

# **Adjusted Estimates of National Expenditure**

**2014**

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## **2014**

**National Treasury**

**Republic of South Africa**

October 2014





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# Introduction

## The budget cycle timeline

**February:** The Minister of Finance tables the main Budget and Appropriation Bill in the National Assembly.

**April:** Start of the new financial year.

**October:** The Minister of Finance tables the adjusted national budget and the Adjustments Appropriation Bill in the National Assembly.

## The main Budget process

The main Budget announces government spending for three years going forward: that is, the years of the medium-term expenditure framework (MTEF). Through an accompanying Appropriation Bill, the Executive seeks Parliament's approval and adoption of its spending plans for the new financial year. Amounts allocated for the first year of the new MTEF period are then appropriated from the National Revenue Fund in terms of the Appropriation Act, once approved by the President. The main Budget also provides for a contingency reserve for expenditure related to unforeseen circumstances.

Allocations provided for in Appropriation acts are shown by vote. Generally, a vote specifies the total amount appropriated per department. In some cases, a vote may contain more than one department.

## The adjustments budget process

In the middle of each year, the adjustments process provides an opportunity to revise the main Budget in response to changes that have affected planned government spending for that year. The adjusted budget may allocate unused funds, mainly from the contingency reserve, and additional amounts that have been approved for particular types of spending, if that be the case. The adjusted budget includes the amount allocated in the main Appropriation Act as well as the effects of the adjustments. The adjusted budget estimates are also tabled in the National Assembly by the Minister of Finance, accompanied by an Adjustments Appropriation Bill. A Division of Revenue Amendment Bill is also tabled that sets out how the adjustments affect the Division of Revenue Act.

The Estimates of National Expenditure (ENE) describes in detail the planned spending of all national government votes over the MTEF period. The Adjusted Estimates of National Expenditure (AENE) describes in detail the revised spending plans for the first year of the MTEF period, that is the current financial year.

## The adjustments

The Public Finance Management Act (1999) (PFMA)<sup>1</sup> specifies the type of spending the adjustments budget may provide for. The Treasury Regulations, issued by National Treasury in terms of the PFMA<sup>2</sup>, provide instructions on how to comply with the PFMA.

The adjustments budget makes provision for:

- **Roll-overs:** Unspent funds from the preceding financial year that may be rolled over when activities planned to be completed by the end of that year have not been completed but are close to completion. The Treasury Regulations<sup>3</sup> restrict roll-overs as follows: compensation of employees funding may not be rolled over; a maximum of 5 per cent of a department's budget for goods and services may be rolled over; transfers and subsidies funding may not be rolled over for any purpose other than what the funds were originally allocated for; and unspent funds on payments for capital assets may only be rolled over to finalise projects or assets acquisitions already in progress.

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<sup>1</sup> Section 30(2).

<sup>2</sup> Section 76.

<sup>3</sup> Section 6.4.

- **Unforeseeable and unavoidable expenditure:** Expenditure that could not be anticipated at the time of the main Budget. The Treasury Regulations<sup>4</sup> specify that the following may not be regarded as unforeseeable and unavoidable expenditure: spending that was known when the main Budget was being finalised but that could not be accommodated in the allocations at the time; spending increases due to tariff adjustments and price increases; and spending to extend existing services or create new services that are not unforeseeable and unavoidable. Spending made necessary by adverse weather conditions is an example of unforeseeable and unavoidable expenditure.
- **Virements:** The utilisation of unspent funds from amounts appropriated under one main division (programme) towards the defrayment of excess expenditure under another main division (programme) within the same vote. Enacted legislation<sup>5</sup> and the Treasury Regulations<sup>6</sup> set parameters within which virements may take place.
- **Shifts:** The utilisation of unspent funds towards the defrayment of increased expenditure within a main division (programme) of a vote between different segments (subprogramme and economic classification) of the main division (programme). Shifts may include the reallocation of funds incorrectly allocated during the ENE process.
- **Function shifts:**<sup>7</sup> Functions which are shifted to another vote or institution in terms of legislation and/or following the reassignment of responsibility for the functions. The associated assets, including personnel, and liabilities also need to be shifted. Such shifts can also happen between main divisions (programmes) within a vote.
- **Appropriation of expenditure earmarked in the main Budget speech for future allocation:** In certain instances, an amount to be allocated for a specific purpose will be announced by the Minister of Finance when the main Budget is tabled, although the details of the annual allocation is to be decided later. This is usually when plans have not been finalised in time to decide on the specific allocation amount for the main Budget.
- **Adjustments due to significant and unforeseeable economic and financial events:** When unforeseeable economic and financial events affect the fiscal targets set by the main Budget, adjustments may need to be made. Significantly higher inflation than anticipated in budget projections for the MTEF period is an example of such an event.
- **Emergencies:**<sup>8</sup> The Minister of Finance can approve the use of unappropriated funds, if it is for spending of an exceptional nature. This happens if postponing the spending to a future parliamentary appropriation would seriously prejudice the public interest.
- **Self-financing expenditure:** Spending financed from revenue derived from a vote's specific activities. The revenue is paid into the National Revenue Fund. If self-financing expenditure is approved, these funds are allocated to the vote.
- **Declared unspent funds:** Unspent amounts that departments explicitly indicate they will not require in the current financial year.
- **Direct charges against the National Revenue Fund:** Amounts spent in terms of statutes and that do not require parliamentary approval, such as expenditure on state debt costs.
- **Gifts, donations and sponsorships:**<sup>9</sup> If valued at more than R100 000 per transaction, these are included in the adjustments budget.

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<sup>4</sup> Section 6.6.

<sup>5</sup> Section 43 of the PFMA and also section 5 of the Appropriation Act (2014).

<sup>6</sup> Section 6.3.

<sup>7</sup> Section 42 of the PFMA.

<sup>8</sup> Section 16 of the PFMA.

<sup>9</sup> Treasury Regulation 21.



## Summary of the adjustments for 2014/15

Adjustments to vote appropriations amount to R1 269.532 million, of which:

• roll-overs	R157.724 million
• unforeseeable and unavoidable expenditure	R789.618 million
• self-financing expenditure	R705.127 million
• announced by the Minister of Finance in the 2014 Budget speech	R620.000 million
• declared unspent funds (reduction to vote allocations)	(R1 002.937 million)

Adjustments to estimates of direct charges against the National Revenue Fund amount to R342.156 million less than anticipated at the time of the main Budget, of which:

• Deputy President's salary	R2.478 million
• National Revenue Fund payments	R310.857 million
• debt service costs	(R415.491 million)
• skills levy and sector education and training authorities	(R240.000 million)

The adjustments to vote appropriations and estimates of direct charges are offset against the R3 billion unallocated reserves set aside in the main Budget. In addition, the revised budget framework makes provision for approximately R3.65 billion in projected underspending at the national government level, and R500 million at the local government level. The total estimated level of spending thus decreases by R6.223 billion, from a budgeted R1 142.562 billion to a revised R1 136.340 billion.

## Summary tables

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Table 7: Self-financing expenditure

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**Table 1: 2014/15 adjusted national budget**

	Main appropriation (ENE)	Adjustments appropriation (AENE)	Adjusted appropriation (AENE)
R thousand			
<b>Appropriation by vote</b>	<b>635 349 395</b>	<b>1 269 532</b>	<b>636 618 927</b>
Main appropriation	635 349 395		
<b>Total adjustments</b>		<b>1 269 532</b>	
Roll-overs		157 724	
Unforeseeable and unavoidable expenditure		789 618	
Unallocated and announced in the 2014 Budget		620 000	
Self-financing		705 127	
Declared unspent funds		(1 002 937)	
<b>Direct charges against the National Revenue Fund</b>	<b>504 213 004</b>	<b>(342 156)</b>	<b>503 870 848</b>
<i>Of which:</i>			
Debt service costs	362 468 075	(415 491)	362 052 584
National Revenue Fund payments	–	310 857	310 857
Deputy President's salary	–	2 478	2 478
Skills levy and sector education and training authorities	13 440 000	(240 000)	13 200 000
<b>Subtotal</b>	<b>1 139 562 399</b>	<b>927 376</b>	<b>1 140 489 775</b>
Unallocated reserves	3 000 000	(3 000 000)	–
National government projected underspending	–	(3 650 000)	(3 650 000)
Local government repayment to the National Revenue Fund	–	(500 000)	(500 000)
<b>Total estimated expenditure</b>	<b>1 142 562 399</b>	<b>(6 222 624)</b>	<b>1 136 339 775</b>
<b>Main budget revenue</b>	<b>962 781 758</b>	<b>(6 153 282)</b>	<b>956 628 476</b>
Tax revenue	993 650 032	(10 040 514)	983 609 518
Non-tax revenue	20 869 382	3 887 232	24 756 614
Less: Estimate of Southern African Customs Union payments	(51 737 656)	–	(51 737 656)
<b>Budget balance</b>	<b>(179 780 641)</b>	<b>69 342</b>	<b>(179 711 299)</b>

**Table 2: Adjusted appropriations per vote and adjusted estimates of direct charges against the National Revenue Fund**

Vote number and title		2014/15							Adjusted appropriation	Value of virements and shifts
		Adjustments appropriation						Total adjustments appropriation		
		Main appropriation	Roll-overs	Unforeseeable/unavoidable	Function shifts	Declared unspent funds	Other adjustments			
R thousand										
1	The Presidency	1 177 848	-	-	(525 678)	-	-	(525 678)	652 170	2 697
2	Parliament	1 508 170	-	-	-	-	-	-	1 508 170	16 000
3	Cooperative Governance and Traditional Affairs	63 212 720	80 214	160 951	-	-	-	241 165	63 453 885	13 882
4	Home Affairs	6 623 702	-	-	-	-	600 000	600 000	7 223 702	-
5	International Relations and Cooperation	5 754 324	-	350 000	-	-	-	350 000	6 104 324	195 471
6	Performance Monitoring and Evaluation	208 164	-	-	(208 164)	-	-	(208 164)	-	-
7	Public Works	6 121 320	-	-	-	-	-	-	6 121 320	146 385
8	Women, Children and People with Disabilities	218 530	-	-	(218 530)	-	-	(218 530)	-	-
9	Government Communication and Information System	413 069	-	12 000	-	-	-	12 000	425 069	6 366
10	National Treasury	27 265 010	-	-	-	(561 087)	-	(561 087)	26 703 923	607 064
11	Public Enterprises	259 786	-	63 141	-	-	-	63 141	322 927	6 587
12	Public Service and Administration	875 074	-	-	-	-	-	-	875 074	20 287
13	Statistics South Africa	2 242 514	-	-	-	-	-	-	2 242 514	60 695
14	Arts and Culture	3 524 748	-	-	-	-	-	-	3 524 748	187 053
15	Basic Education	19 680 146	9 727	-	-	-	-	9 727	19 689 873	470 518
16	Health	33 955 475	-	32 595	-	(113 000)	25 500	(54 905)	33 900 570	511 002
17	Higher Education and Training	36 866 681	-	-	-	-	-	-	36 866 681	25 566
18	Labour	2 527 292	-	19 000	-	-	-	19 000	2 546 292	67 580
19	Social Development	128 799 378	10 500	-	33 766	(250 000)	-	(205 734)	128 593 644	54 830
20	Sport and Recreation South Africa	970 404	-	-	-	-	-	-	970 404	37 677
21	Correctional Services	19 721 111	-	-	-	-	728	728	19 721 839	1 947
22	Defence and Military Veterans	42 831 234	-	-	-	-	25 645	25 645	42 856 879	522 958
23	Independent Police Investigative Directorate	234 719	-	-	-	-	-	-	234 719	25 362
24	Justice and Constitutional Development	15 161 871	-	-	-	-	-	-	15 161 871	592 939
25	Police	72 507 243	-	-	-	-	-	-	72 507 243	690 202
26	Agriculture, Forestry and Fisheries	6 692 383	-	-	-	-	-	-	6 692 383	84 757
27	Communications	1 593 427	-	23 230	-	-	620 000	643 230	2 236 657	37 000
28	Economic Development	696 860	-	-	-	-	-	-	696 860	45 190
29	Energy	7 415 639	18 901	-	-	-	3 254	22 155	7 437 794	17 882
30	Environmental Affairs	5 668 386	-	12 000	-	-	-	12 000	5 680 386	156 066
31	Human Settlements	30 521 392	-	-	(1 103 787)	-	-	(1 103 787)	29 417 605	280 123
32	Mineral Resources	1 471 291	-	4 250	-	-	-	4 250	1 475 541	88 147
33	Rural Development and Land Reform	9 455 305	-	-	-	-	-	-	9 455 305	964 861
34	Science and Technology	6 470 190	9 700	-	-	-	-	9 700	6 479 890	51 322
35	Tourism	1 662 110	-	-	-	(78 850)	-	(78 850)	1 583 260	8 318
36	Trade and Industry	9 835 029	-	33 700	-	-	50 000	83 700	9 918 729	232 386
37	Transport	48 726 518	-	44 151	-	-	-	44 151	48 770 669	5 818
38	Water Affairs	12 480 332	-	-	(12 480 332)	-	-	(12 480 332)	-	-
39	Planning, Monitoring and Evaluation	-	-	-	733 842	-	-	733 842	733 842	20 735
42	Water and Sanitation	-	28 682	34 600	13 584 119	-	-	13 647 401	13 647 401	24 869
43	Women	-	-	-	184 764	-	-	184 764	184 764	2 215
<b>Total appropriation by vote</b>		<b>635 349 395</b>	<b>157 724</b>	<b>789 618</b>	<b>-</b>	<b>(1 002 937)</b>	<b>1 325 127</b>	<b>1 269 532</b>	<b>636 618 927</b>	<b>6 287 757</b>

**Table 2: Adjusted appropriations per vote and adjusted estimates of direct charges against the National Revenue Fund (continued)**

R thousand	2014/15							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Function shifts	Declared unspent funds	Other adjustments		
Plus:								
<b>Total direct charges against the National Revenue Fund</b>	<b>504 213 004</b>	–	–	–	–	(342 156)	(342 156)	<b>503 870 848</b>
President and Deputy President salaries (The Presidency)	2 972	–	–	–	–	2 478	2 478	5 450
Members' remuneration (Parliament)	481 006	–	–	–	–	–	–	481 006
Debt service costs (National Treasury)	114 900 523	–	–	–	–	(415 491)	(415 491)	114 485 032
Provincial equitable share (National Treasury)	362 468 075	–	–	–	–	–	–	362 468 075
General fuel levy sharing with metropolitan municipalities (National Treasury)	10 190 162	–	–	–	–	–	–	10 190 162
National Revenue Fund payments (National Treasury)	–	–	–	–	–	310 857	310 857	310 857
Skills levy and sector education and training authorities (Higher Education and Training)	13 440 000	–	–	–	–	(240 000)	(240 000)	13 200 000
Judges' and magistrates' salaries (Justice and Constitutional Development)	2 730 266	–	–	–	–	–	–	2 730 266
<b>Total</b>	<b>1 139 562 399</b>	<b>157 724</b>	<b>789 618</b>	–	<b>(1 002 937)</b>	<b>982 971</b>	<b>927 376</b>	<b>1 140 489 775</b>
Unallocated reserves	3 000 000	–	–	–	–	(3 000 000)	(3 000 000)	–
National government projected underspending	–	–	–	–	–	(3 650 000)	(3 650 000)	(3 650 000)
Local government repayment to the National Revenue Fund	–	–	–	–	–	(500 000)	(500 000)	(500 000)
<b>Total</b>	<b>1 142 562 399</b>	<b>157 724</b>	<b>789 618</b>	–	<b>(1 002 937)</b>	<b>(6 167 029)</b>	<b>(6 222 624)</b>	<b>1 136 339 775</b>

**Table 2.1: Adjusted appropriations per economic classification**

Economic classification	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
<b>Current payments</b>									
Compensation of employees	123 536 800	–	159 480	420 054	(1 782)	–	13 162	590 914	124 127 714
Goods and services	60 484 105	14 658	251 342	(258 558)	(1)	–	658 300	665 741	61 149 846
Interest and rent on land	114 950 814	–	–	181	–	–	(415 491)	(415 310)	114 535 504
<b>Total current payments</b>	<b>298 971 719</b>	<b>14 658</b>	<b>410 822</b>	<b>161 677</b>	<b>(1 783)</b>	<b>–</b>	<b>255 971</b>	<b>841 345</b>	<b>299 813 064</b>
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	535 281 833	91 399	156 951	741 140	–	–	–	989 490	536 271 323
Departmental agencies and accounts	86 952 751	–	33 438	(119 954)	–	–	336 645	250 129	87 202 880
Higher education institutions	24 248 202	–	–	8 331	–	–	–	8 331	24 256 533
Foreign governments and international organisations	1 670 375	–	81 976	(25 027)	–	–	–	56 949	1 727 324
Public corporations and private enterprises	33 353 022	18 604	63 141	(106 334)	–	(561 087)	69 000	(516 676)	32 836 346
Non-profit institutions	5 407 877	–	–	85 679	–	–	–	85 679	5 493 556
Households	132 416 971	–	–	161 624	1 782	(328 850)	728	(164 716)	132 252 255
<b>Total transfers and subsidies</b>	<b>819 331 031</b>	<b>110 003</b>	<b>335 506</b>	<b>745 459</b>	<b>1 782</b>	<b>(889 937)</b>	<b>406 373</b>	<b>709 186</b>	<b>820 040 217</b>
<b>Payments for capital assets</b>									
Buildings and other fixed structures	14 043 988	18 563	35 600	(1 442 379)	(300)	(113 000)	–	(1 501 516)	12 542 472
Machinery and equipment	3 382 210	14 500	7 690	466 887	301	–	–	489 378	3 871 588
Specialised military assets	45 293	–	–	–	–	–	–	–	45 293
Biological and cultivated assets	2 628	–	–	4 520	–	–	–	4 520	7 148
Software and other intangible assets	215 021	–	–	(7 580)	–	–	9 770	2 190	217 211
<b>Total payments for capital assets</b>	<b>17 689 140</b>	<b>33 063</b>	<b>43 290</b>	<b>(978 552)</b>	<b>1</b>	<b>(113 000)</b>	<b>9 770</b>	<b>(1 005 428)</b>	<b>16 683 712</b>
<b>Total payments for financial assets</b>	<b>3 570 509</b>	<b>–</b>	<b>–</b>	<b>71 416</b>	<b>–</b>	<b>–</b>	<b>310 857</b>	<b>382 273</b>	<b>3 952 782</b>
<b>Total</b>	<b>1 139 562 399</b>	<b>157 724</b>	<b>789 618</b>	<b>–</b>	<b>–</b>	<b>(1 002 937)</b>	<b>982 971</b>	<b>927 376</b>	<b>1 140 489 775</b>
Unallocated reserves	3 000 000	–	–	–	–	–	(3 000 000)	(3 000 000)	–
National government projected underspending	–	–	–	–	–	–	(3 650 000)	(3 650 000)	(3 650 000)
Local government repayment to the National Revenue Fund	–	–	–	–	–	–	(500 000)	(500 000)	(500 000)
<b>Total</b>	<b>1 142 562 399</b>	<b>157 724</b>	<b>789 618</b>	<b>–</b>	<b>–</b>	<b>(1 002 937)</b>	<b>(6 167 029)</b>	<b>(6 222 624)</b>	<b>1 136 339 775</b>

**Table 3: Roll-overs**

<b>Vote and description of expenditure</b>	<b>R thousand</b>
<b>3 Cooperative Governance and Traditional Affairs</b> R80.214 million for the municipal infrastructure grant for projects with financial commitments	<b>80 214</b>
<b>15 Basic Education</b> R9.727 million for learner teacher support material, first aid kits and scales for schools	<b>9 727</b>
<b>19 Social Development</b> R10.5 million for the setting up of provincial food distribution centres	<b>10 500</b>
<b>29 Energy</b> R8.904 million for the integrated national electrification programme for non-grid electrification service providers to provide electrification connection to households; R4.970 million for a study on the energy footprint and energy savings potential in heavy industry; and R5.027 million for a fuel sampling and testing project	<b>18 901</b>
<b>34 Science and Technology</b> R9.7 million for the building of the Cofimvaba Science Centre	<b>9 700</b>
<b>42 Water and Sanitation</b> R4 million for the upgrading of data storage infrastructure; R18.563 million for the regional bulk infrastructure indirect grant for projects with financial commitments; R1.458 million for the municipal water infrastructure grant for projects with financial commitments; and R4.661 million for scientific and technical support in respect of drinking water quality, waste water and water use efficiency	<b>28 682</b>
<b>Total</b>	<b>157 724</b>

**Table 4: Unforeseeable and unavoidable expenditure**

<b>Vote and description of expenditure</b>	<b>R thousand</b>
<b>3 Cooperative Governance and Traditional Affairs</b> R156.951 million for the repair of infrastructure damaged by disasters; and R4 million for the establishment of the Traditional Affairs deputy ministry	<b>160 951</b>
<b>5 International Relations and Cooperation</b> R350 million for the impact of the depreciation of the Rand on foreign currency denominated expenditure	<b>350 000</b>
<b>9 Government Communication and Information System</b> R12 million for the establishment of the Communications ministry and deputy ministry	<b>12 000</b>
<b>11 Public Enterprises</b> R63.141 million for the ninth claim submitted for damages and losses in terms of the indemnity provided to Denel Aerostructures by government in respect of the A400M military aircraft contracts	<b>63 141</b>
<b>16 Health</b> R32.595 million for the introduction of Ebola control and prevention measures in South Africa; including the deployment of mobile laboratories, experts, training and technical support to Ebola affected countries	<b>32 595</b>
<b>18 Labour</b> R4 million for the establishment of the Labour deputy ministry; and R15 million for the Compensation Fund in respect of the administration of public servant occupational diseases and on-duty injury claims	<b>19 000</b>
<b>27 Communications</b> R23.230 million for the Department of Communications for the satellite connectivity, broadcast services and telecommunications network solutions for the funeral of the late President Nelson Mandela	<b>23 230</b>
<b>30 Environmental Affairs</b> R12 million for the establishment of the Environmental Affairs ministry and deputy ministry	<b>12 000</b>
<b>32 Mineral Resources</b> R4.250 million for the relocation of the Gauteng regional office due to fire damage to the office building	<b>4 250</b>
<b>36 Trade and Industry</b> R33.7 million for the establishment of the Department of Small Business Development	<b>33 700</b>
<b>37 Transport</b> R44.151 million for expenditure incurred for the funeral of the late President Nelson Mandela	<b>44 151</b>
<b>42 Water and Sanitation</b> R34.6 million for emergency national government interventions, of which R19.6 million is for the Lekwa-Taemane local municipality in respect of the operations and maintenance of the waste water treatment and bulk water treatment plants, and R15 million is for Madidi and Giyani in respect of borehole augmentation projects	<b>34 600</b>
<b>Total</b>	<b>789 618</b>

**Table 5: Declared unspent funds and projected underspending**

<b>Vote and description of expenditure</b>	<b>R thousand</b>
<b>10 National Treasury</b> R561.087 million from Employment Creation Facilitation	<b>561 087</b>
<b>16 Health</b> R113 million from the national health grant: indirect grant for health facility revitalisation	<b>113 000</b>
<b>19 Social Development</b> R250 million in respect of a decrease in social grant payment estimates	<b>250 000</b>
<b>35 Tourism</b> R78.850 million from the tourism incentive programme	<b>78 850</b>
<b>Total declared unspent funds</b>	<b>1 002 937</b>
<b>National government projected underspending</b>	<b>3 650 000</b>
<b>Local government repayment to the National Revenue Fund</b>	<b>500 000</b>
<b>Total</b>	<b>5 152 937</b>

**Table 6: Appropriation of expenditure earmarked in the 2014 Budget speech for future allocation**

<b>Vote and description of expenditure</b>	<b>R thousand</b>
<b>27 Communications</b> R620 million for digital broadcast migration	<b>620 000</b>
<b>Total</b>	<b>620 000</b>

**Table 7: Self-financing expenditure**

<b>Vote and description of expenditure</b>	<b>R thousand</b>
<b>4 Home Affairs</b> Expenditure incurred to issue official documentation, which is defrayed by revenue generated from the issuing of the documents	<b>600 000</b>
<b>16 Health</b> Expenditure incurred for the establishment of the South African Health Products Regulatory Authority, which is funded from revenue collected by the Medicines Control Council	<b>25 500</b>
<b>21 Correctional Services</b> Expenditure for offender gratuities, which is funded from revenue generated by hiring out offender labour	<b>728</b>
<b>22 Defence and Military Veterans</b> Expenditure for defence activities, which is funded from selling equipment and spares procured through the special defence account	<b>25 645</b>
<b>29 Energy</b> Expenditure incurred for skills development and training, which is defrayed by revenue received from the Energy and Water Sector Education and Training Authority and the Chemical Industries Sector Education and Training Authority for the provision of learnership programmes and special development projects	<b>3 254</b>
<b>36 Trade and Industry</b> Unitary payment in respect of the public private partnership for shared campus accommodation, which is funded from unitary part-payments received from public entities	<b>50 000</b>
<b>Total</b>	<b>705 127</b>

**Table 8: Expenditure outcome for 2013/14 and actual expenditure for 2014/15**

Vote number and title	2013/14					2014/15		
	Audited outcome					Actual expenditure		
	Adjusted appropriation	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted appropriation	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted appropriation	Adjusted appropriation	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation
R thousand								
1 The Presidency	620 773	266 203	42.9	575 616	92.7	652 170	287 982	44.2
2 Parliament	1 419 359	694 036	48.9	1 535 485	108.2	1 508 170	670 558	44.5
3 Cooperative Governance and Traditional Affairs	58 458 907	22 218 246	38.0	56 401 572	96.5	63 453 885	23 434 460	36.9
4 Home Affairs	6 994 717	3 096 288	44.3	6 992 552	100.0	7 223 702	3 614 384	50.0
5 International Relations and Cooperation	5 754 646	2 740 992	47.6	5 871 296	102.0	6 104 324	2 716 038	44.5
6 Performance Monitoring and Evaluation	–	–	0.0	–	0.0	–	–	0.0
7 Public Works	6 175 261	2 661 744	43.1	6 022 654	97.5	6 121 320	3 013 842	49.2
8 Women, Children and People with Disabilities	–	–	0.0	–	0.0	–	–	0.0
9 Government Communication and Information System	437 217	229 918	52.6	440 913	100.8	425 069	208 929	49.2
10 National Treasury	25 232 266	12 848 627	50.9	25 107 057	99.5	26 703 923	11 404 823	42.7
11 Public Enterprises	294 139	85 207	29.0	272 468	92.6	322 927	102 731	31.8
12 Public Service and Administration	829 731	382 495	46.1	809 103	97.5	875 074	399 888	45.7
13 Statistics South Africa	1 741 646	833 837	47.9	1 728 447	99.2	2 242 514	871 979	38.9
14 Arts and Culture	2 914 777	1 351 807	46.4	2 755 220	94.5	3 524 748	1 551 325	44.0
15 Basic Education	17 619 255	8 548 760	48.5	17 011 094	96.5	19 689 873	10 768 229	54.7
16 Health	30 528 181	14 867 009	48.7	29 825 097	97.7	33 900 570	16 212 235	47.8
17 Higher Education and Training	34 333 900	24 235 645	70.6	34 331 969	100.0	36 866 681	27 373 672	74.3
18 Labour	2 445 247	1 095 439	44.8	2 371 444	97.0	2 546 292	1 202 189	47.2
19 Social Development	118 538 683	60 270 738	50.8	117 109 251	98.8	128 593 644	63 305 661	49.2
20 Sport and Recreation South Africa	1 073 485	467 866	43.6	1 073 029	100.0	970 404	412 399	42.5
21 Correctional Services	18 748 493	8 830 375	47.1	18 700 011	99.7	19 721 839	9 291 266	47.1
22 Defence and Military Veterans	40 658 184	18 430 609	45.3	40 447 521	99.5	42 856 879	18 712 682	43.7
23 Independent Police Investigative Directorate	216 991	84 258	38.8	193 141	89.0	234 719	86 279	36.8
24 Justice and Constitutional Development	14 206 478	6 358 212	44.8	13 730 662	96.7	15 161 871	6 602 480	43.5
25 Police	68 791 426	32 058 463	46.6	68 791 398	100.0	72 507 243	34 319 828	47.3
26 Agriculture, Forestry and Fisheries	6 182 282	2 901 500	46.9	6 111 313	98.9	6 692 383	3 440 767	51.4
27 Communications	2 372 117	1 007 944	42.5	2 362 786	99.6	2 236 657	872 030	39.0
28 Economic Development	771 466	376 292	48.8	771 395	100.0	696 860	318 493	45.7
29 Energy	6 503 244	2 838 187	43.6	6 477 063	99.6	7 437 794	3 513 937	47.2
30 Environmental Affairs	5 206 842	2 248 557	43.2	5 200 307	99.9	5 680 386	2 409 055	42.4
31 Human Settlements	27 975 428	9 026 407	32.3	27 443 314	98.1	29 417 605	11 422 779	38.8
32 Mineral Resources	1 393 849	745 347	53.5	1 387 219	99.5	1 475 541	832 282	56.4
33 Rural Development and Land Reform	9 459 740	5 092 024	53.8	9 454 056	99.9	9 455 305	4 459 159	47.2
34 Science and Technology	6 198 155	4 036 637	65.1	6 169 489	99.5	6 479 890	3 608 516	55.7
35 Tourism	1 520 574	689 237	45.3	1 512 667	99.5	1 583 260	994 334	62.8
36 Trade and Industry	9 515 580	4 271 090	44.9	9 380 296	98.6	9 918 729	4 001 072	40.3
37 Transport	42 401 667	18 697 117	44.1	43 036 844	101.5	48 770 669	25 938 423	53.2
38 Water Affairs	–	–	0.0	–	0.0	–	–	0.0
39 Planning, Monitoring and Evaluation	664 853	312 411	47.0	646 594	97.3	733 842	363 426	49.5
42 Water and Sanitation	10 655 582	3 850 561	36.1	10 505 916	98.6	13 647 401	3 565 645	26.1
43 Women	171 229	80 694	47.1	163 147	95.3	184 764	77 222	41.8
<b>Total</b>	<b>589 026 370</b>	<b>278 830 779</b>	<b>47.3</b>	<b>582 719 406</b>	<b>98.9</b>	<b>636 618 927</b>	<b>302 380 999</b>	<b>47.5</b>



Table 8: Expenditure outcome for 2013/14 and actual expenditure for 2014/15 (continued)

	2013/14				2014/15			
	Audited outcome				Actual expenditure			
R thousand	Adjusted appropriation	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted appropriation	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted appropriation	Adjusted appropriation	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation
Plus:								
<b>Total direct charges against the National Revenue Fund</b>	<b>464 566 983</b>	<b>228 128 296</b>	<b>49.1</b>	<b>465 044 443</b>	<b>100.1</b>	<b>503 870 848</b>	<b>249 322 434</b>	<b>49.5</b>
President and Deputy President salaries (The Presidency)	2 804	1 311	46.8	2 623	93.5	5 450	2 176	39.9
Members' remuneration (Parliament)	453 779	188 288	41.5	401 856	88.6	481 006	193 132	40.2
Debt service costs (National Treasury)	100 484 500	49 185 686	48.9	101 184 690	100.7	114 485 032	56 562 896	49.4
Provincial equitable share (National Treasury)	338 936 817	168 786 221	49.8	338 936 817	100.0	362 468 075	181 234 048	50.0
General fuel levy sharing with metropolitan municipalities (National Treasury)	9 613 360	3 204 453	33.3	9 613 360	100.0	10 190 162	3 396 721	33.3
National Revenue Fund payments (National Treasury)	200 000	–	0.0	516 274	258.1	310 857	310 857	100.0
Skills levy and sector education and training authorities (Higher Education and Training)	12 300 000	5 616 086	45.7	12 090 186	98.3	13 200 000	6 415 632	48.6
Judges' and magistrates' salaries (Justice and Constitutional Development)	2 575 723	1 146 251	44.5	2 298 637	89.2	2 730 266	1 206 972	44.2
<b>Total</b>	<b>1 053 593 353</b>	<b>506 959 075</b>	<b>48.1</b>	<b>1 047 763 849</b>	<b>99.4</b>	<b>1 140 489 775</b>	<b>551 703 433</b>	<b>48.4</b>
<b>Economic classification</b>								
<b>Current payments</b>								
Compensation of employees	116 179 734	56 592 159	48.7	114 818 618	98.8	124 127 714	61 206 053	49.3
Goods and services	60 042 206	23 170 220	38.6	58 259 905	97.0	61 149 846	24 002 468	39.3
Interest and rent on land	100 582 378	49 194 872	48.9	101 242 134	100.7	114 535 504	56 568 238	49.4
<b>Total current payments</b>	<b>276 804 318</b>	<b>128 957 251</b>	<b>46.6</b>	<b>274 320 657</b>	<b>99.1</b>	<b>299 813 064</b>	<b>141 776 759</b>	<b>47.3</b>
<b>Transfers and subsidies</b>								
Provinces and municipalities	500 639 321	235 845 595	47.1	498 550 265	99.6	536 271 323	255 499 923	47.6
Departmental agencies and Accounts	80 735 813	42 497 765	52.6	79 689 016	98.7	87 202 880	44 192 334	50.7
Higher education institutions	22 570 093	16 304 290	72.2	22 596 300	100.1	24 256 533	19 173 494	79.0
Foreign governments and international organisations	1 928 508	325 475	16.9	1 931 133	100.1	1 727 324	343 844	19.9
Public corporations and private enterprises	27 160 608	12 110 708	44.6	28 173 301	103.7	32 836 346	18 064 104	55.0
Non-profit institutions	4 817 597	2 252 514	46.8	4 725 395	98.1	5 493 556	2 510 862	45.7
Households	121 057 188	61 260 803	50.6	119 727 533	98.9	132 252 255	64 138 345	48.5
<b>Total transfers and subsidies</b>	<b>758 909 128</b>	<b>370 597 150</b>	<b>48.8</b>	<b>755 392 943</b>	<b>99.5</b>	<b>820 040 217</b>	<b>403 922 906</b>	<b>49.3</b>
<b>Payments for capital assets</b>								
Buildings and other fixed structures	10 134 059	2 845 055	28.1	8 789 208	86.7	12 542 472	3 432 321	27.4
Machinery and equipment	3 846 036	1 006 306	26.2	4 903 503	127.5	3 871 588	1 134 940	29.3
Heritage assets	–	–	0.0	39	0.0	–	–	0.0
Specialised military assets	40 478	7 470	18.5	21 964	54.3	45 293	6 337	14.0
Biological and cultivated assets	2 127	2 657	124.9	4 766	224.1	7 148	968	13.5
Land and subsoil assets	–	27 789	0.0	47 676	0.0	–	32 748	0.0
Software and other intangible assets	263 732	69 135	26.2	377 780	143.2	217 211	17 849	8.2
<b>Total payments for capital assets</b>	<b>14 286 432</b>	<b>3 958 412</b>	<b>27.7</b>	<b>14 144 936</b>	<b>99.0</b>	<b>16 683 712</b>	<b>4 625 163</b>	<b>27.7</b>
<b>Total payments for financial assets</b>	<b>3 593 475</b>	<b>3 446 262</b>	<b>95.9</b>	<b>3 905 313</b>	<b>108.7</b>	<b>3 952 782</b>	<b>1 378 605</b>	<b>34.9</b>
<b>Total</b>	<b>1 053 593 353</b>	<b>506 959 075</b>	<b>48.1</b>	<b>1 047 763 849</b>	<b>99.4</b>	<b>1 140 489 775</b>	<b>551 703 433</b>	<b>48.4</b>

**Table 9: Departmental receipts**

Vote number and title		2013/14				2014/15				
		Audited outcome				Actual receipts				
R thousand		Adjusted estimate	Apr 13 - Sep 13 % of adjusted estimate	Apr 13 - Mar 14 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 14 - Sep 14 % of adjusted estimate	Apr 14 - Sep 14 % of adjusted estimate		
1	The Presidency	781	554	70.9	897	114.9	901	1 161	549	47.3
2	Parliament	33 625	16 265	48.4	52 371	155.8	34 025	39 013	18 043	46.2
3	Cooperative Governance and Traditional Affairs	871	112	12.9	1 220	140.1	918	988	393	39.8
4	Home Affairs	588 034	292 781	49.8	741 605	126.1	651 365	365 461	319 410	87.4
5	International Relations and Cooperation	25 409	12 430	48.9	36 569	143.9	26 488	46 189	31 977	69.2
6	Performance Monitoring and Evaluation	-	-	0.0	-	0.0	-	-	-	0.0
7	Public Works	12 388	6 168	49.8	55 470	447.8	13 238	13 238	8 033	60.7
8	Women, Children and People with Disabilities	-	-	0.0	-	0.0	-	-	-	0.0
9	Government Communication and Information System	904	491	54.3	874	96.7	792	803	439	54.7
10	National Treasury	14 407 336	10 113 079	70.2	15 351 075	106.6	6 722 467	12 418 637	8 362 076	67.3
11	Public Enterprises	174	106	60.9	373	214.4	102	202	37	18.3
12	Public Service and Administration	1 151	888	77.2	1 293	112.3	831	1 202	784	65.2
13	Statistics South Africa	2 445	811	33.2	1 414	57.8	2 581	4 873	4 035	82.8
14	Arts and Culture	1 769	384	21.7	544	30.8	2 550	667	402	60.3
15	Basic Education	11 340	7 293	64.3	27 227	240.1	8 553	70 000	47 984	68.5
16	Health	23 476	3 257	13.9	71 606	305.0	32 760	69 819	39 419	56.5
17	Higher Education and Training	10 915	5 790	53.0	11 880	108.8	9 425	10 323	6 040	58.5
18	Labour	15 158	6 178	40.8	22 601	149.1	10 092	10 092	5 363	53.1
19	Social Development	7 964	540	6.8	88 996	1 117.5	17 991	18 000	363	2.0
20	Sport and Recreation South Africa	224	35	15.6	210	93.8	331	331	42	12.7
21	Correctional Services	131 087	57 238	43.7	117 129	89.4	135 738	126 303	61 302	48.5
22	Defence and Military Veterans	798 930	362 967	45.4	853 475	106.8	814 908	814 908	270 408	33.2
23	Independent Police Investigative Directorate	253	194	76.7	321	126.9	189	244	161	66.0
24	Justice and Constitutional Development	408 710	182 790	44.7	416 149	101.8	472 745	300 909	160 888	53.5
25	Police	320 895	192 992	60.1	386 341	120.4	280 388	313 884	178 580	56.9
26	Agriculture, Forestry and Fisheries	383 835	314 299	81.9	809 584	210.9	159 918	186 116	96 013	51.6
27	Communications	3 044 645	1 563 931	51.4	1 711 942	56.2	2 993 946	1 746 809	893 707	51.2
28	Economic Development	1 978 443	695 434	35.2	1 097 542	55.5	826 800	900 221	572 310	63.6
29	Energy	2 912	1 718	59.0	43 472	1 492.9	2 647	3 255	1 880	57.8
30	Environmental Affairs	19 126	12 314	64.4	29 572	154.6	23 727	29 832	18 047	60.5
31	Human Settlements	6 584	6 278	95.4	763	11.6	630	1 141	618	54.2
32	Mineral Resources	41 648	20 821	50.0	109 034	261.8	54 679	45 113	23 372	51.8
33	Rural Development and Land Reform	78 175	43 438	55.6	104 622	133.8	42 058	85 077	44 009	51.7
34	Science and Technology	1 792	870	48.5	1 658	92.5	116	116	41	35.3
35	Tourism	4 068	3 579	88.0	4 209	103.5	1 687	3 486	1 936	55.5
36	Trade and Industry	89 023	13 576	15.2	71 741	80.6	96 631	85 015	40 334	47.4
37	Transport	327 154	76 722	23.5	746 967	228.3	268 766	233 479	224 939	96.3
38	Water Affairs	-	-	0.0	-	0.0	-	-	-	0.0
39	Planning, Monitoring and Evaluation	64	40	62.5	69	107.8	64	92	40	43.5
42	Water and Sanitation	24 678	10 325	41.8	65 950	267.2	25 557	57 020	39 608	69.5
43	Women	14	7	50.0	17	121.4	13	30	15	50.0
<b>Subtotal departmental receipts as per Adjusted Estimates of National Expenditure</b>		<b>22 806 000</b>	<b>14 026 695</b>	<b>61.5</b>	<b>23 036 782</b>	<b>101.0</b>	<b>13 736 617</b>	<b>18 004 049</b>	<b>11 473 597</b>	<b>63.7</b>
Less: Parliament (retained departmental receipts)		33 625	16 265	48.4	52 371	155.8	34 025	39 013	18 043	46.2
Plus: South African Revenue Services		6 188 634	3 035 906	49.1	6 439 251	104.0	7 166 790	6 791 578	3 098 307	45.6
<b>Total departmental receipts</b>		<b>28 961 009</b>	<b>17 046 336</b>	<b>58.9</b>	<b>29 423 662</b>	<b>101.6</b>	<b>20 869 382</b>	<b>24 756 614</b>	<b>14 553 861</b>	<b>58.8</b>

Table 9: Departmental receipts (continued)

	2013/14					2014/15			
	Adjusted estimate	Audited outcome			Actual receipts				
		Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted estimate	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate
<b>Departmental receipts</b>									
Tax receipts	5 500	1 648	30.0	4 228	76.9	5 615	5 360	1 248	23.3
Sales of goods and services other than capital assets	3 126 473	1 477 707	47.3	1 691 060	54.1	2 724 497	1 256 737	781 633	62.2
Transfers received	172 366	87 982	51.0	459 839	266.8	174 635	175 607	92 809	52.9
Fines, penalties and forfeits	2 320 834	862 457	37.2	1 466 193	63.2	1 257 552	1 121 810	716 520	63.9
Interest, dividends and rent on land	4 109 823	2 183 980	53.1	4 660 736	113.4	4 934 020	5 342 396	2 585 067	48.4
Sales of capital assets	64 037	30 385	47.4	37 110	58.0	66 905	75 183	25 147	33.4
Financial transactions in assets and liabilities	13 006 967	9 382 536	72.1	3 054 072	23.5	1 723 393	2 054 956	1 491 806	72.6
<b>Subtotal departmental receipts as per Adjusted Estimates of National Expenditure</b>	<b>22 806 000</b>	<b>14 026 695</b>	<b>61.5</b>	<b>23 036 782</b>	<b>101.0</b>	<b>13 736 617</b>	<b>18 004 049</b>	<b>11 473 597</b>	<b>63.7</b>

## 2014 national macro organisation of the state

After the national elections, the President's appointment of ministers and deputy ministers in May 2014 necessitated a reorganisation of national government departments, including the establishment of new departments. To ensure continuity, departments that existed before the President's May 2014 announcement will continue to exist - until the affected departmental functions and their associated assets and liabilities have been appropriately ring-fenced and shifted. Functions may be shifted in their entirety or in parts. New functions will also be defined.

As reflected in the Appropriation Act (2014), the votes for new departments do not currently have allocated budgets. New departments will be allocated a budget when functions have been fully defined and formally shifted to them. Function shifts must be approved by the Department of Public Service and Administration. Thereafter, in terms of the PFMA<sup>10</sup>, funds will be transferred to new departments from the budget votes of existing departments.

The following functions have already shifted, effective from 1 October 2014:

- the water affairs functions from the Department of Water Affairs to the new Department of Water and Sanitation
- the sanitation function from the Department of Human Settlements to the new Department of Water and Sanitation
- the functions related to children and people with disabilities from the Department of Women, Children and People with Disabilities to the Department of Social Development
- the function related to women from the Department of Women, Children and People with Disabilities to the new Department of Women
- the performance, monitoring and evaluation functions from the Department of Performance Monitoring and Evaluation to the new Department of Planning, Monitoring and Evaluation
- the National Planning Commission, as well as the National Youth Development Agency and the youth desk functions from The Presidency to the new Department of Planning, Monitoring and Evaluation

In this publication these functions shifts are shown in the tables in the relevant chapters, under the heading 'Adjusted Estimates of National Expenditure 2014'.

Pending the shifts still to be made, funding for the operational activities of the following new departments is allocated against the vote of the department to which these new departments are temporarily aligned. Information pertaining to new departments that do not yet have their own budget allocations can be obtained by referencing the chapter of the department listed alongside it.

Newly created department	Existing department accommodating the new department
Small Business Development	Trade and Industry
Telecommunications and Postal Services	Communications
Communications	Government Communication and Information System

Unforeseeable and unavoidable expenditure of approximately R65.7 million is allocated for operational activities in respect of the reorganisation of national government departments, as follows:

- R4 million to the Department of Traditional Affairs for the establishment of the Traditional Affairs deputy ministry
- R12 million to the Department of Government Communication and Information System for the establishment of the Communications ministry and deputy ministry
- R4 million to the Department of Labour for the establishment of the Labour deputy ministry
- R12 million to the Department of Environmental Affairs for the establishment of the Environmental Affairs ministry and deputy ministry
- R33.7 million to the Department of Trade and Industry for the establishment of the Department of Small Business Development

<sup>10</sup> Section 33.

# Information contained in each chapter

The Adjusted Estimates of National Expenditure provides detailed information for each vote in the Adjustments Appropriation Bill, following the layout shown below.

## Adjusted budget summary

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>				
<b>of which:</b>				
Current payments				
Transfers and subsidies				
Payments for capital assets				
Payments for financial assets				
<b>Direct charge against the National Revenue Fund</b>				
Executive authority				
Accounting officer				
Website address				

This table summarises the adjustments to the main Budget by main economic classification of payments.

**Main appropriation** shows the total amount voted for the current financial year in the Appropriation Act (2014), in terms of the main Budget.

**Adjusted appropriation** shows the adjusted total amount to be voted for the current financial year, which is the sum of the main appropriation and all the adjustments.

**Decrease** and **Increase** show the amount of the adjustment itself.

**Current payments** are payments made by a department for its operational requirements.

**Transfers and subsidies** are payments made by a department for which the department does not directly receive anything in return.

**Payments for capital assets** are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

**Payments for financial assets** are mainly payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments, rather than treating them as financing, is that the purpose of the transaction is not profit oriented. This column is only shown in votes where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information.

**Direct charges against the National Revenue Fund** are amounts spent in terms of statutes that therefore do not require parliamentary approval, for example, state debt costs. Thus these amounts are not contained in the Adjustments Appropriation Bill. They are not budgeted for under any programme on a particular vote.

The last three rows of the table provide accountability information: the vote's executive authority, accounting officer and website address.

## Aim

*The aim of the vote captures a department's mandate, objectives or administrative functions, as stated in the Adjustments Appropriation Bill.*

## 2014 national macro organisation of the state

If applicable, the impact on the vote of the President's May 2014 announcement regarding the reorganisation or establishment of national government departments is briefly discussed.

## Changes to programme purposes and objectives

To maintain the link between a department's strategic plan, annual performance plan, main appropriation and the adjusted budget, any changes to programme purposes and objectives are noted.

## Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2014/15 as published in the 2014 ENE	Achieved in the first six months of 2014/15 (April to September)	Changed target for 2014/15

Managing, monitoring and measuring performance are integral to improving service delivery. The table shows what a department has achieved in the first six months of the current financial year, compared to what it projected for the year<sup>11</sup>.

An **indicator** is a measure that tracks a department's progress towards its goal. An indicator may measure inputs, activities, outputs and outcomes, or in certain instances, explanatory information relating to the internal or external environment.

The **programme** column links the indicator to the vote programme associated with it.

The **outcome** column links the indicator to one or more of the government's outcomes to which it contributes.

**Projected for 2014/15 as published in the 2014 ENE** shows what the department projected it would achieve for the current financial year.

**Achieved in the first six months of 2014/15** shows what the department has actually achieved in the first half of the current financial year.

**Changed target for 2014/15** shows any change to the target originally published in the ENE. Estimates will typically change in cases where the funding provided for a particular programme has been amended in the Adjustments Appropriation Bill.

### Changes to indicators and targets published in the 2014 ENE

Any significant deviations from any specific performance targets for the current financial year are briefly explained below the table, as well as any changes to the indicators themselves. Changes to indicators and/or targets are typically the result of significant policy or mandate changes, or budget programme structure changes; they can also be caused by the adjustments to a vote's estimates of expenditure.

### Mid-year progress

A brief discussion is provided on the department's mid-year progress towards achieving the targets that were set. The focus of the discussion is on indicators for which mid-year performance figures suggest that either an annual target may not be met, or that it may be exceeded.

<sup>11</sup> This table is not intended to provide a comprehensive analysis of a department's performance as it shows only a selected subset of a department's indicators, as published in the ENE. It should, however, contain the key performance indicators that form part of departmental performance plans.

## Adjusted Estimates of National Expenditure 2014

Programme		2014/15							
		Adjustments appropriation						Total	Adjusted
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments	adjustments appropriation	appropriation
Programme name									
<b>Subtotal</b>									
<b>Direct charge against the National Revenue Fund</b>									
Item									
<b>Total</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Economic classification item									
<b>Transfers and subsidies</b>									
Economic classification item									
<b>Payments for capital assets</b>									
Economic classification item									
<b>Payments for financial assets</b>									
<b>Total</b>									

In this table, a vote's adjusted estimates of expenditure are set out by the type of expenditure adjustment, and by vote programme and by economic classification (current payments, transfers and subsidies, payments for capital assets, and payments for financial assets).

**Main appropriation** shows the total amount voted for the current financial year in the Appropriation Act (2014), in terms of the main Budget process.

**Adjustments appropriation** shows the amounts of the adjustment for each of the types of expenditure adjustment by programme and by economic classification.

**Roll-overs** show unspent funds from the preceding financial year reallocated to the current financial year to finalise activities close to completion.

**Unforeseeable/unavoidable** shows spending that could not be anticipated at the time of finalising the main Budget.

### Virements and shifts:

- **Virements** are the utilisation of unspent funds from amounts appropriated under one main division (programme) towards the defrayment of excess expenditure under another main division (programme) within the same vote.
- **Shifts** are the utilisation of unspent funds towards the defrayment of increased expenditure within a main division (programme) of a vote between different segments (subprogramme and economic classification) of the main division (programme). Shifts may include the reallocation of funds incorrectly allocated in the 2014 ENE.

**Function shifts** are shifts of funds between main divisions (programmes) within a vote, or to another vote or institution, in terms of legislation and/or following the reassignment of responsibility for the function. Funds shifted to follow functions shifts in terms of the 2014 national macro organisation of the state project are shown in this column.

**Declared unspent funds** are amounts that departments explicitly indicate that they will no longer require in the current financial year. The main appropriation of the vote is accordingly reduced by such amounts.

**Other adjustments** include the appropriation of expenditure earmarked in the 2014 Budget speech for future allocation and self-financing expenditure.

**Total adjustments appropriation** shows the sum of all the expenditure adjustments by programme and by economic classification. This number may be negative. In most instances this would be because of a virement of funds out of the programme or economic classification, or due to function shifts.

**Adjusted appropriation** shows the adjusted total amount to be voted for the current financial year, which is the sum of the main appropriation and the total adjustments appropriation.

Similar tables are then shown for each programme and for direct charges against the National Revenue Fund for which adjustments have been made.

## Details of adjustments to the Estimates of National Expenditure 2014

This section gives explanations by programme for:

- Roll-overs
- Unforeseeable and unavoidable expenditure
- Virements and shifts

### Virements and shifts

#### Programmes

1. Programme name
2. Programme name
3. Programme name

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme number			Programme number		
Economic classification item			Economic classification item		
Shifts within the programme as a percentage of the programme budget		per cent			
Virements to other programmes as a percentage of the programme budget		per cent			
Programme number			Programme number		
Economic classification item			Economic classification item		
Shifts within the programme as a percentage of the programme budget		per cent			
Virements to other programmes as a percentage of the programme budget		per cent			
<b>Total</b>					

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement in terms of the Public Finance Management Act, (Act 1 of 1999).

**FROM:** specifies where funds have been reduced, by programme and by economic classification item. Virements to other programmes, as well as shifts within each programme, are shown as a percentage of the programme budget.

**Motivation** provides the reasons for funding reductions and on the other hand, what the funds will be used for.

**TO:** specifies what funds will be used for, by programme and by economic classification item. These funds which increase expenditure offset the funding reductions.

**R thousand** shows the monetary amounts.

Certain types of virements and shifts require either legislative approval or approval from National Treasury before they can be effected. All virements and shifts which have National Treasury's approval or which can only be approved by the legislature are footnoted in this table.



In terms of the PFMA<sup>12</sup>, the Treasury Regulations<sup>12</sup>, and the Appropriation Act (2014)<sup>12</sup>, the following virements and shifts require approval from National Treasury:

- Virements and shifts which will increase the funds appropriated for compensation of employees
- Virements and shifts which will increase the funds appropriated for transfers and subsidies to other institutions
- Virements and shifts which introduce a new transfer to other institutions
- Virements and shifts which utilise funds that were earmarked for a specific purpose
- Virements and shifts which utilise funds appropriated for payments for capital assets for the payment of current assets
- Virements and shifts which utilise unspent funds appropriated as transfers and subsidies for payment to another institution.

The following virements and shifts can only be approved by the legislature:<sup>12</sup>

- Virements and shifts which utilise unspent funds appropriated for items specifically and exclusively earmarked in an appropriation act
- Virements and shifts which utilise unspent funds of more than 8 per cent of the amount appropriated for that programme. (Shifts between different segments within a programme do not affect the overall amount appropriated for a programme; only virements away from a programme effectively reduce the programme budget.)

After the virements and shifts table, the remaining explanations are given:

- Function shifts
- Declared unspent funds
- Other adjustments include the appropriation of expenditure earmarked in the 2014 Budget speech for future allocation and self-financing expenditure
- Gifts, donations and sponsorships that are valued at more than R100 000 per transaction
- Direct charges against the National Revenue Fund (these are not linked to a programme on a vote).

## Expenditure outcome for 2013/14 and actual expenditure for 2014/15

Programme	2013/14 Audited outcome				2014/15 Actual expenditure			
	Adjusted appropriation	Apr 13 - Sep 13 % of adjusted appropriation	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 14 - Sep 14 % of adjusted appropriation	Apr 14 - Sep 14 adjusted appropriation
R thousand								
1. Programme name								
<b>Subtotal</b>								
<b>Direct charge against the National Revenue Fund</b>								
Item								
<b>Total</b>								
<b>Economic classification</b>								
<b>Current payments</b>								
Economic classification item								
<b>Transfers and subsidies</b>								
Economic classification item								
<b>Payments for capital assets</b>								
Economic classification item								
<b>Payments for financial assets</b>								
<b>Total</b>								

<sup>12</sup> Section 43 of the PFMA read in conjunction with Treasury Regulations 6.3 and section 5 of the Appropriation Act (2014).

This table shows the expenditure outcome for the last financial year and actual expenditure for the first six months of the current financial year, by programme and per economic classification.

**2013/14 Audited outcome** shows the outcome for the previous financial year.

**Adjusted appropriation** shows the adjusted total amount voted for the previous financial year.

**Apr 13 to Sep 13** shows the expenditure outcome for the first six months of the previous financial year.

**Apr 13 to Sep 13 % of adjusted appropriation** shows the expenditure outcome for the first six months of the previous financial year as a percentage of the adjusted appropriation for that year.

**Apr 13 to Mar 14** shows the expenditure outcome for the whole of the previous financial year.

**Apr 13 to Mar 14 % of adjusted appropriation** shows the expenditure outcome for the whole of the previous financial year as a percentage of the adjusted appropriation for that year.

**2014/15 Actual expenditure** shows the preliminary actual expenditure for the current financial year.

**Adjusted appropriation** shows the adjusted total amount to be voted for the current financial year.

**Adjusted appropriation / Total (%)** shows for the adjustments budget to be voted for the current financial year; what proportion the adjusted budget for that main division comprises of the total vote's adjusted budget as a percentage. The proportion that each economic classification forms of the total vote's adjusted budget is also shown.

**Apr 14 to Sep 14** shows the actual expenditure for the first six months of the current financial year.

**Apr 14 to Sep 14 % of adjusted appropriation** shows the actual expenditure for the first six months of the current financial year as a percentage of the adjusted appropriation for the year.

### Expenditure trends for the first half of 2014/15

Expenditure trends consider whether actual expenditure is in line with the budget. Mid-year actual expenditure for the current financial year is compared to mid-year expenditure for the previous year. Explanations are given for significant changes in expenditure compared to the previous financial year.

Where functions have shifted between votes or new votes have been created subsequent to the publication of the 2013 Adjusted Estimates of National Expenditure, the information in this publication may not be strictly comparable with that published last year.

### Departmental receipts

	2013/14					2014/15				
	Adjusted estimate	Audited outcome			Budget estimate	Actual receipts				
		Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted estimate	Apr 13 - Mar 14		Apr 13 - Mar 14 % of adjusted estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate
R thousand										
<b>Departmental receipts</b>										
Economic classification item										
Economic classification item										
<b>Total</b>										

This table shows the departmental receipts outcome for the last financial year, and the actual departmental receipts for the first six months of the current financial year.

**2013/14 Audited outcome** shows the departmental receipts outcome for the previous financial year.

**Adjusted estimate** shows the adjusted total amount of receipts in the previous year's adjustments budget.

**Apr 13 to Sep 13** shows the receipts outcome for the first six months of the previous financial year.

**Apr 13 to Sep 13 % of adjusted estimate** shows the receipts outcome for the first six months of the previous financial year as a percentage of the adjusted estimate for that year.

**Apr 13 to Mar 14** shows the receipts outcome for the whole of the previous financial year.

**Apr 13 to Mar 14 % of adjusted estimate** shows the receipts outcome for the whole of the previous financial year as a percentage of the adjusted estimate for that year.

**2014/15 Actual receipts** shows the preliminary receipts outcome for the current financial year.

**Budget estimate** shows the total amount of receipts anticipated for the current financial year in the main Budget.

**Adjusted estimate** shows the adjusted total amount of receipts anticipated in the adjustments budget for the current financial year.

**Adjusted receipts estimate / Total (%)** shows what proportion the adjusted receipt item comprises of the total adjusted estimate of vote receipts for the current financial year as a percentage.

**Apr 14 to Sep 14** shows the preliminary receipts outcome for the first six months of the current financial year.

**Apr 14 to Sep 14 % of adjusted estimate** shows the preliminary receipts outcome for the first six months of the current financial year as a percentage of the adjusted estimate for the year.

## Revenue trends for the first half of 2014/15

Any differences from the information published in the ENE for the current financial year are explained in the text that follows the table.

Where functions have shifted between votes or new votes have been created, subsequent to the publication of the 2013 Adjusted Estimates of National Expenditure, the information in this publication may not be strictly comparable with that published last year.

## Changes to transfers and subsidies, including conditional grants

### Summary of changes to transfers and subsidies per programme

		2014/15							
		Adjustments appropriation						Total	Adjusted
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments	adjustments appropriation	appropriation
Programme name									
Economic sphere									
Current									
Economic classification item									
Programme name									
Economic sphere									
Capital									
Economic classification item									

**Summary of changes to conditional grants: Provinces**

		2014/15							Adjusted appropriation
		Adjustments appropriation						Total adjustments appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
Programme name									
Conditional grant name									

**Summary of changes to conditional grants: Local government**

		2014/15							Adjusted appropriation
		Adjustments appropriation						Total adjustments appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
Programme name									
Conditional grant name									

These tables show changes to transfers and subsidies and to conditional grants (provinces and local government), by programme and per economic classification item.

**Main appropriation** shows the total amount voted for the current financial year in the Appropriation Act (2014), in terms of the main Budget process.

**Adjustments appropriation** shows the amounts of the adjustment for each of the types of expenditure adjustment, by programme and per economic classification.

**Roll-overs** show unspent funds from the preceding financial year reallocated to the current financial year to finalise activities close to completion.

**Unforeseeable/unavoidable** shows spending that could not be anticipated at the time of finalising the main Budget.

**Virements and shifts:**

- **Virements** are the utilisation of unspent funds from amounts appropriated under one main division (programme) towards the defrayment of increased expenditure under another main division (programme) within the same vote.
- **Shifts** are the utilisation of unspent funds towards the defrayment of increased expenditure within a main division (programme) of a vote between different segments (subprogramme and economic classification) of the main division (programme). Shifts may include the reallocation of funds incorrectly allocated in the 2014 ENE.

**Function shifts** are shifts of funds between main divisions (programmes) within a vote, or to another vote or institution, in terms of legislation and/or following the reassignment of responsibility for the function. Funds shifted to follow functions shifts in terms of the 2014 national macro organisation of the state project are shown in this column.

**Declared unspent funds** are amounts that departments explicitly indicate that they will no longer require in the current financial year. The main appropriation of the vote is accordingly reduced by such amounts.

**Other adjustments** include the appropriation of expenditure earmarked in the 2014 Budget speech for future allocation and self-financing expenditure.

**Total adjustments appropriation** shows the sum of all the expenditure adjustments by programme and by economic classification. This number may be negative. In most instances this would be because of a virement of funds out of the programme or economic classification, or due to function shifts.

**Adjusted appropriation** shows the adjusted total amount to be voted for the current financial year, which is the sum of the main appropriation and the total adjustments appropriation.