



2022/23

NATIONAL TREASURY  
**ANNUAL REPORT**

VOTE 8



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







2022/23  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8

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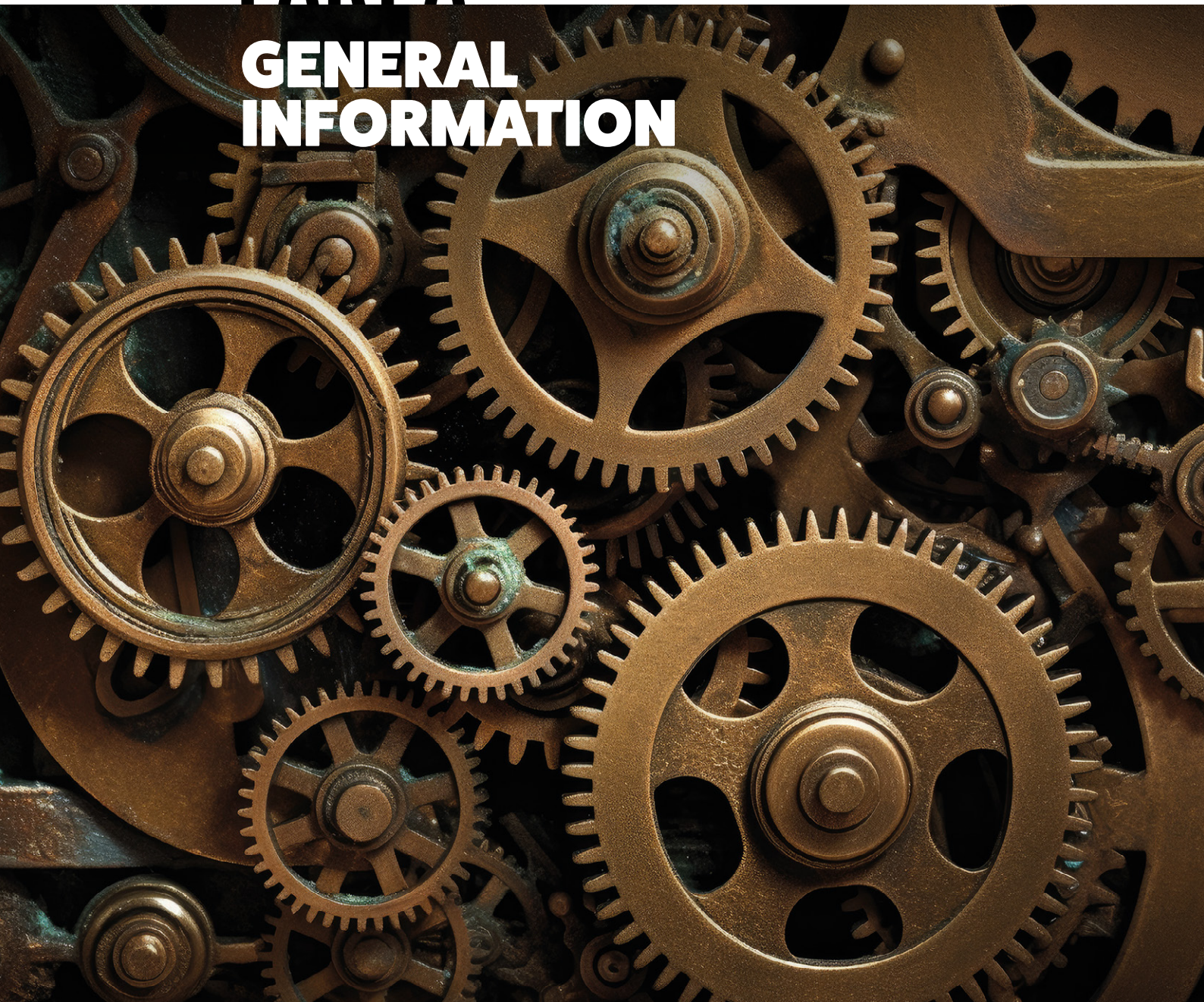




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# PART A

## GENERAL INFORMATION





**DEPARTMENT  
INFORMATION**

**01**

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<b>DEPARTMENT:</b>	National Treasury
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# 02 LIST OF ABBREVIATIONS /ACRONYMS

ABBREVIATION	DESCRIPTION
<b>AAG</b>	Africa Advisory Group
<b>AC</b>	Audit Committee
<b>ACSA</b>	Airports Company of South Africa
<b>ADF</b>	African Development Fund
<b>AEMFC</b>	African Exploration Mining and Finance Corporation
<b>AENE</b>	Adjusted Estimates of National Expenditure
<b>AfDB</b>	African Development Bank
<b>AFS</b>	Annual Financial Statements
<b>AGSA</b>	Auditor-General South Africa
<b>AI</b>	Artificial Intelligence
<b>AIF</b>	Africa Investment Forum
<b>ALM</b>	Asset and Liability Management
<b>AO</b>	Accounting Officer
<b>APA</b>	Auditing Profession Act
<b>APC</b>	Assessment of Professional Competence
<b>APP</b>	Annual Performance Plan
<b>APR</b>	Annual Performance Report
<b>ASB</b>	Accounting Standards Board
<b>AU</b>	African Union
<b>BANKSETA</b>	Banking Sector Education and Training Authority
<b>BAS</b>	Basic Accounting System
<b>BASA</b>	Banking Association South Africa
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>BCM</b>	Business Continuity Management
<b>BCP</b>	Business Continuity Plan
<b>BEE</b>	Black Economic Empowerment
<b>BFI</b>	Budget Facility for Infrastructure
<b>BMA</b>	Border Management Authority
<b>BO</b>	Budget Office
<b>BRICS</b>	Brazil, Russia, India, China and South Africa
<b>BTO</b>	Budget and Treasury Office
<b>CA</b>	Chartered Accountant
<b>CAA</b>	Chartered Accountants Academy
<b>CABRI</b>	Collaborative Africa Budget Reform Initiative
<b>CBDA</b>	Co-operative Banks Development Agency



# LIST OF ABBREVIATIONS /ACRONYMS

02

ABBREVIATION	DESCRIPTION
<b>CBT</b>	Climate Budget Tagging
<b>CD</b>	Chief Directorate
<b>CDOP</b>	Chief Directorate Operational Plan
<b>CDP</b>	Community Development Programme
<b>CDPL</b>	Capability Development Problem Led
<b>CEDMF</b>	The City Economic Development Managers' Forum
<b>CEF</b>	Central Energy Fund
<b>CFI</b>	Cooperative Financial Institution
<b>CFO</b>	Chief Financial Officer
<b>CIDMS</b>	Cities Infrastructure Delivery and Management System
<b>CIPPPF</b>	Cities Investment Programme and Project Preparation Facility
<b>CMA</b>	Common Monetary Area
<b>CoGTA</b>	Cooperative Governance and Traditional Affairs
<b>COP</b>	Community of Practice
<b>CPO</b>	Chief Procurement Office
<b>CS</b>	Corporate Services
<b>CSD</b>	Central Supplier Database
<b>CSIR</b>	Council for Scientific and Industrial Research
<b>CSP</b>	Cities Support Programme
<b>CSPS</b>	Civilian Secretariat for the Police Service
<b>CwA</b>	Compact with Africa
<b>DBE</b>	Department of Basic Education
<b>DBSA</b>	Development Bank of Southern Africa
<b>DCoG</b>	Department of Cooperative Governance
<b>DED</b>	Department of Economic Development
<b>DEL</b>	Department of Employment and Labour
<b>DFI</b>	Development Finance Institution
<b>DG</b>	Director-General
<b>DHA</b>	Department of Home Affairs
<b>DHET</b>	Department of Higher Education and Training
<b>DHS</b>	Department of Human Settlements
<b>DIRCO</b>	Department of International Relations and Cooperation
<b>DMRE</b>	Department of Mineral Resources and Energy
<b>DoH</b>	Department of Health
<b>DoJCD</b>	Department of Justice and Constitutional Development



# 02 LIST OF ABBREVIATIONS /ACRONYMS

<b>ABBREVIATION</b>	<b>DESCRIPTION</b>
<b>DoRA</b>	Division of Revenue Act
<b>DORB</b>	Division of Revenue Bill
<b>DoT</b>	Department of Transport
<b>DPCI</b>	Directorate for Priority Crime Investigation
<b>DPE</b>	Department of Public Enterprises
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>DPSA</b>	Department of Public Service and Administration
<b>DPWI</b>	Department of Public Works
<b>DSBD</b>	Department of Small Business Development
<b>DSD</b>	Department of Social Development
<b>DSSI</b>	Debt Service Suspension Initiative
<b>DTIC</b>	Department of Trade, Industry and Competition
<b>DCDT</b>	Department of Communications and Digital Technologies
<b>DTT</b>	Digital Terrestrial Television
<b>DWS</b>	Department of Water and Sanitation
<b>DWYPD</b>	Department of Women, Youth and People with Disability
<b>EBFAC</b>	Essentials of Budget Formulation and Analysis Course
<b>ECD</b>	Early Childhood Development
<b>EHW</b>	Employee Health and Wellness
<b>ENE</b>	Estimates of National Expenditure
<b>EPR</b>	Extended Producer Responsibility
<b>EPWP</b>	Expanded Public Works Programme
<b>ERM</b>	Enterprise Risk Management
<b>ERRP</b>	Economic Reconstruction and Recovery Plan
<b>EU</b>	European Union
<b>EXCO</b>	Executive Committee
<b>F15</b>	Committee of Fifteen Finance Ministers
<b>FAIS</b>	Financial Advisory and Intermediary Services
<b>FAQs</b>	Frequently Asked Questions
<b>FASSET</b>	Finance and Accounting Services Sector Education and Training Authority
<b>FATF</b>	Financial Action Task Force
<b>FFC</b>	Financial and Fiscal Commission
<b>FIC</b>	Financial Intelligence Centre
<b>FICA</b>	Financial Intelligence Centre Act
<b>FLC</b>	Fiscal Liability Committee



# LIST OF ABBREVIATIONS /ACRONYMS

ABBREVIATION	DESCRIPTION
<b>FMCMM</b>	Financial Management Capability Maturity Model
<b>FMG</b>	Financial Management Grant
<b>FMISD</b>	Financial Management Capacity Development Programme for Improved Service Delivery
<b>FOSAD</b>	Forum of South African Directors General
<b>FRP</b>	Financial Recovery Plan
<b>FSB</b>	Financial Services Board
<b>FSCA</b>	Financial Sector Conduct Authority
<b>FSLAB</b>	Financial Sector Laws Amendment Bill
<b>FSR</b>	Financial Sector Regulation
<b>FSRA</b>	Financial Sector Regulation Act
<b>FST</b>	Financial Sector Tribunal
<b>G20</b>	Group of Twenty
<b>GAVI</b>	Global Alliance for Vaccines and Immunization
<b>GBS</b>	General Budget Support
<b>GBVF</b>	Gender Based Violence and Femicide
<b>GDP</b>	Gross Domestic Product
<b>GDP</b>	Graduate Development Programme
<b>GEF7</b>	Global Environment Facility's seventh replenishment
<b>GEMS</b>	Government Employees Medical Scheme
<b>GEPF</b>	Government Employees Pension Fund
<b>GFA</b>	Guarantee Framework Agreement
<b>GIFT</b>	Global Initiative on Fiscal Transparency
<b>GMC</b>	Governance, Monitoring and Compliance
<b>GPAA</b>	Government Pensions Administration Agency
<b>GRAP</b>	Standards of Generally Recognised Accounting Practice
<b>GRB</b>	Gender Responsive Budgeting
<b>GRC</b>	Governance Review Committee
<b>GTAC</b>	Government Technical Advisory Centre
<b>HIV</b>	Human Immunodeficiency Virus
<b>HOA</b>	Home Owners' Allowance
<b>HOD</b>	Head of Department
<b>HRM</b>	Human Resource Management
<b>HSRC</b>	Human Sciences Research Council
<b>IA</b>	Internal Audit
<b>IAASB</b>	International Auditing and Assurance Standards Board



# 02 LIST OF ABBREVIATIONS /ACRONYMS

<b>ABBREVIATION</b>	<b>DESCRIPTION</b>
<b>IBRD</b>	International Bank of Reconstruction and Development
<b>ICDG</b>	Integrated Cities Development Grant
<b>ICT</b>	Information and Communication Technology
<b>ICU</b>	Internal Control Unit
<b>IDA</b>	International Development Association
<b>IDC</b>	Industrial Development Corporation
<b>IDC</b>	International Development Cooperation
<b>IDEP</b>	Institute for Development Economic Planning
<b>IDIP</b>	Infrastructure Delivery Improvement Programme
<b>IDMS</b>	Infrastructure Delivery Management System
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFFI</b>	International Finance Facility for Immunization
<b>IFMS</b>	Integrated Financial Management System
<b>IGR</b>	Inter-Governmental Relations
<b>IIA SA</b>	Institute of Internal Auditors South Africa
<b>IKMS</b>	Integrated Knowledge Management System
<b>IMF</b>	International Monetary Fund
<b>IOD</b>	Injury on Duty
<b>IPID</b>	Independent Police Investigative Directorate
<b>IPPs</b>	Independent Power Producers
<b>IPTN</b>	Integrated Public Transport Network
<b>IRBA</b>	Independent Regulatory Board for Auditors
<b>ISA</b>	Infrastructure South Africa
<b>ISDG</b>	Infrastructure Skills Development Grant
<b>ITAC</b>	International Trade Administration Commission
<b>ITC</b>	Initial Test of Competence
<b>JICS</b>	Judicial Inspectorate for Correctional Services
<b>KM</b>	Knowledge Management
<b>KRA</b>	Key Result Area
<b>Land Bank</b>	Land and Agricultural Development Bank of South Africa
<b>LGBA</b>	Local Government Budget Analysis
<b>LGCBS</b>	Local Government Capacity Building System
<b>LGFM</b>	Local Government Financial Management
<b>LGSETA</b>	Local Government Sector Education and Training Authority
<b>LICs</b>	Low Income Countries



# LIST OF ABBREVIATIONS /ACRONYMS

02

ABBREVIATION	DESCRIPTION
<b>LOGIS</b>	Logistical Information System
<b>MBRR</b>	Municipal Budget and Reporting Regulation
<b>MBT</b>	Minibus Taxi Reform
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MCS</b>	Modified Cash Standards
<b>MDBs</b>	Multilateral Development Banks
<b>MEC</b>	Member of Executive Council
<b>MFIP</b>	Municipal Finance Improvement Programme
<b>MFMA</b>	Municipal Finance Management Act
<b>MFMP</b>	Municipal Finance Management Programme
<b>MFRS</b>	Municipal Finance Recovery Service
<b>MICs</b>	Middle Income Countries
<b>MIG</b>	Municipal Infrastructure Grant
<b>MINCOMBUD</b>	Ministers' Committee on the Budget
<b>MISA</b>	Municipal Infrastructure Support Agent
<b>MMA</b>	Multilateral Monetary Agreement
<b>MOU</b>	Memorandum of Understanding
<b>MPAT</b>	Management Performance Assessment Tool
<b>MPSA</b>	Minister of Public Service and Administration
<b>MRMIP</b>	Municipal Revenue Management Improvement Programme
<b>mSCOA</b>	Municipal Standard Chart of Accounts
<b>MTA</b>	Municipal Technical Assistant
<b>MTBPS</b>	Medium Term Budget Policy Statement
<b>MTEC</b>	Medium Term Expenditure Committee
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTREF</b>	Medium Term Revenue and Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>NCOP</b>	National Council of Provinces
<b>NCR</b>	National Credit Regulator
<b>NDA</b>	National Development Agency
<b>NDB</b>	New Development Bank
<b>NDMC</b>	National Disaster Management Center
<b>NDOH</b>	National Department of Health
<b>NDP</b>	National Development Plan
<b>NDPG</b>	Neighbourhood Development Partnership Grant



# 02 LIST OF ABBREVIATIONS /ACRONYMS

<b>ABBREVIATION</b>	<b>DESCRIPTION</b>
<b>NDPP</b>	Neighbourhood Development Partnership Programme
<b>NEDLAC</b>	National Economic Development and Labour Council
<b>NERSA</b>	National Energy Regulator of South Africa
<b>NHI</b>	National Health Insurance
<b>NPA</b>	National Prosecuting Authority
<b>NQF</b>	National Qualifications Framework
<b>NRF</b>	National Research Facility
<b>NRF</b>	National Revenue Fund
<b>NSF</b>	National Skills Fund
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>NSG</b>	National School of Government
<b>NT</b>	National Treasury
<b>NYDA</b>	National Youth Development Agency
<b>OAG</b>	Office of the Accountant-General
<b>OCPO</b>	Office of the Chief Procurement Officer
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OMF</b>	Organisational Management Framework
<b>OPFA</b>	Office of the Pension Funds Adjudicator
<b>OPMMS</b>	Organisational Performance Monitoring Management System
<b>OPSC</b>	Office of the Public Service Commission
<b>OSD</b>	Occupational Specific Dispensation
<b>OTO</b>	Office of the Tax Ombud
<b>PAA</b>	Public Audit Act
<b>PAIA</b>	Promotion of Access to Information Act
<b>PCCC</b>	Presidential Climate Change Commission
<b>PCFTT</b>	Presidential Climate Finance Task Team
<b>PEIR</b>	Public Expenditure and Implementation Review
<b>PEOU</b>	Public Entities Oversight Unit
<b>PERSAL</b>	Personnel and Salary Administration System
<b>PES</b>	Provincial Equitable Share
<b>PF</b>	Public Finance
<b>PFM</b>	Public Finance Management
<b>PFMA</b>	Public Finance Management Act
<b>PFMCDs</b>	Public Financial Management Capacity Development Strategy





# LIST OF ABBREVIATIONS /ACRONYMS

ABBREVIATION	DESCRIPTION
<b>PFS</b>	Public Finance Statistics
<b>PIC</b>	Public Investment Corporation
<b>PINK</b>	Procurement, Infrastructure Management and Knowledge Management Capacity Building Programme
<b>PMDS</b>	Performance Management and Development System
<b>POCA</b>	Prevention of Organised Crime Act
<b>POPIA</b>	Protection of Personal Information Act
<b>PPB</b>	Public Procurement Bill
<b>PPF</b>	Project Preparation Fund
<b>PPP</b>	Public Private Partnership
<b>PPFA</b>	Preferential Procurement Policy Framework Act
<b>PPSG</b>	Programme Project Preparation Support Grant
<b>PPR</b>	Preferential Procurement Regulation
<b>PPSA</b>	Public Protector South Africa
<b>PRASA</b>	Passenger Rail Agency of South Africa
<b>PRMB</b>	Post-Retirement Medical Benefit
<b>PRMG</b>	Provincial Roads Maintenance Grant
<b>PSA</b>	Public Service Act
<b>PSC</b>	Public Service Commission
<b>PSCBC</b>	Public Service Co-ordinating Bargaining Council
<b>PSRAF</b>	Public Sector Remuneration Analysis and Forecasting
<b>PT</b>	Provincial Treasury
<b>PTA</b>	Provincial Technical Assistants
<b>QASP</b>	Quality Assurance Self-Assessment Preparation
<b>RDP</b>	Reconstruction and Development Programme
<b>RISDP</b>	Regional Indicative Strategic Development Plan
<b>RM</b>	Records Management
<b>RMC</b>	Risk Management Committee
<b>S&amp;P</b>	Standard and Poor Global Ratings Agency
<b>SA</b>	South Africa
<b>SAA</b>	South African Airways
<b>SABC</b>	South African Broadcasting Corporation
<b>SABS</b>	South African Bureau of Standards
<b>SACU</b>	Southern African Customs Union
<b>SADC</b>	Southern African Development Community
<b>SALGA</b>	South African Local Government Association



# 02 LIST OF ABBREVIATIONS /ACRONYMS

<b>ABBREVIATION</b>	<b>DESCRIPTION</b>
<b>SANDF</b>	South African National Defence Force
<b>SANRAL</b>	South African National Roads Agency
<b>SAPO</b>	South African Post Office
<b>SAPS</b>	South African Police Service
<b>SARB</b>	South African Reserve Bank
<b>SARS</b>	South African Revenue Service
<b>SAS</b>	Specialised Audit Services
<b>SASRIA</b>	South African Special Risks Insurance Association
<b>SASSA</b>	South African Social Security Agency
<b>SA-TIED</b>	Southern Africa - Towards Inclusive Economic Development
<b>SAX</b>	South African Express
<b>SCCU</b>	Serious Commercial Crimes Unit
<b>SCM</b>	Supply Chain Management
<b>SCOA</b>	Standard Chart of Accounts
<b>SCoA</b>	Standing Committee on Appropriations
<b>SCoF</b>	Standing Committee on Finance
<b>SCOPA</b>	Standing Committee on Public Accounts
<b>SDIP</b>	Service Delivery Improvement Plan
<b>SDRs</b>	Special Drawing Rights
<b>SECO</b>	Swiss State Secretariat for Economic Development
<b>SEDA</b>	Small Enterprise Development Agency
<b>SEFA</b>	Small Enterprise Finance Agency
<b>SHERQ</b>	Safety, Health, Environment, Risk and Quality
<b>SITA</b>	State Information Technology Agency
<b>SIU</b>	Special Investigating Unit
<b>SLA</b>	Service Level Agreement
<b>SM</b>	Security Management
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>SMS</b>	Senior Management Service
<b>SNDB</b>	Sub-National Doing Business
<b>SOC</b>	State-Owned Company
<b>SOE</b>	State-Owned Entity
<b>SOP</b>	Standard Operating Procedures
<b>SPF</b>	Strategic Procurement Framework
<b>SPM&amp;E</b>	Strategic Planning, Monitoring and Evaluation



# LIST OF ABBREVIATIONS /ACRONYMS

ABBREVIATION	DESCRIPTION
<b>SQL</b>	Structured Query Language
<b>SSA</b>	State Security Agency
<b>STI</b>	Science, Technology and Innovation
<b>TA</b>	Technical Advisors
<b>TAA</b>	Tax Administration Act
<b>TALAB</b>	Tax Administration Laws Amendment Bill
<b>TB</b>	Tuberculosis
<b>TCF</b>	Technical Committee on Finance
<b>TCTA</b>	Trans-Caledon Tunnel Authority
<b>TED</b>	Township Economic Development
<b>TETA</b>	Transport Education and Training Authority
<b>TMLA</b>	Tshwane Management Leadership Academy
<b>TVR</b>	Treasury Views & Recommendations
<b>UIF</b>	Unemployment Insurance Fund
<b>UIFW</b>	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
<b>UK-FCDO</b>	UK Foreign, Commonwealth and Development Office
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNU-WIDER</b>	United Nations University World Institute for Development Economics Research
<b>URNS</b>	Urban and Regional Network Strategy
<b>USAID</b>	United States Agency for International Development
<b>USDG</b>	Urban Settlement Development Grant
<b>VPN</b>	Virtual Private Network
<b>WB</b>	World Bank
<b>WEF</b>	World Economic Forum
<b>WHO</b>	World Health Organisation





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# PART A

## GENERAL INFORMATION

### FOREWORD BY THE MINISTER



The last two years have seen multiple challenges that continue to hinder economic growth. Globally, inflation has been stubbornly high and this has raised household costs, as well as those related to investments and government debt. This was exacerbated by Russia's invasion of Ukraine in early 2022, which disrupted global supply chains for agricultural products and kept oil prices higher for longer.

The persistence and severity of load shedding domestically remains a binding constraint to production, investment and employment. As such, real GDP growth in the fourth quarter of 2022 contracted by 1.3 per cent and contributed to the lower-than-expected GDP growth of 2 per cent for the year under review. This was far below what is required to meet government's primary development goals of eradicating poverty, creating employment and reducing inequality.

The National Treasury has consistently maintained that South Africa's challenges are driven by structural weaknesses. Over and above the electricity crisis, the performance of the logistics and transportation system has deteriorated, municipal services and financial stability are in distress, and public safety and investment confidence are blighted by high levels of crime. It is, therefore, of paramount importance that government policy focuses on resolving these impediments.

South Africa was put on a "grey list" by the Financial Action Task Force (FATF) for falling short of meeting certain international standards to combat money laundering and other serious financial crimes. The FATF is a global body that aims to tackle global money laundering and terrorist financing. South Africa has been a member of FATF for the last 20 years due to its commitment to fight these criminal activities at home and abroad. The listing of South Africa as a "jurisdiction under increased monitoring" (grey listing) has caused much concern about the state of its financial institutions, law enforcement agencies and investment environment. The situation is concerning but less dire than some suggest.

In short, since the 2023 Budget was tabled, numerous downside risks to the fiscal outlook have materialised. These were mainly from poor growth, continued difficulties in the financial market and the outcome of the public sector wage negotiations, which the 2023 Budget did not anticipate. The result is that the macro-fiscal position presented in the budget has changed adversely and significantly.

## **STRATEGIC CHOICES IN A CHALLENGING ENVIRONMENT**

In this context, the strategy during 2022/23 dealt with navigating uncertainty and nurturing economic growth. The National Treasury's sustained efforts to narrow the budget deficit, which is key to stabilising the debt-to-GDP ratio, infrastructure investment, and strengthening public sector financial management and overall governance and compliance. The department also remains committed to navigating the difficult domestic and global economic conditions through stable, balanced and clear policies that support faster growth and address emerging fiscal risks. We have responded to the electricity crisis by taking over R254 billion of Eskom's debt. This is intended to ease pressure on the power utility's balance sheet and enable it to invest in transmission and distribution infrastructure while conducting maintenance on existing infrastructure.



## 03 FOREWORD BY THE MINISTER

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“the National Treasury made changes to the **BOUNCE BACK LOAN GUARANTEE SCHEME** to incentivise rooftop solar investments aimed at reducing energy-related constraints experienced by small and medium enterprises”

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The National Treasury has introduced tax incentives to support the rollout of rooftop solar for households. It has also expanded the renewable energy tax incentive for businesses, and has published draft amendments to tax legislation to give effect to the two renewable energy incentives that were announced in the 2023 Budget. These proposals assist in partially addressing the energy crisis and encourage private investment into expanding electricity generation. It provides more information to taxpayers to enable them to use the incentive even before it is legislated in 2023/24.

As a complementary measure, during the period under review, the National Treasury made changes to the Bounce Back Loan Guarantee Scheme to incentivise rooftop solar investments aimed at reducing energy-related constraints experienced by small and medium enterprises (SMEs). As such, government will guarantee solar-related loans to these enterprises on a 20 per cent first-loss basis, as well as facilitate the leasing of rooftop solar by households and SMEs.

Decisive action is needed to restore integrity in the municipal sector. Unfunded mandates, overspending and ineffective revenue management have manifested in many municipalities, which default on debt repayments and fall into financial and service delivery crises. Personnel expenditure is also crowding out spending on service delivery and investment. In response, the National Treasury has placed 25 municipalities under mandatory intervention under section 139(5) of the Constitution, while three municipalities are subject to mandatory intervention under section 139(7). Professionalising municipal administration is a critical pillar for addressing these issues, particularly the training of chief financial officers and municipal managers. The National Treasury supports the countrywide rollout of training to support the implementation of the municipal standard chart of accounts along with a number of other tools and training opportunities.

## **GLOBAL COOPERATION AND PARTICIPATION**

The department is also working on deepening South Africa's trade links within the region and other parts of the world. In 2022/23, the department participated in critical engagements with global financial institutions and worked closely with other government to foster closer trade relations. South Africa is the chair of the Brazil-Russia-India-China (BRICS) group of countries in 2023. This will culminate with the hosting of the 15th BRICS Summit in August 2023. South Africa will use the event to highlight national and continental efforts to revive and reform the global economy in an equitable manner. This, along with participation in other global forums such the World Bank, the International Monetary Fund and the G20, is key to strengthening South Africa's position within multilateral forums.



**ENOCH GODONGWANA**

Minister of Finance

**Date:** 31 August 2023





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# PART A

## GENERAL INFORMATION

### REPORT OF THE DEPUTY MINISTER





Despite the challenges South Africa faces, the country maintains its broad-based competitive advantage in sub-Saharan Africa. Its domestic financial sector is sophisticated and deep, its exchange rate is flexible, and it has strong institutions and a Constitutional system with a Bill of Rights and laws that ensure checks and balances.

In addressing these challenges, during 2022/23, we as the National Treasury, redoubled our efforts to implement a structural reform agenda while maintaining the strong pillars of our system. As such, in addition to providing a clear and stable macroeconomic framework and fiscal strategy in the 2023 Budget that seeks to direct expenditure towards growth-enhancing interventions such as infrastructure, government aims to liberalise the network of industries dominated by inefficient state-owned companies.

Through Operation Vulindlela, we have implemented regulatory changes to allow private investment in power-generation facilities of any size, which has unlocked a massive pipeline of investment. More than 10 000 MW of new wind, solar and battery storage capacity is in development. These projects will both help to address the shortfall in power supply and facilitate our transition away from coal towards clean energy sources. Customs and registration data show that the tax incentives announced in the 2023 Budget have supported a sharp increase in rooftop solar installations by households and businesses.

In the logistics sector, we are implementing reforms to open access to the freight rail network so that private rail operators can compete with Transnet. This includes establishing an independent infrastructure manager, which we expect to be in place by October, to maintain the network and provide access to public and private operators.

To grow the economy and reduce unemployment and poverty, capital investment by the public and private sectors, which amounted to 13.1 per cent of GDP in 2021, needs to significantly increase. Over the past decade, weak growth, rising spending pressures, inefficient delivery and the significant financial support provided to state-owned companies have constrained government's ability to invest in new infrastructure. Private sector investment has also decreased for a variety of reasons. As a result, total capital investment, which has been declining since 2015, has been adversely affected. Between 2011 and 2021, public sector capital investment averaged 5.6 per cent of GDP, while private sector capital investment averaged 11 per cent of GDP. To reach the National Development Plan's target of 30 per cent, public sector investment in infrastructure would need to grow from 3.8 per cent of GDP in 2021 to 10 per cent by 2030, while private sector investment would need to grow from 9.3 per cent of GDP in 2021 to 20 per cent in 2030.

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“State-owned companies continue to be the largest contributor to capital investment, spending a projected **R302.1 BILLION** over the next three years, mainly within the energy, water and transport sectors”

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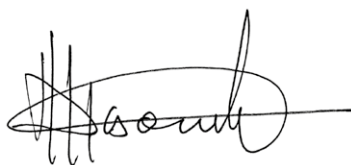
**04 REPORT OF THE DEPUTY MINISTER**

“Provinces are expected to spend **R209.8 BILLION** on infrastructure over the same period, while municipalities are forecast to spend **R190.3 BILLION**”

Public sector infrastructure spending over the next three years is estimated at R903 billion. State-owned companies continue to be the largest contributor to capital investment, spending a projected R302.1 billion over the next three years, mainly within the energy, water and transport sectors. Provinces are expected to spend R209.8 billion on infrastructure over the same period, while municipalities are forecast to spend R190.3 billion. To help close the gap between available public resources and the growing need for infrastructure, government’s economic recovery plan includes immediate measures to boost investor confidence and longer-term reforms to promote sustained economic growth. Higher and more effective infrastructure spending is central to this plan.

The National Treasury, the Department of Public Works and Infrastructure, Infrastructure South Africa and the Infrastructure Fund have undertaken complementary reforms to strengthen the infrastructure value chain. Initiatives include the National Infrastructure Plan 2050, the budget facility for infrastructure and the Infrastructure Fund. The budget facility for infrastructure is aimed at increasing rigour in the planning and appraisal of projects, whereas the Infrastructure Fund is aimed at increasing skills and capacity in the structuring of blended finance projects.

We continued to make progress in these areas in 2022/23 to ensure that structural conditions remain conducive to growth and investment. This gives us reason to be optimistic about the prospects of achieving the core objectives of reducing poverty, increasing employment and combating inequality.



**DAVID MASONDO**

Deputy Minister of Finance

**Date:** 04 September 2023







2022/23  
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# PART A

## GENERAL INFORMATION

### REPORT OF THE ACCOUNTING OFFICER



## **5.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT**

During the reporting period, the National Treasury worked tirelessly to support economic growth, safeguard the fiscal framework, continue to deliver a redistributive budget and ensure the effective management of public finances. Part of this involved strengthening ongoing efforts to stabilise local government, state-owned companies (SOCs) and public debt. The department also focused on rooting out corruption by means of modernising procurement, updating the framework for accounting compliance and reporting, and responding to the recommendations of the state capture commission.

The department chairs an interdepartmental committee that is tasked with overseeing South Africa's response to the findings of the FATF's review in February 2023 that placed the country on a grey list for deficiencies in its anti-money laundering and financing of terrorism regime. In the period under review, the committee assisted with passing two critical pieces of legislation through Parliament that sought to address many of the technical issues identified by the FATF. These are the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act (2022) and the Protection of Constitutional Democracy Against Terrorism and Related Activities Amendment Act (2022). Both came into effect at the end of 2022.

Apart from addressing the technical deficiencies in the anti-money laundering regime, the committee has also overseen a response to the FATF's assessment that authorities' responses to money laundering and terrorist financing is ineffective. Good progress was made on this, which culminated in the submission of a detailed report to the FATF in December 2022. The FATF is currently reviewing South Africa's submission subsequent to these findings and a decision on the grey-listing is expected in October 2023. Apart from addressing the technical deficiencies in our anti-money laundering regime, the IDC has also overseen the country's response to FATF's assessment that our authorities' response to money laundering and terrorist financing threats is insufficiently effective. Good progress on this work in 2022/23, and a voluminous report was provided to FATF in December 2022. While FATF recognised the progress that had been made since the 2021 report on South Africa had been published, it also found that a number of strategic deficiencies continued to exist. As a result, South Africa was put on the FATF's 'grey list' in February 2023, and an action plan was agreed, in terms of which, SA is seeking to exit the grey list in 2025. The IDC is overseeing the process of addressing the items on the action plan.

Economic recovery from COVID-19 pandemic slowed down in 2022, with global growth decreasing to 3.5 per cent from 6.3 per cent in 2021. Growth was hindered by the effects of the Russian invasion of Ukraine, a cost-of-living crisis caused rising inflation and China's economic slowdown. These factors triggered a synchronised tightening of monetary conditions, alongside a rapid appreciation of the US dollar against most other currencies. As part of China's zero-COVID policy, frequent lockdowns in the country took a toll on the economy and weighed heavily on global trade and activity. This has prompted bleak growth forecasts from the International Monetary Fund (IMF).

The slow recovery continues to reflect low levels of business confidence, which decreased from an average of 45.3 index points in 2021/22 to 39.8 index points in 2022/23. This was largely attributed to increasingly severe load shedding throughout the year.



# 05 REPORT OF THE ACCOUNTING OFFICER

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“Technical support was provided to **OPERATION VULINDLELA** towards implementing structural reforms in various sectors such as electricity, telecommunications and logistics”

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The current account of the balance of payments reverted to its historical norm of a deficit in the period under review, to 1.3 per cent of GDP. This came after a current account surplus of 3.2 per cent in the previous year.

The financial account switched to a small surplus after recording a deficit in the previous financial year. This was driven by inflows of net foreign direct investments and net other investments, while net portfolio investments continued to record outflows.

Fiscal metrics continued to improve slowly after the shock of the COVID-19 pandemic, which saw increased government spending in response to it combined with contractions in tax revenue and economic growth. The main budget deficit narrowed to 4.2 per cent of GDP in 2022/23 from 4.6 per cent in 2021/22. Gross government debt, however, increased to 71.1 per cent of GDP in 2022/23, from 68 per cent in 2021/22, as a result of government’s direct debt takeover of a portion of Eskom’s loan portfolio. The 2023 Budget set a target to stabilise gross government debt at 73.6 per cent in 2025/26 after achieving a small surplus on the primary balance in 2022/23.

South Africa’s risk premium worsened significantly to average 4 percentage points in 2022/23, from 3.5 percentage points in 2021/22, although it is below the high of 4.8 percentage points in 2020/21. The average real exchange rate in 2022/23 appreciated by 1.5 per cent compared to the 2021/22 average. However, the rand saw significant depreciation towards the latter part of the year as advanced economies’ monetary policies tightened, particularly in the US.

Reforms embodied in the economic reconstruction and recovery plan (ERRP) and Operation Vulindlela (a collaboration between the National Treasury and the Presidency aimed at fast tracking structural reforms and supporting economic recovery) continue apace. Progress on these initiatives were recorded in the energy sector, freight logistics and digital communications.

The National Treasury endeavours to fulfil its constitutional mandate and legislative obligations on an ongoing basis. In 2022/23, these efforts included ensuring fiscal sustainability, monitoring the use of scarce public resources by spending agencies and coordinating fiscal relations between the three spheres of government. Sound budgetary planning at the provincial and local government levels was encouraged and supported through capacity building initiatives aimed at enabling prudent financial practices.



Stabilising SOCs is also of paramount importance to the department. Efforts towards achieving this during the reporting period included conducting research and analysis informed by economic policy and frameworks. This formed the basis for quarterly economic and revenue forecasts produced during the year. Debt-service costs and funding government's borrowing requirements and cash resources were optimally managed during the reporting period. Ethical behaviour and good governance in public financial management was supported through investigations, monitoring and providing capacity building programmes for compliance with the Public Finance Management Act (1999) (PFMA) and the Municipal Finance Management Act (2003) (MFMA). The system of strategic public procurement was developed further and enhanced. Change agent programmes continue to deliver on national imperatives and departmental priorities. Stakeholder relations and communications were also extended and expanded, thus strengthening existing partnerships and forging new relations.

Policy-relevant research, reports and presentations were produced. This included analyses of monetary and exchange rate policies in support of competitiveness, price stability and economic growth in light of global and financial market events. Macroeconomic trends were monitored and analysed as part of overseeing and implementing South Africa's macroeconomic policy framework in support of sustainable economic growth. Analysis was provided on the prevailing national labour market landscape and research and analytical support was provided for policies that address inequality, industrial policy, competition and regulation; and on actions related to sustainable energy and a just transition to renewable energy.

Technical support was provided to Operation Vulindlela towards implementing structural reforms in various sectors such as electricity, telecommunications and logistics. Work continued to manage the administrative data lab as part of providing support to the Southern Africa – Towards Inclusive Economic Development (SA-TIED) programme. An interdepartmental project to examine the transitioning of the electricity sector in collaboration with the Department of Mineral Resources and Energy (DMRE), the Department of Public Enterprises (DPE) and the Presidency was finalised. Quarterly economic and revenue forecasts were produced with associated scenarios highlighting the primary risks to the baseline macroeconomic forecast as well as evaluation of tax and expenditure proposals at the macro level. Emphasis has been placed on capacity building on forecasting and economic policy impact analysis.

Processes needed to implement tax proposals announced by the Minister of Finance in the 2022 Budget were carried out. Various support measures were taken, including to provide limited short-term relief to households from rising fuel prices after Russia's invasion of Ukraine, the ministers of finance and mineral resources and energy jointly announced a temporary reduction in the general fuel levy between April and August 2022. These measures were subsequently included in the tax legislation was passed in Parliament during the period under review.

Informed by lessons from the Loan Guarantee Scheme, the Bounce-Back Scheme was devised by the department in collaboration with the South African Reserve Bank (SARB), participating banks and other stakeholders. This intervention aimed to provide support to businesses affected by the July 2021 civil unrest and severe flooding in KwaZulu-Natal. Ongoing efforts to reform the financial regulatory sector culminated in the enactment of the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act (2022).

The Financial Sector Conduct Authority (FSCA) published the declaration of crypto assets as a financial product



# 05 REPORT OF THE ACCOUNTING OFFICER

under the Financial Advisory and Intermediary Services Act (2002), while work continued with the SARB's financial surveillance department to implement a new capital flow management system. This is expected to simplify cross-border trade and financial flows, while tightening measures to combat sophisticated financial crimes, unexplained wealth and suspicious financial flows.

Comments received from the consultation process were incorporated into the financial ombud system diagnostic that was published in July 2021. Two papers on proposed retirement reforms have been published and the first set of legislative amendments were published for public comment, followed by consultations. The financial inclusion policy paper has been finalised along with an updated technical paper on financing a sustainable economy. The latter gave rise to a draft green finance taxonomy published for comment.

The department led the national budget process with the publishing of the Budget Review, the Medium Term Budget Policy Statement (MTBPS), the Estimates of National Expenditure (ENE) and Adjusted Estimates of National Expenditure (AENE). In terms of these publications, the National Treasury ensured the overseeing of expenditure planning, providing fiscal advice, leading the budget reform programme, managing official development assistance and compiling public finance statistics.

Treasury approvals and views and recommendations were provided to provincial, national and municipal public-private partnerships (PPPs). This included granting approvals to go into procurement for the second phase of the Gautrain's development, infrastructure upgrades to Tygerberg Hospital and the redevelopment of six ports of entry by the Department of Home Affairs. During the reporting period, work begun to amend Treasury Regulation 16 and municipal PPP regulations in line with recommendations from the PPP framework review.

The purpose of the Infrastructure Fund is to maximise the cost-effective participation of private sector investors in government projects while facilitating early financial closure. The fund is now fully operational in effect and, since its inception two years ago, has helped to package and approve 13 blended finance projects and programmes to the value of R48.8 billion.

Outreach activities were carried out in 2022/23 to enable the department to engage with the public on the budget and budgeting process. This work has been further strengthened through interactions with the Collaborative Africa Budget Reform Initiative (CABRI), the Global Initiative on Fiscal Transparency (GIFT), civil society and other institutions. Additional budget reforms include the building of budget tagging for gender responsive budgeting (GRB) and climate budget tagging (CBT), both of which are ready for piloting in 2024.

The publication of the 2023 Budget on the National Treasury's website included dashboards that accompany statistical tables. The statistics are classified according to international and national standards and stored on a secure structured query language (SQL) server database.

Government accounts – including the operating account, capital account and consolidated financing position – were consolidated and classified by economic and functional classification for the 2022 MTBPS and 2023 Budget Review, and tables were prepared for the 2023 ENE. The development of a data warehouse to enhance the accessibility of data, particularly for users with entry-level IT skills, is still in progress. However, enhancements were made to the





existing dashboard. A number of classification circulars were published in the standard chart of accounts (SCOA), and the department participated in basic accounting system (BAS) user forums.

The regulatory and governance environment was enhanced by providing public entities with advice on legislative, financial and human resources matters.

The focus of Development Cooperation (DC)/Official Development Assistance (ODA) has changed over time from interventions directed at policy and strategy improvements to interventions that target service delivery and reducing poverty. Developments in global geopolitics and economies have affected the flow of ODA to South Africa over the past few years. These developments and the classification of South Africa as an upper-middle income country have resulted in international development partners scaling down or withdrawing ODA to South Africa. As a result, donor funding in the form of grants and donations continues to decrease, with a noticeable move towards concessional loans and technical assistance.

A total of R871.5 million in grants and donations was received in 2022/23 compared to R1.5 billion in 2021/22. However, some international development partners, including Germany, the United States, the European Union and France, have signalled their intent to continue bilateral development cooperation with South Africa, albeit at a reduced scale. The allocation of donor funding has been directed to priority areas such as science and innovation, piloting new projects and approaches, and developing best practices while promoting the efficient use of these resources and value for money. Work with departments that receive donor funding and various units within the National Treasury continues to ensure the alignment of donor funding with budget and policy priorities.

The public sector wage bill accounts for a large portion of public finances. As such, the sustainability of public finances depends largely on government's ability to curb spending in this area. To do this, government continues to institute cost-containment measures and encourages all government institutions to contribute to minimising the wage bill by prioritising spending in areas that stimulate economic growth. On 30 March 2023, the employer and the majority of recognised labour unions in the Public Sector Coordinated Bargaining Council (PSCBC) agreed on a wage settlement for 2023/24 and 2024/25.

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“The **TECHNICAL ASSISTANCE** provided to metros during the period under review supported significant impacts, including reductions in the number of days to connect electricity and transfer properties in several metros”

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# 05 REPORT OF THE ACCOUNTING OFFICER

During the reporting period, the department oversaw budgetary planning and execution in national departments and entities, provided advice and analysis on sectoral policies and programmes, monitored public expenditure, and offered advice on financial and budgetary aspects of public policy and spending proposals. The Public Finance division continued to be the primary link between the National Treasury and national departments and entities.

In the administrative services cluster, during the period under review, the National Treasury provided guidance to the Presidency on the extension of the presidential employment initiative, as well on the funding required for additional Cabinet ministers announced by the President. As part of the Border Management Authority (BMA) steering committee, the department provided guidance on the operationalisation of the BMA as an independent entity.

Technical support was provided on the budget allocation to the South African Special Risks Insurance Association (SASRIA) to address the entity's challenges with regards to liquidity and its financial position. Support was also provided to Statistics South Africa to implement data collection for Census 2022, which was extended from March 2022 to the end of May 2022. An in-depth review of overspending on the census was launched and support was provided for the revision of Vuk'uzenzele newspaper's funding model. Based on the department's spending review on foreign missions, the Department of International Relations and Cooperation (DIRCO) has begun closing missions, with 10 closed to date). Through an approved revision to the programme budget structure, transitional arrangements were made for Infrastructure South Africa, which is expected to become a public entity in the long term under the DPWI.

In the justice and protection services cluster, support was provided to revise the Special Investigating Unit's funding model and assist with recovering its outstanding debt. In a process led by the Department of Justice and Constitutional Development (DOJCD), options were developed for the administration and funding of commissions of inquiry as part of the review of the Commissions Act (1947). During the period under review, the department provided input on establishing a national coordination centre, developing a corporate governance framework for the South African Police Service; Protection of Constitutional Democracy Against Terrorist and Related Activities Amendment Bill, and the Independent Police Investigative Directorate Amendment Bill.

The National Treasury supported the Department of Correctional Services with input on the feasibility study for implementing a self-sustainability model that aims to ensure that products from farms and workshops where offenders work are used to generate revenue and provide nutritious ingredients for their meals. The department continued to monitor the implementation of human resource reforms and exit mechanisms for members of the South African National Defence Force (SANDF) towards easing pressure on the budget for compensation of employees. The department also supported the Department of Defence in funding the deployment of the SANDF in Mozambique and ensured that recommendations from the spending review of the military health support programme were implemented in the 2023 Budget.

In the education cluster, the department advised the basic education sector on receiving and delivering the early childhood development function and participated in the steering committee for the World Bank's public expenditure and implementation review (PEIR) of early childhood development in South Africa. In the reporting period, the department served on the project steering committee that oversees the implementation and planning of the next phases of the presidential employment initiative. It also served on the project steering committee for



teacher training on the robotics and coding project with teacher unions, as well as the ministerial task team to provide advice and support for reviewing student funding towards establishing a sustainable funding model.

In 2022/23, the department served on the adjudication committee for public employment services subsidy schemes for people with disabilities, as well as the joint National Treasury/Unemployment Insurance Fund (UIF) steering committee to review the member contribution rate to the fund. The department provided support to the National Economic Development and Labour Council (NEDLAC)/Presidential Climate Commission (PCC) on the development of a business case for the PCC, which is temporarily housed at NEDLAC. It also provided guidance to the Department of Employment and Labour (DEL) and the South African Revenue Service (SARS) on linking the employment tax incentive to the Employment Services of South Africa system.

Along with the provincial and local infrastructure chief directorate, the department provided advice to the DEL on procuring a project management IT system for infrastructure. This resulted in the department avoiding fruitless and wasteful expenditure. Guidance and support were also provided to the DPWI on managing public entities' municipal debt.

In the health and social development cluster, during the period under review, the National Treasury supported and advised the Department of Health to implement the shift of the port health services function from the department to the BMA. It engaged with the health and justice clusters on medico-legal claims. It undertook analyses to assess the costs and effectiveness of government's efforts to address extreme poverty, the COVID-19 social relief of distress grant, the basic income grant and other safety net options. The National Treasury continued to work with the Department of Social Development to analyse funding mechanisms and strategies for the non-profit sector, including modalities for service provision. It also undertook a spending review of the Department of Women, Youth and Persons with Disabilities, noted overlaps with other structures, and reviewed the National Youth Development Agency's implementation strategy and costing for the national youth service and the proposal to set up a council for gender-based violence and femicide (GBVF).

The National Treasury supported the economic services cluster in 2022/23 by contributing to the development of conditions for allocations to SOCs, the Eskom Debt Relief Bill, and the municipal debt support and SOC funding frameworks. Collaboration and engagements continued with the Department of Public Enterprises (DPE) on funding requests for SOCs, including South African Airways (SAA) to complete its business rescue plan, Transnet for the rehabilitation of out-of-service locomotives and repairs to infrastructure that was damaged by floods, and Denel to settle guaranteed debt and implement its new business model. The department assisted the establishment of a flood relief programme that was intended to respond to damages and losses incurred by small enterprises due to severe flooding in KwaZulu-Natal and Eastern Cape. It also worked with the Department of Trade, Industry and Competition (DTIC) to introduce a load-shedding relief scheme to provide cheaper financing and alternative energy sources for businesses.

In the urban development and infrastructure cluster, the department continued to participate in the steering committee to review the national disaster management system, as well as in the national joint flood coordination committee. It also provided comments on a proposal to restructure and expand the scope of the human settlements development grant. Ongoing support is being provided to the broadcasting digital migration programme and



# 05 REPORT OF THE ACCOUNTING OFFICER

for developing a sustainable model for the second phase of the South Africa Connect project. Participation in consultations on the financial sustainability of the South African Post Office is ongoing, and Department of Transport was assisted with financial modelling and funding options for the Gauteng freeway improvement project.

The Intergovernmental Relations division coordinates fiscal and financial relations between the national, provincial and local spheres of government. This function has significant impact, with 50.9 per cent (R859 billion) of non-interest expenditure for 2023/24 allocated to provinces and municipalities. The Division of Revenue Bill was tabled in February 2023 and included net additions of R93.4 billion over the medium term for provinces to fund spending pressures in the education, health, agriculture and transport sectors, and an additional R8.1 billion over the medium term for municipalities to increase coverage of the provision of free basic services. In addition, the bill introduced the provincial roads maintenance grant as well as a provision for pledging provincial grants for infrastructure. The emergency housing grants ceased to exist as the funds for this function were moved to the budget of the national Department of Human Settlements.

Reviews are being conducted on the capacity building system and conditional grants for local government. The role of the private sector in financing municipal infrastructure has been enhanced and amendments were made to the Municipal Fiscal Powers and Functions Act (2007) to regulate the levying of the development charges. To complement the use of development charges as a means for infrastructure financing, the updated municipal borrowing policy framework was adopted by Cabinet in August 2022. Quarterly municipal borrowing bulletins were published to provide information on municipal borrowing trends and activities.

The cities support programme continued to provide support to metros in selected projects in the areas of economic development, human settlements, public transport, climate resilience, governance and fiscal reforms. The Metros Building Control Conference was co-hosted with the DTIC and a new support element was developed for the metro property titling reform, which is linked to the national-level reforms programme of Operation Vulindlela. The technical assistance provided to metros during the period under review supported significant impacts, including reductions in the number of days to connect electricity and transfer properties in several metros.

Support for the township economic development programme concluded during the period under review, with four

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“An amount of **R3.5 BILLION** was allocated through the municipal disaster recovery grant and the municipal disaster response grant to support municipalities affected by floods in Eastern Cape, Western Cape and KwaZulu-Natal)”

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out of the five strategies approved by metro executive committees. Selected projects are being implemented in each township. To continue this work, the UK Foreign, Commonwealth and Development Office partnered with the cities support programme for two years. Support for industrial parks culminated in the reimagining industrial parks focus group dialogue sessions. The open access spatial tax data portal and the first annual City Economic Outlook report have been completed and will be formally launched in early 2023/24. A pilot project for the SARS-integrated business register project was initiated in July 2022. Based on the success of this work, the UK office will provide further funding for this initiative over a three-year period from April 2023, and leverage support from the UK's Office of National Statistics.

The cities support programme charted a course on change leadership and managing transversality. The community of practice for the cities infrastructure delivery and management system met regularly, and a series of webinars on capturing the value of land was hosted. A practice note guideline on the devolution and assignment of bus transport functions to metropolitan cities and a generic guideline to help cities develop viable options for integrating municipal bus services into the integrated public transport network were produced. Support for the minibus taxi reform project commenced during the reporting period.

Human settlement support work continued through the community development programme, which proceeded to the pilot stage in eThekweni metro, the City of Cape Town, Buffalo City and the City of Johannesburg. The small-scale affordable rental project also proceeded in three pilot metros. In support of climate resilience, the cities support programme and South African Local Government Association (SALGA) hosted regular city water managers forums, convened working sessions on climate-resilient capital investment and supported the production of a discussion paper on the just urban transition with the PCC.

To improve disaster management, a peer learning event for cities was held with the National Disaster Management Centre. The event covered emergency preparedness and response at the city level. Ongoing support is being provided to support Buffalo City metro, Nelson Mandela Bay metro and eThekweni metro with their water business turnaround strategies. The City of Johannesburg has since requested such support.

The neighbourhood development partnership grant supported the preparation of six municipal investment plans, approved 31 new catalytic projects and supported municipalities to finalise five project preparation reports. Ongoing programme and project management support was provided to 37 municipalities: 8 metros, 12 intermediate cities and 17 rural municipalities. The production of long-term financial strategies was supported for the Buffalo City, Mangaung and Ekurhuleni metros. Further assistance was provided to metros to strengthen their infrastructure delivery and management systems. With support from the Council for Scientific Innovation and Research (CSIR), work was done to assess the readiness of metros to acquire provincial bus contracting functions.

The infrastructure delivery management system (IDMS) was expanded to improve the delivery of infrastructure across provinces and municipalities. Work continued on the development of the local government IDMS toolkit with the support of the government of Switzerland. The performance-based system introduced for provincial departments of education and health to institutionalise IDMS principles relating to planning and delivery saw infrastructure plans for all provincial education and health departments being assessed. A best practice workshop was held and provinces that did not qualify for performance incentive allocations were visited to address specific areas for improvement. These interventions are expected to yield positive results during the next assessment period.



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For 14 consecutive years, the division has successfully institutionalised the municipal budget and benchmark, and the mid-year budget and performance assessment with the 17 non-delegated municipalities. A generic framework for the assessment and analysis of municipal budgets was updated. Guidance was provided to municipalities on preparing their 2023/24 medium-term revenue and expenditure budgets through MFMA circulars 122 and 123. Virtual budget benchmark meetings were held with all 17 non-delegated municipalities to assess the tabling of their 2022/23 budgets, which led to full funding. The division also assessed budgets for 2022/23 and funding was granted to 14 of the 17 non-delegated municipalities.

A national strategy was developed to implement and institutionalise the municipal standard chart of accounts. This included providing classes to provincial treasuries on the municipal standard chart of accounts. Version 6.7 of the municipal chart was issued and the municipal budget and reporting regulation budget schedules were aligned with standards of generally recognised accounting practice (GRAP). Councillor induction sessions were conducted for 31 of the 43 municipalities identified to be in crisis. North West was assisted in the verification of status quo assessments for eight municipalities under mandatory interventions. Cabinet memos were compiled on the MFMA section 139(7) intervention in the Mangaung and Enoch Mgijima municipalities, the dissolution of the municipal council in the Enoch Mgijima municipality and on the state of local government finances. During the period under review, a report was compiled on revenue challenges and solutions for the 43 municipalities in crisis, and revenue management support was provided.

Efforts to improve the conditional grant monitoring framework for local government continued. In the 2022/23 municipal financial year, municipalities were allocated R87.3 billion through the local government equitable share. A total of R51.1 billion was transferred to municipalities by 31 March 2022 (from the total direct conditional grant allocation of R56 billion) for direct conditional grants. These included the urban settlements development grant and disaster funding allocations (provincial housing emergency grant and the municipal disaster response grant).

An amount of R3.5 billion was allocated through the municipal disaster recovery grant and the municipal disaster response grant to support municipalities affected by floods in Eastern Cape, Western Cape and KwaZulu-Natal). An amount of R3.4 billion was not transferred to the local government equitable share to offset unspent conditional grants from the previous financial year.

The National Treasury continued to provide assistance to underperforming municipalities to improve spending and manage conditional grants. A total of 139 municipalities requested rollovers for funds from unspent conditional grants in 2021/22 amounting to R4.2 billion, with a total rollover amounting to R1 billion approved in 2022/23. During the reporting period, the Department of Cooperative Governance, which administers the municipal infrastructure grant, reflected expenditure of 54 per cent as at 31 March 2022, with spending on the expanded public works programme reflecting expenditure of 78 per cent.

Of the 171 municipalities that reflected underspending as at the end of the second quarter of 2022/23, the National Treasury stopped the transfer of schedule 4 and 5 allocations to 117 municipalities across all provinces (compared to 91 in the previous year). The stopped funds were reallocated to municipalities that have fast-tracked project implementation, accelerated expenditure against their original allocations and had the capacity to spend their funds by the end of their financial year (30 June 2023).



To build capacity, training was conducted in the reporting period on the essentials of budget formulation and analysis course, and induction manuals were developed for members of the executive council (MECs) for finance and accounting officers. In partnership with the National School of Government (NSG), 60 MECs and senior provincial officials attended the University College of London virtually. Workshops on the Division of Revenue Bill were held and virtual annual provincial budget visits were conducted. The stopping and reallocation of funds for the education infrastructure grant, the national health insurance grant, the human settlements development grant, the informal settlements upgrading partnership grant and the public transport operations grant were approved and gazetted.

The Jobs Fund offers targeted support for effective labour market interventions through job creation in the short to medium terms, and identifying scalable and replicable job creation models. It offers matched funding grants across four funding windows: enterprise development, infrastructure, support for work seekers and institutional capacity building. To date, fund has concluded 10 funding rounds, including a round of relief funding during the COVID-19 pandemic. The fund has fully allocated its original R9 billion in grant funding to its portfolio of projects and project partners have committed R14.5 billion in matched funding over the implementation period.

As at 31 March 2023, the fund had disbursed R6.4 billion and leveraged an additional R13.1 billion from project partners. It has a portfolio of 163 job creation projects and has exceeded its permanent job creation target of 150 000, having facilitated the creation of 195 372 permanent jobs and placements. The fund's project partners have created a further 106 873 jobs, including 18 100 seasonal jobs that will endure well beyond the implementation period for these projects, 65 414 short-term jobs and 23 220 internships. A total of 306 571 people have been trained through projects supported by the fund. The fund's overall grant cost per job created is competitive, at R23 719, which includes the fund's operating costs. As the original grant funding has been fully allocated and given the impact and importance of the work done in addressing South Africa's unemployment crisis, the department approved the fund's recapitalisation and considered future focus areas.

No new additional guarantees were issued during the reporting period. This was in line with the implementation of the minimum criteria that must be met by state-owned entities (SOEs) and government departments when submitting requests for government guarantees.

All corporate plans and annual reports of public entities listed in schedules 2 and 3B of the PFMA were reviewed during the reporting period. These reviews not only assess alignment with government's priorities, financial sustainability and soundness of governance, but proactively identify possible risks so that appropriate mitigating actions can be taken.

Due to its financial challenges, the Land Bank received ministerial exemption from submitting its corporate plan and annual report in accordance with legislative timelines. In an effort to stabilise the bank's financial position, negotiations with lenders are ongoing. The Auditor-General of South Africa (AGSA) audit has raised concerns about significant deficiencies in internal controls and governance processes in the bank.

The Minister of Finance reviewed a request for the use of guarantees relating to Eskom to secure a dual currency private placement for the South African rand equivalent of US\$ 500 million, as well as the provision of a government guarantee to the Department of Minerals Resources and Energy for the sixth bid window of the renewable energy



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independent power producer procurement programme. Various section 54 PFMA applications were finalised, as well as the review of tariff submissions from all eight water boards.

In line with the Special Appropriation Act (2022), Denel and Transnet were recapitalised: the former to support the implementation of its turnaround plan, subject to meeting pre-disbursement and post-disbursement conditions; and the latter to assist with the repair and maintenance of its locomotives. The 2022 Adjustments Appropriation Act provided additional funding to Transnet to restore infrastructure damaged during the floods in KwaZulu-Natal April in 2022. A settlement agreement was reached between business rescue practitioners for SAA and the airline's creditors to provide for the gradual payment of historical debts. An additional R1 billion will be allocated in 2023/24 to assist with these outstanding obligations, with additional funding to be considered subject to strict conditions to allow the strategic equity partnership deal to be finalised. As SAA is no longer in business rescue, any additional fiscal funding requested for it will be considered as part of the budget process, with a strategic equity partner expected to provide the majority of the funding for the airline.

The Minister of Finance approved a special dispensation to allow Eskom to access additional guaranteed debt of R42 billion in 2021/22 and R25 billion in 2022/23. As at 31 March 2023, government's exposure in terms of Eskom's guaranteed debt (including interest and inflation) amounted to R361.97 billion, and the utility was provided with equity support of R21.9 billion. To relieve the pressure on Eskom's balance sheet, the 2023 Budget provides the utility with debt relief amounting to R254 billion over the next three years, subject to strict conditions.

Work continued to provide inputs on policy, legislation and strategies, as well as to monitor compliance with the guarantee conditions of reports provided to the fiscal liability committee. During the reporting period, borrowing authorisation and related limit applications, as well as foreign currency borrowing limit applications, were considered for a number of public entities. To reduce government's guarantee exposure to the Denel, the entity was allocated R3 billion, through section 70(2)(b) of the PFMA. This was to cover capital and interest payments on guaranteed debt as the entity continues to experience solvency and liquidity challenges.

On 20 May 2022, Standard & Poor's (S&P) affirmed South Africa's long-term foreign and local currency debt ratings at BB- and BB, and revised the outlook to positive from stable. On 18 November 2022, the ratings agency affirmed South Africa's long-term foreign and local currency debt ratings at BB- and BB, and maintained the positive outlook. However, on 8 March 2023, S&P revised South Africa's credit rating outlook back to stable from positive, citing that the country's economic growth faces increasing pressure from infrastructure constraints, particularly severe electricity shortages.

On 7 July 2022, Fitch also affirmed the country's long-term foreign and local currency debt ratings at BB- and maintained the stable outlook. On 25 November 2022, the ratings agency affirmed South Africa's long-term foreign and local currency debt ratings at BB-, and maintained the stable outlook. This, however, assumes a substantial part of recent higher revenues to be temporary, and sees public sector wage demands pointing to increased upward pressure on spending.

Government successfully financed the gross borrowing requirement of R426 billion through a mix of the net redemption of domestic short-term loans, domestic long-term loans, foreign loans, and cash and other balances. During the reporting period, R7.7 billion of short-dated bonds were exchanged for long-dated bonds.





The stock of government debt increased by R487.9 billion from R4.3 trillion in March 2022 to R4.8 trillion in March 2023, with strategic risk benchmark indicators remaining within recommended limits. The cost of servicing government debt amounted to R308.5 billion compared to the original budget of R301.8 billion. During the reporting period, domestic and foreign loans of R90.3 billion were repaid. All government's rand and foreign currency commitments were met daily and surplus cash was optimally invested. To reduce the cost of new debt, government issued 76 per cent of the funding in the five-year to 15-year maturity bucket. A five-year floating rate note was introduced as an instrument to manage liquidity, which yielded some cost benefit as the weighted cost of funding was lower than the target of 10.07 per cent. In addition, to maintain auction levels, absorptive capacity was capped at R168 billion for the MTEF period. This assisted in maintaining the cost of funding at 9.93 per cent (as at March 2023, inclusive of the floating rate note).

The Office of the Accountant-General (OAG) continued to facilitate accountability and transparency in the management of the country's financial resources. Instruction No. 4 of the 2022/23 PFMA compliance and reporting framework was issued to strengthen the identification, investigation, management and reporting of unauthorised, irregular and fruitless and wasteful expenditure. Information sessions were held on this and a quarterly guide was developed. More broadly, information sessions were provided upon request by PFMA institutions to ensure compliance with the legislative framework, and assistance was provided on the interpretation, application and implementation of the PFMA and its prescripts. Technical meetings were held with the AGSA and PFMA-compliant institutions. Irregular expenditure was condoned to assist institutions in reducing irregular expenditure.

Compliance with the requirement for national and provincial departments to pay suppliers within 30 days from receipt of a complete invoice was monitored and quarterly reports were compiled. Suppliers were assisted to resolve non-payment queries reported to the department's 30-day supplier hotline.

The MFMA helpdesk and mailbox continued to provide assistance with implementing the act. The oversight activities of councillors have been improved, and MFMA workshops and capacity building exercises were held for municipal public accounts committees. A process is under way to review the MFMA. Circulars were issued on the legal framework for the procurement of new-generation energy capacity and underpinning the consequence management and accountability framework. The circular on implementing municipal regulations on financial misconduct procedures and criminal proceedings was updated.

Support and training continued to be provided to municipal officials on the use of the web-enabled audit action plan and assessments for financial capability and maturity levels. The Muni eMonitor system was launched, which is designed to strengthen reporting capabilities of municipalities and the capacity of municipal entities to comply with MFMA provisions and supporting regulations. MFMA coordinator meetings were hosted virtually.

The local government financial management grant was transferred to all 257 municipalities in 2022/23 to assist with improving financial management and implementing the MFMA.

Due to delays in national departments and public entities submitting their audited financial information for 2021/22, the consolidated financial statements and National Revenue Fund, due for tabling by the legislated date of 31 October 2022, could be tabled only on 2 February 2023.



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Initiatives continued to support national departments, entities, municipalities and provincial treasuries with accounting and reporting queries. These also helped to improve audit outcomes by reviewing feedback on and monitoring annual financial statement preparation plans, audit action plans and interim financial statements. Stakeholder engagements were held, including mid-term budget visits, MFMA joint meetings, the public sector accounting forum and chief financial officers forums.

Updates were made to all 12 accounting manuals supporting the application of the modified cash standard. Additional illustrative guides and tools, including a web page, were developed. Support was offered to departments during the audit cycle through responses to queries, engagements with the AGSA and the issuing of frequently asked questions (FAQs). In support of institutions applying GRAP standards, two new implementation guides were published.

The work of internal auditors and risk management was further supported through information-sharing sessions. Audit committees were supported through the induction of new audit committees, the attendance of audit committee meetings, and the provision of responses to queries. Risk management committees received support on the risk management framework and the embedding of risk management practices. The outcomes of state of readiness reviews informed the provision of additional support. Surveys were conducted on the status of internal audit and audit committees, with the findings used to determine the focus areas for support initiatives. Various activities were undertaken in support of public sector internal auditors, in collaboration with the Institute of Internal Auditors. Relations with the AGSA have been strengthened to support internal auditors and audit committees in resolving findings raised by audit teams.

The public financial management capacity development programme for improved service delivery was funded by the EU in an effort to build the necessary capacity for sound financial management within an efficient public service. Municipal and provincial treasury support plans were signed off after the 2021 municipal elections for eight selected municipalities in Eastern Cape and Northern Cape. The plans cover all programme interventions across 50 targeted outputs categorised in four workstreams: programme and relationship management, the MFMA Budget and Treasury Office (BTO) function, general capacity building and institutional strengthening, and technical matters and innovation. Diagnostic assessments were undertaken to inform the periodic measuring of implementation progress. As at 31 March 2023, the two provincial treasuries showed an average improvement of 38 per cent against a target of 40 per cent, and municipalities showed an average improvement of 78 per cent against a target of 40 per cent. This support is set to conclude in December 2023.

As part of municipal professionalisation, 46 new public financial management peer-learning networks were established. Based on programme activities, self-assessed municipal competence stands at 77.5 per cent (against an anticipated increase to 40 per cent), and the assessed level of participating municipalities' satisfaction with provincial treasury activities prescribed in the MFMA increased from 80 per cent to 87.5 per cent over the course of the programme. Further evaluations will be conducted in September 2023 to determine satisfaction levels when support is finalised.

To ensure the effective implementation and achievement of the overall objectives of the financial management capacity development programme for improved service delivery, 52 projects were implemented during the reporting period. Of these, 36 were successfully completed, 13 are progressing as planned and three were cancelled.



A total of 7 043 officials have been trained against an end-of-programme target of 5 800 – well beyond what was originally planned. To date, 46 learning networks have been established against a four-year target of three. Four capacity building steering committee meetings were held during the reporting period.

Significant progress has been made through the procurement infrastructure and knowledge management programme, which received funding of R96 million between 2018 and 2023 from the Swiss Economic Council. Supply chain management (SCM) toolkits were rolled out to eight pilot municipalities. The development of the contract management ICT templates toolkit was completed, and train-the-trainer sessions were held. SCM reassessments were completed using the financial management capability maturing model, showing that SCM had improved through the procurement infrastructure and knowledge management programme. Roadshows were held to introduce the methodology of the local government infrastructure delivery management system toolkit were and the integrated knowledge management system was launched. To support the scalability of procurement infrastructure and knowledge management programme interventions, two communities of practice were launched in two of the pilot provinces, Mpumalanga and Free State.

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“By the end of 2022/23, the CSD had **1 113 415** registered suppliers, of which **355 766** were owned by women, **311 209** were owned by young people and **9 005** were owned by people with disabilities”

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Since the inception of the municipal internship programme in 2005, more than 3 161 interns have been retained by municipalities. The programme has continued to grow. As at March 2023, there were more than 1 210 interns across 257 municipalities, and more than 9 500 municipal officials have accessed the training in line with the issued minimum competency levels. During the reporting period, there were more than 400 enrolments and continuations in the programme. The MFMA induction programme is being rolled out through an interactive e-learning DVD. The e-learning programme has had more than 8 500 registrations, with a 32 per cent completion rate for all six modules. The Chartered Accountants Academy recruited nine trainee accountants and registered 10 candidates to attend the study support programme. Two groups of eight first-year candidates were preparing to write the initial test of competence examinations and 11 second-year candidates were preparing to write the initial assessment of professional competence examinations. During the reporting period, 11 candidates qualified as chartered accountants, adding to the 85 chartered accountants developed since its establishment in 2008. Thirty trainee accountants are enrolled in the programme.



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A baseline study was conducted to determine the number, demographic profile, qualifications and challenges experienced by all internal audit officials employed in local government. Results will inform the development of responsive and appropriate capacity building initiatives and solutions. A web-based quality assurance self-assessment preparation tool has been developed for the internal audit function.

A further R4.2 million was received from the Finance and Accounting Services Sector Education and Training Authority to roll out a public sector accounting technician learnership certificate in the North West provincial administration. Targeting 60 unemployed youth, the programme is in line with national qualifications framework level 4. The SCM learnership programme, a level-5 national qualification framework certificate funded by the Transport Education Training Authority, was completed for 61 learners in North West, 64 learners in Northern Cape and 54 learners in Free State. In response to the Department of Higher Education and Training's call for all public sector institutions to provide space for the training and development of unemployed youth through internship programmes, the National Treasury provided monthly stipends and training opportunities to 60 unemployed young people who were previously not receiving education or training.

The New Zealand embassy provided technical assistance and funding support for the SCM executive development programme, which is set to be delivered to municipal managers, mayors and councillors in 257 municipalities.

Competency statements were developed for PFMA-rated management accounting and asset management, and MFMA-related risk management, SCM and internal audit. Ongoing development is taking place for MFMA-related competency statements for asset management, management accounting, financial accounting, revenue and expenditure. Competency assessments were conducted for financial accounting and SCM in the Northern Cape provincial administration. Efforts continued to establish an SCM capacity building forum. Support was provided for the development and professionalisation of the SCM function as a discipline through the interim SCM council.

A stable platform was provided for government's systems operations. This included ongoing maintenance and adaption of the personnel and salary administration system, the logistical information system, the basic accounting system and the Vulindlela management information system to comply with policy and user requirements.

Although all assignments leading up to the pilot implementation of the integrated financial management system have been completed, the programme's critical path has not progressed due to delays by the State Information Technology Agency in the procurement of a service provider to implement the system as a pilot at two national and two provincial departments. Steps are being taken to address this challenge. The National Treasury is considering a cloud solution through a request for information process. The evaluation under way and the outcome will determine the procurement strategy for the system. Implementation is set to commence in 2023/24 following the procurement and appointment of a service provider. A panel of system implementers will be established to ensure capacity to execute and support the system's national rollout. Actions to mitigate the impact of the delays will be factored into a revised project implementation plan.

One specialised performance audit report and 25 forensic investigations were conducted on critical and complex forensic matters relating to public procurement. Advisory services were extended to law enforcement agencies, the National Prosecuting Authority and the South African Police Service in the criminal investigation of complex



commercial crime cases, including those related to the procurement of personal protective equipment. To assist with building the capacity of law enforcement institutions, national training sessions were conducted on PFMA and MFMA case law for criminal convictions. Collaboration continued with the National Prosecuting Authority's asset forfeiture unit in the recovery of state funds to the National Revenue Fund, and other assets lost through crime. Participation continued in several task teams involved in the protection of whistle-blowers and foreign bribery.

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

Following the Constitutional Court judgment and the subsequent clarity provided, a revised set of preferential procurement regulations (2022) were gazetted for implementation on 16 January 2023. The 2022 regulations repealed the 2017 preferential procurement regulations entirely, including any designated sectors or products saved and issued under them. Four PFMA SCM instructions and one PFMA SCM circular were issued: PFMA SCM Instruction No. 04, 2022/23 (procurement reporting during flood disaster); PFMA SCM Instruction No. 06, 2022/23 (national travel framework); PFMA SCM Instruction No. 07, 2022/2023 (cost containment related to travel and subsistence); PFMA SCM Instruction No. 09, 2022/23 (mandatory use of the eTenders Portal to publish bid opportunities, bid awards and any bid-related notifications); and PFMA SCM Circular No. 02, 2022/23 (confirmation of the status of the approved departure from government tender bulletins).

In terms of PFMA SCM Instruction No. 03, 2021/22, applications for departures from section 79 of the PFMA on the competitive process were conferred to the accounting officer or authority. Such procurement is reported to the National Treasury in line with the relevant instruction note.

During the reporting period, 27 transversal contracts were implemented against a target of 16 in categories such as transport, medical services, educational services, voice and telecommunications, and clothing and textiles.

The central supplier database continues to simplify and strengthen the accessibility of doing business with the state. The platform was enhanced a number of times during the reporting period, including functionality for reporting and for managing requests for quotations. By the end of 2022/23, the system had 1 113 415 registered suppliers, of which 355 766 were owned by women, 311 209 were owned by young people and 9 005 were owned by people with disabilities. The eTenders portal was also enhanced to accept electronic tender submissions, with 31 626 procurement opportunities advertised on the platform during the reporting period. The OCPO continued to advance transparency in the procurement process through publishing procurement by other means and through contract modifications. These publications are expected to foster public confidence in the public SCM system.

The Minister of Finance granted organs of state exemption in terms of section 3(c) of the Act subject to the new preferential procurement regulations taking effect or that the Constitutional Court confirms the suspension of the order of invalidity of the regulations for a period of 12 months, whichever occurs first. There were 464 applications for exemption across all spheres of government by the deadline for approvals on 30 May 2023.

Sourcing strategies were developed for various commodity categories through strategic procurement initiatives. Research was conducted into government's bulk fuel tanks, their state of repair and maintenance and their ownership,



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and a directive was issued that all institutions with ownerless bulk fuel tanks be assisted on an individual basis for the transfer of ownership. A sourcing strategy was developed to establish a new transversal contract to procure, install, commission and maintain bulk fuel infrastructure (fuel tanks and associated accessories, including services such as soil rehabilitation, installation and removal). The contract will be advertised in 2023/24.

The process to appoint a service provider to develop maintenance frameworks for high-risk and high-value hospital equipment was finalised, with work set to begin in 2023/24. A strategy for sourcing biomedical health equipment was developed and handed over to the national Department of Health for further processing. The development of the government online travel booking solution is still in progress and will continue into 2023/24. The national travel policy framework (now called the national travel framework) and cost-containment directives were revised and published. The project to revise and enhance the strategic procurement framework is expected to be completed by the end of 2023/24.

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“South Africa advocated for the **G20** to commit to increase efforts to implement the **G20 COMMON FRAMEWORK** for debt treatment in a timely, orderly and coordinated manner”

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Ten out of 12 planned SCM forums were hosted. The remaining two were cancelled to allow procuring institutions to focus on amending or developing public procurement preferential policies in line with the 2022 preferential procurement regulations. An additional five sessions were conducted to roll out the 2022 regulations. A programme for SCM/public procurement was developed with the Enterprises University of Pretoria. Webinars were facilitated through the University of Johannesburg’s entrepreneurship faculty to educate potential entrepreneurs about doing business with government. The University of South Africa’s advisory board committee in the Department of Public Service and Administration (DPSA) was engaged to highlight identified misalignments in the procurement programme’s curriculum and qualifications offerings. Supplier development initiatives were undertaken in collaboration with the Small Enterprise Development Agency to host a webinar as part of the Women’s Month campaign and, with the African Exploration Mining and Finance Corporation, to create awareness on how government plans to stimulate economic growth and supplier diversification through supplier development programmes.

The department continued to manage South Africa’s interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa.



South Africa participates in the African Union (AU) Committee of 15 Finance Ministers (F15). Although participation in the F15 is intended to rotate every three years, this has not been the case since 2016 due to delays in approving the F15 rules of procedure. The rules of procedure were finalised by the F15 ministers for adoption by the body's assembly in February 2024, which approved that F15 membership be based on the top three contributors per region and that tier 1 countries within these regions participate permanently. For as long as South Africa is a tier 1 country, it will continue to represent Southern Africa.

Efforts continued to support the work of the Minister of Finance on the budget oversight role at the AU. A key outcome of this is the continued implementation of austerity measures when formulating the AU budget, first due to the outbreak of COVID-19 and more recently due to the spillover effects of the Russia-Ukraine conflict and other global economic shocks. With the Reserve Bank, the National Treasury participated in the AU specialised technical committee of ministers of finance, economic planning and development and monetary affairs to successfully advance South Africa's position on the establishment of AU financial institutions. Regarding negotiations for the new scale of assessment for the AU regular budget for 2024-2026, member countries have agreed to retain the scale of assessment for 2020-2023 to be continued for application in 2024-2026.

In collaboration with the Department of Trade, Industry and Competition and SARS, the International Financial Relations programme managed South Africa's membership of the Southern African Customs Union (SACU) and led on the Group of Twenty (G20) finance track. The programme successfully championed calls to review the compensation structure of the SACU secretariat and oversaw the implementation of the 2022/23 budget and business plan, and the approval of the 2022/23 internal audit plan. SACU's strategic plan and a review of its pay structure, pay philosophy and organisational structure were finalised. A new executive secretary, Lesotho national Thabo Khasipe, was appointed, with his tenure beginning on 1 February 2023.

SACU revenue shares for member states and the budget for the SACU secretariat were determined at trade data reconciliation task team meetings. Calls were successfully championed to review the compensation structure of the SACU secretariat.

During the period under review, the National Treasury facilitated a payment of R1.4 billion to Eswatini, Lesotho and Namibia for the treatment of the South African rand as legal tender.

Support was provided to Southern African Development Community (SADC) meetings of ministers of finance and investment, and the peer-review panel of the macroeconomic convergence programme. On a technical level, the National Treasury presented an analysis of the South African economy against SADC targets. A peer-review mission was undertaken to assess the performance of Malawi's economy against primary, secondary and tertiary indicators. Support was provided to the Department of International Relations and Cooperation during the Council of Ministers and the Heads of State and Government Summit in August 2022, and council meetings in March 2023. The department engaged in the reprioritisation of 2020-2030 regional indicative strategic development plan projects, which will serve as SADC's framework and long-term implementation plan during this period. Efforts continued to strengthen good financial management in the SADC secretariat through participation in its finance committee and subcommittee meetings.



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South Africa assumed the Brazil-Russia-India-China-South Africa (BRICS) presidency from China in January 2023. The National Treasury, with the Reserve Bank, leads and represents South Africa in the BRICS finance track with a focus on global economy and multilateral cooperation, infrastructure and public-private partnerships, mutual cooperation on customs and taxes, and the Think Tank Network on Finance. Progress on the implementation of these priorities will be captured in the joint statement of BRICS finance ministers and central bank governors to be published during the BRICS Summit in Johannesburg in August 2023.

South Africa made a final payment of US\$1 million in March 2023 towards the New Development Bank's project preparation fund. The fund is expected to enhance South Africa's project preparation capacity, facilitate feasibility studies and support improved project implementation.

During the reporting period, the National Treasury led South Africa's effective engagement and coordination with the finance track of the G20, where it advocated for the country's economic and financial interests. Support was provided for the president's successful engagement at the Bali G20 Summit in November 2022 and the G20 Compact with Africa initiative, co-chaired by South African and German finance ministries, which aims to stimulate economic activity in African economies. Twelve African countries have been enrolled since its launch in 2017. South Africa co-chaired the Africa advisory group meeting with Germany on 13 June 2023, at which the Democratic Republic of the Congo's request to join the was discussed. South Africa advocated for the G20 to commit to increase efforts to implement the G20 common framework for debt treatment in a timely, orderly and coordinated manner. South Africa is participating in the official creditor committee for Zambia as vice-chair, with France and China as co-chairs. South Africa continues to participate in the Paris Club meetings as a prospective member, providing a sub-Saharan African perspective on global and regional developments in debt sustainability. The country will be given roughly 18 months to decide whether to accede to the Paris Club as a full member.

During the reporting period, the National Treasury successfully sustained dialogue between South Africa and the IMF, including coordinating the IMF Article IV consultation. South Africa continued to advocate for countries with strong external positions to voluntarily channel a share of their allocated SDRs to help vulnerable low-income countries and middle-income countries. South Africa advocated to reallocate the equivalent of US\$100 billion in SDRs to vulnerable countries, which was achieved in June 2023.

Through effective participation in the International Development Association (IDA), the concessional fund of the World Bank Group, review processes and negotiations by the National Treasury, key priorities such as job creation and private sector development were retained as priority areas in the IDA-20, the association's 20th replenishment. The 50th anniversary of the African Development Fund saw the historic approval of a US\$8.9 billion financing package to make grant and concessional loans available to the poorest and most fragile countries on the continent. The fund's priority areas for the 2023-2025 replenishment period are energy and energy access, food security and agriculture, industrialisation, regional integration, and improving Africa's quality of life, including education and employment for young people.

Work in the presidential climate finance task team led to the delivery of the just energy transition investment plan, which was launched at COP28 in December 2022. Support was provided for the Minister of Finance's participation in international events dealing with international climate finance issues and South Africa's just energy transition.





Efforts continued to support the work of the Minister of Finance in his role as Governor of the World Bank to successfully advance the positions of South Africa and African countries within the context of World Bank discussions. A key area of discussion was the evolution of the World Bank to ensure that it remains relevant and impactful for developing countries. South Africa was granted US\$13.4 million by the Global Environment Facility's seventh replenishment to support the growth and development of its biodiversity economy. Under the 2022-2026 country partnership framework, the World Bank approved South Africa's request for US\$497 million to support the Eskom's just energy transition project to decommission and repurpose the Komati coal-fired power plant using renewables and batteries. The project is expected to create opportunities for the affected workers and communities.

The department supported the Minister of Finance in his role as Governor of the African Development Bank to successfully advance South Africa's positions. Through the National Treasury, South Africa received a US\$500 000 grant allocation from the Sustainable Energy Fund for Africa, which is managed by the African Development Bank, to provide technical assistance to support policy and technical work underpinning the just energy transition.

The Civil and Military Pensions, Contributions to Funds and Other Benefits continued to provide pension and post-retirement medical benefits to the former employees of state departments and bodies, and similar benefits to retired members of the military. The programme paid 99.9 per cent of validated benefits against a target of 100 per cent. It paid out R6 billion in 2022/23 compared to R5 billion in 2021/22, mainly as a result of the recapitalisation of the Government Employees Medical Scheme (GEMS). The number of pensioners and beneficiaries increased by 4.4 per cent from the previous reporting period. The programme resolved the integrity of 99.9 per cent of its data against a target of 98 per cent, and achieved a 99.9 per cent reduction in fraudulent claims against a target of 95 per cent. Roadshows and education drives were conducted in all provinces.

The audit of the National Treasury's financial statements is never an easy task, particularly as the audit goes beyond a departmental budget. The department is the treasury of the national government, but it is also the treasury for the three spheres of government. Its role includes managing revenue and borrowing funds prior to allocation through equitable shares and conditional and other grants, as well as managing guarantees and contingent liabilities. It is important that the audit process takes such complexities into account when auditing the department's finances and performance.

During the previous financial year, the accounts of the National Treasury were subject to a qualification because of a disagreement on the categorisation of expenditure related to the integrated financial management system as fruitless and wasteful. The fundamental reason for the disagreement was the assertion that government did not suffer any kind of long-term financial loss even though the system had not been implemented. The issue at hand has not been resolved, resulting in a repeat qualification. The AGSA has expressed the opinion that the comparative amount disclosed for fruitless and wasteful expenditure was understated by R68 million. In the interest of the state, it is crucial that the principles underlying expenditure deemed fruitless and wasteful under the PFMA be clarified. The process of clarifying these principles is ongoing.



# 05 REPORT OF THE ACCOUNTING OFFICER

## 5.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

### 5.2.1 DEPARTMENTAL RECEIPTS

The table below provides a breakdown of the sources of revenue and performance for the 2022/23 financial year.

Table 1: Sources of Revenue

DEPARTMENTAL RECEIPTS	2021/22		2022/23			
	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	9 901	9 523	378	247 826	8 452	239 374
Interest, dividends and rent on land	6 838 487	5 448 513	1 389 974	7 888 401	8 789 001	-900 600
Sale of capital assets	-	-	-			0
Financial transactions in assets and liabilities	76 386	47 999	28 387	290 970	20 482	270 488
<b>Total</b>	<b>6 924 774</b>	<b>5 506 035</b>	<b>1 418 739</b>	<b>8 427 197</b>	<b>8 817 935</b>	<b>-390 738</b>

The revenue received on the interest and dividends item relates to 105 per cent of the department's total revenue. The department over collected by R390.7 million, mainly due to an increase in interest income received from investments in the tax and loan accounts for the period.

### SALE OF GOODS AND SERVICES

The lower amount of R239 374 is mainly due to a decrease in guarantee fees collected and there were no guarantee fees collected from South African Airways (SAA) and South African National Roads Agency Limited (SANRAL).

### INTEREST

The over collection of R901 million is mainly due to an increase in interest income received from investments in the tax and loan accounts.

### FINANCIAL TRANSACTIONS

The deficit of R270 488 is due to lesser than anticipated surplus funds received from entities.

## 5.2.2 PROGRAMME EXPENDITURE

The table below provides a high-level comparison of 2021/22 versus 2022/23 of the expenditure incurred by the Department against appropriated funds.

**Table 2: Payment expenditure made by programmes for the period 1 April 2022 to 31 March 2023**

PROGRAMME	2021/22			2022/23		
	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	513 051	455 063	57 988	541 619	486 826	54 793
Economic Policy Tax Financial Regulation and Research	141 802	125 304	16 498	158 212	119 142	39 070
Public Finance and Budget Management	4 337 505	4 200 770	136 735	4 374 731	4 289 832	84 899
Asset and Liability Management	27 105 938	26 663 167	442 771	6 024 410	5 225 491	798 919
Financial Accounting and Supply Chain Management Systems	1 000 026	761 688	238 338	946 132	716 652	229 480
International Financial Relations	7 844 172	7 826 450	17 722	2 857 266	2 848 635	8 631
Civil and Military Pensions Contributions to Funds and Other Benefits	6 409 525	6 042 773	366 752	6 904 051	6 773 586	130 465
Revenue Administration	11 295 167	11 295 167	-	11 635 781	11 635 781	-
Financial Intelligence and State Security	4 999 521	4 999 521	-	5 395 482	5 395 482	-
<b>Total</b>	<b>63 646 707</b>	<b>62 369 903</b>	<b>1 276 804</b>	<b>38 837 684</b>	<b>37 491 427</b>	<b>1 346 257</b>

The department's budget allocation for the 2022/23 financial year activities was R38.838 billion. Actual expenditure as at 31 March 2023 amounted to R37.491 billion, representing 96.5 per cent of the total allocated budget. The main contributors to the underspending comprise:

- **Compensation of Employees:** The under-spending of R37.9 million was mainly due to vacant positions. The recruitment process for filling critical positions is ongoing.
- **Goods and Services:** The R389 million under-spending was due to:
  - Integrated Financial Management Systems (IFMS) delays in the procurement of system implementation and in the finalisation of the renewal of the annual license for the support and maintenance;
  - Consultancy Services on the Office of the Chief Procurement Officer (OCPO) projects which were at the various procurement stages and therefore could not be executed;
  - Consultancy Services on Municipal Revenue Management Improvement Programme (MRMIP) in relation to the smart meters project and revenue management matters pertaining to municipalities. An amount



# 05 REPORT OF THE ACCOUNTING OFFICER

- of R45 million was processed for the Lekwa Municipality Smart Meters Solution Project;
- Jobs Fund relating to lower than anticipated operational costs incurred;
- Government Pensions Administration Agency (GPAA) admin claims; and
- Travel and subsistence expenditure being lower than anticipated.
- **Transfers and Subsidies:** The underspending of R119.9 million mainly on Post-Retirement Medical Benefits due to lower than the projected number of arrears claims on medical subsidies, the SA Citizen Force relating to the death of the members/beneficiaries, suspension of life certificates and review cases, the Special pensions and the Political Office Bearers.
- **Payment of Capital Assets:** The underspending of R12.7 million is mainly relates to the audio visual and the system servers for Transversal Systems which could not be procured during the year under reporting.
- **Payment for Financial Assets** had an under-spending of R787 million due to: The underspending relates to Land Bank. The expenditure was incurred under direct charges on Calls on guarantees in terms of section 70 of the PFMA. The funds under Voted Funds will offset the overspending on Direct Charges.

## PROGRAMME 1

Administration spent R486.826 million, which represents 89.9 per cent of the allocated budget.

## PROGRAMME 2

Economic Policy, Tax, Financial Regulation and Research spent R119.142 million, which represents 75.3 per cent of the allocated budget.

## PROGRAMME 3

Public Finance and Budget spent R4.290 billion, which represents 98.1 per cent of the allocated budget.

## PROGRAMME 4

Asset and Liability spent R5.225 billion, which represents 86.7 per cent of the allocated budget.

## PROGRAMME 5

Financial Accounting and Supply Chain Management System spent R716.652 million, which represents 75.7 per cent of the allocated budget.

## PROGRAMME 6

International Financial Relations spent R2.849 billion, which represents 99.7 per cent of the allocated budget.

## **PROGRAMME 7**

Civil and Military Pension Funds and Other Benefits spent R6.774 billion, which represents 98.1 per cent of the allocated budget.

## **PROGRAMME 8**

Revenue Administration transferred R11.636 billion, which represents 100 per cent of the budget allocated.

## **PROGRAMME 9**

Financial Intelligence and State Security transferred R5.395 billion, which represents 100 per cent of the budget allocated.

### **5.2.3 VIREMENTS/ROLLOVERS**

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

- Programme 6 received an additional R50.450 million to cover the shortfall on the Common Monetary Area compensation.
- The R50.450 million was sourced from savings on programme 3 largely from the Municipal Revenue Management Improvement Programme (MRIP).
- Programme 8 received an additional R108 million to cover the shortfall on the South African Revenue Services (SARS).
- The R108 million was sourced from savings on programme 7 largely from the Post-Retirement Medical Benefit (PRMB).
- No rollovers were requested by the Department.

### **5.2.4 UNAUTHORISED EXPENDITURE**

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

### **5.2.5 IRREGULAR EXPENDITURE**

The department started the financial year with irregular expenditure cases to the value of R269.329 million. There were no new irregular expenditure transactions/cases that were identified or reported in the 2022/23 financial period. Department's internal controls have proven to be effective in that there was no occurrence of irregular expenditure in the current financial year.

The expenditure reported on the accumulated cases was R12.128 million relating multi-year contracts. That were confirmed to be irregular in prior financial years. During the reporting period, there were no irregular expenditure condoned. The department has a closing balance of R281.351 million at the end of the reporting period.



## **REPORT OF THE ACCOUNTING OFFICER**

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

### **5.2.6 FRUITLESS AND WASTEFUL EXPENDITURE**

There were no new cases of fruitless and wasteful expenditure reported in 2022/23.

### **5.2.7 SUPPLY CHAIN MANAGEMENT**

The department did not conclude any unsolicited bid proposals for the year under review.

Procurement of goods and services is centralised in the Supply Chain Management directorate. Procurement has been achieved through the approved annual demand and Procurement Plans which is prepared, implemented and monitored in-line with the PFMA.

During the reporting period, the department procured goods and services according to the Procurement Plan with 109 projects, an average of 27 per cent were advertised, 5 per cent were cancelled and 73 per cent of the projects were deferred to the 2023/24 financial year. Standard operating procedures and processes are in place to mitigate against the occurrence of irregular, fruitless and wasteful, and unauthorised expenditure, through the design and implementation of monitoring, preventative and corrective controls.

Conflict of interest is managed through procurement and other processes. The Supply Chain Management directorate continuously ensures that:

- Supply chain management practitioners, role players and Bid Committee Members disclose their financial interests.
- Vetting of senior management, employees and key suppliers is undertaken.
- Verification of bidders' conduct against the register of tender defaulters and database of restricted suppliers is undertaken.

### **EXEMPTION AND DEVIATIONS**

The department was granted an exemption to receive service from an international service provider in order to conduct an independent review of ESKOM's operational position. Deviations were approved for the current fiscal year and a deviation register is kept.



## **5.2.8 ADJUSTING EVENTS AFTER THE REPORTING DATE**

The were no adjusting events after the reporting date reported.

## **5.2.9 OTHER MATTERS**

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

## **APPRECIATION AND CONCLUSION**

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

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

Finally, congratulations to Dr Duncan Pieterse on his appointment as the Director-General of the National Treasury. It is both an honour and a privilege to serve in this most difficult of all roles in the public service. May his tenure be successful.



**ISMAIL MOMONIAT**

Acting Accounting Officer

**Date:** 30 August 2023



# **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 F) 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 2023.

Yours faithfully



**ISMAIL MOMONIAT**

Acting Accounting Officer

**Date:** 30 August 2023





# **STRATEGIC OVERVIEW**

## **VISION**

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

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

## **MISSION**

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

## **VALUES**

We are guided by a core set of values:

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



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

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

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

## **8.1 PARLIAMENTARY SERVICE**

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



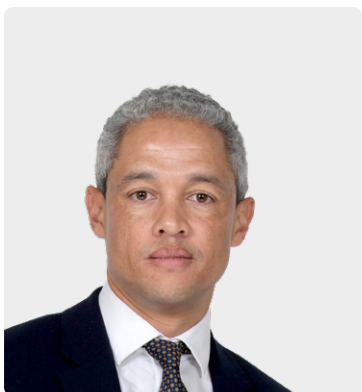
# 09 ORGANISATIONAL STRUCTURE



**ENOCH GODONGWANA**  
Minister of Finance



**DAVID MASONDO**  
Deputy Minister of Finance



**DUNCAN PIETERSE**  
Director-General



**MALIJENG NGQALENI**  
**HEAD:**  
Intergovernmental Relations

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



**STADI MNGOMEZULU**  
**HEAD:**  
Corporate Services

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



**EDGAR SISHI**  
**HEAD:**  
Budget Office

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



**BOIPUSO MODISE**  
**HEAD:**  
Economic Policy

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

## OFFICE OF THE DIRECTOR-GENERAL

- Media Liaison & Communications
- Legal Services
- Legislation
- Internal Audit
- Enterprise Risk Management
- Strategic Planning, Monitoring & Evaluation



**MAMPHO  
MODISE**

**HEAD:  
Public Finance**

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



**MENDOE NTSWAHLANA**

**HEAD:  
Chief Procurement Office**

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



**RAVESH  
RAJLAL**

**ACTING HEAD:  
Asset & Liability  
Management**

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



**SHABEER  
KHAN**

**HEAD:  
Office of The Accountant  
General**

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



**MMAKGOSHI  
LEKHETHE**

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

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



**MARLON  
GESWINT**

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

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





2022/23  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8

# PART A

## PUBLIC ENTITIES REPORTING TO THE MINISTER



# PUBLIC ENTITIES REPORTING TO THE MINISTER

10



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

The remaining entities generate their own revenue. They are the Development Bank of Southern Africa (DBSA), the Financial Sector Conduct Authority (FSCA), the Financial Services Tribunal (FST), the Government Pensions Administration Agency (GPAA), the Land and Agricultural Development Bank of South Africa (Land Bank), the Office of the Ombud for Financial Services Providers (FAIS Ombud), the Office of the Pension Funds Adjudicator (OPFA), the Ombud Council (OC), the Public Investment Corporation (PIC), and the South African Special Risks Insurance Association (SASRIA).

Each entity develops and reports on its own strategic and corporate plans. The report on the performance of the 18 entities describes each entity's approach and how its work relates to the National Treasury's strategic objectives, which are aimed at achieving the goals of the National Development Plan.



# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

## **ACCOUNTING STANDARDS BOARD**

(Schedule 3a national public entity)

The board's legislative mandate is to develop uniform Standards of Generally Recognised Accounting Practice (GRAP) for all spheres of government to fulfill section 216(1)(a) of the Constitution and the PFMA, as amended. The board promotes accountability, transparency and the effective management of the revenue, expenditure, assets and liabilities of the entities to which GRAP standards apply.

### **Key achievements**

During the reporting period, the board:

- issued final amendments to GRAP 103 on heritage assets and GRAP 1 on the presentation of financial statements, and added an annexure to directive 5 on determining the GRAP reporting framework
- published public consultation documents for the post-implementation review of GRAP 109 on accounting by principals and agents
- completed a comparison of the international public sector accounting standards 40 with the GRAP standards on transfers of functions and mergers.

## **COOPERATIVE BANKS DEVELOPMENT AGENCY**

(Schedule 3a national public entity)

The agency was established in terms of the Cooperative Banks Act (2007) with a mandate to create a strong and vibrant cooperative banking sector. Its vision is to facilitate financial inclusion, economic transformation and sector competitiveness to grow the cooperative banking sector.

### **Key achievements**

During the reporting period, the agency:

- hosted a successful cooperative sector indaba in East London, Eastern Cape, in November 2022 with the theme: "Role of the cooperative banking sector in transforming the financial services sector without limits in South Africa"
- participated in a panel discussion hosted by the Department of Small Business Development with the theme: "A well-coordinated, capable and cohesive ecosystem supporting economic growth through small enterprises"
- implemented the train-the-trainer programme in Eastern Cape in line with the resolutions of the 2022 indaba
- facilitated technology services for second-tier cooperative banks to access to financial infrastructure and intermediate funds from cooperative financial institutions and central banks
- tiered licensing and proportional supervision for small entities to enable the sector to focus on the provision of services and fair outcomes for members as opposed to compliance
- continued to offer capacity building to cooperative banking institutions through direct technical assistance and training, as well as preregistration support to prospective cooperative banking institutions.
- achieved all targets by conducting 14 training programmes; 99 direct technical assistance (DTA) provided; provided 42 monitoring interventions, and assistance all organised groups that approached the agency for assistance.



## DEVELOPMENT BANK OF SOUTHERN AFRICA

(Schedule 2 major public entity)

The bank was established by the Development Bank of Southern Africa Act (1997). As one of Africa's leading development finance institutions, the bank aims to accelerate inclusive development in Africa by expanding access to development finance to effectively implement integrated and sustainable infrastructure projects. Infrastructure-led economic growth that responds to the socioeconomic needs of our people while addressing the threat of climate change is vital to improving the lives of the growing African population.

### Key achievements

During the reporting period, the bank:

- recorded a net profit of R5.2 billion and achieved a return on equity on sustainable earnings of 9.3 per cent
- facilitated and supported infrastructure delivery to the value of R60.2 billion, comprising:
  - R13.7 billion in total loans and bonds disbursements
  - R25.4 billion in approved funding for prepared projects
  - R4.8 billion in infrastructure implementation support
  - R14.2 billion in catalyzed funding for infrastructure projects
  - R2.1 billion in infrastructure unlocked to under-resourced municipalities
- spent R4.6 billion to the benefit of black-owned entities (50 per cent and above shareholding), of which R1.7 billion benefitted entities owned by black women (30 per cent and above shareholding)
- refurbished and constructed infrastructure 87 schools, which is expected to benefit more than 26 300 learners
- safely constructed ventilated improved pit latrine (VIP) toilets, benefitting 64 400 learners
- facilitated 20 067 jobs
- incurred R111 000 (0.01%) of irregular expenditure
- achieved a clean audit.

## FINANCIAL AND FISCAL COMMISSION

(Schedule 1 Constitutional institution)

The commission was established under chapter 13 of the Constitution, which makes recommendations on equitable shares and allocations of revenue, government guarantees, provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans.

### Key achievements

During the reporting period, the commission:

- delivered all constitutional and legislative submissions on time, including the commission's annual submission on the division of revenue
- published 11 policy briefs, a technical report and a summary report on the seminar held on socioeconomic rights and the role of the commission



# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

- attended 50 engagements in response to invitations from stakeholders
- tabled the submission on the 2022 MTBPS in terms of the 2022 Division of Revenue Amendment Bill and the 2022 Adjustments Appropriation Bill.

## **FINANCIAL INTELLIGENCE CENTRE**

(Schedule 3a national public entity)

The centre was established by the Financial Intelligence Centre Act (2001) to combat money laundering and the financing of terrorism and related activities, identify the proceeds of unlawful activities, exchange information with law enforcement and other local and international agencies, supervise and enforce compliance, and facilitate effective supervision and enforcement by supervisory bodies. To deliver on this mandate and protect the integrity of South Africa's financial system, the Financial Intelligence Centre Act works in conjunction with other legislation, including the Prevention of Organised Crime Act (1998), the Protection of Constitutional Democracy Against Terrorist and Related Activities Act (2004), and the South African Police Service Act (1995).

### **Key achievements**

During the reporting period, the centre:

- produced 2 393 reactive reports and 976 proactive reports, of which 144 were high priority
- responded to 77 requests to block funds
- conducted 33 compliance awareness initiatives on the Financial Intelligence Centre Act, conducted 402 inspections on accountable and reporting institutions, and issued two notices of sanctions to enhance compliance with the act.

## **FINANCIAL SECTOR CONDUCT AUTHORITY**

(Schedule 3a national public entity)

The authority is the financial sector market conduct and integrity regulator. It commenced operations on 1 April 2018 in terms of the Financial Sector Regulation Act (2017). The authority focuses exclusively on regulating and supervising the conduct of entities that provide financial products and services, and is responsible for ensuring the integrity of financial markets, as set out in the act. This includes banks, insurers, the investment sector, retirement funds, administrators and intermediaries, and institutions and infrastructures involved in financial markets. An important component of the authority's mandate is promoting financial literacy through financial education.

### **Key achievements**

During the reporting period, the authority:

- published and implemented the 2022-2025 regulation plan to support the organisation in managing and navigating how it executes ongoing legislative reviews and develops the regulatory framework in accordance with its strategic objectives



# PUBLIC ENTITIES REPORTING TO THE MINISTER

- launched a seminal discussion paper on unclaimed assets, which have accumulated to R90 billion across the financial sector, mainly in retirement funds. The discussion paper builds on work done by the authority and the National Treasury to find a solution that will lead to the increased disbursement of unclaimed assets to their rightful owners
- published a research report on digital financial inclusion that deconstructs trends, benefits, hazards, constraints and enablers. The research also discusses issues related to demand and supply, and includes initiatives to increase financial literacy, third-party control and risk management related to infrastructure improvement
- published research findings on crypto asset market activities in South Africa. The research supports the authority's work in relation to the development of licensing, supervision and regulatory frameworks for crypto asset financial service providers by highlighting consumer exposure to crypto assets. It also contributes to the growing body of knowledge on financial sector innovations both domestically and internationally
- published the Declaration of a Crypto Asset as a Financial Product in terms of paragraph (h) of the definition of a financial product in section 1 of the Financial Advisory and Intermediary Services Act (2002). The declaration brings providers of financial services in relation to crypto assets within the authority's regulatory jurisdiction
- published the final strategy for promoting the transformation of the financial sector. The strategy outlines how the authority will promote transformation within the legislative framework (such as the Broad-based Black Economic Empowerment Act (2003) and the financial sector code) pending the finalisation of the Conduct of Financial Institutions Bill and how, once enacted, it will give effect to future proposals on transformation.
- reached more than 5 000 grade 11 learners from more than 300 no-fee schools in quintiles 1 to 3 from all provinces through the National Financial Literacy Speech competition.
- Participated in the National Money Smart Week campaign through an interview campaign on eight SABC community radio stations, reaching an estimated 25 533 000 listeners. An additional five broadcasting engagements leading up to Black Friday reached an estimated 513 000 listeners.
- conducted 99 webinars and workshops, reaching 7 046 consumers. The authority's outreach programme reached 3 730 consumers through six exhibitions.
- published the draft position paper on Open Finance, which communicates the authority's proposed policy position on Open Finance and provides recommendations on appropriate risk mitigation. The FSCAs' views presented in the paper are exploratory and intended to contribute towards the national policy debate
- published a statement on sustainable finance and the programme of work, which sets out how the authority, through its customer protection and market integrity mandates, intends to play a transformational role in ensuring that South Africa's financial system best supports the country's sustainability goals. Future work in this regard will address aspects such as the authority's broader approach to the green finance taxonomy, disclosure and reporting requirements, and consumer education on sustainable financial products and services
- established the consumer advisory panel, comprising experts and representatives with strong knowledge and understanding of the financial customer experience in South Africa. The panel is expected to provide considered inputs into the authority's documents, instruments, and research, outreach and regulatory initiatives so that consumer perspectives are taken into account. It should also proactively inform the authority of consumer concerns in the financial sector that may require attention
- published the regulatory actions report 2022/23, which assists in identifying high risk areas changes in industry behaviour and consumer education needs, and informs supervisory and regulatory activities and focus areas.



# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

## FINANCIAL SECTOR TRIBUNAL

The tribunal was established in terms of section 219 of the Financial Sector Regulation Act (2017). It is mandated to reconsider decisions as defined in section 218 of the act, and perform the other functions conferred on it by the act and specific financial sector laws. The tribunal is independent and impartial, and exercises its powers without fear, favour or prejudice.

### Key achievements

During the reporting period, the tribunal:

- received 218 applications for reconsideration and 108 applications for leave to reconsider decisions made by the Office of the Ombud for Financial Services Providers
- published 179 decisions on the Financial Sector Conduct Authority website on applications for reconsideration
- issued 108 decisions on applications for leave to reconsider decisions made by the Office of the Ombud for Financial Services Providers
- four decisions were taken to the high court on review.

## GOVERNMENT PENSIONS ADMINISTRATION AGENCY

(Government component)

The agency provides administration services to the Government Employees Pension Fund and Programme 7 of the National Treasury – an arrangement regulated through service-level agreements. The agency administers the pensions and other benefits of government employees in terms of the Government Employees Pension Law (1996) on behalf of the fund and its board of trustees. On behalf of the National Treasury, the agency administers the Temporary Employees Pension Fund in terms of the Temporary Employees Pension Fund Act (1979), and the Associated Institutions Pension Fund in terms of the Associated Institutions Pension Fund Act (1963). Post-retirement medical subsidies are administered as provided for and regulated by the Public Service Coordinating Bargaining Council. Military pensions are administered in terms of the Military Pensions Act (1976), injury on duty payments are administered in terms of the Compensation for Occupational Injuries and the Diseases Act (1993), and special pensions are administered in terms of the Special Pensions Act (1996).

### Key achievements

During the reporting period, the agency:

- paid an average of 96.86 per cent (Government Employees Pension Fund 93.81 per cent and the National Treasury 99.99 per cent) of benefits on time on receipt of duly completed documentation
- admitted an average of 99.9 per cent of new members within 14 days (Government Employees Pension Fund 100 per cent and the National Treasury 99.8 per cent)
- serviced 99.8 per cent of clients who visited its offices throughout the country
- reached an average of 61.47 per cent clients through digital communication channels.

## GOVERNMENT TECHNICAL ADVISORY CENTRE

### (Government component)

The centre was established in terms of the Public Service Act (1994) as a government component to assist organs of state to build their capacity for efficient, effective and transparent financial management. The centre's objectives are to provide consulting services to government departments and other organs of state, specialised procurement support for high-impact government initiatives, advice on the feasibility of infrastructure projects, knowledge management for projects undertaken, and any ancillary support.

### Key achievements

During the reporting period, the centre:

- successfully delivered an evidence-based policy-making course targeted at public sector officials in collaboration with the national school of government and the Department of Planning, Monitoring and Evaluation
- supported 19 institutional development projects, including business case development, diagnostics and reviews, feasibility studies, function shifts, organisational reviews and development, intergovernmental infrastructure delivery support, and programme and project management support
- successfully hosted four foundational PPPs and two municipal capacity building webinars
- conducted an analysis on the ratio of generals in the South African National Defence Force generals relative to other ranks for a comparison with international standards. The analysis will be expanded to public service existing positions by comparing the ratio of senior management to other salary levels
- analysed compensation of employees for the Department of Defence, as captured on the PERSAL database, between 2010/11 and 2021/22. An analysis of cost containment through various strategies to reduce headcount was included. This was the sixth in a series of annual remuneration analysis reports
- analysed spending on compensation of employees in national and provincial government between 2006 and 2021. The analysis was split into three parts:
  - the overall trends in compensation spending between 2006 and 2021
  - the effects of the COVID-19 pandemic on expenditure on compensation of employees between 2019 and 2021
  - changes made between 2020 and 2021 after the latest PERSAL data was released
- provided two spending reviews training for the Department of Science and Innovation and Western Cape Provincial Treasury. The centre assessed seven final spending-review reports based on quality standards for the Public Expenditure and Public Analysis knowledge hub, and produced quality-review reports
- held a webinar showcasing the infrastructure fund – a dedicated implementation unit to identify and develop innovative and appropriate funding structures and undertake all activities necessary to develop blended financing solutions for prioritised programmes and projects. The webinar showcased the processes the fund follows in facilitating access to affordable and sustainable socioeconomic infrastructure that promotes inclusive economic growth and job creation.



# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

## **INDEPENDENT REGULATORY BOARD FOR AUDITORS**

(Schedule 3a: national public entity)

The board was established through the Auditing Profession Act (2005), as amended, and commenced operations in April 2006. Its mandate is to protect the financial interests of the public by setting competency requirements for auditors, issuing standards and a code of ethics, monitoring compliance, and disciplining auditors when necessary. The effective execution of its mandate ensures that the financial interests of investors are protected and high-quality audits are delivered, which, in turn, provides confidence in and reliance on financial statements and consequential investments. One of the board's priorities is to restore confidence and trust in the auditing profession through its revised five-year strategy focused on improved audit quality, comprehensive stakeholder engagements that emphasise collaboration without compromising independence and with a view to promote broader reforms, and the sustainability and relevance of both the profession and the regulator.

### **Key achievements**

During the reporting period, the board:

- entered into a memorandum of understanding with the Finance and Accounting Services Sector Education and Training Authority to provide bursaries to audit development programme candidates from small and medium-sized auditing firms
- implemented the Audit Development Programme Reloaded project, which led to a 63 per cent increase in the number of registrations to the programme. No de-registrations were recorded
- evaluated the accreditation application of the Association of Chartered Certified Accountants. The evaluations are in the final recommendation stages, with the specialist working groups collating and finalising their evaluation reports
- established a taskforce of experts from academia, the training and development departments of audit firms, the Auditor-General and registered auditors to review and revise the competency framework in line with developments in the profession
- published the first-ever annual enforcement report, covering the nature of enforcement cases dealt with by the relevant board enforcement structures and the outcomes of enforcement processes undertaken
- issued the fourth annual audit quality indicators report. One of the key indicators (staff turnover) shows the impact of the "great resignation" of skilled professional staff, reinforcing the need to increase the attractiveness of auditing as a career
- published the annual public inspections report, which demonstrates progress with the implementation of inspection initiatives, particularly early remediation and theme-based inspections
- aligned its revived brand with the new vision and clarion call of integrity, public interest and audit quality through various projects
- opened conversations with stakeholders on key gaps in the broader financial ecosystem through comprehensive stakeholder engagement initiatives that aim to build on strong alliances, transparency and collaboration without compromising independence
- identified several root causes to some of the challenges faced by the profession. Various stakeholders are being canvassed to help identify reform projects on which to focus.



## LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

(Schedule 2 major public entity)

The mandate of the Land Bank, as a development finance institution, is to address agricultural and rural development in South Africa. The bank operates in the agricultural and agribusiness sectors, and is regulated by the Land and Agricultural Development Bank Act (2002) and the PFMA. Its mandate, as expressed in the act, is to promote the equitable ownership of agricultural land, particularly by historically disadvantaged people; agrarian reform; land redistribution or development programmes for historically disadvantaged people; land access for agricultural purposes; productivity, profitability, investment and innovation in agriculture; the growth of the agricultural sectors and better use of land; rural development and job creation; commercial agriculture; and food security.

### Key achievements

During the reporting period, the bank:

- collected R8.8 billion from clients and disbursed only R700 million as part of its strategy to pay lenders and remedy its 2020/21 default position
- achieved a profit of R475 million compared to a profit of R1.5 billion in the previous year
- recorded gross interest income of R2.8 billion and net interest income of R704 million compared to R600 million reported in March 2022.

## OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS

(Schedule 3a national public entity)

The office was established in terms of section 20(1) of the Financial Advisory and Intermediary Services Act (2002) and is a schedule 3A entity in terms of the PFMA. It is mandated to consider and resolve complaints in a procedurally fair, informal, economical and expeditious manner. This flows from section 20(3) of the act and is discharged by the Ombud for Financial Services Providers, who is appointed by the Minister of Finance. The ombud is further mandated, in terms of section 211 of the Financial Sector Regulation Act (2017), to designate any ombud scheme (including the Ombud for Financial Services Providers) to deal with and resolve complaints about financial services or products of a particular kind where there is no ombud scheme or statutory ombud that makes provision for the resolution of complaints about financial services or products of that particular kind.

### Key achievements

During the reporting period, the office:

- received 10 970 complaints, a decrease of 7.2 per cent from the 11 827 complaints received during the previous reporting period. Of these, 6 483 (59 per cent) were within the scope of the office's mandate.
- resolved 9 244 complaints – 84.27 per cent of all complaints received, other than complaints related to property syndication



# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

- settled 1 934 complaints, an increase of 6.1 per cent from 1 823 in the previous reporting period. The overall settlement value amounted to R39.1 million
- referred 4 301 complaints to other agencies to provide the required assistance as part of the office's commitment to enhance access to justice for all South Africans.

## **OFFICE OF THE PENSION FUNDS ADJUDICATOR**

(Schedule 3a national public entity)

The office is mandated to investigate and determine complaints lodged in terms of the Pension Funds Act (1956). This requires the office ensure that its services are accessible to all; investigate complaints in a procedurally fair manner; resolve complaints justly and expeditiously in accordance with the law while incorporating innovation, proactive thought and action in its activities; and provide opportunities for its employees to grow as individuals. The office's jurisdiction is applicable only to funds registered under the Pension Funds Act.

### **Key achievements**

During the reporting period, the office:

- received 9 190 complaints from across all provinces through various mediums
- finalised 8 158 complaints (including those carried forward from 2021/22), settled 869 complaints, formally determined 4 374 complaints, deemed 1 525 complaints out of jurisdiction for various reasons, and closed 1 390 complaints for other reasons.

## **OFFICE OF THE TAX OMBUD**

(Schedule 3a national public entity)

The office was established in October 2013 in terms of the Tax Administration Act (2011) to review and address any complaint by a taxpayer regarding a service or procedural or administrative matter arising from the application of the provision of a tax act by SARS. Its main aim is to enhance confidence in the country's tax administration.

### **Key achievements**

During the reporting period, the office:

- administered 14 963 contacts, which consisted of 10 948 queries and 4 015 complaints
- resolved 1 739 complaints
- intervened to ensure that the top 10 refunds paid to taxpayers collectively amounted to R215.7 million
- ensured that 98 per cent of its recommendations were implemented by SARS
- compiled and approved the compilation of taxpayers' rights, entitlements and obligations to promote awareness about taxpayers' rights
- generated an estimated R8.4 million in public relations value through media engagements
- reached an estimated 13.8 million listeners and viewers through 46 mentions on six radio stations and coverage on four television channels





# PUBLIC ENTITIES REPORTING TO THE MINISTER

- engaged 40 institutions on various subjects
- upgraded its website to increase its online brand presence and promote its services. The new website offers improved mobile experience and enables the online submission of complaints.

## OMBUD COUNCIL

The Ombud Council as mandated by Chapter 14 of the Financial Sector Regulation Act (2017) was established and conferred with powers to oversee ombud schemes and ensure adequate coverage of complaints against financial product and service providers by appropriate ombud schemes. The Ombud Council was recently established and as a result was granted exemption from compliance with the PFMA during the reporting period. Accordingly, there were no approved strategic or annual performance plans.

## PUBLIC INVESTMENT CORPORATION

(Schedule 3b national government business enterprise)

The corporation was established in terms of the Public Investment Corporation Act (2004). The corporation is mandated to invest funds on behalf of its clients based on investment mandates, as agreed with each client and approved by the Financial Sector Conduct Authority. It is a registered financial services provider wholly owned by the government, with the Minister of Finance as its shareholder representative. The corporation's clients are public sector entities, including pension, provident, social security, development and guardian funds.

### Key achievements

During the reporting period, the corporation:

- grew its assets under management by 2 per cent to R2.6 trillion, driven mainly by growth in the value of listed bonds, which offset the decline in domestic equities. Its top three clients were: the Unemployment Insurance Fund, whose assets under management grew by 13 per cent to R133.5 billion, boosted by the portfolio's higher exposure to domestic bonds; the Compensation Fund, whose assets under management grew by 4.3 per cent to R54.4 billion; and the Government Employees Pension Fund, whose assets under management grew by 1.1 per cent to R2.3 trillion. The Government Employees Pension Fund accounts for 88.9 per cent of the corporation's total assets under management, followed by Unemployment Insurance Fund at 5.1 per cent and the Compensation Fund at 3.9 per cent. The corporation has 15 smaller clients with combined assets under management of R61.3 billion, which grew by 7 per cent during the period under review
- implemented 96 per cent of the recommendations of the advisory panel led by retired Justice Yvonne Mokgoro handed over to the board in December 2022, which address the findings of the Mpati Commission of Inquiry. The remaining 4 per cent of recommendations concern matters under investigation by law enforcement agencies or that require action by third parties, and are being attended to
- outperformed the market in terms of listed investments, while the listed equities portfolio outperformed its benchmark, the Johannesburg Stock Exchange All Share Index, by 1 per cent. The inflation-linked bonds portfolio outperformed its benchmark by 0.7 per cent, and the conventional bonds portfolio outperformed



# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

its benchmarks by 0.3 per cent, as did the cash component. The listed property component performed in line with the South African Property Index benchmark

- grew the allocations managed by external black-owned firms to R154 billion. Domestic firms in the programme have more than 51 per cent black ownership and 30 per cent black management control, and are responsible for 64 per cent of assets allocated to domestic firm
- continued to be the largest holder of bonds in Eskom (R85.5 billion), Transnet (R18.6 billion) and the South African National Roads Agency (R13 billion). The corporation retained its exposure to other important development finance institutions, including the Development Bank of Southern Africa and the Industrial Development Corporation. Returns on these holdings are commensurate with the associated risks of these investments
- reviewed its participation in the government's renewable energy independent power producer procurement programme, revealing that the corporation has funded or enabled funding for 25 per cent (R51.7 billion) of all of the programme's initiatives since its inception. Investments include the facilitation of R2.3 billion in socioeconomic development (1.3 per cent of total revenue) and R699 million in enterprise development (0.4 per cent of total revenues). To date, 69 554 jobs have been created through the programme, 10 359 of which were created directly by companies in the corporation's portfolio
- allocated 70 per cent of listed equities brokerage to brokers whose BEE credentials met the corporation's requirements. This was well above the requirements of BEE legislation, sector transformation charters and internal benchmarks. Brokers must be certified as level 1 to 4 BEE contributors based on the new B-BBEE codes
- approved funding of R11.19 billion for investments in the challenging unlisted space, including direct and indirect investments in South Africa and the rest of the continent. Of the six transactions approved in multimanager private markets, four firms were for majority owned and managed by black people and two were majority owned and operated by women
- approved transactions for new unlisted investments of R10.5 billion across the Government Employees Pension Fund mandate and R690 million for the Compensation Fund. This includes direct and indirect investments in South Africa and the rest of the continent in the financial services, agriculture, energy, ICT and retail sectors. Of the six transactions approved in multimanager private markets, four firms were majority owned and managed by black people and two were majority owned and managed by women
- made a US\$100 million equity investment in the Africa Finance Corporation towards the continent's development, industrialisation and growth
- converted equity of US\$250 million from a subsidiary into the Export Trade Commodity Group, one of the largest agricultural commodity supply chain managers, with operations in sub-Saharan Africa, Asia, Australia and Northern America.

## **SOUTH AFRICAN REVENUE SERVICE**

(Schedule 3a national public entity)

In terms of the South African Revenue Service Act (1997), SARS is mandated to collect all revenue due to the state and administer trade to support the government in meeting its key growth developmental objectives. This involves facilitating legitimate trade, protecting South Africa's ports of entry, and eliminating illegal trade and tax evasion. The organisation's purpose is to contribute to the economic and social development of the country by collecting the resources needed by the government to meet its policy and delivery priorities.



**Key achievements**

During the reporting period, SARS:

- collected R1.687 trillion in tax revenue, a 7.9 per cent increase from the collection of R1.564 trillion in the previous reporting period
- contributed R231.8 billion compliance revenue through the efficacy of administrative efforts, including R82.6 billion through enhanced risk management, R15.1 billion through customs and excise compliance, and R6.7 billion through combatting criminal and illicit economic activities
- processed 9.4 million assessments, 2.9 million of which were auto assessments. SARS paid 2.9 million refunds valued at R36.4 billion compared to 2.7 million refunds valued at R33.5 billion in the previous reporting period. 89.38 per cent of taxpayers and traders used digital and self-help platforms to interact with the organisation
- successfully prosecuted 94.7 per cent of cases
- recovered revenue of R6.7 billion from illicit activities.

**SOUTH AFRICAN SPECIAL RISKS INSURANCE ASSOCIATION**

(Schedule 3b national government business enterprise)

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

**Key achievements**

During the reporting period, the association:

- realised gross written premium income growth of 46.7 per cent, amounting to R4.6 billion
- achieved an unqualified audit opinion
- delivered value-add to customers – only three of 3 072 claims (0.1 per cent) received were overturned by the Ombudsman for Short-term Insurance
- achieved an operational expense ratio percentage of 5.13 per cent – below the target of between 7 per cent and 9 per cent.
- restored the status quo of customers affected by the civil unrest in July 2021 by paying out more than R30 billion.



# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

<b>NAME OF ENTITY</b>	<b>LEGISLATIVE MANDATE</b>	<b>FINANCIAL RELATIONSHIP</b>	<b>NATURE OF OPERATION</b>
<b>Accounting Standards Board</b>	Public Finance Management Act (1999)	Transfer payments	Serve the public interest by setting standards of GRAP and providing guidance for financial and other performance information reported by the public sector
<b>Cooperative Banks Development Agency</b>	Cooperative Banks Act (2007)	Transfer payments	Support, promote and develop cooperative banking; and register, supervise and regulate deposit-taking financial services cooperatives, savings and credit cooperatives, community banks and village banks as cooperative banks
<b>Development Bank of Southern Africa</b>	Development Bank of Southern Africa Act (1997)	No transfer from the National Treasury	Advance development impact in the region by expanding access to development finance, and effectively integrating and implementing sustainable development solutions
<b>Financial and Fiscal Commission</b>	Constitution of the Republic of South Africa,	Transfer payments	Make recommendations to organs of state on financial and fiscal matters in accordance with section 220 of the Constitution
<b>Financial Intelligence Centre</b>	Financial Intelligence Centre Act (2001)	Transfer payments	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 Financial Intelligence Centre Act, and facilitate effective supervision and enforcement with supervisory bodies
<b>Financial Sector Conduct Authority</b>	Financial Sector Regulation Act (2017)	No transfer from the National Treasury	Regulate and supervise the market conduct of the financial services sector, ensuring the integrity and efficiency of formal markets and allied institutions; protecting consumers of financial services; and improving access, including through financial literacy programmes
<b>Financial Sector Tribunal</b>	Financial Sector Regulation Act (2017)	No transfer from the National Treasury	Reconsider decisions as defined in section 218 of the Financial Sector Regulation Act, and perform the other functions conferred on it by the act and specific financial sector laws
<b>Government Pensions Administration Agency</b>	Public Service Act (1994)	No transfer from the National Treasury	Administer pension benefits, funeral benefits, post-retirement medical subsidies, military pensions, injury on duty payments and special pensions on behalf of the Government Employees Pension Fund and the National Treasury



# PUBLIC ENTITIES REPORTING TO THE MINISTER

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
<b>Government Technical Advisory Centre</b>	Section 7A (4) of the Public Service Act (1994) through Government Notice 261, Gazette 35194, of 30 March 2012	Transfer payments	Assist organs of state to build their capacity for efficient, effective and transparent financial management, and stimulate debate and promote discourse in the public economics space using a range of communications and knowledge management approaches to optimise learning across the public sector
<b>Independent Regulatory Board for Auditors</b>	Auditing Profession Act (2005)	Transfer payments	Protect the sections of the public that rely on the services of registered auditors, and provide support to registered auditors
<b>Land and Agricultural Development Bank of South Africa</b>	Land and Agricultural Development Bank Act (2002)	No transfer from the National Treasury	Provide financial services to the commercial farming sector and agri-business; and make available new, appropriately designed financial products that facilitate access to finance by new entrants to agriculture from historically disadvantaged backgrounds
<b>Office of the Ombud for Financial Services Providers</b>	Financial Advisory and Intermediary Services Act (2002)  Financial Services Ombud Schemes Act (2004)	No transfer from the National Treasury	Resolve financial services complaints in an economical, informal and expeditious manner that flows directly from section 20 of the Financial Advisory and Intermediary Services Act
<b>Office of the Pension Funds Adjudicator</b>	Pension Funds Act (1956)	No transfer from the National Treasury	Investigate and determine complaints lodged in terms of the Pension Funds Act
<b>Office of the Tax Ombud</b>	Tax Administration Act (2011)	Transfer payments	Review and address any complaint by a taxpayer regarding a service, procedural or administrative matter arising from the application of the provisions of a tax act by SARS
<b>Ombud Council</b>	Financial Sector Regulation Act (2017)	Transfer payments	Assist in ensuring that financial customers have access to and are able to use affordable, effective, independent and fair alternative dispute-resolution processes for complaints about financial institutions in relation to financial products and services
<b>Public Investment Corporation</b>	Financial Advisory and Intermediary Services Act (2004)	No transfer from the National Treasury	Manage assets for clients, all of which are public sector entities. The corporation operates principally in South Africa, but also invests offshore and in Africa



# 10 PUBLIC ENTITIES REPORTING TO THE MINISTER

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATION
<p><b>South African Revenue Service</b></p>	<p>South African Revenue Service Act (1997)</p>	<p>Transfer payments</p>	<p>Collect all revenue due to the state and support government in meeting its key growth and developmental objectives by facilitating legitimate trade, protecting South Africa’s ports of entry, and eliminating illegal trade and tax evasion</p>
<p><b>South African Special Risks Insurance Association</b></p>	<p>Reinsurance of Damages and Losses Act (1990)  Conversion of the South African Special Risks Insurance Association Act (1998)</p>	<p>No transfer from the National Treasury</p>	<p>Offer insurance to all individuals and businesses that own assets in South Africa, as well as to government entities</p>







2022/23  
NATIONAL TREASURY  
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# PART B

## PERFORMANCE INFORMATION





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

**01**

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

Refer to page 299 for the Report of the Auditor-General, published as Part F: Financial Information.



# **OVERVIEW OF DEPARTMENTAL PERFORMANCE**

## **2.1 SERVICE DELIVERY ENVIRONMENT**

Economic recovery after the COVID-19 pandemic slowed in 2022, with global growth decreasing to 3.5 per cent from 6.3 per cent in 2021. This was mainly due to Russia's invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and China's economic slowdown. The invasion of Ukraine led to a severe energy crisis in Europe that sharply increased costs of living and hampered economic activity. Gas prices in Europe peaked at more than four times their 2021 levels as Russia cut deliveries to less than 20 per cent of their 2021 level. Broadly, the conflict also pushed up food prices on world markets, despite some easing after the Black Sea grain deal.

These factors added to already persistent and broadening inflation pressures driven by global supply chain bottlenecks, higher commodity prices and tight labour markets in advanced economies. In turn, this triggered the rapid and synchronised tightening of monetary conditions, alongside a rapid appreciation of the US dollar against most other currencies. In China, frequent lockdowns under its Zero-COVID policy took their toll on the economy, especially in the second quarter of 2022. The property sector, which comprises about one-fifth of economic activity in that country, weakened substantially. Given the size of China's economy and its importance to global supply chains, this weighed heavily on global trade and activity. Despite the World Health Organisation (WHO) announcing in May 2023 that it no longer considers COVID-19 a global health emergency, and supply chains having recovered to pre-pandemic levels, slow growth has persisted into late 2022/23.

The International Monetary Fund (IMF) forecasts that growth will continue to slow. In addition, commodity prices, which were boosted by increased demand after the global economy reopened, were adversely affected once more by Russia's invasion of Ukraine.

This has resulted in the IMF forecasting that global output growth will slow further to 3 per cent in 2023 and 2024.<sup>1</sup>

South Africa's economic recovery from the COVID-19 pandemic slowed substantially during the reporting period. A year-on-year comparison shows a sharp decrease from growth of 5.9 per cent in 2021/22 to 1.4 per cent in 2022/23 (after a 6.7 per cent contraction in 2020/21). The South African economy was already precarious before COVID-19 due to persistently high levels of poverty, inequality, unemployment and weak growth.

Only the finance, real estate and business services sectors grew faster in 2022/23 than the previous year. Some sectors, such as transport, storage and communication, saw weaker but still positive growth. The government services, construction, electricity, gas and water, and mining and quarrying sectors contracted. Mining and quarrying performed particularly poorly as global commodity prices softened, thereby exacerbating the disastrous effects of load shedding and issues in transport logistics.

On the expenditure side, the slowdown in GDP was most pronounced in household spending and exports, although both still saw positive growth. The growth in exports was, however, outweighed by the growth of imports, resulting

<sup>1</sup> IMF World Economic Outlook, July 2023.



# OVERVIEW OF DEPARTMENTAL PERFORMANCE

in net exports adversely affecting overall GDP. Gross fixed capital formation saw a slight increase during the reporting period but remained below pre-pandemic levels.

Reduced business confidence reflected the slow recovery and decreased from an average of 45.3 index points in 2021/22 to 39.8 points in 2022/23. Business confidence thus remained well below the neutral outlook of 50 index points. This was largely attributed to increasingly severe load shedding during the reporting period.

The current account of the balance of payments reverted to its historical norm of a deficit in the period under review, to 1.3 per cent of GDP. This came after a current account surplus of 3.2 per cent in the previous year.

The financial account switched to a small surplus after recording a deficit in the previous financial year. This was driven by inflows of net foreign direct investments and net other investments, while net portfolio investments continued to record outflows.

Fiscal metrics continued to improve slowly after the shock of the COVID-19 pandemic, which saw increased government spending in response to it combined with contractions in tax revenue and economic growth. The main budget deficit narrowed to 4.2 per cent of GDP in 2022/23 from 4.6 per cent in 2021/22.

Gross government debt, however, increased to 71.1 per cent of GDP in 2022/23, from 68 per cent in 2021/22, as a result of government's direct debt takeover of a portion of Eskom's loan portfolio. The 2023 Budget set a target to stabilise gross government debt at 73.6 per cent in 2025/26 after achieving a small surplus on the primary balance in 2022/23. South Africa's risk premium worsened significantly to average 4 percentage points in 2022/23, from 3.5 percentage points in 2021/22, although it is below the high of 4.8 percentage points in 2020/21. The average real exchange rate in 2022/23 appreciated by 1.5 per cent compared to the 2021/22 average. However, the rand saw significant depreciation towards the latter part of the year as advanced economies' monetary policies tightened, particularly in the US.

Reforms embodied in the economic reconstruction and recovery plan (ERRP) and Operation Vulindlela (a collaboration between the National Treasury and the Presidency aimed at fasttracking structural reforms and supporting economic recovery) continue apace.

## IN THE ENERGY SECTOR:

- Schedule 2 of the Electricity Regulation Act (2006) was amended to remove the licensing requirement for generation projects of any size. More than 100 projects are now at various stages of development, representing more than 10 000 MW of new generation capacity and more than R200 billion of private sector investment.
- The procurement of new generation capacity was accelerated.
- The procurement of independent power by municipalities was facilitated.
- Eskom was unbundled into separate entities for generation, transmission and distribution.
- Eskom's debt burden was addressed. The 2023 Budget introduced R254 billion in debt relief to Eskom, subject to strict conditions. This will relieve pressure on the utility's balance sheet, enabling it to conduct necessary maintenance and supporting the restructuring of the electricity market.
- Tax incentives were reduced to support small-scale embedded generation.



# OVERVIEW OF DEPARTMENTAL PERFORMANCE

## IN FREIGHT LOGISTICS:

- Transnet worked towards establishing a separate infrastructure manager in its freight rail arm. This will enable third-party access to the core rail network.
- Measures were implemented to improve the performance of container terminals at Durban Harbour and attract private sector investment.
- The Economic Regulation of Transport Bill was passed in Parliament. This marked a critical step towards reforming the freight logistics system and establishing a transport economic regulator to oversee third-party access to the rail network.

## IN DIGITAL COMMUNICATIONS:

- The rapid deployment policy and policy direction, and a standard draft by-law for wayleave approvals were gazetted. These will help accelerate the rollout of telecommunications infrastructure such as fibre and towers.

**Table 1: Economic indicators**

	2019/20	2020/21	2021/22	2022/23
GDP growth (y/y)	0,4%	(6,7%)	5,9%	1,4%
Household consumption growth (y/y)	1,8%	(7,4%)	7,3%	2,0%
Gross fixed capital formation growth (y/y)	(2,4%)	(15,8%)	4,5%	4,7%
RMB/BER Business Confidence Index (average)	23,25	26,00	45,25	38,75
RMB/BER Consumer Confidence Index (average)	(4,50)	(19,25)	(11,25)	(19,00)
Unemployment rate	29,3%	29,8%	34,8%	33,1%
Consumer inflation (y/y)	4,2%	2,9%	5,2%	7,2%

Sources: Statistics South Africa, Bureau for Economic Research

## 2.2 SERVICE DELIVERY IMPROVEMENT PLAN

In pursuit of the service delivery improvement, the department has commenced with the process of developing an Organisational Management Framework (OMF) required in terms of the Public Service Regulations 2016 (Chapter 3) Part 3 (36), which obliges that an executive authority shall establish and maintain an operations management framework which shall include-

- an approved service delivery model;
- a list of all core mandated services provided by the department;
- mapped business processes for all services;
- standard operating procedures for all services;
- service standards for all services;
- a service delivery charter referred to in regulation 37; and
- a service delivery improvement plan referred to in regulation 38.



# OVERVIEW OF DEPARTMENTAL PERFORMANCE

The Operations Management Framework will be anchored on the department's strategic goals and mandate and will enhance the department's capacity for the planning, development, implementation and institutionalisation of service delivery tools, systems, processes, mechanisms and intervention programmes that are meant to improve the quality of services provided by the department.

## 2.3 ORGANISATIONAL ENVIRONMENT

### OPERATING ENVIRONMENT

In pursuit of the strategic goals set in the 2020-2025 Strategic Plan for organisational development and improvement, National Treasury continues to implement the Optimising the Organisation Plan, which is anchored on the following pillars:

- Pillar One: to strengthen governance, planning, people and financial management services;
- Pillar Two: to build and reinforce organisational leadership and strengthen internal collaboration protocols between divisions;
- Pillar Three: to develop and strengthen organisational structures, including building and reinforcing trust and enhancing communication; and
- Pillar Four: to establish and further promote partnerships.

As the first phase of the organisational review process is being concluded, National Treasury has commenced with enhancing the department's institutional capability to respond to emerging public priorities while delivering on current national imperatives in line with the departments constitutional mandate. Central to this is the recent measures taken to enhance the capacity of the department to implement the requirements for the implementation of municipal financial recovery plans in the local government level. A dedicated business unit has been established to lead and oversee the implementation of municipal financial recovery plans in municipalities that experience financial distress characterised by financial mismanagement, failure to raise own revenue and failure to meet all its financial commitments. During the reporting period, National Treasury has prioritised the filling of critical vacant positions to reinforce the institutional capability to fulfil its constitutional mandate. In pursuit of Pillar 1, the department continued to embrace and implement appropriate, practical and agile approaches to human resources and employee relations. People's matters continue to be a priority and further work is being done on diversity management, providing employee wellness services, targeted edu-information sessions on health, wellbeing and financial matters as well as campaigns on good workplace relations and practices.

In pursuit of Pillar Two, the design concepts of the approved macro-organisational structure are to enforce intra-and-inter divisional collaboration. This was informed by the business processes which were mapped and documented in such a way to reinforce intra- departmental dependencies. The integration of budgeting, performance planning, monitoring and evaluation, risk management and employee performance contracting, and performance measurement has now fully matured across the department. The individual performance management system is now fully aligned to the organisational performance management framework. Both SPM&E and HR continue to ensure that there is synergy in planning with Annual Operational Plan and Chief Directorates Operational Plans informing performance agreements, reviews and evaluations.



## OVERVIEW OF DEPARTMENTAL PERFORMANCE

As pillar 3 Pillar Three focuses on ensuring development and strengthening of the organisational structures, including building and reinforcing trust and enhancing communication, the DG's Special Purpose Committee continued to address issues that have been raised by employees through surveys and DG in Discussion sessions. The Committee proposed interventions across seven thematic focal areas as part of their work serving as the focal point on gender mainstreaming :

- Values and Ethics Stream
- Policies Workstream
- Working Conditions Workstream
- Facilities and security Workstream
- Development workstream
- Inclusivity
- Campaigns Workstreams

The work streams have developed differential workplans on the implementation of the interventions and these are monitored through quarterly progress reports.

The Strategic Planning, Monitoring & Evaluation, Chief Risk Office, Chief Financial Officer, Human Resource Management, Internal Audit have commenced with the rollout of the corporate management system developed as an integrated solution that aims to achieve modernisation and automation of the department's planning, monitoring and reporting ecosystem, which has become known as the Organisational Performance Monitoring Management System (OPMMS). The system integrates risk, organisational performance planning, monitoring and reporting, demand planning, budgeting, and IT planning on a single IT platform, and links to the audit findings register and the human resources Performance Management and Development System (PMDS).

Governance, risk management and compliance are interrelated and interconnected facets of corporate governance that supports the department to reliably achieve objectives, address uncertainty and act with integrity. Risk management has been enhanced with the Risk Management Committee fully functional and providing oversight over the effectiveness of the risk management function, the management of strategic risks, to recommend risk management governance documents and to monitor progress on risk management activities. During the reporting period, the risk management unit conducted business continuity assessment across all the divisions to protect the department from potential threats of disruptive incidents that may hinder the provision of core mandated services. Business continuity planning provides assurance that the department has the capability to continue the delivery of services at pre-defined acceptable levels following a disruptive incident. Regarding the implementation of the Anti-Corruption Policy, the risk management unit conducted awareness campaigns on ethics management, anti-corruption and commenced with the implementation of lifestyle auditing of National Treasury staff.

The National Treasury embraced the new world of work challenges by continuing to be agile through advancing the modernisation and automation of departmental processes. The e-Recruitment system is operational and the e-Leave project was also initiated during this time.

Good records management is an integral part of good governance, efficient and effective administration as records are the outputs of business and administrative processes of the department. During the reporting period, the department enhanced its capacity to implement sound records management policy in pursuit of section 13(4) of the National



# OVERVIEW OF DEPARTMENTAL PERFORMANCE

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Archives and Records Service of South Africa Act, 1996. The Records Management unit conducted extensive awareness campaigns on the requirements of the Promotion of Access to Information Act, 2000 (PAIA) which gives members of the public access to records held by the state with reasonable limitations stipulated in the Act. During the reporting period, 24 PAIA requests were processed by the department. Furthermore, the department also fully complied with the requirements of the Protection of Personal Information Act, 2013 (POPIA) which obliges the department to ensure privacy of legal entities and individuals, as well as lawful processes of personal information.

Knowledge Management intensified efforts to harness the collective knowledge of the department guided by the Knowledge Management strategy. Knowledge Management unit completed the development of a system that will serve as a repository for a centralized platform to store information and have it readily accessible to support operational efficiencies in the department. This Information Knowledge Management System (IKMS) is a central repository for documents developed by the various divisions within the National Treasury. The intention is to enable users to find public finance management information and knowledge assets easily across all multiple sources. The system also allows for the preservation and sharing of knowledge assets with analytics that allows content owners to measure the efficacy and impact of their knowledge assets.

The Information and Communication Technology (ICT) 3-year plan was developed in collaboration with all the relevant stakeholders to enhance technology innovation across the department. The ICT governance unit further strengthened its governance in line with the dynamic business needs of the divisions. The unit implemented various initiatives aimed at enhancing automation to modernise systems and processes across the department. Significant work has been undertaken to introduce advanced automated government-wide procurement related systems, automation of HR processes including e-recruitment, internal e-signature systems and improved reliability of the network capability. Evidently, the eRecruitment system has assisted Human Resources to process and shortlist tens of thousands of applications received, the eTenders portal for publishing government and SOE's tenders has enhanced the efficiency of the government procurement system, and the improvement of security around user and corporate data contributed to the department's efficiency and effectiveness. The ICT governance documents were approved and achieved an internal Management Performance Assessment Tool rating of 4.

National Treasury continues to adopt new ways of working supported by ICT services that enable employees to securely work off site. The acquisition of cloud solutions provided multiple benefits including accessing files anywhere from any device at any time, improved collaboration, and communication through advanced digital platforms. This also provided better business continuity with the utilisation of secure cloud platforms and made collaboration with external stakeholders easier and more secure. Microsoft Viva has also provided employees a better insight into their work environment, time management and wellbeing as part of initiatives to encourage work\life balance.

Human Resource Management provided leadership development programmes in partnership with the National School of Government. In pursuit of the objective of embedding a learning environment in National Treasury, a plethora of learning and development interventions, albeit NT Leadership Philosophy or EQ were customised in line with the NT's cultural fit and rollout for all employees. These were packaged as part of the quarterly training calendar. Senior Management demonstrated a significant appetite for coaching, and these were coordinated on a needs basis while the structured-way was provided through the Mentorship and Coaching Framework. During the reporting period, three training programmes for members of the Senior Management Services were conducted. Similarly, EXCO members



## OVERVIEW OF DEPARTMENTAL PERFORMANCE

enrolled with two different coaching programmes. The IGR division fully completed group coaching, whilst the ODG has started group coaching. Procurement of the group coaching programme for the OCPO was still in progress at the time of reporting. The National Treasury Talent Management Framework has been revised and once approved will facilitate implementation of succession plans on an annual basis. Furthermore, to promote formal career pathing for all positions in NT, HRM ensured that all the job descriptions have formal career pathing to enhance career advancement. The Graduate Development Programme continued to serve as a pipeline for the department's entry level positions. The National Treasury continued to maintain a high representation of women at SMS level and continued to strive in the representation of persons with disabilities. Investment in NT employees continued through the learning and development programmes that are tailor-made for the departments required skills and competencies.

The National Treasury remains committed to achieving its mandate according to the Public Finance Management Act, 1999 (Act No. 1 of 1999), which is to:

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

The National Treasury mandate is further elaborated in the Municipal Financial Management Act Section 5(2), monitoring of municipal budgets, promote good budgets and fiscal management by municipalities, accounting and reporting, monitor, support and assess compliance and investigate any system of financial management and internal control in municipalities and municipal entities. The mandate extends to issuance of regulations on all aspects of the Municipal Financial Management Act, which includes investments, borrowing, budgeting, accounting, assets, reporting, competencies, expenditure and cost containment, supply chain, public private partnerships, financial misconduct and criminal procedures, amongst others.

During the reporting period, the department worked to ensure an enabling organisational environment to deliver on the key focus areas in the 2022/23 annual performance plan. This included:

- Coordination of the national budgeting process
- Monitoring and analysing public expenditure as well as managing future spending growth and fiscal risk
- Coordination of fiscal relations between the three spheres of government with emphasis on ensuring sound budgetary planning at provincial and local levels of government
- Providing advice and input into tax policy, frameworks and legislation and strengthening financial sector regulation
- Conducting research into strategic areas of the economy to better inform the implementation of economic policy;





# OVERVIEW OF DEPARTMENTAL PERFORMANCE

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- Managing government's annual funding programme by way of:
  - optimally managing public debt
  - ensuring that government's liquidity requirements are met through effective cash management and;
  - overseeing state-owned companies to enable their achievement of government's policy objectives in a manner that is financially and fiscally sustainable.
- Strengthening public sector financial management as well as improving financial management governance and compliance across all spheres of government and in government entities;
- Managing government's financial systems;
- Overseeing and improving government's supply chain management systems and making government procurement more transparent, efficient, effective and economical;
- Advancing South Africa's national economic interests, in the context of reputable international institutions dealing with economic development and facilitating regional and international cooperation;
- Supporting infrastructure development and economically integrated cities and communities.

## 2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

### Key legislative changes made during the reporting period:

- Changes to legislation to introduce legislative measures required to avoid the grey-listing by the Financial Action Task Force; and
- the introduction of legislation for (i) levies to fund the activities of financial regulators such as the Financial Sector Conduct Authority and the Prudential Authority, and (ii) levies to fund the Corporation for Deposit Insurance which is to ensure bank depositors have reasonable access to their covered deposits in the case of banks under resolution.





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# PART B

## PERFORMANCE INFORMATION

## INSTITUTIONAL IMPACTS AND OUTCOMES



# INSTITUTIONAL IMPACTS AND OUTCOMES

OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS
<p><b>PROGRAMME 1: ADMINISTRATION</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of its organisational strategy and structure in line with appropriate legislation and best practice.</p>	<p><b>CORPORATE SERVICES DIVISION</b></p> <p>The division continued to provide integrated business solutions in the areas of strategic planning, HR and financial management, risk and business continuity management, and ICT.</p> <p>The Financial Management unit continued to exercise governance to curb deviations and incidents of noncompliance. The unit enhanced the contract management and monitoring process in line with the newly approved Contract Management and Administration Framework. It also provided financial resource support to internal and external stakeholders with transparent and credible budgeting processes which align the Operational Plans, Annual Performance Plan and the Procurement Plans, including the MTEF, the ENE, the AENE and rollovers in line with the PFMA, Treasury Regulations and public finance guidelines.</p> <p>Semi-annual and annual tax reconciliations were compiled accurately and submitted to SARS six weeks before the closing date. The unit improved its control measures to processing supplier payments, achieving 99 per cent of payments in an average of 12 days from receipt of invoice. Preparation and fair presentation of audited financial statements remain a core function. This includes coordinating internal and external audit processes on behalf of the department.</p> <p>In support of capacity building, the unit continues to provide skills development through employing trainee chartered accountants. Two trainees were assisted and given exposure for the quality review of Annual Financial Statements (AFS). Two former chartered accountant trainees, now qualified chartered accountants, were appointed, one on a permanent basis and the other on a contractual basis, to assist with the quality review of the AFS. The preparation and review process of the AFS consistently improved in 2022/23 as the process was successfully completed on time by the preparer and referred to internal control and internal audit for review.</p>



# 03 INSTITUTIONAL IMPACTS AND OUTCOMES

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<p><b>PROGRAMME 1: ADMINISTRATION</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of its organisational strategy and structure in line with appropriate legislation and best practice.</p>	<p><b>CORPORATE SERVICES DIVISION</b></p> <p>All necessary approvals were granted, including from the Audit Committee, and were secured and submitted to the Accountant-General by 31 May 2023. The Financial Management unit continued to provide administrative support to other business units through effective and efficient internal control; personnel remuneration; and supply chain, asset, budget, revenue and expenditure management.</p> <p>The Enterprise Risk Management unit supported the achievement of the National Treasury’s performance plans by managing risks at the strategic, divisional and chief directorate levels. Assurance was provided on risks that affect the delivery of the department’s mandate. Risks that expose the department to audit findings were managed and monitored. Continuous efforts to enhance the department’s risk management culture were made through the achievement of a level-five maturity assessment.</p> <p>The department continued to build on the gains made in the past to enhance its business continuity management processes in pursuit of organisational resilience. Hybrid working strategies and deployment of VPN are still being applied to ensure continuity of operations. An assessment of processes surrounding the annual Budget Speech has culminated in the development of a contingency plan to ensure an optimal response to disruptions during the speech. Ethics and anti-corruption risk assessments, awareness initiatives and investigations were conducted to create a hostile environment for would-be fraud and corruption perpetrators.</p> <p>The Human Resource Management unit needs to be agile in its practices. This includes making policy changes and embedding some of the reimagined ways of working after lessons learnt during the COVID-19 pandemic. This was seen as a means to attract and retain key talent. Self-service initiatives such as eRecruitment, automated performance management processes and eLeave continue to feed into improvements and a high-performance culture.</p>



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<p><b>PROGRAMME 1: ADMINISTRATION</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of its organisational strategy and structure in line with appropriate legislation and best practice.</p>	<p><b>CORPORATE SERVICES DIVISION</b></p> <p>The department continues to ensure a high percentage of representation of women at SMS level and the achievement of disability targets has improved. The graduate development programme continues to be a pipeline for entry-level positions in the department. The mentorship and coaching initiatives are structured and continuously rolled out to employees as part of their developmental journey. The department nevertheless encourages rotation as a means of continuous professional development and retention.</p> <p>Persistent fiscal pressures pose challenges for recruitment and retention as performance bonuses and other monetary rewards are no longer offered. The department has since put in place the Recognition and Rewards Policy as a means for retaining staff, among other things. International exposure through secondments as well as leading and development interventions, create opportunities for employees and serve as employee engagement and retention mechanisms.</p> <p>Internal Audit (IA) implemented its annual risk-based audit plan for 2022/23 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury’s Audit Committee. Twenty-four audits were approved and planned for in the audit plan for the 2022/23 financial year. Twenty-three audits were completed and reported to the Audit Committee. All audits and other work of the Internal Audit function were conducted in accordance with the International Standards for the Professional Practice of Internal Audit as issued by the Institute of Internal Auditors.</p> <p>Strategic Planning and Performance Monitoring has matured with significant enhancements of the organisational performance accountability framework resulting in successful compliance with external reporting obligations as well as improvement of intra-organisational performance monitoring and reporting systems.</p> <p>Evidently, the external requirements for reports to regulatory agencies such as the Annual Report and Quarterly Performance Reports have been met at all times with the Department receiving a clean audit on non-financial performance by the Auditor General in 2022/23.</p>



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<p><b>PROGRAMME 1: ADMINISTRATION</b></p> <p>The programme ensures effective leadership, strategic management and administrative support to the National Treasury through continuous refinement of its organisational strategy and structure in line with appropriate legislation and best practice.</p>	<p><b>CORPORATE SERVICES DIVISION</b></p> <p>Evidently, the external requirements for reports to regulatory agencies such as the Annual Report and Quarterly Performance Reports have been met at all times with the Department receiving a clean audit on non-financial performance by the Auditor General in 2022/23. Intra-performance accountability has matured with the high level strategic departmental performance being monitored through quarterly performance reports that provides accountability on the implementation of the commitments expressed in the Annual Performance Plan. At an operational level, performance monitoring and reporting is based on a two-tier system that commences with the Divisional Operational Plans, that constitute a second layer of performance planning at a programme level and are monitored through bi-annual divisional performance reports. Finally, the third layer of planning constituted of the Chief Directorate Operational Plans that set operational objectives at the chief directorate level to couple employee performance measurement with institutional performance accountability.</p> <p>The vision to automate all these interconnected strategic management processes through a single corporate-wide management system is gradually coming into fruition. Over the past years, National Treasury has been developing an automated system that seeks to integrate the core elements of planning, budgeting, risk management, procurement management, project management and knowledge management. The rollout of the system continues with the piloting phase focussing on the planning, monitoring, and reporting as well as the budgeting modules. Once fully implemented, this system will enhance productivity, increase efficiency, enable integration, advance performance, and reduce efforts and costs of all constituencies to departmental planning and reporting. The advocacy and information sharing campaign further embedded a culture of planning and monitoring throughout the organisation, inculcating a sense of ownership over performance reporting and trust in the results and consequently increasing compliance levels.</p>



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# 03 INSTITUTIONAL IMPACTS AND OUTCOMES

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# INSTITUTIONAL IMPACTS AND OUTCOMES

OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS
<p><b>PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH</b></p> <p>This programme aims to promote economic policy coherence around the objectives of growth and jobs and improve South Africa’s macroeconomic and microeconomic frameworks by conducting ongoing analysis, research and policy advisory services. The programme supports economic growth, employment and macroeconomic stability and retirement reform by:</p> <ul style="list-style-type: none"> <li>• Developing tax policy proposals and supporting tax legislation for the annual budget.</li> <li>• Monitoring the collection of revenue through ongoing consultation with relevant stakeholders and analysing the factors determining tax collection.</li> <li>• Providing macroeconomic forecasts and scenario modelling.</li> <li>• Providing economic policy analysis, research, assessment and advice on macro and microeconomics, including government policy proposals.</li> </ul>	<p><b>ECONOMIC POLICY DIVISION</b></p> <p>The Economic Policy division conducts economic research and manages the Southern Africa – Towards Inclusive Economic Development (SA-TIED) research programme. SA-TIED is a collaboration between various government departments and international agencies to produce high-quality, evidence-based policy research and build the economic policy development and implementation capacity of the state.</p> <p>During the reporting period, the division:</p> <ul style="list-style-type: none"> <li>• analysed and monitored the monetary and exchange rate policies and framework to support competitiveness, price stability and economic growth</li> <li>• analysed and monitored macroeconomic variables and the policy framework to support sustainable economic growth</li> <li>• analysed South Africa’s prevailing labour market landscape to assess the policy impact of alleviating unemployment in support of equality and transformation</li> <li>• analysed submissions from the International Trade Administration Commission (ITAC)</li> <li>• provided input into key policy processes (for example, actions towards reforming the electricity sector and facilitating a just transition in the energy sector)</li> <li>• provided technical support to Operation Vulindlela to accelerate the implementation of structural reforms.</li> </ul> <p>Strategic priorities supported by the division included producing quarterly macroeconomic and revenue forecasts that underpin the fiscal framework, and formulating and assessing growth policy, including structural reform priorities.</p>



# 03 INSTITUTIONAL IMPACTS AND OUTCOMES

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# INSTITUTIONAL IMPACTS AND OUTCOMES

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# 03 INSTITUTIONAL IMPACTS AND OUTCOMES

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# INSTITUTIONAL IMPACTS AND OUTCOMES

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<p><b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b></p> <p>This programme aims to promote growth, social development and poverty reduction through: sound fiscal and financial policies and through effective, efficient and appropriate allocation of public funds to address government’s policy priorities. It aims to achieve these objectives by:</p> <ul style="list-style-type: none"> <li>• Providing analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities.</li> <li>• Managing the annual budget process and providing public finance management support.</li> </ul>	<p><b>BUDGET OFFICE DIVISION</b></p> <p>The Budget Facility for Infrastructure (BFI) is a multi-disciplinary facility that brings together various expertise across government to make recommendations on the technical feasibility and readiness of infrastructure projects. The BFI supports quality public investments by improving the planning, technical assessment, budgeting and execution of large infrastructure projects. The facility has helped build a pipeline of projects that have undergone rigorous technical analysis and ensures that the budgeting and commitment of fiscal resources is transparent. There have been six BFI windows to support large infrastructure projects.</p> <p>The sixth window of the BFI showed that public institutions have built capacity to contribute to a strong pipeline of projects that are ready for funding. Through BFI processes, R2.5 billion was approved for project funding in the 2022 adjustment budget process and R24 billion was approved in the 2023 MTEF period.</p> <p>The Infrastructure Fund’s role is to maximise the cost-effective participation of private-sector investors in government projects while facilitating early financial closure. The fund has been operating for two years and is now fully capacitated to develop blended financing solutions with government and the private sector. Since inception, the fund has helped to package and approve 13 blended finance projects and programmes to the value of R48.8 billion.</p> <p>Government prioritises stable and clear policies that promote economic growth and fiscal health in the midst of an uncertain outlook. Urgent action is required to accelerate growth-enhancing reforms, especially to boost electricity supply.</p> <p>The strategy in the 2022 MTBPS was aimed at reducing fiscal risks in the short term, narrowing the budget deficit and stabilising debt, while proposing measures to enhance economic growth and restore funding for infrastructure and service delivery programmes. This fiscal strategy was maintained in the 2023 Budget.</p>



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<p><b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b></p> <p>The programme manages government’s annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. It also seeks to promote and enforce prudent financial management of state-owned entities (SOEs) through financial analysis and oversight.</p>	<p><b>ASSET AND LIABILITY MANAGEMENT DIVISION</b></p> <p>No additional guarantees were issued in 2022/23. This was in line with the minimum criteria that must be met by State-Owned Entities (SOEs) and government departments when submitting requests for government guarantees.</p> <p>During the reporting period, government’s exposure to banks from its investment of surplus cash improved. This was due to an improved operating environment locally and internationally, which has seen improvement in profitability and asset quality. The banks have met their regulatory minimum requirements for liquidity and capital adequacy, indicating their ability to meet obligations to creditors and government under stressed conditions.</p> <p>The division continued to review all corporate plans and annual reports from development finance institutions (DFIs) and water boards that were received in time. The analysis formed the basis for reporting in the Budget Review and Medium Term Budget Policy Statement (MTBPS), which identified fiscal risks and informed stakeholders about SOEs’ performance over the reporting period. After approval from the Minister of Finance, the Land and Agricultural Bank of South Africa was exempted from submitting its corporate plan due to its current financial challenges.</p> <p>The division continuously monitored the guarantees to Eskom, Denel, the Trans-Caledon Tunnel Authority (TCTA), South African Airways (SAA), South African Express Airways (SAX), and the Land and Agricultural Bank of South Africa, and provided quarterly reports on compliance with guarantee conditions to the Fiscal Liability Committee (FLC).</p> <p>During the reporting period, borrowing authorisation and related limit applications, as well as foreign currency borrowing limit applications from the following public entities were considered: Eskom, Rand Water, Mhlathuze Water, Umgeni Water, the South African Special Risks Insurance Association (SASRIA), the South African Roads Agency (SANRAL) and the Development Bank of Southern Africa (DBSA).</p>



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<p><b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b></p> <p>This programme comprises of two divisions: The Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>This programme facilitates accountability, governance and oversight by promoting effective, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p> <p>The Office of the Accountant-General (OAG) provides financial support through the Financial Management Grant (FMG) and technical assistance in the form of specialist advisor placements to municipalities. This augments municipal own resources to implement the reforms legislated in the Municipal Finance Management Act, (MFMA). The grant further assists municipalities in building institutional and technical skills in all aspects of financial management including:</p> <p>The appointment of suitably qualified financial officials;</p> <ul style="list-style-type: none"> <li>• Growing the internship programme for graduates to be absorbed in municipalities;</li> <li>• Implementing budget reforms;</li> <li>• Improving supply chain management;</li> <li>• Addressing shortcomings in revenue management;</li> <li>• Strictly implementing controls in expenditure management;</li> <li>• Developing asset management plans that also address their repair and maintenance of assets;</li> <li>• Producing accurate accounting records;</li> <li>• Assisting in achieving auditing compliance and in producing reports that are reliable and of a quality; and</li> <li>• Supporting the training of officials to meet the minimum competencies.</li> </ul> <p>The Office of the Chief Procurement Officer aims to:</p> <ul style="list-style-type: none"> <li>• Modernise the state procurement system to be fair, equitable transparent, competitive and cost effective;</li> <li>• Enable the efficient, economic effective and transparent utilization of financial and other resources, including state assets, for improved service delivery; and</li> </ul> <p>Promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources.</p>	<p><b>OFFICE OF THE ACCOUNTANT-GENERAL DIVISION</b></p> <p>Relations with the AGSA were strengthened to support internal auditors and audit committees to resolve audit findings related to internal audit and audit committees.</p> <p>Delays in the submission of 2021/22 audited financial information from national departments and public entities for the purpose of preparing the 2021/22 consolidated financial statements resulted in a knock-on delay in tabling the consolidated Financial Statements, the National Revenue Fund (NRF) and the Reconstruction and Development Programme (RDP). These documents were due for tabling by the legislated date of 31 October 2022 but could be tabled only on 2 February 2023.</p> <p>The OAG monitored and reported on national revenue and expenditure information through monthly reports published in terms of section 32 of the PFMA. Initiatives to support national departments, entities, municipalities and provincial treasuries with accounting and reporting queries continued throughout the financial year. The OAG assisted these institutions with improving their audit outcomes, including reviewing, monitoring and providing feedback on their AFS preparation and audit action plans. Chief financial officer forums were hosted for the national and local government spheres, which facilitated peer learning and the sharing of experiences by financial practitioners on the operational impacts relating to coordination, communication and implementation of financial management and governance reforms.</p>





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<p><b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b></p> <p>This programme comprises of two divisions: The Office of the Accountant-General (OAG) and the Office of the Chief Procurement Officer (OCPO).</p> <p>This programme facilitates accountability, governance and oversight by promoting effective, economic and transparent management of revenue, expenditure, assets and liabilities across all spheres of government and public entities.</p> <p>The Office of the Accountant-General (OAG) provides financial support through the Financial Management Grant (FMG) and technical assistance in the form of specialist advisor placements to municipalities. This augments municipal own resources to implement the reforms legislated in the Municipal Finance Management Act, (MFMA). The grant further assists municipalities in building institutional and technical skills in all aspects of financial management including:</p> <p>The appointment of suitably qualified financial officials;</p> <ul style="list-style-type: none"> <li>• Growing the internship programme for graduates to be absorbed in municipalities;</li> <li>• Implementing budget reforms;</li> <li>• Improving supply chain management;</li> <li>• Addressing shortcomings in revenue management;</li> <li>• Strictly implementing controls in expenditure management;</li> <li>• Developing asset management plans that also address their repair and maintenance of assets;</li> <li>• Producing accurate accounting records;</li> <li>• Assisting in achieving auditing compliance and in producing reports that are reliable and of a quality; and</li> <li>• Supporting the training of officials to meet the minimum competencies.</li> </ul> <p>The Office of the Chief Procurement Officer aims to:</p> <ul style="list-style-type: none"> <li>• Modernise the state procurement system to be fair, equitable transparent, competitive and cost effective;</li> <li>• Enable the efficient, economic effective and transparent utilization of financial and other resources, including state assets, for improved service delivery; and</li> </ul> <p>Promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources.</p>	<p><b>OFFICE OF THE CHIEF PROCUREMENT OFFICER DIVISION</b></p> <p>The OCPO collaborated with Small Enterprise Development Agency (SEDA) to host a webinar as part of a Women’s Month campaign to highlight some of the barriers that make it difficult for women to participate in public procurement. Furthermore, an awareness and information-sharing campaign was conducted in the Emalahleni local municipality in collaboration with the African Exploration Mining and Finance Corporation (AEMFC) to engage the local community and suppliers on how government plans to stimulate economic growth and diversify suppliers through development programmes and initiatives.</p>



# 03 INSTITUTIONAL IMPACTS AND OUTCOMES

OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS
<p><b>PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS</b></p> <p>This programme manages South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and those of Africa as a whole</p>	<p><b>INTERNATIONAL AND REGIONAL ECONOMIC POLICY DIVISION</b></p> <p>South Africa's active participation through the National Treasury in the Committee of 15 Ministers of Finance (F15) has yielded positive results. Specifically, the F15 successfully negotiated the African Union (AU) new scale of assessment for 2024-2026. As a result, South Africa's contributions to the AU will remain at 7.5 per cent of the AU budget for the next three years. This aligns with South Africa's ongoing fiscal consolidation efforts, aiming to contain expenditure.</p> <p>Importantly, South Africa's annual contributions to the AU will remain unchanged, demonstrating the country's commitment to financial stability and responsible spending. Additionally, South Africa will continue its membership in the F15 in 2023, allowing it to oversee and monitor the AU's budget expenditure.</p> <p>Overall, South Africa's continued involvement in the F15 and successful negotiation of the AU new scale of assessment is expected to ensure the country's active role in shaping the AU's financial policies while maintaining fiscal discipline and contributing to the organisation's goals.</p> <p>As part of South Africa's engagement in the Southern African Customs Union (SACU) and informed by the strategic objective to promote integration and strengthen governance in the SACU secretariat, the National Treasury continued to engage on all finance track-related matters.</p> <p>The completion of the review of the conditions of service and guidelines for the appointment of senior executives, including the executive secretary, has strengthened the process of appointing the executive secretary of SACU, who was appointed on 1 February 2023.</p> <p>Additionally, the National Treasury participated in the 6th SACU Summit, which noted the progress made on the implementation of the SACU strategic plan, which was approved in June 2022. The summit further noted the impacts of global developments in the SACU region.</p>



# INSTITUTIONAL IMPACTS AND OUTCOMES

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<p><b>PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS</b></p> <p>This programme manages South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and those of Africa as a whole</p>	<p><b>INTERNATIONAL AND REGIONAL ECONOMIC POLICY DIVISION</b></p> <p>There is also an ongoing process to review SACU's pay structure and pay philosophy.</p> <p>The Southern African Development Community (SADC) macroeconomic convergence programme continued to be a key feature of the integration agenda.</p> <p>As part of the Macroeconomic Convergence (MEC) Programme, South Africa peer reviewed Malawi's economic performance for the period 2018-2022.</p> <p>In an effort to strengthen financial and economic integration, South Africa prioritised engagement in and the achievement of set targets and experience sharing among member states. A process is under way to review the SADC finance and investment protocol, which is at the core of financial integration.</p> <p>On behalf of the South African government, the National Treasury successfully concluded the International Monetary Fund (IMF) Article IV consultation from 2-17 March 2023.</p> <p>The National Treasury supported the President in his engagement at the Bali in the Group of Twenty (G20) Summit in November 2022, at which discussions focused on food and energy security, health and digital transformation.</p> <p>In support of the most vulnerable countries, the National Treasury represented South Africa in advocating for a timely, orderly and coordinated implementation of the G20 Common Framework for Debt Treatment beyond the Debt Service Suspension Initiative (DSSI). South Africa is also participating in the official creditor committee for Zambia as vice-chair, with France and China as the co-chairs.</p> <p>South Africa has participated as a prospective member of the Paris Club since 2022. This status provides countries with the opportunity to join the Paris Club as a full member in the near term and demonstrates South Africa's interest to work more closely on sovereign debt issues, especially as they relate to African countries.</p>



# 03 INSTITUTIONAL IMPACTS AND OUTCOMES

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<p><b>PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS</b></p> <p>This programme manages South Africa’s interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and those of Africa as a whole</p>	<p><b>INTERNATIONAL AND REGIONAL ECONOMIC POLICY DIVISION</b></p> <p>The National Treasury chaired the finance track of the Brazil-Russia-India-China-South Africa (BRICS) group of countries formation. The priorities of the National Treasury were the global economy and multilateral cooperation; infrastructure and public-private partnerships (PPPs); mutual cooperation on customs and taxes; and the Think Tank Network on Finance. Progress on the implementation of these priorities will be captured in the joint statement of BRICS finance Ministers and central bank Governors to be published during the Leaders’ Summit in August 2023 in Johannesburg.</p> <p>Since becoming a member of the New Development Bank (NDB), South Africa has secured funding of US\$5.3 billion for various sectors. This includes US\$2 billion financing from the bank to fast-track the COVID-19 assistance facility, which supports member countries in two phases: Phase I focuses on the most urgent needs of the bank’s member country governments, mostly for health and social safety nets, while Phase II supports economic stimulus and recovery.</p> <p>South Africa is the largest client of the African Development Bank (AfDB) accounting for more than 40 per cent of the bank’s portfolio. As of 31 March 2023, the AfDB had 22 ongoing projects in South Africa with a value of \$5.59 billion (R76.81 billion). The overall performance of the portfolio was assessed as “satisfactory”. South Africa received a US\$500 000 grant through the Sustainable Energy Fund for Africa, which is managed by the AfDB, to provide technical assistance to support policy and technical work underpinning the Just Energy Transition.</p> <p>The National Treasury represented South Africa in the meetings of the African Development Fund (ADF) and the International Development Association (IDA). Continued participation has enabled South Africa to maintain its voice in these concessional funds and, as one of the only African donors, to influence the fund’s strategic focus to ensure that it is geared towards meeting the needs of low-income African countries. Through consistent lobbying, South Africa has played an instrumental role in convincing additional African countries to contribute towards the fund, thereby increasing the voice and influence of Africa in the fund’s discussions.</p>



# INSTITUTIONAL IMPACTS AND OUTCOMES

OUTCOME	ACHIEVEMENT TO DATE TOWARDS THE ACHIEVEMENT OF THE 5-YEAR TARGETS
<p><b>PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS</b></p> <p>This programme manages South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and those of Africa as a whole</p>	<p><b>INTERNATIONAL AND REGIONAL ECONOMIC POLICY DIVISION</b></p> <p>In 2022, the World Bank Group approved South Africa's request for US\$ 497 million to decommission and repurpose the Komati coal-fired power plant using renewables and batteries. The project will also create opportunities for the affected workers and communities, in line with the government's efforts to transition the country towards a low-carbon development path with reliable, affordable and sustainable energy for all. South Africa has been granted US\$13.4 million by the Global Environment Facility's seventh replenishment (GEF7) to support the growth and development of its biodiversity economy, for which the World Bank is an implementing agency.</p>
<p><b>PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS</b></p> <p>This programme provides for the processing and payment of pensions to members and their dependents in terms of various statutes, collective bargaining agreements and other commitments</p>	<p><b>CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS</b></p> <p>During the reporting period, all indicators were achieved. Of the three, two were exceeded.</p> <ul style="list-style-type: none"> <li>• 99.9% benefits paid within liability date against a target of 99%</li> <li>• 99.9% fewer fraudulent benefit claims prevented from materialising against a target of 95%</li> <li>• 99.9% achievement of data integrity against a targeted 98%</li> </ul> <p>This is attributed to the continuous monitoring of production statistics and the effective administration of programme fund benefits</p>





2022/23

NATIONAL TREASURY

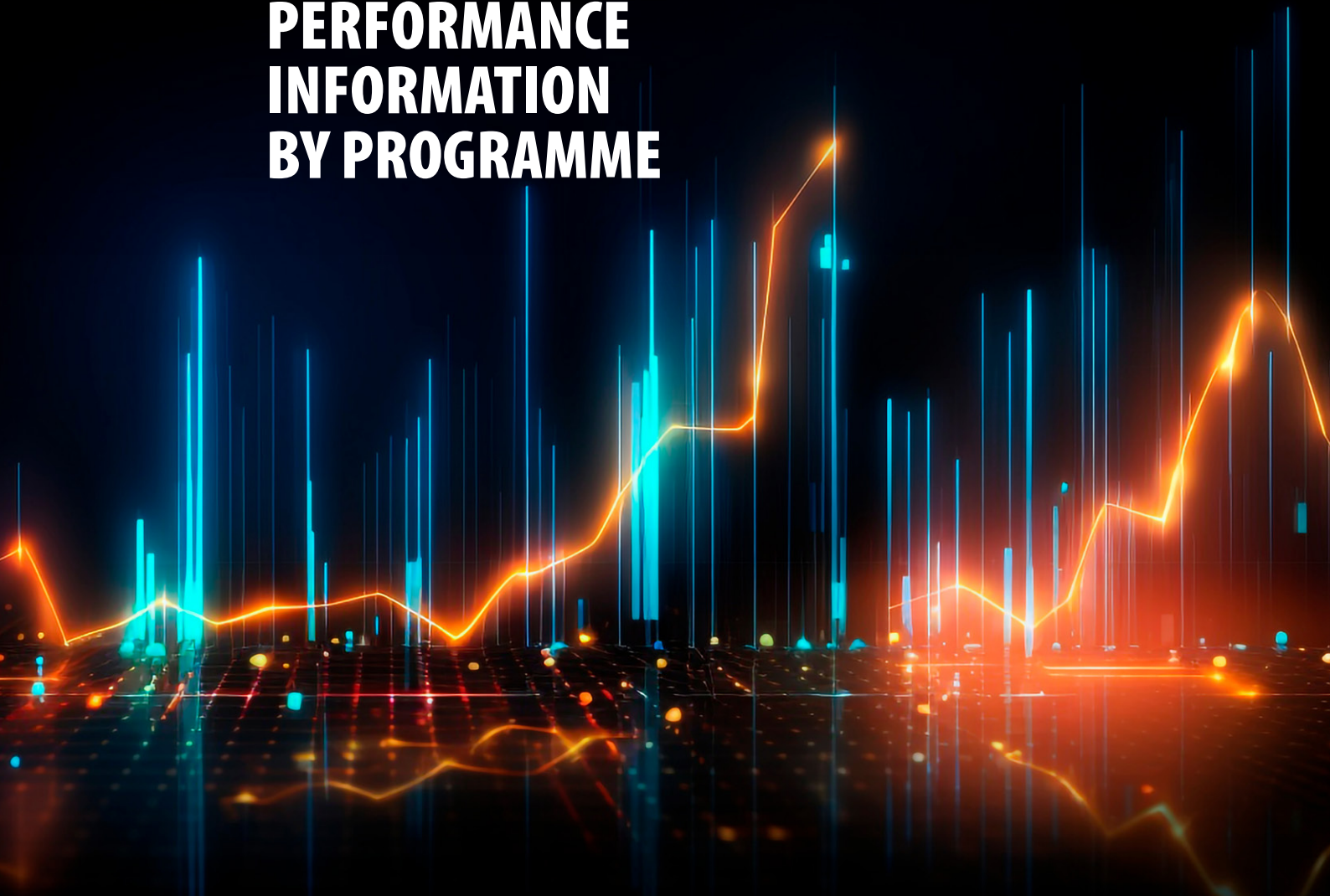
**ANNUAL REPORT**

VOTE 8

# PART B

## PERFORMANCE INFORMATION

### PERFORMANCE INFORMATION BY PROGRAMME



# PERFORMANCE INFORMATION BY PROGRAMME

## 4.1 PROGRAMME 1: ADMINISTRATION

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

### INSTITUTIONAL OUTCOMES

- Sound financial controls and management of public finances.

### SUB-PROGRAMMES

#### Office of the Minister and Deputy Minister

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

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

#### Office of the Director-General

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

#### Management

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

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

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



# 04 PERFORMANCE INFORMATION BY PROGRAMME

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

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

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

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

## Corporate Services

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

*Human Resources Management* ensures transactional and transformational human resources support so that National Treasury can attract, develop and retain the skills needed to deliver on the department's mandate and objectives.

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

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

Strategic Projects and Support is responsible for preserving National Treasury's institutional memory and tangible knowledge and providing management support to internal projects. Knowledge management deals with the conservation and pollination of organisational information created within and in-partnership with the National Treasury. Records management focuses on the preservation of tangible knowledge so that it can be accessed easily and be in compliance with the National Archives Act, 2003 (Act No. 629 of 2003).

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

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





## SERVICE DELIVERY OBJECTIVES AND INDICATORS

### Recent outputs

The effective and efficient implementation of Risk Management (RM) within the National Treasury was ensured through the continued achievement of a risk maturity level of 5. A commitment to continually enhance risk management is evident in the integration of the reporting of risk, performance and audit information to governance structures. Accordingly, the risk profile was revised, as guided by the enterprise risk appetite and tolerance framework, and a combined assurance framework is being developed to ensure the integrity and credibility of risk reports to all stakeholders and oversight functions.

In pursuit of greater organisational resilience, the National Treasury continued to enhance its business continuity management processes. Hybrid working strategies and the deployment of a virtual private network (VPN) are still being applied to ensure operations continue smoothly. An assessment of processes surrounding the budget speech culminated in the development of a contingency plan to ensure that disruptions are responded to optimally. An ethics and anti-corruption risk assessment was conducted in line with the zero-tolerance stance against corruption in the workplace.

After consultation with management and approval by the National Treasury's audit committee, the Internal Audit (IA) unit implemented its annual risk-based audit plan for 2022/23 as part of the three-year rolling plan. 24 audits were planned for and approved in the 2022/23 plan and 23 audits were completed and reported to the audit committee. All audits and other work of the Internal Audit function were conducted in accordance with international standards for the professional practice of internal audit, as issued by the Institute of Internal Auditors.

The Strategic Planning, Monitoring and Evaluation (SPM&E) unit has enhanced systematic planning, management monitoring and reporting on the execution of strategic goals and objectives in pursuit of the department's mandate. This has improved evidence-based decision-making and provided executive management with assurance that departmental programmes are executed effectively and efficiently. This has been realised through strengthening the alignment of performance planning, budgeting, risk management, expenditure monitoring and performance reporting. This strategic management approach is anchored by two pivotal pillars: the alignment of strategic and annual performance plans with budget allocations through the Medium-Term Expenditure Framework (MTEF); and the alignment of operational plans, operational budgets, risk management instruments and individual performance contracting. Enhancements to the monitoring and reporting instruments used for big projects that were introduced to improve execution and monitoring have strengthened institutional performance and accountability. These projects have the potential to contribute significantly towards fulfilling the department's mandate and carry reputational risk if not successfully implemented. Monitoring and reporting have been further enhanced through the development of a single instrument that monitors delivery against the performance obligations of the Minister of Finance.

These interconnected strategic management processes are in the process of being automated through the development of a single, corporate-wide management system that seeks to integrate the core elements of planning, budgeting, risk management, procurement management, project management and knowledge management. The pilot rollout is focused on planning, monitoring, reporting and budgeting. Once fully implemented, this system will enhance productivity, increase efficiency, enable integration, advance performance, and reduce the efforts and costs



# 04 PERFORMANCE INFORMATION BY PROGRAMME

of departmental planning and reporting. The advocacy and information sharing campaign further embedded a culture of planning and monitoring throughout the organisation. It inculcated a sense of ownership of performance reporting and trust in the results, and consequently increased compliance.

The Human Resource Management Unit (HRM) continues to drive its core strategies to address identified workforce challenges. To acquire the best talent, a combination of internal and external talent sourcing is used, coupled with secondments and rotations. The Graduate Development Programme (GDP) is a key enabler for investment in and the retention of talent. Other platforms in addition to the public service vacancy circular are being used to reach the appropriate level of talent.

The National Treasury vacancy rate increased to 17 per cent in 2022/23. This has been as a result of the reprioritisation of service delivery needs and delays in finalising recruitment processes, mostly due to an inability to attract candidates who meet the minimum requisite requirements. Additional funding for 69 positions was approved in June 2022, exacerbating the vacancy rate. It should also be noted that 54 per cent of positions filled in the previous years were through internal promotions, which does not reduce the vacancy rate. The turnover rate for 2022/23 was 7.6 per cent. The approach towards employee rotation and the placement of employees in acting higher positions ensured that the department has diverse set of skills and builds a solid management pipeline. The National Treasury retention framework is being developed to support the identification and retention of key skills within the department over the MTEF period. The development of skills within the National Treasury continues to be a key organisational priority. As the department generally attracts highly skilled employees with the required technical knowledge, the focus is on developing leadership and management skills, including behavioural and generic competencies over the short to medium term, and allowing for these skills to mature and address the department's needs in the medium and long term. Although emphasis is placed on these skills, HR continues to support the technical and competency-related training needs of all employees across functional areas and echelons. In addition, the Graduate Development Programme will continue to provide a strong foundation for the department through entry-level positions. A Mentorship and Coaching Framework is also being implemented across the organisation, informed by a needs analysis.

A total of 605 women are employed permanently at the National Treasury. Of these, 139 are in the senior management service (SMS), accounting for 54 per cent of employees at senior management level. The intention is to maintain this level, which is above the national target of 50 per cent. The staff complement comprises 273 employees below the age of 35 and 11 employees (1.05 per cent of total employees) who have declared a disability. Strides continue to be made to ensure that a national target of 2 per cent is reached over the period ahead. The Director-General's (DG's) Special Purpose Committee serves as the focal point for all gender-related matters and oversees the mainstreaming of gender initiatives within the department. The objectives of this Committee include coordinating organisational self-introspection on gender issues; and reviewing departmental norms, values, policies, practices and support services to ensure that they are free from discrimination and responsive to the specific needs of women employees. This committee reports directly to the DG and holds the department accountable for actions and omissions. It also identifies areas that need to be addressed and proposes concrete steps for the organisation to transform.

The department's Performance Management System has been enhanced through the review of the Performance Management policy and the Recognition and Rewards Policy. These policies encourage a culture of performance and have assisted in identifying underperformance that can be addressed through development programmes. The National Treasury



# PERFORMANCE INFORMATION BY PROGRAMME

has an approved Performance Management and Development Policy for all employees. During the reporting period, 95 per cent of SMS members entered into performance agreements. Those who did not sign performance agreements with their line managers were not eligible for performance-related recognition or reward. The 2021/22 performance evaluation was concluded on 31 March 2023. The 2023/24 contracting process was finalised with the uploading of performance agreements on PERSAL by 30 June 2023. Performance assessments for 2022/23 have commenced and will be effectively managed to ensure compliance with the directives of the Department of Public Service and Administration.

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

The Records Management (RM) unit continued to provide support to the National Treasury with records management and ensure compliance with the National Archives Act (1996) and applicable regulations. It scanned and uploaded bulk paper records to SharePoint to provide staff and auditors with easy remote access to official National Treasury records. Paper files in the departmental archives repository were retrieved as required for reference and audit purposes, and valuable records were collected from various business units, captured in the records database and stored in the repository. Non-archival records were disposed of in line with relevant legislation.

In collaboration with Knowledge Management, Records Management put systems and processes in place to ensure that the department complies with the Protection of Personal Information Act (POPIA) (2013). Relevant policies were updated and submitted for approval. POPIA awareness and training sessions were conducted with all business units that process personal information. Deputy Information Officers were trained on the act to equip them to support business and ensure compliance. The department received 20 requests for access to its records from members of the public. Access was granted to six of these requests, five were denied and nine were transferred to relevant entities, in line with the act.

The Information and Communication Technology (ICT) unit provides support to National Treasury business units, enabling them to provide services in accordance with the department’s constitutional mandate. Several key initiatives were implemented that built on the existing ICT foundation while responding to the challenges posed by hybrid working conditions. In support of this strategy, ICT delivered on the critical support pillars of:

- the augmentation of professional services capacity, which assists in implementing the most cost-effective critical initiatives
- the implementation of private hybrid cloud services in the medium to long term
- business automation through the implementation of systems such as Performance Management and Development System, eLeave, eRecruitment, User Life-Cycle, Microsoft Teams and One Drive have boosted operational efficiencies.

In line with its objective to oversee public entities reporting to the Minister of Finance, Public Entities Oversight continued to provide constructive, consistent and solutions-based recommendations. To ensure that entities’ strategic



## 04 PERFORMANCE INFORMATION BY PROGRAMME

objectives are aligned with government priorities, the strategic and annual performance plans of all public entities were reviewed for ministerial approval and timeously tabled in Parliament. Inputs were provided in the allocation of financial resources to 16 public entities and appropriate funding recommendations were made during the processes of the MTEF, Estimates of National Expenditure (ENE) and Adjusted Estimates of National Expenditure (AENE). Public entities were supported with the completion and implementation of strategic projects, and requests for the retention of surplus funds were approved timeously. The unit advised entities on the filling of executive management vacancies and the minister on the appointment of board members. Stakeholder relationships were strengthened to improve accountability in the deployment of public funds, help inform decisions and provide support for long-term sustainability.

The Financial Management (FM) unit continued to exercise governance in curbing deviations and incidents of non-compliance. Contract management was strengthened and processes were monitored in line with the newly approved contract management and administration framework. Financial resource support was provided to internal and external stakeholders, with transparent and credible budgeting processes aligned with operational, annual performance and procurement plans. This entails the MTEF, ENE, AENE and rollovers in line with the PFMA, Treasury regulations and public finance guidelines.

Bi-annual and annual tax reconciliations were compiled accurately and submitted to the South African Revenue Service (SARS) on 6 April 2023 – six weeks before the closing date. Control measures were increased with regards to processing supplier payments, with 99 per cent of payments processed an average of 12 days from receipt of invoice. The preparation and fair presentation of audited financial statements remains a core function of the unit, including the coordination of internal and external audit processes on behalf of the department. In support of capacity building, skills development continued to be provided by employing chartered accountant trainees on a rotational basis for various functions. Two trainees assisted and were given exposure to the quality review of the annual financial statements (AFS). Two former chartered accountant trainees, now qualified, one of whom appointed on permanent basis and the other on a contractual basis, assisted with the review. The preparation and review of the AFS improved in 2022/23, as evidenced by its timeous completion; the referral for review to Internal Control and Internal Audit; the securing of all necessary approvals, including from the audit committee; and its submission to the Accountant-General by 31 May 2023. Financial Management continues to provide administrative support to other business units through effective and efficient internal control, personnel remuneration, supply chain, asset, budget, revenue and expenditure management.

The Communications unit played a crucial role in ensuring the National Treasury's active presence in the national discussion of public finances and their management. The unit employed a strategic and proactive approach by providing various media and public speaking platforms for executives and senior officials, including the Minister of Finance and Deputy Minister of Finance, the Acting Director-General of the National Treasury, and members of the executive committee. These platforms included radio, television, newspaper and online interviews.

To keep the public informed about essential policy matters such as the Budget, the unit issued media statements from the National Treasury's divisions. The unit uploaded statements and speeches to the National Treasury website and issued them on the media database and developed social media banners and infographics to deliver prompt updates on policy developments. The unit's focus on content development, monitoring, and analysis ensured the efficient management of media and communication across all platforms. Creative and production services, including visuals, design, layout and brand activation, were delivered for a diverse range of projects and managed effectively in-house.



# PERFORMANCE INFORMATION BY PROGRAMME

The unit played a vital role in safeguarding and enhancing the department's public reputation by carefully managing its identity and promoting a positive image through thoughtful, consistent and well-articulated internal communication messages. It also assisted departmental divisions and units in effectively communicating their purpose and value to stakeholders; successfully managed internal campaigns, including commemorations and wellness programmes; and contributed to the department's overall service delivery performance. The unit also planned the department's corporate social responsibility projects.

The Legal Services unit is responsible for providing comprehensive legal advisory services to the National Treasury to execute its mandate effectively in the rule of law. During the reporting period, civil litigation services were provided for roughly 128 cases involving a complex mix of law and policy in respect of constitutional attacks on legislation, procurement, special pensions, labour and general litigation. The following matters were successfully litigated:

- Evergrand Trading (Pty) Ltd / the Reserve Bank and the Minister of Finance, where the unit successfully opposed a claim of \$237 527.48 that was forfeited to the state as a result of the contravention of exchange control regulations.
- Kabelo John Matsepe / the Minister of Finance and others, where the unit successfully opposed an application where the applicant sought an order declaring Regulation 6(c) of the Municipal Investment Regulations, which prohibits the investment of Municipal funds with entities other than those registered in terms of the Banks Act (1990) invalid on the basis that the Regulation is not rationally connected to the purpose for which it was made.
- Ketsisi Motloung / SARS, the Minister of Finance and others, where the unit successfully defended Government's right to impose understatement penalties irrespective of whether the taxpayer is charged criminally.
- Polmed / the Registrar of Medical Schemes, the Minister of Finance and others, where the unit successfully defended government's right to temporarily appoint a curator without the involvement of the medical scheme to protect members in instances where the medical scheme is experiencing difficulties.
- Courier-IT / the National Treasury and four others, where the applicant sought to review and set aside the National Treasury's decision to award tender RT5-2020 for rendering continuous parcel courier services to the state.
- Kingsgate Clothing (Pty) Ltd / the National Treasury and others, where the unit successfully opposed an application to interdict the National Treasury from implementing certain items of tender RT64-2022 for the supply and delivery of clothing to the state.
- Mantladi Technologies (Pty) Ltd / the National Treasury and seven others, where the unit successfully opposed an urgent application to interdict the National Treasury from continuing with the implementation of tender RT42-2021 for the supply and delivery of bandages to the state.
- Maddocks / the Reserve Bank and the National Treasury, where the unit successfully overturned a judgment to pay an amount of R17 744 965.68 and U\$180 000, which was forfeited to the state in terms of the exchange control regulations.

The unit also successfully averted litigation in the following matters:

- Cobalt Capital (Pty) Ltd / the Minister of Finance and others concerning a decision by the Reserve Bank to block the funds in terms of the exchange control regulations.
- Hotazel Development (Pty) Ltd / the National Treasury and the Minister of Finance concerning government's policy in respect of the funding of municipalities.
- GC van Veijeren / the Financial Sector Conduct Authority and the National Treasury concerning a claim for damages of R346 000 arising out of alleged negligence by the authority.



## **04 PERFORMANCE INFORMATION BY PROGRAMME**

The unit provided commercial legal advice on a range of transactions concerning borrowing, loans and guarantees, as well as various contractual arrangements between the National Treasury and its service providers. The unit also provided legal advisory services on the application of various laws and assisted National Treasury officials with statements requested by law enforcement agencies.

During the reporting period, the Legislation unit attended to the annual and two adjustments budget bills for 2022/23 and facilitated the tabling of the annual budget bills for 2023/24. The Financial Matters Amendment Bill, amending pension-related and other acts, and the Municipal Fiscal Powers and Functions Amendment Bill, regulating development charges for municipalities, were both introduced in Parliament in September 2022. Consultation with the National Economic Development and Labour Council on the draft Public Procurement Bill was concluded in October 2022 and the draft Bill was prepared for submission to Cabinet for approval to introduce it in Parliament. The General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill, which addresses some of the measures to avoid grey-listing by the Financial Action Task Force, was introduced in the third quarter of 2022 and enacted in December 2022.

The unit also supported the development of regulations required for the amendments to these laws. The Financial Sector and Deposit Insurance Levies Act and the Financial Sector and Deposit Insurance (Administration) and Deposit Insurance Premium Act were enacted in December 2022. During the reporting period, work on the draft Conduct of Financial Institutions Bill and Financial Markets Amendment Bill continued, valuable input was provided on draft legislation developed by other departments, and a number of regulations, instructions and other legal instruments were scrutinised. Legal advice was provided to the department and the Minister of Finance on various matters critical to the National Treasury and institutions to which the legislation it administers applies.

The Security Management unit (SM) continued to enhance the department's commitment to creating and sustaining a relatively risk-free operating environment that safeguards lives and protects classified and sensitive information, assets and internal business processes. The unit ensured that all employees, clients, stakeholders and members of the public on the department's premises had peace of mind. During the reporting period, a safety, health, environment, risk and quality committee was established to ensure that the National Treasury monitors compliance with the Occupational Health and Safety Act (1993) and its regulations. The committee's members were appointed and trained on first aid levels I and II, and firefighting. An evacuation drill was conducted as part of testing the National Treasury's state of readiness and response to an emergency in terms of the approved emergency management plan of the City of Tshwane Metropolitan Municipality.



# PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 1: ADMINISTRATION

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 1: ADMINISTRATION</b>									
1.1.1	Sound financial controls and management of public finances	ICT service delivery reports	Percentage of ICT service delivery standards met	90%	90%	93%	95%	2%	Over-performance is attributed to the backup test restores that were conducted as part of business continuity. The backup success rate and the restore success rate improved the disaster recovery readiness performance.
1.1.2		Audit Outcome	Audit Opinion obtained	Unqualified audit opinion with 37.7% fewer findings than 2019/20 on financial performance information	Qualified audit opinion with 62.5% more findings than 2020/21 on financial performance information	Unqualified audit opinion with 15% fewer findings than 2021/22 on financial performance information	Qualified audit opinion with 38% fewer findings than 2021/22 on financial performance information	Qualified audit opinion on financial performance information	Under-performance is attributed to the non-disclosure of the comparative amount of fruitless and wasteful expenditure in the 2022/23 financial statements relating to the IFMS as the matter is still under dispute.
				Unqualified audit opinion with 100% fewer findings than 2019/20 on non-financial performance information	Unqualified audit opinion with 100% more findings than 2020/21 on non-financial performance information	Unqualified audit opinion with 25% fewer findings than 2021/22 on non-financial performance information	Unqualified audit opinion with 100% fewer findings than 2021/22 on non-financial performance information	75% additional reduction of audit findings on non-financial performance information	Over-performance is attributed to improved internal control measures implemented.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 1: ADMINISTRATION</b>									
1.1.3		Risk Management Maturity report	Risk Management Maturity Assessment level achieved	3.9	5	4	5	1	Over-performance is attributed to the increased risk maturity level as a result of the review and approval of governance documents.
1.1.4		Annual Training report	Percentage spend of training and development budget	50.6%	60%	70%	62%	-8%	Under-performance is attributed to delays in procurement due to SCM capacity constraints and the rescheduling of course dates which resulted in training being cancelled.
1.1.5		Quarterly reports	Number of quarterly reports on the implementation of the action plan on gender mainstreaming produced	#	4	4	4	N/A	Under-performance is further attributed to employees engaging in qualification studies that are longer than a year.





# PERFORMANCE INFORMATION BY PROGRAMME

04

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS					
PROGRAMME 1: ADMINISTRATION					
APP#	OUTCOME	OUTPUT	OUTPUT INDICATOR	REASON FOR DEVIATION	ACTION PLAN
1.1.2	Sound financial controls and management of public finances	Annual Training report	Percentage spend of training and development budget	Under-performance is attributed to delays in procurement due to SCM capacity constraints and the rescheduling of course dates which resulted in training being cancelled.  Under-performance is further attributed to employees engaging in qualification studies that are longer than a year.	The procurement strategy for training is currently being revised to include the setting up of a panel of training providers to ensure efficiency of the procurement of training programmes.
1.1.4		Audit Outcome	Audit Opinion obtained	Under-performance is attributed to the non-disclosure of the comparative amount of fruitless and wasteful expenditure in the 2022/23 financial statements relating to the IFMS as the matter is still under dispute.	This matter will be resolved through the implementation of the final outcome of the dispute resolution process.

## CHANGES TO PLANNED TARGETS

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

## LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 1: ADMINISTRATION	2022 / 23 FINANCIAL YEAR			2021 / 22 FINANCIAL YEAR		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	4 411	3 972	439	4 411	3 747	664
Departmental Management	66 227	59 804	6 423	44 392	36 436	7 956
Corporate Services	182 526	163 317	19 209	175 426	149 775	25 651
Enterprise-Wide Risk Management	35 357	33 064	2 293	36 032	32 526	3 506



# 04 PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: ADMINISTRATION	2022 / 23 FINANCIAL YEAR				2021 / 22 FINANCIAL YEAR			
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000
Financial Administration	57 378	54 565	2 813	R'000	56 594	54 884	1 710	R'000
Legal Services	26 285	24 812	1 473		26 771	26 322	449	
Internal Audit	24 015	19 658	4 357		20 457	13 836	1 621	
Communications	11 199	10 641	558		11 945	10 777	1 168	
Office Accommodation	134 221	116 993	17 228		137 023	121 760	15 263	
<b>Total</b>	<b>541 619</b>	<b>486 826</b>	<b>54 793</b>		<b>513 051</b>	<b>455 063</b>	<b>57 988</b>	

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

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

### INSTITUTIONAL OUTCOMES

- Coherent economic policy advocated
- Sustainable public finances

### SUB-PROGRAMMES

#### Research

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

#### Financial Sector Policy

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

#### Tax Policy

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



# 04 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 (MTBPS) and scenario modelling. The sound policy advice on the economic environment assists in promoting economic policy coherence in relation to the objectives of growth and job creation and helps to improve South Africa's macroeconomic and microeconomic framework as policy advice is mainly focused on creating decent employment through inclusive economic growth.

## SERVICE DELIVERY OBJECTIVES AND INDICATORS

### Recent outputs

#### Tax and Financial Sector Policy

The Tax and Financial Sector Policy division carried out the processes required to implement the tax proposals announced by the Minister of Finance in the 2022 Budget. These included following up on implementing tax proposals made in the 2021 Budget through: researching and drafting legislation; consulting with the public and the Standing Committee on Finance; adjusting specific policy measures and related legislation, taking into account public comments; and tabling legislation and facilitating their enactment. The Minister of Finance and Minister of Mineral Resources and Energy announced a temporary reduction in the general fuel levy between April and August 2022 to provide limited short-term relief to households from rising fuel prices related to the Russia/Ukraine war. These measures were subsequently included in the tax legislation that was passed in Parliament.

The division coordinated and chaired the revenue analysis working committee, which provided for revised tax revenue forecasts in the 2022 Medium Term Budget Policy Statement (MTBPS) and the 2023 Budget. For the 2023 Budget, it also updated the estimates for tax expenditure and proposed numerous technical tax amendments to be legislated in 2023/24. At the time of the 2022 MTBPS, revenue for 2022/23 was expected to surpass estimates in the 2022 Budget by R83.5 billion due to better-than-expected collections in the final quarter of 2021/22, upward revisions based on near-term growth projections in the tax base and strong corporate income tax collections. A broad-based recovery in tax collections was sustained in the second half of 2022/23, with income and profit proving more resilient than anticipated. The final outcome for 2022/23 revenue collections was R88.3 billion, above 2022 Budget estimates but marginally below 2023 Budget expectations.

Along with the South African Reserve Bank (SARB), participating banks and other stakeholders, the division devised the Bounce-Back Scheme. The scheme leveraged off the lessons learnt from the Loan Guarantee Scheme, which was launched in 2020 and was calibrated to support business recovery after COVID-19 restrictions had been relaxed. The Bounce-Back Scheme's broader objectives include providing support to businesses affected by severe flooding in KwaZulu-Natal, as well as those businesses affected by the civil unrest in July 2021. The scheme was expanded to include a broader set of small and medium finance providers such as development finance institutions and non-bank finance providers.



# PERFORMANCE INFORMATION BY PROGRAMME

The division continued its efforts to reform the financial regulatory sector. This culminated in passing the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act (2022) in Parliament. The act is expected to facilitate the implementation of the Financial Sector Regulation Act by building regulatory authorities' capacity. The division also worked on strengthening the country's anti-money laundering system, which culminated in the enactment of the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act (2022). The Act amended five pieces of legislation to strengthen the country's fight against money laundering, the financing of terrorism, fraud and corruption. It also addressed some of the deficiencies identified by the Financial Action Task Force in South Africa's 2021 mutual evaluation report.

Public comments after publishing the financial ombud system diagnostic in July 2021 were received and incorporated during the year under review. A National Treasury policy position paper will be published once the diagnostic is finalised.

The minister announced in the 2021 MTBPS and 2021 Budget that household savings would be boosted by increasing preservation before retirement and increasing flexibility through partial access to retirement funds by means of a two-pot system. The division subsequently published two papers on the proposed retirement reforms. The first set of legislative amendments were published for public comment during the period under review, followed by public consultations.

The financial inclusion policy paper has been finalised and will be presented to Cabinet for approval in 2023/24.

During the reporting period, the division published an updated technical paper titled Financing a Sustainable Economy. The paper seeks to introduce a voluntary framework for addressing the risks and opportunities posed by climate change. The proposed framework aims to unlock access to sustainable finance and stimulate capital allocations towards a development-focused and climate-resilient economy. One of the paper's recommendations is to develop or adopt a taxonomy for green, social and sustainable finance initiatives. A draft green finance taxonomy was published for comment during the period under review. The taxonomy is a classification system that defines a minimum set of assets, projects and sectors that are eligible to be defined as "green" or environmentally friendly, in line with international best practice and national priorities.

The Financial Sector Conduct Authority (FSCA) has published the declaration of crypto assets as a financial product under the Financial Advisory and Intermediary Services Act (2002). The declaration brings crypto asset financial services providers under the regulatory authority of the FSCA.

The division also continued working with the SARB's financial surveillance department to implement a capital flow management system that seeks to simplify cross-border trade and financial flows, while tightening the system for combating sophisticated financial crimes, unexplained wealth and suspicious financial flows.

## Economic Policy

The Economic Policy division continued to produce policy-relevant research, reports and presentations in accordance with its research programme. These included analysis of monetary and exchange rate policies in support of competitiveness, price stability and economic growth relevant to global and financial market trends. As part of



# 04 PERFORMANCE INFORMATION BY PROGRAMME

overseeing and implementing South Africa's macroeconomic policy framework, the division analysed and monitored macroeconomic trends and the policy framework to support sustainable economic growth. Research and analytical support were provided for policies to address inequality, industrial policy, competition and regulation policy, as well as energy and just transition actions.

The division generated appraisals of submissions to the International Trade Administration Commission and participated in, and provided guidance to, technical task teams and stakeholder engagement forums. It also provided technical support to Operation Vulindlela to implement structural reforms in various sectors such as electricity, telecommunications and logistics.

During the period under review, an interdepartmental project to examine the electricity sector's transition in collaboration with the Department of Mineral Resources and Energy (DMRE), the Department of Public Enterprises (DPE) and the Presidency was concluded. The division continued to support the collaborative programme Southern Africa – Towards Inclusive Economic Development (SA-TIED) along with the South African Revenue Service (SARS) and the United Nations University World Institute for Development Economics Research (UNU-WIDER), in particular the management of the administrative data lab.

During the reporting period, the division produced quarterly economic and revenue forecasts accompanied by scenarios that highlight the main risks to the baseline macroeconomic forecast. In addition to providing information about the macroeconomic outlook, significant capacity building was conducted to ensure continuity and to mitigate against institutional risks. This included extensive training in forecasting and economic policy impact analysis. The division continued to assist with the evaluation of tax and expenditure proposals on a macro level.



# PERFORMANCE INFORMATION BY PROGRAMME

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

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH</b>									
2.1.1	Coherent economic policy advocated	Research papers	Number of research papers completed	#	#	15	15	N/A	N/A
2.1.2		Financial sector legislation	Financial sector legislation drafted	Financial sector legislation submitted for tabling in Parliament	Financial sector legislation submitted for tabling in Parliament	Financial sector legislation submitted for tabling in Parliament	Financial sector legislation submitted for tabling in Parliament	N/A	N/A
2.1.3		Tax legislation	Legislation to give effect to tax proposals from the Budget drafted	Tax legislation submitted for tabling in Parliament	Tax legislation submitted for tabling in Parliament	Tax legislation submitted for tabling in Parliament	Tax legislation submitted for tabling in Parliament	N/A	N/A
2.1.4	Sustainable public finances	Economic forecasts	Number of economic forecasts developed	4	4	4	4	N/A	N/A
2.1.5	Coherent economic policy advocated	Analysis and advice	Number of macro and microeconomic policy analysis and advice reports produced	#	#	8	8	N/A	N/A



# 04 PERFORMANCE INFORMATION BY PROGRAMME

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

No under-performance.

## CHANGES TO PLANNED TARGETS

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

## LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH	2022 / 23 FINANCIAL YEAR			2021 / 22 FINANCIAL YEAR		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management for Economic Policy, Tax, Financial Regulation and Research	46 492	20 982	25 510	34 811	31 099	3 712
Financial Sector Policy	26 629	21 203	5 426	24 877	21 221	3 656
Tax Policy	33 320	29 360	3 960	32 154	27 996	4 158
Economic Policy	30 940	26 767	4 173	29 632	24 660	4 972
Cooperative Banks Development Agency	20 831	20 831	-	20 328	20 328	-
<b>Total</b>	<b>158 212</b>	<b>119 142</b>	<b>39 070</b>	<b>141 802</b>	<b>125 304</b>	<b>16 498</b>



## 4.3 PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

**Purpose:** Provide analysis and advice on fiscal policy and public finances, intergovernmental financial relations, expenditure planning and priorities. Manage government's annual budget process and provide public finance management support. Facilitate employment creation and high-impact government initiatives, and strengthen infrastructure planning and delivery.

### INSTITUTIONAL OUTCOMES

- Coherent economic policy advocated
- Sustainable public finances

### SUB-PROGRAMMES

#### Budget Office

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

#### Public Finance

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.

#### 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.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## SERVICE DELIVERY OBJECTIVES AND INDICATORS

### Recent outputs

#### Budget Office

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

During the reporting period, two fiscal frameworks and two fiscal policy chapters for the 2022 MTBPS and the 2023 Budget were published. The fiscal risks statement and technical annexure published in the 2022 MTBPS were also some of the key outputs of this reporting period. The department played a leading role in providing fiscal policy advice and working with all relevant stakeholders – including the Ministers’ Committee on the Budget (MINCOMBUD), Cabinet and Parliament – to ensure that all relevant processes were completed for the approval and adoption of the fiscal framework.

In addition to the Fiscal Policy unit’s regular work of regulating, analysing and reporting on public sector infrastructure spending, Treasury Approvals (TAs) and Treasury Views and Recommendations (TVRs) were provided to provincial, national and municipal Public Private Partnerships (PPPs). Some of the big projects that were granted approvals to go into procurement include the second phase of the Gautrain Rapid Rail transit system, Tygerberg Hospital, and the redevelopment of six ports of entry by the Department of Home Affairs. The MTBPS and Budget Review provided updates on infrastructure spending. Work has started in amending Treasury Regulation 16 and municipal PPP regulations in line with the recommendations from the PPP framework review. The Infrastructure Fund’s role is to maximise the cost-effective participation of private sector investors in government projects while facilitating early financial closure. The fund has been operating for two years and is now fully capacitated to develop blended financing solutions with government and the private sector. Since inception, the fund has helped to package and approve 13 blended finance projects and programmes to the value of R48.8 billion.

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

The unit also provides leadership for budget reforms. Key milestones have been reached on budget tagging for Gender Responsive Budgeting (GRB) and Climate Budget Tagging (CBT) both of which are ready for piloting in 2024. Interactions with the Collaborative Africa Budget Reform Initiative (CABRI), the Global Initiative on Fiscal Transparency



# PERFORMANCE INFORMATION BY PROGRAMME

(GIFT), civil society and other institutions continued to deepen transparency, increase public participation, and enhance understanding of budgeting processes and information. The unit successfully coordinated the mainstreaming of crosscutting reforms into the budget process, as well as the continued development and maintenance of the Vulekamali online data portal.

Public Finance Statistics (PFS) provides summaries of public sector finance statistics for the budget publications, and detailed information to various internal and external stakeholders after the budget process. The publication of the 2023 Budget on the National Treasury website included dashboards to accompany statistical tables. The statistics are classified according to international and national standards and stored in a secure Structured Query Language (SQL) server database.

During the reporting period, government accounts – including the operating account, capital account and consolidated financing position – were consolidated and classified by economic and functional classification for the 2022 MTBPS and 2023 Budget Review, and tables were prepared for the 2023 ENE. The development of a data warehouse to enhance the accessibility of data, particularly for users with entry-level IT skills, is still in progress.

Enhancements to the existing dashboard highlight critical information for users in the in-year monitoring and reporting systems of national departments and the quarterly reporting systems of public entities. The partnership with the Technical Support Services unit in the Office of the Accountant-General (OAG) continued to manage the Standard Chart of Accounts (SCOA) and the SCOA committee. The committee published a number of classification circulars and participated in Basic Accounting System (BAS) user forums.

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

The unit supported an enhanced regulatory and governance environment by providing public entities with advice on legislative, financial, human resources and other issues. It also supported various departmental review committees on public entities reporting to ministers and consulted with departments on budgets and policy-related matters concerning public entities.

The International Development Cooperation (IDC) unit coordinates and manages bilateral development cooperation (DC) and official development assistance (ODA) to South Africa. Support from international development partners takes the form of grants, concessional loans and technical assistance. The focus of DC/ODA has changed over time from interventions directed at policy and strategy improvements to intervention targeting the strengthening of government service delivery and reducing poverty.

Developments in global geopolitics and economies have affected the flow of ODA to South Africa over the past few years. These developments and the classification of South Africa as an upper-middle income country have resulted in international development partners scaling down or withdrawing ODA to South Africa, including Nordic countries, the



## 04 PERFORMANCE INFORMATION BY PROGRAMME

Netherlands, Belgium (including Flanders), Sweden and the United Kingdom. Some of these development partners, such as the Netherlands and the United Kingdom, have recently shown an interest in re-establishing development cooperation with South Africa, although the nature and scope of this cooperation is yet to be confirmed. As a result, donor funding in the form of grants and donations continues to decline, with a noticeable move towards concessional loans and technical assistance. A total of R871.5 million in grants and donations was received in 2022/23 compared to R1.51 billion in 2021/22. Notwithstanding this decrease, some international development partners, including Germany, the United States, the European Union and France, have signalled an intent to continue bilateral development cooperation with South Africa, albeit at a reduced scale.

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

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

In May 2022, the National Treasury, represented by the PSRAF unit, the Department of Public Service and Administration, and the relevant labour unions, met in the Public Sector Coordinated Bargaining Council (PSCBC) to commence wage negotiations for 2022/23.

The conclusion of the negotiations resulted in a draft single-term wage agreement for 2022/23. It proposed that the non-pensionable cash gratuity continue to be paid to all employees on salary levels 1 to 12, including those covered by Occupational Specific Dispensation (OSDs), until 31 March 2023, and that salary scales for all employees on salary levels 1 to 12, including those covered by OSDs, be adjusted upwards by 3 per cent from 1 April 2022. The draft resolution was signed by the employer in September 2022 following approval by Cabinet and a written commitment from the National Treasury confirming the availability of funds. However, the majority of labour unions did not sign the agreement and rejected the facilitated offer. Nevertheless, government, in line with the provisions of Public Service Act (1994), as amended, unilaterally implemented the last offer that was tabled at the PSCBC. The compensation of employees budget for 2022/23 for both national and provincial departments was adjusted with the funding implications of implementing the offer. On 30 March 2023, the employer and the majority of recognised labour unions in the Public Sector Coordinated Bargaining Council (PSCBC) agreed upon a wage settlement for 2023/24 and 2024/25.

Technical and institutional support continues to be provided to various stakeholders on the public service wage bill. These include the quantification of the fiscal risks associated with the public service wage bill, comparative analyses



# PERFORMANCE INFORMATION BY PROGRAMME

between the public and private sectors and national and provincial spheres of government, as well as international benchmarking in the public sector. The PSRAF unit drafted two critical documents during the reporting period that form part of the broader budget process: the 2023 MTEF Guidelines for Costing and Budgeting for Compensation of Employees, and Annexure B (Compensation and Employment Data) of the 2022 MTBPS.

## Public Finance

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

The Administrative Services unit oversees the finances and budgets of a number of central government departments and entities. Departments and other key structures the unit worked with in 2022/23 included:

## The Presidency

- Provided guidance and support on extending the presidential Youth Employment Initiative.
- Provided support on funding additional Cabinet ministers announced by the President.

## Department of Home Affairs

- Provided support and technical guidance on operationalising the new Border Management Authority (BMA). The unit formed part of the entity's steering committee.

## National Treasury

- Participated and offered technical support on budget allocations to the South African Special Risks Insurance Association (SASRIA) to address the entity's liquidity and financial challenges.
- Provided technical support and funding for operationalising the Ombud Council as it awaited enactment of the Financial Sector and Deposit Insurance Levies Bill, which will provide for allocations to financial sector bodies.

## Statistics South Africa

- Support provided to the department to implement Census 2022 data collection, which was extended from March 2022 to 31 May 2022.
- Continued to monitor Census spending and the implementation of activities related to the income and expenditure survey. Launched an in-depth review of overspending on Census 2022.
- Continued monitoring the recruitment drive within the department after the moratorium on filling vacant posts was lifted.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## Government Communication and Information System

- Support provided to the department to revise Vuk'uzenzele newspaper's funding model. The department was granted approval to allow private sector advertising. Advice was also given to the department on its proposal to implement a central communications budget for government.

## Department of Public Service & Administration (DPSA) and National School of Government (NSG)

- Comments provided on the DPSA's draft directive on compulsory training programmes for the public service which are intended to be offered by the NSG. These comments enabled the DPSA and NSG to work towards ensuring that the directive does not conflict with the powers and functions granted to accounting officers by sections 38 and 39 of the Public Finance Management Act (1999) (PFMA), affirms the requirements of the PFMA for all related procurement of training to be governed by a fair and competitive bidding process, does not grant the NSG a sole training provider status (as such a status can only be granted to an institution through an Act of Parliament), is fully costed and that the relevant funding for category II programmes is provided by the fiscus before publication of the directive.

## Department of International Relations and Cooperation

- Based on a National Treasury spending review on foreign missions, the Department of International Relations and Cooperation (DIRCO) began the process of closing missions during the period under review. To date, 10 missions have been closed. Two more missions are planned for closure in 2023/24. This will allow DIRCO to contain its wage bill.
- In collaboration with DIRCO's international development coordination, African economic integration and legislation chief directorates, the Minister of Finance was advised on the appropriate organisational arrangements and form for the South African Development Partnership Fund. This was part of the minister's response to the request from the DIRCO minister for comments on the draft South African Development Partnership Fund Bill, which DIRCO has incorporated into the revised bill.

## Department of Public Works and Infrastructure

- Through a National Treasury approved DPWI programme budget structure revision, transitional arrangements were made for Infrastructure South Africa, which is expected to become a public entity in the long term, to become a division or branch in the vote of the DPWI.



# PERFORMANCE INFORMATION BY PROGRAMME

The Justice and Protection Services unit oversees planning, expenditure and service delivery by departments in this cluster. Key achievements by each directorate during the reporting period included:

## Justice and Secret Services

Provided policy support and advice on client department and entity requests for:

- a revision of the Special Investigating Unit's funding model and assistance with the recovery of outstanding debts
- options for administering and funding commissions of inquiry as part of the project to review the Commissions Act (1947) led by the Department of Justice and Constitutional Development (DoJCD)
- increased transfer payments to Legal Aid South Africa (following the transfer of legal representation functions from the Department of Agriculture, Land Reform and Rural Development) and the Public Protector of South Africa
- introduction of a subprogramme for the Office of the Legal Services Ombud in the budget programme structure of the department to improve visibility, monitoring and reporting
- concurrence from the Minister of Finance on the proposed remuneration, allowances, benefits and privileges payable to members of the Information Regulator
- concurrence from the Minister of Finance on determining the interest rate payable on certain monies in the Guardian's Fund in terms of section 88 of the Administration of Estates Act (1965)
- concurrence from the Minister of Finance on the proposed new salary dispensation payable to chief public prosecutors and deputy directors of public prosecutions appointed in terms of the National Prosecuting Authority Act (1998)
- concurrence from the Minister of Finance on draft regulations relating to community rehabilitation in terms of the Promotion of National Unity and Reconciliation Act (1995) and regulations for establishing the Office for Ethics and Accountability within the National Prosecuting Authority
- National Treasury input into South Africa's fourth cycle Universal Periodic Review country report.

## Police and Independent Police Investigative Directorate

- Provided input on key policy frameworks on establishing the National Coordination Centre, the Corporate Governance Framework for the South African Police Service, the Protection of Constitutional Democracy Against Terrorist and Related Activities Amendment Bill and the Independent Police Investigative Directorate Amendment Bill.

## Judicial Administration and Correctional Services Directorate

- Provided continued support and advice on the appropriate organisational form and financial implications of the government component model proposed by the Judicial Inspectorate for Correctional Services (JICS) to strengthen its independence.
- Supported the Department of Correctional Services with input on the feasibility study for the self-sustainability model. The model aims to ensure that products from farms and workshops produced by offenders are used to generate revenue and provide nutrition to offenders, thereby reducing the need for service providers.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## Defence and Military Veterans Directorate

- Continued to monitor the implementation of human resource reforms and the exit mechanism for members of the South African National Defence Force (SANDF) as a long-term solution to deal with pressure on its budget for compensation of employees.
- Provided support to the Department of Military Veterans to finalise the pension policy and secure funding to implement it over the medium term.
- Supported the Department of Defence to fund the deployment of the SANDF in Mozambique.
- Ensured that recommendations from the spending review of the Military Health Support programme are implemented in the 2023 Budget.

## Education and related departments

- The unit monitors and advises on several functions implemented largely by provinces and public entities. During the reporting period, the unit assisted with improved monitoring of spending and service delivery, and with reviews of departmental policies and approaches to implementation. The following departments were assisted:

### *Department of Basic Education*

- Assisted and advised the basic education sector on receiving and delivering the early childhood development function, which was shifted from Social Development to Basic Education and was part of the steering committee for the World Bank's Public Expenditure and Implementation Review (PEIR) of early childhood development in South Africa.
- Served on the project steering committee that oversees the implementation of phase III of the Presidential Youth Employment Initiative and advised on the planning for phase IV of this initiative.
- Served on the teacher demographic dividend focus group that helps evaluate and guide ongoing research in personnel planning in the education sector.
- Supported the international development coordination chief directorate with the implementation of the Education for Employment (E4E) donor-funded collaborative project with the departments of basic education, higher education and training, and employment and labour.
- Served on the project steering committee for teacher training on the robotics and coding project with teacher unions.
- Served as the National Treasury representative in the heads of education finance subcommittee.

### *Department of Higher Education and Training*

- Served on the project steering committee for the skills development dialogue series as part of the capacity-building programme for the employment promotion initiative.
- Served on the ministerial task team to provide advice and support for reviewing student funding with a view to establish a sustainable funding model.





# PERFORMANCE INFORMATION BY PROGRAMME

## Department of Employment and Labour

- Provided advice to the department on the Presidential Youth Employment Intervention phase IV.
- Served on the adjudication committee for public employment services subsidy schemes for people with disabilities.
- Served on the National Treasury/Unemployment Insurance Fund (UIF) steering committee to review the contribution rate of unemployment insurance.
- Provided advice and guidance to the UIF on its labour activation programme.
- Provided advice and support to the National Economic Development and Labour Council (NEDLAC)/ Presidential Climate Commission (PCC) on the development of a business case for the PCC, which is temporarily housed at NEDLAC.
- Provided advice and guidance to the Department of Employment and Labour and SARS on linking the employment tax incentive to the Employment Services of South Africa system.

## Department of Sports, Arts and Culture

- Provided advice and support on phase IV of the Presidential Youth Employment Initiative.
- Together with the provincial and local infrastructure chief directorate, provided advice to the department on procuring a project management IT system for infrastructure. This resulted in the department avoiding fruitless and wasteful expenditure.
- Provided guidance and support to the department and the Department of Public Works and Infrastructure on managing public entity debt for municipal service charges.

## Health and Social Development

The unit oversees the budgets, spending and service delivery of the departments of health; social development; and women, youth and persons with disabilities, and provides support and advice to these sectors in a number of policy areas. Key work carried out with the departments in 2022/23 included:

### *Department of Health:*

- Facilitated the 2023/24 budget process for health, conducted extensive analysis of budget adequacy in the health sector, based on which, additional allocations were made for compensation of employees, medicine, medical supplies, laboratory services, other goods and services, and healthcare backlogs accumulated during the COVID-19 response period.
- Participated in international conferences and other collaborative work, including the World Health Organisation's health financing matrix, the African Health Economics and Policy Association's Annual Conference and the Joint Learning Network for Universal Health Coverage.
- Supported and advised the department of health in implementing the shift of the port health services function from the department to the Border Management Authority.
- Supported the Intergovernmental Relations division in the provincial benchmark process and provincial visits, and the Department of Health during facility visits.



## 04 PERFORMANCE INFORMATION BY PROGRAMME

- Supported the Asset and Liability Management division with preparation and reporting for COVID-19-related loans.
- Engaged with the health and justice sectors around medico-legal claims.
- Authored several articles and chapters in various health publications.

### *Department of Social Development*

- Undertook analyses to assess the costs and effectiveness in addressing extreme poverty, the social relief of distress grant, the basic income grant and another three safety net options.
- Reviewed several policies proposed by the Department of Social Development, including the prevention of and treatment for substance use disorders policy and the draft sector strategy for the employment of social services practitioners. The unit also continued to work with the department to analyse funding mechanisms and strategies for the non-profit sector, including modalities for service provision.
- Supported the Intergovernmental Relations division in the provincial benchmarking process.
- Provided analysis of and a recommendation on request for funds related to disaster relief in KwaZulu-Natal.
- Facilitated the 2023/24 budget process for social development including detailed expenditure analysis for national and provincial departments of social development.
- In support of the Department of Planning, Monitoring and Evaluation (DPME), provided input on Annual Performance Plans and commented on achievement against quarterly performance targets.
- Reviewed Covid -19 SRD regulations to enable Minister of Finance's concurrence.

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

- Assisted the department in complying with its financial reporting and reviewed and provided feedback to the department on proposed amendment of policies, acts and budget programme structure.
- Reviewed spending, costing and implementation strategy of the NYDA's NYS programme.
- Provided inputs on the department's submissions to Cabinet, including regular reports to Cabinet on progress in implementing GBVF NSP, policies on youth, women and people with disabilities, plans for awareness coordination events, and policies and strategies on youth development and the agency.

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



# PERFORMANCE INFORMATION BY PROGRAMME

## Department of Public Enterprises

In collaboration with the Asset and Liability Management division and the chief directorate of economic services, the unit:

- continued engagements with the department on funding requests for state-owned companies (SOCs), which included South African Airways to complete the business rescue plan, Transnet for the rehabilitation of long-standing out-of-service locomotives and repair of infrastructure damaged by floods, and Denel for the settlement of guaranteed debt and implementing its new business model
- contributed to the development of conditions for SOC allocations, the Eskom debt relief bill, the municipal debt support framework, and the SOC funding framework. Also participated in monthly SOC monitoring meetings.

## Department of Small Business Development

- Assisted the department to establish a flood relief programme intended to respond to damages and losses incurred by small enterprises due to severe flooding in Kwa-Zulu Natal and Eastern Cape.
- Worked with the Budget Office, and Tax and Financial Sector Policy divisions on the proposed merger of Small Enterprise Development Agency, the Small Enterprise Finance Agency and the Co-operative Banks Development Agency (CBDA). The purpose of the merger is to expand the reach and target of government support to small businesses to assist a greater number of small enterprises and cooperatives across the country and enhance their developmental impact.

## Department of Trade, Industry and Competition

- Convened the economic development coordination forum, a coordination structure between national and provincial departments in the economic development cluster. The forum is chaired by the National Treasury and the Department of Trade, Industry and Competition (DTIC) to drive and ensure policy coherence, resource allocation and interventions to enable inclusive economic growth and employment.
- Worked with the DTIC on the introduction of a load shedding relief scheme to provide cheaper financing and alternative energy sources for businesses. Collaborated with the Economic Policy and Tax and Financial Sector Policy divisions on the new electric vehicle strategy led by the DTIC.
- Collaborated with the Economic Policy division and World Bank towards developing a framework for government business incentives, and engaged relevant departments on developing a single register for beneficiaries of government business incentives.
- Facilitated a compilation of advice to the Minister of Finance on the Minister of Trade, Industry and Competition's request for concurrence in relation to a possible liability emanating from the launch of a private satellite, AgriSat-1, into space by a private company called Dragonfly Aerospace (Pty) Ltd.
- Provided comments on policy documents on measures to restrict trade in scrap and processed metals, a green hydrogen commercialisation strategy, and a draft game meat strategy.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## Department of Science and Innovation

- Assisted the department in drafting the Science, Technology and Innovation (STI) Research and Development budget coordination terms of reference. This is intended to be a guiding document in the implementation of STI governance arrangements, as envisaged in the 2019 White Paper on Science and Innovation. This process will give STI more prominence in government planning and seeks to improve the coordination of public funding for STI across government.
- Supported the department in ensuring that Biovac intensifies its efforts to stand as a commercially viable entity in supplying vaccines and is an integral part of the public health system.

## Department of Forestry, Fisheries and the Environment

- Provided comments on the industrial waste tyre management plan, which outlines the guidelines and compliance requirements for all stakeholders. The plan also sets out the mandate, brief and criteria that prospective implementers must meet to be eligible for operationalising and executing waste tyre management.
- Assisted the department to secure the Minister of Finance's concurrence on the extended producer responsibility framework. The purpose of the framework is to ensure the appropriate management of end-of-life products and encourage circular economy initiatives in terms of the National Environmental Management: Waste Act (2008). The Act gives effect to EPR schemes for the paper and packaging, electrical and electronic equipment, and lighting sectors.
- Facilitated the function shift of the Presidential Climate Commission to NEDLAC. The commission is responsible for guiding South Africa's climate change response, which includes a long-term just transition to a climate-resilient and low-carbon economy.

## Department of Agriculture, Land Reform and Rural Development

- Assisted the department with the presidential employment stimulus project to enhance employment creation and support for small and subsistence farmers.
- Assisted the department with the reprioritisation of funds between programmes for the outbreak of foot and mouth disease.
- The chief directorate remains a member of the inter-ministerial committee on land reform, which aims to accelerate the land reform process to find sustainable land reform solutions.

The Urban Development and Infrastructure unit provides budget, policy and expenditure management and support to national departments and public entities involved in the built environment and infrastructure. These include the departments of transport, mineral resources and energy, water and sanitation, human settlements, communications and digital technologies, and cooperative governance and traditional affairs. The following departments were supported by the unit during the reporting period:

## Department of Cooperative Governance

- Represented the National Treasury on the steering committee to review the national disaster management system, and the national joint flood coordination committee.



# PERFORMANCE INFORMATION BY PROGRAMME

## Department of Mineral Resources and Energy

- Made recommendations to the Minister of Finance on fees and tariffs of regulators such as the National Nuclear Regulator and the National Energy Regulator of South Africa (NERSA).
- Participated in consultations on various regulatory and legislative reforms undertaken by the department, and participated in the steering committee for the integrated national electrification programme.

## Department of Human Settlements

- Provided comments and input on various policy proposals to strengthen delivery performance in human settlements. This included a proposal to restructure and expand the scope of the Human Settlements Development Grant.
- Strengthen financial governance in intergovernmental fiscal transfers by providing input and comments on the Division of Revenue Bill.

## Department of Communications and Digital Technologies

- Continued to participate in consultations on various legislative reforms undertaken by the department regarding the implementation of a white paper on ICT policy.
- Provided ongoing support to the broadcasting digital migration programme and the development of a sustainable model for phase II of South Africa Connect project.
- Continued to participate in consultations on the financial sustainability of the South African Post Office.

## Department of Water and Sanitation

- Provided comments on various policy and institutional reforms, including the water services improvement programme, a national water resource infrastructure agency and work on the national raw water pricing strategy.

## Department of Transport

- Represented the National Treasury on various task teams related to policy and financing reform that includes roads, rail, maritime, civil aviation and public transport.
- Supported the department with financial modelling and funding options for the Gauteng freeway improvement project.

## Intergovernmental Relations

The Intergovernmental Relations (IGR) division coordinates fiscal and financial relations between the national, provincial and local spheres of government. This function has significant impact as 50.9 per cent (R859 billion) of noninterest expenditure for 2023/24 is allocated to provinces and municipalities. The majority of this planned expenditure is for priority programmes such as education, health care and the provision of free basic services.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

The division coordinates inputs for the split 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 2023 Division of Revenue Bill was tabled in February 2023 and included net additions of R93.4 billion over the medium term for provinces to fund spending pressures in the education, health, agriculture and transport sectors, and an additional R8.1 billion over the medium term for municipalities to increase coverage of the provision of free basic services.

In recognising that many provincial roads are in bad repair and to ensure people in the rural areas are able to access government services and economic opportunities, the bill introduced a component for the rehabilitation of provincial roads and the building of rural bridges through the Provincial Roads Maintenance Grant (PRMG). Modular steel bridges will be built to ensure people are able to access services such as schools and medical facilities in rural areas, with areas that were cut off due to disasters being prioritised. The bill also includes a provision for pledging provincial grants for infrastructure. This new provision will fast-track the much-needed provincial social infrastructure and enable provinces to borrow funds and use conditional grants as collateral for building infrastructure. The emergency housing grants in this bill ceased to exist as the funds for this function were moved to the budget of the national Department of Human Settlements.

The capacity building system for local government is undergoing review, with a focus on the new Capability Development Problem Led (CDPL) framework, which aims to build the National Treasury's capacity to provide more productive and integrated support to municipalities and improve the Local Government Capacity Building System (LGCBS) thereafter. The approach of the framework has been informed by the findings from a diagnostic review that identified critical challenges and opportunities in the system. Its implementation is expected to improve strategy development, coordination, governance, leadership, change management, programme planning, accountability and learning. Its implementation requires fundamental reformation of the current LGCBS through a two-pronged strategy of incremental change, innovation and experimentation guided by four principles: a clear capability-development focus, a problem-led approach, co-production and inclusion, and a whole-municipality approach.

Other initiatives by the division include the review of conditional grants, which aims to determine the effectiveness of the existing grant system in providing efficient service delivery, infrastructure rollout, capacity building and operational support. Six literature reviews have been conducted internally, and the Government Technical Advisory Centre has been contracted for the second phase, which includes interviews with system participants and the mapping of trends to translate the findings into actionable plans and propose options. A number of reform options are being considered to improve intergovernmental grant systems, including streamlining the existing conditional grants, aligning provincial and local government grants, and improving allocation methodologies. The division continued to update policies to enhance the role of the private sector in financing municipal infrastructure. To establish an unambiguous, fair and consistent basis through which municipalities can recover development charges for all land development projects that require statutory approvals through the municipal land use planning system, the Municipal Fiscal Powers and Functions Act (2007) is being amended to regulate the levying of the development charges. Development charges are one of the key financing instruments for the provision of strategic infrastructure that will accelerate economic growth. The amendment bill was published for comment in January 2020 and was refined in line with public comments. The revised Amendment Bill was approved by Cabinet in August 2022 and was tabled in Parliament in September 2022. It is being processed in line with Parliamentary processes.



# PERFORMANCE INFORMATION BY PROGRAMME

The credit market – through both private and public financiers – has not been used optimally to address increasing infrastructure investment backlogs. To complement the use of development charges as a means for infrastructure financing, the Updated Municipal Borrowing Policy Framework was adopted by Cabinet in August 2022, providing certainty to all parties on what can be done to escalate infrastructure investment within creditworthy municipalities. The policy aims to provide guiding principles on various instruments and mechanisms that can be unlocked to attract private sector financing for creditworthy municipalities, and strengthen engagements between government and the private sector to align strategies that promote investment in strategic infrastructure with the purpose of driving urban transformation. These strategies span over the long term and contain some short-term and medium-term interventions such as capacity-building initiatives to enable municipalities to produce a pipeline of bankable projects. This will be complemented by financing options, include blended financing options that aim to leverage funding sources from the Infrastructure Fund and the conditional grant system. The division publishes a quarterly municipal borrowing bulletin that provides information on municipal borrowing trends and activities.

The Cities Support Programme (CSP) continued to provide support to metros in selected projects in the areas of economic development, human settlements, public transport, climate resilience, governance and fiscal reforms.

The City Economic Development Managers’ Forum (CEDMF) continued to meet and covered matters such as city economic partnering, city economic development incentives, the role of city economic development units, the social economy, energy sector planning and localisation, and the impact financial investment. The Sub-National Doing Business (SNDB) support programme co-hosted the Metros Building Control Conference with the Department of Trade, Industry and Competition (DTIC) and developed a new support element for the metro Property Titling Reform, linked to the national-level reforms programme of Operation Vulindlela. The technical assistance provided to metros produced good results, including:

EXAMPLES OF IMPACT OF THE SNDB SUPPORT INITIATIVES IN METROS	
<p><b>Registering property</b></p> <ul style="list-style-type: none"> <li>The City of Ekurhuleni reduced the number of days to transfer property by 40%</li> <li>The City of Tshwane reduced the number of days to transfer property by 19%</li> <li>Buffalo City reduced the number of days to transfer property by 60%</li> </ul>	<p><b>Getting electricity</b></p> <ul style="list-style-type: none"> <li>The City of Cape Town reduced the number of days for connecting electricity by 14%</li> <li>The City of Johannesburg reduced the number of days for connecting electricity by 18%</li> </ul>
<p><b>Construction Permits</b></p> <ul style="list-style-type: none"> <li>The City of Johannesburg reduced the number of days to issue a build plan approval by 70%</li> </ul>	

The Township Economic Development (TED) support concluded during the period under review with four out of the five TED strategies approved by metro executive committees. Selected projects are being implemented in each township. To continue this work, the UK Foreign, Commonwealth and Development Office (UK-FCDO) partnered with the CSP for two years. Support for industrial parks culminated in the National Treasury and the DTIC co-hosting the Reimagining Industrial Parks focus group dialogue sessions with academia, institutions of higher learning and practitioners. The Spatialised City Economic Data project achieved new milestones: the open access spatial tax data portal ([www.spatialtaxdata.org.za](http://www.spatialtaxdata.org.za))



## 04 PERFORMANCE INFORMATION BY PROGRAMME

and the first annual City Economic Outlook report have been completed and will be formally launched in early 2023/24. A pilot project for the SARS-integrated business register project was initiated in July 2022. Based on the success of this work, the UK's FCDO will provide further funding to this initiative for a three-year period from April 2023 and leverage support from the UK's Office of National Statistics (ONS) in an effort to share knowledge.

The CSP piloted a course on change leadership and managing transversality in July and August 2022. The course materials and facilitation approach were produced in a Facilitators Guide- these Training Guides which are in the process of being handed over to learning partners such as the National School of Government (NSG) Tshwane Management Leadership Academy (TMLA) for their broader use. The Cities Infrastructure Delivery and Management System (CIDMS) community of practice met regularly, and the cities support programme hosted a series of webinars on capturing the value of land. The public transport component produced a practice note guideline on the devolution and assignment of bus transport functions to metropolitan cities and a generic guideline to help cities develop viable options for integrating municipal bus services into the Integrated Public Transport Network (IPTN). This work has been presented to the Technical Committee on Finance (TCF). Support for Minibus Taxi Reform (MBT) project has commenced through intensive research, which includes six MBT Innovative models fact sheets. The National Treasury and national Department of Transport hosted a multi-stakeholder workshop to table this work for discussion.

Human settlement support work continued through the Community Development Programme (CDP), which is aimed at supporting the meaningful and active participation of communities in upgrading projects. The programme proceeded to pilot stage in eThekweni Metro, the City of Cape Town, Buffalo City Metro and the City of Johannesburg, with active partnerships agreed with key non-governmental and civil society organisations. This work was also presented to and received the support of the TCF. The Small-Scale Affordable Rental project proceeded well in the 3 pilot metros. Three rental study reports were completed and a draft policy and procedure for the project were developed. A National Symposium on the project was held in 2023. In support of climate resilience, the CSP and South African Local Government Association hosted a regular city water managers forum, convened working sessions on climate-resilient capital investment, and supported the production of a discussion paper on the Just Urban Transition with the Presidential Climate Commission. To improve disaster management, a three-day peer learning event for cities was held with the National Disaster Management Center (NDMC), on emergency preparedness and response (EP&R) at the city level. Work is continuing to support Buffalo City Metro, Nelson Mandela Bay Metro and eThekweni Metro with their water business turnaround strategies. The City of Johannesburg has also requested support.

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

This work is guided by the Urban and Regional Network Strategy (URNS), which targets urban-hub precincts and regional service centres with secondary linkages to underserved residential areas and built environment upgrade projects in urban or rural townships. The strategy consists of a set of sequential activities that optimise public





# PERFORMANCE INFORMATION BY PROGRAMME

infrastructure investment, fiscal and regulatory measures, and coordinated urban management in targeted transit-orientated locations. The strategy is aligned with the National Development Plan's spatial targeting and investment principles. The NDPP projects in rural municipalities are supported in collaboration with the Department of Agriculture, Land Reform and Rural Development. The NDPP aims to contribute to the broader goal of creating liveable, sustainable, resilient, efficient and integrated towns and cities.

During the reporting period, the NDPP supported municipalities to prepare six municipal investment plans, approved 31 new catalytic projects, and supported municipalities to finalise five project preparation reports. Ongoing programme and project management support were provided to 37 municipalities: 8 metros, 6 intermediate cities and 23 rural municipalities.

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

The division continued to support the implementation of the Infrastructure Delivery Management System (IDMS) to improve the delivery of infrastructure across the provinces and in local government. Implementation is supported by two major initiatives. The first is the development of the Local Government Infrastructure Delivery Management System Toolkit (LGIDMS Toolkit) which seeks to customise the IDMS for implementation by local and district municipalities and continue to support municipalities with the implementation of the Local Government Framework for Infrastructure Delivery and Procurement Management which is the legislated component of the LGIDMS Toolkit. This work is made possible through the support by the joint partnership between the government of South Africa, represented by the National Treasury, and the government of Switzerland. Although the development of the toolkit is still at an early stage, workshops have been held with municipalities on the implementation of the LG FIDPM. The other initiative is via the performance-based system introduced for provincial departments of education and health to institutionalise IDMS principles relating to planning and delivery. Infrastructure plans for all provincial education and health departments were assessed in collaboration with the national departments of basic education and health. The division facilitated a best practice workshop to enable learning among provinces in an effort to strengthen various sections of the planning documents and conducted visits to provinces that did not qualify for performance incentive allocations to address specific areas for improvement. These interventions are expected to yield positive results during the next assessment period.

For 14 consecutive years, the division has successfully institutionalised two formal annual engagements: the municipal budget and benchmark, and the mid-year budget and performance assessment with the 17 non-delegated municipalities. The generic framework for assessment and analysis of municipal budgets was updated in line with the municipal budget and reporting regulation. Guidance was provided to municipalities on preparing their 2023/24 MTREF budgets through Municipal Finance Management Act (MFMA) circulars No. 122 (9 December 2022) and 123 (3 March 2023). Virtual budget benchmark meetings were held with all 17 non-delegated municipalities to assess the tabling of their 2022/23 budgets, leading the funding of all of their tabled budgets. The division also assessed adopted budgets for 2022/23 and funding was granted to 14 of the 17 non-delegated municipalities.



## 04 PERFORMANCE INFORMATION BY PROGRAMME

A number of routine publications were issued during the reporting period, including the state of local government finances and financial management reports. The routine publication of budget and in-year financial performance information for local government enables better oversight and serves as an early warning mechanism for the need to improve municipal performance.

A national strategy was developed for the implementation and institutionalisation of the municipal Standard Chart of Accounts (mSCOA). Institutionalised mSCOA classes were provided to provincial treasuries, municipal SCOA classes were introduced for municipalities and system vendors, and an online municipal SCOA course was made available. The mSCOA v6.7 chart was issued and the Municipal Budget and Reporting Regulation (MBRR) budget schedules were aligned with Generally Recognised Accounting Practise (GRAP).

Councillor induction sessions were conducted for 31 of the 43 municipalities identified to be in financial and service delivery crisis. The North West was assisted in the verification of status quo assessments for eight municipalities under mandatory interventions. Cabinet memos were compiled on the S139(7) intervention in the Mangaung and Enoch Mgijima municipalities, the dissolution of the municipal council in the Enoch Mgijima municipality, and on the state of local government finances. A report was compiled on revenue challenges and solutions for the 43 municipalities in crisis covering topics such as the revenue value chain, valuation roll reconciliation, cost reflectiveness of tariffs for trading services, policy development, best practice, prepared financial profiles and revenue assessment reports. Revenue management support was provided in municipalities through technical advice on cost-reflective tariffs, the reconciliation of the valuation roll and billing system, standard operating procedures, improved budget-related policies, and the management of indigence.

The division continued to improve the conditional grant monitoring framework for local government. In the 2022/23 municipal financial year, municipalities were allocated R87.3 billion through the local government equitable share and a total of R51.1 billion was transferred to municipalities by 31 March 2022 (from the total direct conditional grant allocation of R56 billion) for direct conditional grants. These included the Urban Settlement Development Grant (USDG) and disaster funding allocations (the Municipal Housing Emergency Grant and the Municipal Disaster Response Grant). An amount of R3.5 billion was allocated through the Municipal Disaster Recovery and Municipal Disaster Response Grant during the national adjustments budget to support municipalities affected by floods (Eastern Cape, Western Cape and KwaZulu-Natal). R3.4 billion was not transferred to the local government equitable share to offset unspent conditional grants from 2021/22 in terms of section 21(4) (a) of the 2022 Division of Revenue Act. As offsetting the entire amount from the equitable share in a single tranche could cripple municipal finances, the Act allows municipalities to repay unspent funds in instalments.

The National Treasury continues to assist underperforming municipalities to improve spending and manage conditional grants. If conditional grants are unspent at the end of a financial year, municipalities must request permission to roll them over to the next financial year. Failure to secure approval from the National Treasury, which oversees the process, results in these funds having to be paid into the National Revenue Fund. A total of 139 municipalities requested rollovers for funds from unspent conditional grants in 2021/22 totalling R4.2 billion. However, the National Treasury approved a total rollover amount of only R1 billion in 2022/23. The 2021/22 rollover process showed increase in rollover requests from R3.3 billion in 2020/21 to R4.2 billion in 2021/22, but a decrease in approvals from R1.1 billion to R1 billion over the same period.



# PERFORMANCE INFORMATION BY PROGRAMME

For many years, the Municipal Infrastructure Grant (MIG) has consistently been the best performing conditional grant in local government compared to other capital infrastructure grants. During the reporting period, the Department of Cooperative Governance, which administers the MIG, reflected expenditure of 54 per cent on this grant as at 31 March 2022 and was reported as the second-best performing conditional grant after the Extended Public Works Programme (EPWP) incentive programme which reflected expenditure of 78 per cent. The EPWP incentive programme is a grant that municipalities receive for spending their infrastructure better. This performance of the MIG is a significant reduction against the previous year's performance where MIG performed at 62 per cent during the same period.

Section 18 of the 2022 Division of Revenue Act stipulates that the National Treasury may, at its discretion or at the request of a transferring national officer or receiving officer, stop the transfer of schedule 4 and 5 allocations pertaining to anticipated underspending on programmes or allocations by the municipalities. Section 19 of the Act stipulates that when a Schedule 4 or 5 allocation or a portion of it is stopped in terms of section 19(1)(a) or (b), the National Treasury may, after consultation with the transferring officer and the relevant provincial treasury, determine the portion of the allocation to be reallocated as the same type of allocation as it was originally, to one or more provinces or municipalities, on condition that the allocation be spent by the end of 2022/23. This action affected 117 municipalities across all provinces (compared to 91 in the previous year), while 171 municipalities reflected underspending as at the end of the second quarter of 2022/23. This means that funds were stopped to 117 of the 171 municipalities that needed to explain to the National Treasury the reasons for underperformance during the second quarter of the financial year. Reasons for this include the non-appointment or late appointment of service providers, delays in housing projects that resulted in houses not being available for electrification, a lack of technical capacity to implement projects, and legal objections to appointed contractors. The stopped funds were reallocated to municipalities that have fast-tracked the implementation of their projects, accelerated expenditure against their original allocations and had the capacity to fully spend their funds by 30 June 2023.

To build capacity, the division conducted training on the Essentials of Budget Formulation and Analysis Course (EBFAC) in all provinces and within the National Treasury, and conducted a special training session for the national Department of Agriculture, Land Reform and Rural Development. The division developed induction manuals for members of the executive council (MECs) for finance and accounting officers and partnered with the National School of Government to support the virtual attendance of 60 MECs and senior provincial officials at the University College of London. Workshops on the Division of Revenue Bill were held for the six sectors (education, health, human settlements, agriculture, roads and transport, and arts and culture).

The annual provincial budget visits were held virtually, with high levels of attendance by national departments. The division ensured that all provincial financial information was published quarterly and quarterly media statements were issued on provincial budgets and expenditure. Provincial budget benchmark meetings were held to assess the second-draft budgets of provincial departments, reviews were conducted on how budgets had been prioritised across sectors, and recommendations were made on required amendments before provincial budgets were tabled. The division also provided parliamentary briefings on provincial conditional grant spending for 2022/23 (the land care programme grant, the maths, science and technology grant, the learners with profound intellectual disabilities grant, the informal settlements upgrading partnership grant and the early childhood development grant) and responded to parliamentary queries on provincial budgets. The stopping and reallocation of funds for the education infrastructure grant, the national health insurance grant, the human settlements development grant, the informal settlements upgrading partnership grant and the public transport operations grant were approved and gazetted.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

The division undertook a health review study in North West as a way of concluding the work of the section 100 (1) intervention in the province. The province's implementation of the recommendations will ensure that the department's interventions deliver quality health services while improving financial management. The division also submitted the exit plan to the leading department for submission to Cabinet and the National Council of Provinces and will be monitoring the implementation of budgets, as required by the PFMA.

## Jobs Fund project management

The Jobs Fund is a R9 billion challenge fund that offers a targeted programme of support for effective labour market interventions. The targeted programme supports job creation in the short to medium term and the identification of scalable and replicable job creation models to create jobs and assist in addressing South Africa's unemployment crisis. To date, the Jobs Fund has concluded 10 funding rounds, including a round of relief support funding during the COVID-19 pandemic. It offers matched funding grants across four funding windows (enterprise development, infrastructure, support for work seekers and institutional capacity building). Grant funding is made available, through a competitive process, to initiatives that innovatively solve employment challenges and have the potential to be scaled up.

The fund has fully allocated its original R9 billion in grant funding to its portfolio of projects and its project partners have committed R14.5 billion in matched funding over the implementation period. As at 31 March 2023, the fund had disbursed R6.42 billion and leveraged an additional R13.08 billion from project partners. It has a portfolio of 163 job creation projects and has exceeded its permanent job creation target of 150 000: as at 31 March 2023, the fund had facilitated the creation of 195 372 permanent jobs and placements. In addition, the fund's project partners have created a further 106 873 jobs, including 18 100 seasonal jobs that will endure well beyond the implementation period for these projects, 65 414 short-term jobs and 23 220 internships. Through projects supported by the fund, 306 571 people, including young work seekers, entrepreneurs and employees of SMMEs, have been trained. The fund's overall grant cost per job created is competitive at R23 719, which includes the fund's operating costs.

To contribute to addressing supply and demand challenges in the labour market, the Jobs Fund designed a new call for proposals, titled "Breaking Barriers: Future-Proofing South Africa's Employment Options". It targets initiatives that have the potential to:

- stimulate demand for new jobs, including enterprise/infrastructure development. The interventions must result in growth and sustainability for the supported enterprises and infrastructure, thereby enabling and supporting ongoing job creation.
- skilling/upskilling, matching beneficiaries to jobs and facilitating new pathways to jobs. The interventions must result in new jobs being created and/or placement into jobs.

During the reporting period, the Jobs Fund's partnership with Ashburton Asset Managers came to completion. The project sought to support and fund SMMEs that find it difficult to access funding through traditional channels, mainly because of risk perceptions inherently associated with them, and sought to contribute to advocacy efforts to change the perception that they are too risky to invest in. The project managed to raise more than R900 million during implementation in further investment for SMMEs and created 7 130 jobs. In this instance, the Jobs Fund grant encouraged the flow of capital to growing businesses that would otherwise not have had access to it through traditional channels, resulting in the creation of new jobs and changing perceptions about the risk profile of SMMEs.



# PERFORMANCE INFORMATION BY PROGRAMME

Another Jobs Fund project with the Craft and Design Institute came to an end during the period under review. The project offered bridging finance and working capital to SMMEs in the craft and design sector to purchase business inputs such as raw materials, product testing and key personnel during their business growth phase. It also offered mentoring and professional technical services, which supported the commercialisation of new products and services. This R48.5 million five-year project enabled 50 SMMEs to create 669 new permanent jobs and fast-tracked 23 South African innovations. Offering SMMEs a blended mix of financing options – working capital support and grants for pre-commercialisation innovation – served as a catalyst for business growth and job creation.

In addition to supporting initiatives that stimulate demand for labour in the economy (mainly through enterprise development), the Jobs Fund also supports initiatives that improve the supply of labour to key industries and sectors, such as the partnership with CCI South Africa. This project trained unemployed, mostly unskilled young people to work in the business process outsourcing sector, a growth area in the South African economy. The demand for jobs in the sector is significant, and the model used with CCI results in the training and placement of young people in position within roughly one month. When the project came to an end in 2022/23, it had placed 1 563 work seekers in permanent jobs, more than 70 per cent of whom were women. Given the continued demand for labour in this sector and the low barriers to entry for unskilled labour, the model shows significant potential to be scaled.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b>									
3.1.1	Sustainable public finances	Published budget legislation and documentation	Published budget legislation and documentation	Appropriation Bill, ENE and Budget Review published in February	Appropriation Bill, ENE and Budget Review published in February	Appropriation Bill, ENE and Budget Review published	Appropriation Bill, ENE and Budget Review published	N/A	N/A
				Adjustments Appropriation Bill, AENE and MTBPS published in October	Adjustments Appropriation Bill, AENE and MTBPS published in November	Adjustments Appropriation Bill, AENE and MTBPS published	Adjustments Appropriation Bill, AENE and MTBPS published	N/A	
3.1.2		DoR Bill	Number of Division of Revenue and Division of Revenue Amendment Bills published annually	3	2	2	2	N/A	N/A
		DoR Amendment Bill							
3.1.3		Provincial and local government fiscal policy reforms	Number of reforms introduced to enhance provincial and local government fiscal frameworks	3	3	3	3	N/A	N/A

# PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b>									
3.1.4		Progress reports on the economic development strategies implemented	Number of township economic development strategies implemented	#	0	5	4	-1	Under-performance is attributed to a township economic development strategy still in the process of being approved by the municipal council.
3.1.5		Infrastructure plans assessment reports	Percentage of infrastructure plans assessment reports reviewed	#	#	100%	100%	N/A	N/A
3.1.6	Coherent economic policy advocated	Approved catalytic projects	Number of catalytic projects approved in spatially targeted areas within metropolitan cities, secondary cities and rural towns	61	60	20	31	11	Over-performance is attributed to the multi-year project pipeline that was approved to ensure project continuity and alignment with multi-year planned project cash flows reflected in the medium term expenditure framework budgets.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b>									
3.1.7	Sustainable public finances	Quarterly financial status reports	Number of quarterly financial reports published	8	8	8	8	N/A	N/A
3.1.8		Mandatory financial recovery plans	Percentage of requests to draft mandatory financial recovery plans responded to within 90 days of receipt	100%	0%	100%	0%	-100%	Under-performance is attributed to consultations in the municipality between council and their stakeholders exceeding the planned period. This was further exacerbated by the prevailing uncertain municipal operating conditions.
3.1.9		Cabinet memos comments	Percentage of Cabinet memos received commented on	100%	98%	100%	97%	-3%	Under-performance is attributed to capacity constraints and greater consultations required on the respective Cabinet memos.



# PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b>									
3.1.10		SCOA reports	Number of quarterly expenditure reports submitted to the Standing Committee on Appropriations	4	4	4	4	N/A	N/A
3.1.11		Technical advisors in place	Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP)	73	73	80	65	-15	Under-performance is attributed to delays in procurement as well as resignations of technical advisors during the reporting period.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b>									
3.1.12		Grant funding disbursed	Value of grant funding disbursed (cumulative across the term of project)	R5 687m	R6 075m	R6 953m	R6 465m	-R488m	Under-performance is attributed to Jobs Fund disbursements being impacted by lower economic growth and logistical disruptions to agricultural value chains. Catastrophic flooding during the latter part of the financial year had a material impact on the regionally based agricultural projects. The principal factors that impacted the disbursement performance of the Fund were beyond the control of the Fund.



# PERFORMANCE INFORMATION BY PROGRAMME

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS					
PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT					
APP#	OUTCOME	OUTPUT	OUTPUT INDICATOR	REASON FOR DEVIATION	ACTION PLAN
3.1.4	Sustainable public finances	Progress reports on the economic development strategies implemented	Number of township economic development strategies implemented	Under-performance is attributed to a township economic development strategy still in the process of being approved by the municipal council.	The outstanding township economic development strategy has subsequent to the end of the financial year been approved.
3.1.8	Sustainable public finances	Mandatory financial recovery plans	Percentage of requests to draft mandatory financial recovery plans responded to within 90 days of receipt	Under-performance is attributed to consultations in the municipality between council and their stakeholders exceeding the planned period. This was further exacerbated by the prevailing uncertain municipal operating conditions.	The financial recovery plan has since been approved subsequent to the 90 days.
3.1.9	Sustainable public finances	Cabinet memos comments	Percentage of Cabinet memos received commented on	Under-performance is attributed to capacity constraints and greater consultations required on the respective Cabinet memos.	Administrative processes have been put in place to ensure that all the required consultations are finalised within the stipulated timeframes.
3.1.11	Sustainable public finances	Technical advisors in place	Number of technical advisors placed at National Treasury, provincial treasuries and municipalities through the Municipal Finance Improvement Programme (MFIP)	Under-performance is attributed to delays in procurement as well as resignations of technical advisors during the reporting period.	The MFIP Programme Management Unit is in the process of procuring a panel from which rapid technical advisors procurement and replacements can be sourced.
3.1.12	Sustainable public finances	Grant funding disbursed	Value of grant funding disbursed (cumulative across the term of project)	Under-performance is attributed to Jobs Fund disbursements being impacted by lower economic growth and logistical disruptions to agricultural value chains. Catastrophic flooding during the latter part of the financial year had a material impact on the regionally based agricultural projects. The principal factors that impacted the disbursement performance of the Fund were beyond the control of the Fund.	The Jobs Fund has a performance monitoring and tracking framework in place. This includes conducting project site visits and quarterly project implementation review meetings. Disbursement of funds is stringently managed, and funds are only released when performance targets and project conditions are met.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## CHANGES TO PLANNED TARGETS

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

## LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT	2022 / 23 FINANCIAL YEAR			2021 / 22 FINANCIAL YEAR		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management for Public Finance and Budget Management	19 978	18 457	1 521	26 726	20 367	6 359
Public Finance	75 859	74 438	1 421	73 231	69 692	3 539
Budget Office and Coordination	66 752	65 101	1 651	64 759	58 824	5 935
Intergovernmental Relations	226 905	181 227	45 678	226 716	107 339	119 377
Financial and Fiscal Commission	63 839	63 839	-	63 199	63 199	-
Facilitation of Conditional Grants	2 379 601	2 379 601	-	2 366 201	2 366 201	-
Catalytic Infrastructure and Development Support Programme	752 402	741 540	10 862	677 871	677 826	45
Government Technical Advisory Centre	789 395	765 629	23 766	838 802	837 322	1 480
<b>Total</b>	<b>4 374 731</b>	<b>4 289 832</b>	<b>84 899</b>	<b>4 337 505</b>	<b>4 200 770</b>	<b>136 735</b>

## 4.4 PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

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

### INSTITUTIONAL OUTCOMES

Sound financial controls and management of public finances

### SUB-PROGRAMMES

#### Programme Management for Asset and Liability Management

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

#### State-Owned Companies (SOCs) Financial Management and Governance

This sub-programme is responsible for overseeing SOCs to enable them to meet government's policy objectives in a financially and fiscally sustainable manner, and for promoting sound corporate governance of these enterprises.

#### Government Debt Management

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

#### Financial Operations

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

#### Strategy and Risk Management

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



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## SERVICE DELIVERY OBJECTIVES AND INDICATORS

### Recent outputs

During the period under review, no new additional guarantees were issued. This is in line with the implementation of the minimum criteria that must be met by state-owned entities (SOEs) and government departments when submitting requests for guarantees.

Reviews of the corporate plans and annual reports of schedule 2 and 3B public entities were conducted during the period under review. In addition to assessing their alignment with government's priorities, financial sustainability and soundness of governance, the reviews aim to proactively identify possible risks so that appropriate mitigating actions can be taken. Most SOEs submitted their corporate plans on or before the PFMA deadline, with some having had delays in finalising audits for various reasons. All submissions made in line with PFMA requirements were reviewed during the financial year.

However, despite the minister's approval of the Land and Agricultural Bank of South Africa's corporate plan and annual report, they were not submitted in accordance with legislative timelines due to the bank's financial challenges. The process of stabilising its financial position is ongoing. Since April 2020, the bank has been negotiating with its lenders to rectify its default status. The audit report by the Auditor-General of South Africa (AGSA) showed significant deficiencies in internal controls and governance processes.

The minister reviewed a request for using Eskom guarantees to secure a dual-currency private placement for the rand to the value of US\$ 500 million. A government guarantee was also provided to the DMRE for bid window 6 of the renewable energy independent power producer procurement programme. Various applications in terms of section 54 of the PFMA were finalised for the Magalies and Umgeni water boards, South African Airways, Denel, Eskom, the Central Energy Fund (CEF), and Sentech and Broadband Infracore. Tariff submissions from all eight water boards were reviewed and analysed in terms of the Municipal Finance Management Act (2003) (MFMA) and response letters were issued.

To assist Denel with the implementation of its turnaround plan, the entity was recapitalised with R3.378 billion subject to meeting pre- and post-disbursement conditions. Transnet was also recapitalised with R2.9 billion, to assist with the repair and maintenance of its locomotives. These entities were recapitalised as per the Special Appropriation Act (2022). The Adjustments Appropriation Act (2022) provided an additional R2.9 billion to Transnet to restore infrastructure damaged by flooding in KwaZulu-Natal in April 2022.

For South African Airways to exit business rescue, a settlement agreement was reached between the rescue practitioners and the airline's creditors, which provided for a gradual payment of historical debts. Consequently, an additional R1 billion will be allocated during 2023/24 to assist with these outstanding obligations. Additional funding will be considered subject to strict conditions to allow the strategic equity partnership deal to be finalised.

To settle South African Airways' government guaranteed legacy debt, R16.4 billion was allocated in the 2020 Budget. Of this, R10.3 billion was settled in 2020/21. Of the remaining R6.1 billion, R4.3 billion was provided in 2021/22 and R1.8 billion was provided in 2022/23. In addition, R10.5 billion (R7.8 billion for the airline and R2.7 billion for its



# PERFORMANCE INFORMATION BY PROGRAMME

subsidiaries) was provided for the implementation of the business rescue plan in 2019. Any additional fiscal funding requested for the airline going forward will be considered as part of the budget process with a strategic equity partner expected to provide the majority of the funding.

The Minister of Finance approved a special dispensation to allow Eskom to access additional guaranteed debt of R42 billion in 2021/22 and R25 billion in 2022/23, which is still within the R350 billion limit. As at 31 March 2023, government's exposure in terms of Eskom's guaranteed debt (including interest and inflation) amounted to R361.97 billion. The availability period of the R350 billion Guarantee Framework Agreement (GFA) came to an end on 31 March 2023. Eskom has utilised R332 billion in government guarantees through the GFA. As at 31 March 2023, government provided Eskom with equity support amounting to R21.9 billion. The 2023 Budget proposes to provide Eskom with debt relief amounting to R254 billion over the next three years. This arrangement, which is subject to strict conditions, will relieve the extreme pressure on the utility's balance sheet, enabling it to undertake the necessary maintenance and investment.

Inputs were provided on policy, legislation and strategies relating to Eskom, SAA, Transnet, the South African Post Office (SAPO), the South African Broadcasting Corporation (SABC), Sentech, Broadband Infraco, the CEF, Climate Finance, a Just Energy Transition, the raw water pricing strategy and the Lesotho Highlands water project. The guarantees to Eskom, Denel, the Trans-Caledon Tunnel Authority, SAA, South African Express Airways, and the Land and Agricultural Bank of South Africa were regularly monitored and quarterly reports on compliance with guarantee conditions were provided to the fiscal liability committee. Through Section 70(2)(b) of the PFMA, Denel was allocated R3 billion to cover capital and interest payments on guaranteed debt as the entity continues to experience solvency and liquidity challenges. This reduced government's guarantee exposure to the entity.

During the reporting period, borrowing authorisation and related limit applications, as well as foreign currency borrowing limit applications, from Eskom, Rand Water, Mhlathuze Water, Umgeni Water, the South African Special Risks Insurance Agency (SASRIA), the South African National Roads Agency Limited (SANRAL) and the Development Bank of Southern Africa (DBSA) were considered.

In May 2022, S&P Global Ratings affirmed South Africa's long term foreign and local currency debt ratings at "BB-" and "BB", respectively, and revised the outlook to "positive" from "stable". According to S&P, recent favourable terms of trade in South Africa improved the external and fiscal trajectory, while the country's reasonably large net external asset position, flexible currency and deep domestic capital markets provide strong buffers against shifts in external financing.

In July 2022, Fitch Ratings also affirmed the country's long term foreign and local currency debt ratings at "BB-" and maintained the "stable" outlook. The affirmation took into consideration that government's debt trajectory was lower than previously anticipated, as well as recent improvements in several key credit metrics, including the current account balance.

In November 2022, S&P affirmed South Africa's long term foreign and local currency debt ratings at "BB-" and "BB", respectively, and maintained the "positive" outlook. The agency highlighted that government's economic and fiscal reforms, along with higher-than-expected revenue collection, could improve the country's medium-term growth and debt trajectory. Also, higher-than-expected tax revenue, relative to the agency's expectations six months ago, will



## 04 PERFORMANCE INFORMATION BY PROGRAMME

help to reduce the fiscal deficit as a proportion of GDP. However, in March 2023, S&P revised South Africa's credit rating outlook back to "stable" from positive, citing that economic growth faces increasing pressure from infrastructure constraints, particularly severe electricity shortages.

In November 2022, Fitch affirmed South Africa's long-term foreign and local currency debt ratings at "BB-" and maintained the "stable" outlook. The agency highlighted that the affirmation considered the recent overperformance in revenue collection and government's strong efforts to control expenditure, which, if continued successfully, could bring about debt stabilisation. However, the agency assumed a substantial part of recent higher revenue to be temporary and saw public sector wage demands pointing to increased pressure on spending.

Government successfully financed the gross borrowing requirement of R426 billion. This was done through net redemption of domestic short-term loans (R25.6 billion), domestic long-term loans (R322.4 billion) and foreign loans of R64.5 billion (currency equivalent of US\$3.1 billion and €991 million). In addition, R64.7 billion of cash and other balances were used to finance the gross borrowing requirement. During the period under review, R7.7 billion of short-dated bonds were exchanged for long-dated bonds.

The stock of government debt increased by R487.9 billion, from R4.3 trillion in March 2022 to R4.8 trillion in March 2023, while strategic risk benchmark indicators remained within recommended limits. The cost of servicing government debt amounted to R308.5 billion compared to the original budget of R301.8 billion. During the reporting period, domestic and foreign loans of R90.3 billion were repaid. The division met all government's rand and foreign currency commitments on a daily basis and surplus cash was invested.

To reduce the cost of new debt, government issued 76 per cent of the funding in the 5-15-year maturity bucket. A five-year floating rate note was introduced as a liquidity management instrument. Overall, this strategy yielded some benefit as the weighted cost of funding was lower than the target of 10.07 per cent.

To maintain auction levels at current levels, the absorptive capacity was capped at R168 billion for the MTEF period. This helped to maintain the cost of funding at 9.93 per cent as at March 2023, inclusive of the floating rate note.





# PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b>									
4.1.1	Sound financial controls and management of public finances	Reviewed planning and performance documents	Percentage of complete corporate plans received from Schedule 2 and 3B public entities reviewed	100%	100%	100%	100%	N/A	N/A
4.1.2			Percentage of annual reports received from Schedule 2 and 3B public entities reviewed	100%	100%	100%	100%	N/A	N/A
4.1.3		Reviewed complete applications	Percentage of complete PFMA Section 51(g), 52, 54(2), 55, and 92 applications received from Schedule 2 and 3B public entities reviewed	100%	86%	100%	93%	-7%	Under-performance is attributed to greater consultations required on one application.
4.1.4			Percentage of complete review requests of borrowing limit applications relating to Schedule 2 and 3B public entities reviewed	100%	100%	100%	100%	N/A	N/A
4.1.5			Percentage of complete guarantee applications received from Schedule 2 and 3B public entities reviewed	100%	100%	100%	100%	N/A	N/A



# 04 PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b>									
4.1.6			Percentage of complete remuneration review requests of executive and non-executive directors received from Schedule 2 and 3B public entities reporting to the Minister of Finance reviewed	100%	100%	100%	100%	N/A	N/A
4.1.7		Complete applications reviewed	Percentage of complete board appointments recommendations received from Schedule 2 and 3B public entities reporting to the Minister of Finance reviewed	100%	100%	100%	100%	N/A	N/A
4.1.8		Reviewed MFMA submissions	Percentage of received MFMA submissions relating to tariff adjustments received from Schedule 2 and 3B public entities reviewed	100%	100%	100%	100%	N/A	N/A
4.1.9	Sustainable public finances	Annual gross borrowing requirement met reports	Percentage of government's annual gross borrowing requirement met	100%	100%	100%	100%	N/A	N/A
4.1.10		Interest and redemptions met reports	Percentage of interest and redemptions met	100%	100%	100%	100%	N/A	N/A
4.1.11		Liquidity requirements met reports	Percentage of government's liquidity requirements met	100%	100%	100%	100%	N/A	N/A

# PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b>									
4.1.12		Compliance with market and refinancing risks benchmarks reports	Percentage compliance with market and refinancing risks benchmarks	100%	100%	100%	100%	N/A	N/A
4.1.13		Government's contingent liabilities reports	Number of reports on the management of government's contingent liabilities	4	4	4	4	N/A	N/A

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

<b>UNDER-PERFORMING INDICATORS AND ACTION PLANS</b>									
<b>PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT</b>									
APP#	OUTCOME	OUTPUT	OUTPUT INDICATOR	REASON FOR DEVIATION	ACTION PLAN				
4.1.3	Sound financial controls and management of public finances	Reviewed complete applications	Percentage of complete PFMA Section 51(g), 52, 54(2), 55, and 92 applications received from Schedule 2 and 3B public entities reviewed	Under-performance is attributed to greater consultations required on one application.	Administrative processes have been put in place to ensure that all the required consultations are finalised within the stipulated timeframes.				

## CHANGES TO PLANNED TARGETS

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



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT	2022 / 23 FINANCIAL YEAR				2021/22 FINANCIAL YEAR			
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management for Asset and Liability Management	25 987	18 729	7 258	10 064	7 627	2 437		
State Owned Entity Financial Management and Governance	5 936 852	5 148 837	788 015	27 039 102	26 600 922	438 180		
Government Debt Management	21 066	20 583	483	19 113	18 473	640		
Financial Operations	29 711	27 879	1 832	26 578	25 767	811		
Strategy and Risk Management	10 794	9 464	1 330	11 081	10 378	703		
<b>Total</b>	<b>6 024 410</b>	<b>5 225 491</b>	<b>798 919</b>	<b>27 105 938</b>	<b>26 663 167</b>	<b>442 771</b>		

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

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

### INSTITUTIONAL OUTCOMES

- Coherent economic policy advocated
- Sustainable public finances

### SUB-PROGRAMMES

#### Programme Management for Financial Accounting and Supply Chain Systems

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

#### Office of Accountant-General

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

- Financial Systems: Maintains and improves existing financial management systems and develops and implements IFMS. This will replace ageing and fragmented financial, supply chain and HR management systems within national and provincial departments.
- Financial Reporting for National Accounts: Provides support to all spheres of government in implementing financial reporting frameworks and preparing consolidated financial statements. Responsibilities include monthly monitoring of state budgets and expenditure reports in line with the PFMA.
- Financial Management Policy and Compliance Improvement: Promotes financial management compliance with the PFMA and MFMA through the development of supporting guides and frameworks, instructions and regulations, and provides implementation support in the three spheres of government. It regulates financial management and accounting policies and sets the risk and IA frameworks in the three spheres of government. It also provides technical and other support for institutional capacity building relating to financial management and provides assistance with specialised performance audits and investigations of malpractice across all spheres of government.

#### Office of the Chief Procurement Officer

The purpose of this sub-programme is to manage policy and legislative formulation for procurement systems in government, reduce wasteful expenditure and bring about efficient and cost-effective procurement across



# 04 PERFORMANCE INFORMATION BY PROGRAMME

government. The office aims to enable the efficient, economic, effective and transparent use of financial and other resources, including state assets, for improved service delivery; that supports and enforces transparent and effective management of state procurement and sound stewardship of government assets and resources.

## **SERVICE DELIVERY OBJECTIVES AND INDICATORS**

### **Recent outputs**

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

##### *Governance Monitoring and Compliance*

The National Treasury issued Instruction No 4 of 2022/23 PFMA Compliance and Reporting Framework to strengthen the identification, investigation, management and reporting of unauthorised, irregular and fruitless and wasteful expenditure by accounting officers and authorities. In implementing the framework, the OAG provided information sessions to all PFMA institutions on the new disclosure requirements and other theoretical provisions of the framework.

A quarterly reporting guideline on the framework, which requires accounting officers and accounting authorities to report on progress made with regards to details on unauthorised, irregular and fruitless and wasteful expenditure, was developed. These reports serve as a monitoring tool and precursor to identifying institutions in need of assistance.

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

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

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



# PERFORMANCE INFORMATION BY PROGRAMME

The department developed and presented an annual progress report to PFMA institutions on financial management and compliance matters. This was intended to provide them with information to strengthen their oversight functions. The department also prepared and tabled memoranda on audit outcomes of the PFMA institutions for 2021/22 to the Cabinet.

## *MFMA Implementation*

The Municipal Finance Management Act (MFMA) helpdesk responds to requests for clarification from municipalities and municipal entities on MFMA legislation and regulatory oversight. The MFMA mailbox provides a central point through which requests are forwarded to relevant departments, provincial treasuries, municipalities and municipal entities for responses, including providing assistance with implementing the MFMA. Through the responses provided via the MFMA helpdesk, municipalities and municipal entities gain a better understanding of the MFMA's facets, such as: revenue; budgets; investments; supply chain management; borrowing; minimum competencies; measures to process and manage unauthorised, irregular and fruitless and wasteful expenditure; and applying consequence management procedures.

The impact of these responses is evident in municipal officials' improved understanding of their roles and responsibilities. Councillors' oversight activities have also improved, including on how they interpret and implement specific provisions. Ongoing assistance is provided through MFMA workshops and capacity building exercises for municipal public accounts committees to strengthen their financial management oversight. This includes their roles and responsibilities in addressing unauthorised, irregular and fruitless and wasteful expenditure. A process is under way to review the MFMA.

A MFMA circular relating to the legal framework for the procurement of new-generation energy capacity was issued. A circular underpinning the consequence management and accountability framework was also issued. This was aimed at empowering the political and administrative leadership within municipalities and municipal entities to effectively implement consequence management and accountability. The circular related to implementing the municipal regulations on financial misconduct procedures and criminal proceedings was updated.

Support and training of municipal officials continued during the period under review on the use of the web-enabled audit action plan and web-enabled assessments for financial capability and maturity levels. A new initiative called the Muni eMonitor system was designed to strengthen municipalities' reporting capabilities and municipal entities' capacity to comply with MFMA provisions and supporting regulations. The system will be rolled out later in the year and will be available at no additional cost to municipalities and municipal entities.

MFMA coordinator meetings with officials of provincial treasuries, national and provincial departments of cooperative governance, the AGSA, the South African Local Government Association (SALGA) and other stakeholders were hosted virtually. The meetings cover a range of MFMA and financial management-related priorities, reforms and support measures that assist in coordinating the coherent and consistent application of the MFMA and improving compliance. They enable peer learning and the sharing of best practices among various institutions and role players in local government. The engagements seek to obtain an understanding of the progress made in implementing financial management reforms, measuring compliance, and highlighting other implementation gaps.



## **04 PERFORMANCE INFORMATION BY PROGRAMME**

The Financial Management Grant was transferred to all 257 municipalities in 2022/23 to assist them with improving financial management and implementing the MFMA. A review of the support plans submitted by municipalities indicated that funds were allocated to the appointment of financial management interns, improving financial management systems, supporting the preparation of asset registers, training officials to meet minimum competency levels, addressing audit findings, addressing shortcomings in assessments of the Financial Management Capability Maturity Model (FMCMM), supporting the implementation of financial misconduct regulations, and strengthening financial governance and the capacity of the Budget and Treasury Office (BTO).

### ***Accounting Support and Reporting***

Delays in national departments' and public entities' submitting their audited financial information 2021/22 for the purpose of preparing the 2021/22 consolidated financial statements resulted in the delay of the tabling of the Consolidated Financial Statements, the National Revenue Fund (NRF) and Reconstruction and Development Programme (RDP). The consolidated financial statements and NRF, due for tabling by the legislated date of 31 October 2022, could therefore only be tabled on 2 February 2023.

The unit monitored and reported on national revenue and expenditure information through monthly reports in terms of section 32 of the PFMA. The unit continued initiatives to support national departments, entities, municipalities and provincial treasuries with accounting and reporting queries. It also assisted with improving audit outcomes, the review, feedback and monitoring of Annual Financial Statements preparation plans as well as audit action plans. The unit conducted a review of and provided feedback on interim financial statements, and participated in internal stakeholder engagements such as mid-term budget visits, MFMA joint meetings and external stakeholder engagements, including the Public Sector Accounting Forum, thereby informing technical accounting developments. Chief Financial Officers forums were hosted for the national and local government spheres. Through these, peer learning and experience sharing related to the operational impacts of coordination, communication and implementation of financial management and governance reforms were facilitated.

### ***Technical Support Services***

The unit published updates to all 12 accounting manuals supporting the application of the Modified Cash Standard (MCS) applied by national and provincial departments. Additional illustrative guides and tools were developed to help departments understand and apply changes to the MCS that come into effect on 1 April 2023. The unit developed a webpage on the MCS that allows practitioners to gain a high-level understanding of the requirements per chapter and access useful supporting documents associated with each.

Support was also offered to departments during the audit cycle through responses to queries, engagements with the AGSA and the issuing of Frequently Asked Questions (FAQs).

In support of institutions applying GRAP standards, two new implementation guides were developed and published. These guides provided explanations and illustrative examples for the application of the new standard on financial instruments and on statutory receivables. Additional updates were made on existing guides as well as to the GRAP accounting and disclosure checklist.





# PERFORMANCE INFORMATION BY PROGRAMME

## *Internal Audit and Risk Management Support*

The Internal Audit Support and Risk Management Support chief directorates continued to support the work of internal auditors and risk management professionals in the PFMA and MFMA spending agencies. Information-sharing sessions were convened to disseminate information on new internal audit and risk management initiatives, discuss the revised global internal audit standards, and create opportunities for interaction with various stakeholders and provide guidance where necessary. Audit committees were supported through the Public Sector Audit Committee Forum's facilitation of new audit committee inductions, attendance of audit committee meetings, and responses to queries on the application of legislative prescripts. Risk management committees also received support on the risk management framework and the embedding of risk management practices. State-of-readiness reviews were conducted to determine the effectiveness of the internal audit functions and measure the quality of work performed within these functions. Reports generated from these reviews informed the provision of additional support.

Surveys on the status of internal audit and audit committees were conducted during the reporting period. These focused on institutional arrangements, quality control, resourcing and the standing of internal audit and audit committees in PFMA and MFMA spending agencies. Reports on these surveys were used to determine the focus areas for the support initiatives. Various activities in support of internal auditors in the public sector were undertaken in collaboration with the Institute of Internal Auditors (IIA SA). Relations with the AGSA have been strengthened to support internal auditors and audit committees in resolving findings raised by audit teams.

## *Capacity Building*

The National Treasury's capacity building function is informed by the Public Financial Management Capacity Development Strategy (PFM CDS) which serves as a blueprint for providing support in the reform agenda and thus for delivering on the mandate derived from the Constitution, the PFMA and the MFMA. Support from the international development community continues to enable the advancement of the public financial management capacity development mandate.

The Public Financial Management Capacity Development Programme for Improved Service Delivery (FMISD) has been funded by the European Union (EU) for the period 25 June 2019 to 18 July 2023 for an amount of EUR 15, 000 000. The closure period is from 19 July 2023 to 18 March 2024. This intervention aims to build capacity for sound financial management that is necessary for an efficient public service.

To provide the required support and appropriate capacity to enhance public financial management practices in all selected municipalities and provincial treasuries, municipal support plans and PT support plans were signed off by the parties concerned (the National Treasury, provincial treasuries and the respective municipalities) after the 2021 municipal elections. These initiatives were implemented in collaboration with the respective role players in the Eastern Cape and Northern Cape provincial administrations and the eight selected local municipalities in the respective provinces. The support plan covers all programme interventions across 50 targeted outputs categorised on four workstreams: programme and relationship management (stakeholder engagement, diagnostic assessments and reporting, among others); the MFMA BTO function (structure and functioning of the unit, capacity building of officials and MFMA delegations); capacity building and institutional strengthening generally (councillor training, the Municipal



## 04 PERFORMANCE INFORMATION BY PROGRAMME

Financial Management Programme internship programme and intergovernmental relationships); and technical matters and innovation (governance structures, budgets, financial reporting, financial viability, revenue and expenditure, the FMCMM, and issues such as knowledge management and leadership development and coaching).

Diagnostic assessments of the two provinces and eight municipalities were undertaken to determine a baseline (or score) that measured the extent to which selected provinces and municipalities had made progress against the 50 output statements. This provided a basis on which to periodically measure the progress of implementation within the programme's overall monitoring and evaluation (M&E) structures and systems. As at 31 March 2023, the two provincial treasuries showed an average improvement of 38 per cent against a target of 40 per cent, and municipalities showed an average improvement of 78 per cent against a target of 40 per cent. These scores are expected to increase in the coming months as the programme enters its closure phase on 1 August 2023, with all support concluding in December 2023.

In terms of programme and stakeholder management, particular attention was paid to gain the political will and support of councillors and senior officials during early inception activities. This included introductory and regular progress meetings with council and staff which, for the most part, provided a base from which reforms could be introduced. On occasion, support waned in some municipalities. This is being addressed directly with the provincial treasury.

The most notable improvements related to building capacity in BTOs were found in introducing and applying standard operating procedures (SOPs). This enabled BTO structures and job descriptions to make provisions to allocate specific responsibilities to positions relating to the public financial management reform agenda; increasing the competence of BTO officials through training provided on various accounting disciplines; developing and applying appropriate systems of delegation under the MFMA; and introducing or updating internal control manuals and policies, including a system of whistleblowing within the organisation to discourage suspected unusual or fraudulent practice.

In terms of capacity building and institutional strengthening, the main improvement was developing skills-gap assessments within BTOs and personal development plans to ensure that focused training is undertaken, including web-based e-learning initiatives. A more focused view of management was taken to address skills shortfalls relevant for public financial management. The internship programme has also improved, particularly with respect to regular performance evaluations, rotational workplans, and absorbing interns at the end of their training period. All interns now have formal contracts in place across the eight pilot municipalities.

Such developments are a positive sign, with all output indicators improving to different degrees over the reporting period. This has translated into improvements in technical areas. However, to date, these improvements have been marginal. They are expected to become more evident once they are institutionalised without the need for donor contributions. Progress has been made to introduce a more innovative approach to managing reforms. This was seen in provinces' and municipalities' prioritising leadership, coaching and peer learning activities.

As part of its commitment to enhance self-learning and peer interactions towards professionalisation within the municipal space, 46 new public financial management peer learning networks were established over the course of the programme. Based on programme activities, self-assessed municipal competence stands at 77.5 per cent (against an anticipated increase to 40 per cent), and the assessed level of participating municipalities' satisfaction with provincial treasury activities prescribed in the MFMA increased from 80 per cent to 87.5 per cent over the course of the programme.



# PERFORMANCE INFORMATION BY PROGRAMME

Further evaluations will be conducted in September 2023 to determine satisfaction levels when support is finalised.

Worth noting is that improvements were very often in areas that had poor baselines. As such, further functional improvements operated at relatively adequate levels. However, they were more difficult to progress to the next level due to physical capacity constraints, given that the programme has prioritised more problematic areas that might impact service delivery. Other areas are very often the locus of control of an external programme and can sometimes remain despite provincial interventions such as the timely appointment of senior officials in some municipalities.

Such matters remain a concern to be addressed by the provincial treasury as part of its ongoing oversight function. Sustainability strategies are being explored to enhance conditions that allow progress made through programme interventions to be embedded within these pilot provinces and municipalities. To this extent, the ongoing sustainability of these outputs remains to be seen.

To ensure the effective implementation and achievement of the FMISD programme's overall objectives, a total of 52 projects were implemented during the reporting period. Of these, 36 were successfully completed, 13 are progressing as planned and 3 were cancelled. A total of 7 043 officials have been trained against an end-of-programme target of 5 800, well beyond what was originally planned. A significant achievement was made regarding the public financial management learning networks performance indicator. To date, 46 learning networks have been established against a four-year target of 3. Data quality assurance and verification processes were conducted in consultation with all project owners to ensure that the respective project delivery was in line with performance indicators and targets.

Four capacity-building steering committee meetings were held during the reporting period. The steering committee oversees the implementation of donor-funded programmes and provides governance oversight for the programme. Implementation and financial reports were submitted to the EU for endorsement and approval, and the external audit verification process for the PE implementation was concluded with no findings.

Significant progress has been made through the Procurement Infrastructure and Knowledge Management (PINK) programme, which received funding of R96 million from the Swiss Economic Council from 2018 to 2023.

The first key result area entailed the rolling out of SCM toolkits to the eight pilot municipalities. The development of the contract management ICT templates toolkit was completed with train-the-trainer sessions being held for SCM officials from national and provincial treasuries, as well as representatives from the eight pilot municipalities.

The SCM reassessments using the FMCMM model were completed. The results proved that the SCM processes in the eight pilot municipalities had improved due to PINK. A success story can be drawn from the Chief Albert Luthuli Local Municipality, which did not receive any audit findings on SCM in its previous audit, this was attributed to the support provided by the PINK programme. SCM virtual forums continued to grow in popularity and attendance by both participating and non-participating municipalities. The forum has become a platform for learning and knowledge sharing. The developed SCM toolkits were completed, standardised and are ready to be uploaded on to Integrated Knowledge Management System (IKMS) which is being developed under the third key result area (knowledge management and peer learning). Once uploaded, practitioners from the municipalities will be able to access these tools to assist them in their daily SCM operations.



## 04 PERFORMANCE INFORMATION BY PROGRAMME

The second key result area, which focuses on the development of the local government Infrastructure Delivery Management System (IDMS), has made significant progress. Following the finalisation of the local government IDMS toolkit in 2021/22, the team organised roadshows in all eight pilot municipalities to introduce them to the methodology. The successful completion of the induction was a milestone for the PINK programme in two ways: it was completed within the set time, which is indicative of commitment by the pilot municipalities; and it signals the start of the next step in the process, testing and piloting the implementation of the local government IDMS toolkit. To support the rollout of the IDMS in the municipalities, one expert was appointed to support the Moqhaka and Metsimaholo local municipalities.

The third key result area of the project crosscuts activities of the first and second key result areas. In this regard, the PINK programme reached a milestone in November 2022 with the launch of the Integrated Knowledge Management System (IKMS). As part of peer learning and knowledge sharing, five case studies based on the best-performing municipalities in the areas of demand and contract management, and the IDMS were developed and finalised. These will be converted to podcasts and videos to enable learning and capacity building among SCM and information management practitioners in the municipalities. To support the scalability of PINK interventions, two Communities of Practice (COP) were launched in two of the pilot provinces, Mpumalanga and Free State. The practitioners welcomed this and confirmed the methodology of learning and knowledge sharing in performing their duties.

The FMG funded Municipal internship Programme continued to grow at a steady pace during the reporting period. Since its inception in 2005, more than 3 161 interns have been retained by the municipalities where they were placed. As at March 2023, there were more than 1 210 interns across the 257 municipalities. The verification process to implement this programme is now managed through an e-interface with the support of the relevant provincial treasuries.

More than 9 500 municipal officials have accessed the training in line with the issued minimum competency levels. During the reporting period, there were more than 400 enrolments and continuations in the programme across municipalities. The compliance level was at 42 per cent (464 out of 1 092 officials reported on) for all the affected positions, including municipal managers, municipal entities' chief executive and financial officers, heads of SCM, senior managers, managers and middle managers.

The MFMA induction programme is being rolled out in the form of an interactive e-learning DVD. There are more than 8 500 registrations on the e-learning programme, with a 32 per cent completion rate for all six modules. These include financial officials, interns and councillors. The induction to provinces and municipalities was delivered in person and virtually.

Support in developing a pool of accounting professionals continued during the period under review through the Chartered Accountants Academy (CAA). Nine trainee accountants were recruited and 10 candidates registered to attend the study support programme. Two groups of eight first-year candidates and 11 second-year candidates were preparing to write the Initial Test of Competence (ITC) and Assessment of Professional Competence (APC) examinations, respectively. During the reporting period, 11 candidates qualified as chartered accountants through the academy, which has developed 85 chartered accountants since its establishment in 2008. Currently, 30 trainee accountants are enrolled through the programme.



# PERFORMANCE INFORMATION BY PROGRAMME

During the reporting period, the unit has been conducting a baseline study to determine the number, demographic profile, qualifications and challenges experienced by all internal audit officials who are employed in the local government sphere. Results of the baseline study will inform the development of responsive and appropriate capacity building initiatives and solutions. This is expected to create an enabling environment for municipalities to direct their limited resources to areas that would best promote and enhance their mandate and strategy. The results will also focus on fit-for-purpose solutions, with emphasis on the enhancement of existing training and development models and support programmes with the aim of advancing staff morale and operational performance.

In addition, the unit has developed a web-based Quality Assurance Self-Assessment Preparation (QASP) tool for the internal audit function. The QASP tool is primarily for internal audit to conduct its own due diligence by providing a mechanism to assess its conformance with the Institute of Internal Auditors (IIA) Standards (International Standards for the Professional Practice of Internal Auditing). It is a mechanism to identify, among other things, repeat and transversal findings for further improvement at the institutional level, per sphere of government or at a country level, and will, in turn, aid them to provide more effective services to the organisation it serves. It was piloted with the Free State provincial departments and the initial roll-out testing phase was done with two national departments and one province.

During the reporting period, the National Treasury received a further R4.2 million from the Finance and Accounting Services Sector Education and Training Authority (FASSET) to roll out a public sector accounting technician learnership certificate in the North West provincial administration. Targeting 60 unemployed youth, the certificate programme is in line with National Qualifications Framework (NQF) Level 4. The aim of this certificate programme is to empower unemployed learners with competencies specific to the public sector in line with the National Treasury's competency framework for financial management, and to provide skills development and employment opportunities for the employed officials.

The Department of Higher Education and Training (DHET) called on all public sector institutions to provide space for the training and development of unemployed youth through internship programmes. The modality of the project is that the National Treasury is required to employ a training provider that is accredited by the Accounting Technician South Africa – a professional body registered with SAQA to certify all accounting technicians in the country – which will be responsible for offering training to all learners in line with the programme.

The start of the project was delayed by changes in procurement landscape resulting from the Constitutional Court's ruling that rendered certain sections of the Preferential Procurement Regulations invalid. Subsequently, with clarity provided by the court, a training provider was appointed to conduct the training. During the learnership period, monthly stipends and training opportunities were provided to 60 unemployed youth who were previously not in education and not in training. The programme is ongoing with 60 learners, with the intervention due to be completed by 31 October 2023.

The New Zealand Embassy was approached for technical assistance and funding support to develop and deliver the SCM executive development programme to municipal managers, mayors, and councillors in 257 municipalities. The terms of reference was published and closed on 16 March 2023. Bid evaluations have been scheduled and, once completed, implementation will commence.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

The competency statements for PFMA-rated management accounting and asset management, and MFMA-related risk management, SCM and internal audit were developed in the reporting period. Ongoing development is taking place for MFMA-related competency statements for asset management, management accounting, financial accounting, and revenue and expenditure. Competency assessments were conducted assessments for financial accounting and SCM in the Northern Cape provincial administration.

The SCM learnership programme, a level-5 national qualification framework certificate funded by the Transport Education Training Authority (TETA), was completed in North West, Northern Cape and Free State for municipal SCM officials. SCM learnership graduation ceremonies were conducted for 64 learners in Northern Cape and 61 learners in North West. Ceremonies for 54 learners in Free State Province will be held in the first quarter of 2023/24.

Funding proposals were submitted to TETA in November 2022 for the delivery of the SCM learnership programme to 200 SCM officials in national government departments. The unit is awaiting feedback on the application.

Ongoing support was provided to provincial treasuries, municipalities and government departments through advocacy, joint meetings, and one-on-one engagements. Key stakeholder engagements on SCM-related initiatives were held with SCM/CFO forums. Introductory meetings were coordinated with SALGA, provincial treasuries, and municipalities on the pilot delivery of the SCM executive development programme for councillors.

The unit compiled and received feedback on the terms of reference to establish an SCM capacity building forum comprising the National Treasury and provincial treasuries and national departments and three subcommittees (the SCM ETD Committee, the SCM professionalisation committee and the SCM capacity building committee). The next step is to request nominations from external stakeholders and facilitate the first meetings of the three subcommittees in the new financial year.

Support was provided and contributions were made to the development and professionalisation of the SCM function as a discipline through the interim SCM council. The council has formally participated and submitted input, comments and recommendations to the Department of Public Service Administration and National School of Government coordinating team for professionalising the public service.

## *Financial Systems*

The Financial Systems unit continued to operate optimally, providing a stable platform for government's systems operations. This included ongoing maintenance and adaption of the Personnel and Salary Administration System (PERSAL), the Logistical Information System (LOGIS), the Basic Accounting System (BAS) and the Vulindlela Management Information System to comply with policy and user requirements.



# PERFORMANCE INFORMATION BY PROGRAMME

## *Integrated Financial Management System*

All assignments leading up to pilot implementation have been completed. These included a change readiness assessment, pre-common design training for Pilot and Lead sites and the conceptual model for the Integrated Financial Management System (IFMS) Centre of Excellence. The programme's critical path has not been able to progress due to delays in the procurement of a service provider by the State Information Technology Agency to implement the IFMS at two national and two provincial departments for pilot purposes and to set a basis for national rollout.

This has resulted in delays to the implementation of the IFMS. Steps are being taken to address the recurring challenges of procuring a service provider. The National Treasury is currently considering a cloud solution through a request for information process. Evaluation is currently under way, the outcome of the evaluation will determine the procurement strategy for the IFMS. Implementation will be initiated in 2023/24 following procurement and the appointment of a service provider.

A panel of system implementers will be established to ensure capacity to execute and support the national roll out of the IFMS. The actions to mitigate the impact of the delays will be factored into a revised project implementation plan.

## *Specialised Audit Services*

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



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## Office of the Chief Procurement Officer

### *SCM Policy, Norms and Standards*

Following the Constitutional Court judgment of 16 February 2022 and the subsequent clarity of 31 March 2022, the Minister of Finance gazetted a set of revised Preferential Procurement Regulations (2022 Regulations), under the Preferential Procurement Policy Framework Act (2000), to be implemented on 16 January 2023. The 2022 Regulations repealed the 2017 Preferential Procurement Regulations entirely, including any designated sectors or products saved and issued under them.

The purpose of the 2022 Regulations is to:

- comply with section 217 of the Constitution on the procurement of goods and services by organs of state
- comply with the Preferential Procurement Policy Framework Act (2000)
- comply with the Constitutional court judgment on the 2017 Regulations

As at 4 May 2022, the Office of the Chief Procurement Officer issued 4 PFMA SCM instructions and one PFMA SCM circular, these are PFMA SCM Instruction No. 04, 2022/23 (procurement reporting during flood disaster); PFMA SCM Instruction No. 06, 2022/23 (national travel framework); PFMA SCM Instruction No. 07, 2022/2023 (cost containment related to travel and subsistence); PFMA SCM Instruction No. 09, 2022/23 (mandatory use of the eTenders Portal to publish bid opportunities, bid awards and any bid-related notifications); and PFMA SCM Circular No. 02, 2022/23 (confirmation of the status of the approved departure from government tender bulletins).

### *Transversal Contracting*

During the reporting period, 27 transversal contracts were implemented against a target of 16 contracts. Their aim was to ensure that the sourcing of goods and services brought about savings and achieved economies of scale through bulk purchasing. The contracts were arranged in categories such as transport, medical services, educational services, voice and telecommunications, and clothing and textiles.

### *SCM Information and Communication Technology*

The Central Supplier Database (CSD) continues to simplify and strengthen the accessibility of doing business with the state. During the reporting period, the platform had multiple enhancements that included enhanced reports and new functionality for managing requests for quotations. By the end of 2022/23, the system had 1 113 415 registered suppliers, of which 355 766 are women-owned, 311 209 are youth-owned and 9 005 are owned by people with disabilities. The eTenders Portal was also enhanced to accept electronic tender submissions. During the reporting period, 31 626 procurement opportunities were advertised on the platform. Through the Office of the Chief Procurement Officer, the National Treasury published public sector procurement information planned for the year.

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

Governance structures have provided pillars of accountability, assurance, fairness, transparency and leadership.





# PERFORMANCE INFORMATION BY PROGRAMME

Accountability was conferred to the accounting officer/authority of the organ of state in terms of PFMA SCM Instruction No. 03, 2021/22. This meant that applications for departures from section 79 of the PFMA on the competitive process were conferred to the accounting officer/authority. The accounting officer/authority assesses applications for departure from the competitive process on reasonable and justifiable grounds. Such procurement is reported to the National Treasury in line with the relevant instruction note.

The OCPO continued to advance transparency in the procurement process. This was achieved through publishing procurement by other means and through contract modifications. These publications are seen to foster public confidence in the public SCM system.

Procurement planning is the foundation of public procurement. It becomes critical when substantiating justifiable and reasonable grounds for departures from the competitive process. Accountability rests on the accounting officer/authority for any deviation from the procurement plan or a competitive procurement process that is not fair, equitable, competitive, cost-effective and that addresses socioeconomic imperatives.

During the reporting period, the Constitutional Court judgment deemed the 2017 Preferential Procurement Regulations invalid and inconsistent with the Preferential Procurement Policy Framework Act (2000). This required the Minister of Finance to grant organs of state exemption in terms of section 3(c) of the Act subject to the new Preferential Procurement Regulations taking effect; or that the Constitutional Court confirms the suspension of the order of invalidity of the Preferential Procurement Regulations for a period of 12 months, whichever occurs first. Exemption approvals were to be suspended on 30 May 2023. There were 464 applications across all spheres of government. These were processed in 2022/23 to enable service delivery during the impasse of the Constitutional Court.

The OCPO constantly updates parliamentary committees on procurement-related matters related to organs of state.

## Strategic Procurement

Sourcing strategies for various commodity categories were developed through strategic procurement initiatives. Research was conducted into government's bulk fuel tanks, their current state of repair and maintenance as well as the ownership thereof. The project of identifying the owners of the bulk fuel tanks located at various state institutions confirmed that there are institutions with ownerless bulk fuel tanks that are not complying with the relevant requirements to store hazardous products.

The project was concluded by issuing a directive that all institutions with ownerless bulk fuel tanks will be assisted on an individual basis as and when they request assistance from the National Treasury for the transfer of ownership. A sourcing strategy was also developed to establish a new transversal contract (RT83) to procure, install, commission and maintain bulk fuel infrastructure (fuel tanks and associated accessories including services such as soil rehabilitation, installation and removal). The new transversal contract will be advertised in 2023/24.

The process to appoint a service provider to develop maintenance frameworks for high-risk and high-value hospital equipment was finalised at the end of the financial year, with work set to begin in 2023/24. A strategy for sourcing biomedical health equipment was developed and handed over to the National Department of Health (NDoH) for



## 04 PERFORMANCE INFORMATION BY PROGRAMME

further processing. The project comprises commodity research and development of item specifications for the two main categories of health equipment: test equipment and simulation manikins. The business case was concluded, signed off and submitted to NDoH.

The development of the government online travel booking solution was still in progress and will continue into 2023/24. During the reporting period, all travel business processes were mapped with various national and provincial departments, public entities and local government institutions.

The National Travel Policy Framework (now called the National Travel Framework) and cost-containment directives were revised and published in the second quarter and came into effect on 1 September 2022.

The project to revise and enhance the Strategic Procurement Framework (SPF) is underway, the service provider was appointed in 2022/23 to revise, edit, proofread, and package the framework. Work is expected to be completed by the end of the 2023/24.

### *Stakeholder and Client Management.*

During the reporting period, 10 of the 12 planned SCM forums were successfully hosted. The two outstanding forums were cancelled in the last quarter of the performance year to allow procuring institutions to focus on amending or developing the public procurement preferential policies in line with the 2022 Preferential Procurement Regulations. An additional five sessions were conducted to roll out the 2022 Preferential Procurement Regulations to implement them on 16 January 2023.

A programme for SCM/public procurement was developed with the Enterprises University of Pretoria. Webinars were facilitated through the University of Johannesburg's entrepreneurship faculty to educate potential entrepreneurs about doing business with government. The University of South Africa's advisory board committee in the Department of Public Service Administration was engaged to highlight identified misalignments in the procurement's curriculum and qualifications offerings.

Supplier development initiatives were undertaken by OCPO in collaboration with the Small Enterprise Development Agency (SEDA) to host a webinar as part of the Women's Month campaign. The purpose of this was to highlight some of the barriers to entry for women's participation in public procurement; and, along with the African Exploration Mining and Finance Corporation (AEMFC), to create awareness on how government planned to stimulate economic growth and supplier diversification through supplier development programmes.



# PERFORMANCE INFORMATION BY PROGRAMME

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

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b>									
5.1.1	Sound financial controls and management of public finances	Public Finance Norms and Standards	Percentage of norms and standards developed	#	#	100%	100%	N/A	N/A
5.1.2		Public Finance Governance Reports	Number of governance reports produced	48	50	32	64	32	Over-performance is attributed to an increased number of governance matters identified to improve financial management governance and compliance.
5.1.3		Public Finance Management Capacity Development Programmes Reports	Number of Public Finance Management Capacity Development Programmes progress reports produced	18	20	22	28	6	Over-performance is attributed to an increased demand for capacity development programmes to strengthen the implementation of both MFMA and PFMA reforms by public institutions.
5.1.4		Transversal systems available	Percentage availability of transversal systems	99.9%	100%	98%	100%	2%	Over-performance is attributed to the transversal systems remaining stable throughout the financial year, providing a predictable and reliable processing environment to all mainframe clients.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b>									
5.1.5		Statutory reports	Number of statutory reports produced	20	21	20	21	1	Over-performance is attributed to enhanced efficiency in producing reports to improve financial management statutory compliance across all spheres and entities in government.
5.1.6		IFMS II plan implementation Reports	Implementation of the IFMS II plan	Execution of Common Design and Procurement of supporting services not achieved.	Functional and technical specifications of IFMS system not developed	IFMS system developed	IFMS system not developed	IFMS system not developed	Under-performance is attributed to the development and implementation of the system being dependent on the successful appointment of a service provider. The appointment of a service provider is pending the executive decision on cloud solution.
					IFMS Generic Template not developed				
					Roll out of the generic template for accelerated implementation to Lead Sites and Pilot Sites not achieved	e-Recruitment module implemented at Pilot Sites and Lead Sites	e-Recruitment module not implemented at Pilot Sites and Lead Sites	e-Recruitment module not implemented at Pilot Sites and Lead Sites	
5.1.7	Sound financial controls and management of public finances	SCM compliance report	Number of quarterly compliance reports produced	1	4	4	4	N/A	N/A

# PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS</b>									
5.1.8		Approved SCM directives	Percentage of approved SCM directives	100%	100%	100%	100%	N/A	N/A
5.1.9		Progress reports on SCM institutional support	Number of progress reports on SCM institutional support programme conducted	#	#	4	4	N/A	N/A
5.1.10		Transversal term contracts	Number of transversal term contracts implemented	41	35	16	27	11	Over-performance is attributed to the extension of already existing transversal term contracts.
5.1.11		Strategic sourcing opportunities plan reports	Percentage implementation of the strategic sourcing opportunities plan	59%	93%	100%	98%	-2%	Under-performance is attributed to the review required on the total cost of ownership of the online booking tool project.
5.1.12	Sound financial controls and management of public finances	Procurement legislation	Procurement legislation developed	#	#	Public Procurement Bill submitted for tabling in Parliament	Public Procurement Bill submitted to Cabinet	Public Procurement Bill not submitted for tabling in Parliament	Under-performance is attributed to receiving additional comments arising out of the consultation and approval process including from Socio Economic Impact Assessment System, Forum of South Africa's Directors-General and Cabinet requiring the Bill to be resubmitted to the Office of the Chief State Law Adviser.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

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

UNDER-PERFORMING INDICATORS AND ACTION PLANS					
PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS					
APP#	OUTCOME	OUTPUT	OUTPUT INDICATOR	REASON FOR DEVIATION	ACTION PLAN
5.1.6	Sound financial controls and management of public finances	IFMS II plan implementation Reports	Implementation of the IFMS II plan	Under-performance is attributed to the development and implementation of the system being dependent on the successful appointment of a service provider. The appointment of a service provider is pending the executive decision on cloud solution.	A Request For Information (RFI) has been issued to inform decision making processes regarding the cloud solution to ensure the commencement of programme activities.
5.1.11	Sound financial controls and management of public finances	Strategic sourcing opportunities plan reports	Percentage implementation of the strategic sourcing opportunities plan	Under-performance is attributed to the review required on the total cost of ownership of the online booking tool project.	The total cost of ownership will be reviewed and approved in the first quarter of 2023/24 financial year.
5.1.12	Sound financial controls and management of public finances	Procurement legislation	Procurement legislation developed	Under-performance is attributed to receiving additional comments arising out of the consultation and approval process including from Socio Economic Impact Assessment System, Forum of South Africa's Directors-General and Cabinet requiring the Bill to be resubmitted to the Office of the Chief State Law Adviser.	The Public Procurement Bill has, subsequent to the end of the financial year, been approved by Cabinet and is being prepared for tabling in Parliament after final certification from the Office of the Chief State Law Adviser.

## CHANGES TO PLANNED TARGETS

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

# PERFORMANCE INFORMATION BY PROGRAMME

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## LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS	2022 / 23 FINANCIAL YEAR				2021 / 22 FINANCIAL YEAR			
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management for Financial Accounting and Supply Chain Management Systems	121 193	41 773	79 420	102 007	42 896	59 111		
Office of the Chief Procurement Officer	78 132	73 630	4 502	77 143	67 742	9 401		
Financial Systems	451 145	317 572	133 573	537 013	400 672	136 341		
Financial Reporting for National Accounts	113 013	111 265	1 748	109 500	107 207	2 293		
Financial Management Policy and Compliance Improvement	132 316	122 168	10 148	124 038	92 874	31 164		
Service Charges: Commercial Banks	325	297	28	325	297	28		
Audit Statutory Bodies	50 000	50 000	-	50 000	50 000	-		
<b>Total</b>	<b>946 132</b>	<b>716 652</b>	<b>229 480</b>	<b>1 000 026</b>	<b>761 688</b>	<b>238 338</b>		



## **04 PERFORMANCE INFORMATION BY PROGRAMME**

### **4.6 PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS**

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

#### **INSTITUTIONAL OUTCOMES**

Coherent economic policy advocated

#### **SUB-PROGRAMMES**

##### **Programme Management for International Financial Relations**

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

##### **International Economic Cooperation**

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

##### **African Integration and Support**

This sub-programme serves mainly as a vehicle to enable the National Treasury to engage with Africa through the Southern African Customs Union (SACU), the Southern African Development Community (SADC) and the African Union (AU). The main focus being pursuance of regional integration objectives around resources mobilization, adherence to prudent policies, and laying the foundation for long-term economic development through amongst others infrastructure investment. Also, engagement with Africa includes strengthening bilateral relations with key countries. Further, the sub-programme is responsible for the transfer of payments to countries that constitute the Common Monetary Area.

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

This sub-programme provides for subscriptions and contributions to international development institutions, organisations, and multilateral banks. It transfers funds to the African Development Bank (AfDB) and to the World Bank





# PERFORMANCE INFORMATION BY PROGRAMME

Group (WBG) for buying shares and subscriptions contributing to general and selective increases in the authorised capital of the WBG and AfDB, which in turn allows South Africa to access loan financing from these institutions. Contributions are also made to the African Development Fund and the International Development Association, and through providing concessional loans and grants to low income countries.

## International Projects

This sub-programme transfers funds to international projects and interventions. It supports priorities such as building capacity and providing support to disaster-hit and impoverished areas. To this end, the National Treasury contributes to the IMF-supported AFRITAC South, the African Institute for Economic Development and Planning (IDEP), and the Collective Africa Budget Reform Initiative (CABRI), the Commonwealth Fund for Technical Cooperation and the International Finance Facility for Immunisation (IFFI). The facility transfers funds to the Global Alliance for Vaccines and Immunization (GAVI), a public private global health partnership aimed at supporting health care and providing vaccines to reduce the number of vaccine preventable deaths among children in low income countries.

## SERVICE DELIVERY OBJECTIVES AND INDICATORS

### Recent outputs

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

### Africa Continental

South Africa participates in the African Union (AU Committee of Fifteen Finance Ministers (F15). Although participation in the F15 is intended to rotate every three years, this has not been applied since 2016 due to a delay in approving the F15 rules of procedure. This has been mainly due to the request by tier 1 countries (including South Africa) to permanently participate in the F15. The rules of procedure were finalised by the F15 ministers for adoption by the body's assembly in February 2024, which approved that F15 membership will be based on the top three contributors per region and that tier 1 countries within these regions will participate permanently. For as long as South Africa is a tier 1 country, it will continue to represent Southern Africa.

The programme continued to support the work of the Minister of Finance on the budget oversight role at the AU through the F15. A key outcome of this is the continued austerity measures being implemented when formulating the AU budget since the outbreak of COVID-19, and now with the spillover effects of the Russia-Ukraine conflict and other global economic shocks.

With the SARB, The National Treasury further participates in the AU Specialised Technical Committee of the Ministers of Finance, Economic Planning and Development and Monetary Affairs to successfully advance South Africa's position on the establishment of AU financial institutions. This position led to a request for a feasibility study that should be undertaken to assess the possibilities of establishing all AU financial institutions as per the AU Constitutive Act within the context of the current economic environment in Africa.



## **04 PERFORMANCE INFORMATION BY PROGRAMME**

In January 2022, the National Treasury participated in the F15 committee to kickstart the negotiations for the new scale of assessment for the AU regular budget for 2024-2026. Negotiations for the revised the scale of assessment are set to be concluded by July 2023 during a meeting of the executive council. Member countries have agreed to retain the scale of assessment for 2020-2023 to be continued for application in 2024-2026.

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

In collaboration with the Department of Trade, Industry and Competition (DTIC) and SARS, the programme managed South Africa's membership of SACU and led on the Group of Twenty (G20) finance track.

In terms of the 2002 SACU agreement, the National Treasury manages the common revenue pool. As part of this work, the programme participated in the 2022/23 trade data reconciliation task team meetings responsible for determining SACU revenue shares for member states, as well as the budget for the union's secretariat. The programme successfully championed calls to review the compensation structure of the SACU secretariat.

The programme exercised oversight of the effective governance of the SACU secretariat by participating in quarterly finance and audit committee, commission and council meetings. This programme oversaw the implementation of the 2022/23 budget and business plan, and the approval of the 2022/23 internal audit plan. The work included finalising SACU's Strategic Plan and overseeing a review of the union's pay structure and pay philosophy, and a review of its organisational structure.

With the DTIC, the programme also engaged in the appointment of the new Executive Secretary, Lesotho national Thabo Khasipe, whose tenure began on 1 February 2023.

As part of implementing the 2002 SACU agreement, the National Treasury continues to manage the common revenue pool. Related to this work, the programme participated in the 2022/23 trade data reconciliation task team meetings responsible for determining SACU revenue shares for member states as well as the budget for the SACU secretariat. In this regard, the programme successfully championed calls to review the compensation structure of the SACU secretariat.

The SACU directorate is responsible for the Common Monetary Area (CMA), which facilitates South Africa's relations with Eswatini, Lesotho and Namibia, as governed by the Multilateral Monetary Area (MMA). During the period under review, the National Treasury facilitated a payment of R1.4 billion to Eswatini, Lesotho and Namibia for the treatment of the South African rand as legal tender.

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

The programme managed South Africa's engagement with the macroeconomic convergence programme (MEC) (May 2023) and all finance track work, informed by the SADC Finance and Investment Protocol. This included engaging in the meetings of the Ministers of Finance and Investment, and the peer-review panel of the macroeconomic convergence programme (July 2023). This engagement was supported by participation at the technical level, whereby the National Treasury presented an analysis of the South African economy against SADC MEC targets. Additionally, the directorate



# PERFORMANCE INFORMATION BY PROGRAMME

undertook a peer-review mission to assess the performance of Malawi's economy against the primary, secondary and tertiary indicators of the SADC MEC criteria.

The programme supported the Department of International Relations and Cooperation as the lead department during the Council of Ministers and the Heads of State and Government Summit in August 2022, and Council meetings in March 2023. This included providing support on the report on the status of the implementation of the macroeconomic convergence programme, and the impact of COVID-19 pandemic on SADC economies.

The programme engaged in the reprioritisation of 2020-2030 Regional Indicative Strategic Development Plan (RISDP) projects which will respectively serve as SADC's framework and long-term implementation plan for this decade.

The programme continued its ongoing work to strengthen good financial management in the SADC secretariat through participation in its finance committee and subcommittee meetings. The reports of the finance committee were approved by the council meetings of August 2022 and March 2023.

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

South Africa assumed the BRICS Presidency from China in January 2023. The National Treasury, with the SARB, leads and represents South Africa in the BRICS finance track. South Africa's work programme and priorities were endorsed by BRICS countries in February 2023. The National Treasury's focus is on the following priorities: global economy and multilateral cooperation; infrastructure and Public Private Partnerships (PPPs); mutual cooperation on customs and taxes; and the Think Tank Network on Finance. Progress on the implementation of these priorities will be captured in the Joint Statement of BRICS Finance Ministers and Central Bank Governors to be published during the Leaders' Summit in Johannesburg in August 2023.

South Africa made a final payment of US\$1 million in March 2023 towards the Project Preparation Fund (PPF) of the New Development Bank (NDB). The objective of the PPF is to assist the NDB to achieve its purpose of promoting infrastructure and sustainable development by supporting the preparation of bankable projects in an effort to facilitate borrowing from member countries for such projects from the NDB and other development partners. The PPF is expected to enhance the project preparation capacity of South Africa, facilitate feasibility studies and support improved project implementation.

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

During the reporting period, the National Treasury led South Africa's effective engagement and coordination with the finance track of the G20, where it advocated for the country's economic and financial interests.

The programme supported the president's successful engagement at the Bali G20 Summit in November 2022. At the summit, South Africa emphasised the need to:

- Strengthen agriculture approaches by enhancing the resilience of food and agricultural production systems through adaptation, a reduction in agricultural greenhouse gas emissions, and the safeguarding of national food security while supporting sustainable development goals,



# 04 PERFORMANCE INFORMATION BY PROGRAMME

- Strengthen the Global Health Architecture, including through supporting the World Health Organisation (WHO), as the lead specialised agency of the United Nations. South Africa also emphasised the need to prioritise and support developing countries to strengthen capacities to close the gaps in the COVID-19 response, and respond to future pandemics more effectively and efficiently.

The programme also supported the G20 Compact with Africa (CwA) initiative which aims to stimulate economic activity in African economies and has enrolled 12 African countries since its launch in 2017. The South African and German finance ministries co-chair this initiative. South Africa co-chaired the Africa Advisory Group (AAG) meeting with Germany on 13 June 2023, at which the Democratic Republic of Congo's request to join was discussed.

In the discussions pertaining to support for vulnerable countries, South Africa advocated for the G20 to commit to stepping up efforts to implement the G20 Common Framework for Debt Treatment in a timely, orderly and coordinated manner. South Africa is participating in the official creditor committee for Zambia as vice-chair, with France and China as co-chairs.

South Africa has participated in the Paris Club meetings since 2022 as a prospective member providing a Sub-Saharan African perspective on global and regional developments in debt sustainability. As a prospective member, South Africa is able to attend all Paris Club meetings in their entirety, and all information shared remains confidential. A prospective member has generally the same obligations as an ad hoc participant and is expected to take extra steps to share data and participate in debt workouts on its way to formal integration. South Africa will be given roughly 18 months to decide on acceding to the Paris Club as a full member or returning to ad hoc status.

## International Monetary Fund (IMF)

During the reporting period, the National Treasury successfully sustained the dialogue between South Africa and the IMF, including coordinating the IMF Article IV consultation from 2-17 March 2023. South Africa's Article IV report was published.

To magnify the impact of the IMF's general Special Drawing Rights (SDR) allocation of US\$650 billion in August 2021, South Africa has been advocating for countries with strong external positions to voluntarily channel a share of their allocated SDRs to help vulnerable low-income countries (LICs) and middle-income countries (MICs). In this regard, South Africa supported the global ambition to reallocate the US\$100 billion equivalent of SDRs to vulnerable countries. This global ambition has now been met.

## Concessional Finance

The programme supported South Africa's effective engagement in the International Development Association, the concessional fund of the World Bank Group. Through effective participation in review processes and negotiations by the National Treasury, key priorities such as job creation and private sector development were retained as priority areas in the IDA-20.



# PERFORMANCE INFORMATION BY PROGRAMME

The programme supported South Africa's effective engagement in the 16th Replenishment Round for the African Development Fund (ADF-16), the concessional fund of the African Development Bank (AfDB). The 50th Anniversary of the ADF, saw a historic financing package of US\$8.9 billion being approved to make grant and concessional loans available to the poorest and most fragile countries on the continent. Priority areas of the ADF for the 2023-2025 replenishment period are energy and energy access, food security and agriculture, industrialisation, regional integration, and improving Africa's quality of life, including education and employment for young people.

## Climate Change

The Programme supported the National Treasury's participation in the Presidential Climate Finance Task Team (PCFTT) which was established to support South Africa's participation in the Just Energy Transition Partnerships launched at COP26. A key outcome of this work was the delivery of the Just Energy Transition Investment Plan that was launched at COP28 in December 2022.

The Programme also supported the Minister of Finance's participation in international platforms, meetings and events in relation to International Climate Finance issues and South Africa's Just Energy Transition. The Programme also facilitated the National Treasury's participation in the review of proposals to international Climate Funds, including the Green Climate Fund and the Global Environmental Fund.

## MULTILATERAL DEVELOPMENT BANKS

### World Bank

The Programme continued to support the work of the Minister of Finance in his role as Governor of the World Bank to successfully advance the positions of South Africa and African countries within the context of World Bank discussions. This included South Africa's active participation in the Biannual meetings of the Board of Governors of the World Bank, as well as supporting the work of South Africa's Constituency at the World Bank. A key area of discussion in the reporting period was the Evolution of the World Bank to ensure that it remains relevant and impactful for developing countries. South Africa was granted US\$13.4 million by the Global Environment Facility's 7th replenishment (GEF7) to support the growth and development of its Biodiversity Economy. The Programme is the Portfolio Manager of Pillar 2 of the project, in which the World Bank International Bank of Reconstruction and Development (IBRD) acts as an implementing agency of the GEF. Pillar 2 focuses on Catalysing financing and capacity for the biodiversity economy.

Under the 2022-2026 Country Partnership Framework, (CPF), the World Bank approved South Africa's request for USD497 million, to support the Eskom Just Energy Transition Project to decommission and repurpose the Komati coal-fired power plant using renewables and batteries. The project will also create opportunities for the affected workers and communities. This is in line with government's efforts to transition the country towards a low-carbon development path with reliable, affordable and sustainable energy for all. The Komati Repowering and Repurposing project is one of the largest coal-fired power plant decommissioning, repowering and repurposing projects globally and will serve as a global reference on how to transition fossil-fuel assets to renewables.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

## **African Development Bank**

The Programme continued supporting the work of the Minister of Finance in his role as Governor of the African Development Bank to successfully advance South Africa's positions. This included South Africa's active participation in the annual meetings of the AfDB's board of Governors, as well as supporting the work of South Africa's Constituency at the African Development Bank.

Through the National Treasury, South Africa received a USD500,000.00 grant allocation from the Sustainable Energy Fund for Africa, which is managed by the African Development Bank to provide technical assistance to support policy and technical work underpinning the Just Energy Transition.



# PERFORMANCE INFORMATION BY PROGRAMME

## PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS</b>									
6.1.1	Coherent economic policy advocated	Economic surveillance response-reports	Percentage of economic surveillance reports responded to	100%	100%	100%	100%	N/A	N/A
6.1.2		Advocacy forums	Number of advocacy forums hosted for uptake of development finance	1	1	1	3	2	Over-performance is attributed to additional forums hosted as a result of development operations and negotiations mainly on ESKOM, climate change, and agricultural insurance.
6.1.3		Country partnership framework progress reports	Number of country partnership framework progress reports produced	3	3	2	2	N/A	N/A
6.1.4		Engagement strategies and priorities developed	Number of engagement strategies and priorities developed	2	N/A	1	2	1	Over-performance is attributed to an additional engagement strategy and priority document developed due to a new initiative by African Development Bank in preparation for a new Country Strategy Paper.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS</b>									
6.1.5	Outcomes of South Africa's engagements in regional and global forums analysis reports	Number of analysis reports on the outcomes of South Africa's engagements in regional and global forums produced	1	1	1	1	1	N/A	N/A
6.1.6	Policy positions	Percentage of policy positions developed	100%	100%	100%	100%	100%	N/A	N/A

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

No under-performance

## CHANGES TO PLANNED TARGETS

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



# PERFORMANCE INFORMATION BY PROGRAMME

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## LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS	2022 / 23 FINANCIAL YEAR			2021 / 22 FINANCIAL YEAR		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management for International Financial Relations	12 604	10 076	2 528	6 586	4 677	1 909
International Economic Cooperation	34 355	30 529	3 826	34 125	27 713	6 412
African Integration and Support	1 665 690	1 664 242	1 448	1 570 799	1 569 163	1 636
International Development Funding Institutions	1 119 684	1 119 326	358	6 210 219	6 203 389	6 830
International Projects	24 933	24 462	471	22 433	21 508	935
<b>Total</b>	<b>2 857 266</b>	<b>2 848 635</b>	<b>8 631</b>	<b>7 844 172</b>	<b>7 826 450</b>	<b>17 722</b>



## 04 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.

#### INSTITUTIONAL OUTCOMES

Sound financial control and management of public finances

#### SUB-PROGRAMMES

##### Civil Pensions and Contributions to Funds

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

##### Other Benefits

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

#### SERVICE DELIVERY OBJECTIVES AND INDICATORS

##### Recent outputs

The programme achieved 99.9 per cent against the targeted of 100 per cent for payments of validated benefits within stipulated timeframes. The programme paid out R6 billion in 2022/23 compared to R5 billion in 2021/22. This is attributed to the recapitalisation of the Government Employees Medical Scheme (GEMS) during the period under review. The number of pensioners and beneficiaries increased by 4.4 per cent, from 161 335 in 2021/22 to 168 469 in 2022/23. This increase is attributed partly to a 5 per cent increase in post-retirement medical subsidy pensioners and beneficiaries from 140 160 in 2021/22 to 147 568 in 2022/23.

# PERFORMANCE INFORMATION BY PROGRAMME

By maintaining continual monitoring and data cleansing, the programme achieved a 99.9 per cent resolution of the integrity of data against the target of 98 per cent. For fraudulent claims, the programme achieved a 99.9 per cent reduction against the targeted 95 per cent. This is attributed to effective and adequate internal controls and mitigating risks in the value chain.

## Stakeholder Relations

Roadshows and member education drives were implemented in all provinces:

**North West** (Mmabatho, Vryburg and Rustenburg); **Limpopo** (Polokwane, Tzaneen and Jane Furse); **KwaZulu-Natal** (Durban, Ulundi and Umlazi); **Free State** (Bloemfontein, Kroonstad and Bethlehem); **Mpumalanga** (Nelspruit, Thulamahashe and Piet Retief); **Northern Cape** (Kimberly, De Aar and Springbok); **Western Cape** (Cape Town, Stellenbosch and Malmesbury); **Eastern Cape** (Gqeberha, Mount Ayliff and Matatiele) and **Gauteng** (Pretoria, Midrand and Duduza).

## Focus areas in 2022/23

The programme's core business is paying out benefits. To increase efficiencies and enhance service delivery, the programme has embarked on a technology innovation project for post-retirement medical subsidies and injury on duty (IOD) claims. This project will de-link the processing of claims for post-retirement medical subsidies from the pension claims process to improve turnaround times for processing medical subsidy claims. The automation of the IOD award lodgement system will ensure that payment is made to beneficiaries and dependants within shorter turnaround times.



# 04 PERFORMANCE INFORMATION BY PROGRAMME

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

APP #	OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	AUDITED ACTUAL PERFORMANCE 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT	REASON FOR DEVIATIONS
<b>PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS</b>									
7.1.1	Sound financial control and management of public finances	Validated benefits payment reports	Percentage of benefits validated paid within liable dates	100%	99.9%	99%	99.9%	0.9%	Over-performance is attributed to effective management and administration of programme benefits.
7.1.2		Fraudulent claims reports	Percentage reduction of fraudulent claims	100% fewer fraudulent claims than 2019/20	100% fewer fraudulent claims than 2020/21	95% fewer fraudulent claims than 2021/22	99.9% fewer fraudulent claims than 2021/22	4.9% fewer fraudulent claims than 2021/22	Over-performance is attributed to effective and adequate internal controls and mitigated risks within the value chain.
7.1.3		Exceptions report	Percentage integrity of client data	100%	100%	98%	99.9%	1.9%	Over-performance is attributed to continuous monitoring of programme memberships, identifying exceptions and addressing them promptly.

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

No underperformance.

## CHANGES TO PLANNED TARGETS

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

# PERFORMANCE INFORMATION BY PROGRAMME

04

## LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS	2022 / 23 FINANCIAL YEAR				2021 / 22 FINANCIAL YEAR			
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Government Pensions Administration Agency	79 769	64 376	15 393	15 393	77 725	61 663	16 062	16 062
Civil and Pensions Funds	6 577 351	6 493 386	83 965	83 965	6 102 974	5 766 256	336 718	336 718
Military Pensions and Other Benefits	246 931	215 824	31 107	31 107	228 826	214 854	13 972	13 972
<b>Total</b>	<b>6 904 051</b>	<b>6 773 586</b>	<b>130 465</b>	<b>130 465</b>	<b>6 409 525</b>	<b>6 042 773</b>	<b>366 752</b>	<b>366 752</b>





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# PART B

## PERFORMANCE INFORMATION

### TRANSFER PAYMENTS



**5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES**

<b>NAME OF PUBLIC ENTITY</b>	<b>SERVICES RENDERED BY THE PUBLIC ENTITY</b>	<b>AMOUNT TRANSFERRED TO THE PUBLIC ENTITY (R'000)</b>	<b>AMOUNT SPENT BY THE PUBLIC ENTITY (R'000)</b>	<b>ACHIEVEMENTS OF THE PUBLIC ENTITY</b>
1. Accounting Standards Board	Determine standards of Generally Recognised Accounting Practice	14 569	14 569	Refer to General Information Public Entities reporting to Minister
2. Co-operative Banks Development Agency	Regulate, promote and develop cooperative banking, including deposit-taking and lending co-operatives	20 831	20 831	Refer to General Information Public Entities reporting to Minister
3. Financial and Fiscal Commission	Assist and maintain the balance between fiscal decentralisation and the unitary state	63 839	63 839	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	316 820	316 820	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	75 619	75 619	Refer to General Information Public Entities reporting to Minister
6. Independent Regulatory Board for Auditors	Registration of auditors and regulation of the training of public accountants and auditors	45 684	45 684	Refer to General Information Public Entities reporting to Minister
7. South African Revenue Service*	Efficient and effective collection of revenue	11 635 781	11 635 781	Refer to General Information Public Entities reporting to Minister

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



TRANSFER  
PAYMENTS5.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN  
PUBLIC ENTITIES

NAME OF TRANSFEREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38(1)(J) OF THE PFMA	AMOUNT TRANSFERRED (R'000)	AMOUNT SPENT BY THE TRANSFEREE (R'000)	REASONS FOR THE FUNDS UNSPENT BY THE TRANSFEREE
8. African Regional Technical Assistance Centre	Foreign and International organization	Providing technical assistance and cooperation in core macroeconomic and financial management.	Yes	-	-	Not applicable
9. Common Monetary Area Compensation (CMA)	Foreign and International organization	To compensate the contracting parties of the Multilateral Monetary Agreement (MMA) for the amount of rand currency in circulation.	Yes	1 622 143	1 622 143	Not applicable
10. International Finance Facility for Immunization (IFFI)-Donations and Gifts	Foreign and International organization	To support health care, particularly the provision of vaccines to reduce the number of vaccine preventable deaths among children in low-income countries.	Yes	18 030	18 030	Not applicable
11. Institute for Development and Economic Planning (IDEP)	Foreign and International organization	For improving public sector management and development planning in support of member States' structural transformation.	Yes	1 262	1 262	Not applicable
12. African Development Bank & Fund (AfDB)	Foreign and International organization	To provide financial and capacity building support to low-income countries that are members of the AfDB and the World Bank, respectively	Yes	77,667	77,667	Not applicable
13. Collaborative African Budget Reform Initiative	Foreign and International organization	To provide capacity building in Africa's financial sector management, budget reform and governance through SAs' contribution.	Yes	2 553	2 553	Not applicable
14. Common-wealth Fund for Technical Cooperation	Foreign and International organization	To provide support for common secretarial goals and programmes on annual basis.	Yes	6,432	6,432	Not applicable
15. United Kingdom Tax	Foreign and International organization	These are members locally recruited and appointed or deemed to have been appointed under section 1 of the Diplomatic Mission in United Kingdom Service Act 1961.	Yes	635	635	Not applicable



# TRANSFER PAYMENTS

NAME OF TRANSFEREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38 (1) (J) OF THE PFMA)	AMOUNT TRANSFERRED (R'000)	AMOUNT SPENT BY THE TRANSFEREE (R'000)	REASONS FOR THE FUNDS UNSPENT BY THE TRANSFEREE
16. World Bank	Foreign and International organization	To provide concessional loans and grants to low-income countries.	Yes	63 289	63 289	Not applicable
17. New Development Bank Project Preparation Fund	Foreign and International Organization	Project Support to New Development Bank regional office	Yes	18 228	18 228	Not applicable
18. Financial Intermediary Fund	Foreign and International Organization	To support low-income countries (LICs) and middle-income countries (MICs) in preparing, preventing and responding to future pandemic.	Yes	38 285	38 285	Not applicable

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





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# PART B

## PERFORMANCE INFORMATION

### CONDITIONAL GRANTS



## 6.1 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

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

### CONDITIONAL GRANT 1: PROGRAMME PROJECT PREPARATION SUPPORT GRANT

<b>TRANSFERRING DEPARTMENT: NATIONAL TREASURY</b>	
Purpose of the grant	To support metropolitan municipalities to develop a pipeline of investment-ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation, and allocation of a growing level of municipal resources to preparation activities.
Expected outputs	<ul style="list-style-type: none"> <li>• Effective and transparent system for project approvals (a clearly defined authorising environment) in metropolitan municipalities.</li> <li>• Increased investment in programme and project preparation by metropolitan municipalities.</li> <li>• Credible pipeline of bankable projects developed by metropolitan municipalities.</li> <li>• Improved project partnerships between metropolitan municipalities and the private sector.</li> <li>• Number of feasibility studies/strategies completed.</li> <li>• Long-term programmes/projects to attract private investment and improve metropolitan municipalities' revenue collection.</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>• Engagement with eight cities on grant requirements and establishment of the authorising environment.</li> <li>• Workplan engagements with 8 Cities on how to select projects for preparation and the associated project list.</li> <li>• Workplans submitted and approved.</li> <li>• DoRA framework established/completed for PPPSG.</li> </ul>
Amount per amended DoRA	R 360.886 million
Amount received	R 360.886 million
Reasons if amount as per DoRA not received	Not applicable
Amount spent by the department/ municipality	R360.886 million was transferred to eight metropolitan municipalities.
Reasons for the funds unspent by the entity	Delays in procurement of service providers. Procurement Bill delayed procurement.
Reasons for deviations on performance	Not applicable
Measures taken to improve performance	Panel for professional service providers set up for any metro requiring technical assistance
Monitoring mechanism by the receiving department	<ul style="list-style-type: none"> <li>• Submit a work plan of activities relating to the establishment and institutionalisation of programme and project preparation.</li> <li>• Compile and submit monthly and quarterly expenditure and progress reports in line with NDPG requirements and as stipulated in the 2022 Division of Revenue Act.</li> <li>• Engage stakeholders to develop partnerships that leverage funding into the targeted locations.</li> <li>• Implement the work plan and report on progress.</li> </ul>



# CONDITIONAL GRANTS

## CONDITIONAL GRANT 2: INFRASTRUCTURE SKILLS DEVELOPMENT GRANT

DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To recruit unemployed graduates into municipalities, to be trained and professionally registered with the relevant statutory councils, within the built environment.
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Number of built environment graduates in training and registered as candidates for professional registration, with the relevant statutory councils.</li> <li>• Number of graduates registered as professionals by the relevant statutory councils.</li> <li>• Number of graduates employed as registered professionals within the built environment in local government.</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>• During the reporting period, 305 graduates were in-training.</li> <li>• From 2012/13 to 2022/23, a cumulative total of 386 graduates have successfully completed training and are registered as professionals. The cumulative output is reflected as recruitment is not conducted on an annual basis as it is a three-year graduate training programme. Graduates exit the programme on completing all the requirements and competencies of the respective statutory councils for professional registration.</li> <li>• From 2012/13 to 2022/23, 277 graduates have been permanently employed within municipalities and across other sectors.</li> </ul>
Amount per amended DoRA	R159,246. million
Amount received	R159,246. million
Reasons if amount as per DoRA not received	Not applicable
Amount spent by the department/ municipality	<ul style="list-style-type: none"> <li>• R 159,246 million was transferred to Infrastructure Skills Development Grant (ISDG) participating municipalities.</li> <li>• Municipalities spent R113.817 million out of R159.246 million.</li> </ul>
Reasons for the funds unspent by the entity	Spending was affected by slow recruitment of graduates by municipalities
Reasons for deviations on performance	Not applicable
Measures taken to improve performance	Municipalities to increase number of graduates recruited
Monitoring mechanism by the receiving department	<ul style="list-style-type: none"> <li>• Municipalities submit monthly, quarterly, and annual reports reflecting their financial and non-financial performance.</li> <li>• The National Treasury conducts site visits to verify training and graduates recruited and hosts workshops with municipalities. However, these were conducted virtually during the reporting period.</li> </ul>

## CONDITIONAL GRANT 3: NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY	
Purpose of the grant	To plan, catalyse, and invest in targeted locations to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life and access to opportunities for residents in South Africa's targeted locations, underserved neighbourhoods (generally townships and rural towns).
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Twenty catalytic projects.</li> <li>• Six investment plans.</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>• Thirty-one catalytic projects approved at municipal year-end.</li> <li>• Six investment plans approved at year-end.</li> </ul>
Amount per amended DORA	Schedule 5B: R1 293.074 billion, Schedule 6B: R 190.526 million
Amount received (R'000)	Schedule 5B: R1 293.074 billion; Schedule 6B R 190.273 million.
Reasons if amount as per DoRA not received	Not applicable.



DEPARTMENT WHO TRANSFERRED THE GRANT: NATIONAL TREASURY	
Amount spent by the department/ municipality	<ul style="list-style-type: none"> <li>For Schedule 5B, R1 293.074 billion was transferred to municipalities.</li> <li>For Schedule 6B, R190.273 million was paid to service providers appointed by the municipalities.</li> </ul>
Reasons for the funds unspent by the entity	For Schedule 6B, R10.253 million was unspent because of delays in work deliverables in some of the participating municipalities. These unspent funds were paid back to National Treasury (Revenue Fund).
Reasons for deviations on performance	Over-performance is attributed to the multi-year project pipeline being approved to ensure project continuity and alignment with multi-year planned project cash flows reflected in MTEF budgets.
Measures taken to improve performance	Application of the baseline management process based on cash flows and work plans and associated timelines, including support for alignment.
Monitoring mechanism by the receiving department	Actual spend measured against baseline management cash flows, investment planning review sessions and work plans.

#### CONDITIONAL GRANT 4: LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

TRANSFERRING DEPARTMENT: NATIONAL TREASURY	
Purpose of the grant	To promote and support reforms in financial management by building capacity in municipalities towards implementing the Municipal Finance Management Act (2003).
Expected outputs of the grant	Implementation of the graduate internship programme, upgrade reporting systems, implement asset management reforms and accounting standards, prepare financial statements, develop audit action plans to improve outcomes, implement financial misconduct regulations and the financial management capability majority model.
Actual outputs achieved	Funds transferred to 257 municipalities.
Amount per amended DORA	R566.395 million
Amount received	R566.395 million
Reasons if amount as per DoRA not received	N/A
Amount spent by the department/ municipality	<ul style="list-style-type: none"> <li>R566.395 million was transferred to municipalities.</li> <li>Municipalities spent R308.948 million.</li> </ul>
Reasons for the funds unspent by the entity	<p>The municipal financial year begins in July and ends in June, which is different from the national financial year (April to March). As such, for 2022/23 financial year, municipalities have three additional months (April, May and June) to spend grant funds.</p> <p>Municipalities' cash flow projections indicate that the bulk of the funds will be spent between April and June.</p>
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	Municipalities are required to submit support plans prior to the commencement of their new financial year. The plan entails priority areas for the use of the grant. Thereafter, municipalities are required to submit monthly and quarterly reports.

## 6.2 CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

No conditional grants and earmarked funds were received.





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# PART B

## PERFORMANCE INFORMATION

### DONOR FUNDS

2024

2023

2022



## 7.1. DONOR FUNDS RECEIVED

### DONOR FUND: European Union (EU)

Name of donor	European Union (EU):  Public financial management capacity development programme for improved service delivery in South Africa, also referred to as The Financial Management Capacity Development Programme for Improved Service Delivery. (FMISD).
Full amount of the funding	€15 million
Period of the commitment	2018-2023
Purpose of the funding	The overall objective of this programme is to improve the management of public finances and participatory decision-making in all three spheres of government, with a particular focus on the local government level
Expected outputs	The expected results from the activities carried out over the period covered by this programme are the: <ul style="list-style-type: none"> <li>• Key result area 1: increased professionalisation of public financial management within all spheres of government (national, provincial and local)</li> <li>• Key result area 2: enhanced capacity of provincial treasuries to perform their roles with respect to provincial departments and municipalities</li> <li>• Key result area 3: improved capacity of municipalities to manage public funds and deliver services.</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>• Out of 43 projects coordinated, 15 have been completed, and 28 have been contracted and implementation has commenced.</li> <li>• Municipal advisors have been placed in each of the eight selected municipalities.</li> <li>• The municipal diagnostic and baseline assessments, and organisational change-readiness assessments, have been developed, approved and conducted.</li> <li>• Support plans were approved and implementation commenced in the provinces and eight municipalities.</li> <li>• A blended national public finance management week conference was hosted in November 2021.</li> <li>• Rollout of several public finance management training programmes and system development.</li> </ul>
Amount received in current period (R'000)	R14 797 451.99 (programme estimate)
Amount spent by the department (R'000)	R10 017 898.04 (programme estimate)
Reasons for the funds unspent	The reasons for under expenditure are: Due to the unforeseen circumstances brought on by the COVID-19 pandemic, not all projects under the Programme Estimate were contracted by 19 July 2022. This was also due to non-compliance of tenderers with the selection criteria
Monitoring mechanism by the donor	<ul style="list-style-type: none"> <li>• Quarterly progress reports approved by the National Treasury capacity building steering committee.</li> <li>• Yearly implementation report.</li> <li>• Annual expenditure verification.</li> </ul>



# CONDITIONAL GRANTS

## DONOR FUND: United States Agency for International Development (USAID) technical assistance facility

Name of donor	USAID, including counterpart funding
Full amount of the funding	R31 000 000.00
Period of the commitment	2016-2022
Purpose of the funding	Design, implementation and ad hoc support for development cooperation projects
Expected outputs	Technical assistance
Actual outputs achieved	As approved by the Director-General, technical assistance was provided through funds allocated for contract personnel in the International Development Corporation (IDC), the National Treasury and the Budget Facility for Infrastructure (BFI). Funds were also allocated for the appointment of SCM and audit experts to ensure compliance on SCM policies and directives, including the monitoring of expenditure on all general budget-support projects.
Amount received in current period (R'000)	R0
Amount spent by the department (R'000)	R2 773 539.50
Reasons for the funds unspent	Not applicable as this is a technical assistance facility. Funds are released as and when required.
Monitoring mechanism by the donor	Donor monitoring and reporting is not required as the funds are used according to South African systems, in agreement with the donor.







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# PART B

## PERFORMANCE INFORMATION

### CAPITAL INVESTMENT



**CAPITAL  
INVESTMENT**

No capital investment was incurred during the 2022/23 financial year.





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# PART C

# GOVERNANCE



**INTRODUCTION**

**01**

The National Treasury remains firmly committed to continuously strengthen compliance, manage risks and, through performance and conformance, practice good governance. This is fundamental to managing public finances, ensuring that the organisation uses its resources effectively, efficiently and with optimal value for money, as well as adopting an accessible, service-centered and solutions-orientated approach to delivering on its mandate.



# **RISK MANAGEMENT**

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

During the reporting period, the National Treasury maintained level 5 risk maturity rating by ensuring that best practice, standards and guidelines were adhered to in enhancing the existing risk management culture. Risk reports that integrate performance reporting and audit findings formed part of decision-making in management structures. The compliance management function has set the foundation for monitoring compliance to key legislation and to managing risks that will lead to adverse legal outcomes for the National Treasury.

The Business Continuity Management programme of the department is continually improved to ensure organisational resilience. During the reporting period, the review of the Business Continuity Management Policy advanced significantly to align departmental processes to best practice. An assessment of risks associated with tabling the national budget has culminated in the development of a contingency plan to ensure effective responses to budget speech related disruptions. Hybrid working strategies and the deployment of a virtual private network (VPN) remain in place to ensure continuity of operations.

During the period under review, the department conducted ethics and anti-corruption risk assessments, rolled out anti-corruption awareness initiatives and undertook investigations, including lifestyle reviews. These efforts demonstrate the department's zero-tolerance approach to workplace fraud and corruption.

The department's Risk Management Committee (RMC) remains responsible for providing oversight on the implementation of Enterprise Risk Management policies, systems and processes.



# **FRAUD AND CORRUPTION**

The National Treasury continued its zero-tolerance approach to workplace fraud and corruption. The department implemented numerous controls to prevent and detect workplace corruption and unethical conduct. These range from pre-employment screening on the recruitment process and security vetting upon appointment, to company screening on the competitive bidding process. Conflict of interest is managed through declarations of interest and recusal from decision-making processes. Key departmental processes, including ICT systems, are subjected to regular review by internal and external assurance providers. Lifestyle reviews are conducted to test whether employees' lifestyles are commensurate with their known sources of income.

Awareness remains a key pillar in the department's anti-corruption efforts. A moral regeneration webinar was held for staff during the reporting period. The webinar aimed to promote the values of loyalty, honesty and integrity, which are essential to maintaining an ethical organisational culture in the department. Additional awareness interventions were raised through workshops and communications to all staff in celebration of International Fraud Prevention Week and International Anti-Corruption Day.

The anti-corruption and ethics management policy was reviewed during the reporting period. The aim of the review was to align departmental processes with prevailing legal prescripts and best practice in managing disclosures of financial interests, gifts, remunerative work outside the public service and to further enhance whistleblowing mechanisms.



# 04 **MINIMISING CONFLICT OF INTEREST**

The National Treasury minimises conflicts of interest by raising awareness of and applying the Public Service Regulations, 2016 and Directives from the Department of Public Service and Administration. During the reporting period, all senior management service (SMS) staff disclosed their financial interests electronically within the deadline. Financial disclosure is compulsory for members of the middle management service (levels 11 and 12), officials in the supply chain management and finance areas, as well as assistant directors (levels 9 and 10). These disclosures are analysed, and a report is provided to the Director-General (DG). Noncompliance with the Public Service Regulations, 2016 is dealt with in terms of the disciplinary code and procedures for the public service, and chapter 7 of the SMS Handbook.

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





The code of conduct details expectations of National Treasury officials in dealing with members of the public, members of legislatures, political and executive office bearers and other stakeholders. Its purpose is to promote a culture of ethical behaviour and to ensure public trust and confidence in the integrity and professionalism of the department's officials who are required to be ethical, impartial, honest and to act with integrity. To reinforce ethical conduct among its officials, the department provides continuous training and initiates awareness-raising activities through induction and capacity building sessions. Contravening the code is an act of misconduct and disciplinary steps, in terms of the disciplinary code of procedures for the public service (Public Service Coordinating Bargaining Council resolution 1 of 2003) and chapter 7 of the SMS Handbook, are taken against officials found to be in breach.



## **HEALTH, SAFETY AND ENVIRONMENTAL ISSUES**

The department's Security Management and Facilities Management provide measures to ensure that it is compliant with occupational health and safety (OHS) requirements. Duly trained appointees on section 16.2 of the Occupational Health and Safety Act (1993) and related regulations dealing with legal liability are responsible for overseeing OHS compliance.

A Safety, Health, Environment, Risk and Quality (SHERQ) Committee convened on a quarterly basis. The last meeting for the reporting period was held on 31 March 2023. The purpose of the committee is to ensure that the National Treasury monitors compliance with the Act and its regulations. The committee has a full complement of members.

Training of the OHS Committee members was conducted during the second half of the financial year. A total of 75 committee members were trained on first aid levels I and II, and firefighting.

Evacuation drill was conducted on 15 November 2022 as part of testing the National Treasury's state of readiness and response to any emergency in terms of the approved Emergency Management Plan and City of Tshwane Metropolitan Municipality: Fire Brigade Service By-Laws.



## PARLIAMENTARY COMMITTEES

### Standing Committee on Finance (SCoF)

PARLIAMENTARY COMMITTEES		
STANDING COMMITTEE ON FINANCE (SCoF)		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
22 Mar 2023	Financial Matters Amendment Bill & Municipal Fiscal Powers and Functions Amendment Bill: public hearings	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
15 Mar 2023	Engagement with IMF - Political and economic developments, reform agenda and economic priorities in SA	
15 Mar 2023	Municipal Fiscal Powers and Functions Amendment Bill: National Treasury briefing	
14 Mar 2023	National Treasury and entity BRRR; Draft Job Profiles of FFC Commissioners	
07 Mar 2023	2023 Fiscal Framework and Revenue Proposals: Committee Report	
03 Mar 2023	2023 Fiscal Framework: National Treasury response to public hearings	
01 Mar 2023	2023 Fiscal Framework and Revenue Proposals: public hearings	
28 Feb 2023	2023 Budget: PBO & FFC briefing	
28 Feb 2023	2023 Budget: follow-up engagement with Treasury, Minister & Deputy Minister in attendance	
23 Feb 2023	2023 Budget: Treasury briefing, with Minister & Deputy Minister	
22 Feb 2023	CLOSED MEETING: Budget Lock-Up	
21 Feb 2023	National Treasury Portfolio Audit Outcomes: AGSA briefing; National Treasury & SARS 2021/22 Annual Report; with Deputy Minister present	
14 Feb 2023	Meeting postponed: National Treasury & entities audit outcomes: AGSA briefing; Draft Job Profiles of FFC Commissioners; with Deputy Minister	
22 Nov 2022	Asian Infrastructure Investment Bank Agreement: National Treasury briefing & Ratification	
16 Nov 2022	Tax Bills: adoption; SA Postbank Ltd Amendment Bill: DCDT briefing (joint meeting)	
15 Nov 2022	Rates Bill: adoption; SA Postbank Ltd Amendment Bill: discussion	
11 Nov 2022	General Laws (Anti-Money Laundering and Combatting Terrorism Financing) Amendment Bill: adoption	
10 Nov 2022	Postponed: General Laws (Anti-Money Laundering and Combatting Terrorism Financing) Amendment Bill: consideration	
08 Nov 2022	2022 Revised Fiscal Framework: Committee Report	
04 Nov 2022	2022 Revised Fiscal Framework and Revenue Proposals: National Treasury response to public submissions	
02 Nov 2022	2022 Revised Fiscal Framework and Revenue Proposals: public hearings	
01 Nov 2022	General Laws (Anti-Money Laundering and Combatting Terrorism Financing) Amendment Bill: finalisation (postponed)	
01 Nov 2022	2022 MTBPS: PBO & FFC briefing	
28 Oct 2022	General Laws (Anti-Money Laundering and Combatting Terrorism Financing) Amendment Bill: National Treasury response to further public submissions	
27 Oct 2022	2022 MTBPS: National Treasury briefing, with Minister	



PARLIAMENTARY COMMITTEES		
STANDING COMMITTEE ON FINANCE (SCoF)		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
26 Oct 2022	CLOSED MEETING – MTBPS Lock-up	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
19 Oct 2022	Financial Matters Amendment Bill: Matters concerning the Land Bank, with the Deputy Minister	
18 Oct 2022	General Laws (Anti-Money Laundering and Combatting Terrorism Financing) Amendment Bill: National Treasury response to public submissions	
11 Oct 2022	General Laws (Anti-Money Laundering and Combatting Terrorism Financing) Amendment Bill: public hearings	
21 Sep 2022	2022 Tax Bills: Treasury & SARS response to public submissions	
20 Sep 2022	2022 Rates Bill & Revenue Bill: National Treasury response to public submissions	
14 Sep 2022	2022 Draft Tax bills: public hearings	
13 Sep 2022	2022 Draft Tax Bills: public hearings	
07 Sep 2022	Closure of bank accounts: engagement with Gardee Godrich Attorneys, National Treasury & Regulators	
06 Sep 2022	Financial Matters Amendment Bill: National Treasury briefing	
31 Aug 2022	General Laws Amendment Bill (Anti-Money Laundering and Combating Terrorism Financing) Bill: NT & FIC briefing	
30 Aug 2022	Financial Intelligence Centre Act schedule amendments: finalisation	
24 Aug 2022	Financial Intelligence Centre Act schedule amendments: NT response to public submissions	
23 Aug 2022	2022 Draft Rates, Revenue & Tax Bills: National Treasury & SARS briefing	
17 Aug 2022	Phala Phala Matter, South African Reserve Bank & Prudential Authority 2021/22 Annual Reports	
16 Aug 2022	Financial Intelligence Centre Act schedule amendments: public hearings	
15 Jun 2022	National Treasury and FIC on Amendments to Schedule 1, 2 & 3 of the Financial Intelligence Centre Act	
15 Jun 2022	Public Finance Management Amendment Bills: Motions of Desirability	
14 Jun 2022	Public Finance Management Amendment Bills: response to submissions	
08 Jun 2022	GEPP & GPAA 2020/21 Annual Reports	
07 Jun 2022	Tax administration challenges: Tax Ombudsman, SARS & NT briefing	
07 Jun 2022	Public Finance Management Amendment Bills: public hearings	
01 Jun 2022	Development Bank of South Africa (DBSA) Quarterly Reports; Committee Oversight Visit Reports	
31 May 2022	Committee Report on Oversight visit to SASRIA, Land Bank & Financial and Fiscal Commission	
25 May 2022	National Treasury Q4 Performance 2020/21; BEPS Multilateral Convention; Kuwait Taxation Agreement	
24 May 2022	Financial Management of Parliament and Provincial Legislatures Amendment Bill: briefing	
18 May 2022	Financial Sector and Deposit Insurance Levies Bill & Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Bill: deliberations & adoption	
17 May 2022	MP Lees PMB Public Finance Management A/B & MP Cachalia PMB Public Finance Management A/B	

PARLIAMENTARY COMMITTEES		
STANDING COMMITTEE ON FINANCE (SCoF)		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
11 May 2022	Financial Sector and Deposit Insurance Levies Bill & Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Bill: Treasury response to public submissions	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
10 May 2022	National Treasury Budget: Committee Report	
03 May 2022	SARS 2022/23 Annual Performance Plan; with Deputy Minister	



# 07 PORTFOLIO COMMITTEES

## Select Committee on Finance (SeCof)

<b>SELECT COMMITTEE ON FINANCE (SeCof)</b>		
<b>DATE OF MEETING</b>	<b>TOPIC</b>	<b>HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS</b>
07 Mar 2023	2023 Fiscal Framework & Revenue Proposals: Committee Report	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
09 Dec 2022	General Laws Amendment (Anti-money Laundering and Combatting Terrorism Finance) Bill: adoption; Asian Infrastructure Investment Bank Agreement	
07 Dec 2022	General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill: deliberations	
01 Dec 2022	Rates Bill and Tax Bills: Committee Reports	
30 Nov 2022	Rates Bill and Tax Bills: discussion	
29 Nov 2022	General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill: Consideration of Comments	
25 Nov 2022	General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill: National Treasury response to public submissions	
09 Dec 2022	General Laws Amendment (Anti-money Laundering and Combatting Terrorism Finance) Bill: adoption; Asian Infrastructure Investment Bank Agreement	
07 Dec 2022	General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill: deliberations	
01 Dec 2022	Rates Bill and Tax Bills: Committee Reports	
30 Nov 2022	Rates Bill and Tax Bills: discussion	
29 Nov 2022	General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill: Consideration of Comments	
25 Nov 2022	General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill: National Treasury response to public submissions	
23 Nov 2022	General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill: public hearings	
22 Nov 2022	Rates Bill & Tax Bills: National Treasury and SARS response to public submissions	
15 Nov 2022	Rates Bill & Tax Bills: Public Hearings	
08 Nov 2022	2022 Revised Fiscal Framework: Committee Report	
02 Nov 2022	General Laws Amendment Bill (Anti-Money Laundering and Combating Terrorism Financing) Bill: National Treasury briefing	
18 Oct 2022	2022 Draft Tax Bills: National Treasury & SARS briefing	
14 Oct 2022	Financial Intelligence Centre Act schedule amendments: finalisation	
11 Oct 2022	Financial Intelligence Centre Act schedule amendments: Policy Issues	
23 Sep 2022	Financial Intelligence Centre Act schedule amendments: Treasury / FIC / NCRF meeting response	
20 Sep 2022	Financial Intelligence Centre Act schedule amendments: NCRF submission & response	
06 Sep 2022	Development Bank of South Africa quarterly performance report and challenges in executing mandate	
30 Aug 2022	Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Bill & Financial Sector and Deposit Insurance Levies Bill: finalisation	
23 Aug 2022	Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Bill & Financial Sector and Deposit Insurance Levies Bill: deliberations	



SELECT COMMITTEE ON FINANCE (SeCoF)		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
02 Aug 2022	Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Bill & Financial Sector and Deposit Insurance Levies Bill: NT briefing	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
21 Jun 2022	BEPS Multilateral Convention & Kuwait Double Taxation Agreement	
14 Jun 2022	PIC Quarterly report & challenges in executing mandate; with Deputy Minister	
17 May 2022	Follow-up Meeting with Land Bank: Quarterly Reports & Challenges in Executing its Mandate	
10 May 2022	Follow up: IRBA annual update 2021/22 and challenges in executing mandate	
26 Apr 2022	Follow up: SASRIA Quarterly reports and challenges in executing mandate	
19 Apr 2022	Financial Sector Conduct Authority Quarter Three Report	



# 07 PORTFOLIO COMMITTEES

## Standing Committee on Appropriations (SCoA)

STANDING COMMITTEE ON APPROPRIATIONS (SCoA)		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
17 Mar 2023	Division of Revenue Bill & Second Adjustments Appropriation (2022/23 financial year) Bill: Committee Reports	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
14 Mar 2023	Second Adjustments Appropriation (2022/23 financial year) Bill: public hearings	
14 Mar 2023	Division of Revenue Bill: public hearings	
10 Mar 2023	Division of Revenue Bill: COGTA & SALGA inputs; with Ministry	
08 Mar 2023	Division of Revenue Bill & Second Adjustments Appropriation (2022/23 Financial Year) Bill: PBO briefing	
07 Mar 2023	2023 Division of Revenue Bill; 2nd Adjustments Appropriation Bill: FFC submission	
01 Mar 2023	Division of Revenue Bill & Second Adjustments Appropriation (2022/23) Bill: briefing	
17 Feb 2023	South Korea Study Tour Report; Committee's 2022 Annual Report	
15 Feb 2023	Expenditure Patterns & Deviations and expansions Q3 2022/23: National Treasury Office & Chief Procurement Officer briefing	
29 Nov 2022	MTBPS, Adjustments Appropriation Bill & Special Appropriation Bill: finalisation and Committee Reports	
25 Nov 2022	Adjustments Appropriation Bill, Special Appropriation Bill & MTBPS: Public Input	
29 Nov 2022	MTBPS, Adjustments Appropriation Bill & Special Appropriation Bill: finalisation and Committee Reports	
25 Nov 2022	Adjustments Appropriation Bill, Special Appropriation Bill & MTBPS: Public Input	
23 Nov 2022	Special Appropriation Bill: Transnet briefing, with DPE Minister	
22 Nov 2022	Adjustments Appropriation Bill: COGTA & National Disaster Management Centre briefing; with Deputy Minister	
18 Nov 2022	Adjustments Appropriation Bill: DSD & SASSA briefing, with Minister	
15 Nov 2022	Division of Revenue Amendment Bill: Committee Report	
11 Nov 2022	Division of Revenue Amendment Bill: public hearings & SALGA input	
09 Nov 2022	2022 Division of Revenue Amendment Bill, 2022 Adjustments Bill, and 2022 Special Appropriation Bill: briefing by the Parliamentary Budget Office	
08 Nov 2022	Division of Revenue A/B, Adjustments Appropriation Bill & Special Appropriation Bill: FFC briefing	
02 Nov 2022	Division of Revenue A/B, Adjustments Appropriation Bill & Special Appropriation Bill: National Treasury briefing	
21 Sep 2022	Municipal Revenue Management Improvement Programme Underspending; Integrated Financial Management System Implementation	
20 Sep 2022	DFFE preliminary budget expenditure; with Minister	
16 Sep 2022	Impact of government's support interventions to businesses: PBO & DSBD briefings; with Minister	
14 Sep 2022	COGTA on preliminary outcomes as at the end of the Fourth Quarter of FY2021/22; with Deputy Minister	
13 Sep 2022	Department of Agriculture, Land Reform and Rural Development Q4 2021/22 Performance	



STANDING COMMITTEE ON APPROPRIATIONS (SCoA)		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
09 Sep 2022	Compensation Fund on issues contributing to its audit findings over the recent financial years; with Deputy Minister	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
07 Sep 2022	PRASA perennial underspending on capital infrastructure; with Ministry	
02 Sep 2022	Devolution of the infrastructure maintenance function: DPWI & Department of Defence briefing, with Ministers	
31 Aug 2022	Chief Procurement Officer on Requests for contract deviations and expansions in Quarter 1 2022/23	
30 Aug 2022	National Treasury Quarter 1 2022/23 Spending Outcomes for Departments & Public Entities; Update on State-Owned Companies	
26 Aug 2022	National departments consistently incurring fruitless and wasteful expenditure: AGSA briefing	
24 Aug 2022	FFC on 2023/24 Division of Revenue Bill Submission	
08 Jun 2022	Appropriation Bill & Second Adjustments Appropriation Bill: adoption	
01 Jun 2022	National Treasury Q4 2021/22 Performance for National Departments & Update on SOEs	
01 Jun 2022	Second Adjustments Appropriation Bill: public hearing; Appropriation Bill: response to submissions; with Deputy Minister	
31 May 2022	Appropriation Bill: public hearings	
27 May 2022	Appropriation Bill: Department of Social Development, with Minister	
25 May 2022	Appropriation Bill: Department of Employment and Labour; with Deputy Minister	
24 May 2022	Appropriation Bill: Department of Water and Sanitation briefing; with Ministry	
20 May 2022	Department of Police on the 2022 Appropriation Bill; with Deputy Minister	
17 May 2022	Appropriation Bill: DPWI briefing; with Minister	
11 May 2022	Second Adjustment Appropriation Bill: SASRIA briefing	
10 May 2022	FFC Briefing: Appropriation Bill & Second Adjustment Appropriation Bill	
04 May 2022	Appropriation Bill & Second Adjustments Appropriation Bill: PBO assessment	
03 May 2022	Appropriation Bill & Second Adjustment Appropriation Bill: National Treasury briefing	



# 07 PORTFOLIO COMMITTEES

## Standing Committee on Appropriations (SeCoA)

<b>SELECT COMMITTEE ON APPROPRIATIONS (SeCoA)</b>		
<b>DATE OF MEETING</b>	<b>TOPIC</b>	<b>HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS</b>
24 Mar 2023	Second Adjustments Appropriation (2022/23 Financial Year) Bill: Committee Report	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
22 Mar 2023	Division of Revenue Bill: SALGA Input and public hearings	
15 Mar 2023	Division of Revenue Bill & Second Adjustments Appropriation (2022/23 Financial Year) Bill: FFC & PBO briefing	
08 Mar 2023	Division of Revenue Bill & Second Adjustments Appropriation (2022/23 financial year) Bill: National Treasury briefing	
02 Dec 2022	Adjustments Appropriation & Special Appropriation Bill: finalisation; Proposed division of revenue and conditional grants allocations to Provinces and Local Government	
24 Nov 2022	Adjustments Appropriation Bill; Special Appropriation Bill: briefing	
22 Nov 2022	Division of Revenue Amendment Bill: Final Mandates & Committee Report	
21 Nov 2022	Division of Revenue Amendment Bill: Negotiating Mandates	
10 Nov 2022	Division of Revenue Amendment Bill: National Treasury, FFC and PBO briefing	
19 Oct 2022	2022 Medium-Term Budget Policy Statement Programme	
12 Oct 2022	Committee Reports on Grants	
07 Sep 2022	ECD Grant Expenditure in Q4 2021/22 Hearing with National Treasury & Department of Social Development; with Minister	
31 Aug 2022	Land Care Programme Grant: engagement with National Treasury, DALRRD and selected provinces; with Minister	
24 Aug 2022	Hearing with National Treasury & provinces on quarterly education grant performance; with Minister	
10 Aug 2022	Informal Settlements Upgrading Grant: National Treasury & Department of Human Settlements briefing; with Minister	
03 Aug 2022	FFC on 2023/24 Division of Revenue Bill Submission	
22 Jun 2022	Appropriation Bill & Second Adjustments Appropriation Bill: adoption	
25 May 2022	Appropriation Bill & Second Adjustments Appropriation Bill: FFC & PBO Input	
18 May 2022	Appropriation Bill & Second Adjustments Appropriation: National Treasury briefing & DoH Input	
11 May 2022	Division of Revenue Bill: Final Mandates	
04 May 2022	Division of Revenue Bill: Negotiating Mandates	



## Standing Committee on Public Accounts (SCoPA)

STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA)		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
14 Mar 2023	Bailouts to SOEs & government-backed guarantees: National Treasury briefing	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.
07 Mar 2023	Progress in resolving implementation of IFMS: National Treasury briefing; with Minister	
22 Nov 2022	National Treasury SCM Instruction No. 03 of 2021/22 & implementation of Integrated Financial Management System; with Minister	
01 Nov 2022	National Treasury, UIF, Compensation Fund Annual Report non-tabling: with Ministers	
03 May 2022	Quarter 4 2021/22 National deviations & expansions; Treasury Instruction Note 3 of 2021/22	

## Portfolio Committee on Small Business and Development

PORTFOLIO COMMITTEE ON SMALL BUSINESS AND DEVELOPMENT		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
15 Nov 2022	Session on Creating an Enabling Policy and Regulatory Environment for SMMEs and Co-operatives - The Role of National Treasury]	Matters addressed as presented at the meeting and subsequent responses to follow-up questions. Records available from the committee secretariat or on request from the National Treasury.

## Portfolio Committee on Police

PORTFOLIO COMMITTEE ON POLICE		
DATE OF MEETING	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
16 Nov 2022	Consideration of the A-List on the Protection of Constitutional Democracy against Terrorist and Related Activities Amendment Bill	Attendance only
18 Nov 2022	Adoption of the Committee Report on the Protection of Constitutional Democracy against Terrorist and Related Activities Amendment Bill	Attendance only

## Portfolio Committee on Cooperative Governance and Traditional Affairs

PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS		
DATE	TOPIC	HOW THE NATIONAL TREASURY HAS ADDRESSED THESE MATTERS
21 Sept 2022	Progress report on the intervention at Mangaung Metropolitan and Enoch Mgijima Local municipalities	



**08** **SCOPA  
RESOLUTIONS**

There were no Standing Committee on Public Accounts (SCOPA) resolutions adopted in 2022/23.



# PRIOR MODIFICATIONS TO AUDIT REPORTS

During 2021/22, the department obtained a qualified audit opinion with material misstatements. To address prior-year audit findings, an audit action plan has been developed which will be monitored by the Internal Audit Chief Directorate, through the external audit findings register. The goal is to ensure that audit findings raised by the external auditors are adequately addressed and to assess if the internal control measures, implemented to prevent these findings from recurring, are effective.

In addition, the external audit findings register will be presented to the quarterly Audit Committee, that will hold managers accountable to the audit findings action plan, particularly in relation to audit findings where deadlines for resolution have not yet been met. The purpose is to ensure adequate follow-through and finalisation of corrective measures within the agreed timeframes.

NATURE OF QUALIFICATION, DISCLAIMER, ADVERSE OPINION AND MATTERS OF NON-COMPLIANCE	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER
Misstatements in the annual financial statements and non-compliance with applicable legislation for supply chain management.	2019/20	<p>Improvements achieved in the preparation of financial statement and SCM governance matters were affirmed by the AGSA in the 2019/20 management report. However, requests to condone irregular contracts took longer than anticipated; hence the irregular, fruitless and wasteful expenditure continues to be highlighted as matters of emphasis. The delayed condonation requests were subsequently approved in 2021/22, resulting in a reduction of the irregular expenditure balance.</p> <p>The review of the interim financial statement and annual financial statements was strengthened by allocating sufficient time in the 2021/22 annual financial statement preparation project plan to ensure that the financials are reviewed adequately by Internal Control and Internal Audit. The department achieved a significant improvement in reducing the number of findings on compliance with SCM legislation, including transversal contracts as compared to prior years in which material non-compliance findings were raised.</p> <p>Furthermore, condonation was granted for prior year irregular expenditure to the amount of R128 million which resulted in a decrease in the overall cumulative irregular expenditure recognised.</p>
	2020/21	The review of the interim financial statement and annual financial statements through allocating sufficient time in the 2020/21 annual financial statements preparation project plan to ensure that the financials are reviewed adequately by Internal Control and Internal Audit.
Qualified audit opinion with material misstatements.	2021/22	Improvements were achieved through review of the interim and annual financial statements by allocating sufficient time in the 2021/22 annual financial statements preparation project plan to ensure that the financials are reviewed adequately by Internal Control and Internal Audit and ensuring that the findings from the from the two business units are implemented before the financial statements are submitted to the AGSA.



# 10 **INTERNAL CONTROL UNIT**

During the reporting period, the Internal Control Unit (ICU) continued to coordinate the control activities in the department to promote efficiency and to reduce the likelihood and impact of identified risks. It produced reliable financial statements which complied with legislation. The department maintains systems of internal control to mitigate identified risks, to ensure the integrity of the department's core activities of public finance management, transfers of funds, payments of financial assets and including safeguarding of its assets. The department has an organisational structure and division of responsibilities, that, together with established policies and procedures, are communicated throughout the department.

Significant strides were made in ensuring compliance with laws and regulations. This was done by continuously implementing preventative, investigative and corrective internal control measures to address and report cases of non-compliance and deviations from the department's normal processes and procedures. The unit also coordinated the departmental audit process.

The unit conducted contract management reviews which assisted in identifying any possible noncompliance with SCM legislations as well as internal departmental policies. Random checks of payment batches were performed to ensure that payments are in accordance with prescripts and improved standards of financial administration. The ICU will continue to improve its processes to achieve better control operations.



# INTERNAL AUDIT AND AUDIT COMMITTEES

Internal auditing is an independent and objective assurance and consulting activity that is guided by a policy of adding value to improve the operations of the department. The Internal Audit Chief Directorate provides shared services to National Treasury, Co-operative Banks Development Agency (CBDA), Government Technical Advisory Centre (GTAC), the Accounting Standards Board (ASB), and the Independent Regulatory Board for Auditors (IRBA).

It assists these organisations to accomplish their objectives by bringing a systematic and disciplined approach (risk-based audit approach) to evaluate and improve the effectiveness of the organisations' governance, risk management and internal control.

Internal Audit (IA) implemented its annual risk-based audit plan for 2022/23 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's Audit Committee. Twenty-four audits were approved and planned for in the audit plan for the 2022/23 financial year. Twenty-three audits were completed and reported to the Audit Committee. All audits and other work of the Internal Audit function were conducted in accordance with the International Standards for the Professional Practice of Internal Audit as issued by the Institute of Internal Auditors.

The Audit Committee is established as a statutory committee in terms of section 38(1)(a)(ii) and section 77 of the PFMA and Treasury Regulations. The committee performs an oversight and advisory role to the National Treasury and is accountable to the Accounting Officer, Executive Authority and the public to properly consider and evaluate all matters as per its terms of reference. The purpose of the committee is to assist the Executive Authority in fulfilling its oversight responsibilities and the Accounting Officer in fulfilling executive duties regarding the financial reporting process, the management of risk, the system of internal control, the audit process, and the department's process for monitoring compliance with laws, regulations and code of conduct. The committee also has a primary responsibility to the public to form an opinion on the effectiveness of those issues in its ambit and communicates this in the annual report in terms of the Treasury Regulations.



# 12 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

## LEGISLATIVE REQUIREMENTS

The Audit Committee herewith presents its report for the financial year ended 31 March 2023, as required by Treasury Regulation 3.1.13 read with section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

## MEMBERSHIP AND ATTENDANCE

The following meetings were held for the 2022/23 financial year:

#	MEETING	MEETING DATE	NUMBER OF MEMBERS ATTENDED
1	Special Audit Committee Meeting (AFS and APR)	31 May 2022	2
2	Ordinary Audit Committee Meeting Quarter 4	03 June 2022	3
3	Special Audit Committee Meeting (IFMS)	21 June 2022	3
4	Special Audit Committee Meeting to discuss AG Management Letter and AR	28 July 2022	3
5	Ordinary Audit Committee Meeting Quarter 1	24 August 2022	3
6	Ordinary Audit Committee Meeting Quarter 2	6 December 2022	3
7	Special Audit Committee Meeting (AG Report)	19 December 2022	3

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

NAME OF MEMBER	QUALIFICATIONS	APPOINTMENT DATE	NUMBER OF MEETINGS ATTENDED
Ms Pumla Mzizi	BCom Honours in Transport Economics CA (SA) BCompt Honours CTA	1 October 2018	6
Mr Brandon Furstenburg	Master of Science (MSc) in Financial Management, Master of Commerce (MCom) in Economics BCom Hons BCom FAIS exams: RE1, RE3 & RE5.	1 June 2016 (Resigned 30 April 2022)	0
Mr Freddy Sinthumule	Diploma in Finance and Auditing BCom Accounting MBA with special project on PFMA	1 July 2019	6
Mr M Geswint	B. Admin (Majors: Public Admin & Economics) B. Admin (Hons) Economics	24 May 2022	5



## THE AUDIT COMMITTEE'S RESPONSIBILITIES

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

## RISK MANAGEMENT

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

## INTERNAL AUDIT

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

The Committee approved a risk-based, three-year rolling, strategic internal audit plan and an annual audit coverage plan for the period 1 April 2022 to 31 March 2023, covering the following key audit activities for the 2022/23 financial year for the National Treasury:

TYPE	TOTAL PLANNED AUDITS	COMPLETED AUDITS
Regularity Audit	8	8 (100%)
Performance Audit	3	2 (67%)
Information Technology Audit	13	13 (100%)
Total Audits	24	23 (96%)

## Effectiveness of Internal Controls

In line with the Public Finance Management Act, 1999, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their adequacy and efficiency, and by developing recommendations for enhancement or improvement.



# 12 **AUDIT COMMITTEE REPORT**

The Accounting Officer retains responsibility for implementing such recommendations as per Treasury Regulation 3.1.12. The reports of Internal Audit and AGSA indicated the need to improve the system of internal control in areas pertaining to financial reporting and compliance with laws and regulations. The committee concludes that the system on internal control for the reporting period was not entirely adequate and effective.

## **Evaluation of Annual Financial Statements and the Annual Performance Information**

The committee evaluated the annual financial statements (AFS) and the annual performance information for the year ended 31 March 2022 and duly recommended them for the Accounting Officer's approval prior to being submitted to the AGSA for audit. Subsequently, the material misstatements corrected in the AFS were reviewed when the management report of the AGSA was discussed with the Audit Committee. The Audit Committee has discussed the external audit outcomes on the reporting on pre-determined objectives to be included in the annual report with the AGSA and the Accounting Officer.

## **Compliance with Legal and Regulatory Provisions**

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

## **External Audit**

We have reviewed the department's implementation plan for audit issues raised in the previous year and based on the interaction with the department and the internal audit reports, the committee is not satisfied that all matters have been adequately addressed. The Audit Committee is aware of an unresolved issue with respect to the current audit, pertaining to the difference in opinions regarding the application of the fruitless and wasteful expenditure definition which has now resulted in this qualified audit opinion and a material irregularity in the prior year. Except for the unresolved matter, the Audit Committee concurs and accepts the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the AGSA.



**General**

The Audit Committee notes that while a number of vacancies have been filled, the committee remains concerned about vacancy rates in critical positions especially the Chief Financial Officer and Chief Audit Executive.

We would like to express our appreciation to the Executive Authority, the Acting Director-General, Ismail Momoniat for his leadership and support, AGSA, Internal Audit and management for their commitment.

*Pumla Mzizi CA(SA)*

**Ms. Pumla Mzizi CA(SA)**

Chairperson of the Audit Committee

National Treasury

**Date:** 17 August 2023





2022/23

NATIONAL TREASURY

**ANNUAL REPORT**

VOTE 8

# PART D

# HUMAN RESOURCE MANAGEMENT



The information contained in this part of the Annual Report has been prescribed by the Minister for the Public Service and Administration (MPSA) for all departments in the public service.





2022/23  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8

# PART D

## HUMAN RESOURCE MANAGEMENT

### OVERVIEW OF HUMAN RESOURCES



## **2.1 STATUS OF HUMAN RESOURCES IN THE DEPARTMENT**

The National Treasury's vacancy rate increased to 17 per cent in 2022/23 from 14.59 per cent in the previous financial year. This has been as a result of reprioritisation of service delivery needs and delays in finalising a recruitment process. Limited movement is also due to inability to attract candidates meeting the minimum and requisite requirements, quality of applications being very poor causing the need to continuously re-advertise positions or publish errata to revise adverts to broaden the scope of competencies required. In June 2022, additional funding for 69 positions was approved, thus adding to the already existing high vacancy rate. One of the ways in which the department has dealt with this moratorium has been to implement a Rotation Policy which encourages employees to act in vacant unfunded positions without receiving acting allowances. This approach drives employee capacity building, development and exposure to diverse work functions.

Employee engagement continued through MS Teams, however, there was a reduction in structured sessions that the Acting Accounting Officer had with employees. Given that the National Treasury attracts highly skilled employees with the required technical knowledge, the focus continues to be on developing leadership, management and soft skills over the short-term; with maturity of these skills, the department's medium to long-term needs will be addressed. Human Resources Management (HRM) will continue to support technical training needs of all employees. Similarly, as a pipeline into the department, the National Treasury's Graduate Development Programme will continue to provide a foundation for entry level positions. The National Treasury's organisational structure is being reviewed and it is envisaged that this will help to attract technical entry level skills and that there will be a tailor-made career path model for these technical skills to ensure structured pipeline management, succession planning and retention.

The employee turnover rate for 2022/23 was 12.11 per cent, as compared to 7.18 per cent from the previous year. The approach around rotation of employees and acting in higher positions ensured that the department has a diverse set of skills and also builds a solid pipeline management. For the reporting period, 23 Interns were recruited and 27 were appointed permanently while 19 were appointed on one year contract extensions. Given the limitations in terms of entry level posts on the organisational structure, the process of reviewing the organisational structure is underway. In addition, the process of aligning the Intern's years of experience with the National Treasury's required minimum entry level experience, is being finalised. The department's Retention Framework has been developed to support the identification and retention of critical skills over the MTEF period.

## **2.2 HUMAN RESOURCE PRIORITIES FOR THE YEAR UNDER REVIEW**

The following were priorities during the reporting period:

- Talent attraction, acquisition and retention;
- Employee engagement and development;
- Human resources information management that ensures improved efficiency in HRM processes; and
- Decision-making.



## **02 OVERVIEW OF HUMAN RESOURCES**

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

The development of skills within National Treasury continues to be a key HR priority. National Treasury in general attracts highly skilled employees with the required technical knowledge. Focus will therefore be on developing leadership and management skills, including behavioural and generic competencies over the short to medium term, allowing for these skills to mature and address the department's medium to long term needs. Although focus will be on addressing the said skills, HR will continue to support technical and competency related training needs of all employees across functional areas and different echelons. In addition, the National Treasury's Graduate Development Programme will continue to provide a strong foundation at entry level positions into the department. The Mentorship and Coaching Framework has been put in place and is being implemented across the performer levels and is informed by the needs analysis.

HRM continues to drive its core strategies to address the workforce challenges identified. Increased integration between talent acquisition, the Graduate Development Programme (GDP) and talent management has allowed the department to focus on building talent internally. This supports the retention objectives through a focus on creating internal opportunities for employees, including international secondments, rotation within the department and promotion opportunities. The GDP continues to build a strong foundation with Interns in scarce and critical skills areas including economics, tax, finances, auditing and legal. Noting that the current legislation prohibits absorptions into vacant permanent positions, the department follows the recruitment process to appoint interns and Chartered Accountants Academy cadets into some position, however, the challenge of the organisational structure not having entry level positions does affect the pipeline and retention and is being attended to.

### **2.4 EMPLOYEE PERFORMANCE MANAGEMENT**

The department's Performance Management System has been enhanced with the review of the Performance Management as well as the Recognition and Rewards Policies. This suite of policies encourages a culture of performance across the department and has assisted in identifying underperformance that can be addressed through development programmes. The National Treasury has an approved Performance Management and Development Policy for all employees. During the reporting period, 95 per cent of Senior Management Service (SMS) members entered into performance agreements and SMS members who did not sign performance agreements with their line managers were not eligible for any performance related recognition and reward. The 2021/22 performance evaluation process was concluded on 31 March 2023 with the 2023/24 contracting process being finalised with the uploading of performance agreements on PERSAL by 30 June 2023. The 2022/23 performance assessment process has commenced and will be effectively managed to ensure compliance with DPSA Directives.





## **2.5 EMPLOYEE HEALTH AND WELLNESS PROGRAMME**

The Departmental Employee Health and Wellness programme is effectively and impactfully operating and encompasses physical, mental and emotional well-being with the aim of improving the lives of our employees. However, currently, we do not have the onsite primary health care services but rather psychosocial services. For primary health care services, we rely on the services rendered by GEMS.

For 2022/23 financial year, a total of 284 employees and their families utilized psychosocial services compared to the 135 in 2021/2022 financial year. Due to a lack of primary health care services, a total of 186 employees were screened in the 2022/23 financial year as compared to 873 staff members screened in 2021/22 financial year. As a means of addressing the lack of primary health care services GEMS was invited to provide screening services to employees. During the reporting period, GEMS provided two screening sessions, and a total of 12 educational events were conducted. The DPSA EHWP compliance reports were submitted in line with the DPSA Directives.

## **2.6 ACHIEVEMENTS AND CHALLENGES FACED BY THE DEPARTMENT**

### **ACHIEVEMENTS**

During the reporting period, the key priorities were to attract scarce and critical skills, improve HR processes across the HR value chain, enhance accountability, improve efficiencies in the Human Resources Management Chief Directorate and strengthen employee engagement. Highly engaged employees feel valued and are invested in the organisation. They strive to create innovative services and processes to the benefit of the department and service delivery. The skill sets required by the department in terms of technical skills merged in a single position (for example: economics, health and policy analysis) continued to create opportunities to close the gaps with regards to unique jobs.

### **CHALLENGES**

Shortage of critical financial skills in particular, leads to attraction and retention challenges for the National Treasury. Suitably qualified individuals are in a limited pool and therefore dictate certain aspects of the employment relationship. It remains a challenge to keep these employees engaged and retaining them for the desired periods. The National Treasury competes with the private sector for similar skills, this further limits the pool from which to attract skills and once acquired the challenge moves to retention of the skills in a highly competitive environment. This is combined with regulatory requirements that must be adhered to, but which exacerbate the challenges. Internal development and skills transfer therefore become key strategies for ensuring that capacity requirements are met. The limited flexibility within the existing structure remains a challenge however, as mentioned above, the organisational optimisation process and career path model should assist in minimising these current challenges.



## **OVERVIEW OF HUMAN RESOURCES**

### **2.7 FUTURE HUMAN RESOURCE PLANS/GOALS**

- Ensure that HRM provides strategic, value add and timeous services to the department.
- Enhance talent attraction acquisition and retention that is aligned to the departmental strategic objectives.
- Enhance employee engagement development and wellness initiatives.
- Embed the learning organisation and high-performance culture.
- Improve compliance with the legislative framework.
- Improve efficiency in HR processes and decision-making.





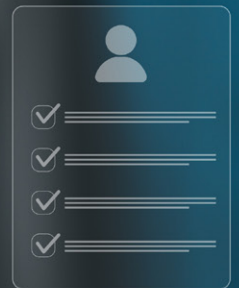
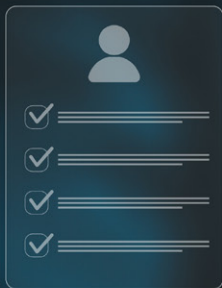
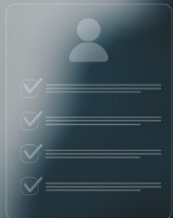


2022/23  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8

# PART D

## HUMAN RESOURCE MANAGEMENT

### OVERVIEW OF HUMAN RESOURCES



# HUMAN RESOURCES OVERSIGHT STATISTICS

03

## 3.1 PERSONNEL RELATED EXPENDITURE

TABLE 3.1.1 Personnel Expenditure by programme for the period 1 April 2022 and 31 March 2023

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	PROFESSIONAL AND SPECIAL SERVICES (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)*
<b>Programme 1:</b> Administration	486 826	208 617	1 484	38 757	42.85	617
<b>Programme 2:</b> Economic Policy, Tax, Financial Regulation and Research	119 142	76 704	34	12 935	64.38	959
<b>Programme 3:</b> Public Finance and Budget Management	4 289 832	234 927	233	593 975	5.48	943
<b>Programme 4:</b> Asset and Liability Management	5 225 491	84 075	210	12 750	1.61	876
<b>Programme 5:</b> Financial Systems and Accounting	716 652	213 089	791	75 397	29.73	839
<b>Programme 6:</b> International Financial Relations	2 848 635	33 023	80	34	1.16	1 001
<b>Programme 7:</b> Civil and Military Pensions, Contributions to Funds	6 773 586	0	0	64 376	0	0
<b>Programme 8:</b> Revenue Administration	11 635 781	0	0	0	0	0
<b>Programme 9:</b> Financial Intelligence and State Security	5 395 482	0	0	0	0	0
<b>Total</b>	<b>37 491 427</b>	<b>850 435</b>	<b>2 832</b>	<b>798 224</b>	<b>2.27</b>	<b>810</b>

\* Note: Percentage of average personnel cost per employee calculated based on the number of employees in table 3.2.1. Minister and Deputy Minister personnel expenditure included in total.

Table 3.1.2 Personnel costs by salary band, 2022/23

SALARY BANDS	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)***
Lower skilled (Levels 1-2)	0	0.00	0	0
Skilled (Levels 3-5)	10 754	1.27	39	276
Highly skilled production (Levels 6-8)	113 330	13.40	262	433
Highly skilled supervision (Levels 9-12)	395 704	46.78	494	801
Senior management (Levels 13-16)	326 051	38.55	253	1 289
<b>Total**</b>	<b>845 839</b>	<b>100.00</b>	<b>1048</b>	<b>807</b>

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

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



# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

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, 2022/23**

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	140 388	67.29	1 289	0.62	2 793	1.34	6 858	3.29
Programme 2	52 075	67.89	0	0	265	0.35	1 043	1.36
Programme 3	161 949	68.94	391	0.17	1 639	0.70	3 343	1.42
Programme 4	59 081	70.27	0	0	666	0.79	1 617	1.92
Programme 5	148 884	69.87	24	0.01	2 266	1.06	5 149	2.42
Programme 6	17 056	51.65	1	0.00	145	0.44	529	1.60
Programme 7	0	0	0	0	0	0	0	0
<b>Total****</b>	<b>579 433</b>	<b>68.13</b>	<b>1 705</b>	<b>0.20</b>	<b>7 774</b>	<b>0.91</b>	<b>18 539</b>	<b>2.18</b>

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

**Table 3.1.4 Salaries, overtime, home owners' allowance and medical assistance by salary band, 2022/23**

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)	8 428	78.37	370	3.44	472	4.39	776	7.22
Highly skilled production (Levels 6-8)	94 781	83.63	579	0.51	3 005	2.65	6 683	5.90
Highly skilled supervision (Levels 9-12)	263 426	66.57	756	0.19	3 068	0.78	8 175	2.07
Senior management (Levels 13-16)	210 028	64.42	0	0	1 228	0.38	2 905	0.89
<b>Total *****</b>	<b>576 663</b>	<b>68.18</b>	<b>1 705</b>	<b>0.20</b>	<b>7 773</b>	<b>0.92</b>	<b>18 539</b>	<b>2.19</b>

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

## 3.2 EMPLOYMENT AND VACANCIES

Table 3.2.1 Employment and vacancies by programme, 31 March 2023

PROGRAMME	NUMBER OF FUNDED POSTS	HEADCOUNT	VACANCY RATE %	NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT
Programme 1	401	338	15.71	77
Programme 2	116	80	31.03	2
Programme 3	291	249	14.43	9
Programme 4	111	96	13.51	3
Programme 5	301	254	15.61	34
Programme 6	42	33	21.43	4
Programme 7	0	0	0	0
<b>Total</b>	<b>1 262</b>	<b>1 050</b>	<b>16.80</b>	<b>129</b>

NB: Minister and Deputy Minister included in totals.

Table 3.2.2 Employment and vacancies by salary band, 31 March 2023

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)	49	39	20.41	0
Highly skilled production (Levels 6-8)	293	262	10.58	87
Highly skilled supervision (Levels 9-12)	601	494	17.80	33
Senior management (Levels 13-16)	319	255	20.06	9
<b>Total</b>	<b>1 262</b>	<b>1050</b>	<b>16.80</b>	<b>129</b>

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

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2023

No formal critical occupations were approved for the National Treasury.



# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

## 3.3 FILLING OF SMS POSTS

Table 3.3.1 SMS post information as at 31 March 2023

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	0	0	1	100.00
Salary Level 16	1	1	100.00	0	0
Salary Level 15	17	13	76.47	4	23.53
Salary Level 14	63	52	82.54	11	17.46
Salary Level 13	235	187	79.57	48	20.43
<b>Total</b>	<b>317</b>	<b>253</b>	<b>79.81</b>	<b>64</b>	<b>20.19</b>

Minister and Deputy Minister excluded in totals.

Table 3.3.2 SMS post information as at 30 September 2022

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS
Director-General/ Head of Department	1	0	0	1	100.00
Salary Level 16	1	1	100.00	0	0
Salary Level 15	13	9	69.23	4	30.77
Salary Level 14	63	52	82.54	11	17.46
Salary Level 13	226	193	85.40	33	14.60
<b>Total</b>	<b>304</b>	<b>255</b>	<b>83.88</b>	<b>49</b>	<b>16.12</b>

Minister and Deputy Minister excluded in totals.

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 to 31 March 2023

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	0	0
Salary Level 16	0	0	0
Salary Level 15	2	0	0
Salary Level 14	4	0	2
Salary Level 13	21	0	11
<b>Total</b>	<b>28</b>	<b>0</b>	<b>13</b>



# HUMAN RESOURCES OVERSIGHT STATISTICS

**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 2022 and 31 March 2023**

**REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS**

The Recruitment Unit is mandated by the needs of line managers’ vacancies. Some line managers choose to re-prioritise vacant and funded positions that are which get vacated and rather fill other more critical positions, whilst other line managers consider future needs or potential changes to their business units before advertising. The department has to constantly assess if the vacant position is critical for that financial year, and to ensure that it is in line with department’s Cost of Employment budget.

**REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS**

Some of the positions, especially hard to fill posts within the Economic Cluster, have been re-advertised several times, which at times lapse into the next financial year. The key challenges are the quality of applications, and the inflexible Directive for SMS, in terms of years of experience that must be complied with. This has created a serious challenge in the recruitment process, to the point that even headhunting has been unsuccessful, and reliance is now on internal pipelining which unfortunately will take years to ensure feeder applicants are available to apply for SMS posts.

**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 2022 and 31 March 2023**

**REASONS FOR VACANCIES NOT FILLED WITHIN SIX MONTHS**

An escalation process to the Chief Director: HRM who presented the recruitment dashboard to EXCO in order for Heads of Divisions to ensure compliance with the criteria and dates to fill positions, as well as the Recruitment Practice Note which was approved.

**REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS**

Similar to the response above, the Recruitment Practice Note has been approved as a way of addressing issues pertaining to the non-compliance to fill positions within 12 months, however some of the reasons are similar to reasons provided in 3.3.4 above, where the recruitment process is initiated but the quality of application is unsatisfactory. National Treasury has many positions which are highly technical and requires specific skills.



# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

## 3.4 JOB EVALUATION

Table 3.4.1 Job evaluation, 1 April 2022 to 31 March 2023

SALARY BAND NUMBER OF POSTS	NUMBER	NUMBER OF JOBS EVALUATED	% OF POSTS EVALUATED BY SALARY BANDS	POSTS UPGRADED		POSTS DOWNGRADED	
				NUMBER % OF POSTS EVALUATED	NUMBER % OF POSTS EVALUATED	NUMBER % OF POSTS EVALUATED	NUMBER % OF POSTS EVALUATED
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	49	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	293	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	601	35	5.82	35	100.00	0	0
Senior Management Service Band A	235	0	0	0	0	0	0
Senior Management Service Band B	63	0	0	0	0	0	0
Senior Management Service Band C	17	0	0	0	0	0	0
Senior Management Service Band D	4	0	0	0	0	0	0
<b>Total</b>	<b>1262</b>	<b>35</b>	<b>5,82</b>	<b>35</b>	<b>100.00</b>	<b>0</b>	<b>0</b>

NB: Minister and Deputy Minister included in totals.

Table 3.4.2 Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2022 to 31 March 2023

BENEFICIARIES	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	13	1	0	0	14
Male	20	0	1	0	21
Employees with a disability	0	0	0	0	0
<b>Total</b>	<b>33</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>35</b>

Table 3.4.3 Employees whose salary level exceeded the grade determined by job evaluation, 1 April 2022 to 31 March 2023 (in terms of PSR 1.V.C.3)

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR DEVIATION
None	0	0	0	N/A
Total number of employees whose salaries exceeded the level determined by job evaluation in 2022/23	0			
Percentage of total employment (1050 as at 31 March 2023)	0.00%			

# HUMAN RESOURCES OVERSIGHT STATISTICS

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Table 3.4.4 Profile of employees whose salary level exceeded the grade determined by job evaluation, 1 April 2022 to 31 March 2023 (in terms of PSR 1.V.C.3)

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 3.5 EMPLOYMENT CHANGES

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 to 31 March 2023

SALARY BAND	NUMBER OF EMPLOYEES AS AT 31 MARCH 2022	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE %
Lower skilled (Levels 1-2)	0	0	0	0.00
Skilled (Levels 3-5)	38	6	4	10.53
Highly skilled production (Levels 6-8)	288	42	52	18.06
Highly skilled supervision (Levels 9-12)	484	56	50	10.33
Senior Management Service Band A	189	4	18	9.52
Senior Management Service Band B	53	2	3	5.66
Senior Management Service Band C	10	3	0	0.00
Senior Management Service Band D	3	1	2	66.67
<b>Total</b>	<b>1065</b>	<b>114</b>	<b>129</b>	<b>12.11</b>

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

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

No formal critical occupations were approved for the National Treasury.

Table 3.5.3 Reasons for staff leaving the Department

TERMINATION TYPE	NUMBER	% OF TOTAL
Contract Expiry	50	38.76
Death	2	1.55
Retirement	12	9.30
Resignation	56	43.41
Severance Package	1	0.78
Transfer to other Public Service Departments	8	6.20
<b>Total</b>	<b>129</b>	<b>100.0</b>
<b>Total Number of employees who left as a % of total employment (1050 as at 31 March 2023)</b>	<b>129</b>	<b>12.29</b>



# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023**

No formal critical occupations were approved for the National Treasury.

**Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023**

SALARY BAND	EMPLOYEES 31 MARCH 2022	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)	38	0	0
Highly skilled production (Levels 6-8)	288	3	1.04
Highly skilled supervision (Levels 9-12)	484	19	3.93
Senior management (Levels 13-16)	255	15	5.88
<b>Total</b>	<b>1 065</b>	<b>37</b>	<b>3.47</b>

*NB: Upgrades due to upgrading of post and Accelerated/Grade Progression excluded in totals*

## 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 2023**

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	77	8	12	16	97	5	9	25	<b>249</b>
Professionals	192	11	5	21	232	7	7	19	<b>494</b>
Technicians and associate professionals	31	2	0	2	78	7	2	17	<b>139</b>
Clerks	44	0	0	1	76	0	3	7	<b>131</b>
Service and sales workers	17	0	0	0	5	0	0	0	<b>22</b>
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	<b>0</b>
Elementary occupations	6	0	0	0	9	0	0	0	<b>15</b>
<b>Total</b>	<b>367</b>	<b>21</b>	<b>17</b>	<b>40</b>	<b>497</b>	<b>19</b>	<b>21</b>	<b>68</b>	<b>1050</b>
Employees with disabilities	2	1	0	5	2	0	0	1	<b>11</b>

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



# HUMAN RESOURCES OVERSIGHT STATISTICS

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Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2023

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management	6	1	3	1	10	0	0	2	23
Senior management	76	7	9	16	90	5	9	23	235
Professionally qualified and experienced specialists and mid-management	146	8	5	17	168	9	7	21	381
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	120	3	0	5	216	5	5	22	376
Semi-skilled and discretionary decision making	19	2	0	1	13	0	0	0	35
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>367</b>	<b>21</b>	<b>17</b>	<b>40</b>	<b>497</b>	<b>19</b>	<b>21</b>	<b>68</b>	<b>1050</b>

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

Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	2	0	0	0	0	0	0	0	2
Senior management (13-14)	3	0	0	0	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management (9-12)	19	0	0	1	24	1	0	1	46
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	20	0	0	0	20	0	0	1	41
Semi-skilled and discretionary decision making (3-5)	2	0	0	0	3	0	0	0	5
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>46</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>48</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>98</b>
Employees with disabilities	0	0	0	0	0	1	0	0	1

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



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**Table 3.6.4 Promotions for the period 1 April 2022 to 31 March 2023**

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	1	0	0	0	0	0	0	0	1
Senior management (13-14)	6	0	0	1	5	0	1	1	14
Professionally qualified and experienced specialists and mid-management (9-12)	11	0	0	0	8	0	0	0	19
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	3	0	0	0	0	0	0	0	3

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Semi-skilled and discretionary decision making (3-5)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>13</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>37</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**Table 3.6.5 Terminations for the period 1 April 2022 to 31 March 2023**

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top management (15-16)	1	0	0	0	1	0	0	0	2
Senior management (13-14)	9	0	0	2	3	1	0	1	16
Professionally qualified and experienced specialists and mid-management (9-12)	24	0	0	2	17	1	1	1	46
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6-8)	30	0	0	3	20	0	0	0	53
Semi-skilled and discretionary decision making (3-5)	4	0	0	0	0	0	0	0	4
Unskilled and defined decision making (1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>41</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>121</b>
Employees with disabilities									

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



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Table 3.6.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

DISCIPLINARY ACTION	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
	4	0	0	0	1	0	0	0	5

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

OCCUPATIONAL CATEGORIES	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	45	2	1	4	79	1	2	12	146
Professionals	222	0	0	7	187	4	2	3	425
Technicians and associate professionals	30	0	0	0	78	0	0	4	112
Clerks	170	0	0	3	196	1	0	4	374
Service and sales workers	15	0	0	0	6	0	0	0	21
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	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>482</b>	<b>2</b>	<b>1</b>	<b>14</b>	<b>546</b>	<b>6</b>	<b>4</b>	<b>23</b>	<b>1 078</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

NB: Minister and Deputy Minister not included in totals.



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### 3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

In ensuring compliance to the Performance Management and Development Policy, the following table depicts the performance agreement compliance by Members of the Senior Management Service. The information is presented in terms of race, gender and disability (Table 3.7.1), salary bands (Table 3.7.2) and critical occupations (Table 3.7.3).

TABLE 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS MEMBERS	TOTAL NUMBER OF SIGNED PERFORMANCE AGREEMENTS	SIGNED PERFORMANCE AGREEMENTS AS % OF TOTAL NUMBER OF SMS MEMBERS
Director-General/ Head of Department	1	1	1	100.00
Salary Level 16	0	0	0	0
Salary Level 15	13	11	10	90.91
Salary Level 14	62	54	46	85.19
Salary Level 13	226	189	186	98.41
<b>Total</b>	<b>302</b>	<b>255</b>	<b>243</b>	<b>95.29</b>

NB: Minister and Deputy Minister not included in totals.

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 May 2022

STATUS	13	14	15	16	TOTAL	REASONS:
Performance Agreements not submitted	3	8	1	0	12	<ul style="list-style-type: none"> <li>8 employees submitted their Performance Agreements for supervisor's approval.</li> <li>4 employees did not comply with the PMDS process.</li> </ul>
<b>Grand Total</b>	<b>3</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>12</b>	

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 May 2022

Consequence management process underway.



### 3.8 PERFORMANCE REWARDS

Table 3.8.1 Performance rewards by race, gender, and disability, 1 April 2022 to 31 March 2023

RACE AND GENDER	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN GROUP	COST (R'000)	AVERAGE COST PER EMPLOYEE
African	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Asian	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
White	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Table 3.8.2 Performance rewards by salary band for personnel below SMS (1 April 2022 to 31 March 2023)

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Lower skilled (Levels 1-2)	0	0	0	0	0	0
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)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2022 to 31 March 2023

No formal critical occupations were approved for the National Treasury.



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Table 3.8.4 Performance related rewards (cash bonus), by salary band, for SMS (1 April 2022 to 31 March 2023)

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Band A	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 3.9 FOREIGN WORKERS

Table 3.9.1 Foreign workers by salary band, 1 April 2022 to 31 March 2023

SALARY BAND	MARCH 2022		MARCH 2023		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)	2	22.22	0	0	0	0
Senior management (Levels 13-16)	7	77.78	8	100	1	100.00
<b>Total</b>	<b>9</b>	<b>100.00</b>	<b>8</b>	<b>100</b>	<b>1</b>	<b>100.00</b>

Table 3.9.2 Foreign workers by major occupation, 1 April 2022 to 31 March 2023

SALARY BAND	MARCH 2022		MARCH 2023		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Senior management	7	77.78	8	100.00	1	100.00
Professional qualified	2	22.22	0	0	0	0
Skilled technical	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>100.00</b>	<b>8</b>	<b>100.00</b>	<b>1</b>	<b>100.00</b>



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## 3.10 LEAVE UTILISATION

Table 3.10.1 Sick leave, 1 January 2022 to 31 December 2022

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING SICK LEAVE	% OF TOTAL EMPLOYEES USING SICK LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower skilled (Levels 1-2)	0	0.00	0	0.00	0	0
Skilled (Levels 3-5)	194	86.60	23	4.56	8	204
Highly skilled production (Levels 6-8)	974	83.78	156	30.95	6	1633
Highly skilled supervision (Levels 9-12)	1262	84.31	228	45.24	6	3900
Senior management (Levels 13-16)	552	80.07	97	19.25	6	2495
<b>Total</b>	<b>2982</b>	<b>83.50</b>	<b>504</b>	<b>100.00</b>	<b>6</b>	<b>8232</b>

Table 3.10.2 Disability leave (temporary and permanent), 1 January 2022 to 31 December 2022

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	0,00	0	0
Skilled (Levels 3-5)	19	100.00	1	5.26	19	20
Highly skilled production (Levels 6-8)	54	100.00	1	1.85	54	79
Highly skilled supervision (Levels 9-12)	0	0	0	0.00	0	0
Senior management (Levels 13-16)	0	0	0	0.00	0	0
<b>Total</b>	<b>73</b>	<b>100.00</b>	<b>2</b>	<b>2.74</b>	<b>73</b>	<b>99</b>

Table 3.10.3 Annual Leave for the period 1 January 2022 to 31 December 2022

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)	648	37	18
Highly skilled production (Levels 6-8)	5227	291	18
Highly skilled supervision (Levels 9-12)	9140	520	18
Senior management (Levels 13-16)	5501	270	20
<b>Total</b>	<b>20516</b>	<b>1118</b>	<b>18</b>



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Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

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 2022
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	22
Highly skilled production (Levels 6-8)	0	0	0	19
Highly skilled supervision (Levels 9-12)	1	1	1	27
Senior management (Levels 13-16)	3	1	3	22
<b>Total</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>23</b>

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 2022 to 31 March 2023

REASON	TOTAL AMOUNT (R'000) (A)	NUMBER OF EMPLOYEES (B)	AVERAGE PAYMENT PER EMPLOYEE (R'000) (C=A/B)
Leave payout for 2022/23 due to non-utilisation of leave for the previous cycle	455	12	38
Capped leave payouts on termination of service for 2022/23	1 153	11	105
Current leave payout on termination of service for 2022/23	4 541	151	30
<b>Total</b>	<b>6 149</b>	<b>174</b>	<b>35</b>

## 3.11 HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

UNITS/CATEGORIES OF EMPLOYEES IDENTIFIED TO BE AT HIGH RISK OF CONTRACTING HIV & RELATED DISEASES (IF ANY)	KEY STEPS TAKEN TO REDUCE THE RISK
<p>The National Treasury has an On-Site clinic which provides regular health screening. The highest trends of health issues noted are employees with signs of obesity and pre-hypertension. An increase in Psychosocial Services was noticed as compared to the previous financial year.</p> <p>The GEMS health screening conducted in 2022/23 assisted in identifying the employees at risk. The highest trend of health issues from the screening conducted was pre-obese and obese. Furthermore, hypertension stage 9 and rising blood glucose were detected. From the psychosocial assessment done, there was a rising in cases relating to bereavement and stress.</p>	<p>Awareness of obesity, stress management, hypertension, AIDS, TB management, and balance- between life and work was done to sensitise the employees about the importance of physical health and disease management. Furthermore, information sessions on mental health awareness were held and all employees were invited to attend.</p>

Table 3.11.2 Details of health promotion and HIV and AIDS programmes

QUESTION	YES	NO	DETAILS, IF YES
1. Has the department designated a member of the SMS to implement the provisions contained in Chapter 4, Part 3, Regulation 55 of the Public Service Regulations, 2016? If so, provide her/his name and position.	Yes		Lebogang Molefe Director: Organizational Development
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		The Department has a dedicated Employee Health and Wellness Programme unit. Rebotile Letsoalo- Deputy Director: EHWP One employee is responsible for the EHWP.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	Yes		The NT Employee Assistance Programme addresses psychosocial issues affecting both the employees and their immediate family members. The key elements are: 1. Individual counselling 2. Group counselling 3. Trauma debriefing 4. Managerial consultancy 5. Financial advice 6. Legal advice  Presentation on health topics for e.g. Mental health, stress management, GBV etc.
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 transformation committee constitutes of SMS, MMS, Lower level, Organised Labour and employees with disabilities. The committee held two meetings in 2022/23 financial year and a progress report on activities of the committee was send to the Accounting Officer.
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 Department has reviewed its Policy on HIV/AIDS and TB Management in 2018 and the policies are still valid.
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		The Department has an approved HIV/AIDS Policy that gives guidance to the NT on how to respond to issues pertaining to HIV/AIDS in the workplace. The policy addresses non-discriminatory practices in the workplace for the infected employees. It further gives guidance in terms of the reasonable accommodation to employees living with HIV/AIDS.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		The Department conducts awareness on HIV/AIDS to encourage employees to go for voluntary counseling and testing. GEMS service provider is regularly invited to conduct health screening for employees that includes counseling and testing. From the report received from the service provider, the statistics of HIV-tested employees have slightly increased. Both female and male condoms are distributed to both male and female bathrooms.
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		The Department utilises the quarterly reports used to report to DPSA for monitoring and evaluation of the health programmes. The department also uses the internal Chief Directors Operational plans to measure, monitor and evaluate the programme.



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## 3.12 LABOUR RELATIONS

Table 3.12.1 Collective agreements, 1 April 2022 to 31 March 2023

SUBJECT MATTER	DATE
N/A	N/A

Table 3.12.2 Misconduct and disciplinary hearings finalised, 1 April 2022 to 31 March 2023

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL
Written Warning	2	40.00
Final Written Warning	3	60.00
<b>Total</b>	<b>5</b>	<b>100.00</b>

Table 3.12.3 Types of misconduct addressed at disciplinary hearings

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
Sexual Harassment	1	20.00
Irregular Expenditure	2	40.00
Poor work performance	1	20.00
Insubordination, dereliction of duties, non-compliance with leave policy	1	20.00
<b>Total</b>	<b>5</b>	<b>100.00</b>

Table 3.12.4 Grievances lodged for the period 1 April 2022 to 31 March 2023

GRIEVANCES	NUMBER	% OF TOTAL
Number of grievances resolved	12	75.00
Number of grievances not resolved	4	25.00
Total number of grievances lodged	16	100.00



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Table 3.12.5 Disputes lodged with Councils for the period 1 April 2022 to 31 March 2023

DISPUTES	NUMBER	% OF TOTAL
Number of disputes upheld	3	20.00
Number of disputes dismissed	1	6.67
Number of disputes pending	7	46.67
Number settled	1	6.67
Number of new disputes lodged	3	20.00
Total number of disputes	15	100.00

Table 3.12.6 Strike actions for the period 1 April 2022 to 31 March 2023

TOTAL NUMBER OF PERSON WORKING DAYS LOST	% OF TOTAL
Total cost (R'000) of working days lost	0
Total cost 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 2022 to 31 March 2023

PRECAUTIONARY SUSPENSIONS	TOTAL
Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	150
Cost of suspensions	R145 588.58



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## 3.13 SKILLS DEVELOPMENT

Table 3.13.1 Training needs identified as at 31 March 2022

OCCUPATIONAL CATEGORIES	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2022	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	139	0	171	1	172
	Male	109	0	157	1	158
Professionals	Female	258	0	200	4	204
	Male	229	0	162	0	162
Technicians and associated professionals	Female	114	4	72	0	76
	Male	36	5	15	0	20
Clerks	Female	101	0	94	0	94
	Male	43	0	17	0	17
Service and sales workers	Female	9	0	12	0	12
	Male	14	0	35	0	35
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	7	0	0	0	0
	Male	6	0	0	0	0
Subtotal	Female	628	4	549	5	558
	Male	437	5	386	1	392
<b>Total</b>		<b>1065</b>	<b>9</b>	<b>935</b>	<b>6</b>	<b>950</b>

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



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Table 3.13.2 Training provided, 1 April 2022 to 31 March 2023

OCCUPATIONAL CATEGORIES	GENDER	NUMBER OF EMPLOYEES AS AT 31 MARCH 2022	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			TOTAL
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	
Legislators, senior officials and managers	Female	139	0	34	2	36
	Male	109	0	23	5	28
Professionals	Female	258	0	62	3	65
	Male	229	0	49	2	51
Technicians and associated professionals	Female	114	4	32	0	36
	Male	36	5	19	0	24
Clerks	Female	101	0	31	2	33
	Male	43	0	19	1	20
Service and sales workers	Female	9	0	3	0	3
	Male	14	0	5	0	5
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators & assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	7	0	0	0	0
	Male	6	0	0	0	0
Subtotal	<b>Female</b>	<b>628</b>	<b>4</b>	<b>162</b>	<b>7</b>	<b>173</b>
	<b>Male</b>	<b>437</b>	<b>5</b>	<b>115</b>	<b>8</b>	<b>128</b>
<b>Total</b>		<b>1065</b>	<b>9</b>	<b>277</b>	<b>15</b>	<b>301</b>

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



## 03 HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.14 INJURY ON DUTY

Table 3.14.1 Injuries on duty, 1 April 2022 to 31 March 2023

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
Required basic medical attention only	0	0
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 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 2022 and 31 March 2023

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORKDAYS)	CONTRACT VALUE INRAND
Appointment of an International Service Provider for an Independent Assessment of ESKOM's operational situation for a period of three (3) months	VGBE ENERGY SERVICE	3 months	R 41,006,493,00
Appointment of a service provider to perform an independent assessment on the national treasury ALM back-office system infrastructure for a period of 30 days	EDGEEXEC (PTY) LTD	1 month	R 456,000,00
Request for appointment of a service provider to provide review of 2021/22 annual financial statements for Co-operative Banks Development Agency (CBDA)	MORAR INCORPORATED	1 month	R 108,576,00
Request for appointment of service provider for the provision of comprehensive editorial services to draft macroeconomic review and the final microeconomic review for a period of nine months	NGOMSO RESEARCH, WRITING AND EDITING SERVICES CC	9 months	R 94,000,00

# HUMAN RESOURCES OVERSIGHT STATISTICS

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PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORKDAYS)	CONTRACT VALUE INRAND
Request for deviation from normal process and continue with the services of Tsheto Leadership and Coaching Academy (PTY) LTD to render leadership coaching services for the Chief Director: Multilateral Develop Bank and Concession, Ms Nolundi Dikweni	TSHETO LEADERSHIP AND COACHING ACADEMY (PTY) LTD	4 months	R 81, 610,00
Appointment of service provider(s) to transform executive leadership and management through coaching for a period of 6 months	PRICEWATERHOUSECOOPERS INCORPORATED	6 months	R 3, 702, 369,80
Request for approval to appoint a service provider to provide coaching services in the Office of the Chief Procurement Officer for a period of six months	TSHETO LEADERSHIP AND COACHING ACADEMY	6 months	R 201, 150,00
Provision of services as National Cabinet representative and technical support team at the Enoch Mgijima local Municipality in Eastern Cape province.	TRIPLE HELIX (PTY) LTD	12 months	R 12, 956, 178,00
Deviation from SCM process and appointing a single source provider to assist with preventing South Africa being greylisted by the Financial Action Task Force	ANTHONY PAUL ALTBEKER	6 months	R 576, 000,00
Appointment of legal firm to support National Treasury in the implementation of possible debt relief for Eskom	BOWMAN GILFILLAN INCORPORATED	2 months	R 1, 400, 000, 00
Request for appointment of a service provider to render professional services to National Treasury (NT) information and communication technology (ICT) for 3 months	DLK GROUP	3 months	R 363, 768,00
Request to deviate from the treasury procurement processes to re-appoint the National Cabinet representative in the Lekwa Local Municipality	JOHANNE METTLER	3 months	R 1, 200, 000,00
Provision of services as National Cabinet Representative and technical support team at the Mangaung Metropolitan Municipality in Free State Province	NTIYISO CONSULTING	12 months	R 14, 208, 480,00
Request for approval to appoint a service provider to coach 12 chief directors for a period of 12 months	CRUCIAL COMMUNICATIONS CC	12 months	R 803, 160,00
Appointment of a service provider to coach executive manager for a period of 12 months	CRUCIAL COMMUNICATIONS CC	12 months	R 97, 980,00
Appointment of service provider to prepare the financial recovery plans for Enoch Mgijima, Tokologo, Walter Sisulu and Mafube Local Municipalities, the OR Tambo District Municipality and the Mangaung Metropolitan Municipality	STANGRA INVESTMENTS (PTY) LTD	4 months	R1, 150, 000,00
Appointment of service provider to prepare the financial recovery plans for Enoch Mgijima, Tokologo, Walter Sisulu and Mafube Local Municipalities, the OR Tambo District Municipality and the Mangaung Metropolitan Municipality	AKHILE MANAGEMENT AND CONSULTING (PTY) LTD	4 months	R 1, 236, 026,00
Appointment of service provider to prepare the financial recovery plans for Enoch Mgijima, Tokologo, Walter Sisulu and Mafube Local Municipalities, the OR Tambo District Municipality and the Mangaung Metropolitan Municipality	LUTA MANAGEMENT SERVICES (PTY) LTD	4 months	R 1 150, 000, 00



# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORKDAYS)	CONTRACT VALUE INRAND
Appointment of service provider to prepare the financial recovery plans for Enoch Mgijima, Tokologo, Walter Sisulu and Mafube Local Municipalities, the OR Tambo District Municipality and the Mangaung Metropolitan Municipality	PROPELLIUS (PTY) LTD	4 Months	R1 150 000,00
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	AKHILE MANAGEMENT AND CONSULTING (PTY) LTD	4 months	R 1, 000, 000,00
Appointment of service provider to prepare the financial recovery plans for Enoch Mgijima, Tokologo, Walter Sisulu and Mafube Local Municipalities, the OR Tambo District Municipality and the Mangaung Metropolitan Municipality	OPEN WATER ADVANCED RISK SOLUTIONS (PTY) LTD	4 months	R1 050 000,00
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	OPEN WATER ADVANCED RISK SOLUTIONS (PTY) LTD	4 months	R 1, 000, 000,00
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	PROPELLIUS (PTY) LTD	4 months	R 1, 000, 000,00
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	STANGRA INVESTMENTS (PTY) LTD	4 months	R 878, 798,52
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	MNTAMBO FINANCIAL CONSULTING CC	4 months	R 1, 000, 000,00
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	LUTA MANAGEMENT SERVICES (PTY) LTD	4 months	R 1, 000, 000,00
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	S AND G BUSINESS CONSULTING (PTY) LTD	4 months	R 953, 370,00
Request for approval to appoint a service provider for group coaching sessions for a period of six (6) months	HUMAN MIRROR	6 months	R 211, 600,00
Appointment of service provider for the actuarial valuation of postretirement medical liabilities in the public service.	ALEXANDER FORBES	3 Months	R 920,000,00
Appointment of service provider to perform editing and layout design of CBDA annual reports 2021/22 and 2022/23 for Co-operative Banks Development Agency for a period of two (2) years	MEDIA MEME	2 years	R 480,240,00
Appointment of a service provider for the provision of comprehensive editorial services for 2022/23 budget documentation - Medium Term Budget Policy Statement and Budget Review	CLARITY GLOBAL STRATEGIC COMMUNICATIONS	Budget period 2022/23	R1 763 813,00



# HUMAN RESOURCES OVERSIGHT STATISTICS

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PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORKDAYS)	CONTRACT VALUE INRAN
Appointment of a legal firm to support treasury with the domestic sukuk issuance	WHITE & CASE SA	2 Years	R750 000,00
Request service provider to provide IBM MQ Websphere license renewal and ad-hoc support for a period of three years	JUMPCO CONSULTING (PTY) LTD	3 years	R708 197,71
Service provider to provide BMC Software License Renewal and Ado-Hoc support for a period of (3) years	BLUE TURTLE TECHNOLOGIES (PTY) LTD	3 years	R841 911,76
Appointment of a service provider for the provision of comprehensive editorial services 2022/23 budget documentation - Adjusted Estimates National Expenditure (AENE) and Estimates National Expenditure (ENE) publications	MEDIA MEME	Budget period 2022/23	R1,244,213,75

Table 3.15.2 Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	DONOR AND CONTRACT VALUE IN RAN
N/A	0	0	0

Table 3.15.3 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
Request for appointment of a service provider to provide review of 2021/22 annual financial statements for Co-operative Banks Development Agency (CBDA)	100% Black	100% Black	MEDIA MEME
Request for deviation from normal process and continue with the services of Tsheto Leadership and Coaching Academy (PTY) LTD to render leadership coaching services for the Chief Director: Multilateral Develop Bank and Concession, Ms Nolundi Dikweni	100% Black	100% Black	TSHETO LEADERSHIP AND COACHING ACADEMY (PTY) LTD
Request for approval to appoint a service provider to provide coaching services in the Office of the Chief Procurement Officer for a period of six months	100% Black	100% Black	TSHETO LEADERSHIP AND COACHING ACADEMY (PTY) LTD
Provision of services as National Cabinet representative and technical support team at the Enoch Mgijima local Municipality in Eastern Cape province.	100% Black	100% Black	TRIPLE HELIX (PTY) LTD
Request for appointment of a service provider to render professional services to National Treasury (NT) information and communication technology (ICT) for 3 months	100% Black	100% Black	DLK GROUP
Provision of services as National Cabinet Representative and technical support team at the Mangaung Metropolitan Municipality in Free State Province	100% Black	100% Black	NTIYISO CONSULTING



# 03 HUMAN RESOURCES OVERSIGHT STATISTICS

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
Appointment of service provider to prepare the financial recovery plans for Enoch Mgijima, Tokologo, Walter Sisulu and Mafube Local Municipalities, the OR Tambo District Municipality and the Mangaung Metropolitan Municipality	100% Black	100% Black	STANGRA INVESTMENTS (PTY) LTD
Appointment of service provider to prepare the financial recovery plans for Enoch Mgijima, Tokologo, Walter Sisulu and Mafube Local Municipalities, the OR Tambo District Municipality and the Mangaung Metropolitan Municipality	100% Black	100% Black	AKHILE MANAGEMENT AND CONSULTING (PTY) LTD
Appointment of service provider to prepare the financial recovery plans for Enoch Mgijima, Tokologo, Walter Sisulu and Mafube Local Municipalities, the OR Tambo District Municipality and the Mangaung Metropolitan Municipality	100% Black	100% Black	LUTA MANAGEMENT SERVICES (PTY) LTD
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	100% Black	100% Black	AKHILE MANAGEMENT AND CONSULTING (PTY) LTD
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	55 Black%	55 Black%	OPEN WATER ADVANCED RISK SOLUTIONS (PTY) LTD
RFQ299-2022: The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	100% Black	100% Black	STANGRA INVESTMENTS (PTY) LTD
RFQ299-2022: The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	100% Black	100% Black	MNTAMBO FINANCIAL CONSULTING CC
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	100% Black	100% Black	LUTA MANAGEMENT SERVICES (PTY) LTD
The appointment of service provider to prepare the financial recovery plan for Madibeng, Naledi, Ramotshere, Moiloa, Ditsobotla, Tswaing, Kgetlengrivier local Municipalities and the Dr Ruth Segomotsi Mompoti district municipality in the North West	100% Black	100% Black	S AND G BUSINESS CONSULTING (PTY) LTD



# HUMAN RESOURCES OVERSIGHT STATISTICS

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PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
Appointment of service provider to perform editing and layout design of CBDA annual reports 2021/22 and 2022/23 for Co-operative Banks Development Agency for a period of two (2) years	100% Black	100% Black	MEDIA MEME
Appointment of service provider(s) to transform executive leadership and management through coaching for a period of 6 months	35.28% Black	35.28% Black	PRICEWATERHOUSECOOPERS INCORPORATED
Appointment of a legal firm to support treasury with the domestic sukuk issuance	51% Black	51% Black	WHITE AND CASE
Request service provider to provide IBM MQ Websphere license renewal and ad-hoc support for a period of three years			JUMPCO CONSULTING (PTY) LTD
Appointment of a service provider for the provision of comprehensive editorial services for 2022/23 budget documentation - Medium Term Budget Policy Statement and Budget Review	75% Black	75% Black	CLARITY GLOBAL STRATEGIC COMMUNICATIONS
Service provider to provide BMC Software License Renewal and Ad-Hoc support for a period of (3) years	30%Black	30%Black	BLUE TURTLE TECHNOLOGIES (PTY) LTD
Appointment of a service provider for the provision of comprehensive editorial services 2022/23 budget documentation - Adjusted Estimates National Expenditure (AENE) and Estimates National Expenditure (ENE) publications	100% Black	100% Black	MEDIA MEME
Request service provider to provide IBM MQ Websphere license renewal and ad-hoc support for a period of three years	61.71%Black	61.71%Black	JUMPCO CONSULTING (PTY) LTD

## 3.16 SEVERANCE PACKAGES

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2022 and 31 March 2023

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)	1	1	1	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>





2022/23

NATIONAL TREASURY

**ANNUAL REPORT**

VOTE 8

# PART E

# PUBLIC FINANCE MANAGEMENT ACT (PFMA) COMPLIANCE REPORT





# IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

## IRREGULAR EXPENDITURE

### RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2022/2023	2021/2022
	R'000	R'000
Opening balance	269 329	289 974
Prior Period Errors	-	-
As Restated	-	-
Add: Irregular Expenditure confirmed	12 128	30 682
Less: Irregular Expenditure condoned	-	-
		51 327
Less: Irregular Expenditure not condoned and removed	-	-
Less: Irregular Expenditure recoverable	-	-
Less: Irregular Expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>281 457</b>	<b>269 329</b>

*The amounts disclosed in the current and prior financial year relates mainly to irregular expenditure incurred on multi-year contracts, with the exception of Deloitte which was a once-off expenditure confirmed and incurred during the 2021/22 financial year*

### RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

DESCRIPTION	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure that was under assessment in 2021/22	-	-
Irregular Expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular Expenditure for the current year	12 128	30 682
<b>Total</b>	<b>12 128</b>	<b>30 682</b>



# 01 IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

## DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION <sup>1</sup>	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure under assessment	-	-
Irregular Expenditure under determination	-	-
Irregular Expenditure under investigation	1 733	-
<b>Total<sup>2</sup></b>	<b>1 733</b>	<b>-</b>

## DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	-	51 327
<b>Total</b>	<b>-</b>	<b>51 327</b>

*Irregular Expenditure incurred relating to ICT Works for the period between 2016/17 to 2021/22 was condoned in 2021/22. No Irregular Expenditure was condoned in the current financial year.*

## DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

DESCRIPTION	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure NOT condoned and removed	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*No irregular expenditure was removed in the current financial year.*

1 Group similar items

2 Total unconfirmed Irregular Expenditure (assessment), losses (determination), and criminal conduct (investigation)



# IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

## DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE RECOVERED

DESCRIPTION	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure recovered	-	-
<b>Total</b>	-	-

*No irregular expenditure was recovered in the current financial year.*

## DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

DESCRIPTION	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure written off	-	-
<b>Total</b>	-	-

## DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS NOT RESPONSIBLE FOR THE NON-COMPLIANCE)

Not Applicable

## DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)

Not Applicable



# IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

## DETAILS OF CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

DISCIPLINARY STEPS TAKEN	
ICT Works	Warning Letters issued to Accountable Officials.
Bontle Ke Botho	Awareness Letter issued to Acting Director SCM
Trustlink Swift Bureau Services	HR to issue awareness letters to the Chief Director.
Emthunzini Aircon & Refrigeration	Warning letter was issued to Accountable Official.
KPMG, Apex, Abacus	Warning Letters issued to Accountable Officials.
UU Technologies	Awareness Letter issued to Acting Director SCM
MFIP	GTAC to initiate consequence management and condonation from their side
Ditshegofatso	Awareness letter issued to Director Facilities Management
Deloitte and Touché	Case is under review by internal Audit, Consequence management and condonation will follow thereafter.

## FRUITLESS AND WASTEFUL EXPENDITURE

### Reconciliation of fruitless and wasteful expenditure

DESCRIPTION	2022/23	2021/22
	R'000	R'000
Opening balance	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
<b>Closing balance</b>	-	-

No fruitless and wasteful expenditure was incurred in the current financial year.

### Reconciling notes to the annual financial statement disclosure

DESCRIPTION	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	-
<b>Total</b>	-	-

# IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

## DETAILS OF CURRENT AND PREVIOUS YEAR FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION <sup>3</sup>	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	68 285
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
<b>Total<sup>4</sup></b>	-	<b>68 285</b>

*National Treasury has incurred expenditure of R68 million in the 2021/22 financial year on technical support and maintenance for the Integrated Financial Management System (IFMS). There have been differences of opinion on whether the expenditure constitutes fruitless and wasteful expenditure and there is a process underway to determine the nature of the expenditure and to also obtain clarity of the fruitless and wasteful principle from a policy perspective.*

## DETAILS OF CURRENT AND PREVIOUS YEAR FRUITLESS AND WASTEFUL EXPENDITURE RECOVERED

DESCRIPTION	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
<b>Total</b>	-	-

## DETAILS OF CURRENT AND PREVIOUS YEAR FRUITLESS AND WASTEFUL EXPENDITURE NOT RECOVERED AND WRITTEN OFF

DESCRIPTION	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
<b>Total</b>	-	-

## DETAILS OF CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

Not Applicable

<sup>3</sup> Group similar items

<sup>4</sup> Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)



**02**

**INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS**

Information on the late and or non-payment of suppliers are listed below.

DESCRIPTION	NUMBER OF INVOICES	CONSOLIDATED VALUE
		R'000
Valid invoices received	3 001	627 428
Invoices paid within 30 days or agreed period	2 957	596 824
Invoices paid after 30 days or agreed period	44	30 604
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

The National Treasury did not have any non-payment of suppliers for the period under review. As per the table above, 1,47 per cent of suppliers were paid after 30 days or agreed period. This is attributed to the reasons listed below:

- Invoice was received by business unit and not processed through the Interim procedures for the receipt and payment of Invoices.
- Invoice was still under investigation since it might be fruitless or wasteful expenditure.
- Invoice delayed due to the migration to the new LOGIS system.
- Investigation conducted to ensure that no duplication of payment occurs.
- Invoices had to be reviewed by internal audit.
- Invoice processed late due to delayed request for Budget shift.



# INFORMATION ON SUPPLY CHAIN MANAGEMENT

03

## PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
				R'000
Single Source provider for renewal of the Rex database	IHS Global Insight	Single source	SLA-0103	333
Emergency case for the deviation from the normal procurement processes for the appointment of National Cabinet Representatives (NCRs) to the Mangaung Metro and Enoch Mgijima Local Municipality for the national intervention in terms of section 16A6.4 to 16A6.6 of the National Treasury Regulations to the PFMA.	Triple Hilex Technologies	Single source	SLA 0098	3 500
Emergency case for the deviation from the normal procurement processes for the appointment of National Cabinet Representatives (NCRs) to the Mangaung Metro and Enoch Mgijima Local Municipality for the national intervention in terms of section 16A6.4 to 16A6.6 of the National Treasury Regulations to the PFMA.	Ntiyiso Consulting	Single source	SLA 0113	3 500
Deviation from normal procurement processes to procure Skill Indawo for a talent management conference for NT employees	Skill Indawo	Single source	N/A	14
Deviate from normal procurement procedures to utilise the services of Basadzi Media and Personnel to advertise on the Sunday Times and Business Day newspapers for the positions of DG and DDG: Economic Policy	Basadzi Media and Personnel	Single source	N/A	54
Deviation from SCM processes to appoint a single source provider to assist with preventing South Africa from being grey listed by the financial action task force	Anthony Paul Albetter	Single source	SLA-0099	948
Request to deviate from normal procurement processes to procure CMAM conference for NT employees within IGR	Centre for Municipal Asset Management	Single source	N/A	23
Request to deviate from normal procurement processes to procure training from the Institute of Directors in the Southern Africa as a sole provider for Steven Botsime	IODSA	Sole source	N/A	40
Request to deviate from normal procurement Process to procure the UCT Law school to provide Advance Legislative Drafting Course for NT official Mr Nkanyiso Sikobi	UCT Law School	Single source	N/A	11
Request for approval to deviate from normal procurement processes and appoint a 2nd service provider to provide once-off shipping services from Ping Services from USA to SA	AGS Worldwide Movers	Single source	N/A	418
Approval to deviate from normal procurement procedures and appoint a service provider to provide BMC software license renewal and ad hoc support for a period of three (3) years	Blue Turtle Technologies	Sole source	SLA-0118	842
Deviation from normal procurement processes to procure a sole service provider for developing a human resources management (HRM)	Hatching Consulting	Sole source	N/A	40



**INFORMATION ON SUPPLY CHAIN MANAGEMENT**

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
				R'000
Request to deviate from normal procurement processes to procure trainings from a sole service provider	IODSA	Sole source	N/A	48
Request to deviate from normal procurement processes to procure a sole service provider for the Hybrid Conference	ISACA	Sole source	N/A	48
Request to deviate from normal procurement processes to procure value added tax training from a sole service provider	Tax Faculty	Sole source	N/A	5
Request to deviate from normal procurement process to procure University of Cape Town (UCT) as a single source for Thabo Mankga to attend the strategic thinking and execution for growth programme	University of Cape Town	Single source	N/A	20
Request for deviation to procure Association of Certified Fraud Examiners (ACFE) as a sole source for the 15th Annual African Fraud Conference and Exhibition for National Treasury officials to take place from the 12 - 14 September 2022	Association of Certified Fraud Examiners (ACFE)	Sole source	N/A	15
Request to deviate from normal procurement processes to procure Seven7 Training as a sole provider for the Mini-MBA for PAs and Secretaries program to take place from 2-14 October 2022	Seven7 Training	Sole source	N/A	68
Request for deviation to procure SITA as a sole provider for the Govtech Conference for NT officials to take place at the Durban Exhibition Centre on 13-15 September 2022	SITA	Sole source	N/A	105
Deviation from normal procurement procedures to utilise one quotation to urgently repair the official laptop and request approval to amend the Demand Management for 2022/23 to accommodate the line item	iStore	Single source	N/A	15
Request to deviate from normal procurement processes to procure Leadership Academy as a sole provider for Ms Zondre Seiteito to attend the Building a Sustainable Quality (BSQ) training program	Leadership Academy	Sole source	N/A	6
Request for approval to pay for expenses incurred on the emergency procurement of DG's Office door lock repair at 40 Church Square building	ER Locksmith	Emergency procurement	N/A	1
Request to deviate from the normal procurement process to procure Get Smarter as a single source for Mr Themba Zulu to attend the business, international relations and the political economy online certificate course for a period of six months	Get Smarter	Single source	N/A	26
Request for the Acting Director-General to grant approval to deviate from the normal procurement process for the renewal of the EasyData Services for another three years from (1 Jan 2023 to 31 Dec 2025)	Easy Data Services	Sole source	N/A	607
Request to deviate from the normal procurement process to procure Real IRM as a single source for employees to attend TOGAF9 certification course from 24-28 October 2022 or alternatively from 5-9 December 2022	Real IRM	Single source	N/A	48
Request for deviation to procure Institute of Municipal Engineering of Southern Africa (IMESA) as a sole provider for National Treasury officials to attend the IMESA Conference scheduled to take place from 2-4 November 2022	IMESA	Sole source	N/A	10





# INFORMATION ON SUPPLY CHAIN MANAGEMENT

03

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
				R'000
Request for the appointment of Advocate Kerensa Millard a single service provider to provide expert advice on employee relations matters within the public finance division, in the National Treasury	ADVOCATE KERENSA MILLARD	Single source	N/A	80
Request to deviation from normal process and procure direct from the service providers that have been secured and approved by the conference organisers: IMESA Conference on 2 - 4 November 2022	IMESA	Single source	N/A	60
Request to deviate from the normal procurement process to procure Get Smarter as a single source for Ms Gcobisa Magazi to attend the Cambridge Business and Climate Change: towards net zero emissions online short	Get Smarter	Single source	N/A	44
Request that the acting Director-General grant approval to deviate from the normal procurement process for the renewal of the Stata version upgrade and maintenance of licenses, effective from (1 Nov 2022 - 31 Oct 2025)	Quantec Enterprises (Pty) Ltd STATA	Sole provider	4070036567	538
Request for approval of a deviation to appoint Structure Works Complete Security Services to provide maintenance on the Honeywell Pro-watch Integrated Electronic Security System at the National Treasury buildings for a period of six (6) months	Structure Works Complete Security Services	Emergency procurement	SLA-0124	81
Request for approval to pay for expenses incurred on the emergency procurement of Ministry's air conditioning repairs at 40 Church Building	Dithsegoatso Empowered Women Trading	Emergency procurement	N/A	19
Request for approval to deviate from the normal procurement process to procure venue and catering services from SADF as a single source provider for the strategic planning session scheduled for 23 November 2022	DOD Logistic Support	Single source	N/A	28
Request that the Acting Director-General grant approval to deviate from the normal procurement process for renewal of the BER Macro Services (BER) for another three years from (01 January 2023 to 31 December 2025)	Bureau for Economic Research (BER)	Sole provider	SLA-0151	355
Request that the Acting Director-General grant approval to deviate from the normal procurement process for renewal of the Econostat Subscription for another three years from (01 February 2023 to 31 January 2026)	HIS Information & Insight (Pty) Ltd	Sole provider	SLA-0153	797
Request that the Acting Chief Financial Officer grant approval to deviate from the normal procurement process for the renewal of The Economic Society South Africa membership for another three years from (01 January 2023 to 31 December 2025)	The Economic Society of South Africa (ESSA)	Sole provider	4070037470	124
Deviation from the standard procurement processes to acquire and implement a unified collaboration solution (UCS) from Business Connexion (BCX) a wholly owned subsidiary of Telkom SA (SOC) Limited	Business Connexion (BCX) Subsidiary of Telkom	Sole source	4070031540	20 494
NT015-2022: Appointment of an international service provider for an independent assessment of Eskom's operational situation for a period of three (3) months	VGBE Energy Services	Closed tender	INT-0036	41 006



# 03 INFORMATION ON SUPPLY CHAIN MANAGEMENT

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
				R'000
Deviation from SCM processes and appointing a single source provider to assist with responding to deficiencies identified in the 2021 FATF Mutual Evaluations Report	Anthony Paul Altbeker	Single source	SLA-0137	720
Request to deviate from procurement processes and appoint the OECD on a single source basis to conduct a MAPS assessment (Methodology for Assessing Procurement Systems) on the South African Public Procurement	OECD	Sole provider	N/A	3 457
Request to deviate from procurement procedures for Creamer Media's research channel Africa Subscription	Creamer Media	Single source	SLA-0152	5
Request that the Acting Director-General grant approval to deviate from the normal procurement process for the renewal of the Bloomberg terminal services for another three years from (01 January 2023 to 31 December 2025)	Bloomberg	Sole provider	INT-0037	399
Request to extend SWIFT subscription for the Assets and Liability Division and the Office of the Accountant General	SWIFT	Sole provider	INT-0038	2 580
Approval for the appointment of PricewaterhouseCoopers Incorporated as a single source service to submit evidence in the criminal proceedings	Pricewaterhouse -Coopers Incorporated	Single source	N/A	246
Requesting approval for the continued purchase of yearly tax publications directly from LexisNexis for the period 2023-2025	LexisNexis	Sole provider	N/A	24
Deviation request to appoint GCIS to launch a people's guide to the Budget outreach campaign as part of the 2023 Budget	GCIS	Single source	N/A	326
Request that the Acting Director General grant approval to deviate from the normal procurement process for the renewal of the General Algebraic Modelling Systems (GAMS) for another three years from (1 February 2023 to 31 January 2026)	GAMS	Sole provider	INT-0017	216
Request that the Acting Director-General grant approval to deviate from the normal procurement process for the renewal of the Bloomberg terminal services for another three years from (01 January 2023 - 31 December 2025)	Bloomberg	Sole provider	INT-0037	399
Renewal of Annual Licenses for WebFOCUS Software for the Local Government Database and Reporting System (LGDRS)	Info build	Sole provider	SLA-0130	3 475
<b>Total</b>				<b>86 218</b>



# INFORMATION ON SUPPLY CHAIN MANAGEMENT

03

## CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
Request to appoint service for an IT business analyst/project manager (Richard Chege) for a (4) month period	Columbus Consulting (Pty) Ltd	Variation	SLA-0068	894	3367	4261
RFQ014-2020: Appointment of an administrator for the city support programme for a period of 12 months	Isilumko Staffing (Pty) Ltd	Variation	4070037536	498	65	563
RFQ041-2021: Appointment of a service provider "consultant" to develop a business case for the establishment of the ombud council for a period of 3 months	Leanne-Marie Jackson	Variation	SLA-0063	270	40	310
Renewal of annual Lexis Nexis library subscription for National Treasury	LEXIS NEXIS	Variation	SLA-0062	1 614	57	1 672
NT009-2018: Appointment of a service provider (s) for establishment of a programme management unit (PMU) for implementation of the cities support	Doors Opened HR Solutions	Variation	4070034631	7 776	5 962	13 738
NT009-2018: Appointment of a service provider (s) for establishment of a programme management unit (PMU) for implementation of the cities support	Mzuzu Group (Pty) Ltd	Variation	4070034632	5 630	4 317	9 947
NT009-2018: Appointment of a service provider (s) for establishment of a programme management unit (PMU) for implementation of the cities support	S Pretorius	Variation	4070034633	5 531	4 894	10 425
Request to deviate from the normal procurement process and continue with the service of EViews contract for a period of 3 years, from 18 June 2019 to 18 June 2023	Quantec Enterprises (Pty)Ltd	Variation	4070035951	504	543	1 047
NT001-2020: Appointment of a service provider to render security guarding services for the National Treasury Building, 240 Madiba Street building, 40 Church Square building, Tender Information Centre, Karabo parking (Police Arcade), Sammy Marks Parking, Hallmark parking and 3rd floor of the SITA building in Centurion for the period of 3 years	XTLG Consulting & Projects Cc	Variation	4070037515	32 737	13 681	46 418



# 03 INFORMATION ON SUPPLY CHAIN MANAGEMENT

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
MSA-NT005-2019: Appointment of a panel of service providers for the National Treasury to source the service of editors for publications for a period of 3 years	ABC Printers	Period extension on the panel	4070036508	N/A	N/A	N/A
MSA: NT005-2019: Appointment of a panel of service providers for the National Treasury to source the service of editors for publications for a period of 3 years	Media Meme	Period extension on the panel	4070037144	N/A	N/A	N/A
MSA-NT005-2019: Appointment of a panel of service providers for the National Treasury to source the service of editors for publications for a period of 3 years	Clarity Global Strategic Communications	Period extension on the panel	4070037106	N/A	N/A	N/A
MSA-NT005-2019: Appointment of a panel of service providers for the National Treasury to source the service of editors for publications for a period of 3 years	Ngomso Research, Writing & Editing Services	Period extension on the panel	4070037053	N/A	N/A	N/A
RFQ004-2019: Appointment of a service provider to provide security checks systems for a period of three (3) years	Lexisnexis Risk Management	Variation	4070036360	500	100	600
To request a Director-General's approval for IGR to deviate from competitive bidding process and thereby enter into a partnership with National School of Government to lead the delivery of PFM leadership innovation through its collaboration with the University College of London	National School of Government	Expansion & Variation	MOA-0001	3 787	947	4 734
Request for approval to continue with the services of UU Technologies to support Safetyweb with a three-month notice period from 01 July 2021 until 30 June 2023	UU Technologies	Variation	SLA-0032	15 186	558	15 743
MSA-NT005-2019: Appointment of a panel of service providers for the National Treasury to source the service of editors for publications for a period of 3 years	Quo Vadis	Period extension on the panel	4070037055	N/A	N/A	N/A
NT009-2020: Appointment of a service provider for the enhancement, maintenance and support of the procurement data warehouse of the chief procurement officer for a period of three years	Siyon	Variation	SLA-0002	9 657	N/A	9 657



# INFORMATION ON SUPPLY CHAIN MANAGEMENT

03

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
NT014-2021: Appointment of service provider(s) to transform executive leadership and management through coaching for a period of 6 months	Pricewaterhouse-Coopers Incorporated	Expansion & Variation	SLA-0091	3 702	459	4 161
Approval for contract extension to renew subscription to the EasyData subscription services from 30 January 2023 – 31 Dec 2025	Quantec Enterprises (Pty) Ltd	Variation	4070034103	146	1 112	1 258
Request to deviate from the normal procurement process and extend the STATA software contract with Quantec for a period of 3 years, from 14 October 2019 to 30 September 2022	Quantec Enterprises (Pty) Ltd	Variation	4070036567	630	538	1 168
NT015-2021: Appointment of a service provider to render comprehensive hygiene and cleaning services for National Treasury buildings 240 Madiba Street, tender information centre wing, 40 Church Square in Pretoria CBD and 3rd floor Parliament offices at 120 Plein Street in Cape Town for a period of 3 years	M-JNR and Olwethu Consulting (Pty) Ltd	Variation	SLA-0071	19 892	376	20 268
Request for appointment of service provider for the provision of comprehensive editorial services to draft macroeconomic review and the final microeconomic	Ngomso Research, Writing and Editing Services Cc	Variation	SLA-0088	94	N/A	94
Extension of the SITA Business Agreement (BA) and Service Legal Agreement (SLA) in accordance with SITA Legislation (SITA Act 88 of 1998 as amended)	SITA	Variation	SLA-0105	53 895	3 557	57 452
Extension of the SITA Business Agreement (BA) and Service Legal Agreement (SLA) in accordance with SITA Legislation (SITA Act 88 of 1998 as amended)	SITA	Variation	SLA-0106	4 961	74	5 035
Extension of the SITA Business Agreement (BA) and Service Legal Agreement (SLA) in accordance with SITA Legislation (SITA Act 88 of 1998 as amended)	SITA	Variation	SLA-0107	9 492	851	10 343



# 03 INFORMATION ON SUPPLY CHAIN MANAGEMENT

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
NT012-1-2018: Appointment of a service provider for the enhancement, maintenance and support of the central supplier database for the office of the Chief Procurement Officer for a period of 3 years	Gijima Holdings	Variation	4070037514	42 460	N/A	42 460
Request to deviate from the normal procurement process and to renew a contract for the membership to the economic society of south Africa (ESSA) from 01 November 2019 to 31 December 2022	Economic Society of SA (ESSA)	Variation	4070037470	81	124	205
<b>Total</b>				<b>219 937</b>	<b>41 622</b>	<b>261 559</b>





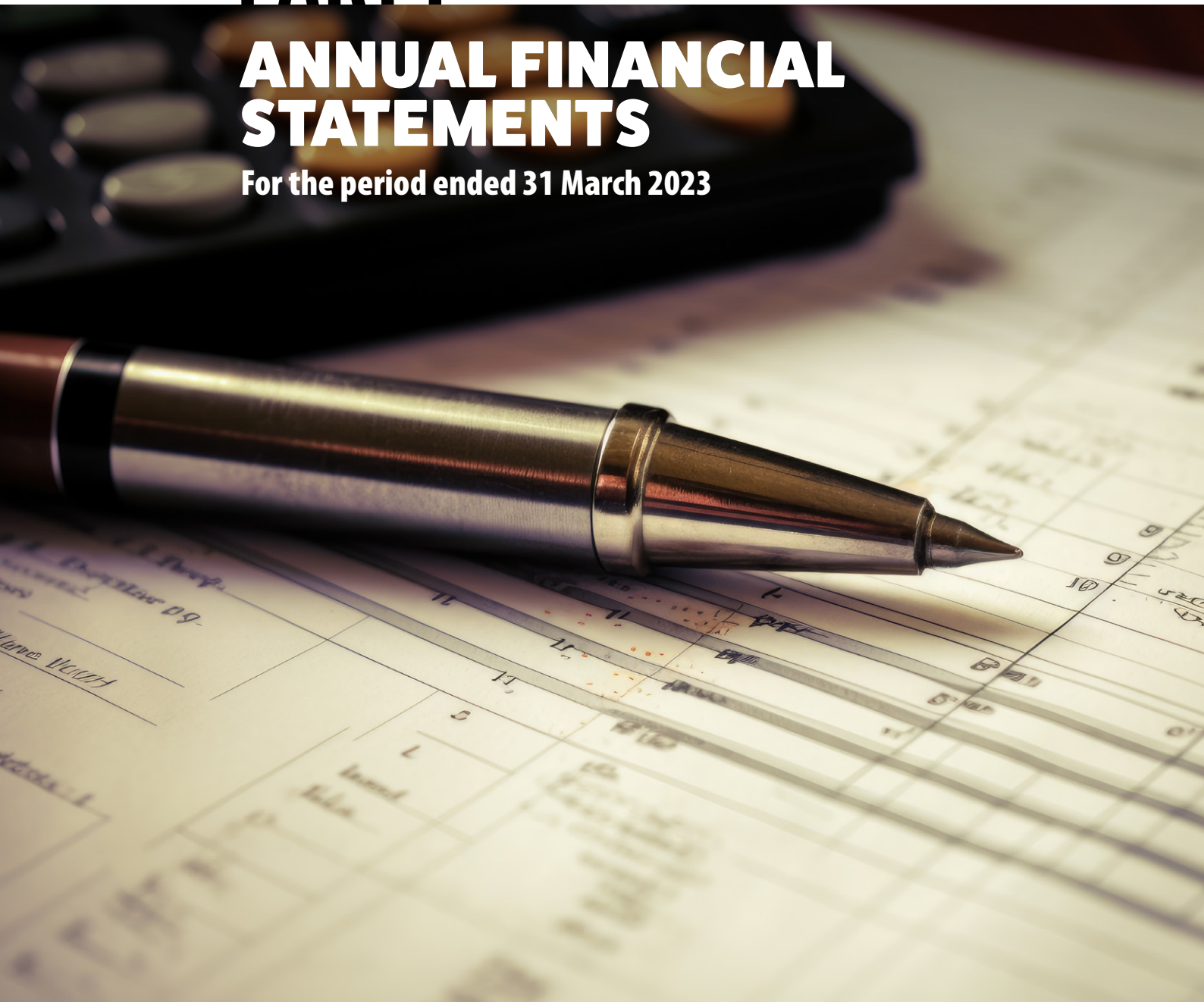


2022/23  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8

# PART F

# ANNUAL FINANCIAL STATEMENTS

For the period ended 31 March 2023





# **ANNUAL FINANCIAL STATEMENTS**

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2022/23  
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# PART F

## FINANCIAL INFORMATION

For the period ended 31 March 2023

## REPORT OF THE AUDITOR GENERAL



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### QUALIFIED OPINION

1. I have audited the financial statements of the National Treasury set out on pages 311 to 388 which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the National Treasury as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 5 of 2022 (DoRA).

### BASIS FOR QUALIFIED OPINION

#### Fruitless and wasteful expenditure

3. In the prior year, the department did not disclose fruitless and wasteful expenditure in the financial statements, in relation to payments for the technical support and maintenance on licences for the Integrated Financial Management System (IFMS) for which no value was derived and resulted in a modified opinion in the prior year. In the current year, National Treasury issued Instruction note No. 04 of 2022/23 with a revised framework on the reporting of fruitless and wasteful expenditure. According to the revised framework, the department is required to disclose on the financial statements the expenditure incurred in the current year as well as the prior year comparative amounts. The misstatement remains unresolved and consequently, the fruitless and wasteful expenditure comparative amount is understated by R68 million.

#### Context for the opinion

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



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

## EMPHASIS OF MATTERS

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

### Irregular expenditure

8. As s disclosed in note 25 to the financial statements, the department incurred irregular expenditure of R12.1 million, as it did not follow a proper tender process and did not properly approve expenditure.

## OTHER MATTER

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

### Unaudited supplementary schedules

10. The supplementary information set out on pages 389 to 429 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.

## National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

11. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes to the annual financial statements, only the current year and prior year figures are disclosed in note 25 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of National Treasury. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
12. I do not express an opinion on the disclosure of irregular and fruitless and wasteful expenditure in the annual report.

## 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.



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

14. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations or has no realistic alternative but to do so.

## RESPONSIBILITIES OF THE AUDITOR-GENERAL 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

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

PROGRAMMES	PAGE NUMBERS	PURPOSE
Public Finance and Budget Management	158 - 163	<p>Provide analysis and advice on fiscal policy and public finances, intergovernmental financial relations, expenditure planning and priorities.</p> <p>Manage government's annual budget process and provide public finance management support.</p> <p>Facilitate employment creation and high-impact government initiatives and strengthen infrastructure planning and delivery.</p>
Asset and Liability Management	169 - 171	Prudently manage government's financial assets and liabilities.



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

19. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides the users with useful and reliable information and insights on the department's planning and delivery on its mandate and objectives.
20. I performed procedures to test whether:
  - the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as were committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
22. I did not identify any material findings on the reported performance information for the selected programmes.

## OTHER MATTERS

23. I draw attention to the matters below.

### Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under-achievements.

## REPORT ON COMPLIANCE WITH LEGISLATION

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow for consistent



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## ANNUAL FINANCIAL STATEMENT

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 contingent liabilities identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements related to fruitless and wasteful expenditure (comparative) resulted in the financial statements receiving a qualified opinion.

## OTHER INFORMATION IN THE ANNUAL REPORT

30. The accounting officer is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
31. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
32. My responsibility is to read this other information and, in doing so, consider whether it 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.
33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
35. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
36. Management did not implement adequate review and monitoring controls to ensure that the financial statements, were prepared in accordance with the prescribed financial reporting framework. Management should strengthen the review process of the information supporting the financial statements in order to prevent,



# **REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY**

detect and correct any errors before submission of the financial statements. Furthermore, the accounting officer disagreed that there was fruitless and wasteful expenditure incurred in the prior year and stated that no long-term financial loss has been suffered by the government even though the IFMS system has not been implemented. This resulted in the removal of fruitless and wasteful expenditure in the comparative information disclosed in the financial statements submitted for audit. As reported in the prior year, this is not consistent with the underlying supporting accounting records for the previous years.

## **MATERIAL IRREGULARITIES**

37. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

## **STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES**

### **Payment for the technical support and maintenance on the IFMS programme not in use by the department**

38. Contraventions of section 38(1)(b), 38(1)(c)(ii) and 45(b) of the PFMA were reported in relation to fruitless and wasteful expenditure since the 2016-17 financial year for the following reasons:
- National Treasury has incurred expenditure for payment of technical support and maintenance for software licenses that are not in use.
  - Based on the 2015 approved plan, the IFMS project was expected to follow a phased in approach and was expected to be fully implemented by March 2021.
  - The IFMS is still not implemented.
  - As at 31 March 2023, a cumulative material financial loss of R400 million has been determined. The expenditure was incurred from the 2016-17 to the 2021-22 financial years. No expenditure was incurred in the 2022-23 financial period.
39. The accounting officer was notified of the material irregularity on 13 May 2021 on the IFMS matter with a material financial loss of R268 million and the accounting officer's response was received on 9 July 2021. The accounting officer disagreed that there was fruitless and wasteful expenditure and stated that no long-term financial loss has been suffered by the government. I referred the material irregularity to the Special Investigating Unit (SIU) on 12 January 2022 for investigation, as provided for in section 5(1A) of the PAA. At the time of the referral, the SIU already had a proclamation to investigate the matter. This matter is currently being investigated under the scope of Proclamation R.4 of 2020, amended by Proclamation R.40 of 2020.
40. According to the report received by management from the SIU on 28 June 2023, the SIU has finalised the investigation on the matter. The investigation report is expected to be finalised and presented to the President before the end of July 2023.



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

## OTHER REPORTS

In addition to the investigations relating to material irregularities I draw attention to the following engagement. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

## INVESTIGATION

In March 2018, the Public Protector of South Africa (PPSA) commenced with an investigation into the alleged mismanagement, wasteful and irregular expenditure in regards to the IFMS. In a letter dated 19 June 2023, the PPSA referred its investigation to the SIU for further consideration during the SIU investigation.

*Auditor General*

Pretoria

31 August 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

## AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

### Professional judgement and professional scepticism

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 selected requirements in key legislation.

## FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act No.1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b); PFMA 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulations 4.1.1; 4.1.3 Treasury Regulations 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulations 6.3.1(a); 6.3.1(b); 6.3.1(c'); 6.3.1(d); 6.4.1(b) Treasury Regulation 7.2.1 Treasury Regulations 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulations 9.1.1; 9.1.4 Treasury Regulations 10.1.1(a); 10.1.2 Treasury Regulations 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c') Treasury Regulations 16A3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a), (b) & (e); 16A 6.3(a); 16A 6.3(a)(i);16A 6.3(b); 16A 6.3(c);16A6.3(d); 16A



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

LEGISLATION	SECTIONS OR REGULATIONS
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7; TR 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1(b)(ii);16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 116A9.2; 16A9.2(a)(ii) &(iii); 16A9.1(f).  Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Division of Revenue Act No. 5 of 2022	Section 16(1)
Public service regulation	Public service regulation 13(c );18; 18 (1) and (2); 25(1)(e) (i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017 (PPR 2017)	Paragraphs 4.1; 4.2 Paragraphs 5.1; 5.3; 5.6; 5.7 Paragraphs 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraphs 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraphs 8.2; 8.5 Paragraphs 9.1; 9.2 Paragraphs 10.1; 10.2 Paragraphs 11.1; 11.2 Paragraphs 12.1 and 12.2
Preferential Procurement Regulations, 2022 (PPR 2022)	Paragraph 3.1 Paragraphs 4.1; 4.2; 4.3; 4.4 Paragraphs 5.1; 5.2; 5.3; 5.4
The State Information Technology Agency Act No. 88 of 1998 (SITA)	Section 7(3) Section 7(6)(b) Section 20(1)(a)(l)

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 8 NATIONAL TREASURY

LEGISLATION	SECTIONS OR REGULATIONS
SITA regulations	Regulations 8.1.1 (b); 8.1.4; 8.1.7 Regulations 9.6; 9.4 Regulation 12.3 Regulation 13.1 (a) Regulations 14.1; 14.2
PFMA SCM Instruction no. 09 of 2022/2023	Paragraphs 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraphs 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraphs 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4(c) -(d); 4.6 Paragraph 5.4 Paragraphs 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraphs 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraphs 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraphs 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraphs 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraphs 4.3.2 and 4.3.3
Competition Act No 89 of 1998	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraphs 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1 Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)





2022/23

NATIONAL TREASURY

**ANNUAL REPORT**

VOTE 8

# PART F

## FINANCIAL INFORMATION

For the period ended 31 March 2023

## APPROPRIATION STATEMENT



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER PROGRAMME

VOTED FUNDS AND DIRECT CHARGES	2022/23						2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>PROGRAMME</b>									
1 ADMINISTRATION	541 619	-	-	541 619	486 826	54 793	89,9%	513 051	455 063
ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH	158 212	-	-	158 212	119 142	39 070	75,3%	141 802	125 304
3 PUBLIC FINANCE AND BUDGET MANAGEMENT	425 181	-	(50 450)	4374 731	4 289 832	84 899	98,1%	4 337 505	4 200 770
4 ASSET AND LIABILITY MANAGEMENT	6 024 410	-	-	6 024 410	5 225 491	798 919	86,7%	27 105 938	26 663 167
5 FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS	946 132	-	-	946 132	716 652	229 480	75,7%	1 000 026	761 688
6 INTERNATIONAL FINANCIAL RELATIONS	2 806 816	-	50 450	2 857 266	2 848 635	8 631	99,7%	7 844 172	7 826 450
CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS	7 012 051	-	(108 000)	6 904 051	6 773 586	130 465	98,1%	6 409 525	6 042 773
8 REVENUE ADMINISTRATION	11 527 781	-	108 000	11 635 781	11 635 781	-	100,0%	11 295 167	11 295 167
9 FINANCIAL INTELLIGENCE AND STATE SECURITY	5 395 482	-	-	5 395 482	5 395 482	-	100,0%	4 999 521	4 999 521
<b>Programme sub total</b>	<b>38 837 684</b>	<b>-</b>	<b>-</b>	<b>38 837 684</b>	<b>37 491 427</b>	<b>1 346 257</b>	<b>96,5%</b>	<b>63 646 707</b>	<b>62 369 903</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER PROGRAMME

VOTED FUNDS AND DIRECT CHARGES	2022/23						2021/22				
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>PROGRAMME</b>											
<b>Statutory Appropriation</b>	586 377 168	-	-	586 377 168	587 240 741	(863 573)	100,1%	559 522 239	559 522 239	559 522 239	559 522 239
PROVINCIAL EQUITABLE SHARES	570 868 206	-	-	570 868 206	570 868 206	-	100,0%	544 834 911	544 834 911	544 834 911	544 834 911
GENERAL FUEL LEVY	15 334 823	-	-	15 334 823	15 334 823	-	100,0%	14 617 279	14 617 279	14 617 279	14 617 279
AUDITOR-GENERAL OF SOUTH AFRICA	72 582	-	-	72 582	148 582	(76 000)	204,7%	70 049	70 049	70 049	140 049
LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA	101 557	-	-	101 557	889 130	(787 573)	875,5%	-	-	-	-
<b>TOTAL</b>	<b>625 214 852</b>	<b>-</b>	<b>-</b>	<b>625 214 852</b>	<b>624 732 168</b>	<b>482 684</b>	<b>99,9%</b>	<b>623 168 946</b>	<b>623 168 946</b>	<b>621 962 142</b>	<b>621 962 142</b>
<b>Reconciliation with Statement of Financial Performance</b>											
<b>Add:</b> Departmental receipts				8 817 935						5 506 035	-
NRF Receipts				-						-	-
Aid assistance				22 905						542 125	-
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>634 055 692</b>						<b>629 217 106</b>	<b>-</b>
<b>Add:</b> Aid assistance				-	15 927					-	484 453
Prior year unauthorised expenditure approved without funding				-	-					-	-
<b>Actual amounts per Statement of Financial Performance Expenditure</b>				<b>-</b>	<b>624 748 095</b>					<b>-</b>	<b>622 446 595</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

	2022/23						2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>2 684 261</b>	<b>(6 885)</b>	<b>(47 450)</b>	<b>2 629 926</b>	<b>2 202 862</b>	<b>427 064</b>	<b>83,8%</b>	<b>2 876 467</b>	<b>2 138 298</b>
Compensation of employees	888 381	-	-	888 381	850 434	37 947	95,7%	1 162 826	826,004
Goods and services	1 795 880	(6 885)	(47 450)	1 741 545	1 352 428	389 117	77,7%	1 713 641	1 312 294
Interest and rent on land									
<b>Transfers and subsidies</b>	<b>615 522 001</b>	<b>5 473</b>	<b>47 450</b>	<b>615 574 924</b>	<b>615 531 047</b>	<b>43 877</b>	<b>100%</b>	<b>587 171 620</b>	<b>587 186 426</b>
Provinces and municipalities	588 582 630	-	-	588 582 630	588 582 630	-	100%	561 818 391	561 818 391
Departmental agencies and accounts	17 904 470	-	108 000	18 012 470	18 088 428	(75 958)	100,4%	17 330 287	17 400 252
Foreign governments and international organisations	1 804 525	1 298	47 450	1 853 273	1 848 524	4 749	99,7%	1 750 993	1 744 762
Public corporations and private enterprises	289 439	-	-	289 439	288 830	609	99,8%	233 819	233 819
Households	6 940 937	4 175	(108 000)	6 837 112	6 722 635	114 477	98,3%	6 038 130	5 989 202
<b>Payments for capital assets</b>	<b>49 418</b>	<b>427</b>	<b>-</b>	<b>49 845</b>	<b>37 887</b>	<b>11 958</b>	<b>76,0%</b>	<b>65 341</b>	<b>24 630</b>
Machinery and equipment	45 022	316	-	45 338	37 778	7 560	83,3%	59 761	24 617
Intangible assets	4 396	111	-	4 507	109	4 398	2,4%	5 580	13
<b>Payments for financial assets</b>	<b>6 959 172</b>	<b>985</b>	<b>-</b>	<b>6 960 157</b>	<b>6 960 372</b>	<b>(215)</b>	<b>100%</b>	<b>33 055 518</b>	<b>32 612 788</b>
<b>Total</b>	<b>625 214 852</b>	<b>-</b>	<b>-</b>	<b>625 214 852</b>	<b>624 732 168</b>	<b>482 684</b>	<b>99,9%</b>	<b>623 168 946</b>	<b>621 962 142</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 1: ADMINISTRATION

SUB PROGRAMME	2022/23							2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1 Ministry	4 411	-	-	4 411	3 972	439	90,0%	4 411	3 747	
2 Departmental Management	61 219	5 008	-	66 227	59 804	6 423	90,3%	44 392	36 436	
3 Corporate Services	187 889	(5 363)	-	182 526	163 317	19 209	89,5%	175 426	149 775	
4 Enterprise-Wide Risk Management	37 302	(1 945)	-	35 357	33 064	2 293	93,5%	36 032	32 526	
5 Financial Administration	57 136	242	-	57 378	54 565	2 813	95,1%	56 594	54 884	
6 Legal Services	23 945	2 340	-	26 285	24 812	1 473	94,4%	26 771	26 322	
7 Internal Audit	26 200	(2 185)	-	24 015	19 658	4 357	81,9%	20 457	18 836	
8 Communications	8 105	3 094	-	11 199	10 641	558	95,0%	11 945	10 777	
9 Office Accommodation	135 412	(1 191)	-	134 221	116 993	17 228	87,2%	137 023	121 760	
<b>Total</b>	<b>541 619</b>	<b>-</b>	<b>-</b>	<b>541 619</b>	<b>486 826</b>	<b>54 793</b>	<b>89,9%</b>	<b>513 051</b>	<b>455 063</b>	

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

PROGRAMME 1: ADMINISTRATION	2022/23						2021/22		
	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	504 926	(1 974)	-	502 952	451 974	50 978	89,9%	468 334	432 357
Compensation of employees	216 817	-	-	216 817	208 617	8 200	96,2%	208 862	202 501
Goods and services	288 109	(1 974)	-	286 135	243 357	42 778	85,0%	259 472	229 856
Transfers and subsidies	10 558	1 547	-	12 105	11 043	1 062	91,2%	6 331	5 916
Departmental agencies and accounts	2 307	-	-	2 307	2 265	42	98,2%	2 250	2 215
Households	8 251	1 547	-	9 798	8 778	1 020	89,6%	4 081	3 701
Payments for capital assets	26 135	427	-	26 562	23 663	2 899	89,1%	38 386	16 790
Machinery and equipment	25 643	316	-	25 959	23 554	2 405	90,7%	38 386	16 790
Intangible assets	492	111	-	603	109	494	18,0%	492	-
Payments for financial assets	-	-	-	-	147	(147)	-	-	-
<b>Total</b>	<b>541 619</b>	<b>-</b>	<b>-</b>	<b>541 619</b>	<b>486 826</b>	<b>54 793</b>	<b>89,9%</b>	<b>513 051</b>	<b>455 063</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

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

SUB PROGRAMME	2022/23							2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1	51 224	(4 732)	-	46 492	20 982	25 510	45,1%	34 811	31 099	34 811
2	24 723	1 906	-	26 629	21 203	5 426	79,6%	24 877	21 221	24 877
3	32 609	711	-	33 320	29 360	3 960	88,1%	32 154	27 996	32 154
4	28 825	2 115	-	30 940	26 767	4 173	86,5%	29 632	24 660	29 632
5	20 831	-	-	20 831	20 831	-	100,0%	20 328	20 328	20 328
<b>Total</b>	<b>158 212</b>	<b>-</b>	<b>-</b>	<b>158 212</b>	<b>119 142</b>	<b>39 070</b>	<b>75,3%</b>	<b>141 802</b>	<b>125 304</b>	<b>141 802</b>

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

PROGRAMME 2: ECONOMIC POLICY, TAX, FINANCIAL REGULATION AND RESEARCH	2022/23						2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>135 188</b>	<b>(709)</b>	-	<b>134 479</b>	<b>95 568</b>	<b>38 911</b>	<b>71,1%</b>	<b>118 812</b>	<b>103 965</b>
Compensation of employees	89 759	-	-	89 759	76 704	13 055	85,5%	85 271	78 627
Goods and services	45 429	(709)	-	44 720	18 865	25 855	42,2%	33 541	25 338
<b>Transfers and subsidies</b>	<b>20 929</b>	<b>709</b>	-	<b>21 638</b>	<b>21 617</b>	<b>21</b>	<b>99,9%</b>	<b>20 811</b>	<b>20 805</b>
Departmental agencies and accounts	20 831	-	-	20 831	20 831	-	100,0%	20 328	20 328
Households	98	709	-	807	786	21	97,4%	483	477
<b>Payments for capital assets</b>	<b>2 095</b>	-	-	<b>2 095</b>	<b>1 939</b>	<b>156</b>	<b>92,6%</b>	<b>2 179</b>	<b>534</b>
Machinery and equipment	2 095	-	-	2 095	1 939	156	92,6%	2 179	534
<b>Payments for financial assets</b>	-	-	-	-	<b>17</b>	<b>(17)</b>	-	-	-
<b>Total</b>	<b>158 212</b>	-	-	<b>158 212</b>	<b>119 142</b>	<b>39 070</b>	<b>75,3%</b>	<b>141 802</b>	<b>125 304</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT

SUB PROGRAMME	2022/23							2021/22		
	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	
1	34 677	(11 699)	(3 000)	19 978	18 457	1 521	92,4%	26 726	20 367	
2	64 697	11 162	-	75 859	74 438	1 421	98,1%	73 231	69 692	
3	66 367	385	-	66 752	65 101	1 651	97,5%	64 759	58 824	
4	274 867	(512)	(47 450)	226 905	181 227	45 678	79,9%	226 716	107 339	
5	63 839	-	-	63 839	63 839	-	100,0%	63 199	63 199	
6	2 379 601	-	-	2 379 601	2 379 601	-	100,0%	2 366 201	2 366 201	
7	751 738	664	-	752 402	741 540	10 862	98,6%	677 871	677 826	
8	789 395	-	-	789 395	765 629	23 766	97,0%	838 802	837 322	
<b>Total</b>	<b>4 425 181</b>	<b>-</b>	<b>(50 450)</b>	<b>4 374 731</b>	<b>4 289 832</b>	<b>84 899</b>	<b>98,1%</b>	<b>4 337 505</b>	<b>4 200 770</b>	

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

	2022/23							2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>PROGRAMME 3: PUBLIC FINANCE AND BUDGET MANAGEMENT</b>										
<b>Current payments</b>	<b>975 530</b>	<b>(601)</b>	<b>(50 450)</b>	<b>924 479</b>	<b>840 805</b>	<b>83 674</b>	<b>90,9%</b>	<b>900 185</b>	<b>764 541</b>	
Compensation of employees	240 476	-	(3 000)	237 476	234 927	2 549	98,9%	233 012	223 012	
Goods and services	735 054	(601)	(47 450)	687 003	605 878	81 125	88,2%	667 173	541 529	
<b>Transfers and subsidies</b>	<b>3 445 052</b>	<b>601</b>	<b>-</b>	<b>3 445 653</b>	<b>3 445 018</b>	<b>635</b>	<b>100,0%</b>	<b>3 434 571</b>	<b>3 434 563</b>	
Provinces and municipalities	2 379 601	-	-	2 379 601	2 379 601	-	100,0%	2 366 201	2 366 201	
Departmental agencies and accounts	775 234	-	-	775 234	775 234	-	100,0%	834 001	834 001	
Public corporations and private enterprises	289 439	-	-	289 439	288 830	609	99,8%	233 819	233 819	
Households	778	601	-	1 379	1 352	27	98,1%	550	542	
<b>Payments for capital assets</b>	<b>4 599</b>	<b>-</b>	<b>-</b>	<b>4 599</b>	<b>3 990</b>	<b>609</b>	<b>86,8%</b>	<b>2 749</b>	<b>1 666</b>	
Machinery and equipment	4 599	-	-	4 599	3 990	609	86,8%	2 749	1 666	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>(19)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>4 425 181</b>	<b>-</b>	<b>(50 450)</b>	<b>4 374 731</b>	<b>4 289 832</b>	<b>84 899</b>	<b>98,1%</b>	<b>4 337 505</b>	<b>4 200 770</b>	



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT

SUB PROGRAMME	2022/23							2021/22		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	WIREMENT 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	
1	28 722	(2 735)	-	25 987	18 729	7 258	72,1%	10 064	7 627	
2	5 934 228	2 624	-	5 936 852	5 148 837	788 015	86,7%	27 039 102	26 600 922	
3	20 346	720	-	21 066	20 583	483	97,7%	19 113	18 473	
4	29 180	531	-	29 711	27 879	1 832	93,8%	26 578	25 767	
5	11 934	(1 140)	-	10 794	9 464	1 330	87,7%	11 081	10 378	
<b>Total</b>	<b>6 024 410</b>	<b>-</b>	<b>-</b>	<b>6 024 410</b>	<b>5 225 491</b>	<b>798 919</b>	<b>86,7%</b>	<b>27 105 938</b>	<b>26 663 167</b>	



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

PROGRAMME 4: ASSET AND LIABILITY MANAGEMENT	2022/23							2021/22	
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>124 483</b>	<b>(546)</b>	-	<b>123 937</b>	<b>112 804</b>	<b>11 133</b>	<b>91%</b>	<b>103 042</b>	<b>97 896</b>
Compensation of employees	86 691	-	-	86 691	84 075	2 616	97,0%	85 630	83 394
Goods and services	37 792	(546)	-	37 246	28 729	8 517	77,1%	17 412	14 502
<b>Transfers and subsidies</b>	<b>130</b>	<b>546</b>	-	<b>676</b>	<b>663</b>	<b>13</b>	<b>98,1%</b>	<b>897</b>	<b>871</b>
Households	130	546	-	676	663	13	98,1%	897	871
<b>Payments for capital assets</b>	<b>1 354</b>	-	-	<b>1 354</b>	<b>1 146</b>	<b>208</b>	<b>84,6%</b>	<b>1 992</b>	<b>1 515</b>
Machinery and equipment	1 354	-	-	1 354	1 146	208	84,6%	1 992	1 515
<b>Payments for financial assets</b>	<b>5 898 443</b>	-	-	<b>5 898 443</b>	<b>5 110 878</b>	<b>787 565</b>	<b>86,6%</b>	<b>27 000 007</b>	<b>26 562 885</b>
<b>Total</b>	<b>6 024 410</b>	-	-	<b>6 024 410</b>	<b>5 225 491</b>	<b>798 919</b>	<b>86,7%</b>	<b>27 105 938</b>	<b>26 663 167</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

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

SUB PROGRAMME	2022/23							2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1	122 335	(1 142)	-	121 193	41 773	79 420	34,5%	102 007	42 896	102 007
2	68 250	9 882	-	78 132	73 630	4 502	94,2%	77 143	67 742	77 143
3	451 145	-	-	451 145	317 572	133 573	70,4%	537 013	400 672	537 013
4	112 309	704	-	113 013	111 265	1 748	98,5%	109 500	107 207	109 500
5	141 760	(9 444)	-	132 316	122 168	10 148	92,3%	124 038	92 874	124 038
6	50 000	-	-	50 000	50 000	-	100,0%	50 000	50 000	50 000
7	333	-	-	333	244	89	73,3%	325	297	325
<b>Total</b>	<b>946 132</b>	<b>-</b>	<b>-</b>	<b>946 132</b>	<b>716 652</b>	<b>229 480</b>	<b>75,7%</b>	<b>1 000 026</b>	<b>761 688</b>	<b>1 000 026</b>

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

PROGRAMME 5: FINANCIAL ACCOUNTING AND SUPPLY CHAIN MANAGEMENT SYSTEMS	2022/23						2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	818 847	(553)	-	818 294	597 176	221 118	73,0%	868 054	645 684
Compensation of employees	224 847	-	-	224 847	213 089	11 758	94,8%	219 152	207 994
Goods and services	594 000	(553)	-	593 447	384 087	209 360	64,7%	648 902	437 690
<b>Transfers and subsidies</b>	112 774	553	-	113 327	112 522	805	99,3%	112 315	112 059
Departmental agencies and accounts	110 253	-	-	110 253	110 253	-	100,0%	108 971	108 971
Households	2 521	553	-	3 074	2 269	805	73,8%	3 344	3 088
<b>Payments for capital assets</b>	14 511	-	-	14 511	6 928	7 583	47,7%	19 657	3 945
Machinery and equipment	10 607	-	-	10 607	6 928	3 679	65,3%	14 077	3 932
Software and other Intangible assets	3 904	-	-	3 904	-	3 904	-	5 580	13
<b>Payments for financial assets</b>	-	-	-	-	26	(26)	-	-	-
<b>Total</b>	946 132	-	-	946 132	716 652	229 480	75,7%	1 000 026	761 688



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS

SUB PROGRAMME	2022/23							2021/22		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	WIREMENT 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	
1 Programme management for international financial relations	10 795	(391)	2 200	12 604	10 076	2 528	79,9%	6 586	4 677	
2 International economic cooperation	35 447	(1 892)	800	34 355	30 529	3 826	88,9%	34 125	27 713	
3 African integration and support	1 619 043	(203)	46 850	1 665 690	1 664 242	1 448	99,9%	1 570 799	1 569 163	
4 International development funding institutions	1 118 499	585	600	1 119 684	1 119 326	358	100,0%	6 210 219	6 203 389	
5 International projects	23 032	1 901	-	24 933	24 462	471	98,1%	22 443	21 508	
<b>Total</b>	<b>2 806 816</b>	<b>-</b>	<b>50 450</b>	<b>2 857 266</b>	<b>2 848 635</b>	<b>8 631</b>	<b>99,7%</b>	<b>7 844 172</b>	<b>7 826 450</b>	

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

PROGRAMME 6: INTERNATIONAL FINANCIAL RELATIONS	2022/23						2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>45 518</b>	<b>(2 502)</b>	<b>3 000</b>	<b>46 016</b>	<b>40 158</b>	<b>5 858</b>	<b>87,3%</b>	<b>40 315</b>	<b>32 192</b>
Compensation of employees	29 791	-	3 000	32 791	33 023	(232)	100,7%	30 899	30 476
Goods and services	15 727	(2 502)	-	13 225	7 136	6 089	54,0%	9 416	1 716
<b>Transfers and subsidies</b>	<b>1 801 402</b>	<b>1 517</b>	<b>47 450</b>	<b>1 850 369</b>	<b>1 848 099</b>	<b>2 270</b>	<b>99,9%</b>	<b>1 747 968</b>	<b>1 744 181</b>
Foreign governments and international organisations	1 801 402	1 298	47 450	1 850 150	1 847 889	2 261	99,9%	1 747 950	1 744 163
Households	-	219	-	219	211	8	96,3%	18	18
<b>Payments for capital assets</b>	<b>724</b>	<b>-</b>	<b>-</b>	<b>724</b>	<b>221</b>	<b>503</b>	<b>30,5%</b>	<b>378</b>	<b>180</b>
Machinery and equipment	724	-	-	724	221	503	30,5%	378	180
<b>Payments for financial assets</b>	<b>959 172</b>	<b>985</b>	<b>-</b>	<b>960 157</b>	<b>960 156</b>	<b>1</b>	<b>100,0%</b>	<b>6 055 511</b>	<b>6 049 897</b>
<b>Total</b>	<b>2 806 816</b>	<b>-</b>	<b>50 450</b>	<b>2 857 266</b>	<b>2 848 635</b>	<b>8 631</b>	<b>99,7%</b>	<b>7 844 172</b>	<b>7 826 450</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

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

SUB PROGRAMME	2022/23							2021/22		
	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	79 769	-	-	79 769	64 376	15 393	80,7%	77 725	61 663	
2	6 685 351	-	(108 000)	6 577 351	6 493 386	83 965	98,7%	6 102 974	5 766 256	
3	246 931	-	-	246 931	215 824	31 107	87,4%	228 826	214 854	
<b>Total</b>	<b>7 012 051</b>	<b>-</b>	<b>(108 000)</b>	<b>6 904 051</b>	<b>6 773 586</b>	<b>130 465</b>	<b>98,1%</b>	<b>6 409 525</b>	<b>6 042 773</b>	

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

PROGRAMME 7: CIVIL AND MILITARY PENSIONS, CONTRIBUTIONS TO FUNDS AND OTHER BENEFITS	2022/23						2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>79 769</b>	-	-	<b>79 769</b>	<b>64 376</b>	<b>15 393</b>	<b>80,7%</b>	<b>377 725</b>	<b>61 663</b>
Compensation of employees	-	-	-	-	-	-	-	300 000	-
Goods and services	79 769	-	-	79 769	64 376	15 393	80,7%	77 725	61 663
<b>Transfers and subsidies</b>	<b>6 932 282</b>	-	<b>(108 000)</b>	<b>6 824 282</b>	<b>6 709 210</b>	<b>115 072</b>	<b>98,3%</b>	<b>6 031 800</b>	<b>5 981 104</b>
Foreign governments and international organisations	3 123	-	-	3 123	635	2 488	20,3%	3,043	599
Households	6 929 159	-	(108 000)	6 821 159	6 708 575	112 584	98,3%	6 028 757	5 980 505
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Total</b>	<b>7 012 051</b>	<b>-</b>	<b>(108 000)</b>	<b>6 904 051</b>	<b>6 773 586</b>	<b>130 465</b>	<b>98,1%</b>	<b>6 409 525</b>	<b>6 042 773</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 8: REVENUE ADMINISTRATION

SUB PROGRAMME	2022/23						2021/22		
	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 SOUTH AFRICAN REVENUE SERVICE	11 527 781	-	108 000	11 635 781	11 635 781	-	100,0%	11 295 167	11 295 167
<b>Total</b>	<b>11 527 781</b>	<b>-</b>	<b>108 000</b>	<b>11 635 781</b>	<b>11 635 781</b>	<b>-</b>	<b>100,0%</b>	<b>11 295 167</b>	<b>11 295 167</b>

### APPROPRIATION PER ECONOMIC CLASSIFICATION

PROGRAMME 8: REVENUE ADMINISTRATION	2022/23						2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	11 527 781	-	108 000	11 635 781	11 635 781	-	100,0%	11 295 167	11 295 167
Departmental agencies and accounts	11 527 781	-	108 000	11 635 781	11 635 781	-	100,0%	11 295 167	11 295 167
<b>Total</b>	<b>11 527 781</b>	<b>-</b>	<b>108 000</b>	<b>11 635 781</b>	<b>11 635 781</b>	<b>-</b>	<b>100,0%</b>	<b>11 295 167</b>	<b>11 295 167</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### PROGRAMME 9: FINANCIAL INTELLIGENCE AND STATE SECURITY

SUB PROGRAMME	2022/23						2021/22		
	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 Financial intelligence centre	3 16 820	-	-	3 16 820	3 16 820	-	100,0%	297 259	297 259
2 Secret services	5 078 662	-	-	5 078 662	5 078 662	-	100,0%	4 702 262	4 702 262
<b>Total</b>	<b>5 395 482</b>	<b>-</b>	<b>-</b>	<b>5 395 482</b>	<b>5 395 482</b>	<b>-</b>	<b>100,0%</b>	<b>4 999 521</b>	<b>4 999 521</b>

### APPROPRIATION PER ECONOMIC CLASSIFICATION

PROGRAMME 9: FINANCIAL INTELLIGENCE AND STATE SECURITY	2022/23						2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	5 395 482	-	-	5 395 482	5 395 482	-	100,0%	4 999 521	4 999 521
Departmental agencies and accounts	5 395 482	-	-	5 395 482	5 395 482	-	100,0%	4 999 521	4 999 521
<b>Total</b>	<b>5 395 482</b>	<b>-</b>	<b>-</b>	<b>5 395 482</b>	<b>5 395 482</b>	<b>-</b>	<b>100,0%</b>	<b>4 999 521</b>	<b>4 999 521</b>



# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### DIRECT CHARGES

SUB PROGRAMME	2022/23							2021/22		
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1 AUDITOR GENERAL SOUTH AFRICA	72 582	-	-	72 582	148 582	(76 000)	205%	70 049	140 049	70 049
2 PROVINCIAL EQUITABLE SHARE	570 868 206	-	-	570 868 206	570 868 206	-	100%	544 834 911	544 834 911	544 834 911
3 GENERAL FUEL LEVY SHARING WITH METROPOLITAN MUNICIPALITIES	15 334 823	-	-	15 334 823	15 334 823	-	100%	14 617 279	14 617 279	14 617 279
4 LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA	101 557	-	-	101 557	889 130	(787 573)	876%	-	-	-
<b>TOTAL</b>	<b>586 377 168</b>	<b>-</b>	<b>-</b>	<b>586 377 168</b>	<b>587 240 741</b>	<b>(863 573)</b>	<b>100,1%</b>	<b>559 522 239</b>	<b>559 592 239</b>	<b>559 522 239</b>

# APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION PER ECONOMIC CLASSIFICATION

Appropriation per economic classification

SUB PROGRAMME	2022/23							2021/22	
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
<b>Transfers and subsidies</b>	<b>586 275 611</b>	-	-	<b>586 275 611</b>	<b>586 351 611</b>	<b>(76 000)</b>	<b>100,1%</b>	<b>559 522 239</b>	<b>559 592 239</b>
Provinces and municipalities	586 203 029	-	-	586 203 029	586 203 029	-	100,0%	559 452 190	559 452 190
Departmental agencies and accounts	72 582	-	-	72 582	148 582	(76 000)	205%	70 049	140 049
<b>Payments for financial assets</b>	<b>101 557</b>	-	-	<b>101 557</b>	<b>889 130</b>	<b>(787 573)</b>	<b>876%</b>	-	-
<b>TOTAL</b>	<b>586 377 168</b>	-	-	<b>586 377 168</b>	<b>587 240 741</b>	<b>(863 573)</b>	<b>100,1%</b>	<b>559 522 239</b>	<b>559 592 239</b>





2022/23  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8

# PART F

## FINANCIAL INFORMATION

For the period ended 31 March 2023

## FINANCIAL STATEMENTS



# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
	R'000	R'000	R'000	%

## 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 the note on Payments for financial assets to the Annual Financial Statements.

## 4. EXPLANATIONS OF MATERIAL VARIANCES FROM AMOUNTS VOTED (AFTER VIREMENT):

### 4.1 PER PROGRAMME:

#### PROGRAMME 1:

Administration	541 619	486 826	54 793	10%
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The underspending is mainly attributed to: Compensation of employees due to vacant positions and Goods and Services mainly on Operating Leases due to a saving on the rental costs being lower than projected and Municipal charges for National Treasury buildings and the procurement of VMWare that could not be completed timeously within Chief Directorate: Information and Communication Technology (CD:ICT).



## PART F: Financial Information

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
	R'000	R'000	R'000	%

### PROGRAMME 2:

<b>Economic Policy, Tax, Financial Regulation and Research</b>	<b>158 212</b>	<b>119 142</b>	<b>39 070</b>	<b>25%</b>
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The underspending is mainly attributed to Compensation of employees due to vacant positions and Goods and Services on Consultancy services due to various projects which could not be executed within DDG: Tax & Financial Sector Policy and on Travel and Subsistence due to lower than anticipated costs incurred as most meetings were held virtually.

### PROGRAMME 3:

<b>Public Finance and Budget Management</b>	<b>4 374 731</b>	<b>4 289 832</b>	<b>84 899</b>	<b>2%</b>
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The underspending is mainly attributed to Goods and Services on Consultancy Services on the Municipal Revenue Management Improvement Programme (MRMIP), due to the smart meters project and revenue management matters pertaining to municipalities and in addition on Jobs Fund relating to lower than anticipated operational costs incurred due to several deliverables from service providers that have been delayed thus postponing the processing of payments aligned to those deliverables.

### PROGRAMME 4:

<b>Asset and Liability Management</b>	<b>6 024 410</b>	<b>5 225 491</b>	<b>798 919</b>	<b>13%</b>
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The underspending is mainly attributed to Payment of financial assets for the Land Bank which was earmarked for Calls on guarantees. However, the payment was processed as a direct charge against the National Revenue Fund in terms of Section 70 (2) of the PFMA.

### PROGRAMME 5:

<b>Financial Accounting and Supply Chain Management Systems</b>	<b>946 132</b>	<b>716 652</b>	<b>229 480</b>	<b>24%</b>
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The underspending is mainly attributed to Goods and Services on Computer Services within Integrated Financial Management System (IFMS) relating to delays in the finalization of the renewal of the annual license for the support and maintenance. The negotiations with service providers are still underway on the possibilities of adjusting the support and maintenance terms and conditions. On Consultancy Services within the Office of the Chief Procurement Officer (OCPO) due to various projects that could not be executed as planned.



# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
	R'000	R'000	R'000	%

**PROGRAMME 6:**

<b>International Financial Relations</b>	<b>2 857 266</b>	<b>2 848 635</b>	<b>8 631</b>	<b>0.003%</b>
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The underspending is mainly attributed to Goods and Services on Travel and Subsistence due to lower than anticipated costs incurred as a result of the reduced number of travelling employees and most meetings being held virtually.

**PROGRAMME 7:**

<b>Civil and Military Pensions, Contributions to Funds and Other Benefits</b>	<b>6 904 051</b>	<b>6 773 586</b>	<b>130 465</b>	<b>2%</b>
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The underspending is mainly attributed to the Post-Retirement Medical Benefits (PRMB) due to the increased mortality rate of the pre-1992 members resulting in a decline in membership; SA Citizen Force relating to the death of the members/ beneficiaries, suspension of life certificates and review cases; and Political Office Bearers due to the monthly payments that have been placed on hold as there are sufficient reserves to meet the payment obligations.

**PROGRAMME 8:**

<b>Revenue Administration</b>	<b>11 635 781</b>	<b>11 635 781</b>	<b>-</b>	<b>0%</b>
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The appropriated budget was transferred to South African Revenue Services.

**PROGRAMME 9:**

<b>Financial Intelligence and State Security</b>	<b>5 395 482</b>	<b>5 395 482</b>	<b>-</b>	<b>0%</b>
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The appropriated budget was transferred to Financial Intelligence and State Security.



# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
	R'000	R'000	R'000	%
<b>4.2 PER ECONOMIC CLASSIFICATION:</b>				
<b>Current expenditure</b>	<b>2 629 926</b>	<b>2 202 862</b>	<b>427 064</b>	<b>16%</b>
Compensation of employees	888 381	850 434	37 947	4%
Goods and services	1 741 545	1 352 428	389 117	22%
<b>Transfers and subsidies</b>	<b>615 574 924</b>	<b>615 531 047</b>	<b>43 877</b>	<b>0.01%</b>
Provinces and municipalities	588 582 630	588 582 630	-	0%
Departmental agencies and accounts	18 012 470	18 088 428	(75 958)	(0.42%)
Public corporations and private enterprises	289 439	288 830	609	0.21%
Foreign governments and international organisations	1 853 273	1 848 524	4 749	0.26%
Households	6 837 112	6 722 635	114 477	2%
<b>Payments for capital assets</b>	<b>49 845</b>	<b>37 887</b>	<b>11 958</b>	<b>24%</b>
Machinery and equipment	45 338	37 778	7 560	17%
Software and other intangible assets	4 507	109	4 398	98%
<b>Payments for financial assets</b>	<b>6 960 157</b>	<b>6 960 372</b>	<b>(215)</b>	<b>(0.003%)</b>
<b>TOTAL</b>	<b>625 214 852</b>	<b>624 732 168</b>	<b>482 684</b>	<b>0.08%</b>

The variance is mainly attributed to MRMIP, IFMS, OCPO, PRMB and Land Bank as explained on the respective programmes above.

## 4.3 PER CONDITIONAL GRANT

Infrastructure skills development grant	159 246	159 246	-	0%
Programme and project preparation support grant	360 886	360 886	-	0%
Local government financial management grant	566 395	566 395	-	0%
Neighbourhood development partnership grant	1 293 074	1 293 074	-	0%
<b>Sub-total</b>	<b>2 379 601</b>	<b>2 379 601</b>	<b>-</b>	<b>0%</b>
Neighbourhood Development Partnership Indirect Grant	200 526	190 273	10 253	5%
<b>Total</b>	<b>2 580 127</b>	<b>2 569 874</b>	<b>10 253</b>	<b>0,4%</b>

The variance is attributed to the Neighbourhood Development Partnership Grant Indirect due to delays in work deliverables in some of the municipalities. The funds were surrendered back to the vote and will be declared back to the fiscus.



# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>REVENUE</b>			
Annual appropriation	1	38 837 684	63 646 707
Statutory Appropriation	2	586 377 168	559 522 239
Departmental revenue	3	8 817 935	5 506 035
Aid assistance	4	22 905	542 125
<b>TOTAL REVENUE</b>		<b>634 055 692</b>	<b>629 217 106</b>
<b>EXPENDITURE</b>			
Current expenditure			
Compensation of employees	5	850 434	826 006
Goods and services	6	1 352 429	1 312 293
Aid assistance	4	15 927	484 453
<b>Total current expenditure</b>		<b>2 218 790</b>	<b>2 622 752</b>
Transfers and subsidies			
Transfers and subsidies	8	615 531 046	587 186 423
Aid assistance	4	-	-
<b>Total transfers and subsidies</b>		<b>615 531 046</b>	<b>587 186 423</b>
Expenditure for capital assets			
Tangible assets	9	37 778	24 619
Intangible assets	9	109	13
<b>Total expenditure for capital assets</b>		<b>37 887</b>	<b>24 632</b>
<b>Payments for financial assets</b>	7	<b>6 960 372</b>	<b>32 612 788</b>
<b>TOTAL EXPENDITURE</b>		<b>624 748 095</b>	<b>622 446 595</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>9 307 597</b>	<b>6 770 511</b>



## PART F: Financial Information

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		<b>482 684</b>	<b>1 206 804</b>
Annual appropriation		1 346 257	1 276 804
Statutory appropriation		(965 130)	(70 000)
Departmental revenue and NRF Receipts	15	8 817 935	5 506 035
Aid assistance	4	6 978	57 672
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>9 307 597</b>	<b>6 770 511<sup>1</sup></b>

1 The published 2021/22 Annual Report reflected an incorrect amount of R6 840 511 instead of the Audited figure of R6 770 511.



# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	NOTE	2022/23 R'000	2021/22 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>398 062</b>	<b>63 207</b>
Cash and cash equivalents	10	288 391	10 043
Prepayments and advances	11	99 948	43 518
Receivables	12	9 723	9 646
<b>Non-current assets</b>		<b>35 637 286</b>	<b>29 619 138</b>
Investments	13	35 597 656	29 597 656
Prepayments and advances	11	17 686	
Receivables	12	21 944	21 482
<b>TOTAL ASSETS</b>		<b>36 035 348</b>	<b>29 682 345</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>436 501</b>	<b>84 025</b>
Voted funds to be surrendered to the Revenue Fund	14	381 127	(16 893 196)
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	9 408	7 027
Bank overdraft	16	-	16 879 544
Payables	17	38 988	33 466
Aid assistance repayable	4	6 978	57 184
<b>TOTAL LIABILITIES</b>		<b>436 501</b>	<b>84 025</b>
<b>NET ASSETS</b>		<b>35 598 847</b>	<b>29 598 320</b>
<b>Represented by:</b>			
Capitalisation reserve		35 597 656	29 597 656
Recoverable revenue		1 191	664
<b>TOTAL</b>		<b>35 598 847</b>	<b>29 598 320</b>



## PART F: Financial Information

# STATEMENT OF CHANGES IN NET ASSET

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>Capitalisation Reserves</b>			
Opening balance		29 597 656	7 597 656
Transfers:			
Movement in Equity		6 000 000	22 000 000
<b>Closing balance</b>		<b>35 597 656</b>	<b>29 597 656</b>
<b>Recoverable revenue</b>			
Opening balance		664	447
Transfers:		527	217
Debts revised			
Debts raised		527	217
Closing balance		<b>1 191</b>	<b>664</b>
<b>TOTAL</b>		<b>35 598 847</b>	<b>29 598 320</b>



**CASH FLOW  
STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>633 591 350</b>	<b>611 117 106</b>
Annual appropriated funds received	1.1	38 837 684	45 546 707
Statutory appropriated funds received	2	586 275 611	559 522 239
Departmental revenue received	3	28 934	57 522
Interest received	3.3	8 426 216	5 448 513
Aid assistance received	4	22 905	542 125
Net (increase)/decrease in working capital		(68 672)	(128 243)
Surrendered to Revenue Fund		8 077 642	(6 015 724)
Surrendered to RDP Fund/Donor		(57 183)	(115 047)
Current payments		(2 218 790)	(2 622 752)
Payments for financial assets		(6 960 372)	(32 612 788)
Transfers and subsidies paid		(615 531 046)	(587 186 423)
<b>Net cash flow available from operating activities</b>	<b>18</b>	<b>16 832 929</b>	<b>(17 563 871)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Distribution/dividend received		362 785	-
Payments for capital assets	9	(37 887)	(24 632)
Proceeds from sale of capital assets	3.4	-	-
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		(6 000 000)	(22 000 000)
(Increase)/decrease in other financial assets		-	-
(Increase)/decrease in non-current receivables	12	(462)	(3 135)
<b>Net cash flows from investing activities</b>		<b>(5 675 564)</b>	<b>(22 027 767)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		6 000 527	22 000 217
Increase/(decrease) in non-current payables		-	-
<b>Net cash flows from financing activities</b>		<b>6 000 527</b>	<b>22 000 217</b>
Net increase/(decrease) in cash and cash equivalents		17 157 892	(17 591 421)
Cash and cash equivalents at beginning of period		(16 869 501)	721 920
<b>Cash and cash equivalents at end of period</b>	<b>19</b>	<b>288 391</b>	<b>(16 869 501)</b>



# **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

## **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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## **6. COMPARATIVE INFORMATION**

### **6.1 Prior period comparative information**

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

### **6.2 Current year comparison with budget**

A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

## **7. REVENUE**

### **7.1 Appropriated funds**

Appropriated funds comprise of departmental allocations and direct charges against the revenue fund (i.e. statutory appropriation). This includes extra-ordinary receipts.

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

Appropriated funds are measured at the amount's receivable.

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.

In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- The amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's write-off policy.

## 8. EXPENDITURE

### 8.1 Compensation of employees

#### 8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

#### 8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

### 8.2 Other expenditure

Other expenditure (such as goods and services transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 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 or fair value at the reporting date.

## 8.4 Leases

### 8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements. Lease commitments are based on a twelve-month projection or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash where there is on-going negotiation.

### 8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.

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 at fair value, or if lower, the present value of the minimum lease payments.

## 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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

## 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement cash and cash equivalents comprise cash on hand deposits held other short-term highly liquid investments and bank overdrafts.

## 11. PREPAYMENTS AND ADVANCES

Prepayments and advances are recognised in the statement of financial position only when the department becomes party to the provisions of the arrangement and receives or disburses the cash. Alternatively, the department may recognise prepayments and advances in the statement of financial performance in accordance with MCS on Expenditure if the prepayment was budgeted for as an expense in the year in which the actual prepayment was made. The department discloses in its notes for prepayments and advances a reconciliation of the opening balance and the closing balance at the end of the reporting period where goods and services were partially received or prior to the recipient earning the cash in the case of transfer and subsidies.

## 12. LOANS AND RECEIVABLES

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest where interest is charged less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

## 13. INVESTMENTS

Investments are recognised in the statement of financial position at cost.

## 14. FINANCIAL ASSETS

### 14.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost-plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date a department shall measure its financial assets



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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.

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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a no exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or Impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

## 16.4 Capital Work-in-Progress

The Integrated Financial Management System (IFMS) is an internally generated intangible assets which is recorded in the notes to the financial statements when the department commenced with the development phase of the project. Accordingly, the software licences relating to the IFMS are of a capital nature and was initially recognised in the statement of financial performance at cost when paid. Amounts paid towards the capital project are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

## 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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

The department discloses claims that affect National Treasury's vote number 8 as mandated by parliament and claims against other government departments or public entities are excluded.

## 17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events and where existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

## 17.4 Capital commitments

Capital commitments (other than transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future capital expenditure that will result in the outflow of cash.

## 18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
  - approved by Parliament or the Provincial Legislature 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.
- Unauthorised expenditure recorded in the notes to the financial statements comprises of:
- unauthorised expenditure relating to previous financial year and identified in the current year;
  - unauthorised incurred in the current year;
  - unauthorised expenditure incurred and confirmed in the previous financial year;
  - unauthorised expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
  - unauthorised expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure relating to previous financial year and identified in the current year;
- fruitless and wasteful expenditure incurred in the current year;
- fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
- fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

## 20. IRREGULAR EXPENDITURE

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:

- irregular expenditure incurred and confirmed in the previous financial year;
- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year;
- irregular expenditure incurred in the current year;
- irregular expenditure that was not discovered in the previous financial year;
- identified and confirmed in the current financial year; and
- irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

## 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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets liabilities and net assets for the earliest period for which retrospective restatement is practicable.

## **22. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

## **23. PRINCIPAL - AGENT ARRANGEMENTS**

The department is party to a principal-agent arrangement for administrative services rendered on behalf of the National Treasury with respect to Programme 7 Civil and Military Pensions Contributions (GPAA mainly), technical assistance services through Government Technical Advisory Centre with respect to Jobs Fund and NDP program, Development Bank of Southern Africa with respect to Cities support programme. The department is the Principal and provides funding and other benefits to the entities for services rendered on its behalf. In terms of these arrangements, the department is the Principal and is responsible for providing funding for the 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.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 26. RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. Key management personnel are those persons having the authority and responsibility for planning directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

## 27. EMPLOYEE BENEFITS

The value of each major class of employee benefit obligation (accruals payables not recognised and provisions) is disclosed in the Employee benefits note.





# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## PART B: EXPLANATORY NOTES

### 1. ANNUAL APPROPRIATION

	2022/23			2021/22		
	FINAL APPROPRIATION	ACTUAL FUNDS RECEIVED	FUNDS NOT REQUESTED/NOT RECEIVED	FINAL APPROPRIATION	APPROPRIATION RECEIVED	FUNDS NOT REQUESTED/NOT RECEIVED
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Programmes</b>						
Administration	541 619	541 619	-	513 051	513,051	-
Economic policy, tax, financial regulation, and research	158 212	158 212	-	141 802	141,802	-
Public finance and budget management	4 374 731	4 374 731	-	4 337 505	4 337 505	-
Asset and liability management	6 024 410	6 024 410	-	27 105 938	9 005 938	18 100 000
Financial accounting and supply chain management systems	946 132	946 132	-	1 000 026	1 000 026	-
International financial relations	2 857 266	2 857 266	-	7 844 172	7 844 172	-
Civil and military pensions, contributions to funds and other benefits	6 904 051	6 904 051	-	6 409 525	6 409 525	-
Revenue administration	11 635 781	11 635 781	-	11 295 167	11 295 167	-
Financial intelligence and state security	5 395 482	5 395 482	-	4 999 521	4 999 521	-
<b>Total</b>	<b>38 837 684</b>	<b>38 837 684</b>	<b>-</b>	<b>63 646 707</b>	<b>45 546 707</b>	<b>18 100 000</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>2. STATUTORY APPROPRIATION</b>			
Provincial equitable share		570 868 206	544 834 911 14 617 279
General fuel levy sharing with metropolitan municipalities		15 334 823	
Auditor General of South Africa		72 582	70 049
Land Bank		101 557	-
<b>Total</b>		<b>586 377 168</b>	<b>559 522 239</b>
Actual Statutory Appropriation received		<b>586 275 611</b>	-

## 3. DEPARTMENTAL REVENUE

Tax revenue			
Sales of goods and services other than capital assets	3.1	8 452	9 523
Interest, dividends and rent on land	3.2	8 789 001	5 448 513
Transactions in financial assets and liabilities	3.3	20 482	47 999
Total revenue collected		<b>8 817 935</b>	<b>5 506 035</b>
Less: Own revenue included in appropriation			
<b>Departmental revenue collected</b>		<b>8 817 935</b>	<b>5 506 035</b>

### 3.1 Sales of goods and services other than capital assets

	3		
Sales of goods and services produced by the department		8 452	9 523
Sales by market establishment		73	84
Administrative fees		1	1
Other sales		8 378	9 438
Sales of scrap, waste and other used current goods		-	-
<b>Total</b>		<b>8 452</b>	<b>9 523</b>

The decrease in Sales of goods and services other than capital assets - Other sales relates to services rendered for director fees, fees for guarantees insurance, sales of assets less than R5000 and replacement of lost office property.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>3.2 Interest, dividends and rent on land</b>			
	3		
Interest		8 426 216	5 448 513
Dividends		362 785	-
<b>Total</b>		<b>8 789 001</b>	<b>5 448 513</b>

**Interest:** The increase is largely attributed to the increase in Tax and Loan Accounts, IGCC Account and Foreign Currency Deposits:

**Tax and Loan Account:** South African Revenue Services (SARS) collected a net of R1.687 trillion in 2022/23, which represents the year-on-year increase of R123 billion compared to the R1,564 trillion collected in 2021/22. The significant increase in tax collection resulted in higher tax and loan balances at commercial banks. Therefore, the higher balances led to the rise in interest received for tax and loan accounts. In addition, the South African Benchmark Overnight Rate (SABOR) which is the rate applied on the Tax and Loan accounts increased significantly compared to the 2021/22 average which was 3.67% whereas in 2022/23 it was 5.85% on average. This increase has an implication on the increased interest received.

**IGCC Account:** National Treasury made an investment of R30 billion in the Inter-Governmental Cash Coordination (IGCC) at SARB from 15 December 2022 to 18 February 2023. As a result of the investment, National Treasury earned repo-rate plus 15 basis points for the duration of the investment. This contributed to the increase in IGCC interest.

**Foreign Currency Deposits:** The increase in interest for foreign currency deposits is due to the US Dollar (USD) depreciating by 3.3% against the major currencies in March 2023. The US Dollar weakness was mainly due to the growing expectations that US Federal Reserve Board might pause its on-going monetary policy tightening stance and probably start cutting interest rates, causing investors to sell the US dollar and buy riskier assets. Subsequently, the actively managed portfolios of the SARB have generated positive absolute returns (in reporting currency) for the period under review.

**Dividend:** The increase is largely attributed to dividend received from South African Reserve Bank in terms of section 24 of the SARB Act which provides that SARB must declare nine-tenths of the surplus after provisions to the South African government. The amount of R362 million was due to the South African government by SARB.

## 3.3 Transactions in financial assets and liabilities

	3		
Receivables		10 488	6 853
Other Receipts including Recoverable Revenue		9 994	41 146
<b>Total</b>		<b>20 482</b>	<b>47 999</b>

**Receivables:** The increase is largely attributed to the departmental debt recoverable from employees, such as bursaries, telephone bills etc.

**Other Receipts including Recoverable Revenue:** The decrease is largely attributed to less surplus funds received in the current year compared previous year.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
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## 3.4 Cash received not recognised (not included in the main note)

NAME OF ENTITY			2022/23
	AMOUNT RECEIVED R'000	AMOUNT PAID TO THE REVENUE FUND R'000	BALANCE R'000
<i>Funds surrendered by Municipalities</i>	219 134	219 134	-
<b>Total</b>	<b>219 134</b>	<b>219 134</b>	<b>-</b>

NAME OF ENTITY			2021/22
	AMOUNT RECEIVED R'000	AMOUNT PAID TO THE REVENUE FUND R'000	BALANCE R'000
<i>Funds surrendered by Municipalities</i>	165 889	165 889	-
<b>Total</b>	<b>165 889</b>	<b>165 889</b>	<b>-</b>

## 4. AID ASSISTANCE

Opening Balance	57 183	114 559
Prior period error	-	-
As restated	57 183	114 559
Transferred from statement of financial performance	6 978	57 672
Paid during the year	(57 183)	(115 048)
<b>Closing Balance</b>	<b>6 978</b>	<b>57 183</b>

Aid assistance relates to funds received from various donors (refer to annexure 11). The closing balance of R6.978 million will be surrendered back to the Reconstruction and Development Programme Fund (RDP Fund), and subsequently form part of the opening balance in the 2023/24 financial year

### 4.1 Analysis of balance by source

Aid assistance from RDP		6 978	57 183
<b>Closing balance</b>	<b>4</b>	<b>6 978</b>	<b>57 183</b>

### 4.2 Analysis of balance

Aid assistance repayable		6 978	57 183
Closing balance	4	6 978	57 183

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
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## 4.2.1 Aid assistance prepayments (expensed)

	NOTE	AMOUNT AS AT 1 APRIL 2022 R'000	LESS: RECEIVED IN THE CURRENT YEAR R'000	ADD OR LESS: OTHER R'000	ADD: CURRENT YEAR PREPAYMENTS R'000	AMOUNT AS AT 31 MARCH 2023 R'000
Goods and services		57 183	22 905	(73 110)	-	6 978
<b>Total</b>		<b>57 183</b>	<b>22 905</b>	<b>(73 110)</b>	<b>-</b>	<b>6 978</b>

	NOTE	AMOUNT AS AT 1 APRIL 2021 R'000	LESS: RECEIVED IN THE CURRENT YEAR R'000	ADD OR LESS: OTHER R'000	ADD: CURRENT YEAR PREPAYMENTS R'000	AMOUNT AS AT 31 MARCH 2022 R'000
Goods and services		114 557	542 125	(115 046)	(484 453)	57 183
<b>Total</b>		<b>114 557</b>	<b>542 125</b>	<b>(115 046)</b>	<b>(484 453)</b>	<b>57 183</b>

## 4.3 Aid assistance expenditure per economic classification

Current	15 927	484 453
Transfers and subsidies	-	-
<b>Total aid assistance expenditure</b>	<b>15 927</b>	<b>484 453</b>

The Aid assistance expenditure decreased from R484 million in 2021/22 financial year to R15.9 million in 2022/23 FY. The decrease of R468 million relates to the once-off projects for Humanitarian Crisis Relief: Solidarity fund- R400 million and Municipal Projects- R69 million for 2021/22 FY.

## 4.4 Donations received in-kind (not included in the main note)

<i>Accommodation and flight</i>	-	5
<i>Presentation Gift</i>	8	-
<i>Presentation Gift</i>	8	-
<i>Accommodation ,Flight ,Airport Shuttle &amp; Speakers Gift</i>	11	-
<i>Christmas Gift</i>	1	-
<b>Total</b>	<b>28</b>	<b>5</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>5. COMPENSATION OF EMPLOYEES</b>			
<b>5.1 Salaries and Wages</b>			
Basic salary		579 434	562 148
Performance award		253	5 535
Service Based		2 535	1 259
Compensative/circumstantial		3 924	3 259
Other non-pensionable allowances		174 855	166 374
<b>Total</b>		<b>761 001</b>	<b>738 575</b>
<b>5.2 Social contributions</b>			
Employer contributions			
Pension		70 775	69 488
Medical		18 539	17 833
Bargaining council		119	110
<b>Total</b>		<b>89 433</b>	<b>87 431</b>
<b>Total compensation of employees</b>		<b>850 434</b>	<b>826 006</b>
Average number of employees		<b>1 045</b>	<b>1 027</b>

The increase in Basic salary and Other non-pensionable allowances is attributable to a once-off salary increase of 3% and a non-pensionable cash allowance implemented by the Department of Public Service and Administration in respect of the public service wage agreement.

## 6. GOODS AND SERVICES

Administrative fees		1 664	1 269
Advertising		199	733
Minor assets	6.1	228	1 666
Bursaries (employees)		4 833	4 088
Catering		611	368
Communication		11 433	10 728
Computer services	6.2	363 907	433 114
Consultants: Business and advisory services		762 196	671 277
Infrastructure and planning services		-	-
Legal services		13 548	16 746
Contractors		15 603	14 964

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
Agency and support / outsourced services		6 875	8 202
Entertainment		57	24
Audit cost – external	6.3	16 545	21 518
Fleet services		4 584	4 985
Consumables	6.4	6 810	4 838
Operating leases		74 354	74 278
Property payments	6.5	23 061	23 384
Travel and subsistence	6.6	35 392	7 212
Venues and facilities		1 381	2 623
Training and development		2 831	2 589
Other operating expenditure	6.7	6 317	7 687
<b>Total</b>		<b>1 352 429</b>	<b>1 312 293</b>

**Computer Services:** The decrease is largely attributed to non-payment of the annual technical support and maintenance for IFMS.

**Consultants: Business and advisory Services:** The increase is largely attributed to the payment that was made for Lekwa Smart meters project within Municipal Revenue Management Improvement Programme.

**Travel and Subsistence:** The increase is largely attributable to international business travel such as roadshows for foreign investors, annual meetings with the World Bank, International Monetary Fund (IMF), World Economic Forum and local business travel for the Medium-Term Budget Policy Statement (MTBPS) and the Budget Speech.

## 6.1 Minor assets

	6		
Tangible assets		228	1 666
Machinery and equipment		228	1 666
Total		228	1 666

The Minor assets mainly Office Chairs were replenished in the last financial year and therefore no major upgrades were required in 2022/23.

## 6.2 Computer services

	6		
SITA computer services		39 131	69 680
External computer service providers		324 776	363 434



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>Total</b>		<b>363 907</b>	<b>433 114</b>

SITA computer services: The decrease is largely attributed to the phasing out of the PMM IFMS Mainframe, hence no expenditure was incurred in the 2022/23 financial year.

External computer service provider: The decrease is largely attributed to non-payment of the annual technical support and maintenance for IFMS.

## 6.3 Audit cost – External

	6		
Regularity audits		16 545	21 518
<b>Total</b>		<b>16 545</b>	<b>21 518</b>

The decrease in 2022/23 financial year was due to the auditing fee for the Transversal Systems which was paid in the 2021/22 financial year.

## 6.4 Consumables

	6		
Consumable supplies		2 356	1 903
Uniform and clothing		81	57
Household supplies		1 430	1 143
Building material and supplies		21	305
Communication accessories		14	2
IT consumables		672	181
Other consumables		138	215
Stationery, printing and office supplies		4 454	2 935
<b>Total</b>		<b>6 810</b>	<b>4 838</b>

The increase on Consumables is due to significant expenditure on Stationery, printing and office supplies as a result of more employees returning to the office post COVID-19 pandemic.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>6.5 Property payments</b>			
	6		
Municipal services		22 918	21 551
Property management fees		-	1 113
Other		143	720
<b>Total</b>		<b>23 061</b>	<b>23 384</b>

## 6.6 Travel and subsistence

	6		
Local		15 873	6 029
Foreign		19 519	1 183
<b>Total</b>		<b>35 392</b>	<b>7 212</b>

The increase is largely attributable to international business travel such as roadshows for foreign investors, annual meetings with the World Bank, IMF, World Economic Forum and local business travel for the MTBPS and the Budget Speech.

## 6.7 Other operating expenditure

	6		
Professional bodies, membership, and subscription fees		3 680	3 932
Resettlement costs		590	127
Other (Printing of budget documents, and courier costs)		2 047	3 628
<b>Total</b>		<b>6 317</b>	<b>7 687</b>

## 7. PAYMENTS FOR FINANCIAL ASSETS

Purchase of Equity		6 000 000	22 000 000
Extension of loans for policy purposes		960 141	6 049 897
Debt-take overs		-	4 562 878
Debts written off	7.1	231	13
<b>Total</b>		<b>6 960 372</b>	<b>32 612 788</b>

The increase in the 2021/22 financial year compared to the 2022/22 financial year is due to a once-off capital injection of R22 billion made to SASRIA. The 2022/23 FY investment was only made to the Land Bank to the amount of R6 billion, hence the decrease in expenditure under this line item.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>7.1 Debts written off</b>			
	7		
Losses and damages		231	13
<b>Total debt written off</b>		<b>231</b>	<b>13</b>

The increase is due to the write-off of asset losses and damages, as well as financial losses relating to prior financial years cases that were approved in the current financial year. Write offs consist of various items such as lost and damaged state laptops, cell phones and vehicles etc.

## 8. TRANSFERS AND SUBSIDIES

Provinces and municipalities	NAS 35	588 582 630	561 818 391
Departmental agencies and accounts	Annexure 1A	18 088 428	17 400 252
Foreign governments and international organisations	Annexure 1E	1 848 524	1 744 761
Public corporations and private enterprises	Annexure 1D	288 830	233 819
Households	Annexure 1G	6 722 634	5 989 200
<b>Total</b>		<b>615 531 046</b>	<b>587 186 423</b>

**Provinces and municipalities:** The increase relates to transfer payments made to Provinces for Provincial Equitable Share to address cost of living adjustment on compensation of employees. Included in this item are Conditional Grants to municipalities as well as the General fuel levy sharing with metropolitan municipalities.

**Department agencies and accounts:** The increase relates to transfer payments made to South African Revenue Services and Secret Services.

**Foreign government and international organisation:** The increase relates to transfer payments made to Common Monetary Area compensation for the Rand circulation in Botswana, Lesotho, Namibia and e-Swatini.

**Households:** The increase relates to transfer payments made to Government Pension Administration Agency for the administration of Post-retirement medical schemes contribution.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>9. EXPENDITURE FOR CAPITAL ASSETS</b>			
<b>Tangible assets</b>		<b>37 778</b>	<b>24 619</b>
Machinery and equipment	30	37 778	24 619
<b>Intangible assets</b>		<b>109</b>	<b>13</b>
Software	31	109	13
<b>Total</b>		<b>37 887</b>	<b>24 632</b>

The increase is largely due to the procurement of 260 new laptops purchased in 2022/23 financial year. Other costs included in R37.778 million are the procurement of the Telecommunication Equipment Network LAN, the Audio Visual as well as the Desktops.

## 9.1 Analysis of funds utilised to acquire capital assets – 2022/23

	VOTED FUNDS R'000	AID ASSISTANCE R'000	TOTAL R'000
<b>Tangible assets</b>			
Machinery and equipment	37 778	-	37 778
<b>Intangible assets</b>			
Software	109	-	109
<b>Total</b>	<b>37 887</b>	<b>-</b>	<b>37 887</b>

## 9.2 Analysis of funds utilised to acquire capital assets – 2021/22

	VOTED FUNDS R'000	AID ASSISTANCE R'000	TOTAL R'000
<b>Tangible assets</b>	<b>24 619</b>	<b>-</b>	<b>24 619</b>
Machinery and equipment	24 619	-	24 619
<b>Intangible assets</b>	<b>13</b>	<b>-</b>	<b>13</b>
Software	13	-	13
<b>Total</b>	<b>24 632</b>	<b>-</b>	<b>24 632</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>9.3 Finance lease expenditure included in Expenditure for capital assets</b>			
Machinery and equipment		235	86
<b>Total</b>		<b>235</b>	<b>86</b>

## 10. CASH AND CASH EQUIVALENTS

Consolidated Paymaster General Account		270 758	9 232
Cash on hand		23	23
Investments (Domestic)		17 610	788
<b>Total</b>		<b>288 391</b>	<b>10 043</b>

The cash and cash equivalent in 2021/22 financial year was less as the department closed the books with a negative balance (Overdraft) due to the SASRIA payment. The current year reflect a positive balance largely from NT domestic bank account.

Investment relates to the Cash on hand that was available in NT's ABSA bank account at the end of business day on 31 March.

## 11. PREPAYMENTS AND ADVANCES

Travel and subsistence		26	181
Prepayments (Not expensed)	11.2	18 156	17 686
Advances paid (Not expensed)	11.1	99 452	25 651
<b>Total</b>		<b>117 634</b>	<b>43 518</b>

### Analysis of Total Prepayments and advances

Current Prepayments and advances		99 948	43 518
Non-current Prepayments and advances		17 686	
<b>Total</b>		<b>117 634</b>	<b>43 518</b>

Prepayment (not expensed): The amount mainly relates to the balance in ICT Works prepayments as at end of 2022/23 financial year. No amount was expensed from this prepayment in 2022/23.

Advances paid (not expensed) relate to transfers payment made to GPAA in March 2023 due to the rise in expenditure resulting from the awards for Injury on Duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (COIDA Act) and this increase in expenditure also emanates from the on-going engagements with departments to deal with backlogs. In addition, the annual increase of 5.5% for pensioners receiving the Special, Military, and non-GEPF Civil Pensions was paid in 2022/23.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23	2021/22
		R'000	R'000

## 11.1 Advances paid (Not expensed)

	Note	BALANCE AS AT 1 APRIL 2022	LESS: AMOUNT EXPENSED IN CURRENT YEAR	ADD OR LESS: OTHER	ADD: CURRENT YEAR ADVANCES	BALANCE AS AT 31 MARCH 2023
		R'000	R'000	R'000	R'000	R'000
National departments	11	334	(334)	-	334	334
Public entities		25 317	(25 317)	-	99 118	99 118
Other institutions						
<b>Total</b>		<b>25 651</b>	<b>(25 651)</b>	<b>-</b>	<b>99 452</b>	<b>99 452</b>

	Note	BALANCE AS AT 1 APRIL 2021	LESS: AMOUNT EXPENSED IN CURRENT YEAR	ADD OR LESS: OTHER	ADD: CURRENT YEAR ADVANCES	BALANCE AS AT 31 MARCH 2022
		R'000	R'000	R'000	R'000	R'000
National departments	11	328	(328)	-	334	334
Public entities		14 524	(14 524)	-	25 317	25 317
Other institutions						
<b>Total</b>		<b>14 852</b>	<b>(14 852)</b>	<b>-</b>	<b>25 651</b>	<b>25 651</b>

## 11.2 Prepayments (Not expensed)

	Note	BALANCE AS AT 1 APRIL 2022	LESS: AMOUNT EXPENSED IN CURRENT YEAR	ADD OR LESS: OTHER	ADD: CURRENT YEAR PREPAYMENTS	BALANCE AS AT 31 MARCH 2023
		R'000	R'000	R'000	R'000	R'000
Goods and services	11	15 526	-	-	-	15 526
Other		2 160	-	-	470	2 630
<b>Total</b>		<b>17 686</b>	<b>-</b>	<b>-</b>	<b>470</b>	<b>18 156</b>

	Note	BALANCE AS AT 1 APRIL 2021	LESS: AMOUNT EXPENSED IN CURRENT YEAR	ADD OR LESS: OTHER	ADD: CURRENT YEAR PREPAYMENTS	BALANCE AS AT 31 MARCH 2022
		R'000	R'000	R'000	R'000	R'000
Goods and services	11	16 027	(501)	-	-	15 526
Other		1 593	-	-	567	2 160
<b>Total</b>		<b>17 620</b>	<b>(501)</b>	<b>-</b>	<b>567</b>	<b>17 686</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
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## 11.3 Advances paid (Expensed)-Not part of the main note

### Advances paid (Expensed)-2022/23

	BALANCE AS AT 1 APRIL 2022 R'000	ADD: RECEIVED IN THE CURRENT YEAR R'000	ADD/LESS: OTHER R'000	ADD: CURRENT YEAR ADVANCES R'000	AMOUNT AS AT 31 MARCH 2023 R'000
GTAC – Job Funds	274 609	18 941	(389 485)	635 776	539 842
GTAC – NDP	15 760	1 706	(190 273)	188 780	15 973
GTAC – MFIP	176 610	-	(126 154)	162 716	213 172
GTAC – ECFE	10 705	-	(538)	-	10 167
GTAC – IDIP	7 097	-	(1 747)	-	5 350
DBSA – NT Project prep fund	266 454	13 669	(63 421)	95 032	311 734
DBSA – Infrastructure Fund	60 408	3 157	(25 676)	41 798	79 688
DBSA – CSP	7 229	394	(46 715)	53 000	13 908
DBSA – NT Social Housing Projects	-	7 371	-	152 000	159 371
	<b>818 872</b>	<b>45 239</b>	<b>(844 007)</b>	<b>1 329 102</b>	<b>1 349 206</b>

### Advances paid (Expensed) - 2021/22

	BALANCE AS AT 1 APRIL 2021 R'000	LESS: RECEIVED IN THE CURRENT YEAR R'000	ADD/LESS: OTHER R'000	ADD: CURRENT YEAR ADVANCES R'000	AMOUNT AS AT 31 MARCH 2022 R'000
GTAC – Jobs Fund	16 731	7 298	(346 188)	596 768	274 609
GTAC – NDP	13 481	785	(179 262)	180 755	15 760
GTAC – MFIP	155 404	2 249	(143 621)	162 578	176 610
GTAC – ECFE	11 939	-	(1 234)	-	10 705
GTAC – IDIP	7 097	-	-	-	7 097
DBSA – NT Project prep fund	105 354	7 467	-	153 633	266 454
DBSA – Infrastructure Fund	-	-	(19 748)	80 156	60 408
DBSA – CSP	7 468	271	(42 740)	42 230	7 229
<b>Total</b>	<b>317 474</b>	<b>18 070</b>	<b>(732 793)</b>	<b>1 216 120</b>	<b>818 872</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
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## 12. RECEIVABLES

		2022/23			2021/22		
	NOTE	CURRENT R'000	NON-CURRENT R'000	TOTAL R'000	CURRENT R'000	NON-CURRENT R'000	TOTAL R'000
Claims recoverable	12.1	494	3 658	4 152	530	3 529	4 059
Recoverable expenditure	12.2	205	395	600	34	638	672
Staff debt	12.3	148	1 344	1 492	42	928	970
Other receivables	12.4	8 876	16 547	25 423	9 040	16 387	25 427
<b>Total</b>		<b>9 723</b>	<b>21 944</b>	<b>31 667</b>	<b>9 646</b>	<b>21 482</b>	<b>31 128</b>

### 12.1 Claims recoverable

	NOTE	2022/23 R'000	2021/22 R'000
National departments	12	2 696	2 709
Provincial departments		127	21
Foreign governments		1 329	1 329
<b>Total</b>		<b>4 152</b>	<b>4 059</b>

### 12.2 Recoverable expenditure (disallowance accounts)

	NOTE	2022/23 R'000	2021/22 R'000
Damages and losses	12	583	638
Disallowance Miscellaneous		17	34
<b>Total</b>		<b>600</b>	<b>672</b>

### 12.3 Other staff debt

	NOTE	2022/23 R'000	2021/22 R'000
Departmental debts	12	1 492	970
<b>Total</b>		<b>1 492</b>	<b>970</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>12.4 Other receivables</b>			
	12		
Value added tax (SARS)		317	388
Amounts owed by departments -- Civil and military pensions		5 254	5 210
Outstanding debts -- Civil and military pensions		27	27
Disallowance -- Civil and military pensions		5 225	4 665
Disallowance -- Special pensions		12 870	13 942
Other debt – GPAA		1 730	1 195
<b>Total</b>		<b>25 423</b>	<b>25 427</b>

## 12.5 Impairment of receivables

Estimate of impairment of receivables	9 581	7 069
<b>Total</b>	<b>9 581</b>	<b>7 069</b>

The impairment of receivables refers to the estimates or amounts by which the receivables have impaired.

All debts are individually reviewed for the possibility of impairment. The impairment includes debtors that were handed over to the State Attorney (Legal) for recovery. These are debts raised as a result of overpayments due to, for example, recalculation of benefits and non or late notification of death of the pensioners.

These are debts not likely to be recovered and are therefore recommended for write off based on a determined criteria and are subject to further assessments and approvals before the final write-off:

The following criteria was used for the impairment test of receivables:

- Debts identified for write off; plus
- No movement for more than 2 years (Non-payment by debtors); and
- Debtors 70 years and older.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>13. INVESTMENTS</b>			
Non-Current			
Shares and other equity			
Development Bank of Southern Africa		200 000	200 000
Public Investment Corporation Limited		1	1
SASRIA		22 000 000	22 000 000
Land Bank		13 397 655	7 397 655
<b>Total</b>		<b>35 597 656</b>	<b>29 597 656</b>
Analysis of non-current investments			
Opening balance		29 597 656	7 597 656
Additions in cash		6 000 000	22 000 000
Non-cash movements			
<b>Closing balance</b>		<b>35 597 656</b>	<b>29 597 656</b>

The investment value increased by R6 billion in the 2022/23 financial year due to a capital injection made to the Land Bank.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
Estimate of impairment of investments		13 397 655	8 426 383
<b>Total</b>		<b>13 397 655</b>	<b>8 426 383</b>

## 13.1 Impairment of investments

The NT holds controlling interest in DBSA, Land Bank, PIC and SASRIA, SOE listed in schedule 2 of the PFMA.

The impairments are estimates based on projected cash flows obtained in the SOE's corporate plan. No extensive adjustment to the projected cash flows is passed due to limitations in the information provided in compiling such projections. The Free Cash flow to equity (FCFE) is utilised to estimate the fair value of the interest held in the SOEs, subject to limitation and practical expedient, the principles and significant assumptions applied in the model include:

### Discount rate

To discount the cash, flow the yield of the government 10-year bond is utilised as it is the assumed risk-free rate over the medium term and would approximate the weighted average cost to the holder of capital (government).

### Growth rate

The average forecasted nominal GDP growth rate as forecasted in the budget, is utilised to discount terminal value as this indicates how the economy is expected to perform and so are the SOEs.

### Other

Other significant assumptions are made for each individual entity based on its operations of the individual entities.

### Interpretation

Where the calculated NPV is negative, the conclusion is that the SOC holds zero value, considering the assumptions input to the model.

The current year NPV is compared with prior year NPV to measure the quantum of the impairment, if any. This is done by taking the current year NPV and deducting Prior year NPV. A negative value then represents an impairment, and a positive value represents a reversal/partial reversal in impairment.

The total cost of investment in Land Bank have been impaired wholly, as the future economic benefit of these investment is reflected at negative asset value. The total impairment for the current financial year amounts to R13.398 billion which is in respect of Land Bank. Assessment for impairment in SASRIA presented a positive value which means the investment is not impaired in the current financial year.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>14. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND</b>			
Opening balance		(16 893 196)	444 165
Prior period error	14.2		
As restated		(16 893 196)	444 165
Transfer from statement of financial performance (as restated)		1 346 257	1 206 804
Add: Unauthorised expenditure for current year		--	-
Voted/Statutory funds not requested/not received		(956 130)	(18 100 000)
Paid during the year		16 893 196	(444 165)
<b>Closing balance</b>		<b>381 127</b>	<b>(16 893 196)</b>

The negative balance in 2021/22 relates to funds of R18.1 billion which was paid to SASRIA as a direct charge from the National Revenue Fund. This fund was withdrawn from the National Revenue Fund in 2022/23.

The closing balance of R381.127 million relates to the unspent funds as of 31 March 2023. However, an amount of R787 million was incurred under direct charges on Calls on guarantees in terms of Section 70 of the PFMA for the Land Bank. Late requisition of funds will be made upon the finalisation of the audit.

## 15. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

Opening balance		7 027	72 551
Prior period error	15.1		
As restated		7 027	72 551
Transfer from Statement of Financial Performance (as restated)		8 817 935	5 506 035
Paid during the year		(8 815 554)	(5 571 559)
<b>Closing balance</b>		<b>9 408</b>	<b>7 027</b>

## 16. BANK OVERDRAFT

Consolidated Paymaster General Account	-	16 879 544
<b>Total</b>	<b>-</b>	<b>16 879 544</b>

The Overdraft to Paymaster General Account in 2021/22 related to funds of R18.1 billion which was paid to SASRIA. The Second Adjustment Appropriation Act was approved in July 2022 then funds were requested from the National Revenue Fund to clear the overdraft.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>17. PAYABLES – CURRENT</b>			
Advances received	17.1	6 096	3 594
Clearing accounts	17.2	1 605	295
Other payables	17.3	31 287	29 577
<b>Total</b>		<b>38 988</b>	<b>33 66</b>
<b>17.1 Advances received</b>			
	17		
National departments	Annex 8B	165	-
Public entities		5 931	3 594
<b>Total</b>		<b>6 096</b>	<b>3 594</b>
<b>17.2 Clearing accounts</b>			
	17		
Description			
Income Tax (PAYE)		1 319	166
Bargaining Council		-	-
Government Employee Housing Scheme		73	57
VAT Input		-	3
Salary suspense-reversal account		4	69
Pension Fund		209	-
<b>Total</b>		<b>1 605</b>	<b>295</b>
<b>17.3 Other payables</b>			
	17		
Description			
Civil and military pensions		18 050	16 207
Special pensions		13 237	13 370
<b>Total</b>		<b>31 287</b>	<b>29 577</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

NOTE	2022/23 R'000	2021/22 R'000
<b>18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES</b>		
Net surplus/(deficit) as per Statement of Financial Performance	9 307 597	6 770 511
Add back non-cash/cash movements not deemed operating activities	7 525 332	(24 334 382)
(Increase)/decrease in receivables	(77)	5 924
(Increase)/decrease in prepayments and advances	(74 116)	(11 046)
Increase/(decrease) in payables – current	5 522	(123 121)
Proceeds from sale of investments	(362 786)	-
Expenditure on capital assets	37 887	24 632
Surrenders to Revenue Fund	8 077 642	(6 015 724)
Surrenders to RDP Fund/Donor	(57 183)	(115 047)
Voted funds not requested/not received	-	(18 100 000)
Statutory funds not requested/not received	(101 557)	-
<b>Net cash flow generated by operating activities</b>	<b>16 832 929</b>	<b>(17 563 871)</b>

## 19. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

Consolidated Paymaster General account	270 758	(16 870 312)
Cash on hand	23	23
Cash with commercial banks (Local)	17 610	788
<b>Total</b>	<b>288 391</b>	<b>(16 869 501)</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS</b>			
<b>20.1 Contingent liabilities</b>			
Liable to Nature			
Other guarantees	Annex 3A	15 357 948	19 158 081
Claims against the department	Annex 3B	143 842	143 842
Other-claim from GPAA	Annex 3B	478 007	429 194
<b>Total</b>		<b>15 979 796</b>	<b>19 731 117</b>

Other guarantees relate to guarantees issues to Public Entities that report to the Minister of Finance such as Development Bank of Southern Africa (DBSA), and Land and Agricultural Development Bank of South Africa. Any payment under a guarantee will be a direct charge against the National Revenue fund via the Department. The decrease on other guarantees is due to more calls on guarantees.

Claims against the Department amounting to R143.842 million represent the amounts of litigation against the Department and claims for expenditure that was not substantiated. The amount and timing of any outflow is uncertain and will depend whether legal action against the Department succeeds or whether amounts claimed can be substantiated.

Other claims from GPAA relate to Military Pension, Injury on duty and Special Pension (Annexure 3B).

A prior period error of R2 503 038 was raised to correct the opening balance of the Guarantees. The effects of the change is disclosed under Note 35.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
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## 21. ACCRUALS AND PAYABLES NOT RECOGNISED

### 21.1 Accruals

#### Listed by economic classification

	30 DAYS	30+ DAYS	TOTAL	TOTAL
Goods and services	103 110	11 330	114 440	105 893
Transfers and subsidies	411	-	411	186 190
Capital Assets	211	-	211	3 005
Other	8 506	(2)	8 504	10 037
<b>Total</b>	<b>112 238</b>	<b>11 328</b>	<b>123 566</b>	<b>305 125</b>

#### Listed by programme level

Administration	11 487	18 595
Economic Policy Tax Financial regulation and Research	1 354	886
Public Finance and Budget Management	7 249	4 108
Asset and Liability Management	8 933	1 371
Financial Systems and Accounting	37 403	35 977
International Financial Relations	1 342	186 156
Civil and Military Pensions Contributions to Funds and Other Benefits	47 294	47 996
Government Technical Advisory Centre – MFIP	8 504	10 037
<b>Total</b>	<b>123 566</b>	<b>305 125</b>

The significant balance in prior year was due to transfer payment under **Programme 6: International Financial Relations** to Common Monetary Area (CMA) compensation relating to 2020/21 financial year which was paid after 31 March 2022.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>22. EMPLOYEE BENEFITS</b>			
Leave entitlement		50 422	55 867
Service bonus		16 617	16 722
Capped leave		5 743	6 534
<b>Total</b>		<b>72 783</b>	<b>79 123</b>

## 23. LEASE COMMITMENTS

### 23.1 Operating leases

2022/23	SPECIALISED MILITARY EQUIPMENT 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	-	-	92 800	2 171	94 971
Later than 1 year and not later than 5 years	-	-	250 532	854	251 386
Later than five years	-	-	66 582	-	66 582
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>409 914</b>	<b>3 025</b>	<b>412 939</b>
2021/22	SPECIALISED MILITARY EQUIPMENT 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	-	-	86 939	1 589	88 528
Later than 1 year and not later than 5 years	-	-	246 685	1 332	248 017
Later than five years	-	-	134 784	-	134 784
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>468 408</b>	<b>2 921</b>	<b>471 329</b>

The lease commitment was set to end at the end of 2029 for the 240 Madiba Building, therefore the "Later than five years" estimation gradually reduces year on year, hence the decrease in Operating leases in the current financial year compared to the previous one.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
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## 23.2 Finance leases

2022/23	SPECIALISED MILITARY EQUIPMENT 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	-	-	-	3 028	3 028
Later than 1 year and not later than 5 years	-	-	-	756	756
<b>Total lease commitments</b>	-	-	-	<b>3 784</b>	<b>3 784</b>

2021/22	SPECIALISED MILITARY EQUIPMENT 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	-	-	-	908	908
Later than 1 year and not later than 5 years	-	-	-	1 527	1 527
<b>Total lease commitments</b>	-	-	-	<b>2 435</b>	<b>2 435</b>

## 24. ACCRUED DEPARTMENTAL REVENUE

Sales of goods and services other than capital assets	1	8
Interest, dividends and rent on land	1 702 316	378 395
Transactions in financial assets and liabilities	526	1 522
Sales of capital assets	92	-
<b>Total</b>	<b>1 702 935</b>	<b>379 925</b>

The increase is largely attributed to the higher than anticipated interest received from the commercial banks and the selling of 4 government vehicles for scrap.

### 24.1 Analysis of accrued departmental revenue

Opening balance	379 925	630 128
Less: amounts received	379 925	630 128
Add: amounts recorded	1 702 935	379 925
<b>Closing balance</b>	<b>1 702 935</b>	<b>379 925</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>25. UNAUTHORISED, IRREGULAR, AND FRUITLESS AND WASTEFUL EXPENDITURE</b>			
Irregular expenditure		12 128	30 682
<b>Total</b>		<b>12 128</b>	<b>30 682</b>

The Irregular expenditure figures that were disclosed in the 2021/22 financial year were adjusted to align with Instruction No. 04 on PFMA Compliance and Reporting issued by the Office of the Accountant General.

### Irregular Expenditure:

The amounts disclosed in the current and prior financial year relates mainly to irregular expenditure incurred on multi-year contracts, with the exception of Deloitte which was a once-off expenditure confirmed and incurred during the 2021/22 financial year. The breakdown of the expenditure is as follows:

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

SUPPLIER	Disciplinary steps taken		
ICT Works	Warning Letters issued to accountable officials.	-	9 518
Trustlink Swift Bureau Services	HR to issue awareness letter to the Chief Director.	734	641
Emthunzini Aircon & Refrigeration	Warning letter was issued to accountable official.	-	15
UU Technologies	Awareness Letter issued to Acting Director SCM.	7 906	7 417
MFIP	GTAC to initiate consequence management and condonation process.	3 488	11 358
Deloitte and Touché	Case was under review by Internal Audit in the current financial year. Consequence management will be instituted in 2023/24.	-	1 733
<b>Total</b>		<b>12 128</b>	<b>30 682</b>

Additional details on the irregular expenditure is provided under Part E of the Annual Report.

### Fruitless and wasteful expenditure:

National Treasury has incurred expenditure of R68 million in the 2021/22 financial year on technical support and maintenance for the Integrated Financial Management System (IFMS). There have been differences of opinion on whether the expenditure constitutes fruitless and wasteful expenditure and there is a process

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

NOTE	2022/23 R'000	2021/22 R'000
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underway to determine the nature of the expenditure and to also obtain clarity of the fruitless and wasteful principle from a policy perspective.

No unauthorised expenditure was incurred in the current financial year.

## 26. RELATED PARTY TRANSACTIONS

### Related party falling under the minister of finance

The Financial and Fiscal Commission (FFC)  
 Financial Intelligence Centre (FIC)  
 Development Bank of Southern Africa Limited (DBSA)  
 Accounting Standards Board (ASB)  
 Public Investment Corporation (PIC)  
 South African Revenue Service (SARS)  
 SASRIA Limited (SASRIA)  
 The Land and Agricultural Development Bank of South Africa (Land Bank)  
 Independent Regulatory Board for Auditors (IRBA)  
 Financial Advisory Intermediary Services (FAIS) Ombudsman  
 Office of the Pension Fund Adjudicator (OPFA)  
 The Co-Operative Banks Development Agency (CBDA)  
 Government Pensions Administration Agency (GPAA)  
 Government Technical Advisory Centre (GTAC)  
 Office of the Tax Ombud (OTO)  
 Financial Sector Conduct Authority (FSCA)  
 Ombud Council (OC)

### In kind goods and services provided/received

CBDA - Office space and professional services (provided)	3 464	7 623
GTAC - Office space and professional services (provided)	14 138	16 103
GTAC - Goods and services received	-	107
<b>Total</b>	<b>17 602</b>	<b>23 833</b>

The accounting policy for Related Parties transactions was amended in the current financial year to exclude the disclosure of guarantees and payments made to GTAC under goods and services as additional information. The effects of the change in accounting policy is disclosed under Note 34.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>27. KEY MANAGEMENT PERSONNEL</b>			
Political office bearers (provide detail below)			
Officials:		4 595	5 228
Level 15 to 16		24 875	19 541
Level 14 (incl CFO if at a lower level)		85 971	80 707
<b>Total</b>		<b>115 441</b>	<b>105 476</b>

## 28. IMPAIRMENT (OTHER THAN RECEIVABLES, ACCRUED DEPARTMENTAL REVENUE, LOANS AND INVESTMENTS)

Debtors	416	348
Other material losses	41 493	41 332
<b>Total</b>	<b>41 909</b>	<b>41,680</b>

Other material losses are largely attributed to benefit payments in respect of Programme 7 (Government Pensions Administration Agency) of 463 cases for the 2022/23 period. Some of the benefits payments are paid to beneficiaries who were granted pension due to errors by the Special Pension Board due to misinterpretation of the Special Pensions Act, 69 of 1996 as amended. A decision was taken to pay the beneficiaries that fall under this category and write off the cost incurred on an annual basis.

## 29. PROVISIONS

SA Smith - claim	14	14
Injury on Duty	210 285	238 456
Military Pension	7 628	8 542
Military Medical	2 751	258
Special Pension	39 964	56 144
Medical Benefits	7 436	6 033
<b>Total</b>	<b>268 078</b>	<b>309,447</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Military Medical-Outstanding Medical Claims for pensioners eligible in terms of the Military Pensions requirements.

Injury on Duty-Outstanding awards issued by the Compensation Fund in terms of Compensation for Occupational Injuries and Diseases Act (COIDA) awaiting claim submissions by the employers.

Military Pensions-Provision raised in terms of Military Pensions requirements for all approved cases while awaiting outstanding documents from the member/beneficiaries.

Medical Benefits-Outstanding documents on post-retirement medical benefits not yet processed.

Special Pensions-Outstanding applications for pensioners and dependants in terms of the Special Pensions requirements i.e. Life certificates, secondary benefits, death benefits.

Uncertainties dependent on the submission of certain documentation by the applicants.

## 29.1 Reconciliation of movement in provisions – 2022/23

	MILITARY MEDICAL &SPECIAL PENSIONS	INJURY ON DUTY	MILITARY PENSION	POST- RETIREMENT MEDICAL BENEFITS & CLAIM	TOTAL PROVISIONS
	R'000	R'000	R'000	R'000	R'000
Opening balance	56 401	238 456	8 542	6 047	309 447
Increase in provision	42 735	161 861	3 138	60 435	268 169
Settlement of provision	(24 754)	(155 018)	(3 445)	(59 033)	(242 250)
Unused amount reversed	(31 667)	(35 014)	(607)	-	(67 288)
<b>Closing balance</b>	<b>42 715</b>	<b>210 285</b>	<b>7 628</b>	<b>7 450</b>	<b>268 078</b>

## 29.2 Reconciliation of movement in provisions – 2021/22

	MILITARY MEDICAL &SPECIAL PENSIONS	INJURY ON DUTY	MILITARY PENSION	POST- RETIREMENT MEDICAL BENEFITS & CLAIM	TOTAL PROVISIONS
	R'000	R'000	R'000	R'000	R'000
Opening balance	49 704	203 511	9 559	9 422	272 196
Increase in provision	54 753	109 334	2 524	25 254	191 865
Settlement of provision	(48 002)	(64 164)	(2 844)	(28 629)	(143 639)
Unused amount reversed	(53)	(10 225)	(697)	-	(10 975)
<b>Closing balance</b>	<b>56 402</b>	<b>238 456</b>	<b>8 542</b>	<b>6 047</b>	<b>309 447</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 30. MOVABLE TANGIBLE CAPITAL ASSETS

### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	OPENING BALANCE	VALUE ADJUSTMENTS	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>286 929</b>		<b>37 778</b>	<b>1 903</b>	<b>322 804</b>
Transport assets	7 828		-	1 231	6 597
Computer equipment	188 825		19 566	634	207 757
Furniture and office equipment	17 681		226	-	17 907
Other machinery and equipment	72 595		17 986	38	90 543
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>286 402</b>	<b>-</b>	<b>37 778</b>	<b>1 903</b>	<b>322 804</b>

Movable Tangible Capital Assets Under Investigation	NUMBER	VALUE
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		R'000
Machinery and equipment	59	1 432

### MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	OPENING BALANCE	PRIOR PERIOD ERROR	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>261 894</b>	<b>613</b>	<b>24 533</b>	<b>111</b>	<b>286 929</b>
Transport assets	7 273	-	554	-	7 828
Computer equipment	174 171	-	14 765	111	188 825
Furniture and office equipment	17 670	-	12	-	17 681
Other machinery and equipment	62 780	613	9 202	-	72 595
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>261 894</b>	<b>613</b>	<b>24 533</b>	<b>111</b>	<b>286 929</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>30.1 Prior period error</b>			
Other machinery and equipment			613

The prior year's capital expenditure for cell phone devices amounting to R86 thousand was reallocated from goods and services to capital expenditure for finance leases. The R527 thousand is the historical cost of cell phone devices based on expired finance lease contracts transferred from the finance lease register to the asset register.

## 30.2 Minor assets

### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2023

	MACHINERY AND EQUIPMENT R'000	BIOLOGICAL ASSETS R'000	TOTAL R'000
Opening balance	33 095	-	33 095
Additions	234		234
Disposals	(6)	-	(6)
<b>TOTAL MINOR ASSETS</b>	<b>33 323</b>	<b>-</b>	<b>33 323</b>

	MACHINERY AND EQUIPMENT	BIOLOGICAL ASSETS	TOTAL
Number of R1 minor assets	34	-	34
Number of minor assets at cost	20 443	-	20 443
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>20 477</b>	<b>-</b>	<b>20 477</b>

#### Minor Capital Assets Under Investigation

Included in the above total of the minor capital assets per the asset register are assets that are under investigation:

	NUMBER	VALUE R'000
Machinery and equipment	1	3



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2022

	<b>MACHINERY AND EQUIPMENT</b>	<b>BIOLOGICAL ASSETS</b>	<b>TOTAL</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening balance	31 428	-	31 428
Additions	1 667	-	1 667
Disposals	-	-	-
<b>TOTAL MINOR ASSETS</b>	<b>33 095</b>	<b>-</b>	<b>33 095</b>
	<b>MACHINERY AND EQUIPMENT</b>	<b>BIOLOGICAL ASSETS</b>	<b>TOTAL</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Number of R1 minor assets	34	-	34
Number of minor assets at cost	20 412	-	20 412
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>20 446</b>	<b>-</b>	<b>20 446</b>

## MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

2022/23	<b>SPECIALISED MILITARY ASSETS</b>	<b>INTANGIBLE ASSETS</b>	<b>HERITAGE ASSETS</b>	<b>MACHINERY AND EQUIPMENT</b>	<b>BIOLOGICAL ASSETS</b>	<b>TOTAL</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Assets written off	-	-	-	478	-	478
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478</b>	<b>-</b>	<b>478</b>

## 31. INTANGIBLE CAPITAL ASSETS

### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	<b>OPENING BALANCE</b>	<b>ADDITIONS</b>	<b>DISPOSALS</b>	<b>CLOSING BALANCE</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>SOFTWARE</b>	150 114	109	(12 026)	138 197
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>150 114</b>	<b>109</b>	<b>(12 026)</b>	<b>138 197</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	OPENING BALANCE	PRIOR PERIOD ERROR	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	150 101	13	-	-	150 114
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>150 101</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>150 114</b>

## CAPITAL WORK-IN-PROGRESS

### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2023

Note	OPENING BALANCE 1 APRIL 2022	CURRENT YEAR WIP	READY FOR USE (ASSETS TO THE AR)/ CONTRACTS TERMINATED	CLOSING BALANCE 31 MARCH 2023
	R'000	R'000	R'000	R'000
Intangible assets	394 241	-	-	394 241
<b>TOTAL</b>	<b>394 241</b>	<b>-</b>	<b>-</b>	<b>394 241</b>

### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2022

NOTE	OPENING BALANCE 1 APRIL 2021	CURRENT YEAR WIP	READY FOR USE (ASSETS TO THE AR)/ CONTRACTS TERMINATED	CLOSING BALANCE 31 MARCH 2022
ANNEXURE 7	R'000	R'000	R'000	R'000
Intangible assets	394 241	-	-	394 241
<b>TOTAL</b>	<b>394 241</b>	<b>-</b>	<b>-</b>	<b>394 241</b>

The National Treasury reclassified the licenses acquired for the IFMS programme as capital work-in-progress as it has determined that the licenses are not currently ready for use and will only be so after conclusion of the next phase of the programme, being the license configuration and testing.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

NOTE	2022/23 R'000	2021/22 R'000
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## 32. IMMOVABLE TANGIBLE CAPITAL ASSETS

### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	CLOSING BALANCE R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>1 062</b>	-	-	<b>1 062</b>
Other fixed structures	1 062	-	-	1 062
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1 062</b>	-	-	<b>1 062</b>

### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	OPENING BALANCE R'000	PRIOR PERIOD ERROR R'000	ADDITIONS R'000	DISPOSALS R'000	CLOSING BALANCE R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>1 062</b>	-	-	-	<b>1 062</b>
Other fixed structures	1 062	-	-	-	1 062
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1 062</b>	-	-	-	<b>1 062</b>

## 33. PRINCIPAL-AGENT ARRANGEMENTS

### 33.1 Department acting as the principal

Government Pension Administration Agency (GPAA)	63 064	59 832
GTAC – NDP	397	378
DBSA-Cities Support Program	2 793	3 139
GTAC – Jobs Fund	1 636	1 672
DBSA – NT Infrastructure fund	-	-
DBSA- NT Project Preparation fund	-	-
<b>Total</b>	<b>67 890</b>	<b>65 021</b>

#### Government Pension Administration Agency (GPAA)

GPAA renders administrative services on behalf of the department with respect to Post-Retirement Medical Subsidies Military Pensions, Injury on Duty, Special Pensions and other pensions specified in the Administration Agreement. The department pays funds to GPAA for the administration services as a claim, which is reported in the principal agent note.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

NOTE	2022/23 R'000	2021/22 R'000
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The department made a transfer payment of R6.7 billion to GPAA in 2022/23 which was appropriated under programme 7 and these funds are reported on the statement of financial performance under Transfer and Subsidies. Furthermore, a breakdown of the household transfer is disclosed separately under Annexure 1G.

The resources that are under the custodian of GPAA is the payments made to the entity as a transfer to enable it to administer the Government Employee Pension Fund (GEPF) on behalf of the department.

If the principal-agent relationship is terminated, the department will be responsible for a liability of R31.287 million which relates to pensions that still needs to be paid (R25.106 million) and voted funds of R9.323 million that is to be surrendered to the NRF.

**Government Technical Advisory Centre (GTAC)**

GTAC manages the administration of technical assistance on behalf of the department relating to Neighbourhood Development Programme (NDP), Municipal Finance Improvement Programme (MFIP), Employment Creation Facilitation Fund sub-programme (ECFF) as well as Jobs Fund.

The department pays fees to GTAC for the administration services on NDP and Jobs Fund.

The department made an advance payment of R352.989 million to GTAC in 2022/23, made up of R190.273 million (NDP) and R162.716 million (MFIP). Additionally, a transfer payment of R635 776 million was made to GTAC for the Jobs fund (Grant) and there were no advances paid for ECFF. A reconciliation of this amount is disclosed separately in the advances note (Note 11.3). GTAC discloses the remaining balances at year end as liabilities in its books.

If the principal-agent relationship is terminated, GTAC will pay back all the unspent funds to the department.

The resources that are under the custodian of GTAC is the payments made to the entity as advances and grants to enable it to administer the programs on behalf of the department.

**Development Bank of South Africa (DBSA)**

The department entered into a Memorandum of Understanding (MoU) with DBSA which will support NT with the Cities Support Program (CSP), Project Preparation Fund (PPF), Infrastructure Fund (IF), and the NT Social Housing Project.

The department pays fees to DBSA for the administration services, which have been disclosed in the principal agent note. Fees were incurred only on the CSP for 2022/23.

The department made an advance payment of R341.830 million to DBSA in 2022/23, made up of R95.032 million (PPF), R41.798 million (IF) and R53.000 million (CSP), and R152.000 million DBSA - NT Social Housing Projects. A reconciliation of this amount is disclosed separately in the Advances note (Note 11.3). DBSA discloses the remaining balances at year end as liabilities in the separate financial statements of the funds.

If the principal-agent relationship is terminated, DBSA will pay back all the unspent funds to the department.

The resources that are under the custodian of DBSA is the payments made to the entity as advances to enable it to administer the funds on behalf of the department.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

NOTE	2022/23 R'000	2021/22 R'000
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## 34. CHANGES IN ACCOUNTING POLICY

The accounting policy for Related Parties transactions was amended in the current financial year to exclude the disclosure of guarantees and payments made to GTAC under goods and services as additional information.

	2022/23	2021/22		
	VALUE BEFORE CHANGE IN POLICY R'000	R-VALUE IMPACT OF CHANGE IN POLICY R'000	VALUE AFTER CHANGE IN POLICY R'000	VALUE AFTER CHANGE IN POLICY R'000
<i>Line Items affected by accounting policy change:</i>				
Related Parties transactions-payments made:				
Goods and Services	351 496	(351 496)	-	(394 678)
Related Parties Transactions-Guarantees issued	15 357 948	(15 357 948)	-	(19 158 081)

## 35. PRIOR PERIOD ERRORS

	NOTE	AMOUNT BEF ERROR CORRECTION 2021/22 R'000	PRIOR PERIOD ERROR 2021/22 R'000	RESTATED AMOUNT 2021/22 R'000
<b>Other:</b>				
<b>Contingent Liabilities- Other Guarantees</b>		21 661 119 21	(2 503 038) (2)	19 158 081 19
<b>Related Party Transactions-Guarantees Issued</b>		661 119	503 038)	158 081
<b>Surplus/(Deficit) for the year</b>		6 840 511	(70 000)	6 770 511
<b>Movement In Movable Tangible Capital Assets Per Asset Register For The Year Ended 31 March 2022</b>		62 780	613	63 393
<b>Net effect</b>		-	-	-

A prior period error of R2 503 038 was raised to correct the opening balance of the Guarantees.

A prior period error of R70 million was raised to correct the opening balance of the Surplus/(Deficit) for the year which was erroneously published on the 2021/22 Annual report.

The prior year's capital expenditure for cell phone devices amounting to R86 thousand was reallocated from goods and services to capital expenditure for finance leases. The R527 thousand is the historical cost of cell phone devices based on expired finance lease contracts transferred from the finance lease register to the asset register.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22				
	GRANT ALLOCATION			TRANSFER		UNSPENT FUNDS	DIVISION OF REVENUE ACT	ACTUAL TRANSFER	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER					AMOUNT SPENT BY MUNICIPALITY
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
!Kai! Garib	3 000	-	-	3 000	3 000	2 320	680	3 000	3 000	3 000
!Kheis	3 000	-	-	3 000	3 000	2 037	963	3 000	3 000	3 000
AbaQulusi	3 000	-	-	3 000	3 000	1 499	1 501	2 650	2 650	2 650
Alfred Duma	2 100	-	-	2 100	2 100	936	1 164	1 950	1 950	1 950
Alfred Nzo District Municipality	1 950	-	-	1 950	1 950	1 409	541	1 950	1 950	1 950
Amahlathi	2 200	-	-	2 200	2 200	1 228	972	2 100	2 100	2 100
Amajuba District Municipality	2 750	-	-	2 750	2 750	1 048	1 702	2 550	2 550	2 550
Amathole District Municipality	1 200	-	-	1 200	1 200	197	1 003	1 200	1 200	1 200
Ba-Phalaborwa	3 100	-	-	3 100	3 100	2 269	831	3 100	3 100	3 100
Beaufort West	2 085	-	-	2 085	2 085	1 824	261	1 914	1 914	1 914
Bela – Bela	1 650	-	-	1 650	1 650	291	1 359	1 650	1 650	1 650
Bergirivier	1 550	-	-	1 550	1 550	805	745	1 550	1 550	1 550
Big Five Hlabisa	2 750	-	-	2 750	2 750	1 754	996	2 550	2 550	2 550
Bitou	1 721	-	-	1 721	1 721	373	1 348	1 550	1 550	1 550
Blouberg	2 400	-	-	2 400	2 400	2 238	162	2 400	2 400	2 400
Blue Crane Route	2 450	-	-	2 450	2 450	2 238	162	2 450	2 450	2 450
Bojanala Platinum District Municipality	1 850	-	-	1 850	1 850	704	1 146	1 650	1 650	1 650
Breedevale	1 550	-	-	1 550	1 550	137	1 413	1 550	1 550	1 550



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22			
	GRANT ALLOCATION		TRANSFER			UNSPENT FUNDS	DIVISION OF REVENUE	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER				AMOUNT SPENT BY MUNICIPALITY
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Buffalo City	1 000	-	-	1 000	1 000	771	229	1 000	1 000
Bushbuckridge	2 650	-	-	2 650	2 650	1 855	795	2 650	2 650
Cape Agulhas	1 550	-	-	1 550	1 550	517	1 033	1 550	1 550
Cape Winelands District Municipality	1 000	-	-	1 000	1 000	704	296	1 000	1 000
Capricorn District Municipality	1 000	-	-	1 000	1 000	574	426	1 000	1 000
Cederberg	2 132	-	-	2 132	2 132	977	1 155	2 023	2 023
Central Karoo District Municipality	1 000	-	-	1 000	1 000	683	317	1 000	1 000
Chief Albert Luthuli	2 000	-	-	2 000	2 000	443	1 557	2 000	2 000
Chris Hani District Municipality	1 000	-	-	1 000	1 000	924	76	1 000	1 000
City of Cape Town	1 000	-	-	1 000	1 000	992	8	1 000	1 000
City of Johannesburg	1 000	-	-	1 000	1 000	747	253	1 000	1 000
City of Matlosana	3 100	-	-	3 100	3 100	1 654	1 446	3 100	3 100
City of Mbombela	2 650	-	-	2 650	2 650	1 583	1 067	2 550	2 550
City of Tshwane	2 200	-	-	2 200	2 200	1 307	893	2 100	2 100
Collins Chabane	2 550	-	-	2 550	2 550	1 715	835	2 450	2 450
Dannhauser	1 950	-	-	1 950	1 950	957	993	1 850	1 850
David Kruiper	3 000	-	-	3 000	3 000	1 695	1 305	3 000	3 000
Dihlabeng	2 750	-	-	2 750	2 750	2 626	124	2 650	2 650
Dikgatlong	3 100	-	-	3 100	3 100	2 484	616	3 000	3 000
Dipaleseng	2 800	-	-	2 800	2 800	2 438	362	2 800	2 800

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22			
	GRANT ALLOCATION		TRANSFER			UNSPENT FUNDS	DIVISION OF REVENUE ACT	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER				AMOUNT SPENT BY MUNICIPALITY
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Ditsobotla	3 100	-	-	3 100	3 100	300	2 800	3 100	3 100
Dr Beyers Naude	3 100	-	-	3 100	3 100	2 270	830	3 100	3 100
Dr JS Moroka	2 450	-	-	2 450	2 450	566	1 884	2 450	2 450
Dr Kenneth Kaunda District Municipality	1 000	-	-	1 000	1 000	627	373	1 000	1 000
Dr Nkosazana Dlamini Zuma	1 950	-	-	1 950	1 950	1 004	946	1 950	1 950
Dr Pixley ka Isaka Seme	2 450	-	-	2 450	2 450	2 381	69	2 450	2 450
Dr Ruth Segomotsi Mompati District Municipality	2 200	-	-	2 200	2 200	-	2 200	2 100	2 100
Drakenstein	1 550	-	-	1 550	1 550	687	863	1 550	1 550
eDumbe	3 000	-	-	3 000	3 000	2 804	196	2 900	2 900
Ehlanzeni District Municipality	1 000	-	-	1 000	1 000	651	349	1 000	1 000
Ekurhuleni	1 000	-	-	1 000	1 000	304	696	1 000	1 000
Elias Motsoaledi	2 850	-	-	2 850	2 850	1 804	1 046	2 650	2 650
Elundini	1 650	-	-	1 650	1 650	728	922	1 650	1 650
eMahlangueni	3 000	-	-	3 000	3 000	2 239	761	2 850	2 850
Emakhazeni	2 900	-	-	2 900	2 900	1 309	1 591	2 900	2 900
Emalahleni (EC)	3 100	-	-	3 100	3 100	2 452	648	3 100	3 100
Emalahleni (MP)	3 000	-	-	3 000	3 000	1 116	1 884	3 000	3 000
Emfuleni	2 200	-	-	2 200	2 200	859	1 341	2 100	2 100
Emthanjeni	1 850	-	-	1 850	1 850	172	1 678	1 700	1 700



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22			
	GRANT ALLOCATION		TRANSFER			UNSPENT FUNDS	DIVISION OF REVENUE FACT	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER				AMOUNT SPENT BY MUNICIPALITY
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
eNdameni	2 100	-	-	2 100	2 100	918	1 182	2 100	2 100
Engcobo	1 700	-	-	1 700	1 700	1 090	610	1 700	1 700
Enoch Mgijima	3 100	-	-	3 100	3 100	2 113	987	3 100	3 100
Ephraim Mogale	3 100	-	-	3 100	3 100	2 962	408	3 100	3 100
eThekwini	1 000	-	-	1 000	1 000	798	202	1 000	1 000
Fetakgomo-Tubatse	2 550	-	-	2 550	2 550	1 545	1 005	2 400	2 400
Fezile Dabi District Municipality	1 300	-	-	1 300	1 300	299	1 001	1 200	1 200
Frances Baard District Municipality	1 000	-	-	1 000	1 000	385	615	1 000	1 000
Gamagara	2 100	-	-	2 100	2 100	871	1 229	2 000	2 000
Garden Route District Municipality	1 000	-	-	1 000	1 000	434	566	1 000	1 000
Ga-Segonyana	3 100	-	-	3 100	3 100	2 170	930	3 100	3 100
George	1 721	-	-	1 721	1 721	292	1 429	1 550	1 550
Gert Sibande District Municipality	1 000	-	-	1 000	1 000	682	318	1 000	1 000
Govan Mbeki	2 100	-	-	2 100	2 100	1 331	769	2 100	2 100
Great Kei	2 450	-	-	2 450	2 450	1 934	516	2 450	2 450
Greater Giyani	2 400	-	-	2 400	2 400	1 136	1 264	2 200	2 200
Greater Kokstad	1 750	-	-	1 750	1 750	1 702	48	1 750	1 750
Greater Letaba	2 000	-	-	2 000	2 000	813	1 187	2 000	2 000
Greater Taung	3 100	-	-	3 100	3 100	1 711	1 389	3 100	3 100
Greater Tzaneen	2 000	-	-	2 000	2 000	565	1 435	2 000	2 000



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22			
	GRANT ALLOCATION		TRANSFER			UNSPENT FUNDS	DIVISION OF REVENUE ACT	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER				AMOUNT SPENT BY MUNICIPALITY
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Hantam	1 920	-	-	1 920	1 920	1 105	815	1 920	1 920
Harry Gwala District Municipality	1 200	-	-	1 200	1 200	495	795	1 200	1 200
Hessequa	1 550	-	-	1 550	1 550	1 413	137	1 550	1 550
iLembe District Municipality	1 000	-	-	1 000	1 000	332	668	1 000	1 000
iMpendle	2 400	-	-	2 400	2 400	2 088	312	2 200	2 200
iNkosi Langalibalele	2 300	-	-	2 300	2 300	1 399	902	2 100	2 100
Intsika Yethu	2 100	-	-	2 100	2 100	1 806	294	2 100	2 100
Inxuba Yethemba	3 100	-	-	3 100	3 100	2 753	347	3 100	3 100
Joe Gqabi District Municipality	1 500	-	-	1 500	1 500	977	523	1 500	1 500
Joe Morolong	3 100	-	-	3 100	3 100	1 811	1 289	3 100	3 100
John Taolo Gaetsewe District Municipality	1 000	-	-	1 000	1 000	520	480	1 000	1 000
Jozini	3 000	-	-	3 000	3 000	3 000	-	2 850	2 850
Kagisano-Molopo	3 000	-	-	3 000	3 000	-	3 000	2 850	2 850
Kamiesberg	3 100	-	-	3 100	3 100	-	3 100	3 000	3 000
Kannaland	2 932	-	-	2 932	2 932	224	2 708	2 811	2 811
Kareeberg	2 850	-	-	2 850	2 850	1 560	1 290	2 650	2 650
Karoo Hoogland	2 650	-	-	2 650	2 650	2 247	403	2 650	2 650
Kgatelopele	3 000	-	-	3 000	3 000	2 713	287	2 850	2 850
Kgetlengrivier	3 100	-	-	3 100	3 100	1 953	1 147	3 100	3 100



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22				
	GRANT ALLOCATION			TRANSFER		UNSPENT FUNDS	DIVISION OF REVENUE FACT	ACTUAL TRANSFER	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER					AMOUNT SPENT BY MUNICIPALITY
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Khâi-Ma	2 900	-	-	2 900	2 900	2 900	2 900	2 900	2 900	2 900
King Cetshwayo District Municipality	1 200	-	-	1 200	1 200	708	1 200	1 200	1 200	1 200
King Sabata Dalindyebo	2 850	-	-	2 850	2 850	292	2 850	2 850	2 850	2 850
Knysna	1 721	-	-	1 721	1 721	1 182	1 721	1 721	1 550	1 550
Kopanong	2 300	-	-	2 300	2 300	123	2 300	2 300	2 200	2 200
Kouga	1 720	-	-	1 720	1 720	1 101	1 720	1 720	1 1720	1 1720
Kou-Kamma	2 650	-	-	2 650	2 650	1 364	2 650	2 650	2 650	2 650
KwaDukuza	1 750	-	-	1 750	1 750	1 137	1 750	1 750	1 750	1 750
Laingsburg	1 750	-	-	1 750	1 750	294	1 750	1 750	1 750	1 750
Langeberg	1 550	-	-	1 550	1 550	919	1 550	1 550	1 550	1 550
Lejweleputswa District Municipality	1 000	-	-	1 000	1 000	474	1 000	1 000	1 000	1 000
Lekwa	2 850	-	-	2 850	2 850	1 359	2 850	2 850	2 650	2 650
Lekwa-Teemane	3 100	-	-	3 100	3 100	1 573	3 100	3 100	3 100	3 100
Lepele-Nkumpi	2 000	-	-	2 000	2 000	804	2 000	2 000	2 000	2 000
Lephalale	1 650	-	-	1 650	1 650	448	1 650	1 650	1 650	1 650
Lesedi	1 950	-	-	1 950	1 950	1 230	1 950	1 950	1 750	1 750
Letsemeng	3 000	-	-	3 000	3 000	1 109	3 000	2 850	2 850	2 850
Madibeng	2 900	-	-	2 900	2 900	1 846	2 900	2 800	2 800	2 800
Mafikeng	3 100	-	-	3 100	3 100	1 640	3 100	3 100	3 100	3 100
Mafube	3 100	-	-	3 100	3 100	1 517	3 100	3 100	3 100	3 100

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22			
	GRANT ALLOCATION		TRANSFER			UNSPENT FUNDS	DIVISION OF REVENUE ACT	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER				AMOUNT SPENT BY MUNICIPALITY
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Magareng	3 000	-	-	3 000	3 000	-	3 000	2 850	2 850
Makana	3 000	-	-	3 000	3 000	1 591	1 409	3 000	3 000
Makhado	1 950	-	-	1 950	1 950	1 545	405	1 850	1 850
Makhuduthamaga	1 720	-	-	1 720	1 720	1 511	209	1 650	1 650
Maluti-a-Phofung	3 100	-	-	3 100	3 100	547	2 533	3 100	3 100
Mamusa	3 100	-	-	3 100	3 100	-	3 100	3 100	3 100
Mandeni	1 850	-	-	1 850	1 850	1 397	453	1 850	1 850
Mangaung	2 100	-	-	2 100	2 100	1 514	586	2 100	2 100
Mantsopa	3 100	-	-	3 100	3 100	-	3 100	3 100	3 100
Maphumulo	1 850	-	-	1 850	1 850	1 581	269	1 850	1 850
Maquassi Hills	3 100	-	-	3 100	3 100	-	3 100	3 100	3 100
Maruleng	1 850	-	-	1 850	1 850	1 318	532	1 850	1 850
Masilonyana	2 650	-	-	2 650	2 650	947	1 703	2 450	2 450
Matatiele	1 650	-	-	1 650	1 650	1 377	273	1 650	1 650
Matjhabeng	3 100	-	-	3 100	3 100	3 049	41	3 100	3 100
Matzikama	1 771	-	-	1 771	1 771	1 498	273	1 550	1 550
Mbhashe	1 720	-	-	1 720	1 720	1 690	30	1 720	1 720
Mbizana	2 100	-	-	2 100	2 100	1 158	942	2 000	2 000
Merafong City	2 850	-	-	2 850	2 850	1 638	1 212	2 550	2 550
Metsimaholo	2 750	-	-	2 750	2 750	568	2 182	2 650	2 650



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22			
	GRANT ALLOCATION		TRANSFER			UNSPENT FUNDS	DIVISION OF REVENUE/ACT	ACTUAL TRANSFER	R'000
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER				
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Mhlontlo	2 300	-	-	2 300	2 300	1 251	1 048	2 300	2 300
Midvaal	1 550	-	-	1 550	1 550	1 141	409	1 550	1 550
Mkhambathini	3 000	-	-	3 000	3 000	2 347	653	2 850	2 850
Mkhondo	3 100	-	-	3 100	3 100	1 229	1 871	3 000	3 000
Mnquma	1 850	-	-	1 850	1 850	378	1 472	1 850	1 850
Modimolle-Mookgophong	2 650	-	-	2 650	2 650	389	2 261	2 600	2 600
Mogalakwena	2 100	-	-	2 100	2 100	1 994	106	1 950	1 950
Mogale City	1 650	-	-	1 650	1 650	1 002	648	1 550	1 550
Mohokare	3 000	-	-	3 000	3 000	496	2 504	2 850	2 850
Molemole	2 300	-	-	2 300	2 300	1 424	876	2 300	2 300
Mopani District Municipality	3 000	-	-	3 000	3 000	2 312	688	2 900	2 900
Moqhaka	2 300	-	-	2 300	2 300	1 456	844	2 200	2 200
Moretele	2 900	-	-	2 900	2 900	2 310	590	2 850	2 850
Moses Kotane	1 950	-	-	1 950	1 950	1 757	193	1 850	1 850
Mossel Bay	1 550	-	-	1 550	1 550	620	930	1 550	1 550
Mpofana	3 000	-	-	3 000	3 000	2 381	619	2 900	2 900
Msulaligwa	3 000	-	-	3 000	3 000	1 154	1 846	3 000	3 000
Msunduzi	1 950	-	-	1 950	1 950	1 367	583	1 900	1 900
Mthonjaneni	2 850	-	-	2 850	2 850	2 579	271	2 650	2 650
Mtubatuba	1 920	-	-	1 920	1 920	1 492	428	1 920	1 920

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23				2021/22				
	GRANT ALLOCATION		TRANSFER		UNSPENT FUNDS	DIVISION OF REVENUE ACT	ACTUAL TRANSFER	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE					ACTUAL TRANSFER
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Musina	3 000	-	-	3 000	3 000	938	2 062	2 850	2 850
Nala	3 100	-	-	3 100	3 100	1 714	1 386	3 100	3 100
Naledi	2 850	-	-	2 850	2 850	534	2 316	2 550	2 550
Nama Khoi	3 100	-	-	3 100	3 100	2 396	704	3 000	3 000
Namakwa District Municipality	2 100	-	-	2 100	2 100	1 134	966	2 000	2 000
Ndlambe	2 650	-	-	2 650	2 650	883	1 767	2 650	2 650
Ndwedwe	3 100	-	-	3 100	3 100	2 680	420	3 000	3 000
Nelson Mandela Bay	1 000	-	-	1 000	1 000	381	619	1 000	1 000
Newcastle	1 850	-	-	1 850	1 850	696	1 154	1 650	1 650
Ngaka Modiri Molema District Municipality	3 000	-	-	3 000	3 000	-	3 000	2 850	2 850
Ngqushwa	3 100	-	-	3 100	3 100	1 607	1 493	3 000	3 000
Ngquza Hill	1 650	-	-	1 650	1 650	859	791	1 650	1 650
Ngwathe	3 100	-	-	3 100	3 100	-	3 100	3 000	3 000
Nkandla	2 650	-	-	2 650	2 650	336	2 314	2 650	2 650
Nkangala District Municipality	1 000	-	-	1 000	1 000	828	172	1 000	1 000
Nketoana	2 850	-	-	2 850	2 850	1 298	1 552	2 650	2 650
Nkomazi	1 770	-	-	1 770	1 770	849	921	1 770	1 770
Nongoma	2 000	-	-	2 000	2 000	1 454	546	1 920	1 920
Nquthu	1 850	-	-	1 850	1 850	519	1 331	1 850	1 850



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22				
	GRANT ALLOCATION			TRANSFER						
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	AMOUNT SPENT BY MUNICIPALITY	UNSPENT FUNDS	DIVISION OF REVENUE	ACTUAL TRANSFER	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Ntbankulu	2 650	-	-	2 650	2 650	1 841	809	2 650	2 650	2 650
Nyandeni	1 650	-	-	1 650	1 650	1 019	631	1 650	1 650	1 650
O.R. Tambo District Municipality	2 000	-	-	2 000	2 000	460	1 540	2 000	2 000	2 000
Okhahlamba	1 850	-	-	1 850	1 850	1 441	409	1 850	1 850	1 850
Oudtshoorn	2 800	-	-	2 800	2 800	2 089	711	2 663	2 663	2 663
Overberg District Municipality	1 000	-	-	1 000	1 000	508	492	1 000	1 000	1 000
Overstrand	1 550	-	-	1 550	1 550	317	1 233	1 550	1 550	1 550
Phokwane	3 100	-	-	3 100	3 100	476	2 624	3 000	3 000	3 000
Phumelela	3 100	-	-	3 100	3 100	2 804	296	3 100	3 100	3 100
Pixley Ka Seme District Municipality	1 650	-	-	1 650	1 650	1 146	504	1 650	1 650	1 650
Polokwane	2 400	-	-	2 400	2 400	948	1 452	2 400	2 400	2 400
Port St Johns	2 650	-	-	2 650	2 650	1 651	999	2 650	2 650	2 650
Prince Albert	1 650	-	-	1 650	1 650	1 329	321	1 650	1 650	1 650
Ramotshere Moiloa	2 300	-	-	2 300	2 300	503	1 797	2 200	2 200	2 200
Rand West City	2 300	-	-	2 300	2 300	1 809	491	2 200	2 200	2 200
Ratlou	1 890	-	-	1 890	1 890	1 884	6	1 850	1 850	1 850
Ray Nkonyeni	1 950	-	-	1 950	1 950	1 161	789	1 950	1 950	1 950
Raymond Mhlaba	2 850	-	-	2 850	2 850	1 974	876	2 600	2 600	2 600
Renosterberg	3 100	-	-	3 100	3 100	1 014	2 086	3 000	3 000	3 000
Richmond	1 950	-	-	1 950	1 950	985	964	1 850	1 850	1 850

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FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22			
	GRANT ALLOCATION			TRANSFER			DIVISION OF REVENUE ACT	ACTUAL TRANSFER	
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	AMOUNT SPENT BY MUNICIPALITY			UNSPENT FUNDS
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Richtersveld	2 650	-	-	2 650	2 650	2 650	-	2 650	2 650
Rustenburg	1 700	-	-	1 700	1 700	1 700	1 263	1 650	1 650
Sakhisizwe	1 700	-	-	1 700	1 700	1 700	510	1 700	1 700
Saldanha Bay	1 550	-	-	1 550	1 550	1 550	294	1 550	1 550
Sarah Baartman District Municipality	1 000	-	-	1 000	1 000	1 000	301	1 000	1 000
Sedibeng District Municipality	1 400	-	-	1 400	1 400	1 400	640	1 200	1 200
Sekhukhune District Municipality	2 400	-	-	2 400	2 400	2 400	1 339	2 300	2 300
Senqu	1 650	-	-	1 650	1 650	1 650	325	1 650	1 650
Setsotho	2 200	-	-	2 200	2 200	2 200	787	2 100	2 100
Siyancuma	3 100	-	-	3 100	3 100	3 100	-	3 000	3 000
Siyathemba	3 100	-	-	3 100	3 100	3 100	718	3 000	3 000
Sol Plaatjie	1 700	-	-	1 700	1 700	1 700	644	1 650	1 650
Stellenbosch	1 550	-	-	1 550	1 550	1 550	186	1 550	1 550
Steve Tshwete	1 650	-	-	1 650	1 650	1 650	1 241	1 650	1 650
Sundays River Valley	3 000	-	-	3 000	3 000	3 000	683	3 000	3 000
Swartland	1 550	-	-	1 550	1 550	1 550	720	1 550	1 550
Swellendam	1 720	-	-	1 720	1 720	1 720	1 157	1 720	1 720
Thaba Chweu	3 000	-	-	3 000	3 000	3 000	2 399	3 000	3 000
Thabazimbi	3 100	-	-	3 100	3 100	3 100	341	3 100	3 100



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FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22		
	GRANT ALLOCATION		TRANSFER			UNSPENT FUNDS	DIVISION OF REVENUE FACT	ACTUAL TRANSFER
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Thabo Mofutsanyana District Municipality	2 300	-	-	2 300	2 300	806	2 300	2 300
Theewaterskloof	1 650	-	-	1 650	1 650	680	1 650	1 650
Thembelihle	3 100	-	-	3 100	3 100	684	3 000	3 000
Thembisile Hani	1 720	-	-	1 720	1 720	496	1 720	1 720
Thulamela	1 650	-	-	1 650	1 650	343	1 650	1 650
Tokologo	3 000	-	-	3 000	3 000	3 000	2 850	2 850
Tsantsabane	3 000	-	-	3 000	3 100	1 227	3 000	3 000
Tswaing	3 100	-	-	3 100	3 100	2 100	3 100	3 100
Tswelopele	2 100	-	-	2 100	2 100	244	2 100	2 100
uBuhlebezwe	1 950	-	-	1 950	1 950	583	1 920	1 920
Ubuntu	2 900	-	-	2 900	2 900	295	2 800	2 800
Ugu District Municipality	1 950	-	-	1 950	1 950	748	1 750	1 750
Ulundi	2 100	-	-	2 100	2 100	1 516	1 950	1 950
uMdoni	1 950	-	-	1 850	1 850	751	1 950	1 950
uMfolozi	1 850	-	-	1 950	1 950	956	1 850	1 850
uMgungundlovu District Municipality	1 200	-	-	1 200	1 200	818	1 000	1 000
uMhlabuyalingana	1 850	-	-	1 850	1 850	1 547	1 850	1 850
uMhlatuze	2 500	-	-	2 500	2 500	1 103	2 450	2 450
uMkhayakude District Municipality	2 192	-	-	2 192	2 192	1 708	1 950	1 950



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22				
	GRANT ALLOCATION			ADJUSTMENTS		TRANSFER				
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	AMOUNT SPENT BY MUNICIPALITY	UNSPENT FUNDS	DIVISION OF REVENUE ACT	ACTUAL TRANSFER	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
uMlalazi	1 720	-	-	1 720	1 720	1 465	255	1 720	1 720	1 720
uMngeni	1 720	-	-	1 720	1 720	1 614	106	1 720	1 720	1 720
uMshwathi	1 920	-	-	1 920	1 920	1 370	550	1 920	1 920	1 920
uMsinga	1 850	-	-	1 850	1 850	260	1 590	1 850	1 850	1 850
Umsobomvu	1 950	-	-	1 950	1 950	114	1 806	1 920	1 920	1 920
uMuziwabantu	1 850	-	-	1 850	1 850	1 341	509	1 850	1 850	1 850
uMvoti	2 550	-	-	2 550	2 550	1 479	1 071	2 550	2 550	2 550
uMzimkhulu	1 850	-	-	1 850	1 850	1 656	194	1 850	1 850	1 850
Umzimvubu	1 720	-	-	1 720	1 720	998	722	1 720	1 720	1 720
uMzinyathi District Municipality	1 800	-	-	1 800	1 800	698	1 102	1 550	1 550	1 550
uMzumbe	1 850	-	-	1 850	1 850	1 006	844	1 850	1 850	1 850
uPhongolo	3 000	-	-	3 000	3 000	1 934	1 066	2 900	2 900	2 900
uThukela District Municipality	2 100	-	-	2 100	2 100	671	1 429	1 950	1 950	1 950
Ventersdorp/Tlokwe	3 000	-	-	3 000	3 000	1 336	1 664	3 000	3 000	3 000
Vhembe District Municipality	3 000	-	-	3 000	3 000	1 160	1 840	2 900	2 900	2 900
Victor Khanye	1 850	-	-	1 850	1 850	1 379	471	1 720	1 720	1 720
Walter Sisulu	2 200	-	-	2 200	2 200	1 375	825	2 100	2 100	2 100
Waterberg District Municipality	1 000	-	-	1 000	1 000	675	325	1 000	1 000	1 000
West Coast District Municipality	1 000	-	-	1 000	1 000	367	633	1 000	1 000	1 000
West Rand District Municipality	1 200	-	-	1 200	1 200	575	625	1 000	1 000	1 000



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

### LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT

NAME OF MUNICIPALITY	2022/23					2021/22		
	GRANT ALLOCATION		TRANSFER			UNSPENT FUNDS	DIVISION OF REVENUE/ACT	ACTUAL TRANSFER
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Witzenberg	1 550	-	-	1 550	1 550	162	1 550	1 550
Xhariep District Municipality	1 720	-	-	1 720	1 720	740	1 650	1 650
Z.F. Mgcawu District Municipality	1 200	-	-	1 200	1 200	570	1 200	1 200
Zululand District Municipality	1 200	-	-	1 200	1 200	289	1 200	1 200
	<b>566 395</b>	-	-	<b>566 395</b>	<b>566 395</b>	<b>257 447</b>	<b>552 061</b>	<b>552 061</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 R'000	2021/22 R'000
<b>37. COVID 19 RESPONSE EXPENDITURE</b>			
	Annexure 11		
Goods and services		114	747
<b>Total</b>		<b>114</b>	<b>747</b>





2022/23  
NATIONAL TREASURY  
**ANNUAL REPORT**  
VOTE 8

# PART F

## FINANCIAL INFORMATION

For the period ended 31 March 2023

### ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1A

### STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER				SPENT				2021/22	
	DORA AND OTHER TRANSFERS R'000	ROLL OVERS R'000	ADJUSTMENTS R'000	TOTAL AVAILABLE R'000	ACTUAL TRANSFER R'000	FUNDS WITHHELD R'000	RE-ALLOCATIONS BY NATIONAL TREASURY OR MUNICIPALITY R'000	AMOUNT RECEIVED BY MUNICIPALITY R'000	AMOUNT SPENT BY MUNICIPALITY R'000	UNSPENT FUNDS R'000	% OF AVAILABLE FUNDS SPENT BY MUNICIPALITY %	DIVISION OF REVENUE ACT R'000	2021/22 R'000
<b>NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT</b>													
Buffalo City	40 581	-	(5 000)	35 581	35 581	-	-	35 581	35 581	-	100%	33 581	33 581
Bushbuckridge	-	-	5 000	5 000	5 000	-	-	5 000	5 000	-	-	-	-
City of Cape Town	175 699	-	81 673	257 372	257 372	-	-	257 372	257 372	-	100%	171 399	171 399
City of Ekurhuleni	118 470	-	49 706	168 176	168 176	-	-	168 176	168 176	-	100%	149 538	149 538
City of Johannesburg	156 348	-	(18 928)	137 420	137 420	-	-	137 420	137 420	-	100%	63 000	63 000
City of Matlosana	30 000	-	(9 000)	21 000	21 000	-	-	21 000	21 000	-	100%	11 153	11 153
City of Mbombela	1 000	-	-	1 000	1 000	-	-	1 000	1 000	-	100%	159 111	159 111
City of Tshwane	150 215	-	-	150 215	150 215	-	-	150 215	150 215	-	100%	20 000	20 000
Dawid Kruger	15 000	-	11 864	26 864	26 864	-	-	26 864	26 864	-	100%	123 851	123 851
Emalahleni	1 000	-	(1 000)	-	-	-	-	-	-	-	-	-	-
Emfuleni	10 000	-	(10 000)	-	-	-	-	-	-	-	-	-	-
Ethekwini	315 368	-	(122 444)	192 924	192 924	-	-	192 924	192 924	-	100%	333 732	333 732
Ga-Segonyana	10 574	-	2 911	13 485	13 485	-	-	13 485	13 485	-	100%	27 346	27 346
Knysna	5 000	-	-	-	5 000	-	-	5 000	5 000	-	100%	10 000	10 000
Kwadukuzi	70 000	-	(70 000)	-	-	-	-	-	-	-	-	-	-
Langeberg	5 000	-	-	-	-	-	-	5 000	5 000	-	100%	10 000	10 000
Mangaung	20 738	-	(1 000)	19 738	19 738	-	-	19 738	19 738	-	100%	30 738	30 738



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT				2021/22		
	DORA AND OTHER TRANSFERS	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	FUNDS WITHHELD	RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT	AMOUNT RECEIVED BY MUNICIPALITY	AMOUNT SPENT BY MUNICIPALITY	UNSPENT FUNDS	% OF AVAILABLE FUNDS SPENT BY MUNICIPALITY	DIVISION OF REVENUE ACT	ACTUAL TRANSFER
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT</b>													
Midvaal	10 000	-	-	-	10 000	-	-	10 000	10 000	-	100%	10 000	10 000
Mogale City	40 000	-	(11 289)	28 711	28 711	-	-	28 711	28 711	-	-	-	-
Msunduzi	34 500	-	-	-	34 500	-	-	34 500	34 500	-	100%	34 000	34 000
Nelson Mandela	25 581	-	(5 581)	20 000	20 000	-	-	20 000	20 000	-	100%	39 281	39 281
Newcastle	20 000	-	10 000	30 000	30 000	-	-	30 000	30 000	-	100%	7 440	7 440
Polokwane	40 000	-	(14 912)	25 088	25 088	-	-	25 088	25 088	-	100%	48 000	48 000
Ray Nkonyeni	46 000	-	-	-	46 000	-	-	46 000	46 000	-	100%	31 257	31 257
Rustenburg	2 000	-	(1 000)	1 000	1 000	-	-	1 000	1 000	-	100%	4 184	4 184
Thulamela	7 000	-	8 000	15 000	15 000	-	-	15 000	15 000	-	100%	-	-
West Rand	43 000	-	1 000	44 000	44 000	-	-	44 000	44 000	-	100%	-	-
<b>Total – NDPG</b>	<b>1 393 074</b>	<b>-</b>	<b>(100 000)</b>	<b>1 293 074</b>	<b>1 293 074</b>	<b>-</b>	<b>-</b>	<b>1 293 074</b>	<b>1 293 074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 317 611</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1A

## STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2021/22	
	R'000	R'000	R'000	R'000	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	DIVISION OF REVENUE ACT	R'000	R'000
<b>INFRASTRUCTURE SKILLS DEVELOPMENT GRANT</b>														
Buffalo City	11 750	-	-	11 750	11 750	-	-	11 750	9 208	2 542	78%	10 500	6 073	6 073
Nelson Mandela Bay	12 750	-	-	12 750	12 750	-	-	12 750	11 520	1 230	90%	10 500	6 435	6 435
King Sabata Dalindyebo	5 500	-	-	5 500	5 500	-	-	5 500	4 281	1 219	78%	5 500	3 635	3 635
Alfred Nzo	5 500	-	-	5 500	5 500	-	-	5 500	3 970	1 530	72%	5 500	3 827	3 827
City of Johannesburg	6 000	-	-	6 000	6 000	-	-	6 000	3 637	2 363	61%	7 500	558	558
eThekweni	35 500	-	-	35 500	35 500	-	-	35 500	24 175	11 325	68%	33 500	14 653	14 653
Alfred Duma	4 500	-	-	4 500	4 500	-	-	4 500	3 236	1 264	72%	3 500	2 601	2 601
Polokwane	6 000	-	-	6 000	6 000	-	-	6 000	3 510	2 490	59%	6 217	3 468	3 468
Thulamela	5 250	-	-	5 250	5 250	-	-	5 250	3 540	1 710	67%	5 500	3 157	3 157
Govan Mbeki	24 500	-	-	24 500	24 500	-	-	24 500	16 077	8 423	66%	24 500	17 857	17 857
Gert Sibande	13 550	-	-	13 550	13 550	-	-	13 550	10 127	3 423	75%	13 500	9 506	9 506
Sol Plaatje	5 500	-	-	5 500	5 500	-	-	5 500	2 699	2 801	49%	5 500	3 594	3 594
John Taolo Gaetsewe	5 500	-	-	5 500	5 500	-	-	5 500	2 902	2 598	53%	5 500	3 090	3 090
City of Cape Town	11 446	-	-	11 446	11 446	-	-	11 446	9 626	1 820	84%	12 000	6 612	6 612
George	6 000	-	-	6 000	6 000	-	-	6 000	5 341	659	89%	6 000	4 335	4 335
<b>Total – ISDG</b>	<b>159 246</b>	<b>-</b>	<b>-</b>	<b>159 246</b>	<b>159 246</b>	<b>-</b>	<b>-</b>	<b>159 246</b>	<b>113 849</b>	<b>45 397</b>	<b>71%</b>	<b>155 217</b>	<b>89 401</b>	<b>89 401</b>



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2021/22	
	DORA AND OTHER TRANSFERS R'000	ROLL OVERS R'000	ADJUSTMENTS R'000	TOTAL AVAILABLE R'000	ACTUAL TRANSFER R'000	FUNDS WITHHELD R'000	RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT R'000	AMOUNT RECEIVED BY MUNICIPALITY R'000	AMOUNT SPENT BY MUNICIPALITY R'000	UNSPENT FUNDS R'000	% OF AVAILABLE FUNDS	SPENT BY MUNICIPALITY %	DIVISION OF REVENUE ACT R'000	2021/22 R'000
<b>PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT</b>														
Buffalo City	13 776	-	-	13 776	13 776	-	-	13 776	13 776	-	100%	-	8 941	8 941
City of Cape Town	65 970	-	-	65 970	65 970	-	-	65 970	65 970	-	100%	-	11 267	11 267
City of Ekurhuleni	56 064	-	-	56 064	56 064	-	-	56 064	56 064	-	100%	-	6 934	6 934
City of Johannesburg	78 225	-	-	78 225	78 225	-	-	78 225	78 225	-	100%	-	57 595	57 595
City of Tshwane	51 532	-	-	51 532	51 532	-	-	51 532	51 532	-	100%	-	80 361	80 361
Ethekwini	61 324	-	-	61 324	61 324	-	-	61 324	61 324	-	100%	-	55 375	55 375
Mangaung	13 673	-	-	13 673	13 673	-	-	13 673	13 673	-	100%	-	49 949	49 949
Nelson Mandela Bay	20 322	-	-	20 322	20 322	-	-	20 322	20 322	-	100%	-	70 890	70 890
<b>Total - PPPSG</b>	<b>360 886</b>	<b>-</b>	<b>-</b>	<b>360 886</b>	<b>360 886</b>	<b>-</b>	<b>-</b>	<b>360 886</b>	<b>360 886</b>	<b>-</b>	<b>100%</b>	<b>-</b>	<b>341 312</b>	<b>341 312</b>



ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1B

## STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION					TRANSFER		2021/22 ACTUAL TRANSFER R'000
	ADJUSTED APPROPRIATION	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED		
	R'000	R'000	R'000	R'000	R'000	%		
Accounting Standards Board	14 569	-	-	14 569	14 569	100%	14 362	
Audit Statutory Bodies	50 000	-	-	50 000	50 000	100%	50 000	
Tv Licences	-	-	-	-	-	-	15	
Financial Intelligence Centre	316 820	-	-	316 820	316 820	100%	297 259	
Government Technical Advisory Centre	711 395	-	-	711 395	711 395	100%	770 802	
Independent Regulatory Board for Auditors	45 684	-	-	45 684	45 684	100%	44 609	
South African Revenue Service	11 527 781	-	108 000	11 635 781	11 635 781	100%	11 295 167	
Secret Services	5 078 662	-	-	5 078 662	5 078 662	100%	4 702 262	
Skills Development Levy	2 307	-	-	2 307	2 265	98%	2 200	
Cooperative Banking Development Agency	20 831	-	-	20 831	20 831	100%	20 328	
Financial and Fiscal Commission	63 839	-	-	63 839	63 839	100%	63 199	
1% Audit fees (AGSA)-Direct Charge	72 582	-	-	72 582	148 582	205%	140 049	
<b>Total</b>	<b>17 904 470</b>	<b>-</b>	<b>108 000</b>	<b>18 012 470</b>	<b>18 088 428</b>	<b>100%</b>	<b>17 400 252</b>	



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1D

### STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2021/22	
	ADJUSTED APPROPRIATION ACT	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	CAPITAL	CURRENT	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>PUBLIC CORPORATIONS</b>									
Transfers	289 439	-	-	289 439	288 830	99,8%	-	-	233 819
DEVELOPMENT BANK OF SA	152 000	-	-	152 000	152 000	100,0%	-	-	-
DEVELOPMENT BANK OF SA	137 439	-	-	137 439	136 830	99,6%	-	-	233 819
<b>Total: Public corporations</b>	<b>289 439</b>	<b>-</b>	<b>-</b>	<b>289 439</b>	<b>288 830</b>	<b>99,8%</b>	<b>-</b>	<b>-</b>	<b>233 819</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1E STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE			2021/22	
	ADJUSTED APPROPRIATION ACT	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	FINAL APPROPRIATION	ACTUAL EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>TRANSFERS</b>									
African Regional Tech Assist Centre for Southern Africa	1 373	-	(1 373)	-	-	-	-	-	-
Common Monetary Area Compensation	1 579 932	-	43 000	1 622 932	1 622 143	100%	1 565 733	1 565 727	
International Funding Facility for Immunisation	16 600	-	1 900	18 500	18 030	97%	16 500	15 564	
Institute for Development Economic Planning (IDEP)	1 280	-	-	1 280	1 262	99%	1 200	1 143	
African Development Bank & African Development Fund	77 700	-	-	77 700	77 667	100%	80 000	79 160	
African Risk Capacity	-	-	-	-	-	-	-	-	-
Collaborative African Budget Reform Initiative	2 458	-	170	2 628	2 553	97%	2 525	2 293	
Commonwealth Fund for Technical Cooperation	6 432	-	1	6 433	6 432	100%	5 943	5 943	
United Kingdom Tax	3 123	-	-	-	635	20%	3 043	599	
World Bank (FIGO)	66 627	-	(3 300)	63 327	63 289	100%	59 708	59 707	
New Development Bank Project Preparation Fund	15 000	-	3 500	18 500	18 228	99%	15 000	14 625	
Financial Intermediary Fund	34 000	-	4 850	38 850	38 285	99%	-	-	
<b>Total</b>	<b>1 804 525</b>	<b>-</b>	<b>48 748</b>	<b>1 853 273</b>	<b>1 848 524</b>	<b>100%</b>	<b>1 750 993</b>	<b>1 744 761</b>	



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1G STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2021/22		
	ADJUSTED APPROPRIATION ACT R'000	ROLL OVERS R'000	ADJUSTMENTS R'000	TOTAL AVAILABLE R'000	ACTUAL TRANSFER R'000	% OF AVAILABLE FUNDS TRANSFERRED %	FINAL APPROPRIATION R'000	ACTUAL TRANSFERS R'000
<b>TRANSFERS</b>								
Other benefits	119 342	-	-	119 342	113 761	95%	120,270	120,590
Other benefits Ex-service Men	17 411	-	-	17 411	11 803	68%	20,173	12,934
Injury on duty	820 772	-	10 479	831 251	831 250	100%	711,327	17,440
Military benefits ex-servicemen	1 448	-	-	1 448	526	36%	2,633	624
SA citizen force	228 051	-	-	228 051	203 495	89%	206,000	201,289
Special pensions	476 160	-	-	476 160	466 891	98%	471,343	464,809
Post-retirement medical schemes contribution	5 227 121	-	(108 000)	5 119 121	5 070 128	99%	4,484,753	4,452,119
Social assistance (bursaries)	3 816	-	(313)	3 503	2 174	58%	3,521	3,328
Service benefits leave gratuity	7 962	-	4 232	12 194	11 630	95%	5,852	5,369
Non-statutory Forces	-	-	256	256	255	100%	-	-
Pension Benefit RSA President	10 800	-	-	-	-	-	11,465	10,430
Political Office Bearers	27 746	-	-	10 800	10 446	97%	362	-
Parliamentary Awards	-	-	(10 479)	17 267	-	0%	26	-
PFMI	287	-	-	-	-	-	385	260
Civil Protection	-	-	-	287	275	96%	-	-
Civil admin auxiliary services	21	-	-	-	-	-	20	7
<b>Total</b>	<b>6 940 937</b>	-	<b>(103 825)</b>	<b>6 837 112</b>	<b>6 722 634</b>	<b>98%</b>	<b>6 038 130</b>	<b>5 989 200</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 1H

### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2022/23	2021/22
		R'000	R'000
<b>Received in Kind</b>			
Megan Bryer	Accommodation & Flight from JHB to CT – Return	-	5
Economic Policy	Presentation Gift	8	-
Economic Policy	Presentation Gift	8	-
Economic Policy	Accommodation, Flight, Airport Shuttle & Speakers Gift	11	-
OCFO (Received in kind)	Christmas Gift	1	-
<b>TOTAL</b>		<b>28</b>	<b>5</b>



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 11 STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	PAID BACK ON/ BY 30 JUNE	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
<b>RECEIVED IN CASH</b>						
MUNICIPAL PROJECTS	Develop public finance management capacity of national provincial and local government	49 608	-	-	49 608	-
THE BELG TECHNICAL COOP (BTC)	Belgian contribution towards the research in development finance	322	776	1 066	322	(290)
FMISD	To increase access to socio-economic rights and services for all in line with the Constitution, National Development Plan, Medium Term Strategic Framework and all relevant PFM legislation and policy	4 636	15 939	9 681	4 636	6 258
PFM PROG EXEC LEADERSHIP	The purpose of PFM Executive Leadership Program is founded in 3 critical components as a NT's contribution to agenda of building the capacity of the state. First it covers PFM leadership induction workshops for MECs and HODs in all provinces. Secondly, it seeks to forge academic partnership through NSG for the delivery of PFM leadership INNOVATION for provincial executives within the context of inclusive economic growth. Thirdly, through NSG partnership and or academia, develop a pool of public servants(practitioners) as a new cohorts of PFM leadership innovators	1 387	2 013	1 928	1 387	85
BUDGET FACILITY INFRA(BFI)(GA)	is facility a reform to the budget process that has created structures, procedures and criteria that ensure rigour in the appraisal and evaluation of projects before committing fiscal resources.	350	-	-	350	-
TECHNICAL ASSIST FACILITY(GA)	TAF is a facility focused on providing technical assistance to support GoSA in addressing critical policy and operational blockages in service delivery across national, provincial and local government levels and their entities	880	1 000	75	880	925

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 11

### STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	PAID BACK ON/ BY 30 JUNE	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
MIGRATION PBARs (MODEL)-WB APP	The objective of this project is to build the capacity of the state by improving the efficiency and quality of reporting on the preparation, monitoring and reporting processes of provincial budgets. The implementation of this project will reduce the administrative burden currently placed on provincial departments in completing their reporting requirements as outlined in the PFMA.	-	913	913	-	-
TECH SUPP TRNSF CNL: MING CCHGN (GA)	The purpose is to improve and strengthen Public Finance Management (PFM) within the context of building the capacity within provincial government. The project aims to improve the performance and productivity of all nine Provincial Treasuries senior managers' through coaching.	-	2 264	2 264	-	-
<b>TOTAL</b>		<b>57 183</b>	<b>22 905</b>	<b>15 927</b>	<b>57 183</b>	<b>6 978</b>



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 2A

### STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

NAME OF PUBLIC ENTITY	STATE ENTITY'S PFMA SCHEDULE TYPE (STATE YEAR-END IF NOT 31 MARCH)	% OF SHARES HELD		NUMBER OF SHARES HELD COST OF INVESTMENT R'000			NET ASSET VALUE OF INVESTMENT R'000		PROFIT/(LOSS) FOR THE YEAR R'000		LOSSES GUARANTEED YES/NO
		2022/23	2021/22	2022/23	2021/22	2021/22	2022/23	2021/22	2022/23	2021/22	
Accounting Standards Board	Schedule 3A	-	-	-	-	1 313	181	1 132	(184)	No	
Co-operative Banks Development Agency	Schedule 3A	-	-	-	-	12 053	10 081	6 117	7 186	No	
Development Bank of Southern Africa	Schedule 2	100%	100%	200 000	200 000	47 828 631	42 911 025	5 362 640	3 825 157	No	
FAIS Ombudsman	Schedule 3A	-	-	-	-	60 112	57 293	2 819	(57)	No	
Financial and Fiscal Commission	Schedule 1	-	-	-	-	32 266	4 027	27 420	(1 700)	No	
Financial Intelligence Centre	Schedule 3A	-	-	-	-	92 712	60 289	32 423	1 724	No	
Financial Sector Conduct Authority	Schedule 3A	-	-	-	-	529 444	490 703	38 741	(4 995)	No	
Government Pensions Administration Agency	Schedule 3A	-	-	-	-	200 482	302 994	16 329	(62 029)	No	



ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

ANNEXURE 2A  
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL  
PUBLIC ENTITIES

NAME OF PUBLIC ENTITY	STATE ENTITY'S PFMA SCHEDULE TYPE (STATE YEAR-END IF NOT 31 MARCH)	% OF SHARES HELD		NUMBER OF SHARES HELD COST OF INVESTMENT R'000			NET ASSET VALUE OF INVESTMENT R'000		PROFIT/(LOSS) FOR THE YEAR R'000		LOSSES GUARANTEED YES/NO
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/23	2022/23	2021/22		
Government Technical Advisory Centre	Schedule 3A	-	-	-	-	247 723	232 647	15 077	18 265	No	
Independent Regulatory Board for Auditors	Schedule 3A	-	-	-	-	118 788	97 424	21 364	16 780	No	
Land Bank	Schedule 2	100%	100%	1	8 286 785	5 333 335	3 977 247	477 189	1 391 437	No	
Office of the Pensions Funds Adjudicator	Schedule 3A	-	-	-	-	44 354	39 402	4 952	6 299	No	
Ombud Council	Schedule 3A	-	-	-	-	-	-	-	-	No	
Public Investments Corporations Ltd.	Schedule 3A	100%	100%	1	1	3 933 381	3 673 959	271 190	302 695	No	
Sasria SOC Ltd.	Schedule 3B	100%	100%	1	22 000 000	10 412 069	6 901 372	3 510 699	(23 457 073)	No	
South African Revenue Service	Schedule 3B	-	-	-	-	4 300 190	3 525 854	29 120	479 586	No	
<b>Subtotal</b>				<b>200 003</b>	<b>200 003</b>	<b>73 146 853</b>	<b>62 284 498</b>	<b>9 817 212</b>	<b>(17 476 909)</b>		



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 2B

### STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

NAME OF PUBLIC ENTITY	NATURE OF BUSINESS	COST OF INVESTMENT R'000		NET ASSET VALUE OF INVESTMENT R'000		AMOUNTS OWING TO ENTITIES R'000		AMOUNTS OWING BY ENTITIES R'000	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
<b>CONTROLLED ENTITIES</b>									
Accounting Standards Board	Determine Standards of Generally Recognised Accounting Practice	-	-	1 313	181	71	-	229	191
Co-operative Banks Development Agency	Establish a Regulatory framework for co-operative banks	-	-	12 053	10 081	-	-	1 531	1 599
Development Bank of Southern Africa	Promote and facilitate funding to mobilise socio-economic development in Southern Africa while promoting efficiency, fairness, transparency and responsibility	200 000	200 000	47 828 631	42 911 025	402 070	259 293	1 104 337	890 743
FAIS Ombudsman	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	-	-	60 112	57 293	8 519	1 985	979	2 679
Financial and Fiscal Commission	Assist and maintain the fiscal balance between fiscal decentralisation and the unitary state	-	-	32 266	4 027	51	1 038	402	1 681
Financial Intelligence Centre	Assist in the identification of unlawful, activities and combating of money laundering activities, funding of terrorism, and related activities.	-	-	92 712	60 289	378	472	12 245	16 665

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 2B

### STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

NAME OF PUBLIC ENTITY	NATURE OF BUSINESS	COST OF INVESTMENT R'000		NET ASSET VALUE OF INVESTMENT R'000		AMOUNTS OWING TO ENTITIES R'000		AMOUNTS OWING BY ENTITIES R'000	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Financial Sector Conduct Authority	To oversee the South African non-banking financial services industry in the public interest	-	-	529 444	490 703	164 865	86 345	163 206	149 683
Government Technical Advisory Centre	Government Employees pension fund in terms of the Government Employees Pension (GEP) Act (1996) Assist organs of state in their capacity for efficient, effective and transparent financial management	-	-	200 482	302 994	4 145	121 553	63 322	131 895
Independent Regulatory Board for Auditors	Registration of public accountants and auditors and for the regulation of the training of public accountants and auditors	-	-	247 724	232 647	40 285	27 417	2 158 143	1 427 559
Land Bank	Facilitate access to ownership of land for the development of farming enterprises and agricultural processes for the historically disadvantaged people	8 286 785	7 397 655	5 333 335	3 977 247	1 585 656	1 306 026	6 066 862	833 544
Office of the Pension Funds Adjudicator	The Adjudicator's office investigates and determines complaints of abuse of power, maladministration, disputes of facts or law and employer dereliction of duty in respect of retirement pension funds	-	-	44 354	39 402	7 207	4 104	4 987	4 678



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 2B STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

NAME OF PUBLIC ENTITY	NATURE OF BUSINESS	COST OF INVESTMENT R'000		NET ASSET VALUE OF INVESTMENT R'000		AMOUNTS OWING TO ENTITIES R'000		AMOUNTS OWING BY ENTITIES R'000	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Public Investment Corporations Ltd	Ensuring that financial customers have access to, and are able to use affordable, effective, independent and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products and services.	-	1	3 933 381	3 673 959	391 290	166 288	17 638	51 705
Sasria SOC Ltd	Invests funds on behalf of the South African public sector	22 000 000	22 000 000	10 412 069	6 901 372	2 401 655	1 017 564	556 850	184 422
South African Revenue Service	Special Risk Insurance	-	-	4 300 190	3 525 854	158	58 318	180 004	683 722
<b>Total</b>		<b>30 486 785</b>	<b>29 597 656</b>	<b>73 146 854</b>	<b>62 284 498</b>	<b>5 022 556</b>	<b>3 058 526</b>	<b>10 341 848</b>	<b>4 398 166</b>

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 3A

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2023 – LOCAL

GUARANTOR INSTITUTION	GUARANTEE IN RESPECT OF	ORIGINAL GUARANTEED	OPENING BALANCE 1 APRIL	GUARANTEES DRAWDOWNS	GUARANTEED REPAYMENTS/ CANCELLED/ REDUCED DURING	REVALUATION DUE TO	CLOSING BALANCE 31 MARCH	REVALUATIONS DUE TO	ACCRUED GUARANTEED
		R'000	R'000	R'000	R'000	FOREIGN CURRENCY MOVEMENTS	R'000	R'000	R'000
<b>OTHER</b>									
Development Bank of Southern Africa	Former Bophuthatswana Regional Authority	126 060	55 263	-	-	-	55 263	-	18 918
Land and Agricultural Development Bank of South Africa	Consolidation of debt	100 000	51	-	51	-	-	-	-
Land and Agricultural Development Bank of South Africa	Financial sustainability	2 700 000	997 920	-	983 876	-	14 044	-	33
Land and Agricultural Development Bank of South Africa	Refinancing Risk	3 000 000	-	-	-	-	-	-	-
South African Reserve Bank	Covid-19 loan guarantee scheme	20 000 000	12 072 292	-	2 948 826	-	9 123 466	-	171 373
	<b>Subtotal</b>	<b>25 926 060</b>	<b>13 125 525</b>	<b>-</b>	<b>3 932 754</b>	<b>-</b>	<b>9 192 772</b>	<b>-</b>	<b>190 324</b>
	<b>Total</b>	<b>25 926 060</b>	<b>13 125 525</b>	<b>-</b>	<b>3 932 754</b>	<b>-</b>	<b>9 192 772</b>	<b>-</b>	<b>190 324</b>



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 3A

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2023 – FOREIGN

GUARANTOR INSTITUTION	GUARANTEE IN RESPECT OF	ORIGINAL GUARANTEED CAPITAL AMOUNT	OPENING BALANCE 1 APRIL 2022	GUARANTEES DRAWDOWNS DURING THE YEAR	GUARANTEED REPAYMENTS/ CANCELLED/ REDUCED DURING THE YEAR	REVALUATION DUE TO FOREIGN CURRENCY MOVEMENTS	CLOSING BALANCE 31 MARCH 2023	REVALUATIONS DUE TO INFLATION RATE MOVEMENTS	ACCRUED GUARANTEED INTEREST FOR YEAR ENDED 31 MARCH 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>OTHER</b>									
Development Bank of Southern Africa	Eurobonds	8 470 000	4 600 890	467 695	-	-	5 068 585	-	10 875
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	565 175	141 896	-	25 672	25 069	141 294	-	714
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	281 689	111 978	-	12 795	0 535	119 718	-	605
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	242 325	128 720	-	10 748	24 005	141 977	-	718
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	247 096	81 019	-	10 993	14 683	84 709	-	428
Development Bank of Southern Africa	Kreditanstalt für Wiederaufbau	266 472	78 052	-	12 104	13 993	79 942	-	404
Land and Agricultural Development Bank of South Africa	African Development Bank	1 000 000	500 000	-	90 909	-	409 091	-	5 489
Land and Agricultural Development Bank of South Africa	World Bank	1 300 000	390 000	-	270 140	-	119 860	-	2 796
	<b>Subtotal</b>	<b>12 372 757</b>	<b>6 032 556</b>	<b>467 695</b>	<b>433 361</b>	<b>98 286</b>	<b>6 165 176</b>	<b>-</b>	<b>22 029</b>
	<b>Total</b>	<b>38 298 817</b>	<b>19 158 081</b>	<b>467 695</b>	<b>4 366 114</b>	<b>98 286</b>	<b>15 357 948</b>	<b>-</b>	<b>212 354</b>

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 3B

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023

NATURE OF LIABILITY	OPENING BALANCE 1 APRIL 2021	LIABILITIES INCURRED DURING THE YEAR	LIABILITIES PAID/ CANCELLED/ REDUCED DURING THE YEAR	LIABILITIES RECOVERABLE (PROVIDE DETAILS HEREUNDER)	CLOSING BALANCE 31 MARCH 2023
	R'000	R'000	R'000	R'000	R'000
<b>CLAIMS AGAINST THE DEPARTMENT</b>					
An action by Medihelp against the Minister of Finance for payment of the amount of R9,997,256.75 arising out of unlawful deductions made in breach of the agreement with Medihelp and the resolution of the bargaining council.	9 997	-	-	-	9 997
SA Red Cross has instituted action proceedings against the Minister of Finance. It is a damage claim emanating from cancellation of a transversal contract with Red Cross. Latter alleges that the cancellation was unlawful and that it resulted in them suffering damages which the Minister and the relevant provincial	54 006	-	-	-	54 006
The Plaintiff claims a total amount of R79,792,350.00 which claim is made up as follows; 1) A claim for payment of the sum of R63,367,750.00 in respect of software licenses and maintenance services allegedly received from the plaintiff; 2) Damages in the sum of R16,424,600.00 suffered as a result of the Defendants repudiation of the various agreements.	79 792	-	-	-	79 792
The plaintiff alleges that he submitted his income tax schedules to Treasury for the years 2006 until 2017 and was assessed at R68,809.25 for that period, and that from March 2010 until December 2013 he made payments in the amount of R99,597.95. His tax assessments for the years 2006, 2007 and 2008 were reduced and he was alerted of the changes in September 2017. He also alleges that Treasury is also liable to pay an amount of R16,214.93, that being as a result of the VAT assessments, and that in light of the above, Treasury is liable to pay to him an amount of R47,103.63 plus interest.	47	-	-	-	47
<b>Subtotal</b>	<b>143 842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143 842</b>



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 3B

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023

NATURE OF LIABILITY	OPENING BALANCE 1 APRIL 2021	LIABILITIES INCURRED DURING THE YEAR	LIABILITIES PAID/ CANCELLED/ REDUCED DURING THE YEAR	LIABILITIES RECOVERABLE (PROVIDE DETAILS HEREUNDER)	CLOSING BALANCE 31 MARCH 2023
	R'000	R'000	R'000	R'000	R'000
<b>Other</b>					
Military pensions	315 948	39 205	16 940	-	338 213
Injury on duty	28 360	13 251	763	-	40 847
Special pensions	84 887	40 223	26 163	-	98 947
<b>Subtotal</b>	<b>429 194</b>	<b>92 678</b>	<b>43 866</b>	<b>-</b>	<b>478 007</b>
<b>TOTAL</b>	<b>5 216 603</b>	<b>92 678</b>	<b>43 866</b>	<b>-</b>	<b>5 265 416</b>



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 4

### CLAIMS RECOVERABLE

GOVERNMENT ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Western Cape	-	-	21	21	21	21
National Departments	388	-	2 308	2 709	2 696	2 709
Eastern Cape	50	-	-	-	50	-
Gauteng	56	-	-	-	56	-
Foreign government	-	-	1 329	1 329	1 329	1 329
<b>Total</b>	<b>494</b>	<b>-</b>	<b>3 658</b>	<b>4 059</b>	<b>4 152</b>	<b>4 059</b>

CASH IN TRANSIT AT YEAR END 2022/23*	RECEIPT DATE UP TO SIX (6) WORKING DAYS AFTER YEAR END	AMOUNT
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 7

### MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

#### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2023

ENTITY	NOTE	OPENING BALANCE 1 APRIL 2022	CURRENT YEAR WIP	READY FOR USE (ASSETS TO THE AR) / CONTRACTS TERMINATED	CLOSING BALANCE 31 MARCH 2023
		R'000	R'000	R'000	R'000
Intangible assets	Annexure 7	394 241	-	-	394 241
<b>TOTAL</b>		<b>394 241</b>	<b>-</b>	<b>-</b>	<b>394 241</b>

#### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2022

ENTITY	NOTE	OPENING BALANCE 1 APRIL 2021	CURRENT YEAR WIP	READY FOR USE (ASSETS TO THE AR) / CONTRACTS TERMINATED	CLOSING BALANCE 31 MARCH 2022
		R'000	R'000	R'000	R'000
Intangible assets	Annexure 7	394 241	-	-	394 241
<b>TOTAL</b>		<b>394 241</b>	<b>-</b>	<b>-</b>	<b>394 241</b>

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 8A

## INTER-ENTITY ADVANCES PAID (NOTE 13)

ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL	
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000
<b>NATIONAL DEPARTMENTS</b>						
Department of International Relations and Cooperation (DIRCO)	334	334	-	-	334	334
<b>Subtotal</b>	<b>334</b>	<b>334</b>	<b>-</b>	<b>-</b>	<b>334</b>	<b>334</b>
<b>PUBLIC ENTITIES</b>						
Pension Administration	99 118	25 317	-	-	99 118	25 317
<b>Subtotal</b>	<b>99 452</b>	<b>25 651</b>	<b>-</b>	<b>-</b>	<b>99 452</b>	<b>25 651</b>
<b>TOTAL</b>	<b>99 452</b>	<b>25 651</b>	<b>-</b>	<b>-</b>	<b>99 452</b>	<b>25 651</b>



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 8B

### INTER-ENTITY ADVANCES RECEIVED (NOTE 21 AND NOTE 22)

ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL	
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000
<b>PUBLIC ENTITIES</b>						
<b>Current</b>						
DEBT SERVICE COST and ME-RAAP	165	-	-	-	165	-
FASSET	2 734	961	-	-	2 734	961
GTAC-REFUND	-	-	-	-	-	-
PSETA	1	1	-	-	1	1
SECRET SERVICES	-	-	-	-	-	-
TETA	2 971	2 632	-	-	2 971	2 632
THUTHUKA	-	-	-	-	-	-
UNALLOCATED	-	-	-	-	-	-
WINGS	-	-	-	-	-	-
TTS and MoF	225	-	-	-	-	-
<b>Subtotal</b>	<b>6 096</b>	<b>3 594</b>	<b>-</b>	<b>-</b>	<b>6 096</b>	<b>3 594</b>

ANNEXURES TO THE ANNUAL  
FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

## ANNEXURE 11

### COVID 19 RESPONSE EXPENDITURE PER QUARTER AND IN TOTAL

EXPENDITURE PER ECONOMIC CLASSIFICATION	SUBTOTAL				SUBTOTAL		2022/23		2021/22	
	Q1	Q2	Q3	Q4	Q3	Q4	TOTAL	TOTAL	TOTAL	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	-	-	-	-	-	-	-	-	-	-
Goods services	83	3	-	28	-	114	114	-	-	-
Cons Hous Sup: Toiletries	-	-	-	-	-	-	-	-	-	3
Cons House Sup: Wash/Clean dete	83	3	-	28	-	114	114	-	-	684
Cons Mat&Sup: Hardware	-	-	-	-	-	-	-	-	-	60
<b>TOTAL COVID 19 RESPONSE EXPENDITURE</b>	<b>83</b>	<b>3</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>114</b>	<b>114</b>	<b>-</b>	<b>60</b>	<b>747</b>



















2022/23

NATIONAL TREASURY  
**ANNUAL REPORT**

**VOTE 8**

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**national treasury**

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National Treasury  
REPUBLIC OF SOUTH AFRICA