

Vote 8

National Treasury

2007/08				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	19 708 178	19 748 367	–	40 189
<i>of which:</i>				
Current payments	2 684 869	2 369 905	(314 964)	–
Transfers and subsidies	17 011 419	17 347 767	–	336 348
Payments for capital assets	11 890	30 695	–	18 805
Direct charge against the National Revenue Fund	224 187 393	225 798 501	–	1 611 108
Executive authority	Minister of Finance			
Accounting officer	Director-General of the National Treasury			

Aim

The aim of the 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.

Adjusted Estimates of National Expenditure 2007

Table 8.1: Adjusted estimates

Programme		2007/08					
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	143 732	–	–	75 251	–	75 251	218 983
2. Public Finance and Budget Management	172 407	–	–	51 283	–	51 283	223 690
3. Asset and Liability Management	57 739	–	–	18 214	–	18 214	75 953
4. Financial Management and Systems	722 237	–	–	(353 527)	–	(353 527)	368 710
5. Financial Accounting and Reporting	82 076	–	–	12 020	–	12 020	94 096
6. Economic Policy and International Financial Relations	86 663	–	–	30 495	–	30 495	117 158
7. Provincial and Local Government Transfers	7 159 275	–	250 000	84 811	(109 811)	225 000	7 384 275
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 338 308	–	–	–	(100 000)	(100 000)	2 238 308
9. Fiscal Transfers	8 945 741	–	–	81 453	–	81 453	9 027 194
Subtotal	19 708 178	–	250 000	–	(209 811)	40 189	19 748 367
Direct charge against the National Revenue Fund	224 187 393	–	404 676	–	1 206 432	1 611 108	225 798 501
Provinces Equitable Share	171 271 393	–	404 676	–	1 185 432	1 590 108	172 861 501
State Debt Costs	52 916 000	–	–	–	21 000	21 000	52 937 000
Total	243 895 571	–	654 676	–	996 621	1 651 297	245 546 868

Table 8.1: Adjusted estimates (continued)

R thousand	2007/08						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
Economic classification							
Current payments	55 600 869	–	–	(214 964)	(79 000)	(293 964)	55 306 905
Compensation of employees	1 784 224	–	–	(43 411)	(100 000)	(143 411)	1 640 813
Goods and services	900 645	–	–	(171 553)	–	(171 553)	729 092
Interest and rent on land	52 916 000	–	–	–	21 000	21 000	52 937 000
Transfers and subsidies	188 282 812	–	654 676	196 159	1 075 621	1 926 456	190 209 268
Provinces and municipalities	178 430 668	–	654 676	84 811	1 075 621	1 815 108	180 245 776
Departmental agencies and accounts	8 202 519	–	–	8 820	–	8 820	8 211 339
Universities and technikons	5 000	–	–	–	–	–	5 000
Public corporations and private enterprises	278 620	–	–	47	–	47	278 667
Foreign governments and international organisations	512 646	–	–	81 453	–	81 453	594 099
Non-profit institutions	65	–	–	–	–	–	65
Households	853 294	–	–	21 028	–	21 028	874 322
Payments for capital assets	11 890	–	–	18 805	–	18 805	30 695
Machinery and equipment	11 209	–	–	17 348	–	17 348	28 557
Software and other intangible assets	681	–	–	1 457	–	1 457	2 138
Total	243 895 571	–	654 676	–	996 621	1 651 297	245 546 868

Details of adjustments to Estimates of National Expenditure 2007

Unforeseeable and unavoidable expenditure – R250 million

Programme 7: Provincial and Local Government Transfers

R250 million has been allocated for budgetary pressures in the North West province.

Virements

Table 8.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(3 016)	78 267	
Current payments	(3 016)	59 896	
Compensation of employees	(3 016)	–	Savings due to vacancies projected to be filled later in the financial year have been shifted to goods and services, public corporations and private enterprises, and households.
Goods and services	–	59 896	Funds shifted from compensation of employees and goods and services in programme 4 and compensation of employees in this programme will be used for: increased legal costs (R18.7 million); rolling out the integrated document management system (R1.8 million); facilities maintenance (R18.5 million); talent management programme (R2.6 million); competency framework and audit (R3 million); the increased use of consultants for internal audit (R3.4 million), and other expenses, including international travel and rental parking (R12 million).
Transfers and Subsidies	–	1 145	
Departmental agencies and accounts	–	70	Funds shifted from compensation of employees in this programme will be used for higher than anticipated expenditure for SETA payments due to an increase in payroll payments.
Public corporations and private enterprises	–	47	Funds shifted from compensation of employees will be used for higher than anticipated vehicle insurance costs.
Households	–	1 028	Funds shifted from compensation of employees will be used for paying severance packages.
Payments for capital assets	–	17 226	
Machinery and equipment	–	16 035	Funds shifted from goods and services in programme 4 will be used to replace the PABX telephone system.
Software and other intangible assets	–	1 191	Funds shifted from goods and services in programme 4 will be used to replace the PABX telephone system.

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

Programme / Economic classification	R thousand		Motivation
	From	To	
2. Public Finance and Budget Management	(11 598)	62 881	
Current payments	(11 572)	62 113	
Compensation of employees	(11 572)	–	Savings due to vacancies projected to be filled later in the financial year have been shifted to goods and services and machinery and equipment.
Goods and services	–	62 113	Funds shifted from compensation of employees in this programme and goods and services in programme 4 will be used for: an increase in the use of consultants for the infrastructure delivery improvement programme (R36.9 million); an increase in technical expertise for the social security reform project for the Technical Assistance Unit (R16.5 million); and the 2010 FIFA World Cup (R7.3 million).
Payments for capital assets	(26)	768	
Machinery and equipment	–	768	Funds shifted from compensation of employees and software and other intangible assets in this programme will be used to procure computers.
Software and other intangible assets	(26)	–	Savings due to lower expenditure on software have been shifted to machinery and equipment.
3. Asset and Liability Management	(1 204)	19 418	
Current payments	(1 204)	18 268	
Compensation of employees	(1 204)	–	Savings due to vacancies projected to be filled in the next financial year have been shifted to goods and services.
Goods and services	–	18 268	Funds shifted from compensation of employees in this programme and goods and services in programme 4 will be used for research consultants for the pebble bed modular reactor project (R10.5 million), development finance institutions (R5.6 million) and back office systems (R2.2 million).
Payments for capital assets	–	1 150	
Machinery and equipment	–	1 150	Funds shifted from goods and services in programme 4 will be used to procure computers.
4. Financial Management and Systems	(353 831)	304	
Current payments	(353 493)	–	
Compensation of employees	(8 262)	–	Savings due to vacancies projected to be filled in the next financial year have been shifted to goods and services in programme 1.
Goods and services	(345 231)	–	Savings due to the delay in implementing the second phase of the integrated financial management system have been shifted to: programme 1: goods and services (R49.8 million) and payments for capital assets (R17.2 million) programme 2: goods and services (R51.3 million) programme 3: goods and services (R17 million) and payments for capital assets (R1.2 million) programme 5: compensation of employees (R600 000), goods and services (R2.7 million), and departmental agencies and accounts (R8.7 million) programme 6: goods and services (R30.4 million) and payments for capital assets (R100 000) programme 7: local government financial management and restructuring grant (R84.8 million) programme 9: foreign financial and technical support (R81.2 million) and Commonwealth Fund for Technical Co-operation (R200 000).
Payments for capital assets	(338)	304	
Machinery and equipment	(338)	–	Savings due to lower expenditure on computers have been shifted to software and other intangible assets.
Software and other intangible assets	–	304	Funds shifted from machinery and equipment will be used to procure software.
5. Financial Accounting and Reporting	(363)	12 383	
Current payments	–	3 615	
Compensation of employees	–	643	Funds shifted from goods and services in programme 4 will be used for posts that were filled and not budgeted for.
Goods and services	–	2 972	Funds shifted from goods and services in programme 4 will be used for audit fees and for venues and facilities.
Transfers and Subsidies	–	8 750	
Departmental agencies and accounts	–	8 750	Funds shifted from goods and services in programme 4 will be used for paying statutory audit fees.
Payments for capital assets	(363)	18	
Machinery and equipment	(363)	–	Savings due to lower expenditure on office equipment have been shifted to software and other intangible assets and goods and services.
Software and other intangible assets	–	18	Funds shifted from machinery and equipment will be used to procure software.

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

Programme / Economic classification	R thousand		Motivation
	From	To	
6. Economic Policy and International Financial Relations	(30)	30 525	
Current payments	–	30 429	
Goods and services	–	30 429	Funds shifted from goods and services in programme 4 will be used for research for the regulatory impact analysis (R1.5 million), the annual bank conference on development economics (R2 million), microeconomic analysis (R1.5 million) and the G20 conference (R25.4 million).
Payments for capital assets	(30)	96	
Machinery and equipment	–	96	Funds shifted from goods and services in programme 4 will be used to procure computers for new staff.
Software and other intangible assets	(30)	–	Savings due to lower expenditure on software have been shifted to machinery and equipment.
7. Provincial and Local Government Transfers	–	84 811	
Transfers and Subsidies	–	84 811	
Provinces and municipalities	–	84 811	Funds shifted from goods and services in programme 4 will be used for a shortfall in transfers to municipalities.
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	(20 000)	20 000	
Current payments	(20 000)	–	
Compensation of employees	(20 000)	–	Savings due to the regularisation of the pre-1992 medical aid benefits have been shifted to households in this programme.
Transfers and Subsidies	–	20 000	
Households	–	20 000	Funds shifted from compensation of employees in this programme will be used for claims for injury on duty.
9. Fiscal Transfers	–	81 453	
Transfers and Subsidies	–	81 453	
Foreign governments and international organisations	–	81 453	Funds shifted from goods and services in programme 4 will be used for financial and technical support in terms of multilateral agreements and the Commonwealth Fund for Technical Co-operation.
Total for Vote	(390 042)	390 042	

Other adjustments – R209.811 million

Savings

Programme 7: Provincial and Local Government Transfers

Savings of R109.811 million on the transfer payment for the neighbourhood development partnership grant have been declared.

Programme 8: Civil and Military Pensions, Contribution to Fund and Other Benefits

Savings of R100 million due to the regularisation of the pre-1992 medical aid benefits of retired civil servants have been declared.

Amounts forming a direct charge against the National Revenue Fund – R1.611 billion

Provincial equitable share

It is estimated that the provincial equitable share will be R1.590 billion more than originally budgeted as a result of salary adjustments following the Public Service Bargaining Co-ordinating Council resolution, the unexpected increase in the number of patients with multiple drug resistant tuberculosis, and the rehabilitation of infrastructure following flood damage in the West Coast District Municipality area.

State debts costs

The increase of R21 million is mainly due to higher interest rates.

Expenditure 2006/07 and preliminary expenditure 2007/08

Table 8.3: Expenditure trends

Programme	2006/07				2007/08		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
1. Administration	173 392	71 996	161 639	93.2	218 983	79 659	10.6
2. Public Finance and Budget Management	157 066	61 103	138 532	88.2	223 690	100 086	63.8
3. Asset and Liability Management	59 155	18 142	41 272	69.8	75 953	23 145	27.6
4. Financial Management and Systems	363 314	85 300	196 378	54.1	368 710	104 032	22.0
5. Financial Accounting and Reporting	75 644	24 192	65 785	87.0	94 096	42 466	75.5
6. Economic Policy and International Financial Relations	83 471	31 008	68 938	82.6	117 158	34 427	11.0
7. Provincial and Local Government Transfers	5 677 155	1 499 659	5 443 748	95.9	7 384 275	3 337 012	122.5
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 189 085	979 205	2 048 703	93.6	2 238 308	1 055 063	7.7
9. Fiscal Transfers	8 006 694	3 882 893	8 006 023	100.0	9 027 194	4 181 082	7.7
Subtotal	16 784 976	6 653 498	16 171 018	96.3	19 748 367	8 956 972	34.6
Direct charge against the National Revenue Fund	203 341 010	104 170 499	202 945 089	99.8	225 798 501	115 783 968	11.1
Provinces Equitable Share	150 752 930	78 391 523	150 752 930	100.0	172 861 501	89 061 126	13.6
State Debt Costs	52 588 080	25 778 976	52 192 159	99.2	52 937 000	26 722 842	3.7
Total	220 125 986	110 823 997	219 116 107	99.5	245 546 868	124 740 940	12.6
Current payments	54 792 957	26 660 032	54 067 382	98.7	55 306 905	27 733 209	4.0
Compensation of employees	1 564 213	721 124	1 453 360	92.9	1 640 813	799 136	10.8
Goods and services	640 664	159 580	415 549	64.9	729 092	211 149	32.3
Interest and rent on land	52 588 080	25 778 976	52 192 159	99.2	52 937 000	26 722 842	3.7
Financial transactions in assets and liabilities	–	352	6 314	–	–	82	(76.7)
Transfers and subsidies	165 312 754	84 161 383	165 037 331	99.8	190 209 268	97 004 618	15.3
Provinces and municipalities	156 430 301	79 891 387	156 196 883	99.9	180 245 776	92 398 138	15.7
Departmental agencies and accounts	7 187 744	3 448 737	7 153 082	99.5	8 211 339	4 054 573	17.6
Universities and technikons	5 000	1 250	3 500	70.0	5 000	–	(100.0)
Public corporations and private enterprises	258 832	258 331	312 238	120.6	278 667	83 328	(67.7)
Foreign governments and international organisations	599 896	190 564	576 614	96.1	594 099	71 693	(62.4)
Non-profit institutions	62	–	–	–	65	–	(100.0)
Households	830 919	371 114	795 014	95.7	874 322	396 886	6.9
Payments for capital assets	20 275	2 582	11 394	56.2	30 695	3 113	20.6
Machinery and equipment	15 906	2 573	11 394	71.6	28 557	2 683	4.3
Software and other intangible assets	4 369	9	–	–	2 138	430	4 677.8
Total	220 125 986	110 823 997	219 116 107	99.5	245 546 868	124 740 940	12.6

Selected expenditure trends for the first half of 2007/08

Expenditure in the first six months of 2007/08 was R124.741 billion, or 50.8 per cent of the adjusted appropriation of R245.546 billion for the year as a whole. Expenditure in the first six months of 2007/08 increased by 12.6 per cent compared to the first six months of 2006/07.

The main increases compared to 2006/07 are related to filled vacancies, transfers to provincial and local government, and better implementation of the infrastructure delivery improvement programme.

Expenditure in 2006/07 was 99.5 per cent of the adjusted appropriation for that year.

Changes to transfers and subsidies and conditional grants

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

R thousand	2007/08						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration		-	-	1 145		1 145	1 971
Departmental agencies and accounts	826				-		
Departmental agencies (non-business entities)							
Current	200	-	-	70	-	70	270
Finance, Accounting, Management, Consulting and other Financial Services (Fasset) Sector Education and Training Authority	200	-	-	70	-	70	270
Public corporations and private enterprises							
Public corporations							
Subsidies on products and production							
Current	26	-	-	47	-	47	73
Non-life Insurance premium	26	-	-	47	-	47	73
Households							
Other transfers							
Current	-	-	-	1 028	-	1 028	1 028
Severance packages	-	-	-	1 028	-	1 028	1 028
5. Financial Accounting and Reporting	38 390	-	-	8 750	-	8 750	47 140
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	38 390	-	-	8 750	-	8 750	47 140
Accounting Standards Board	5 493	-	-	750	-	750	6 243
Audit (Auditor-General)	15 802	-	-	8 000	-	8 000	23 802
7. Provincial and Local Government	7 159 275	-	250 000	84 811	(109 811)	225 000	7 384 275
Transfers							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	6 164 025	-	250 000	-	-	250 000	6 414 025
North West Province Grant	-	-	250 000	-	-	250 000	250 000
Municipalities							
Municipalities							
Current	495 250	-	-	180 000	-	180 000	675 250
Local Government Restructuring Grant	350 000	-	-	180 000	-	180 000	530 000
Capital	500 000	-	-	(95 189)	(109 811)	(205 000)	295 000
Neighborhood Development Partnership Grant	500 000	-	-	(95 189)	(109 811)	(205 000)	295 000
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	856 187	-	-	20 000	-	20 000	876 187
Households							
Social benefits							
Current	852 694	-	-	20 000	-	20 000	872 694
Civil Pensions	694 608	-	-	20 000	-	20 000	714 608

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

		2007/08						
		Additional appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation	
9. Fiscal Transfers	8 945 741	–	–	81 453	–	81 453	9 027 194	
Foreign governments and international organisations								
Current	345 852	–	–	219	–	219	346 071	
Commonwealth Fund for Technical Cooperation	3 150	–	–	219	–	219	3 369	
Capital	163 366	–	–	81 234	–	81 234	244 600	
African Development Bank	114 552	–	–	81 234	–	81 234	195 786	
Direct charges against the National Revenue Fund	171 271 393	–	404 676	–	1 185 432	1 590 108	172 861 501	
Provinces and municipalities								
Provinces								
Provincial revenue funds								
Current	171 271 393	–	404 676	–	1 185 432	1 590 108	172 861 501	
Provinces equitable share	171 271 393	–	404 676	–	1 185 432	1 590 108	172 861 501	

Table 8.5: Summary of changes to conditional grants: Provinces¹

		2007/08						
		Additional appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation	
Transitional Grant: North West	–	–	250 000	–	–	250 000	250 000	

¹ Main appropriation detail provided in the Division of Revenue Act, 2007

Table 8.6: Summary of changes to conditional grants: Local Government (Municipalities)¹

		2007/08						
		Additional appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation	
7. Provincial and Local Government Transfers								
Local Government Restructuring Grant	350 000	–	–	180 000	–	180 000	530 000	
Neighbourhood Development Partnership Grant	500 000	–	–	(95 189)	(109 811)	(205 000)	295 000	

¹ Main appropriation detail provided in the Division of Revenue Act, 2007

