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**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

Brief on 2021 Budget Cuts on National Votes-  
Standing Committee on Appropriations  
September 2021

Parliamentary

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## Executive Summary

This brief provides the findings of an analyses of the proposed baseline reductions in 2021/22, since the estimated expenditure for 2021/22 in the previous budget cycle. The baseline reductions were announced during the 2021 Budget Review. The brief further determines the change in the 2021/20 estimates from the revised estimates for 2020/21, specifically to identify possible impact on government performance targets.

The South African response to the Covid-19 pandemic was preceded by constricted spending, which was announced in the 2020 MTEF. The stated aim for the reduction of non-interest expenditure by R156 billion was to stabilise public debt. The South African government took the following actions to respond to the economic and public finance effects of the spread of the novel coronavirus:

- It downwardly revised economic growth and revenue projections in the 2020 Supplementary Budget for the 2020/21 financial year and over the medium term.
- In 2020/21 expenditure across function groups were reprioritised to finance relief measures for:
  - Households and businesses, including additional social grants and tax relief measures.
  - Increased allocations to relevant national departments, such as Health and Social Development, and provincial and local spheres of government for specific interventions.
- These increases were mainly financed through issuing more debt.
- Government constricted overall expenditure growth over the 2021 MTEF with the aim of reallocating expenditure to Covid-19 related policy priorities in 2021/22 and to reduce debt in the outer years.

### *Reprioritisation*

In the adjusted budget of 2020/21 and the main budget for 2021/22, government reprioritised expenditure to make provision for debt service costs, social protection and health from other functions, including defence, economic affairs, recreation and culture. These reprioritisations were temporary changes to the composition of the budget in 2020/21 and partially in 2021/22. Proportions of the budget allocated over the two outer years, although at lower levels due to the estimated high proportions of spending on debt-service –cost, seem to be unchanged.

Allocations to all national departments, except National Treasury, Public Enterprises and Health, have been reduced in 2021/22 compared with estimated expenditure in the 2020 MTEF.

When comparing the estimated expenditure in 2021/22 with what was previously estimated in the 2020 budget, we find that all economic categories' expenditures were reduced, except for expenditure on goods and services and interest and rent on land. The increase in expenditure on goods and services is mainly attributed to the provisioning of the Covid-19 vaccination programme and the preparation for Census 2022. The higher than previously estimated expenditure on interest is due to the higher estimated debt service cost.

The comparison of the 2021/22 estimates with the revised estimates for 2020/21 reveals increases in most of the expenditure categories. Most of these increases are mainly as a result of the reprioritisation of allocations during the 2020/21 financial year to provide for the Covid-19 related expenditure.

Compensation of Employees (COE) is one of the expenditure items that was targeted for reduction in 2021/22 and for slower growth over the medium term compared with previously revised and medium-term budgets. These decreases affected all departments since the 2020 MTEF estimates for 2021/22 and 63 per cent of departments when the 2021/22 estimates are compared with the revised estimates for 2020/21.

As a result of the reduced COE estimated expenditure, 78 per cent of departments reduced their personnel numbers by between 0.1 and 16.3 per cent. In specific instances departments reflect vacancy rates of above 20 per cent.

The spending reviews launched by the National Treasury (2021 Budget Review: p. 6) could be useful for assessing whether budget reforms, organisational restructuring or the restructuring of the macro structure of government are required to achieve efficiency gains in government spending.

Some of the main findings from a more detailed analysis on specific votes, shows that:

- **Statistics South Africa**

Despite a high vacancy rate, the increase in COE expenditure does not allow for the filling of any positions in the Department.

Despite reduction in budget, the department have left their performance targets unchanged. It is therefore unclear whether leaving performance targets unchanged means the targets will be realised with reduced budget.

- **Department of Basic Education**

One of the largest reductions in transfers is for the National school nutrition programme grant. The bulk of this reduction is due to the reduction in COE. Despite the reduction in the COE portion of the national school nutrition programme grant, the Department indicated that they expect to still be able to provide meals to an estimated 9 million learners at 19 950 schools.

Some of the targets set for a selection of performance indicators as reflected in the 2021 Estimates of National Expenditure have changed since the estimated performance for 2020/21 or the previously (2020 MTEF) estimated performance for 2021/22. It is, however, not clear why targets were reduced in specific programmes when their related expenditure increases.

- **Department of Higher Education and Training**

The 2021/22 estimated expenditure increases by 11.0 per cent from the revised estimates for 2020/21.

This increase in the budget is also reflected in an increase in service delivery/outputs except for the number of enrolments in Technical and Vocational Education and Training (TVET) colleges.

- **Department of Health**

The estimated budget for Health in 2021/22 increases by 3.1 per cent from the 2020 MTEF estimates, and it increases by 8.5 per cent from the revised estimates for 2020/21.

Most of the targets set for the key performance indicators in health reflects an increase from the targets set for 2020/21 as well as what was previously estimated over the 2020 MTEF.

- **Department of Social Development**

The estimated budget for Social Development in 2021/22 decreases by 3.1 per cent from the 2020 MTEF estimates, and it decreases by 11.1 per cent from the revised estimates for 2020/21.

The biggest proportion, 95.3 per cent, of the Social Development budget is appropriated towards transfers to households. This transfer for 2021/22 is reduced by 12.5 per cent from the 2020/21 revised estimates and 2.9 per cent less than what was previously estimated. These reductions are expected to effect on almost all the performance indicators except for the number of beneficiaries of old age and child support grants.

- **Department of Correctional Services**

The estimated budget for Correctional Services in 2021/22 decreases by 11.7 per cent from the 2020 MTEF estimates, and it decreases by 1.3 per cent from the revised estimates for 2020/21.

The Department estimates that the targets of six of the eight key performance indicators would remain the same as what was previously estimated. Targets were, however, adjusted for three outputs from the 2020/21 revised estimates of which the 'Percentage of overcrowding in correctional facilities in excess of approved bed space capacity per year' is estimated to increase from 17 per cent in 2020/21 to 28 per cent in 2021/22.

- **Department of Defence**

The estimated budget for Defence in 2021/22 decreases by 9.0 per cent from the 2020 MTEF estimates, and it decreases by 14.6 per cent from the revised estimates for 2020/21.

The Department estimates that the targets of eight of the 10 key performance indicators would remain the same as what was previously estimated.

Reprioritisation between some of the larger defence force units has also been noted. Some of these units do not receive any funding over the 2021 MTEF. An observation is that funds are reprioritised from colleges to the air force.

- **Department of Justice and Constitutional Development**

The estimated budget for Justice and Constitutional Development in 2021/22 decreases by 9.8 per cent from the 2020 MTEF estimates, and it increases by 5.3 per cent from the revised estimates for 2020/21.

Most of the targets set for 2021/22 remain unchanged or increase from the previously estimated performance for 2021/22. Therefore, it is unclear as to whether reduction in the budget will lead to failure to attain the set performance targets.

- **Department of Military Veterans**

The estimated budget for the Department of Military Veterans in 2021/22 decreases by 8.0 per cent from the 2020 MTEF estimates, and it increases by 52.1 per cent from the revised estimate for 2020/21.

Transfers and subsidies to households increases by 148.2 per cent from the revised estimates for 2020/21. This is mainly for military veteran benefits that increases from R126.653 million in the adjusted appropriation in 2020/21 to R252.327 million in 2021/22.

Despite changes in the budget allocation, most of the projected targets for 2021/22 remain the same as the estimated outputs for 2020/21. The targets are, however much lower than the previously estimated (2020 MTEF) outputs for 2021/22.

- **Department of Police**

The estimated budget for the Department of Police in 2021/22 decreases by 11.0 per cent from the 2020 MTEF estimates, and by 3.2 per cent from the revised estimates for 2020/21.

All the targets set for the outputs of police services have been kept the same as in the estimates for 2020/21 and/or for 2021/22 as reflected in the 2020 MTEF.

The reduction in the police budget; therefore, are not envisaged by the Department to have any effect on the estimated performance of the Department as reflected in performance targets set for 2021/22. The actual outcomes will only be reported after the period.

- **Department of Agriculture, Land Reform and Rural Development**

The estimated budget for the Department of Agriculture, Land Reform and Rural Development in 2021/22 decreases by 5.7 per cent from the 2020 MTEF estimates, and increases by 11.0 per cent from the revised estimates for 2020/21.

The total increase of 11.0 per cent in the 2021/22 estimates from the revised estimates for 2020/21, specifically the increase in transfers of 30.2 per cent, is expected to have a positive effect on service delivery in agriculture.

The monitoring of the implementation of these key outputs would improve the equitable access to land, integrated rural development, sustainable agriculture and food security for all, which is the overall purpose of this Department.

- **Department of Environment, Forestry and Fisheries**

The estimated budget for the Department of Environment, Forestry and Fisheries in 2021/22 decreases by 6.1 per cent from the 2020 MTEF estimates, and shows a decrease of 11.9 per cent from the revised estimates for 2020/21.

All the targets set for the outputs of Environment, Forestry and Fisheries in 2021/22 have been kept the same as in the estimates for 2021/22 as reflected in the 2020 MTEF except for the '*Number of environmental authorisations inspected per year*' has been reduced from 170 to 160.

All the targets have been increased from the revised targets for 2020/21 except for the number of EPWP jobs created.

The reduction in the 2021/22 expenditure estimates from the previously estimated allocations had no effect on performance targets.

- **Department of Mineral Resources and Energy**

The estimated budget for the Department of Mineral Resources and Energy in 2021/22 decreases by 4.1 per cent from the 2020 MTEF estimates, and shows an increase of 21.3 per cent from the revised estimates for 2020/21

All the targets set for the outputs of Mineral Resources and Energy in 2021/22 have been kept the same as in the estimates for 2021/22 as reflected in the 2020 MTEF.

### *Effect of the Covid-19 pandemic on the economy*

Fiscal deficits and public debt ratios (the ratio of debt to GDP) have expanded sharply in many countries because of the effects of the crisis on their economies and related tax revenues as well as the cost of the fiscal response to the crisis. Support and guarantees to financial and industrial sectors have added to concerns about the financial health of governments. There is an ongoing global debate about how much governments can afford to spend, whether levels of debt are sustainable and the ways in which monetary and fiscal policies are used. In particular, whether developing countries should also consider using unconventional macroeconomic and monetary policies like developed countries have opted.

The macroeconomic policy choices and actions of developed countries in response to the global financial crisis of 2008, the period after the GFC and the concerted actions they have been taking in response to the pandemic has led to changes in how macroeconomic policies are implemented and rethinking of mainstream views on macroeconomic policies. For example, developed countries have used unconventional macroeconomic policies for more than a decade and these are now thought of as having become conventional. The widespread use of large fiscal stimuli in response to the pandemic have also raised questions about mainstream macroeconomics and whether fiscal stimuli are effective and should be used utilized. The combination of quantitative easing (QE) and fiscal stimulus in developed and even some developing countries have raised important policy issues around central bank financing of government debt and the choices by governments to talk about fiscal space as being constrained by sentiment in bond markets by private traders of bonds and credit ratings agencies.

There is also demand by governments and other groups for debt relief for poor countries who have been forced to increase deficits and debt in response to the pandemic.

### *Global responses to the Covid-19 pandemic*

A fiscal response ultimately depends on the fiscal space and risks a government is willing to say it has on new spending initiatives/stimulus or tax cuts, which is, its access to additional financing at a reasonable cost or its ability to reprioritise its existing expenditures.

According to Multilateral Institutions like the World Bank and United Nations many countries continue to struggle with high debt to GDP ratios. Although there is lack of consensus of tolerable debt to GDP ratio level, nearly half of sub-Saharan African countries for which there is data, interest payments will account for more than 10 per cent of revenues in 2021. [As per the 2021 Budget data, debt service cost is estimated to be 13.4 per cent of total expenditure, which is higher than the proportion of spending on health (12.1%) in 2021/22].

According to the Organisation for Economic Co-operation and Development (OECD), most of its members' states have flexibility measures, which included QE, and central banks purchasing government debt, social and welfare system (including unemployment benefits and national health care system) that already protected society, and the possibility for the governments to reallocate funds across budget lines or programmes and to provide for technical changes to the budget, within limits:

- In some cases, greater flexibility or discretion, than is usually the case, was granted to governments during the COVID-19 crisis in using their reserves and in re-allocating funds such as granting cabinet the authority normally reserved to parliament to transfer appropriations across programmes within the budget.
- Virtually all countries had to seek Parliamentary approval on new spending and new funding.
- Some countries tabled successive supplementary budget laws.
- In some cases, legislation did not specify a ceiling on COVID-19 spending (they would do whatever it takes).
- During the COVID-19 pandemic, rapid delivery of emergency policies was key to the success and effectiveness of government action opened up opportunities for more fraud because procurement rules had to be relaxed.
- Some countries sought to speed up the execution of COVID-19 spending beyond what legislation would normally allow such as to fast-tracking COVID-19 budget allocations and execution.
- To identify COVID-19 related spending, some countries have created specific programmes or chapters in the budget documentation.
- In some cases, COVID-19 expenditures are just reported in the usual monthly or quarterly budget outturns.

In other cases, countries have established ad hoc reporting processes on COVID-19 spending for the legislature.



## 1. Purpose

To analyse the 2021/22 budget estimates, specifically to identify possible implications of the proposed baseline reductions, since the estimated expenditure for 2021/22 in the previous budget cycle, of specific national departments on service delivery, arising from the Covid-19 crisis.

## 2. Introduction

This brief aims to provide Members of Parliament, in particular Standing Appropriations Committee with an overview of the changes made to the expenditure estimates between 2020/21 and 2021/22 on the entire national budget for 2021/22 due to slow economic growth and the covid-19 crisis. The brief starts with an analysis of the budget that examines the effect that the Covid-19 pandemic has had on the 2020/21 budget estimates and its estimated impact on 2021/22 expenditure. The overview includes a short discussion of:

- The effect on the consolidated budget functions
- The effect on specific national departments in terms of expenditure reductions and service delivery
- Expenditure in the economy, in terms of government economic classification

The brief continues with the analysis of estimated expenditure, personnel numbers and performance of the selection, as requested by the Committee, of national departments in 2021/22. The analysis includes a comparison of the 2021/22 expenditure estimates in the 2021 budget with the 2021/22 estimates as reflected in the 2020 budget. It further compares the 2021/22 expenditure estimates with the revised estimates for 2020/21 as per the 2021 budget.

The effect of the reduction in government spending has been illustrated in section 5 of the document.

The brief ends with examples of how other countries dealt with restrained resources due to the pandemic.

The annexure to the brief shows the changes to the targets of key performance indicators (presented in the Estimates of National Expenditure) of the respective national departments.

All data used in this is from the National Treasury database unless indicated otherwise.

## 3. Budget Overview

### 3.1. Proportions allocated to function groups

Table 1 shows the estimated changes in the proportions allocated between 2020/21 and 2021/22, since the 2019/20 actual reported outcomes. The 2019/20 financial year is used as a base year for comparison because of the need for extraordinary once-off spending requirements in 2020/21 due to the Covid-19 pandemic.

Table 1 Proportion of total consolidated government expenditure per functional group

R million	2019/20	2020/21	2021/22	
	Proportion spent	Revised proportion spent	Estimated proportions in 2020 MTEF	Estimated proportions in 2021 MTEF
<b>General public services</b>	<b>16.8%</b>	<b>16.4%</b>	<b>18.3%</b>	<b>18.9%</b>
<i>of which: debt-service costs</i>	11.2%	11.3%	12.7%	13.4%
<b>Defence</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>2.3%</b>
<b>Public order and safety</b>	<b>8.5%</b>	<b>7.7%</b>	<b>8.2%</b>	<b>7.7%</b>
<b>Economic affairs</b>	<b>12.5%</b>	<b>11.4%</b>	<b>11.7%</b>	<b>11.3%</b>
<b>Environmental protection</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.6%</b>
<b>Housing and community amenities</b>	<b>9.4%</b>	<b>9.3%</b>	<b>9.8%</b>	<b>9.2%</b>
<b>Health</b>	<b>12.1%</b>	<b>11.9%</b>	<b>11.7%</b>	<b>12.1%</b>
<b>Recreation and culture</b>	<b>0.8%</b>	<b>0.6%</b>	<b>0.8%</b>	<b>0.7%</b>
<b>Education</b>	<b>20.5%</b>	<b>19.0%</b>	<b>20.2%</b>	<b>19.6%</b>
<b>Social protection</b>	<b>16.1%</b>	<b>20.4%</b>	<b>16.0%</b>	<b>16.9%</b>
<b>Total consolidated expenditure</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

Education received the largest allocation as a share of consolidated expenditure in 2021/22 (19.6%). The allocation is 0.6 per cent more than the revised expenditure for 2020/21, this notwithstanding it the budget being less than the previously estimated proportion.

The second highest proportion is allocated towards general public service, which includes debt-service costs. The proportion to be spent on debt-service cost is estimated to reach 13.4 per cent in 2021/22. This proportion is 2.2 per cent and 2.1 per cent more than the proportion spent in 2019/20 and 2020/21 respectively.

The social protection receives the third largest proportion of 16.9 per cent in the 2021/22 budget allocation. Although smaller than the 20.4 per cent (additional allocations due to Covid-19 needs) that was allocated in 2020/21, the proportion is 0.8 per cent more than the 16.1 per cent allocated in 2019/20.

Health receives 12.1 per cent of the total budget, which is the same as in 2019/20 and 1.1 per cent more than the proportion that was estimated for the 2020/21.

The change in the proportions of estimated expenditure in 2020/21 provides a broad indication of the reprioritisation of the budget. In other words, it provides insight into choices and priorities of government about which functions should receive relatively less to support than other functions. Seven of the functions have had reductions to shift money to the estimated high debt service cost and the higher proportion of the budget allocated towards social protection in 2020/21. The 2021/22 proportions allocated towards expenditure in the functions groups also changed from the previously estimated proportions in the 2020 MTEF.

### 3.2. Expenditure by national departments

Table 2 shows how the 2021/22 allocations have changed since the 2020 MTEF and from the revised 2020/21 estimates. These changes are shown to illustrate the influence of fiscal policy choices, expected slower revenue collection and higher expenditure requirements, due to expected slow economic growth and the Covid-19 pandemic on departmental budgets. The total allocation to national departments has decreased by 0.8 per cent from the estimated allocation in the 2020 MTEF and 3.6 per cent from the 2020/21 revised estimates in October 2020.

Table 2: Expenditure by national votes

R million	Revised	2020 MTEF	2021 MTEF	Change from	% change from
	estimate	2021/22	2021/22	2020 MTEF	revised 2020/21
	2020/21			2021/22	2021/22
1 The Presidency	555.6	648.8	592.3	-8.7%	6.6%
2 Parliament	2 015.8	2 331.5	2 144.1	-8.0%	6.4%
3 Cooperative Governance	105 542.8	104 262.1	100 875.9	-3.2%	-4.4%
4 Government Communication and Information Syst	725.1	763.2	749.7	-1.8%	3.4%
5 Home Affairs	8 787.4	9 659.9	8 690.5	-10.0%	-1.1%
6 International Relations and Cooperation	6 315.0	7 038.5	6 452.4	-8.3%	2.2%
7 National School of Government	227.4	227.3	210.2	-7.5%	-7.6%
8 National Treasury	34 525.7	35 822.5	41 055.7	14.6%	18.9%
9 Planning, Monitoring and Evaluation	400.0	524.3	454.0	-13.4%	13.5%
10 Public Enterprises	74 870.9	4 637.4	36 291.8	31 654.4	-51.5%
11 Public Service and Administration	468.9	606.6	526.2	-13.3%	12.2%
12 Public Service Commission	273.8	316.3	282.4	-10.7%	3.2%
13 Public Works and Infrastructure	7 649.4	8 757.3	8 343.2	-4.7%	9.1%
14 Statistics South Africa	2 480.6	4 843.9	4 474.6	-7.6%	80.4%
15 Traditional Affairs	142.1	184.7	171.4	-7.2%	20.6%
16 Basic Education	23 094.0	27 333.0	27 018.1	-1.2%	17.0%
17 Higher Education and Training	93 963.3	102 753.0	97 784.0	-4.8%	4.1%
18 Health	57 652.6	60 638.3	62 543.3	3.1%	8.5%
19 Social Development	230 807.3	211 810.9	205 226.9	-3.1%	-11.1%
20 Women, Youth and Persons with Disabilities	619.3	821.5	763.5	-7.1%	23.3%
21 Civilian Secretariat for the Police Service	135.8	166.3	149.0	-10.4%	9.7%
22 Correctional Services	25 547.3	28 565.6	25 218.1	-11.7%	-1.3%
23 Defence	54 201.3	50 852.5	46 268.7	-9.0%	-14.6%
24 Independent Police Investigative Directorate	341.0	377.7	348.3	-7.8%	2.2%
25 Justice and Constitutional Development	18 251.4	21 168.8	19 119.8	-9.7%	4.8%
26 Military Veterans	430.3	711.0	654.4	-8.0%	52.1%
27 Office of the Chief Justice	1 047.7	1 335.9	1 211.8	-9.3%	15.7%
28 Police	99 560.9	108 208.8	96 355.5	-11.0%	-3.2%
29 Agriculture, Land Reform and Rural Development	15 247.6	17 946.9	16 920.4	-5.7%	11.0%
30 Communications and Digital Technologies	3 269.0	3 918.6	3 692.9	-5.8%	13.0%
31 Employment and Labour	3 240.6	3 857.2	3 505.7	-9.1%	8.2%
32 Environment, Forestry and Fisheries	9 897.3	9 287.8	8 716.8	-6.1%	-11.9%
33 Human Settlements	29 050.5	31 788.6	31 658.0	-0.4%	9.0%
34 Mineral Resources and Energy	7 567.1	9 570.0	9 180.8	-4.1%	21.3%
35 Science and Innovation	7 278.3	9 377.8	8 933.3	-4.7%	22.7%
36 Small Business Development	2 277.8	2 696.1	2 538.3	-5.9%	11.4%
37 Sports, Arts and Culture	5 292.6	6 035.5	5 693.9	-5.7%	7.6%
38 Tourism	1 426.9	2 586.2	2 429.6	-6.1%	70.3%
39 Trade, Industry and Competition	9 273.3	10 098.3	9 736.6	-3.6%	5.0%
40 Transport	56 769.7	69 034.6	66 691.8	-3.4%	17.5%
41 Water and Sanitation	16 194.3	17 270.4	16 910.1	-2.1%	4.4%
<b>Total appropriation by vote</b>	<b>1 017 417.7</b>	<b>988 835.6</b>	<b>980 583.9</b>	<b>-0.8%</b>	<b>-3.6%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

Allocations to all national departments have been reduced in 2021/22 compared with estimated expenditure in the 2020 MTEF, with exception of National Treasury (NT), Public Enterprises (DPE) and Health (DoH). These increases to NT, DPE and DoH are mainly due to additional funds allocated to:

- The National Treasury to purchase equity of R5 billion in the Land Bank
- Public Enterprises for the purchase of R31.7 billion of equity in Eskom
- DOH for the Covid-19 vaccination programme allocated.

When comparing the 2021/22 estimates with the 2020/21 revised estimates the estimated expenditure shows increased growth rates in most departments. Annual reductions in budgets in 2021/22 from the revised estimates in 2020/21 is mainly due to supplementary allocations to departments in 2020/21, specifically for Covid-19 related expenditure.

The departments mainly affected by the budget reductions since the revised expenditure and

previously estimated (in 2020 Budget) expenditure for 2021/22 are:

- Home Affairs
- National School of Government
- Correctional Services
- Defence
- Police

Statistics South Africa; Traditional Affairs; Woman, Youth and Persons with Disabilities; Military Veterans; Mineral Resources; Science and Technology; Tourism and Transport have increases above 17.5 per cent from the 2020/21 revised estimates. Individual budget analysis on most of these departments is presented in this brief.

Table 3 shows the changes to the 2021/22 main budget estimates per economic classification from the previously estimated 2021/22 budget in the 2020 MTEF, from the revised estimates for 2020/21 and from the 2019/20 audited outcome. The total main budget for 2021/22 reduces by 0.9 per cent from the previously estimated expenditure and shows a growth rate of 1.7 per cent from the revised estimate for 2020/21.

All the expenditure categories were reduced from the previously estimated expenditure in the 2020 MTEF, except for goods and services, interest and rent on land and software and other intangible assets. This could be attributed to the provisioning of the Covid-19 vaccination programme and the preparation for Census 2022. The higher than previously estimated interest is due to the higher estimated debt service cost announced in 2021 Budget Review.

The comparison of the 2021/22 estimates with the revised estimates for 2020/21 shows increases in almost 70 per cent of the expenditure categories. These increases are mainly due to the reprioritisation of allocations during the 2020/21 financial year to provide for the Covid-19 related expenditure.

### 3.3. Expenditure by Economic Classification

Table 3: Main budget expenditure by economic classification

	Audited outcome	Revised estimate	2020 MTEF	2021 MTEF	Change from 2020 MTEF	Change from revised estimates	Change from
R million	2019/20	2020/21	2021/22	2021/22	2021/22	2020/21	2019/20
<b>Current payments</b>							
Compensation of employees	176 159.1	176 653.8	200 116.5	175 043.6	-12.5%	-0.9%	-0.3%
Goods and services	72 329.7	80 237.9	83 642.8	84 555.9	1.1%	5.4%	8.1%
Interest and rent on land	204 961.8	233 060.5	258 645.1	269 938.1	4.4%	15.8%	14.8%
<b>Total current payments</b>	<b>453 450.6</b>	<b>489 952.2</b>	<b>542 404.4</b>	<b>529 537.6</b>	<b>-2.4%</b>	<b>8.1%</b>	<b>8.1%</b>
<b>Transfers and subsidies to:</b>							
Provinces and municipalities	736 737.5	767 002.7	834 549.9	777 716.5	-6.8%	1.4%	2.7%
Provinces	613 451.4	628 310.9	691 951.1	639 468.9	-7.6%	1.8%	2.1%
Municipalities	123 286.1	138 691.8	142 598.9	138 247.6	-3.1%	-0.3%	5.9%
Departmental agencies and accounts	133 268.4	131 580.6	145 935.3	139 457.7	-4.4%	6.0%	2.3%
Higher education institutions	42 363.4	43 077.3	47 196.6	45 569.0	-3.4%	5.8%	3.7%
Foreign governments and international org	2 467.2	2 228.7	2 784.6	2 748.1	-1.3%	23.3%	5.5%
Public corporations and private enterprises	35 818.2	26 120.7	37 691.7	34 979.6	-7.2%	33.9%	-1.2%
Public corporations	31 404.9	21 894.3	33 290.3	30 859.5	-7.3%	40.9%	-0.9%
Private enterprises	4 413.3	4 226.4	4 401.3	4 120.0	-6.4%	-2.5%	-3.4%
Non-profit institutions	8 409.8	8 046.4	9 813.5	8 532.1	-13.1%	6.0%	0.7%
Households	201 310.8	236 186.7	216 067.1	210 251.3	-2.7%	-11.0%	2.2%
<b>Total transfers and subsidies</b>	<b>1 160 375.4</b>	<b>1 214 243.1</b>	<b>1 294 038.7</b>	<b>1 219 254.3</b>	<b>-5.8%</b>	<b>0.4%</b>	<b>2.5%</b>
<b>Payments for capital assets</b>							
Buildings and other fixed structures	7 582.8	8 396.7	11 175.5	10 490.9	-6.1%	24.9%	17.6%
Machinery and equipment	3 940.9	4 658.1	4 321.2	4 208.0	-2.6%	-9.7%	3.3%
Transport equipment	2 085.3	1 972.1	2 192.4	2 164.7	-1.3%	9.8%	1.9%
Other machinery and equipment	1 855.6	2 686.0	2 128.8	2 043.3	-4.0%	-23.9%	4.9%
Heritage assets	52.3	97.3	205.8	197.9	-3.8%	103.3%	94.4%
Software and other intangible assets	456.1	273.8	95.3	97.1	1.9%	-64.5%	-53.9%
<b>Total payments for capital assets</b>	<b>12 109.4</b>	<b>13 433.9</b>	<b>15 809.0</b>	<b>15 004.1</b>	<b>-5.1%</b>	<b>11.7%</b>	<b>11.3%</b>
<b>Payments for financial assets</b>	<b>64 987.4</b>	<b>86 544.8</b>	<b>9 493.0</b>	<b>46 811.0</b>		<b>-45.9%</b>	<b>-15.1%</b>
Provisional reduction to fund Land Bank	-	-	1 852.6	-5 000.0			
Provisional allocations not assigned to vot	-	-	4 000.0	12 645.2			
Provisional allocation for Eskom restructur	-	-	33 000.0	-			
Infrastructure funds not assigned to votes	-	-	-	4 000.0			
Compensation of employees adjustment	-	-	-54 929.1	-			
<b>Total</b>	<b>1 690 922.9</b>	<b>1 804 174.1</b>	<b>1 845 668.5</b>	<b>1 822 252.2</b>		<b>1.0%</b>	<b>3.8%</b>
Contingency reserve	-	-	5 000.0	12 000.0			
<b>Total</b>	<b>1 690 922.9</b>	<b>1 804 174.1</b>	<b>1 850 668.5</b>	<b>1 834 252.2</b>	<b>-0.9%</b>	<b>1.7%</b>	<b>4.2%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

### 3.4. Compensation of Employees and Personnel numbers

Tables 4 and 5 shows the expenditure on compensation of employees (COE) and the personnel numbers per department.

Table 4: Personnel expenditure in national departments

	Actual	Revised			Change from	% Change from	% Change from
	outcome	estimate	2020 MTEF	2021 MTEF	'2020 MTEF	'2020 MTEF	2020/21 Revised estimates
R million	2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
1 The Presidency	338.7	385.2	422.1	372.1	-50.0	-11.8%	-3.4%
2 Parliament	1 461.3	1 413.3	1 603.0	1 396.1	-206.9	-12.9%	-1.2%
3 Cooperative Governance	301.8	371.4	420.8	352.3	-68.5	-16.3%	-5.1%
4 Government Communication and Information	260.8	277.8	314.6	275.1	-39.5	-12.5%	-1.0%
5 Home Affairs	3 593.9	3 569.0	4 140.1	3 469.0	-671.1	-16.2%	-2.8%
6 International Relations and Cooperation	3 137.5	2 881.6	3 271.2	2 819.5	-451.6	-13.8%	-2.2%
7 National School of Government	55.2	58.6	66.5	58.1	-8.4	-12.7%	-1.0%
8 National Treasury	804.8	797.9	989.3	862.8	-126.5	-12.8%	8.1%
9 Planning, Monitoring and Evaluation	286.9	297.4	358.6	302.6	-56.0	-15.6%	1.7%
10 Public Enterprises	149.2	149.2	209.9	176.0	-34.0	-16.2%	17.9%
11 Public Service and Administration	290.6	291.9	360.7	284.3	-76.4	-21.2%	-2.6%
12 Public Service Commission	212.7	215.0	243.7	212.6	-31.1	-12.8%	-1.1%
13 Public Works and Infrastructure	503.5	558.7	633.3	571.7	-61.7	-9.7%	2.3%
14 Statistics South Africa	1 551.7	1 476.1	1 739.7	1 480.8	-258.8	-14.9%	0.3%
15 Traditional Affairs	72.9	74.2	90.4	83.0	-7.5	-8.3%	11.7%
16 Basic Education	521.6	548.0	622.2	538.0	-84.2	-13.5%	-1.8%
17 Higher Education and Training	9 354.6	9 556.7	10 949.2	10 311.6	-637.6	-5.8%	7.9%
18 Health	830.9	928.3	958.7	845.3	-113.5	-11.8%	-9.0%
19 Social Development	516.1	630.8	573.7	510.7	-63.0	-11.0%	-19.0%
20 Women, Youth and Persons with Disabilities	107.7	111.8	128.9	111.3	-17.6	-13.6%	-0.4%
21 Civilian Secretariat for the Police Service	98.0	104.8	119.3	103.7	-15.6	-13.1%	-1.0%
22 Correctional Services	16 971.4	17 224.5	20 028.0	17 318.4	-2 709.5	-13.5%	0.5%
23 Defence	31 803.0	30 984.9	33 204.2	29 346.6	-3 857.6	-11.6%	-5.3%
24 Independent Police Investigative Directorate	248.1	243.1	258.7	233.8	-24.9	-9.6%	-3.8%
25 Justice and Constitutional Development	11 377.3	11 679.6	13 811.6	12 228.1	-1 583.5	-11.5%	4.7%
26 Military Veterans	130.1	129.1	149.7	126.9	-22.8	-15.3%	-1.7%
27 Office of the Chief Justice	1 703.6	1 755.3	1 993.6	1 738.9	-254.7	-12.8%	-0.9%
28 Police	76 357.7	76 147.0	86 516.2	75 300.5	-11 215.7	-13.0%	-1.1%
29 Agriculture, Land Reform and Rural Development	3 868.6	4 120.0	4 724.0	4 003.0	-721.0	-15.3%	-2.8%
30 Communications and Digital Technologies	266.9	302.2	371.0	304.3	-66.7	-18.0%	0.7%
31 Employment and Labour	1 253.3	1 334.6	1 588.9	1 375.7	-213.3	-13.4%	3.1%
32 Environment, Forestry and Fisheries	1 975.7	1 933.9	2 193.9	1 891.4	-302.5	-13.8%	-2.2%
33 Human Settlements	356.2	397.3	461.7	403.2	-58.5	-12.7%	1.5%
34 Mineral Resources and Energy	1 007.1	1 017.6	1 190.8	1 037.1	-153.7	-12.9%	1.9%
35 Science and Innovation	336.7	362.0	449.4	358.0	-91.4	-20.3%	-1.1%
36 Small Business Development	137.1	150.7	172.9	152.4	-20.5	-11.8%	1.1%
37 Sports, Arts and Culture	346.9	380.3	431.8	372.5	-59.3	-13.7%	-2.1%
38 Tourism	329.4	336.4	381.4	333.1	-48.3	-12.7%	-1.0%
39 Trade, Industry and Competition	1 078.5	1 093.0	1 247.6	1 046.6	-200.9	-16.1%	-4.2%
40 Transport	477.6	496.8	608.5	531.4	-77.1	-12.7%	7.0%
41 Water and Sanitation	1 683.4	1 867.7	2 116.8	1 805.2	-311.6	-14.7%	-3.3%
<b>Total</b>	<b>176 159.1</b>	<b>176 653.8</b>	<b>200 116.5</b>	<b>175 043.6</b>	<b>-25 072.8</b>	<b>-12.5%</b>	<b>-0.9%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

Table 5: Personnel numbers in national departments

	As at 31 March 2021		Actual 2019/20	Revised estimate		2021 MTEF		
	Number of funded posts	Funded 'and additional		2020/21		2021/22		
				Number	Percentage posts filled of funded and additional	Number	Change from 2020/21 Revised estimates	Percentage post filled of funded and additional
1 The Presidency	630	681	630	692	101.6%	659	-4.8%	96.7%
2 Parliament	1 873	1 873	1 709	1 654	88.3%	1 596	-3.5%	
3 Cooperative Governance	469	477	469	551	115.5%	506	-8.2%	106.0%
4 Government Communication and Information System	539	604	470	507	83.9%	465	-8.2%	77.0%
5 Home Affairs	8 833	8 863	8 833	9 817	110.8%	9 349	-4.8%	105.5%
6 International Relations and Cooperation	3 555	3 638	4 378	4 017	110.4%	3 840	-4.4%	105.6%
7 National School of Government	87	87	87	87	100.0%	85	-2.3%	97.7%
8 National Treasury	1 188	1 312	1 048	979	74.6%	1 055	7.7%	80.4%
9 Planning, Monitoring and Evaluation	463	503	431	437	86.9%	437	-0.1%	86.8%
10 Public Enterprises	264	264	181	180	68.3%	209	16.1%	79.3%
11 Public Service and Administration	432	432	441	447	103.5%	415	-7.2%	96.1%
12 Public Service Commission	274	274	301	314	114.6%	305	-2.8%	111.4%
13 Public Works and Infrastructure	687	729	840	813	111.5%	847	4.2%	116.2%
14 Statistics South Africa	3 313	3 313	2 767	2 630	79.4%	2 591	-1.5%	78.2%
15 Traditional Affairs	125	144	103	99	68.6%	103	4.3%	71.5%
16 Basic Education	707	707	707	726	102.7%	706	-2.7%	99.9%
17 Higher Education and Training	28 850	28 850	29 337	29 132	101.0%	29 013	-0.4%	100.6%
18 Health	1 488	1 488	1 488	1 484	99.7%	1 366	-8.0%	91.8%
19 Social Development	764	787	1 042	3 377	429.1%	857	-74.6%	108.9%
20 Women, Youth and Persons with Disabilities	135	136	143	144	105.9%	141	-2.3%	103.6%
21 Civilian Secretariat for the Police Service	160	166	148	161	96.9%	158	-1.8%	95.1%
22 Correctional Services	42 061	44 247	40 173	38 689	87.4%	37 799	-2.3%	85.4%
23 Defence	75 000	75 000	73 988	73 500	98.0%	73 154	-0.5%	97.5%
24 Independent Police Investigative Directorate	398	406	366	376	92.5%	390	3.8%	96.1%
25 Justice and Constitutional Development	24 045	24 045	22 061	22 157	92.1%	22 481	1.5%	93.5%
26 Military Veterans	170	202	170	168	83.0%	160	-4.2%	79.4%
27 Office of the Chief Justice	2 595	2 618	2 459	2 516	96.1%	2 434	-3.2%	93.0%
28 Police	183 447	183 447	187 358	181 344	98.9%	175 345	-3.3%	95.6%
29 Agriculture, Land Reform and Rural Development	7 901	8 339	6 828	7 249	86.9%	6 901	-4.8%	82.8%
30 Communications and Digital Technologies	376	418	337	367	87.8%	364	-0.8%	87.1%
31 Employment and Labour	2 987	3 139	3 372	3 330	106.1%	3 414	2.5%	108.8%
32 Environment, Forestry and Fisheries	4 220	4 690	4 213	4 106	87.5%	3 859	-6.0%	82.3%
33 Human Settlements	593	593	557	589	99.2%	594	1.0%	100.2%
34 Mineral Resources and Energy	1 587	1 608	1 674	1 647	102.4%	1 641	-0.4%	102.1%
35 Science and Innovation	493	497	422	474	95.3%	457	-3.6%	91.9%
36 Small Business Development	234	255	209	227	88.9%	224	-1.2%	87.9%
37 Sports, Arts and Culture	648	656	581	615	93.8%	515	-16.3%	78.5%
38 Tourism	495	495	490	495	100.0%	478	-3.4%	96.6%
39 Trade, Industry and Competition	1 491	1 602	1 387	1 415	88.3%	1 357	-4.1%	84.7%
40 Transport	833	861	732	882	102.5%	921	4.4%	107.0%
41 Water and Sanitation	3 857	4 052	3 800	3 614	89.2%	3 454	-4.4%	85.2%
<b>Total</b>	<b>408 267</b>	<b>412 498</b>	<b>406 730</b>	<b>402 006</b>	<b>97.5%</b>	<b>390 646</b>	<b>-2.8%</b>	<b>94.7%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

The total estimated expenditure on COE for 2021/22 decreases by 12.5 per cent compared to the previous (2020 MTEF) budget estimate. This lower estimate includes decreases from all national departments, which range between 8.3 and 21.2 per cent. When comparing the 2021/22 estimates with the 2020/21 revised estimates, the total decline amounts to 0.9 per cent. Despite the total reduction in COE, the estimated expenditure allows for increases in COE of 17.9 per cent in the Department of Public Enterprises and 11.7 per cent in Traditional Affairs. Most of the decreases in estimated expenditure on COE in other departments range between 0.4 and 5.3 per cent.

The revised estimated number of funded posts in national departments amounts to 408 267, with 4 231 additional positions to the establishments of Departments. Correctional Services reported 2 186 posts additional to the establishment.

Personnel numbers are estimated to drop by 2.8 per cent from the revised estimated numbers for 2020/21. Most departments reduced their personnel numbers by between 0.1 and 16.3 per cent. However, it is difficult to assess the reduction in personnel numbers due to the fact that departments added jobs created as part of the Presidential job creation initiative in 2020/21. The creation of separate personnel item for this initiative would assist with the monitoring of these additional positions.

Many departments reflected that more positions were filled than were funded in 2020/21. Most of these departments expect to reduce the numbers in 2021/22, but the percentage of posts filled remains above 100 per cent. In two instances the amounts even increased. The departments of Employment and Labour and Transport are cases where departments indicated further increases in filled posts in excess of the available number of funded posts.

Five departments have vacancy rates of above 20 per cent, it is concerning in terms of they are able to delivery services with such a higher vacancy rate. These departments are the departments of Government Communication and Information Systems, Public Enterprises, Statistics South Africa, Traditional Affairs and Military Veterans.

## 4. Analysis per vote

### 4.1. Statistics South Africa

Table 6 shows that the 2021/22 estimated budget for Statistics SA was reduced by 7.6 per cent compared to 2020 MTEF estimates. However, STATs SA's 2021/22 budget reflects an 80.4 per cent increase compared with the 2020/21 revised estimates. The increase is due to an increase in programme 6 for statistical operations and provincial coordination for the planned census output in 2022.

**Table 6 Vote 14 Statistics SA expenditure estimates by programme and economic classification**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
	2020/21	2021/22	2021/22	2021/22	2021/22
R million					
1. Administration	697.1	693.8	659.8	-4.9%	-5.3%
2. Economic Statistics	268.4	326.1	266.4	-18.3%	-0.7%
3. Population and Social Statistics	114.8	176.9	148.5	-16.0%	29.3%
4. Methodology and Statistical Infrastructure	130.5	198.2	153.4	-22.6%	17.5%
5. Statistical Support and Informatics	304.7	301.3	272.8	-9.4%	-10.5%
6. Statistical Operations and Provincial Coordination	940.4	3 102.0	2 932.4	-5.5%	211.8%
7. South African National Statistics System	24.7	45.7	41.2	-9.7%	67.0%
<b>Total</b>	<b>2 480.6</b>	<b>4 843.9</b>	<b>4 474.6</b>	<b>-7.6%</b>	<b>80.4%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>2 155.0</b>	<b>4 524.2</b>	<b>4 154.9</b>	<b>-8.2%</b>	<b>92.8%</b>
Compensation of employees	1 476.1	1 739.7	1 480.8	-14.9%	0.3%
Goods and services:	678.8	2 784.6	2 674.1	-4.0%	293.9%
Agency and support/outsource services		130.1	1 638.9	26.0%	
<b>Transfers and subsidies</b>	<b>7.2</b>	<b>4.6</b>	<b>4.6</b>	<b>0.0%</b>	<b>-36.0%</b>
<b>Payments for capital assets</b>	<b>318.4</b>	<b>315.1</b>	<b>315.1</b>	<b>0.0%</b>	<b>-1.1%</b>
Buildings and other fixed structures	262.4	284.3	284.3	0.0%	8.3%
Machinery and equipment	51.1	30.1	30.1	0.0%	-41.0%
Software and other intangible assets	4.9	0.6	0.6	0.0%	-87.7%
<b>Total</b>	<b>2 480.6</b>	<b>4 843.9</b>	<b>4 474.6</b>	<b>-7.6%</b>	<b>80.4%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification



Spending on compensation of employees (COE) is 0.3 per cent more than the revised estimated expenditure in 2020/21. Due to further budget pressures the department reduced the previously estimated expenditure on COE for 2021/22 by 14.9 per cent.

Goods and services, specifically expenditure on agency and support/ outsourced services increased by almost 300 per cent due to the once-off expenditure for the 2022 census.

Payments for capital assets declined slightly from the revised estimates for 2020/21 by 1.1 per cent, but remained the same as the previously estimated amount.

- Personnel/vacancy rates

In 2020/21 the Department reflected a vacancy rate of 20.6 per cent. This rate has increased to 21.8 per cent due to the further reductions on estimated COE budgets. Personnel numbers are estimated to decrease by 1.5 per cent from the revised estimates for 2020/21. The COE estimated expenditure in 2021/22 shows an increase of only 0.3 per cent from the revised estimate for 2020/21. This increase does not allow for the filling of any positions in the Department.

- Effect on outputs/service delivery

The performance targets set for a selection of performance indicators as reflected in the 2021 Estimates of National Expenditure remained unchanged since the estimated performance for 2020/21 or the previously (2020 MTEF) estimated performance for 2021/22. Based on provided performance targets, the question is whether reduced budget will have no prohibit department from realising these target.

## 4.2. Department of Basic Education

Table 7 shows that the 2021/22 budget for Basic Education was reduced by 1.2 per cent compared to the 2020 MTEF estimates. The Basic Education budget for 2021/22, however, reflects an increases of 17.0 per cent from the revised estimates for 2020/21. The increase is mainly due to increases in programmes 2 and 4 for curriculum policy, support and monitoring and Planning, information and assessment in 2021/22.

**Table 7 Vote 16 Basic Education expenditure estimates by programme and economic classification**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
	2020/21	2021/22	2021/22	2021/22	2021/22
R million					
1. Administration	511.0	551.6	523.2	-5.2%	2.4%
2. Curriculum Policy, Support and Monitoring	1844.0	2 123.7	2 034.3	-4.2%	10.3%
3. Teachers, Education Human Resources and Institutional Developm	1415.1	1516.9	1448.1	-4.5%	2.3%
4. Planning, Information and Assessment	11404.2	14 674.5	14 580.2	-0.6%	27.8%
5. Educational Enrichment Services	7 919.7	8 466.2	8 432.3	-0.4%	6.5%
<b>Total</b>	<b>23 094.0</b>	<b>27 333.0</b>	<b>27 018.1</b>	<b>-1.2%</b>	<b>17.0%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>2 347.9</b>	<b>2 829.5</b>	<b>2 657.3</b>	<b>-6.1%</b>	<b>13.2%</b>
Compensation of employees	548.0	622.2	538.0	-13.5%	-1.8%
Goods and services	1757.5	2 166.1	2 079.7	-4.0%	18.3%
Interest and rent on land	42.4	41.1	39.5	-4.0%	-6.8%
<b>Transfers and subsidies</b>	<b>18 794.9</b>	<b>22 446.6</b>	<b>22 303.9</b>	<b>-0.6%</b>	<b>18.7%</b>
Provinces and municipalities	17 215.7	20 773.3	20 701.0	-0.3%	20.2%
Departmental agencies and accounts	149.7	166.2	155.8	-6.2%	4.1%
Non-profit institutions	115.8	122.2	117.6	-3.7%	1.6%
Households	1292.6	1362.6	1308.0	-4.0%	1.2%
<b>Payments for capital assets</b>	<b>1 951.2</b>	<b>2 056.9</b>	<b>2 056.9</b>	<b>0.0%</b>	<b>5.4%</b>
Buildings and other fixed structures	1940.1	2 049.0	2 049.0	0.0%	5.6%
<b>Total</b>	<b>23 094.0</b>	<b>27 333.0</b>	<b>27 018.1</b>	<b>-1.2%</b>	<b>17.0%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification

Spending on COE is 1.8 per cent less than the revised estimated expenditure in 2020/21. Due to further budget pressures the department reduced the previously estimated expenditure on COE for 2021/22 by 13.5 per cent. The Department committed that despite budget reduction, they will

still provide meals to an estimated 9 million learners at 19 950 schools, despite the reduction in the COE portion of the national school nutrition programme grant.

Although the estimates of goods and services spending in 2021/22 increases by 18.3 per cent from the revised estimates for 2020/21, the increase is estimated to be lower (4.0 per cent) than previously estimated expenditure for 2021/22. Some of the items that are estimated to increase from the 2020/21 revised estimate are:

- Advertising that increases by 68.2 per cent
- Departmental catering increases by 101.3 per cent
- Consultants: Business and Advisory Services increases by 46.5 per cent
- Stationary, printing and office supplies increases by 100.6 per cent
- Travel and subsistence increases by 77.1 per cent
- Venues and Facilities increases by 155.3 per cent

Transfers and subsidies (83% of total budget), specifically transfers to provinces are estimated to increase by 20.2 per cent from the revised estimates for 2020/21. The 2021 MTEF estimated expenditure for 2021/22 is 0.3 per cent less than estimated in the 2020 MTEF. Transfers for the National school nutrition programme grant decreases by R10.1 million

Although payments for capital assets increases by 5.4 per cent from the revised estimates for 2020/21, it remains the same as the previously estimated amount for 2021/22. Infrastructure project planned from the infrastructure and Maths, science and technology grants are mainly for:

- The replacement of 510 schools that have inappropriate infrastructure, of which 395 are mud schools
  - Provision of water to 1 120 schools
  - Provision of sanitation to 741 schools
  - Provision of electricity to 916 school
  - Building 31 new workshops
  - Refurbish 228 existing workshops
  - Install equipment at 300 workshops
  - Training of 4 590 technology teachers
- Personnel/vacancy rates

In 2020/21 the Department reflected that 19 positions in excess of the approved organisational structure were filled. The estimated personnel numbers for 2021/22 has been reduced to 1 less than the full staff complement. The 1.8 per cent lower COE expenditure estimate therefore, indicates that no positions will be filled, specifically if staff resign.

- Effect on outputs/service delivery

Some of the performance targets set for a selection of performance indicators as reflected in the 2021 Estimates of National Expenditure have changed since the estimated performance for 2020/21 or the previously (2020 MTEF) estimated performance for 2021/22. Although the estimated expenditure for programme 2: Curriculum policy, support and monitoring increases by 10.3 per cent the targets for the 'Number of learners obtaining subject passes towards a national senior certificate through the Second Chance programme per year' are reduced from 60 000 in 2020/21 to 45 000 in 2021/22 and the target for the 'Number of underperforming schools monitored on the implementation of the early grade reading assessment per year' are reduced from 10 to 18 in 2021/22.

The teachers, education human resources and institutional development programme increases by only 2.3 per cent from the revised 2020/21 estimates and is 4.5 per cent less than the previously estimated amount, which resulted in a reduction if the 'Number of Funza Lushaka bursaries awarded to students enrolled for initial teacher education per year' from 12 500 to 11 500.

Although the planning, information and assessment programme increases by 27.8 per cent from the revised estimates for 2020/21, the target to: 'build and complete new schools through the accelerated school infrastructure delivery initiative per year' has been decreased from 31 in the estimated performance for 2020/21 to 21 in 2021/22. The previous estimate was 29. The 'Number of schools (to be) provided with sanitation facilities through the accelerated school infrastructure delivery initiative per year' was increased from 691 in 2020/21 to 1000 in 2021/22. The previous target for this output was 1 200. From the revision of targets in programme 4 it is clear that the department has revised their policy for the accelerated school infrastructure delivery programme to appropriate more funding towards the provision of sanitation facilities rather than building new schools.

### 4.3. Department of Higher Education and Training

Table 8 shows that 2021/22 estimated budget for Higher Education and Training has been reduced by 6.3 per cent from the 2020 MTEF estimates. The 2021/22 estimates have, however, increased by 11.0 per cent from the revised estimates for 2020/21. Although the increase is mainly due to increases in programmes 1, 2 and 5, all the programmes benefit from the total increase in the budget of 11.0 per cent in 2021/22 compared with the revised expenditure for 2020/21.

**Table 8 Vote 17: Higher Education and Training expenditure estimates by programme and economic classification**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
R million	2020/21	2021/22	2021/22	2021/22	2021/22
1. Administration	397.6	525.7	504.0	-4.1%	26.8%
2. Planning, Policy and Strategy	185.7	227.5	230.7	1.4%	24.3%
3. University Education	78 316.1	84 332.6	81223.3	-3.7%	3.7%
4. Technical and Vocational Education and Training	12 557.2	14 644.0	13 096.2	-10.6%	4.3%
5. Skills Development	279.7	336.6	307.9	-8.5%	10.1%
6. Community Education and Training	2 227.0	2 686.7	2 422.0	-9.9%	8.8%
<b>Subtotal</b>	<b>93 963.3</b>	<b>102 753.0</b>	<b>97 784.0</b>	<b>-4.8%</b>	<b>4.1%</b>
<b>Direct charge against the National</b>	<b>10 174.6</b>	<b>20 585.0</b>	<b>17 812.9</b>	<b>-13.5%</b>	<b>75.1%</b>
Sector education and training authorities	8 139.7	16 468.0	14 250.3	-13.5%	75.1%
National Skills Fund	2 034.9	4 117.0	3 562.6	-13.5%	75.1%
<b>Total</b>	<b>104 137.9</b>	<b>123 338.0</b>	<b>115 596.9</b>	<b>-6.3%</b>	<b>11.0%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>9 957.9</b>	<b>11 700.3</b>	<b>10 977.7</b>	<b>-6.2%</b>	<b>10.2%</b>
Compensation of employees	9 556.7	10 949.2	10 311.6	-5.8%	7.9%
Goods and services	401.2	751.1	666.1	-11.3%	66.0%
<b>Transfers and subsidies</b>	<b>94 168.0</b>	<b>111 624.2</b>	<b>104 601.2</b>	<b>-6.3%</b>	<b>11.1%</b>
Departmental agencies and accounts	45 551.3	57 834.2	53 590.2	-7.3%	17.6%
Higher education institutions	43 070.5	47 189.2	45 561.9	-3.4%	5.8%
Non-profit institutions	5 529.9	6 596.5	5 444.9	-17.5%	-1.5%
<b>Payments for capital assets</b>	<b>12.0</b>	<b>13.5</b>	<b>18.0</b>	<b>33.3%</b>	<b>49.3%</b>
<b>Total</b>	<b>104 137.9</b>	<b>123 338.0</b>	<b>115 596.9</b>	<b>-6.3%</b>	<b>11.0%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification

Spending on COE is 7.9 per cent more than the revised estimated expenditure in 2020/21. Due to budget pressures the department reduced the previously estimated expenditure on COE for 2021/22 by 5.8 per cent.

Although the goods and services estimates increase by 66.0 per cent from the revised estimates for 2020/21, expenditure on goods and services is estimated to be 11.3 per cent less than the

previously estimated amount in the 2020 MTEF. Stationery, printing and office supplies and Travel and subsistence are the two major spending items within the goods and services budget. These items increase by 76 and 135 per cent respectively from the revised estimate for 2020/21.

Transfers and subsidies (90% of total budget), specifically transfers to departmental agencies and accounts is estimated to increase by 17.6 per cent from the revised estimates for 2020/21. The 2021 MTEF estimates for 2021/22 is 7.3 per cent less than estimation in the 2020 MTEF. Although transfers to higher education institutions decreases by 3.4 per cent from the previously estimated expenditure, it shows a growth rate of 5.8 per cent from the 2020/21 revised estimates. The biggest proportion of the transfers and subsidies budget is allocated towards the National Student Financial Aid Scheme and Sector Education and Training Authorities. The allocations increase by 1.0 and 75.1 per cent respectively from the revised estimate for 2020/21. The high increase in the transfer for the Sector Education and Training Authorities from the revised estimate for 2020/21 is mainly due to the reduction of this transfer during the adjustments in 2020/21.

Payments for capital assets increases by 49.3 per cent from the revised estimates for 2020/21 and shows an increase of 33.3 per cent from the previously estimated amount. Capital expenditure is mainly for the construction of hostels, lecture halls, laboratories and student housing.

- Personnel/vacancy rates

In 2020/21 the Department reflected that 282 positions in excess of the approved organisational structure were filled. Although the estimated personnel numbers for 2021/22 has been reduced, it is still 163 more than the full staff complement of 28 850. The budget, however allows for an increase in COE of 7.9 per cent from the revised expenditure for 2020/21. This means that the budget allows for the Department to increase the number of personnel or an average salary increase of 7.9 per cent for the current staff employed in the Department.

- Effect on outputs/service delivery

The performance targets set for university education remained the same as what was estimated in the 2020 MTEF and all the targets in the selection of performance indicator are estimated to increase from the 2020/21 estimated outcome.

The number of enrolments in Technical and Vocational Education and Training (TVET) colleges per year is estimated to decrease from 680 000 in 2020/21 to 610 000 in 2021/22. Despite this decreased number, the number of qualifying students in TVET colleges receiving financial assistance per year is estimated to increase from 240 406 in 2020/21 to 310 900 in 2021/22.

The 10.1 per cent increase in the estimated expenditure from the revised estimates for 2020/21, in the skills development programme, allows for estimated increases in the '*number of new artisans registered for training*', the '*number of artisan learners qualifying*' and the '*number of work-based learning opportunities created per year*'.

The 8.8 per cent increase in the estimated expenditure from the revised estimates for 2020/21, in the community education and training programme, allows for estimated increases in the '*number of headcount enrolments in community education and training colleges per year*' from 375 035 in 2020/21 to 413 681 in 2021/22.

#### **4.4. Department of Health**

Table 9 shows that the estimated budget for Health in 2021/22 increases by 3.1 per cent from the 2020 MTEF estimates, and it increases by 8.5 per cent from the revised estimates for 2020/21. The increase from the 2020/21 revised estimates is mainly due to increases in programmes 1:

Administration, 2: National health insurance and 3: Communicable and non-communicable diseases.

**Table 9: Vote 18: Health expenditure estimates by programme and economic classification**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
	2020/21	2021/22	2021/22	2021/22	2021/22
R million					
1. Administration	647.9	727.6	816.3	12.2%	26.0%
2. National Health Insurance	926.0	1499.5	1340.5	-10.6%	44.8%
3. Communicable and Non-communicable Diseases	28 087.4	28 782.9	32 605.4	13.3%	16.1%
4. Primary Health Care	277.8	254.2	222.3	-12.5%	-20.0%
5. Hospital Systems	21 179.6	22 863.1	21 372.3	-6.5%	0.9%
6. Health System Governance and Human Resources	6 533.9	6 511.1	6 186.5	-5.0%	-5.3%
<b>Subtotal</b>	<b>57 652.6</b>	<b>60 638.3</b>	<b>62 543.3</b>	<b>3.1%</b>	<b>8.5%</b>
<b>Direct charge against the National Revenue</b>	<b>1 250.0</b>		-		
Section 16 of the PFMA payment: Covid-19 vaccine rollout	1250.0		-		
<b>Total</b>	<b>58 902.6</b>				
<b>Economic classification</b>					
<b>Current payments</b>	<b>3 840.4</b>	<b>3 227.6</b>	<b>7 290.4</b>	<b>125.9%</b>	<b>89.8%</b>
Compensation of employees	928.3	958.7	845.3	-11.8%	-9.0%
Goods and services	2 912.1	2 268.9	6 445.1	184.1%	121.3%
<b>Transfers and subsidies</b>	<b>54 316.5</b>	<b>56 004.5</b>	<b>54 073.6</b>	<b>-3.4%</b>	<b>-0.4%</b>
Provinces and municipalities	52 106.6	53 916.6	52 061.6	-3.4%	-0.1%
Departmental agencies and accounts	2 036.2	1 880.0	1 829.0	-2.7%	-10.2%
Non-profit institutions	173.4	207.9	183.0	-12.0%	5.5%
<b>Payments for capital assets</b>	<b>745.6</b>	<b>1 406.1</b>	<b>1 179.3</b>	<b>-16.1%</b>	<b>58.2%</b>
Buildings and other fixed structures	422.1	1 044.6	935.7	-10.4%	121.6%
Machinery and equipment	323.5	361.5	243.6	-32.6%	-24.7%
<b>Total</b>	<b>58 902.6</b>	<b>60 638.3</b>	<b>62 543.3</b>	<b>3.1%</b>	<b>6.2%</b>

**Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations**

- Expenditure in the economy as per government expenditure classification

Spending on COE decreases by 9.0 per cent from the revised estimated expenditure in 2020/21. Due to budget pressures the department reduced the previously estimated expenditure on COE for 2021/22 by 11.8 per cent.

To provide for vaccines for Covid-19 and other consumables the goods and services estimate increases by 121.3 per cent from the revised estimate for 2020/21, and is 184.1 per cent more than the previously estimated amount in the 2020 MTEF.

The biggest proportion, 83 per cent, of the National Health budget is appropriated towards transfers to provinces. This transfer for 2021/22 is slightly reduced by 0.1 per cent from the 2020/21 revised estimates and 3.4 per cent less than what was previously estimated. The biggest proportion of this transfer is allocated towards the HIV and AIDS component of the HIV, Tuberculosis, Malaria and community outreach grant that increases by 10.7 per cent from the revised estimate in 2020/21. Transfers to departmental agencies and accounts, which includes a reduction of 25.2 per cent to the National Health Laboratory Services, is estimated to decrease by 10.5 per cent in total from the revised estimates for 2020/21. The 2021 MTEF estimates for 2021/22 is 2.7 per cent less than estimated in the 2020 MTEF.

Although payments for capital assets is less than what was anticipated in the 2020 MTEF, it increases by 58.2 per cent from the revised estimates for 2020/21. The biggest proportion of the payments for capital assets are appropriated for buildings and fixed structures. This item is estimated to grow by 121.6 per cent in 2021/22 from the 2020/21 revised estimates. Machinery and equipment has been reduced by 24.7 per cent from the 2020/21 revised estimates.

- Personnel/vacancy rates

In the revised estimates for 2020/21 the Department reflected that 1484 of the 1488 funded posts were filled. The estimated personnel numbers for 2021/22 has been reduced to 1 366, 8.0 per cent less than the revised estimates in 2020/21.

The estimated reduction in the number of positions filled is in line with the negative growth rate, in COE, of 9.0 per cent from the 2020/21 revised estimate.

- Effect on outputs/service delivery

Most of the performance targets set for the key performance indicators in health reflects an increase from the targets set for 2020/21 as well as what was previously estimated over the 2020 MTEF. The increases are specifically for National Health Insurance, Health Planning and Systems Enablement and Communicable and Non-Communicable Diseases. Targets for Primary health care, however, were decreased from the previously estimated 2 250 primary health care facilities that qualify as ideal clinics in the 2020 MTEF to 2 150 in 2021/22. Although the number of points of entries compliant with international health regulations per year increased from 9 in 2020/21 to 18 in 2021/22, it was previously estimated that 30 entry points would be compliant with international health regulations in 2021/22.

#### **4.5. Department of Social Development**

Table 10 shows that the 2021/22 estimated budget for Social Development has been reduced by 3.1 per cent from the 2020 MTEF estimates. The 2021/22 estimates have, also been decreased by 12.2 per cent from the revised estimates for 2020/21. The decrease from the 2020/21 revised estimates is mainly due to a decrease in programmes 2: Social Assistance and 4: Welfare Services Policy Development and Implementation Support. The decreases are also reflected in transfers to provinces and households. The reflected decreases in 2021/22 are mainly due to the special appropriations to support households in 2020/21 during the Covid -19 pandemic.

To get a better understanding of the growth, the 2021/22 estimate has also been compared with the actual outcomes for 2019/20. When comparing the 2021/22 expenditure estimates with the actual outcome in 2019/20, slow growth of 2.8 per cent in total expenditure is evident. The, reprioritisation of funds, since 2019/20, within the Department is also noticeable. The Department reduced the allocation for programmes 1: Administration, 3: Social Security Policy and Administration and 5: Social Policy and Integrated Service Delivery by 0.7 per cent, 0.8 per cent and 12.9 per cent respectively. Programmes 2: Social Assistance and 4: Welfare Services Policy Development and Implementation Support increases by 2.7 per cent and 4.2 per cent respectively in 2021/22 from the actual outcome in 2019/20.

**Table 10 Vote 19: Social Development expenditure estimates by programme and economic classification**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
R million	2020/21	2021/22	2021/22	2021/22	2021/22
1. Administration	426.6	452.0	413.2	-8.6%	-3.1%
2. Social Assistance	220 606.6	201346.7	195 516.4	-2.9%	-11.4%
3. Social Security Policy and Administration	7 585.8	8 228.8	7 576.0	-7.9%	-0.1%
4. Welfare Services Policy Development and Implementation Support	1842.3	1393.9	1367.3	-1.9%	-25.8%
5. Social Policy and Integrated Service Delivery	346.1	389.6	353.9	-9.2%	2.3%
<b>Subtotal</b>	<b>230 807.3</b>	<b>211 810.9</b>	<b>205 226.9</b>	<b>-3.1%</b>	<b>-11.1%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>999.5</b>	<b>1 007.0</b>	<b>916.9</b>	<b>-9.0%</b>	<b>-8.3%</b>
Compensation of employees	630.8	573.7	510.7	-11.0%	-19.0%
Goods and services	368.7	433.4	406.2	-6.3%	10.2%
<b>Transfers and subsidies</b>	<b>232 621.6</b>	<b>210 791.3</b>	<b>204 297.5</b>	<b>-3.1%</b>	<b>-12.2%</b>
Provinces and municipalities	1411.4	1056.7	1056.7	0.0%	-25.1%
Departmental agencies and accounts	7 706.8	8 343.5	7 681.6	-7.9%	-0.3%
Non-profit institutions	42.6	35.0	33.7	-4.0%	-21.0%
Households	223 453.5	201348.4	195 518.1	-2.9%	-12.5%
<b>Payments for capital assets</b>	<b>11.9</b>	<b>12.6</b>	<b>12.6</b>	<b>0.0%</b>	<b>5.5%</b>
Machinery and equipment	11.3	11.9	11.9	0.0%	5.5%
<b>Total</b>	<b>233 633.1</b>	<b>211 810.9</b>	<b>205 226.9</b>	<b>-3.1%</b>	<b>-12.2%</b>

**Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations**

- Expenditure in the economy as per government expenditure classification

Spending on COE decreases by 19.0 per cent from the revised estimated expenditure in 2020/21. Due to budget pressures the department reduced the previously estimated expenditure on COE for 2021/22 by 11.0 per cent. This large decrease could also be attributed to the increase in personnel during the 2020/21 Covid-19 period.

The goods and services estimate increases by 10.2 per cent from the revised estimate for 2020/21, but is showing a 6.3 per cent decrease from the previously estimated amount in the 2020 MTEF.

The biggest proportion, 95.3 per cent, of the Social Development budget is appropriated towards transfers to households. This transfer for 2021/22 is reduced by 12.5 per cent from the 2020/21 revised estimates and 2.9 per cent less than what was previously estimated. Transfers to departmental agencies and accounts is estimated to decrease by 0.3 per cent from the revised estimates for 2020/21. The 2021 MTEF transfers to departmental agencies for 2021/22 is 7.9 per cent less than estimated in the 2020 MTEF. Non-profit institutions will receive 21.0 per cent less in 2021/22 than the revised estimated expenditure for 2020/21.

- Personnel/vacancy rates

In the revised estimates for 2020/21 the National Department of Social Development reflected that 3 377 of the 764 funded posts were filled. The 3 377 includes other positions of 2 580, such as the jobs that were created by the Presidential job creation initiative in 2020/21. The estimated personnel numbers for 2021/22 has been reduced to 857, 2 520 less than the revised estimate in 2020/21 and 93 positions more than the 764 funded positions.

The estimated reduction of 74.6 per cent in the number of positions filled is much more than the negative growth rate, in COE, of 19.0 per cent from the 2020/21 revised estimate.

- Effect on outputs/service delivery

The Department has reduced most of the performance targets for the payment of social grants to beneficiaries, except for the old age grant and child support grant.

Table 11: Social grant performance indicators and targets

PERFORMANCE INDICATOR	PROGRAMME	2020/21 Estimate	2020 MTEF 2021/22	2021 MTF 2021/22
Total number of old age grant beneficiaries	Social Assistance	3.8 million	3.9 million	3.9 million
Total number of war veterans grant beneficiaries	Social Assistance	47	34	25
Total number of disability grant beneficiaries	Social Assistance	1.0 million	1 million	998 516
Total number of child support grant beneficiaries	Social Assistance	13 million	13.2 million	13.3 million
Total number of foster care grant beneficiaries	Social Assistance	326 380	304 375	283 718
Total number of care dependency grant beneficiaries	Social Assistance	157 871	160 851	156 417
Total number of grant-in-aid beneficiaries	Social Assistance	311 056	360 850	279 173

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

#### 4.6. Department of Correctional Services

Table 10 shows that the estimated budget for Correctional Services in 2021/22 decreases by 11.7 per cent from the 2020 MTEF estimates, and it decreases by 1.3 per cent from the revised estimates for 2020/21. The decrease from the 2020/21 revised estimates is mainly due to a decrease in programmes 1: Administration and 4: Care. The decreases are also reflected in transfers to households and the payment for machinery and equipment.

When comparing the 2021/22 expenditure estimates with the revised estimates for 2020/21 the, reprioritisation of funds within the Department is noticeable. The Department reprioritised funds by reducing the allocation to programmes 1: Administration and 4: Care; and programme 2: Incarceration is only growing by 1.8 per cent. These changes allowed for growth in programmes 3: Rehabilitation and 5: Social integration of 8.8 per cent and 26.6 per cent in 2021/22 from the 2020/21 revised estimates.

Table 10: Vote 22: Correctional Services expenditure estimates by programme and economic classification

Programme	Revised estimate 2020/21	2020 MTEF 2021/22	Medium-term expenditure estimate 2021/22	Change from 2020 MTEF 2021/22	Growth from 2020/21 Revised estimate 2021/22
R million					
1. Administration	5 302.5	5 591.2	4 392.7	-21.4%	-17.2%
2. Incarceration	14 690.4	16 989.7	14 961.1	-11.9%	1.8%
3. Rehabilitation	1 999.5	2 298.5	2 175.5	-5.3%	8.8%
4. Care	2 562.4	2 540.9	2 432.0	-4.3%	-5.1%
5. Social Reintegration	992.6	1 145.3	1 256.8	9.7%	26.6%
<b>Total</b>	<b>25 547.3</b>	<b>28 565.6</b>	<b>25 218.1</b>	<b>-11.7%</b>	<b>-1.3%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>23 818.9</b>	<b>27 027.5</b>	<b>23 948.0</b>	<b>-11.4%</b>	<b>0.5%</b>
Compensation of employees	17 224.5	20 028.0	17 318.4	-13.5%	0.5%
Goods and services	6 594.4	6 999.5	6 629.6	-5.3%	0.5%
<b>Transfers and subsidies</b>	<b>1 040.6</b>	<b>711.2</b>	<b>685.1</b>	<b>-3.7%</b>	<b>-34.2%</b>
Provinces and municipalities	6.8	7.2	7.2	0.1%	5.7%
Households	1 024.4	694.2	668.0	-3.8%	-34.8%
<b>Payments for capital assets</b>	<b>687.9</b>	<b>827.0</b>	<b>585.0</b>	<b>-29.3%</b>	<b>-14.9%</b>
Buildings and other fixed structures	175.6	601.6	337.3	-43.9%	92.1%
Machinery and equipment	410.5	223.6	245.9	10.0%	-40.1%
<b>Total</b>	<b>25 547.3</b>	<b>28 565.6</b>	<b>25 218.1</b>	<b>-11.7%</b>	<b>-1.3%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification



Spending on COE increases by 0.5 per cent from the revised estimated expenditure in 2020/21. Due to budget pressures the department reduced the previously estimated expenditure on COE for 2021/22 by 13.5 per cent.

The goods and services estimates increases by 0.5 per cent from the revised estimates for 2020/21, but however decreases by 5.3 per cent from the previously estimated amount in the 2020 MTEF.

One of the highest reductions in the Department is Transfers for employee social benefits, which are reduced by 36.2 per cent from the 2020/21 revised estimates.

The Department estimates to spend 92.1 per cent more on buildings and other fixed structures than the revised estimates for 2020/21 and 40.1 per cent less on machinery and equipment.

- Personnel/vacancy rates

In the revised estimates for 2020/21 the Department of Correctional Services reflected that 38 733 of the 42 061 funded posts were filled. This number is estimated to be reduced to 37 836 in 2021/22, which result in a 10.0 per cent vacancy rate on the current number of funded posts.

- Effect on outputs/service delivery

The Department estimates that the targets of six of the eight key performance indicators would remain the same as what was previously estimated. Targets were, however, adjusted for three outputs from the 2020/21 revised estimates.

The '*Percentage of overcrowding in correctional facilities in excess of approved bed space capacity per year*' is estimated to increase from 17 per cent in 2020/21 to 28 per cent in 2021/22. The 8.8 per cent estimated expenditure increase in programme 3 Rehabilitation is in line with the increase in the '*Percentage of sentenced offenders with Correctional sentence plans who completed correctional programmes*' and the '*Percentage of offenders participating in long occupational skills programmes per year*' in 2021/22 from 2020/21.

#### **4.7. Department of Defence**

Table 11 shows that the estimated budget for Defence in 2021/22 decreases by 9.0 per cent from the 2020 MTEF estimates, and it decreases by 14.6 per cent from the revised estimates for 2020/21. The decrease from the 2020/21 revised estimates is mainly due to decreases in programmes 2: Force Employment, 4: Air Defence, 7: Defence intelligence and 8: General Support. The biggest proportion of the 2021/22 budget will be spend on current payments, which include payments for compensation of employees and goods and services.

**Table 11 Vote 23: Defence expenditure estimates by programme and economic classification**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
	2020/21	2021/22	2021/22	2021/22	2021/22
R million					
1. Administration	5 445.1	5 980.6	5 514.1	-7.8%	1.3%
2. Force Employment	4 620.7	3 625.7	3 596.5	-0.8%	-22.2%
3. Landward Defence	16 617.2	16 427.6	14 523.4	-11.6%	-12.6%
4. Air Defence	7 536.2	6 667.1	5 969.2	-10.5%	-20.8%
5. Maritime Defence	4 958.7	4 841.1	4 278.1	-11.6%	-13.7%
6. Military Health Support	6 077.4	5 971.8	5 306.1	-11.1%	-12.7%
7. Defence Intelligence	1 147.9	836.4	758.0	-9.4%	-34.0%
8. General Support	7 798.2	6 502.2	6 323.1	-2.8%	-18.9%
<b>Total</b>	<b>54 201.3</b>	<b>50 852.5</b>	<b>46 268.7</b>	<b>-9.0%</b>	<b>-14.6%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>46 146.8</b>	<b>46 984.3</b>	<b>42 965.2</b>	<b>-8.6%</b>	<b>-6.9%</b>
Compensation of employees	30 984.9	33 204.2	29 346.6	-11.6%	-5.3%
Goods and services	15 162.0	13 780.1	13 618.6	-1.2%	-10.2%
Computer services	957.6	1 148.6	1 002.9	-12.7%	4.7%
Contractors	2 185.0	2 180.1	3 062.5	40.5%	40.2%
Inventory: Food and food supplies	1 438.8	1 439.4	1 117.0	-22.4%	-22.4%
Operating leases	1 017.9	1 726.3	787.8	-54.4%	-22.6%
Property payments	1 644.5	1 982.3	1 681.0	-15.2%	2.2%
Travel and subsistence	1 700.0	886.6	1 914.9	116.0%	12.6%
<b>Transfers and subsidies</b>	<b>6 835.9</b>	<b>3 123.0</b>	<b>2 697.7</b>	<b>-13.6%</b>	<b>-60.5%</b>
Departmental agencies and accounts	5 259.8	1 342.5	1 035.0	-22.9%	-80.3%
Special Defence Account	5 233	1 318	1 005	-23.7%	-80.8%
Public corporations and private	1 352.0	1 594.8	1 478.6	-7.3%	9.4%
Households	190.5	175.1	173.7	-0.8%	-8.8%
<b>Payments for capital assets</b>	<b>1 218.6</b>	<b>745.1</b>	<b>605.7</b>	<b>-18.7%</b>	<b>-50.3%</b>
Buildings and other fixed structures	460.4	470.9	419.7	-10.9%	-8.8%
Machinery and equipment	685.4	271.1	182.6	-32.6%	-73.4%
<b>Total</b>	<b>54 201.3</b>	<b>50 852.5</b>	<b>46 268.7</b>	<b>-9.0%</b>	<b>-14.6%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification

Payment for compensation of employees is estimated at 5.3 per cent less than the revised estimate for 2020/21 and 11.6 per cent less than the previously estimated amount that was 7.2 per cent more than the revised estimate for 2020/21. It should be noted that this Department has over-spent on salaries by 8.2 per cent and on social contributions by 15.1 per cent in 2019/20.

The goods and services estimates decreases by 10.2 per cent from the revised estimates for 2020/21, and is 1.2 per cent less than the previously estimated amount in the 2020 MTEF. The Department reprioritised funds mainly from food and food supplies and operating leases to contractors and travel and subsistence. It should be noted that the Department has spent the entire food supply budget of R1.3 billion in 2019/20 while this budget has been reduced to R1.12 billion in 2021/22. The budget for contractors increases by 40.2 per cent from the revised estimates for 2020/21 and 40.5 per cent from the previously estimated amount. Contractors are also one of the largest cost drivers of the goods and services budget. It should be noted that the Department has only spent 56.3 per cent of the contractor's budget of R2.12 billion in 2019/20. It is therefore not clear why the estimates for 2021/22 is increasing by more than 40 per cent. The 2019/20 audited outcome also shows that the Department makes use of consultants, which are not shown in the estimates of national expenditure. The budget for consultants increase from R13.6 million in

the revised estimate for 2020/21 to R86.2 million in the estimated expenditure for 2021/22. Estimated expenditure on travel and subsistence increases by 12.6 per cent from the revised estimates for 2020/21 and is 116.0 per cent more than the previously estimated amount for 2021/22. One would have expected that a reduced budget for compensation of employees would also result in a reduced budget for travel and subsistence.

The transfer to the special defence account that provides for claims against the state, was reduced by 80.8 per cent from the revised estimate of R5.23 billion in 2020/21 to an estimated R1.005 billion in 2021/22.

The Department estimates to spend 50.3 per cent less on capital assets in 2021/22 than was estimated for in 2020/21.

- Personnel/vacancy rates

The revised estimated number of post filled in 2020/21 was 73 500 of the 75 000 funded post. This number is estimated to reduce to 73 154 through natural attrition and will be kept stable over the 2021 MTEF.

- Effect on outputs/service delivery

The Department estimates that the target of eight of the 10 key performance indicators would remain the same as what was previously estimated. Targets were, however, adjusted for 2 outputs from the 2020/21 estimates. The '*Number of reserve force man days*' has been increased from a previous estimation of 2 552 64 to 2 601 591 and the '*Number of hours at sea per year*' has been reduced from a previously estimated 10 000 to 8 000.

- Changes to some of the large defence force units

Table 12 shows the reprioritisation between some of the larger defence force units. It should also be noted that some of these units does not receive any funding over the 2021 MTEF. This also raises a question of the use of the property related to these units. An observation is that funds are reprioritised from colleges to the air force. The biggest increase is funding towards the Air Force Base Makhando from R10 million in 2020/21 to R154 million in 2021/22.

**Table 12: Largest defence force units**

Unit	Adjusted appropriation		MTEF	Growth rate from 2020/21
	2019/20	2020/21	2021/22	2021/22
R thousand				
Naval Base Simonstown	547 514	611 315	407 544	-33.3%
15 SA Infantry Battalion	264 407	234 325	308 256	31.6%
General Support Base Thaba Tswane	221 370	220 180	–	-100.0%
7 SA Infantry Battalion	262 688	229 774	301 133	31.1%
68 Air School	191 822	193 415	126 741	-34.5%
Army Support Base Bloemfontein	177 403	166 416	195 134	17.3%
Air Force Base Hoedspruit	140 644	129 919	171 439	32.0%
SAS Simonsberg	196 547	149 306	179 999	20.6%
Defence Works Formation	123 657	117 148	79 756	-31.9%
Army Support Base Western Cape	134 848	134 316	110 344	-17.8%
Air Force Base Makhado	9 917	10 062	153 898	1429.5%
3 SA Infantry Battalion	137 017	132 729	204 228	53.9%
SAS Saldanha	197 058	197 496	125 118	-36.6%
5 Signal Regiment	197 972	199 872	158 081	-20.9%
SA Army Gymnasium	133 522	132 363	74 694	-43.6%
Air Force Base Langebaanweg	120 630	118 839	152 970	28.7%
School of Engineers	160 531	158 570	128 052	-19.2%
SA Army Technical Training Centre	150 050	152 912	185 897	21.6%
National Ceremonial Guard	104 456	105 903	125 527	18.5%
Army Support Base Lohatla	100 907	100 833	–	-100.0%
Nursing College	99 393	99 001	52 713	-46.8%
Air Force Gymnasium	55 134	61 897	100 994	63.2%
Army Support Base Dequar Road	–	–	–	
Air Force Base Bloemfontein	72 083	70 070	94 048	34.2%
7 Medical Battalion Group	72 051	72 265	88 325	22.2%
2 Squadron	34 357	34 977	24 818	-29.0%
17 Squadron	47 707	47 180	37 542	-20.4%
35 Squadron	44 586	45 031	35 515	-21.1%
21 Squadron	75 614	79 192	70 605	-10.8%
SA Army College	65 070	64 458	28 990	-55.0%
16 Maintenance Unit	39 249	40 891	33 738	-17.5%
SA National War College	55 908	57 153	33 601	-41.2%

Source: National Treasury, 2021 Budget. PBO own calculations

#### 4.8. Department of Justice and Constitutional Development

Table 13 shows that although the estimated budget for Justice and Constitutional Development in 2021/22 decreases by 9.8 per cent from the 2020 MTEF estimates, it increases by 5.3 per cent from the revised estimates for 2020/21. The increase from the 2020/21 revised estimates is due to increases of between 5.0 and 8.0 per cent in almost all the programmes. Only programme 1: Administration decreases by 2.5 per cent.

**Table 13 Vote 25: Justice and Constitutional Development expenditure estimates by programme and**

<b>Programme</b>	<b>Revised estimate</b>	<b>2020 MTEF</b>	<b>Medium-term expenditure estimate</b>	<b>Change from 2020 MTEF</b>	<b>Growth from 2020/21 Revised estimate</b>
R million	<b>2020/21</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
1. Administration	2 596.9	2 491.9	2 532.0	16%	-2.5%
2. Court Services	6 319.9	7 688.4	6 637.7	-13.7%	5.0%
3. State Legal Services	1 300.6	1 529.3	1 369.3	-10.5%	5.3%
4. National Prosecuting Authority	4 117.8	4 906.0	4 446.2	-9.4%	8.0%
5. Auxiliary and Associated Services	3 916.2	4 553.2	4 134.6	-9.2%	5.6%
<b>Subtotal</b>	<b>18 251.4</b>	<b>21 168.8</b>	<b>19 119.8</b>	<b>-9.7%</b>	<b>4.8%</b>
<b>Direct charge against the National Revenue Fund</b>	<b>2 212.3</b>	<b>2 715.6</b>	<b>2 426.5</b>	<b>-10.6%</b>	<b>9.7%</b>
Magistrates' salaries	2 212.3	2 715.6	2 426.5	-10.6%	9.7%
<b>Total</b>	<b>20 463.7</b>	<b>23 884.4</b>	<b>21 546.3</b>	<b>-9.8%</b>	<b>5.3%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>16 741.9</b>	<b>19 329.4</b>	<b>17 473.2</b>	<b>-9.6%</b>	<b>4.4%</b>
Compensation of employees	11 679.6	13 811.6	12 228.1	-11.5%	4.7%
Goods and services	5 062.3	5 517.8	5 245.1	-4.9%	3.6%
<b>Transfers and subsidies</b>	<b>3 037.8</b>	<b>3 433.7</b>	<b>3 164.3</b>	<b>-7.8%</b>	<b>4.2%</b>
Departmental agencies and accounts	2 924.3	3 282.6	3 014.7	-8.2%	3.1%
Foreign governments and international organisations	18.9	19.9	19.9	0.0%	5.6%
Households	93.6	130.3	128.7	-1.2%	37.4%
<b>Payments for capital assets</b>	<b>683.5</b>	<b>1 121.3</b>	<b>908.8</b>	<b>-19.0%</b>	<b>33.0%</b>
Buildings and other fixed structures	306.9	922.6	703.3	-23.8%	129.1%
Machinery and equipment	375.1	198.8	205.5	3.4%	-45.2%
<b>Total</b>	<b>20 463.7</b>	<b>23 884.4</b>	<b>21 546.3</b>	<b>-9.8%</b>	<b>5.3%</b>

**Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations**

- Expenditure in the economy as per government expenditure classification

Payment for compensation of employees is estimated at 4.7 per cent more than the revised estimate for 2020/21 and 11.5 per cent less than the previously estimated amount. This estimated increase in COE allows for the filling of critical positions.

The goods and services estimate increases by 3.6 per cent from the revised estimate for 2020/21, and 4.9 per cent less than the previously estimated amount in the 2020 MTEF. The main expenditure items are: computer services, operating leases and property payments, which changed by 10.9 per cent, 4.9 per cent and -1.0 per cent respectively from the revised estimates in 2020/21.

Transfers and subsidies increases by 4.2 per cent from the revised estimate for 2020/21 and decreases by 7.8 per cent from the previously estimated amount in the 2020 MTEF. The transfer to departmental agencies and accounts are mainly for legal aid South Africa, and increases by 3.2 per cent from the revised estimate for 2020/21.

The Department estimates to spend 129.1 per cent more on buildings and other fixed structures in 2021/22 than was estimated for in the revised estimate for the 2020/21 financial year. The estimated amount of R703.3 million is, however, 23.8 per cent less than what was previously estimated in the 2020 MTEF.

- Personnel/vacancy rates

The revised estimated number of posts filled in 2020/21 was 22 155 of the 24 045 funded post. This number is estimated to increase to 22 479 or 1.4 per cent, which leaves the Department with a vacancy rate of 6.5 per cent.

- Effect on outputs/service delivery

The Department revised 7 of the targets set for the 13 key performance indicators from the 2020/21 estimated performance. Conviction rates for different crimes are estimated to remain the same as what was previously estimated. Targets were, adjusted for:

Table 14: Changes to the targets set between previously estimated for 2020/21 to 2021/22

Performance indicator	From 2020/21	To 2021/22
Number of criminal cases on the backlog roll in the lower courts per year	55 963	54 900
Number of additional courts designated per year in terms of section 55(A) of the Criminal Law (Sexual Offences and Related Matters) Amendment Act (2007) as sexual offences courts, in line with the 2019 presidential summit declaration against gender-based violence and femicide	27	36
Percentage of letters of appointment issued in deceased estates within 15 days from receipt of all required documents	75.0%	90.0%
Total number of operational Thuthuzela care centres	58	59
Number of persons convicted of corruption in the private sector	150	158
Value of freezing orders obtained for corruption or offences related to corruption	R2.4billion	R2.4billion
Value of recoveries relating to corruption or related offences	R1.4billion	R1.4billion

Source: National Treasury, 2020 and 2021 Budgets

#### 4.9. Department of Military Veterans

Table 15 shows that although the estimated budget for the Department of Military Veterans in 2021/22 decreases by 8.0 per cent from the 2020 MTEF estimates, it increases by 52.1 per cent from the revised estimate for 2020/21. The increase from the 2020/21 revised estimate is due to increases in programme 2: Socioeconomic support of 89.7 per cent and programme 3: Empowerment and stakeholder management increases by 56.3 per cent from the revised estimates in 2020/21. Programme 2: socioeconomic support provides for the building of new houses and the provision of health services for military veterans.

Table 15 Vote 26 Military Veterans expenditure estimates by programme and economic classification

Programme	Revised estimate 2020/21	2020 MTEF 2021/22	Medium-term expenditure estimate 2021/22	Change from 2020 MTEF 2021/22	Growth from 2020/21 Revised estimate 2021/22
R million					
1. Administration	138.9	142.3	130.8	-8.1%	-5.8%
2. Socioeconomic Support	203.4	420.0	385.9	-8.1%	89.7%
3. Empowerment and Stakeholder Management	88.1	148.7	137.7	-7.4%	56.3%
<b>Total</b>	<b>430.3</b>	<b>711.0</b>	<b>654.4</b>	<b>-8.0%</b>	<b>52.1%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>311.2</b>	<b>423.6</b>	<b>391.5</b>	<b>-7.6%</b>	<b>25.8%</b>
Compensation of employees	129.1	149.7	126.9	-15.3%	-17%
Goods and services	182.1	273.9	264.6	-3.4%	45.3%
Consultants: Business and advisory services	8.7	10.7	13.9	29.8%	59.6%
Legal services	1.6	5.2	5.0	-4.7%	200.4%
Contractors	75.2	90.8	86.9	-4.3%	15.4%
Agency and support/outsourced services	5.2	5.6	6.8	23.4%	32.8%
Operating leases	14.0	9.8	11.0	12.6%	-21.4%
Travel and subsistence	17.5	54.9	47.1	-14.2%	169.5%
Training and development	2.11	27.6	2.18	-21.0%	3.6%
Venues and facilities	6.1	12.6	12.1	-3.5%	97.6%
<b>Transfers and subsidies</b>	<b>101.7</b>	<b>275.2</b>	<b>252.3</b>	<b>-8.3%</b>	<b>148.2%</b>
Households	101.7	275.2	252.3	-8.3%	148.2%
<b>Payments for capital assets</b>	<b>17.5</b>	<b>12.1</b>	<b>10.6</b>	<b>-13.0%</b>	<b>-39.6%</b>
Machinery and equipment	10.0	9.2	7.6	-17.1%	-24.0%
Software and other intangible assets	7.5	2.9	2.9	0.0%	-60.7%
<b>Total</b>	<b>430.3</b>	<b>711.0</b>	<b>654.4</b>	<b>-8.0%</b>	<b>52.1%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification

Payment for compensation of employees is estimated at 1.7 per cent less than the revised estimate for 2020/21 and 15.3 per cent less than the previously estimated amount.

The goods and services estimates increases by 45.3 per cent from the revised estimates for 2020/21, and is 3.4 per cent less than the previously estimated amount in the 2020 MTEF. Detailed data from the 2021 Budget shows that the increase on goods and services are mainly due to increases in:

- Consultants: Business and advisory services:	59.8 per cent
- Legal services:	200.4 per cent
- Contractors	15.4 per cent
- Agency and support/outsourced services	32.8 per cent
- Travel and subsistence	169.5 per cent
- Venues and facilities	97.6 per cent

Transfers and subsidies to households increases by 148.2 per cent from the revised estimates for 2020/21. This is mainly for military veteran benefits that increases from R126.653 million in the adjusted appropriation in 2020/21 to R252.327 million in 2021/22.

The Department estimates to spend 39.6 per cent less on capital assets in 2021/22 than the revised estimate for 2020/21.

- Personnel/vacancy rates

The revised estimated number of posts filled in 2020/21 was 170 of the 170 funded and 32 additional posts to the establishment. This number is estimated to decrease to 162 in 2021/22. The reduction in post filled is in line with the negative growth in COE and the plans to review the organisation structure of the Department.

- Effect on outputs/service delivery

Most of the projected performance targets for 2021/22 remain the same as the estimated outputs for 2020/21. The targets are, however much lower than the previously estimated (2020 MTEF) outputs for 2021/22. For example: The '*Number of military veterans approved for housing*' was estimated at 710 for 2021/22, which has now been lowered to 355, in line with the estimated output for 2020/21. Another example is: The '*Number of military veterans and their dependants provided with bursaries*' is estimated at 3 500. This target was previously estimated at 7 400.

#### **4.10. Department of Police**

Table 16 shows that although the estimated budget for the Department of Police in 2021/22 decreases by 11.0 per cent from the 2020 MTEF estimates, it decreases, slightly less, by 3.2 per cent from the revised estimates for 2020/21. The decrease from the 2020/21 revised estimates is the net effect from, mainly, an increase in programme 1: Administration of 4.9 per cent and a decrease in programme 2: Visible policing of 7.2 per cent.

**Table 16: Vote 28: Police expenditure estimates by programme and economic classification**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
	2020/21	2021/22	2021/22	2021/22	2021/22
R million					
1. Administration	19 007.1	22 378.3	19 936.1	-10.9%	4.9%
2. Visible Policing	53 401.5	55 705.3	49 534.4	-11.1%	-7.2%
3. Detective Services	19 688.5	21 821.6	19 541.6	-10.4%	-0.7%
4. Crime Intelligence	4 200.1	4 645.2	4 111.5	-11.5%	-2.1%
5. Protection and Security Services	3 263.7	3 658.5	3 232.0	-11.7%	-10%
<b>Total</b>	<b>99 560.9</b>	<b>108 208.8</b>	<b>96 355.5</b>	<b>-11.0%</b>	<b>-3.2%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>95 366.4</b>	<b>103 458.3</b>	<b>91 570.7</b>	<b>-11.5%</b>	<b>-4.0%</b>
Compensation of employees	76 147.0	86 516.2	75 300.5	-13.0%	-1.1%
Goods and services	19 219.4	16 942.1	16 270.2	-4.0%	-15.3%
<b>Transfers and subsidies</b>	<b>1 613.7</b>	<b>1 299.2</b>	<b>1 333.5</b>	<b>2.6%</b>	<b>-17.4%</b>
Provinces and municipalities	53.2	56.1	55.6	-0.9%	4.6%
Departmental agencies and accounts	51.0	53.8	49.9	-7.3%	-2.2%
Households	1508.5	1 189.3	1 228.0	3.3%	-18.6%
<b>Payments for capital assets</b>	<b>2 580.8</b>	<b>3 451.3</b>	<b>3 451.3</b>	<b>0.0%</b>	<b>33.7%</b>
Buildings and other fixed structures	497.7	946.7	946.7	0.0%	90.2%
Machinery and equipment	2 078.7	2 497.3	2 497.3	0.0%	20.1%
<b>Total</b>	<b>99 560.9</b>	<b>108 208.8</b>	<b>96 355.5</b>	<b>-11.0%</b>	<b>-3.2%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification

Payment for compensation of employees is estimated to reduce by 1.1 per cent from the revised estimate for 2020/21 and 13.0 per cent from the previously estimated amount in the 2020 MTEF.

The goods and services estimate decreases by 15.3 per cent from the revised estimates for 2020/21, and by 4.0 per cent from the previously estimated amount in the 2020 MTEF. The decrease on goods and services are mainly due to a decrease in consumable supplies of 89.4 per cent. This high reduction is due to the once-off allocation to the Department for consumable supplies of more than R3 million. Some of the increases include an increase in clothing material and accessories of 27.7 per cent, travel and subsistence increase by 18.8 per cent and venues and facilities increase by 35.5 per cent in 2021/22 from the 2020/21 revised estimates.

The biggest proportion of the transfers and subsidies budget is allocated to households in the form of social benefits and claims against the state. These transfers are estimated to decrease by 25.4 per cent and 5.4 per cent respectively from the 2020/21 revised estimates.

- Personnel/vacancy rates

The revised estimated number of posts filled in 2020/21 was 181 344 of the 183 447 funded posts. This number is estimated to decrease to 175 345 or 3.3 per cent in 2021/22. The reduction in post filled will be achieved through natural attrition. Although the Department indicated in the 2021 Estimates of National Expenditure that non-critical positions will not be filled, the Department commenced with the filling of almost 150 other positions.

- Effect on outputs/service delivery



All the performance targets set for the outputs of police services have been kept the same as in the estimates for 2020/21 and/or for 2021/22 as reflected in the 2020 MTEF. The reduction in the police budget did not have any effect on the performance targets of the Department as reflected in performance plans.

#### 4.11. The Department of Agriculture, Land Reform and Rural Development

Table 17 shows that although the estimated budget for the Department of Agriculture, Land Reform and Rural Development in 2021/22 decreases by 5.7 per cent from the 2020 MTEF estimates, it increases by 11.0 per cent from the revised estimates for 2020/21. The increase from the 2020/21 revised estimates is due to increases in programme 3: Food Security, Land Reform and Restitution of 19.3 per cent, programme 4: Rural Development of 40.1 per cent and programme 5: Economic Development, Trade and Marketing of 32.3 per cent.

**Table 17: Vote 29: Agriculture, Land Reform and Rural Development expenditure estimates**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
	2020/21	2021/22	2021/22	2021/22	2021/22
R million					
1. Administration	2 817.1	2 889.7	2 768.3	-4.2%	-1.7%
2. Agricultural Production, Biosecurity and Natural Resources	2 537.1	3 463.4	2 603.0	-24.8%	2.6%
3. Food Security, Land Reform and Restitution	7 395.2	8 677.8	8 825.3	1.7%	19.3%
4. Rural Development	770.4	1 160.4	1 079.3	-7.0%	40.1%
5. Economic Development, Trade and Marketing	670.1	944.5	886.3	-6.2%	32.3%
6. Land Administration	1 057.8	811.1	758.2	-6.5%	-28.3%
<b>Total</b>	<b>15 247.6</b>	<b>17 946.9</b>	<b>16 920.4</b>	<b>-5.7%</b>	<b>11.0%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>7 816.1</b>	<b>8 582.6</b>	<b>7 756.1</b>	<b>-9.6%</b>	<b>-0.8%</b>
Compensation of employees	4 120.0	4 724.0	4 003.0	-15.3%	-2.8%
Goods and services	3 691.6	3 858.6	3 753.0	-2.7%	1.7%
<b>Transfers and subsidies</b>	<b>6 738.7</b>	<b>8 979.2</b>	<b>8 776.8</b>	<b>-2.3%</b>	<b>30.2%</b>
Provinces and municipalities	1 790.4	2 407.0	2 323.6	-3.5%	29.8%
Departmental agencies and accounts	2 231.5	2 524.0	2 429.5	-3.7%	8.9%
Households	2 654.9	3 560.5	3 548.3	-0.3%	33.6%
<b>Payments for capital assets</b>	<b>692.8</b>	<b>385.1</b>	<b>387.5</b>	<b>0.6%</b>	<b>-44.1%</b>
Buildings and other fixed structures	605.4	329.3	329.3	0.0%	-45.6%
Machinery and equipment	65.8	52.8	55.3	4.7%	-16.0%
<b>Total</b>	<b>15 247.6</b>	<b>17 946.9</b>	<b>16 920.4</b>	<b>-5.7%</b>	<b>11.0%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification

Payment for compensation of employees is estimated to reduce by 2.8 per cent from the revised estimate for 2020/21 and 15.3 per cent from the previously estimated amount in the 2020 MTEF.

The goods and services estimates increases by 1.7 per cent from the revised estimates for 2020/21, and is 2.7 per cent less than the previously estimated amount in the 2020 MTEF. The net increase on goods and services are mainly due to increases in consultants: business and advisory services of 11.8 per cent, contractors increase from R43.7 million to R866.0 million and inventory: farming supplies decreases by 69.4 per cent.

Transfers and subsidies are the highest cost driver on the budget of the Department. The biggest proportion of the transfers and subsidies budget is allocated to departmental agencies, households and provinces. These transfers give a good indication of the policy/funding priorities of the department.

Transfers to the Agricultural Research Council and the Agricultural Land Holding Account increases in 2021/22 by 32.8 and 109.4 per cent respectively from the revised estimate in 2020/21. Capital transfers to households for land redistribution and land tenure increase by 26.2 per cent from the revised estimate for 2020/21. Transfers to provinces in the form of conditional grants increase by 32.0 per cent from the 2020/21 revised estimates. The transfer to the Land and Development Bank of South Africa is estimated at R425.3 million in 2021/22.

- Personnel/vacancy rates

The revised estimated number of posts filled in 2020/21 was 7 249 of the 7 901 funded posts and 438 additional post to the establishment. This number is estimated to decrease to 6 903 (4.8%) in 2021/22. The reduction in the number of positions filled is in line with the reduction in COE. The highest number of reduction in staff is in programme 3: Food security, land reform and restitution. Programme 3 is responsible for the acquiring and redistribution of land and promote food security and agrarian reform programmes.

It should, however be noted that the Department increased the use of consultants: business and advisory services by 11.8 per cent and contractors from R43.7 million to R866.0 million. This phenomenon could be related to the cut in personnel numbers.

- Effect on outputs/service delivery

The total increase of 11.0 per cent in the 2021/22 estimates from the revised estimates for 2020/21, specifically the increase in transfers of 30.2 per cent, is expected to have a positive effect on service delivery in agriculture. The department projects increase in outputs:

Table 18: Changes to the targets set between previously estimated for 2020/21 to 2021/22

Performance indicator	From 2020/21	To 2021/22
Number of subsistence and smallholder producers supported per year	102 337	120 000
Number of hectares of strategically located land acquired per year	23 973	25 172
Number of land claims finalised	295	459
Number of infrastructure projects completed to support farmers per year	15	20

Source: National Treasury, 2020 and 2021 Budgets

The monitoring of the implementation of these key outputs would improve the equitable access to land, integrated rural development, sustainable agriculture and food security for all, which is the overall purpose of this Department.

**4.12. Department of Environment, Forestry and Fisheries**

Table 19 shows that the estimated budget for the Department of Environment, Forestry and Fisheries in 2021/22 decreases by 6.1 per cent from the 2020 MTEF estimates. The budget decreases further by 11.9 per cent from the revised estimates for 2020/21. The decrease from the 2020/21 revised estimate is mainly due to a decrease in programme 5: Biodiversity and Conservation. The reason for the big change in the allocation in 2021/22 from the revised estimate in 2020/21 is due to the once-off special allocation in 2020/21 to provide support for departmental agencies during the lockdown period (due to the Covid-19 pandemic).

**Table 19: Vote 32: Environment, Forestry and Fisheries expenditure estimates by programme and economic**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
	2020/21	2021/22	2021/22	2021/22	2021/22
R million					
1. Administration	1 185.6	1 072.6	1 010.0	-5.8%	-14.8%
2. Regulatory Compliance and Sector Monitoring	199.0	221.8	215.7	-2.8%	8.4%
3. Oceans and Coasts	469.9	522.0	487.5	-6.6%	3.7%
4. Climate Change, Air Quality and Sustainable Development	555.4	461.1	448.7	-2.7%	-19.2%
5. Biodiversity and Conservation	198.4	928.0	921.4	-0.7%	-52.0%
6. Environmental Programmes	3 851.3	4 002.8	3 688.2	-7.9%	-4.2%
7. Chemicals and Waste Management	608.8	669.6	636.4	-5.0%	4.5%
8. Forestry Management	662.2	857.5	746.2	-13.0%	12.7%
9. Fisheries Management	446.8	552.4	562.8	1.9%	26.0%
<b>Total</b>	<b>9 897.3</b>	<b>9 287.8</b>	<b>8 716.8</b>	<b>-6.1%</b>	<b>-11.9%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>6 560.2</b>	<b>7 219.1</b>	<b>6 640.2</b>	<b>-8.0%</b>	<b>1.2%</b>
Compensation of employees	1 933.9	2 193.9	1 891.4	-13.8%	-2.2%
Goods and services	4 580.9	5 014.7	4 713.8	-6.0%	2.9%
<b>Transfers and subsidies</b>	<b>2 935.0</b>	<b>1 816.3</b>	<b>1 765.0</b>	<b>-2.8%</b>	<b>-39.9%</b>
Departmental agencies and accounts	2 857.7	1 703.6	1 656.8	-2.7%	-42.0%
<b>Payments for capital assets</b>	<b>402.1</b>	<b>252.4</b>	<b>311.6</b>	<b>23.4%</b>	<b>-22.5%</b>
Buildings and other fixed structures	344.0	176.3	232.3	31.8%	-32.5%
<b>Total</b>	<b>9 897.3</b>	<b>9 287.8</b>	<b>8 716.8</b>	<b>-6.1%</b>	<b>-11.9%</b>

**Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations**

- Expenditure in the economy as per government expenditure classification

Payment for compensation of employees is estimated to reduce by 2.2 per cent from the revised estimate for 2020/21 and 13.8 per cent from the previously estimated amount in the 2020 MTEF.

The goods and services estimates increases by 2.9 per cent from the revised estimates for 2020/21, and is 6.0 per cent less than the previously estimated amount in the 2020 MTEF. The biggest proportion of the goods and services budget is allocated to agency and support/outsourced services, which is growing by 4.9 per cent from the adjusted budget in 2020/21. This allocation also includes earmarked funds for the expanded public works programme (EPWP). The allocation of the EPWP within the goods and services budget also explains the higher proportion allocated for goods and services in relation to the COE allocation.

Transfers and subsidies are reduced by 39.9 per cent from the revised estimate in 2020/21. The perceived reduction is due to the once-off allocation to Departmental agencies, such as the South African National Parks, in 2020/21.

- Personnel/vacancy rates

The revised estimated number of posts filled in 2020/21 was 4 106 of the 4 220 funded posts, and 470 additional post to the establishment. This number is estimated to decrease to 3 859 or by 6.0 per cent in 2021/22. The reduction in the number of positions filled is in line with the reduction in COE. It is, however, noted that the reduction in posts are only within the salary level 1-6, the lowest levels in the Department. This could also mean that only the additional posts to the establishment are affected.

- Effect on outputs/service delivery

All the targets set for the outputs of Environment, Forestry and Fisheries in 2021/22 have been kept the same as in the estimates for 2021/22 as reflected in the 2020 MTEF except for the 'Number of environmental authorisations inspected per year' has been reduced from 170 to 160. All the targets have been increased from the revised targets for 2020/21 except for the number of EPWP jobs created. The EPWP jobs reduce from 94 330 in 2020/21 to an estimated number of 66 432 in 2021/22. This perceived reduction is due to the additional funds that were appropriated in 2020/21

for job creation. The reduction in the 2021/22 expenditure estimates from the previously estimated allocations had no effect on the performance target set by the department.

#### 4.13. Department of Mineral Resources and Energy

Table 20 shows that although the estimated budget for the Department of Mineral Resources and Energy in 2021/22 decreases by 4.1 per cent from the 2020 MTEF estimates, it shows an increase of 21.3 per cent from the revised estimates for 2020/21. The increase from the 2020/21 revised estimate is mainly due to an increase in programme 5: Mineral and energy resources programmes and projects of 37.9 per cent. This high increase in programme 5 is despite the fact that the average outcome on the annual budget was 91.0 per cent over the period 2017/18 to 2020/21.

**Table 20: Vote 34: Mineral Resources and Energy expenditure estimates by programme and economic classification**

Programme	Revised estimate	2020 MTEF	Medium-term expenditure estimate	Change from 2020 MTEF	Growth from 2020/21 Revised estimate
	2020/21	2021/22	2021/22	2021/22	2021/22
R million					
1. Administration	589.1	683.2	623.8	-8.7%	5.9%
2. Minerals and Petroleum Regulation	526.4	608.7	542.8	-10.8%	3.1%
3. Mining, Minerals and Energy Policy Development	928.4	892.6	834.6	-6.5%	-10.1%
4. Mine Health and Safety Inspectorate	219.6	252.0	237.7	-5.7%	8.2%
5. Mineral and Energy Resources Programmes and Projects	4 228.4	5 977.7	5 830.8	-2.5%	37.9%
6. Nuclear Energy Regulation and Management	1075.2	1 155.8	1 111.2	-3.9%	3.4%
<b>Total</b>	<b>7 567.1</b>	<b>9 570.0</b>	<b>9 180.8</b>	<b>-4.1%</b>	<b>21.3%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>1 499.0</b>	<b>1 778.5</b>	<b>1 668.5</b>	<b>-6.2%</b>	<b>11.3%</b>
Compensation of employees	107.6	119.8	103.7	-12.9%	1.9%
Goods and services	481.4	587.7	631.4	7.4%	31.2%
<b>Transfers and subsidies</b>	<b>6 049.6</b>	<b>7 772.1</b>	<b>7 492.8</b>	<b>-3.6%</b>	<b>23.9%</b>
Provinces and municipalities	1554.9	2 233.1	2 224.0	-0.4%	43.0%
Departmental agencies and accounts	731.4	651.2	617.5	-5.2%	-15.6%
Public corporations and private enterprises	3 731.3	4 852.5	4 617.4	-4.8%	23.7%
<b>Payments for capital assets</b>	<b>18.4</b>	<b>19.5</b>	<b>19.5</b>	<b>0.0%</b>	<b>5.7%</b>
Machinery and equipment	16.3	17.2	17.2	0.0%	5.5%
<b>Total</b>	<b>7 567.1</b>	<b>9 570.0</b>	<b>9 180.8</b>	<b>-4.1%</b>	<b>21.3%</b>

Source: National Treasury, 2020 and 2021 Budgets. PBO own calculations

- Expenditure in the economy as per government expenditure classification

Payment for compensation of employees is estimated to increase by 1.9 per cent from the revised estimate for 2020/21 and a reduction of 12.9 per cent from the previously estimated amount in the 2020 MTEF.

The goods and services estimates increases by 31.2 per cent from the revised estimates for 2020/21, and 7.4 per cent from the previously estimated amount in the 2020 MTEF. The biggest proportion of the goods and services budget is allocated to consultants: business and advisory service, which is growing by 40.1 per cent from the adjusted budget in 2020/21. Operating leases and travel and subsistence are another two items comprise almost 20 per cent each. These two items increase by 17.7 and 55.4 per cent in 2021/22 from the 2020/21 adjusted budget. Although venues and facilities were decreased from R12.4 million in 2019/20 to R6.6 million in 2020/21, it increases to R18.2 million in 2021/22. Administration fees and advertising are two smaller items that

show significant increases of 31.4 and 141.4 per cent, respectively, from the 2020/21 adjusted appropriation.

Transfers and subsidies are the main cost driver in the Department, amounting to 81.6 per cent of the total budget. The transfer to municipalities increases by 43.0 per cent from the 2020/21 revised estimate. This amount of R2.003 billion is allocated to the Integrated National Electrification Programme Grant. The transfer to public corporations and private enterprises increases by 23.7 per cent from the 2020/21 revised estimate. The biggest amount of R952.5 million is transferred to the South African Nuclear Energy Corporation. The expenditure and performance on these two priority funding areas should be monitored to ensure energy security, environmentally friendly carriers and access to affordable and reliable energy, which is the main purpose of this Department.

- Personnel/vacancy rates

The revised estimated number of posts filled in 2020/21 was 1 647 (54 more than the funded posts) of the 1 587 funded posts and 21 additional post to the establishment. This number is estimated to decrease to 1 641 in 2021/22. It is further noted that the Department shows decreases in the numbers of posts filled in the 1-6 and 7-10 salary levels and increases in the 11-12 and 13-16 salary levels, which is then also the reason for the increase in the COE budget for 2021/22.

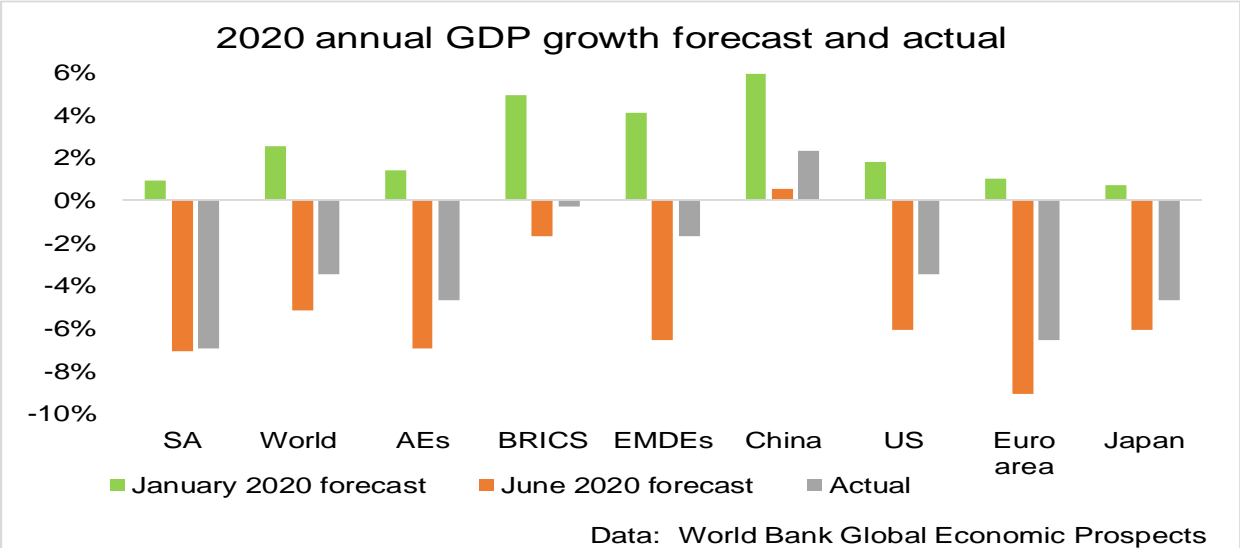
- Effect on outputs/service delivery

All the targets set for the outputs of Mineral Resources and Energy in 2021/22 have been kept the same as in the estimates for 2021/22 as reflected in the 2020 MTEF. Despite the increase in the total budget of 21.3 per cent from the revised estimates for 2020/21, the targets were kept the same as for the 2020/21 estimated performance. With the estimated growth in the budgets for travel and subsistence, one would have expected increased targets for numerous inspections and verifications and increased numbers for additional households electrified per year due to the increase in the Integrated National Electrification Programme Grant.

## **5. Effect of Covid-19 on the economy**

The ongoing Covid-19 pandemic has had major implications for government finances across all countries. The disruption in economic activity brought about by the pandemic, combined with measures imposed by governments to mitigate the spread of the virus, resulted in a large reduction in economic activity, with most countries experiencing large contractions in economic output. Figure 1 shows the changed economic outlook for specific countries.

Figure 1: The Covid-19 pandemic drastically changed the economic outlook and outcomes for economies



The large contractions in economic output has led to declining revenue collection at a local, state and national level. The decline in revenue collection (relative to baseline estimates and previous years) forced governments to either borrow to meet existing baseline commitments, or reduce baseline commitments in-line with the lower revenue collection, or some combination of the two.

In addition to governments having to make policy choices on existing (pre-pandemic) expenditure commitments, governments had to make policy decisions with public finance implications in response to the pandemic. These were primarily focussed on health, social and economic policy.

The health policy response necessitated governments to allocate budgets for:

- The procurement and roll-out of vaccines
- Increasing hospital capacity, including the employment of additional health workers
- The provision of sanitation services
- Law enforcement to ensure lock-down compliance

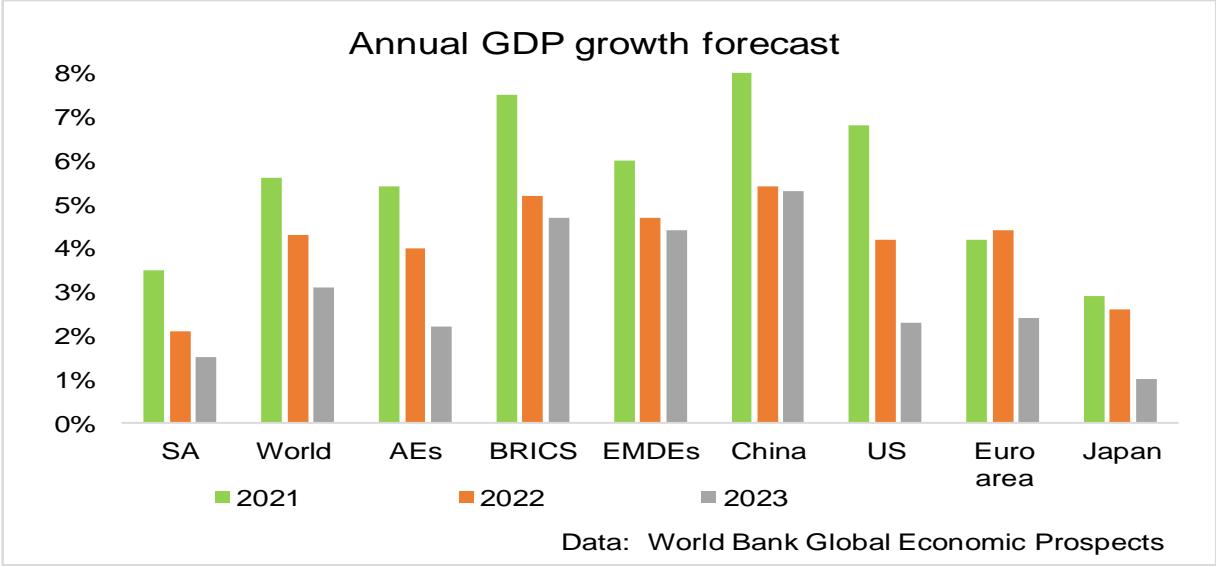
The social and economic policy effects of the pandemic prompted governments to allocate budgets to allow for the provision of:

- Social relief through social grants
- Unemployment insurance
- Tax relief for businesses and individuals
- Stimulus of the economy

The extent to which different governments have employed these policy tools has varied, and depended on the severity and extent of the pandemic and its social and economic effects, the preparedness and capacity of governments to implement programmes, as well as the government's capacity to mobilise resources to meet new and exigent policy priorities. Of course, the impact on countries and the responses of governments to the pandemic was influenced by the levels of development of countries, their levels of poverty and inequality, the existence of automatic stabilisers and levels and quality of social security, healthcare and infrastructure. The amount of money that had been spent to build and maintain healthcare systems and to improve the levels and quality of social security and services had a direct impact on the resilience of communities and households to crises such as those caused by the pandemic.

After more than 18 months into the covid-19 crisis, there has been considerable variance in how different countries have been able to weather the economic and public finance implications brought about by the pandemic. Several countries managed to record strong economic growth in 2020 despite contractions over the first half of the year. Many advanced economy countries are expected to record strong growth in 2021. However, many developing countries, particularly in Latin America and Africa, are expected to continue facing great economic and public finance strain due to the ongoing impact of the pandemic and the weak pre-existing levels of resilience in their societies to economic crises. Figure 2 shows economic outlooks for the world, the advanced economies, the USA, Japan, the Euro area, emerging and developing economies, the BRICS countries, China and South Africa.

Figure 2: Diverging economic outlooks



There are a range of factors which contribute to how countries and economies have fared, and will continue to perform, during the pandemic. These include:

- The extent, duration and variants of the virus affecting a country
- The preparedness of country's health sector (private and public) to effectively and timeously effect measures to curb the spread of the virus, treat those infected, and vaccinate the population
- The extent and efficacy of health, economic and social policy response to the crisis
- A country's pre-existing economic conditions and performance
- The pre-existing health of a country's public finances, including; accumulated public debt and broader public contingent liabilities; access to capital markets; borrowing costs and risk-premia; current and potential for further revenue mobilisation
- The means through which governments mobilise resources to meet covid-related policy responses, including; increasing borrowing; increasing revenue collection; and the movement of funds between policy areas to meet covid-related policy priorities thereby reducing the amount needed to borrow
- Capabilities of government (to deliver health, social and economic policy responses)

Japan, the US and the European union had used unconventional monetary policies to respond the to global financial crisis of 2008. The extended the use of these unconventional monetary policies to respond to the poor recoveries after the GFC, particularly after the prematurely ended fiscal stimulus programmes. However, after several years of unconventional monetary policies, including quantitative easing where central banks purchased private financial assets as well as

government debt and maintaining interest rates at close to zero and even below zero in some case, leaders developed country governments and central banks admitted that monetary policy was not enough and that fiscal policy should be used to stimulate economies.

When the Covid pandemic hit, quantitative easing and unconventional monetary policies were further extended and central banks even increased purchases of shares in listed companies, exchange traded funds and corporate bonds. They also increased fiscal stimulus programmes. In a sense, what was deemed uncoventional monetary policies at the time of the global financial crisis of 2008 has become conventional today because they have become routine part of central bank activities in developed countries. The use of fiscal policy has upended the orthodox, mainstream approach to macroeconomic policy that became generally accepted during the late-1970s and 1980s. This mainstream economic approach to macroeconomic policy said that fiscal policy should not be used to stimulate the economy because such stimuli would be ineffective. Mainstream economics cast aside fiscal policy and focused on inflation fighting monetary policy. However, these views were challenged by government practice during severe recession and crises when governments wanted to support economic recovery.

### **5.1. South Africa's overall fiscal policy response to the Covid-19 pandemic**

In response to the economic and public finance effects of the spread of the coronavirus, the South African government:

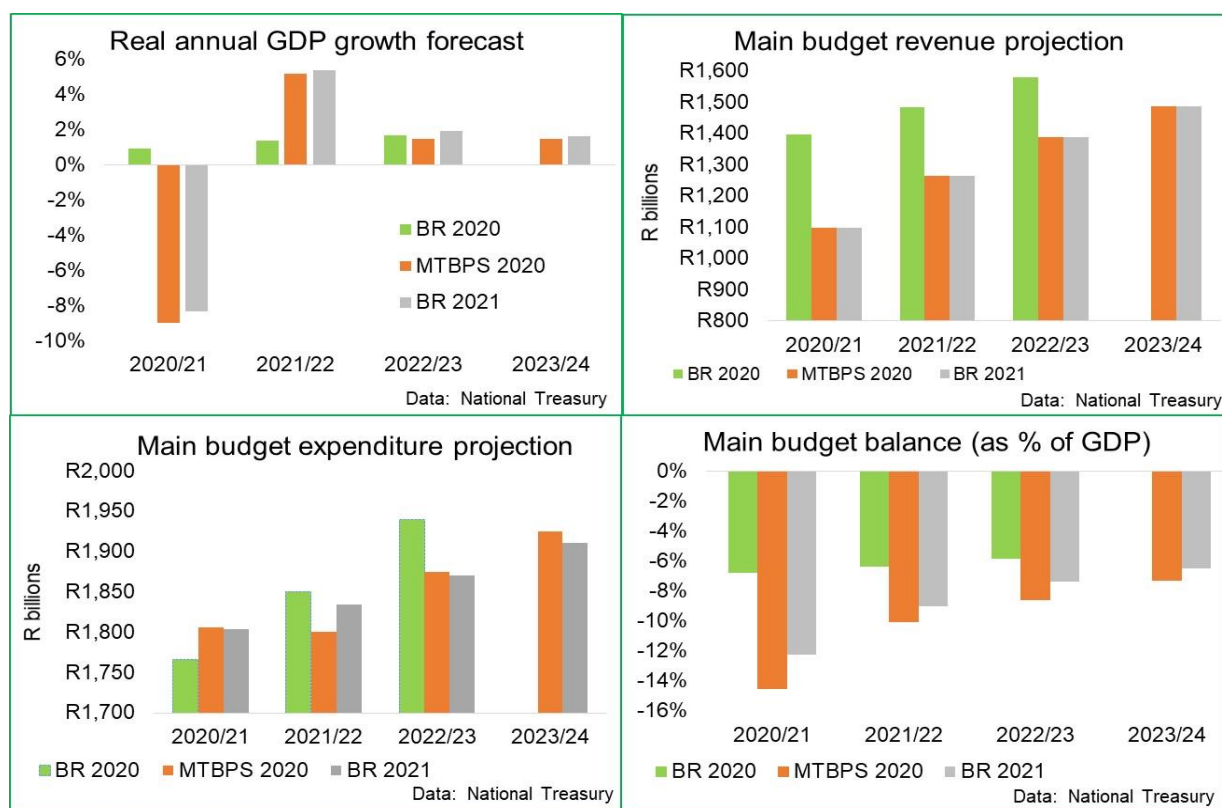
- Downwardly revised its growth and revenue projections for 2020/21, and over the medium term, in the 2020 Supplementary Budget, and in subsequent budgets.
- Provided a battery of measures to provide relief for households, employees and businesses including social grants and tax relief.
- Increased allocation to national departments and provincial and local spheres of government considered critical to contain and prevent the spread of the virus
- Reduced allocation (and slowed medium term growth in allocation compared with previous medium-term budgets) to departments, programmes and spheres of government. This was required to free up resources for covid-related policy priorities and mitigate the large increase in borrowing required, and continue along the medium-term policy of fiscal consolidation.
- Opted to fill the massive increase in the budget deficit through issuing more debt and adding to the already large annual gross borrowing requirements.
- Government opted to not introduce (previously announced) revenue measures to support the recovery of the economy. Government further provided above-inflation relief to Personal Income Tax brackets.

However, there are large questions about the adequacy and effectiveness of government's stimulus package. For example, 40 per cent of the entire amount of the relief package was in the form of government guarantee on loans to businesses of which less than 15 per cent was used. There were also questions about the decision to provide the additional childcare grant to caregivers rather than per child. Government seemed to prematurely switch from dealing with the disaster of covid-19 to implementing a reconstruction and recovery plan without taking into account that that pandemic would last longer than they initially anticipated. The limited period over which the grants were scheduled and the message by the Minister of Finance in 2020 that the grants would not be extended was criticised because consideration was not given to reducing vulnerability and anxiety of households to the ongoing waves of infection and the impact on employment and the economy. At a time when governments all over the world were saying they would do whatever it takes to respond to the covid-19 economic crisis, the South



African government's fiscal policy framework kept focus on fiscal consolidation that constrained government's ability to stimulate the economy.

Figure 3: The Covid-19 presented a large revision to South Africa's fiscal framework



## 6. Fiscal policy

### 6.1. Fiscal policy strategies

Besides providing goods and services like public safety, transport, or primary education, etc. fiscal policy objectives vary. In the short term, governments may focus on macroeconomic targets, for example, expanding spending or cutting taxes to stimulate an ailing economy or slowing expenditure growth or raising taxes to combat rising inflation or to help reduce external vulnerabilities. In the longer term, the aim may be to foster sustainable growth or reduce poverty with actions to improve social security and reduce poverty, infrastructure and improved services, such as health and education. Although these objectives are broadly shared across countries, their relative importance differs, depending on country circumstances. In the short term, priorities may reflect the business cycle or response to a natural disaster or a spike in global food or fuel prices. In the longer term, the drivers can be development levels, demographics, or natural resource endowments.

### 6.2. Fiscal policy during a crisis

During a crisis such as the global economic crisis (also referred to as the "great recession") that had its roots in the 2008 financial crisis, governments, especially advanced economies, responded by trying to boost activity through two channels: automatic stabilisers and fiscal stimulus that is, new discretionary spending or tax cuts. Stabilisers go into effect as tax revenues and expenditure levels change and do not depend on specific actions by the government. Automatic stabilisers are linked to the size of the government, and tend to be larger in advanced economies. Where stabilisers are larger, there may be less need for stimulus (tax cuts, subsidies, or public works

programmes) since both approaches help to soften the effects of a downturn. Indeed, during the recent crisis, countries with larger stabilisers tended to resort fewer to discretionary measures.

Stimulus may be difficult to design and implement effectively and difficult to reverse when conditions pick up. In many low-income and emerging market countries, however, institutional limitations and narrow tax bases mean stabilisers are relatively weak. Even in countries with larger stabilisers, there may be a pressing need to compensate for the loss of economic activity and compelling reasons to target the government's crisis response to those most directly in need.

The exact response ultimately depends on the fiscal space a government has available for new spending initiatives or tax cuts, which is, its access to additional financing at a reasonable cost or its ability to reorder its existing expenditures. Developed countries have increasingly relied on central bank financing of their debt since the global financial crisis and this reliance has increased during the Covid-19 crisis. Some developing countries have responded to the need to increase debt during the pandemic by also increasing central bank financing of government debt. Countries that chose not to utilise central bank financing of their debt were dependent on borrowing from private financiers and the limited funds available from the IMF.

The size, timing, composition, and duration of stimulus matters. A measure of the effectiveness of the stimulus [or, more precisely, how it affects the growth of output (also known as the multiplier)] is needed. Multipliers tend to be larger if there is less leakage (for example, only a small part of the stimulus is saved or spent on imports), monetary conditions are accommodative (interest rates do not rise as a consequence of the fiscal expansion and thereby counter its effects), and the country's fiscal position after the stimulus is viewed as sustainable. Multipliers tend to be higher for spending measures than for tax cuts or transfers and lower for small, open economies (in both cases, because of the extent of leakages to imports). Crises are periods of high uncertainty that negatively affects levels of private sector economic activity and investment. Therefore, targeted government fiscal stimulus rather than tax cuts will be more effective. As for composition, governments face a trade-off in deciding between targeting stimulus to the poor, where the likelihood of full spending and a strong economic effect is higher; funding capital investments, which may create jobs and help bolster longer-term growth; or providing tax cuts that may encourage firms to take on more workers or buy new capital equipment. The high levels of uncertainty associated with economic crises require dealing with crises in the short-term by stimulating household expenditure and helping employers to retain workers to maintain and even boost aggregate demand. Government can also respond to economic crises by increasing investments in infrastructure. As the economy recovers, government can also invest in support to private business to stimulate investment and employment growth.

As for timing, it often takes a while to implement spending measures (programme or project design, procurement, execution),. Therefore, some governments stressed the implementation of "shovel-ready" projects that were already vetted and ready to go.

### **Big deficits and rising public debt**

Fiscal deficits and public debt ratios (the ratio of debt to GDP) have expanded sharply in many countries because of the effects of the crisis on GDP and tax revenues as well as the cost of the fiscal response to the crisis. Support and guarantees to financial and industrial sectors have added to concerns about the financial health of governments. Some economists are of the view that deficits that grow too large and linger too long may affect the sentiment of private actors in bond markets towards some governments' debts. Working within this constrained framework of fiscal space, the IMF in late 2008 and early 2009 called on governments to establish a four-pronged fiscal policy strategy to help ensure solvency: they suggested that

- a government's economic stimulus should not have a permanent effect on deficits;
- governments indicate a commitment to reducing fiscal deficits and debt levels after the crisis;
- structural reforms should be identified and implemented to enhance growth; and
- countries facing medium- and long-term demographic pressures should firmly commit to clear strategies for health care and pension reform.<sup>1</sup>

There is an ongoing debate about how much governments can afford to spend, whether levels of debt are sustainable and the ways in which monetary and fiscal policies are used. The macroeconomic policy choices and actions of developed countries in response to the global financial crisis of 2008, the period after the GFC and the concerted actions they have been taking in response to the pandemic has led to changes in how macroeconomic policies are implemented and rethinking of mainstream views on macroeconomic policies. For example, developed countries have used unconventional macroeconomic policies for more than a decade and these are now thought of as having become conventional. The widespread use of large fiscal stimuli in response to the pandemic have also raised questions about mainstream macroeconomics and whether fiscal stimuli are effective and should be used as well. The combination of QE and fiscal stimulus in developed and even some developing countries have raised important policy issues around central bank financing of government debt and the choices by governments to talk about fiscal space as being constrained by sentiment in bond markets by private traders of bonds and credit ratings agencies.

### 6.3. Availability of reserves for reallocation

Most Organisation for Economic Co-operation and Development (OECD) countries have a range of instruments available – often called flexibility measures – that give them some room to accommodate new fiscal developments or changes in government policy priorities during a fiscal year. Typically, these flexibility measures include the possibility for the government to reallocate funds across budget lines or programmes within limits (OECD, 2020)<sup>2</sup>.

In some cases, greater flexibility or discretion, than is usually the case, was granted to governments during the COVID-19 crisis in using their reserves and in re-allocating funds. In Portugal, an amendment was introduced to the budget bill granting cabinet the authority normally reserved to parliament to transfer appropriations across programmes within the budget.

In many countries reallocations and reserves embedded into budgets fell short from providing the funding required by very large COVID-19 fiscal packages. Virtually all countries had to seek Parliamentary approval on new spending and new funding. Norway, for example, was able to tap into its fund as part of their response to the crisis, in accordance with the fund's rules-based management tied to the economic cycle. Countries such as in South Africa and Israel, which typically fund new spending with re-allocation of appropriations, took the unusual step of amending their laws and presenting supplementary budget bills to their legislatures.

In some countries, governments had to remove or modify expenditure ceilings for the budget year, as well as relax or suspend fiscal rules to create the fiscal space required by new spending needs. Denmark, for instance used an exemption clause to remove the annual expenditure ceiling embedded in its Budget Law to fund its initial responses to COVID-19. Another example is

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<sup>1</sup>Fiscal Policy: Taking and Giving Away, Finance & Development, Mark Horton and Asmaa El-Ganainy

<sup>2</sup>OECD (2020). Policy Responses to Coronavirus (COVID-19). Government financial management and reporting in times of crisis. Available online: <https://www.oecd.org/coronavirus/policy-responses/government-financial-management-and-reporting-in-times-of-crisis-3f87c7d8/>

Italy, where the Parliament authorised a temporary deviation from the adjustment path towards the medium-term deficit and debt objectives.

In addition to the extraordinary immediate spending needs generated by the health emergency, governments had to prepare budgets amidst unprecedented economic uncertainties. In other words, spending was sometimes approved without a clear understanding of how government would raise the necessary resources and of its ultimate impact on the level of public debt. In some cases, the government used discretionary powers or exceptional emergency expenditure and law-making authority to authorise urgent unforeseen expenditure.

In many instances, governments could not precisely define all new policies required to support the economy and households while knowing how additional funds would be spent at the time when the first supplementary budget law was still being tabled in Parliament. Some countries tabled successive supplementary budget laws. For example, the Swedish Government presented a series of supplementary budget bills for parliamentary approval. In some countries, the legislature provided an authorisation to incur expenditures in advance of a subsequent appropriation, when government will make the subsequent details of the spending available for Parliament's scrutiny. Such authorisations were granted to governments in Australia, New Zealand and the United Kingdom.

In some cases, legislation did not specify a ceiling on COVID-19 spending. In Canada, the Parliament approved a collection of bills enabling COVID-19 policy measures, with authorisation granted to the Minister of Finance and Minister of Health to incur all necessary health-related spending without a ceiling. Legislation also granted the Minister of Finance the ability to authorise the borrowing of money without parliamentary approval for a defined period. It is notable that governments have relied heavily on non-cash measures to provide support to households and corporations. In particular, very large guarantee schemes have been announced in most countries that will not impact the current year's deficit but could potentially generate significant fiscal risks for the future.

#### **6.4. Delivering on emergency spending**

During the COVID-19 pandemic, rapid delivery of emergency policies was key to the success and effectiveness of government action. In some countries, existing processes and controls were considered suitable to address demands for crisis responses. In Australia, entities were expected to have appropriate awareness of the heightened risk of fraud in the COVID-19 operating environment and to deploy appropriate controls to mitigate such risks. A similar approach was taken in Japan. In some countries simplified processes were authorised by legislation in the case of an emergency, in particular concerning procurement. This is the case in France, where a "compelling emergency" is discussed in the Procurement Code and authorises streamlined procurement processes.

Other countries sought to speed up the execution of COVID-19 spending beyond what legislation would normally allow. Countries adopted a variety of new practices, such as the fast-tracking of COVID-19 budget allocations and execution. For example, in Austria, fast-track was used for budget appropriations with stricter controls than usual and with approval by the Vice Chancellor. Payment delays have been shortened in some cases to provide liquidities to businesses servicing the government in crisis. For example, in Denmark, to help maintain appropriate levels of liquidity in businesses, public sector entities were authorised to process payments immediately, to prepay suppliers where possible; and to remove penalty charges for those services that could not be delivered on time.

## 6.5. Challenges

Against the background of exceptional budget procedures and, sometimes, challenges with trust in government action, clarity on new spending decisions and transparency on actual implementation has been a major concern for most governments. It has been handled in different ways by OECD countries, depending on their national circumstances. To identify COVID-19 related spending, some countries have created specific programmes or chapters in the budget documentation. In Germany, the so-called “protective shield to manage the coronavirus pandemic” is identified separately in the budget and comprises all COVID-19 new spending, including a detailed costing of each measure, eligibility criteria and presentation of administrative processes.

Where such specific programmes or budget chapters were not created, tagging systems have sometimes been used, such as for example in Canada and Slovenia. In Finland, the supplementary budget law tabled in the Parliament included itemised details of additional spending. Ensuring accessibility of information to citizens and clarity on the objectives for new spending measures were shared objectives of governments. For example, in Korea, for each new spending proposal, an overview, an explanatory statement, a performance statement, and a gender-sensitive analysis were made available on the National Assembly's website.

Financial reporting practices and ambitions have varied across the OECD in terms of their objectives, frequency or content, sometimes due to technical constraints with IT systems or charts of accounts. In some cases, COVID-19 expenditures are just reported in the usual monthly or quarterly budget outturns, without specific identification. In addition, these outturns have been sometimes delayed due to teleworking and other technical constraints. In other cases, countries have established ad hoc reporting processes on COVID-19 spending for the legislature. In Austria, for example, the implementation of COVID-19 measures voted in the supplementary budget law are reported monthly, within four weeks after the end of the month. In some countries, specific attention was paid to the tracking and monitoring of balance sheets (or non-cash) measures, such as guarantees and loans. In countries that have an accrual-basis accounting framework, liabilities and contingent liabilities are recorded as part of the usual accounting processes, but the data is often published only at year end.

## Annexure

**Vote no. 14**  
**Department name Statistics South Africa**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Number of GDP estimates releases per year	Economic Statistics	4	4	4
Number of releases on industry and trade statistics per year	Economic Statistics	150	150	150
Number of releases on financial statistics per year	Economic Statistics	17	17	17
Number of price index releases per year	Economic Statistics	48	48	48
Number of releases on labour market dynamics per year	Population and Social Statistics	8	8	8
Number of releases on living circumstances, service delivery and poverty per year	Population and Social Statistics	4	4	4
Number of releases on the changing profile of the population per year	Population and Social Statistics	17	17	17
Number of releases on the 2021 population census per year	Statistical operations and provincial coordination			

**Vote no. 16**  
**Department name Basic Education**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Number of learners obtaining subject passes towards a national senior certificate through the Second Chance programme per year	Curriculum Policy, Support and Monitoring	60 000	60 000	45 000
Number of underperforming schools monitored on the implementation of the early grade reading assessment per year	Curriculum Policy, Support and Monitoring	10	130	18
Percentage of public schools with home language workbooks for learners in grades 1 to 6 per year	Curriculum Policy, Support and Monitoring	100%	100%	100%
Percentage of public schools with mathematics workbook for learners in grades 1 to 9	Curriculum Policy, Support and Monitoring	100%	100%	100%
Number of Funza Lushaka bursaries awarded to students enrolled for initial teacher education per year	Teachers, Education Human Resources and Institutional Development	12 500	12 500	11 500
Number of new schools built and completed through the accelerated school infrastructure delivery initiative per year	Planning, Information and Assessment	31	29	21
Number of schools provided with sanitation facilities through the accelerated school infrastructure delivery	Planning, Information and Assessment	691	1200	1000
Number of schools provided with water through the accelerated school infrastructure delivery initiative per year	Planning, Information and Assessment	100	-	
Number of schools provided with nutritious meals on each school day per year	Educational Enrichment Services	19 950	19 950	19 950

**Vote no.****17****Department name****Higher Education and Training**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Number of students enrolled in higher education institutions per year (n)	University Education	1 080 000	1 090 000	1 090 000
Number of postgraduate graduates per year (n)	University Education	58 600	60 000	60 000
Number of eligible university students obtaining financial aid from the National Student Financial Aid Scheme per year	University Education	395 591	426 268	426 268
Number of enrolments in TVET colleges per year	Technical and Vocational Education and Training	680 000	710 535	610 000
Number of qualifying students in TVET colleges receiving financial assistance per year	Technical and Vocational Education and Training	240 406	290 467	310 900
Number of new artisans registered for training each year (n)	Skills Development	20 000	31 000	21 500
Number of artisan learners qualifying per year	Skills Development	19 000	25 000	19 500
Number of work-based learning opportunities created per year	Skills Development	100 000	175 000	103 750
Number of headcount enrolments in community education and training colleges per year	Community Education and Training	375 035		413 681
Number of lecturers trained (n)	Community Education and Training	1 220		900

**Vote no.****18****Department name****Health**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Total number of individuals registered on the health patient registration system	National Health Insurance, Health Planning and Systems Enablement	46 million	49 million	50 million
Total number of health facilities reporting stock availability at national surveillance centre	National Health Insurance, Health Planning and Systems Enablement	3 765	3 790	3 830
Total number of patients registered to receive medicines through the centralised chronic medicine dispensing and distribution system	National Health Insurance, Health Planning and Systems Enablement	3.5 million	4.0 million	4.6 million
Total clients remaining on antiretroviral treatment at the end of the year	Communicable and Non-communicable Diseases	5.7 million	6.3 million	5.7 million
Number of primary health care facilities that qualify as ideal clinics per year	Primary Health Care	2 100	2 250	2 150
Number of points of entries compliant with international health regulations per year	Primary Health Care	9	30	18

**Vote no. 19**  
**Department name Social Development**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Total number of old age grant beneficiaries	Social Assistance	3.8 million	3.9 million	3.9 million
Total number of war veterans grant beneficiaries	Social Assistance	47	34	25
Total number of disability grant beneficiaries	Social Assistance	1.0 million	1 million	998 516
Total number of child support grant beneficiaries	Social Assistance	13 million	13.2 million	13.3 million
Total number of foster care grant beneficiaries	Social Assistance	326 380	304 375	283 718
Total number of care dependency grant beneficiaries	Social Assistance	157 871	160 851	156 417
Total number of grant-in-aid beneficiaries	Social Assistance	311 056	360 850	279 173

**Vote no. 22**  
**Department name Correctional Services**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Percentage of inmates who escaped from correctional facilities per year	Incarceration	0.033%	0.032%	0.032%
Percentage of inmates injured as a result of reported assaults in correctional facilities per year	Incarceration	4.65%	4.6%	4.6%
Percentage of overcrowding in correctional facilities in excess of approved bedspace capacity per year	Incarceration	17%	42%	28%
Percentage of sentenced offenders with CSPs who completed correctional programmes per year	Rehabilitation	50%	80%	80%
Percentage of offenders participating in long occupational skills programmes per year	Rehabilitation	80%	80%	90%
Percentage of viral load suppression (at 12 months) of HIV-positive offenders per year	Care	90%	91%	91%
Percentage of parolees without violations per year	Social Reintegration	97%	97%	97%
Percentage of probationers without violations per year	Social Reintegration	97%	97%	97%

**Vote no. 23**  
**Department name Defence**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Total number of defence attachè offices	Administration	44	44	44
Number of reserve force man days	Administration	2 695 963	2 552 645	2 601 591
Percentage compliance with the Southern African Development Community standby force pledge	Force Employment	100.0%	100.0%	100.0%
Percentage compliance with number of ordered commitments (external operations)	Force Employment	100.0%	100.0%	100.0%
Percentage compliance with number of ordered commitments (internal operations)	Force Employment	100.0%	100.0%	100.0%
Number of joint, interdepartmental, interagency and multinational military exercises conducted per year	Force Employment	0	2	2
Number of landward sub-units deployed on border safeguarding per year	Force Employment	15	15	15
Number of hours flown per year	Air Defence	17 100	17 100	17 100
Number of hours at sea per year	Maritime Defence	10 000	10 000	8 000
Number of maritime coastal patrols conducted per year	Maritime Defence	4		4



**Vote no.****25****Department name****Justice and Constitutional Development**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Number of criminal cases on the backlog roll in the lower courts per year	Court Services	55 963	46 344	54 900
Number of additional courts designated per year in terms of section 55(A) of the Criminal Law (Sexual Offences and Related Matters) Amendment Act (2007) as sexual offences courts, in line with the 2019 presidential summit declaration against gender-based violence and femicide	Court Services	27		36
Percentage of letters of appointment issued in deceased estates within 15 days from receipt of all required documents	State Legal Services	75.0%	93.0%	90.0%
Conviction rate:	National Prosecuting Authority			
Conviction rate: - High courts	National Prosecuting Authority	87.0%	87.0%	87.0%
Conviction rate: - Regional courts	National Prosecuting Authority	74.0%	74.0%	74.0%
Conviction rate: - District courts	National Prosecuting Authority	88.0%	88.0%	88.0%
Total number of operational Thuthuzela care centres	National Prosecuting Authority	58	59	59
Conviction rate in sexual offences	National Prosecuting Authority	70%	70.0%	70.0%
Conviction rate in complex commercial crime	National Prosecuting Authority	93%	93.0%	93.0%
Number of persons convicted of corruption in the private sector	National Prosecuting Authority	150	158	158
Number of government officials convicted of corruption and/or related offences per year	National Prosecuting Authority	220	232	232
Value of freezing orders obtained for corruption or offences related to corruption	National Prosecuting Authority	R2.4billion	R2.6billion	R2.4billion
Value of recoveries relating to corruption or related offences	National Prosecuting Authority	R1.4billion	R1.6billion	R1.4billion

**Vote no.****26****Department name****Military Veterans**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Number of military veterans approved for housing	Socio Economic Support	355	710	355
Number of military veterans and their dependants provided with bursaries	Socioeconomic Support	3 500	7 400	3 500
Number of military veterans provided with authority to access healthcare services	Socioeconomic Support	18 500	20 000	19 100
Number of military veterans memorial sites facilitated per year	Empowerment and Stakeholder Management	3	3	3

**Vote no.****28****Department name****Police**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Percentage reduction in the number of contact crimes	Visible Policing	7.48%	6.70%	7.48%
Percentage reduction in the number of crimes against women	Visible Policing	6.90%	6.70%	6.90%
Percentage reduction in the number of crimes against children	Visible Policing	6.73%	6.70%	6.73%
Percentage of police stations that have functional Community Police Forums	Visible Policing	99.57%	99.56%	99.57%
Detection rate for contact crimes	Detective Services	55.47%	55.77%	55.77%
Detection rate for crimes against women (18 years and above)	Detective Services	75.15%	75.25%	75.25%
Detection rate for crimes against children	Detective Services	70.10%	70.15%	70.15%
Conviction rate for serious fraud and corruption in the private and public sector	Detective Services	70.0%	70.0%	70.00%
Percentage of registered serious organised crime project investigations successfully closed	Detective Services	72.0%	72.0%	72.00%
Percentage of original previous conviction reports generated within 15 calendar days per year	Detective Services	95.0%	95.0%	95.00%
Percentage of network operations successfully terminated	Crime Intelligence	65.07%	100.00%	65.07%
Number security breaches during in-transit protection and identified VIP residences	Protection and Security Services	None (0)	0	0

**Vote no.****29****Department name****Agriculture, Land Reform and Rural Development**

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Number of plant pest surveillance surveys conducted annually	Agricultural Production, Health, Food Safety, Natural Resources and Disaster	3	3	3
Number of animal diseases surveillance surveys conducted annually	Agricultural Production, Health, Food Safety, Natural Resources and Disaster	3	3	3
Percentage of eligible veterinarians placed under the compulsory community service programme per year	Agricultural Production, Health, Food Safety, Natural Resources and Disaster	100%	100%	1
Number of subsistence and smallholder producers supported per year	Food Security, Land Reform and Restitution	102337	145 000	120 000
Number of hectares of strategically located land acquired per year	Food Security, Land Reform and Restitution	23973	103 690	25 172
Number of land claims finalised	Food Security, Land Reform and Restitution	295	459	459
Number of infrastructure projects completed to support farmers per year	Rural Development	15	-	20

## Vote no.

32

## Department name

Environment, Forestry and Fisheries

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Percentage of national environmental impact management applications processed	Regulatory Compliance and Sector Monitoring	100%	100%	100%
Number of environmental authorisations inspected per year	Regulatory Compliance and Sector Monitoring	120	170	160
Number of air quality monitoring stations reporting to South African Air Quality Information System (SAAQIS) meeting minimum data recovery standard of 75%	Climate Change and Air Quality	65	70	70
Number of hectares of state-managed protected areas assessed with the management effectiveness tracking tool (METT) score above 67%	Biodiversity and Conservation	8% (5 285 970/ 6 525 889)	83%	83%
Percentage of land under conservation (hectares)	Biodiversity and Conservation	14.2% (17 343 142 ha/ 121 991 200 ha)	0	14.7%
Number of hectares of land for indigenous species cultivated	Biodiversity and Conservation	500	500	500
Number of Biodiversity Entrepreneurs Trained	Biodiversity and Conservation	150	400	400
Number of work opportunities created through the expanded public works programme	Environmental Programmes	94 330	61 638	66 432
Number of full time equivalent jobs created through the expanded public works programme	Environmental Programmes	30 665	30 977	30 977
Percentage of waste diverted from landfill sites for recycling	Chemicals and Waste Management	50% (85 133 tonnes / 170 266 tonnes)	70%	70%
Number of plantations handed over to communities	Forestry Management	Appropriate model approved	3	3
Number of hectares of temporary unplanted areas planted per year	Forestry Management	1000 ha	1695	1800
Number of compliance inspections conducted in the 6 priority fisheries (hake; abalone; rock lobster; line fish, squid and pelagic)	Fisheries Management	5 500	5 500	5 500
Number of verifications of right holders conducted	Fisheries Management	280	284	284

## Vote no.

34

## Department name

Mineral Resources and Energy

Indicators	Related Programme	Estimated performance 2020/21	Projected for 2021/22 as published in the 2020 ENE	Projected for 2021/22 as published in the 2021 ENE
Number of new petroleum retail site inspections per year	Minerals and Petroleum Regulation	1500	1500	1500
Number of mining rights and permits granted or issued to historically disadvantaged South Africans per year	Minerals and Petroleum Regulation	120	120	120
Number of industry workshops on compliance issues conducted per year	Minerals and Petroleum Regulation	9	9	9
Number of social and labour plan verification inspections per year	Minerals and Petroleum Regulation	212	212	212
Number of environmental verification inspections conducted per year	Minerals and Petroleum Regulation	1275	1275	1275
Number of mine economics verification audits per year	Minerals and Petroleum Regulation	425	425	425
Number of mineral legislation compliance inspections conducted per year	Minerals and Petroleum Regulation	150	150	150
Number of derelict and ownerless mines rehabilitated per year	Programmes and Projects	43	43	43
Number of energy savings realised and verified from energy efficiency and demand-side management grant per year (terawatt hours)	Programmes and Projects	0.5Twh	0.5Twh	0.5Twh
Number of additional households electrified per year	Programmes and Projects	180 000	180 000	180 000
Number of new bulk substations built per year	Programmes and Projects	2	2	2
Number of additional substations upgraded per year	Programmes and Projects	3	3	3
Kilometres of new medium voltage power lines constructed per year	Programmes and Projects	50	50	50
Kilometres of existing medium voltage power lines upgraded per year	Programmes and Projects	50	50	50
Number of non-grid connections per year	Programmes and Projects	15 000	15 000	15 000

