

# Vote 8

## National Treasury

	<b>Main appropriation</b>	<b>Adjusted appropriation</b>	<b>Decrease</b>	<b>Increase</b>
<b>Amount to be appropriated</b>	R13 990 708 000	R14 172 795 000		R182 087 000
<b>Statutory appropriations</b>	R187 831 191 000	R186 555 191 000	R1 276 000 000	
<b>Responsible minister</b>	Minister of Finance			
<b>Administering department</b>	National Treasury			
<b>Accounting officer</b>	Director-General of National Treasury			

### Aim

*The aim of National Treasury is to promote economic development, good governance, social progress and rising living standards through the accountable, economical, equitable and sustainable management of public finances.*

### Changes to programme purposes and measurable objectives

No changes were made to programme purposes and measurable objectives.

### Adjusted Estimates of National Expenditure 2005

**Table 8.1: National Treasury**

Programme	2005/06						
	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
1.Administration	111 816	–	–	28 000	(855)	27 145	138 961
2.Economic Planning and Budget Management	151 761	7 837	–	9 246	1 105	18 188	169 949
3.Asset and Liability Management	49 722	5 000	–	(23 879)	–	(18 879)	30 843
4.Financial Management and Systems	281 999	–	–	14 277	–	14 277	296 276
5.Financial Accounting and Reporting	85 634	–	–	(27 644)	–	(27 644)	57 990
6.Provincial and Local Government Transfers	4 279 513	–	–	–	–	–	4 279 513
7.Civil and Military Pensions, Contributions to Funds and Other Benefits	2 178 805	–	–	–	(98 000)	(98 000)	2 080 805
8. Fiscal Transfers	6 851 458	169 000	–	–	98 000	267 000	7 118 458
<b>Subtotal</b>	<b>13 990 708</b>	<b>181 837</b>	<b>–</b>	<b>–</b>	<b>250</b>	<b>182 087</b>	<b>14 172 795</b>
<b>Direct charge on the National Revenue Fund</b>	<b>187 831 191</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1 276 000)</b>	<b>(1 276 000)</b>	<b>186 555 191</b>
Provincial Equitable Share	134 706 191	–	–	–	–	–	134 706 191
State Debt Costs	53 125 000	–	–	–	(1 276 000)	(1 276 000)	51 849 000
<b>Total</b>	<b>201 821 899</b>	<b>181 837</b>	<b>–</b>	<b>–</b>	<b>(1 275 750)</b>	<b>(1 093 913)</b>	<b>200 727 986</b>

2005/06							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
<b>Economic classification</b>							
<b>Current payments</b>	<b>55 199 879</b>	<b>12 837</b>	<b>-</b>	<b>(15 026)</b>	<b>(1 373 750)</b>	<b>(1 375 939)</b>	<b>53 823 940</b>
Compensation of employees	1 672 492	-	-	(38 003)	(98 000)	(136 003)	1 536 489
Goods and services	402 387	12 837	-	22 977	250	36 064	438 451
Interest and rent on land	53 125 000	-	-	-	(1 276 000)	(1 276 000)	51 849 000
<b>Transfers and subsidies to:</b>	<b>146 609 329</b>	<b>169 000</b>	<b>-</b>	<b>5 956</b>	<b>98 000</b>	<b>272 956</b>	<b>146 882 285</b>
Provinces and municipalities	138 985 831	-	-	484	-	484	138 986 315
Departmental agencies and accounts	6 402 817	152 000	-	-	98 000	250 000	6 652 817
Universities and technikons	-	-	-	5 000	-	5 000	5 000
Foreign governments and international organisations	436 896	7 000	-	-	-	7 000	443 896
Public corporations and private enterprises	40 000	10 000	-	500	-	10 500	50 500
Non-profit institutions	58	-	-	-	-	-	58
Households	743 727	-	-	(28)	-	(28)	743 699
<b>Payments for capital assets</b>	<b>12 691</b>	<b>-</b>	<b>-</b>	<b>9 070</b>	<b>-</b>	<b>9 070</b>	<b>21 761</b>
Machinery and equipment	12 417	-	-	8 043	-	8 043	20 460
Software and other intangible assets	274	-	-	1 027	-	1 027	1 301
<b>Total</b>	<b>201 821 899</b>	<b>181 837</b>	<b>-</b>	<b>-</b>	<b>(1 275 750)</b>	<b>(1 093 913)</b>	<b>200 727 986</b>

## Details of adjustments to Estimates of National Expenditure 2005

### Roll-overs – R181,837 million

#### Programme 2: Economic Planning and Budget Management

R7,837 million has been rolled over for the pilot rollout of the infrastructure delivery improvement programme (R6,5 million) and for consultants for the economic impact study and the foreign ownership of South African banks study (R1,337 million).

#### Programme 3: Asset and Liability Management

R5 million has been rolled over for the reviews of treasury operations in state owned enterprises (SOEs) and of the mandates for developmental financial institutions (DFIs).

#### Programme 8: Fiscal Transfers

R169 million has been rolled over for: a transfer to the Development Bank of Southern Africa (DBSA) for the Apex Fund (R10 million); a transfer to the secret services to conclude the capital project for the Crime Intelligence division of the South African Police Service (SAPS) (R10 million); to implement non-statutory force dispensation and severance packages in the civilian intelligence services (R142 million); and to provide for a transfer to the Vaccine Fund (R7 million) as agreed with the Global Alliance for Vaccines and Immunisation.

## Virements

**Table 8.2: National Treasury (Net effect of all virements)**

From	R thousand	To	R thousand
<b>Programme</b>			
3 Asset and Liability Management	23 879	1 Administration	28 000
5 Financial Accounting and Reporting	27 644	2 Economic Planning and Budget Management	9 246
		4 Financial Management and Systems	14 277
<b>Economic classification item</b>			
Compensation of employees	38 003	Goods and services	22 977
		Transfers and subsidies	5 956
		Machinery and equipment	8 043
		Software and other intangible assets	1 027

### Details of savings

#### Programme 3: Asset and Liability Management

Underspending of R23,879 million is mainly attributable to the delay in starting the reviews of treasury operations in SOEs and of the mandates for DFIs, and in developing treasury systems.

#### Programme 5: Financial Accounting and Reporting

Savings of R27,644 million, as a result of vacant posts and related costs, were realised under compensation of employees (R3,184 million), machinery and equipment (R1,528 million) and goods and services (R22,932 million). The bulk of the savings under goods and services was for travel and subsistence (R13,604 million), including for a planned international trip to learn more about accrual accounting that did not materialise.

### Utilisation of savings

#### Programme 1: Administration

R28 million has been used to refurbish the department's buildings, set up a service desk, design better business processes and enhance capacity.

#### Programme 2: Economic Planning and Budget Management

R9,246 million has been used to roll out the infrastructure delivery improvement programme.

#### Programme 4: Financial Management and Systems

R14,277 million has been used to implement the second phase of the integrated financial management system (IFMS).

### Virements within a programme

#### Programme 1: Administration

Due to vacant positions, R8,495 million has been shifted from compensation of employees to goods and services to fund consultants.

#### Programme 2: Economic Planning and Budget Management

Due to vacant positions, R3,41 million has been shifted from compensation of employees to goods and services to fund consultants, and to transfers and subsidies to increase the provision for Regional Services Council levies and introduce the new transfer payment to the Centre for Development and Enterprise.

**Programme 3: Asset and Liability Management**

Due to vacant positions R1,778 million has been shifted from compensation of employees to machinery and equipment.

**Programme 4: Financial Management and Systems**

Due to vacant positions R21,136 million has been shifted from compensation of employees to goods and services to fund consultants.

**Other adjustments – R250 000**

**Shifting of funds between votes**

**Programme 2: Economic Planning and Budget Management**

R250 000 has been shifted from the Department of Home Affairs to jointly fund the home affairs tariff review project, which is being managed by the Treasury and conducted by Price Waterhouse and Coopers.

**Shifting of funds within a vote**

R855 000 has been shifted from *Programme 1: Corporate Services* to *Programme 2: Economic Planning and Budget Management* for the Policy Board for Financial Services and Regulation.

A saving of R98 million on *Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits* resulted from the regularisation of the pre-1992 medical aid benefits. This saving would have been surrendered to the National Revenue Fund, but has been shifted to *Programme 8: Fiscal Transfers* (Secret Services subprogramme) for the implementation of non-statutory forces dispensation and severance packages in the civilian intelligence services.

**Amounts forming a direct charge on the National Revenue Fund – (R1,276 billion)**

**State debt costs**

It is estimated that state debt costs will be R1,276 billion less than originally budgeted, mainly as a result of lower interest payments due to lower Treasury Bill rates and lower exchange rates.

**Expenditure 2004/05 and preliminary expenditure 2005/06**

**Table 8.3: National Treasury**

Programme	2004/05				2005/06		
	Adjusted appropriation	Expenditure outcome		Apr 04 - Mar 05 % of adjusted appropriation	Preliminary expenditure		% change 04/05 - 05/06 Apr - Sep
Apr 2004 - Sep 2004		Apr 2004 - Mar 2005	Adjusted appropriation		Apr 2005 - Sep 2005		
R thousand							
1. Administration	143 598	45 197	89 346	62,2	138 961	55 168	22,1
2. Economic Planning and Budget Management	150 864	67 002	135 734	90,0	169 949	76 106	13,6
3. Asset and Liability Management	53 876	12 201	26 261	48,7	30 843	14 348	17,6
4. Financial Management and Systems	351 730	108 697	226 416	64,4	296 276	99 272	(8,7)
5. Financial Accounting and Reporting	65 180	13 505	31 902	48,9	57 990	18 402	36,3
6. Provincial and Local Government Transfers	3 934 260	1 704 183	3 934 260	100,0	4 279 513	1 928 554	13,2
7. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 063 966	929 795	1 921 320	93,1	2 080 805	1 040 859	11,9
8. Fiscal Transfers	7 258 442	3 209 756	7 124 664	98,2	7 118 458	3 116 575	(2,9)
<b>Subtotal</b>	<b>14 021 916</b>	<b>6 090 336</b>	<b>13 489 903</b>	<b>96,2</b>	<b>14 172 795</b>	<b>6 349 284</b>	<b>4,3</b>

R thousand	2004/05 Expenditure outcome				2005/06 Preliminary expenditure		
	Adjusted appropriation	Apr 2004 - Sep 2004	Apr 2004 - Mar 2005	Apr 04 - Mar 05 % of adjusted appropriation	Adjusted appropriation	Apr 2005 - Sep 2005	% change 04/05 - 05/06 Apr - Sep
<b>Direct charge on the National Revenue Fund</b>	<b>213 700 774</b>	<b>107 603 941</b>	<b>212 934 966</b>	<b>99,6</b>	<b>186 555 191</b>	<b>95 506 989</b>	<b>(11,2)</b>
Provincial Equitable Share	164 083 774	83 185 122	164 083 774	100,0	134 706 191	70 047 219	(15,8)
State Debt Costs	49 617 000	24 418 819	48 851 192	98,5	51 849 000	25 459 770	4,3
<b>Total</b>	<b>227 722 690</b>	<b>113 694 277</b>	<b>226 424 869</b>	<b>99,4</b>	<b>200 727 986</b>	<b>101 856 273</b>	<b>(10,4)</b>
<b>Current payments</b>	<b>51 697 559</b>	<b>25 241 047</b>	<b>50 550 375</b>	<b>97,8</b>	<b>53 823 940</b>	<b>26 399 134</b>	<b>4,6</b>
Compensation of employees	1 555 816	665 228	1 362 273	87,6	1 536 489	792 142	19,1
Goods and services	524 743	156 551	336 296	64,1	438 451	147 207	(6,0)
Interest and rent on land	49 617 000	24 418 819	48 851 192	98,5	51 849 000	25 459 770	4,3
Financial transactions in assets and liabilities	-	449	614	-	-	15	(96,7)
<b>Transfers and subsidies to:</b>	<b>175 991 767</b>	<b>88 449 750</b>	<b>175 864 510</b>	<b>99,9</b>	<b>146 882 285</b>	<b>75 449 693</b>	<b>(14,7)</b>
Provinces and municipalities	168 018 606	84 889 550	167 957 529	100,0	138 986 315	71 976 086	(15,2)
Departmental agencies and accounts	6 782 379	3 125 580	6 765 737	99,8	6 652 817	3 075 179	(1,6)
Universities and technikons	-	-	795	-	5 000	-	-
Foreign governments and international organisations	462 046	90 784	366 907	79,4	443 896	53 644	(40,9)
Public corporations and private enterprises	40 001	-	68 665	171,7	50 500	-	-
Non-profit institutions	55	-	56	101,8	58	-	-
Households	688 680	343 836	704 821	102,3	743 699	344 784	0,3
<b>Payments for capital assets</b>	<b>33 364</b>	<b>3 480</b>	<b>9 984</b>	<b>29,9</b>	<b>21 761</b>	<b>7 446</b>	<b>114,0</b>
Machinery and equipment	20 840	3 104	8 378	40,2	20 460	6 543	110,8
Software and other intangible assets	12 524	376	1 606	12,8	1 301	903	140,2
<b>Total</b>	<b>227 722 690</b>	<b>113 694 277</b>	<b>226 424 869</b>	<b>99,4</b>	<b>200 727 986</b>	<b>101 856 273</b>	<b>(10,4)</b>

## Selected expenditure trends for first half of 2005/06 financial year

Expenditure in the first six months of 2005/06 amounted to R101,856 billion, or 50,7 per cent of the adjusted appropriation of R200,728 billion for the year as a whole.

The main decreases are related to lower budgeted allocations for financial management and systems, fiscal transfers and state debt costs.

Payments for capital assets reflect a substantial increase due to the refurbishment of departmental buildings.

## Summary of transfers and subsidies and conditional grants

Table 8.4 Summary of transfers and subsidies per programme

Table 8.5 Summary of conditional grants to provinces

Table 8.6 Summary of conditional grants to local government

**Table 8.4: Summary of transfers and subsidies per programme**

R thousand	2005/06						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
<b>1.Administration</b>	<b>284</b>	-	-	<b>54</b>	-	<b>54</b>	<b>338</b>
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>34</b>	-	-	<b>82</b>	-	<b>82</b>	<b>116</b>
Regional Services Council levies	34	-	-	82	-	82	116
<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>140</b>	-	-	-	-	-	<b>140</b>
Finance, Accounting, Management, Consulting and other Financial Services (Fasset) Sector Education and Training Authority	140	-	-	-	-	-	140
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>110</b>	-	-	<b>(28)</b>	-	<b>(28)</b>	<b>82</b>
Education and Training Development external bursaries	110	-	-	(28)	-	(28)	82
<b>2.Economic Planning and Budget</b>	<b>6 059</b>	-	-	<b>5 735</b>	-	<b>5 735</b>	<b>11 794</b>
<b>Management</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>59</b>	-	-	<b>235</b>	-	<b>235</b>	<b>294</b>
Regional Services Council levies	59	-	-	235	-	235	294
<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>6 000</b>	-	-	-	-	-	<b>6 000</b>
Project Development Facility-Trading Account	6 000	-	-	-	-	-	6 000
<b>Universities and technikons</b>							
<b>Current</b>	-	-	-	<b>5 000</b>	-	<b>5 000</b>	<b>5 000</b>
University of Cape Town	-	-	-	5 000	-	5 000	5 000
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
<b>Current</b>	-	-	-	<b>500</b>	-	<b>500</b>	<b>500</b>
Centre for Development and Enterprises	-	-	-	500	-	500	500
<b>3.Asset and Liability Management</b>	<b>7</b>	-	-	<b>46</b>	-	<b>46</b>	<b>53</b>
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>7</b>	-	-	<b>46</b>	-	<b>46</b>	<b>53</b>
Regional Services Council levies	7	-	-	46	-	46	53
<b>4.Financial Management and Systems</b>	<b>21</b>	-	-	<b>73</b>	-	<b>73</b>	<b>94</b>
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>21</b>	-	-	<b>73</b>	-	<b>73</b>	<b>94</b>
Regional Services Council levies	21	-	-	73	-	73	94

R thousand	2005/06						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
<b>5. Financial Accounting and Reporting</b>	<b>19 041</b>	-	-	<b>48</b>	-	<b>48</b>	<b>19 089</b>
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>6</b>	-	-	<b>48</b>	-	<b>48</b>	<b>54</b>
Regional Services Council levies	6	-	-	48	-	48	54
<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>19 035</b>	-	-	-	-	-	<b>19 035</b>
Accounting Standards Board	4 733	-	-	-	-	-	4 733
Audit (Auditor-General)	14 302	-	-	-	-	-	14 302
<b>6. Provincial and Local Government Transfers</b>	<b>4 279 513</b>	-	-	-	-	-	<b>4 279 513</b>
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial revenue funds</b>							
<b>Capital</b>	<b>3 730 773</b>	-	-	-	-	-	<b>3 730 773</b>
Provincial Infrastructure Grant	3 730 773	-	-	-	-	-	3 730 773
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>548 740</b>	-	-	-	-	-	<b>548 740</b>
Local Government Restructuring	350 000	-	-	-	-	-	350 000
Financial Management: Municipalities	132 500	-	-	-	-	-	132 500
Financial Management: Development Bank of Southern Africa	66 240	-	-	-	-	-	66 240
<b>7. Civil and Military Pensions, Contributions to Funds and Other Benefits</b>	<b>746 755</b>	-	-	-	-	-	<b>746 755</b>
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>3 080</b>	-	-	-	-	-	<b>3 080</b>
United Kingdom Tax	3 080	-	-	-	-	-	3 080
<b>Non-profit institutions</b>							
<b>Current</b>	<b>58</b>	-	-	-	-	-	<b>58</b>
SA Legion	58	-	-	-	-	-	58
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>743 617</b>	-	-	-	-	-	<b>743 617</b>
Civil Pensions	601 581	-	-	-	-	-	601 581
Military Pensions	142 036	-	-	-	-	-	142 036
<b>8. Fiscal Transfers</b>	<b>6 851 458</b>	<b>169 000</b>	-	-	<b>98 000</b>	<b>267 000</b>	<b>7 118 458</b>
<b>Departmental agencies and accounts</b>							
<b>Public entities</b>							
<b>Current</b>	<b>558 316</b>	<b>142 000</b>	-	-	<b>98 000</b>	<b>240 000</b>	<b>5 798 316</b>
South African Revenue Service	803 868	-	-	-	-	-	3 803 868
Secret Services Account	1 715 216	142 000	-	-	98 000	240 000	1 955 216
Financial Intelligence Centre	19 572	-	-	-	-	-	19 572
Financial and Fiscal Commission	19 660	-	-	-	-	-	19 660
<b>Capital</b>	<b>819 326</b>	<b>10 000</b>	-	-	-	<b>10 000</b>	<b>829 326</b>
South African Revenue Services	450 434	-	-	-	-	-	450 434
Secret Services Account	364 847	10 000	-	-	-	10 000	374 847
Financial Intelligence Centre	4 045	-	-	-	-	-	4 045

		2005/06						
		Additional appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation	
<b>Foreign governments and international organisations</b>								
<b>Current</b>								
	279 500	7 000	-	-	-	7 000	286 500	
Lesotho, Namibia & Swaziland	276 500	-	-	-	-	-	276 500	
Commonwealth Fund for Technical Cooperation	3 000	-	-	-	-	-	3 000	
The Vaccine Fund	-	7 000	-	-	-	7 000	7 000	
<b>Capital</b>								
	154 316	-	-	-	-	-	154 316	
African Development Bank	154 316	-	-	-	-	-	154 316	
<b>Public corporations and private enterprises</b>								
<b>Public corporations</b>								
<b>Other transfers</b>								
<b>Current</b>								
	40 000	10 000	-	-	-	10 000	50 000	
Development Bank of Southern Africa	40 000	10 000	-	-	-	10 000	50 000	
<b>STATUTORY AMOUNTS</b>	<b>134 706 191</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134 706 191</b>	
<b>Provinces and municipalities</b>								
<b>Provinces</b>								
<b>Provincial revenue funds</b>								
<b>Current</b>								
	134 706 191	-	-	-	-	-	134 706 191	
Provincial Equitable Share	134 706 191	-	-	-	-	-	134 706 191	
<b>Total</b>	<b>146 609 329</b>	<b>169 000</b>	<b>-</b>	<b>5 956</b>	<b>98 000</b>	<b>272 956</b>	<b>146 882 285</b>	

Table 8.5: Summary of conditional grants to provinces<sup>1</sup>

		2005/06						
		Additional appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation	
<b>6.Provincial and Local Government Transfers</b>								
Provincial Infrastructure Grant	3 730 773	-	-	-	-	-	3 730 773	
<b>Total</b>	<b>3 730 773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 730 773</b>	

<sup>1</sup> Main appropriation detail provided in the Division of Revenue Act, 2005Table 8.6: Summary of conditional grants to local government (municipalities)<sup>1</sup>

		2005/06						
		Additional appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation	
<b>6.Provincial and Local Government Transfers</b>								
Local Government and Financial Management Restructuring Grants								
Local Government Restructuring	350 000	-	-	-	-	-	350 000	
Financial Management	132 500	-	-	-	-	-	132 500	
Financial Management	66 240	-	-	-	-	-	66 240	
<b>Total</b>	<b>548 740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>548 740</b>	

<sup>1</sup> Main appropriation detail provided in the Division of Revenue Act, 2005