

Parliamentary

2020 Adjusted Budget 11 November 2020

Budget
Office



Minister section
fiscal Bill

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Introduction

- The PBO was established to support the Finance and Appropriations Committees with the implementation of the Money Bills and Related Matters Act of 2009
- The purpose of this presentation is to stimulate discussion on the content of the adjustments budget, which provides for:
 - Unforeseen and unavoidable expenditure
 - Appropriation of monies already announced during the tabling of the annual budget (but not allocated at that stage) including the reduction in COE
 - The shifting of funds between and within votes where a function is transferred or the utilisation of savings (not exceeding 8% of appropriation for a programme)
 - The roll-over of unspent funds from the preceding financial year
- Current year revisions are mainly based on:
 - The Covid-19 fiscal impact
 - Support to SOCs
 - Revisions to baselines to stabilise debt and reduce the budget balance
- The presentation aims to highlight points for discussion when Members consider the adjusted budget

Adjusted National Budget

R thousand	Appropriation (ENE)	First adjustments appropriation	Second adjustments appropriation (AENE)	Adjusted appropriation
Appropriation by vote	963 114 208	24 539 739	37 695 790	1 025 349 737
Roll-overs			1 602 065	1 602 065
Significant and unforeseeable economic and financial events		24 539 739	–	24 539 739
Unforeseeable and unavoidable expenditure			12 932 274	12 932 274
Expenditure earmarked in the 2020 Budget			22 066 385	22 066 385
Self-financing			1 499 923	1 499 923
Declared unspent funds			(187 096)	(187 096)
Direct charges against the NRF	805 666 311	(934 504)	(22 214 546)	782 517 261
COE: President, Members, Judges and Magistrates	4 256 119	–	(211 540)	4 044 579
Debt-service costs	229 269 955	7 174 482	(3 416 639)	233 027 798
Provincial equitable share	538 471 528	–	(17 754 507)	520 717 021
National Revenue Fund payments	97 937	13 394	66 284	177 615
Section 70 of the PFMA payments				
Land and Agricultural Development Bank of SA			74 366	74 366
South African Express Airways			143 395	143 395
SETA	19 412 896	(8 122 380)	(1 115 905)	10 174 611
Subtotal	1 768 780 519	23 605 235	15 481 244	1 807 866 998

Adjusted National Budget (cont.)

R thousand	Appropriation (ENE)	First adjustments appropriation	Second adjustments appropriation (AENE)	Adjusted appropriation
Appropriation by vote	963 114 208	24 539 739	37 695 790	1 025 349 737
Direct charges against the NRF	805 666 311	(934 504)	(22 214 546)	782 517 261
Subtotal	1 768 780 519	23 605 235	15 481 244	1 807 866 998
Provisional allocation not assigned to votes	7 020 587	–	(7 020 587)	–
Provisional allocation for Eskom restructuring	23 000 000	–	(23 000 000)	–
Compensation of employees adjustment	(37 806 696)	–	37 806 696	–
Provisional allocation for presidential employment intervention		19 575 434	(19 575 434)	–
Contingency reserve	5 000 000	–	(5 000 000)	–
National government projected underspending			(2 108 558)	(2 108 558)
Total adjustments expenditure estimate	1 765 994 410	43 180 669	(3 416 639)	1 805 758 440
Main Budget revenue	1 397 995 560	(298 481 913)	(1 582 024)	1 097 931 623
Tax revenue	1 425 417 596	(304 090 851)	(8 747 664)	1 112 579 081
Non-tax revenue	35 973 205	5 608 938	7 165 640	48 747 783
Less: Estimate of Southern Africa Customs Union payments	(63 395 241)	–	–	(63 395 241)
Budget balance	(367 998 850)	(341 662 582)	1 834 615	(707 826 817)

Adjustments per vote to fund SAA

	R'000		R'000
1 The Presidency	6 620	21 Civilian Secretariat for the Police	1 651
2 Parliament	24 279	22 Correctional Services	308 166
3 Cooperative Governance	255 352	25 Justice and Constitutional Development	194 554
4 Government Communication and Information System	5 900	26 Military Veterans	54 227
5 Home Affairs	98 311	28 Police	1 195 622
6 International Relations and Cooperation	28 658	29 Agriculture, Land Reform and Rural Development	171 534
7 National School of Government	2 205	30 Communications and Digital Technologies	38 481
8 National Treasury	362 282	31 Employment and Labour	39 795
10 Public Enterprises	57 168	32 Environment, Forestry and Fisheries	95 836
11 Public Service and Administration	21 622	33 Human Settlements	345 399
13 Public Works and Infrastructure	234 280	34 Mineral Resources and Energy	91 275
14 Statistics South Africa	45 046	35 Science and Innovation	87 085
15 Traditional Affairs	1 947	36 Small Business Development	27 434
16 Basic Education	275 926	37 Sports, Arts and Culture	55 937
17 Higher Education and Training	1 132 863	38 Tourism	17 179
18 Health	694 187	39 Trade, Industry and Competition	109 512
20 Women, Youth and Persons with Disabilities	7 476	40 Transport	681 275
		41 Water and Sanitation	200 919
		Announced in the 2020 Budget speech	3 529 997
		Total	10 500 000

Adjusted compensation budgets

Vote	R'000	Vote	R'000
1 The Presidency	10 869	22 Correctional Services	(1 269 937)
President and Deputy presidents' salaries	(83)	23 Defence	(956 250)
2 Parliament	(60 328)	24 Independent Police Investigative Directorate (R1 927174)	309
Members' remuneration	(30 683)	25 Justice and Constitutional Development	(438 938)
3 Cooperative Governance	(23 916)	Magistrates' salaries	(107 768)
Government Communication and Information System	(17 605)	26 Military Veterans	(11 504)
5 Home Affairs	(216 585)	27 Office of the Chief Justice	(41 720)
6 International Relations and Cooperation	(189 978)	Judges salaries	(73 006)
7 National School of Government	(3 776)	28 Police	(4 965 214)
8 National Treasury	(68 545)	29 Agriculture, Land Reform and Rural Development	(24 494)
10 Public Enterprises	(18 074)	30 Communications and Digital Technologies	(46 069)
11 Public Service and Administration	(10 811)	31 Employment and Labour	(29 385)
12 Public Service Commission	(13 847)	32 Environment, Forestry and Fisheries	(126 180)
13 Public Works and Infrastructure	(35 979)	33 Human Settlements	(36 226)
14 Statistics South Africa	(100 434)	34 Mineral Resources and Energy	(100 498)
15 Traditional Affairs	(5 137)	35 Science and Innovation	(20 000)
16 Basic Education	(36 347)	36 Small Business Development	(11 634)
17 Higher Education and Training	(536 076)	37 Sports, Arts and Culture	(17 470)
18 Health	(54 800)	38 Tourism	(21 666)
19 Social Development	59 938	39 Trade, Industry and Competition	(78 371)
20 Women, Youth and Persons with Disabilities	(9 433)	40 Transport	(34 570)
21 Civilian Secretariat for the Police Service	(5 973)	41 Water and Sanitation	(70 551)
		Total R'000	(9 848 745)

Declared unspent funds and projected underspending

Vote and description of expenditure	R thousand
13 Public Works and Infrastructure Property Management Trading Entity (R1 61.192 million); Construction Industry Development Board (R5.152 million); Council for the Built Environment (R4.651 million); Agrément South Africa (R3.577 million); and machinery and equipment (R6.451	181 023
31 Employment and Labour Compensation of employees due to delays in the filling of vacancies as a result of the national lockdown	6 073
Total declared unspent funds	187 096
Projected underspending	2 108 558
Total	2 295 654

Virements and Shifts within vote 31: From compensation of employees to claims against the state² of R350 000, which can only be approved by Parliament

Unforeseen and unavoidable

Vote	R'000
8 National Treasury Provincial equitable share: R500 million for direct food relief; and presidential employment intervention: R6 998.8 million for the education employment initiative	7 498 800
13 Public Works and Infrastructure	158 880
16 Basic Education	1 200
18 Health	393 571
19 Social Development Presidential employment intervention: R6 796.896 million for the extension of the <i>social relief of distress grant</i> for three months; R500 million for direct food relief; and R588.728 million to sustain social workers and early childhood development workers, and employ community development practitioners and unemployed youth	7 885 624
29 Agriculture, Land Reform and Rural Development	1 000 000
32 Environment, Forestry and Fisheries	1 983 000
35 Science and Innovation Presidential employment intervention: Health promotion agents, enviro-champs, water graduate employment programme, and experiential training programme	44 999
37 Sports, Arts and Culture	665 000
39 Trade, Industry and Competition Presidential employment intervention: Global business support	120 000
40 Transport	630 000
Total	20 431 074

Virements and Shifts within votes

- In most departments:
 - Savings in Goods & Services were shifted for computers or computer services
 - Savings on vacant positions were shifted to Households for leave gratuity

Vote 13: Public Works and Infrastructure				
From:		To:		R'000
Goods and services	Communications, operating leases, and travel and subsistence ¹ travel, contractors, consultants, etc.	Public corporations and private enterprises	Independent Development Trust ¹	139 620
Compensation of employees	Vacant posts	Compensation of employees		
Machinery and equipment	Other machinery and equipment	Public corporations and private enterprises		
Virements to other programmes as a percentage of the programme budget: Prestige Policy of 29.3%				
Total				149 713

Vote 16: Basic Education				
Goods and services	School infrastructure backlogs grant ²	Machinery and equipment	Computers	4 000
		Goods and services	Audit costs, and travel and subsistence	13 300
		Goods and services	Teaching toolkits	9 600
		Goods and services	Funza Lushaka information management system	1 740
Total				29 640

Virements and Shifts within votes (cont.)

Vote 25: Justice and Constitutional Development

From:		To:		R'000
Households	Households	Provinces and municipalities	Vehicle licences	180
	Households	Departmental agencies and accounts	Vehicle and television licences	32
Buildings and other fixed structures	Buildings ¹	Goods and services	Zondo Commission	63 000
Total				295 041

Vote 40 :Transport

Capital: Public corporations and private enterprises	Passenger Rail Agency of South Africa: Rolling stock fleet renewal programme	Public corporations and private enterprises	Passenger Rail Agency of South Africa: Metrorail (operations)	818 744
	Passenger Rail Agency of South Africa: Signalling	Payments for financial assets	Airports Company South Africa ²	2 324 750
	Passenger Rail Agency of South Africa: Metrorail (refurbishment of coaches)			
Departmental agencies and accounts	Various transfers to entities ²	Departmental agencies and accounts	Civil Aviation Authority ²	155 479
Households	Reclassification of funds ¹	Public corporations and private enterprises	One-off taxi gratuity	1 135 000

Virements to other programmes as a percentage of the programme budget: Rail Transport of 17.6%²

Total				4 515 299
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Division of Revenue

R'000	2020/21 Main Allocation	1st Adjustment	2nd Adjustment	2020/21 Adjusted Allocation
National	1 152 839 556	32 180 670	14 337 867	1 199 358 093
Provincial	538 471 528		-17 754 507	520 717 021
Local	74 683 326	11 000 000		85 683 326
TOTAL	1 765 994 410	43 180 670	-3 416 640	1 805 758 440

- National share includes:
 - Conditional allocations to provincial and local spheres
 - General fuel levy sharing with metropolitan municipalities
 - Debt-service costs
 - The contingency reserve and provisional allocations
- Changes to provincial allocations:
 - Additional allocations to support presidential employment initiative
 - Addition for assistance with food relief
 - Reductions to the wage bill

Changes to Provincial Equitable Share

- R25.3 billion is reduced from the provincial equitable share as part of the reduction of R37.8 billion to the growth of the public-service wage bill that was announced in the 2020 Budget for the 2020/21 financial year
- R7 billion added for the Presidential Employment Initiative
- R500 million for public food relief

R million	2020/21 Main Budget	Wage Bill reduction	Presidential Employment	Food Relief	2020/21 Total Adj.	2020/21 Adjusted budget	2021/22 Estimate
Eastern Cape	71 415	-3 477	1 191	66	-2 220	69 195	66 799
Free State	30 017	-1 523	412	28	-1 083	28 934	28 516
Gauteng	112 118	-4 998	1 086	104	-3 808	108 310	109 360
KwaZulu-Natal	111 442	-5 362	1 424	104	-3 834	107 608	105 139
Limpopo	62 329	-3 076	988	58	-2 030	60 299	58 915
Mpumalanga	44 105	-2 000	491	41	-1 468	42 637	42 034
Northern Cape	14 290	-702	148	13	-540	13 749	13 662
North West	37 548	-1 721	445	35	-1 240	36 307	36 111
Western Cape	55 208	-2 396	814	51	-1 531	53 677	53 438
Total	538 472	-25 253	6 999	500	-17 755	520 717	513 973

Changes to Provincial Government Conditional Grants

- R56 million is reduced from the national tertiary services grant
- R14 million is reduced from community library services grant
- R14 million is reduced from the comprehensive agricultural support programme grant
- R52 million is reduced from the health facility revitalisation grant
- R5 million is reduced from the ilima/letsema projects grant
- R980 000 is reduced from the land care programme grant
- R4 million is reduced from the mass participation and sport development
- R42 million is reduced from the national health insurance grant
- R37 million is reduced from the title deeds restoration grant
- R240 million is reduced from the national health insurance: indirect grant
- R273 million is reduced from the provincial emergency housing grant
- R138 million increase to the school infrastructure backlogs grant (nett effect)
- R155 million increase to the statutory human resources, training and development grant (nett effect)
- R11 million increase to the HIV, TB, malaria and community outreach (nett effect)

Changes to Local Government Conditional Grants

- Roll-over of funds:
 - R390 million for the urban settlements development grant in the Nelson Mandela Bay Metropolitan Municipality
 - R98 million for the public transport network grant to in Nelson Mandela Bay Metropolitan Municipality
 - R307 million for the regional bulk infrastructure grant for drought and COVID-19 water and sanitation interventions nation-wide
- Additional allocation for the water services infrastructure grant of R12 million
- R4 million is reduced from the integrated city development grant
- R2 million is reduced from the infrastructure skills development grant
- R12 million is reduced from the integrated urban development grant
- R180 million is reduced from the municipal infrastructure grant
- R12 million is reduced from the neighbourhood development partnership grant
- R253 million is reduced from the public transport network grant (nett: R154 million)
- R78 million is reduced from water services infrastructure grant
- R18 million is reduced from the integrated national electrification programme (Eskom) grant
- R55 million is reduced from regional bulk infrastructure grant

In summary

- Appropriations per vote has increased by R37.7 billion from R963.1 billion in the 2020 Budget to R1 025.3 billion in the Adjusted Appropriation
- Direct charges against the NRF has been reduced by R22. 2 billion
- Other provisional allocation were now appropriated, which result in a net increase from R1 766 billion in the estimates of national expenditure to R1 806 billion in the adjusted appropriations
- Main budget revenue was reduced from R1 397 billion in the estimates of national revenue to R1 098 billion in the adjusted appropriations, which together with additional spending requirements resulted in an estimated budget shortfall of R707 billion
- Virements and shifts between main divisions/programmes are also allowed during the adjustments appropriations process, of which a few has been identified that require Parliament's approval
- The adjustments also affected the division of revenue, which is now appropriated in the following manner:
 - National: 51.2% estimated at 49.2% in the 2020 Budget
 - Provincial: 39.9% estimated at 42.2% in the 2020 Budget
 - Local: 8.9% estimated at 8.6 % in the 2020 Budget

Additional Information on slides

In-year spending adjustments

	R million
Non-interest expenditure (2020 Budget Review)	1 536 724
2020 special adjustments budget (SAB) net additions	36 006
Revised non-interest expenditure (2020 SAB)	1 572 731
COVID-19 fiscal relief package allocations	19 431
Employment creation	12 634
Extension of special COVID-19 social relief of distress grant	6 797
Increases in allocations since 2020 SAB	14 904
South African Airways	10 500
Rollovers	1 602
Unforeseeable and unavoidable expenditure: Food relief	1 000
Self-financing	1 500
ICASA for the licensing process of high-demand spectrum	85
Land and Agricultural Development Bank of South Africa	74
South African Express Airways SOC Ltd	143
Resources used to fund adjustments since 2020 SAB	(33 286)
Net of provisional allocations for COVID-19 fiscal relief	(19 575)
Reductions to fund South African Airways allocation	(6 970)
Drawdowns, suspensions and projected underspending ²	(6 740)
Other adjustments³	(1 050)
Revised non-interest expenditure (2020 MTBPS)	1 572 731

National departments administering conditional grants	ES	FS	GT	KZN	LIM
	%	%	%	%	%
	Actual	Actual	Actual	Actual	Actual
Schedule 5, Part A Grants² First Quarter 2020 expenditure	Payments	Payments	Payments	Payments	Payments
Agriculture, Land Reform and Rural Development (Vote 29)	2.1%	2.9%	1.8%	10.4%	7.8%
(a) Comprehensive Agricultural Support Programme Grant	2.2%	3.9%	2.4%	13.9%	8.4%
(b) Ilima/Letsema Projects Grant	1.6%	0.7%	-	2.0%	7.0%
(c) Land Care Programme Grant: Poverty Relief and Infrastructure Development	1.0%	-	-	1.2%	0.8%
Sports, Arts and Culture (Vote 37)	9.9%	20.2%	1.3%	2.6%	16.5%
Community Library Services Grant	9.9%	20.2%	1.3%	2.6%	16.5%
Basic Education (Vote 16)	11.6%	19.8%	7.6%	6.1%	7.2%
(a) HIV and AIDS (Life Skills Education) Grant	4.9%	12.6%	1.9%	12.0%	2.2%
(b) Learners with Profound Intellectual Disabilities Grant	11.6%	18.7%	15.8%	14.6%	13.7%
(c) Maths, Science and Technology Grant	0.0%	11.6%	1.2%	2.1%	0.8%
(d) National School Nutrition Programme Grant	12.3%	20.8%	7.9%	5.9%	7.3%
Health (Vote 18)	23.4%	16.3%	17.4%	23.6%	20.8%
(a) HIV, TB, Malaria and Community Outreach Grant	26.7%	17.0%	17.8%	21.5%	21.8%
(b) Health Facility Revitalisation Grant	10.1%	12.9%	11.5%	32.9%	14.0%
(d) Statutory Human Resources, Training and Development Grant	26.8%	21.5%	19.7%	26.1%	27.1%
(e) National Health Insurance Grant	-	3.4%	22.3%	23.9%	64.5%
Human Settlements (Vote 33)	2.3%	6.6%	4.7%	4.5%	3.7%
(a) Human Settlements Development Grant	2.3%	6.8%	4.9%	4.7%	3.8%
(b) Title Deeds Restoration Grant	1.0%	0.3%	0.0%	0.7%	-
Public Works and Infrastructure (Vote 13)	8.7%	17.9%	8.1%	19.4%	20.5%
(a) Expanded Public Works Programme Integrated Grant for Provinces	11.4%	20.1%	0.0%	18.6%	16.2%
(b) Social Sector Expanded Public Works Programme Incentive Grant for Province	3.3%	16.6%	16.5%	20.5%	22.3%
Social Development (Vote 19)	0.7%	6.1%	19.4%	11.0%	18.5%
Early Childhood Development Grant	0.7%	6.1%	19.4%	11.0%	18.5%
Sports, Arts and Culture (Vote 37)	1.0%	7.6%	6.0%	2.1%	7.5%
Mass Participation and Sport Development Grant	1.0%	7.6%	6.0%	2.1%	7.5%
Sub-Total	14.2%	13.6%	11.9%	16.0%	13.9%

National departments administering conditional grants	MPU	NC	NW	WC
	%	%	%	%
	Actual	Actual	Actual	Actual
Schedule 5, Part A Grants² First Quarter 2020 expenditure	Payments	Payments	Payments	Payments
Agriculture, Land Reform and Rural Development (Vote 29)	4.9%	8.6%	0.9%	2.1%
(a) Comprehensive Agricultural Support Programme Grant	6.1%	11.8%	1.2%	1.8%
(b) Ilima/Letsema Projects Grant	2.4%	3.5%	-	3.1%
(c) Land Care Programme Grant: Poverty Relief and Infrastructure Development	0.6%	-	2.6%	0.1%
Sports, Arts and Culture (Vote 37)	32.1%	13.2%	13.9%	0.5%
Community Library Services Grant	32.1%	13.2%	13.9%	0.5%
Basic Education (Vote 16)	7.6%	16.2%	12.3%	6.4%
(a) HIV and AIDS (Life Skills Education) Grant	1.3%	17.3%	3.6%	19.2%
(b) Learners with Profound Intellectual Disabilities Grant	14.5%	26.1%	16.0%	17.6%
(c) Maths, Science and Technology Grant	2.0%	3.9%	2.5%	5.6%
(d) National School Nutrition Programme Grant	7.8%	17.1%	13.2%	5.1%
Health (Vote 18)	9.7%	10.6%	19.2%	23.5%
(a) HIV, TB, Malaria and Community Outreach Grant	8.8%	14.0%	22.6%	19.1%
(b) Health Facility Revitalisation Grant	9.1%	3.0%	13.6%	32.5%
(d) Statutory Human Resources, Training and Development Grant	22.9%	19.0%	7.8%	25.7%
(e) National Health Insurance Grant	-	-	13.7%	21.1%
Human Settlements (Vote 33)	11.6%	12.8%	4.3%	24.2%
(a) Human Settlements Development Grant	11.9%	13.3%	4.4%	25.0%
(b) Title Deeds Restoration Grant	1.8%	-	0.1%	0.2%
Public Works and Infrastructure (Vote 13)	16.1%	14.3%	4.5%	21.5%
(a) Expanded Public Works Programme Integrated Grant for Provinces	15.5%	11.6%	1.7%	28.6%
(b) Social Sector Expanded Public Works Programme Incentive Grant for Province	16.6%	16.8%	7.4%	17.1%
Social Development (Vote 19)	8.0%	4.6%	1.4%	11.4%
Early Childhood Development Grant	8.0%	4.6%	1.4%	11.4%
Sports, Arts and Culture (Vote 37)	19.1%	2.7%	-	1.2%
Mass Participation and Sport Development Grant	19.1%	2.7%	-	1.2%
Sub-Total	10.4%	11.5%	12.3%	20.7%

Changes to Provincial Government Conditional Grants

	2020/21 Main Allocation	1st Adjustment	2nd Adjustment	2020/21 Adjusted Allocation
School Infrastructure Backlogs Grant	1 736 413	540 000	138 542	2 414 955
Education Infrastructure Grant	548 815	(120 739)	(5 093)	422 983
HIV, TB, Malaria and Community Outreach Grant	24 387 202	2 845 826	(10 609)	27 222 419
Health Facility Revitalisation Grant	6 367 652	-	(52 371)	6 315 281
National Health Insurance Grant	288 840	-	(42 376)	246 464
Statutory Human Resources, Training and Development Grant	4 154 604	-	154 686	4 309 290
National Tertiary Services Grant	14 068 863	-	(55 710)	14 013 153
National Health Insurance Indirect Grant	2 287 864	(338 468)	(239 783)	1 709 613
Comprehensive Agricultural Support Programme Grant	1 522 190	(317 161)	(14 334)	1 190 695
Ilima/Letsema Projects Grant	548 815	(120 739)	(5 093)	422 983
Land Care Programme Grant: Poverty Relief and Infrastructure Development	82 419	-	(980)	81 439
Title Deeds Restoration Grant	577 823	(377 823)	(37 441)	162 559
Provincial Emergency Housing Grant	294 899	377 823	(273 120)	399 602
Community Library Services Grant	1 479 093	(312 491)	(13 878)	1 152 724
Mass Participation and Sport Development Grant	596 617	(224 000)	(4 433)	368 184
Total	128 761 025	7 643 880	(278 581)	136 126 324