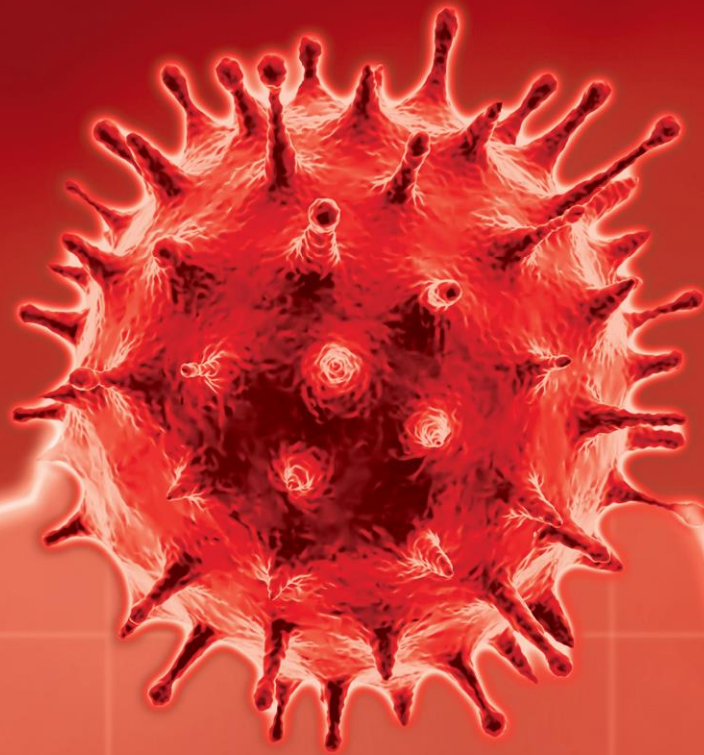


SUPPLEMENTARY BUDGET REVIEW 2020



national treasury

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National Treasury
REPUBLIC OF SOUTH AFRICA

STAY
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PROTECT SOUTH AFRICA

Supplementary Budget Review

2020

National Treasury

Republic of South Africa

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Foreword

This special adjustments budget sets out government's initial economic and fiscal response to COVID-19. It fast-tracks normal processes to provide resources to frontline services, provincial and local government, and firms and households, with a focus on the most vulnerable South Africans. It also underlines our commitment to stabilise the public finances and enact reforms that will promote trade, investment and job creation.

The oft-overused word “unprecedented” is appropriate in this case. The pandemic is expected to lead to the sharpest global economic downturn since the Second World War and the biggest overall decline in countries' per capita incomes in 150 years. In 2020, the output of developing economies is expected to contract for the first time in at least 60 years.

The pandemic has had a profound impact on South Africa. The economy is expected to contract by 7.2 per cent this year. All economic sectors have experienced a sharp downturn and small businesses in particular face extreme pressure. Millions of jobs are at risk – and millions of households are experiencing increased hardship. Tax revenue projections are down sharply. Moreover, the epidemiological path and economic consequences of the pandemic are both highly uncertain and evolving rapidly, necessitating rapid adjustments in policy and forecasts.

Over the past three months, government has prioritised public health to save lives. It also took the difficult step of severely restricting economic activity at a time when GDP growth was already weak. South Africa's R500 billion fiscal relief package is designed to help households and businesses to weather the short-term effects of the crisis.

For several years, the National Treasury has been warning that an absence of fiscal space would leave South Africa vulnerable to external shocks. That risk is now a reality. At the time of the 2020 Budget, economic growth was already low and the fiscal position had deteriorated significantly. South Africa has begun heading into a debt spiral.

Government is spending far more than it collects in revenue. As a result, debt has mushroomed. A failure to halt and reverse this pattern will harm the livelihoods of South Africans for many years to come. Left unchecked, the interest payments on that debt will become one of government's largest expenditure items over the medium term. An ever-increasing share of tax revenue will not go to hospitals, schools or social grants – instead, it will be transferred to bondholders.

Cabinet has resolved to reverse this pattern. The process of preparing the 2021 medium-term expenditure framework kicks off next month. The forthcoming spending framework will include major adjustments to stabilise debt and narrow the budget deficit.

This document is a bridge to the October 2020 *Medium Term Budget Policy Statement*, which will set out Cabinet's proposals to strengthen the public finances and to accelerate economic growth in the context of a changed global economy.

I wish to thank Cabinet, the Minister and Deputy Minister of Finance, the Budget Council, the Technical Committee on Finance and my colleagues across government for their participation in the adjustments budget process. The hardworking staff of the National Treasury has again shown dedication and professionalism under difficult circumstances to formulate this adjustments budget. My sincere thanks to the entire team for continuing to execute their constitutional mandate.



Dondo Mogajane
Director-General: National Treasury

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1

Building a bridge to recovery beyond COVID-19

In brief

- Government has responded to the COVID-19 pandemic with large-scale economic relief measures. Support is targeted at the most vulnerable South Africans. These steps will also build the capacity of the public health system to respond to the pandemic.
- The National Treasury expects the economy to contract by 7.2 per cent in 2020. Households and firms are grappling with the combined effects of economic restrictions and the continued spread of the virus.
- The public finances, which had reached an unsustainable position before the pandemic, are now dangerously overstretched.
- This special adjustments budget is a bridge to the October 2020 *Medium Term Budget Policy Statement* (MTBPS). Over the next several months, government will prepare a set of far-reaching reforms. Determined implementation of these measures will stabilise public debt, contain the budget deficit, and fully restore economic activity to build confidence, increase investment and promote job creation.

■ Overview

This special adjustments budget has a dual purpose. It reports on the COVID-19 fiscal measures, and the resulting adjustments to the division of revenue and departmental allocations. It also sets out government's commitment to strengthen the public finances, and to position the economy for faster and inclusive growth.

Public spending priorities as proposed in the 2020 Budget have been reordered in response to the coronavirus pandemic. Government has prioritised saving lives, and took the difficult step of severely restricting economic activity at a time when GDP growth was already weak. The scale of the crisis, and the continued uncertainty of epidemiological and economic outcomes, have required rapid decisions in response to fast-changing conditions. South Africa, like other middle- and low-income countries without large savings, has to balance essential public-health





interventions – such as prolonged lockdowns – with severe economic effects – such as job losses, lower tax revenue and higher poverty.

In March, government initiated a wide-ranging relief package to manage the immediate impact of the virus. This involves scaling up capacity in the public health system and mitigating the effects of restricted economic activity for households and businesses. Concurrently, the Reserve Bank has reduced interest rates and provided support to the bond market, while indicating it is prepared to take additional action as required.

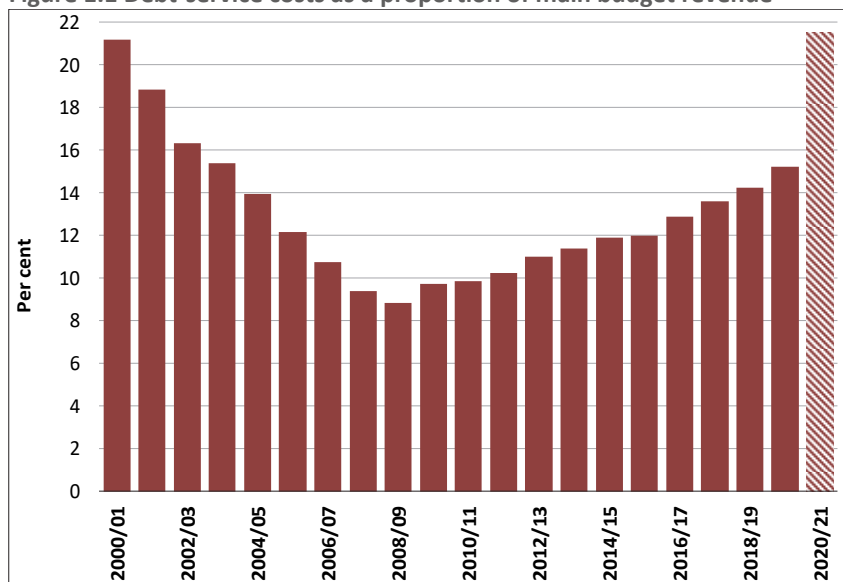
The COVID-19 adjustment fast-tracks normal budget processes to provide resources to frontline services, provincial and local government, and firms and households. Yet the evolution of the pandemic and its effects remain highly uncertain.

Avoiding the looming crisis in the public finances



Even as South Africa responds to the current health and economic crisis, a fiscal reckoning looms. The public finances are dangerously overstretched. Without urgent action in the 2021 budget process, a debt crisis will follow. Failure to contain ballooning debt and debt-service costs, and narrow the budget deficit, would damage the country’s long-term economic prospects. Over the medium term, compensation and debt-service costs would be the largest expenditure items, and outstrip the investments government makes in human capital, social and economic infrastructure, and service delivery. As Figure 1.1 implies, rising public debt means that an ever-increasing share of tax revenue is transferred to bondholders.

Figure 1.1 Debt-service costs as a proportion of main budget revenue



Source: National Treasury



This document is a bridge to the October 2020 MTBPS, which will set out Cabinet’s proposals to stabilise public debt and accelerate economic growth – and by which time a fuller picture of the effects of the pandemic is expected to emerge.

■ A phased approach to managing the pandemic

Government is responding to the pandemic in a phased manner:

- Phase 1 is to **preserve** the economy through a set of immediate, targeted and temporary responses.
- Phase 2 is a plan to **recover** from the immediate effects of the crisis by supporting investment and employment.
- Phase 3 is a **pivot** to position the economy for the faster growth needed to restore the country's long-term prosperity.

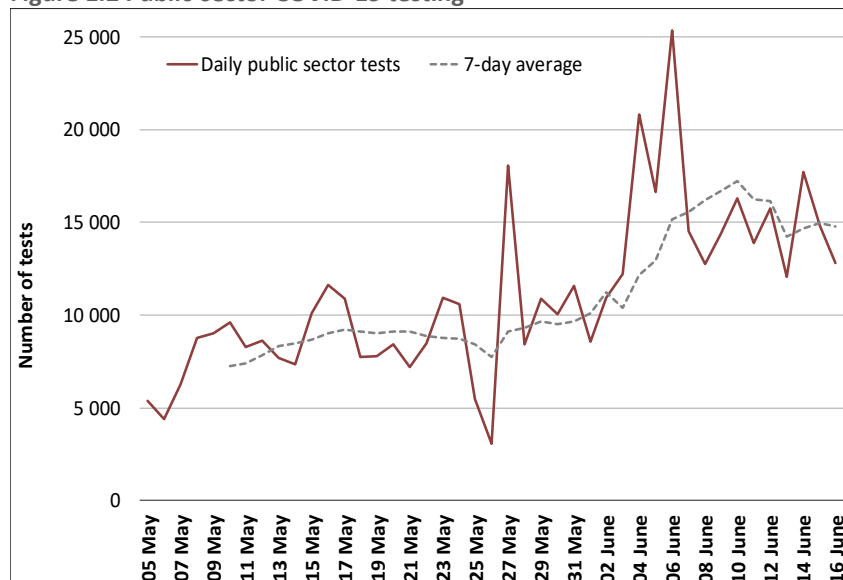
Supporting households and businesses

The COVID-19 fiscal package identifies R500 billion in economic relief. It includes R190 billion in main budget spending – of which R145 billion is allocated immediately – to protect lives and support livelihoods, R70 billion in tax policy measures and a R200 billion loan guarantee scheme to support short-term economic activity. In addition, the Reserve Bank has reduced interest rates and provided additional support to the bond market, financial-sector regulations have been eased to support the flow of credit to households and businesses, and commercial banks have introduced temporary payment holidays.

Major investments in the public health system aim to ensure it has sufficient capacity to manage the continued spread of the virus. An amount of R21.5 billion is made available to healthcare through reprioritisation and new funds. Over 1 million COVID-19 tests have been conducted since the start of the pandemic and the number of public-sector tests has more than doubled over the past month, averaging about 14 000 tests per day.



Figure 1.2 Public-sector COVID-19 testing



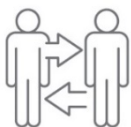
Source: Department of Health

To date, more than 18 million South Africans have received temporary COVID-19 grants, which – along with other interventions for vulnerable households – will cost about R41 billion. In its first few weeks of operation, the COVID-19 loan guarantee scheme had provided small businesses with over R10 billion worth of loans. As of mid-June, the Unemployment



Insurance Fund had provided R23 billion in COVID-19 relief to over 4.7 million workers.

To the greatest extent possible, the balance sheets and operational capacity of the broader public sector have been adjusted to form part of the national response. These include state-owned companies, the social security funds and public entities such as the National Health Laboratory Service and the South African Social Security Agency. The National Treasury and the Reserve Bank have coordinated fiscal and monetary policy responses.



Government has strengthened its working partnership with the private sector in response to the national emergency. The private health sector has made valuable contributions, providing critical care beds at a favourable rate and complementing efforts to ramp up testing. The Solidarity Fund, a private-sector initiative, has augmented government's efforts to procure medical and personal protective equipment. To support economic relief efforts, nearly R12 billion in debt relief has been extended to over 124 000 small and medium-sized enterprises by the banking sector. Commercial banks have also granted 90-day payment holidays to more than 2 million clients for relief totalling R16.5 billion to date. Initiatives such as the Sukuma Relief Programme and the South African Future Trust are providing interest-free loans and grants to small and medium-sized firms.

In the context of a sharp economic downturn in developing countries, international finance institutions have announced a range of support mechanisms. Government intends to borrow US\$7.0 billion from multilateral finance institutions for its pandemic response. This includes a US\$1 billion loan from the New Development Bank. As a member of the International Monetary Fund (IMF), South Africa intends to borrow US\$4.2 billion through the IMF's rapid financing instrument, which is a low-interest emergency facility.

■ Decline or renewal?

The drift into a debt spiral

South Africa's pre-pandemic economic outlook was weak, with GDP growth averaging 1.3 per cent between 2020 and 2022. The steep economic contraction associated with COVID-19 will put greater pressure on trade, investment and employment. Without swift and effective fiscal policy action, a recovery in economic growth once the pandemic has subsided will be insufficient to stabilise debt.

The recent sovereign rating downgrades by S&P Global Ratings, Moody's and Fitch highlight the perils of inaction. Between March and April, the rand depreciated more sharply than comparable developing-country currencies. Long-term government yields are above end-2019 levels, which means that government borrowing costs are higher. The steepness of the yield curve indicates investor concerns about fiscal sustainability.

If debt does not stabilise, government will be unable to borrow at affordable rates. This would in turn impede the ability of firms to invest and create jobs. It would also discourage households from making long-term financial commitments. In this environment, government could not



raise sufficient tax revenues to sustain current spending levels and service its debt obligations. In time, this would lead to an unravelling of the social gains of the past 26 years.

If this spiral is not halted and reversed, it is likely that some state-owned companies and public entities will collapse, triggering a call on guaranteed debt obligations. Failure to substantially reduce costs, address long-standing governance failures, prosecute state-capture participants and undertake profound operational reforms has contributed to already unsustainable financial positions in many public-sector institutions. The pressure on public finances requires fundamental changes to the manner in which government supports these institutions, and such reforms will be implemented in the near term.

In the short term, the most important step to avoid these outcomes is to restore economic activity as soon as possible. The steps that government and the private sector are taking to limit the spread of the virus, along with the fiscal relief package and the phased relaxation of economic restrictions, will enable the economy to restart.

An active approach to forge a new economy

In his 21 April address to the nation, the President stated that government is “resolved not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality”. This requires bold, forthright and determined thinking and action to stabilise debt, increase the efficiency and composition of public spending, and unlock economic growth through reforms.



Cabinet has endorsed a 2021 budget process that moves towards debt stabilisation. The 2020 MTBPS will set out plans to narrow the deficit so that debt peaks at 87.4 per cent of GDP by 2023/24. An expanded partnership between government, business, labour and civil society is needed to agree on and implement far-reaching economic reforms.

To illustrate the policy outcomes that South Africa confronts, the National Treasury has prepared two scenarios. In the passive scenario, debt continues to rise, and debt-service costs outstrip spending on social and economic priorities. In the active scenario, government acts rapidly to stabilise debt by reducing spending and enacting economic reforms. The scenario discussions in this document reflect these approaches.

Cabinet has endorsed the active-scenario approach to stabilise debt and grow the economy. To promote fiscal consolidation, preparation of the 2021 medium-term expenditure framework (MTEF) will be informed by the results of forthcoming public expenditure reviews. Government’s consultations on the MTEF, which begin next month, will also be guided by the principles of zero-based budgeting, in which departmental expenses must be justified, and accompanied by rigorous analysis. The 2021 MTEF will assume necessary revisions to the public-service wage bill.



Cabinet has also determined the following:

- Government will ensure sufficient capacity in frontline services – health, social protection and municipal services – to manage the evolution of COVID-19.





- The central fiscal priority over the medium term is debt stabilisation, which will require large spending and revenue adjustments. The manner in which this is done will affect growth. Cabinet has reiterated support for the proposed public-service wage bill reductions announced in February, which will improve the composition of spending.
- To reverse the decline in per capita incomes, the 2020 MTBPS will set out economic reform proposals focused on the underlying structure of the economy. These aim to reduce the cost of doing business. Government will take steps to improve the competitiveness of the economy by reducing the dominance of state-owned companies in network industries, and support new and existing sectors with large-scale job creation potential.

■ The special adjustments budget

The Public Finance Management Act (1999), read together with the Money Bills and Related Matters Act (2009), empowers the Minister of Finance to table an adjustments budget in the National Assembly when necessary. Government normally tables an adjustments budget with a revised fiscal framework, a division of revenue amendment bill and an adjustments appropriation bill in October.



The fiscal and economic impact of the national state of disaster declared as a result of the COVID-19 pandemic has made it necessary to table the present adjustments budget, published as the *2020 Supplementary Budget Review*, in June. A second adjustments budget is expected to be tabled in October.

The document is structured as follows:

- Chapter 2 sets out changes to the division of revenue and in-year spending plans.
- Chapter 3 discusses the initial impact of COVID-19 on the economy, and provides a revised economic outlook for 2020.
- Chapter 4 outlines the medium-term fiscal implications of the active scenario adopted by Cabinet, with a focus on debt stabilisation.
- Annexure A is the explanatory memorandum to the Division of Revenue Amendment Bill.
- Annexure B is the explanatory memorandum to the Adjustments Appropriation Bill.

2

Revisions to in-year spending plans and the division of revenue

In brief

- Since the tabling of the 2020 Budget, in-year spending priorities have changed significantly due to the emergence and spread of COVID-19.
- This special adjustments budget revises government's spending plans for 2020/21 in line with the fiscal relief package announced in April 2020. Consolidated spending for 2020/21 has been revised from R1.95 trillion as tabled in February to R2.04 trillion, mainly due to additional funding of R145 billion allocated for government's COVID-19 response.
- Net in-year suspensions of spending amounting to R100.9 billion have been implemented for national departments, provinces and local government. Further suspensions may be announced in the October 2020 *Medium Term Budget Policy Statement* (MTBPS).
- Provinces will reallocate at least R20 billion to the COVID-19 response in their own budgets.

■ Overview

Since the 2020 Budget, responding to the COVID-19 pandemic has become government's central priority. The crisis has required frontline functions – primarily health, peace and security, and social development – to focus and scale up their efforts. Other departments have been required to reprioritise funding to complement these efforts and roll out their own responses. At the same time, restricted economic activity has caused sharp declines in revenue across general government.

This special adjustments budget outlines immediate revisions to the 2020/21 spending plans set out in the 2020 *Budget Review*. More details will be presented in the October 2020 MTBPS.





Elements of the COVID-19 fiscal relief package

In April, government announced a R500 billion relief package to support the economy, and to provide a safety net for households and businesses to cushion the impact of restrictions on economic activity. The measures are temporary and provide support where it is needed most. Government aims to spend these funds efficiently and effectively, avoiding waste.

While government moved quickly to redirect funding to support COVID-19 interventions, the trajectory and effects of the virus remain highly uncertain. In this context, government is adjusting the allocation of funding to respond to new data and accompanying adjustments to policy. The allocation of funding in this special adjustments budget reflects the reorganisation of the initial package proposed in April based on subsequent shifts in spending needs related to COVID-19.



Funding has been secured by shifting resources from existing programmes and drawing down surplus funds from institutions such as the Unemployment Insurance Fund (UIF). Budget allocations across national, provincial and local government fund R145 billion of government's response. Details of departmental allocations are provided in the Explanatory Memorandum to the Adjustments Appropriation Bill (Annexure B).

Table 2.1 Main budget non-interest expenditure increases

R million	2020/21
Support to vulnerable households for 6 months	40 891
Health	21 544
Support to municipalities	20 034
Other frontline services	13 623
Basic and higher education	12 541
Small and informal business support, and job creation and protection	6 061
Support to public entities	5 964
Other COVID-19 interventions	1 766
Allocated for COVID-19 fiscal relief package	122 425
Land Bank equity investment	3 000
Provisional allocations for COVID-19 fiscal relief	19 575
Total	145 000

Source: National Treasury

Various functions have different timeframes for implementing interventions; as a result, R19.6 billion is provisionally set aside, mainly for job creation and protection. Some interventions will be phased in through upcoming budget announcements, including the October 2020 MTBPS and the February 2021 *Budget Review*.



Rollout has been rapid in programmes that use existing infrastructure, such as the *child support grant* and tax relief programmes. In contrast, those such as the *social relief of distress grant* have taken somewhat longer to reach recipients. The COVID-19 loan guarantee scheme had provided more than R10 billion in loans to businesses for operational expenses by 13 June. Amendments to improve access to the scheme will be enacted, including a "business restart loan".

Because the required health response is larger than originally anticipated, R21.5 billion is allocated to the function. In addition, resources will be

provided through internal reprioritisation in the education sector to fund COVID-19-related spending and catch-up programmes in the basic and higher education and training sectors.

Local government support of R20 billion is provided for, including an increase of R11 billion in the local government equitable share. A number of public entities, including South African National Parks and the Passenger Rail Agency of South Africa, require substantial support to replace revenue lost during the lockdown and prevent large job losses.

Over the next several months, further spending pressures are likely to emerge. Accordingly, the unallocated portion of R19.6 billion is set aside as a provisional allocation towards the COVID-19 response.



■ In-year spending adjustments

Main budget non-interest spending has increased by a net R36 billion in the current year. This amount consists of R145 billion added to spending for the fiscal response to the pandemic. This amount is partially offset by R109 billion from the items shown in Table 2.2. The expenditure ceiling, which excludes adjustments to the skills development levy, increases by R44.1 billion in 2020/21 compared with the 2020 Budget estimate.



Table 2.2 Revisions to main budget non-interest expenditure

R million	2020/21
Main budget non-interest expenditure (2020 Budget Review)	1 536 724
Proposed upward expenditure adjustments	145 000
Proposed downward expenditure adjustments	-100 885
National departments' baseline suspensions	-54 403
Repurposing of provincial equitable share	-20 000
Provincial conditional grant suspensions	-13 848
Local government conditional grant suspensions	-12 633
Other adjustments	-8 109
National Revenue Fund payments	13
Downward revisions to skills development levy	-2 122
Lower skills development levy due to 4-month holiday	-6 000
Revised non-interest expenditure	1 572 730
Change in non-interest expenditure from 2020 Budget	36 006

Source: National Treasury

Most of the targeted reprioritisation is provided by a R80.9 billion temporary suspension of baseline allocations. This suspension consists of R54.4 billion in national departmental allocations, R13.8 billion in provincial conditional grants and R12.6 billion in local conditional grants. Provincial suspensions include R20 billion funded from the provincial equitable share. Further suspensions will be considered as additional COVID-19 spending pressures emerge. These will be effected in the October adjustments budget.

The Land Bank

The Land and Agricultural Development Bank of South Africa holds 29 per cent of South Africa's agricultural debt. The bank's main source of revenue – net interest income – has declined over several years because lending rates have not increased alongside rising funding costs. The cost of funding increased as the Land Bank tried to reduce liquidity risk caused by the mismatch in its long-dated assets and short-term liabilities. In addition, impairment charges have been increasing, primarily due to persistent drought, further reducing profitability.

In January 2020, Moody's downgraded the Land Bank's credit rating, citing its deteriorating financial position, a constrained agricultural sector and fiscal constraints that may reduce financial support.

The downgrade led to a significant liquidity shortfall as numerous investors did not refinance debt. Despite government guarantees of R5.7 billion, the Land Bank could not raise adequate funding and defaulted on its debt obligations on 1 April 2020. The National Treasury is supporting the Land Bank and its corporate finance advisors as it engages its lenders to negotiate solutions to its default position and craft a long-term restructuring plan to ensure sustainability.

The Land Bank seeks an emergency liquidity bridge facility of R3 billion while the restructuring plans are finalised. Government is allocating R3 billion as an equity investment to recapitalise the Land Bank, enabling the settlement of this facility. The restructuring plan will inform possible further funding requirements to ensure the Land Bank's sustainability.

■ Updated fiscal framework for 2020/21

As outlined above, government's R145 billion COVID-19 response is sourced mainly from within existing allocations for 2020/21. This includes R109 billion in temporary suspension of baseline allocations and adjustments to the skills development levy. The balance of R36 billion is financed through an increase in the main budget deficit.

Main budget fiscal framework

Table 2.3 summarises spending financed from the National Revenue Fund. Main budget revenue is projected to decline as a share of GDP from 26.2 per cent in 2019/20 to 22.6 per cent in the current year.

Table 2.3 Main budget framework

R billion/percentage of GDP	2019/20	2020/21	
	Preliminary	Budget 2020	Revised
Main budget revenue	1 345.3 26.2%	1 398.0 25.8%	1 099.5 22.6%
Main budget expenditure	1 690.6 32.9%	1 766.0 32.5%	1 809.2 37.2%
Non-interest expenditure	1 485.8 28.9%	1 536.7 28.3%	1 572.7 32.4%
Debt-service costs	204.8 4.0%	229.3 4.2%	236.4 4.9%
Main budget balance	-345.3 -6.7%	-368.0 -6.8%	-709.7 -14.6%
Primary balance	-140.5 -2.7%	-138.7 -2.6%	-473.2 -9.7%

Source: National Treasury

Main budget expenditure is projected to increase to 37.2 per cent of GDP in 2020/21, reflecting support provided to state-owned companies in the 2020 Budget, COVID-19 spending and higher debt-service costs.

Projected tax revenue shortfalls, lower GDP and higher spending as a result of the pandemic will lead to a significant increase in the main budget deficit in the current year. The main budget deficit, estimated at 6.8 per cent of GDP in the 2020 Budget, is now projected to reach 14.6 per cent of GDP.



The primary deficit — the difference between revenue and non-interest spending — widens to 9.7 per cent of GDP in 2020/21.

■ Revisions to main budget spending plans for 2020/21

In preparing this special adjustments budget, the National Treasury and national departments recognised that certain spending commitments agreed to in the 2020 Budget can no longer be accommodated in the current economic context. Certain projects and programmes will also be postponed.



Table 2.4 shows major revisions to non-interest spending for 2020/21, relative to the 2020 Budget.

Table 2.4 Major revisions to non-interest spending plans

R million	Budget 2020	Reductions	Allocations	Other adjustments	Revised
General public services ¹	618 840	-24 310	25 055	13	619 599
Economic development	88 381	-12 145	4 649	–	80 886
Learning and culture	151 543	-15 617	10 560	-8 122	138 364
Health	55 516	-2 631	5 544	–	58 430
Peace and security	207 006	-4 185	10 170	–	212 991
Community development	219 727	-26 322	28 430	–	221 835
Social development ²	198 497	-15 675	41 016	–	223 837
Provisional allocations: COVID-19 package	–	–	19 575	–	19 575
Provisional allocations not assigned to votes	-7 786	–	–	–	-7 786
Contingency reserve	5 000	–	–	–	5 000
Total	1 536 724	-100 885	145 000	-8 109	1 572 731

1. Includes the provincial equitable share that funds a range of functions including health and basic education

2. Includes Department of Women, Youth and Persons with Disabilities

Source: National Treasury

Spending was adjusted by:

- Removing funds underspent due to delays caused by the lockdown from the baselines of affected departments.
- Suspending allocations for capital and other departmental projects that could be delayed or rescheduled to 2021/22 or later.
- Suspending allocations to programmes with a history of poor performance and/or slow spending.
- Redirecting funds towards the COVID-19 response within functions, or towards government's fiscal relief package.

The majority of suspensions identified within conditional grants for COVID-19 interventions (Table 2.5) have been repurposed accordingly within the grants. The largest reprioritisations were to the *education infrastructure grant* to provide water, sanitation and personal protective equipment to schools, and construct temporary classrooms and fund continual deep-cleaning of facilities; and to the *municipal infrastructure grant* to provide water to households and sanitise public transport facilities in municipalities that do not receive the *public transport network grant*.



The net in-year suspension of R10.8 billion to the grants is temporary and only to provide emergency funds for the pandemic response.

Table 2.5 Suspension of conditional grants

R million	Total suspensions	Reprioritisation	Net suspensions
Municipal infrastructure	4 401	4 401	–
Urban settlements development	3 357	2 257	1 100
Public transport network	2 998	1 096	1 902
Water services infrastructure	689	689	–
Integrated national electrification programme (municipal)	500	–	500
Human settlements development	1 728	–	1 728
Provincial roads maintenance	1 756	–	1 756
Education infrastructure	6 621	4 400	2 221
Health facility revitalisation	1 066	1 066	–
Other grants	3 703	2 126	1 577
Total	26 819	16 035	10 784

Source: National Treasury

Main budget spending revisions by economic classification

Most of the main budget spending revisions by economic classification are in the transfers category, with R20 billion from transfers to provinces for the repurposing of the provincial equitable share, as well as suspensions in provincial and local conditional grants. These resources are mainly allocated to provincial health and education interventions, as well as providing funding for increased social payments to vulnerable households.

Table 2.6 Main revisions to non-interest spending plans by economic classification

R million	Budget 2020	Reductions	Allocations	Other adjustments	Revised
Current payments	265 720	-10 791	12 614	–	267 544
Compensation of employees	187 668	-1 429	837	–	187 077
Goods and services	77 891	-9 362	11 777	–	80 306
Rent on land	161	–	–	–	161
Transfers and subsidies	1 215 936	-87 680	108 118	-8 122	1 228 251
Provinces and municipalities	781 934	-46 482	49 921	–	785 373
Departmental agencies and accounts	143 296	-12 676	8 695	-8 122	131 193
Higher education institutions	44 803	-3 210	2 327	–	43 920
Foreign governments and international organisations	2 829	-109	1	–	2 721
Public corporations and private enterprises	32 525	-6 423	3 070	–	29 172
Non-profit institutions	9 073	-1 748	1 177	–	8 503
Households	201 477	-17 033	42 926	–	227 370
Payments for capital assets	15 303	-2 414	1 692	–	14 582
Payments for financial assets	42 552	–	3 000	13	45 565
Provisional allocations: COVID-19 package	–	–	19 575	–	19 575
Provisional allocations not assigned to votes	-7 786	–	–	–	-7 786
Contingency reserve	5 000	–	–	–	5 000
Total	1 536 724	-100 885	145 000	-8 109	1 572 731

Source: National Treasury

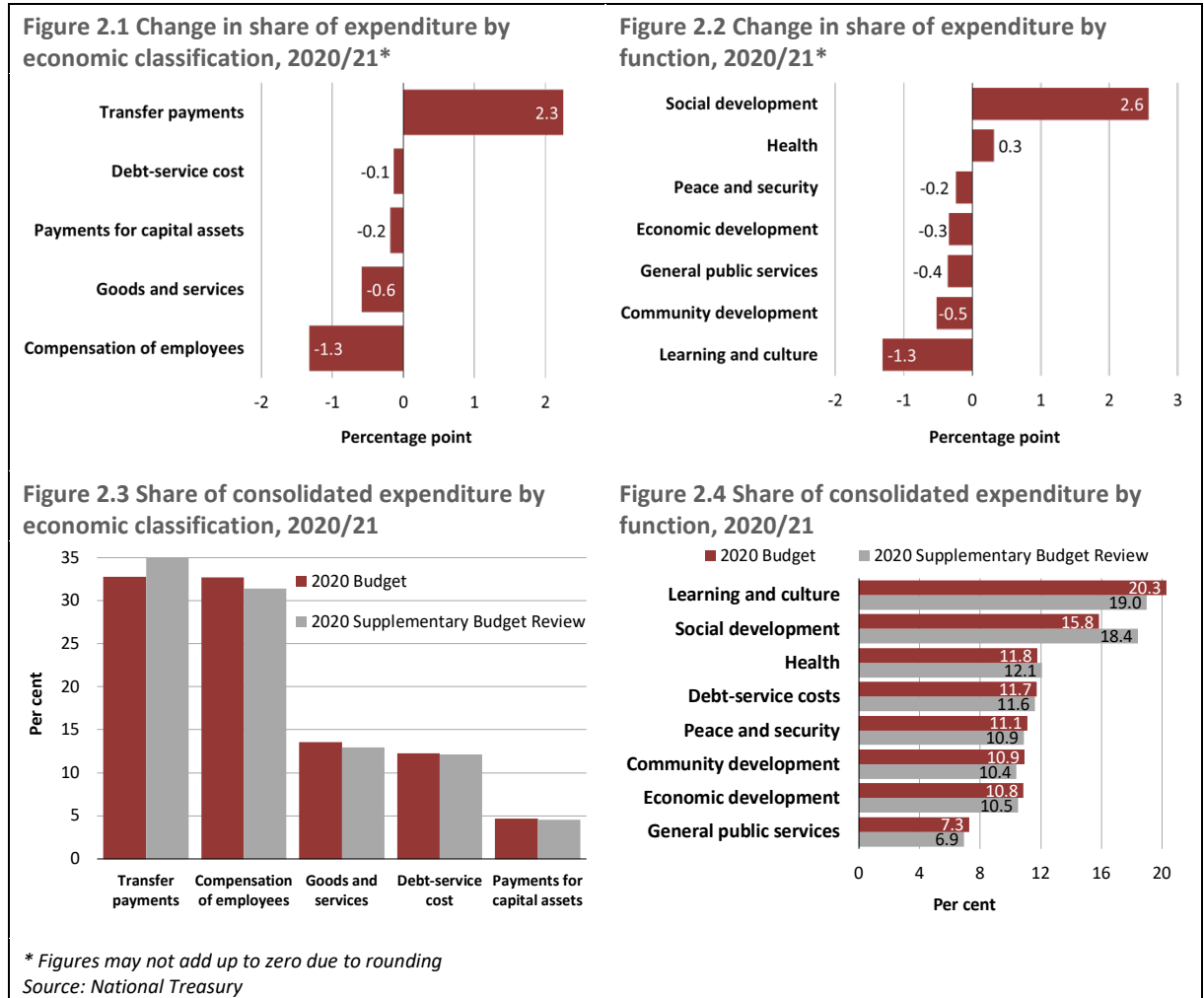
Consolidated spending plans

Consolidated budget framework

The consolidated budget includes the main budget and spending financed from revenues raised by provinces, social security funds and public entities.

In the current year, R40 billion will be drawn down from social security funds' cash surpluses to provide wage support to vulnerable employees due to the pandemic.

Public entities, social security funds and provinces are projected to have a combined cash deficit in 2020/21. This, together with the widening main budget deficit, results in the consolidated budget deficit more than doubling to a projected 15.7 per cent of GDP in the current year, compared with the 2020 Budget estimate of 6.8 per cent.



Consolidated government spending is updated with allocations made as part of the COVID-19 response. Further adjustments will be made in October. The allocations increase spending on transfers to almost 35 per cent of total expenditure, while the share of all other components declines.

Debt-service costs remain close to 12 per cent of total spending, which is more than double the share being spent on capital assets. Debt-service costs are now the fourth-largest spending item, similar in size to what government spends on health services.



In the functional breakdown, social development increases by 2.6 percentage points as a share of consolidated spending. This is driven by the support to vulnerable households and the interventions by the UIF.

Frontline functions

Health



Although the early lockdown helped to slow transmission of the novel coronavirus, infection rates and deaths are expected to continue to increase. Ahead of the expected peak in infections, the health sector is preparing for a rising number of cases, including expanding capacity and ensuring personnel are protected.

A total of R21.5 billion has been reprioritised to public health services, of which about R16 billion is for provinces and R5.5 billion for the national Department of Health, inclusive of conditional grants. Of the R5.5 billion, R2.6 billion has been reprioritised within the national department and R2.9 billion is additional funds. Allocations have been informed by epidemiological modelling, a national health sector COVID-19 cost model and provincial plans. A new R3.5 billion COVID-19 component has been formed in the *HIV, TB, malaria and community outreach grant*.

The public health response to COVID-19

South Africa is at a relatively early stage of the pandemic. The health sector interventions implemented to date have focused mainly on behaviour change (for example, social distancing, wearing masks and not going to work when sick), early detection of cases through community screening and testing, contact tracing, disease surveillance and public health campaigns to reduce transmission of the virus in communities.

As the pandemic evolves, the focus of interventions will shift towards managing the increased volumes of patients that require hospital care. The sector is preparing to rapidly scale up the capacity of hospitals to treat COVID-19 patients, including within intensive-care units. This will involve setting up field hospitals and other temporary facilities, procuring equipment, recruiting staff and buying medicines. The sector is also initiating the contracting of private hospitals to supplement public-sector capacity. Tariffs have already been agreed on.

To protect health workers from infection, government is obtaining a large supply of personal protective equipment such as masks, gloves, aprons and face shields. The sector is also managing quarantine and isolation, ensuring that primary healthcare facilities can care for milder COVID-19 cases without infecting other patients, and strengthening health screening at airports and borders.



Expenditure and progress will be continuously monitored to determine the need for further in-year adjustments. The main spending areas include:

- Public health interventions, including testing and support to the National Institute for Communicable Diseases. Community health workers have played an important role in screening and tracing, especially in hotspots.
- Expanding hospital capacity to care for larger volumes of patients, including intensive care, field hospitals and high care.
- Procuring personal protective equipment, hospital beds, linen, oxygen and ventilators, and hiring new staff.

Social development



This function is focused on scaling up and maintaining social assistance interventions for distressed and vulnerable households. These include monthly increases to existing social grants for six months (until October 2020) and a special *social relief of distress grant* over the same period to partially compensate for income lost as a result of restrictions on economic activity. In addition, the function is reprioritising funding to prepare social

facilities for safe reopening and service delivery, and to fund psychosocial services for people affected by the pandemic.

Additional spending on social grants is partly funded through reprioritising R15.4 billion realised because social grant payments for April 2020 were moved to March 2020, as a result of which they were accounted for in the previous financial year. An additional R25.5 billion is allocated in this budget, although the final amount will depend on the number of applications approved for the *social relief of distress grant*.

Income and other support for vulnerable households

The economic restrictions imposed to slow the spread of COVID-19 have led to severe distress for households that lack income and savings, as shown by long queues for food parcels. Between three and five million informal-sector workers and their families are particularly vulnerable. As many of these workers live with grant recipients, government has used the existing grant system to support those most vulnerable. About 64 per cent of individuals who live with an informal worker also reside with *child support grant* recipients, and 25 per cent live with an *old-age pension grant* recipient. The numbers rise to about 80 and 28 per cent respectively for the poorest 50 per cent of households.

Government has made funds available to support vulnerable groups, including temporarily increasing existing social grant payments and introducing a new *social relief of distress grant* for unemployed adults. Estimates of uptake for the new grant remain uncertain but the 2020 MTBPS will provide further clarity in this regard. Lengthy administrative procedures, such as registering new beneficiaries and checking their incomes, are required before the new grant can be paid.

Within the Department of Social Development, funds from delaying infrastructure upgrades in the *early childhood development grant* will be used for health and hygiene measures to support the reopening of about 7 000 early childhood development centres. Other reprioritised funds will fund the appointment of about 1 800 social workers to provide psychosocial services to people affected during the pandemic.

Table 2.7 Adjustments to social grant spending: 2020/21

	Baseline per month (Rand)	Number of beneficiaries	Top-up (Rand)	Top-up %
Child support ¹	445	12 811 209	300	67.4%
Old age	1 860	3 672 552	250	13.4%
Disability	1 860	1 045 388	250	13.4%
Foster care	1 040	339 959	250	24.0%
Care dependency	1 860	155 094	250	13.4%

1. Reaches largest number of households. After month one changed to caregiver grant

Source: National Treasury

Table 2.8 New social assistance grants

	Amount per month (Rand)	Number of beneficiaries
Social relief of distress	350	700 000 - 8 million
Caregiver ¹	500	7 167 022

1. Replaces child support grant top-up from second month

Source: National Treasury

Peace and security



This function is performing essential services relating to the COVID-19 response. It has reprioritised R3.3 billion to support these interventions, primarily in the departments of Police and Defence. Additional funding of R6.7 billion is provided to support the COVID-19 response and increased deployment of the police service and national defence force during the lockdown. These funds are provided mainly for the procurement of personal protective equipment, and operational costs associated with roadblocks and air support.

Other functions

All function groups are affected by government's COVID-19 response. Each function is adjusting spending plans and considering how to adapt over the medium term to a combination of lower allocations, unexpected spending pressures and urgent (sometimes new) policy priorities. Over the next four months, function groups will adjust plans and priorities to this new reality. The 2020 MTBPS will provide more details on individual functions. Significant function adjustments for 2020/21 include:



- Learning and culture – The Department of Basic Education and provincial departments are reprioritising funding to ensure schools can reopen safely and finish the 2020 year. Just over R5 billion is reprioritised from provincial conditional grants and the *schools backlog grant* to provide water and sanitation to schools, construct temporary classrooms, provide personal protective equipment, deep-clean facilities and assist with the catch-up programme. About R5 billion is reprioritised from university subsidies and National Student Financial Aid Scheme bursaries to help reopen the sector and ensure that infrastructure and devices for students are available for virtual learning. The Department of Sport, Arts and Culture has reprioritised over R170 million to a relief fund for artists and sportspeople to compensate for loss of earnings from events cancelled during the lockdown.
- Community development – Allocations are reprioritised within municipal grants to provide access to water for households and sanitise public transport facilities. To assist the minibus taxi industry to provide safe and reliable services, government proposes a once-off payment for all licensed taxi operators, provided that they are tax-registered and drivers are registered for unemployment insurance. A total of R1.1 billion has been set aside for this purpose. An amount of R600 million is provided for social housing institutions and affordable rental housing financed through the Social Housing Regulatory Authority and the National Housing Finance Corporation.
- Economic development – Reprioritisation amounting to R3.4 billion will support interventions such as providing relief for small businesses, small-scale farmers and distressed firms. The reprioritisation will also focus on developing data and information on human settlements, enabling science and innovation research, and assisting public entities in financial distress (including South African National Parks).
- General public services – The function is supporting the provision of quarantine sites for people who test positive for COVID-19 and repatriation of South Africans stranded abroad. Since the lockdown, government has repatriated more than 6 300 South Africans by air.



The Unemployment Insurance Fund COVID-19 benefit

The UIF is compensating affected workers through a new national disaster benefit called the COVID-19/Temporary Employer/Employee Relief Scheme Benefit. It covers people who test positive for COVID-19 or need to be quarantined as a result of exposure, reduced work time and unemployment benefits. This benefit is applicable to employers registered with the UIF and who make monthly contributions as required by law.

The minimum benefit payable is equal to the national minimum wage of R3 500 per employee, or the sectoral minimum wage and a maximum benefit of R6 370. It is payable for the duration of the national lockdown or up to three months, whichever period is the shortest. At the start of the scheme, only employers could claim for their employees and employees were paid either through the employer or the relevant Bargaining Council. Effective from June 2020, all employees can claim the benefit directly, including workers not registered with the UIF. As at mid-June 2020, the UIF had paid a total of R23 billion to over 4.7 million employees under this benefit.

■ Changes to the division of revenue

Proposed adjustments to the division of revenue address the immediate health, social and economic implications of COVID-19, as reflected in government's relief package. As a result, relative to the shares tabled in the February *Budget Review*, the national share for 2020/21 increases from 49.2 per cent to 50.1 per cent, the provincial share decreases from 42.2 per cent to 41 per cent, and the local government share increases from 8.6 per cent to 8.9 per cent.

Table 2.9 Division of revenue framework

R billion	2019/20 Revised	Budget 2020	2020/21 Revised	% change
Division of available funds				
National departments¹	749.4	757.7	790.3	4.3%
Provinces	613.1	649.3	645.3	-0.6%
Equitable share	505.6	538.5	538.5	–
Conditional grants	107.6	110.8	106.8	-3.6%
Local government	123.3	132.5	139.9	5.6%
Equitable share	65.6	74.7	85.7	14.7%
Conditional grants	44.5	43.8	40.2	-8.2%
General fuel levy sharing with metros	13.2	14.0	14.0	–
Provisional allocation not assigned to votes ²	–	-7.8	-7.8	–
Contingency reserve	–	5.0	5.0	–
Non-interest expenditure	1 485.8	1 536.7	1 572.7	2.3%
Debt-service costs	204.8	229.3	236.4	3.1%
Main budget expenditure	1 690.6	1 766.0	1 809.2	2.4%
<i>Percentage shares</i>				
<i>National departments</i>	<i>50.4%</i>	<i>49.2%</i>	<i>50.1%</i>	
<i>Provinces</i>	<i>41.3%</i>	<i>42.2%</i>	<i>41.0%</i>	
<i>Local government</i>	<i>8.3%</i>	<i>8.6%</i>	<i>8.9%</i>	

1. Includes provisional allocation for the COVID-19 relief package

2. Includes proposed compensation reductions, support to Eskom, amounts for Budget Facility for Infrastructure projects and other provisional allocations

Source: National Treasury

Provinces and municipalities are reallocating their own budgets to complement this national adjustments budget. These changed budgets are the result of adjustments to transfers from national government in the Division of Revenue Amendment Bill, significant declines in own revenue collections and new expenditure priorities.



Conditional grant transfers, many of which were reduced in February 2020, are also adjusted to fund the pandemic response. The current adjustments are structured to balance the large amounts required to respond to COVID-19 while minimising the negative impact on planned services. Grant funds that are less likely to be spent, due to construction and other delays caused by the lockdown, have been suspended first.

Additional suspensions are made where grant spending can be delayed and projects can be postponed for a year. Some suspensions will result in the cancellation or scaling back of projects in 2020/21. Further details of changes to conditional grants are provided in Annexure A, the Explanatory Memorandum to the Division of Revenue Amendment Bill.

Provinces



Provincial governments are responsible for most of the public health system that provides care for COVID-19 patients. Provinces also have to manage the reopening of schools and the provision of social welfare services. They will fund this work primarily through reprioritisations.

Provinces have committed to reprioritise at least R20 billion within their own budgets. These funds will come from cancelling activities that cannot be undertaken while economic activity is restricted (including travel and venue hire) and postponing implementation of early-stage projects until 2021/22. Most of the funds to be reprioritised come from the public works, roads and transport sectors, and the postponement of planned sports, arts and culture events.

Details of the provincial reprioritisations will be included in provincial adjustments budgets. At least R15 billion is expected to be reprioritised to increase capacity in the public health system, and at least R5 billion will be used to augment the education catch-up plan, social welfare support for communities, provision of quarantine sites by public works departments and responses in other sectors.

Table 2.10 Provincial equitable shares: 2020/21

R thousand	Equitable share	Funds reprioritised to:		Total
		Health	Other sectors	
Eastern Cape	13.3%	1 988 374	662 791	2 651 165
Free State	5.6%	835 589	278 530	1 114 119
Gauteng	20.8%	3 126 485	1 042 162	4 168 647
KwaZulu-Natal	20.7%	3 105 174	1 035 058	4 140 231
Limpopo	11.6%	1 735 434	578 478	2 313 913
Mpumalanga	8.2%	1 228 288	409 429	1 637 718
Northern Cape	2.6%	396 847	132 282	529 130
North West	7.0%	1 045 383	348 461	1 393 844
Western Cape	10.3%	1 538 426	512 809	2 051 234
Total	100.0%	15 000 000	5 000 000	20 000 000

Source: National Treasury



Provincial reprioritisations will be complemented by over R7 billion in reprioritisations within provincial conditional grants. The gazetted frameworks for conditional grants include provisions that allow grant funds to be used for COVID-19 response activities. These additional conditions

include allowing education grants to be used to support the catch-up programme, employ temporary workers to assist in screening learners for signs of fever and sanitise schools, and ensure that all schools have water for handwashing. Health conditional grants include a new COVID-19 component in the *HIV, TB, malaria and community outreach grant*. Funds from the *public transport operations grant* will be used to sanitise buses and provide protective equipment for public transport workers.

Provinces are anticipating a decline in their own revenues of approximately R4 billion, or 18.7 per cent of the amount tabled in their 2020/21 budgets. Tax receipts from casinos and horse racing have declined. Fees paid for public health services have also fallen, as fewer patients are accessing non-COVID-19-related health services.

Local government

Municipalities are responsible for implementing many aspects of the COVID-19 response. These include providing improved access to water and sanitation in informal settlements and rural areas, providing temporary shelter for homeless people, and sanitising public transport facilities. An amount of R20 billion has been made available for municipalities to provide these services in 2020/21. This will consist of:

- An additional R11 billion allocated through the local government equitable share, allowing them to respond to local needs, including the provision of temporary homeless shelters. Two-thirds of this amount will be allocated through the basic services component of the equitable share formula, providing for a temporary increase in the number of households funded for free basic services by 1.4 million, or 13.9 per cent. The remainder will be allocated through the community services component to support the additional costs for municipalities to safely maintain service delivery during the pandemic. Most of the funds in this component are allocated to poorer municipalities.
- R9 billion in reprioritisations within conditional grants already allocated to municipalities. These grants will fund additional water and sanitation provision and sanitisation of public transport.

Municipalities, which depend largely on their own revenues, face significant financial stresses. Metropolitan municipalities reported that their revenue collected in April fell by about 30 per cent on average. This decline is due to a combination of lower demand for services such as electricity and water, and significantly higher non-payment rates for municipal bills. The extent to which municipal bills are paid in the months ahead will depend on the duration of restrictions on economic activity, the pace of recovery and the application of revenue collection measures. Many local governments were already in financial distress. Now the risks posed by their failure to adhere to funding benchmarks – such as retaining one to three months' worth of cash coverage – are materialising.

Municipal spending of COVID-19-related funds will be monitored through the recently introduced municipal Standard Chart of Accounts. Municipalities are responsible for ring-fencing and classifying their COVID-19 funding and expenditure correctly. Conditional grants will also be monitored through the conditional grant reports required by the Division



of Revenue Act. Each municipality is expected to inform its community about its COVID-19-related spending, allowing for local oversight.

The National Treasury has proposed to the South African Local Government Association that, considering the decline in municipal revenues, municipalities should apply for an exemption from implementing wage increases for municipal employees in 2020/21.

Immediate relief provided through the 2019 Division of Revenue Act

Since government declared a national disaster on 15 March 2020, it has invoked provisions in the Division of Revenue Act to facilitate the immediate release of disaster funds. These included the release of R466 million from the *provincial disaster relief grant* to fund the purchase of personal protective equipment by provincial health departments and R150.2 million from the *municipal disaster relief grant*, mainly for sanitisation in municipalities. The relevant provisions were invoked on five grants, allowing the use for disaster alleviation of more than R5 billion in potential underspending. From this, the National Treasury has approved the reallocation of over R4 billion for the provision of emergency water and sanitation, sanitisation and other COVID-19-related activities. As announced in the 2020 *Budget Review*, the National Treasury still intends to review and improve the disaster funding system.

■ Conclusion

The spread of COVID-19 has required significant adjustments to align 2020/21 spending plans and the division of revenue with core health and economic relief priorities. More details will be presented in the 2020 MTBPS, which will also cover any additional spending pressures that arise in the next several months.

3

The COVID-19 shock and the revised economic outlook

In brief

- Over the past several months, the COVID-19 pandemic and the emergency health response have brought about a severe global recession.
- Real GDP growth in South Africa is expected to plummet by 7.2 per cent in 2020, primarily due to restrictions on economic activity to contain the spread of the virus.
- Strengthening South Africa's competitiveness in a post-pandemic world will require a new social compact, decisive action to stabilise debt and narrow the budget deficit, and determined implementation of reforms that improve the structure of the economy. In combination, these measures will enable millions of South Africans to participate in building a more productive and prosperous society.

Overview

The global shock prompted by the COVID-19 pandemic, and unprecedented restrictions designed to protect public health, have led to a sharp contraction in the domestic economy. Government interventions have cushioned the impact on workers and businesses, but have not offset the full decline. South Africa's economic growth is forecast to fall by 7.2 per cent in 2020 as a result of the crisis, the March and April 2020 credit rating downgrades, and the compounding effects of weak investor confidence. The economic outlook is highly uncertain.

Yet this crisis also presents an opportunity to enact major reforms. As the President noted in his 21 April address, to break with a pattern of weak growth and overcome structural inequality, the South African economy cannot merely return to where it was before the pandemic. Forging a new economy in a changed global reality will require a social partnership between business, labour, communities and government.





This chapter reviews the economic implications of COVID-19 and government’s response, and presents a revised economic outlook for 2020. As set out in Chapters 1 and 4, government will take the necessary measures to stabilise mounting public debt over the medium term. And in the months ahead, it will consult with the private sector, trade unions and civil society on the reforms needed to chart a path to faster, inclusive economic growth. A package of proposed fiscal and economic reforms will be set out in the 2020 *Medium Term Budget Policy Statement (MTBPS)*.

Figure 3.1 GDP growth and unemployment



Source: Statistics South Africa

Economic impact and response to pandemic

The global economic contraction brought about by COVID-19 has unfolded with unprecedented speed, hitting developing countries particularly hard. In 2020, according to the World Bank, developing economy output is expected to contract for the first time in at least 60 years.

Global and domestic policy response

In response to the pandemic, governments worldwide have increased health spending, introduced restrictions on economic activity to limit the spread of the virus, and taken steps to alleviate the effects of lockdowns on households and businesses. Authorities have prioritised income support and wage subsidies for workers, alongside tax relief, lower interest rates and favourable loan schemes to support businesses.

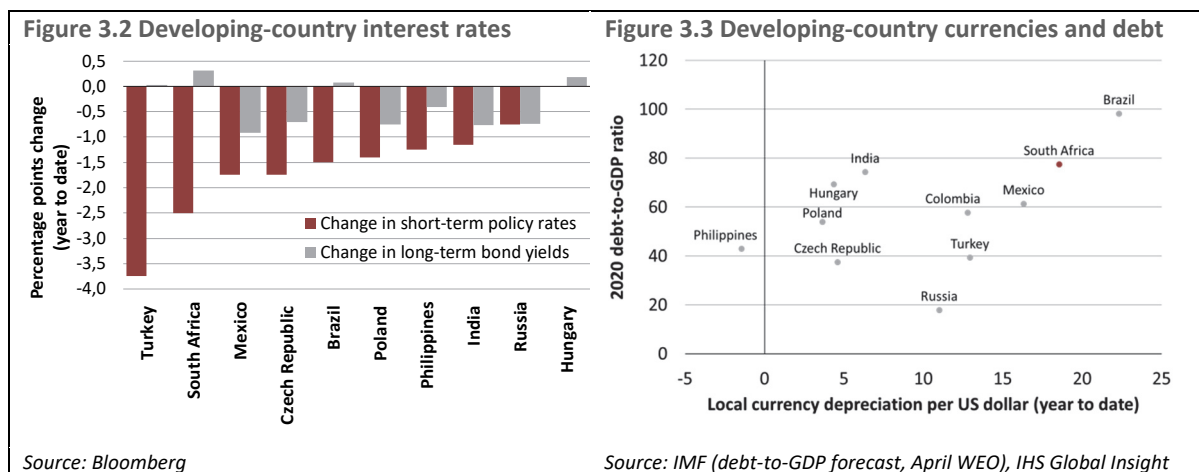
Developing countries face a particular challenge in responding to the protracted effects of the coronavirus. Many governments had borrowed heavily in recent years; as a result, they had little or no fiscal space available as COVID-19 set in. While external financing of approximately US\$1 trillion from the International Monetary Fund (IMF) and the World Bank has provided support for countries in need, access to multiple funding sources is critical.



Global financial markets have been severely disrupted, with extreme volatility and capital outflows from developing countries exceeding the peaks reached during the 2008 global financial crisis. Central bank actions have helped to stabilise markets, but volatility remains high.



The rand has depreciated by 18.1 per cent against the US dollar since January. In comparison, an index of emerging-market currencies weakened by 4.6 per cent over the same period. South Africa's risk premium – the additional return that investors demand to compensate for higher levels of risk – stood at 5.2 per cent at 15 June 2020, compared with 3.2 per cent at the end of 2019. Bond yields have stabilised due to Reserve Bank purchases of government bonds, but remain higher than before COVID-19. This indicates uncertainty about South Africa's longer-term growth and fiscal position, and means government pays more to borrow money.



To limit the impact of the pandemic on the economy, the Reserve Bank has reduced the repurchase rate to 3.75 per cent, its lowest level since 1973, providing relief to indebted households and businesses. Banking-sector regulations have been eased to encourage lending. Banks have provided R30 billion of relief to customers.

Government's R500 billion fiscal relief package provides significant support to households and businesses. But government's weak fiscal position going into the crisis means that it cannot afford to fully offset the effects of the pandemic.



Steep contraction across all economic sectors

To protect South Africans and prevent the public health system from being overwhelmed, government restricted most economic activity from 26 March to 1 June.

The lockdown has taken a severe toll on an already fragile economy. The limited data available suggests a steep contraction across all sectors over the past three months. Construction, retail and hospitality were particularly hard hit, and retail sales restrictions had significant knock-on effects across the economy. Reduced global demand and border closures, alongside uncertainty about the application of lockdown regulations, further hampered activity.



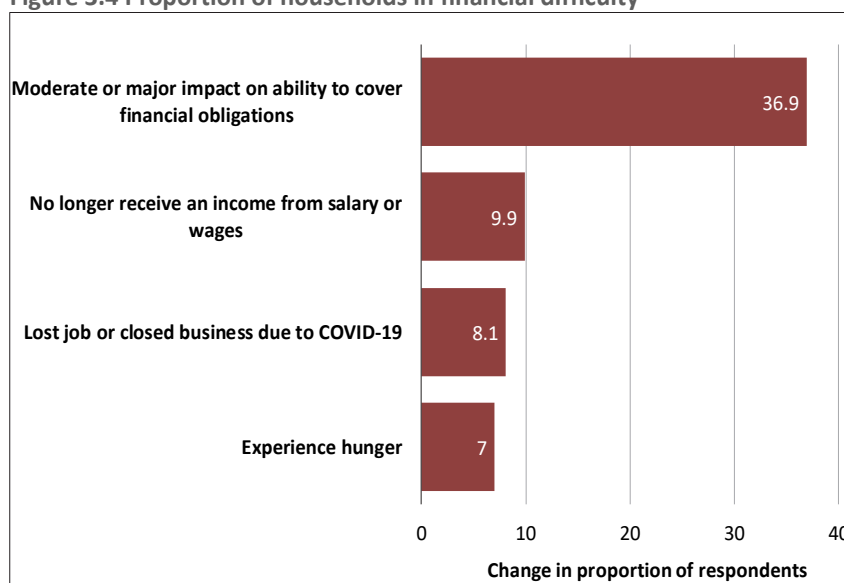
Table 3.1 Impact of pandemic on trading status by sector¹

Percentage	Trading at full capacity	Trading at partial capacity	Permanently ceased trading	Temporarily ceased trading
Agriculture, hunting, forestry and fishing	11.8	22.4	11.6	54.2
Mining and quarrying	5.6	72.2	–	22.2
Manufacturing	7.5	48.0	6.1	38.4
Electricity, gas and water supply	12.8	43.6	–	43.6
Construction	0.6	18.5	13.7	67.2
Trade	4.6	29.6	5.9	59.9
Transport, storage and communication	7.8	58.9	8.9	24.4
Real estate and other business services	13.8	57.3	4.1	24.8
Community, social and personal services	8.5	32.5	12.0	47.0
Other	6.9	35.3	6.0	51.8

1. Percentage of 2 182 respondents surveyed from 14-30 April 2020

Source: Statistics South Africa

Statistics South Africa (Stats SA) data shows that for the first two weeks of April, nearly 90 per cent of businesses reported below-normal turnover, 48 per cent ceased activity temporarily and 9 per cent permanently closed operations. Business confidence in the second quarter of 2020, as measured by the BER/RMB index, reached its lowest level since the series began in 1975.

Figure 3.4 Proportion of households in financial difficulty*

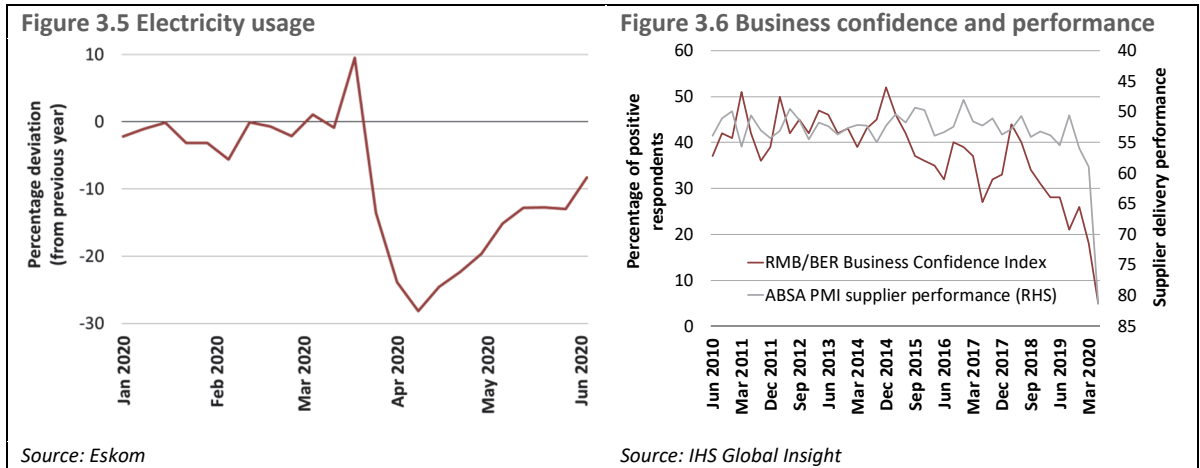
*Percentage of 2 688 respondents surveyed between 29 April and 6 May 2020

Source: Statistics South Africa



Since March 2020, consumers at all income levels have reduced spending. The crisis is likely to have increased hardship particularly for those in informal or low-skilled jobs. Reduced activity has led to sharp downward pressure on pricing power for the most essential goods.

Restrictions are now easing, enabling firms to do business and giving more workers the opportunity to earn a living. There has been a recovery in activity, for example in electricity usage, but levels remain low relative to 2019.



It is too early to estimate the magnitude of the longer-term effects of the pandemic on business survival and employment. However, the weakness of the economy prior to the onset of COVID-19 suggests elevated risks of business and job destruction under current policies.

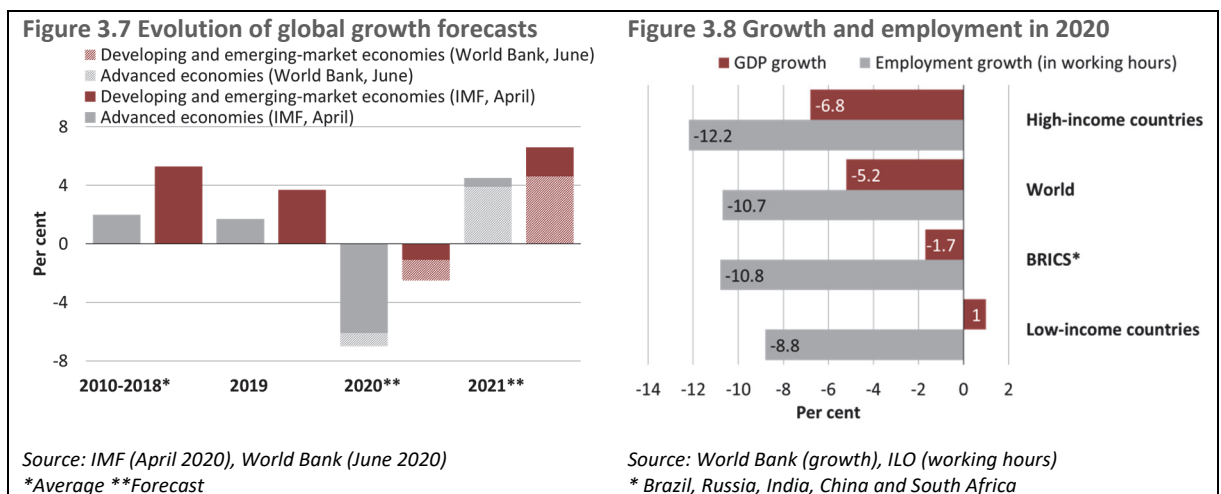
Economic outlook

High levels of uncertainty about the spread of COVID-19, and its containment and treatment, have complicated decision-making for businesses, investors and households the world over. In addition, regular economic surveys have been disrupted and delayed, making policymakers more reliant on smaller, less representative surveys. As a result, estimating the economic impact over the period ahead is exceedingly difficult. While the scenarios outlined in this special adjustments budget are intended to illustrate potential policy outcomes, data and projections may change significantly in the months ahead.



Global outlook

In June, the World Bank forecast a 5.2 per cent contraction in global GDP in 2020. This would mark the deepest global recession since the Second World War, and the broadest collapse in per capita incomes since 1870.





Tens of millions of workers have lost their jobs and many more have seen their hours reduced. Trade tensions remain elevated, particularly between the US and China. The IMF's global forecasts, on which the National Treasury bases its projections, are likely to be revised lower later in June 2020.

Weak global growth has resulted in a decline in commodity prices since January, with oil prices down about 40 per cent. An exception has been the gold price, which has risen by 13 per cent, owing to safe-haven demand. As a result of these changes, South Africa's terms of trade are forecast to be positive in 2020, but these gains are expected to dissipate over time.

The domestic economy in 2020

The economy grew by just 0.2 per cent in 2019. As government's fiscal position deteriorated, the ratio of investment to GDP fell to 17.9 per cent, the lowest since 2005, while the unemployment rate reached an 11-year high of 29.1 per cent. The 2020 *Budget Review* forecast growth of 0.9 per cent for 2020. That forecast proved optimistic given the unexpected contraction in the fourth quarter of 2019, which emerged after the Budget was tabled in Parliament but before the onset of COVID-19.



The National Treasury forecasts that the economy will contract by 7.2 per cent in 2020. Business confidence will remain near historic lows, and investment and employment will drop below last year's levels. Household consumption will remain constrained by reduced income – from wages, commissions, bonuses and financial assets – as well as low job growth. Inflation will be contained in the near term due to the collapse in demand, low imported inflation and moderate food price pressures. Weak activity will reduce the current account deficit, which is expected to be fully funded by foreign inflows.

The 2020 outlook may deteriorate further if the global economy continues to weaken, or economic activity is curtailed again to protect public health. A failure to attract sufficient international capital to finance the current account deficit would also constrain growth.

The growth trajectory beyond 2020

South Africa's economic outlook is heavily influenced by global trends. However, it is primarily domestic fiscal policy measures and implementation of economic reforms over the next six to 12 months that will determine the growth trajectory over the next several years. These will be outlined in the 2020 MTBPS.



Critical risks to the economy include continued volatility in global financial markets, sudden interruptions in capital inflows, the reliability of electricity supply, additional commitments to fund financially distressed state-owned companies, low levels of confidence, policy uncertainty and concerns about government's commitment to the independence of the central bank.

In a scenario in which tough fiscal policy and broader economic reforms are not implemented, there would be further prolonged weakness in economic growth, currency depreciation and higher borrowing costs.



To avoid these outcomes, Cabinet has endorsed an active approach that will adjust expenditure to a sustainable level and improve the efficiency of spending. This approach will build confidence and bolster investment as significant economic reforms are implemented. As confidence in the fiscal strategy grows, South Africa's risk premium will decrease and long-term savings will flow into the country. Over the longer term, fiscal policy certainty, the need to rebuild capital stock, and new ways of working will incentivise firms to invest.

Table 3.2 shows a relatively conservative projection of medium-term economic growth, given elevated risks of global and domestic shocks, and low growth and productivity outcomes over the past several years. Concerted implementation of cross-cutting reforms could result in economic growth exceeding these estimates.

Table 3.2 Active scenario outlook

	2010-2018 ¹	2019	2020	2021	2022	2023
Percentage change						
Real GDP growth	1.9	0.2	-7.2	2.6	1.5	1.5
GDP inflation	5.7	4.0	4.0	3.9	4.4	4.6
GDP at current prices (R billion)	3 811.9	5 077.6	4 900.2	5 227.9	5 536.1	5 873.4
CPI inflation	5.3	4.1	3.0	3.9	4.3	4.5

1. Average growth rates

Sources: National Treasury, Reserve Bank and Statistics South Africa

Cross-cutting reforms to boost long-term growth

Over the past decade, South Africa has experienced weak economic growth well below the rate of population growth. COVID-19 has destroyed productive capacity and is changing the global economy. In this context, deeper reforms than previously outlined will be required to meaningfully lift growth over a five-year period.

Raising domestic savings levels and removing the barriers to long-term investments, both domestic and foreign, are key reform objectives. South African firms need greater support to innovate, including moving towards a greener economy, raising productivity and seeking out export markets.

Government envisions a package of economic reforms that will improve productivity, lower costs and reduce demands of state-owned companies on the public purse. These measures include finalising electricity determinations, unbundling Eskom and taking other steps to open up energy markets, modernising ports and rail infrastructure, and licensing spectrum. Additional reforms, in line with *Economic Transformation, Inclusive Growth, and Competitiveness: Towards an Economic Strategy for South Africa* include:



- Lowering the cost of doing business, reducing red tape and improving access to development finance for small, medium and micro enterprises.
- Support for agriculture, tourism and other sectors with high job-creation potential.
- Facilitating regional trade.
- Reducing the skills deficit by attracting skilled immigrants.

- Revamping the skills framework, and undertaking a range of reforms in basic education and the post-schooling environment to improve outcomes for workers – and the firms that can employ them.

To realise the full benefits of these reforms for the economy’s growth potential over the long term, implementation should begin now.

Conclusion



After a decade of slow economic growth, the impact of COVID-19 on real income levels is likely to set the South African economy back several years. Urgent action is required to reverse this decline and move towards a future of higher, more inclusive growth.

4

Fiscal outlook: taking action to stabilise public debt

In brief

- The COVID-19 pandemic has led to a sharp deterioration in the economic and revenue outlook. The fiscal position, which was already unsustainable, will require significant adjustments as the immediate health effects subside.
- In 2020/21, the consolidated deficit is projected to increase to 15.7 per cent of GDP. If this trend is not reversed, South Africa is likely to face a sovereign debt crisis.
- Government remains committed to achieving fiscal sustainability, measured as stabilisation of the debt-to-GDP ratio, and to narrowing the budget deficit. This will require large spending reductions and moderate tax increases in the forthcoming medium-term expenditure framework. Over the next several months, government will prepare fiscal consolidation proposals that will be published in the October 2020 *Medium Term Budget Policy Statement (MTBPS)*.

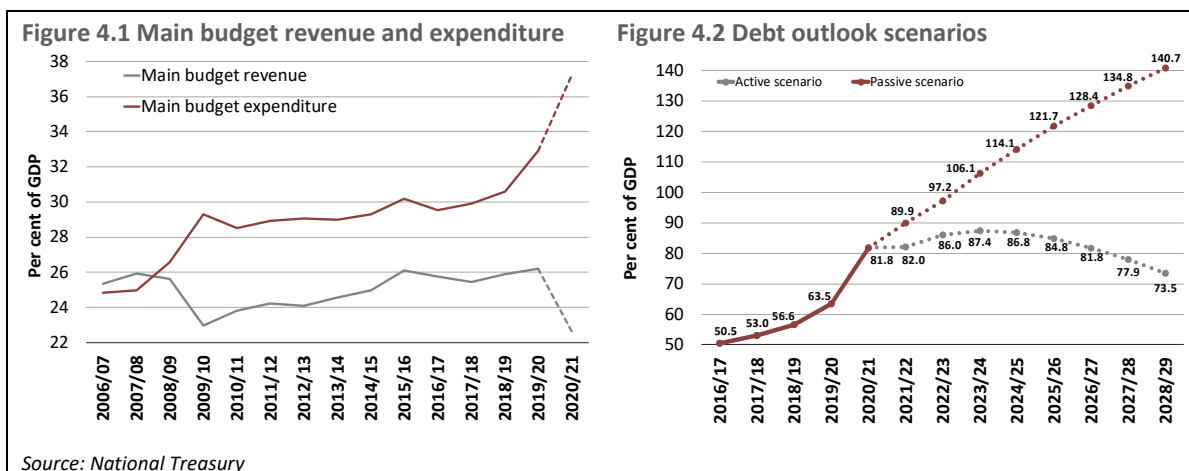
Overview

The COVID-19 pandemic erupted when South Africa was already in a weak fiscal position. The 2020 *Budget Review*, released a few weeks before the President declared a national state of disaster, noted that gross government debt was projected to increase from 65.6 per cent in the current year to 71.6 per cent of GDP by 2022/23. In recent months, fiscal deterioration has accelerated: gross national debt is now expected to reach 81.8 per cent of GDP in the current year.

The halt in economic activity resulting from the lockdown, and its lasting consequences, are expected to result in tax revenue underperformance of R304.1 billion in 2020/21 compared with the 2020 Budget estimate. Expenditure will increase as government reprioritises and allocates funds to contain COVID-19. As a result, the gap between revenue and expenditure is expected to widen, leading to a sharp increase in the gross borrowing requirement. Since February, the cost of government borrowing has risen due to credit rating downgrades and capital market outflows.



Beyond 2020/21, government has considered two scenarios: a passive approach, in which South Africa continues on its current trajectory and debt spirals out of control; and an active scenario, in which major reforms and fiscal consolidation are implemented rapidly to stabilise debt in 2023/24.



In the passive scenario, economic growth recovers but remains low, debt spirals upwards and debt-service costs crowd out public spending on health, education and other policy priorities. Rising debt, and the possibility that government will be unable to repay it, leads bondholders to require higher returns, pushing up debt-service costs. A weaker currency, lower confidence and capital flight reduce GDP growth and revenue collection. Cabinet recognises that this scenario is not a viable option for South Africa and it is presented here for illustrative purposes only.

In the active scenario, government stabilises debt through a combination of reforms that boost economic growth and measures to increase revenue collection and lower expenditure.

Cabinet has adopted the active approach. It has endorsed the target of a primary surplus by 2023/24, meaning revenue will exceed non-interest expenditure. This will require spending reductions and revenue adjustments amounting to approximately R250 billion over the next two years. These measures require difficult choices that will affect the economy and distribution of public resources. The 2020 MTBPS will set out these proposals in detail.



Fiscal sustainability supports growth



Since March 2020, government has focused on addressing the immediate health and economic consequences of COVID-19, which have led to a steep drop in projected tax revenue and an increase in projected expenditure. The economy is expected to recover moderately as lockdown conditions are eased. But without significant policy action, the economy is too weak – and the stock of debt is too high – for GDP growth and revenue to recover sufficiently to stabilise government debt.

Narrowing the budget deficit and stabilising the debt-to-GDP ratio require continued spending restraint, economic measures to boost long-term growth and reforms to state-owned companies to reduce their reliance on public funds. Additional tax revenue should come primarily from improved

tax collection as enforcement is strengthened to enhance compliance, alongside other revenue measures.

In the long term, South Africa needs sustainable public finances to support highly redistributive spending on education, healthcare and social welfare. By increasing confidence and investment, fiscal sustainability promotes long-term economic growth, job creation and rising incomes.

2021 medium-term expenditure framework budget process

The budget process for the 2021 medium-term expenditure framework (MTEF) begins in July. To achieve Cabinet's debt-stabilisation objectives, this process will have to make significant spending adjustments, informed by the results of forthcoming public expenditure reviews. The intent is to ensure that fiscal measures are structured efficiently, and promote growth in productivity and employment by encouraging private-sector investment.

Consultations on the MTEF will also be guided by the principles of zero-based budgeting, in which departmental expenses must be justified, accompanied by rigorous analysis. Programmes that have little impact on economic performance or service delivery will be phased out.



Medium-term fiscal position

Government has revised its fiscal outlook in line with the active scenario. All projections for 2021/22 and beyond set out below adopt this approach.

In the 2020 Budget, the main budget deficit was projected at 6.8 per cent of GDP in 2020/21, narrowing to 5.9 per cent of GDP by 2022/23. This included a proposed net reduction of non-interest spending totalling R156.1 billion over three years. The measures taken in the 2020 Budget moderated spending as a share of GDP and improved the composition of expenditure, but did not stabilise debt. Gross national debt was projected to continue rising over the medium to long term.

Since February 2020, the fiscal position has continued to deteriorate. Main budget expenditure is now projected to increase to 37.2 per cent of GDP in 2020/21, relative to the 2020 Budget estimate of 32.5 per cent. This reflects the response to COVID-19 and higher debt-service costs.



In-year revenue outlook

Since the tabling of the 2020 Budget, fallout from the pandemic has caused an unprecedented reduction of the in-year revenue projection. Revenue collection for 2020/21 is now expected to be R304.1 billion lower than the 2020 Budget estimate. Revenue shortfalls include tax relief measures amounting to R26 billion in foregone revenue implemented as part of the COVID-19 relief package. More significantly, the shortfall reflects the expectation that the tax base will temporarily shrink as businesses close and people lose their jobs.

COVID-19 tax relief measures

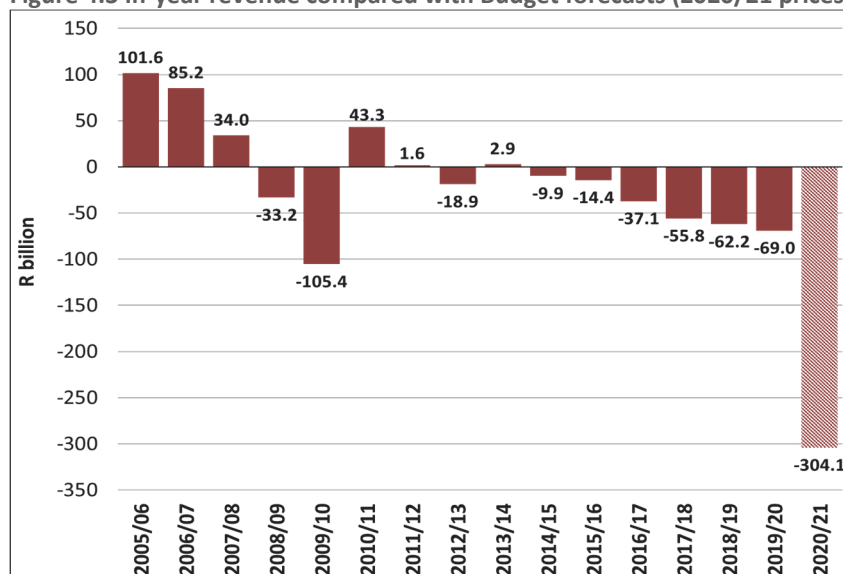
- An increase in the employment tax incentive by R750 per month for eligible employees and a further R750 per month incentive for all other employees who earn less than R6 500 per month from 1 April 2020 to 31 July 2020.
- A 35 per cent deferral of employees' tax liabilities (pay-as-you-earn) for businesses with a gross income of up to R100 million for four months from 1 April 2020.
- A 35 per cent deferral of the first or second provisional tax payments to be made between 1 April 2020 and 30 September 2020, and of the second provisional tax payment to be made between 1 October 2020 and 31 March 2021 for businesses with a gross income of less than R100 million.
- A four-month exemption in the skills development levy from 1 May 2020.
- A 90-day deferral for payments of alcohol and tobacco excise duties from 1 May 2020.
- A three-month postponement of the filing and payment date for carbon tax liabilities to 31 October 2020.
- Postponement of measures to broaden the corporate income tax base (restricting net interest expense deductions, and limiting the use of assessed losses carried forward) to at least 1 January 2022.
- A four-month 10 per cent increase in the available tax deduction for donations made to the Solidarity Fund from 1 April 2020.
- Consideration of applications to the South African Revenue Service, on a case-by-case basis, to defer tax liabilities without penalty if the business can show it is incapable of making payment due to the pandemic.

The measures were included in the Draft Disaster Management Tax Relief Bill and the Draft Disaster Management Tax Relief Administration Bill published for public comment on 1 April 2020 and again on 1 May 2020. These bills will be tabled in Parliament later this year.

The effect of multiple COVID-19-related shocks on revenue collection is expected to exceed that of the global financial crisis of 2008/09 (Figure 4.3). The current crisis particularly affects the largest tax bases:

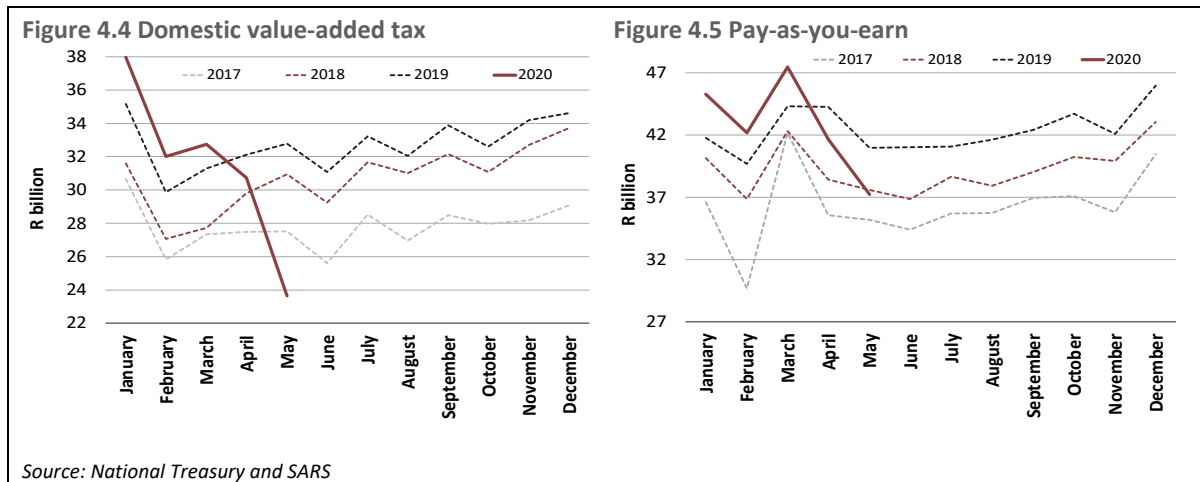
- Personal income taxes are under significant pressure resulting from job losses, labour unavailability and employers' inability to pay full salaries. Salaries and wages will remain volatile through the recovery period.
- Corporate tax collections will be negatively affected by service and production closures during the lockdown, uncertainty concerning the pace at which normal activity can resume, and weak business and consumer sentiment. Companies of all sizes will be affected.
- Value-added tax (VAT) and customs revenue estimates have been revised down in response to lower confidence, lockdown-related sales restrictions and a much weaker trade outlook.

Figure 4.3 In-year revenue compared with Budget forecasts (2020/21 prices)



Source: National Treasury and SARS

The short-term impact of the pandemic is evident in the sharp reductions in collections for South Africa's two largest revenue items – domestic VAT and pay-as-you-earn – in April and May of this year.



Medium-term revenue outlook

Following five years of large tax increases, the 2020 Budget did not propose new tax measures. Given the extent of fiscal consolidation now required, however, both expenditure reductions and tax increases are necessary to stabilise debt. The active scenario assumes tax increases of R5 billion in 2021/22, R10 billion in 2022/23, R10 billion in 2023/24 and R15 billion in 2024/25. The 2020 MTBPS will revisit these projections, and the Minister of Finance will announce tax policy proposals in the February 2021 Budget.

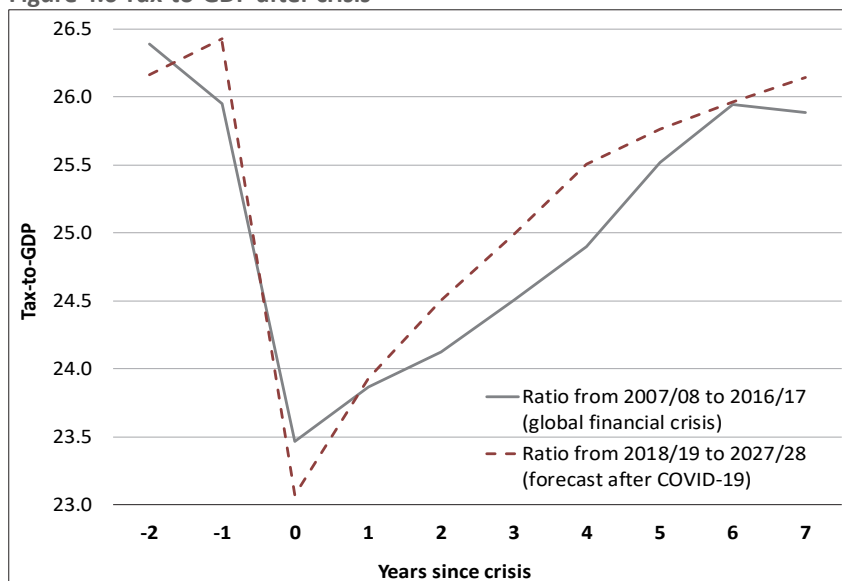


As growth recovers, so will tax receipts. Corporate income taxes are highly volatile during and after economic shocks, with sharp contractions as lower profits and assessed losses reduce tax payments over several years, followed by a rebound as profits become taxable. As employment and salaries normalise, personal income taxes should be augmented by higher effective tax rates, while recovering consumer demand and investment will bolster VAT and import duties.

In the current year, tax revenue as a proportion of GDP falls sharply. After 2020/21, tax revenue as a proportion of GDP is expected to follow a similar trajectory to that experienced after the global financial crisis. Additional tax measures, alongside economic recovery, will increase the tax-to-GDP ratio.



Figure 4.6 Tax-to-GDP after crisis



Source: National Treasury and SARS

Improved tax collection and administration will be an important element in achieving fiscal stabilisation. Over this period, the South African Revenue Service (SARS) will aim to increase tax receipts by:

- Focusing on international taxes, particularly aggressive tax planning using transfer pricing.
- Increasing enforcement to eliminate syndicated fraud related to VAT refunds and import valuations.
- Expanding the use of third-party data to find non-compliant taxpayers.
- Improving the collection of debt due to the fiscus, and ensuring that outstanding taxpayer returns are filed and liabilities paid.

Expenditure outlook

Main budget expenditure is projected to peak at 37.2 per cent of GDP in 2020/21.

Over the medium term, main budget non-interest expenditure is expected to decrease as a share of GDP. Spending reductions amounting to about R230 billion are required in 2021/22 and 2022/23, followed by further reductions in 2023/24.

These measures are in addition to proposed medium-term reductions of R160.2 billion to the public-service wage bill set out in the 2020 Budget, which are yet to be finalised. Failure to achieve these reductions will require larger reductions to wages and other spending areas in the outer years of the spending framework, and higher revenue increases.

Main budget balance

The main budget balance and the primary balance will narrow over the medium term in order to stabilise debt in 2023/24.



Table 4.1 Active scenario medium-term budget balances

R billion/percentage of GDP	2020/21	2021/22	2022/23
	Revised	Medium-term estimates	
Main budget revenue	1 099.5 22.6%	1 268.2 23.8%	1 378.8 24.5%
Main budget expenditure	1 809.2 37.2%	1 763.8 33.1%	1 809.3 32.2%
Non-interest expenditure	1 572.7 32.4%	1 500.6 28.2%	1 508.2 26.8%
Debt-service costs	236.4 4.9%	263.1 4.9%	301.1 5.4%
Main budget balance	-709.7 -14.6%	-495.6 -9.3%	-430.5 -7.7%
Primary balance	-473.2 -9.7%	-232.4 -4.4%	-129.5 -2.3%

Source: National Treasury

Consolidated budget balances

The consolidated budget includes the main budget and spending financed from revenues raised by provinces, social security funds and public entities.

Table 4.2 Consolidated budget balances

R billion	2019/20	2020/21	2021/22	2022/23
Main budget	-345.3	-709.7	-495.6	-430.5
Social security funds	-3.3	-49.1	-1.0	-2.4
Provinces	5.5	-2.6	0.6	1.9
Public entities	13.4	-0.3	5.5	9.5
RDP Fund ¹	-0.6	-0.1	-0.1	-0.0
Consolidated budget balance	-330.3	-761.7	-490.6	-421.5

1. Reconstruction and Development Programme Fund

Source: National Treasury

In 2020/21 the consolidated budget deficit will be revised from 6.8 per cent of GDP projected in the 2020 Budget to 15.7 per cent of GDP. Public entities, social security funds and provinces are projected to have a combined cash surplus in both 2021/22 and 2022/23.

Financing the gross borrowing requirement

Since February 2020, the gross borrowing requirement for the current year – the sum of the main budget deficit and maturing loans – has increased by R344.2 billion to R776.9 billion. The borrowing requirement will decline to R580.5 billion in 2022/23. Government has revised its financing strategy to minimise the effect of this deteriorating financial position on its stock of debt and on debt-service costs.

The domestic capital market is under pressure. In the wake of the March and April 2020 ratings downgrade and the outbreak of COVID-19, international investors have sold off about R58 billion in South African government debt. To moderate its domestic borrowing, government will draw down sterilisation deposits – money deposited at the Reserve Bank to offset excess market liquidity resulting from the purchase of foreign



currency reserves. It will also source funding from international finance institutions.

Existing foreign cash deposits will be used to finance foreign currency commitments. The proceeds from international loans will be converted into rands to partially finance domestic commitments.

Short-term borrowing will increase by R98 billion to R146 billion in 2020/21, and will average R60 billion over 2021/22 and 2022/23. Borrowing in the domestic bond market will increase by R124.8 billion in 2020/21 to R462.5 billion, and average R419.9 billion over the next two years.



As a temporary measure, government revised its borrowing strategy to focus on issuing shorter-dated bonds with a weighted average time-to-maturity of seven to 10 years, compared to 15 years seen in the previous year. The strategy assists in managing the cost of raising debt and balances available market demand. When market conditions improve, government will resume issuing bonds over the full yield curve. Government will conduct a bond-switch programme to reduce its refinancing risk.

In a volatile global environment, with weak domestic growth and rising borrowing costs, short-term borrowing has become increasingly risky and difficult. As a result, the forward-looking risk rating for 2020, along with risks relating to liquidity, interest rate, refinancing and foreign currency, is expected to deteriorate. The inflation risk is expected to improve.

Table 4.3 National government gross borrowing requirement and financing

R billion	2019/20	2020/21		2021/22	2022/23
	Preliminary	Budget	Revised	Medium-term estimates	
Gross borrowing					
Main budget balance	-345.3	-368.0	-709.7	-495.6	-430.5
Redemptions	-70.7	-64.7	-67.2	-64.9	-150.0
Domestic long-term loans	-19.4	-52.5	-52.5	-60.5	-134.2
Foreign loans	-51.2	-12.2	-14.7	-4.4	-15.8
Total	-416.0	-432.7	-776.9	-560.5	-580.5
Financing					
Domestic short-term loans (net)	36.1	48.0	146.0	56.0	64.0
Domestic long-term loans	305.4	337.7	462.5	388.4	451.4
Foreign loans	76.1	29.3	125.2	31.9	63.2
Change in cash and other balances ¹	-1.6	17.7	43.2	84.2	1.9
Total	416.0	432.7	776.9	560.5	580.5

1. A positive value indicates that cash is used to finance part of the borrowing requirement

Source: National Treasury

National government debt and debt-service costs

Gross national government debt is projected to increase from R3.26 trillion (63.5 per cent of GDP) in 2019/20 to R3.97 trillion (81.8 per cent of GDP) in 2020/21. By the end of 2022/23, gross loan debt is expected to amount to R4.83 trillion, or 86 per cent of GDP.

Table 4.4 Total national government debt

End of period R billion	2019/20	2020/21		2021/22	2022/23
	Preliminary	Budget	Revised	Medium-term estimates	
Domestic loans¹	2 874.1	3 227.6	3 476.2	3 899.2	4 316.0
Short-term	360.7	409.0	506.7	562.7	626.7
Long-term	2 513.4	2 818.6	2 969.5	3 336.5	3 689.3
<i>Fixed-rate</i>	1 863.2	2 075.0	2 215.1	2 528.4	2 755.3
<i>Inflation-linked</i>	650.2	743.6	754.4	808.1	934.0
Foreign loans¹	387.2	334.4	497.8	471.8	514.9
Gross loan debt	3 261.3	3 562.0	3 974.0	4 371.0	4 830.9
Less: National Revenue Fund bank balances	-263.6	-221.6	-210.5	-115.5	-116.0
Net loan debt²	2 997.7	3 340.4	3 763.5	4 255.5	4 714.9
<i>As percentage of GDP:</i>					
<i>Gross loan debt</i>	63.5%	65.6%	81.8%	82.0%	86.0%
<i>Net loan debt</i>	58.4%	61.5%	77.4%	79.9%	83.9%

1. Estimates include revaluations based on National Treasury's projections of inflation and exchange rates

2. Net loan debt is gross loan debt minus the bank balances of the National Revenue Fund

Source: National Treasury

Debt-service costs will increase from R204.8 billion in 2019/20 to R236.4 billion in 2020/21, or from 4 per cent of GDP to 4.9 per cent of GDP. Debt-service costs are expected to reach R301.1 billion, or 5.4 per cent of GDP, in 2022/23.

Without adopting the active approach outlined above, debt will quickly spiral beyond 140 per cent of GDP, as shown in Figure 4.2. Over the next several months, government will clarify the adjustments required to narrow the deficit and stabilise debt. These actions, which will be proposed in the MTBPS, will result in the debt-to-GDP ratio peaking at a projected 87.4 per cent in 2023/24 and declining gradually thereafter.



State-owned companies

The financial performance of state-owned companies, which has placed considerable pressure on the public finances for several years, is likely to deteriorate in 2020/21. The pandemic and associated economic restrictions are expected to reduce revenues for entities such as the Airports Company South Africa, Eskom and the South African National Roads Agency Limited. Global market volatility may further limit the ability of state-owned companies to borrow in capital markets and service their debt obligations.



The COVID-19 pandemic underlines the urgent need for broad-based reforms at state-owned companies so that they can become efficient and financially sustainable. These reforms include rationalisation (reducing the number of and merging some state-owned companies, and incorporating certain functions into government), equity partnerships, and stronger policy certainty and implementation. Planned transfers from the fiscus will be strictly conditional on improving their balance sheets.

As discussed in Chapter 2, the special adjustments budget includes an additional allocation of R3 billion to recapitalise the Land Bank. No other in-year spending adjustments are proposed for state-owned companies.



Conclusion

Government has resolved to implement active economic reform measures that will significantly raise economic growth, alongside urgent measures to stabilise the debt-to-GDP ratio. Without these, government debt will continue to rise, crowding out expenditure on social and economic priorities. These proposals will be set out in the 2020 MTBPS.



Explanatory memorandum to the Division of Revenue Amendment Bill

■ Background

The Division of Revenue Amendment Bill (2020) (the amendment bill) is tabled as part of the special adjustments budget in response to the COVID-19 pandemic. This bill fulfils the requirement in section 12(4) of the Money Bills and Related Matters Act (2009) that the Minister of Finance must table an amendment bill with the revised fiscal framework if the adjustments budget changes the Division of Revenue Act for a given year.

By law, the bill must be accompanied by an explanatory memorandum detailing how the legislation takes account of the matters listed in section 214(2)(a) to (j) of the Constitution; government's response to the recommendations of the Financial and Fiscal Commission (FFC); and any assumptions and formulas used in arriving at the respective divisions among provinces and municipalities. Because the FFC's recommendations are specific to the main budget, and none of the formulas used in the Division of Revenue Act (2020) have been changed, this explanatory memorandum does not address these two issues. The memorandum contains two parts:

- The constitutional considerations that inform the division of resources between the three spheres of government.
- A summary of the proposed amendments to the Division of Revenue Act (2020) and their impact on national, provincial and local government.

The amendment bill and its underlying allocations are the culmination of extensive consultation processes between national, provincial and local government. The adjusted allocations have been discussed in online meetings that have been held with officials from affected national departments, provincial treasuries, provincial health departments, metropolitan municipalities, the South African Local Government Association and the FFC. The Minister of Finance has also consulted the provincial Members of the Executive Council for Finance through online meetings of the Budget Council.

■ Constitutional considerations

Section 214 of the Constitution requires that the annual Division of Revenue Act be enacted only after taking account of factors in sub-sections (2)(a) to (j). These include the national interest; provision for debt; the needs of national government and emergencies; the allocation of resources to provide basic services and meet developmental needs; fiscal capacity and efficiency of the provincial and local spheres;

the reduction of economic disparities; and the promotion of stability and predictability. Annexure W1 to the 2020 *Budget Review* detailed how these considerations were taken into account in the 2020 Division of Revenue Bill. None of the adjustments in the amendment bill alter the constitutional considerations that informed the 2020 division of revenue. The reprioritisation and addition of funds to respond to COVID-19 are allocated between spheres based on their respective functions and funding needs.

■ Summary of changes in the Division of Revenue Amendment Bill

Changes to provincial and municipal allocations made through the 2020 special adjustments budget include additions, in-year suspensions in planned expenditure and reprioritisations within existing allocations. Additional funds are allocated to the health sector in provinces and to local government to support their response to the COVID-19 pandemic. Suspensions of some conditional grant allocations in 2020/21 are necessary to release funding for the pandemic response. Grant funds that are less likely to be spent due to construction and other delays caused by the lockdown have been revised down first. Further suspensions are made where grant spending can be delayed and projects can be postponed for a year. Some suspensions will also result in the cancellation or scaling back of projects in 2020/21.

The largest adjustments are achieved through the repurposing of conditional grants already allocated to provinces and municipalities. To enable this, the conditions in the grant frameworks that were tabled as annexures to the Division of Revenue Bill (2020) in February 2020 have been amended to allow funds to be reprioritised within grants. These amendments were made with the approval of Parliament and after consultations with the national departments that are the transferring officers for each affected grant, provincial treasuries and the South African Local Government Association. The amendments are reflected in the frameworks gazetted by the Minister of Finance in terms of section 16(1) of the Division of Revenue Act (2020). The reprioritisations within direct conditional grants, which total over R7 billion for provincial grants and R9 billion for local government grants, will complement the R20 billion that provinces will reprioritise within their own budgets, funded from the provincial equitable share.

Government recognises the need to retain flexibility in its pandemic response as new hotspots emerge, and as scientific advice and regulations are updated. The conditions added to conditional grant frameworks have therefore been constructed to be enabling rather than restrictive in the spending and activities allowed. A greater degree of flexibility is also expected in how transferring national departments will consider and approve applications for revised business plans from provinces and municipalities. The reprioritised amounts within each conditional grant are estimates of the funds expected to be used for COVID-19 response activities; the actual amounts spent may differ. Provinces and municipalities are required to report on the amounts spent from each conditional grant on the COVID-19 response in the reports they submit to the National Treasury and transferring officers.

The timely release of funding is crucial in responding to a disaster. To enable this, adjustments in the amendment bill only add and reprioritise funding within existing funding instruments. This means payments can be advanced against the existing baselines of these transfers, even before the amendment bill is passed through the parliamentary process.

Changes to provincial allocations

Provincial governments are responsible for key social services at the frontline of the pandemic response. These include the public health system, schools and social welfare services. Provinces will fund their COVID-19 response primarily through reprioritisations. They have committed to reprioritise at least R20 billion within their own budgets for this purpose. The details will be included in provincial adjustments budgets, but it is expected that at least R15 billion will be reprioritised to increase capacity in the public health system. The remaining R5 billion will be used to augment the education catch-up plan, provide social welfare support for communities, and fund responses in other sectors, including the provision of quarantine facilities by public works departments.

Table A.1 Transfers to provinces, 2020/21

R million	Budget 2020	Revision	Adjusted allocation	Amount repurposed within
Equitable share	538 472	–	538 472	20 000
Direct conditional grants	110 785	-3 961	106 823	7 379
Agriculture, Land Reform and Rural Development	2 153	-438	1 716	–
Comprehensive agricultural support programme	1 522	-317	1 205	–
Ilima/Letsema projects	549	-121	428	–
Land care programme: poverty relief and infrastructure development	82	–	82	–
Basic Education	19 564	-2 349	17 216	4 540
Education infrastructure	11 008	-2 221	8 787	4 400
HIV and AIDS (life skills education)	247	-60	187	40
Learners with profound intellectual disabilities	243	–	243	20
Maths, science and technology	401	-68	333	30
National school nutrition programme	7 666	–	7 666	50
Cooperative Governance	138	–	138	–
Provincial disaster relief	138	–	138	–
Health	49 267	2 846	52 113	1 991
HIV, TB, malaria and community outreach	24 387	2 846	27 233	605
Health facility revitalisation	6 368	–	6 368	1 066
National tertiary services	14 069	–	14 069	298
National health insurance grant: health professionals	289	–	289	23
Statutory human resource, training and development	4 155	–	4 155	–
Human Settlements	17 493	-1 728	15 765	378
Human settlements development	16 621	-1 728	14 892	–
Title deeds restoration	578	-378	200	–
Provincial emergency housing	295	378	673	378
Public Works and Infrastructure	834	–	834	–
Expanded public works programme integrated grant for provinces	421	–	421	–
Social sector expanded public works programme incentive for provinces	414	–	414	–
Social Development	915	–	915	65
Early childhood development	915	–	915	65
Sports, Arts and Culture	2 076	-536	1 539	68
Community library services	1 479	-312	1 167	10
Mass participation and sport development	597	-224	373	58
Transport	18 343	-1 756	16 587	337
Provincial roads maintenance	11 593	-1 756	9 837	–
Public transport operations	6 750	–	6 750	337
Indirect conditional grants	4 060	202	4 262	200
Agriculture, Land Reform and Rural Development	36	–	36	–
Ilima/Letsema indirect	36	–	36	–
Basic Education	1 736	540	2 276	–
School infrastructure backlogs	1 736	540	2 276	–
Health	2 288	-338	1 949	200
National health insurance indirect	2 288	-338	1 949	200

Source: National Treasury

An amount of R2.8 billion has been added to the new COVID-19 component that was created within the *HIV, TB, malaria and community outreach grant* when the frameworks were gazetted. This component complements provincial spending for the purchase of personal protective equipment and ventilators, and the hiring of additional staff, including Cuban medical personnel, to assist in responding to the additional

caseload resulting from the pandemic. The initial gazetted allocation for this component was R605 million, funded through the reprioritisation of funds from other components of the grant. This adjustment brings the total available in this component to R3.4 billion.

Suspensions of spending in provincial conditional grants total R6.8 billion in 2020/21, as shown in Table A.1. These suspensions will enable the funding of the COVID-19 response in other sectors and spheres. For the affected conditional grants, these adjustments will result in the delay of planned projects this year (some of which were already delayed due to restrictions during the lockdown).

Screening and contact tracing for COVID-19 will be supported through the community outreach services component of the *HIV, TB, malaria and community outreach grant*. About 10 000 community healthcare workers have already been trained to do this work. Provisions for this spending have already been added to the gazetted grant framework.

An amount of R4.4 billion has been reprioritised within the *education infrastructure grant*. This amount will cover the trucking of water to refill water tanks at schools, and the purchase of sanitisation materials and equipment. It will also fund salaries for temporary (2020/21 only) assistants at Expanded Public Works Programme (EPWP) rates to screen learners, and clean and sanitise school facilities. An amount of R600 million has been reprioritised from the direct *education infrastructure grant* to the indirect *school infrastructure backlogs grant*, to urgently provide potable water and safe sanitation for all schools that lack such access. After accounting for a R60 million spending suspension in this indirect grant, the net increase to the *school infrastructure backlogs grant* is R540 million. Funds from both grants can also be used to fund temporary water trucking to ensure that schools have water. Water trucking is an expensive way to supply water and so the grants also allow funds to be spent on local source development (such as drilling boreholes) and installing bulk connections to ensure a more sustainable water supply for schools.

To support catch-up activities, R30 million in the *maths, science and technology grant* and R40 million in the *HIV and AIDS (life skills education) grant* has been reprioritised. Reprioritisation in the *HIV and AIDS (life skills education) grant* can be used to provide education on measures to respond to the pandemic. Within the *learners with profound intellectual disabilities grant*, R20 million has been reprioritised for sanitisation and provision of personal protective equipment to support the provision of education to children with severe to profound intellectual disabilities. Provisions for this spending have already been added to the *education infrastructure grant*; *maths, science and technology grant*; *HIV and AIDS (life skills education) grant*; and *learners with profound intellectual disabilities grant* frameworks.

An amount of R50 million has been reprioritised within the *national school nutrition programme grant* for additional sanitisation in food preparation and distribution areas, and the provision of personal protective equipment for food handlers. If schools are closed due to a declared state of disaster, funds from the grant that would have been spent on providing school meals may be used to provide meals to learners through alternative means. Provisions for this spending have already been added to the grant framework.

The full R89 million available within the infrastructure component of the *early childhood development grant* can be used to prepare early childhood development (ECD) sites for reopening. This primarily involves providing a standard support package that includes basic health and hygiene products. Where other infrastructure projects have already been contractually committed to, the grant can be used to meet these commitments, but provinces should try to maximise the amount available to make ECD sites safe for reopening. The National Treasury estimates that at least R65 million will be used for the COVID-19 response. Provisions for this spending have already been added to the grant framework.

An amount of R10 million has been reprioritised within the *community library services grant* to sanitise libraries, provide hand sanitiser for library users and issue personal protective equipment for staff. Libraries will be deep-cleaned prior to reopening. Provisions for this spending have already been added to the gazetted grant framework.

In the *public transport operations grant*, R337 million has been reprioritised to sanitise buses and public transport facilities. This includes providing personal protective equipment for public transport workers, establishing hand-washing facilities and implementing physical distancing measures.

An amount of R378 million has been added to the *provincial emergency housing grant* to swiftly provide emergency housing solutions in areas where existing housing arrangements do not allow people to socially distance or self-isolate where required.

Some grant frameworks, where business plans could be modified to respond to activities that fall within the pandemic response, did not require amendment. These include reprioritisations of R1.1 billion within the *health facility revitalisation grant*, R298 million within the *national tertiary services grant* and R58 million within the *mass participation and sport development grant*. The *health facility revitalisation grant* will be used to provide additional capacity such as more bed space for COVID-19 patients through upgrading and refurbishing health facilities. The *national tertiary services grant* will be used to strengthen intensive-care unit capacity – for example, by procuring more specialists to respond to COVID-19 in accordance with nationally approved business plans. The *mass participation and sport development grant* will be used to provide additional support to sportspeople and support staff while sporting events are suspended. Provinces are revising the projects in their business plans for these grants to prioritise COVID-19-related projects.

The *human settlements development grant* continues to provide access to water and sanitation through the delivery of housing and upgrading informal settlements (including in mining towns).

Changes to local government allocations

In his 21 April 2020 speech, the President said that additional funding of R20 billion would be made available to municipalities to provide emergency water supply, increase sanitisation of public transport and facilities, and provide food and shelter for the homeless. This amount will consist of R11 billion in additions through the local government equitable share, and over R9 billion in repurposed spending within conditional grants already allocated to municipalities.

To assist the municipal pandemic response, R11 billion has been added to the local government equitable share. These funds will allow municipalities to maintain existing services despite a temporary decline in revenue collections. They will also cover some additional expenses incurred in responding to the pandemic, including providing temporary shelter for homeless people during the lockdown. These additions have been factored into the basic services component by increasing the number of poor households by 13.9 per cent and increasing the community services component by 41.5 per cent. The increase in the basic services component amounts to R7.5 billion. As a result, an additional 1.4 million poor households can be provided with free basic services, up from 10.4 million households in the 2020 Budget, if they become indigent as a result of a loss of income during the pandemic.

The community services component of the equitable share increases by R3.5 billion. The revenue adjustment factor that is applied to this component of the equitable share formula ensures that this increase will benefit poor and rural municipalities with little capacity to raise own revenue. The total allocation for the community services component increased by 32 per cent. This component funds a range of services that are part of the pandemic response, including municipal health services, and services to cemeteries and crematories. Details about the structure of the components of the local government equitable share formula can be found in Annexure W1 of the 2020 *Budget Review*.

Local government conditional grant allocations amounting to R4.6 billion have been suspended in 2020/21, as shown in Table A.2. This includes R3.6 billion from direct conditional grants and R1 billion from indirect grants. These suspensions will enable the funding of the COVID-19 response, including through additions to the local government equitable share. For the affected conditional grants, these adjustments will result in the delay of planned projects this year (some of which were already delayed due to restrictions during the lockdown).

Table A.2 Transfers to local government, 2020/21

R million	Budget 2020	Revision	Adjusted allocation	Amount repurposed within
Equitable share	74 683	11 000	85 683	–
Direct conditional grants	43 819	-3 599	40 219	9 034
Municipal infrastructure	14 671	–	14 671	4 401
Integrated urban development	948	–	948	190
Urban settlements development	11 282	-1 100	10 182	2 257
Integrated city development	317	–	317	–
Public transport network	6 446	-1 902	4 544	1 096
Neighbourhood development partnership	559	-68	492	–
Integrated national electrification programme	1 859	-500	1 359	–
Rural roads asset management systems	108	–	108	–
Regional bulk infrastructure	2 006	–	2 006	401
Water services infrastructure	3 445	–	3 445	689
Municipal disaster relief	354	–	354	–
Energy efficiency and demand-side management	218	-22	196	–
Municipal emergency housing	159	–	159	–
Infrastructure skills development	153	-8	146	–
Local government financial management	545	–	545	–
Expanded public works programme integrated grant for municipalities	748	–	748	–
Indirect conditional grants	7 628	-1 008	6 620	409
Integrated national electrification programme	3 001	-1 000	2 001	–
Neighbourhood development partnership	63	–	63	–
Water services infrastructure	579	–	579	–
Regional bulk infrastructure	3 857	–	3 857	409
Municipal systems improvement	128	-8	120	–

Source: National Treasury

Amounts of R190 million and R4.4 billion have been reprioritised within the *integrated urban development grant* and the *municipal infrastructure grant* respectively. These general infrastructure grants are allocated to non-metropolitan municipalities. These funds are to be used for urgent repairs and refurbishment of water and sanitation infrastructure to restore functionality (municipalities may spend up to 10 per cent of their total grant allocation on this). Municipalities may also use these funds to repair municipal-owned infrastructure identified for quarantine sites (limited to repairs to existing facilities, not modifications and operational costs). Municipalities are also expected to prioritise the provision of basic water and sanitation supplies. Each municipality may also use up to 10 per cent of its grant allocation for sanitisation of public transport facilities and other municipal public facilities. This includes provision for temperature scanners, hand-washing facilities, hand sanitiser, personal protective equipment for municipal and public transport workers, and physical distancing measures.

For metropolitan municipalities, R2.3 billion has been reprioritised within the *urban settlements development grant*. This amount will fund the provision of water and sanitation to communities that lack access, and higher frequency and/or standards of services in informal settlements. The funds may be used to provide temporary relocation areas in line with the requirements of the housing code. Local governments may also use the funds to repair municipal-owned infrastructure identified for quarantine sites (limited to repairs to existing facilities, not modifications and operational costs).

For the 10 cities that receive the *public transport network grant*, the sanitisation of public transport facilities is funded through the reprioritisation of R1.1 billion within the grant. Municipalities may use up

to 25 per cent of their allocations to sanitise such facilities, provide personal protective equipment to public transport workers, arrange for hand-washing facilities and implement physical distancing measures.

Reprioritisations of R401 million within the direct *regional bulk infrastructure grant*, R409 million within the indirect *regional bulk infrastructure grant* and R689 million within the *water services infrastructure grant* will fund the purchase and installation of water tanks, and the trucking of water to refill tanks for up to three months. Funds will also be used to implement source development or bulk linkage projects to replace the need for water trucking. Provisions for this reprioritised spending within local government conditional grants have already been added to the gazetted grant frameworks.

Details of the changes to allocations per municipality and changes to gazetted allocations for provincial conditional grants are contained in the annexures and appendices to the amendment bill.

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B

Explanatory memorandum to the Adjustments Appropriation Bill

■ Background

Section 30(1) of the Public Finance Management Act (PFMA) (1999) empowers the Minister of Finance to table an adjustments budget in the National Assembly when necessary. The fiscal and economic impact of the national state of disaster declared as a result of the COVID-19 pandemic has made it necessary for the Minister to table a special adjustments budget to revise government's spending priorities for 2020/21. This annexure is the explanatory memorandum to the Adjustments Appropriation Bill tabled by the Minister of Finance in the National Assembly. It outlines changes to the allocations for 2020/21 by vote.

Section 30(2) of the PFMA specifies the type of spending that the adjustments budget may provide for. This special adjustments appropriation makes provision for:

- **Adjustments due to significant and unforeseeable economic and financial events:** these adjustments are required due to a significant reduction in government revenues and changes in spending priorities in response to the COVID-19 pandemic.
- **Virements and shifts within the vote:** a virement is the use of unspent funds from amounts appropriated under one main division (programme) to defray excess expenditure under another main division (programme) within the same vote. Section 43 of the PFMA, read together with Treasury regulation 6.3 and section 5 of the Appropriation Act (2020), sets out the parameters within which virements may take place. The virements included in this adjustments budget are mainly those intended to respond to COVID-19.

All other adjustments not included in this adjustments budget will be implemented in the October 2020 adjustments budget, with the details outlined in the *Adjusted Estimates of National Expenditure*.

■ Revisions to main budget non-interest expenditure

Allocations in the Adjustments Appropriation Bill reflect the proposals included in the initial COVID-19 fiscal relief package announced in April. The Supplementary Budget provides for R145 billion in allocations mainly targeted at COVID-19 interventions; R122.4 billion is allocated to the relief package, with an additional R19.6 billion provisionally allocated. Government is allocating R3 billion as an equity investment to recapitalise the Land Bank.

Funding has been secured by shifting resources from existing programmes. In total, R100.9 billion is temporarily suspended from baselines, with R80.9 billion suspended from national departments. This consists of R54.4 billion in

national departmental allocations, R13.8 billion in provincial conditional grants and R12.6 billion in local conditional grants. Provincial suspensions include R20 billion funded from the provincial equitable share.

Table B.1 Revisions to main budget non-interest expenditure

R million	Amount
Main budget non-interest expenditure (2020 Budget Review)	1 536 724
Proposed upward expenditure adjustments¹	145 000
Allocated for COVID-19 fiscal relief package	122 425
Support to vulnerable households for 6 months	40 891
Health	21 544
Support to municipalities	20 034
Other frontline services	13 623
Basic and higher education	12 541
Small and informal business support, and job creation and protection	6 061
Support to public entities	5 964
Other COVID-19 interventions	1 766
Provisional allocations for COVID-19 fiscal relief package	19 575
Land Bank equity investment	3 000
Proposed downward expenditure adjustments¹	-100 885
National departments' baseline suspensions	-54 403
Repurposing of provincial equitable share	-20 000
Provincial conditional grant suspensions	-13 848
Local government conditional grant suspensions	-12 633
Other adjustments	-8 109
National Revenue Fund payments	13
Downward revisions to skills development levy	-2 122
Lower skills development levy due to 4-month holiday contribution	-6 000
Revised non-interest expenditure	1 572 730
Change in non-interest expenditure from 2020 Budget	36 006

Adjustments excludes departmental virements reported in tables below.

Source: National Treasury

Departmental tables

The rest of this annexure provides details of adjustments to departmental budgets proposed in the Adjustments Appropriation Bill. The tables include data on the following:

- **2020/21 Main budget** represents the main budget proposal tabled in February 2020.
- **Downward revisions** includes suspension of funds and virements to finance the COVID-19 interventions, as well as other virements proposed by departments.
- **Reallocations** includes allocations and virements towards spending on COVID-19 interventions, as well as other virements proposed by departments.
- **2020/21 Total net change proposed** represents the net change in the allocation to a department as presented in the Adjustments Appropriation Bill.
- **2020/21 Total allocation proposed** represents the total budget allocation for the department for the 2020/21 financial year.

Proposed allocations to departments are presented by programme and economic classification. Explanations of budget adjustments are provided for large changes in programme allocations, economic spending items, large projects or conditional grant allocations, depending on relevance.

Table B.2 Summary of adjustments by vote

R million	2020/21 Main budget	Downward revisions		Reallocations		2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from	Allocated to (COVID-19 purposes)	Virements to		
Department							
The Presidency	619	-55	-	4	-	-51	568
Parliament	2 688	-80	-	-	-	-80	2 608
Cooperative Governance	96 234	-6 012	-41	16 967	41	10 955	107 188
Government Communication and Information Systems	721	-	-39	30	39	30	751
Home Affairs	9 030	-562	-	-	-	-562	8 468
International Relations and Cooperation	6 850	-654	-23	337	23	-317	6 534
National School of Government	207	-16	-	-	-	-16	191
National Treasury	815 109	-20 863	-	30 188	-	9 325	824 434
Planning, Monitoring and Evaluation	500	-100	-	-	-	-100	400
Public Enterprises	37 849	-62	-	-	-	-62	37 787
Public Service and Administration	566	-86	-2	-	2	-86	480
Public Service Commission	298	-10	-4	-	4	-10	288
Public Works and Infrastructure	8 071	-1 600	-598	1 600	598	-	8 071
Statistics South Africa	3 452	-200	-	-	-	-200	3 252
Traditional Affairs	173	-3	-	0	-	-3	170
Basic Education	25 328	-7 245	-	5 150	-	-2 095	23 233
Higher Education and Training	116 857	-14 856	-2	5 000	2	-9 857	107 000
Health	55 516	-	-2 631	2 914	2 631	2 914	58 430
Social Development	197 718	-15 482	-56	40 956	56	25 474	223 192
Women, Youth and Persons with Disabilities	778	-138	-1	4	1	-133	645
Civilian Secretariat for the Police Service	156	-12	-0	-	0	-12	144
Correctional Services	26 800	-262	-284	262	284	-	26 800
Defence	52 439	-1 212	-208	4 092	208	2 880	55 319
Independent Police Investigative Directorate	356	-	-5	-	5	-	356
Justice and Constitutional Development	22 411	-416	-484	-	484	-416	21 995
Military Veterans	683	-137	-228	-	228	-137	546
Office of the Chief Justice	2 451	-30	-	-	-	-30	2 421
Police	101 711	-	-1 136	3 700	1 136	3 700	105 411
Agriculture, Land Reform and Rural Development	16 810	-3 307	-	914	-	-2 394	14 416
Communications and Digital Technologies	3 395	-111	-	-	-	-111	3 283
Employment and Labour	3 638	-421	-	159	-	-262	3 376
Environment, Forestry and Fisheries	8 955	-1 935	-477	1 169	477	-766	8 188
Human Settlements	31 325	-5 496	-5	3 235	5	-2 261	29 064
Mineral Resources and Energy	9 337	-1 574	-7	-	7	-1 574	7 763
Science and Innovation	8 797	-1 760	-35	324	35	-1 436	7 362
Small Business Development	2 407	-67	-1 155	-	1 155	-67	2 340
Sports, Arts and Culture	5 720	-1 095	-120	130	120	-965	4 755
Tourism	2 481	-1 000	-1	-	1	-1 000	1 481
Trade, Industry and Competition	11 082	-2 271	-	500	-	-1 771	9 311
Transport	62 047	-6 871	-4 449	2 231	4 449	-4 640	57 407
Water and Sanitation	17 216	-1 756	-80	1 499	80	-257	16 959
Total	1 768 781	-97 759	-12 069	121 364	12 069	23 605	1 792 386
Provisional allocation not assigned to votes	7 021	-	-	-	-	-	7 021
Provisional allocation for Eskom restructuring	23 000	-	-	-	-	-	23 000
Compensation of employees adjustment	-37 807	-	-	-	-	-	-37 807
Total	1 760 994	-97 759	-12 069	121 364	12 069	23 605	1 784 600
Contingency reserve	5 000	-	-	-	-	-	5 000
Total	1 765 994	-97 759	-12 069	121 364	12 069	23 605	1 789 600

Source: National Treasury

Note: Across all tables, the use of "0" refers to a value of small magnitude that is rounded up or down to zero. If a value is exactly zero, it will be denoted by "-".

Table B.3 Summary of adjustments by economic classification

R million	2020/21 Main budget	Downward revisions		Reallocations		2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from	Allocated to (COVID-19 purposes)	Virements to		
Economic classification							
Current payments	494 990	-8 785	-1 446	15 711	2 801	8 281	503 271
Compensation of employees	187 668	-1 426	-17	812	127	-503	187 165
Goods and services	77 891	-7 359	-1 429	7 724	2 673	1 610	79 501
Interest and rent on land	229 430	–	–	7 174	–	7 174	236 605
Transfers and subsidies	1 215 936	-88 066	-8 894	100 146	8 943	12 129	1 228 065
Provinces and municipalities	781 934	-44 491	-1 991	47 901	2 020	3 439	785 373
Departmental agencies and accounts	143 296	-16 256	-3 947	5 429	4 242	-10 533	132 763
Higher education institutions	44 803	-3 210	–	2 327	–	-883	43 920
Foreign governments and international organisations	2 829	-112	–	–	1	-112	2 717
Public corporations and private enterprises	32 525	-5 164	-2 474	581	2 418	-4 638	27 886
Non-profit institutions	9 073	-1 751	-30	1 117	60	-603	8 469
Households	201 477	-17 082	-453	42 790	203	25 458	226 935
Payments for capital assets	15 303	-908	-1 730	2 494	326	182	15 485
Buildings and other fixed structures	10 681	-793	-1 282	1 079	207	-789	9 892
Machinery and equipment	4 262	-46	-440	1 315	117	946	5 208
Heritage assets	203	-68	-5	–	–	-73	130
Biological assets	9	–	-3	–	–	-3	6
Land and sub-soil assets	–	–	–	–	–	–	–
Software and other intangible assets	146	-1	–	100	2	101	247
Specialised military assets	2	–	–	–	–	–	2
Payments for financial assets	42 552	–	–	3 013	–	3 013	45 565
Total	1 768 781	-97 759	-12 069	121 364	12 069	23 605	1 792 386
Provisional allocation not assigned to votes	7 021	–	–	–	–	–	7 021
Provisional allocation for Eskom restructuring	23 000	–	–	–	–	–	23 000
Compensation of employees adjustment	-37 807	–	–	–	–	–	-37 807
Total	1 760 994	-97 759	-12 069	121 364	12 069	23 605	1 784 600
Contingency reserve	5 000	–	–	–	–	–	5 000
Total	1 765 994	-97 759	-12 069	121 364	12 069	23 605	1 789 600

Source: National Treasury

Economic classification categories

- **Compensation of employees** – includes all current personnel-related payments to government employees, both salaries and wages and social contributions.
- **Goods and services** – payments in exchange for goods and services used by the department to achieve its mandate, excluding capital assets and goods used to construct and improve capital assets. Included are items like consulting services, inventory and consumables, travel and accommodation, learner and teacher support materials, medicine, and fuel for vehicles.
- **Interest and rent on land** – payment for the use of borrowed money (interest on loans and bonds) and land (rent).
- **Transfers and subsidies** – payments to other government institutions, businesses and individuals that do not constitute a department's final expenditure. It includes unrequited, non-repayable payments – payments for which no goods or services are received in return.
- **Payments for capital assets** – government's contribution to capital formation and spending on new infrastructure, as well as upgrades, additions, rehabilitation and refurbishment of existing infrastructure.
- **Payments for financial assets** – lending to or equity investments in public corporations for policy purposes.

VOTE 1: THE PRESIDENCY

Vote purpose

Facilitate a common programme towards the achievement of the electoral mandate and the enhanced integrity of the state through considered planning, coordination, oversight, mobilisation and support.

Vote adjustments

Table B.1.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	527 354	-49 145	-	-	4 241	-	-	-44 904	482 450
Executive Support	59 533	-3 873	-	-	-	-	-	-3 873	55 660
Policy and Research Services	24 725	-2 223	-	-	-	-	-	-2 223	22 502
Direct charge against the National Revenue Fund	7 798	-	-	-	-	-	-	-	7 798
Total	619 410	-55 241	-	-	4 241	-	-	-51 000	568 410
Economic classification									
Current payments	606 091	-55 241	-	-	3 941	-	-	-51 300	554 791
Compensation of employees	394 016	-19 623	-	-	-	-	-	-19 623	374 393
Goods and services	212 075	-35 618	-	-	3 941	-	-	-31 677	180 398
Transfers and subsidies	42	-	-	-	-	-	-	-	42
Departmental agencies and accounts	42	-	-	-	-	-	-	-	42
Payments for capital assets	13 277	-	-	-	300	-	-	300	13 577
Machinery and equipment	13 277	-	-	-	300	-	-	300	13 577
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	619 410	-55 241	-	-	4 241	-	-	-51 000	568 410

Table B.1.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Operational expenditure: Suspension of non-essential goods and services such as travel and subsistence, catering, and venues and facilities, and reprioritisation of funds towards government's COVID-19-related expenditure, including the department's personal protective equipment	-35 618	4 241	-31 377
Compensation of employees: Appointment of additional personnel suspended until later in the financial year	-19 623	-	-19 623
Total	-55 241	4 241	-51 000

VOTE 2: PARLIAMENT

Vote purpose

Provide the support services required by Parliament to fulfil its constitutional functions, assist political parties represented in Parliament to secure administrative support and service constituents, and provide members of Parliament with the necessary facilities.

Vote adjustments

Table B.2.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Strategic Leadership and Governance	124 772	-4 578	-	-	-	-	-	-4 578	120 194
Administration	191 993	-7 044	-	-	-	-	-	-7 044	184 949
Core Business	687 431	-25 222	-	-	-	-	-	-25 222	662 209
Support Services	437 560	-16 054	-	-	-	-	-	-16 054	421 506
Associated Services	738 697	-27 103	-	-	-	-	-	-27 103	711 594
Direct charge against the National Revenue Fund	507 157	-	-	-	-	-	-	-	507 157
Total	2 687 610	-80 001	-	-	-	-	-	-80 001	2 607 609
Economic classification									
Current payments	2 192 505	-52 898	-	-	-	-	-	-52 898	2 139 607
Compensation of employees	1 504 308	-	-	-	-	-	-	-	1 504 308
Goods and services	688 197	-52 898	-	-	-	-	-	-52 898	635 299
Transfers and subsidies	481 289	-27 103	-	-	-	-	-	-27 103	454 186
Non-profit institutions	481 289	-27 103	-	-	-	-	-	-27 103	454 186
Payments for capital assets	13 816	-	-	-	-	-	-	-	13 816
Machinery and equipment	13 816	-	-	-	-	-	-	-	13 816
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2 687 610	-80 001	-	-	-	-	-	-80 001	2 607 609

Table B.2.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Operational expenditure: Suspension of non-essential goods and services such as travel and subsistence, catering, and venues and facilities	-52 898	-	-52 898
Political parties: Suspensions and cost-containment due to COVID-19 restrictions	-27 103	-	-27 103
Total	-80 001	-	-80 001

VOTE 3: COOPERATIVE GOVERNANCE

Vote purpose

Improve cooperative governance across the three spheres of government, in partnership with provinces, municipalities, civil society and communities, to enable accelerated service delivery.

Vote adjustments

Table B.3.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	294 860	-4 000	-9 782	–	–	22 000	–	8 218	303 078
Regional and Urban Development and Legislative Support	1 072 033	-192 836	-3 194	–	189 606	–	–	-6 424	1 065 609
Institutional Development	74 961 683	-24 281	-4 748	–	11 000 000	–	–	10 970 971	85 932 654
National Disaster Management Centre	599 627	-7 000	-17 896	–	–	19 104	–	-5 792	593 835
Local Government Support and Intervention Management	15 129 915	-4 408 312	-5 484	–	4 401 330	–	–	-12 466	15 117 449
Community Work Programme	4 175 870	-1 376 000	–	–	1 376 000	–	–	–	4 175 870
Total	96 233 988	-6 012 429	-41 104	–	16 966 936	41 104	–	10 954 507	107 188 495
Economic classification									
Current payments	4 955 897	-1 404 474	-41 104	–	1 376 000	41 104	–	-28 474	4 927 423
Compensation of employees	395 297	–	–	–	–	–	–	–	395 297
Goods and services	4 560 600	-1 404 474	-41 104	–	1 376 000	41 104	–	-28 474	4 532 126
Transfers and subsidies	91 272 773	-4 607 955	–	–	15 590 936	–	–	10 982 981	102 255 754
Provinces and municipalities	90 795 005	-4 590 936	–	–	15 590 936	–	–	11 000 000	101 795 005
Departmental agencies and accounts	461 566	-9 068	–	–	–	–	–	-9 068	452 498
Foreign governments and international organisations	2 151	-1 511	–	–	–	–	–	-1 511	640
Non-profit institutions	14 051	-6 440	–	–	–	–	–	-6 440	7 611
Payments for capital assets	5 318	–	–	–	–	–	–	–	5 318
Machinery and equipment	5 318	–	–	–	–	–	–	–	5 318
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	96 233 988	-6 012 429	-41 104	–	16 966 936	41 104	–	10 954 507	107 188 495

Table B.3.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Reduction in non-essential goods and services such as travel and subsistence, catering, and venues and facilities	-61 104	41 104	-20 000
Municipal systems improvement grant: Reduction in the number of capacity support projects in municipalities	-8 474	–	-8 474
Community Work Programme: Reprioritising planned work projects to assist with unplanned COVID-19 interventions such as screening and sanitising public facilities and schools	-1 376 000	1 376 000	–
Municipal infrastructure grant: Delay in planned projects to prioritise unplanned COVID-19 interventions such as the provision of basic services in municipalities that are water services authorities	-4 401 330	4 401 330	–
Integrated urban development grant: Delay in planned projects to prioritise unplanned COVID-19 interventions, including the provision of basic services in intermediate cities	-189 606	189 606	–
United Cities and Local Government – Africa: None	-7 556	–	-7 556
South African Cities Network: Reduction in non-core goods and services	-395	–	-395
South African Local Government Association: Reduction in non-core goods and services	-1 751	–	-1 751
Municipal Infrastructure Support Agent: Reduction in non-core goods and services	-5 982	–	-5 982
Municipal Demarcation Board: Reduction in non-core goods and services	-1 335	–	-1 335
Local government equitable share: To support municipalities' increased expenditures related to the provision of services, including shelter for the homeless	–	11 000 000	11 000 000
Total	-6 053 533	17 008 040	10 954 507

VOTE 4: GOVERNMENT COMMUNICATION AND INFORMATION SYSTEM

Vote purpose

Provide a comprehensive communication service on behalf of government to facilitate the involvement of the majority of South Africans in governance, reconstruction and development, nation building, and reconciliation.

Vote adjustments

Table B.4.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	171 557	–	–	-929	–	–	9 251	8 322	179 879
Content Processing and Dissemination	415 404	–	–	-37 000	26 100	–	30 000	19 100	434 504
Intergovernmental Coordination and Stakeholder Management	133 587	–	–	-1 322	3 900	–	–	2 578	136 165
Total	720 548	–	–	-39 251	30 000	–	39 251	30 000	750 548
Economic classification									
Current payments	467 366	–	–	-9 251	30 000	–	39 251	60 000	527 366
Compensation of employees	295 404	–	–	–	–	–	–	–	295 404
Goods and services	171 962	–	–	-9 251	30 000	–	39 251	60 000	231 962
Transfers and subsidies	249 179	–	–	-30 000	–	–	–	-30 000	219 179
Departmental agencies and accounts	249 179	–	–	-30 000	–	–	–	-30 000	219 179
Payments for capital assets	4 003	–	–	–	–	–	–	–	4 003
Machinery and equipment	4 003	–	–	–	–	–	–	–	4 003
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	720 548	–	–	-39 251	30 000	–	39 251	30 000	750 548

Table B.4.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Brand South Africa: Funds reprioritised for COVID-19-related expenditure	-30 000	–	-30 000
Goods and services: Suspension of non-essential goods and services such as travel and subsistence, catering, and venues and facilities, and reprioritisation of funds towards the department's office accommodation costs	-9 251	69 251	60 000
Total	-39 251	69 251	30 000

VOTE 5: HOME AFFAIRS

Vote purpose

Efficiently determine and safeguard the identity and status of citizens. Regulate immigration to ensure security, promote development and fulfil South Africa's international obligations.

Vote adjustments

Table B.5.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	2 349 067	-183 040	-	-	-	-	-	-183 040	2 166 027
Citizen Affairs	5 066 567	-122 111	-	-	-	-	-	-122 111	4 944 456
Immigration Affairs	1 613 995	-256 849	-	-	-	-	-	-256 849	1 357 146
Total	9 029 629	-562 000	-	-	-	-	-	-562 000	8 467 629
Economic classification									
Current payments	6 627 028	-527 000	-	-	-	-	-	-527 000	6 100 028
Compensation of employees	3 892 935	-100 000	-	-	-	-	-	-100 000	3 792 935
Goods and services	2 734 093	-427 000	-	-	-	-	-	-427 000	2 307 093
Transfers and subsidies	2 389 590	-35 000	-	-	-	-	-	-35 000	2 354 590
Provinces and municipalities	2 099	-	-	-	-	-	-	-	2 099
Departmental agencies and accounts	2 383 600	-35 000	-	-	-	-	-	-35 000	2 348 600
Households	3 891	-	-	-	-	-	-	-	3 891
Payments for capital assets	13 011	-	-	-	-	-	-	-	13 011
Machinery and equipment	13 011	-	-	-	-	-	-	-	13 011
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	9 029 629	-562 000	-	-	-	-	-	-562 000	8 467 629

Table B.5.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Compensation of employees: Appointment of additional personnel suspended until later in the financial year	-100 000	-	-100 000
Passenger Name Recognition System: Implementation postponed until 2021/22	-150 000	-	-150 000
Office accommodation: The department is engaging with the Department of Public Works and Infrastructure to reduce these costs	-78 000	-	-78 000
Ports of entry infrastructure development: New property projects will be postponed and existing projects are suspended until 2021/22	-50 000	-	-50 000
Disaster recovery plan: Implementation of information technology recovery system suspended until 2021/22	-45 000	-	-45 000
Goods and services: Suspension of non-essential goods and services such as travel and subsistence, catering, entertainment, and venues and facilities due to restrictions on economic activity	-104 000	-	-104 000
Independent Electoral Commission: Savings have been realised by the IEC	-35 000	-	-35 000
Total	-562 000	-	-562 000

VOTE 6: INTERNATIONAL RELATIONS AND COOPERATION

Vote purpose

Formulate, coordinate, implement and manage South Africa's foreign policy and international relations programmes.

Vote adjustments

Table B.6.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	1 762 934	-315 200	-600	–	100 800	600	–	-214 400	1 548 534
International Relations	3 308 302	-244 100	-20 320	–	181 188	–	–	-83 232	3 225 070
International Cooperation	536 307	-36 100	-2 450	–	28 450	–	–	-10 100	526 207
Public Diplomacy and Protocol Services	338 642	-58 600	–	–	26 987	22 770	–	-8 843	329 799
International Transfers	903 994	–	–	–	–	–	–	–	903 994
Total	6 850 179	-654 000	-23 370	–	337 425	23 370	–	-316 575	6 533 604
Economic classification									
Current payments	5 559 186	-430 750	-23 370	–	320 811	23 370	–	-109 939	5 449 247
Compensation of employees	3 071 540	–	–	–	–	–	–	–	3 071 540
Goods and services	2 379 479	-430 750	-23 370	–	320 811	23 370	–	-109 939	2 269 540
Interest and rent on land	108 167	–	–	–	–	–	–	–	108 167
Transfers and subsidies	914 879	–	–	–	–	–	–	–	914 879
Departmental agencies and accounts	58 459	–	–	–	–	–	–	–	58 459
Foreign governments and international organisations	845 535	–	–	–	–	–	–	–	845 535
Households	10 885	–	–	–	–	–	–	–	10 885
Payments for capital assets	376 114	-223 250	–	–	16 614	–	–	-206 636	169 478
Buildings and other fixed structures	272 746	-199 000	–	–	–	–	–	-199 000	73 746
Machinery and equipment	103 368	-24 250	–	–	16 614	–	–	-7 636	95 732
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	6 850 179	-654 000	-23 370	–	337 425	23 370	–	-316 575	6 533 604

Table B.6.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Suspension of non-essential goods and services such as travel and subsistence, catering, and venues and facilities, and reprioritisation of funds towards government's COVID-19-related expenditure	-454 120	360 795	-93 325
Payments for capital assets: Suspension of spending on Foreign capital infrastructure	-199 000	–	-199 000
Payments for capital assets: Suspension of non-essential spending on machinery and equipment	-24 250	–	-24 250
Total	-677 370	360 795	-316 575

VOTE 7: NATIONAL SCHOOL OF GOVERNMENT

Vote purpose

Provide or coordinate the provision of learning, training and development interventions that lead to improved performance and service delivery in the public sector.

Vote adjustments

Table B.7.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	112 890	-16 000	-	-	-	-	-	-16 000	96 890
Public Sector Organisational and Staff Development	93 703	-	-	-	-	-	-	-	93 703
Total	206 593	-16 000	-	-	-	-	-	-16 000	190 593
Economic classification									
Current payments	109 458	-16 000	-	-	-	-	-	-16 000	93 458
Compensation of employees	62 420	-	-	-	-	-	-	-	62 420
Goods and services	47 038	-16 000	-	-	-	-	-	-16 000	31 038
Transfers and subsidies	93 703	-	-	-	-	-	-	-	93 703
Departmental agencies and accounts	93 703	-	-	-	-	-	-	-	93 703
Payments for capital assets	3 432	-	-	-	-	-	-	-	3 432
Machinery and equipment	3 432	-	-	-	-	-	-	-	3 432
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	206 593	-16 000	-	-	-	-	-	-16 000	190 593

Table B.7.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Suspension of non-essential goods and services such as travel and subsistence, catering, and venues and facilities	-16 000	-	-16 000
Total	-16 000	-	-16 000

VOTE 8: NATIONAL TREASURY

Vote purpose

Support economic growth and development, good governance, social progress and rising living standards through the accountable, economical, efficient, equitable and sustainable management of public finances, maintenance of macroeconomic and financial sector stability, and effective financial regulation of the economy.

Vote adjustments

Table B.8.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	536 925	-15 600	-	-	-	-	-	-15 600	521 325
Economic Policy, Tax, Financial Regulation and Research	162 409	-3 042	-	-	-	-	-	-3 042	159 367
Public Finance and Budget Management	3 394 365	-282 482	-	-	-	-	-	-282 482	3 111 883
Asset and Liability Management	124 179	-5 330	-	-	3 000 000	-	-	2 994 670	3 118 849
Financial Accounting and Supply Chain Management Systems	1 033 835	-78 448	-	-	-	-	-	-78 448	955 387
International Financial Relations	6 398 588	-105 775	-	-	-	-	-	-105 775	6 292 813
Civil and Military Pensions, Contributions to Funds and Other Benefits	5 755 102	-172 323	-	-	-	-	-	-172 323	5 582 779
Revenue Administration	10 510 017	-	-	-	-	-	-	-	10 510 017
Financial Intelligence and State Security	5 207 743	-200 000	-	-	-	-	-	-200 000	5 007 743
Direct charge against the National Revenue Fund	781 986 299	-20 000 000	-	-	27 187 876	-	-	7 187 876	789 174 175
Total	815 109 462	-20 863 000	-	-	30 187 876	-	-	9 324 876	824 434 338
Economic classification									
Current payments	232 184 124	-318 398	-	-	7 174 482	-	-	6 856 084	239 040 208
Compensation of employees	928 933	-	-	-	-	-	-	-	928 933
Goods and services	1 985 236	-318 398	-	-	-	-	-	-318 398	1 666 838
Interest and rent on land	229 269 955	-	-	-	7 174 482	-	-	7 174 482	236 444 437
Transfers and subsidies	577 879 288	-20 543 102	-	-	20 000 000	-	-	-543 102	577 336 186
Provinces and municipalities	554 073 401	-20 075 293	-	-	20 000 000	-	-	-75 293	553 998 108
Departmental agencies and accounts	16 708 086	-200 000	-	-	-	-	-	-200 000	16 508 086
Foreign governments and international organisations	1 418 695	-95 486	-	-	-	-	-	-95 486	1 323 209
Households	5 679 106	-172 323	-	-	-	-	-	-172 323	5 506 783
Payments for capital assets	34 419	-1 500	-	-	-	-	-	-1 500	32 919
Machinery and equipment	30 292	-1 500	-	-	-	-	-	-1 500	28 792
Software and other intangible assets	4 127	-	-	-	-	-	-	-	4 127
Payments for financial assets	5 011 631	-	-	-	3 013 394	-	-	3 013 394	8 025 025
Total	815 109 462	-20 863 000	-	-	30 187 876	-	-	9 324 876	824 434 338

Table B.8.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Provincial equitable share: Reprioritisation of funds towards COVID-19-related expenditure within the provincial equitable share	-20 000 000	20 000 000	–
Municipal Revenue Improvement Programme: Delays to activities	-150 000	–	-150 000
Operational expenditure: Suspension of travel and subsistence, catering, venues and facilities, and procurement of professional service providers	-169 898	–	-169 898
Transfers to households: Reduced estimates for pensions, medical schemes and injury on duty payments based on historical spending patterns	-172 323	–	-172 323
Secret Services: Suspension of some activities	-200 000	–	-200 000
Common Monetary Area: Estimated contribution was revised downwards	-95 486	–	-95 486
Neighbourhood development partnership grant: Postponement of capital expenditure due to restrictions on economic activity	-67 693	–	-67 693
Infrastructure skills development grant: To align to the request of the special adjustments budget	-7 600	–	-7 600
Debt-service cost: The deteriorating financial position increases the stock of government debt and consequently the debt-service cost	–	7 174 482	7 174 482
Financial assets: Primarily an equity investment to recapitalise the Land Bank	–	3 013 394	3 013 394
Total	-20 863 000	30 187 876	9 324 876

VOTE 9: PLANNING, MONITORING AND EVALUATION

Vote purpose

Improve government service delivery through integrated planning, monitoring and evaluation.

Vote adjustments

Table B.9.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	194 287	-36 042	-	-	-	-	-	-36 042	158 245
National Planning Coordination	81 694	-16 581	-	-	-	-	-	-16 581	65 113
Sector Monitoring Services	81 593	-22 146	-	-	-	-	-	-22 146	59 447
Public Sector Monitoring and Capacity Development	90 291	-8 804	-	-	-	-	-	-8 804	81 487
Evidence and Knowledge Systems	52 109	-16 427	-	-	-	-	-	-16 427	35 682
Total	499 974	-100 000	-	-	-	-	-	-100 000	399 974
Economic classification									
Current payments	491 778	-94 473	-	-	-	-	-	-94 473	397 305
Compensation of employees	339 902	-42 504	-	-	-	-	-	-42 504	297 398
Goods and services	151 876	-51 969	-	-	-	-	-	-51 969	99 907
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	8 196	-5 527	-	-	-	-	-	-5 527	2 669
Buildings and other fixed structures	150	-89	-	-	-	-	-	-89	61
Machinery and equipment	6 746	-4 272	-	-	-	-	-	-4 272	2 474
Software and other intangible assets	1 300	-1 166	-	-	-	-	-	-1 166	134
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	499 974	-100 000	-	-	-	-	-	-100 000	399 974

Table B.9.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Compensation of employees: Filling of vacancies suspended until later in the financial year	-42 504	-	-42 504
Goods and services: Reduction in monitoring visits and services, and delayed procurement of ICT equipment	-51 969	-	-51 969
Payments for capital assets: Procurement of new office accommodation postponed	-5 527	-	-5 527
Total	-100 000	-	-100 000

VOTE 10: PUBLIC ENTERPRISES

Vote purpose

Drive investment, productivity and transformation in the department's portfolio of state-owned companies to unlock growth, drive industrialisation, create jobs and develop skills.

Vote adjustments

Table B.10.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	164 315	-28 871	-	-	-	-	-	-28 871	135 444
State-owned Companies Governance Assurance and Performance	54 647	-11 000	-	-	-	-	-	-11 000	43 647
Business Enhancement, Transformation and Industrialisation	37 630 393	-22 000	-	-	-	-	-	-22 000	37 608 393
Total	37 849 355	-61 871	-	-	-	-	-	-61 871	37 787 484
Economic classification									
Current payments	305 858	-61 871	-	-	-	-	-	-61 871	243 987
Compensation of employees	197 122	-30 000	-	-	-	-	-	-30 000	167 122
Goods and services	108 736	-31 871	-	-	-	-	-	-31 871	76 865
Transfers and subsidies	17	-	-	-	-	-	-	-	17
Provinces and municipalities	17	-	-	-	-	-	-	-	17
Payments for capital assets	3 480	-	-	-	-	-	-	-	3 480
Machinery and equipment	3 480	-	-	-	-	-	-	-	3 480
Payments for financial assets	37 540 000	-	-	-	-	-	-	-	37 540 000
Total	37 849 355	-61 871	-	-	-	-	-	-61 871	37 787 484

Table B.10.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Suspension of allocations to general operational spending items such as travel and subsistence, communications, inventory and consumables, and venues and training facilities	-31 871	-	-31 871
Compensation of employees: Filling of vacancies suspended for the financial year	-30 000	-	-30 000
Total	-61 871	-	-61 871

VOTE 11: PUBLIC SERVICE AND ADMINISTRATION

Vote purpose

Lead the modernisation of the public service, through a generally applicable framework of norms and standards, to improve service delivery.

Vote adjustments

Table B.11.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	258 264	-25 175	-1 409	–	–	1 409	–	-25 175	233 089
Policy Development, Research and Analysis	39 541	-5 723	–	–	–	–	–	-5 723	33 818
Public Service Employment and Conditions of Service	77 690	-15 124	–	–	–	–	–	-15 124	62 566
Government Chief Information Officer	28 575	-10 648	–	–	–	–	–	-10 648	17 927
Service Delivery Support	101 391	-18 736	-120	–	–	120	–	-18 736	82 655
Governance of Public Administration	60 245	-10 594	–	–	–	–	–	-10 594	49 651
Total	565 706	-86 000	-1 529	–	–	1 529	–	-86 000	479 706
Economic classification									
Current payments	519 590	-80 000	-1 529	–	–	1 529	–	-80 000	439 590
Compensation of employees	333 700	-31 000	–	–	–	–	–	-31 000	302 700
Goods and services	185 890	-49 000	-1 529	–	–	1 529	–	-49 000	136 890
Transfers and subsidies	43 195	-6 000	–	–	–	–	–	-6 000	37 195
Provinces and municipalities	10	–	–	–	–	–	–	–	10
Departmental agencies and accounts	40 985	-6 000	–	–	–	–	–	-6 000	34 985
Foreign governments and international organisations	2 200	–	–	–	–	–	–	–	2 200
Payments for capital assets	2 921	–	–	–	–	–	–	–	2 921
Machinery and equipment	2 749	–	–	–	–	–	–	–	2 749
Software and other intangible assets	172	–	–	–	–	–	–	–	172
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	565 706	-86 000	-1 529	–	–	1 529	–	-86 000	479 706

Table B.11.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Compensation of employees: Filling of vacancies suspended until later in the financial year	-31 000	–	-31 000
Goods and services: Suspensions and cost-containment of various items, including catering, travel, training and venue hire due to COVID-19 restrictions. Reprioritised funds for personal protective equipment, disinfection of the Batho Pele Building, and software for remote working	-50 529	1 529	-49 000
Departmental agencies and accounts: Reduction in transfer to the Centre for Public Service Innovation due to savings realised from the COVID-19 restrictions	-6 000	–	-6 000
Total	-87 529	1 529	-86 000

VOTE 12: PUBLIC SERVICE COMMISSION

Vote purpose

Promote constitutional values and the principles of public administration in the public service.

Vote adjustments

Table B.12.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	143 304	-8 705	-3 642	–	–	3 680	–	-8 667	134 637
Leadership and Management Practices	47 164	-336	-10	–	–	–	–	-346	46 818
Monitoring and Evaluation	46 054	-398	-18	–	–	–	–	-416	45 638
Integrity and Anti-Corruption	61 105	-561	-10	–	–	–	–	-571	60 534
Total	297 627	-10 000	-3 680	–	–	3 680	–	-10 000	287 627
Economic classification									
Current payments	295 723	-9 500	-3 680	–	–	3 680	–	-9 500	286 223
Compensation of employees	228 872	–	–	–	–	–	–	–	228 872
Goods and services	66 851	-9 500	-3 680	–	–	3 680	–	-9 500	57 351
Transfers and subsidies	498	–	–	–	–	–	–	–	498
Households	498	–	–	–	–	–	–	–	498
Payments for capital assets	1 406	-500	–	–	–	–	–	-500	906
Machinery and equipment	1 406	-500	–	–	–	–	–	-500	906
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	297 627	-10 000	-3 680	–	–	3 680	–	-10 000	287 627

Table B.12.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Suspensions and cost-containment of various items, including catering, travel, training and venue hire due to COVID-19 restrictions. Reprioritised funds for COVID-19 expenses	-13 180	3 680	-9 500
Machinery and equipment: Suspensions and cost-containment due to COVID-19 restrictions	-500	–	-500
Total	-13 680	3 680	-10 000

VOTE 13: PUBLIC WORKS AND INFRASTRUCTURE

Vote purpose

Provide policy formulation for, as well as coordination, regulation and oversight of, the public works sector in relation to the accommodation, housing, land and infrastructure needs of national departments. Enhance intergovernmental relations by coordinating concurrent public works functions. Lead and direct the implementation of the national expanded public works programme. Promote growth, job creation and transformation in the construction and property industries.

Vote adjustments

Table B.13.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	538 883	–	–	–	–	–	–	–	538 883
Intergovernmental Coordination	63 716	–	–	–	–	–	–	–	63 716
Expanded Public Works Programme	2 717 463	-771 000	–	–	771 000	–	–	–	2 717 463
Property and Construction Industry Policy and Research	4 647 778	-829 000	–	-597 615	829 000	–	597 615	–	4 647 778
Prestige Policy	102 956	–	–	–	–	–	–	–	102 956
Total	8 070 796	-1 600 000	–	-597 615	1 600 000	–	597 615	–	8 070 796
Economic classification									
Current payments	1 054 524	–	–	–	–	–	–	–	1 054 524
Compensation of employees	594 691	–	–	–	–	–	–	–	594 691
Goods and services	459 833	–	–	–	–	–	–	–	459 833
Transfers and subsidies	6 996 074	-1 600 000	–	-597 615	1 600 000	–	597 615	–	6 996 074
Provinces and municipalities	1 582 390	–	–	–	–	–	–	–	1 582 390
Departmental agencies and accounts	4 538 759	-829 000	–	-597 615	829 000	–	597 615	–	4 538 759
Foreign governments and international organisations	28 163	–	–	–	–	–	–	–	28 163
Public corporations and private enterprises	60 800	–	–	–	–	–	–	–	60 800
Non-profit institutions	778 484	-771 000	–	–	771 000	–	–	–	778 484
Households	7 478	–	–	–	–	–	–	–	7 478
Payments for capital assets	20 198	–	–	–	–	–	–	–	20 198
Machinery and equipment	20 198	–	–	–	–	–	–	–	20 198
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	8 070 796	-1 600 000	–	-597 615	1 600 000	–	597 615	–	8 070 796

Table B.13.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
COVID-19 preparations: Reprioritised funds used to provide additional beds as part of the COVID-19 response by hiring hotel accommodation and repairing state-owned accommodation at Salvokop and Pretoria West College	-829 000	829 000	–
Expanded Public Works Programme: Reprioritised funds will be used to recruit 45 445 participants across the country for 10 months to help clean and sanitise schools	-771 000	771 000	–
Ports of entry: Reprioritisation to fund the quarantine of individuals entering South Africa and detection of COVID-19 infections	-597 615	597 615	–
Total	-2 197 615	2 197 615	–

VOTE 14: STATISTICS SOUTH AFRICA

Vote purpose

Lead and partner in the production of statistics, in line with internationally recognised principles and standards, to inform users about socioeconomic dynamics for evidence-based decisions.

Vote adjustments

Table B.14.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	675 552	-12 273	-	-	-	-	-	-12 273	663 279
Economic Statistics	282 145	-	-	-	-	-	-	-	282 145
Population and Social Statistics	275 974	-151 808	-	-	-	-	-	-151 808	124 166
Methodology and Statistical Infrastructure	161 977	-18 204	-	-	-	-	-	-18 204	143 773
Statistical Support and Informatics	283 547	-2 000	-	-	-	-	-	-2 000	281 547
Statistical Operations and Provincial Coordination	1 729 529	-15 585	-	-	-	-	-	-15 585	1 713 944
South African National Statistics System	43 449	-130	-	-	-	-	-	-130	43 319
Total	3 452 173	-200 000	-	-	-	-	-	-200 000	3 252 173
Economic classification									
Current payments	3 136 923	-199 514	-	-	-	-	-	-199 514	2 937 409
Compensation of employees	1 611 472	-	-	-	-	-	-	-	1 611 472
Goods and services	1 525 451	-199 514	-	-	-	-	-	-199 514	1 325 937
Transfers and subsidies	526	-	-	-	-	-	-	-	526
Departmental agencies and accounts	1	-	-	-	-	-	-	-	1
Non-profit institutions	137	-	-	-	-	-	-	-	137
Households	388	-	-	-	-	-	-	-	388
Payments for capital assets	314 724	-486	-	-	-	-	-	-486	314 238
Buildings and other fixed structures	264 484	-	-	-	-	-	-	-	264 484
Machinery and equipment	40 033	-486	-	-	-	-	-	-486	39 547
Software and other intangible assets	10 207	-	-	-	-	-	-	-	10 207
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	3 452 173	-200 000	-	-	-	-	-	-200 000	3 252 173

Table B.14.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Income and Expenditure Survey and Poverty Survey: Surveys have been suspended because they require face-to-face interviews	-151 808	-	-151 808
Goods and services: Suspension of household data collection due to restricted movement, and reductions in travel, catering and facility hire	-47 706	-	-47 706
Payments for capital assets: Suspension of procurement	-486	-	-486
Total	-200 000	-	-200 000

VOTE 15: TRADITIONAL AFFAIRS

Vote purpose

Coordinate traditional affairs across government through the development of appropriate policies, norms and standards, systems, and regulatory frameworks; and promote culture, heritage and social cohesion.

Vote adjustments

Table B.15.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	54 623	-587	-	-	17	-	-	-570	54 053
Research, Policy and Legislation	19 012	-302	-	-	-	-	-	-302	18 710
Institutional Support and Coordination	99 764	-2 578	-	-	450	-	-	-2 128	97 636
Total	173 399	-3 467	-	-	467	-	-	-3 000	170 399
Economic classification									
Current payments	122 856	-3 467	-	-	467	-	-	-3 000	119 856
Compensation of employees	84 913	-	-	-	-	-	-	-	84 913
Goods and services	37 943	-3 467	-	-	467	-	-	-3 000	34 943
Transfers and subsidies	47 688	-	-	-	-	-	-	-	47 688
Provinces and municipalities	10	-	-	-	-	-	-	-	10
Departmental agencies and accounts	47 678	-	-	-	-	-	-	-	47 678
Payments for capital assets	2 855	-	-	-	-	-	-	-	2 855
Machinery and equipment	2 855	-	-	-	-	-	-	-	2 855
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	173 399	-3 467	-	-	467	-	-	-3 000	170 399

Table B.15.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Reduction in non-essential goods and services such as travel and subsistence, and venues and facilities	-3 467	467	-3 000
Total	-3 467	467	-3 000

VOTE 16: BASIC EDUCATION

Vote purpose

Provide quality basic education for all, and lead the establishment and development of a South African schooling system for the 21st century.

Vote adjustments

Table B.16.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	519 401	-24 360	-	-	10 000	-	-	-14 360	505 041
Curriculum Policy, Support and Monitoring	2 025 646	-231 157	-	-	50 000	-	-	-181 157	1 844 489
Teachers, Education Human Resources and Institutional Development	1 437 738	-20 390	-	-	-	-	-	-20 390	1 417 348
Planning, Information and Assessment	13 355 974	-6 812 009	-	-	5 000 000	-	-	-1 812 009	11 543 965
Educational Enrichment Services	7 989 473	-157 282	-	-	90 000	-	-	-67 282	7 922 191
Total	25 328 232	-7 245 198	-	-	5 150 000	-	-	-2 095 198	23 233 034
Economic classification									
Current payments	2 668 812	-291 856	-	-	10 000	-	-	-281 856	2 386 956
Compensation of employees	584 252	-	-	-	-	-	-	-	584 252
Goods and services	2 042 142	-291 856	-	-	10 000	-	-	-281 856	1 760 286
Interest and rent on land	42 418	-	-	-	-	-	-	-	42 418
Transfers and subsidies	21 150 175	-6 893 342	-	-	4 540 000	-	-	-2 353 342	18 796 833
Provinces and municipalities	19 564 279	-6 888 604	-	-	4 540 000	-	-	-2 348 604	17 215 675
Departmental agencies and accounts	157 363	-4 738	-	-	-	-	-	-4 738	152 625
Foreign governments and international organisations	21 116	-	-	-	-	-	-	-	21 116
Non-profit institutions	115 811	-	-	-	-	-	-	-	115 811
Households	1 291 606	-	-	-	-	-	-	-	1 291 606
Payments for capital assets	1 509 245	-60 000	-	-	600 000	-	-	540 000	2 049 245
Buildings and other fixed structures	1 502 087	-60 000	-	-	600 000	-	-	540 000	2 042 087
Machinery and equipment	6 809	-	-	-	-	-	-	-	6 809
Software and other intangible assets	349	-	-	-	-	-	-	-	349
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	25 328 232	-7 245 198	-	-	5 150 000	-	-	-2 095 198	23 233 034

Table B.16.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Education infrastructure grant: Provinces will delay starting new projects this year to accommodate the reductions. The remaining funds will be used to honour existing contractual agreements and for essential maintenance and upgrading of schools. Provinces will reallocate these funds to ensure a safe environment for learning and teaching. This will include the provision of clean water and soap, additional mobile classes to ensure smaller classes, the daily cleaning of classrooms and screening of learners and teachers, and the provision of personal protective equipment and sanitiser	-6 621 000	4 400 000	-2 221 000
School infrastructure backlogs grant: The start of new projects will be delayed. The R600 million is a reimbursement from six provinces to the national department for the provision of water and water tanks to 3 433 schools without access to potable water	-60 000	600 000	540 000
Goods and services: Suspension of allocations to items such as travel, training, catering and venues due to reduced activities. In addition, workbooks will not be provided to low-fee independent schools in 2021 as planned. Reallocated funds will provide equipment for the daily cleaning and sanitisation of workspaces, and sanitiser and temperature-screening facilities	-291 856	10 000	-281 856
Maths, science and technology grant: The planned teacher training will be scaled back or cancelled for 2020. Provinces will implement catch-up programmes for over 50 000 learners, targeting Maths, Science and Technology, including the provision of ICT-related solutions	-98 000	30 000	-68 000
HIV and AIDS (life skills education) grant: All planned training sessions for over 20 000 educators will be cancelled. Reallocated funds will be used to print and distribute learning support material on protecting oneself from COVID-19 to all schools	-99 604	40 000	-59 604
National School Nutrition Programme: Suspension of the feeding programme while schools were closed provides resources for the provision of personal protective equipment to about 20 000 schools for food handlers and the daily sanitisation of areas where food is prepared and served	-50 000	50 000	-
Learners with profound intellectual disabilities grant: Provinces were unable to appoint the necessary additional staff under lockdown conditions. The reallocated funds will be used to provide personal protective equipment for caregivers, teachers and other professionals working with learners with profound intellectual disabilities at 518 special care centres and 115 special schools	-20 000	20 000	-
South African Council for Educators: All planned development and support sessions with educators will be cancelled due to the constraints imposed by social distancing and restrictions on large gatherings	-4 738	-	-4 738
Total	-7 245 198	5 150 000	-2 095 198

VOTE 17: HIGHER EDUCATION AND TRAINING

Vote purpose

Develop and support a quality higher and vocational education sector. Promote access to higher education, vocational education and skills development training opportunities.

Vote adjustments

Table B.17.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	491 228	-45 725	-1 510	–	–	1 510	–	-45 725	445 503
Planning, Policy and Strategy	214 476	-16 407	–	–	–	–	–	-16 407	198 069
University Education	80 083 350	-5 733 017	–	–	4 827 404	–	–	-905 613	79 177 737
Technical and Vocational Education and Training	13 813 565	-911 598	–	–	172 203	–	–	-739 395	13 074 170
Skills Development	318 512	-18 371	–	–	–	–	–	-18 371	300 141
Community Education and Training	2 522 862	-8 882	–	–	–	–	–	-8 882	2 513 980
Direct charge against the National Revenue Fund	19 412 896	-8 122 380	–	–	–	–	–	-8 122 380	11 290 516
Total	116 856 889	-14 856 380	-1 510	–	4 999 607	1 510	–	-9 856 773	107 000 116
Economic classification									
Current payments	10 989 443	-316 704	-1 510	–	–	1 510	–	-316 704	10 672 739
Compensation of employees	10 281 060	-157 310	–	–	–	–	–	-157 310	10 123 750
Goods and services	708 383	-159 394	-1 510	–	–	1 510	–	-159 394	548 989
Transfers and subsidies	105 851 184	-14 539 676	–	–	4 999 607	–	–	-9 540 069	96 311 115
Departmental agencies and accounts	54 799 705	-10 632 473	–	–	2 500 000	–	–	-8 132 473	46 667 232
Higher education institutions	44 796 106	-3 210 000	–	–	2 327 404	–	–	-882 596	43 913 510
Foreign governments and international organisations	4 112	–	–	–	–	–	–	–	4 112
Non-profit institutions	6 251 261	-697 203	–	–	172 203	–	–	-525 000	5 726 261
Payments for capital assets	16 262	–	–	–	–	–	–	–	16 262
Machinery and equipment	15 862	–	–	–	–	–	–	–	15 862
Software and other intangible assets	400	–	–	–	–	–	–	–	400
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	116 856 889	-14 856 380	-1 510	–	4 999 607	1 510	–	-9 856 773	107 000 116

Table B.17.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
University subsidies: The planned new five-year Historically Disadvantaged Institutions Development Programme and the implementation of phase 7 of the new Generation of Academics Programme will be delayed to 2021/22. Institutions are procuring personal protective equipment. Several universities will be providing laptops and data to students for online learning	-2 500 000	2 117 404	-382 596
National Student Financial Aid Scheme (NSFAS) (student loans and bursaries): The suspended funds will be used to support the completion of the 2020 academic year, including providing devices and data for NSFAS-funded students	-2 500 000	2 500 000	–
Universities infrastructure and efficiency grant: Funds will be used to provide infrastructure to support online learning. New university infrastructure projects will be delayed, but institutions will honour existing contractual agreements and spend on essential maintenance	-710 000	210 000	-500 000
TVETs infrastructure and efficiency grant: Only existing commitments will be honoured and only essential maintenance will be undertaken	-370 000	–	-370 000
Technical and vocational education and training colleges: The 2021 intake of the Centres of Specialisation Programme will be deferred to the 2022 academic year. Institutions are procuring the required personal protective equipment. Some TVETs will be providing devices and data to students for online learning and catch-up programmes	-312 203	162 203	-150 000
Goods and services: Suspensions relate mainly to allocations for travel, training, catering and venues, as well as computer services for data-lines and software for TVETs' exam systems	-160 904	1 510	-159 394
Compensation of employees: Filling of vacancies suspended until later in the financial year	-157 310	–	-157 310
Transfers to public entities: A portion of the transfer to various public entities will be suspended. The filling of vacancies will be postponed and there will be reduced spending on items like travel, training, catering and venues	-10 093	–	-10 093
Operationalisation of new campuses: The completion of new sites will be delayed due to the restrictions on economic activity. The reprioritised funds will contribute to ensuring that TVET campuses are safe for the resumption of the academic year	-15 000	10 000	-5 000
Skills levy: Downward revision due to four-month holiday for contributions	-8 122 380	–	-8 122 380
Total	-14 857 890	5 001 117	-9 856 773

VOTE 18: HEALTH

Vote purpose

Lead and coordinate health services to promote the health of all people in South Africa through an accessible, caring and high-quality health system based on the primary health care approach.

Vote adjustments

Table B.18.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	672 237	–	-6 750	–	–	–	–	-6 750	665 487
National Health Insurance	1 392 397	–	-141 174	–	–	54 424	–	-86 750	1 305 647
Communicable and Non-communicable Diseases	25 188 415	–	-681 750	–	2 816 826	932 444	–	3 067 520	28 255 935
Primary Health Care	238 288	–	–	–	–	50 578	–	50 578	288 866
Hospital Systems	21 774 677	–	-1 783 403	–	–	1 563 403	–	-220 000	21 554 677
Health System Governance and Human Resources	6 249 983	–	-17 772	–	96 700	30 000	–	108 928	6 358 911
Total	55 515 997	–	-2 630 849	–	2 913 526	2 630 849	–	2 913 526	58 429 523
Economic classification									
Current payments	3 008 733	–	-220 029	–	–	411 029	–	191 000	3 199 733
Compensation of employees	905 784	–	–	–	–	77 361	–	77 361	983 145
Goods and services	2 102 949	–	-220 029	–	–	333 668	–	113 639	2 216 588
Transfers and subsidies	51 271 899	–	-1 990 820	–	2 913 526	2 019 820	–	2 942 526	54 214 425
Provinces and municipalities	49 267 161	–	-1 990 820	–	2 816 826	2 019 820	–	2 845 826	52 112 987
Departmental agencies and accounts	1 810 970	–	–	–	96 700	–	–	96 700	1 907 670
Foreign governments and international organisations	375	–	–	–	–	–	–	–	375
Non-profit institutions	193 393	–	–	–	–	–	–	–	193 393
Payments for capital assets	1 235 365	–	-420 000	–	–	200 000	–	-220 000	1 015 365
Buildings and other fixed structures	892 144	–	-420 000	–	–	200 000	–	-220 000	672 144
Machinery and equipment	343 221	–	–	–	–	–	–	–	343 221
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	55 515 997	–	-2 630 849	–	2 913 526	2 630 849	–	2 913 526	58 429 523

Table B.18.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
HIV, TB, malaria and community outreach grant: HIV/AIDS component: Reductions due to slower uptake in the antiretroviral treatment programme, global supply constraints for condoms, lower demand for medical male circumcisions and efficiencies in programme management. Reprioritisation to COVID-19 lab tests, Cuban doctors, contracting with private hospitals, personal protective equipment and thermometers	-604 711	3 450 537	2 845 826
National health insurance grant: No major impact foreseen from suspension; allocations for contracting health professionals to support COVID-19 response	-22 706	22 706	–
National health insurance grant: Health facility revitalisation component: Funds for certain infrastructure projects that have been postponed will be redirected towards piloting field hospitals and other COVID-19 needs	-420 000	200 000	-220 000
Health facility revitalisation grant: Funds for certain infrastructure projects that have been postponed to be redirected towards COVID-19 infrastructure needs, including additional hospital beds	-1 065 786	1 065 786	–
National tertiary services grant: Savings from postponing certain elective procedures and fewer non-COVID-19 hospital admissions will be used for tertiary hospital services for COVID-19 patients, particularly critical care	-297 617	297 617	–
Operational expenditure: Reductions mainly from the departmental goods and services budget. These will be absorbed through efficiencies, cost-cutting measures and savings due to the restrictions on economic activity	-101 561	–	-101 561
National health insurance indirect grant: Personal services component: Contracting of private GPs postponed to next financial year	-80 000	–	-80 000
National health insurance indirect grant: Non-personal services component: No major impact foreseen given historical pattern of underspending	-38 468	–	-38 468
National Department of Health interventions: These include personal protective equipment procurement for port health services, communication campaigns and occupational health interventions	–	411 029	411 029
National Institute for Communicable Diseases: The NICD requires additional resources for COVID-19 surveillance and control activities	–	96 700	96 700
Total	-2 630 849	5 544 375	2 913 526

VOTE 19: SOCIAL DEVELOPMENT

Vote purpose

Ensure protection against vulnerability by creating an enabling environment for the provision of a comprehensive, integrated and sustainable social development service.

Vote adjustments

Table B.19.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	426 660	–	-13 000	–	–	23 000	–	10 000	436 660
Social Assistance	187 835 779	-15 417 402	–	–	40 891 284	–	–	25 473 882	213 309 661
Social Security Policy and Administration	7 831 970	–	-5 500	–	–	–	–	-5 500	7 826 470
Welfare Services Policy Development and Implementation Support	1 256 698	-64 500	-27 500	–	64 500	33 000	–	5 500	1 262 198
Social Policy and Integrated Service Delivery	367 168	–	-10 000	–	–	–	–	-10 000	357 168
Total	197 718 275	-15 481 902	-56 000	–	40 955 784	56 000	–	25 473 882	223 192 157
Economic classification									
Current payments	939 592	–	-56 000	–	–	56 000	–	–	939 592
Compensation of employees	537 857	–	–	–	–	33 000	–	33 000	570 857
Goods and services	401 735	–	-56 000	–	–	23 000	–	-33 000	368 735
Transfers and subsidies	196 766 757	-15 481 902	–	–	40 955 784	–	–	25 473 882	222 240 639
Provinces and municipalities	915 149	-64 500	–	–	64 500	–	–	–	915 149
Departmental agencies and accounts	7 944 717	–	–	–	–	–	–	–	7 944 717
Foreign governments and international organisations	7 318	–	–	–	–	–	–	–	7 318
Non-profit institutions	42 620	–	–	–	–	–	–	–	42 620
Households	187 856 953	-15 417 402	–	–	40 891 284	–	–	25 473 882	213 330 835
Payments for capital assets	11 926	–	–	–	–	–	–	–	11 926
Machinery and equipment	11 306	–	–	–	–	–	–	–	11 306
Software and other intangible assets	620	–	–	–	–	–	–	–	620
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	197 718 275	-15 481 902	-56 000	–	40 955 784	56 000	–	25 473 882	223 192 157

Table B.19.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Social assistance grants: The amount available in the current financial year is due to early payment of social grants for April 2020. The additional allocation of R40.9 billion for social assistance grants, including the R15.4 billion available in the baseline, will be used to top up various grants for a limited time, and provide a special COVID-19 social relief of distress grant of R350 for six months	-15 417 402	40 891 284	25 473 882
Early childhood development grant: Suspension of the infrastructure grant component due to the postponement of planned centre upgrades for one year. The grant allocation will be repurposed to prioritise the supply of essential goods to support basic health and hygiene practices in ECD sites	-64 500	64 500	–
Goods and services: Suspensions from several goods and services items, including consultants, venues, training and development, catering and communication. Allocation for the procurement of personal protective equipment for Department of Social Development facilities and community nutrition development centres	-56 000	23 000	-33 000
Welfare services policy development and implementation support: Shift to compensation of employees to hire 1 809 social workers to provide psychosocial services to affected people during the pandemic. The social workers will be paid a stipend of R6 000 per month for three months	–	33 000	33 000
Total	-15 537 902	41 011 784	25 473 882

VOTE 20: WOMEN, YOUTH AND PERSONS WITH DISABILITIES

Vote purpose

Lead, coordinate and oversee the transformation agenda for the socioeconomic empowerment, rights and equal treatment of women, youth and persons with disabilities.

Vote adjustments

Table B.20.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	93 319	-6 303	-200	–	1 275	1 475	–	-3 753	89 566
Social Transformation and Economic Empowerment	124 769	-20 159	-356	–	3 000	–	–	-17 515	107 254
Policy, Stakeholder Coordination and Knowledge Management	49 156	-8 505	-670	–	–	–	–	-9 175	39 981
Rights of Persons with Disabilities	19 945	-3 494	-249	–	–	–	–	-3 743	16 202
National Youth Development	491 301	-99 067	–	–	–	–	–	-99 067	392 234
Total	778 490	-137 528	-1 475	–	4 275	1 475	–	-133 253	645 237
Economic classification									
Current payments	206 028	-27 228	–	–	1 275	–	–	-25 953	180 075
Compensation of employees	121 186	–	–	–	–	–	–	–	121 186
Goods and services	84 842	-27 228	–	–	1 275	–	–	-25 953	58 889
Transfers and subsidies	568 781	-110 300	–	–	3 000	–	–	-107 300	461 481
Provinces and municipalities	16	–	–	–	–	–	–	–	16
Departmental agencies and accounts	568 563	-110 300	–	–	3 000	–	–	-107 300	461 263
Households	202	–	–	–	–	–	–	–	202
Payments for capital assets	3 681	–	-1 475	–	–	1 475	–	–	3 681
Machinery and equipment	2 708	–	-1 475	–	–	1 475	–	–	2 708
Software and other intangible assets	973	–	–	–	–	–	–	–	973
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	778 490	-137 528	-1 475	–	4 275	1 475	–	-133 253	645 237

Table B.20.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
National Youth Development Agency: Reduction in events, including promotional events, branding and travel	-97 000	–	-97 000
Operational expenditure: The restrictions on economic activity have reduced goods and services and capital spending. Funds reprioritised for procurement of ICT equipment to enable officials to work remotely	-28 703	2 750	-25 953
Commission for Gender Equality: Suspensions funded through delays in the filling of vacancies, and reductions in goods and services spending, including consultations with communities. Funds reprioritised for procurement of personal protective equipment, disinfection of office premises and enhancement of ICT systems for officials to sustain outreach during the lockdown	-13 300	3 000	-10 300
Total	-139 003	5 750	-133 253

VOTE 21: CIVILIAN SECRETARIAT FOR THE POLICE SERVICE

Vote purpose

Provide strategic advice and support to the Minister of Police. Exercise civilian oversight of the South African Police Service to ensure a transformed and accountable police service that reflects the values of a developmental state.

Vote adjustments

Table B.21.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	69 412	-6 150	-210	–	–	210	–	-6 150	63 262
Intersectoral Coordination and Strategic Partnerships	26 743	-1 604	–	–	–	–	–	-1 604	25 139
Legislation and Policy Development	24 796	-1 623	–	–	–	–	–	-1 623	23 173
Civilian Oversight, Monitoring and Evaluations	35 361	-2 623	–	–	–	–	–	-2 623	32 738
Total	156 312	-12 000	-210	–	–	210	–	-12 000	144 312
Economic classification									
Current payments	154 283	-11 650	-210	–	–	210	–	-11 650	142 633
Compensation of employees	112 047	-1 286	–	–	–	–	–	-1 286	110 761
Goods and services	42 236	-10 364	-210	–	–	210	–	-10 364	31 872
Transfers and subsidies	208	–	–	–	–	–	–	–	208
Provinces and municipalities	6	–	–	–	–	–	–	–	6
Departmental agencies and accounts	202	–	–	–	–	–	–	–	202
Payments for capital assets	1 821	-350	–	–	–	–	–	-350	1 471
Machinery and equipment	1 756	-350	–	–	–	–	–	-350	1 406
Software and other intangible assets	65	–	–	–	–	–	–	–	65
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	156 312	-12 000	-210	–	–	210	–	-12 000	144 312

Table B.21.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Operational spending: Suspension of spending on various goods and services, machinery and equipment, and compensation of employees due to the restrictions on economic activity. Reallocations are for the procurement of personal protective equipment for employees	-12 210	210	-12 000
Total	-12 210	210	-12 000

VOTE 22: CORRECTIONAL SERVICES

Vote purpose

Contribute to a just, peaceful and safer South Africa through the effective and humane incarceration of inmates and the rehabilitation and social reintegration of offenders.

Vote adjustments

Table B.22.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	5 343 066	-261 513	-49 877	–	237 713	13 164	–	-60 513	5 282 553
Incarceration	15 822 624	–	-188 473	–	–	1 375	–	-187 098	15 635 526
Rehabilitation	2 164 210	–	-3 204	–	–	–	–	-3 204	2 161 006
Care	2 392 799	–	-42 240	–	23 800	269 255	–	250 815	2 643 614
Social Reintegration	1 077 263	–	–	–	–	–	–	–	1 077 263
Total	26 799 962	-261 513	-283 794	–	261 513	283 794	–	–	26 799 962
Economic classification									
Current payments	25 324 503	-261 513	-122 731	–	23 800	252 049	–	-108 395	25 216 108
Compensation of employees	18 732 143	-261 513	–	–	23 800	–	–	-237 713	18 494 430
Goods and services	6 592 360	–	-122 731	–	–	252 049	–	129 318	6 721 678
Transfers and subsidies	665 603	–	–	–	–	–	–	–	665 603
Provinces and municipalities	6 835	–	–	–	–	–	–	–	6 835
Departmental agencies and accounts	9 323	–	–	–	–	–	–	–	9 323
Households	649 445	–	–	–	–	–	–	–	649 445
Payments for capital assets	809 856	–	-161 063	–	237 713	31 745	–	108 395	918 251
Buildings and other fixed structures	570 219	–	-161 063	–	–	–	–	-161 063	409 156
Machinery and equipment	237 902	–	–	–	137 713	31 745	–	169 458	407 360
Biological assets	1 735	–	–	–	–	–	–	–	1 735
Software and other intangible assets	–	–	–	–	100 000	–	–	100 000	100 000
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	26 799 962	-261 513	-283 794	–	261 513	283 794	–	–	26 799 962

Table B.22.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Compensation of employees: Appointment of additional personnel suspended	-261 513	23 800	-237 713
Goods and services: Suspension of spending on goods and services such as operating leases, travel and subsistence, catering, and venues and facilities	-122 731	252 049	129 318
Buildings and other fixed structures: Rescheduling of infrastructure improvement programme aimed at refurbishing and improving facilities intended to address overcrowding	-161 063	–	-161 063
Machinery and equipment: Procurement of pharmaceutical fridge, thermal fogging machine and mist blower for sanitising and decontaminating equipment	–	269 458	269 458
Total	-545 307	545 307	–

VOTE 23: DEFENCE

Vote purpose

Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force.

Vote adjustments

Table B.23.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	5 731 874	-193 500	–	–	30 000	–	–	-163 500	5 568 374
Force Employment	3 671 088	-112 114	-101 456	–	875 538	101 456	–	763 424	4 434 512
Landward Defence	17 421 897	-174 030	–	–	174 030	–	–	–	17 421 897
Air Defence	7 405 301	-91 000	–	–	330 000	–	–	239 000	7 644 301
Maritime Defence	4 915 613	-104 700	-31 000	–	104 700	31 000	–	–	4 915 613
Military Health Support	5 655 997	-22 800	–	–	682 800	–	–	660 000	6 315 997
Defence Intelligence	1 187 534	-6 200	–	–	6 200	–	–	–	1 187 534
General Support	6 449 317	-507 700	-75 500	–	1 888 776	75 500	–	1 381 076	7 830 393
Total	52 438 621	-1 212 044	-207 956	–	4 092 044	207 956	–	2 880 000	55 318 621
Economic classification									
Current payments	44 573 925	-1 092 044	-64 774	–	2 861 676	204 956	–	1 909 814	46 483 739
Compensation of employees	31 177 687	–	–	–	763 424	–	–	763 424	31 941 111
Goods and services	13 396 238	-1 092 044	-64 774	–	2 098 252	204 956	–	1 146 390	14 542 628
Transfers and subsidies	7 091 013	-120 000	–	–	–	3 000	–	-117 000	6 974 013
Provinces and municipalities	611	–	–	–	–	–	–	–	611
Departmental agencies and accounts	5 376 947	–	–	–	–	–	–	–	5 376 947
Public corporations and private enterprises	1 512 968	-120 000	–	–	–	3 000	–	-117 000	1 395 968
Non-profit institutions	10 026	–	–	–	–	–	–	–	10 026
Households	190 461	–	–	–	–	–	–	–	190 461
Payments for capital assets	773 683	–	-143 182	–	1 230 368	–	–	1 087 186	1 860 869
Buildings and other fixed structures	449 870	–	-59 478	–	70 000	–	–	10 522	460 392
Machinery and equipment	278 718	–	-83 704	–	1 160 368	–	–	1 076 664	1 355 382
Software and other intangible assets	43 289	–	–	–	–	–	–	–	43 289
Specialised military assets	1 806	–	–	–	–	–	–	–	1 806
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	52 438 621	-1 212 044	-207 956	–	4 092 044	207 956	–	2 880 000	55 318 621

Table B.23.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Suspension of activities such as advertising and training and development, and cancellation of official foreign travel and international engagements	-193 500	30 000	-163 500
Operational spending and payments for capital assets: Suspension of travel and training activities and procurement of vehicles, and postponement of refurbishing buildings. Additional allocations for ration costs and fuel costs	-387 600	493 777	106 177
Operational spending: Suspension of travel and training activities. Additional allocations for aircraft fuel and troop transport as part of Operation Notlela	-226 700	535 235	308 535
Operational spending: Suspension of travel and training activities. Additional allocations for medical supplies	-29 000	749 978	720 978
Operational spending and payments for capital assets: Suspension of travel and training activities, and procurement and maintenance of vehicles. Additional allocations will be used to procure disinfectant tunnels, set up quarantine clinics, procure personal protective equipment for deployed soldiers and repatriate South African citizens	-463 200	1 724 586	1 261 386
Compensation of employees: Additional allocations for the Reserve Force deployment, including deployment allowances within the Force Employment Programme	–	763 424	763 424
Public corporations and private enterprises: Downward revision to Armscor and reallocation to the Castle Control Board to compensate for loss of income during restrictions on economic activity	-120 000	3 000	-117 000
Total	-1 420 000	4 300 000	2 880 000

VOTE 24: INDEPENDENT POLICE INVESTIGATIVE DIRECTORATE

Vote purpose

Ensure independent oversight of the South African Police Service and the Municipal Police Services. Conduct independent and impartial investigations of identified criminal offences allegedly committed by members of the South African Police Service and the Municipal Police Services; and make appropriate recommendations.

Vote adjustments

Table B.24.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	104 993	–	-4 078	–	–	–	–	-4 078	100 915
Investigation and Information Management	231 005	–	–	–	–	4 820	–	4 820	235 825
Legal and Investigation Advisory Services	6 932	–	-182	–	–	–	–	-182	6 750
Compliance Monitoring and Stakeholder Management	12 737	–	-560	–	–	–	–	-560	12 177
Total	355 667	–	-4 820	–	–	4 820	–	–	355 667
Economic classification									
Current payments	349 353	–	-4 820	–	–	4 820	–	–	349 353
Compensation of employees	242 827	–	–	–	–	–	–	–	242 827
Goods and services	106 526	–	-4 820	–	–	4 820	–	–	106 526
Transfers and subsidies	820	–	–	–	–	–	–	–	820
Departmental agencies and accounts	820	–	–	–	–	–	–	–	820
Payments for capital assets	5 494	–	–	–	–	–	–	–	5 494
Machinery and equipment	5 494	–	–	–	–	–	–	–	5 494
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	355 667	–	-4 820	–	–	4 820	–	–	355 667

Table B.24.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Suspension of activities due to restrictions on economic activity, including planned internal audits, risk assessments, training and workshops. Funds reprioritised for the procurement of personal protective equipment for investigators and other staff, including sanitisation of Independent Police Investigative Directorate buildings	-4 820	4 820	–
Total	-4 820	4 820	–

VOTE 25: JUSTICE AND CONSTITUTIONAL DEVELOPMENT

Vote purpose

Uphold and protect the Constitution and the rule of law, and render accessible, fair, speedy and cost-effective administration of justice in the interests of a safer and more secure South Africa.

Vote adjustments

Table B.25.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	2 356 456	–	-61 917	–	–	107 895	150 000	195 978	2 552 434
Court Services	7 180 283	-198 000	-196 170	-150 000	–	196 170	–	-348 000	6 832 283
State Legal Services	1 431 927	-35 000	-15 528	–	–	–	–	-50 528	1 381 399
National Prosecuting Authority	4 583 924	-150 000	-30 450	–	–	–	–	-180 450	4 403 474
Auxiliary and Associated Services	4 308 031	-33 000	-30 000	–	–	30 000	–	-33 000	4 275 031
Direct charge against the National Revenue Fund	2 550 227	–	–	–	–	–	–	–	2 550 227
Total	22 410 848	-416 000	-334 065	-150 000	–	334 065	150 000	-416 000	21 994 848
Economic classification									
Current payments	18 096 476	-261 000	-233 625	-17 000	–	264 065	149 000	-98 560	17 997 916
Compensation of employees	12 937 295	-261 000	–	-17 000	–	–	17 000	-261 000	12 676 295
Goods and services	5 159 181	–	-233 625	–	–	264 065	132 000	162 440	5 321 621
Transfers and subsidies	3 250 214	-33 000	–	–	–	–	–	-33 000	3 217 214
Provinces and municipalities	825	–	–	–	–	–	–	–	825
Departmental agencies and accounts	3 107 177	-33 000	–	–	–	–	–	-33 000	3 074 177
Foreign governments and international organisations	18 859	–	–	–	–	–	–	–	18 859
Households	123 353	–	–	–	–	–	–	–	123 353
Payments for capital assets	1 064 158	-122 000	-100 440	-133 000	–	70 000	1 000	-284 440	779 718
Buildings and other fixed structures	874 435	-122 000	-100 440	-133 000	–	–	–	-355 440	518 995
Machinery and equipment	189 723	–	–	–	–	70 000	1 000	71 000	260 723
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	22 410 848	-416 000	-334 065	-150 000	–	334 065	150 000	-416 000	21 994 848

Table B.25.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Compensation of employees: Appointment of additional personnel suspended	-278 000	17 000	-261 000
Legal Aid South Africa, Special Investigating Unit and Justice Modernisation: Suspended capacitation and procurement of audiovisual system	-33 000	–	-33 000
Goods and services: Funds reprioritised mainly to procure personal protective equipment and temperature-scanning devices, as well as deep-clean courts and other justice service points	-233 625	396 065	162 440
Capital Works Programme: Suspended commencement and completion of courts infrastructural projects	-355 440	71 000	-284 440
Total	-900 065	484 065	-416 000

VOTE 26: MILITARY VETERANS

Vote purpose

Formulate policies and standards aimed at providing a comprehensive delivery system to military veterans and their dependants in recognition of their role in the democratisation of South Africa.

Vote adjustments

Table B.26.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	138 527	-15 000	-6 000	–	–	6 000	–	-15 000	123 527
Socioeconomic Support	401 404	-90 000	-207 008	–	–	207 008	–	-90 000	311 404
Empowerment and Stakeholder Management	143 142	-32 000	-14 409	-186	–	14 409	186	-32 000	111 142
Total	683 073	-137 000	-227 417	-186	–	227 417	186	-137 000	546 073
Economic classification									
Current payments	405 467	-47 000	-19 296	–	–	18 744	–	-47 552	357 915
Compensation of employees	140 567	–	–	–	–	–	–	–	140 567
Goods and services	264 900	-47 000	-19 296	–	–	18 744	–	-47 552	217 348
Transfers and subsidies	260 880	-90 000	-202 529	–	–	202 529	–	-90 000	170 880
Households	260 880	-90 000	-202 529	–	–	202 529	–	-90 000	170 880
Payments for capital assets	16 726	–	-5 592	-186	–	6 144	186	552	17 278
Machinery and equipment	8 941	–	-778	–	–	3 883	186	3 291	12 232
Heritage assets	5 000	–	-4 814	-186	–	–	–	-5 000	–
Software and other intangible assets	2 785	–	–	–	–	2 261	–	2 261	5 046
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	683 073	-137 000	-227 417	-186	–	227 417	186	-137 000	546 073

Table B.26.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Operational expenditure: The implementation of new provincial offices, the relocation of the head office and associated procurement of ICT infrastructure have been suspended due to restrictions on economic activity	-72 074	25 074	-47 000
Transfer to households: Expected reduction in houses to be built and bursaries required for military veterans and their dependants	-90 000	–	-90 000
Transfer to households: Technical correction to classification of allocation	-202 529	202 529	–
Total	-364 603	227 603	-137 000

VOTE 27: OFFICE OF THE CHIEF JUSTICE

Vote purpose

Strengthen judicial governance and independence by rendering effective support to the Chief Justice in executing administrative and judicial powers and duties as both head of the Judiciary and the Constitutional Court.

Vote adjustments

Table B.27.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	235 927	-13 811	-	-	-	-	-	-13 811	222 116
Superior Court Services	948 632	-10 161	-	-	-	-	-	-10 161	938 471
Judicial Education and Support	75 282	-6 028	-	-	-	-	-	-6 028	69 254
Direct charge against the National Revenue Fund	1 190 937	-	-	-	-	-	-	-	1 190 937
Total	2 450 778	-30 000	-	-	-	-	-	-30 000	2 420 778
Economic classification									
Current payments	2 212 442	-30 000	-	-	-	-	-	-30 000	2 182 442
Compensation of employees	1 871 509	-	-	-	-	-	-	-	1 871 509
Goods and services	340 933	-30 000	-	-	-	-	-	-30 000	310 933
Transfers and subsidies	128 135	-	-	-	-	-	-	-	128 135
Provinces and municipalities	13	-	-	-	-	-	-	-	13
Departmental agencies and accounts	4	-	-	-	-	-	-	-	4
Households	128 118	-	-	-	-	-	-	-	128 118
Payments for capital assets	110 201	-	-	-	-	-	-	-	110 201
Machinery and equipment	110 201	-	-	-	-	-	-	-	110 201
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2 450 778	-30 000	-	-	-	-	-	-30 000	2 420 778

Table B.27.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Suspension of various goods and services items associated with training courses for the judiciary, finalisation of cases and the modernisation of courts projects	-30 000	-	-30 000
Total	-30 000	-	-30 000

VOTE 28: POLICE

Vote purpose

Prevent, combat and investigate crime; maintain public order; protect and secure the inhabitants of South Africa and their property; and uphold and enforce the law.

Vote adjustments

Table B.28.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	20 912 779	–	-818 200	–	–	–	–	-818 200	20 094 579
Visible Policing	52 327 272	–	-115 000	–	3 700 000	1 136 000	–	4 721 000	57 048 272
Detective Services	20 624 159	–	-132 800	–	–	–	–	-132 800	20 491 359
Crime Intelligence	4 403 531	–	–	–	–	–	–	–	4 403 531
Protection and Security Services	3 443 292	–	-70 000	–	–	–	–	-70 000	3 373 292
Total	101 711 033	–	-1 136 000	–	3 700 000	1 136 000	–	3 700 000	105 411 033
Economic classification									
Current payments	96 876 077	–	-379 500	–	3 700 000	1 136 000	–	4 456 500	101 332 577
Compensation of employees	81 112 221	–	–	–	–	–	–	–	81 112 221
Goods and services	15 763 856	–	-379 500	–	3 700 000	1 136 000	–	4 456 500	20 220 356
Transfers and subsidies	1 497 689	–	–	–	–	–	–	–	1 497 689
Provinces and municipalities	53 205	–	–	–	–	–	–	–	53 205
Departmental agencies and accounts	50 975	–	–	–	–	–	–	–	50 975
Households	1 393 509	–	–	–	–	–	–	–	1 393 509
Payments for capital assets	3 337 267	–	-756 500	–	–	–	–	-756 500	2 580 767
Buildings and other fixed structures	897 667	–	-400 000	–	–	–	–	-400 000	497 667
Machinery and equipment	2 432 671	–	-354 000	–	–	–	–	-354 000	2 078 671
Biological assets	6 929	–	-2 500	–	–	–	–	-2 500	4 429
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	101 711 033	–	-1 136 000	–	3 700 000	1 136 000	–	3 700 000	105 411 033

Table B.28.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Operational spending: Rescheduling and suspensions of spending on various goods and services due to the restrictions on economic activity. Additional allocation (R3.7 billion) provided to support the department's COVID-19 response, including personal protective equipment for police officials	-379 500	4 836 000	4 456 500
Operational spending: Rescheduling and suspensions of capital spending, specifically buildings and other fixed structures, machinery and equipment, and biological assets due to the restrictions on economic activity	-756 500	–	-756 500
Total	-1 136 000	4 836 000	3 700 000

VOTE 29: AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

Vote purpose

Provide equitable access to land, integrated rural development, sustainable agriculture and food security for all.

Vote adjustments

Table B.29.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	2 732 229	-86 572	-	-	-	-	-	-86 572	2 645 657
Agricultural Production, Health, Food Safety, Natural Resources and Disaster Management	3 220 722	-189 071	-	-	-	-	-	-189 071	3 031 651
Food Security, Land Reform and Restitution	8 117 180	-2 658 628	-	-	763 568	-	-	-1 895 060	6 222 120
Rural Development	1 097 774	-199 793	-	-	-	-	-	-199 793	897 981
Economic Development, Trade and Marketing	885 580	-135 922	-	-	-	-	-	-135 922	749 658
Land Administration	756 571	-37 326	-	-	150 000	-	-	112 674	869 245
Total	16 810 056	-3 307 312	-	-	913 568	-	-	-2 393 744	14 416 312
Economic classification									
Current payments	8 033 569	-599 892	-	-	-	-	-	-599 892	7 433 677
Compensation of employees	4 444 485	-300 000	-	-	-	-	-	-300 000	4 144 485
Goods and services	3 589 083	-299 892	-	-	-	-	-	-299 892	3 289 191
Interest and rent on land	1	-	-	-	-	-	-	-	1
Transfers and subsidies	8 411 043	-2 707 420	-	-	913 568	-	-	-1 793 852	6 617 191
Provinces and municipalities	2 236 112	-437 900	-	-	-	-	-	-437 900	1 798 212
Departmental agencies and accounts	2 383 177	-488 137	-	-	150 000	-	-	-338 137	2 045 040
Foreign governments and international organisations	43 826	-	-	-	-	-	-	-	43 826
Public corporations and private enterprises	407 258	-393 256	-	-	-	-	-	-393 256	14 002
Non-profit institutions	4 035	-	-	-	-	-	-	-	4 035
Households	3 336 635	-1 388 127	-	-	763 568	-	-	-624 559	2 712 076
Payments for capital assets	365 444	-	-	-	-	-	-	-	365 444
Buildings and other fixed structures	307 122	-	-	-	-	-	-	-	307 122
Machinery and equipment	55 262	-	-	-	-	-	-	-	55 262
Software and other intangible assets	3 060	-	-	-	-	-	-	-	3 060
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	16 810 056	-3 307 312	-	-	913 568	-	-	-2 393 744	14 416 312

Table B.29.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Compensation of employees: Filling of vacancies suspended until later in the financial year	-300 000	–	-300 000
Rural social infrastructure coordination: Suspension of infrastructure projects in rural economies	-188 760	–	-188 760
Restitution (travel): Less travel due to restricted economic activity	-36 432	–	-36 432
Agro processing, marketing and rural Industrial development: Fewer farmers supported due to restrictions on economic activity	-74 700	–	-74 700
Comprehensive agricultural support programme grant: Infrastructure projects related to agriculture will be suspended	-317 161	–	-317 161
Ilima/Letsema projects grant: Reduction of funding for support to subsistence farmers and food security	-120 739	–	-120 739
Land acquisition and redistribution: Suspension of funds to acquire land for redistribution	-443 606	–	-443 606
Office of the Valuer General (OVG): Minimal impact as entity has enough to fund its operations	-44 531	–	-44 531
Food security: Fewer farmers supported due to restrictions on economic activity	-353 763	–	-353 763
Cooperatives development: Fewer cooperatives supported due to restrictions on economic activity	-39 493	–	-39 493
Restitution: A portion of the payments is likely to be postponed due to the restrictions on economic activity	-1 100 000	763 568	-336 432
Food security: Fewer farmers supported due to restrictions on economic activity	-258 127	–	-258 127
Land tenure reform: Delayed tenure reforms	-30 000	–	-30 000
Deeds Trading Account: Operational funding of the Deeds Trading Account as revenue stream came to a standstill due to the restrictions on economic activity	–	150 000	150 000
Total	-3 307 312	913 568	-2 393 744

VOTE 30: COMMUNICATIONS AND DIGITAL TECHNOLOGIES

Vote purpose

Create an enabling environment for inclusive growth in the ICT sector by developing policies and legislation that promote infrastructure investment and socioeconomic development.

Vote adjustments

Table B.30.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	313 667	-13 447	-	-	-	-	-	-13 447	300 220
ICT International Relations and Affairs	60 835	-	-	-	-	-	-	-	60 835
ICT Policy Development and Research	69 792	-5 487	-	-	-	-	-	-5 487	64 305
ICT Enterprise and Public Entity Oversight	1 750 178	-	-	-	-	-	-	-	1 750 178
ICT Infrastructure Development and Support	1 127 517	-81 833	-	-	-	-	-	-81 833	1 045 684
ICT Information Society and Capacity Development	72 548	-10 664	-	-	-	-	-	-10 664	61 884
Total	3 394 537	-111 431	-	-	-	-	-	-111 431	3 283 106
Economic classification									
Current payments	779 984	-33 131	-	-	-	-	-	-33 131	746 853
Compensation of employees	348 272	-	-	-	-	-	-	-	348 272
Goods and services	431 712	-33 131	-	-	-	-	-	-33 131	398 581
Transfers and subsidies	2 582 803	-78 300	-	-	-	-	-	-78 300	2 504 503
Provinces and municipalities	19	-	-	-	-	-	-	-	19
Departmental agencies and accounts	1 587 582	-78 300	-	-	-	-	-	-78 300	1 509 282
Foreign governments and international organisations	32 724	-	-	-	-	-	-	-	32 724
Public corporations and private enterprises	962 478	-	-	-	-	-	-	-	962 478
Payments for capital assets	31 750	-	-	-	-	-	-	-	31 750
Machinery and equipment	16 945	-	-	-	-	-	-	-	16 945
Software and other intangible assets	14 805	-	-	-	-	-	-	-	14 805
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	3 394 537	-111 431	-	-	-	-	-	-111 431	3 283 106

Table B.30.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Reduction in non-essential goods and services such as travel and subsistence, and venues and facilities	-33 131	-	-33 131
Broadcasting digital migration: Reduction in the number of budgeted vouchers disbursed to households	-78 300	-	-78 300
Total	-111 431	-	-111 431

VOTE 31: EMPLOYMENT AND LABOUR

Vote purpose

Play a significant role in reducing unemployment, poverty and inequality by pursuing the objectives of decent work for all through: employment creation and enterprise development; the setting of standards and the protection of rights at work, including the facilitation of equal opportunities and social dialogue; and the provision of social protection.

Vote adjustments

Table B.31.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	1 011 652	-72 838	–	–	–	–	–	-72 838	938 814
Inspection and Enforcement Services	676 893	-48 444	–	–	–	–	–	-48 444	628 449
Public Employment Services	643 467	-50 508	–	–	–	–	–	-50 508	592 959
Labour Policy and Industrial Relations	1 305 737	-248 969	–	–	158 839	–	–	-90 130	1 215 607
Total	3 637 749	-420 759	–	–	158 839	–	–	-261 920	3 375 829
Economic classification									
Current payments	2 177 557	-192 067	–	–	–	–	–	-192 067	1 985 490
Compensation of employees	1 490 476	-96 639	–	–	–	–	–	-96 639	1 393 837
Goods and services	687 081	-95 428	–	–	–	–	–	-95 428	591 653
Transfers and subsidies	1 391 364	-222 350	–	–	158 839	–	–	-63 511	1 327 853
Provinces and municipalities	707	–	–	–	–	–	–	–	707
Departmental agencies and accounts	1 162 979	-217 621	–	–	157 166	–	–	-60 455	1 102 524
Foreign governments and international organisations	28 095	–	–	–	–	–	–	–	28 095
Non-profit institutions	199 179	-4 729	–	–	1 673	–	–	-3 056	196 123
Households	404	–	–	–	–	–	–	–	404
Payments for capital assets	68 828	-6 342	–	–	–	–	–	-6 342	62 486
Buildings and other fixed structures	16 544	-2 978	–	–	–	–	–	-2 978	13 566
Machinery and equipment	52 284	-3 364	–	–	–	–	–	-3 364	48 920
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	3 637 749	-420 759	–	–	158 839	–	–	-261 920	3 375 829

Table B.31.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Commission for Conciliation, Mediation and Arbitration: Filling of vacancies suspended until later in the financial year and scaling back on various goods and services items, including travel. The commission is preparing for an increased caseload due to salary disputes, and increased requests for assistance through the TERS programme by companies in distress due to the restrictions on economic activity. The commission will procure personal protective equipment and sanitiser for all its offices	-205 198	149 743	-55 455
Compensation of employees: Filling of vacancies suspended until later in the financial year	-96 639	–	-96 639
Goods and services: Suspensions relate mainly to reduced travel and use of venues and training facilities for cancelled events due to restrictions on economic activity, and previous underspending on computer services as a result of delayed invoicing. The publishing of the Employment Equity Public Register for 2020/21 has been shifted to quarter 1 of 2021/22	-95 428	–	-95 428
National Economic Development and Labour Council (NEDLAC): Scaling back on travel and accommodation for staff and constituents due to restrictions on economic activity. NEDLAC is playing a central role in dealing with the issues arising from COVID-19 in terms of social partner engagements	-12 423	7 423	-5 000
Other expenditure items: Suspensions relate mainly to delays in the establishment of youth centres, adjustments in capital budgets, and the cancellation of events	-11 071	1 673	-9 398
Total	-420 759	158 839	-261 920

VOTE 32: ENVIRONMENT, FORESTRY AND FISHERIES

Vote purpose

Lead South Africa's environmental, forestry and fisheries sectors to achieve sustainable development towards a better quality of life for all.

Vote adjustments

Table B.32.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	1 011 640	-39 000	-	-	-	-	-	-39 000	972 640
Regulatory Compliance and Sector Monitoring	208 122	-4 000	-	-	-	-	-	-4 000	204 122
Oceans and Coasts	495 134	-39 334	-	-	25 500	-	-	-13 834	481 300
Climate Change, Air Quality and Sustainable Development	435 439	-45 872	-	-	26 019	140 633	-	120 780	556 219
Biodiversity and Conservation	900 080	-104 325	-	-	1 000 000	271 162	-	1 166 837	2 066 917
Environmental Programmes	3 931 715	-1 545 692	-411 795	-	59 006	-	-	-1 898 481	2 033 234
Chemicals and Waste Management	646 764	-24 892	-65 502	-	58 729	65 502	-	33 837	680 601
Forestry Management	805 204	-44 274	-	-	-	-	-	-44 274	760 930
Fisheries Management	520 571	-88 035	-	-	-	-	-	-88 035	432 536
Total	8 954 669	-1 935 424	-477 297	-	1 169 254	477 297	-	-766 170	8 188 499
Economic classification									
Current payments	6 969 112	-1 743 344	-	-	208 254	65 502	-	-1 469 588	5 499 524
Compensation of employees	2 060 098	-24 668	-	-	24 668	-	-	-	2 060 098
Goods and services	4 899 074	-1 718 676	-	-	183 586	65 502	-	-1 469 588	3 429 486
Interest and rent on land	9 940	-	-	-	-	-	-	-	9 940
Transfers and subsidies	1 749 542	-180 806	-477 297	-	961 000	411 795	-	714 692	2 464 234
Provinces and municipalities	874	-	-	-	-	-	-	-	874
Departmental agencies and accounts	1 613 439	-171 025	-411 795	-	961 000	411 795	-	789 975	2 403 414
Foreign governments and international organisations	23 512	-9 781	-	-	-	-	-	-9 781	13 731
Public corporations and private enterprises	104 718	-	-65 502	-	-	-	-	-65 502	39 216
Non-profit institutions	6 396	-	-	-	-	-	-	-	6 396
Households	603	-	-	-	-	-	-	-	603
Payments for capital assets	236 015	-11 274	-	-	-	-	-	-11 274	224 741
Buildings and other fixed structures	163 970	-	-	-	-	-	-	-	163 970
Machinery and equipment	63 886	-11 274	-	-	-	-	-	-11 274	52 612
Biological assets	25	-	-	-	-	-	-	-	25
Software and other intangible assets	8 134	-	-	-	-	-	-	-	8 134
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	8 954 669	-1 935 424	-477 297	-	1 169 254	477 297	-	-766 170	8 188 499

Table B.32.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
South African Weather Services, South African National Parks, South African National Biodiversity Institute and iSimangaliso Wetland Park: To augment the operational budget and mitigate the impact of COVID-19 on operational activities and obligatory costs such as compensation of employees	-180 815	1 307 293	1 126 478
Expanded Public Works Programme capital infrastructure grant: Reprioritised funds to augment the operational budget of various public entities	-411 785	–	-411 785
Operational expenditure: Suspension of allocations to general operational spending items such as travel and subsistence, communications, inventory and consumables, and venues and training facilities. Reprioritisation towards COVID-19-related activities	-1 754 619	273 756	-1 480 863
Public corporations and private enterprises: To provide short-term relief to waste pickers and reclaimers during the COVID-19 lockdown	-65 502	65 502	–
Total	-2 412 721	1 646 551	-766 170

VOTE 33: HUMAN SETTLEMENTS

Vote purpose

Facilitate the creation of sustainable human settlements and the improvement to household quality of life.

Vote adjustments

Table B.33.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	506 438	-1 200	-5 000	–	–	5 000	–	-1 200	505 238
Integrated Human Settlements Planning and Development	28 912 404	-5 484 312	–	–	2 257 000	–	–	-3 227 312	25 685 092
Informal Settlements	567 380	-800	–	–	377 823	–	–	377 023	944 403
Rental and Social Housing	891 174	-650	–	–	300 000	–	–	299 350	1 190 524
Affordable Housing	447 520	-8 800	–	–	300 000	–	–	291 200	738 720
Total	31 324 916	-5 495 762	-5 000	–	3 234 823	5 000	–	-2 260 939	29 063 977
Economic classification									
Current payments	947 706	-28 500	-5 000	–	–	5 000	–	-28 500	919 206
Compensation of employees	433 490	–	–	–	–	–	–	–	433 490
Goods and services	514 216	-28 500	-5 000	–	–	5 000	–	-28 500	485 716
Transfers and subsidies	30 373 603	-5 467 262	–	–	3 234 823	–	–	-2 232 439	28 141 164
Provinces and municipalities	28 934 117	-5 463 262	–	–	2 634 823	–	–	-2 828 439	26 105 678
Departmental agencies and accounts	1 428 013	–	–	–	600 000	–	–	600 000	2 028 013
Foreign governments and international organisations	3 395	–	–	–	–	–	–	–	3 395
Households	8 078	-4 000	–	–	–	–	–	-4 000	4 078
Payments for capital assets	3 607	–	–	–	–	–	–	–	3 607
Machinery and equipment	3 607	–	–	–	–	–	–	–	3 607
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	31 324 916	-5 495 762	-5 000	–	3 234 823	5 000	–	-2 260 939	29 063 977

Table B.33.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Reduction in non-essential goods and services such as travel. Reduced operational support to provinces in the title deeds restoration programme	-33 500	5 000	-28 500
Bursaries to non-employees: The programme is being phased out	-4 000	–	-4 000
Human settlements development grant: Delay in planned projects	-1 728 439	–	-1 728 439
Urban settlements development grant: Delay in planned projects to support unplanned interventions. Upgrading of informal settlements through secure tenure and the provision of basic services	-3 357 000	2 257 000	-1 100 000
Rental relief for social housing: Rental relief support to social housing institutions	–	300 000	300 000
Debt relief for affordable housing: Debt relief support to borrowers in the affordable rental housing sector	–	300 000	300 000
Title deeds restoration grant: Reduction in the number of title deeds issued	-377 823	–	-377 823
Emergency housing grant: For the rapid provision of emergency housing solutions in areas where existing housing arrangements do not allow people to socially distance or self-isolate where required	–	377 823	377 823
Total	-5 500 762	3 239 823	-2 260 939

VOTE 34: MINERAL RESOURCES AND ENERGY

Vote purpose

Regulate the minerals and mining sector for transformation, growth and development. Formulate energy policies, regulatory frameworks and legislation to ensure energy security, environmentally friendly carriers, and access to affordable and reliable energy.

Vote adjustments

Table B.34.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	642 343	-18 649	-4 681	-1 531	–	–	–	-24 861	617 482
Minerals and Petroleum Regulation	574 713	-3 684	–	–	–	–	–	-3 684	571 029
Mining, Minerals and Energy Policy Development	993 104	-6 422	–	–	–	–	–	-6 422	986 682
Mine Health and Safety Inspectorate	232 694	–	–	–	–	4 681	1 531	6 212	238 906
Mineral and Energy Resources Programmes and Projects	5 798 115	-1 534 434	–	-800	–	–	800	-1 534 434	4 263 681
Nuclear Energy Regulation and Management	1 096 059	-10 838	–	–	–	–	–	-10 838	1 085 221
Total	9 337 028	-1 574 027	-4 681	-2 331	–	4 681	2 331	-1 574 027	7 763 001
Economic classification									
Current payments	1 683 999	-41 709	-4 681	-2 331	–	4 681	2 331	-41 709	1 642 290
Compensation of employees	1 118 104	–	–	–	–	–	–	–	1 118 104
Goods and services	565 895	-41 709	-4 681	-2 331	–	4 681	2 331	-41 709	524 186
Transfers and subsidies	7 634 620	-1 532 318	–	–	–	–	–	-1 532 318	6 102 302
Provinces and municipalities	2 076 746	-521 799	–	–	–	–	–	-521 799	1 554 947
Departmental agencies and accounts	761 291	-9 100	–	–	–	–	–	-9 100	752 191
Foreign governments and international organisations	31 099	-1 419	–	–	–	–	–	-1 419	29 680
Public corporations and private enterprises	4 763 188	-1 000 000	–	–	–	–	–	-1 000 000	3 763 188
Households	2 296	–	–	–	–	–	–	–	2 296
Payments for capital assets	18 409	–	–	–	–	–	–	–	18 409
Buildings and other fixed structures	2 126	–	–	–	–	–	–	–	2 126
Machinery and equipment	16 283	–	–	–	–	–	–	–	16 283
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	9 337 028	-1 574 027	-4 681	-2 331	–	4 681	2 331	-1 574 027	7 763 001

Table B.34.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Reduction in non-essential goods and services such as catering and travel	-48 721	7 012	-41 709
Integrated National Electrification Programme: Eskom: Reduction in bulk infrastructure and household connections in Eskom-licensed areas	-1 000 000	–	-1 000 000
Integrated National Electrification Programme: Municipalities: Reduction in bulk infrastructure and household connections in municipal-licensed areas	-500 000	–	-500 000
International partnership for energy efficiency: This is a voluntary contribution	-1 419	–	-1 419
Energy efficiency and demand-side management grant: Reduction in the number of planned energy savings projects	-21 799	–	-21 799
National Nuclear Regulator: Reduction in the international travel budget of the regulator	-5 000	–	-5 000
South African National Energy Development Institute: Reduction in non-essential goods and services such as travel and catering, and consulting fees for planned business development projects that will be delayed. Filling of vacancies suspended until later in the financial year	-4 100	–	-4 100
Total	-1 581 039	7 012	-1 574 027

VOTE 35: SCIENCE AND INNOVATION

Vote purpose

Realise the full potential of science and technology in social and economic development by developing human resources, research and innovation.

Vote adjustments

Table B.35.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	360 303	-41 982	-1 659	–	–	1 659	–	-41 982	318 321
Technology Innovation	1 504 480	-222 059	-5 000	–	92 517	5 000	–	-129 542	1 374 938
International Cooperation and Resources	156 440	-70 293	-3 000	–	35 000	3 000	–	-35 293	121 147
Research, Development and Support	4 882 470	-1 070 616	-2 000	–	–	2 000	–	-1 070 616	3 811 854
Socioeconomic Innovation Partnerships	1 893 700	-354 550	-23 000	–	196 483	23 000	–	-158 067	1 735 633
Total	8 797 393	-1 759 500	-34 659	–	324 000	34 659	–	-1 435 500	7 361 893
Economic classification									
Current payments	632 471	-93 442	-6 659	–	–	6 659	–	-93 442	539 029
Compensation of employees	421 993	-40 000	–	–	–	–	–	-40 000	381 993
Goods and services	210 478	-53 442	-6 659	–	–	6 659	–	-53 442	157 036
Transfers and subsidies	8 162 158	-1 666 058	-28 000	–	324 000	28 000	–	-1 342 058	6 820 100
Departmental agencies and accounts	6 179 895	-1 166 659	-25 000	–	132 000	25 000	–	-1 034 659	5 145 236
Public corporations and private enterprises	1 593 265	-379 325	–	–	81 483	–	–	-297 842	1 295 423
Non-profit institutions	388 998	-120 074	-3 000	–	110 517	3 000	–	-9 557	379 441
Payments for capital assets	2 764	–	–	–	–	–	–	–	2 764
Machinery and equipment	2 764	–	–	–	–	–	–	–	2 764
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	8 797 393	-1 759 500	-34 659	–	324 000	34 659	–	-1 435 500	7 361 893

Table B.35.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Square Kilometre Array: Construction of the Square Kilometre Array is likely to be rescheduled	-358 678	–	-358 678
National Integrated Cyber Infrastructure System: Projects rescheduled to the outer years of the medium-term expenditure framework period	-200 000	–	-200 000
Strategic Health Innovation Programme (SHIP): Prevention and treatment of COVID-19 in South African healthcare workers, research for treatments, and spatial and genomic monitoring	-37 095	37 095	–
Transfers to various departmental agencies, non-profit institutions and public corporations: Suspension of allocations to general operational spending and reprioritisations towards activities to mitigate the impact of COVID-19 and restrictions on economic activity	-1 098 285	314 905	-783 380
Goods and services: Suspension of allocations to general operational spending items such as travel and subsistence, communications, inventory and consumables, and venues and training facilities	-60 101	6 659	-53 442
Compensation of employees: Filling of vacancies suspended until later in the financial year	-40 000	–	-40 000
Total	-1 794 159	358 659	-1 435 500

VOTE 36: SMALL BUSINESS DEVELOPMENT

Vote purpose

Promote the development of small businesses and cooperatives that contribute to inclusive economic growth and job creation.

Vote adjustments

Table B.36.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	129 066	-6 400	–	–	–	–	–	-6 400	122 666
Sector Policy and Research	28 044	-8 100	–	–	–	–	–	-8 100	19 944
Integrated Cooperative Development	140 000	-16 500	-13 500	–	–	–	–	-30 000	110 000
Enterprise Development and Entrepreneurship	2 109 673	-36 000	-1 141 000	–	–	1 154 500	–	-22 500	2 087 173
Total	2 406 783	-67 000	-1 154 500	–	–	1 154 500	–	-67 000	2 339 783
Economic classification									
Current payments	251 412	-28 000	–	–	–	–	–	-28 000	223 412
Compensation of employees	162 317	–	–	–	–	–	–	–	162 317
Goods and services	89 095	-28 000	–	–	–	–	–	-28 000	61 095
Transfers and subsidies	2 151 096	-39 000	-1 154 500	–	–	1 154 500	–	-39 000	2 112 096
Departmental agencies and accounts	889 140	–	-30 000	–	–	–	–	-30 000	859 140
Public corporations and private enterprises	1 261 956	-39 000	-1 124 500	–	–	1 154 500	–	-9 000	1 252 956
Payments for capital assets	4 275	–	–	–	–	–	–	–	4 275
Machinery and equipment	4 275	–	–	–	–	–	–	–	4 275
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	2 406 783	-67 000	-1 154 500	–	–	1 154 500	–	-67 000	2 339 783

Table B.36.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
COVID-19 Emergency Fund: The budget will be used to support small enterprises affected by COVID-19. This will protect jobs and sustain some small enterprises	–	1 154 500	1 154 500
Township Entrepreneurship Fund: Implementation will be postponed and funds reprioritised to support small enterprises affected by COVID-19, to protect and sustain jobs	-800 000	–	-800 000
Transfers to various departmental agencies and public corporations: Funds reprioritised to support small enterprises affected by COVID-19, to protect and sustain jobs	-393 500	–	-393 500
Goods and services: Suspension of allocations to general operational spending items such as travel and subsistence, communications, inventory and consumables, and venues and training facilities	-28 000	–	-28 000
Total	-1 221 500	1 154 500	-67 000

VOTE 37: SPORTS, ARTS AND CULTURE

Vote purpose

Provide an enabling environment for the sport, arts and culture sector by developing, transforming, preserving, protecting and promoting sport, arts and culture at all levels of participation to foster an active, winning, creative and socially cohesive nation.

Vote adjustments

Table B.37.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	451 862	-2 500	-5 000	–	–	5 000	–	-2 500	449 362
Recreation Development and Sport Promotion	1 460 320	-480 333	-10 000	–	120 000	10 000	–	-360 333	1 099 987
Arts and Culture Promotion and Development	1 295 143	-225 213	-105 000	–	–	105 000	–	-225 213	1 069 930
Heritage Promotion and Preservation	2 512 839	-387 256	–	–	10 000	–	–	-377 256	2 135 583
Total	5 720 164	-1 095 302	-120 000	–	130 000	120 000	–	-965 302	4 754 862
Economic classification									
Current payments	1 018 694	-96 855	-57 000	–	–	15 000	–	-138 855	879 839
Compensation of employees	407 765	-10 000	–	–	–	–	–	-10 000	397 765
Goods and services	610 929	-86 855	-57 000	–	–	15 000	–	-128 855	482 074
Transfers and subsidies	4 492 149	-930 744	-63 000	–	130 000	105 000	–	-758 744	3 733 405
Provinces and municipalities	2 075 710	-604 491	–	–	68 000	–	–	-536 491	1 539 219
Departmental agencies and accounts	1 859 768	-167 113	-13 000	–	–	48 000	–	-132 113	1 727 655
Higher education institutions	6 791	–	–	–	–	–	–	–	6 791
Foreign governments and international organisations	5 327	–	–	–	–	–	–	–	5 327
Public corporations and private enterprises	112 901	-41 400	-23 000	–	–	–	–	-64 400	48 501
Non-profit institutions	400 152	-108 069	-27 000	–	62 000	57 000	–	-16 069	384 083
Households	31 500	-9 671	–	–	–	–	–	-9 671	21 829
Payments for capital assets	209 321	-67 703	–	–	–	–	–	-67 703	141 618
Machinery and equipment	11 522	–	–	–	–	–	–	–	11 522
Heritage assets	197 799	-67 703	–	–	–	–	–	-67 703	130 096
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	5 720 164	-1 095 302	-120 000	–	130 000	120 000	–	-965 302	4 754 862

Table B.37.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Community libraries: Scaling back on the purchase of library materials, the construction of selected new libraries and the upgrading of selected existing libraries. An amount of R10 million has been reallocated for decontaminating community libraries and purchasing personal protective equipment for staff	-322 491	10 000	-312 491
Mass participation and sport development grant: Provinces will use funds for cancelled competitions to compensate the sport sector for the loss of earnings due to the restrictions on economic activity	-282 000	58 000	-224 000
Transfer payments: Mzansi Golden Economy (MGE) and entity transfers will be scaled down. MGE events and calls for proposals for funding of projects have been scaled down due to the restrictions on economic activity, with some events postponed to the fourth quarter. An allocation of R95 million will compensate the arts and culture sector for loss of income due to the restrictions on economic activity	-209 856	95 000	-114 856
Infrastructure support: The implementation of infrastructure projects at various museums and the National Archives, as well as some legacy projects, has been delayed due to the restrictions on economic activity	-152 720	–	-152 720
Goods and services: Suspensions relate mainly to travel costs, payment to service providers for digital services for the live screening of artists' performances and contractors for heritage projects, and the cancellation of events due to the restrictions on economic activity	-143 855	15 000	-128 855
Transfers to heritage institutions: The operational transfers to museums, the National Heritage Council, the National Library of South Africa and the South African Heritage Resources Agency have been reduced. As a result, entities must implement cost-containment measures	-46 000	–	-46 000
Transfer payments: Scaling down projects resulting in reduced Cultural and Creative Industries Development transfers to households, non-profit institutions and private enterprises due to the restrictions on economic activity, and a reduction in transfers relating to social cohesion projects that have been cancelled	-28 641	–	-28 641
Recreation Development and Sport Promotion: Various activities suspended, including loveLife programmes due to delays in infrastructure projects at community arts centres, as well as suspensions on goods and services and other transfer payments. An amount of R72 million will compensate the sport sector at a national level for the loss of earnings due to the restrictions on economic activity	-19 739	72 000	52 261
Compensation of employees: Filling of vacancies suspended until later in the financial year	-10 000	–	-10 000
Total	-1 215 302	250 000	-965 302

VOTE 38: TOURISM

Vote purpose

Promote and support the growth and development of an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities.

Vote adjustments

Table B.38.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	308 593	-1 487	-	-	-	-	-	-1 487	307 106
Tourism Research, Policy and International Relations	1 391 382	-870 825	-	-700	-	-	700	-870 825	520 557
Destination Development	485 897	-16 513	-	-	-	-	-	-16 513	469 384
Tourism Sector Support Services	295 112	-111 175	-	-	-	-	-	-111 175	183 937
Total	2 480 984	-1 000 000	-	-700	-	-	700	-1 000 000	1 480 984
Economic classification									
Current payments	998 670	-26 775	-	-700	-	-	-	-27 475	971 195
Compensation of employees	358 109	-	-	-	-	-	-	-	358 109
Goods and services	640 561	-26 775	-	-700	-	-	-	-27 475	613 086
Transfers and subsidies	1 478 534	-973 225	-	-	-	-	700	-972 525	506 009
Departmental agencies and accounts	1 308 395	-869 917	-	-	-	-	-	-869 917	438 478
Foreign governments and international organisations	2 355	-	-	-	-	-	700	700	3 055
Public corporations and private enterprises	163 689	-102 882	-	-	-	-	-	-102 882	60 807
Non-profit institutions	426	-426	-	-	-	-	-	-426	-
Households	3 669	-	-	-	-	-	-	-	3 669
Payments for capital assets	3 780	-	-	-	-	-	-	-	3 780
Machinery and equipment	2 816	-	-	-	-	-	-	-	2 816
Software and other intangible assets	964	-	-	-	-	-	-	-	964
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2 480 984	-1 000 000	-	-700	-	-	700	-1 000 000	1 480 984

Table B.38.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
South African Tourism: Funds reprioritised from international and local marketing activities to the COVID-19 fiscal relief package	-866 000	-	-866 000
Various departmental transfers: Funds reprioritised from international and local marketing activities to the COVID-19 fiscal relief package	-107 925	700	-107 225
Goods and services: Suspension of allocations to general operational spending items such as travel and subsistence, communications, inventory and consumables, and venues and training facilities	-26 775	-	-26 775
Total	-1 000 700	700	-1 000 000

VOTE 39: TRADE, INDUSTRY AND COMPETITION

Vote purpose

Lead economic development policy formulation and planning. Facilitate access to sustainable economic activity and employment for all South Africans through an understanding of the economy, knowledge of economic opportunities and potential, and anticipation of future economic trends. Catalyse economic transformation and development, and provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade for economic citizens. Contribute to achieving government's vision of an adaptive and restructured economy, characterised by accelerated economic growth, employment creation and greater equity.

Vote adjustments

Table B.39.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	873 590	-16 000	-	-	-	-	-	-16 000	857 590
Trade Policy, Negotiations and Cooperation	133 969	-5 520	-	-	-	-	-	-5 520	128 449
Spatial Industrial Development and Economic Transformation	171 899	-11 956	-	-	-	-	-	-11 956	159 943
Industrial Competitiveness and Growth	1 992 120	-338 874	-	-	-	-	-	-338 874	1 653 246
Consumer and Corporate Regulation	342 327	-29 561	-	-	-	-	-	-29 561	312 766
Industrial Financing	6 059 122	-1 699 116	-	-	500 000	-	-	-1 199 116	4 860 006
Export Development, Promotion and Outward Investments	456 675	-45 786	-	-	-	-	-	-45 786	410 889
Inward Investment Attraction, Facilitation and Aftercare	58 299	-2 600	-	-	-	-	-	-2 600	55 699
Competition Policy and Economic Planning	908 413	-119 015	-	-	-	-	-	-119 015	789 398
Economic Research and Coordination	85 724	-3 000	-	-	-	-	-	-3 000	82 724
Total	11 082 138	-2 271 428	-	-	500 000	-	-	-1 771 428	9 310 710
Economic classification									
Current payments	1 976 647	-51 353	-	-	-	-	-	-51 353	1 925 294
Compensation of employees	1 171 420	-	-	-	-	-	-	-	1 171 420
Goods and services	805 227	-51 353	-	-	-	-	-	-51 353	753 874
Transfers and subsidies	9 071 370	-2 220 075	-	-	500 000	-	-	-1 720 075	7 351 295
Departmental agencies and accounts	1 175 946	-132 882	-	-	-	-	-	-132 882	1 043 064
Foreign governments and international organisations	42 808	-4 282	-	-	-	-	-	-4 282	38 526
Public corporations and private enterprises	7 695 138	-2 067 257	-	-	500 000	-	-	-1 567 257	6 127 881
Non-profit institutions	156 536	-15 654	-	-	-	-	-	-15 654	140 882
Households	942	-	-	-	-	-	-	-	942
Payments for capital assets	34 121	-	-	-	-	-	-	-	34 121
Machinery and equipment	18 649	-	-	-	-	-	-	-	18 649
Software and other intangible assets	15 472	-	-	-	-	-	-	-	15 472
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	11 082 138	-2 271 428	-	-	500 000	-	-	-1 771 428	9 310 710

Table B.39.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Public corporations and private enterprises: Allocations for incentives will be suspended by postponing activities to the next financial year and reducing support to firms. However, R500 million is reprioritised towards firms that are in distress as a result of the restrictions on economic activity	-2 067 257	500 000	-1 567 257
Departmental agencies (non-business entities): Suspension of allocations to general operational spending	-132 882	–	-132 882
Goods and services: Suspension of allocations to general operational spending items such as travel and subsistence, communications, inventory and consumables, and venues and training facilities	-51 353	–	-51 353
Foreign governments and international organisations: Suspension of allocations due to anticipated improved exchange rates	-4 282	–	-4 282
Non-profit institutions: Suspension of allocations to general operational spending items	-15 654	–	-15 654
Total	-2 271 428	500 000	-1 771 428

VOTE 40: TRANSPORT

Vote purpose

Lead the provision of an integrated, sustainable, reliable and safe transport system through planning, developing, coordinating, promoting and implementing transport policies, regulations and strategies.

Vote adjustments

Table B.40.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	491 808	–	-9 614	–	–	–	–	-9 614	482 194
Integrated Transport Planning	104 509	–	-10 740	–	–	–	–	-10 740	93 769
Rail Transport	13 195 199	-1 021 348	-1 266 954	–	–	1 276 377	–	-1 011 925	12 183 274
Road Transport	33 816 703	-2 851 801	-312 044	-2 530 000	–	613 336	2 530 000	-2 550 509	31 266 194
Civil Aviation	240 699	–	-44 018	–	–	–	–	-44 018	196 681
Maritime Transport	149 357	–	-6 000	–	–	–	–	-6 000	143 357
Public Transport	14 037 977	-2 998 069	-270 123	–	2 230 794	29 780	–	-1 007 618	13 030 359
Direct charge against the National Revenue Fund	10 997	–	–	–	–	–	–	–	10 997
Total	62 047 249	-6 871 218	-1 919 493	-2 530 000	2 230 794	1 919 493	2 530 000	-4 640 424	57 406 825
Economic classification									
Current payments	1 450 386	–	-99 580	–	–	29 780	–	-69 800	1 380 586
Compensation of employees	571 399	–	–	–	–	–	–	–	571 399
Goods and services	878 987	–	-99 580	–	–	29 780	–	-69 800	809 187
Transfers and subsidies	60 591 586	-6 871 218	-1 819 913	-2 530 000	2 230 794	1 889 713	2 530 000	-4 570 624	56 020 962
Provinces and municipalities	24 897 039	-4 753 909	–	–	1 095 794	–	–	-3 658 115	21 238 924
Departmental agencies and accounts	22 086 973	-1 095 961	-309 336	-2 530 000	–	629 136	2 530 000	-776 161	21 310 812
Foreign governments and international organisations	31 138	–	–	–	–	–	–	–	31 138
Public corporations and private enterprises	13 077 119	-1 021 348	-1 260 577	–	–	1 260 577	–	-1 021 348	12 055 771
Non-profit institutions	28 236	–	–	–	–	–	–	–	28 236
Households	471 081	–	-250 000	–	1 135 000	–	–	885 000	1 356 081
Payments for capital assets	5 277	–	–	–	–	–	–	–	5 277
Machinery and equipment	5 277	–	–	–	–	–	–	–	5 277
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	62 047 249	-6 871 218	-1 919 493	-2 530 000	2 230 794	1 919 493	2 530 000	-4 640 424	57 406 825

Table B.40.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Goods and services: Reduction in non-essential goods and services such as travel and reprioritisation towards protective equipment and sanitiser for taxi industry and project management fees to implementing agent	-99 580	29 780	-69 800
Taxi recapitalisation: Reduction in the number of taxis to be scrapped this year	-250 000	–	-250 000
Provincial roads maintenance grant: Delay in planned construction projects	-1 755 840	–	-1 755 840
Public transport network grant: Delay in planned construction projects	-2 998 069	1 095 794	-1 902 275
Passenger Rail Agency of South Africa: Rolling stock fleet renewal programme: Underspending in capital projects means that the agency has sufficient cash balances to minimise the impact on planned projects	-1 021 348	–	-1 021 348
South African National Roads Agency: Capital – non-toll roads: Delay in planned construction projects	-1 095 961	–	-1 095 961
Taxi relief fund: Once-off payment to taxi operators	–	1 135 000	1 135 000
Revenue support to the Railway Safety Regulator: To cover the reduction in revenue due to restrictions on economic activity	–	15 800	15 800
Revenue support to the Passenger Rail Agency of South Africa: To cover the reduction in revenue due to restrictions on economic activity	-1 260 577	1 260 577	–
Revenue support to the South African National Roads Agency: To cover the reduction in revenue due to restrictions on economic activity. Additional support to pay debt that was due	-2 839 336	2 839 336	–
Revenue support to the Road Traffic Infringement Agency: To cover the reduction in revenue due to restrictions on economic activity	–	200 000	200 000
Revenue support to the Cross-Border Road Transport Agency: To cover the reduction in revenue due to restrictions on economic activity	–	104 000	104 000
Total	-11 320 711	6 680 287	-4 640 424

VOTE 41: WATER AND SANITATION

Vote purpose

Ensure the availability of water resources to facilitate equitable and sustainable socioeconomic development, and ensure universal access to water and sanitation services.

Vote adjustments

Table B.41.1 Revised programme allocations

R thousand	2020/21 Main budget	Downward revisions			Reallocations			2020/21 Total net change proposed	2020/21 Total allocation proposed
		Suspension of funds (COVID-19 purposes)	Virements from (COVID-19 purposes)	Virements from (other)	Allocated to (COVID-19 purposes)	Virements to (COVID-19 purposes)	Virements to (other)		
Programmes									
Administration	1 976 548	-76 757	-4 171	-26 105	–	15 144	49 302	-42 587	1 933 961
Water Planning and Information Management	1 026 439	-105 518	-18 704	-23 197	–	15 265	–	-132 154	894 285
Water Infrastructure Development	13 795 765	-1 548 226	-4 181	–	1 498 962	–	–	-53 445	13 742 320
Water Sector Regulation	417 475	-25 461	-3 353	–	–	–	–	-28 814	388 661
Total	17 216 227	-1 755 962	-30 409	-49 302	1 498 962	30 409	49 302	-257 000	16 959 227
Economic classification									
Current payments	3 635 726	-257 000	-22 144	-49 302	–	15 144	49 302	-264 000	3 371 726
Compensation of employees	1 988 252	-50 000	–	–	–	–	–	-50 000	1 938 252
Goods and services	1 647 474	-207 000	-22 144	-49 302	–	15 144	49 302	-214 000	1 433 474
Transfers and subsidies	8 974 139	-1 090 154	–	–	1 090 154	–	–	–	8 974 139
Provinces and municipalities	5 451 434	-1 090 154	–	–	1 090 154	–	–	–	5 451 434
Departmental agencies and accounts	2 450 476	–	–	–	–	–	–	–	2 450 476
Foreign governments and international organisations	236 379	–	–	–	–	–	–	–	236 379
Public corporations and private enterprises	809 312	–	–	–	–	–	–	–	809 312
Non-profit institutions	1 630	–	–	–	–	–	–	–	1 630
Households	24 908	–	–	–	–	–	–	–	24 908
Payments for capital assets	4 606 362	-408 808	-8 265	–	408 808	15 265	–	7 000	4 613 362
Buildings and other fixed structures	4 467 639	-408 808	-8 265	–	408 808	7 000	–	-1 265	4 466 374
Machinery and equipment	99 308	–	–	–	–	8 265	–	8 265	107 573
Software and other intangible assets	39 415	–	–	–	–	–	–	–	39 415
Payments for financial assets	–	–	–	–	–	–	–	–	–
Total	17 216 227	-1 755 962	-30 409	-49 302	1 498 962	30 409	49 302	-257 000	16 959 227

Table B.41.2 Explanations of budget adjustments

R thousand	Downward revisions	Reallocations	2020/21 Total net change
Compensation of employees: Filling of vacancies suspended until later in the financial year	-50 000	–	-50 000
Operational expenditure: Reduction in non-essential goods and services and capital spending, and consulting fees as planned projects are delayed. Additions for protective equipment and National Water Act advisory bodies	-286 711	79 711	-207 000
Indirect conditional grants: Delay in planned projects	-408 808	408 808	–
Regional bulk infrastructure grant: Delay in planned projects in municipalities	-401 121	401 121	–
Water services infrastructure grant: Delay in planned projects in municipalities	-689 033	689 033	–
Total	-1 835 673	1 578 673	-257 000

SUPPLEMENTARY BUDGET REVIEW 2020

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