



MINISTRY OF FINANCE

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MEDIA RELEASE

The Ministry of Finance has noted with surprise recent media reports and statements by the Democratic Alliance that travel, accommodation and entertainment expenses of government officials have increased by 50% and more. A cursory look at government financial statements will reveal that this is not the case. There has been a real decline in travel and accommodation spending in some of the departments mentioned and a marginal increase in others.

It is regrettable that shoddy research and a desperation to score cheap political points would drive the DA to deliberately distort the fact surrounding government accounting.

The National Treasury introduced a new Budget Format and Standard Chart of Accounts at the beginning of the 2004/05 financial year. This implied that the expenditure items used by departments were reviewed in order to ensure consistency across government. This process meant that once duplicate items were identified they were either removed or combined ensuring standardization of expenditure items.

These new reporting formats represent a new perspective of financial data collation and were designed to facilitate greater transparency and enhanced financial management.

Emanating from this reclassification is the consolidation of costs such as catering for all meetings, functions, travel and accommodation into one spending item.

The reclassified data for *Travel and Subsistence* is presented below and compared to the data that was provided in the media statement.

Department of Safety and Security

The adjusted budget for 2004/05 amounted to R343,4 million, compared to the preliminary actual expenditure of R322,5 million in 2003/04, based on the reclassified data for 2003/04. If the actual outcome of R259 million reported in the media is compared to this data, it implies a decline of 19,7% from the previous financial year.

Department of Agriculture

The adjusted budget for 2004/05 amounted to R56,8 million, compared to the preliminary actual expenditure of R46,5 million in 2003/04, based on the reclassified data for 2003/04. If the actual outcome of R63 million reported in the media is compared to this data, it implies an increase of 35,5% if compared to the previous financial year.

Department of Home Affairs

The adjusted budget for 2004/05 amounted to R76,8 million, compared to the preliminary actual expenditure of R68,5 million in 2003/04, based on the reclassified data for 2003/04. If the actual outcome of R43 million reported in the media is compared to this data it implies a decline of 37,2% from the previous financial year.

Department of Land Affairs

The adjusted budget for 2004/05 amounted to R40,8 million, compared to the preliminary actual expenditure of R43,2 million in 2003/04, based on the reclassified data for 2003/04. If the actual outcome of R38 million reported in the media is compared to this data it implies a decline of 12% from the previous financial year.

It is clear from this data that extreme care must be taken when data after April 2004 is compared with the history data, as classifications are not strictly comparable. A very cursory investigation revealed that in most cases items included under the new definition of *Travel and Subsistence* were not included in the departmental history data. A detailed analysis would have to be conducted in order to comment on the variances between the data published in the 2005 ENE and that provided by departments for 2003/04.

The National Treasury through the Office of the Accountant- general and Budget Office is satisfied that spending on travel, accommodation and subsistence is within budget and is not excessive. This is especially significant as the financial year referred to in the media reports was also a period of national elections, which results in extensive travel expenses from the Departments of Home Affairs and the SAPS.

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