidies	944,184	-	-	944,184	941,586	2,598	99.7%	1,117,853	1,089,668
Households	944,184	-	-	944,184	941,586	2,598	99.7%	1,117,853	1,089,668
Total	944,184	-	-	944,184	941,586	2,598	99.7%	1,117,853	1,089,668

APPROPRIATION STATEMENT

PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE PER SUB-PROGRAMME

	2017/18						2016/17		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	FINAL EXPENDITURE	ACTUAL EXPENDITURE	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
SUB-PROGRAMME									
1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT SUPPORT	627,762	-	-	627,762	627,762	627,762	100.0%	587,935	587,935
2 URBAN DEVELOPMENT AND SUPPORT	983,253	-	-	983,253	972,917	972,917	98.9%	913,014	873,855
3 EMPLOYMENT CREATION FACILITATION	609,990	-	-	609,990	593,058	593,058	97.2%	769,853	698,238
4 GOVERNMENT TECHNICAL ADVISORY CENTRE	80,818	-	-	80,818	80,818	80,818	100.0%	88,006	88,006
5 INFRASTRUCTURE DEVELOPMENT SUPPORT	256,690	-	-	256,690	251,795	251,795	98.1%	231,829	230,398
TOTAL	2,558,513	-	-	2,558,513	2,526,350	2,526,350	98.7%	2,590,637	2,478,432
PROGRAMME 8: TECHNICAL SUPPORT AND DEVELOPMENT FINANCE PER ECONOMIC CLASSIFICATION									
Current payments	354,442	-	-	354,442	327,830	327,830	92.5%	333,219	310,424
Goods and services	354,442	-	-	354,442	327,830	327,830	92.5%	333,219	310,424
Consultants: Business and advisory services	354,442	-	-	354,442	327,830	327,830	92.5%	332,992	310,424
Operating payments	-	-	-	-	-	-	-	227	-
Transfers and subsidies	2,204,071	-	-	2,204,071	2,198,520	2,198,520	99.7%	2,257,418	2,168,008
Provinces and municipalities	1,598,289	-	-	1,598,289	1,592,738	1,592,738	99.7%	1,486,540	1,454,400
Municipalities	1,598,289	-	-	1,598,289	1,592,738	1,592,738	99.7%	1,486,540	1,454,400
Municipal bank accounts	1,598,289	-	-	1,598,289	1,592,738	1,592,738	99.7%	1,486,540	1,454,400
Departmental agencies and accounts	605,782	-	-	605,782	605,782	605,782	100.0%	770,878	713,608
Departmental agencies (non- business entities)	605,782	-	-	605,782	605,782	605,782	100.0%	770,878	713,608
Total	2,558,513	-	-	2,558,513	2,526,350	2,526,350	98.7%	2,590,637	2,478,432

APPROPRIATION STATEMENT

SUB-PROGRAMME: 8.1: LOCAL GOVERNMENT FINANCIAL MANAGEMENT SUPPORT

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	125,756	-	-	125,756	125,756	-	100.0%	122,671	122,671
Goods and services	125,756	-	-	125,756	125,756	-	100.0%	122,671	122,671
Transfers and subsidies	502,006	-	-	502,006	502,006	-	100.0%	465,264	465,264
Provinces and municipalities	502,006	-	-	502,006	502,006	-	100.0%	465,264	465,264
Total	627,762	-	-	627,762	627,762	-	100.0%	587,935	587,935

SUB-PROGRAMME: 8.2: URBAN DEVELOPMENT AND SUPPORT

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	27,744	-	-	27,744	22,959	4,785	82.8%	22,209	15,190
Goods and services	27,744	-	-	27,744	22,959	4,785	82.8%	22,209	15,190
Transfers and subsidies	955,509	-	-	955,509	949,958	5,551	99.4%	890,805	858,665
Provinces and municipalities	955,509	-	-	955,509	949,958	5,551	99.4%	890,805	858,665
Total	983,253	-	-	983,253	972,917	10,336	98.9%	913,014	873,855

SUB-PROGRAMME: 8.3: EMPLOYMENT CREATION FACILITATION

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Current payments	85,026	-	-	85,026	68,094	16,932	80.1%	86,981	72,636
Goods and services	85,026	-	-	85,026	68,094	16,932	80.1%	86,981	72,636
Transfers and subsidies	524,964	-	-	524,964	524,964	-	100.0%	682,872	625,602
Departmental agencies and accounts	524,964	-	-	524,964	524,964	-	100.0%	682,872	625,602
Total	609,990	-	-	609,990	593,058	16,932	97.2%	769,853	698,238

APPROPRIATION STATEMENT

SUB-PROGRAMME: 8.4: GOVERNMENT TECHNICAL ADVISORY CENTRE

	2017/18						2016/17		
	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
ECONOMIC CLASSIFICATION							%		
Transfers and subsidies	80,818	-	-	80,818	80,818	-	100.0%	88,006	88,006
Departmental agencies and accounts	80,818	-	-	80,818	80,818	-	100.0%	88,006	88,006
Total	80,818	-	-	80,818	80,818	-	100.0%	88,006	88,006

SUB-PROGRAMME: 8.5: INFRASTRUCTURE DEVELOPMENT SUPPORT

	2017/18						2016/17		
	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
ECONOMIC CLASSIFICATION							%		
Current payments	115,916	-	-	115,916	111,021	4,895	95.8%	101,358	99,927
Goods and services	115,916	-	-	115,916	111,021	4,895	95.8%	101,358	99,927
Transfers and subsidies	140,774	-	-	140,774	140,774	-	100.0%	130,471	130,471
Provinces and municipalities	140,774	-	-	140,774	140,774	-	100.0%	130,471	130,471
Total	256,690	-	-	256,690	251,795	4,895	98.1%	231,829	230,398

PROGRAMME 9: REVENUE ADMINISTRATION

	2017/18						2016/17		
	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
ECONOMIC CLASSIFICATION							%		
SOUTH AFRICAN REVENUE SERVICE	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676
TOTAL	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676

APPROPRIATION STATEMENT

PROGRAMME 9: REVENUE ADMINISTRATION - CONTINUED

	2017/18						2016/17		
	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
PROGRAMME 9: REVENUE ADMINISTRATION PER ECONOMIC CLASSIFICATION									
Transfers and subsidies	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676
Departmental agencies and accounts	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676
Departmental agencies (non-business entities)	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676
Total	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676

SUB-PROGRAMME: 9.1: SOUTH AFRICAN REVENUE SERVICE

	2017/18						2016/17		
	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
ECONOMIC CLASSIFICATION									
Transfers and subsidies	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676
Departmental agencies and accounts	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676
Total	10,168,198	-	50,000	10,218,198	10,218,198	-	100.0%	9,363,676	9,363,676

PROGRAMME 10: FINANCIAL INTELLIGENCE AND STATE SECURITY

	2017/18						2016/17		
	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
SUB-PROGRAMME									
1 FINANCIAL INTELLIGENCE CENTRE	270,191	-	-	270,191	270,191	-	100.0%	256,372	256,372
2 SECRET SERVICES	4,735,448	-	100,000	4,835,448	4,835,448	-	100.0%	4,556,115	4,556,115
TOTAL	5,005,639	-	100,000	5,105,639	5,105,639	-	100.0%	4,812,487	4,812,487

APPROPRIATION STATEMENT

PROGRAMME 10: FINANCIAL INTELLIGENCE AND STATE SECURITY - CONTINUED

	2017/18				2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE %	EXPENDITURE AS % OF FINAL APPROPRIATION R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
PROGRAMME 10: FINANCIAL INTELLIGENCE AND STATE SECURITY PER ECONOMIC CLASSIFICATION									
Transfers and subsidies	5,005,639	-	100,000	5,105,639	5,105,639	-	100.0%	4,812,487	4,812,487
Departmental agencies and accounts	5,005,639	-	100,000	5,105,639	5,105,639	-	100.0%	4,812,487	4,812,487
Departmental agencies (non-business entities)	5,005,639	-	100,000	5,105,639	5,105,639	-	100.0%	4,812,487	4,812,487
Total	5,005,639	-	100,000	5,105,639	5,105,639	-	100.0%	4,812,487	4,812,487

SUB-PROGRAMME: 10.1: FINANCIAL INTELLIGENCE CENTRE

	2017/18				2016/17				
	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
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	270,191	-	-	270,191	270,191	-	100.0%	256,372	256,372
Departmental agencies and accounts	270,191	-	-	270,191	270,191	-	100.0%	256,372	256,372
Total	270,191	-	-	270,191	270,191	-	100.0%	256,372	256,372

SUBPROGRAMME: 10.2: SECRET SERVICES

	2017/18				2016/17				
	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
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	4,735,448	-	100,000	4,835,448	4,835,448	-	100.0%	4,556,115	4,556,115
Departmental agencies and accounts	4,735,448	-	100,000	4,835,448	4,835,448	-	100.0%	4,556,115	4,556,115
Total	4,735,448	-	100,000	4,835,448	4,835,448	-	100.0%	4,556,115	4,556,115

NOTES TO THE APPROPRIATION STATEMENT**1. DETAIL OF TRANSFERS AND SUBSIDIES AS PER APPROPRIATION ACT
(AFTER VIREMENT):**

Detail of these transactions can be viewed in the note on Transfers and subsidies disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

**2. DETAIL OF SPECIFICALLY AND EXCLUSIVELY APPROPRIATED AMOUNTS VOTED
(AFTER VIREMENT):**

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. DETAIL ON PAYMENTS FOR FINANCIAL ASSETS

Detail of these transactions per programme can be viewed in note 6 on Payments for financial assets to the Annual Financial Statements.

4. EXPLANATIONS OF MATERIAL VARIANCES FROM AMOUNTS VOTED (AFTER VIREMENT):

4.1

PER PROGRAMME	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
	R'000	R'000	R'000	%
Programme 1: Administration	445 620	437 869	7 751	1.74%

Underspending of R4.1 million on compensation of employees was mainly due to vacant posts not being filled. Savings of R3.7 million on goods and services items such as training, catering, entertainment, fleet services, bursaries and stationery was mainly due to implementation of the cost containment measures.

Programme 2: Economic Policy Tax Financial Regulation and Research	163 991	151 860	12 131	7.39%
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Unspent funds of R5.5 million on transfer and subsidies was mainly due to transfer payment to the Economic Research Southern Africa (ERSA) which did not materialise as a result of discontinuation of the research. Underspending of R3 million on compensation of employees was mainly due to vacant posts not being filled. Underspending of R3.6 million on goods and services was mainly due to implementation of the cost containment measures on various items.

Programme 3: Public Finance and Budget Management	302 296	288 635	13 661	4.51%
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Underspending of R7 million on compensation of employees was mainly due to vacant posts not being filled. The underspending on goods and services was mainly due to saving on consultancy services for editing of the 2018 Estimates of National Expenditure (ENE) and budget review.

NOTES TO THE APPROPRIATION STATEMENT

Programme 4: Asset and Liability Management	10 100 312	10 089 761	10 551	0.10%
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Underspending on goods and services was mainly due to implementation of the cost containment measures on various items and unspent funds on consultancy services initially planned for state aviation project, however the project did not materialise. The underspending on compensation of employees was mainly due to vacant posts not being filled.

Programme 5: Financial Accounting and Supply Chain Management Systems	1 000 846	885 833	115 013	11.49%
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Underspending on goods and services was mainly due to delays in appointing of the service provider on consultancy services within the Office of the Chief Procurement Officer. Other unspent funds on computer services relates to legacy systems (LOGIS BAS) and IFMS and the services related to the IFMS where put on hold due to forensic investigation.

Programme 6: International Financial Relations	5 940 689	5 469 838	470 851	7.92%
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Underspending on payment of financial assets was mainly due to saving realised on payment to New Development Bank (NDB) and African Development Bank (AfDB) as a result of foreign exchange rate difference.

Programme 7: Civil and Military Pensions Contributions to Funds and Other Benefits	4 648 202	4 618 088	30 114	0.65%
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Underspending on Transfers and Subsidies was mainly due to the unspent funds on Political Office Bearers.

Programme 8: Technical Support and Development Finance	2 558 513	2 526 350	32 163	1.26%
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Underspending of R16.9 million on goods and services was mainly due to delays in appointing service providers in the Job Fund operational budget. The Neighbourhood Development Partnership Grant (NDPG) was withheld for other municipalities due to non-compliant with the NDP framework and the Division of Revenue Act.

Programme 9: Revenue Administration	10 218 198	10 218 198	-	0%
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The expenditure on the programme was on par with the budgeted amount.

Programme 10: Financial Intelligence and State Security	5 105 639	5 105 639	-	0%
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The expenditure on the programme was on par with the budgeted amount.

NOTES TO THE APPROPRIATION STATEMENT

4.2

PER ECONOMIC CLASSIFICATION:	FINAL	ACTUAL	VARIANCE	VARIANCE AS
	APPROPRIATION	EXPENDITURE		A % OF FINAL
	R'000	R'000	R'000	APPROP.
				%
Current expenditure	2 097 500	1 925 051	172 449	8%
Compensation of employees	823 276	803 732	19 544	2%
Goods and services	1 274 224	1 121 319	152 905	12%
Transfers and subsidies	23 499 566	23 454 215	45 351	0.19%
Provinces and municipalities	1 598 289	1 592 738	5 551	0%
Departmental agencies and accounts	16 250 986	16 250 953	33	0%
Public corporations and private enterprises	10 586	5 000	5 586	53%
Foreign governments and international organisations	1 050 056	1 042 121	7 935	1%
Households	4 589 649	4 563 403	26 245	1%
Payments for capital assets	39 824	27 038	12 786	32%
Buildings and other fixed structures	2	-	2	-
Machinery and equipment	35 208	26 997	8 211	23%
Software and other intangible assets	4 614	41	4 573	99%
Payments for financial assets	14 847 417	14 385 767	461 650	3%

Underspending on compensation of employees was mainly due to vacant posts not being filled and on goods and services were mainly from the Office of the Chief Procurement Office and Jobs Fund. Material variances on payments for financial assets were due to foreign exchange rate difference on the third capital contribution instalment to the New Development Bank (NDB).

4.3

PER CONDITIONAL GRANT	FINAL	ACTUAL	VARIANCE	VARIANCE AS
	APPROPRIATION	EXPENDITURE		A % OF FINAL
	R'000	R'000	R'000	APPROP.
				%
502 006	502 006	502 006	-	0%
140 774	140 774	140 774	-	0%
663 390	663 390	657 839	5 551	1%
292 119	292 119	292 119	-	0%
27 744	27 744	22 959	4 785	17%

Unspent funds on the Neighbourhood Development Partnership Grant (NDPG) was due to funds that were withheld as municipalities were non-compliant with the NDP framework and the Division of Revenue Act. The funds for the Neighbourhood Development Partnership indirect grant were paid to the GTAC bank account as and when needed according the approved payments schedule on goods and services and the variance was due to slower than anticipated execution on the grant.

STATEMENT OF FINANCIAL PERFORMANCE

	NOTE	2017/18 R'000	2016/17 R'000
	Note	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	40 484 306	28 471 417
Departmental revenue	2	4 430 772	4 951 206
Aid assistance	3	20 209	30 016
TOTAL REVENUE		44 935 287	33 452 639
EXPENDITURE			
Current expenditure			
Compensation of employees	4	803 732	786 431
Goods and services	5	1 121 319	1 158 984
Aid assistance	3	14 324	16 728
Total current expenditure		1 939 375	1 962 143
Transfers and subsidies			
Transfers and subsidies	7	23 454 215	21 790 667
Total transfers and subsidies		23 454 215	21 790 667
Expenditure for capital assets			
Tangible assets	8	26 997	46 385
Intangible assets	8	41	416 094
Total expenditure for capital assets		27 038	462 479
Payments for financial assets	6	14 385 767	4 001 228
TOTAL EXPENDITURE		39 806 395	28 216 517
SURPLUS/(DEFICIT) FOR THE YEAR		5 128 892	5 236 122
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		692 235	271 634
Annual appropriation		686 684	220 494
Conditional grants		5 551	32 140
Departmental revenue and NRF Receipts	15	4 430 772	4 951 206
Aid assistance	3	5 885	13 282
SURPLUS/(DEFICIT) FOR THE YEAR		5 128 892	5 236 122

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	NOTE	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets		705 732	1 647 720
Cash and cash equivalents	9	604 765	297 010
Prepayments and advances	10	88 829	86 760
Receivables	11	12 138	6 516
Loans	13	-	1 257 434
Non-current assets		23 433 483	13 434 038
Investments	12	23 409 714	13 409 714
Receivables	11	23 769	24 324
TOTAL ASSETS		24 139 215	15 081 758
LIABILITIES			
Current liabilities		728 391	413 524
Voted funds to be surrendered to the Revenue Fund	14	692 235	271 634
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	244	29 383
Bank overdraft	16	-	65 830
Payables	17	30 027	33 395
Aid assistance repayable	3	5 885	13 282
TOTAL LIABILITIES		728 391	413 524
NET ASSETS		23 410 824	14 668 234
Represented by:			
Capitalisation reserve		23 409 714	13 409 714
Recoverable revenue		1 110	1 258 520
TOTAL		23 410 824	14 668 234

STATEMENT OF CHANGES IN NET ASSETS

	NOTE	2017/18 R'000	2016/17 R'000
NET ASSETS			
Capitalisation Reserves			
Opening balance		13 409 714	13 409 714
Transfers:			
Other movements		10 000 000	-
Closing balance		<u>23 409 714</u>	<u>13 409 714</u>
Recoverable revenue			
Opening balance		1 258 520	2 515 581
Transfers:		(1 257 410)	(1 257 061)
Debts recovered (included in departmental receipts)		(1 257 434)	(1 355 302)
Debts raised		24	98 241
Closing balance		<u>1 110</u>	<u>1 258 520</u>
TOTAL		<u>23 410 824</u>	<u>14 668 234</u>

CASH FLOW STATEMENT

	NOTE	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		44 691 625	33 301 267
Annual appropriated funds received	1.1	40 484 306	28 471 417
Departmental revenue received	2	1 104 650	918 432
Interest received	2	3 082 460	3 881 402
Aid assistance received	3	20 209	30 016
Net (increase)/ decrease in working capital		(10 504)	(87 999)
Surrendered to Revenue Fund		(4 731 545)	(5 245 090)
Surrendered to RDP Fund/Donor		(13 282)	(22 589)
Current payments		(1 939 375)	(1 962 143)
Payments for financial assets		(14 385 767)	(4 001 228)
Transfers and subsidies paid		(23 454 215)	(21 790 667)
Net cash flow available from operating activities	18	156 937	191 551
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(27 038)	(462 479)
Proceeds from sale of capital assets	2.3	683	136
(Increase)/ decrease in loans		1 257 434	1 257 435
(Increase)/ decrease in investments		(10 000 000)	-
Net cash flows from investing activities		(8 768 921)	795 092
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		242 979	151 236
Increase/ (decrease) in net assets		8 742 590	(1 257 061)
Net cash flows from financing activities		8 985 569	(1 105 825)
Net increase/ (decrease) in cash and cash equivalents		373 585	(119 182)
Cash and cash equivalents at beginning of period		231 180	350 362
Cash and cash equivalents at end of period	19	604 765	231 180

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART A: ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies which have been applied consistently in all material aspects unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention has been used except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA) Act 1 of 1999 (as amended by Act 29 of 1999) and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

3. PRESENTATION CURRENCY

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. ROUNDING

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. FOREIGN CURRENCY TRANSLATION

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment/receipt and end March 2018 for disclosure purposes.

6. COMPARATIVE INFORMATION

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6.2 Current year comparison with budget

A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. REVENUE

7.1 Appropriated funds

Appropriated funds comprises of departmental allocations but exclude direct charges against the revenue fund (i.e. statutory (appropriation) which are reported and audited separately as part of the consolidated annual financial statements. This includes extra-ordinary receipts.

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- The amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's write-off policy.

8. EXPENDITURE

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8.2 Other expenditure

Other expenditure (such as goods and services transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or in the case of services when they are rendered to the department or in case of transfers and subsidies when they are due and payable. Accruals and payables not recognised are measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.

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

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 when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. Prepayments are expensed when contractual obligations have been met or goods received or services rendered as agreed.

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

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 whose 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

17.4 Commitments

Commitments (other than transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament with funding and the related funds are received; or
- approved by Parliament without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. CHANGES IN ACCOUNTING POLICIES ACCOUNTING ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with Modified Cash Standard (MCS) requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23. PRINCIPAL - AGENT ARRANGEMENTS

The department is party to a principal-agent arrangement for administrative services rendered on behalf of the National Treasury with respect to Programme 7 Civil and Military Pensions Contributions to Funds and Other Benefits by the Government Pension Administration Agency as well as the Government Technical Advisory Centre which provides technical assistance. Development Bank of South Africa is in 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

PART B: EXPLANATORY NOTES**1. ANNUAL APPROPRIATION****1.1 Annual Appropriation**

PROGRAMMES	2017/18			2016/17	
	FINAL APPROPRIATION R'000	ACTUAL FUNDS RECEIVED R'000	FUNDS NOT	FINAL APPROPRIATION R'000	APPROPRIATION RECEIVED R'000
			REQUESTED/ NOT RECEIVED R'000		
1. Administration	445 620	445 620	-	464 416	464 416
2. Economic Policy Tax Financial Regulation And Research	163 991	163 991	-	156 561	156 561
3. Public Finance And Budget Management	302 296	302 296	-	294 483	294 483
4. Asset And Liability Management	10 100 312	10 100 312	-	113 129	113 129
5. Financial Accounting And Supply Chain Management Systems	1 000 846	1 000 846	-	1 251 758	1 251 758
6. International Financial Relations	5 940 689	5 940 689	-	4 961 628	4 961 628
7. Civil And Military Pensions Contributions To Funds And Other Benefits	4 648 202	4 648 202	-	4 462 642	4 462 642
8. Technical Support And Development Finance	2 558 513	2 558 513	-	2 590 637	2 590 637
9. Revenue Administration	10 218 198	10 218 198	-	9 363 676	9 363 676
10. Financial Intelligence And State Security	5 105 639	5 105 639	-	4 812 487	4 812 487
Total	40 484 306	40 484 306	-	28 471 417	28 471 417

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
1.2 Conditional grants			
Total grants received	39	1 621 385	1 508 749

Conditional grants are included as part of the Annual Appropriation. Refer to note 39 for more information on the conditional grants.

2. DEPARTMENTAL REVENUE

Sales of goods and services other than capital assets	2.1	116 648	11 827
Interest dividends and rent on land	2.2	3 325 439	4 032 638
Sales of capital assets	2.3	683	136
Transactions in financial assets and liabilities	2.4	988 002	906 605
Departmental revenue collected		4 430 772	4 951 206

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	116 637	11 813
Sales by market establishment	99	102
Administrative fees	1	1
Other sales	116 537	11 710
Sales of scrap waste and other used current goods	11	14
Total	116 648	11 827

Current year interest amount includes interest-bearing accounts, such as tax and loan accounts R2 billion (2016/17 R2.2 billion) and foreign currency deposits R640 million (2016/17 R1.1 billion) relating to the National Revenue Fund that is controlled and managed by the National Treasury, as well as the interest received on the Gautrain loan R417 million (2016/17 R515.3 million).

2.2 Interest, dividends and rent on land

Interest	3 082 460	3 881 402
Dividends	242 979	151 236
Total	3 325 439	4 032 638

Current year interest amount includes interest-bearing accounts, such as tax and loan accounts R2 billion (2016/17 R2.2 billion) and foreign currency deposits R640 million (2016/17 R1.1 billion) relating to the National Revenue Fund that is controlled and managed by the National Treasury, as well as the interest received on the Gautrain loan R417 million (2016/17 R515.3 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
2.3 Sale of capital assets			
Machinery and equipment	32	683	136
Total		683	136

Increase in sale of capital assets is due to sale redundant motor vehicles that were no longer required for business.

2.4 Transactions in financial assets and liabilities

Loans and advances		840 000	840 000
Receivables		467	748
Other Receipts including Recoverable Revenue		147 535	65 857
Total		988 002	906 605

2.5 Cash received not recognised – 2017/18

NAME OF ENTITY	AMOUNT RECEIVED R'000	AMOUNT PAID TO REVENUE FUND R'000	BALANCE R'000
Funds surrendered by municipalities	169 060	169 060	-
Total	169 060	169 060	-

Cash received not recognised - 2016/17

NAME OF ENTITY	AMOUNT RECEIVED R'000	AMOUNT PAID TO REVENUE FUND R'000	BALANCE R'000
Funds surrendered by municipalities	285 530	285 530	-
Total	285 530	285 530	-

Surplus funds surrendered by the municipalities for National Treasury to transfer back to the National Revenue Fund.

3. AID ASSISTANCE

Opening Balance		13 282	22 589
Transferred from statement of financial performance		5 885	13 282
Paid during the year		(13 282)	(22 589)
Closing Balance		5 885	13 282

Refer to annexure 1F for more information on Aid Assistance Received.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
3.1 Analysis of balance by source			
Aid assistance from RDP		5 885	13 282
Closing Balance		5 885	13 282

3.2 Analysis of balance

Aid assistance repayable		5 885	13 282
Closing balance		5 885	13 282

3.2.1. Aid assistance prepayments (expensed)

	AMOUNT AS AT 1 APRIL 2017 R'000	LESS: RECEIVED IN THE CURRENT YEAR R'000	ADD: CURRENT YEAR PREPAYMENTS R'000	AMOUNT AS AT 31 MARCH 2018 R'000
Goods and services	13 284	(27 608)	20 209	5 885
Closing balance	13 284	(27 608)	20 209	5 885

3.3 Aid assistance expenditure per economic classification

Current expenditure		14 324	16 734
Total aid assistance expenditure		14 324	16 734

4. COMPENSATION OF EMPLOYEES**4.1 Salaries and Wages**

Basic salary		543 858	531 196
Performance award		12 364	11 276
Service Based		1 945	370
Compensative/circumstantial		1 668	3 210
Other non-pensionable allowances		161 706	160 886
Total		721 541	706 938

Compensative/circumstantial refers to payments and allowances paid to employees as compensation for cost relating to operational or job requirements e.g. acting allowance overtime etc. Other non-pensionable allowances refer to all other non-pensionable allowances not separately provided for e.g. housing allowances etc.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
4.2 Social contributions			
Employer contributions			
Pension		66 706	64 446
Medical		15 393	14 960
Bargaining council		92	87
Total		82 191	79 493
Total compensation of employees		803 732	786 431
Average number of employees		1 133	1 161

5. GOODS AND SERVICES

Goods and services

Administrative fees		5 903	3 264
Advertising		830	704
Minor assets	5.1	450	333
Bursaries (employees)		5 700	5 646
Catering		1 100	1 272
Communication		7 758	5 869
Computer services	5.2	380 741	402 009
Consultants: Business and advisory services		482 047	522 167
Infrastructure and planning services		62	-
Legal services		15 284	14 944
Contractors		14 465	2 374
Agency and support / outsourced services		7 033	11 908
Entertainment		85	88
Audit cost – external	5.3	16 395	11 587
Fleet services		3 134	1 478
Consumables	5.4	15 523	10 056
Operating leases		66 034	71 131
Property payments	5.5	23 962	25 260
Travel and subsistence	5.6	59 987	48 051
Venues and facilities		7 313	5 486
Training and development		3 351	5 857
Other operating expenditure	5.7	4 162	9 500
Total		1 121 319	1 158 984

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
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Decrease in consultancy services within the Office of the Chief Procurement Officer was due to delays in the finalisation of the Terms of Reference, which consequently delayed the bidding process. The increase in contractors was due to SCOA item classification for security services which moved from outsourced services to contractors. Other unspent funds on computer services relates to legacy systems (LOGIS, BAS) and the services related to the Integrated Financial Management System (IFMS) where put on hold due to forensic investigation.

5.1 Minor assets

Tangible assets	450	333
Heritage assets	-	12
Machinery and equipment	450	321
Total	450	333

5.2 Computer services

SITA computer services	45 991	46 289
External computer service providers	334 750	355 720
Total	380 741	402 009

Decrease in computer services was due to unspent funds relating to legacy systems (LOGIS and BAS) and other services related to the IFMS where put on hold due to forensic investigation.

5.3 Audit cost – External

Regularity audits	16 395	11 587
Total	16 395	11 587

The annual audit process by the Auditor-General (AG) for 2016/17 took long than planned and both fees for 2017/18 were also paid in the period under review.

5.4 Consumables

Consumable supplies	2 306	2 373
Uniform and clothing	123	8
Household supplies	1 594	1 401
Building material and supplies	7	276
Communication accessories	-	1
IT consumables	547	648
Other consumables	35	39
Stationery printing and office supplies	13 217	7 683
Total	15 523	10 056

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
5.5 Property payments			
Municipal services		22 812	24 027
Property management fees		1 150	1 201
Other		-	32
Total		23 962	25 260

5.6 Travel and subsistence

Local		10 835	22 607
Foreign		49 152	25 444
Total		59 987	48 051

The increase on foreign travel was due to increase numbers of international roads shows to attract and promote investment to boost the economy.

5.7 Other operating expenditure

Professional bodies membership and subscription fees		3 585	4 400
Resettlement costs		382	423
Other		195	4 677
Total		4 162	9 500

6. PAYMENTS FOR FINANCIAL ASSETS

Purchase of equity		14 385 255	4 001 096
Extension of loans for policy purposes		-	-
Debts written off	6.1	512	132
Total		14 385 767	4 001 228

Purchase of equity relates to the payment made to the New Development Bank (NDB) amounting to R4.1 billion for current year (2016/17 R3.5 billion) and R10 billion payment made to South African Airways (SAA) for the purchase of additional shares in the airline.

6.1 Debts written off

Losses and damages		512	132
Total		512	132

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
7. TRANSFERS AND SUBSIDIES			
		2017/18	2016/17
	Note	R'000	R'000
Provinces and municipalities	ANNEXURE 1A	1 592 738	1 454 400
Departmental agencies and accounts	ANNEXURE 1B	16 250 953	15 074 146
Foreign governments and international organisations	ANNEXURE 1D	1 042 121	907 607
Public corporations and private enterprises	ANNEXURE 1C	5 000	11 999
Households	ANNEXURE 1E	4 563 403	4 342 515
Total		23 454 215	21 790 667

The increase in Departmental agencies and accounts was due to additional funds of R100 million on Secret Services approved at the year-end. The South African Revenue Service was allocated an increase to R10.2 billion for 2017/18 as compare to 2016/17 R9.4 billion.

8. EXPENDITURE FOR CAPITAL ASSETS

	Note	2017/18 R'000	2016/17 R'000
Expenditure for capital assets			
Tangible assets			
Machinery and equipment	32	26 997	46 385
Intangible assets			
Software		41	416 094
Total		27 038	462 479

The increase in 2016/17 was mainly due to capitalisation of software purchases including prior year that had to be reinstated. In the period under review no major software packages were procured, hence the decrease.

8.1 Analysis of funds utilised to acquire capital assets – 2017/18

Analysis of funds utilised to acquire capital assets - 2017/18

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	26 997	-	26 997
Machinery and equipment	26 997	-	26 997
Intangible assets	41	-	41
Software	41	-	41
Total	27 038	-	27 038

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
Analysis of funds utilised to acquire capital assets – 2016/17			
		VOTED FUNDS R'000	AID ASSISTANCE R'000
			TOTAL R'000
Tangible assets		46 379	6
Machinery and equipment		46 379	6
Intangible assets		416 094	-
Software		416 094	-
Total		462 473	6

8.2 Finance lease expenditure included in Expenditure for capital assets

Tangible assets		
Machinery and equipment	75	1 300
Total	75	1 300

The decrease in the finance lease was due to reduction in renewal of mobile communication services transversal contracts as majority of contract were renewed in 2016/17 when the transversal contracts was awarded.

9. CASH AND CASH EQUIVALENTS

Consolidated Paymaster General Account	604 424	230 232
Cash receipts	20	23
Cash with commercial banks (Local)	321	66 755
Total	604 765	297 010

The increase in Consolidated Paymaster General account is mainly due to savings realised as a result of foreign exchange rate difference on the payment to the New Development Bank, as well as unspent funds on consultancy services within Programme 5. Decrease in the cash with commercial banks was due to deposits received earlier than usual and were transferred to the NRF.

10. PREPAYMENTS AND ADVANCES

Travel and subsistence		3	49
Prepayments (Not expensed)	10.2	88 467	86 540
Advances paid (Not expensed)	10.1	359	171
Total		88 829	86 760

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000	
10.1 Advances paid (Not expensed)				
	BALANCE AS AT 1 APRIL 2017 R'000	LESS: AMOUNT EXPENSED IN CURRENT YEAR R'000	ADD: CURRENT YEAR ADVANCES R'000	BALANCE AS AT 31 MARCH 2018 R'000
National departments	76	(76)	359	359
Public entities	95	(95)	-	-
Total	171	(171)	359	359

Advance payment made to Department of International Relations and Cooperation (DIRCO). Refer to annexure 5A

10.2 Prepayments (Not expensed)

	BALANCE AS AT 1 APRIL 2017 R'000	LESS: AMOUNT EXPENSED IN CURRENT YEAR R'000	ADD: CURRENT YEAR PREPAYMENTS R'000	BALANCE AS AT 31 MARCH 2018 R'000
PREPAYMENTS (NOT EXPENSED)				
<i>Listed by economic classification</i>	R'000	R'000	R'000	R'000
Goods and services	19 049	(615)	-	18 434
Other	-	-	70 033	70 033
Total	19 049	(615)	70 033	88 467

Increase in prepayments was due to the practice of paying for pensions that fall on a weekend or public holiday on the preceding business day. Pensions that were due on 1 April 2018 (Sunday) valued at R70 million were paid on 30 March 2018 (Friday). The amount on goods and services relates to a mobilisation fee of R19 million incurred in 16/17 only R615 000 was expensed in 17/18.

11. RECEIVABLES

		2017/18			2016/17		
	NOTE	CURRENT R'000	NON-CURRENT R'000	TOTAL R'000	CURRENT R'000	NON-CURRENT R'000	TOTAL R'000
Claims recoverable	11.1	7 093	1 888	8 981	683	1 575	2 258
Recoverable expenditure	11.2	2 054	-	2 054	601	442	1 043
Staff debt	11.3	263	1 306	1 569	225	1 788	2 013
Other debtors	11.4	2 728	20 575	23 303	5 007	20 519	25 526
Total		12 138	23 769	35 907	6 516	24 324	30 840

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
11.1 Claims recoverable			
National departments		7 895	1 216
Provincial departments		21	21
Foreign governments		1 065	1 021
Total		8 981	2 258
11.2 Recoverable expenditure (disallowance accounts)			
Disallowance damages & Losses		728	585
Disallowance miscellaneous		1 322	442
Private telephones		4	16
Total		2 054	1 043
11.3 Staff debt			
Departmental debts		1 569	2 013
Total		1 569	2 013
11.4 Other debtors			
Value added tax (SARS)		556	677
Amount owed by departments - Civil and military pensions.		3 851	3 851
Outstanding debts - Civil and military pensions.		30	29
Disallowance - Civil and military pensions		4 705	5 487
Disallowance - Special pensions		14 161	15 482
Total		23 303	25 526
11.5 Impairment of receivables			
Estimate of impairment of receivables		7 788	8 981
Total		7 788	8 981

Irrecoverable debts owing to Civil and Military Pension (GPAA) due to debtors that were discovered to have been deceased.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
12. INVESTMENTS			
Development Bank of Southern Africa		200 000	200 000
Public Investment Corporation Limited		1	1
Land Bank		200 955	200 955
South African Airways		23 008 758	13 008 758
Total		23 409 714	13 409 714

12.1 Impairment of investments

Opening balance	13 008 758	13 008 758
South African Airways (SAA)	10 000 000	-
Closing balance	23 008 758	13 008 758

R10 billion paid to SAA has increased the impairment value, in line with the requirements of the Modified Cash Standard. While the appointment of a new CEO and a strengthened and credible board are good signals for the market in terms of sound corporate governance, SAA has indicated that it will report a net losses for the 2017/18, 2018/19 and 2019/20 financial years.

13. LOANS

Public corporations	-	1 257 434
Total	-	1 257 434

Analysis of Balance

Opening balance	1 257 434	2 514 869
New Issues	-	97 867
Repayments	(1 257 434)	(1 355 302)
Closing balance	-	1 257 434

Gautrain loan was fully settled in April 2017, hence no outstanding amount.

14. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	2017/18 R'000	2016/17 R'000
Opening balance	271 634	314 245
Transfer from statement of financial performance	692 235	271 634
Paid during the year	(271 634)	(314 245)
Closing balance	692 235	271 634

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
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The increase of voted funds to be surrendered to the revenue fund was mainly due to saving realised in the payment for capital instalment to New Development Bank.

15. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

Opening balance		29 383	9 022
Transfer from Statement of Financial Performance		4 430 772	4 951 206
Paid during the year		(4 459 911)	(4 930 845)
Closing balance		244	29 383

16. BANK OVERDRAFT

Consolidated Paymaster General Account		-	65 830
Total		-	65 830

Decrease in the bank overdraft value was as a result of opting to do a prepayment to enable GPAA to process payment for pensions that fell on a weekend or public holiday on the preceding business day. Pensions that were due on 1 April 2018 (Sunday) were paid on 30 March 2018 (Friday).

17. PAYABLES – CURRENT

Advances received	17.1	45	6 527
Clearing accounts	17.2	73	4
Other payables	17.3	29 909	26 864
Total		30 027	33 395

17.1 Advances received

National departments	Annex 5B	33	6 515
Other institutions	Annex 5B	12	12
Total		45	6 527

17.2 Clearing accounts

(Identify major categories but list material amounts)

Income Tax (PAYE)		48	4
Pension Fund		2	-
Government Employees Housing Scheme		23	-
Total		73	4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
17.3 Other payables			
Civil, Military & Special Pensions		29 909	26 864
Total		29 909	26 864

18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

Net surplus/(deficit) as per Statement of Financial Performance		5 128 892	5 236 122
Add back non cash/cash movements not deemed operating activities		(4 971 955)	(5 044 571)
(Increase)/decrease in receivables		(5 067)	(2 968)
(Increase)/decrease in prepayments and advances		(2 069)	(80 558)
Increase/(decrease) in payables – current		(3 368)	(4 473)
Proceeds from sale of capital assets		(683)	(136)
Expenditure on capital assets		27 038	462 479
Surrenders to Revenue Fund		(4 731 545)	(5 245 090)
Surrenders to RDP Fund/Donor		(13 282)	(22 589)
Other non-cash items		(242 979)	(151 236)
Net cash flow generated by operating activities		156 937	191 551

19. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

Consolidated Paymaster General account		604 424	164 402
Cash on hand		20	23
Cash with commercial banks (Local)		321	66 755
Total		604 765	231 180

20. CONTINGENT LIABILITIES

Other guarantees	Annex 3A	18 923 409	25 709 537
Claims against the department	Annex 3B	2 366 855	2 388 187
Other	Annex 3B	481 788	544 840
Total		21 772 052	28 642 564

Uncertainties relating to the amounts disclosed or timing of the cash outflow could not be disclosed due to the inherent risks on the events and circumstances underlying these amounts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
21. Commitments			
Current expenditure			
Approved and contracted		5 082 360	9 236 876
GTAC		171 430	2 524
Total Commitments		5 253 790	9 239 400

The decrease in commitments was due to majority contracts that have expired at the reporting date. The approved and contracted commitments are made up of the supply chain management related contracts i.e. goods and services of R2.3 billion (2016/17: R5.8 billion) and the Non-Statutory Forces commitment of R2.7 billion (2016/17: R3.4 billion). In terms of the Municipal Financial Improvement Programme (MFIP), GTAC is an agent of NT and contracted commitments was R171 million (2016/17: R2.5 million).

22. ACCRUALS

			2017/18 R'000	2016/17 R'000
	30 DAYS	30+ DAYS	TOTAL	TOTAL
Goods and services	52 605	37 221	89 826	48 344
Transfers and subsidies	130	-	130	30 399
Capital	241	44	285	-
Other	21 760	9 167	30 927	-
Total	74 736	46 432	121 168	78 743
Listed by programme level				
Administration			13 051	5 571
Economic Policy Tax Financial Regulation and Research			3 524	986
Public Finance and Budget Management			1 190	7 083
Asset and Liability Management			1 619	1 046
Financial Systems and Accounting			53 988	25 399
International Financial Relations			6 098	654
Civil and Military Pensions Contributions to Funds and Other Benefits			35 860	30 287
Government Technical Advisory Centre			5 838	7 717
Total			121 168	78 743

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
23. EMPLOYEE BENEFITS			
Leave entitlement		26 552	26 697
Service bonus (Thirteenth cheque)		16 944	16 144
Performance awards		11 989	10 995
Capped leave commitments		11 782	12 091
Other		-	1 589
Total		67 267	67 516

At this stage the department is not able to reliably measure the long term portion of the long service awards due to complexities on the calculations involved and significant internal system limitations.

24. LEASE COMMITMENTS

24.1 Operating leases

2017/18	SPECIALISED MILITARY ASSETS R'000	LAND R'000	BUILDINGS AND OTHER FIXED STRUCTURES R'000	MACHINERY AND EQUIPMENT R'000	TOTAL R'000
Not later than 1 year	-	-	64 447	2 792	67 239
Later than 1 year and not later than 5 years	-	-	18 119	1 969	20 088
Total lease commitments	-	-	82 566	4 761	87 327
2016/17					
Not later than 1 year	-	-	60 766	3 020	63 786
Later than 1 year and not later than 5 years	-	-	-	3 230	3 230
Total lease commitments	-	-	60 766	6 250	67 016

The current year buildings and other fixed structures lease commitments were based on projections that were calculated on current monthly payments for the next 12 months due to lease agreements that expired at the reporting date. New agreements were not finalised between the department and the Department of Public Works.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		NOTE	2017/18 R'000	2016/17 R'000	
24.2 Finance leases					
2017/18	SPECIALISED MILITARY ASSETS R'000	LAND R'000	BUILDINGS AND OTHER FIXED STRUCTURES R'000	MACHINERY AND EQUIPMENT R'000	TOTAL R'000
Not later than 1 year	-	-	-	1 729	1 729
Later than 1 year and not later than 5 years	-	-	-	267	267
Total lease commitments	-	-	-	1 996	1 996
2016/17					
Not later than 1 year	-	-	-	1 388	1 388
Later than 1 year and not later than 5 years	-	-	-	744	744
Total lease commitments	-	-	-	2 132	2 132

25. ACCRUED DEPARTMENTAL REVENUE

Sales of goods and services other than capital assets	-	834
Interest dividends and rent on land	318 401	261 206
Transactions in financial assets and liabilities	132 873	96
Total	451 274	262 136

25.1 Analysis of accrued departmental revenue

Opening balance	262 136	204 956
Less: Amounts received	(262 136)	(204 956)
Add: Amounts recognised	451 274	262 136
Closing balance	451 274	262 136

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
26. IRREGULAR EXPENDITURE			
26.1 Reconciliation of irregular expenditure			
Opening balance		40 490	-
Prior period error		-	-
As restated		40 490	-
Add: Irregular expenditure - relating to prior year		444 362	16 948
Add: Irregular expenditure - relating to current year		324 852	30 580
Less: Prior year amounts condoned		-	(3 550)
Less: Current year amounts condoned		(272)	(3 488)
Less: Amounts not condoned and recoverable		-	-
Less: Amounts not condoned and not recoverable		-	-
Irregular expenditure awaiting condonation		809 432	40 490
Analysis of awaiting condonation per age classification			
Current year		768 942	40 490
Prior years		40 490	-
Total		809 432	40 490

Irregular expenditure was identified due the Accounting Officer not approving the transfer of the Municipal Finance Improvement Program (MFIP) Funds to GTAC. GTAC has been paid R370 million as an implementing agent in terms of the Principal-Agent relationship in total since 2014. Also R348 million was incurred for the maintenance and support of the legacy systems (BAS, PERSAL, LOGIS & VULINDLELA). The contracts for legacy systems were extended from 1 July 2016 to 30 June 2021, in order to limit risks associated with systems instability and security by opting to maintain experienced service providers to allow management to focus on the implementation of the Integrated Financial Management System (IFMS) with comfort that the legacy systems used in government are stable for transitioning from the old legacy to the new integrated systems.

26.2 Details of irregular expenditure – added current year (relating to current and prior years)

INCIDENT	CORRECTIVE STEPS TAKEN	2017/18 R'000
Procurement of services for the development and enhancement of the central supplier database that were procured through an existing SLA and not through a new tender process	Assessment is in progress and corrective steps will be recommended for approval by the accounting officer on completion	6 337
Non-compliance with regulation 49 (1) (c) of the Public Service Regulation 2016 as per DPSA directive for overtime compensation	Assessment conducted and subsequently condoned	272
Suspected irregular expenditure to be confirmed through Internal Audit assessment for ALM's Back Office Software.	Expenditure has not been confirmed as irregular, as Internal Audit is still to conduct a detailed investigation and issue a report	32 170
Settlement agreement due to contractual obligation with ICT Works	Assessment in-progress and corrective steps will be recommended for approval by the Accounting Officer on completion.	11 796

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
Document approved by the AO for implementation of the Municipal Financial Improvement Programme (MFIP) could not be located for audit purpose	Corrective steps to condone MFIP will be initiated by management		369 883
Bid specification not based on relevant characteristics	SCM to take corrective steps		1 239
Contract extensions for the Transversal Systems	Reasons for not following competitive bidding to be recorded for consideration by AO		347 517
Total			769 214

26.3 Details of irregular expenditure condoned

INCIDENT	CONDONED BY (CONDONING AUTHORITY)	2017/18 R'000
Non-compliance with regulation 49 (1) (c) of the Public Service Regulation 2016 for overtime compensation	Accounting Officer delegated to DDG: Corporate Services	272
Total		272

27. FRUITLESS AND WASTEFUL EXPENDITURE

27.1 Reconciliation of fruitless and wasteful expenditure

Opening balance	69 614	69 614
Current year	67 021	-
Closing balance	136 635	69 614

27.2 Analysis of awaiting resolution per economic classification

Current payment	67 021	69 614
Closing balance	67 021	69 614

27.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure

INCIDENT	CORRECTIVE STEPS TAKEN	2017/18 R'000
Payment for technical support on perpetual software licences relating to the IFMS project.	Assessment is in progress and corrective steps will be recommended for approval by the accounting officer	67 021
Total		67 021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
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27.4 Details of fruitless and wasteful expenditures under investigation (not included in the main note)

INCIDENT	2017/18 R'000
Payment for technical support on perpetual software licences relating to the IFMS project.	129 051
Total	129 051

28. RELATED PARTY TRANSACTIONS

28.1 Related parties falling under the Ministry of Finance Portfolio

1. The Financial and Fiscal Commission (FFC)
2. Financial Intelligence Centre (FIC)
3. Development Bank of Southern Africa Limited (DBSA)
4. Accounting Standards Board (ASB)
5. Financial Services Board (FSB)
6. Public Investment Corporation (PIC)
7. South African Revenue Service (SARS)
8. SASRIA Limited (SASRIA)
9. The Land and Agricultural Development Bank of South Africa (Land Bank)
10. Government Employee Pension Fund (GEPF)
11. Independent Regulatory Board for Auditors (IRBA)
12. Financial Advisory Intermediary Services (FAIS) Ombudsman
13. Office of the Pension Fund Adjudicator (OPFA)
14. The Co-operative Banks Development Agency (CBDA)
15. Government Pensions Administration Agency (GPAA)
16. Government Technical Advisory Centre (GTAC)
17. South African Airways (SAA)
18. Office of the Tax Ombud (OTO)

28.2 Related party In-kind goods and services received / provided

CBDA - Office space occupied	2 461	1 792
GTAC - Office space occupied	11 716	8 842
ESAAG - Office space occupied	383	482
Total	14 560	11 116

The department shared office space with CBDA, GTAC and ESAAG without charging for rental. GTCA assisted National Treasury to develop the budget portal known as VulekaMali. The project is donor funded, GTAC will formally transfer the portal to National Treasury at completion of the project.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
28.3 Related Party transactions			
Payments made			
Goods and services (GTAC)		247 530	137 861
Payments for financial assets (SAA)		10 000 000	-
Total		10 247 530	137 861

The increase was mainly due to the payment of R10 billion for equity in South African Airways (SAA).

Guarantees issued to related parties

South African Airways	11 004 716	17 749 800
Land Bank	3 792 728	3 792 728
Development Bank of Southern Africa	4 018 559	4 041 536
Total	18 816 003	25 584 064

29. KEY MANAGEMENT PERSONNEL

	NO. OF INDIVIDUALS	2017/18 R'000	2016/17 R'000
Political office bearers	4	4 322	4 211
Officials:			
Level 15 to 16	19	18 370	16 822
Level 14	72	79 545	77 238
Total		102 237	98 271

30. IMPAIRMENTS

Other material losses	40 478	38 841
Total	40 478	38 841

Impairment of other material losses for 2017/18 amounting to R40.5 million relate to special pension pay-out made to 644 pensioners as a result of misinterpretation of the Special Pensions Act which were approved for write-off annually.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
31. PROVISIONS			
SA Smit claim		14	14
Injury on Duty		138 202	114 605
Military Pension		16 084	15 423
Military Medical Benefits		358	5 716
Admin Expense Claim		4 933	4 877
Special Pension		29 507	31 773
Post-Retirement Medical benefits		3 111	4 719
Total		192 209	177 127

31.1 Reconciliation of movement in provisions – 2017/18

	MILITARY & SPECIAL PENSIONS R'000	INJURY ON DUTY R'000	MILITARY PENSION R'000	POST- RETIREMENT MEDICAL BENEFITS & CLAIM R'000	TOTAL PROVISIONS R'000
Opening balance	37 489	119 482	15 423	4 733	177 127
Increase in provision	30 333	83 285	29 495	25 484	168 597
Settlement of provision	(18 956)	(51 722)	(14 712)	(27 091)	(112 481)
Unused amount reversed	(19 002)	(7 910)	(14 122)	-	(41 034)
Closing balance	29 864	143 135	16 084	3 126	192 209

31.2 Reconciliation of movement in provisions – 2016/17

	MILITARY & SPECIAL PENSIONS R'000	INJURY ON DUTY & ADMIN EXPENSES R'000	MILITARY PENSION R'000	POST- RETIREMENT MEDICAL BENEFITS & CLAIM R'000	TOTAL PROVISIONS R'000
Opening balance	26 914	64 834	10 982	2 163	104 893
Increase in provision	45 006	116 928	15 870	35 935	213 739
Settlement of provision	(23 635)	(58 952)	(7 433)	(33 365)	(123 385)
Unused amount reversed	(10 795)	(3 329)	(3 996)	-	(18 120)
Closing balance	37 490	119 481	15 423	4 733	177 127

The increase in provision is mostly due to delays that were initially experienced on receiving injury on duty claims on outstanding awards which were in the employer's possession of various departments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000
32. NON-ADJUSTING EVENTS AFTER REPORTING DATE			
	South African Airways (SAA)	23 409 714	-
	Total	23 409 714	-

During the meeting of 25 June 2018 between the shareholders and SAA Board of Directors, the Minister of Finance disclosed that SAA will be transferred back to the Department of Public Enterprises. The President Minute and Proclamation for the transfer of the administration, powers and functions entrusted by the South African Airways Act, No. 5 of 2007, were approved for transfer of SAA from National Treasury to Department of Public Enterprises effective from 1 August 2018.

33. MOVABLE TANGIBLE CAPITAL ASSETS

Movement in movable tangible capital assets per asset register for the year ended 31 March 2018

	OPENING BALANCE R'000	VALUE ADJUSTMENTS R'000	ADDITIONS R'000	DISPOSALS R'000	CLOSING BALANCE R'000
MACHINERY AND EQUIPMENT	189 079	-	26 922	(2 456)	213 545
Transport assets	6 389	-	907	(2 025)	5 271
Computer equipment	117 793	-	19 367	(273)	136 886
Furniture and office equipment	17 713	-	163	-	17 876
Other machinery and equipment	47 184	-	6 485	(158)	53 512
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	189 079	-	26 922	(2 456)	213 545
MOVABLE TANGIBLE CAPITAL ASSETS UNDER INVESTIGATION					R'000
				NUMBER	VALUE
Machinery and equipment				96	1 633

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18 R'000	2016/17 R'000		
33.1 Additions					
	CASH R'000	NON-CASH R'000	FINANCE LEASE PAYMENTS) R'000	RECEIVED CURRENT NOT PAID (PAID CURRENT YEAR RECEIVED PRIOR YEAR R'000	TOTAL R'000
MACHINERY AND EQUIPMENT	26 997	-	(75)	-	26 922
Transport assets	907	-	-	-	907
Computer equipment	19 367	-	-	-	19 367
Furniture and office equipment	163	-	-	-	163
Other machinery and equipment	6 560	-	(75)	-	6 485
	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	26 997	-	(75)	-	25 922

33.2 Disposals

Disposal of moveable tangible capital assets per asset register for the year ended 31 March 2018

	SOLD FOR CASH R'000	NON-CASH DISPOSAL R'000	TOTAL DISPOSALS R'000	CASH RECEIVED ACTUAL R'000
MACHINERY AND EQUIPMENT	2 025	431	2 456	659
Transport assets	2 025	-	2 025	659
Computer equipment	-	273	273	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	158	158	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	2 025	431	2 456	659

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18	2016/17
		R'000	R'000

33.3 Movement for 2016/17

Movement in moveable tangible capital assets per the asset register for the year ended 31 March 2017

	OPENING BALANCE	PRIOR PERIOD ERROR	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	152 218	2	45 085	8 226	189 079
Transport assets	5 427	-	962	-	6 389
Computer equipment	82 961	-	42 283	7 451	117 793
Furniture and office equipment	17 721	-	326	334	17 713
Other machinery and equipment	46 109	2	1 514	441	47 184
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	152 218	2	45 085	8 226	189 079

34. MINOR ASSETS

Movement in minor asset per the asset register for the year ended 31 March 2018

	SPECIALISED MILITARY ASSETS	INTANGIBLE ASSETS	HERITAGE ASSETS	MACHINERY AND EQUIPMENT	BIOLOGICAL ASSETS	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	32 577	-	32 577
Value adjustments	-	-	-	3	-	3
Additions	-	-	-	448	-	448
Disposals	-	-	-	656	-	656
TOTAL MINOR ASSETS	-	-	-	32 372	-	32 372
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	20 734	-	20 734
TOTAL NUMBER OF MINOR ASSETS	-	-	-	20 734	-	20 734
Movable Tangible Capital Assets under investigation					NUMBER	VALUE
MACHINERY AND EQUIPMENT					311	521

Movement in minor asset per the asset register for the year ended 31 March 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

				NOTE	2017/18 R'000	2016/17 R'000
	SPECIALISED MILITARY ASSETS	INTANGIBLE ASSETS	HERITAGE ASSETS	MACHINERY AND EQUIPMENT	BIOLOGICAL ASSETS	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	32 929	-	32 929
Prior period error	-	-	-	-	-	-
Additions	-	-	-	645	-	645
Disposals	-	-	-	997	-	997
TOTAL MINOR ASSETS	-	-	-	32 577	-	32 577
	SPECIALISED MILITARY ASSETS	INTANGIBLE ASSETS	HERITAGE ASSETS	MACHINERY AND EQUIPMENT	BIOLOGICAL ASSETS	TOTAL
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	21	-	21
TOTAL NUMBER OF MINOR ASSETS	-	-	-	21	-	21

35. MOVABLE ASSETS WRITTEN OFF

Movable assets written off for the year ended 31 March 2018

	SPECIALISED MILITARY ASSETS	INTANGIBLE ASSETS	HERITAGE ASSETS	MACHINERY AND EQUIPMENT	BIOLOGICAL ASSETS	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	905	-	905
Assets written off	-	-	-	905	-	905

Movable assets written off for the year ended 31 March 2017

Assets written off	-	-	-	5 351	-	5 351
Assets written off	-	-	-	5 351	-	5 351

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	NOTE	2017/18	2016/17
		R'000	R'000

36. INTANGIBLE CAPITAL ASSETS

Movement in intangible capital assets per asset register for the year ended 31 March 2018

	OPENING BALANCE	VALUE ADJUSTMENTS	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	521 740	-	41	-	521 781
TOTAL INTANGIBLE CAPITAL ASSETS	521 740	-	41	-	521 781

36.1 Additions

Additions to intangible capital assets per asset register for the year ended 31 March 2018

	CASH	NON-CASH	(DEVELOPMENT WORK-IN- PROGRESS CURRENT COSTS)	RECEIVED CURRENT NOT PAID (PAID CURRENT YEAR RECEIVED PRIOR YEAR)	TOTAL
	R'000	R'000	R'000	R'000	R'000
Computer software	41	-	-	-	41
Total Additions to Intangible Capital Assets	41	-	-	-	41

36.2 Movement for 2016/17

	OPENING BALANCE	PRIOR PERIOD ERROR	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
Software	105 646	-	416 094	-	521 740
Total Intangible Capital Assets	105 646	-	416 094	-	521 740

37. IMMOVABLE TANGIBLE CAPITAL ASSETS

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2018

	OPENING BALANCE	VALUE ADJUSTMENTS	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
Other fixed structures	1 062	-	-	-	1 062
Total Immovable Tangible Capital Assets	1 062	-	-	-	1 062

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		NOTE	2017/18	2016/17
	OPENING BALANCE	VALUE ADJUSTMENTS	ADDITIONS	DISPOSALS
	R'000	R'000	R'000	R'000
Other fixed structures	1 062	-	-	-
Total Immovable Tangible Capital Assets	1 062	-	-	-

37.2 Movement for 2016/17

	OPENING BALANCE	VALUE ADJUSTMENTS	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
Other fixed structures	1 062	-	-	-	1 062
Total Immovable Tangible Capital Assets	1 062	-	-	-	1 062

38. PRINCIPAL-AGENT ARRANGEMENTS

38.1 Department acting as the principal - fees paid

Government Pension Administration Agency (GPAA) Government Technical Advisory Centre	61 099	61 278
Development Bank of Southern Africa	22 000	32 500
Total	83 099	93 778

NT is party to a principal-agent arrangement with the GPAA which renders administration services on behalf of the National Treasury with respect to Post-Retirement Medical subsidies Military Pensions, Injury on Duty, Special Pensions and other pensions specified in the Administration Agreement. DBSA is an agent of NT in relation to Cities Support Programme. The department pays fees to GPAA and GTAC for the administration services rendered on behalf of the department and there will be no possible cost implication if the arrangements are terminated. Resources that are under the custodianship of the agents are recognised and recorded by the agents. GTAC is an agent of NT in relation to Municipal Financial Improvement Program (MFIP), and no administrative fees are payable.

39. PRIOR PERIOD ERRORS

39.1 Correction of prior period errors

Revenue:		
Cash received not recognised – amount received	2.5	285 530
Cash received not recognised – amount paid NRF	2.5	(285 530)
Net effect		-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE	2017/18	2016/17
	R'000	R'000

Cash received but not recognised was restated for presentation purposes and there was no impact on the disclosed AFS balances.
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	2016/17R'000
Liabilities:	
Contracted & approved commitments - GTAC	2 524
Accruals for goods and services - GTAC	7 717
Total	10 241

	2016/17R'000
Related parties:	
Department of Public Works	5 425
Total	5 425

Office space for 40 church was not received in-kind as the department was charged by DPW for the office space.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

40. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF CONDITIONAL GRANT	GRANT ALLOCATION (2017/18)						SPENT (2017/18)				2016/17	
	Division of Revenue Act/ Provincial Grants	Rolovers	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under/ (overspending)	%age 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	
Local Government Financial Management Grant	502 006	-	-	-	502 006	502 006	502 006	-	100%	465 264	465 264	
Infrastructure Skills Development Grant	140 774	903	3 900	-	145 577	141 677	141 677	3 900	100%	130 471	130 471	
Neighbourhood Development Partnership Grant	663 390	-	-	-	663 390	657 839	657 839	5 551	100%	624 000	591 860	
Integrated Cities Development Grant	292 119	-	-	-	292 119	292 119	292 119	-	100%	266 805	266 805	
Total conditional grants paid to municipalities	1 598 289	903	3 900	-	1 603 092	1 593 641	1 593 641	9 451	99%	1 486 540	1 454 400	
Neighbourhood Development Partnership Indirect Grant	27 744	-	-	-	27 744	27 744	25 411	2 333	92%	22 209	15 190	
Total conditional grants received	1 626 033	903	3 900	-	1 630 836	1 621 385	1 619 052	11 784	100%	1 508 749	1 469 590	

The Neighbourhood Development Partnership Indirect Grant was restated to include all conditional grants received as depicted in the Division of Revenue Act. The funds for the Neighbourhood Development Partnership Indirect Grant are paid to the GTAC bank account as and when needed according to the approved payments schedule on goods and services

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**40.1. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES****40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT**

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DofA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
!Kai !Garib	2 345	-	-	2 345	2 345	-	-
!Kheis	2 345	-	-	2 345	2 345	-	-
AbaQulusi	1 700	-	-	1 700	1 700	-	-
Alfred Duma	3 600	-	-	3 600	3 600	-	-
Alfred Nzo District Municipality	1 795	-	-	1 795	1 795	-	-
Amahlathi	1 700	-	-	1 700	1 700	-	-
Amajuba District Municipality	1 500	-	-	1 500	1 500	-	-
Amathole District Municipality	1 250	-	-	1 250	1 250	-	-
Ba-Phalaborwa	2 145	-	-	2 145	2 145	-	-
Beaufort West	1 700	-	-	1 700	1 700	-	-
Bela-Bela	1 700	-	-	1 700	1 700	-	-
Bergrivier	1 550	-	-	1 550	1 550	-	-
Big Five Hlabisa	3 800	-	-	3 800	3 800	-	-
Bitou	1 550	-	-	1 550	1 550	-	-
Blouberg	2 533	-	-	2 533	2 533	-	-
Blue Crane Route	1 700	-	-	1 700	1 700	-	-
Bojanala Platinum District Municipality	1 250	-	-	1 250	1 250	-	-
Breedee Valley	1 550	-	-	1 550	1 550	-	-
Buffalo City	1 300	-	-	1 300	1 300	-	-
Bushbuckridge	2 145	-	-	2 145	2 145	-	-
Cape Agulhas	1 550	-	-	1 550	1 550	-	-
Cape Winelands District Municipality	1 250	-	-	1 250	1 250	-	-
Capricorn District Municipality	1 250	-	-	1 250	1 250	-	-
Cederberg	1 550	-	-	1 550	1 550	-	-
Central Karoo District Municipality	1 250	-	-	1 250	1 250	-	-
Chief Albert Luthuli	1 700	-	-	1 700	1 700	-	-
Chris Hani District Municipality	1 500	-	-	1 500	1 500	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DORA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
City of Cape Town	1 050	-	-	1 050	1 050	-	-
City of Johannesburg	1 050	-	-	1 050	1 050	-	-
City of Matielosa	2 145	-	-	2 145	2 145	-	-
City of Mbombela	3 400	-	-	3 400	3 400	-	-
City of Tshwane	2 650	-	-	2 650	2 650	-	-
Dannhauser	1 900	-	-	1 900	1 900	-	-
Dawid Kruiper	4 045	-	-	4 045	4 045	-	-
Dihlabeng	1 700	-	-	1 700	1 700	-	-
Dikgatlong	2 345	-	-	2 345	2 345	-	-
Dipaleseng	1 900	-	-	1 900	1 900	-	-
Ditsobotla	2 145	-	-	2 145	2 145	-	-
Dr Beyers Naude	5 945	-	-	5 945	5 945	-	-
Dr JS Moroka	1 700	-	-	1 700	1 700	-	-
Dr Kenneth Kaunda District Municipality	1 250	-	-	1 250	1 250	-	-
Dr Nkosazana Dlamini Zuma	3 800	-	-	3 800	3 800	-	-
Dr Pixley ka Isaka Seme	1 700	-	-	1 700	1 700	-	-
Dr Ruth Segomotsi Mompati District Municipality	1 250	-	-	1 250	1 250	-	-
Drakenstein	1 550	-	-	1 550	1 550	-	-
Eden District Municipality	1 250	-	-	1 250	1 250	-	-
eDumbe	1 900	-	-	1 900	1 900	-	-
Ehlanzeni District Municipality	1 500	-	-	1 500	1 500	-	-
Ekurhuleni	1 050	-	-	1 050	1 050	-	-
Elias Motsoaledi	1 700	-	-	1 700	1 700	-	-
Elundini	1 700	-	-	1 700	1 700	-	-
eMahlangueni	1 900	-	-	1 900	1 900	-	-
Emakhazeni	1 900	-	-	1 900	1 900	-	-
Emalahleni (EC)	2 345	-	-	2 345	2 345	-	-
Emalahleni (MP)	2 145	-	-	2 145	2 145	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DofA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Emfuleni	1 550	-	-	1 550	1 550	-	-
Emthanjeni	1 700	-	-	1 700	1 700	-	-
eNdameni	1 700	-	-	1 700	1 700	-	-
Engcobo	1 700	-	-	1 700	1 700	-	-
Enoch Mgijima	5 945	-	-	5 945	5 945	-	-
Ephraim Mogale	2 145	-	-	2 145	2 145	-	-
eThekweni	1 050	-	-	1 050	1 050	-	-
Fezile Dabi District Municipality	1 250	-	-	1 250	1 250	-	-
Frances Baard District Municipality	1 250	-	-	1 250	1 250	-	-
Gamagara	1 700	-	-	1 700	1 700	-	-
Ga-Segonyana	2 145	-	-	2 145	2 145	-	-
George	1 550	-	-	1 550	1 550	-	-
Gert Sibande District Municipality	1 250	-	-	1 250	1 250	-	-
Govan Mbeki	1 700	-	-	1 700	1 700	-	-
Great Kei	2 345	-	-	2 345	2 345	-	-
Greater Giyani	2 145	-	-	2 145	2 145	-	-
Greater Kokstad	1 800	-	-	1 800	1 800	-	-
Greater Letaba	2 145	-	-	2 145	2 145	-	-
Greater Taung	2 345	-	-	2 345	2 345	-	-
Greater Tzaneen	2 145	-	-	2 145	2 145	-	-
Hantam	1 900	-	-	1 900	1 900	-	-
Harry Gwala District Municipality	1 250	-	-	1 250	1 250	-	-
Hessequa	1 550	-	-	1 550	1 550	-	-
iLembe District Municipality	1 250	-	-	1 250	1 250	-	-
iMpindle	1 900	-	-	1 900	1 900	-	-
iNkosi Langalibalele	3 600	-	-	3 600	3 600	-	-
Intsika Yethu	2 145	-	-	2 145	2 145	-	-
Inxuba Yethemba	2 145	-	-	2 145	2 145	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DofA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Joe Gqabi District Municipality	1 250	-	-	1 250	1 250	-	-
Joe Morolong	2 145	-	-	2 145	2 145	-	-
John Taolo Gaetsewe District Municipality	1 250	-	-	1 250	1 250	-	-
Jozini	1 900	-	-	1 900	1 900	-	-
Kagisano-Molopo	3 076	-	-	3 076	3 076	-	-
Kamiesberg	2 345	-	-	2 345	2 345	-	-
Kannaland	2 145	-	-	2 145	2 145	-	-
Kareeberg	1 900	-	-	1 900	1 900	-	-
Karoo Hoogland	1 900	-	-	1 900	1 900	-	-
Kgatelopele	2 345	-	-	2 345	2 345	-	-
Kgetlengrivier	2 345	-	-	2 345	2 345	-	-
Khâi-Ma	1 900	-	-	1 900	1 900	-	-
King Cetshwayo District Municipality	1 250	-	-	1 250	1 250	-	-
King Sabata Dalindyebo	2 145	-	-	2 145	2 145	-	-
Knysna	1 550	-	-	1 550	1 550	-	-
Kopanong	1 700	-	-	1 700	1 700	-	-
Kouga	1 700	-	-	1 700	1 700	-	-
Kou-Kamma	1 900	-	-	1 900	1 900	-	-
KwaDukuza	1 800	-	-	1 800	1 800	-	-
Laingsburg	1 800	-	-	1 800	1 800	-	-
Langeberg	1 550	-	-	1 550	1 550	-	-
Lejweleputswa District Municipality	1 250	-	-	1 250	1 250	-	-
Lekwa	1 700	-	-	1 700	1 700	-	-
Lekwa-Teemane	2 145	-	-	2 145	2 145	-	-
Lepele-Nkumpi	2 145	-	-	2 145	2 145	-	-
Lephalale	1 700	-	-	1 700	1 700	-	-
Lesedi	1 550	-	-	1 550	1 550	-	-
Letsemeng	1 900	-	-	1 900	1 900	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DorA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
LIM 345	2 345	-	-	2 345	2 345	-	-
LIM 368	4 045	-	-	4 045	4 045	-	-
LIM 476	4 045	-	-	4 045	4 045	-	-
Madibeng	1 700	-	-	1 700	1 700	-	-
Mafikeng	2 145	-	-	2 145	2 145	-	-
Mafube	2 345	-	-	2 345	2 345	-	-
Magareng	1 900	-	-	1 900	1 900	-	-
Makana	2 145	-	-	2 145	2 145	-	-
Makhado	1 700	-	-	1 700	1 700	-	-
Makhuduthamaga	1 700	-	-	1 700	1 700	-	-
Maluti-a-Phofung	2 145	-	-	2 145	2 145	-	-
Mamusa	2 345	-	-	2 345	2 345	-	-
Mandeni	1 900	-	-	1 900	1 900	-	-
Mangaung	3 645	-	-	3 645	3 645	-	-
Mantsopa	2 145	-	-	2 145	2 145	-	-
Maphumulo	1 900	-	-	1 900	1 900	-	-
Maquassi Hills	2 145	-	-	2 145	2 145	-	-
Maruleng	1 900	-	-	1 900	1 900	-	-
Masilonyana	1 900	-	-	1 900	1 900	-	-
Matatiele	1 700	-	-	1 700	1 700	-	-
Matjhabeng	2 145	-	-	2 145	2 145	-	-
Matzikama	1 550	-	-	1 550	1 550	-	-
Mbhashe	1 700	-	-	1 700	1 700	-	-
Mbizana	2 145	-	-	2 145	2 145	-	-
Merafong City	1 700	-	-	1 700	1 700	-	-
Metsimaholo	1 700	-	-	1 700	1 700	-	-
Mhlonlto	2 345	-	-	2 345	2 345	-	-
Midvaal	1 550	-	-	1 550	1 550	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DofA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mkhambathini	1 900	-	-	1 900	1 900	-	-
Mkhondo	2 145	-	-	2 145	2 145	-	-
Minquma	1 700	-	-	1 700	1 700	-	-
Mogalakwena	1 700	-	-	1 700	1 700	-	-
Mogale City	1 550	-	-	1 550	1 550	-	-
Mohokare	1 900	-	-	1 900	1 900	-	-
Molemole	2 333	-	-	2 333	2 333	-	-
Mopani District Municipality	1 795	-	-	1 795	1 795	-	-
Mochaka	2 145	-	-	2 145	2 145	-	-
Moretele	2 145	-	-	2 145	2 145	-	-
Moses Kotane	1 700	-	-	1 700	1 700	-	-
Mossel Bay	1 550	-	-	1 550	1 550	-	-
Mpofana	1 900	-	-	1 900	1 900	-	-
Msukaligwa	2 145	-	-	2 145	2 145	-	-
Msunduzi	1 700	-	-	1 700	1 700	-	-
Mthonjaneni	2 850	-	-	2 850	2 850	-	-
Mitubatuba	1 900	-	-	1 900	1 900	-	-
Musina	1 900	-	-	1 900	1 900	-	-
Nala	2 345	-	-	2 345	2 345	-	-
Naledi	1 700	-	-	1 700	1 700	-	-
Nama Khoi	2 145	-	-	2 145	2 145	-	-
Namakwa District Municipality	1 250	-	-	1 250	1 250	-	-
Ndlambe	1 900	-	-	1 900	1 900	-	-
Ndwedwe	1 900	-	-	1 900	1 900	-	-
Nelson Mandela Bay	1 050	-	-	1 050	1 050	-	-
Newcastle	1 700	-	-	1 700	1 700	-	-
Ngaka Modiri Molema District Municipality	1 795	-	-	1 795	1 795	-	-
Ngqushwa	2 345	-	-	2 345	2 345	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DofA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Ngquza Hill	1 700	-	-	1 700	1 700	-	-
Ngwathe	2 145	-	-	2 145	2 145	-	-
Nkandla	1 900	-	-	1 900	1 900	-	-
Nkangala District Municipality	1 250	-	-	1 250	1 250	-	-
Nketoana	1 700	-	-	1 700	1 700	-	-
Nkomazi	1 700	-	-	1 700	1 700	-	-
Nongoma	1 900	-	-	1 900	1 900	-	-
Nquthu	1 900	-	-	1 900	1 900	-	-
Ntabankulu	1 900	-	-	1 900	1 900	-	-
Nyandeni	1 700	-	-	1 700	1 700	-	-
O.R. Tambo District Municipality	2 045	-	-	2 045	2 045	-	-
Okhahlamba	1 900	-	-	1 900	1 900	-	-
Oudtshoorn	1 550	-	-	1 550	1 550	-	-
Overberg District Municipality	1 250	-	-	1 250	1 250	-	-
Overstrand	1 550	-	-	1 550	1 550	-	-
Phokwane	2 145	-	-	2 145	2 145	-	-
Phumelela	2 345	-	-	2 345	2 345	-	-
Pixley Ka Seme District Municipality	1 250	-	-	1 250	1 250	-	-
Polokwane	2 979	-	-	2 979	2 979	-	-
Port St Johns	1 900	-	-	1 900	1 900	-	-
Prince Albert	1 700	-	-	1 700	1 700	-	-
Ramatshere Moiloa	2 145	-	-	2 145	2 145	-	-
Rand West City	3 100	-	-	3 100	3 100	-	-
Ratlou	1 900	-	-	1 900	1 900	-	-
Ray Nkonyeni	3 600	-	-	3 600	3 600	-	-
Raymond Mhlaba	3 800	-	-	3 800	3 800	-	-
Renosterberg	2 345	-	-	2 345	2 345	-	-
Richmond	1 900	-	-	1 900	1 900	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DofA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Richtersveld	1 900	-	-	1 900	1 900	-	-
Rustenburg	1 700	-	-	1 700	1 700	-	-
Sakhsizwe	1 700	-	-	1 700	1 700	-	-
Saldanha Bay	1 550	-	-	1 550	1 550	-	-
Sarah Baartman District Municipality	1 250	-	-	1 250	1 250	-	-
Sedibeng District Municipality	1 250	-	-	1 250	1 250	-	-
Sekhukhune District Municipality	1 250	-	-	1 250	1 250	-	-
Senqu	1 700	-	-	1 700	1 700	-	-
Setsoto	1 700	-	-	1 700	1 700	-	-
Siyancuma	2 345	-	-	2 345	2 345	-	-
Siyathemba	2 345	-	-	2 345	2 345	-	-
Sol Plaatjje	1 700	-	-	1 700	1 700	-	-
Stellenbosch	1 550	-	-	1 550	1 550	-	-
Steve Tshwete	1 700	-	-	1 700	1 700	-	-
Sundays River Valley	2 345	-	-	2 345	2 345	-	-
Swartland	1 550	-	-	1 550	1 550	-	-
Swellendam	1 700	-	-	1 700	1 700	-	-
Thaba Chweu	2 145	-	-	2 145	2 145	-	-
Thabazimbi	2 145	-	-	2 145	2 145	-	-
Thabo Mofutsanyana District Municipality	1 250	-	-	1 250	1 250	-	-
Theewaterskloof	1 700	-	-	1 700	1 700	-	-
Thembelihle	2 345	-	-	2 345	2 345	-	-
Thembisile Hani	1 700	-	-	1 700	1 700	-	-
Thulamela	1 700	-	-	1 700	1 700	-	-
Tokologo	1 900	-	-	1 900	1 900	-	-
Tsantsabane	2 345	-	-	2 345	2 345	-	-
Tswaing	2 345	-	-	2 345	2 345	-	-
Tswelopele	1 900	-	-	1 900	1 900	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DORA and other transfers	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by The National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
uBuhlebezwe	1 900	-	-	1 900	1 900	-	-
Ubuntu	1 900	-	-	1 900	1 900	-	-
Ugu District Municipality	1 795	-	-	1 795	1 795	-	-
Ulundi	1 800	-	-	1 800	1 800	-	-
uMdoni	4 245	-	-	4 245	4 245	-	-
uMfolozi	1 900	-	-	1 900	1 900	-	-
uMgungundlovu District Municipality	1 250	-	-	1 250	1 250	-	-
uMhlabuyalingana	1 900	-	-	1 900	1 900	-	-
uMhlatuze	2 650	-	-	2 650	2 650	-	-
uMkhanyakude District Municipality	1 250	-	-	1 250	1 250	-	-
UMlalazi	1 700	-	-	1 700	1 700	-	-
uMngeni	1 700	-	-	1 700	1 700	-	-
uMshwathi	1 900	-	-	1 900	1 900	-	-
uMsinga	1 900	-	-	1 900	1 900	-	-
Umsobomvu	1 900	-	-	1 900	1 900	-	-
uMuziwabantu	1 900	-	-	1 900	1 900	-	-
uMvoti	1 800	-	-	1 800	1 800	-	-
uMzinkhulu	1 900	-	-	1 900	1 900	-	-
Umzimvubu	1 700	-	-	1 700	1 700	-	-
uMzinyathi District Municipality	1 250	-	-	1 250	1 250	-	-
uMzumba	1 900	-	-	1 900	1 900	-	-
uPhongolo	1 900	-	-	1 900	1 900	-	-
uThukela District Municipality	1 795	-	-	1 795	1 795	-	-
Ventersdorp/Tlokwe	4 045	-	-	4 045	4 045	-	-
Vhembe District Municipality	1 795	-	-	1 795	1 795	-	-
Victor Khanye	1 700	-	-	1 700	1 700	-	-
Walter Sisulu	4 245	-	-	4 245	4 245	-	-
Waterberg District Municipality	1 250	-	-	1 250	1 250	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.1 LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocation by The National Treasury or National Department R'000
West Coast District Municipality	1 250	-	-	1 250	1 250	-	-
West Rand District Municipality	1 250	-	-	1 250	1 250	-	-
Witzenberg	1 550	-	-	1 550	1 550	-	-
Xhariep District Municipality	1 250	-	-	1 250	1 250	-	-
Z.F. Mgcawu District Municipality	1 250	-	-	1 250	1 250	-	-
Zululand District Municipality	1 250	-	-	1 250	1 250	-	-
Total	502 006	-	-	502 006	502 006	-	-

40.1.2 INFRASTRUCTURE SKILLS DEVELOPMENT GRANT

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocation by The National Treasury or National Department R'000
Buffalo City	10 560	-	-	10 560	10 560	-	-
Nelson Mandela Bay	15 394	-	-	15 394	15 394	-	-
Enoch Mgijima	1 800	-	-	1 800	-	1 800	-
King Sabata Dalindyebo	5 334	-	-	5 334	5 334	-	-
Alfred Nzo	5 394	-	-	5 394	5 394	-	-
City of Johannesburg	8 760	-	-	8 760	8 760	-	-
Rand West Local Municipality	2 100	-	-	2 100	-	2 100	-
eThekweni	27 893	-	2 400	30 293	30 293	-	-
uMhlatuze	6 500	-	-	6 500	6 500	-	-
Vhembe	-	-	-	-	-	-	-
Polokwane	6 213	-	1 000	7 213	7 213	-	-
Govan Mbeki	23 000	-	-	23 000	23 000	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.2 INFRASTRUCTURE SKILLS DEVELOPMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2016/17)				TRANSFER (2016/17)		
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocation by The National Treasury or National Department R'000
Gert Sibande	5 500	-	-	5 500	5 500	-	-
Sol Plaatje	4 633	-	-	4 633	4 633	-	-
John Taolo Gaetsewe District Municipality	3 200	-	-	3 200	3 200	-	-
City of Cape Town	10 393	903	-	11 296	11 296	-	-
George	4 100	-	500	4 600	4 600	-	-
Total	140 774	903	3 900	145 577	141 677	3 900	-

40.1.3 NEIGHBOURHOOD DEVELOPMENT GRANT

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)		
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocation by The National Treasury or National Department R'000
City of Cape Town Metropolitan	2 109	-	-	2 109	2 109	-	-
City of Johannesburg Metropolitan	79 523	-	(34 041)	45 482	45 482	-	-
City of Tshwane Metropolitan	20 000	-	-	20 000	20 000	-	-
Ekurhuleni Metropolitan	82 000	-	20 574	102 574	102 574	-	-
eThekweni Metropolitan	50 000	-	674	50 674	50 674	-	-
Nelson Mandela Bay	15 000	-	(2 890)	12 110	12 110	-	-
Mogale City	20 000	-	1 235	21 235	21 235	-	-
Buffalo City	10 000	-	(10 000)	-	-	-	-
City of Matlosana	75 000	-	(26 245)	48 755	48 755	-	-
Ermfuleni	30 000	-	(14 975)	15 025	9 474	-	-
Mbombela	40 000	-	(1 865)	38 135	38 135	-	-
Polokwane	26 000	-	15 027	41 027	41 027	-	-
Mangaung	15 000	-	(10 000)	5 000	5 000	-	-
Msunduzi	40 000	-	(1 904)	38 096	38 096	-	-
Newcastle	50 000	-	(15 233)	34 767	34 767	-	-
Rustenburg	10 000	-	(10 000)	-	-	-	-
Emalahleni/Witbank	25 000	-	(15 500)	9 500	9 500	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

40.1.3 NEIGHBOURHOOD DEVELOPMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)			Re-allocation by The National Treasury or National Department %
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000		
Sol Plaatjie	27 500	-	70 037	97 537	97 537	-	-	
Kwadukuza	-	-	-	-	-	-	-	
Ndwedwe	-	-	-	-	-	-	-	
West Rand	10 000	-	43 277	53 277	53 277	-	-	
Knysna	10 000	-	(1 091)	8 909	8 909	-	-	
Amathole	15 080	-	(7 080)	8 000	8 000	-	-	
Mandeni	11 178	-	-	11 178	11 178	-	-	
Greater Tubatse	-	-	-	-	-	-	-	
Total	669 390	-	-	663 390	6 578 839	-	-	

40.1.4 INTEGRATED CITIES DEVELOPMENT GRANT

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)			Re-allocation by The National Treasury or National Department %
	DoRA and other transfers R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000		
Buffalo	6 956	-	-	6 956	6 956	-	-	
Nelson Mandela Bay	7 308	-	-	7 308	7 308	-	-	
Mangaung	8 224	-	-	8 224	8 224	-	-	
City of Johannesburg	82 182	-	-	82 182	82 182	-	-	
City Of Tshwane	38 429	-	-	38 429	38 429	-	-	
Ekurhuleni Metro	48 646	-	-	48 646	48 646	-	-	
eThekweni	39 111	-	-	39 111	39 111	-	-	
Cape Town	61 263	-	-	61 263	61 263	-	-	
Total	292 119	-	-	292 119	292 119	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)			SPENT (2017/18)			2016/17 Division of Revenue Act	
	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
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		%
iKai-Garib	2 345	-	-	2 345	2 345	-	-	2 345	645	1 700	28%	2 010
iKheis	2 345	-	-	2 345	2 345	-	-	2 345	2 102	243	90%	2 010
AbaQulusi	1 700	-	-	1 700	1 700	-	-	1 700	1 700	-	100%	1 625
Alfred Duma	3 600	-	-	3 600	3 600	-	-	3 600	1 513	2 087	42%	3 450
Alfred Nzo District Municipality	1 795	-	-	1 795	1 795	-	-	1 795	506	1 289	28%	1 460
Amahlathi	1 700	-	-	1 700	1 700	-	-	1 700	1 592	108	94%	1 625
Amajuba District Municipality	1 500	-	-	1 500	1 500	-	-	1 500	833	667	56%	1 500
Amathole District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	998	252	80%	1 250
Ba-Phalaborwa	2 145	-	-	2 145	2 145	-	-	2 145	1 845	300	86%	1 810
Beaufort West	1 700	-	-	1 700	1 700	-	-	1 700	1 329	371	78%	1 625
Bela-Bela	1 700	-	-	1 700	1 700	-	-	1 700	1 230	470	72%	1 625
Bergivier	1 550	-	-	1 550	1 550	-	-	1 550	1 271	279	82%	1 475
Big Five Hlabisa	3 800	-	-	3 800	3 800	-	-	3 800	2 276	1 524	60%	3 650
Bitou	1 550	-	-	1 550	1 550	-	-	1 550	1 211	339	78%	1 475
Blouberg	2 533	-	-	2 533	2 533	-	-	2 533	1 843	690	73%	2 433
Blue Crane Route	1 700	-	-	1 700	1 700	-	-	1 700	1 281	419	75%	1 625
Bojanala Platinum District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	909	341	73%	1 250
Breede Valley	1 550	-	-	1 550	1 550	-	-	1 550	1 219	331	79%	1 475
Buffalo City	1 300	-	-	1 300	1 300	-	-	1 300	976	324	75%	1 300
Bushbuckridge	2 145	-	-	2 145	2 145	-	-	2 145	1 559	586	73%	1 810
Cape Agulhas	1 550	-	-	1 550	1 550	-	-	1 550	1 550	-	100%	1 475

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Cape Winelands District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	872	378	70%	1 250	
Capricorn District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	933	317	75%	1 250	
Cederberg	1 550	-	-	1 550	1 550	-	-	1 550	912	638	59%	1 475	
Central Karoo District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	981	269	78%	1 250	
Chief Albert Luthuli	1 700	-	-	1 700	1 700	-	-	1 700	947	753	56%	1 625	
Chris Hani District Municipality	1 500	-	-	1 500	1 500	-	-	1 500	1 209	291	81%	1 500	
City of Cape Town	1 050	-	-	1 050	1 050	-	-	1 050	760	290	72%	1 050	
City of Johannesburg	1 050	-	-	1 050	1 050	-	-	1 050	792	258	75%	1 050	
City of Matielosana	2 145	-	-	2 145	2 145	-	-	2 145	1 627	518	76%	1 810	
City of Mbombela	3 400	-	-	3 400	3 400	-	-	3 400	1 951	1 449	57%	3 250	
City of Tshwane	2 650	-	-	2 650	2 650	-	-	2 650	2 650	-	100%	2 875	
Dannhauser	1 900	-	-	1 900	1 900	-	-	1 900	1 877	23	99%	1 825	
Dawid Kruiper	4 045	-	-	4 045	4 045	-	-	4 045	3 604	441	89%	3 635	
Dihlabeng	1 700	-	-	1 700	1 700	-	-	1 700	1 119	581	66%	1 625	
Dikgatlong	2 345	-	-	2 345	2 345	-	-	2 345	1 690	655	72%	2 010	
Dipaleseng	1 900	-	-	1 900	1 900	-	-	1 900	1 629	271	86%	1 825	
Ditsofotla	2 145	-	-	2 145	2 145	-	-	2 145	2 145	-	100%	1 810	
Dr Beyers Naude	5 945	-	-	5 945	5 945	-	-	5 945	2 878	3 067	48%	5 460	
Dr JS Moroka	1 700	-	-	1 700	1 700	-	-	1 700	1 700	-	100%	1 625	
Dr Kenneth Kaunda District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	694	556	56%	1 250	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Dr Nkosazana Dlamini Zuma	3 800	-	-	3 800	3 800	-	-	3 800	2 665	1 135	70%	3 650	
Dr Pixley ka Isaka Seme	1 700	-	-	1 700	1 700	-	-	1 700	854	846	50%	1 625	
Dr Ruth Segomotsi Mompoti District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	459	791	37%	1 250	
Drakenstein	1 550	-	-	1 550	1 550	-	-	1 550	864	686	56%	1 475	
Eden District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	946	304	76%	1 250	
eDumbe	1 900	-	-	1 900	1 900	-	-	1 900	1 544	356	81%	1 825	
Ehlanzeni District Municipality	1 500	-	-	1 500	1 500	-	-	1 500	878	622	59%	1 500	
Ekurhuleni	1 050	-	-	1 050	1 050	-	-	1 050	393	657	37%	1 050	
Elias Motsoaledi	1 700	-	-	1 700	1 700	-	-	1 700	789	911	46%	1 625	
Elundini	1 700	-	-	1 700	1 700	-	-	1 700	328	1 372	19%	1 625	
eMadlangeni	1 900	-	-	1 900	1 900	-	-	1 900	1 533	367	81%	1 825	
Emakhazeni	1 900	-	-	1 900	1 900	-	-	1 900	1 618	282	85%	1 825	
Emalahleni (EC)	2 345	-	-	2 345	2 345	-	-	2 345	1 486	859	63%	2 010	
Emalahleni (MP)	2 145	-	-	2 145	2 145	-	-	2 145	2 145	-	100%	1 810	
Empuleni	1 550	-	-	1 550	1 550	-	-	1 550	616	934	40%	1 475	
Emtharjjeni	1 700	-	-	1 700	1 700	-	-	1 700	1 265	435	74%	1 625	
eNdumeni	1 700	-	-	1 700	1 700	-	-	1 700	1 320	380	78%	1 625	
Engcobo	1 700	-	-	1 700	1 700	-	-	1 700	360	1 340	21%	1 625	
Enoch Mgijima	5 945	-	-	5 945	5 945	-	-	5 945	5 720	225	96%	5 460	
Ephraim Mogale	2 145	-	-	2 145	2 145	-	-	2 145	1 516	629	71%	1 810	
eThekweni	1 050	-	-	1 050	1 050	-	-	1 050	1 050	-	100%	1 050	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fezile Dabi District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	777	473	62%	1 250	1 250	
Frances Baard District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	967	283	77%	1 250	1 250	
Gamagara	1 700	-	-	1 700	1 700	-	-	1 700	1 411	289	83%	1 625	1 625	
Ga-Segonyana	2 145	-	-	2 145	2 145	-	-	2 145	2 145	-	100%	1 810	1 810	
George	1 550	-	-	1 550	1 550	-	-	1 550	976	574	63%	1 475	1 475	
Gert Sibande District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 114	136	89%	1 250	1 250	
Govan Mbeki	1 700	-	-	1 700	1 700	-	-	1 700	956	744	56%	1 625	1 625	
Great Kei	2 345	-	-	2 345	2 345	-	-	2 345	1 725	620	74%	2 010	2 010	
Greater Giyani	2 145	-	-	2 145	2 145	-	-	2 145	1 999	146	93%	1 810	1 810	
Greater Kokstad	1 800	-	-	1 800	1 800	-	-	1 800	800	1 000	44%	1 725	1 725	
Greater Letaba	2 145	-	-	2 145	2 145	-	-	2 145	1 598	547	74%	1 810	1 810	
Greater Taung	2 345	-	-	2 345	2 345	-	-	2 345	1 563	782	67%	2 010	2 010	
Greater Tzaneen	2 145	-	-	2 145	2 145	-	-	2 145	1 017	1 128	47%	1 810	1 810	
Hantam	1 900	-	-	1 900	1 900	-	-	1 900	1 603	297	84%	1 825	1 825	
Harry Gwala District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	864	386	69%	1 250	1 250	
Hessequa	1 550	-	-	1 550	1 550	-	-	1 550	1 550	-	100%	1 475	1 475	
iLembe District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	791	459	63%	1 250	1 250	
iMpendle	1 900	-	-	1 900	1 900	-	-	1 900	343	1 557	18%	1 825	1 825	
iNkosi Langalibalele	3 600	-	-	3 600	3 600	-	-	3 600	2 603	997	72%	3 450	3 450	
Intsika Yethu	2 145	-	-	2 145	2 145	-	-	2 145	1 143	1 002	53%	1 810	1 810	
Inxuba Yethemba	2 145	-	-	2 145	2 145	-	-	2 145	2 145	-	100%	1 810	1 810	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	R'000	%	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	%	R'000
Joe Gqabi District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	725	525	58%	1 250	58%	1 250	
Joe Morolong	2 145	-	-	2 145	2 145	-	-	2 145	1 233	912	57%	1 810	57%	1 810	
John Taolo Gaetsewe District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	996	254	80%	1 250	80%	1 250	
Jozini	1 900	-	-	1 900	1 900	-	-	1 900	1 840	60	97%	1 825	97%	1 825	
Kagisano-Molopo	3 076	-	-	3 076	3 076	-	-	3 076	2 412	664	78%	2 749	78%	2 749	
Kamiesberg	2 345	-	-	2 345	2 345	-	-	2 345	2 161	184	92%	2 010	92%	2 010	
Kannaland	2 145	-	-	2 145	2 145	-	-	2 145	1 706	439	80%	1 810	80%	1 810	
Kareeberg	1 900	-	-	1 900	1 900	-	-	1 900	1 620	280	85%	1 825	85%	1 825	
Karoo Hoogland	1 900	-	-	1 900	1 900	-	-	1 900	1 853	47	98%	1 825	98%	1 825	
Kgatelopele	2 345	-	-	2 345	2 345	-	-	2 345	1 516	829	65%	2 010	65%	2 010	
Kgetlengrivier	2 345	-	-	2 345	2 345	-	-	2 345	1 083	1 262	46%	2 010	46%	2 010	
Khâi-Ma	1 900	-	-	1 900	1 900	-	-	1 900	1 509	391	79%	1 825	79%	1 825	
King Cetshwayo District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	714	536	57%	1 250	57%	1 250	
King Sabata Dalindyebo	2 145	-	-	2 145	2 145	-	-	2 145	1 717	428	80%	1 810	80%	1 810	
Knysna	1 550	-	-	1 550	1 550	-	-	1 550	1 045	505	67%	1 475	67%	1 475	
Kopanong	1 700	-	-	1 700	1 700	-	-	1 700	433	1 267	25%	1 625	25%	1 625	
Kouga	1 700	-	-	1 700	1 700	-	-	1 700	1 089	611	64%	1 625	64%	1 625	
Kou-Kamma	1 900	-	-	1 900	1 900	-	-	1 900	1 122	778	59%	1 825	59%	1 825	
KwaDukuza	1 800	-	-	1 800	1 800	-	-	1 800	673	1 127	37%	1 725	37%	1 725	
Laingsburg	1 800	-	-	1 800	1 800	-	-	1 800	1 594	206	89%	1 725	89%	1 725	
Langeberg	1 550	-	-	1 550	1 550	-	-	1 550	1 358	192	88%	1 475	88%	1 475	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17	
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	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Lejweleputswa District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 232	18	99%	1 250	1 250	
Lekwa	1 700	-	-	1 700	1 700	-	-	1 700	1 662	38	98%	1 625	1 625	
Lekwa-Teemane	2 145	-	-	2 145	2 145	-	-	2 145	1 958	187	91%	1 810	1 810	
Lepele-Nkumpi	2 145	-	-	2 145	2 145	-	-	2 145	1 127	1 018	53%	1 810	1 810	
Lephalale	1 700	-	-	1 700	1 700	-	-	1 700	1 593	107	94%	1 625	1 625	
Lesedi	1 550	-	-	1 550	1 550	-	-	1 550	716	834	46%	1 475	1 475	
Letsemeng	1 900	-	-	1 900	1 900	-	-	1 900	1 492	408	79%	1 825	1 825	
LIM 345	2 345	-	-	2 345	2 345	-	-	2 345	2 322	23	99%	2 010	2 010	
LIM 368	4 045	-	-	4 045	4 045	-	-	4 045	2 457	1 588	61%	3 635	3 635	
LIM 476	4 045	-	-	4 045	4 045	-	-	4 045	3 321	724	82%	3 635	3 635	
Madibeng	1 700	-	-	1 700	1 700	-	-	1 700	1 475	225	87%	1 625	1 625	
Mafikeng	2 145	-	-	2 145	2 145	-	-	2 145	1 454	691	68%	1 810	1 810	
Mafube	2 345	-	-	2 345	2 345	-	-	2 345	691	1 654	29%	2 010	2 010	
Magareng	1 900	-	-	1 900	1 900	-	-	1 900	708	1 192	37%	1 825	1 825	
Makana	2 145	-	-	2 145	2 145	-	-	2 145	313	1 832	15%	1 810	1 810	
Makhado	1 700	-	-	1 700	1 700	-	-	1 700	1 066	634	63%	1 625	1 625	
Makhuduthamaga	1 700	-	-	1 700	1 700	-	-	1 700	1 223	477	72%	1 625	1 625	
Maluti-a-Phofung	2 145	-	-	2 145	2 145	-	-	2 145	426	1 719	20%	1 810	1 810	
Mamusa	2 345	-	-	2 345	2 345	-	-	2 345	1 902	443	81%	2 010	2 010	
Mandeni	1 900	-	-	1 900	1 900	-	-	1 900	673	1 227	35%	1 825	1 825	
Mangaung	3 645	-	-	3 645	3 645	-	-	3 645	1 191	2 454	33%	3 310	3 310	
Mantsopa	2 145	-	-	2 145	2 145	-	-	2 145	2 145	-	100%	1 810	1 810	
Maphumulo	1 900	-	-	1 900	1 900	-	-	1 900	485	1 415	26%	1 825	1 825	
Maquassi Hills	2 145	-	-	2 145	2 145	-	-	2 145	722	1 423	34%	1 810	1 810	
Maruleng	1 900	-	-	1 900	1 900	-	-	1 900	1 669	231	88%	1 825	1 825	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Masifonyana	1 900	-	-	1 900	1 900	-	-	1 900	142	1 758	7%	1 825		
Matatiele	1 700	-	-	1 700	1 700	-	-	1 700	1 028	672	60%	1 625		
Matjhabeng	2 145	-	-	2 145	2 145	-	-	2 145	2 144	1	100%	1 810		
Matzikama	1 550	-	-	1 550	1 550	-	-	1 550	1 119	431	72%	1 475		
Mbhashe	1 700	-	-	1 700	1 700	-	-	1 700	1 206	494	71%	1 625		
Mbizana	2 145	-	-	2 145	2 145	-	-	2 145	1 373	772	64%	1 810		
Merafong City	1 700	-	-	1 700	1 700	-	-	1 700	943	757	55%	1 625		
Metsimaholo	1 700	-	-	1 700	1 700	-	-	1 700	440	1 260	26%	1 625		
Mhlonlto	2 345	-	-	2 345	2 345	-	-	2 345	1 967	378	84%	2 010		
Midvaal	1 550	-	-	1 550	1 550	-	-	1 550	1 550	-	100%	1 475		
Mkhambathini	1 900	-	-	1 900	1 900	-	-	1 900	584	1 316	31%	1 825		
Mkhondo	2 145	-	-	2 145	2 145	-	-	2 145	1 279	866	60%	1 810		
Mnquma	1 700	-	-	1 700	1 700	-	-	1 700	1 153	547	68%	1 625		
Mogalakwena	1 700	-	-	1 700	1 700	-	-	1 700	1 550	150	91%	1 625		
Mogale City	1 550	-	-	1 550	1 550	-	-	1 550	953	597	61%	1 475		
Mohokare	1 900	-	-	1 900	1 900	-	-	1 900	600	1 300	32%	1 825		
Molemole	2 333	-	-	2 333	2 333	-	-	2 333	1 143	1 190	49%	2 233		
Mopani District Municipality	1 795	-	-	1 795	1 795	-	-	1 795	1 444	351	80%	1 460		
Moqhaka	2 145	-	-	2 145	2 145	-	-	2 145	1 138	1 007	53%	1 810		
Moretele	2 145	-	-	2 145	2 145	-	-	2 145	1 152	993	54%	1 810		
Moses Kotane	1 700	-	-	1 700	1 700	-	-	1 700	877	823	52%	1 625		
Mossel Bay	1 550	-	-	1 550	1 550	-	-	1 550	1 309	241	84%	1 475		
Mpofana	1 900	-	-	1 900	1 900	-	-	1 900	1 886	14	99%	1 825		
Msukaligwa	2 145	-	-	2 145	2 145	-	-	2 145	1 613	532	75%	1 810		
Msunduzi	1 700	-	-	1 700	1 700	-	-	1 700	1 076	624	63%	1 625		

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STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

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	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Mithonjaneni	2 850	-	-	2 850	2 850	-	-	2 850	2 850	-	100%	2 738	
Mtubatuba	1 900	-	-	1 900	1 900	-	-	1 900	1 343	557	71%	1 825	
Musina	1 900	-	-	1 900	1 900	-	-	1 900	1 536	364	81%	1 825	
Nala	2 345	-	-	2 345	2 345	-	-	2 345	1 707	638	73%	2 010	
Naledi	1 700	-	-	1 700	1 700	-	-	1 700	1 222	478	72%	1 625	
Nama Khoi	2 145	-	-	2 145	2 145	-	-	2 145	1 876	269	87%	1 810	
Namakwa District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 053	197	84%	1 250	
Ndlambe	1 900	-	-	1 900	1 900	-	-	1 900	1 332	568	70%	1 825	
Ndwedwe	1 900	-	-	1 900	1 900	-	-	1 900	1 092	808	57%	1 825	
Nelson Mandela Bay	1 050	-	-	1 050	1 050	-	-	1 050	548	502	52%	1 050	
Newcastle	1 700	-	-	1 700	1 700	-	-	1 700	393	1 307	23%	1 625	
Ngaka Mocliri Molema District Municipality	1 795	-	-	1 795	1 795	-	-	1 795	581	1 214	32%	1 460	
Ngqushwa	2 345	-	-	2 345	2 345	-	-	2 345	2 139	206	91%	2 010	
Ngquza Hill	1 700	-	-	1 700	1 700	-	-	1 700	398	1 302	23%	1 625	
Ngwathe	2 145	-	-	2 145	2 145	-	-	2 145	83	2 062	4%	1 810	
Nkandla	1 900	-	-	1 900	1 900	-	-	1 900	1 711	189	90%	1 825	
Nkangala District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 208	42	97%	1 250	
Nketoana	1 700	-	-	1 700	1 700	-	-	1 700	859	841	51%	1 625	
Nkomazi	1 700	-	-	1 700	1 700	-	-	1 700	1 017	683	60%	1 625	
Nongoma	1 900	-	-	1 900	1 900	-	-	1 900	1 567	333	82%	1 825	
Nquthu	1 900	-	-	1 900	1 900	-	-	1 900	1 029	871	54%	1 825	
Ntbankulu	1 900	-	-	1 900	1 900	-	-	1 900	933	967	49%	1 825	
Nyandeni	1 700	-	-	1 700	1 700	-	-	1 700	1 455	245	86%	1 625	

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STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
O.R. Tambo District Municipality	2 045	-	-	2 045	2 045	-	-	2 045	1 425	620	70%	1 710	
Okhahlamba	1 900	-	-	1 900	1 900	-	-	1 900	1 005	895	53%	1 825	
Oudtshoorn	1 550	-	-	1 550	1 550	-	-	1 550	932	618	60%	1 475	
Overberg District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 057	193	85%	1 250	
Overstrand	1 550	-	-	1 550	1 550	-	-	1 550	756	794	49%	1 475	
Phokwane	2 145	-	-	2 145	2 145	-	-	2 145	1 046	1 099	49%	1 810	
Phumelela	2 345	-	-	2 345	2 345	-	-	2 345	2 123	222	91%	2 010	
Pixley Ka Seme District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	936	314	75%	1 250	
Polokwane	2 979	-	-	2 979	2 979	-	-	2 979	1 668	1 311	56%	2 619	
Port St Johns	1 900	-	-	1 900	1 900	-	-	1 900	749	1 151	39%	1 825	
Prince Albert	1 700	-	-	1 700	1 700	-	-	1 700	1 182	518	70%	1 625	
Ramotshere Moiloa	2 145	-	-	2 145	2 145	-	-	2 145	1 448	697	68%	1 810	
Rand West City	3 100	-	-	3 100	3 100	-	-	3 100	2 569	531	83%	2 950	
Ratlou	1 900	-	-	1 900	1 900	-	-	1 900	1 206	694	63%	1 825	
Ray Nkonyeni	3 600	-	-	3 600	3 600	-	-	3 600	1 501	2 099	42%	3 450	
Raymond Mhlaba	3 800	-	-	3 800	3 800	-	-	3 800	3 163	637	83%	3 650	
Renosterberg	2 345	-	-	2 345	2 345	-	-	2 345	1 917	428	82%	2 010	
Richmond	1 900	-	-	1 900	1 900	-	-	1 900	1 236	664	65%	1 825	
Richtersveld	1 900	-	-	1 900	1 900	-	-	1 900	1 428	472	75%	1 825	
Rustenburg	1 700	-	-	1 700	1 700	-	-	1 700	693	1 007	41%	1 625	
Sakhisizwe	1 700	-	-	1 700	1 700	-	-	1 700	1 249	451	73%	1 625	
Saldanha Bay	1 550	-	-	1 550	1 550	-	-	1 550	665	885	43%	1 475	
Sarah Baartman District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 192	58	95%	1 250	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Sediberg District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	690	560	55%	1 250	
Sekhukhune District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	586	664	47%	1 250	
Senqu	1 700	-	-	1 700	1 700	-	-	1 700	839	861	49%	1 625	
Setsotho	1 700	-	-	1 700	1 700	-	-	1 700	1 349	351	79%	1 625	
Siyancuma	2 345	-	-	2 345	2 345	-	-	2 345	1 825	520	78%	2 010	
Siyathemba	2 345	-	-	2 345	2 345	-	-	2 345	1 770	575	75%	2 010	
Sol Plaatje	1 700	-	-	1 700	1 700	-	-	1 700	938	762	55%	1 625	
Stellenbosch	1 550	-	-	1 550	1 550	-	-	1 550	1 353	197	87%	1 475	
Steve Tshwete	1 700	-	-	1 700	1 700	-	-	1 700	603	1 097	35%	1 625	
Sundays River Valley	2 345	-	-	2 345	2 345	-	-	2 345	1 084	1 261	46%	2 010	
Swartland	1 550	-	-	1 550	1 550	-	-	1 550	1 438	112	93%	1 475	
Swellendam	1 700	-	-	1 700	1 700	-	-	1 700	1 385	315	81%	1 625	
Thaba Chweu	2 145	-	-	2 145	2 145	-	-	2 145	1 649	496	77%	1 810	
Thabazimbi	2 145	-	-	2 145	2 145	-	-	2 145	1 852	293	86%	1 810	
Thabo Mofutsanyana District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 250	-	100%	1 250	
Theewaterskloof	1 700	-	-	1 700	1 700	-	-	1 700	942	758	55%	1 625	
Thembelihle	2 345	-	-	2 345	2 345	-	-	2 345	2 345	-	100%	2 010	
Thembisile Hani	1 700	-	-	1 700	1 700	-	-	1 700	1 291	409	76%	1 625	
Thulamela	1 700	-	-	1 700	1 700	-	-	1 700	1 505	195	89%	1 625	
Tokologo	1 900	-	-	1 900	1 900	-	-	1 900	1 158	742	61%	1 825	
Tsantsabane	2 345	-	-	2 345	2 345	-	-	2 345	1 940	405	83%	2 010	
Tswaing	2 345	-	-	2 345	2 345	-	-	2 345	1 910	435	81%	2 010	
Tswelopele	1 900	-	-	1 900	1 900	-	-	1 900	1 227	673	65%	1 825	
uBuhlebezwe	1 900	-	-	1 900	1 900	-	-	1 900	1 344	556	71%	1 825	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	R'000	%
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Ubuntu	1 900	-	-	1 900	1 900	-	-	1 900	1 571	329	83%	1 825		
Ugu District Municipality	1 795	-	-	1 795	1 795	-	-	1 795	972	823	54%	1 460		
Ulundi	1 800	-	-	1 800	1 800	-	-	1 800	1 800	-	100%	1 725		
uMdoni	4 245	-	-	4 245	4 245	-	-	4 245	2 674	1 571	63%	3 835		
uMfolozi	1 900	-	-	1 900	1 900	-	-	1 900	1 610	290	85%	1 825		
uMgungundlovu District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 250	-	100%	1 250		
uMhlabuyalingana	1 900	-	-	1 900	1 900	-	-	1 900	458	1 442	24%	1 825		
uMhlatuze	2 650	-	-	2 650	2 650	-	-	2 650	1 517	1 133	57%	2 537		
uMkhanyakude District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	345	905	28%	1 250		
UMlalazi	1 700	-	-	1 700	1 700	-	-	1 700	1 133	567	67%	1 625		
uMngeni	1 700	-	-	1 700	1 700	-	-	1 700	1 182	518	70%	1 625		
uMshwathi	1 900	-	-	1 900	1 900	-	-	1 900	1 430	470	75%	1 825		
uMsinga	1 900	-	-	1 900	1 900	-	-	1 900	1 735	165	91%	1 825		
Umsobomvu	1 900	-	-	1 900	1 900	-	-	1 900	1 899	1	100%	1 825		
uMuziwabantu	1 900	-	-	1 900	1 900	-	-	1 900	720	1 180	38%	1 825		
uMvoti	1 800	-	-	1 800	1 800	-	-	1 800	751	1 049	42%	1 725		
uMzimkhulu	1 900	-	-	1 900	1 900	-	-	1 900	1 030	870	54%	1 825		
Umqimvu	1 700	-	-	1 700	1 700	-	-	1 700	1 013	687	60%	1 625		
uMzinyathi District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	766	484	61%	1 250		
uMzumbe	1 900	-	-	1 900	1 900	-	-	1 900	1 900	-	100%	1 825		
uPhongolo	1 900	-	-	1 900	1 900	-	-	1 900	1 235	665	65%	1 825		
uThukela District Municipality	1 795	-	-	1 795	1 795	-	-	1 795	1 344	451	75%	1 460		

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Ventersdorp/Tlokwe	4 045	-	-	4 045	4 045	-	-	4 045	2 758	1 287	68%	3 635	
Vhembe District Municipality	1 795	-	-	1 795	1 795	-	-	1 795	1 710	85	95%	1 460	
Victor Khanye	1 700	-	-	1 700	1 700	-	-	1 700	892	808	52%	1 625	
Walter Sisulu	4 245	-	-	4 245	4 245	-	-	4 245	1 309	2 936	31%	3 835	
Waterberg District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	713	537	57%	1 250	
West Coast District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	638	612	51%	1 250	
West Rand District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	1 017	233	81%	1 250	
Witzenberg	1 550	-	-	1 550	1 550	-	-	1 550	380	1 170	25%	1 475	
Xhariep District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	762	488	61%	1 250	
Z.F. Mgcawu District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	535	715	43%	1 250	
Zululand District Municipality	1 250	-	-	1 250	1 250	-	-	1 250	641	609	51%	1 250	
Total	502 006	-	-	502 006	502 006	-	-	502 006	338 929	1 864 339	68%	465 264	
Buffalo City	10 560	-	-	10 560	10 560	-	-	10 560	1 938	8 622	18%	9 000	
Nelson Mandela Bay	15 394	-	-	15 394	15 394	-	-	15 394	2 284	13 110	15%	14 500	
Enoch Mgijima	1 800	-	-	1 800	-	1 800	-	-	-	-	-	2 800	
King Sabata Dalindyebo	5 334	-	-	5 334	5 334	-	-	5 334	1 438	3 896	27%	5 000	
Alfred Nzo	5 394	-	-	5 394	5 394	-	-	5 394	622	4 772	12%	5 000	
City of Johannesburg	8 760	-	-	8 760	8 760	-	-	8 760	1 243	7 517	14%	7 700	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)					TRANSFER (2017/18)					SPENT (2017/18)					2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000			
Rand West Local Municipality	2 100	-	-	2 100	-	2 100	-	-	-	-	-	-	3 300			
eThekweni	27 893	-	2 400	30 293	30 293	-	-	30 293	4 576	25 717	15%	28 500				
uMhlathuze	6 500	-	-	6 500	6 500	-	-	6 500	1 199	5 301	18%	6 500				
Vhembe	-	-	-	-	-	-	-	-	-	-	-	2 855				
Polokwane	6 213	-	1 000	7 213	7 213	-	-	7 213	1 345	5 868	19%	6 000				
Govan Mbeki	23 000	-	-	23 000	23 000	-	-	23 000	8 249	14 751	36%	14 000				
Gert Sibande	5 500	-	-	5 500	5 500	-	-	5 500	958	4 542	17%	5 500				
Sol Plaatje	4 633	-	-	4 633	4 633	-	-	4 633	268	4 365	6%	3 700				
John Taolo Gaetsewe District Municipality	3 200	-	-	3 200	3 200	-	-	3 200	628	2 572	20%	3 000				
City of Cape Town	10 393	903	-	11 296	11 296	-	-	11 296	2 122	9 174	19%	9 416				
George	4 100	-	500	4 600	4 600	-	-	4 600	924	3 676	20%	3 700				
TOTAL	140 774	903	3 900	145 577	141 677	3 900	-	141 677	27 794	514 953	20%	130 471				
City of Cape Town Metropolitan	2 109	-	-	2 109	2 109	-	-	2 109	-	2 109	0%	12 215				
City of Johannesburg Metropolitan	79 523	-	(34 041)	45 482	45 482	-	-	45 482	26 893	18 589	59%	60 730				
City of Tshwane Metropolitan	20 000	-	-	20 000	20 000	-	-	20 000	498	19 502	2%	48 500				
Ekurhuleni Metropolitan	82 000	-	20 574	102 574	102 574	-	-	102 574	27 785	74 789	27%	41 234				
eThekweni Metropolitan	50 000	-	674	50 674	50 674	-	-	50 674	10 402	40 272	21%	51 100				
Nelson Mandela Bay	15 000	-	(2 890)	12 110	12 110	-	-	12 110	8 980	3 130	74%	21 476				

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)					TRANSFER (2017/18)					SPENT (2017/18)				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	R'000		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000			
Mogale City	20 000	-	1 235	21 235	21 235	-	-	21 235	19 893	1 342	94%	46 910			
Buffalo City	10 000	-	(10 000)	-	-	-	-	-	-	-	-	19 346			
City of Matlosana	75 000	-	(26 245)	48 755	48 755	-	-	48 755	35 250	13 505	72%	26 052			
Ermfuleni	30 000	-	(14 975)	15 025	9 474	-	-	9 474	1 888	7 586	20%	12 240			
Mbombela	40 000	-	(1 865)	38 135	38 135	-	-	38 135	30 298	7 837	79%	48 637			
Polokwane	26 000	-	15 027	41 027	41 027	-	-	41 027	16 005	25 022	39%	34 538			
Mangaung	15 000	-	(10 000)	5 000	5 000	-	-	5 000	1 749	3 251	35%	60 543			
Msunduzi	40 000	-	(1 904)	38 096	38 096	-	-	38 096	12 489	25 607	33%	22 110			
Newcastle	50 000	-	(15 233)	34 767	34 767	-	-	34 767	7 011	27 756	20%	28 323			
Rustenburg	10 000	-	(10 000)	-	-	-	-	-	-	-	-	7 465			
Emalahleni/Witbank	25 000	-	(15 500)	9 500	9 500	-	-	9 500	9 500	-	100%	33 081			
Sol Plaatje	27 500	-	70 037	97 537	97 537	-	-	97 537	69 270	28 267	71%	7 500			
Kwadukuza	-	-	-	-	-	-	-	-	-	-	-	11 000			
Ndwedwe	-	-	-	-	-	-	-	-	-	-	-	11 000			
West Rand	10 000	-	43 277	53 277	53 277	-	-	53 277	12 230	41 047	23%	10 000			
Knysna	10 000	-	(1 091)	8 909	8 909	-	-	8 909	8 909	-	100%	10 000			
Amathole	15 080	-	(7 080)	8 000	8 000	-	-	8 000	8 000	-	100%	-			
Mandeni	11 178	-	-	11 178	11 178	-	-	11 178	972	10 206	9%	-			
Greater Tubatse	-	-	-	-	-	-	-	-	-	-	-	-			
Total	663 390	-	-	663 390	657 839	-	-	657 839	308 022	349 817	47%	624 000			

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT - CONTINUED

NAME OF MUNICIPALITY	GRANT ALLOCATION (2017/18)				TRANSFER (2017/18)				SPENT (2017/18)				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Buffalo	6 956	-	-	6 956	6 956	-	-	6 956	6 956	-	100%	6 080	
Nelson Mandela Bay	7 308	-	-	7 308	7 308	-	-	7 308	2 532	4 776	35%	9 276	
Mangaung	8 224	-	-	8 224	8 224	-	-	8 224	8 224	-	100%	10 912	
City of Johannesburg	82 182	-	-	82 182	82 182	-	-	82 182	8 450	73 732	10%	64 746	
City Of Tshwane	38 429	-	-	38 429	38 429	-	-	38 429	3 864	34 565	10%	42 652	
Ekurhuleni Metro	48 646	-	-	48 646	48 646	-	-	48 646	20 904	27 742	43%	38 078	
eThekweni	39 111	-	-	39 111	39 111	-	-	39 111	31 248	7 863	80%	50 256	
Cape Town	61 263	-	-	61 263	61 263	-	-	61 263	23 545	37 718	38%	44 805	
Total	292 119	-	-	292 119	292 119	-	-	292 119	105 723	186 396	36%	266 805	
Grand Total	1 598 289	903	3 900	1 603 092	1 593 641	3 900	-	1 593 641	780 468	2 915 505	49%	1 486 540	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION (2017/18)					TRANSFER (2017/18)			2016/17 Appropriation Act
	Adjusted Appropriation	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred			
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Accounting Standards Board	13 463	-	-	13 463	13 463	100%			12 517
Audit Statutory Bodies	196 278	-	-	196 278	196 278	100%			79 075
Tv Licences	19	-	-	19	19	100%			10
Financial Intelligence Centre	270 191	-	-	270 191	270 191	100%			256 372
Government Technical Advisory Centre	605 782	-	(28)	605 754	605 754	100%			770 878
Independent Regulatory Board for Auditors	39 624	-	-	39 624	39 624	100%			28 978
South African Revenue Service	10 218 198	-	(5)	10 218 193	10 218 193	100%			9 363 676
Secret Services	4 835 448	-	-	4 835 448	4 835 448	100%			4 556 115
Skills Development Levy	2 061	-	-	2 061	2 061	100%			2 106
Cooperative Banking Development Agency	19 275	-	-	19 275	19 275	100%			16 872
Financial and Fiscal Commission	50 647	-	-	50 647	50 647	100%			44 839
Total transfers to departmental agencies	16 250 986	-	(33)	16 250 953	16 250 953	100%			15 131 438

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION (2017/18)					TRANSFER (2017/18)				2016/17 Appropriation Act
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred			Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
PUBLIC CORPORATIONS										
Transfers	10 586	-	-	10 586	5 000	47,2%	-	-	-	11 999
Economic Research of Southern Africa	10 586	-	-	10 586	5 000	47,2%	-	-	-	11 999
Subtotal: Public corporation	10 586	-	-	10 586	5 000	47,2%	-	-	-	11 999
Total	10 586	-	-	10 586	5 000	47,2%	-	-	-	11 999

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1D

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION (2017/18)				TRANSFER (2017/18)		2016/17
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfer							
Commonwealth Fund for Technical Cooperation	6 117	-	-	6 117	6 117	100%	5 826
International Funding Facility for Immunisation	14 410	-	-	14 410	11 712	81%	13 779
Common Monetary Area Compensation	754 924	-	136 800	891 724	891 723	118%	792 251
World Bank Group (International Development Association)	56 667	-	-	56 667	53 590	95%	90 680
African Development Bank and African Development Fund	73 465	-	-	73 465	73 191	100%	1 269
African Regional Technical Assistance Centre for Southern Africa	1 441	-	-	1 441	1 177	82%	1 000
Infrastructure Consortium for Africa	-	-	-	-	-	-	-
Collaborative African Budget Reform Initiative	2 512	-	-	2 512	2 400	96%	1 923
African Institute for Economic Development and Planning	1 153	-	-	1 153	956	83%	-
African Export Import Bank	-	-	-	-	-	-	-
African Risk Capacity	-	-	-	-	-	-	-
United Kingdom Tax (FIGO)	2 567	-	-	2 567	1 255	49%	2 445
Total	913 256	-	136 800	1 050 056	1 042 121	114%	909 173

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION (2017/18)					TRANSFER (2017/18)			2016/17
	Adjusted Appropriation Act R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Appropriation Act		
							R'000	%	
Transfers									
Other benefits	-	-	-	-	-	-	-	93 088	
Injury on duty	1 496	-	-	1 496	1 496	100%	581 664		
Military benefits ex-servicemen	12 447	-	-	12 447	11 516	93%	22 810		
SA Citizen Force	-	-	-	-	-	-	204 846		
Special pensions	1 371 730	-	-	1 371 730	1 347 185	98%	458 679		
Post-retirement medical schemes contribution	2 462 727	-	-	2 462 727	2 462 504	100%	2 137 884		
Social assistance (bursaries)	1 800	-	-	1 800	1 373	76%	1 580		
Service benefits leave gratuity	2 149	-	-	2 149	2 029	94%	3 824		
Non-statutory Forces	737 300	-	-	737 300	737 300	100%	899 600		
Total	4 589 649	-	-	4 589 649	4 563 403	99%	4 403 975		

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	PAID BACK ON/ BY 31 MARCH	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
European Union (Mun Fin Man Tech Assistance)	Improve capacity development in public finance management across the three spheres of government with emphasis on provincial and municipal levels	-	1 984	1 498	-	486
Scholarship Programme (Ga)	Belgian contribution towards the completion of masters and postgraduate degrees in development finance	1	26	26	1	(0)
BUDGET OFF DATA ANALY PROJECT	Support for budget data analysis for improvement of budgeting processes in the public sector	2 587	4 799	2 948	2 587	1 851

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE		REVENUE		EXPENDITURE		PAID BACK ON/ BY 31 MARCH		CLOSING BALANCE	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
SCOA For Municipal Project	To finance the standard charts of accounts project in municipalities	2 110	-	-	-	-	-	2 110	-	-	-
THE BELG TECHNICAL COOP (BTC)	Belgian contribution towards the research in development finance	280	2 750	2 380	371	279					
Capacity Building for Public Finance Management Programme	Develop public financial management capacity of national provincial and local government	4 920	4 920	5 020	(100)	4 920					
Technical and Management Support (TMS)	Strengthening capacity of national and provincial departments and agencies to combating poverty and inequality	150	712	657	55	150					
JICADCIS PROJECT	Establish and operationalise a management information system (knowledge management information system for ODA (DCMIS))	-	324	324	-	-					
Cities Support Programme	Contribute to the implementation of the Medium Term Strategic Framework and accompanying outcomes based approach which aims to improve the conditions of life of South Africans and halving poverty and unemployment.	2 860	-	-	-	2 860					
TC & ODA II (GA)	Enhance efficiency effectiveness and sustainable management of incoming and outgoing ODA to SA and to improve the management and impact of ODA on strategic development priorities of the country	1	-	-	-	1					
TC & ODA IV (GA)	Improve capacity development in public finance management across the three spheres of government with emphasis on provincial and municipal levels	13	-	-	-	13					
PFMA ASS IN PROV PEFA METH African Fiscal Forum (GA)	Measure the progress made with regards to Public Finance Management (PFM) improvement informing and guiding the Government's PFM capacity development programme in coordination with the donor community.	364	335	165	170	364					
Technical Assistance Facility (Ga)	Strengthening capacity of national and provincial departments in South Africa.	(1)	4 359	1 308	3 051	-					
Subtotal		13 284	20 209	14 326	5 885	13 285					
Total		13 284	20 209	14 326	5 885	13 285					

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1G

STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2017/18		2016/17	
	R'000		R'000	
Made in kind				
DTA to support to IDC		182		303
Systems developer for DCMS within IDC		-		292
Assistance to Review General Budget Support in South Africa		1 934		3 871
Total		2 116		4 466

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL PUBLIC ENTITIES

NAME OF PUBLIC ENTITY	State Entity's PFMA Schedule type (state year end if not 31 March)	% of shares Held 2017/18	% of shares Held 2016/17	Number of shares held		Cost of investment		Net Asset value of investment	Profit/(Loss) for the year		Losses guarantee Yes/No	
				2017/18	2016/17	R'000	2017/18		2016/17	R'000		2017/18
National/provincial public entities												
Accounting Standards Board	Schedule 3A	-	-	-	-	-	-	38	123	(86)	(74)	No
Cooperative Banks Development Agency	Schedule 3A	-	-	-	-	-	-	6 804	4 062	2 404	(250)	No
Development Bank of Southern Africa	Schedule 2	100	100	200 000	200 000	200 000	200 000	31 971 063	29 265 059	2 758 289	2 576 679	Yes
FAIS Ombudsman	Schedule 3A	-	-	-	-	-	-	2 162	9 134	(6 972)	6 242	No
Financial and Fiscal Commission	Schedule 1	-	-	-	-	-	-	7 632	2 077	5 128	1 095	No
Financial Intelligence Centre	Schedule 3A	-	-	-	-	-	-	98 352	85 010	15 232	(1 611)	No
Financial Services Board	Schedule 3A	-	-	-	-	-	-	412 442	280 853	131 589	46 094	No
Government Technical Advisory Centre	Schedule 3A	-	-	-	-	-	-	345 021	445 632	(87 247)	(371 236)	No

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL PUBLIC ENTITIES

NAME OF PUBLIC ENTITY	State Entity's PFIMA Schedule type	% Held 2016/17	% Held 2015/16	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guarantee
				R'000		R'000		R'000		R'000		
				2016/17*	2015/16	2016/17*	2015/16	2016/17*	2015/16	2016/17*	2015/16	
Government Pensions Administration Agency	Schedule 3A	-	-	-	-	147 307	364 731	-	84 788	-	84 788	No
Independent Regulatory Board for Auditors	Schedule 3A	-	-	-	-	44 925	49 586	(4 662)	(3 169)			No
LAND Bank	Schedule 2	100	100	1	200 955	200 955	6 098 413	305 757	159 774			No
Office of the Pension Funds Adjudicator	Schedule 3A	-	-	-	-	8 576	8 004	572	(508)			No
Public Investment Corporation Ltd	Schedule 3B	100	100	1	1	2 250 771	1 706 936	505 880	424 179			No
Sasria SOC Ltd	Schedule 3B	100	100	1	-	5 749 629	5 372 536	532 954	504 119			No
South African Airways SOC Ltd	Schedule 2	100	100	13 008 758	13 008 758	(15 795 000)	(10 968 000)	(4 677 000)	(1 468 000)			Yes
South African Revenue Service	Schedule 3A	-	-	-	-	3 581 935	4 432 593	(623 368)	(203 314)			No
Total		-	-	13 208 761	13 409 714	34 058 735	31 784 213	(1 141 530)	1 250 689			

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000 2017/18	R'000 2016/17	R'000 2017/18	R'000 2016/17	R'000 2017/18*	R'000 2016/17	R'000 2017/18	R'000 2016/17
Controlled entities									
Accounting Standards Board	Determine standards of generally recognised accounting practice	-	-	38	123	69	55	338	350
Co-operative Banks Development Agency	Establish a regulatory framework for co-operative banks	-	-	6 804	4 062	3 806	1 355	1 916	7 287
Development Bank of Southern Africa	Promote, facilitate by funding mobilise socioeconomic development in Southern Africa while promoting efficiency, fairness, transparency and	200 000	200 000	31 971 063	29 265 059	121 982	71 170	884 819	894 795
FAIS Ombudsman	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	-	-	2 162	9 134	730	8 918	2 231	1 830
Financial and Fiscal Commission	Assist and maintain fiscal the balance between fiscal decentralisation and the unitary state	-	-	7 632	2 077	23	8	665	1 165
Financial Intelligence Centre	Assist in in the identification of unlawful activities, and combating of money laundering activities, financing of terrorism and related	-	-	98 352	85 010	414	1 250	23 209	17 874
Financial Services Board	To oversee the South African nonbanking financial services industry in the public interest	-	-	412 442	280 853	46 415	20 488	76 593	99 844
Government Technical Advisory Centre	Assist organs of state in building their capacity for efficient, effective and transparent financial management.	-	-	345 021	445 632	2 445	9 450	223 436	439 850
Government Pensions Administration	Government Employees Pension Fund in terms of the Government Employees' Pension (GEP) Act (1996)	-	-	147 307	364 731	-	139 490	-	105 122

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of investment		Amounts owing to Entities		Amounts owing by Entities	
		2016/17*	2016/17	2016/17	2016/17*	2016/17	2016/17	2016/17	
		2017/18	2017/18	2017/18	2017/18*	2017/18	2017/18	2016/17	
Controlled entities									
Independent Regulatory Board for Auditors	Registration of public accountants and auditors and for the regulation of the training of public accountants and auditors	-	44 925	49 586	5 099	4 155	5 769	4 146	
LAND Bank	Facilitate access to ownership of land for the development of farming enterprises and agricultural processes for the historically disadvantaged people	200 955	5 227 078	6 098 413	138 949	36 527 837	163 998	383 547	
Office of the Pension Funds Adjudicator	The adjudicator's office investigates and determines complaints of abuse of power, maladministration, disputes of fact or law and employer dereliction of duty in respect of retirement pension funds.	-	8 576	8 004	3 955	1 894	2 601	3 142	
Public Investment Corporation Ltd	Invests funds on behalf of the South African public sector	1	2 250 771	1 706 936	561 449	122 199	56 846	55 803	
Sasria SOC Ltd	Special Risk Insurance	-	5 749 629	5 372 536	273 782	158 709	51 162	144 644	
South African Airways SOC Ltd	South African Airways is South Africa's national air carrier, which operates a full service network in the international region and domestic routes	13 008 758	15 795 000	10 968 000	6 780 000	8 284 000	9 762 000	8 321 000	
Total		13 409 714	65 648 735	53 720 213	8 068 631	45 499 411	11 873 120	11 114 426	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 - LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees drawn down during the year	Guarantees repaid/cancelled/reduced/released during the year	Revaluation	Closing balance 31 March 2018 Revaluations	Guaranteed interest for year ended 31 March 2018	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Development Bank of Southern Africa	Former Bophuthatswana Regional Authority	1 26 060	64 473	-	6 754	-	57 719	26 287	-
Land and Agricultural Development Bank of South Africa	Consolidation of debt	100 000	92 728	-	-	-	92 728	-	-
Land and Agricultural Development Bank of South Africa	Financial sustainability	1 500 000	-	-	-	-	-	-	-
Land and Agricultural Development Bank of South Africa	Financial sustainability	2 700 000	2 700 000	-	-	-	2 700 000	2 267	-
Land and Agricultural Development Bank of South Africa	Refinancing risk	3 000 000	-	-	-	-	-	-	-
South African Airways	Going concern 1	1 600 000	1 596 000	-	50 000	-	1 546 000	5 231	-
South African Airways	Going concern 2	5 006 000	4 795 000	-	1 741 760	-	3 053 240	18 715	-
South African Airways	Going concern 3	6 488 000	6 450 000	-	2 948 989	-	3 501 011	26 268	-
South African Airways	Going concern 4	4 720 000	3 609 250	871 950	2 361 400	-	2 119 800	3 181	-
South African Airways	SAA recapitalisation	1 300 000	1 300 000	-	515 335	-	784 665	407	-
	Subtotal	26 540 060	20 607 451	871 950	7 624 238	-	13 855 163	82 356	-
Development Bank of Southern Africa	African Development Bank	1 186 805	199 103	-	126 835	(12 928)	59 340	234	-
Development Bank of Southern Africa	Eurobonds	8 470 000	2 969 770	201 784	-	-	3 171 554	10 875	-
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	427 307	228 082	-	21 613	7 184	213 653	1 080	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw downs during the year	Guarantees repaid/cancelled/reduced/released during the year	Revaluation	Closing balance 31 March 2018 Revaluations	Guaranteed interest for year ended 31 March 2018	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	212 974	149 850	-	10 773	4 681	143 758	727	-
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	183 213	156 174	-	9 020	4 854	152 008	-	-
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	186 820	115 331	-	9 226	3 614	109 719	555	-
Development Bank of Southern Africa	European Investment Bank	1 169 240	41 439	-	42 143	704	-	-	-
Development Bank of Southern Africa	Kreditanstalt fur Wiederaufbau	201 469	117 313	-	10 191	3 686	110 808	560	-
Land and Agricultural Development Bank of South Africa	African Development Bank	1 000 000	1 000 000	-	-	-	1 000 000	11 019	-
Land and Agricultural Development of South Africa	World Bank	1 300 000	-	-	-	-	-	-	-
Total financial guarantees	Subtotal	14 337 828	4 977 062	201 784	229 801	11 795	4 960 840	25 050	-
	Total	40 877 888	25 584 513	1 073 734	7 854 039	11 795	18 816 003	107 406	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017

Nature of Liability	Opening Balance 1 April 2017	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2018
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Contract cancellation claims	4 500	-	-	-	4 500
Alexcor claims	123 228	-	-	-	123 228
Unlawful use of photograph claim	500	-	-	-	500
Xia Xu claim	284	-	-	-	284
Callcom claim	2 400	-	-	-	2 400
VMA Court Records claim	190	-	-	-	190
Stolen cheque claim	67	-	-	-	67
Medihelp claim	9 997	-	-	-	9 997
Transnet Second Benefit Fund claim	1 963 000	-	-	-	1 963 000
Gratuity payment claim	479	-	-	-	479
Payment of damages claim	2 257	-	2 257	-	-
Injury on duty claim	233	-	-	-	233
Services rendered claim	33 134	-	-	-	33 134
Forfeited money claim	1 100	-	-	-	1 100
Breach of contract claim	248 958	-	248 958	-	-
Audit fees claim	2 048	-	2 048	-	-
ML Ceza	-	335	-	-	335
City of Tshwane Metropolitan Municipality	-	171 815	-	-	171 815
Talking Trade (Pty) Ltd	-	286	-	-	286
Matola Zongezile	-	59	-	-	59
Vincent Matome	-	1 000	-	-	1 000
Eng Chun Liu	-	1 250	-	-	1 250
Swire Express (Pty) Ltd	-	1 101	-	-	1 101
Flyfofa Airways (Pty) Ltd	-	32 668	-	-	32 668
Flyfofa Airways (Pty) Ltd	-	17 500	-	-	17 500

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

Nature of Liability	Opening Balance 1 April 2017	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2018
	R'000	R'000	R'000	R'000	R'000
Roelitta cc t/a RVR Consulting	-	1 730	-	-	1 730
Subtotal	2 392 414	227 744	253 263	-	2 366 855
Military Pension	381 592	26 273	48 960	-	358 905
Injury on duty	22 191	3 881	1 489	-	24 583
Special Pension	141 056	15 651	58 407	-	98 300
Subtotal other	544 840	45 804	108 856	-	481 788
Total contingent liabilities	2 937 254	45 804	362 119	-	2 848 683

ANNEXURE 4

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Western Cape	-	-	21	21	21	21
National Departments	5 834	-	2 061	1 217	7 895	1 217
Foreign government	-	-	1 065	1 020	1 065	1 020
Total	5 834	-	3 147	2 258	8 981	2 258

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 5A

INTER-ENTITY ADVANCES PAID

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000
NATIONAL DEPARTMENT						
DIRCO	-	-	359	76	359	76
Subtotal	-	-	359	76	359	76
PUBLIC ENTITIES						
Government Pensions Administration Agency	-	-	-	95	-	95
Subtotal	-	-	-	95	-	95
Total	-	-	-	171	-	171

ANNEXURE 5B

INTER-ENTITY ADVANCES RECEIVED

Description	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000
NATIONAL DEPARTMENTS						
Current						
Dept. of Health	-	-	33	6 515	33	6 515
Subtotal	-	-	33	6 515	33	6 515
Non-Current						
OTHER INSTITUTIONS						
Current	-	-	-	-	-	-
Intern - Jonathan Daven	-	-	12	12	12	12
Subtotal	-	-	12	12	12	12
TOTAL	-	-	45	6 527	45	6 527
Current	-	-	45	6 527	45	6 527

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 6

MOVEMENT IN CAPITAL WORK IN PROGRESS

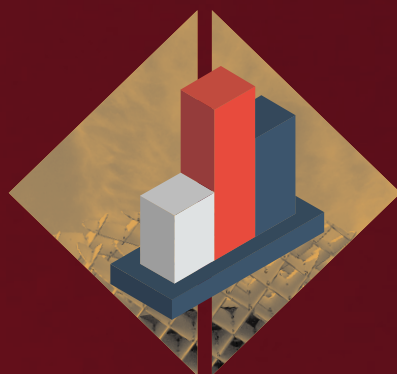
MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
SOFTWARE				
Software	394 262	-	-	394 262
TOTAL	394 262	-	-	394 262

Age analysis on ongoing projects	Number of projects		2017/18
	Planned, Construction not started	Planned, Construction started	Total R'000
1 to 3 Years	-	1	394 262

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
SOFTWARE	-	-	394 262	-	394 262
Software	-	-	394 262	-	394 262
TOTAL					



2017/18 NATIONAL TREASURY

Annual Report
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