



**MINISTRY: FINANCE
REPUBLIC OF SOUTH AFRICA**

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Ref: M3/1/1(569/2020)

Hon Mr SN Buthelezi MP

Chairperson of the Standing Committee on Appropriations
National Assembly
PO Box 15
CAPE TOWN
2000

Dear Honourable Chairperson

**REQUEST TO INCLUDE AMENDMENT TO APPROPRIATION ACT, 2020, IN
ADJUSTMENT APPROPRIATION BILL [B 10—2020]**

I am writing to you to request the Standing Committee on Appropriations (SCOA) to amend section 6 of the Appropriation Act, 2020, in the Adjustments Appropriation Bill [B 10—2020] (“the Bill”), currently before the National Assembly.

Section 6 of the Appropriation Act, 2020 enables the Minister of Finance to approve expenditure which cannot reasonably be delayed without negatively affecting service delivery. Such expenditure meets one of the requirements in section 6(1)(a), (b) or (c) of the Appropriation Act, 2020. For example, if the expenditure is unforeseen and unavoidable or was announced by the Minister during the tabling of the budget in February 2020. The expenditure under section 6 of the Appropriation Act, 2020, may not exceed the contingencies for the 2020/21 financial year. Such expenditure must be approved before the introduction of an Adjustments Appropriation Bill.

The Appropriation Act, 2020, was assented to by the President on 22 June 2020 and published in the *Gazette* on 23 June 2020, i.e. the date it took effect. On 24 June 2020, I tabled an Adjustments Appropriation Bill [B 10-2020] in the National Assembly. Following this tabling, section 6 of the Appropriation Act could not be used. Therefore, the use of section 6 was only available one day. When the Appropriation Bill was tabled in February 2020, it was not anticipated that an Adjustments Appropriation Bill will be tabled in Parliament much earlier than October 2020, the usual month in which such Bill is tabled annually. The wording of section 6(1) of the Appropriation Act was based on the date of tabling in October 2020.

The inability to use section 6 of the Appropriation Act, 2020, i.e. approving the use of contingencies' funding, will impact negatively on affected institutions where they qualify for such funding. In the 2019/20 financial year, the same provision in the Appropriation Act, 2019, was, for example, utilised for funding for SABC, Denel and public infrastructure projects.

It is important to enable the use of section 6 of the Appropriation Act, 2020 up to the introduction of the second Adjustments Appropriation Bill in October 2020. Therefore, it is requested that, when SCOA considers the Adjustments Appropriation Bill [B 10—2020], it adopts an amendment to section 6(1) of the Appropriation Act through inserting a new clause after clause 7 of the Adjustments Appropriation Bill. It is proposed that the introductory part of section 6(1) of the Appropriation Act, 2020, be amended as follows:

“Despite any provision in any other legislation to the contrary, and before **[an] the second** Adjustments Appropriation Bill is introduced in Parliament, the Minister may approve expenditure, if it cannot reasonably be delayed without negatively affecting service delivery and such expenditure—”.

The Annex hereto contains a proposed format for the above amendment.

The above proposed amendment does not affect the revised fiscal framework for the 2020/21 financial year, the Division of Revenue Act, 2020 or Division of Revenue Amendment Bill [B 9—2020].

Section 12 of the Money Bills and Related Matters Act, 2009, regulates the processing of an Adjustments Appropriation Bill including amendments thereto. Since I am requesting SCOA to make the amendment, it will obviate the need for me to consult on the proposed amendments in terms of section 12(7) of the Money Bills and Related Matters Act.

Your favourable consideration of the request will be appreciated.

Please accept the assurance of my highest consideration and best wishes.

I remain,

Yours sincerely



TT MBOWENI, MP
MINISTER OF FINANCE
Date: 22/07/2020