

Vote 8

National Treasury

2006/07				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	15 547 945	16 729 581	-	1 181 636
<i>of which:</i>				
Current payments	2 427 774	2 204 877	(222 897)	-
Transfers and subsidies	13 107 620	14 504 429	-	1 396 809
Payments for capital assets	12 551	20 275	-	7 724
Direct charge against the National Revenue Fund	202 801 930	203 341 010	-	539 080
Executive authority	Minister of Finance			
Accounting officer	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 or measurable objectives.

Adjusted Estimates of National Expenditure 2006

Table 8.1: National Treasury

Programme		2006/07					Adjusted appropriation
		Additional appropriation				Total additional appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	135 362	-	-	38 030	-	38 030	173 392
2. Economic Planning and Budget Management	246 656	-	-	(6 119)	-	(6 119)	240 537
3. Asset and Liability Management	45 474	-	-	13 681	-	13 681	59 155
4. Financial Management and Systems	559 798	-	-	(66 083)	(130 401)	(196 484)	363 314
5. Financial Accounting and Reporting	86 684	-	-	(11 040)	-	(11 040)	75 644
6. Provincial and Local Government Transfers	4 716 776	841 660	103 638	-	15 081	960 379	5 677 155
7. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 217 532	-	-	-	(28 447)	(28 447)	2 189 085
8. Fiscal Transfers	7 539 663	121 797	258 308	31 531	-	411 636	7 951 299
Subtotal	15 547 945	963 457	361 946	-	(143 767)	1 181 636	16 729 581

Table 8.1: National Treasury (continued)

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
Direct charge against the National Revenue Fund	202 801 930	-	-	-	539 080	539 080	203 341 010
Provincial equitable share	150 752 930	-	-	-	-	-	150 752 930
State debt costs	52 049 000	-	-	-	539 080	539 080	52 588 080
Total	218 349 875	963 457	361 946	-	395 313	1 720 716	220 070 591
Economic classification							
Current payments	54 476 774	-	-	(65 012)	381 195	316 183	54 792 957
Compensation of employees	1 680 047	-	-	(88 350)	(27 484)	(115 834)	1 564 213
Goods and services	747 727	-	-	23 338	(130 401)	(107 063)	640 664
Interest and rent on land	52 049 000	-	-	-	539 080	539 080	52 588 080
Transfers and subsidies	163 860 550	963 457	361 946	57 288	14 118	1 396 809	165 257 359
Provinces and municipalities	155 469 756	841 660	103 638	166	15 081	960 545	156 430 301
Departmental agencies and accounts	7 148 282	-	-	39 462	-	39 462	7 187 744
Universities and technikons	5 000	-	-	-	-	-	5 000
Foreign governments and international organisations	423 667	121 797	-	-	(963)	120 834	544 501
Public corporations and private enterprises	500	-	258 308	24	-	258 332	258 832
Non-profit institutions	62	-	-	-	-	-	62
Households	813 283	-	-	17 636	-	17 636	830 919
Payments for capital assets	12 551	-	-	7 724	-	7 724	20 275
Machinery and equipment	12 196	-	-	3 710	-	3 710	15 906
Software and other intangible assets	355	-	-	4 014	-	4 014	4 369
Total	218 349 875	963 457	361 946	-	395 313	1 720 716	220 070 591

Details of adjustments to Estimates of National Expenditure 2006

Roll-overs – R963,457 million

Programme 6: Provincial and Local Government Transfers

R746,66 million has been rolled over for outstanding transfer payments to provinces for the provincial infrastructure grant.

R95 million has been rolled over for outstanding transfer payments to municipalities for the local government restructuring grant.

Programme 8: Fiscal Transfers

R121,797 million has been rolled over for replenishing the World Bank's International Development Association as part of the multilateral debt relief initiative.

Unforeseeable and unavoidable expenditure – R361,946 million

Programme 6: Provincial and Local Government Transfers

R103,638 million has been allocated for rehabilitating infrastructure following flood damage in the Western Cape province.

Programme 8: Fiscal Transfers

R258,308 million has been approved for a transfer payment to the Development Bank of Southern Africa (DBSA) to reimburse the DBSA for expenditure and interest incurred on behalf of government's disaster command centre.

Virements

Table 8.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(3 896)	41 926	
Current payments	(3 896)	34 764	
Compensation of employees	(3 896)	-	Savings are due to vacant posts, mostly in the senior management service, projected to be filled in the next financial year.
Goods and services	-	34 764	Funds shifted from compensation of employees (in this programme) and goods and services (in programme 4) will be used for increased legal costs, talent management pool interventions, a business mapping process, facilities maintenance, and an increase in the use of IT consultants.
Transfers and subsidies	-	527	
Provinces and municipalities	-	29	Funds shifted from goods and services (in programme 4) will be used for higher than anticipated RSC levies.
Departmental agencies and accounts	-	50	Funds shifted from goods and services (in programme 4) will be used for SETA payments.
Public corporations and private enterprises	-	24	Funds shifted from goods and services (in programme 4) will be used for vehicle insurance, which was not initially provided for. Treasury approved the new transfer payment.
Households	-	424	R400 000 shifted from goods and services (in programme 4) will be used for bursaries for students not employed by Treasury. Treasury approved the new transfer payment of R24 000 which will be used for severance packages.
Payments for capital assets	-	6 635	
Machinery and equipment	-	2 905	Funds shifted from compensation of employees (in programme 2) will be used to buy furniture.
Software and other intangible assets	-	3 730	Funds shifted from compensation of employees (in programme 4) will be used for software for internal auditing and for the integrated document management system, which was on hold due to insufficient funds.
2. Economic Planning and Budget Management	(12 048)	5 929	
Current payments	(8 999)	5 033	
Compensation of employees	(8 999)	-	Savings are due to vacant posts, mostly in the senior management service, projected to be filled in the latter part of the year and the next financial year.
Goods and services	-	5 033	Funds shifted from compensation of employees (in this programme) will be used for higher than expected spending by the technical assistance unit (R2,033 million) on consultants and travelling. Incorrectly allocated funds have been shifted here from the Project Development Facility Trading Account, under departmental agencies and accounts in this programme, for the administration costs of the Neighbourhood Development Partnership Unit (R3 million).
Transfers and subsidies	(3 000)	79	
Provinces and municipalities	-	79	Funds shifted from compensation of employees (in this programme) will be used for higher than anticipated RSC levies.
Departmental agencies and accounts	(3 000)	-	Funds for the administration costs of the Neighbourhood Development Partnership Unit were incorrectly allocated under the Project Development Facility Trading Account.

Table 8.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
Payments for capital assets	(49)	817	
Machinery and equipment	-	817	Funds shifted from compensation of employees (in this programme) will be used for computer equipment and furniture.
Software and other intangible assets	(49)	-	Savings are due to lower than anticipated spending on software.
3. Asset and Liability Management	-	13 681	
Current payments	-	13 061	
Compensation of employees	-	2 281	Funds shifted from compensation of employees (in programme 2) will be used for posts that have been filled and new posts that have been created.
Goods and services	-	10 780	Funds shifted from goods and services (in programme 4) will be used for implementing the treasury operations of the state owned enterprises project, developing the financial institutions project, and developing internal systems.
Transfers and subsidies	-	21	
Provinces and municipalities	-	21	Funds shifted from goods and services (in programme 4) will be used for higher than anticipated RSC levies.
Payments for capital assets	-	599	
Machinery and equipment	-	599	Funds shifted from goods and services (in programme 4) will be used for furniture and computer equipment.
4. Financial Management and Systems	(66 439)	356	
Current payments	(66 248)	-	
Compensation of employees	(18 002)	-	Savings are due to vacant posts, following management's decision not to fill them at present.
Goods and services	(48 246)	-	Savings are due to lower than anticipated costs for the maintenance and upgrade of transversal systems and the late start of the second phase of the integrated financial management system.
Transfers and Subsidies	-	23	
Provinces and municipalities	-	23	Funds shifted from goods and services (in this programme) will be used for higher than anticipated RSC levies.
Payments for capital assets	(191)	333	
Machinery and equipment	(191)	-	Savings are due to lower than anticipated expenditure for computer hardware.
Software and other intangible assets	-	333	Funds shifted from goods and services (in this programme) will be used for software licences.
5. Financial Accounting and Reporting	(21 935)	10 895	
Current payments	(21 515)	-	
Compensation of employees	(9 176)	-	Savings are due to vacant posts, mostly in the senior management service, projected to be filled in the latter part of the year and the next financial year.
Goods and services	(12 339)	-	Savings are due to lower than anticipated expenditure on furniture, computer equipment and travelling.
Transfers and subsidies	-	10 895	
Provinces and municipalities	-	14	Funds shifted from goods and services (in this programme) will be used for higher than anticipated RSC levies.
Departmental agencies and accounts	-	10 881	Funds shifted from goods and services (in this programme) will be used for a new transfer payment to the Regulatory Board for Auditors. The decision to make this contribution was only taken in March 2006, after the ENE process.
Payments for capital assets	(420)	-	
Machinery and equipment	(420)	-	Savings are due to lower than anticipated expenditure on computer hardware and equipment.

Table 8.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
7. Civil and Military Pensions, Contributions to Funds and Other Benefits	(50 558)	50 558	
Current payments	(50 558)	33 346	
Compensation of employees	(50 558)	-	Pre-1992 medical aid benefits have been regularised. Previously, the full medical aid contribution of retired civil servants was paid by Treasury. Now Treasury only pays the employer contribution, resulting in these savings.
Goods and services	-	33 346	Funds shifted from compensation of employees (in this programme) will be used for a new awareness campaign to ensure that people who qualify for special pensions are enrolled.
Transfers and subsidies	-	17 212	
Households	-	17 212	Funds shifted from compensation of employees (in this programme) will be used for claims for injury on duty.
8. Fiscal Transfers	-	31 531	
Transfers and subsidies	-	31 531	
Departmental agencies and accounts	-	31 531	Funds shifted from goods and services (in programme 4) will be used for a transfer to the South African Revenue Service (R29,031 million) for implementing the small business amnesty unit, and a memorandum of understanding between South Africa and the People's Republic of China. These are new projects which were announced in the minister's budget speech. R2,5 million was also shifted to provide for the additional costs of the Financial and Fiscal Commission.
Total for vote	(154 876)	154 876	

Other adjustments – (R143,767 million)

Use of funds in emergency situations in terms of section 16 of the Public Finance Management Act

Programme 6: Provincial and Local Government Transfers

R15,081 million has been approved for the provincial infrastructure grant for flood disasters in the Bophirima district.

Savings

Programme 4: Financial Management and Systems

Savings of R130,401 million have been surrendered due to the maintenance and upgrade of transversal systems and the late start of the second phase of the integrated financial management system.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits

Savings of R28,447 million have been surrendered because the pre-1992 medical aid benefits of retired civil servants have been regularised.

Amounts forming a direct charge against the National Revenue Fund – R539,08 million

State debt costs

State debt costs are estimated to be R539,08 million more than originally budgeted, mainly as a result of an increase in the interest rate due to higher Treasury Bill rates and higher exchange rates.

Expenditure 2005/06 and preliminary expenditure 2006/07

Table 8.3: National Treasury

Programme	2005/06				2006/07		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2005 - Sep 2005	Apr 2005 - Mar 2006	Apr 05 - Mar 06 % of adjusted appropriation	Adjusted appropriation	Apr 2006 - Sep 2006	% change 05/06 - 06/07 Apr - Sep
1. Administration	160 633	66 297	143 538	89,4	173 392	71 995	8,6
2. Economic Planning and Budget Management	169 949	76 106	173 961	102,4	240 537	92 111	21,0
3. Asset and Liability Management	30 843	14 348	30 162	97,8	59 155	18 142	26,4
4. Financial Management and Systems	296 276	99 272	239 181	80,7	363 314	85 300	(14,1)
5. Financial Accounting and Reporting	57 990	18 402	47 970	82,7	75 644	24 192	31,5
6. Provincial and Local Government Transfers	4 279 513	1 928 554	3 437 853	80,3	5 677 155	1 499 659	(22,2)
7. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 080 805	1 040 859	2 010 874	96,6	2 189 085	979 205	(5,9)
8. Fiscal Transfers	7 118 458	3 116 575	6 996 189	98,3	7 951 299	3 882 893	24,6
Subtotal	14 194 467	6 360 413	13 079 728	92,1	16 729 581	6 653 497	4,6
Direct charge against the National Revenue Fund	187 140 632	95 799 710	186 203 631	99,5	203 341 010	104 160 223	8,7
Provincial equitable share	135 291 632	70 339 940	135 291 632	100,0	150 752 930	78 391 523	11,4
State debt costs	51 849 000	25 459 770	50 911 999	98,2	52 588 080	25 768 700	1,2
Total	201 335 099	102 160 123	199 283 359	99,0	220 070 591	110 813 720	8,5
Current payments	53 845 612	26 410 263	52 780 152	98,0	54 792 957	26 649 722	0,9
Compensation of employees	1 536 489	792 142	1 456 217	94,8	1 564 213	721 124	(9,0)
Goods and services	460 123	158 336	403 901	87,8	640 664	159 546	0,8
Interest and rent on land	51 849 000	25 459 770	50 911 999	98,2	52 588 080	25 768 700	1,2
Financial transactions in assets and liabilities	-	15	8 035	-	-	352	2246,7
Transfers and subsidies	147 467 726	75 742 414	146 485 674	99,3	165 257 359	84 161 383	11,1
Provinces and municipalities	139 571 756	72 268 807	138 730 076	99,4	156 430 301	79 891 387	10,5
Departmental agencies and accounts	6 652 817	3 075 179	6 652 130	100,0	7 187 744	3 448 737	12,1
Universities and technikons	5 000	-	814	16,3	5 000	1 250	(100,0)
Foreign governments and international organisations	443 896	53 644	371 253	83,6	544 501	190 564	255,2
Public corporations and private enterprises	50 500	-	5 824	11,5	258 832	258 331	(100,0)
Non-profit institutions	58	-	58	100,0	62	-	-
Households	743 699	344 784	725 519	97,6	830 919	371 114	7,6
Payments for capital assets	21 761	7 446	17 533	80,6	20 275	2 615	(64,9)
Machinery and equipment	20 460	6 543	16 482	80,6	15 906	2 606	(60,2)
Software and other intangible assets	1 301	903	1 051	80,8	4 369	9	(99,0)
Total	201 335 099	102 160 123	199 283 359	99,0	220 070 591	110 813 720	8,5

Selected expenditure trends for the first half of the 2006/07 financial year

Expenditure in the first six months of 2006/07 was R110,814 billion, or 50,4 per cent of the adjusted appropriation of R220,07 billion for the year as whole.

Expenditure in the first six months of 2006/07 increased by 8,5 per cent compared to the same period of the previous financial year. The main increases are due to filled vacancies, consultants, transfer payments and the higher than expected state debt costs.

Summary of changes to transfers and subsidies, and conditional grants

Table 8.4: Summary of changes to transfers and subsidies per programme

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	176	-	-	527	-	527	703
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	16	-	-	29	-	29	45
Regional Services	16	-	-	29	-	29	45
Council levies							
Departmental agencies and accounts							
Entities							
Current	160	-	-	50	-	50	210
Finance, Accounting, Management, Consulting and other Financial Services (Fasset) Sector Education and Training Authority	160	-	-	50	-	50	210
Public corporations and private enterprises							
Public corporations							
Subsidies on products and production							
Current	-	-	-	24	-	24	24
Vehicle insurance	-	-	-	24	-	24	24
Households							
Social benefits							
Current	-	-	-	424	-	424	424
Severance packages	-	-	-	24	-	24	24
Bursaries	-	-	-	400	-	400	400
2. Economic Planning and Budget Management	14 519	-	-	(2 921)	-	(2 921)	11 598
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	19	-	-	79	-	79	98
Regional Services	19	-	-	79	-	79	98
Council levies							
Departmental agencies and accounts							
Entities							
Current	9 000	-	-	(3 000)	-	(3 000)	6 000
Project Development Facility: Trading account	9 000	-	-	(3 000)	-	(3 000)	6 000
3. Asset and Liability Management	3	-	-	21	-	21	24
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	3	-	-	21	-	21	24
Regional Services	3	-	-	21	-	21	24
Council levies							

Table 8.4: Summary of changes to transfers and subsidies per programme (continued)

		2006/07					Adjusted appropriation
		Additional appropriation				Total additional appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
4. Financial Management and Systems	9	-	-	23	-	23	32
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	9	-	-	23	-	23	32
Regional Services	9	-	-	23	-	23	32
Council levies							
5. Financial Accounting and Reporting	19 864	-	-	10 895	-	10 895	30 759
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	3	-	-	14	-	14	17
Regional Services	3	-	-	14	-	14	17
Council levies							
Departmental agencies and accounts							
Entities							
Current	19 861	-	-	10 881	-	10 881	30 742
Independent Regulatory Board for Auditors	-	-	-	10 881	-	10 881	10 881
6. Provincial and Local Government Transfers	4 716 776	841 660	103 638	-	15 081	960 379	5 677 155
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	4 118 119	746 660	103 638	-	15 081	865 379	4 983 498
Provincial infrastructure grant	4 118 119	746 660	103 638	-	15 081	865 379	4 983 498
Municipalities							
Municipal bank accounts							
Current	598 657	95 000	-	-	-	95 000	693 657
Local government restructuring	350 000	95 000	-	-	-	95 000	445 000
7. Civil and Military Pensions, Contributions to Funds and Other Benefits	816 610	-	-	17 212	(963)	16 249	832 859
Foreign governments and international organisations							
Current	3 265	-	-	-	(963)	(963)	2 302
United Kingdom tax	3 265	-	-	-	(963)	(963)	2 302
Households							
Social benefits							
Current	813 283	-	-	17 212	-	17 212	830 495
Civil pensions	662 725	-	-	17 212	-	17 212	679 937
8. Fiscal Transfers	7 539 663	121 797	258 308	31 531	-	411 636	7 951 299
Departmental agencies and accounts							
Entities							
Current	6 015 398	-	-	764 967	-	764 967	6 780 365
South African Revenue Services	4 148 100	-	-	639 929	-	639 929	4 788 029
Secret services account	1 822 068	-	-	122 538	-	122 538	1 944 606
Financial and Fiscal Commission	19 205	-	-	2 500	-	2 500	21 705

Table 8.4: Summary of changes to transfers and subsidies per programme (continued)

2006/07							
	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		Total additional appropriation
R thousand							
Capital	1 103 863	-	-	(733 436)	-	(733 436)	370 427
South African Revenue Services	697 460	-	-	(610 898)	-	(610 898)	86 562
Secret services account	401 018	-	-	(122 538)	-	(122 538)	278 480
Foreign governments and international organisations							
Capital	98 598	121 797	-	-	-	121 797	220 395
World Bank	1	121 797	-	-	-	121 797	121 798
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	-	258 308	-	-	258 308	258 308
Development Bank of Southern Africa	-	-	258 308	-	-	258 308	258 308

Table 8.5: Summary of changes to conditional grants: Provinces¹

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
6. Provincial and Local Government Transfers							
Provincial infrastructure grant	4 118 119	746 660	103 638	-	-	850 298	4 968 417
Provincial infrastructure: Flood rehabilitation	-	-	-	-	15 081	15 081	15 081
Total	4 118 119	746 660	103 638	-	15 081	865 379	4 983 498

¹ Main appropriation detail provided in the Division of Revenue Act, 2006**Table 8.6: Summary of changes to conditional grants: Local government (municipalities)¹**

2006/07							
R thousand	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		Total additional appropriation
6. Provincial and Local Government Transfers							
Local government restructuring grant	350 000	95 000	-	-	-	95 000	445 000

¹ Main appropriation detail provided in the Division of Revenue Act, 2006

